

COMMUNITECH

A COMMUNITY OF TECH

EST. 1997

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COMMUNITTECH

A community of tech. Est. 1997

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Communitech is the glue that holds Waterloo Region's tech community together, and Canada is immeasurably richer for it."

– Tom Jenkins, Chairman, OpenText and co-founder, Communitech

What is Communitech?

It's a place. A clubhouse for tech. The centre of gravity for entrepreneurship and innovation in Waterloo Region.

It's a posse. A team. A tight group of individuals and companies that have each other's backs and pull together for a common purpose.

It's a pact. An agreement to do right by tech; to help companies get more talent, investment, customers and influence.

Whoa. It's been a great year. In fact, it's been a great 19 years.

So much has changed since the birth of Communitech. The wildfire startup movement, growth of our hometown heroes, the rise of the Toronto-Waterloo Corridor and the arrival of global brands in our community are just a few examples of the progress we've seen.

One thing that hasn't changed is our reason for being: Communitech helps tech companies start, grow and succeed. It's our mission, our mantra, but what does it mean?

Communitech has always been – and will always be – here to back the entrepreneur; to support hackers and hustlers as they build cool s#!t, make lots of money and change the world.

Doing this means constantly moving at full-tilt. It means seizing new opportunities as they come along and providing hands-on help to startup, scale-up and grown-up companies. It also means doing everything we can to engineer an ecosystem that allows our tech companies to thrive.

Communitech was founded with the goal of having Waterloo Region uttered in the same breath as Silicon Valley. We're there, and have been for some time. Now, we're on a new path – to build a tech community that rivals the Valley. It's no small task, but if any community is up to the challenge, it's ours.

On behalf of the Communitech Board of Directors,

Steven Woods, Senior Engineering Director, Google and Chair of the Board, Communitech Corporation
Iain Klugman, President and CEO, Communitech Corporation

One tech ecosystem to rule them all

Communitech was founded by a group of scrappy entrepreneurs and CEOs who wanted more for Waterloo Region tech. We've come a long way in building a kick-ass tech ecosystem, but there's still a lot to do.

This year we did a lot.

In the past 12 months we've seen big growth in Waterloo Region, with more than 380 new startups created, over \$255M in private capital investment, a number of significant acquisitions, new international companies moving here, and increased attention from investors, multinational companies, government and media.

Growth became physically evident across the region – from the Igloo and NetSuite signs lighting up a downtown Kitchener tower, to Shopify and Vidyad reclaiming old buildings. Companies like Axonify, Maluuba and Magnet Forensics are revitalizing old office buildings in Waterloo, the Prime Minister came to town to open the new Google offices, and Communitech expanded into Google's former space.

Going forward there's a lot to do.

Although the 2015 Startup Ecosystem Report found Waterloo Region has the second-highest startup density on the planet, it also found that other, larger ecosystems were growing more quickly – and predicted that 80 per cent of investment and exit value would cluster in the world's top five. Our goal is to be in that top five, which will require realizing the full potential of the Toronto-Waterloo Corridor.

Talent remains a huge obstacle to growth. The Information and Communications Technology Council predicts there will be 182,000 ICT jobs unfilled in Canada by 2019. We know of approximately 3,000 unfilled jobs across Waterloo Region alone, a number that is expected to grow to 20,000 over the next five years.

These hurdles have sparked two of our biggest initiatives over the past year – building the Toronto-Waterloo Corridor and investing in a series of talent initiatives.

In 2016 Communitech served **907 companies**

717 startups
124 mid-size
66 large

Waterloo Region tech companies raised \$255M in private capital and hired 2,782 new employees



Waterloo's startup density, second only to Silicon Valley, speaks to the incredible productivity of the region.”

