

COMMUNIT**TECH**[®]

**A COMMUNITY
OF TECH** **EST. 1997**

FY2020 Annual Report

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Message from the board

As we look back on the year, there's a lot to cover. Among many achievements, we continued the global Tech For Good™ conversation at True North 2019; we welcomed new partners into our ecosystem; we convened players to prepare for the future; we helped bridge the skills and talent gap; and we stabilized our funding model. We did what we set out to do last year at this time, and for that we are proud.

FY20 was a successful year for Communitech. It's impossible to talk about FY20, though, without addressing the way it ended.

COVID-19 affected the world in a way no one saw coming. Early on, we made the difficult decision to cancel the 2020 True North Festival, along with many other events and gatherings. As well, we moved to a work-from-home model at just a couple of days' notice.

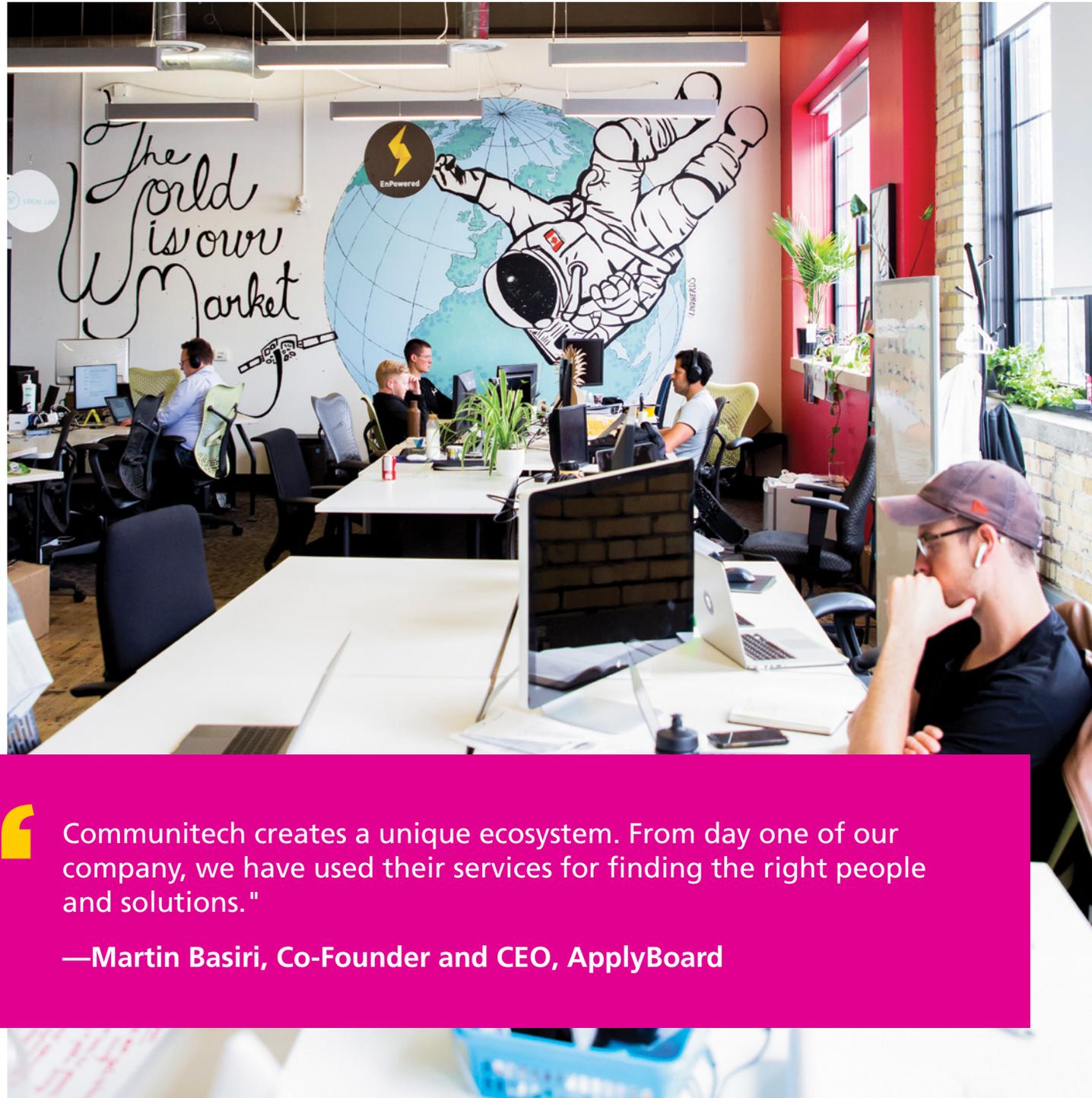
Working remotely, our focus remained on helping companies – helping them navigate the pandemic, providing virtual programs and talent support, helping them shift resources and pivot, and working with the government to get tech the support it needed. All the while, the team tackled broader community issues, such as helping to fill PPE shortages and supporting displaced workers and those disproportionately affected by COVID-19.

