

Innovate BC

**2021/22 – 2023/24
Service Plan**

April 2021



For more information on Innovate BC contact:

900-1188 West Georgia St
Vancouver, BC, V6E 4A2

604 952-5035

Or visit our website at

innovatebc.ca

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Board Chair's Accountability Statement



The 2021/22 – 2023/24 Innovate BC Service Plan was prepared under the Board's direction 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.

All significant assumptions, policy decisions, events and identified risks, as of April 2021 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.

A handwritten signature in black ink that reads "Andrew J. Petter". The signature is written in a cursive, flowing style.

Andrew J. Petter, CM QC
Board Chair

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Strategic Direction and Alignment with Government Priorities

In 2021/22, British Columbians continue to face significant challenges as a result of the global COVID-19 pandemic. Recovering from the pandemic will require focused direction, strong alignment and ongoing engagement between public sector organizations and the Government of British Columbia. The government has identified five foundational principles that will inform each Crown agency's policies and programs and contribute to COVID recovery: putting people first, lasting and meaningful reconciliation, equity and anti-racism, a better future through fighting climate change and meeting our greenhouse gas commitments, and a strong, sustainable economy that works for everyone.

As outlined in the 2020/21 Mandate Letter from the Minister of Jobs, Economic Recovery and Innovation, Innovate BC will continue work to focus and expand on last year's strategic priorities, including to:

- Provide input into Government's development of science, technology and innovation policy, particularly related to program development.
- In alignment with Government's strategic direction, continue to build and maintain strategic partnerships with technology and innovation stakeholders in industry, academia, other governments, and across regions.
- Continue to develop and deliver tools, resources, expert guidance, programs and initiatives that strengthen entrepreneurship development, increase company growth and support job creation, ensuring that the benefits of technology and innovation are felt around the province, including rural, northern and Indigenous communities.
- Support Government in the implementation of strategic initiatives.

Operating Environment

Innovate BC operates with support from its primary funder, the Ministry of Jobs, Economic Recovery and Innovation. 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.

B.C. experienced negative impacts to its economy in 2020 as it battled the unprecedented challenges of the COVID-19 pandemic, as did other provincial and national economies. With the outbreak of the pandemic in 2020, Innovate BC's main focus has shifted to providing support for B.C. businesses. Innovate BC launched three new programs directly in response to the pandemic: the Digital Economy: Rapid Response + Resiliency Program (DER3), the Tech Resiliency Program (TRP), and the Mitacs Innovate BC program. These programs aim to provide business coaching and/or funding to local businesses in need of support due to the pandemic. In addition, two of Innovate BC's existing programs – Ignite and BC Fast Pilot – have pivoted to favour projects related to COVID-19.

There is an ongoing need and demand to bring technology innovations to traditional industries including forestry, mining, oil and gas, and agri-foods. By scaling its programs to meet the

growing needs of the market, Innovate BC will continue to support the entrepreneurial community and encourage the commercialization of technology.

A skilled labour force is required to meet the growing need for technology-related jobs, outside as well as within the tech 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 programs which provide students with opportunities to develop their technology or entrepreneurial skills. In addition, Innovate BC launched another new program in 2020, the Digital Skills for Youth program, which provides funding and skills training for companies who hire underemployed youth aged 15 to 30. This hands-on training helps youth become the skilled workers that our province needs and has a focus on supporting underrepresented groups.

Another significant issue is access to capital for small and mid-sized technology companies. Viable new businesses are relatively successful at securing individual investors and ‘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 launched the BC Fast Pilot program in partnership with the federal Industrial Research Assistance Program (IRAP) which provides funding for B.C.-based small- and medium-sized enterprises (SMEs) to design, build and operate a pilot plant or small demonstration site for their technology in real-world conditions. This allows companies to demonstrate the impact of their product, measure the value of their solution and encourage customer adoption.

Innovate BC supports the Province’s larger economic vision by exposing small and mid-sized technology companies to local and international investors at investment showcase events and supports all levels of government at regional and international trade missions. During the COVID-19 pandemic, Innovate BC has pivoted to staging and supporting virtual events and meetings.

In addition, Innovate BC assists companies with accessing federal funding programs and partners with the federal government and other funding agencies to leverage program funding for B.C. companies.

Performance Planning

Goal 1: Encourage the Development and Application of Advanced or Innovative Technology to Meet the Needs of Industry and Support Provincial Priority Areas

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 research projects.

Key Strategies

- Understand market challenges within key sectors including: AgriTech, CleanTech, Lifesciences, Mining and Forestry.
- 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.
- Fund SMEs to design, build and operate demonstration sites for their technology in order to demonstrate impact in real-world conditions and drive customer adoption.
- 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 innovative technology.
- Sponsor the Innovate BC-New Ventures Competition, which awards education, mentorship and prizes to B.C.’s top new startups.

Performance Measure	2020/21 Forecast	2021/22 Target	2022/23 Target	2023/24 Target
1.1 Percentage of Innovate BC-funded companies who have made progress towards commercialization ¹	86	86	86	86

¹Data source: Progress reports from program partners and/or program participants. This measure is based on participant surveys and presents the percentage of companies that have reported having majority or all milestones on track or completed in their plan towards commercialization.

