***Springboard Atlantic congratulates the efforts of the Innovation sub-committee on delivering a comprehensive report with viable recommendations. Springboard sees a clear alignment in our mandate to drive commercialization in the region with all five of the AGS pillars.***

**Recommendation #1:**

We agree with the Committee’s proposal to create a seed capital fund developed with approved incubators and accelerators. We feel strongly that it should have a risk tolerance that recognizes the low success rates of early stage companies. It should not discourage serial entrepreneurship and should follow best practices drawn internationally. We recommend that this fund be developed and aligned with other sources of regional investment, optimising the leveraged potential and need for early stage companies to be collaborative to meet their end goals faster. The bulk of the region’s incubators and accelerators struggle with limited programming and lack of support for returning entrepreneurs. The result is that many serial entrepreneurs do not see the value in the programs and miss potential opportunity for more support. If this funding can only be accessed through incubators or accelerators, the programs need to be supported properly, expanding their programing for companies and commensurate resources, and be inclusive of serial entrepreneurs.

A fund being sensitive to early stage company challenges and the high rate of failure should not mean that funds are invested into a venture idea that has no commercial potential – ventures should be considered for their long-term potential and represent an investible opportunity. This means some critical needs and competencies need to be addressed. Better training on IP strategy; how to better assess and validate market potential; and better training on how to sell and better awareness of the benefits of engaging post-secondary institutions are all key to make this fund achieve greater success.

We believe federal program delivery must be reviewed to be clearly aligned with this new regional approach. This means some program conditions (like programs that currently require a 2-year-old company eligibility, or those that in practice want to see 12 months of cash flow before investing) need to be revamped – better practices in incubation and acceleration tied to funding should generate higher success rates for these start-ups. We also believe that third party delivery of public funds should erase concerns regarding Treasury stacking rules and transfer payment policy issues. Provincial and Federal programs must be allowed to be leveraged off these investments, regardless of the original source of funding. To be clear, if funds into a company are an investment, and the company has no restrictions on the use of those funds, they should be eligible to fully leverage those funds without being disqualified based on some misinterpretation of stacking. While we believe in flexibility we also believe that these support funds should not be used as a means of supplementing the hard work of sales generation. This means we need the funding to be staged, selective and truly assess the business opportunity and the team to take the idea to market.

Some recent articles have showcased isolated opinions that there is no need for additional investment in the region – this is simply not true and we offer our response to this (<https://www.linkedin.com/pulse/repartee-beyond-3-charts-what-numbers-dont-say-chris-mathis> as a rebuttal to <http://entrevestor.com/ac/blog/3-charts-that-kill-the-no-funding-myth>).

We strongly believe that the most useful thing is to have the provinces agree to an investment incentive for external individual investors. Anyone who invests in a province in the Atlantic region (be they national, international or from another Atlantic province) gets an investment incentive bonus cheque in thanks for their investment. This approach can be relatively low cost, simple to execute and highly effective.

**Recommendation #2:**

This recommendation focused on improvements to the BCIP, SR&ED and NRC IRAP programs. While the SR&ED program still requires **significant review**, we applaud the recommendation. Prequalification must be used more effectively – removing the bulk of the time and effort put into the scientific audit process as an example, such that the audit is a quick overview of outcomes and challenges from the prequalified process, and a financial audit is then conducted (quickly). SR&ED was intended to be an incentive program, and although there have been abuses and broad interpretations applied to claims, it has become a policing program that discourages claims. SR&ED programming should also recognise that **conditionally repayable contributions** (like those from ACOA), once the funds are being paid back, should be allowed the tax return subject to SR&ED eligibility.

We support the IRAP recommendation to allow at risk project commencement of a project from the submission date. This is a business risk and should not be reflecting a lack of need for the funds. This aligns well with years of ACOA practice, and such aspects of timing for approval should not get in the way of executing what the company can address in the short term (again, at risk). This is especially important when IRAP runs out of funds for company projects part way through the fiscal year.

Finally, we believe government needs to look seriously at CIPO, the Canadian Intellectual Property Office. CIPO’s lack of resources in the region have rendered the organization ineffective in supporting growth. If CIPO can’t be more supportive they should be giving up the role and supporting those that can deliver the message, the training and the advisory role - resourcing properly to train the least advanced region in Canada for IP awareness, IP filings of any kind (patents, trademarks, designs, etc.).

**Recommendation #3:**

The recommendation for a portal that consolidates programs is part of the Concierge Service, although it still needs more work to be effective. We think the recommendation to reduce privacy controls is a huge opportunity, where we need to indicate the basic corporate information consent. This is probably easiest to incorporate by integrating the consent into provincial and federal corporate registries. We have found that overall, agile delivery of programs is often best handled by third party, lean organizations, something ACOA has done for some time, and Springboard exists in part to support that strategy. The reduced overhead alone means that more funds are going to end clients.

**Recommendation #4:**

Perhaps one of the most significant aspects we can be doing regionally is to assign leadership and coordination for strategic opportunities like the Supercluster program, the NCEs, CECRs and CERCs – all of which require significant resources to drive industry-academic collaboration and reduce the opportunities presented by multiple stakeholders down into an effective, cogent proposal with an aligned budget and long term sustainable plan.

In the OceanTech cluster case, ACOA NS assigned a director-level individual to engage in partnership with a lead institution (Dalhousie) to drive and define the opportunity. Few institutions in the region have the resources to lead in this way without dedicated support, and industry rarely has a single representative leader that has the time and resources themselves to represent that role. It comes down to supporting experienced and capable individuals who understand how to engage these two very different groups, and we are fortunate to have had this work for OceanTech. To be more purposeful going forward with a regional long-term plan to build major projects would seem to make sense. Regional collaboration is easier in the Atlantic thanks to our network of institutions working together (Springboard).

The returns to the region every time we win a major funding has significant long-term benefits that are both tangible and intangible. PowerShift Atlantic came from a combined leadership at NB Power working with UNB and garnered CEF funds to create a $32M joint venture in the region. It was built off ACOA supported capacity building AIF projects with one faculty member at UNB – Dr. Liuchen Chang. We attracted from this early work the increased presence we now enjoy from Siemens, Cisco and others – creating several new companies and fortifying opportunities for existing SMEs. This required dedicated investment from NB Power and UNB to make happen. Imagine if we had a few more of these!

**Recommendation #5:**

We highly support an increased focus on social enterprise development and encourage that the triple bottom line approach be considered. This means enterprises need to be well governed and current in their application of best practices for non-profits and NGOs. As well they need to be supported based on a clear sustainable model that does not require a majority of government funding over time unless the significance of the returns is clearly beneficial to significantly reduce our cost of government, program delivery, taxes etc. This should include, as indicated in the recommendation, that social needs be “mashed” with technology developments (e.g. Health hacking as a NL example).

In closing, we applaud the report and the recommendations from the Innovation Subcommittee. We believe they are on the right track to see significant growth in our region moving forward. We urge them to continue using collaborative regional organizations, like Springboard Atlantic, to drive this agenda forward. Together, we can ensure a model that truly promotes sustainable success for years to come.

Sincerely,



Chris Mathis  
President & CEO  
Springboard Atlantic