It has been a heavy lift. But, in true Waterloo Region fashion, the organization and the community have pulled together to navigate the storm. In March, Iain agreed to delay his departure and continue leading the team through the COVID-19 crisis into calmer waters. This will give us an opportunity to manage the pandemic and the CEO search sequentially and help ensure both are done really, really well.

We would like to extend thanks to our members, partners and stakeholders for all of your help in FY20, and in the months since. We could not have done it without you. We are, and have always been, better together.

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





Communitech creates a unique ecosystem. From day one of our company, we have used their services for finding the right people and solutions."

—Martin Basiri, Co-Founder and CEO, ApplyBoard

Helping companies

Communitech was founded with the purpose to help ensure the future prosperity of Canada and a mission to help companies start, grow and succeed. While our purpose and mission have never wavered, the work we do has continuously evolved based on the changing needs of our community and country.

In FY20, we worked to align our programs to the stages of growth at which companies find themselves. This has allowed us to be strategic with our resources, and to better support companies with the greatest potential to succeed.

- **Startups** now access programming based on their stage, unlocking additional resources and opportunities once they have a developed product and proof of revenue or market demand.
- The Scale-up Platform, supported by FedDev Ontario with Invest Ottawa and MaRS Discovery District, allows us to more effectively help **scale-ups** overcome key challenges to growth and market success.
- Streamlined corporate innovation offerings allow us to help **enterprise companies** with their individual innovation journeys.

As well, an increased focus on future-proofing companies has allowed us to create communities of support, connecting people, organizations and companies with a common focus.

Startups

497 startups helped

5,392 mentor hours

31 per cent of new startups had a female founder

Scale-ups

152 scale-ups helped

3,794 mentor hours

Enterprise

144 enterprise companies helped

16 collaborations and partnerships between corporates and startups/scale-ups

20 innovation labs hosted in our facilities

Program spotlight

Future of Work & Learning Coalition

What began as an informal conversation coalesced into a community of employers, employees, academia and government agencies dedicated to future-proofing Canada's workplaces. And if FY20 taught us anything, it's that the future can arrive quickly.

Formally established in November 2019, this coalition of 19 partners hosted events, drove important conversations and even helped launch partner coalitions in Halifax and Windsor. After all, we're in it together.

Fierce Founders

FY20 saw four companies take part in the new Fierce Founders Intensive Track program. As well, 25 female founders from across Canada participated in the Fierce Founders Bootcamp.

Collaboratives

Convening and collaborating has always been part of the Communitech story, and it continues to be the best way to get things done. Through our collaboratives, we bring people, and organizations together to solve the problems of tomorrow, today.

In FY20, we launched the Future of Work & Learning Coalition and kicked off the Future of Health and Future of Retail initiatives.



Peer2Peer Groups

42 active groups

15,637 members

workintech.ca

3,179 job postings

148 new employers
registered

6,944 new job seekers
registered

Tech Jam

2 major events

2,102 job seekers

121 employers

5,148 open positions

Strengthening the ecosystem

Our work has always gone beyond helping individual companies. In FY20, we continued on the path to build a strong brand for Waterloo Region and Canada as the best place to start and grow a tech company.

