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Message from the Board

In 2018, we started a big conversation around “Tech for good” at True North. At our follow-up conference in June, we levelled up—and the tech world took notice.

“Canada’s True North conference is not your typical tech event,” said the Tech Crunch headline. We should take that as a compliment, because “typical” is not where Waterloo Region’s tech community wants to be. In fact, it never has been.

We want to be known as exceptional, not just for the businesses that get built here, but for the way it gets done: collaboratively, thoughtfully and with a perspective that reaches beyond the bottom line, to the community and the world around us.

True North 2019 drove home the message that we’re different in Waterloo Region. We’re not afraid to ask the big and sometimes sensitive questions about where tech is taking us. We care about our collective future. That’s a big part of why people come here.

Last November, Communitech partnered with the Schulich Foundation and Leaders Fund, as well as the University of Waterloo as academic partner, to launch the Leaders Prize, a $1-million award for the best use of AI to tackle a big societal problem. At True North 2019, we announced the problem, the creation and spread of fake news, which has destabilized democracies, polarized civic discourse and fostered violence around the world.

It’s just one way we’ve leveraging Waterloo Region’s values to promote the application of new technology to solve meaningful problems.

In the broader Waterloo Region community, we’ve seen similarly positive change this past year, notably the long-awaited launch of the ION light rail transit system. Apart from improvements to transportation, ION has already brought more than $3 billion in new construction to the region’s heart, where companies and their employees like to be.

It also represents who we are: a small, future-facing city that thinks big. We need to keep supporting these types of projects, which spread our local prosperity around to everyone.

Dave Caputo, Chair of the Board, Communitech Corporation
Iain Klugman, President and CEO, Communitech Corporation
Place

Our name might be on the buildings but our spaces belong to you, the tech community. Think of the Communitech Hub in Kitchener and Communitech Data Hub in Waterloo as your clubhouses for innovation.

They’re also places where companies can grow and connect — we have more than 170 startup and early-stage tenants and 21 corporate innovation labs for large, tech-enabled firms. We’re all about bringing people together to help each other out, because you never know what others might be working on — or who they can introduce you to. Communitech hosted over 125 events and welcomed more than 12,000 visitors last fiscal year from around the globe.

When we moved into the Communitech Hub in 2010, we told our government partners it would be a “living lab,” a spirit that endures to this day and extends to the Data Hub, opened in 2017.

12,000+ visitors to the Hubs
125 events, 9,300+ people
6 Pizza with the Prez, with 2,300+ pizza slices consumed

Our experience being located at Communitech in Waterloo Region has been beneficial in helping our startup get off the ground. We’ve had access to programming and service to help us grow, as well as the opportunity to meet with key political influencers and decision makers, where we’ve been able to provide our opinions and share our story.”

— Katarina Illic, Voltera
Ecosystem

In May 2019, Startup Genome named the Toronto-Waterloo Corridor the 13th best place in the world to start a company and the only Canadian ecosystem to land in the top 20. Our goal is to place among the top five global ecosystems and we’ll keep pushing hard in that direction.

As always, talent will be key to getting us there – and a strong brand is key to bringing more of that talent here. One way we’re working to build the brand is through our Campus Ambassador program and Code/Design to Win competition – in FY19 we had 48 student ambassadors helping to tell the Waterloo Region tech story across 19 Canadian campuses.

We also work hard to amplify the brand-enhancing initiatives of local companies such as Bonfire Interactive, a fast-scaling software firm and neighbour of ours in the Iannery. Earlier this year Bonfire was among the first employers to take advantage of Talent Beyond Boundaries, a new program that matches highly skilled refugees with tech openings around the world. At True North 2019, Bonfire called on other companies to join an effort to make Waterloo Region the global capital for resettlement of tech-skilled refugees.

“Communitech was central to us launching our business and creating over 250 jobs in Ontario. And we plan to continue adding more jobs here with their help.”

~ Michael Litt, Vidyard

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46 Peer2Peer groups with 13,155 members
workintech.ca saw 175 new employers, 3,395 job postings, and 5,131 new job seekers
Programs

We provide programs and services across three client segments: startup, scale-up and enterprise. Each segment receives distinct, tailored and relevant programs to support growth at all stages. We make sure these interventions are relevant to our clients through advisory boards whose members share feedback on the makeup and effectiveness of our programs and services.

In the coming year, we’ll sharpen our focus on companies experiencing rapid growth and significant momentum, with an eye to helping them successfully navigate that growth at a faster pace.

We are working with Invest Ottawa and MaRS to deliver FedDev Ontario’s Scale-Up Platform, a five-year, $52-million strategy to help high-potential companies reach $100 million in annual revenue. Velocity, the Accelerator Centre and Laurier Launchpad are among our local partners that will support delivery of this program.