Linking Performance Measure to Objective

Innovate BC supports programs and initiatives that help innovative technologies reach the market. Regular company reporting of progress towards commercialization indicates that Innovate BC's programs are having the desired impact: facilitating and accelerating the commercialization of promising innovations that will help solve broad industry problems and provide significant benefits to B.C.

Discussion

Innovate BC will continue to offer programs that offer a proven benefit to B.C. companies, while understanding that some companies may experience a negative impact on plans or operations due to COVID-19. Innovate BC anticipates meeting its target of 86 per cent in 2021/22, by continuing with existing strategies and tactics that achieved success in 2020/2021.

Goal 2: Strengthen Entrepreneurship and Talent Development in B.C.

Objective 2.1: Develop and Enhance Entrepreneurial and Technology Skills and Expertise

Innovate BC works with its program partners, including accelerators and post-secondary institutions, to mentor entrepreneurs and train young professionals, the future leaders in business and technology in B.C., 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. By training young professionals to work at technology companies and become future entrepreneurs, Innovate BC's programs help to develop talent that will support the growth and success of B.C. companies now and in the future. Innovate BC is expanding the reach of this objective by targeting programs to increase participation and opportunities for underrepresented groups. Innovate BC has also enhanced its support offerings to entrepreneurs during the COVID-19 pandemic.

Key Strategies

- Fund and support post-secondary programs to develop entrepreneurial and technology talent, including the BC Tech Co-op Grant Program and Innovator Skills Initiative (ISI). Innovate BC is receiving \$15 million in 2021/22 from the Ministry of Jobs, Economic Recovery and Innovation to expand the ISI.
- Increase employability of under-employed and under-represented youth through the Digital Skills for Youth program.
- 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 including the Innovate BC-New Ventures BC Competition.

- Fund province-wide training to develop senior leadership, focused on essential competencies for driving scale in business, including human resources and investor readiness.
- Advise and coach Main Street¹ businesses in regions across the province to build their technical skills to aid in implementing changes to respond to contactless criteria and/or decreased foot traffic due to COVID-19.

Performance Measures	2020/21 Forecast	2021/22 Target	2022/23 Target	2023/24 Target
2.1a The percentage of participants in Venture Acceleration Program and/or Scale-Up program who report that programs have a high value impact in advancing their entrepreneurial skills. ¹	87	87	87	87
2.1b The percentage of students previously employed by a company through a talent development program that were subsequently hired by the same company. ²	50	50	50	50

¹Data Source: Progress reports from program partners and/or program participants. This measure is based on participant surveys where high value is defined as a value of 8 or more on a 10-point evaluation scale.

²Data Source: Final reporting from program participants, at the close of the employment opportunity.

Linking Performance Measures to Objective

- 2.1a Innovate BC receives confirmation from entrepreneurs and businesses that its programs provided them with entrepreneurial skills and expertise to support their venture’s growth. This indicates the value Innovate BC programs have provided in equipping them with the knowledge and skills to advance their businesses.
- 2.1b 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 to British Columbians. In addition, young professionals and under-represented groups that go through Innovate BC programs are more desirable hires because they have already gained key skills that will allow them to bridge the gap from education to joining the workforce.

Discussion

Performance Measure 2.1a is entering its second year of use and now encompasses participant feedback from two programs. Data collected from 2020/21 onward will show if Goals and Objectives are being met. The current targets are estimates as this question was not asked historically of entrepreneurs. This updated measure more accurately reflects direct feedback from participants in Innovate BC’s programs. Innovate BC expects 2020/2021 feedback to reflect the specific needs entrepreneurs faced due to COVID-19.

¹ Local, independent, small businesses, e.g. hair salons, retail shops, dry cleaners, butchers, convenience stores, etc.

Performance Measure 2.1b focuses on the percentage of students hired by a company versus the percentage of companies that hired a student (with a minor change in wording from the previous year). By measuring the percentage of students previously employed by company through a talent development program that were subsequently hired by the same company, Innovate BC can closely evaluate the impact of programs in developing key skills that are desirable to companies in B.C.

Goal 3: Increase Company Growth and Expansion

Objective 3.1: Deliver Programs and Services that Help Companies Increase Revenue, Jobs and Investment

Innovate BC and its partners deliver programs that help entrepreneurs start companies, connect with experts and validate their markets. In addition, Innovate BC provides high-potential companies with enhanced support, including mentorship workshops, and connections to capital and new market opportunities. Through programs that encourage company growth and expansion, Innovate BC aims to drive sustainable company growth, while ensuring the benefits of this growth are felt in all regions of the province.

Key Strategies

- Assist high-potential companies to identify critical talent, capital and market opportunities to increase jobs and accelerate revenue growth.
- 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 Measures	2020/21 Forecast	2021/22 Target	2022/23 Target	2023/24 Target
3.1a The percentage of participants in Innovate BC-funded programs who report that Innovate BC’s programs have a high value impact in advancing their technology venture. ¹	87	87	87	87
3.1b The percentage of companies that took part in the Venture Acceleration Program that generated revenue, jobs and/or investment. ²	75	75	75	75

¹Data Source: Progress reports from program partners and/or program participants. Program participants rate the programs high value impact on a 10-point scale. The responses are converted to the percentage that rate the program as high value, 8+ on the 10-point scale.