Key to this was a strong focus on talent recruitment and attraction. Through our online job board and in-person events, we helped hundreds of companies with recruitment. We also convened key players to establish communities of support around industry challenges, future-proof our workplaces nationally and provide essential training to bridge the skills gap.

Communitech Outposts

Launched in September 2019 at last year's AGM, Communitech Outposts helps Canadian companies hire employees in international markets. Today, we are able to hire talent in the United Kingdom and in more than 40 states in the United States.

Next, we will set our sights on the G20 countries.

Communitech Academy

As we continue to see new and changing roles in the workplace, we recognize the need for specifically-skilled talent to fill them. In FY20, Communitech Academy delivered 34 programs to 606 individual learners.

To increase reach and continue bridging the skills gap, we have introduced virtual, facilitated sessions, developed new programs and partnered with external service providers to align training with employers' changing needs.



Thanks to the Communitech Academy, our leaders received tailored training that helped expand their skills and establish their leadership styles. The program stood apart, especially given the in-depth insight and connections to leaders in the Waterloo Region tech ecosystem."

—Lieutenant-Colonel Ray Stockermans,
Royal Canadian Air Force (RCAF)
Flight Deck

Providing place

The Communitech Hub and Data Hub continued to buzz for much of FY20. Across the two spaces, we hosted thousands of visitors, hundreds of tours and more than 100 events.

The end of FY20, however, reminded us that the place we provide is more than just physical space. While “place” is often associated with our hubs, it also refers to the environment of support available to our community. Even without our hubs, Communitech is a place. And in the last two weeks of FY20, Communitech proved to be a safe place in a scary time.

In mid-March, when our team moved to a work-from-home model, we took a business-as-virtual approach. Much of our programming went online, we hosted a virtual front desk where customers and visitors connected with the team, and we provided (and continue to update) the COVID-19 resources and information most relevant to our tech community.

As for physical space, we renewed our lease at the Tannery for another five years. We look forward to returning to our hubs with the safety of our team and community as our top priority. Although FY20 ended in a way none of us could have imagined, looking forward, we expect a greater demand for collaborative spaces like ours to serve the community of tech.

Visitors

11,744 visitors to the Communitech Hub

2,543 visitors to the Data Hub

Events

118 events

13,620 attendees



From the mentorship and programs to tenant support and space, in all aspects, Communitech knows precisely what a growing startup needs. We've been fortunate to call it 'home' (okay, office) from a small team of three to our current team of 32, and during this time, as we transition from startup to scale-up, Communitech has adapted to support us each step of the way."

—Tomas van Stee, Founder & President, EnPowered



FY20 at a glance

April 2019

The Federal Government announces the Scale-up Platform, aimed to help tech-based companies reach \$100 million in annual revenue by 2024, between Communitech, MaRS Discovery District and Invest Ottawa.

May 2019

Startup Genome CEO J-F Gauthier points to Communitech as a vital influence on the region's performance, calling it "a keystone team in the ecosystem."

June 2019

The second edition of True North sees more than 2,500 attendees from around the world.

Over two days at Lot42, we explored themes at the intersection of technology and humanity under the umbrella of Tech For Good.

With our partners, The Schulich Foundation and Leaders Fund, we launch the problem statement for the The Leaders Prize at True North and open registration looking for solutions to solve for fake news using AI.

July 2019

Telecommunications giant Rogers announces a three-year, \$1-million partnership with Communitech and to open an innovation lab at the Tannery.

The first call of AVIN Ventures projects sees 23 applicants.

A new customer discovery framework helps our team determine the most urgent scale-up challenges and uncover how we can best help.

August 2019

Communitech, Thomson Reuters Labs and Gowling WLG announce the launch of a six-day bootcamp for startups that are keen to work in the legal, regulatory and tax verticals.

September 2019

Communitech Outposts officially launches at 2019 AGM.

The first Level Up Pitch Panel takes place, allowing early-stage startups to graduate to late-stage and unlock additional resources and offerings.



A lot of the skills and roles in demand today might not have been around years, or even months, ago. Being part of the Future of Work & Learning Coalition has helped us create a learning culture, where our people are engaged and ready for these new roles as they arise."

