



Making BC a great
place for technology
entrepreneurs

BC Innovation Council Service Plan

2014/15 - 2016/17



LIBRARY AND ARCHIVES CANADA CATALOGUING IN PUBLICATION DATA

BC Innovation Council.

Service Plan – 2014/15-2016/17

Annual.

Continues: Innovation and Science Council of British Columbia Service Plan.

ISSN 1718-2654 = Service Plan (BC Innovation Council)

Also available on the Internet.

1. BC Innovation Council - Periodicals.
2. Science and state - British Columbia – Periodicals.
3. Technology and state - British Columbia – Periodicals.

I. Title.

II. Title: BC Innovation Council Service Plan.

III. Title: Innovation and Science Council of British Columbia Service Plan.

HC117.B74

354.2'745

C2006-960002-3

MESSAGE FROM THE CHAIR



Derek Lew, Chair,
BC Innovation Council

On behalf of the Board of Directors of the British Columbia Innovation Council (BCIC), I am pleased to present the *BCIC Service Plan* for the three fiscal years from 2014/15 to 2016/17.

BCIC is the Province's lead agency promoting the development and application of advanced or innovative technologies to meet the needs of industry in BC. Our mission is to build British Columbia's economy by accelerating the growth of BC ventures through the support of entrepreneurs and tech startup companies.

BCIC is pleased to be working with Greg Caws who took on the role of President and CEO in November 2013. A seasoned BC tech entrepreneur, Greg brings valuable experience that spans startup companies, large corporations, private capital, public service and board governance.

BCIC continues to work towards goals, measures and targets that were aligned to reflect the Province's Mandate Review of BCIC in 2011. This Service Plan also maintains the Mandate Review's directive to focus on program spending on specific work plans developed by the funded organizations, including appropriate measures of progress and outcomes. We are continuing our practice of basing funding on contribution agreements rather than flow-through funding to partners as we continue to improve transparency and accountability.

BCIC's Strategic Goals for fiscal year 2014/15 remain consistent with goals established last year. They are:

- Expanding commercialization of innovation and technology.
- Growing and strengthening the entrepreneurial community.
- Concentrating resources on opportunities that are sustainable in British Columbia.

Our work towards these goals advances economic development in the province, creating jobs and opportunities for British Columbians.

The BC Venture Acceleration Program is the largest BCIC commercialization initiative. Delivered by 10 partners across the province which form the BC Acceleration Network, the Venture Acceleration Program has made significant inroads in the past year. Companies involved in the program have generated 446 jobs, \$6.6 million in revenue and \$29.8 million in investment as of September 30, 2013.

The Venture Acceleration Program is a structured venture growth program that helps early-stage entrepreneurs in BC grow their companies. Companies enroll with regional partners in the BC Acceleration Network who provide support and guidance through a dedicated Executive in Residence (EIR), a successful business professional trained in best practices in accelerating the growth of new ventures. Companies may also receive mentoring from highly qualified volunteers in the BCIC Mentor Program. We are pleased with the progress of the Venture Acceleration Program and are committed to expanding its reach while continuing to improve the rigor of the program.

The Commercialization Voucher Program has promoted the commercialization of dozens of BC innovations. This program matches graduate students at BC post-secondary research institutions with startup companies. The students complete commercialization assessments, contributing to the growth of BC businesses and helping to bridge the gap between academia and industry. In Phase 1 of the program, 45 vouchers were issued.

BCIC also sponsors a number of industry conferences and competitions that help build the entrepreneurial ecosystem. The BCIC-New Ventures Competition has supported the growth of 1,758 companies, bringing together a large network of past, present and future tech industry talent. BCIC's sponsorship of major industry events such as the GROW conference, Metabridge, C100 "48 Hours in the Valley" and numerous regional events help BC startup companies gain access to information, influencers and investors.

The fiscal year 2014/2015 - 2016/17 BCIC Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the *BC Reporting Principles*. 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.

To the best of our knowledge, the significant assumptions, policy decisions, events and identified risks are current and have been considered in preparing this plan. The performance measures presented are consistent with BCIC'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 BCIC's operating environment, forecast conditions, risk assessment and past performance.

Yours truly,

A handwritten signature in black ink, appearing to read 'Derek Lew', with a stylized, overlapping loop at the end.

Derek Lew
Chair, BCIC

CONTENTS

MESSAGE FROM THE CHAIR	3
ORGANIZATIONAL OVERVIEW	6
Enabling Legislation	6
Mandate	6
Vision	6
Mission	6
Values	6
Overview of Core Business Areas	7
BCIC Cross-Sector Strategy	7
BCIC Cross-Sector Strategy Objectives	7
Benefits for British Columbians	8
Shifts in Business Areas and Program Delivery	8
Principal Partners, Clients and Stakeholders, Delivery of Services	8
Partner Selection	9
Location of Operations	9
CORPORATE GOVERNANCE	10
Role and Membership of The Board	10
Board Committees	10
Senior Management Team	11
Governance Principles and Compliance	11
STRATEGIC CONTEXT	12
Shifts in Internal Operating Environment	12
Economic and Industry Factors, Trends, Opportunities and Challenges	12
Risks and Opportunities	12
Organizational Capacity	13
GOALS, STRATEGIES, MEASURES AND TARGETS	14
BCIC Strategic Goals	14
Goal 1: Commercializing Innovative Technology	14
Goal 2: Developing and Enhancing Entrepreneurial Skills	15
Goal 3: Focusing Resources on Entrepreneurs Who Will Build Their Companies in BC	16
BCIC Goals and Performance Measures	16
Goal 1: Commercializing Innovative Technology	16
Goal 2: Developing and Enhancing Entrepreneurial Skills	17
Goal 3: Focusing Resources on Entrepreneurs Building Sustainable Companies in BC	19
PERFORMANCE MANAGEMENT SYSTEMS AND BENCHMARKS	21
Performance Management Systems	21
Benchmarks with Other Organizations	21
Government's Letter of Expectations	22
SUMMARY FINANCIAL OUTLOOK	24
Key Forecast Assumptions	24
Forecast Risks and Sensitivities	24
Future Financial Outlook	25
Summary Financial Chart	25
APPENDIX A: CALCULATION OF THE BCIC STARTUP HEALTH SCORE	27
Background	27
Health Score	27
Description	27

ORGANIZATIONAL OVERVIEW

ENABLING LEGISLATION

The BC Innovation Council is a provincial Crown agency operating under the *British Columbia Innovation Council Act* (Amended in Bill 15 - 2006).

MANDATE

The Provincial Government has provided the following mandate direction to BCIC under the *British Columbia Innovation Council Act*:

- To advance commercialization in British Columbia through focused support to startup companies and facilitation of partnerships between industry and academia;
- To work with willing partners in industry, academia, government and associations that support entrepreneurship and the development of entrepreneurial talent.

VISION

A strong and rapidly growing knowledge economy, creating rewarding careers for British Columbians in BC.

MISSION

To build British Columbia's economy by accelerating the growth of BC ventures through the support of entrepreneurs and tech startup companies.

VALUES

BCIC's core values guide its operations. They include:

- **Collaboration** – BCIC collaborates with partners to create programs and provide support for initiatives that develop entrepreneurs and promote the commercialization of technology.
- **Results** – We gauge the success of our programs and activities by achieving results that are valued by shareholders and clients. We continually monitor our programs and services with our partners and clients to ensure outcomes clearly fulfill our mandate.
- **Integrity** – BCIC is committed to meeting the highest standard of integrity expected by British Columbians and government alike. This means we follow fair and transparent processes in all our activities.
- **Entrepreneurial** – Just as BCIC promotes an entrepreneurial spirit among those starting ventures in BC, we are committed to operating with the same entrepreneurial spirit. Being a small agency allows BCIC to put creativity and originality at the forefront of our operations.

