

**Innovate BC**

**2019/20 – 2021/22  
SERVICE PLAN**

**February 2019**



For more information on Innovate BC, contact:

900-1188 West Georgia Street  
Vancouver, B.C., V6E 4A2

**Phone:** 604-683-2724  
**Toll Free:** 1-800-665-7222

info@innovatebc.ca

Or visit our website at  
[www.innovatebc.ca](http://www.innovatebc.ca)

## Board Chair Accountability Statement

The 2019/20 – 2021/22 Innovate BC Service Plan was prepared in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

Significant assumptions, policy decisions, events and identified risks, as of February 2019 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, Innovate BC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Innovate BC's operating environment, forecast conditions, risk assessment and past performance.



Alan Shaver  
Board Chair

## Table of Contents

Board Chair Accountability Statement .....	3
Strategic Direction and Alignment with Government Priorities.....	5
Operating Environment.....	7
Performance Plan .....	8
Financial Plan.....	15
Summary Financial Outlook .....	15
Key Forecast Assumptions, Risks and Sensitivities .....	16
Management’s Perspective on the Financial Outlook .....	16
Appendix A: Hyperlinks to Additional Information.....	17
Corporate Governance .....	17
Organizational Overview .....	17
Appendix B: Innovate BC’s Health Score .....	18
Appendix C: Evaluation of Improved Company Growth .....	20
Appendix D: Top Ongoing Risks for Innovate BC Operations and Programs.....	22

## Strategic Direction and Alignment with Government Priorities

Innovate BC encourages the development and application of advanced or innovative technologies to meet the needs of industry in British Columbia (B.C.). In particular, B.C.'s traditional industries are adopting innovative solutions at an increasing rate in order to become more competitive, efficient, scalable, and profitable.

Working with partners across industry, academia, government and various associations Innovate BC accelerates technology commercialization. Together, Innovate BC and its partners support B.C. ventures through the development of entrepreneurs and new talent, the creation and delivery of programs that promote company growth, and facilitating access to capital and markets.

In addition, Innovate BC supports programs that accelerate the adoption of technology by all B.C. companies. Through these programs, entrepreneurs and companies are expanding innovative products and services into the local and global marketplace. This expansion enhances B.C.'s competitiveness, increases the number of high-quality well-paying jobs for British Columbians and increases revenue and economic development across all regions in B.C.

As outlined in the [2019/20 Mandate Letter](#) from the Minister of Jobs, Trade and Technology, Innovate BC will focus on six strategic priorities in the coming year:

- Provide advice to Government to inform the development of science, technology and innovation policy.
- In alignment with Government's strategic direction, continue to build and maintain strategic partnerships with technology and innovation stakeholders in industry, academia and other governments.
- Continue to deliver programs and initiatives that strengthen entrepreneurship development and increase company growth, ensuring that the benefits of technology and innovation are felt around the province, including rural, northern and Indigenous communities, and by equity-seeking groups.
- Develop and offer tools, resources and expert guidance to entrepreneurs and companies across the province.
- Support the Government in the implementation of strategic initiatives that strengthen B.C.'s position as a preferred location for new and emerging technologies, by meeting with Government quarterly to:
  - a) Develop and implement programs and initiatives that directly support and accelerate technology commercialization in B.C.;
  - b) Ensure that programs align with Government strategic direction; and
  - c) Report on program outcomes.
- Work with Ministry staff to develop a detailed three-year business plan that outlines programs to be delivered by Innovate BC from 2020/21 to 2023/24, including performance metrics and implementation strategy, ensuring strategic alignment with Government priorities.

