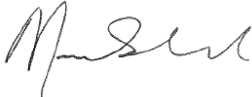




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	December 08, 2021
SUBJECT/REPORT NO:	Innovation Factory and Synapse Life Sciences Consortium Request for Funding Renewal (PED21204) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Asmaa Al-Hashimi (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 2021 Annual Community Partnership contribution of \$50,000, per previous General Issues Committee (GIC) Report PED20197, be approved;
- (b) That the \$50,000 annual contribution for the Innovation Factory be funded from the Economic Development Investment Reserve Account No. 112221;
- (c) That the request by the Synapse Life Sciences Consortium to exercise their renewal option of the City's 2021 Annual Community Partnership contribution of \$10,000, per previous General Issues Committee (GIC) Report PED19057(a), be approved;
- (d) That the \$10,000 contribution for the Synapse Life Sciences Consortium be funded from the Economic Development Initiatives/Investment Reserve Account No. 112221;

- (e) That City staff, together with Innovation Factory, including Synapse Life Sciences Consortium, 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 2022 and subject to satisfactory Key Performance Indicator results of the previous year.
- (f) That the items respecting Innovation Factory Request for Funding Renewal Option and Synapse Life Sciences Consortium Funding Update be identified as complete and removed from the General Issues Committee Outstanding Business List.

EXECUTIVE SUMMARY

Innovation Factory (IF) and Synapse Life Science Consortium have successfully exercised their \$50 K and \$10K renewable option since their inception in 2015 and 2017 respectively, 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, they continue to 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 6

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

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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), 2020 (Report PED20197) and in 2021 with IF having to satisfy Committee members that the KPIs have been met.

Funding partners have continued to support IF throughout 2021. The Ontario Centres of Excellence contributed \$1M while the Ministry of Economic Development, Job Creation and Trade provided another \$1M of funding. 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.

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 2020 audited financial statements for Innovation Factory, completed by Grant Thornton, are attached as Appendix "A" to Report PED21204.

The Synapse Life Science Consortium is a partnership of public and private anchor institutions in the Hamilton region formed under the umbrella and leadership of Innovation Factory. It was established in 2017 to be an impartial champion and advocate for Hamilton's strong Life Sciences cluster. Representing Hamilton's leading institutions McMaster University, Mohawk College, McMaster Innovation Park, Hamilton Health Sciences, St. Joseph's Healthcare, Bay Area Health Trust and Innovation Factory. The Consortium's goal is to leverage the collective strengths to drive commercialization and investment in Hamilton.

At its meeting of April 3, 2019, GIC approved Report PED19057 which supported a Community Partnership contribution of \$25K to the Synapse Life Sciences Consortium. In addition, at its meeting of September 23, 2020, GIC approved a \$10K renewal option for 2020 (Report PED19057(a)) and in 2021 with the Synapse Life Science Consortium having to satisfy Committee members that the KPIs have been met.

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IF and the Synapse Life Sciences Consortium have 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 to support and sustain today's remote work requirements.

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

- Total number of clients since inception = 2,320;
- \$525M + (government programs and private investor) in total funds clients have raised with IF support;
- Over 30,461 hours spent in client meetings; and,
- Over 740 events with attendance at over 38,755.

SYNAPSE LIFE SCIENCES CONSORTIUM KPIs

- Facilitated over 320 member connections;
- Led over 50 site visits in the community and internationally since inception;
- Conducted monthly Hamilton health check-ups reaching more than 900 stakeholders within Ontario; and,
- Provided support to clients with websites, marketing materials and social media.

INDUSTRY BREAKDOWN

- Innovation Communication Technology & Digital Media 45%;
- Life Sciences 27%;
- Advanced Manufacturing & Clean Technology 14%; and,
- Other Miscellaneous 7%.