OVERVIEW OF CORE BUSINESS AREAS

BCIC is the Province's lead organization with a mandate to encourage commercialization of technology in British Columbia. Helping entrepreneurs get new and innovative products into the global market enhances British Columbia's competitiveness and provides high quality jobs for British Columbians. New companies and ventures are the engine of job creation and the origin of the future firms that anchor the economy. All of BCIC's programs and services support this important goal.

BCIC develops and funds programs that are delivered across the province by regional economic development organizations and academic institutions. This approach enables BCIC to assure quality and consistency while catering to the specific needs of technology entrepreneurs based on their location, their industry sector and the stage of development of their venture, be it the concept, idea validation, pre-commercial or startup stage.

BCIC's programs focus on economic sectors in which British Columbia has a competitive advantage.

BCIC CROSS-SECTOR STRATEGY

BCIC's renewed mandate expands its role in commercializing technology to eight key industry sectors identified in the BC Jobs Plan that represent the areas in which British Columbia has a competitive advantage and the most potential for investment and job creation. These sectors include: Agrifoods, Natural Gas, International Education, Tourism, Technology, Transportation, Mining and Forestry.

BCIC will play an increasingly active role in supporting these sectors through programs and activities that accelerate the commercialization of technology. The development of BCIC's Cross-Sector Strategy started in 2013 with the goal of driving technology innovation, leading to new products, services, jobs and market opportunities. To develop this strategy, BCIC will continue to:

- Expand awareness of BCIC and broaden working relationships with key sector organizations;
- Identify existing opportunities for collaboration between BCIC and other parties in key sectors; and
- Identify new opportunities in key sectors to connect companies experiencing commercialization challenges with programs that can help them.

The overarching goal of the Cross-Sector Strategy is aligned with BCIC's established goals of expanding BCIC's commercialization capacity, growing and strengthening the entrepreneurial community and concentrating resources on opportunities that are sustainable in British Columbia. Implementing the strategy will improve the performance and competitiveness of companies in the key sectors, while working in concert with existing government, not-for-profit and industry players, as described in the following pages.

BCIC CROSS-SECTOR STRATEGY OBJECTIVES

The BCIC Cross-Sector Strategy is aligned with BCIC's strategic goals. The following objectives will help BCIC achieve the goals of the Cross-Sector Strategy and, by doing so, extend the impact of BCIC's strategic goals into key sectors.

a. **Objective 1: Research and awareness of key sectors**

BCIC will identify key players in each sector and gain an understanding of each organization's vision, mission, target audiences, areas of expertise, key offerings and successes related to innovation and commercialization. The review will consider:

- government / ministries;
- industry associations / groups;
- research institutions;
- accelerators; and
- leading British Columbia companies.

b. Objective 2: Raise awareness of BCIC and its goals among sector key players

BCIC will connect with and establish relationships among identified key sector groups. Once a connection is established, BCIC will share communication materials that clearly articulate BCIC's mandate, what BCIC is, what BCIC does and how it does it. Increasing BCIC's profile will take place through a combination of personal meetings and correspondence.

c. Objective 3: Engage with technology innovators across the sectors

BCIC will create opportunities in the identified sectors to connect companies experiencing commercialization challenges with programs that can help them. Specifically, BCIC will:

- identify gaps or unmet needs for commercialization and innovation in sectors; and
- track the market for program participants' products or services.

BENEFITS FOR BRITISH COLUMBIANS

A fundamental function of BCIC is to accelerate the development of the knowledge-based economy in the province, directly leading to improved economic performance for British Columbia. BCIC runs programs that increase the number of successful technology entrepreneurs and companies. BCIC creates new jobs and economic growth for the province by supporting entrepreneurs and transforming research into commercial ventures.

SHIFTS IN BUSINESS AREAS AND PROGRAM DELIVERY

There have been no significant shifts in business areas and program delivery since BCIC's previous Service Plan, and none are anticipated for the coming year. BCIC will continue to follow a program-based funding model. All BCIC funding requires a proposed work plan and performance measures aligned with BCIC's strategic goals and performance measures. BCIC will evaluate its programs on a regular basis and may change them to improve both performance and the relevance of its strategic measures.

BCIC will continue to update and revise the BC Venture Acceleration Program to ensure success. We are pursuing formal partnerships with subject matter experts to strengthen the training content and capacity of the BC Venture Acceleration Program for clients, Executives in Residence and mentors in the BCIC Mentor Program.

BCIC's staff will also continue to pay particular attention to incoming data from partners and continually measure quality and program performance.

PRINCIPAL PARTNERS, CLIENTS AND STAKEHOLDERS, DELIVERY OF SERVICES

BCIC designs, develops and implements many of its programs and services in conjunction with its delivery partners. All of BCIC's delivery partners are not-for-profit organizations with a regional development focus, specific industry focus or with an affiliation with an educational institution. Many of BCIC's regional partners receive funding from local economic development agencies and other levels of government. This leveraged funding is critical to program success and sustainability.

BCIC has a unique role in facilitating partnerships between academia and industry to solve real-world problems through direct and applied research. Such partnerships result in increased commercial activity.

BCIC also engages with federal and other provincial government agencies, research institutions, industry and regional groups to coordinate and enhance its programs.

BCIC will continue to pursue partnerships across all regions in British Columbia. BCIC generally defines regions according to the distribution of post-secondary institutions in the province. Regions as defined by BCIC are indicated in the map in Figure 1.

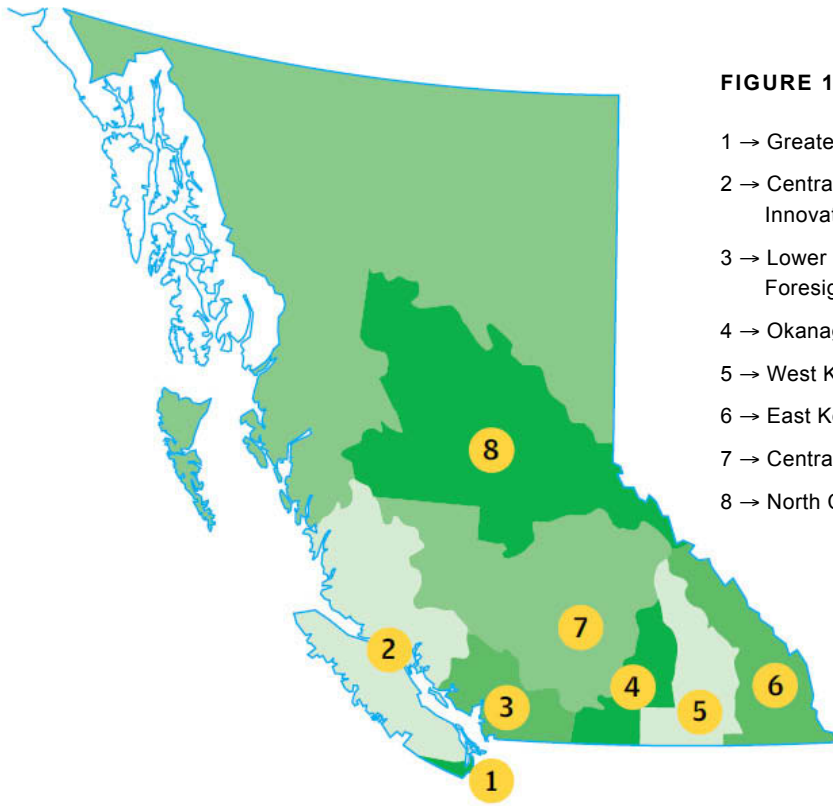


FIGURE 1: BC ACCELERATION NETWORK

- 1 → Greater Victoria – Accelerate Tectoria
- 2 → Central/Northern Island, Sunshine Coast & Gulf Islands – Innovation Island
- 3 → Lower Mainland & Fraser Valley - Wavefront, Foresight Cleantech Accelerator Centre, VentureLabs®
- 4 → Okanagan Valley – Accelerate Okanagan
- 5 → West Kootenays – Kootenay Association for Science and Technology
- 6 → East Kootenays – Kootenay Rockies Innovation Council
- 7 → Central Interior BC – Kamloops Innovation Centre
- 8 → North Central BC – Innovation Central Society

PARTNER SELECTION

BCIC’s partners have well established relationships with BCIC and with the communities and stakeholders they serve. BCIC is committed to building and enhancing these partnerships to support its strategic goals. When a region or technology area is identified as an opportunity for a program, BCIC solicits proposals that meet its funding criteria and mandate to select a new delivery partner.

