

The Waterloo Region tech sector

Waterloo Region is a community of 600,000 with a long entrepreneurial history, strong startup ecosystem support and leading post-secondary institutions. With the second highest density of startups in the world, there are over 1,400 tech companies that employ 23,200+ people. The tech labour force in Waterloo Region has grown by 40% in the past five years, making it one of the fastest growing talent markets in North America.

The region is part of the Toronto-Waterloo Corridor, a 100km stretch that forms the second largest technology cluster in North America. The Corridor is a global centre of talent, growth, innovation and discovery, with over 15,000 tech companies and over 200,000 tech workers.

Startup and and scaleup success

Ten years ago, Waterloo Region saw a massive influx of startups. In total, 3,885 new startups have been founded since 2010. That works out to a startup a day for nearly a decade, with 2,040 in the last five years.

Startups Founded – Waterloo Region (2015 – 2020)

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------|------|------|------|------|------|
| 454 | 370 | 343 | 316 | 257 | 300 |

From these startups, a number of successful high-growth companies have emerged. North (\$211M), eSentire (\$188M), Applyboard (\$170M), D2L (\$165M), Miovision (\$150M), Aeryon Labs (\$60M), Vidyard (\$50M), Kik (\$50M), Tulip (\$50M), Clearpath (\$39M), Axonify (\$36M) and Auvik Networks (\$35M) are amongst a group of high-growth companies that have raised significant rounds of investment over the last several years.

Venture Capital in Tech Sector – Waterloo Region (2015 – 2020)

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------|--------|--------|--------|--------|--------|
| \$222M | \$377M | \$310M | \$215M | \$280M | \$469M |

Venture capital has risen consistently over the last several years reaching an all time high of \$469M in 2020. Overall, there has been over \$2.5B in venture capital in the region’s tech sector over the last ten years, and \$4B in acquisitions.

The region has attracted investment from all over the world, including highly regarded VC firms such as Sequoia, Warburg Pincus, Techstars Ventures, Battery Ventures, Bessemer, Chinese companies such as TenCent and Canadian investors like OMERS Ventures, Real Ventures, Georgian Partners, iNovia Capital, McRock Capital, Golden Ventures, Radical Ventures, and Garage Capital.

Enterprise growth

Waterloo Region is also home to some of the largest technology companies in Canada and the world. It is the headquarters for seven of Canada's largest technology companies: BlackBerry, Christie Digital Systems, Descartes, D2L, OpenText Corporation, Teledyne Dalsa and Sandvine.

In addition, companies such as Shopify, Google, Faire, ApplyBoard, EA Sports, Square, Netsuite, Intel, SAP, Huawei and Agfa have significant engineering offices in the region. This growth in multinational companies has been spurred in part by a hot acquisition market, which has most recently included acquisitions of North (Google), Aeryon Labs (FLIR Systems), Bonfire (GTY Tech Holdings), Sandvine (Francisco Partners), COM DEV (Honeywell), Navtech (Airbus) and Maluuba (Microsoft).

Communitech's corporate innovation programming has also attracted organizations such as Interac, General Motors, Deloitte, TD Bank, Manulife (headquartered in Waterloo), LCBO, Wawanesa, Canadian Tire, Thomson Reuters, Fairfax Financial, Mattel, Carfax Canada and the Royal Canadian Air Force to set up innovation labs.

Ecosystem assets

There is robust ecosystem support for startups and technology companies throughout the region. This includes:

- **The Communitech Hub®** is a 120,000 square foot clubhouse in Downtown Kitchener for the technology sector, which connects companies to the resources they need. Communitech provides direct programming for companies of all sizes, including scale-up programming and corporate innovation labs.
- **The Communitech Data Hub®** in Uptown Waterloo is the region's home for the data-driven tech community, focusing on data analytics, autonomous vehicles, 5G networks, cyber security and smart cities infrastructure. It serves as a collaborative office space for startups and scale-ups, a mix of tech and data-driven clients and enterprise partners, plus data-specific special interest zones. The Communitech Data Hub opened its doors in 2017 with founding partners CIBC, City of Waterloo and Quantum Valley Investments.
- **Velocity** is Canada's most productive startup incubator, run by the University of Waterloo. It is co-located at the Tannery alongside Communitech, and provides early stage founders with the resources they need to build high-growth scalable startups, with a focus on supporting early stage tech companies.
- **The Accelerator Centre** is dedicated to building and commercializing the region's highest potential tech startups, offering mentorship, professional office space and a range of programming to move companies from startup to scale-up. In 2019, it was recognized by UBI Global as one of the top five private business accelerators in the world.

- The **Catalyst 137** facility features 400,000 square feet dedicated to advanced manufacturing, hardware testing and production, making it the world’s largest Internet of Things makerspace. Catalyst 137 is home to Toyota Innovation and Advanced Technology, BorgWarner, Sigmappoint, Mouser Electronics and Swift Labs, among others.

Local post-secondary institutions fuel the ecosystem with talent, startups and new ideas. In total there are 99,000 students, with over 25% focused on STEM topics. The more than 26,000 co-op students provide a crucial source of talent for companies of all sizes.

- **The University of Waterloo** has been ranked Canada’s “most innovative” university for 27 consecutive years. A research-intensive university, it has the largest concentration of math and computer scientists in the world, a world-class engineering school and the largest co-op education program.
- **Wilfrid Laurier University** has one of Canada’s largest business schools, and the Lazaridis Institute provides management training aimed at high-growth technology companies, including through the recently launched Canadian Scale Up Program.
- **Conestoga College Institute of Technology and Advanced Learning** celebrated its 50th anniversary in 2017 and is one of the most respected colleges in Ontario, producing quality technical, design and business talent to the technology sector.

Academic Institutes such as the Perimeter Institute for Theoretical Physics and the University of Waterloo’s Institute for Quantum Computing also contribute greatly to the innovation ecosystem—attracting world-renowned scientists and students to the region to conduct breakthrough research.