

BUSINESS EXPERIENCE YOU CAN ACCESS™



Innovation **Synergy** Centre in Markham

Update
February 21, 2007
Town of Markham
Economic Development Committee

iscm

ISCM History

- Physically established in May 2003
- Actively solicited clients starting December 2003
- Additional support from MEDT



- Founding Partners

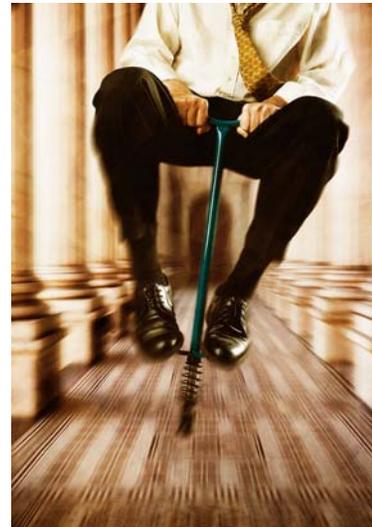


- Founding Sponsor



SME Innovation as Economic Driver: Impact

- Fast growth SME's (small & medium enterprises) represent approximately 17% of Canada's companies
- In recent years they have created 60% of new jobs

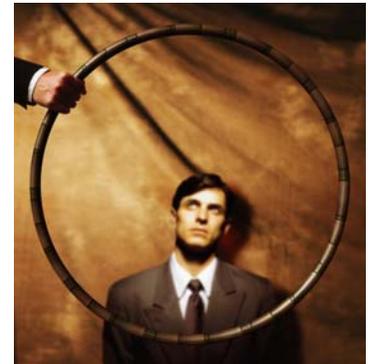


SME Innovation as Economic Driver: Facts

- It is much easier to maintain an existing company already in a community, than to attract or build a new one
- After 5 years, less than 50% of start ups are still around
- 70% of goods producing companies are less than 10 employees
- Less than 1% have more than 100 employees

SME Innovation as Economic Driver: Chronic Challenges

- My experience has shown that many SME's fail, not because of their technical capabilities, but due to a lack of business acumen and training.
- They pay close attention to technical issues and expect the business issues to deal with themselves.



SME Innovation as Economic Driver: Growth Requirements

- Access to experienced advisors is important but often missing
- Challenges of operating a business change almost on daily basis
- As a SME grows, the business issues become more complex
- The type of required business advice can change rapidly