Innovate BC is aligned with the Government's key priorities, in particular:

Government Priorities	Innovate BC Aligns with This Priority By:
A strong, sustainable economy	<ul style="list-style-type: none"> <li>• Encouraging the Development and Application of Advanced or Innovative Technology to Meet the Needs of Industry in B.C. (Goal 1)</li> <li>• Strengthening Entrepreneurship Development and Increasing Company Growth (Goal 2)</li> <li>• Supporting Government in the Implementation of Strategic Initiatives that Strengthen British Columbia's Position as a Preferred Location for New and Emerging Technologies (Goal 3)</li> <li>• Facilitating Connections that Solve Industry Challenges and Enable High-Potential Companies to Expand (Goal 4)</li> </ul>
Deliver the services people count on	<ul style="list-style-type: none"> <li>• Delivering effective and high-value programs and services (Objective 2.2)</li> </ul>

## Operating Environment

British Columbia's real GDP rose 3.8 per cent in 2017, the second highest increase among provinces, and 27 per cent higher than the Canadian average of 3.0. B.C. experienced an increase in real GDP of 3.2 per cent in 2016.<sup>1</sup>

According to BC Stats' [Profile of the British Columbia Technology Sector: 2018 Edition](#), B.C.'s high technology GDP in 2017 rose 3.4 per cent to almost \$15.7 billion. The high technology sector accounts for about 7 per cent of B.C.'s provincial GDP, in the same range as the manufacturing and health care industries.

B.C.'s high tech employment topped 114,000 workers in 2017, an increase of 5.4 per cent over 2016, and it makes up approximately 5.2 per cent of B.C.'s workforce. In 2017, the number of businesses in B.C.'s high tech sector also increased, to 10,581 (up 3.4 per cent from 2016).<sup>2</sup>

Innovate BC operates with support from its primary funder, the Ministry of Jobs, Trade and Technology. B.C.'s innovation economy is a long-term opportunity and requires partners at all levels of government, institutions and the private sector to remain committed.

There is a continued need and demand to bring technology innovations to traditional industries including forestry, mining, oil and gas, and agrifoods. By scaling programs to meet the growing needs of the market, Innovate BC will continue to enhance the entrepreneurial community and encourage the commercialization of technology.

A skilled labour force is required to support the growing technology sector. Innovate BC has programs and services in place to help support this need, including the BC Tech Co-op Grant and Innovator Skills Initiative (ISI) programs which provide students with opportunities to develop their skills by working for a B.C.-based technology company or in a technology role. This early-stage hands-on training helps students become the skilled workers that our province needs.

Another significant issue is access to capital for small and mid-sized technology companies. Viable new businesses are finding it relatively easy to find individual investors, or 'angels', but this initial support needs to extend beyond the early stages of a company's growth. Innovate BC addresses this need in a number of ways. For example, Innovate BC's Ignite program provides up to \$300,000 to B.C.-based technology companies to fund their innovation projects in the natural resources and applied science space. In addition, Innovate BC hosts sector-specific challenges that link technology buyers with B.C. technology companies, providing the latter with an opportunity to have a large organization as a paying customer. Innovate BC also exposes small and mid-sized technology companies to local and international investors at investment showcase events throughout the year.

---

<sup>1</sup> Statistics Canada. [Table 36-10-0222-01 Gross domestic product, expenditure-based, provincial and territorial, annual \(x 1,000,000\)](#)

<sup>2</sup> BC Stats. [Profile of the B.C. High Technology Sector – 2018 Edition](#)

## Performance Plan

The goals, objectives and strategies outlined in this plan are in alignment with Government's strategic priorities. To ensure continued alignment, Innovate BC will meet quarterly with government to discuss performance, finances and the implementation of initiatives that directly support and accelerate commercialization in the province.

### **Goal 1: Encourage the Development and Application of Advanced or Innovative Technology to Meet the Needs of Industry in B.C.**

#### **Objective 1.1: Facilitate the Commercialization of Innovative Technology**

Commercialization is an entrepreneurial activity that takes a technology or intellectual property, creates a business around it, and introduces the new product or service to the market. Innovate BC's objective of facilitating the commercialization of innovative technology is supported by a range of strategies, including its network of acceleration programs, outreach to industry to understand market challenges, matching innovators with industry-driven needs and opportunities and funding commercializable research programs.