—Trish Steward, Manager, Talent Operations, Vidyard

October 2019

The team continues to update programs across all stages to better align growth coach and advisor time with customer needs and potential.

Sonova and Rogers begin work on their innovation labs.

November 2019

Sonova Lab officially opens with remarks from its Switzerland-based CEO.

Our Corporate Innovation team embarks on its latest global innovation tour, visiting Israel with customers from Sonova, Interac, BDC, RCAF, Thomson Reuters, CIBC and Deloitte.

More than 1,100 job seekers network with and 68 hiring companies attend Communitech Tech Jam.

The Waterloo Region Future of Work & Learning Coalition launches with 19 local organizations.

December 2019

True North 2020 is unveiled, rebranded as a week-long True North Festival, with multiple venues, all running along the spine of the ION LRT route.

Applications for February's Corridor Demo Day hit 200, and 135 investment firms register to attend our largest event to date.

January 2020

The Leaders Prize announces the top 10 participants moving to the competition's second phase.

The latest cohort of the Fierce Founders Bootcamp begins with 25 female founders in attendance from all over Canada.

Code to Win, our annual student coding competition, hosts 70 participants from Canada to Waterloo Region. Nine students receive a perfect score, each receiving the top prize of \$5,000.

February 2020

It's standing-room only for Corridor Demo Day. Half of the investors in attendance are from the US and more than 200 meetings take place following the on-stage pitches.

March 2020

Tech Jam is held with increased precautions taken given growing COVID-19 concerns.

More information on COVID-19 leads to a series of event cancellations, including Communitech's True North Festival.

The federal government declares a state of emergency.

Communitech, MaRs and Invest Ottawa join more than 200 tech CEOs and call on the provincial government to take swift, targeted action to keep companies alive through the crisis.

Our team moves to a work-from-home model and introduces a suite of virtual programming. Adaptive measures include a virtual front desk and a comprehensive COVID-19 information centre.

Communitech works with Catalyst Capital to coordinate a community-wide PPE drive for Waterloo Region's front-line workers. Donations include 1,000+ boxes of gloves, 2,000+ boxes of masks and 500+ surgical gowns.

What's next: FY21 and beyond

April 2020

Communitech joins Canadian tech leaders to publish a white paper, examining how startups can drive the post-COVID-19 recovery.

Code Now is launched: The four-part series on Communitech News demonstrates how tech is working with the health sector to help deal with the emerging pandemic.

May 2020

Communitech partners with the Kitchener-Waterloo Community Foundation to publicly launch This, Too, Will Pass, a community fundraiser that triples all donations made to front-line social agencies affected by the pandemic.

The growing list of virtual offerings now includes interactive Ask Me Anything Sessions, Tech Talks and reports, as well as virtual office hours with Growth Coaches and Pro Squad companies.

June 2020

This, Too, Will Pass raises \$208,858.03. Funds are allocated to seven charities in Waterloo Region.

The team begins implementing the plan to prepare the hub for the eventual return to work using the Return to the Hub Playbook.

The Return to Work Peer2Peer Group launches.

Communitech is named a delivery partner to help support the digital transformation of main street businesses.

True North TV kicks off with John Seely Brown.



During this pandemic Communitech has really hit its stride. It has gone from nice-to-have to absolutely mission critical.”

—David Coode, CEO Sera4



Looking ahead

Communitech is working hard to anticipate what's next. As with every major economic disruption, we expect a new wave of startup activity to emerge in 2021 as part of Canada's economic recovery.

Tech and innovation will be key ingredients in helping all sectors recover. Canada needs our brand of innovation to support sectors like manufacturing, energy production, healthcare, retail, agriculture, and civic infrastructure.

Geographic proximity has become largely optional. Talent, capital and customers can come from anywhere in the world. This has major implications for how we think about the power of our regional ecosystems and how we support companies in their efforts to scale and grow.

We are focusing our resources to respond to the changing world around us – and we need to be ready.

Moving forward

With our focus on supporting economic recovery, our mindset will shift from growth to resilience. To set Communitech up for future success, we must be ready to support companies through further pandemic / economic cycles when they materialize.

