

Committee of the Whole (2) Report

DATE: Tuesday, February 8, 2022

WARD(S): ALL

TITLE: SUPPORTING VAUGHAN'S INNOVATORS – UPDATE AND NEXT STEPS

FROM:

Nick Spensieri, City Manager

ACTION: DECISION

Purpose

This report seeks Council approval to undertake next generation innovation support programming emerging from the lessons of the Vaughan International Commercialization Centre Pilot Project, including enhanced partnerships with ventureLAB and Innovation York.

Report Highlights

- Innovation is a key emerging opportunity in Vaughan's economy as growth in the technology sector has a significant multiplier effect on the broader economy
- Innovation support organizations with a physical presence in Vaughan are critical for catalyzing and retaining economic growth
- In 2015 Council endorsed a pilot of the Vaughan International Commercialization Centre (VICC) to grow innovation support services for businesses in Vaughan
- Building on the decentralized model explored by the VICC, Economic Development should advance the next generation of support for the innovation sector by expanding partnerships with partners such as ventureLAB and Innovation York

Report Highlights continued

- Enhanced partnerships with existing innovation partners should focus on anchoring these organizations in Vaughan and positioning Vaughan's innovation economy for success by strengthening its position within the region as a hub for entrepreneurship and innovation
- ventureLAB is the provincially-designated Regional Innovation Centre (RIC) for Vaughan and York Region, supported by the Regional Municipality of York and Ministry of Economic Development, Job Creation and Trade (MEDJCT) to enable Vaughan's innovators

Recommendations

1. THAT Council receive this report and end the Vaughan International Commercialization Centre (VICC) pilot programs;
2. THAT Council endorse a renewed ventureLAB partnership including a future (2024-26) operating budget request;
3. THAT Council direct staff to work with York University (Innovation York) to explore a YSpace facility in Vaughan; and
4. THAT this report be forwarded to the Economic Prosperity Task Force.

Background

The Innovation Economy

Vaughan is at the heart of York Region's innovation economy and innovation is a key emerging cluster in Vaughan's economy.

There is an opportunity for Economic Development to support economic recovery and catalyze economic growth by providing targeted support for businesses in high-growth industries such as health technology, life sciences, clean technology, software and services, and technology hardware.

York Region is Canada's most dense tech hub, with 4 tech companies per 1,000 residents, and has the highest concentration of tech workforce in the Toronto-Waterloo corridor.¹ Vaughan is at the heart of York Region's innovation economy, linking the Cortelluci Vaughan Hospital to Canada's top universities and Toronto's renowned research hospitals.

¹ Statistics Canada, Canadian Business Counts December 2020.

The Information & Communications Technology (ICT) sector in Vaughan is more than 1,200 companies strong and employs more than 6,400 people.² Vaughan ranks ahead of major international cities, including London, Oslo and Riyadh for new patents filed. There is significant opportunity to grow Vaughan's economy and to create jobs by enhancing the support and resources available to emerging companies in the tech and innovation sector.

Growth in the technology and innovation sectors can drive economic growth and job creation within Vaughan's established sectors, such as manufacturing, logistics and construction, by producing innovative solutions that enhance productivity.

The technology sector produces solutions which enhance productivity and economic output in other industries, leading to a multiplying effect on the rest of the economy. The technology sector in Canada is also creating more jobs than the rest of the economy. Companies involved in computer systems design have added nearly 90,000 jobs since 2009 — three times as many as the entire vehicle manufacturing and auto-parts sectors. In Ontario, GDP in the software industry has expanded six times faster than the overall economy.³

A main driver for significant investments in local innovation economies by other municipalities and regions is the understanding that job creation often happens in clusters. Not only do innovative industries bring “good jobs” and high salaries to the communities where they cluster, but they also generate additional economic activity in other sectors.

Growth in the technology sector has a significant multiplier effect on the broader economy.