#### **Key Strategies:**

- Understand market challenges within key sectors including: AgriTech, CleanTech and HealthTech.
- Match innovators with industry-driven needs and opportunities, with focus on areas where B.C. has a competitive advantage.
- Deliver the Ignite Program, which provides funding to accelerate commercialization of new technologies and innovations in the natural resources and applied sciences sectors.
- Provide market validation training and other support to early stage companies to commercialize concepts through the BC Venture Acceleration Program, which is delivered by a network of accelerators (the BC Acceleration Network) and Executives-in- Residence (EIRs) throughout the province.
- Strategically assist B.C. companies across all sectors to increase their competitive advantage through the adoption of innovation technology.
- Sponsor and promote appropriate conferences and events.
- Sponsor the Innovate BC-New Ventures Competition, which awards education, mentorship and prizes to B.C.'s top new startups.

Performance Measure	2017/18 Actuals	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
1.1 The percentage of ventures in Innovate BC-funded programs with patent protection for their innovations or a structured approach to maintaining trade secrecy. <sup>1</sup>	60%	45%	45%	45%	45%

<sup>1</sup> Data Source: Progress reports from program partners. This measure is based on participant surveys and presents the percentage of "Yes" responses relative to the total number of participants answering the survey.



### **Linking Performance Measures to Objectives:**

Innovate BC supports programs and initiatives that help innovative technologies reach the market. A patent demonstrates the innovative nature of a startup's technology. Trade secrets are also an effective way of shielding intellectual property. A product based on a novel technology tends to have a stronger chance of competing against established players because it can offer differentiated value to customers. Companies with patented intellectual property are better able to defend their innovation when they become successful in the market. By encouraging the use of patents and trade secrets, Innovate BC's programs improve the growth rate and survivability of small and medium-sized businesses located in B.C.

### **Discussion:**

Innovate BC anticipates meeting its target of 45 per cent in 2018/19. In 2017/18, Innovate BC recorded an unprecedented score of 60 per cent, possibly due to a change in the composition of companies in its programs. As this score was well above the previous scores achieved, Innovate BC is maintaining its target of 45 per cent over the next few years until it is clear whether the high score represents a true shift or is simply an outlier. This decision is also consistent with Innovate BC's understanding of the sector. Some ventures may still be at the early idea stage and not yet ready to file a patent. Other ventures in the information and communication technology field (including digital media and software as a service) often do not file patent protection or register trade secrets because copyright already exists for their source code.

To further understand the results yielded in this measure, Innovate BC has added a supplementary question to its 2018/19 participant survey. This additional question will address whether entrepreneurs believe that protecting their innovations is a necessary step to commercializing. Our intent with this secondary question is to provide context to Performance Measure 1.1 and the results achieved. Innovate BC will report on the results of this secondary question in its 2018/19 Annual Service Plan Report to be released in summer 2019.

## Goal 2: Strengthen Entrepreneurship Development and Increase Company Growth

Innovate BC works with its program partners to train entrepreneurs in British Columbia to become successful. By training entrepreneurs and developing their skills, companies are more likely to succeed and grow, creating well-paying jobs in B.C. and strengthening our local economy.

### Objective 2.1: Develop and Enhance Entrepreneurial Skills

#### Key Strategies:

- Support post-secondary programs to develop entrepreneurial talent.
- Promote mentorship and training through our B.C.-based network of Executives-in-Residence (EIRs) and accelerators (BC Acceleration Network).
- Have programming available in physical locations across the province, as well as virtually in more remote areas where there is no local venture accelerator.
- Sponsor and promote appropriate conferences, competitions and events that provide valuable education and networking opportunities.

Performance Measure		2017/18 Actuals	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
2.1	Health Score of Ventures in BC Acceleration Network: The overall level to which BC Acceleration Network clients have a solid business foundation for the success of their companies. <sup>1</sup>	91	89	89	89	89

<sup>1</sup> **Data Source:** Progress reports from program partners. This measure is based on participant surveys and presents an overall score out of a possible 100 points. The score is determined by a set of indicators identified by Innovate BC as important elements for a venture to progress.

#### Linking Performance Measures to Objectives:

It is essential that companies participating in Innovate BC-funded programs offered throughout the province progress from early-stage ventures to larger, mature companies that offer job opportunities for British Columbians. The Innovate BC Health Score, outlined in *Appendix B*, reflects the level to which companies in the BC Acceleration Network's Venture Acceleration Program are on track to progress into companies that will experience job growth. The previous Health Score model has been updated to better reflect a venture's progress towards increasing jobs, revenue, investments and skills development.