Here's what being ready means for Communitech:

- We will continue to be customer-driven in our approach; companies may need different supports now than they did in 2019, so we will meet them where they are;
- We will become a 'hybrid' organization – focusing on digital excellence and virtual service delivery, following with traditional service delivery as circumstances allow;
- We will adjust our 50%-50% public-private revenue target to recognize the impact the pandemic will have on our private revenue opportunities for the next 24 to 36 months; and
- We will adopt a 'recovery mindset' for companies, the community and Communitech.

As we move into FY21, we continue to be driven by our purpose of ensuring the future prosperity of our community and Canada. We will continue to showcase Canada as a place for collaboration, innovation and Tech For Good.

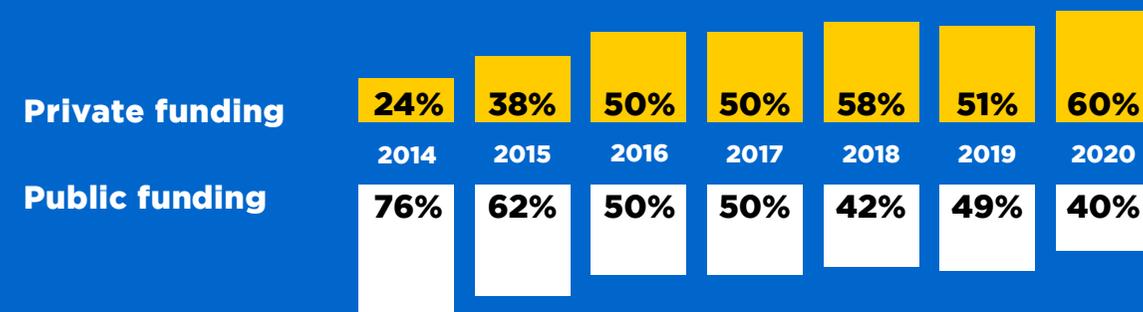
Financial highlights

Communitech changed its fiscal year in FY19 for ease of reporting and to align with the fiscal year end of our investors.

In our first full year with our new year end, funding was stabilized until the pandemic hit in March, at which time we saw a decline in private revenue.

Preparing for FY21 with a heavy virtual approach, we are confident moving forward with our current funding structure. As always, we will continue to look for areas where we can achieve savings and efficiency to ensure a strong balance sheet, while continuing to provide maximum value to our customers.

Sustainability of Base Operations, 2014 - 2020



	Year ended March 31, 2020			Nine-month period ended March 31, 2019		
	Base Operations \$	Development Initiatives \$	Total \$	Base Operations \$	Development Initiatives \$	Total \$
Revenue						
Public sector funding						
Communitech revenue	6,981,317	2,536,873	9,518,190	5,024,476	4,939,356	9,963,832
Externally funded partners	—	2,739,440	2,739,440	—	1,575,651	1,575,651
	6,981,317	5,276,313	12,257,630	5,024,476	6,515,007	11,539,483
Private sector funding	10,456,937	56,098	10,513,035	5,295,158	551,397	5,846,555
	17,438,254	5,332,411	22,770,665	10,319,634	7,066,404	17,386,038
Expenses						
Programs and events	8,359,502	2,394,163	10,753,665	4,448,989	4,552,780	9,001,769
Operations	5,159,666	73	5,159,739	2,940,736	705,322	3,646,058
Communications	2,249,650	120,219	2,369,869	1,570,087	149,994	1,720,081
Administration	1,669,436	78,516	1,747,952	1,360,596	82,657	1,443,253
Externally funded partners	—	2,739,440	2,739,440	—	1,575,651	1,575,651
	17,438,254	5,332,411	22,770,665	10,320,408	7,066,404	17,386,812
Deficiency of revenue over expenses for the period	—	—	—	(774)	—	(774)

Klug's notes

Q&A with our CEO, Iain Klugman.

"Throughout our 23-year history, Communitech has strengthened in its ability to innovate and pivot to meet the continuously changing needs of our tech community in Waterloo Region. In many ways, our agile model prepared us for the tidal wave of change that COVID-19 would bring upon the world in 2020."