It’s all about greater regional and provincial alignment to deliver impactful services to rapidly growing clients – just-in-time delivery of support when our customers need it most.

— Marc Morin, Auvik

525 startups supported, 3,461 startup mentor hours
170 scale-ups supported, 2,445 scale-up mentor hours
187 enterprise companies supported
24 collaborations between corporates and startup/scale-ups
True North 2019

Last year, we told you about the successful launch of True North, our conference and community festival with a theme of “tech for good.” In June, we followed up with True North 2019, and the broader tech world took notice. TechCrunch credited our community for raising the big, tough questions that most tech conferences miss. Over two days, a diverse lineup of speakers and session leaders engaged with a wide range of topics, from climate change and election hacking to killer robots and fake news.

Mounting a meaningful event of this magnitude is no small feat, but the overwhelmingly positive response to True North tells us we’re onto something – and that Waterloo Region is well-placed to lead the world in tackling humanity’s most pressing problems.

2,451 attendees, 8 countries represented
34 speakers, 39 partners
Future of Work

Last year we launched the Communitech Academy to help reskill people for future jobs in tech and upskill existing tech workers. We’ve since built out the Academy with a team of experts in experiential learning and adult education and begun working with local partners to align training programs with employers’ needs.

Communitech Academy hit its original goal of reaching 200 learners during our pilot stage, with 58 per cent of participants self-identifying as members of an underrepresented group. Three streams of learning are available to tech and tech-enabled organizations: Advance your Craft, Future of Work and Leaders of Tomorrow.

We launched our first education breakfast series around the future of work, where we discussed the impact of shifting work patterns on communities, corporations, scale-ups, higher education and government. We also kicked off a community initiative to create awareness around the future of work and learning trends.

This early work is building a foundation on which we’ll engage the community through workshops to identify challenges presented by the future of work and how we might collaborate around solutions. The goal is to help build the success of our customers by helping to build healthy organizations and a more resilient community.
Looking ahead to FY20

While FY19 was a year of tremendous change, it also provided us an opportunity to reflect on where we’ve come from, and re-tool the organization to meet the opportunities we see ahead. FY20 will be all about growth — of our customers, of our ecosystem, and of the economy.

Focusing on the growth of our customers means focusing on scaling firms. We’re at the beginning of an exciting 5-year partnership with FedDev Ontario that will help us build the services and support infrastructure that will help greater numbers of rapidly growing firms move up the curve — from $10M to $50M to $100M in annual revenue. $100M firms are those with the greatest capacity to become anchors for the Canadian economy, and we want to help greater numbers of them grow and stay in Canada.

Focusing on high-growth firms doesn’t mean taking our eye off the healthy pipeline of startup companies in Waterloo Region. To grow the ecosystem we will continue to serve all our customers: startups, scaling firms and enterprise-level companies — and we’ll look across our customers to identify big growth opportunities.

At Communitech, we’ll focus on the things we’re good at:

- Making talent our top priority — and helping tech companies build strategies to embrace the Future of Work;
- Continuing to bridge outside of Waterloo Region — using our strong networks to help companies nationally and internationally;
- Leveraging data to better understand the needs of our companies and the markets they serve; and
- Constantly scanning the horizon for new threats and opportunities for our growing ecosystem, and promoting tech-friendly public policy to help businesses grow and thrive.

We know we can’t build a Top 5 global ecosystem alone. We’ll need to work hand in hand with our ecosystem partners to meet the needs of this growing tech community and the companies that call Waterloo Region home.
Financial Highlights

This year we changed our fiscal year to align with those of our federal and provincial government partners. This has made reporting on our public funding much easier and reduced the burden on our finance team.

It also means FY19 was a condensed year, running from July 1, 2018 to March 31, 2019.

In FY19 we maintained a healthy balance between public and private revenue sources.

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Nine-month period ending March 31, 2019</th>
<th>Year-ending June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base Operations $</td>
<td>Development Initiatives $</td>
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<tr>
<td>Public sector funding</td>
<td></td>
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<td>Communitech revenue</td>
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<td>4,939,356</td>
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<td>Externally funded partners</td>
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<td>Expenses</td>
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<td>Programs and events</td>
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<td>Externally funded partners</td>
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<tr>
<td></td>
<td>10,320,406</td>
<td>7,066,404</td>
</tr>
</tbody>
</table>

Sustainability of Base Operations, 2014 - 2019

| Private funding | 24% | 38% | 50% | 50% | 58% | 51% |
| Public funding | 76% | 62% | 50% | 50% | 42% | 49% |
Q: Why are you so focused on growth these days?