#### Discussion:

Innovate BC reports on the top quartile of companies, because they are considered to be in a position to achieve success. A target of 89 points has been established. To reach 89 points, companies on average have achieved a strong mix between results and skills development. Innovate BC anticipates meeting this target for 2018/19.

The current Health Score measure was introduced in 2016/17 with targets of 89 out of a possible score of 100. See *Appendix B: Innovate BC's Health Score* for a discussion regarding an analysis of this performance measure and explanation on how the new Health Score method was determined, and for more details on how targets have been set and are measured.

Startups participate in the Venture Acceleration Program for an average of 10 months, and different cohorts rotate through the program each year. Thus, the Health Score targets derived from these different cohorts are not expected to increase substantially year-over-year.

## Objective 2.2: Deliver effective and high-value programs and services

Performance Measure	2017/18 Actuals	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
2.2 The percentage of participants in Innovate BC-funded programs who confirm Innovate BC's programs have a high value impact in advancing their technology venture. <sup>1</sup>	92%	92%	92%	92%	92%

<sup>1</sup> **Data Source:** Progress reports from program partners. This measure is based on participant surveys where high impact value is defined as a value of 7 or more on a 10-point evaluation scale.

### Linking Performance Measures to Objectives:

Confirmation from entrepreneurs and businesses that Innovate BC-funded programs enable their ventures to progress indicates the value our programs have provided in equipping them with the knowledge and tools to advance their businesses.

### Discussion:

In 2018/19, Innovate BC increased its targets for this measure from 90 to 92. The increase is in part due to the expansion of the BC Tech Coop Grant program. Participants in this program tend to score very high on this survey, which increases the overall score achieved by companies for this measure.

Evaluation results enable Innovate BC to assess how well it is delivering on the mission to provide effective programs and services. Reports from the participants in Innovate BC-supported programs and services help to shape, refine and improve offerings, and position Innovate BC as valued partner in the growth and success of our client companies.

### **Goal 3: Support Government in the Implementation of Strategic Initiatives that Strengthen B. C.'s Position as a Preferred Location for New and Emerging Technologies**

Innovate BC invests in programs for entrepreneurs who will build their companies in our province so that the benefits resulting from company growth (job creation, economic growth, first access to innovation) are felt by British Columbians. Innovate BC also focuses on programs that support companies in later stages to help keep talent and jobs in B.C.

#### **Objective 3.1: Focus resources on entrepreneurs who can build a successful venture based in B.C.**

##### **Key Strategies:**

- Have accelerators and programming available in physical locations across the province as well as virtually for those in more remote areas or areas where an accelerator is not physically present.
- Work with partners to focus program resources on entrepreneurs who can achieve early customer acquisition while maintaining base operations in B.C.
- Provide regional support in the form of curated solutions and match-making innovators to potential buyers for early validation and a roadmap to global markets.
- Work with government to encourage the purchase of innovative technology products that allow for more efficient delivery of government services.
- Host events that introduce industry to made-in-B.C. technologies and innovations, and connect local innovators to real market opportunities.

<b>Performance Measure</b>		<b>2017/18 Actuals</b>	<b>2018/19 Forecast</b>	<b>2019/20 Target</b>	<b>2020/21 Target</b>	<b>2021/22 Target</b>
3.1	The percentage of participants in Innovate BC-funded programs who are assessed as being able to be successful in their venture without needing to leave B.C. to do so. <sup>1</sup>	97%	95%	95%	95%	95%

<sup>1</sup> **Data Source:** Progress reports from program partners. This measure is based on the experience and knowledge of Executives-in-Residence and mentors who evaluate the opportunities they are supporting.

##### **Linking Performance Measures to Objectives:**

The performance measure indicates what percentage of participants in Innovate BC programs are assessed as having the resources and opportunity to build successful businesses in B.C. Entrepreneurs with early stage innovative concepts and business ventures are highly mobile. For many, it is tempting to move to new locations outside of B.C. to be near their key customers, suppliers or investors. Innovate BC assesses the likelihood that a venture will stay in B.C. to avoid committing taxpayer resources to ventures that are destined to create jobs elsewhere. The likelihood is tied to the ability to build relationships with customers, suppliers and investors from B.C.