– 2015 Compass Report

The best place to work in tech

Shattering glass ceilings

24 participants in Women Entrepreneur Bootcamp

700 participants in 10 peer-to-peer sessions

3,000 engaged in three-year Status of Women program



Talent attraction and development was also a major focus of our work in fiscal 2016. Major events like Communitech's Tech Leadership Conference, the Waterloo Innovation Summit (in partnership with the University of Waterloo), and Techtoberfest hosted more than 1,300 hackers, hustlers and thought leaders. We ran 200 peer-to-peer sessions across 36 groups that brought 3,700 people together. We conducted 40-plus talent consultations and four downsizing-support engagements to help displaced employees.

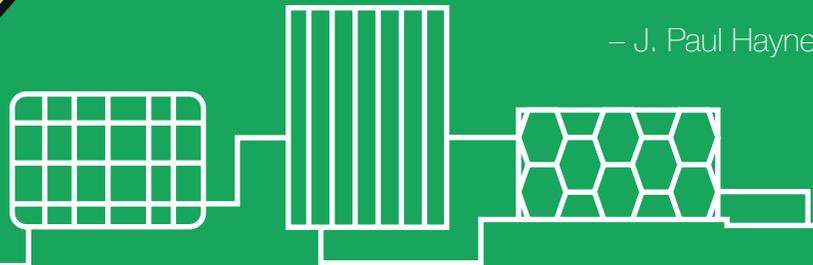
Student engagement programs like Waterloo Hacks, After School, Code to Win, and our Campus Ambassador program reached more than 2,000 future innovators from across the globe and raised awareness of the opportunities in the region.

Finally, our recruitment efforts like Tech Jam job fairs and the waterlootechjobs.ca platform helped connect more than 1,000 job-seekers with 100-plus companies. We contributed to the policy discussions behind a recent pledge by the federal government to streamline work permits for highly skilled foreign workers, and have begun planning a series of initiatives to attract ex-pat and international talent to Waterloo Region that will be launched in 2017.



The access to talent is why we stay in Waterloo Region."

– J. Paul Haynes, eSentire



The Toronto-Waterloo Corridor

Communitech worked on a number of profile-building events with Toronto partners, including Series 401, Venture North and CityAge, which brought Toronto Mayor John Tory and Kitchener Mayor Berry Vrbanovic together and led to their joint visit to Silicon Valley, along with Waterloo Mayor Dave Jaworsky and Cambridge Mayor Doug Craig. Over the next year, further efforts are planned to strengthen these linkages and to provide even greater support to our clients.

Transit between Toronto and Waterloo Region remains a key obstacle to talent mobility, and to realizing the economic potential of the Corridor. While Ontario's Premier has committed to two-way GO train service by 2024, we will continue to work to improve transportation in the interim.

112 km of innovation

5,200 tech startups

200,000 tech workers

15,000 tech companies

16 universities & colleges

6 million people

150 languages spoken



(The Corridor) is the undisputed centre of Canada's knowledge-based economy. We've got all the elements for huge success between us."

– Toronto Mayor John Tory, speaking to the Greater Kitchener Waterloo Chamber of Commerce

The world is taking notice

In fiscal 2015 there were a total of 24 media mentions of the Toronto-Waterloo Corridor, while fiscal 2016 saw an increase to 134, in national publications including the Globe and Mail and Maclean's.



A startup model that works



Coming to Communitech opened us up to mentors and investors in the tech community. Being in Rev helped build our repeatable sales process. We're very grateful; it's been an awesome experience."

—Kevin Forestell, co-founder, Dozr

We're spending quality time with our startups.

To help us manage startup growth and quickly identify high-potential companies from a wide, shallow funnel, we introduced a new intake model for startup success in fiscal 2016.

Step 1. Business Fundamentals
100+ attendees, six classes

Step 2. Market Validation
24 attendees, four classes

Step 3. Revenue U: Sales 101 (onsite) & Sprint to Revenue (offsite)
74 attendees, 12 classes

Accelerators for the next step

Accelerators are offered for qualified companies with significant growth. Fierce Founders for women-led startups, Rev for revenue-generating startups and early-stage accelerators with specified mentorship and resources from our partners at Google and Christie.