After 20 years of hard work encouraging entrepreneurs to start companies, we’re finally at a point where significant growth is possible. We now have a stable of growth companies in Waterloo Region that’s unlike anything we’ve seen before, and a strong pipeline of startups that will continually feed that growth. It’s an exciting time.

Q: But what can you really do to help scaling firms?

Scaling firms need what all firms need — skilled talent, frictionless access to markets, favourable public policy conditions, and support to help them build their own internal capacity. We’re building the tools that scaling firms tell us they need: talent attraction and development programs; customized coaching and advisory services with a focus on attracting capital, customers and sales; market intelligence resources; expertise in legislative and regulatory affairs, and much more. Remember that 80 per cent of our scaling firms are being led by a CEO who’s doing this for the first time. Our job is to connect them to people who’ve done it before and can help them do it as quickly as possible.

Q: Does this mean you’re not going to work with startups anymore?

Not at all. Focusing on growth means making sure the pipeline of healthy startups is full. We’re still in the business of helping tech and tech-driven companies start, grow, and succeed, and that means helping them at every stage, by providing self-serve tools or hands-on help to every company in our network.

Q: Why do you work with large corporations? What kind of help can you give them?

We work with large corporations who are looking to transform themselves — often, technology is the key to their transformation. And large corporations play a vital role in the ecosystem, acting as customers, partners, or investors for smaller firms. Plus, global firms draw global attention to Waterloo Region, shining a light on the work that we do to build a globally significant tech ecosystem.

Q: Why are you so obsessed with building the brand of Waterloo Region?

We believe that one of the best advantages we can create for companies is a street address that matters. Having a strong brand as a globally significant tech ecosystem makes it easier for companies to attract talent and the attention of their investors and customers. Putting Waterloo Region on the map takes time and resources, but it’s an investment in our credibility as a community.

Q: If Waterloo Region is so important, then why does Communitech do so much nationally and internationally? Shouldn’t you focus locally?

No matter how much we love this community, we can’t get comfortable. And we shouldn’t get too attached to past artefacts and institutions. We need to remember that we are a small community in a small country. We need to think globally and we need to keep pushing forward. This is the same advice we give to startups: launch your business locally but be a global company right from the beginning. It’s the only way to create a sustainable advantage.

Q: Communitech had some funding reductions in 2019. How have they impacted the organization?

Given the fiscal situation in Ontario, we were prepared for a reduction in the level of provincial support in 2019. The Province reduced its overall investments in Communitech by 30 per cent, which resulted in a 10-per-cent reduction to our operating budget. While we had to reduce the size of our team by 15 positions, we’re confident in our ability to continue to serve our clients and meet their needs. The Ontario government remains the largest funder of our public-private partnership.

Q: Why do you use the public-private partnership funding model?

It’s all about leverage. The public-private partnership funding model means that every player contributes, and every player benefits. Resources, funding, and expertise come from every member of the ecosystem — startups, scaleups, large enterprises, service providers, all levels of government, academic institutions, and not-for-profits. Without a balance of contributions from the public and private sectors, a tech community creates individual and company impact but fails to create collective good. And that’s short-sighted.

Q: What’s next?

Waterloo Region is on the brink of tremendous opportunity. We have the right ingredients to help the next generation of growth companies and become a Top 5 global innovation ecosystem. And we have all the makings of a magical small city – the companies, the brand, the talent, the entrepreneurial mindset; the networks; the partners. We know how. I think the next five years are going to be significant in our history. And I can’t wait to see what comes next.
Thanks, partner!

Communitech operates on a public-private partnership funding model.

We would like to thank each and every one of our 1,400+ member companies, sponsors, partners and investors who helped make FY19 a success. Thanks also to the Government of Canada, the Province of Ontario and our local municipalities for their generous financial assistance.

Thank you for your commitment to and enthusiasm around our community. We couldn’t do what we do without you.
Leaders Prize

Solve the problem of fake news using AI

Win $1,000,000

Fake news is false information that is presented as fact, whether in a news article or publicly made statement, and is typically created to generate advertising revenue or advance a certain political or social agenda.

With the advancement of machine learning and natural language processing techniques, we have an opportunity to fact-check claims faster than ever and stop fake news before it spreads. The Leaders Prize will award $1 million to the team who can best use artificial intelligence to automate the fact-checking process and flag whether a claim is true or false.

Visit leadersprize.ca for more information, competition rules and to register.

Leaders Prize timeline:

June 19, 2019
Problem statement announced at True North Waterloo

November 18, 2019
Phase 1 solutions due

December 19, 2019
Top 10 teams announced; full details and data for Phase 2 released

May 8, 2020
Phase 2 solutions due

June 10, 2020
Finalist pitches to vie for the $1M prize

At press time for this report, 518 participants had signed up and 80 teams had formed.