Studies of the multiplier effects in the United States reveal that for each new high-tech job in a city, five additional local jobs are created outside of high-tech sector, both in skilled occupations (such as professional services and healthcare) and in unskilled occupations (such as retail and food services). Growth of the innovation sector has a disproportionate effect on the economy of local communities. Most sectors have a multiplier effect, but the innovation sector has the largest multiplier of all: about three times larger than that of manufacturing.⁴ Investments in the innovation economy not

² Statistics Canada, Canadian Business Counts December 2020.

³ Report: The Post-Viral Pivot: How Canada's Tech Startups Can Drive the Recovery from COVID-19, *Innovation Economy Council*, April 2020.

⁴ The Multiplier Effect of Innovation Jobs, *MIT Sloan Management Review*, June 2012

only ensure long-term competitiveness of the local tech sector, but also produce significant economic growth across the local economy.

For Vaughan to continue its transition from a suburban to urban centre, it is important that Economic Development build local capacity to support emerging sectors within the local economy. Developing and expanding relationships with key innovation partners will help the City generate and retain economic benefits by enhancing support available to local SMEs.

The Vaughan International Commercialization Centre (VICC)

Economic Development has undertaken a concerted effort to catalyze the growth of Vaughan's innovation economy by supporting small and medium-sized enterprises in commercializing new solutions, earlier through the creation of the Vaughan International Commercialization Centre (VICC) in 2015.

In June 2015, in response to Council's request for an assessment of the viability of an innovation facility in Vaughan, Economic Development presented a proposal for the Vaughan International Commercialization Centre, branded the VICC. The purpose of the VICC was to assist small and medium-sized enterprises (SMEs) localize international technologies to create and commercialize new, innovative products in addition to assisting local companies with the expertise required to modify or adapt their products for international export.

The vision behind the VICC was to build a leading business innovation support network focused on increasing export activity, increasing foreign investment, and creating jobs. It would accomplish these goals through unique programming and by centralizing the programs, services and resources that businesses need to commercialize products, enter new markets, and achieve growth.

Based on extensive research and consultations with over a hundred stakeholders and business leaders, Economic Development concluded that Vaughan was in need of an international commercialization centre to leverage opportunities emerging from the Vaughan Metropolitan Centre (VMC), catalyze growth and innovation in key sectors and strengthen international business connections with markets abroad.

The VICC adopted a decentralized operational model which saw it leverage and deepen partnerships with existing innovation partners, including ventureLAB, YSpace at York University, and YEDI, to deliver high-quality programming and support to local clients.

The VICC sought to address real market needs—market reach, innovation and funding challenges— through its programming, which includes market research, training, mentor

services, match-making, soft-landing networks, technology access support, and verification site networks. However, rather than dedicate staff to building these programs, the VICC adopted a decentralized operational model by leveraging existing public and private services. The VICC acted as a portal or conduit to knowledge and programs provided by its partner organizations, business communities, and other innovation facilities. A VICC client interested in obtaining legal assistance, research support, or advice from mentors, for example, would approach the VICC and the VICC would facilitate the client's access to these resources through its established networks, industry directories, and approved list of service providers.

In adopting this decentralized approach, the VICC resulted in Economic Development deepening and expanding partnerships with local innovation partners, including ventureLAB, YSpace, the York Entrepreneurship Development Institute (YEDI), the Centre for Social Innovation (CSI) and others to deliver high-quality support and programming to local clients. Since 2015, Economic Development has collaborated with these partners to enhance local access to expert advisory services, ecosystem leading entrepreneurship programming, international trade and commercialization support, match-making services and fundraising support. Through formalized partnerships with innovation centres such as ventureLAB and Yspace, Economic Development has secured specialized programming and services delivered by these partners and tailored to the opportunities and needs of the Vaughan business community.

Innovation Partnerships

Building on existing partnerships with Innovation York could catalyze innovation and growth in the technology, smart city and food manufacturing.

