




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	November 18, 2020
SUBJECT/REPORT NO:	Innovation Factory Request for Funding Renewal Option - 2020 (PED20197) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Carolynn Reid (905) 546-2424 Ext. 4381
SUBMITTED BY:	Norm Schleeahn 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 2020 Annual Community Partnership contribution of \$50 K, per previous General Issues Committee (GIC) Report PED19120, 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 General Issues Committee (GIC) with an annual review of the Municipal Funding Program prior to the approval of a renewal option for 2021 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 of the Ministry of Economic Development Job Creation and Trade, Ontario Centres of Excellence, the City of Hamilton, and community partners, IF continues to

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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increase the number of programs offered and clients served, with many achieving significant outcomes. Innovation Factory has firmly embedded itself as the commercialization arm supporting Hamilton's innovation and research community.

Alternatives for Consideration – See Page 5

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 the gap of commercialization of intellectual property that existed in our Community.

Officially launched in November 2010, IF's 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 college to create an ecosystem of entrepreneurship and innovation.

At its meeting of April 16, 2014, 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. Further, 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), 2019 (Report PED19120), and in 2020 with IF having to satisfy Committee members that the KPIs have been met.

Funding partners have continued to support IF throughout 2020. The Ontario Centres of Excellence contributed \$1M while the Ministry of Economic Development, Job Creation and Trade provided another \$800 K of funding. The City of Hamilton's annual financial contribution is approximately 2% 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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IF has continued to operate their traditional programming during the pandemic where most interactions with clients have gone to a virtual platform. Frequent check-ins have been a mandatory operational focus as IF supports today's remote work reality.

Further, the Ontario government is looking to the Regional Innovation Centres like IF for feedback from the clients that they serve. This feedback is to help build or modify existing programming to support small businesses as they navigate COVID-19.

Justin Hogeterp, (CEO of Fluid Media Inc.), is the current Chairperson of the IF Board of Directors. Norm Schleeahn, Director 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 2019 audited financial statements for Innovation Factory, completed by Grant Thornton, are currently available if GIC requires same.

INNOVATION FACTORY KPIs AND NOTABLE INDICATORS SINCE INCEPTION (including virtual programming)

- Total number of clients since inception = 1,930;
- \$390 M + (government programs and private investor) in total funds clients have raised with IF support;
- Over 21,524 hours spent in client meetings; and,
- Over 499 events with attendance at over 27,000.

INDUSTRY BREAKDOWN (2020)

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

SUCCESS STORIES

Hamilton's innovation ecosystem continues to not only grow but accelerate. New clients served added approximately 250 new jobs in 2019 – 2020 and many pivoted in response to the pandemic. The following examples from IF's client base captures this success:

- Lumedi
 - Spin off company from Webility Solutions which started in Hamilton in 2007
 - Developed the COVID-19 Community Watch app to help identify pandemic trends and hotspots in Hamilton
 - Goal is to provide early detection of changing trends related to the COVID-19 pandemic
 - Have welcomed over 10,000 Hamiltonians to the app

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- Motis Manufacturing
 - Referred by Mohawk College
 - Advanced Manufacturing, spun off a “Safety Equipment” product line
 - Pivoted to thermal cameras for detecting individuals with high fever to tap COVID opportunities

- Longan Vision
 - Start-up from the Forge at McMaster
 - Heads-up display for Firefighters and others
 - In response to COVID, pivoted to thermal cameras for detecting individuals with high fever

- Digby Paints
 - Winner of Lions Lair 2020
 - Purchase Paint Online
 - Physical space in Hamilton to serve the area
 - They have investors and are generating revenue
 - Another business capitalizing on COVID-19

IF clients have also seen a spike in investment. McMaster University start-up companies Meso Mat secured over CDN\$1 M in financing and Longan Vision raised over CDN \$800 K. Both companies are based at the McMaster Innovation Park and are keeping both the investment and jobs here in Hamilton.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

Innovation Factory, Executive Director David Carter; and, Innovation Factory Board of Directors.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The performance and presence of IF, strategically located at McMaster Innovation Park, the Forge (Hamilton’s campus lead accelerator) and the City’s Hamilton Business 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