LOCATION OF OPERATIONS

BCIC’s office is located at the Leading Edge Technology Centre in downtown Vancouver in close proximity to several key technology industry associations and other complementary organizations. Locating in such an environment allows BCIC further collaboration opportunities.

The Leading Edge Technology Centre is on the 9th floor, 1188 West Georgia Street, Vancouver, British Columbia V6E 4A2.

CORPORATE GOVERNANCE

BCIC follows, and is in compliance with, the Board Governance guidelines posted on the Board Resourcing and Development Office (BRDO) website.

ROLE AND MEMBERSHIP OF THE BOARD

The Lieutenant Governor, through Order-in-Council, appoints the members of BCIC's Board and delegates the role of the Chair. The Board Chair reports to the British Columbia Legislative Assembly through the Minister of Technology, Innovation and Citizens' Services. The Board of Directors has five members:

- Derek Lew, Chair;
- Robin Ciceri;
- Roger Hardy;
- Lorraine Larkin; and
- Cheryl Slusarchuk.

The Board:

- sets the strategic direction and approves appropriate plans from management;
- recruits, empowers and monitors BCIC's management;
- shepherds and safeguards BCIC resources, approving major financial decisions, ensuring internal controls are in place and addressing areas of risk; and
- measures corporate performance, reporting regularly to stakeholders to ensure compliance with applicable laws and ethical standards.

BOARD COMMITTEES

The **Audit and Finance Committee** helps the Board fulfill its obligations and oversight responsibilities relating to the audit process, financial reporting, corporate control systems and risk management. When required, it makes recommendations to the full Board for approval.

- Committee members: Lorraine Larkin (Chair), Cheryl Slusarchuk

The **Governance and Board Nomination Committee** reviews Board policies and practices, ensuring BCIC fulfills its legislated mandate and implements effective due diligence over BCIC's governance.

- Committee members: the full Board

The **Human Resources and Compensation Committee** is a committee of the full Board that fulfils the Board's responsibilities with respect to BCIC's staff policies and practices.

- Committee members: the full Board

SENIOR MANAGEMENT TEAM

Greg Caws – President and CEO

Shirley Vickers – Entrepreneur-in-Residence

Jennie Choboter – Chief Financial Officer

Lindsay Chan – Director of Communications

Tomica Divic – Director of Operations

Dean Prelazzi – Managing Director, BC Acceleration Network

GOVERNANCE PRINCIPLES AND COMPLIANCE

BCIC's Board has adopted the guiding principles outlined in the Province of British Columbia's Governance Framework for Crown Corporations in establishing a framework from which to operate. These principles include:

- stewardship, leadership and effective functioning of the Board; and
- performance and value, innovation and continuous improvement.

BCIC's governance documents and related disclosure practices are available at <http://www.bcic.ca/corporate-reports>, alongside a full library of all documents related to BCIC and its activities.

STRATEGIC CONTEXT

SHIFTS IN INTERNAL OPERATING ENVIRONMENT

Following recommendations from the 2011 review of BCIC's mandate, BCIC has divested itself of all non-core responsibilities. As BCIC executes its mission, it will continue to focus on program delivery and on ensuring programs are effective and meeting the needs of companies involved with technology and innovation. BCIC will continue to work closely with the Ministry of Technology, Innovation and Citizens' Services and other partners to maintain a clear understanding of future directions, and will align capacity and programs in accordance with funding levels.

As many BCIC programs are delivered in collaboration with its partners including members of industry, academia and government, changes within any of these entities may impact BCIC's initiatives. To reduce such risks, BCIC follows established rules of conduct when entering into agreements with external organizations.

ECONOMIC AND INDUSTRY FACTORS, TRENDS, OPPORTUNITIES AND CHALLENGES

Taking into consideration that the BC economy continues to emerge from a challenging period of economic uncertainty, it is more important than ever to continue to deliver relevant commercialization programs that support economic growth and prosperity in British Columbia. BCIC is strengthening our province's knowledge economy through its established partnerships with industry, government and research institutions. By scaling our programs to meet the growing needs of the market, we enhance the entrepreneurial community and encourage the commercialization of technology.

BCIC's entrepreneurship programs operate with a small core of paid staff and a cadre of volunteer business leaders and mentors. Program implementation in some parts of British Columbia may be hampered by exceptionally strong demand from local industries for experienced managers and business leadership, making it difficult to recruit the necessary mentors and volunteers.

An emerging industry issue that is having a significant effect on entrepreneurship and commercialization is a worldwide increase in the number of patent lawsuits. While some industries can operate successfully using trade secret protection, companies developing and exporting innovative new products are at increasing risk of litigation by patent holders.

RISKS AND OPPORTUNITIES

BCIC operates with support from its primary funder, the Ministry of Technology, Innovation and Citizens' Services. In addition, BCIC relies on volunteer participation from recognized experts and leaders in their fields. BCIC leverages funding from other sources to continually increase its impact on the growth of the BC knowledge economy.

It is important to recognize that building a knowledge economy is a long-term objective and an opportunity requiring partners at all levels of government, institutions and the private sector to remain committed to its growth.

The top risks for BCIC’s operations and programs are:

Issues, Risks and Potential Impacts	Mitigating Strategies
<p>The programs that BCIC funds are designed to lower the risk that a new 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.</p>	<p>MITIGATION: BCIC uses course material developed for entrepreneurial education by thought leaders such as Steve Blank and the Massachusetts Institute of Technology (MIT). BCIC programs are customized for the BC context by local organizations like ACETECH, 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.</p>
<p>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 BCIC. 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 BCIC’s programs.</p>	<p>MITIGATION: The program delivery and support burden will be divided among several partners at all times, ensuring that if one partner drops out, others can quickly develop capacity to replace them. BCIC 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. BCIC requires BC Acceleration Network partners to develop sustainability plans to address future funding issues, which may include less financial support from BCIC.</p>
<p>In the early phases of several BCIC acceleration programs, many highly qualified business people have made themselves available to participate as volunteers in the BCIC Mentor program or become paid Executives-in-Residence for the delivery partners. These individuals, all of them highly qualified, may leave the program after a period when they feel they have done enough and are looking for other opportunities.</p>	<p>MITIGATION: Turnover among mentors and EIRs is expected. BCIC will continue to create awareness of opportunities for mentors and EIRs and will induct new participants at a sufficient rate to ensure that these individuals are not overburdened and that there is an adequate new intake to cover vacancies from departures and retirements.</p>

ORGANIZATIONAL CAPACITY

BCIC has the capacity to achieve its goals. In cases where it does not, it will leverage talent, relationships and strategy to deliver outstanding results. BCIC will develop the partnerships necessary to achieve its mission towards its vision of making British Columbia a great place for technology entrepreneurs to access opportunities, training and community.

