



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members of Council General Issues Committee
COMMITTEE DATE:	June 19, 2019
SUBJECT/REPORT NO:	Innovation Factory Request for Funding Renewal Option - 2019 (PED19120) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Norm Schleeahn (905) 546-2424 Ext. 2669 Carolynn Reid (905) 546-2424 Ext. 4381
SUBMITTED BY:	Glen Norton Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That the request by Innovation Factory to exercise their renewal option of the City's 2019 Annual Community Partnership contribution of \$50 K, per previous General Issues Committee Report PED18132, be approved;
- (b) That this \$50 K annual contribution for the Innovation Factory be funded from the Economic Development Investment Reserve Account No. 112221;
- (c) That City staff, together with Innovation Factory, report back to City Council with an annual review of the Municipal Funding Program prior to the approval of a renewal option for 2020 and subject to satisfactory Key Performance Indicator results of the previous year.

EXECUTIVE SUMMARY

Innovation Factory (IF) has successfully exercised their \$50 K renewable option since their inception in 2015 having satisfied the Key Performance Indicators (KPIs) as established by the General Issues Committee (GIC). Between their primary funding sources: Provincial Ministry of Economic Development; Job Creation and Trade; Ontario Centres of Excellence; the City of Hamilton and Community Partners, IF continues to increase the number of programs offered and clients served, many achieving significant

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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outcomes. Innovation Factory has firmly embedded itself as the commercialization arm supporting Hamilton's innovation and research community.

Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: This request can be accommodated through the Economic Development Investment Reserve with no impact on the Levy.

Staffing: N/A

Legal N/A

HISTORICAL BACKGROUND

Innovation Factory, under the leadership of Executive Director David Carter, is Hamilton's not-for-profit Regional Innovation Centre and was established to service a gap (the commercialization of intellectual property) that existed in our Community.

Officially launched in November 2010, its core function is to accelerate the innovation process for knowledge-based companies in Hamilton and to simplify the economic and social impact of key ideas and discoveries. Innovation Factory's primary focus is to strengthen Hamilton's next generation of job creators and foster innovation across all sectors while drawing on expertise from Hamilton's universities and colleges to create an ecosystem of entrepreneurship and innovation.

At its meeting of April 16, 2014, the GIC approved Report PED14056 which supported a Community Partnership contribution of \$50 K to Hamilton's IF for the 2014 calendar year. In addition, at its meeting of July 6, 2015, GIC approved Report PED15090 which provided for a \$50 K renewable option for 2015. At its meeting of June 1, 2016, GIC approved Report PED16123 which provided for a \$50 K renewable option for 2016; 2017 (Report PED17105); 2018 (Report PED18132); and, 2019 with IF having to satisfy Committee members that the KPIs have been met.

In addition to the City of Hamilton's annual financial contribution to IF and those of IF's Community Partners, Ontario Centres of Excellence and the Provincial Ministry of Economic Development, Job Creation and Trade has committed funding to 2019. Ontario Centres of Excellence made a \$1 M contribution and the Ministry made a \$800 K contribution in 2018. The City of Hamilton's annual financial contribution is approximately 2.5% of IF's Budget. The significance of this contribution is the message it sends to IF's Provincial partners that the City of Hamilton supports a regional presence.

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Justin Hogeterp, (CEO of Fluid Media Inc.), is the current Chairperson of the IF Board of Directors. Norm Schleeahn, Manager Business Development of the City's Economic Development Division, is on his third term as an IF Board Member where he represents the City of Hamilton in an oversight capacity. The 2018 audited financial statements for Innovation Factory, completed by Grant Thornton, are currently available if Council requires same.

INNOVATION FACTORY KPIs AND NOTABLE INDICATORS (SINCE INCEPTION)

- Total number of clients since inception = 1,893;
- \$343 M + (government programs and private investor) in total funds clients have raised with IF support;
 - Of note, this represents an increase of over 164% from 2017;
- Over 20,000 hours spent in client meetings; and,
- Over 486 events with attendance at over 27,000.

INDUSTRY BREAKDOWN (2018)

- Innovation Communication Technology and Digital Media 52%
- Life Sciences 27%
- Advanced Manufacturing and Clean Technology 14%
- Other Miscellaneous 7%

SUCCESS STORIES

Innovation Factory launched the Centre for Integrated Transportation and Mobility to help Ontario companies develop solutions for connected and autonomous vehicles. The 10.5 M centre is a public-private partnership between Nokia Canada, Canada Cartage, Geotab, IBM Canada, Ontario Centres of Excellence, the City of Hamilton, McMaster University, Mohawk College and Innovation Factory – and is a part of Ontario's Autonomous Vehicle Innovation Network.

Hamilton's innovation ecosystem continues to not only grow but accelerate. The following examples from IF's client base alone employ over 100 people in knowledge worker positions and captures this success:

- Nix Sensor has raised over \$8 M dollars in venture capital funds, increased their office space at McMaster Innovation Park and continues to expand their staff;
- Orbis Communications expanded their staff and have moved into their new downtown headquarters;
- Weever Apps (one of the earliest Innovation Factory clients) is finding success in international markets in the advanced manufacturing market place; and,

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- BarterPay has created millions in barter dollars between Hamilton companies and created barter communities around Canada. This fast-growing company has expanded their staff and head office footprint in Stoney Creek.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

- Innovation Factory, Executive Director David Carter
- Innovation Factory Board of Directors

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The performance and presence of IF strategically located at McMaster Innovation Park, home to The Fraunhofer Project Centre, McMaster Automotive Resource Centre; the Forge (Hamilton’s campus lead accelerator); and, the City’s over-achieving Small Business Enterprise Centre have significantly contributed to enhancing Hamilton’s reputation as a city of innovators and where innovation goes to work.

The work of Innovation Factory is in alignment with the 2016-2020 Economic Development Action Plan, particularly the goal to have “entrepreneurial individuals, organizations and companies experience Hamilton as a place where innovative ideas and entrepreneurial people thrive”.

ALTERNATIVES FOR CONSIDERATION

Provision of a reduced community partnership contribution by the City of Hamilton or eliminate the annual contribution. Either option would send the message to IF’s Provincial partners that the City of Hamilton does not support a regional presence to one of the best performing Research and Innovation Centres in the Province of Ontario.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

APPENDICES AND SCHEDULES ATTACHED

N/A

CR:dt