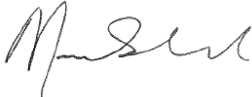




**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development Division**

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	February 15, 2023
<b>SUBJECT/REPORT NO:</b>	Innovation Factory and Synapse Life Sciences Consortium Request for Funding Renewal (PED23037) (City Wide) <b>(Outstanding Business List Item)</b>
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Asmaa Al-Hashimi (905) 546-2424 Ext. 4381
<b>SUBMITTED BY:</b>	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the request by Innovation Factory to exercise their renewal option of the City's 2022 Annual Community Partnership contribution of \$50K, per previous General Issues Committee (GIC) Reports PED20197 and PED21204, be approved;
- (b) That the \$50K 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 2022 Annual Community Partnership contribution of \$10K per previous General Issues Committee (GIC) Reports PED19057(a) and PED21204, be approved;
- (d) That the \$10K 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 with an annual review of the Municipal Funding Program prior to the approval of a renewal option for 2023 and subject to satisfactory Key Performance Indicator (KPI) 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 \$50K and \$10K renewable option since their inception in 2015 and 2017 respectively, having satisfied the Key Performance Indicators as established by the General Issues Committee. 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 7**

## **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 the Chief Executive Officer, 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

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social impact of key ideas and discoveries. IF'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 \$50K 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 \$50K renewable option for 2015. Further, at its meeting of June 1, 2016, GIC approved Report PED16123, which provided for a \$50K renewable option for 2016, 2017 Report PED17105, 2018 Report PED18132, 2019 Report PED19120, 2020 Report PED20197, 2021 PED21204 and 2022 with IF having to satisfy Committee members that the KPIs have been met.

Funding partners have continued to support IF throughout 2022. The Ontario Centres of Innovation contributed \$1.5M while the Ministry of Economic Development, Job Creation and Trade provided \$580K 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.

Dominic Talalla, Chief Executive Officer of Trellis Capital, is the current Chairperson of the IF Board of Directors. Norm Schleeahn, Director of the City of Hamilton, Economic Development Division, is on his third term as one of IF's Board Members where he represents the City of Hamilton in an oversight capacity.

The 2022 audited financial statements for Innovation Factory, completed by Grant Thornton, are attached as Appendix "A" to Report PED23037.

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 (November 2021-November 2022) equals 371;
- \$584M plus (government programs and private investor) in total funds clients have raised with IF support;
- Over 120 events, programs and workshops with over 3,800 attendees; and,
- Clients raised approximately \$59M in funds and generated \$253M in revenue.

**SYNAPSE LIFE SCIENCES CONSORTIUM KPIs**

- Facilitated over 3,200-member connections;
- Led over 57 site visits in the community and internationally since inception;
- Conducted monthly Hamilton health check-ups reaching more than 1200 stakeholders within Ontario;
- Delivered quarterly CEO-founders roundtable for Hamilton life science start-ups companies; and,
- Provided support to clients with websites, marketing materials and social media.

**INDUSTRY BREAKDOWN**

- Information Communication Technology (ICT) and Digital Media 45%;
- Life Sciences 27%;
- Advanced Manufacturing and Clean Technology 14%; and,
- Other Miscellaneous 7%.

## **SUCCESS STORIES - IF**

Hamilton's innovation ecosystem continues to not only grow but accelerate. Some recent success stories include:

- Mariner Endo-surgery
  - This company was created at the 2015 Synapse Life Sciences Competition in Hamilton;
  - Started as a surgical innovation and created listenable innovations;
  - Company expanded during the pandemic to support local supply chain of medical products; and,
  - In 2020-2021 company generated \$150M in revenue.
- MesoMat
  - This company is creating creating the next generation of intelligent materials using the physics of self-assembly;
  - MesoMat capitalized on their win at Lions Lair with key introductions to industry, supporting their growth in the wearables market including smart Personal Protective Equipment (PPE); and,
  - MesoMat was able to explore a unique technology that fits a high demand market with the support of the Centre for Integrated Transportation & Mobility (CITM).
- Mile1
  - This company provides high-end retail stores with software and delivery services required to meet client demands and the safe delivery of their luxury goods;
  - This company was able to close a \$500K pre-seed round; and,
  - They continue to grow and have doubled their revenue as they continue to secure larger partnership deals with longer sales cycles.
- Hangry
  - Leading service provider of mobile ordering for higher education;
  - Capabilities include flexible mobile ordering and campus-wide loyalty and rewards components;
  - Hangry continued to grow and expand from their Lions Lair success; and,
  - In 2022, they were acquired by Transact, the leader in innovative payment and mobile credential solutions for a connected campus, including over \$200M processed through the Hangry system by Transact.

## **SUCCESS STORIES - SYNAPSE**

- Programs
  - Currently supporting 29 commercialization projects through the Southern Ontario Pharmaceutical and Health Innovation Ecosystem (SOPHIE) program (\$8.8M in direct spending in Hamilton); and,
  - Currently supporting 19 exploratory projects through the Hamilton Ecosystem to accelerate trials of Health Innovation (HEALTHI) program (\$350K in direct spending in Hamilton).
- Facilitated Collaborations
  - Eye3 Concepts and McMaster University, this collaboration will enable product development of an innovative drug testing device (\$323K project);
  - Insight Medbotics at St. Joseph's Healthcare, this collaboration enabled a commercialization project to test a magnetic resonance imaging (MRI) enabled cancer biopsy technology within a clinical setting (\$400K project);
  - Fluid AI and Hamilton Health Sciences (HHS), this collaboration led to a clinical trial and testing of new medical device that can identify post-surgical complications (\$785K project);
  - Llif Healthcare (\$260K) and Visiontif (\$260K) both worked Mohawk College, these collaborations will be focused on applied research projects and will raise the profile of Hamilton; and,
  - Supported Economic Development and Hamilton-delegation at leading life sciences conferences and on in-bound site visits for companies looking to establish a commercial presence in Hamilton.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

## **RELEVANT CONSULTATION**

Innovation Factory, Chief Executive Officer - 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.

Last year, Synapse received \$6M in Federal funding through the SOPHIE program to support life science innovations, commercialization and to grow the capacity of the ecosystem. Further, Synapse secured \$350K renewal funding for the HEALTHI program for 2022, led pursuit of \$8.6M in funding to develop new programs in support of medical device manufacturing, and collaborated with Toronto Global to create a whitepaper highlighting the shortage and need of wet lab spaces in Southern Ontario.

Synapse Life Sciences Consortium continues to be a vital component of the Life Sciences sector in Hamilton and the region. It focuses on supporting 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.

The activities of both IF and Synapse are in alignment with the priorities of the 2021-2025 Economic Development Action Plan, as well as the City of Hamilton's 2021 ICT/Digital Media Sector Strategy and the 2022 Life Sciences Sector Strategy.

## **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 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**

Appendix “A” to Report PED23037– 2022 Audited Financial Statements for Innovation Factory.

AA/rb