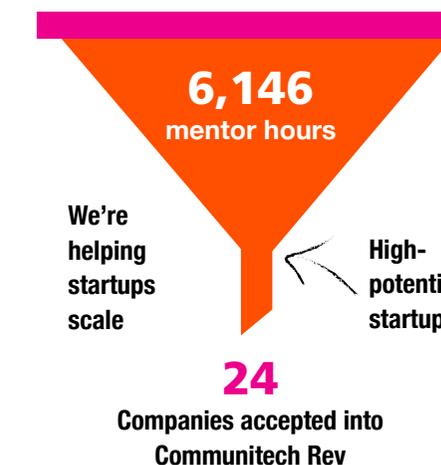
Going global

A focus for fiscal 2016 has been helping our companies target global markets at an earlier stage. Landing pads for our companies have been established in both San Francisco and New York City, and a series of training programs aimed at international opportunities will be rolled out in fiscal 2017.

The clubhouse

As we complete our expansion in fiscal 2017, much of the new space will be dedicated to housing high-potential startups. This will give founders direct access to mentorship and resources, valuable connections and that unmistakable Hub culture.

Every day, more startups are landing on our ever-growing welcome mat.



Communitech Rev is a sales and marketing accelerator for companies already generating revenue.

Bridgit raised \$2.2M	Dozr won \$100K @ Rev Demo Day
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Knowledgehook recieved the
GAME CHANGER
award @ Google Demo Day

TECH YEA!



Scaling high-growth companies



Communitech is a resource for tech companies in the Waterloo Region, helping them to scale revenue and increase international sales by providing mentorship and connections. Any early-stage tech company and especially a first-time entrepreneur would be remiss in not leveraging these resources to their fullest.”

—Carol Leaman, President and CEO, Axonify

More startups in the community means more companies looking to scale.

Building on the foundation of our startup programs, Communitech has a team dedicated to helping these mid-sized companies grow. Why? Because more \$100-million companies means more jobs, more R&D and a stronger ecosystem of investment, expertise and support.

Our account managers work with growing companies to determine key pain points and connect them to relevant, accessible support. In fiscal 2016, our account managers helped an average of 60 companies per quarter tackle issues like talent, revenue and growth capital and conducted a total of 534 face-to-face meetings.

Thanks to an investment by the Government of Canada through the Canada Accelerator and Incubator Program (CAIP), we delivered programming to help accelerate company sales activities and customer acquisition; 38 growth workshops were delivered to 243 participants and 27 sales workshops to 89 participants.



Growth workshop themes

- Leadership
- Scaling
- Talent development
- Technical

Sales workshop themes

- Business development leadership
- Sales & marketing
- Going international
- Talent development

SFO

NYC

WATERLOO

We're taking companies global

The Canadian Digital Media Network's Soft Landing Program supports Canadian companies as they enter new markets for the first time. Fiscal 2016 saw 100 global landings with 20 companies already reporting \$2.9 million in new revenues and \$3.5 million in investment.

Free desk space is now available to our companies doing business in New York City and San Francisco, thanks to some great partnerships. In fiscal 2016, 19 companies stayed a total of 110 days.

Advisory board

Our team and programming is guided by a group of local mid-size companies who have been there, done that.

Aeryon, Awasi, Dejero, eSentire, Fibemetics, FleetCarma, Green Brick Labs, HockeyTech, Igloo, Kik, Magnet Forensics, Tangam, Trustpoint

Disruption- ready corporate innovation



Corporate innovation is not just about new ideas or new products, it's about cultural change. For the lab, the 'how' is just as important as the 'what' and part of our job is to teach the enterprise how to be quicker, how to be leaner... how to adopt the best practices of a startup."

– Brian Zubert, Director, Thomson Reuters Labs, Waterloo

A model built on open innovation and ecosystem engagement.

Communitech's corporate innovation program is focused on helping big brands stay competitive and manage disruption.