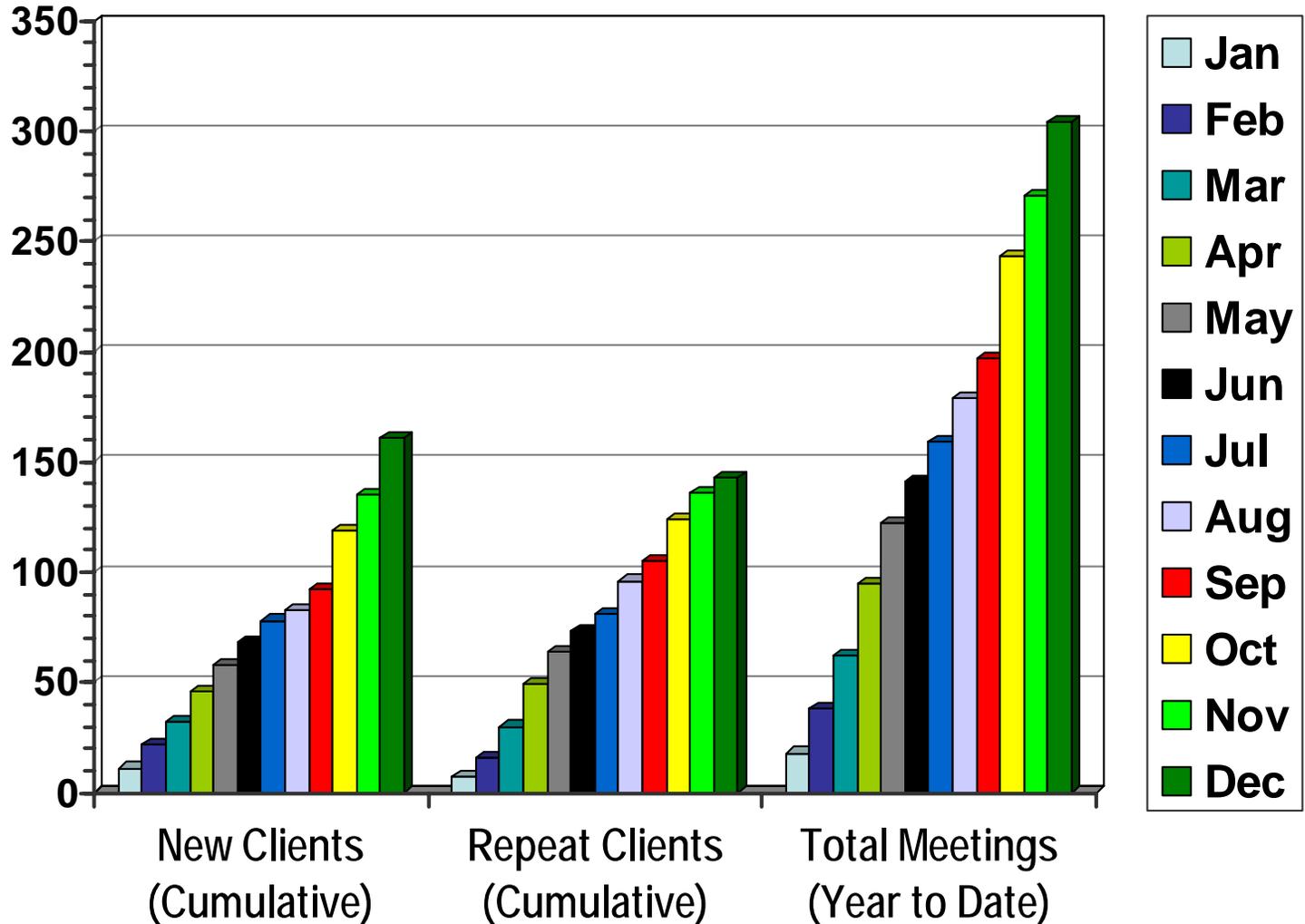
Our Business Model: General Concept

- The Innovation Synergy Centre in Markham (ISCM) is a “One Stop” point of contact for SMEs
- Access to Experienced Business Advisors across a wide range of expertise



ISCM Value Add: Client Activity

2006



To Date

Over 430 Companies

Approximately 800 meetings

Our Business Model: Purpose of the ISCM

- Help these existing companies to grow faster by providing access to business expertise to promote smart growth
- Reduce the rate of SME failure, especially those that have managed to operate for a number of years
- Impact on a community:
 - New Jobs – Job Retention - Services
 - Expands or maintains the tax base

ISCM Value Add: Advisors & Mentors

- Access to experienced business leaders
- Seasoned counsel available for advice on current business opportunities
- Longer term strategic guidance
- Assistance with:
 - Marketing
 - Financing
 - Planning
 - Operations
 - Competitive Analysis



Our Business Model: Resource Linking

- Partnered with the collaborative R&D expertise found within our Universities and Colleges across the province
- Connected to the Angel Finance community
- Linkages to other Government programs (OCE, FAITC, IRAP, SR&ED & others)



ISCM Value Add: Academic Access

- ISCM contacts business leaders to convince them of business benefits of collaborating with a University or College for their R&D or product development issues
- ISCM has contacts across the province to identify resources and expertise



New Value Add: Angel Investment

- New Initiative
- Team of experienced individuals establishing:
 - Methodolgy
 - Reachout
 - Deal flow
 - Angel contacts



New Value Add: Angel Investment

- Mentoring will ensure that:
 - Business case complete
 - Presentation appropriate
 - Shorten "Due Diligence" process
 - Linkage to potential investors



ISCM Value Add: 4th Pillar RIN Support

- The ISCM is part of the Ontario Commercialization Network, and is provided financial support by the Ministry of Research and Innovation (MRI) to support the Regional Innovation Network



Events

ISCM normally partners with other organizations, either individually or jointly to present events that focus on business issues:

Export

Education

Business Issues

Training

Example- Markham Space Race

Some of our Partners and Participating Organizations

Hosted:

York Technology Association, Trillium Medical Technology Association.