Economic Development's partnership with Yspace and Innovation York offers virtual programs and services to startups through its accelerator hub, YSpace, which has a physical location in Markham. This program supports companies across sectors, but provides specialized support to early-stage technology companies through a Venture Catalyst program and to food and beverage companies through the York Region Food Accelerator program.

Through this partnership, YSpace provides virtual seminars and workshops, ideation sessions and one-on-one mentorship to Vaughan-based companies. Economic Development is also working with Innovation York and the City of Vaughan's Public Works portfolio to design and deliver programming that will catalyze civic innovation in the smart city space by providing entrepreneurs with access to opportunities, mentorship and support to commercialize cutting-edge smart city solutions.

Economic Development can build on its existing partnership with ventureLAB to enhance programs and services for Vaughan-based innovators and to leverage synergies with the Vaughan Healthcare Centre Precinct (VHCP).

Economic Development has developed a similar partnership with ventureLAB to provide virtual programs and services, as well as to increase exposure for the City of Vaughan at sector-specific conferences and events and to partner on marketing and communications activities to elevate the profile of the City of Vaughan's innovation economy. ventureLAB is the designated Regional Innovation Centre (RIC) for York Region, and receives support from the Regional Municipality of York and the Ministry of Economic Development, Job Creation and Trade (MEDJCT).

ventureLAB is currently engaged with 35 Vaughan-based tech and innovation companies that employ a total of more than 200 employees. Since 2019, the number of people employed by ventureLAB's Advanced Manufacturing clients increased by 230%.

To increase the access of ventureLAB's Vaughan-based clients to programs and services, Economic Development facilitated a partnership between ventureLAB and Vaughan Public Libraries (VPL) to create a dedicated ventureLAB space in the Pierre Berton Resource Library. The space opened in Fall 2021 and helps address challenges that startups face in finding affordable office space in Vaughan given the shortage of coworking spaces and innovation hubs in the city.

ventureLAB is also a member of the Vaughan Healthcare Partnership (VHP) which is working to develop the Vaughan Healthcare Centre Precinct (VHCP) into an epicentre for excellence in healthcare and health technology. An expanded partnership with ventureLAB should focus on anchoring a ventureLAB presence within the future precinct to catalyze innovation in health and medical technology.

Economic Development should expand its work with innovation partners to anchor assets in Vaughan and position Vaughan's innovation economy for success.

ECD has developed strong and growing relationships with ventureLAB and Innovation York and has secured agreements with these partners to provide virtual services to Vaughan-based innovators, however these services are not established on the ground in Vaughan. There is an opportunity to cement the City of Vaughan's place along the innovation corridor by creating physical assets to incubate and catalyze emerging companies in Vaughan.

Economic Development has supported several innovative companies that have leveraged assets along the GTA's Innovation Corridor. Further cementing innovation supports in Vaughan is critical for retaining economic growth.

By increasing Vaughan's key innovation institutions, the City will help its emerging innovation cluster grow. The City can leverage its prime location along the innovation corridor connected by the subway from the VMC, York University, University of Toronto, MaRS Discovery District, the University Health Network, and Ryerson University.

