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VENTURELAB FUNDING MEMORANDUM OF UNDERSTANDING

The Planning and Economic Development Committee recommends the adoption of the recommendations contained in the following report dated December 20, 2011, from the Executive Director, Office of the Chief Administrative Officer.

1. RECOMMENDATIONS

It is recommended that:

1. York Region enter into a Memorandum of Understanding with ventureLAB to provide \$100,000 in 2012 for Region-wide innovation network development services.
2. The Regional Chairman and Regional Clerk be authorized to execute the necessary documents.

2. PURPOSE

This report recommends approval of a formal funding partnership between the Region of York and ventureLAB.

3. BACKGROUND

Ontario Network of Excellence (ONE) was announced in 2009 by the Ministry of Research and Innovation

In early 2009, the Ministry of Research and Innovation completed a review of the network of commercialization agencies across the province. This review resulted in a consolidation of the 80 plus funded agencies across the province in favour of a streamlined collaborative network of 14 Regional Innovation Centres, called the Ontario Network of Excellence (ONE). The purpose of this network of organizations is to support the commercialization of ideas, with a focus on business-driven research and results. ONE is designed to connect innovators, technology-based business, entrepreneurs, and researchers with services and programs to help them innovate and gain a competitive advantage. The Regional Innovation Centres, distributed across the province, act as entry points for those seeking commercialization assistance.

YORKbiotech and Innovation Synergy Centre in Markham (ISCM) merged in December 2010 to form ventureLAB

In December of 2010, as a result of the province's initiative, the two existing commercialization organizations in the Region, YORKbiotech and Innovation Synergy Centre in Markham, agreed to merge to create ventureLAB to serve as York Region's Regional Innovation Centre. A new Board of Directors for ventureLAB was formed from the two previous boards, with 12 representatives from government, business, and academic partners. As York Region was an original founding member of YORKbiotech, the new ventureLAB Board included a permanent seat for the Regional Municipality of York. Doug Lindeblom, Director, Economic Strategy is the current Regional representative on the ventureLAB Board.

ventureLAB is established as a formal entity, co-located with other Regional business service providers to create synergies

ventureLAB has eight employees dedicated to supporting commercialization efforts that ultimately lead to business growth, attraction and jobs. In addition, ventureLAB has access to significant additional program and staff resources within the Ontario Network of Excellence that directly support business development and growth. Jeremy Laurin has been appointed as the President of ventureLAB.

The ventureLAB office is located at the Markham Convergence Centre and benefits from co-locating with other regional business service providers including Innovation York (York University), Markham Board of Trade, the Markham Small Business Enterprise Centre, the National Research Council's Industrial Research Assistance Program (IRAP), the Ontario Centres of Excellence (OCE), York Angels, and the York Technology Alliance (YTA).

The Economic Strategy Branch has also secured space at the Markham Convergence Centre for the Business Development Advisors to improve service delivery to businesses through direct collaboration with the service providers located there.

4. ANALYSIS AND OPTIONS

Innovation is the basis for future economic growth and prosperity in York Region

Innovation has been identified as key to economic prosperity in the Region, is recognized in Regional strategic documents, and is a major underlying theme in the Economic Development Action Plan currently under development.

Innovation can be defined as the development of new or improved products, processes, technologies, or ideas that are adopted for commercial or common use.

The vast majority of new jobs in the Region will come from incremental growth in small and medium sized businesses and through new enterprise formation. These businesses all develop and sell products or services, and in our rapidly changing economic and social environment, those businesses that are innovative will succeed, grow and create jobs.

ventureLAB is mandated and structured to support the formation and growth of innovative businesses in York Region

The Regional Innovation Centres including ventureLAB have been mandated as part of the provincial network to advise and develop talented entrepreneurs to build world-class growth companies in Ontario. ventureLAB develops and delivers support programs and services that target technology based entrepreneurs starting and growing global enterprises. ventureLAB's mandate extends across all nine municipalities in York Region, and they play a critical role as a key delivery partner with the Region on innovation initiatives that will help drive regional economic growth and job creation.

ventureLAB's Mission and Vision statements reflect their role in developing an innovation economy across York Region

ventureLab's Mission Statement is:

"To be the leading Regional Innovation Centre in North America as measured by the economic impact of support programs and services that target technology based entrepreneurs starting and growing global enterprises."

ventureLAB's Vision Statement is:

"Our mission will be realized through our **BUILD** program framework which helps technology entrepreneurs **B**egin, **E**dUcate, **I**nvest, **L**aunch and **E**xpan**D** global enterprises. **BUILD**'s success will be measured through meaningful job creation, sales expansion, and other key metrics essential to be the leading Regional Innovation Centre in North America. Through ventureLAB, York Region will be recognized as a global leader in the ICT and Life Sciences sectors and a hub for multinational enterprises that value locating in a vibrant and robust community of technology oriented entrepreneurs with a second-to-none infrastructure and support system."

ventureLAB's Mission and Vision statements identify programs, targets, measures and positioning that will assist York Region in achieving its job creation targets and in garnering recognition as a place to invest.

ventureLAB delivers business support programs that align with York Region programs and priorities and generate success

ventureLAB undertakes various activities under its BUILD program that are creating positive economic results across the region, including:

- Medical device manufacturers were brought together for the first time at the MedEDGE Summit 2011, held on June 16, 2011. The event was organized in partnership with the Town of Richmond Hill, ventureLAB, and York Region. Over 200 participants learned about exciting new technological innovations, partnering and funding opportunities and fibre optic network advances impacting researchers in health care information and communications technology (ICT).
- As a direct spin-off from the MedEDGE event, Ontario Centres for Excellence (OCE) and ventureLAB issued a competitive Call for Proposals to support partnerships between companies and Ontario post-secondary institutions in the medical devices and life sciences sectors. The Call for Proposals yielded sixteen expressions of interest and resulted in \$500,000 in funding from OCE for York Region companies.
- As a direct spin-off from the MedEDGE event, the regional hospitals in York Region are jointly reviewing ways to increase collaboration between health technology innovators and clinicians to showcase products, explore research and testing partnerships and provide forums for assessing unmet needs in the healthcare industry.
- Two ventureLAB client companies have been referred to Economic Strategy staff to assist with their location needs resulting in these companies locating in York Region. A precision metal manufacturer has opened a 3,500 square foot facility in the City of Vaughan, resulting in 5 new jobs, and a medical imaging software company is locating an office in the Town of Richmond Hill, resulting in up to 25 new jobs. Both companies represent strong prospects for additional growth.
- Discussions are underway between ventureLAB and several groups regarding support for the development of innovation hubs across the region.

In less than a year of full operation, ventureLAB is already engaged in supporting innovation network development initiatives and assisting in creating jobs in York Region. They are also already recognized provincially as a strong performer relative to other Regional Innovation Centres using key client service delivery measures.

ventureLAB is seeking direct funding support from the Region to enhance its delivery of business support services across the Region

The provincial funding model for Regional Innovation Centres identifies support from host communities to be a significant factor in securing and maintaining provincial support. The growth and success of ventureLAB will rely in the future on additional funding from various sources including other municipal support to maintain base funding and leverage additional program funds. The Province adjusts funding for Regional

Innovation Centres annually based on levels of service provided, demonstrated successes, and other partner funding. The Ministry of Economic Development and Innovation advises that high performing centres with strong partner support will attract additional funds, while lower performing centres with lesser partner support will have funding shifted away to more successful centres.

As a result, ventureLAB has approached York Region to request additional funding support to the \$100,000 level. The Region provided \$20,000 in 2011 to ventureLAB, which is a continuation of funding previously provided to YORKbiotech. The additional funding would allow ventureLAB to provide more extensive program delivery to technology based businesses and entrepreneurs and expand their capacity to work with partners to develop innovation hubs in the region. In effect the funding would support a position at ventureLAB to help deliver on the Region's innovation mandate, while also leveraging additional funding for ventureLAB with its other partners.

ventureLAB uses its core funding to leverage significant additional program dollars from federal, provincial, and private sources that go directly toward supporting commercialized product and service development, and ultimately growth in York Region companies. The additional funds requested by ventureLAB would be an investment in critical business support and innovation development services for the entire Region.