Participating:

Town of Markham, NRC/IRAP, OCE, Ontario Exports, DFAIT, Industry Canada, EDC, York Region, ITAC,, York Biotech

Access to Collaborating Expertise:

An expanding network of most Tech Transfer offices of Universities and Colleges across the province.

Funding Grants and Contributions

Source Description

Markham	Town Of Markham
NRC/IRAP	National Research Council Industrial Research Assistance Program
MRI RIN	Ontario Ministry of Research and Innovation Ontario Regional Innovation Network
MRI ORCP	Ontario Ministry of Research and Innovation Ontario Research and Commercialization Program
OCE	Ontario Centres of Excellence
FAITC	Foreign Affairs and International Trade Canada.
Industry Canada	Industry Canada

Funding Grants and Contributions

Description

Markham	Key Grant – Leverages most other Grants and Contributions Primary Use- operations and some salaries.
NRC/IRAP	Contribution Agreement – Pays after work done. Very directed. Can only be used for client directed services. Mentors/Advisors..
MRI RIN	Grant- Pays in Advance. RIN Related. More general distribution of fund use. (salaries staff, mentors and some overhead.)
MRI ORCP	Grant –To pay 6 mo. Adv.–Entrepreneur Development Commercialization related.
OCE	In Negotiation – To support Commercialization and to produce “deal flow” for OCE
FAITC	Project Based- Supports costs of specific Export related activities.
Industry Canada	Small Amounts – Purchase of some type product- (Raw survey data)

In Kind Contributions

Markham

Financial services, economic development, Board Secretary

NRC/IRAP

Almost full time of senior staff position. Individual assists with almost all major ISCM events.

York University

Paul Rivett- Supported half time by York.
Paul spends much of that time on ISCM commercialization

Seneca College

Three individuals at ISCM. ISCM supports 50% of one individual. Others spend part of their time supporting ISCM.