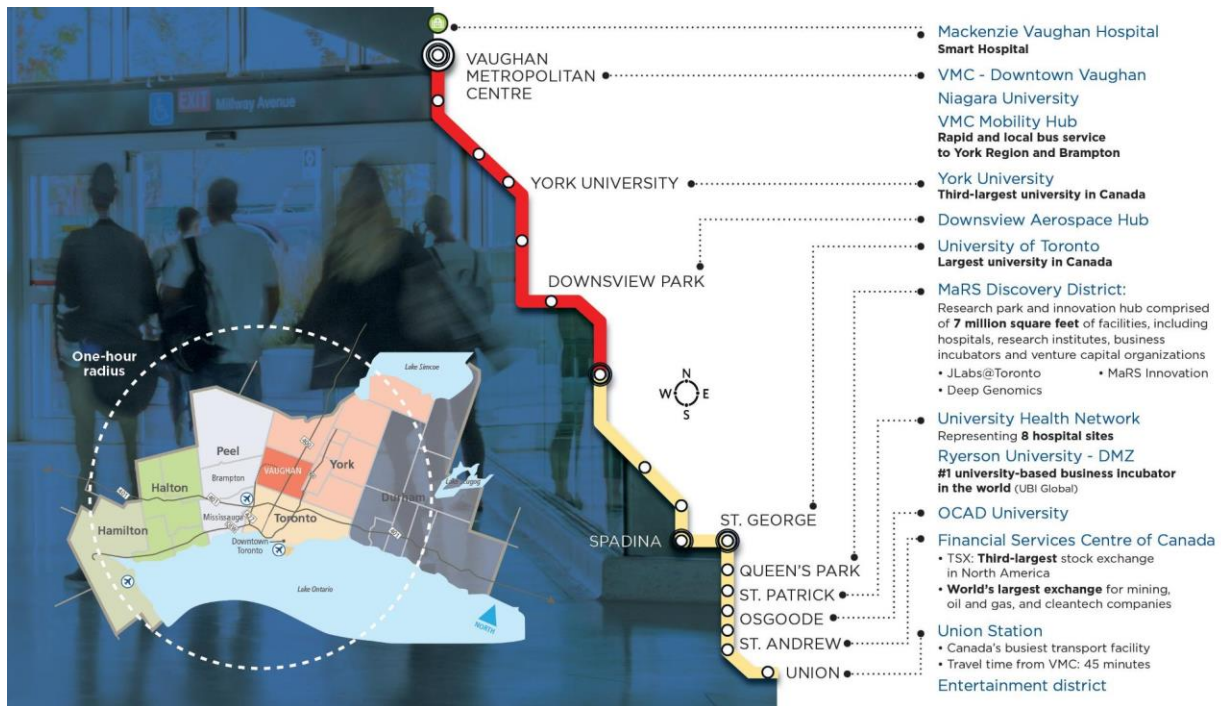


Figure 1: The GTA's Innovation Corridor

Economic Development has provided business advisory services to many early-stage technology companies. These ventures have since migrated down the innovation corridor to established innovation spaces, such as the Ryerson DMZ and MaRS Discovery District in Toronto, YSpace in Markham and Communitech in Waterloo. For example:

- Rainstick Shower - a winner of the Activate!Vaughan Sustainable Transformation Challenge, graduated from Vaughan ECD programming and joined Communitech's technology hub in Waterloo, where they have since expanded to U.S. and European markets;
- Treasured - a Vaughan Starter Company Plus alumnus originally started in the Civic Centre Resource Library, has since become a member of YSpace in Markham and was recently featured in the New York Times; and

- Able Innovations - Economic Development was the first public sector organization to grant funding to Able Innovations. This innovative medical device company has since joined accelerator hubs in Kitchener, Markham and Toronto.

To retain businesses in Vaughan, Economic Development partners with leading regional organizations, ventureLAB and Innovation York, supporting these industries to establish Vaughan-based innovation hubs.

These innovation sites will contribute to economic growth in the future sectors and will also ensure that Vaughan retains these innovators within the city. Economic Development would also leverage current partnerships with ventureLAB and York University, including developing the Vaughan Healthcare Centre Precinct and York University's recent announcement regarding its intention to establish a School of Medicine in Vaughan to support deeper collaboration expanded resources for SMEs.

Previous Reports/Authority

[REGIONAL INNOVATION CENTRE \(VENTURELAB\) UPDATE – Committee of the Whole, Tuesday, May 07, 2019](#)

[VAUGHAN INTERNATIONAL COMMERCIALIZATION CENTRE \(VICC\) – Extract from Council Meeting Minutes of June 23, 2015 - Item 2, Report No. 28,](#)

Analysis and Options

Economic Development should renew and expand its partnership with ventureLAB to create physical offices in Vaughan, including a presence at the future Vaughan Healthcare Centre Precinct.