²Data Source: Progress reports from program partners. This measure is based on the percentage of total companies in a program that generated jobs and/or revenue and/or investment.

Linking Performance Measures to Objective

- 3.1a This measure provides confirmation from entrepreneurs and businesses that Innovate BC-funded programs enable their ventures to progress. This indicates the value these programs have provided in equipping them with the knowledge and tools to advance their businesses.
- 3.1b This measure demonstrates the increase in revenue, jobs and investment at a company that is participating in an Innovate BC program. This indicates that the program is having its desired impact of increasing company growth and/or expansion.

Discussion

These measures are entering their second year of use.

Performance Measure 3.1a confirms the overall value of Innovate BC's suite of programs.

Performance Measure 3.1b looks at the percentage of total Venture Acceleration Program (VAP) companies that grew in the fiscal year by generating jobs and/or revenue and/or investment. It takes time for new companies to generate results which is why this target is not set at 100 per cent. Targets are based on participant survey results from 2015/16 and 2016/17 data. Further, this measure will allow Innovate BC to monitor the impact of COVID-19 on the ability of companies to grow, versus regaining and maintaining business activity.

Goal 4: Support Government in the Implementation of Strategic Initiatives that Strengthen B.C.'s Position as a Preferred Location for New and Emerging Technologies

Objective 4.1: Support Entrepreneurs to be Successful in Building Their Companies in B.C.

Innovate BC invests in programs for entrepreneurs who will build their companies in our province. This is so 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.

Key Strategies:

- 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.
- Support government economic policy planning and development.
- 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, with a focus on regional and underrepresented groups.

Performance Measure	2020/21 Forecast	2021/22 Target	2022/23 Target	2023/24 Target
4.1a 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. ¹	95	95	95	95

¹Data Source: Progress reports from program partners.

Linking Performance Measure to Objective

This 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 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 within B.C.

Discussion

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 target.

Due to COVID-19 travel restrictions and the heavy emphasis on remote work, this measure may temporarily be less relevant to measuring program results. Innovate BC is currently focusing more effort on key strategies that enable connection, collision and virtual and regional support for companies. However, in future years, the data collected for this measure will provide valuable insights about the effectiveness of Innovate BC-funded programs in retaining tech companies in B.C.

Financial Plan

Financial Summary

(\$000)	2020/21 Forecast	2021/22 Budget	2022/23 Plan	2023/24 Plan
Total Revenue				
By Major Sources				
Province of British Columbia	6,090	21,090 ⁶	6,090	6,090
Government of Canada	7,538	990	0	0
Internal Program Funding ¹	1,092	1,065	1,295	1,295
NRAS Endowment ²	1,845	1,745	1,775	1,375
Interest and Other	459	200	200	200
Total Revenue	17,024	25,090	7,585	7,585
Total Expenses				
By Program Area or Function				
Programs and Initiatives	12,439	20,169	2,714	3,006
NRAS Endowment	1,845	1,745	1,675	1,275
Salaries and Benefits	2,100	2,150	2,314	2,430
Rent	347	348	355	355
Amortization	45	38	32	24
Operational Administrative Expenses ³	248	640	495	495
Total Expenses	17,024	25,090	7,585	7,585
Annual Surplus (Deficit)	0	0	0	0
Total Debt	0	0	0	0
Accumulated Surplus (Deficit)⁴	57,058	57,058	57,058	57,058
Capital Expenditures⁵	80	50	50	50

Note: The above financial information was prepared based on current Public Sector Accounting Standards.

¹Internal Program Funding represents the use of deferred program revenues.

²Accumulated interest from the Natural Resources and Applied Sciences Research (NRAS) Endowment Fund will provide funding for research activities of B.C. academic institutions and technology developers leading to commercializable projects.

³Other operating costs include legal, audit, travel, and office expenses.

⁴Accumulated Surplus includes the \$50 million NRAS Endowment Fund capital.

⁵Capital expenditures include costs of equipment, computer hardware and software.

⁶Includes a one-time contribution of \$15 million for the Innovator Skills Initiative.

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

Natural Resources and Applied Sciences Research Endowment Fund

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.

(\$000)	2020/21 Forecast	2021/22 Budget	2022/23 Plan	2023/24 Plan
NRAS Endowment Fund	50,000	50,000	50,000	50,000
Interest Accumulated, Beginning	4,842	4,497	3,952	3,757
Annual Investment Income	1,500	1,200	1,100	1,100
Program Expenditures	(1,655)	(1,570)	(1,120)	(1,120)
Administrative and Professional Fees	(190)	(175)	(175)	(175)
Forecast Interest Balance	4,497	3,952	3,757	3,562

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 has access to its restricted funds (funds accumulated from past years that were not spent and have been directed to future programs) if used for their original purpose. Therefore, funds that will be used for their original purposes are budgeted 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: Additional Information

Corporate Governance

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