**Discussion:**

Innovate BC has increased its targets for this measure from 93 to 95. Innovate BC delivers programs that target ambitious companies and provide considerable hands-on support. This targeted support enables companies in our programs to be confident in their ability to be successful without leaving the province, which is reflected in the increased target.

As a result of quality programming, the vast majority of ventures supported by Innovate BC-funded programs are expected to be successful without needing to leave B.C. While these programs are highly effective in equipping the next cohort of entrepreneurs with drive and resources to stay in this province, it is conceivable that a small percentage of entrepreneurs will need to exit B.C. to be successful. Innovate BC anticipates surpassing its previously set target of 93 per cent in 2018/19.

**Goal 4: Facilitate Connections that Solve Industry Challenges and Enable High-Potential Companies to Expand**

Innovate BC supports programs that accelerate the adoption of technology by companies in B.C.'s traditional industries. Innovate BC connects technology buyers with technology companies through a challenge process designed to solve mission-critical business problems. These connections allow large organizations to keep up with the changing nature of their industries while expanding technology companies' innovative products and services into the local and global marketplace. For B.C., these connections increase competitiveness as well as revenue and economic development across all regions in B.C. Innovate BC also supports programs that address the needs of high-potential companies facing rapid-growth business challenges as these later-stage companies are more capable of creating a large number of high-quality well-paying jobs for British Columbians.

**Objective 4.1: Engage B.C. companies with industry opportunities and targeted growth programs****Key Strategies:**

- Assist high-potential companies to identify critical talent, capital and market opportunities to increase jobs and accelerate revenue growth.
- Match innovators with industry-driven needs and opportunities in the Clean Technology and Natural Resource sectors, where B.C. has a competitive advantage.
- Provide high-potential companies with tailored input and assistance as to how they can best prepare and position their companies to capitalize on growth and industry opportunities.
- Strategically assist B.C. companies across all sectors to increase their competitive advantage through the adoption of innovative technology.

Performance Measure		2017/18 Actuals	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
4.1	The average score of participants engaged in Innovate BC-funded programs that received support yielding improved company growth (via talent, capital, market) and industry opportunities <sup>1</sup>	65	67	70	70	70

<sup>1</sup> **Data Source:** Progress reports from program partners. This measure is based on participant surveys and presents an average of the overall weighted score out of a possible 100 points.

### Linking Performance Measures to Objectives:

The province's innovators have built a strong startup ecosystem, but it is still medium-sized businesses that have seen the most economic impact. To ensure that early stage B.C. ventures grow to become medium-sized companies with the greatest potential for economic impact, Innovate BC aims to further their development in B.C. by providing these high potential companies with advanced access to growth (talent, capital, market) and industry opportunities to accelerate job growth and economic returns for the province. This performance measure is designed to evaluate the impact of advanced programming targeted at high potential startups and current operating companies that have potential for rapid growth.

### Discussion:

Innovate BC does not anticipate meeting its previous 2018/19 target of 75. The needs of high-potential companies can vary with respect to the three pillars (Talent, Capital, Markets), and assistance and mentorship tend to focus on one pillar instead of two or all three. The 2018/19 forecast of 67 relies on our assumption that surveyed companies' results, on average, will be high for the one pillar that is their focus and not as high for the two remaining pillars. The questionnaire and further discussion regarding our targets can be found in Appendix C.

As this is a relatively new measure, we will continue to refine the questionnaire posed to high-potential companies to ensure it is adequately capturing company needs and the impact of our programs. For future years, we have reduced the target to 70, and we will continue our efforts to increase results for this measure with feedback from companies.