GOALS, STRATEGIES, MEASURES AND TARGETS

BCIC STRATEGIC GOALS

- Commercializing innovative technology
- Developing and enhancing entrepreneurial skills
- Focusing resources on entrepreneurs who will build their companies in BC

GOAL 1: COMMERCIALIZING INNOVATIVE TECHNOLOGY

Commercialization is an entrepreneurial activity that takes a technology or intellectual property and creates a business around it. BCIC's goal of facilitating the commercialization of innovative technology is supported by its network of acceleration programs, programs that develop entrepreneurial talent at the post-secondary level and support of events that increase the number of entrepreneurs and new business opportunities across British Columbia. Specifically, BCIC is:

a. Building the BC Acceleration Network

BCIC is building a network of regional partners to deliver the **Venture Acceleration Program** to increase the success rate of early-stage companies. BCIC launched the BC Acceleration Network in 2012, and in 2013 expanded the network to 10 partners across the province. Through the BC Acceleration Network, new and early-stage technology companies throughout BC gain access to highly qualified entrepreneurial expertise and know-how. There are now 10 delivery partners across the province offering the BC Venture Acceleration Program:

- Accelerate Okanagan, Okanagan Valley;
- Accelerate Tectoria, Greater Victoria;
- Foresight Cleantech Accelerator Centre;
- Innovation Central Society, North Central BC;
- Innovation Island, Central/northern Vancouver Island, Sunshine Coast, Gulf Islands;
- Kamloops Innovation, Central Interior
- Kootenay Association for Science and Technology (KAST), East Kootenays;
- Kootenay Rockies Innovation Council (KRIC), West Kootenays;
- VentureLabs®; and
- Wavefront (wireless startup companies).

b. Natural Resources and Applied Science Research Endowment (NRAS)

- BCIC will continue as the custodian of the \$50 million **Natural Resources and Applied Science Research Endowment (NRAS)** originally provided by the Government of British Columbia in 2005/06 to build research and development, advanced training, technology transfer and commercialization capacity in BC in engineering, natural resources and the applied sciences. The first funding program to emerge from the endowment was the **NRAS Research Team Program**, developed collaboratively by BCIC and BCFRST in 2009. In 2011, a mid-point review of the program indicated that all 24 projects reported potential industrial applications for their research, with 22 specific to BC. The NRAS Research Team Program is still in progress with research teams at the University of British Columbia, Simon Fraser University and the University of Victoria entering the fourth year of their projects. Final reports are expected over the next two years.

The endowment continues to earn interest and, once sufficient interest has grown, BCFRST may deliver further programs.

c. **Leading Edge Endowment Fund (LEEF)**

- **The Leading Edge Endowment Fund (LEEF)** helped to establish 20 permanent Leadership Research Chairs at public post-secondary institutions across the province and nine Regional Innovation Chairs to create opportunities in communities through BC's colleges, universities and institutes. LEEF wound up operations in December 2012. BCIC handles the administration of LEEF funds. In the past year, LEEF funds supported the BCIC-Mitacs Commercialization Voucher Program. BCIC will continue to disburse the funds to approved programs that support innovation in post-secondary institutions, research and commercialization.

GOAL 2: DEVELOPING AND ENHANCING ENTREPRENEURIAL SKILLS

BCIC works with its program partners to help British Columbians to become successful entrepreneurs.

a. **Providing training to support early-stage entrepreneurs to commercialize their concepts**

BCIC is identifying and providing relevant knowledge and training to support early-stage entrepreneurs to commercialize their innovations. For example:

- The **BC Venture Acceleration Program** is a structured venture growth program designed to guide, coach and grow ambitious early-stage technology entrepreneurs and effectively grow their technology ventures. The Venture Acceleration Program is delivered by a team of Executives in Residence (EIRs) and supported by a province-wide network of mentors through the BCIC Mentor Program. More information can be found at the Venture Acceleration Program website: www.bcacceleration.ca.
- The **BCIC Mentor Program** is a province-wide entrepreneurial development program for founders and CEOs of British Columbia technology ventures and has been offered by BCIC since 2011. Modeled on the very successful MIT Venture Mentoring Service, the BCIC Mentor Program adopts best practices from ACETECH's Growth Strategy Program, which delivers tools and peer mentoring to CEOs of technology companies in order to improve their effectiveness as leaders. Program participants are early-stage startup companies with a goal to progress and grow. By delivering expert guidance and timely support in developing their ventures, the program improves the success of participating entrepreneurs and helps them take their companies to the next level.

b. **Working with partners to provide training for emerging entrepreneurs**

BCIC continues to partner with educational institutions and industry organizations to provide relevant knowledge and training for emerging entrepreneurs. For example:

- BCIC will continue to be involved as a lead funder for programs developed by BCIC and the universities to provide a competitive academic pathway to entrepreneurship for third- and fourth-year business and applied sciences students. Examples of existing and future programs are the **entrepreneurship@UBC** and **entrepreneurship@SFU** programs, which provide the skills, mentorship and resources to build upon innovative ideas and develop successful new ventures.

c. **Sponsoring and promoting entrepreneurial events**

BCIC sponsors and promotes conferences, competitions and events that expand the number of entrepreneurs and new business opportunities across British Columbia. For example:

- **BCIC New Ventures Competition** is an annual competition for emerging entrepreneurs that has operated in British Columbia since 2001. Based on a 2012 assessment of the Competition, at least 56% of all ventures that reached round three survived in some form, creating more than 3,000 new jobs and nearly \$200 million in new revenue. The assessment also showed that these ventures filed over 800 patents and launched over 1000 unique products.
- **GROW** is an annual technology conference that takes place over a one week period. GROW provides valuable learning to attendees and aims to inspire innovation and entrepreneurship. Featuring thinkers, influencers and investors from Silicon Valley and Canada, GROW brings together more than 1,200 people including founders, investors, entrepreneurs, bloggers, developers, designers and more. The event has earned the reputation of being Canada's leading technology conference.
- **Metabridge** is a unique three-day retreat in Kelowna that brings together top startup companies and their entrepreneurs with influencers and investors from the Silicon Valley for workshops and networking.

- **C100's "48 Hours in the Valley"** provides an exclusive opportunity for startup companies and their entrepreneurs to spend two days in the Silicon Valley, meeting with industry experts and investors.
- **Wavefront Wireless Summits** is an annual conference in Vancouver that focuses on wireless and mobility solutions, attracting thought leaders from across the globe.
- **Interface** is a digital health summit held annually in Vancouver, hosted by Sanotron, a wireless and digital health accelerator.
- **Regional and student events:** BCIC sponsors a number of "Startup Weekend" events through the province as well as student entrepreneurship competitions.

BCIC's sponsorships are evaluated using a set of criteria that ensure the event is results-driven and aligned with BCIC's mandate.

GOAL 3: FOCUSING RESOURCES ON ENTREPRENEURS WHO WILL BUILD THEIR COMPANIES IN BC

BCIC invests in opportunities for startup companies who will build their companies in British Columbia.

a. Working with partners to preserve British Columbia taxpayer resources to support entrepreneurs who can achieve success while maintaining their operations in British Columbia

BCIC works with partners to focus program resources on early-stage entrepreneurs who are able to obtain customers without leaving British Columbia:

- A key performance measure for programs funded by BCIC is an assessment by the delivery partner of the ability of an applicant to create a successful and sustainable business in British Columbia. British Columbia is a great place to be an entrepreneur, but for some opportunities, it is clear from the start that a different path to success is appropriate. BCIC's program partners are encouraged to make applicants aware of alternative strategies when it is clear that creating a successful business in British Columbia will be challenging because of customer access, regulatory, financial or logistical reasons.
- Many of the events and conferences BCIC sponsors expose BC startup companies and their entrepreneurs to investors and influencers who can offer support and help BC companies succeed in BC.

