

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 23, 2015

Item 2, Report No. 28, of the Committee of the Whole (Working Session), which was adopted without amendment by the Council of the City of Vaughan on June 23, 2015.

2 VAUGHAN INTERNATIONAL COMMERCIALIZATION CENTRE (VICC)

The Committee of the Whole (Working Session) recommends:

- 1) That the recommendation contained in the following report of the Director of Economic Development, dated June 17, 2015, be approved;**
- 2) That Communication C30 presentation material entitled, *“Vaughan International Commercialization Centre Concept”*, be received;**
- 3) That the following deputations and Communications be received:**
 - 1. Mr. Robert Lane, Robert H. Lane & Associates Inc., Dundas Street West, Toronto;**
 - 2. Mr. David W. Rubin, TEC Canada, Abbeywood Gate, Thornhill, and Communication C22, dated June 8, 2015;**
 - 3. Mr. Yu Jianwei, Chinese Consulate, St. George Street, Toronto;**
 - 4. Mr. Mario Fallico, Deloitte, Applewood Crescent, Vaughan;**
 - 5. Mr. Mark Falbo, Mircom Technologies, Interchange Way, Vaughan;**
 - 6. Mr. Jeremy Laurin, ventureLAB, Warden Avenue, Markham and Communication C31 presentation material entitled, *“Driving Innovation: ventureLAB Regional Innovation Centre and Strategic Partnerships”*;**
 - 7. Mr. Terry Sachlos, Lassonde School of Engineering, York University, Keele Street, Toronto;**
 - 8. Mr. Oded Orgil, Canada Israel Chamber of Commerce, King Street West, Toronto; and**
- 4) That the following Communications be received:**
 - C1. Confidential Communication from the Director of Economic Development, dated May 27, 2015;**
 - C2. Mr. Matthew Peddle, Associated Foreign Exchange, Front Street, Toronto, dated June 11, 2015;**
 - C3. Mr. Matthew Grossman, Bedford Park Avenue, Toronto, dated June 1, 2015;**
 - C4. Mr. David Reynolds, INAC Services Limited, University of Guelph dated June 5, 2015;**
 - C5. Ms. Tiziana Tedesco, Italian Chamber of Commerce of Ontario, College Street, Toronto, dated June 10, 2015;**
 - C6. Mr. David Agnew, Seneca College, Finch Avenue East, Toronto, dated June 12, 2015;**
 - C7. Mr. Doug Lindeblom, York Region, Yonge Street, Newmarket, dated June 12, 2015;**
 - C8. Mr. Tony Orsi, Bereskin & Parr LLP, dated April 30, 2015;**
 - C9. Ms. Julie King, BizZone Inc., Stouffville Road, Gormley, dated May 25, 2015;**
 - C10. Mr. Noam Ilan, Capital Nature, dated June 8, 2015;**
 - C11. Mr. Christopher Martinez, CIBC;**
 - C12. Mr. Gino Di Rezze, Groundheat, Wildcat Road, North York, dated March 31, 2015;**
 - C13. Mr. Jon Sherrington, Hydrogen, Disera Drive, Thornhill, dated March 16, 2015;**
 - C14. Mr. Ozan Isinak, Keiretsu Forum Central Canada, King Street West, Toronto;**
 - C15. Dr. Andrew Maxwell, Bergeron Entrepreneurs in Science and Technology, York University, Keele Street, Toronto, dated April 1, 2015;**

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- C16. Mr. Dan Wasserman, Mammoth Health Innovation, Promenade Circle, Thornhill, dated May 24, 2015;**
- C17. Mr. Alex Sirota, Newpath Consulting, Theodore Place, dated May 29, 2015;**
- C18. Mr. Noah Ehrlich, HopOn Inc. and Chen Liquids, Townsgate Drive, Thornhill, dated June 1, 2015;**
- C19. Mr. John Frangella, Proto3000, Marycroft Avenue, Vaughan, dated June 1, 2015;**
- C20. Mr. Lucas Chang, Startup York dated May 25, 2015;**
- C21. Mr. Simon Au, Taves Consumer Electronics Show, dated May 26, 2015;**
- C23. Mr. Brian Denney, Toronto and Region Conservation Authority (TRCA), Shoreham Drive, Downsview, dated June 3, 2015;**
- C24. Ms. Christina Falcone, UPS Canada, Derry Road East, Mississauga, dated June 1, 2015;**
- C25. Mr. Marat Ressin, York Entrepreneurship Development Institute, York University, Keele Street, Toronto, dated May 26, 2015;**
- C26. Brian Shifman, Melina Cormier and Lynne Wallace, Vaughan Chamber of Commerce, Edilcan Drive, Vaughan, dated June 15, 2015;**
- C27. Mr. Will Sung, Chinese Business Council of Vaughan and Canadian Municipal Business Gateway, Applewood Crescent, Vaughan, dated June 16, 2015; and**
- C28. Mr. Justin Poy, The Justin Poy Agency, Renfrew Drive, Markham, dated June 16, 2015.**