# Financial Plan

## Summary Financial Outlook

(\$000)	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
<b>Total Revenue</b>				
<b>By Major Sources</b>				
Province of British Columbia	6,090	8,090	8,090	8,090
Internal Program Funding <sup>1</sup>	140	10	10	10
NRAS Endowment <sup>2</sup>	2,035	1,785	1,730	1,335
Interest and Other	727	170	170	150
<b>Total Revenue</b>	<b>8,992</b>	<b>10,055</b>	<b>10,000</b>	<b>9,585</b>
<b>Total Expenses</b>				
<b>By Program Area or Function</b>				
Programs and Initiatives	3,966	5,297	5,320	5,305
NRAS Endowment	2,035	1,785	1,730	1,335
Salaries and Benefits	2,160	2,160	2,160	2,160
Rent	310	312	312	312
Amortization	59	39	16	11
Operational & administrative expenses <sup>3</sup>	462	462	462	462
<b>Total Expenses</b>	<b>8,992</b>	<b>10,055</b>	<b>10,000</b>	<b>9,585</b>
<b>Net Income/Excess of Revenue over Expenses/Annual Surplus (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities/Debt (even if zero)</b>	<b>11,917</b>	<b>11,131</b>	<b>10,400</b>	<b>10,064</b>
<b>Accumulated Surpluses/Retained Earnings/Equity (even if zero)<sup>4</sup></b>	<b>56,516</b>	<b>56,516</b>	<b>56,516</b>	<b>56,516</b>
<b>Capital Expenditures<sup>5 6</sup></b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

<sup>1</sup> Internal Program Funding represents the use of deferred program revenues.

<sup>2</sup> Accumulated interest from NRAS will provide funding for research activities of B.C. academic institutions and technology developers leading to commercializable projects.

<sup>3</sup> Other operating costs include legal, audit, travel, and office expenses.

<sup>4</sup> Accumulated Surplus includes the \$50 million Natural Resources and Applied Sciences Research (NRAS) Endowment Fund capital.

<sup>5</sup> Capital expenditures include costs of computer hardware and software.

<sup>6</sup> Further information on program funding and vote recoveries is available in the [Estimates and Supplement to the Estimates](#).

In fiscal year 2005/2006, Innovate BC was charged with stewarding an endowment contribution of \$50,000,000 from the then Ministry of Advanced Education. The Endowment capital is permanently restricted. Investment earnings are restricted for the support of training, research and development in natural resources and applied sciences.

### Natural and Applied Sciences Endowment Fund

(\$000)	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
<b>NRAS Endowment Fund</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Interest Accumulated, Beginning</b>	4,307	3,272	2,487	1,757
<b>Annual Investment Income</b>	1,000	1,000	1,000	1,000
<b>Program Expenditures</b>	(1,750)	(1,500)	(1,445)	(1,050)
<b>Administration and Professional Fees</b>	(285)	(285)	(285)	(285)
<b>Forecast Interest Balance</b>	<b>3,272</b>	<b>2,487</b>	<b>1,757</b>	<b>1,422</b>

### Key Forecast Assumptions, Risks and Sensitivities

- The forecast revenues are presented under current government financial requirement guidelines. The funding for Innovate BC is reviewed annually through the budget process.
- Interest earned on investments is forecast to remain stable over the next three years.
- The forecast assumes that the staffing level will remain stable.

### Management's Perspective on the Financial Outlook

- Innovate BC's programs will be primarily funded by the core funding from the Province. Innovate BC will align its funding in programs that meet its mandate. Innovate BC will work with companies directly and with all the regional partners and various organizations across the province to develop and deliver programs that accelerate the commercialization of technology and development of entrepreneurs.
- Innovate BC will only have limited access to its restricted funds (funds accumulated from past years that were not spent and have been directed to future programs). Therefore, the funds that are restricted have not been budgeted for in Innovate BC's forecasts.
- Interest returns on investments remain low under the current economy, and it is unlikely that the interest rates will change significantly over the next three years.



## **Appendix A: Hyperlinks to Additional Information**

### **Corporate Governance**

- [Role and membership list of the Board of Directors](#)
- [Board Committees and Members](#)
- [Names and job titles of senior management](#)
- [Governance principles](#)
- [Significant reporting relationships](#)

### **Organizational Overview**

- [Enabling Statute](#)
- [Mandate provided in enabling statute](#)
- [Vision and values](#)
- [Business areas](#)
- [Benefit Innovate BC provides the public](#)
- [Principle partners, clients and stakeholders](#)
- [Program delivery](#)
- [Location](#)

## Appendix B: Innovate BC's Health Score

### **Background**

Innovate BC's Health Score has evolved to deal with two issues that had been identified:

1. Rating under the previous system required the rater to make a number of subjective decisions that was found to be inconsistent across raters.
2. There were substantial inconsistencies in scoring across different stages of startup growth; it was impossible to compare startups at different company stages.