BCIC GOALS AND PERFORMANCE MEASURES

BCIC's performance measures for fiscal year 2014/2015 will be broken down by industry sector, region and company stage. In addition, BCIC will provide data that indicate the number of participating companies in BCIC-funded programs and the number of jobs supported by BCIC-funded programs.

BCIC continues to work with industry, government and BC's academic institutions to identify opportunities and gaps in its strategies directed at developing entrepreneurs and promoting the commercialization of technology. Once identified, BCIC works with partners to address these needs through the development and refinement of initiatives.

BCIC plays an integral role in helping shape the development of British Columbia's knowledge economy. Because this role is so fundamental for future job growth and economic development in British Columbia, BCIC considers it critical to have accurate performance measures to track its progress in fulfilling its mandate.

GOAL 1: COMMERCIALIZING INNOVATIVE TECHNOLOGY

Commercializing innovations to strengthen British Columbia's global competitive position

BCIC supports programs and initiatives that help innovations reach the market. The net result will be a more vibrant economy and more high quality jobs for British Columbians.

Measurable Objectives

- To increase the number of successful new businesses created in British Columbia.
- To improve the growth rate and survivability of small and medium-sized (SME) businesses located in British Columbia.

Strategies

- Build a network of venture acceleration programs to increase the success rate of early-stage companies.
- Implement programs to support entrepreneurial talent development at British Columbia’s universities and colleges.
- Sponsor and promote conferences, competitions and events that expand the number of entrepreneurs and new business opportunities across British Columbia.

Measure 1: Patent-protected innovations and trade secrets

The percentage of ventures in BCIC-funded programs with patent protection for their innovations or a structured approach to maintaining trade secrecy.

TARGETS FOR FISCAL YEAR			
2013/14 Forecast	2014/15	2015/16	2016/17
50%	30%	30%	35%

Description of Measure

Expressed as a percentage, this measure represents how many ventures in BCIC-funded programs have taken action to protect their intellectual property compared to how many have not. Data for this measure is gathered via required progress reports from program partners. The target for each year is based on data gathered for ventures participating in BCIC-funded programs. Venture acceleration programs emphasize the importance of patents and trade secrets, considering intellectual property protection a strength for entry into the program. Companies that are accepted without patents or trade secrets will be encouraged where appropriate to acquire such. Due to the length of the patent application process, patents pending and other formal processes underway will be considered.

Importance of Measure

BCIC 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 competitors 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, venture acceleration programs will improve the growth rate and survivability of small and medium-sized (SME) businesses located in British Columbia.

2013/14 was the first year this Performance Measure was tracked. Having completed a full year of the Venture Acceleration Program, BCIC has determined that a target of 30-35% would be a success for the program.

GOAL 2: DEVELOPING AND ENHANCING ENTREPRENEURIAL SKILLS

Developing more successful entrepreneurs for British Columbia

BCIC works with its program partners to help British Columbians to become successful entrepreneurs.

Objective

To improve early-stage commercialization skills of entrepreneurs in the British Columbia science and technology community.

Examples of these skills include business management, leadership and the ability to communicate with investors, customers and other stakeholders.

Strategies

- Identify and provide relevant knowledge and training to support early-stage entrepreneurs to commercialize their concepts.
- Partner with educational institutions and industry organizations to provide relevant knowledge and training for emerging entrepreneurs.

Measure 2: Health Score of ventures in BCIC Acceleration Network

The overall level to which BCIC clients have a solid business foundation for the success of their companies.

TARGETS FOR FISCAL YEAR			
2013/14 Forecast	2014/15	2015/16	2016/17
60	60	65	70

Description of Measure

This measure presents an overall score out of a possible 100 points on the level to which ventures in the BC Acceleration Network have a solid business foundation for the success of their ventures. The score is determined by a set of indicators identified by BCIC as important elements for a venture to progress. Different indicator sets are used for ventures in different stages of growth. Examples of indicators include whether the venture:

- is meeting critical milestones as agreed upon with their Executive in Residence;
- has enough cash to meet growth objectives;
- has a customer-validated product-market fit;
- is demonstrating an increase in revenue year-over-year that exceeds 25%; and
- is demonstrating an increase in profit year-over-year that exceeds 25%.

Data for this measure is gathered via required progress reports from program partners. Targets for this measure are set by a baseline that has been established by an assessment of approximately 75 early-stage ventures enrolled in BCIC programs during 2012/2013.

Importance of Measure

BCIC activities support job creation in BC. To do so, it is essential that startup companies in BCIC-funded programs progress from early-stage ventures to larger mature companies with job opportunities. The BCIC health score reflects the level to which startup companies in BCIC-funded programs are on track to progress into companies that will experience job growth. The measure is designed so that the higher a venture’s health score, the greater its likelihood of commercial success.

Measure 3: Participant evaluation of the effectiveness of BCIC’s programs and services

The percentage of participants in BCIC-funded programs who confirm that BCIC’s programs have a high value impact in advancing their technology venture.

TARGETS FOR FISCAL YEAR				
2012/13 Actual	2013/14 Forecast	2014/15	2015/16	2016/17
82%	90%	90%	90%	90%

Description of Measure

This measure provides the percentage of participants in BCIC-funded programs who report a high value impact on their personal development as entrepreneurs and/or making their technology venture more successful. This measure is based on sample surveys where high value impact is defined as a value of 7 or more on a 10-point evaluation scale. Data for this measure is gathered via required progress reports from program partners. Performance targets are based on similar past BCIC surveys. Targets have been adjusted upward from the previous forecast, based on results observed over the last two years.

Importance of Measure

Confirmation from entrepreneurs that BCIC-funded programs enable their ventures to progress adds perspective to how BCIC measures its progress. BCIC’s goal is to support programs that provide high value to technology entrepreneurs, equipping them with the knowledge and tools to advance their technologies. Evaluation results enable BCIC to assess how well it is delivering on its mission. Reports from the participants of BCIC-supported programs and services will help to shape, refine and improve BCIC offerings and position BCIC as an integral component to the growth and success of its client companies.

GOAL 3: FOCUSING RESOURCES ON ENTREPRENEURS BUILDING SUSTAINABLE COMPANIES IN BC

Investing in entrepreneurs who are positioned to grow within British Columbia, resulting in long-term rewards for British Columbia

BCIC invests in opportunities for startup companies who will build their companies in British Columbia.

Objective

- To increase the number of successful new businesses that will remain in British Columbia for the long term.

Strategies

- Work with program partners to focus program resources on entrepreneurs who can achieve early customer acquisition while maintaining base operations in British Columbia.

Measure 4: Entrepreneurs who can build a successful venture based in British Columbia

The percentage of participants in BCIC-funded programs that are assessed as being able to be successful in their venture without needing to leave British Columbia to do so.

TARGETS FOR FISCAL YEAR			
2013/14	2014/15	2015/16	2016/17
80%	90%	90%	90%

Description of Measure

This measure is based on the experience and knowledge of the Executives in Residence and mentors who evaluate the opportunities they are supporting. Data for this measure will be gathered via required progress reports from program partners. Targets for this measure are based on the aspirational assumption that BCIC-funded programs can increase the number of participants able to build a successful company located in British Columbia, by including it as a standard consideration for entry into the program.