Recommendation

The Director of Economic Development, in consultation with the Executive Director, Office of the City Manager, recommends:

- 1. THAT the presentation by the Economic Development Department be received;
- 2. THAT Council endorse the Vaughan International Commercialization Centre concept;
- 3. THAT a further report focused on the operational strategy for the Vaughan International Commercialization Centre, including a business model, funding model, governance model, and phased-implementation plan be submitted to a future Committee of the Whole (Working Session) for discussion;
- 4. THAT Council endorse Economic Development's applications for any relevant government grants that could fund the pre-strategy and second-phase development of the VICC, in addition to long-term operations;
- 5. THAT Council support the progress of the VICC to its second-phase of development, which entails staff developing strategic partnerships with the greater business community;
- 6. THAT the Vaughan International Commercialization Centre be authorized to execute City-approved Memorandums of Understanding and Non-Disclosure Agreements with strategic operational partners to allow for more in-depth planning discussions subject to the Municipal Freedom of Information and Protection of Privacy Act and to the satisfaction of Economic Development and the City Solicitor; and
- 7. THAT Council authorizes Economic Development to participate in the pilot programs set out in this report.

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Contribution to Sustainability

Green Directions Vaughan embraces a Sustainability First principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities, and economic vitality for current and future generations. As a tool for business retention and expansion and foreign investment, the VICC contributes to the economic sustainability of the City.

Economic Impact

The recommendations listed in this Report do not have an economic impact as the selected pilot projects can be implemented within Economic Development's existing operating budget.

The long-term annual operating cost of the VICC will be identified as part of the operational strategy that will be developed should this Report receive approval. As outlined in the attached "Vaughan International Commercialization Centre Concept Paper," the conceptual model of the VICC has been built on the basis that it will operate with a mix of in-kind support and financial resources from the private and not-for-profit sectors. More specifically, resources will be secured through strategic operational partnerships with private businesses, not-for-profit organizations, and academic institutions. Federal grants and in-kind sponsorships will also be explored.

Communications Plan

Maintaining contact with strategic operational partners and key stakeholders through working sessions, meetings, and presentations is critical. At this time, a formal Communications Plan to engage the general public is not required.

Purpose

The purpose of this Report is to assess the feasibility of a business incubator in Vaughan, including international business development opportunities.

Background - Analysis and Options

Executive Summary

This report began as a response to Council's request for an assessment of the viability of an innovation facility in Vaughan. The result of Economic Development's research and meetings with over one hundred stakeholders is not simply a recommendation for a facility in Vaughan, but an urgent call to address a sizable market gap in business support services.

The proposed Vaughan International Commercialization Centre, branded the VICC, will 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 is to build a leading business innovation support network focused on increasing export activity, increasing foreign investment, and creating jobs. It will accomplish these goals through its unique programming and one-window portal—or support network—that centralizes the programs, services and resources that businesses need to commercialize products, enter new markets, and achieve growth.

Economic Development has concluded that an international commercialization centre is an excellent fit for Vaughan with respect to a number of factors, including: the City's convergent sector strengths; diverse population and international business connections with Israel, Italy,

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China and the US; location along the “Digital Corridor”; and finally, the potential of an innovation facility to act as a catalyst for the growth of the VMC, which has been identified as a priority strategic initiative in “Vaughan Vision 2020.”

Analysis

Through the Economic Mission to Israel in 2012, it was understood that Vaughan could benefit from a focus on innovation and international business linkages and business development. Following the Mission and via a Member’s Resolution dated November 26, 2013, it was requested that the concept of a business incubator in Vaughan be explored.

Extensive market research and consultations with over one hundred stakeholders and business leaders has confirmed the viability of the VICC. Of the many innovation facilities across Toronto, York Region, and the Greater Toronto Hamilton Area—which include business incubators, accelerators, and commercialization centres—there is not a single facility dedicated to commercialization *and* international markets. Commercialization refers to the stage at which businesses have an existing product and market share but they are focused on achieving growth into new markets both locally and internationally through exporting and/or strategic partnerships. Therefore, an opportunity exists for the City to address a significant market need. Economic Development has already received requests for the type of assistance that the VICC would offer such as matchmaking Vaughan-based companies with foreign technology providers and opportunities for testing international technologies in Vaughan.