SUCCESS STORIES (IF)

Hamilton's innovation ecosystem continues to not only grow but accelerate. The following examples from IF's client base captures this success:

- PVMT
 - This company was created during lockdown due to COVID-19 in Hamilton;
 - It provides technology support for the local business with their curbside pickup processes and other ecommerce requirements; and,
 - PVMT receive a technology grant that directly supported clients and business in Hamilton.

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- Altus Assessments
 - Altus Assessments testing software was developed to screen applicants for medical schools in Canada and other countries;
 - Altus acquired One45, Medical Education Management software after raising Venture Capital; and,
 - Currently Altus employs over 140 staff and sells product around the world.
- Freely
 - Freely Smart Parking Solutions provide smart parking technologies for businesses;
 - It offers ALPR (automated license plate recognition) camera for automated parking access control; and,
 - This platform is designed to assist parking facilities in enhancing customer parking experiences, security levels, and management productivity.
- Pretto Pasta
 - IF assisted in advancing their manufacturing processes of their products (high-quality pasta);
 - Started as a two-person business now employs ten persons;
 - Currently working on distribution partnerships with large grocery chains; and,
 - This company is considered as an accelerator in the food manufacturing industry.

SUCCESS STORIES (SYNAPSE)

- Currently supporting 14 commercialization projects (through the SOPHIE Funding);
- Led drafting of RFP on behalf of Bay Area Health Trust, resulting in securing a large multi-year contract with Ontario university;
- Established CEO-founders roundtable for Hamilton life science start-ups companies; and,
- The Consortium assisted in facilitating several relationships that drive investments in Hamilton such as:
 - Hilvy and Hamilton Health Sciences (HHS), this collaboration will lead to the development of clinical trial (\$250k project to hire staff);
 - Prova Technologies and St. Joseph's Healthcare, this collaboration will lead to a commercialization project (\$250k project to hire staff);
 - OcularMobile (Ottawa) and Tamvoes (Kitchener) with Mohawk College, this collaboration will be focused on the applied research projects and it will raise the profile of Hamilton;
 - Sofinnova (Quebec-based venture capital firm) with companies in Hamilton (i.e., Adapsyn, Century Therapeutics) and with key community

- stakeholders to fund to start-up new companies that drive new investments;
- CorePrintPattern with CanHealth Network (funding agency), this collaborating will support securing funding to scale the business; and,
 - SanteSuite and McMaster Innovation Park (MIP), this collaboration resulted in securing an office space at MIP as the company was looking to move to another city.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

Innovation Factory, Executive Director - David Carter
Synapse Life Sciences Consortium, Director - Alex Muggah

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 and Synapse Life Sciences Consortium is in alignment with the 2021-2025 Economic Development Action Plan, particularly the priority of Growing Businesses and Investments; mainly in "facilitating the attraction, retention and growth of businesses in Hamilton".

Earlier this year Synapse Life Sciences Consortium received \$6 M in Federal funding through the SOPHIE to support life science innovation, commercialization and to grow the capacity of the ecosystem. Further, Synapse Life Sciences Consortium was awarded \$180,000 from The National Research Council of Canada Industrial Research Assistance Program (NRC-IRAP); to support projects between Hamilton Health Sciences, St. Joseph's Healthcare and other life sciences companies. The new funding contributed to acquiring additional staff that focus on marketing strategies and program management; supporting the administration of the SOPHIE and HEALTHI programs including a summer intern to develop the Annual Cluster Survey Report.

Synapse Life Sciences Consortium is a vital component of the Life Sciences sector in Hamilton. It focuses on science innovation, commercialization and investment in the City. It is the hub that provides a single point of access for start-up and scale up companies in Hamilton and the surrounding area.

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 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 2021 – 2025 STRATEGIC PLAN

Supporting and Growing Life Science Sector

Hamilton is the home to world-renowned research organizations. Innovation Factory and Synapse Life Sciences Consortium have proved to support and drive commercialization and investment in Hamilton.

Leverage National and International Opportunities

Hamilton has a strong life sciences cluster with opportunities to grow the life sciences sector and attract new international investments.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” – 2020 Audited Financial Statements for Innovation Factory