### **Moving Forward**

As of 2016/17, the Health Score focuses on the progress achieved by startups in the BC Venture Acceleration Program. By emphasizing results: jobs, revenue, investment, patent/trade secrets, and skill development, the subjectivity from the old scoring model is removed.

### **Advantages of Health Score**

1. **Companies are evaluated using one scoring scheme:** enables fair comparison amongst all companies in the program
2. **Scores are based on actual progress from Venture Acceleration Program quarterly reports vs. indicators for success:** i.e. jobs, revenue, investment, Market Validation Training, patent/trade secrets.
3. **The model eliminates rater subjectivity:** scoring is based on the progress achieved by each venture, eliminating the need for interpretation required by some indicators.

### **Interpreting the Health Score**

Consistent from the previous Health Score model, a strong score (75+) indicates a venture is on track and on a good trajectory. A score of 50-74 indicates a startup is beginning to demonstrate an increase in jobs, revenue and investments, all indicators of company traction.

### **Target**

Innovate BC reports on the top quartile of companies, because they are considered to be in a position to achieve success. A target of 89 points has been established. To reach 89 points, companies on average have achieved a strong mix between results and skills development.

Across all startups, Innovate BC expects to achieve an average Health Score of 55 points. Startups in the BC Venture Acceleration Program are typically still very early stage; therefore, even an incremental increase in jobs, revenue and investment represents progress. In addition, within a cohort of startups, a mixture of success is to be expected. As such, they are not included in the reporting parameters until they reach a stage where they have gained early stage commercial traction.

Startups participate in the program for an average of 10 months, and different cohorts rotate through the program each year. Thus, the Health Score targets derived from these different cohorts are not expected to increase substantially year-over-year.

<b>Table 1: The Health Score Model</b>	
<b>Results Achieved (<u>Per Quarter</u>)</b>	<b>Points Awarded *</b>
<b>Basic Threshold:</b> Any Jobs or Revenue or Investment (excl. Founder**)	+40
<b>Threshold 1:</b> >= 2 Jobs or >= \$15K Revenue or >= \$20K Investment (excl. Founder**)	+10
<b>Threshold 2:</b> >= 3 Jobs or >= \$30K Revenue or >= \$40K Investment (excl. Founder**)	+15
<b>Threshold 3:</b> >= 5 Jobs or >= \$125K Revenue or >= \$125K Investment (excl. Founder**)	+10
<b>Skills Development</b>	
Completed 5 core Market Validation Training Modules	+15
Completed >= 5 Additional Training Topics	+5
<b>Technology Patented / Has Trade Secret</b>	+5

\*Each score is awarded on an additive basis, up to a maximum of 100 points. The Health Score will be derived from the average score of all ventures that have been in the BC Venture Acceleration Program for more than three months.

\*\*Founder investment is not included because it does not represent an investment (and endorsement) from a third party.

## Appendix C: Evaluation of Improved Company Growth

The evaluation of improved company growth takes into account a number of factors that are widely considered important or vital to a medium-sized, high-potential company looking to gain a competitive advantage, adopt innovative technology and solve industry-driven needs.

*Markets, Talent and Capital* are the core thematic pillars of Innovate BC's advanced access programming. These are the most critical challenges facing high-potential companies with the capacity for rapid growth. The element that crosses all pillars is management capabilities, which can be described as the managements skills, internal planning, optimization and/or capacity needed for a company to take steps towards improving access to market, talent and capital. Improved management capabilities increase the likelihood of success and, as such, it is the most heavily weighted component.

Considering market, talent and capital specifically, the needs of high-potential companies can vary. As such, there is no one factor more important for company growth, and thus the weighting systems among pillars are identical; each totals 100. Likewise, the discrete steps within the pillars have equal weightings. In this regard, Innovate BC's advanced access programming will begin with a needs assessment of each company, so that support services are specifically tailored to progress each company from their distinct position to their desired future state.