Economic Development is proposing a renewed partnership with ventureLAB, through which ventureLAB has provided general advisory services, workshops and programs to innovation entrepreneurs on a virtual basis, and through which ventureLAB has established a small pilot workspace in the Pierre Berton Resource Library. An expanded partnership from 2022-2026 would see ventureLAB establish a larger physical presence in the City of Vaughan, such as by creating a new innovation space in Vaughan or a physical presence at the Vaughan Healthcare Centre Precinct, and by further activating the VPL space with programming and services.

An expanded partnership for 2022-2026 would see the City pay to ventureLAB the sum of \$505,000 in accordance with the payment schedule set out below:

Year	Payment
2022	\$55,000
2023	\$75,000
2024	\$100,000
2025	\$125,000
2026	\$150,000

Through an annual report to Council, ventureLAB would report on progress on the following partnership objectives:

1. Contribute to the Diversification and Competitiveness of Vaughan's Economy by building capacity for clusters in Health and Advanced Manufacturing;
2. Establish a ventureLAB facility in Vaughan; and
3. Promote and profile Vaughan as a hub for entrepreneurship.

Economic Development should also work with Innovation York to land a YSpace location in Vaughan, building off collaboration and opportunity in the Healthcare Precinct and opportunities in the Smart City sector.

ECD would also expand on the current partnership with Innovation York to establish a YSpace location in Vaughan. Innovation York currently provides virtual services and programming to early-stage technology entrepreneurs and to scaling food and beverage entrepreneurs through programs like Venture Catalyst and the York Region Food Accelerator.

Economic Development is also currently exploring partnership opportunities between Innovation York and the City of Vaughan's Public Works portfolio that would see Innovation York leverage Mitacs funding opportunities and Yspace programming to engage faculty, researchers and students to develop new smart city solutions.

A physical innovation space would exist to catalyze innovation by providing Vaughan-first support to SMEs in existing program areas like tech and food and beverage, and could also provide support to other emerging sectors such as health technology and Smart City.

Early visioning with Innovation York yielded the following purpose statement to drive an enhanced partnership:

“YSpace Vaughan will be a thriving life cycle entrepreneurial incubator with a focus on the IoT industry, ranging from smart cities, retail, digital, and supply chain, located in the

Vaughan Metropolitan Centre. YSpace Vaughan will bring together thought leaders from academia, industry, and startups to foster collaboration and the development of innovation within high growth and emerging IoT markets, and further support the creation and growth of start-up ventures. By fusing mentorship, education, talent development and seed funding for prototyping, we will be a multi-directional pipeline for prototype development, testing, and technology acquisition with York University and the City of Vaughan. The combination of collaboration and support for both early stage as well as scaling ventures will position YSpace Vaughan and the City of Vaughan as a desirable destination for industry, innovators, and entrepreneurs within the IoT industry.”⁵

Economic Development will also explore new partnerships with other innovation stakeholders in the regional ecosystem to enhance support for specific subsectors of the innovation economy and to target specific strategic objectives related to catalyzing the local innovation economy.

Economic Development could also look to establish partnerships with other prominent stakeholders in the innovation ecosystem. For example:

- Economic Development could strengthen ties with the Mackenzie Innovation Institute (Mi²), Mackenzie Health’s innovation arm, to provide innovation support to emerging health technology companies and to harness the full potential of the Vaughan Healthcare Centre Precinct.
- Economic Development could also establish partnerships with new or existing innovation stakeholders to develop soft-landing programs to attract and support international technology companies in Vaughan.
- To support the social innovation sector, Economic Development could partner with the Centre for Social Innovation or other stakeholders to create social enterprise programs and services where none currently exist in York Region.

In expanding support for Vaughan’s innovators, Economic Development should remain flexible and open to partnerships with other emerging and established innovation partners to enhance tailored support for specific subsectors and to advance programs and services with narrow and specified strategic objectives.