Dedicated account managers and Communitech's Innovation Playbook help our corporate partners develop behaviours and a timeline of activity to get the most value out of their ecosystem engagements.

We help our corporations engage with startups, develop new products quickly, foster a culture of innovation, and attract and retain the best talent. In return, they make Waterloo Region stronger by being marquee customers, investors and partners to local companies, bringing a global perspective and big-brand name recognition to our ecosystem. A key element of Communitech's financial sustainability model, these partnerships help us continue to deliver high-quality programs and events across the board.

In fiscal 2016, Communitech welcomed four new strategic partners – FairVentures (an initiative of Fairfax Financial Holdings), General Motors of Canada, the LCBO and Thomson Reuters.

A place where small meets big

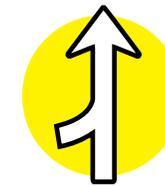
In fiscal 2016, 1,000-plus people and 150-plus startups and mid-size attended events aimed at enterprise engagement.

We're developing programs that continue to create value for our corporate partners and further strengthen our ecosystem.

Communitech's Nimble Hippo

Communitech's Nimble Hippo blog and podcast provide thought leadership on how large organizations can build innovative cultures and disruptive strategies. In fiscal 2016, nine blog posts were published with a total readership of 2,117. Podcast guests have included heavy-hitters like Steve Blank, Emma Sinclair, Scott Bedbury, Walter Isaacson and Amanda Lang.

communitech.ca/nimblehippo



Collision days

Corporations and industry connecting with our tech companies

- Deloitte
- Manulife
- Toyota
- BMO
- Thomson Reuters



Lunch & learns

Building relationships with our local large tech companies

- OpenText
- PTC
- Teledyne Dalsa
- AGFA
- NetSuite
- Sandvine
- Salesforce



Other awesome events

Corporations engaging with our tech ecosystem

- TD 55 tech facility launch
- Dematic
- General Motors 2908 lab launch
- Insurance Disrupted, featuring Fairfax, Manulife and Co-operators
- Financial Services Disrupted, featuring TD, BMO, RBC and Scotiabank
- Christie
- Canadian Tire
- Thomson Reuters lab launch
- Fairfax FairVentures lab launch
- Intrapreneurship Conference



The next tech superpower



What's happening here really, really matters, not just to the region, but to the country and the world.”

– Justin Trudeau, Prime Minister of Canada

Fiscal 2016 was a successful year for Communitech, but there's still a lot to do.

We want more for Waterloo Region tech. This means continued growth for our companies and for the tech community as a whole. To do our part, we plan on launching a number of new initiatives in 2017, including:

- Establishing a new facility in uptown Waterloo to help companies commercialize the massive opportunities around data.
- Contributing to the diversity and strength of our ecosystem by launching initiatives like Fierce Founders, Canada's first accelerator dedicated to helping women-led companies.
- Continuing to advance strategic priorities (i.e., stronger transportation links between Waterloo Region and Toronto and immigration reform to help tech companies attract the talent they need to grow).