In 2017, Q3 of the *Talent* section was altered based on feedback from program delivery partners. The previous question, "Company determined necessary HR capabilities to attract, develop and retain talent," was changed to "Company gained awareness of other talent-related opportunities." This change was due to the fact that companies in this program are too small to have HR departments and strategies.

The 2018/19 forecast of 67 relies on our assumption that, on average, surveyed companies will meet our basic threshold for the Talent, Capital and Markets pillars (40 points each), will have answered Yes to two of three remaining subset questions for one pillar (totalling 40 points), and Yes to one of the three remaining subset questions for the two remaining pillars (20 points each).

<b>Table 2: Survey Weighting for Evaluation of Improved Company Growth</b>	
<b>1. Talent</b>	<b>Points*</b>
<b>Basic Threshold:</b> Innovate BC programs made a positive impact on the overall management capabilities (skills, planning, optimization and/or capacity) necessary for the company to access advanced talent opportunities	+40
<b>Q1:</b> Company gained increased number of staff as a result of the program	+20
<b>Q2:</b> Company gained increased and needed expertise on staff as a result of the program	+20
<b>Q3:</b> Company gained increased awareness of other talent-related opportunities	+20
<b>2. Capital</b>	<b>Points*</b>
<b>Basic Threshold:</b> Innovate BC programs made a positive impact on the overall management capabilities (skills, planning, optimization and/or capacity) necessary for the company to access advanced capital opportunities	+40
<b>Q1:</b> Company increased access to existing capital as a result of the program	+20
<b>Q2:</b> Company gained awareness of and/or access to new capital as a result of the program	+20
<b>Q3:</b> Company determined best approach to financing for the acquisition of capital	+20
<b>3. Markets</b>	<b>Points*</b>
<b>Basic Threshold:</b> Innovate BC programs made a positive impact on the overall management capabilities (skills, planning, optimization and/or capacity) necessary for the company to access advanced market opportunities	+40
<b>Q1:</b> Company gained increased share of existing market as a result of the program	+20
<b>Q2:</b> Company gained channels to new market(s) as result of the program	+20
<b>Q3:</b> Company determined best positioning of product/service to meet needs of market	+20

\*Each score is awarded on an additive basis, up to a maximum of 100 points per category. The basic category threshold is 40 points, with subset questions awarding additional points depending on the depth of support/assistance received via Innovate BC programs. The overall measure will be derived from the average survey score of all participants engaged in advance access programming.

## Appendix D: Top Ongoing Risks for Innovate BC Operations and Programs

Issues, Risks, and Potential Impacts	Mitigating Strategies
<ul style="list-style-type: none"> <li>The programs that Innovate BC funds are designed to lower the risk that an entrepreneurial venture will fail. It is possible that these programs will not actually improve outcomes, despite the quality and care taken in their design and delivery.</li> </ul>	<ul style="list-style-type: none"> <li>Innovate BC uses course materials developed for entrepreneurial education. Innovate BC programs are customized for the BC context by local organizations like <a href="#">ACETECH</a>, the Association of Technology CEOs. It is also recognized that some ventures will fail, and their founders will be successful with future ventures, drawing on their experience and learning.</li> </ul>
<ul style="list-style-type: none"> <li>The regional and educational partners are independent not-for-profit organizations governed by their own boards and management teams. Many have revenue streams from sources other than Innovate BC. It is a significant operational risk that economic forces in their region or strategic changes within their governance structure might cause them to decline to continue delivering Innovate BC's programs.</li> </ul>	<ul style="list-style-type: none"> <li>The program delivery and support burden is divided among several partners at all times, ensuring that if one partner drops out, others can quickly develop capacity to replace them. Innovate BC provides funding to organizations based on proposals for programs that meet our mandate. We solicit proposals first from existing funded partners. If they cannot meet our requirements, we may use a competitive Request for Proposal process. Innovate BC requires <a href="#">BC Acceleration Network</a> partners to develop sustainability plans to address future funding issues, which may include less financial support from Innovate BC.</li> </ul>