Financial Impact

Currently, the only financial impact of expanding Economic Development’s innovation partnerships involved the final three years of the proposed ventureLAB partnership.

⁵ Yspace Vaughan Vision Presentation Deck, September 27, 2021

Payments for 2022 and 2023 would be covered under existing MEDJCT payments in the Small Business and Entrepreneurship reserves. To cover the cost of the 2024-2026 payments, Economic Development will submit an ARR through the City's budget process.

Broader Regional Impacts/Considerations

Securing new innovation assets would strengthen Vaughan's position as a hub for innovation within both York Region, and the broader GTHA region, and would connect Vaughan's innovators to opportunities along the innovation corridor from Vaughan to Toronto.

Currently, the City of Toronto is a major lightning rod for economic activity in the innovation sector. Established assets along Toronto's innovation corridor, include the MaRS Discovery District, Ryerson DMZ, Creative Destruction Lab, many of Canada's top universities and major research hospitals such as those within the University Health Network.

The City of Toronto enables innovation by partnering with over 70 incubators, accelerators and co-working spaces that offer support to SMEs not only in tech, but a range of sectors including manufacturing, food production, and creative industries.⁶ There are significant opportunities to leverage Vaughan's transportation networks to link Vaughan-based innovation assets to Toronto's innovation ecosystem and to attract innovators to Vaughan.

Many other municipalities in the GTHA are also making significant investments in assets to support the innovation sector, ultimately creating new business and high-skilled jobs and building talent pipelines. Both the City of Brampton and the Town of Innisfil have partnered with Ryerson University to establish accelerators in their jurisdictions. The City of Markham partnered with York University to establish YSpace, a physical incubator that supports growth ready tech and food ventures. The Town of Georgina recently announced that will also become home to a YSpace location designed primarily to support innovation in the hospitality and tourism sector.

Investments in expanded partnerships and physical presences for Vaughan's innovation partners would help Vaughan remain competitive relative to other hubs in the Region.

⁶ Report: Advancing a New Culture of Innovation and Partnership, City of Toronto, January 9, 2020.

Expanded innovation programs and services in Vaughan would leverage investments and strengths from across the regional ecosystem.

Finally, York Region's Economic Development Action Plan prioritizes innovation hubs. York Region has a \$1.5 million dollar Innovation Investment Fund to support innovation capacity-building initiatives and major transformational projects of regional, provincial or national significance. Eligible projects include new post-secondary training and research facilities, research institutes, centres of excellence and infrastructure projects directly related to development and utilization of new technologies. The fund promotes partnership and collaboration among public sector partners and helps the Region secure key innovation assets by supplementing investments made by other parties.⁷

Vaughan's innovation assets would operate as part of the broader regional ecosystem, leveraging regional strengths and strengthening ties to other partners and hubs.

Conclusion

As Economic Development continues to deploy strategies for catalyzing the growth of the innovation sector in Vaughan, there are new opportunities to advance next generation innovation support programming emerging from the lessons of the Vaughan International Commercialization Centre Pilot Project, including enhanced partnerships with ventureLAB and Innovation York.

It is appropriate that Council (1) receive this report and end the Vaughan International Commercialization Centre (VICC) pilot programs; (2) endorse a renewed ventureLAB partnership including a future (2024-26) operating budget request; (3) direct staff to explore opportunities with York University (Innovation York) to establish a YSpace facility in Vaughan; and (4) that this report be forwarded to the Economic Prosperity Task Force.

For more information, please contact: Julie Flesch, Economic Development Officer, ext. 8893.

Attachments

1. Economic Development 2020-2023 Strategic Business Plan
2. YSpace Vaughan Vision

⁷ York Region Economic Development Action Plan 2020-2023, York Region.

Prepared by

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Approved by

A handwritten signature in black ink, appearing to read 'Nick Spensieri', with a long horizontal line extending to the right.

Nick Spensieri, City Manager