Given the importance of supporting the start-up and growth of innovation based businesses to the Regional economy, staff supports the concept of providing additional funding to ventureLAB and formalizing the relationship between the entities to recognize the common program delivery goals of both organizations.

It is proposed that a formal funding arrangement between ventureLAB and the Region be established to articulate the common goals and initiatives, use of funds, and formal reporting of results to Regional Council.

Link to key Council-approved plans

This initiative directly supports the Corporate Strategic Plan under the 'Increase the Economic Vitality' section, and directly contributes to success measures around increased number of business start-ups, developing new "Innovation Hubs", and increasing post-secondary institution presence and partnerships within York Region. ventureLAB also supports two Vision 2026 goals – a Vibrant Economy and Responding to the Needs of our Residents – by supporting innovation, business incubation, continual learning, and building relationships through public and private partnerships. The draft Vision 2051 also has "An Innovation Economy" as a major theme, recognizing the importance of developing an innovation network across the Region, with ventureLAB as a key component of that network.

5. FINANCIAL IMPLICATIONS

York Region provided \$20,000 in funding to ventureLAB in 2011 as an extension of previous YORKbiotech support

York Region previously provided \$20,000 annually to support YORKbiotech starting in 2006 through 2010. The 2011 Planning and Development Services budget included \$20,000 for ventureLAB from the Economic Strategy Branch while the new organization was being formed, maintaining the Region's historic contribution to supporting commercialization efforts in the region.

ventureLAB is York Regions provincially recognized and funded Regional Innovation Centre

The total annual budget for the York RIC is approximately \$1,500,000. Close to \$1,100,000 comes from provincial and federal funding sources that support both operations and base program. The Town of Markham provides \$300,000 towards ventureLAB operations annually, a continuation of their historic support for ISCM and their ongoing acknowledgement of the importance of supporting innovation. The balance of the funding of approximately \$100,000 comes from private and public sponsorships, including the \$20,000 from York Region. York Region's current financial contribution is relatively very small compared to other ventureLAB partners, representing less than 2% of the total net ventureLAB operating budget. Funding in the amount requested by ventureLAB would place the Region in a funding role comparable to other early stage Regional Innovation Centres in the province.

Regional support for Regional Innovation Centres is key to securing provincial funding

ventureLAB is seeking a more significant contribution from York Region in the amount of \$100,000 annually to support key ventureLAB initiatives and leverage additional funding for its programs. Funding has been allocated in the proposed 2012 Economic Strategy Branch budget for the initial \$20,000. The additional funding requested would require a reallocation of funds from within the Economic Strategy Branch budget.

6. LOCAL MUNICIPAL IMPACT

ventureLAB acts as a catalyst and harnesses the wealth of intellectual and technical resources for the benefit of all businesses in York Region. ventureLAB serves as a research innovation hub for multi-sectoral companies across all nine York Region municipalities. Their activities directly promote economic success and growth of enterprises looking to commercialize products and services. Local communities looking to access provincial support for innovation services and initiatives work through ventureLAB to access the programs provided by the Ontario Network of Excellence.

Several new companies have already located in York Region as a result of the collaborative efforts of ventureLAB and the economic development offices in the Region.

7. CONCLUSION

Innovation is critical to the future economic prosperity of York Region. The Regional Innovation Centres across the province including ventureLAB have been created to directly support the development and delivery of support programs and services that target technology based entrepreneurs starting and growing global enterprises. ventureLAB is a key delivery partner with the Region and will play a critical role going forward on innovation initiatives that will help drive regional economic growth and job creation.

Given the importance of supporting the start-up and growth of innovation based businesses to the regional economy, staff supports the concept of providing additional funding to ventureLAB in the amount of \$100,000 and formalizing the relationship between through an agreement between the entities that recognizes the common program delivery goals of both organizations. Such an agreement would articulate the use of funds, measurements of success and formal reporting of results to Regional Council.

For more information on this report, please contact Doug Lindeblom, Director, Economic Strategy and Tourism, 905-830-4444, Ext. 1503.

The Senior Management Group has reviewed this report.