Industry Canada
Fiscal April/March

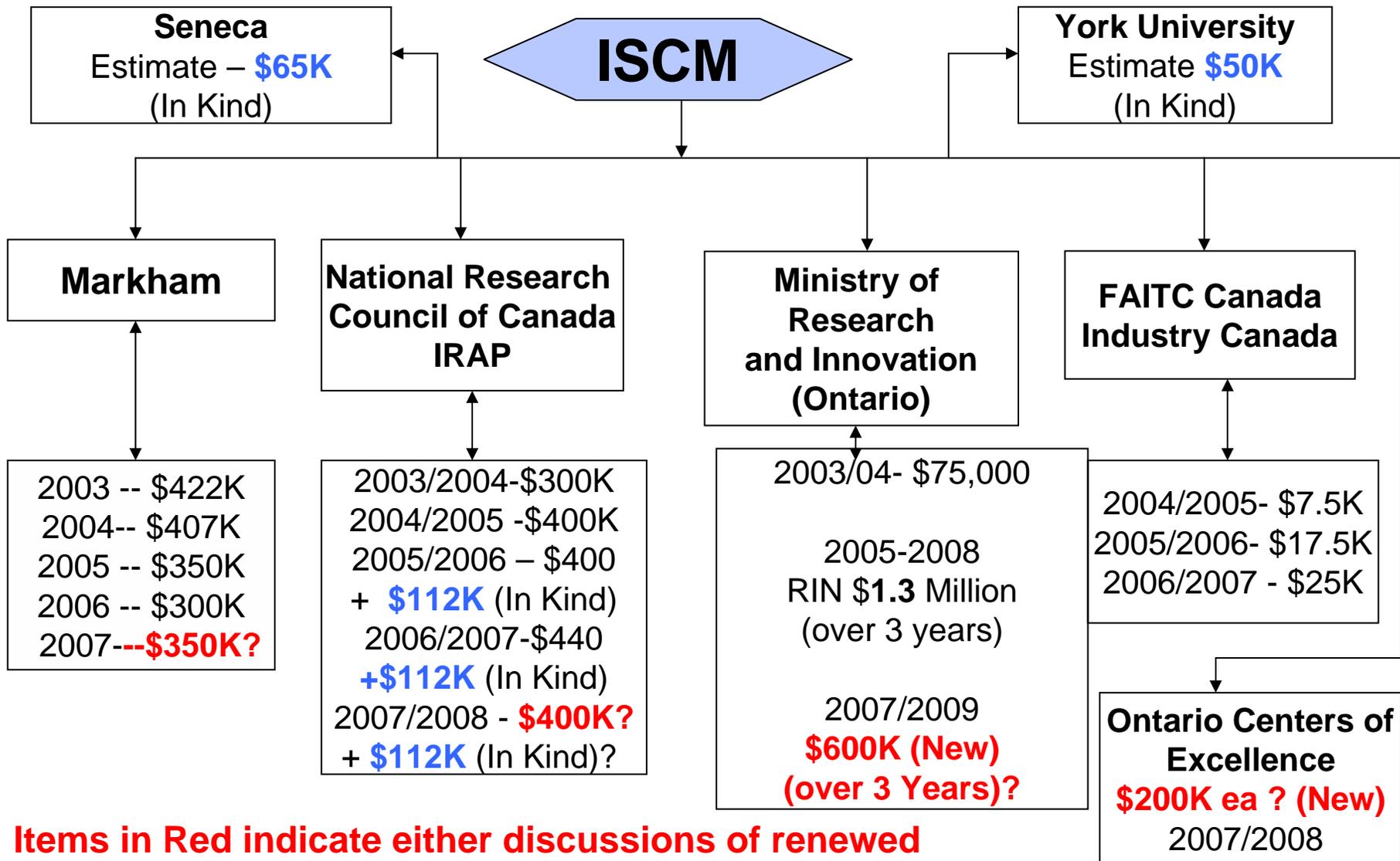
Senior Policy Analysts assists with our events, develops and analyses surveys.

Funding Grants and Contributions

Recent and Forecast Amounts- Based on ISCM Fiscal Year by fund source.

	Actual 2006	Forecast 2007	Current Status
Markham Fiscal Jan/Dec	\$300,000	\$350,000	In Budget
NRC/IRAP Fiscal Apr/Mar	\$440,000	\$3-400,000	New Management No Discussions yet
MRI – RIN Fiscal Apr/Mar	\$853,000 2005/06 cost recovery	\$332,00	\$1.3 Million in place contract
MRI-ORCP Fiscal Apr/Mar		\$125,000	Verbal Awaiting contract
OCE Fiscal Apr/Mar		\$200,000	Verbal Awaiting contract
FAITC Fiscal Apr/Mar	\$25,000	\$25,000	Estimated Activity Dependent
Industry Canada Fiscal Apr/Mar	\$2,000	\$2000	Opportunity Dependent
	\$1,620,000	\$1,334,000 ??	

Funding History- Cash and “In Kind”



Items in Red indicate either discussions of renewed funding or new funds under discussion.

Blue Indicates “In Kind” contributions.

ISCM Financial Position

Statement of Activities. For the period January – December 2006

Revenue

Grants \$1,644,068

Other Income \$98,973

Total \$1,743,041

Expenses

Salaries \$414,372

Professional Services
(Mentors) \$601,995

Operations \$374,242

Capital \$9,259

Total \$1,399,868

Operating Balance

\$343,173

ISCM Financial Position

Statement of Financial Position. As of December 31, 2006

Assets:

Current Assets

Cash		467,611
Due from other governments		306,782
Accounts Receivable		5,853
GST Receivable		11,327
Prepaid Expenses		<u>12,319</u>
		\$803,892

Liabilities:

General A/P		9,087
Due to Town of Markham		<u>143,998</u>
		\$153,085

Fund Balances

ISCM Fund	222,633	
ISCM Fund	<u>351,283</u>	\$573,916

York Fund – Prior Years	85,0000	
York Fund – Current Year	(8,109)	\$ 76,891

\$803,892