Importance of Measure

Entrepreneurs with early stage innovative concepts and business ventures are highly mobile. For many, it is tempting to move to new locations outside of British Columbia to be near their key customers, suppliers or financiers. Of the three prime relationships, the most compelling is that with customers, the ultimate source of value in an entrepreneurial venture. BCIC assesses the likelihood

that a venture will stay in British Columbia to avoid committing taxpayer resources to ventures that are destined to create jobs elsewhere.

2013/14 was the first year this Performance Measure was tracked. Data gathered from BC Acceleration Network partners in the first two quarters of the year indicate that the percentage of participants in BCIC-funded programs that are assessed as being able to build a successful venture in BC is already higher than 80%; therefore, a target of 90% has been set.

PERFORMANCE MANAGEMENT SYSTEMS AND BENCHMARKS

PERFORMANCE MANAGEMENT SYSTEMS

BCIC's performance management system is designed to provide efficient and practical measurements of BCIC's goals. The measurements chosen are quantifiable. This results-focused approach will enable BCIC to see when targets are met and objectives are achieved, and assess whether changes to programs and strategies are necessary.

The success of BCIC programs will be measured via the following:

- **Surveys:** Issued to program participants by program leaders via email on an annual basis.
- **Progress Reports:** BCIC gathers information via progress reports submitted by program leaders.

BCIC is confident in the operational data used in reporting the results of its activities. BCIC's sources of data include in-house records maintained through electronic databases and progress reports submitted by program partners. As a condition of support to partners, BCIC requests appropriate records be maintained and reported.

Data is collected throughout the year depending on the activity and verified according to established reporting guidelines to ensure consistency from past years and across similar activities.

Because accuracy is limited by human error, BCIC verifies data as part of the due diligence and monitoring process for reports submitted by external sources.

When results are published, BCIC's performance measures for fiscal year 2013-2014 will be broken down by industry sector, region and company stage.

BENCHMARKS WITH OTHER ORGANIZATIONS

As BCIC reviews and develops its focus areas, it will investigate similar jurisdictions that are currently focusing on entrepreneurial talent development and the commercialization of technologies. For example, when developing its performance measures, BCIC examined the use of performance measures by organizations with similar activities:

- **Alberta Innovates – Technology Futures:** Technology Futures supports research and innovation activities directed at the growth and development of technology-based sectors, the commercialization of technology, the provision of business and technical services, and initiatives that encourage a strong science, technology and entrepreneurial culture in Alberta.
- **Communitech:** Communitech is a not-for-profit organization that supports technology companies in the Waterloo Region and that promotes the region as a technology cluster.
- **Innovation Place: Saskatchewan Opportunities Corporation:** Saskatchewan Opportunities Corporation (SOCO) operates under the registered business name of Innovation Place. SOCO is a Saskatchewan Crown corporation with a direct reporting relationship to the provincial government through the Crown Investments Corporation. SOCO's mission is to support the growth and success of Saskatchewan's technology sector. It fulfills this mission through the development and operation of research parks on university campuses in Saskatoon and Regina, and through the forest sector building in Prince Albert.
- **MaRS:** Located in Ontario, MaRS is a charitable organization with a mission to help create successful global businesses from Canada's science, technology and social innovation. MaRS provides resources — people, programs, physical facilities, funding and networks — to ensure that critical innovation happens. MaRS stimulates, identifies and harnesses great ideas, nurtures their development and guides the transformation of those ideas into reality.
- **Ontario Centre for Excellence – Centre for Commercialization of Research:** The Centre for Commercialization of Research (CCR) generates economic benefits for Canada through the successful commercialization of ideas emerging out of research from publicly funded Canadian academic and research institutions. CCR works exclusively with high-potential early-stage entrepreneurs and innovative enterprises to help them advance to the next level.

- **Saskatchewan Research Council:** The Saskatchewan Research Council (SRC) is one of Canada’s leading providers of applied research, development and demonstration (RD&D) and technology commercialization.
- **Techstars:** A technology business accelerator with locations across the US, Techstars provides seed funding to startup companies with funds from top venture capital firms and angel investors.

BCIC will consider best practices in programs and strategic policies that will help develop and improve its service in British Columbia.

GOVERNMENT’S LETTER OF EXPECTATIONS

The Government’s Letter of Expectations (the Letter) between the Ministry of Technology, Innovation and Citizens’ Services and BCIC is an agreement on the parties’ respective accountabilities, roles and responsibilities. The Letter confirms BCIC’s mandate and priority actions, articulates the key performance expectations as documented in the Government’s Expectations Manual for British Columbia Crown Agencies[1], and forms the basis for the development of BCIC’s Service Plan and Annual Service Plan Report. The Letter does not create any legal or binding obligations on the parties. It is intended to promote an open, positive and co-operative working relationship, resulting in the achievement of Government’s policy and performance expectations in a transparent and accountable manner.

For the 2014/15 fiscal year, Government has directed BCIC to take the following specific actions:

Government’s Letter of Expectations	BCIC Alignment
Continue to work in partnership with Government on the full implementation of the approved recommendations of the British Columbia Innovation Council Mandate Review, including:	BCIC will continue to work in partnership with Government on the full implementation of the approved recommendations of the British Columbia Innovation Council Mandate Review, including:
Continue to adhere to the Board Resourcing and Development Office (BRDO) policies and best practices;	BCIC will continue to ensure consistency with the Board Resourcing and Development Office (BRDO) policies and best practices;
Continue to refine and implement outcome-based metrics, aligned with the BC Jobs Plan, to assess the effectiveness of BCIC programs and initiatives; and	BCIC uses four outcome-based measures to assess the effectiveness of its programs and initiatives including: <ul style="list-style-type: none"> • protection of innovation via patents and trade secrets; • Venture Health Score of participant companies; • BCIC program effectiveness; and • positioning for growth within BC.
Continue to build and maintain partnerships and diversify programming in order to strengthen entrepreneurship development in the priority sectors and support regional expansion as outlined in the BC Jobs Plan.	BCIC will continue to build and maintain relationships with program partners. The BC Acceleration Network is an initiative that supports regional expansion of BCIC-funded activities. In addition, BCIC’s Cross-Sector Strategy will enable BCIC to diversify programming in the priority sectors, focusing on the commercialization of innovative technology.
Ensure BCIC programs are aligned with the BC Technology Strategy and collaborate with Government to develop and implement initiatives that directly support and accelerate commercialization in British Columbia.	BCIC programs are aligned with the actions outlined for BCIC in the BC Technology Strategy . Specifically, BCIC will: <ul style="list-style-type: none"> • Provide commercialization and entrepreneurship support through BCIC’s entrepreneurship@ and mentorship programs. BCIC also provides the same support through the BC Venture Acceleration Program. • Facilitate the expansion and ongoing development of regional innovation networks. The BC Acceleration Network is the primary initiative driving the expansion in fiscal year 2014/15. • Continue to offer a British Columbia commercialization voucher program to encourage qualified small and medium- sized enterprises to partner with British Columbia public post-secondary institutions to accelerate commercialization of British Columbia innovations. <p>BCIC will also continue to collaborate with Government to develop and implement initiatives that directly support and accelerate commercialization in British Columbia.</p>

[1] The Province of British Columbia’s Crown Agency Accountability System (<http://www.gov.bc.ca/caro/publications/index.html>) establishes guiding principles for the governance of Crown corporations. The Government’s Expectations Manual identifies roles and responsibilities for the Government and Crown corporations, and provides for a Government’s Letter of Expectations (Letter) to be developed.

BCIC is committed to mitigating the effects of climate change and promoting carbon neutrality. In addition to regularly purchasing carbon offsets, BCIC recently transitioned its computer network to the cloud, eliminating the need for many servers and significantly reducing energy consumption. As an office with a small carbon footprint, staff take pride in using public transit, biking and walking to work at every opportunity.