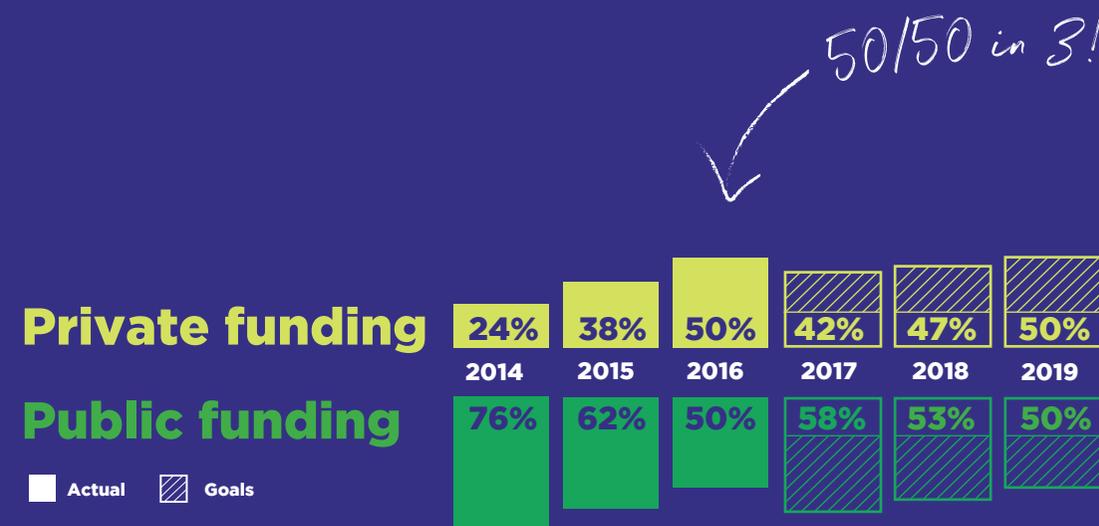
We will also continue to build on and refine our current offerings. This means expanding the international opportunities we offer our companies, further developing our ties with the Toronto ecosystem, and working to stay relevant and valuable to our startups, mid-size companies and corporate innovation partners.



Canada is more than a startup ecosystem – it's a startup community. And that sense of unity is what sets us apart from Berlin, Tel Aviv, London, and, yes, the Valley.”

– Steve Woods, Google

Crushing our goal for base operations



Striving for sustainability

Communitech is a non-profit organization, operating as a public-private funding model. Over the past two fiscal years we have focused on balancing the mix between public and private revenue sources to better stabilize our long-term sustainability. These financial highlights provide a brief overview of where our funding comes from, and in which areas we spent it.

Revenue	2016			2015		
	Base Operations \$	Development Initiatives \$	Total \$	Base Operations \$	Development Initiatives \$	Total \$
Public sector funding						
Communitech revenue	5,757,448	4,486,368	10,243,816	5,575,146	3,234,180	8,809,326
Externally funded partners	—	1,821,860	1,821,860	—	1,464,352	1,464,352
	5,757,448	6,308,228	12,065,676	5,575,146	4,698,532	10,273,678
Private sector funding	5,551,442	20,007	5,571,449	4,280,115	290,482	4,570,597
	11,308,890	6,328,235	17,637,125	9,855,261	4,989,014	14,844,275
Expenses						
Programs and events	4,184,540	3,313,335	7,497,875	3,693,468	2,692,463	6,385,931
Operations	2,749,659	1,006,999	3,756,657	2,608,202	119,369	2,727,571
Communications	1,978,184	119,509	2,097,693	1,621,871	448,810	2,070,681
Administration	1,698,888	20,336	1,719,224	1,529,565	79,819	1,609,384
Talent	698,262	45,554	743,816	414,611	205,794	620,405
Externally funded partners	—	1,821,860	1,821,860	—	1,464,352	1,464,352
	11,309,532	6,327,593	17,637,125	9,867,717	5,010,607	14,878,324

Financial highlights

Our financial results are split according to base operations, which represent Hub and related core programs, and development initiatives, which are Communitech-run projects addressing specific program needs. Development initiatives are almost entirely public-sector funded and have limited durations which are outlined in government funding contracts.

Expenses are closely monitored throughout the year to ensure we use our resources effectively. The majority of our expenses relate directly to delivering the many programs and events that our members look forward to each and every year. In fiscal 2016 our expenses increased as we continued to add new programs, initiatives and space.

The revenue shown in the chart above represents the funds earned by Communitech in fiscal 2016, generated from both our public and private sources. An organizational goal we successfully achieved in fiscal 2016 was reaching a 50/50 split between public and private revenue sources for base operations, a sustainability target originally set for fiscal 2019.

A full copy of our financial statements, along with the accompanying notes, are available to members upon request. If you would like a copy please email accounting@communitech.ca.