Q. How has the COVID-19 pandemic affected Communitech's programming?

A: The world changed entirely at the end of FY20. The months following the end of FY20 have been a testament to the collaborative spirit within the Communitech team, throughout the Region and across the country.

Since March, our focus has been moving as much programming as we can to a virtual format, while also providing a safe and reliable return to work process for our Hub communities.

We have always worked to anticipate the needs of our tech community, but that's more important now than it's ever been. We need to be nimble and responsive in our program design and rollout. Our planning time horizons are no longer months and years, they are weeks.

Q. Has it changed your goals as an organization?

A: Since our beginnings in '97 we have been a purpose-driven organization, with our purpose being to ensure the future prosperity of Canada. With geographic proximity becoming less relevant in the past few months, Communitech is all of a sudden on the national stage in a way we weren't before. Where we once had 150 people register for our Future of Work events, we now have 750 to 800 people register. And they aren't just local.

Waterloo Region and Canada have much to offer the world. And now is the time for us to help build the companies and supply-chains so that we produce what we need and what the world needs.

Communitech is ready to help.

Q. You were due to leave at the start of 2021. What's your plan for this year?

A: When the board put the CEO search on hold and asked me to step back for a year to help Communitech through the pandemic, I was happy to help. Communitech is very near and dear to my heart, and I want to leave it in the most successful position possible.

Q. Did it take the team time to adjust to this new way of working?

A: I've always been proud of team Communitech, but this year has taken that to a whole new level. Their work since March has been recognized by our partners, investors and customers on a daily basis. I've gotten emails with kudos' like "thank goodness we have Communitech in times like these," and "it's amazing how fast we've been able to move from real-time to online."

Companies appreciate our advocacy efforts on their behalf. Front-line health care professionals appreciate our efforts to help them source important supplies and equipment. Governments are calling on us to

help too. They are looking for how we can help companies survive and then thrive out of the gate, and the team has been ready to help in any way possible.

Sure, it's been an adjustment, but the team's dedication is stronger than ever.

Q. When will Communitech's offices be open again?

A: We've reopened our offices to our tenants and some of our staff, but continue to encourage anyone who is able to work from home. We know that's not always possible, so we're following federal and provincial public health guidelines to ensure everyone is safe. We'll continue to observe those guidelines for when and how a full 'return' is possible.

Q. What does recovery look like?

A: It's hard to say with so much uncertainty. But it will take working together as a community and country to fully recover. Since the beginning of the pandemic, individuals, companies and the community have rallied together to focus efforts and resources on helping flatten the curve and keep everyone safe. It will continue to take a collaborative effort, but I believe Waterloo Region and Canada are shining examples to the rest of the world of how communities can tackle our biggest challenges.

A message from the team

From our hubs and homes to wherever you are staying safe, we are here to help! There may be dogs barking or kids playing in the background, and we may have the occasional technical difficulty, but, hey, that's 2020, right?



Thank you!

Communitech's public-private funding model means we have a lot of people for whom we are ever grateful.

We would like to take this opportunity to thank each and every one of our member companies, our sponsors, partners and investors who helped make FY20 a success. As well, thanks to the Government of Canada, the Province of Ontario and our local municipalities for your ongoing support.

It's your commitment and enthusiasm that allows us to do what we do. And for that, we say: THANK YOU!



Backing entrepreneurs since 1997

Communitech's vibrant and thriving community of tech gives members access to resources that get results, because Communitech member companies scale faster than anywhere else in Canada*.

On average, our members:

- raise 19% more capital – \$28.6 million compared to \$24 million;
- raise more rounds – 3.4 compared to 2.5;
- raised more on their most recent round, up to 9% – \$17 million compared to \$15.9 million;
- hold more patents – 13.1 compared to 8.5; and
- have an increased financial velocity – 3.0 compared to 2.2.

**Companies founded 2010 or later receiving more than \$1 million investment capital.
Source: Crunchbase. Compiled by: Q3 Research.*

Learn more about our memberships at communitech.ca/membership