SUMMARY FINANCIAL OUTLOOK

BCIC's core operations and activities are funded by the Province through the Ministry of Technology, Innovation and Citizens' Services. BCIC leverages these funds to secure additional funds from other sources for projects, programs and initiatives. The other sources may include organizations within the federal and provincial governments as well as private, public and non-profit science and technology organizations.

KEY FORECAST ASSUMPTIONS

- The forecast revenues are presented under current government financial requirement guidelines.
- Provincial funding is anticipated to remain consistent over the next three years. The funding for BCIC is reviewed annually through the budget process.
- In fiscal year 2013-2014, BCIC continued to work to deliver the Commercialization Voucher Program. \$1 million has been committed to this program in fiscal year 2012-2013. The forecast assumes that BCIC will hold the remaining Commercialization Voucher Program funds in its reserve pending direction from the Treasury Board.
- In fiscal year 2013-2014, BCIC has made a contribution to Thompson Rivers University of \$1.25 million to establish the BC Regional Innovation Chair under the Leading Edge Endowment Fund (LEEF). The forecast assumes that BCIC will hold the remaining research chair funds in its reserve until it is reviewed by the Treasury Board.
- Interest earned on investments is forecast to remain stable over the next three years.
- BCIC does not receive funding from the Province to provide flow-through support funding for regional science and technology councils and the network of university industry liaison offices (UILOs). However, BCIC will work with all the regional partners and UILOs across the province to develop programs that the UILO's and partners can deliver in support of BCIC's mandate.
- BCIC budgeted \$425,000 of its annual provincial funding to support the operation of the Premier's Technology Council (PTC).
- In fiscal year 2013-2014, BCIC has gone through internal restructuring. As a result, a few new roles have been created and some have been eliminated. Two new full time equivalent (FTE) staff are expected to be hired to ensure that BCIC has the capacity to handle the additional responsibilities and workloads in Program Operations and Marketing and Communications in fiscal year 2014-2015. The forecast assumes that the staffing level will remain stable in the following two years after fiscal year 2014-2015.
- BCIC's office space lease expires in November 2014. No decision has been made on BCIC's office space beyond the expiration of current lease.
- BCIC is the custodian of the \$50 million Natural Resources and Applied Science Research Endowment (NRAS) originally provided by the Government of British Columbia in fiscal year 2005/06 for the support of training, research and development in natural and applied sciences. The Endowment capital is preserved and investment income earned from the Endowment Fund is transferred by BCIC under a Memorandum of Understanding to the BCFRST Foundation. The program expenditures are provided in the financial summary table below. The detail financial summary related to the Natural Resources and Applied Science Research Endowment Fund is presented in a separate summary chart.

FORECAST RISKS AND SENSITIVITIES

If there are further changes to the level of funding BCIC receives from the Ministry of Technology, Innovation and Citizens' Services, BCIC's ability to leverage Ministry funds to finance projects, programs and initiatives from other sources may be affected. Such sources may include various organizations within the federal and provincial governments as well as private, public and not-for-profit science and technology organizations. Revenues from all program funders depend on those funders' activities and plans.

FUTURE FINANCIAL OUTLOOK

- BCIC's programs will be primarily funded by the core funding from the Province. BCIC will align its funding in programs that meet its mandate. BCIC will work with all the regional partners, UILOs and various organizations across the province to develop and deliver programs that accelerate the commercialization of technology and development of entrepreneurs.
- BCIC will only have limited access to its "surplus" 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 BCIC's forecasts; however, if economic conditions improve, the use of these funds can be reviewed in future years.
- 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.

SUMMARY FINANCIAL CHART

(In \$ thousands)	ACTUAL 2012/2013	FORECAST 2013/2014	BUDGET 2014/2015	FORECAST 2015/2016	FORECAST 2016/2017
REVENUE					
Province of British Columbia (1)	6,150	6,390	6,090	6,090	6,090
Internal Program Funding (2)	171	2,079	-	-	-
NRAS Endowment	3	1,000	1,000	1,000	1,000
Interest & Other	291	148	125	125	125
Total Revenue	6,615	9,617	7,215	7,215	7,215
EXPENSES					
Programs and Initiatives (3)	4,956	6,937	4,229	4,243	4,243
NRAS Endowment	3	1,000	1,000	1,000	1,000
Salaries and Benefits	1,027	1,050	1,425	1,384	1,384
Rent	223	228	251	297	297
Amortization	41	40	32	33	33
Other Operating Costs (4)	364	362	278	258	258
Total Expenses	6,614	9,617	7,215	7,215	7,215
Net Income	1	0	0	0	0
Retained Earnings (5)	56,450	56,450	56,450	56,450	56,450
Capital Expenditures (6)	36	50	50	50	50

Notes:

Note 1: BCIC anticipates receiving \$6,090,000 of annual funding in FY2013/2014. The additional \$300,000 was received from the Ministry of Jobs, Tourism and Skills Training to develop the MentorshipBC program.

Note 2: Internal Program Funding is drawn from deferred program revenues relating to assets gifted with restrictions from the Leading Edge Endowment Fund.

Note 3: Programs and initiatives include contributions made to develop and support programs that align with our mandate such as the BC Acceleration Network and the Commercialization Voucher Program. Programs and initiatives dropped off in 2014/15 because 1 regional research chair in the amount of \$1.25 million under the Leading Edge Endowment Fund (LEEF) was disbursed to Thompson Rivers University in 2013/14. Also, the future of the Commercialization Voucher Program is uncertain pending direction from Treasury Board.

Note 4: Other operating costs include legal and contracted services, meetings, travel & networking and office expenses.

Note 5: Retained Earnings include \$50 million of NRAS Endowment Fund capital.

Note 6: Capital Expenditures represents the costs of new computer equipment, software licences and implementing IT infrastructure.

Note 7: The above financial information, including forecast information, was prepared based on current Public Sector Accounting Standard (PSAB), which was adopted on April 1, 2010.

(In \$ thousands)	ACTUAL 2012/2013	FORECAST 2013/2014	BUDGET 2014/2015	FORECAST 2015/2016	FORECAST 2016/2017
NRAS Endowment Fund	50,000	50,000	50,000	50,000	50,000
Interest Accumulated, beginning	502	1,461	1,461	1,461	1,461
Annual Investment income	962	1,000	1,000	1,000	1,000
Program & administrative expenditures	(3)	(1,000)	(1,000)	(1,000)	(1,000)
Forecast Interest Balance	1,461	1,461	1,461	1,461	1,461

APPENDIX A: CALCULATION OF THE BCIC STARTUP HEALTH SCORE

BACKGROUND

BCIC's activities support the Province's goal to create jobs in BC. BCIC funds programs and services targeted at technology startup companies, providing them with the tools to become job-creating SMEs and large anchor companies.

In order for startup companies to become SMEs and large anchor companies, they must be able to progress from a company with an idea to a company with a growing customer base. A particularly challenging hurdle for many is to achieve the transition from serving a small group of early technology adopters to being widely adopted by mainstream customers. This difficult transition is often referred to as the "Chasm", after the popularity of Geoffrey A. Moore's 1991 book, *Crossing the Chasm*, and it requires that ventures be adequately prepared.

BCIC supports programs and services that provide startup companies with the tools (training, knowledge, services and infrastructure) to cross the chasm. In the long-term, BCIC's activities contribute to job creation in BC.

HEALTH SCORE

How does BCIC know if its programs and services are attaining the goal of helping startup companies advance? The Startup Health Score is a useful method.