Private + Public

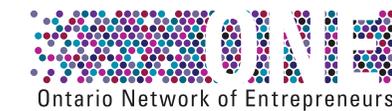
\$1.7B in client
economic
impact

Deloitte said so



Thanks, partner!

Communitech operates on a public-private partnership funding model. We would like to thank the 1,000-plus member companies, sponsors, partners and investors who helped make FY16 a success. Their contributions are matched by investments from the Government of Canada, the Province of Ontario, and the cities of Kitchener and Waterloo.



We're seeing Communitech being a global leader, attracting investors, attracting insights, attracting groups from all over the world, to understand what makes Waterloo Region really a magical place to start a technology company..."

– John Baker, D2L

Klug's Notes *If you read one page in this Annual Report, read this one.

Top 5 questions we get asked every day. Really.

Q Why does Communitech exist? Why do we go to great lengths and expend so many resources? Why do you bother?

We are committed to community and country. To engineering the kind of future we want. To building a world-leading innovation economy.

Communitech has always been – and always will be – here to back the entrepreneur. When they're heads down building cool s#!t, making lots of money and changing the world, we're heads up looking for opportunities to get them more talent, investment, customers and influence.

Communitech is built to help navigate a world that is getting smaller, and more competitive, by the day. We help tech companies start, grow and succeed by being smarter, stronger and faster, together.

Q What is Communitech, anyway?

Communitech is a place. We're a clubhouse for

tech; the centre of gravity for entrepreneurship and innovation in Waterloo Region.

We're a posse. A team. A tight group of individuals and companies that have each other's backs and pull together for a common purpose.

We're a pact. Our word is to do right by tech; to help companies get more talent, investment, customers and influence.

We have programs and people to help tech companies start, grow and succeed. We help all stages of companies with commercialization challenges, competitiveness, customer acquisition, capital and culture.

Q What's the goal? The end game? How do we know when we get there?

We started in 1997, aiming to be uttered in the same breath as Silicon Valley. We've done that. We never wanted to be Silicon Valley north. It's about performing

at the same level as Silicon Valley. It's about owning the future. And making Canada the next tech super power.

We need to become one of the top five tech ecosystems in the world. Those that aren't in the top five will be left eating gruel.

We're not counting on logos and mission statements and sweeping bromides – we're about metrics. We know the performance of the Valley, NYC and Boston. And we aim to rival their metrics.

Q Why does it work?

We pull together (that's the posse part). It's the Waterloo Region way. We're a community of collective insights, experience and wisdom. Tackling challenges together and having each other's backs allows us to have more influence and make the most of our combined networks.

We're fast. We're connected. We're trusted. We do what needs to be done. We say what needs to be said.

Q How does Communitech do it?

We never waver. We do right by tech (that's the pact part).

Direct support and programs: Teams for startups, mid-size, and large companies. We deliver programs, run events and provide insight. We help people work in tech, companies connect with customers, and entrepreneurs scale companies. We offer workspace, labs, and outposts (that's the place part).

Ecosystem strategy: We rely on mechanisms to convene, connect, coach and celebrate for the benefit of the whole. We help to build the ecosystem that supports companies by providing what they need to start, grow and succeed – from VC to LRT to ABC.

Communitech is a trusted voice in tech. We take that seriously. A voice earned by doing the right thing for nearly two decades.

We are committed to exceeding ROI and to careful stewardship of funds from all levels of government and our private company investors.

Communitech: where goats and hippos live in harmony

Aside from being extremely loveable, goats possess traits of great entrepreneurs. They're not afraid to climb; goats will travel up ridiculous angles to get where they want to go. They're super curious and hands-on; goats will poke and prod at everything in order to get to know the world around them. Goats will taste a little bit of everything to get to know what's out there.

Hippos and goats are very different. Hippos aren't known to be very agile. Their sedentary existence can be reflective of large corporations. By taking some lessons from startups (the goats) and applying them in a big-company context, we're teaching hippos to be more nimble so they can build innovative cultures and disruptive strategies.