DESCRIPTION

The Startup Health Score takes into account a number of factors that are important or vital to the progress of an early stage company. While there are many elements to consider when evaluating the strength of a startup, BCIC has selected a subset and assigned weighting based on observed correlation of these particular factors with company viability. If a startup is weak in one of the selected vital areas, its score will be low. If a startup is strong on all points, its score will be high.

The strength of each venture's score can be determined by the scale in Figure 1. A strong score that indicates a venture is on track to progress is classified as green. A lower score that indicates a venture is having difficulty but is expected to get back on track to progress is classified as yellow. A low score alerts that a company is off track is classified as red.

The BCIC Startup Health Score is derived from the average score of all ventures in BCIC accelerator programs.

Company Stage and Weighting

Early stage companies can be categorized as falling into five different stages of progress as listed in Table 1. Factors considered in a startup's health score are different for each stage. Similarly, the importance of a factor in the success of a company may be greater or less depending on the stage of the company. The importance of a factor is indicated in Table 1 by the weight given to that factor in the calculation of the score.

Indicators

Factors taken into account are listed in Table 1. Following is an explanation for each indicator and its corresponding weight:

- **Customer-validated product-market fit:** Testing ideas by speaking to potential customers is important for early-stage ventures. Doing so will determine whether there is a market for their product. It is a key objective of the Product Validation stage and is therefore assigned a significant weight. For ventures in the Market Validation stage, it is assigned a lighter weight. Ventures in the subsequent stages are not scored on this indicator, as it is assumed in the other metrics, such as profitability and an increase in paying customers.
- **Customer-validated business model:** Establishing a business model that has been validated by speaking to customers is an important milestone, indicating that the venture has validated its sales process and other assumptions built into its business model. This is a key objective of ventures at the Market Validation stage and is an important goal for ventures in the Product

Validation and Market Penetration stages. The final proof of a customer-validated business model is increasing revenue from customers, thus this measure is not explicitly rated at the Market Expansion stage.

- **Meeting agreed-upon critical milestones:** This is a critical indicator for venture success, particularly for startup companies in the Idea and Product Validation stages. Ventures that have not achieved important milestones are likely experiencing serious challenges and are less likely to progress to maturity. In addition, skipping an essential milestone could have fatal results for the venture. For example, a startup in the Idea stage that is on track to progress, will achieve milestones such as identifying real problems or needs that customers want to solve, determining the key features that customers value and identifying early adopter customers willing to test their product offering. A startup that has not completed such steps is likely to have difficulty becoming a commercial success. The indicator is reported to BCIC by mentors and Executives-in-Residence who work closely with the startup and are in a position to assess whether critical milestones have been achieved. This indicator has a considerable weight for ventures in the Idea stage and a medium weight for ventures in the subsequent stages.
- **Has enough cash to meet growth objectives:** Having sufficient funding is critical for ventures to realize their goals. Startup companies are scored on whether they have the necessary funding in place to continue operations. Funding typically comes from operations (often from pre-existing business) or from investors. While not a determining factor for success, the ability to raise money from investors is often a good indication that the venture is able to articulate its value proposition and business model and generally correlates with an increased likelihood of success. While this indicator does not differentiate between the sources of funding, a high score at later stages often indicates that the venture has raised capital from investors. This indicator carries considerable weight for startup companies in the Idea and Product Validation stages and a lighter or medium weighting is assigned for the others.
- **Repeat entrepreneur:** Repeat entrepreneurs have the benefit of experience, informing their decisions and increasing their ability to drive their venture forward. Experience is a contributing factor to the likelihood of whether a startup will move forward and is assigned a medium weight for Idea and Product Validation stage ventures; however, it is not a determining factor, and is weighted lightly for startup companies that have passed those stages.
- **Venture's IP is protected (normally by patents):** A secured patent demonstrates the innovative nature of a startup's technology. Early stage companies that offer a product based on a novel technology tend to have a stronger chance of competing against established competitors because they can offer differentiated value to their customers. Differentiation is necessary as it enables startup companies to offer something new to the market, thus standing out from established competitors. Secondly, if the differentiator is difficult to replicate, it will be difficult for competitors to quickly offer an equivalent offering, thus giving the startup an opportunity to capture market share. Companies with patented intellectual property are better able to defend their innovation when they become successful in the market. Because differentiation is most important as a venture is entering the market, this indicator is considered for startup companies in the Idea, Product Validation and Market Validation stages.
- **Increase in new customers:** Startup companies that have reached the Market Validation stage and beyond, have determined that there is a market for their product or service and are serving paying customers. An increase in revenue indicates that the venture is on track to grow. In order to receive a score on this indicator, a venture must have increase in new customers of at least 25% year-over-year. This indicator becomes more important at later stages, so it is assigned a higher weight for companies in the Market Expansion stage.
- **Increase in revenue:** Startup companies that have reached the Market Validation stage and beyond, have determined that there is a market for their product or service and are serving customers. An increase in revenue indicates that the venture is on track to grow. In order to receive a score on this indicator, a venture must have increase in revenue of at least 25% year-over-year. This indicator becomes more important at later stages, so it is assigned a higher weight for companies in the Market Expansion stage.
- **Mix and number of employees:** A factor in the success of startup companies that have reached the Market Validation stage and beyond is whether they have the necessary team in place. Ventures in the Market Validation stage are graded on whether or not they have any employees. Those who have reached the Market Penetration stage are graded on whether they have full-time employees for sales & marketing, research & development, and management & administration. Those who have reached the Market Expansion stage are also graded on whether they have human resources staff in place. This indicator carries a light weight in the early stages, but it becomes increasingly important at later stages.
- **Positive cash flow status per transaction:** One of the key elements of a successful business is the ability to generate profit on every transaction. Doing so demonstrates that a viable business model exists and that, with sufficient scale, the venture can become profitable. This indicator is assigned a light weight for ventures in the Market Validation and Market Penetration stages. The indicator is not used for ventures at the Market Expansion stage because it is considered to be reflected in the profitability score of a company at that stage.

- Profitability status of company:** Startup companies that have reached the Market Penetration and Market Expansion stages without seeing profit may be facing obstacles in their ability to progress. Ventures with good profitability at these stages are usually on track to advance. Using profitability as an indicator is useful; however, it is not a determining factor for startup companies in the Market Penetration stage and so it is weighted lightly for ventures in that stage.

TABLE 1

HEALTH INDICATOR	COMPANY STAGE				
	ID	PV	MV	MP	ME
	Idea	Product Validation	Market Validation	Market Penetration	Market Expansion
	weight	weight	weight	weight	Weight
Customer-validated product-market fit	-	25	10	-	-
Customer-validated business model	-	10	15	10	-
Meeting agreed-upon critical milestones	40	20	15	15	15
Has enough cash to meet growth objectives	25	20	10	10	15
Repeat entrepreneur	20	15	5	5	-
Venture's IP is protected (normally by patents)	15	10	5	-	-
Increase in new customers (>25% y/y)	-	-	20	25	25
Increase in revenue (>25% y/y)	-	-	10	15	25
Mix and number of employees	-	-	5	5	10
Positive cash flow status per transaction	-	-	5	10	-
Profitability Status of Company	-	-	-	5	10
Total	100	100	100	100	100
# of Indicators	4	6	10	9	6

FIGURE 1

Health Score	75 - 100%	60 - 74%	0 - 59%
Level	On Track (Green)	Delayed - expected to be On Track (Yellow)	Off Track (Red)

9th Floor, 1188 West Georgia Street
Vancouver, BC V6E 4A2

Tel 604 683 2724

Fax 604 683 6567

email info@bcic.ca

bcic.ca