While the VICC will serve a much larger area than Vaughan at full-scale operations—that is, it has the potential to impact the Region, the Province, and the country—it is the City’s opportunity to differentiate Vaughan from other municipalities and enhance Vaughan’s global image: a key priority outlined in “Building a Gateway to Tomorrow’s Economy”. We know that business owners who enter the international market experience greater stability and lower risk of failure, and they are more likely to adopt innovative technologies from around the world, which are key drivers of productivity and business success. It is in the City’s interest to develop structures that will lead to the financial sustainability of its businesses, which can help to raise the profile of the City on an international scale.

The VICC Concept Model

The VICC will 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 will uniquely adopt a decentralized operational model by leveraging existing public and private services. The VICC will act 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, can approach the VICC and the VICC will facilitate the client’s access to these resources through its established networks, industry directories, and approved list of service providers.

Operational Strategies

The VICC’s decentralized model of service is best delivered through public and private sector operational partnerships. An operational partnership would allow the City to manage the VICC under its current budgetary restrictions and prevent Economic Development from losing sight of its other services and initiatives. Moreover, the proposed strategic partnerships with select venture capital firms and not-for-profits would increase our networks considerably, thereby enhancing the quality of service the VICC could provide.

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Next Steps – Pilot Programs

In order to test the VICC concept in the market, including its proposed programming, Economic Development is requesting support to pilot three VICC programs that can deliver measurable results. These programs include:

1. **Soft-Landing Network:** Soft-landing sites refer to accessible office space within established businesses, with the potential for businesses to collaborate and share resources. Local and international VICC clients that require offices, workstations, boardrooms, and other resources can occupy space for a predetermined time in a Soft-Landing Network partner location within Vaughan and/or in foreign markets, namely Israel, Italy, China and the US. In the VICC's early stages, the strategy will focus on establishing a network of soft-landing sites locally and internationally.
2. **Test City Program:** One of the obstacles foreign businesses face when expanding to new markets is the lack of third-party product endorsement, simply because they have not yet conducted business in the country. The Test City program is designed precisely to meet these challenges. VICC clients will have an opportunity to demonstrate their technologies in real-life settings across Vaughan. PowerStream, Canada's Wonderland, CN Rail, Mackenzie Health, and the Kortright Centre have agreed to join the Test City Network to allow on-site technology testing. Providing prospective investors with an opportunity to test, showcase, and prove the quality of the product is essential for achieving sales.
3. **Business Matchmaking Program:** As one of its core programs, the VICC will offer its clients a matchmaking service that will support their innovation, market reach, and funding requirements through direct communication with businesses that can provide solutions. The VICC will introduce clients to prospective technology localization partners, demonstration site partners, mentors, service providers, soft-landing partners, and investors. Throughout its phased implementation, the VICC will concentrate on building its networks to ensure clients are connecting and collaborating with the most appropriate business contacts.

Relationship to Vaughan Vision 2020/Strategic Plan

The VICC's mandate aligns seamlessly with the core tasks of Economic Development as set out in the "Building a Gateway to Tomorrow's Economy" strategy:

1. Support local economic development by providing local businesses with additional tools to access new markets, achieve growth, and retain their competitive edge on an international scale.
2. Support local economic development by pursuing foreign investment attraction.
3. Create or leverage opportunities arising from multicultural or ethnic communities.
4. Enhance Vaughan's global image.

The international commercialization focus leverages our existing international partnerships while giving Vaughan-based companies innovative tools to enter new markets and experience growth. The niche market focus of the VICC is an opportunity to draw attention to Vaughan as the only public, private, or not-for-profit entity in all of Ontario that offers this particular suite of services.

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With respect to “Vaughan Vision 2020,” the VICC contributes to the Organization Excellence of the City. The VICC’s attention to the needs of local business, especially providing them with the tools to meet the challenges of fierce global competition, ensures the financial sustainability of the local economy and, therefore, the City.

Regional Implications

York Region’s Economic Development Action Plan prioritizes innovation hubs. It already has several initiatives underway that include:

- The Innovation Leaders Forum, designed to bring leaders together to identify areas of focus in innovation and help establish solutions.
- The Regional Hospital Network, where the three Regional hospitals in York Region meet regularly to discuss ways to develop innovative healthcare delivery solutions that also take advantage of and help build local business innovation.
- Major private sector research investments including IBM, GE, AMD, Magna, and Huawei.
- Emerging/potential innovation hubs within the Region including the Kortright Centre for Conservation, Southlake Regional Health Centre, and the Koffler Scientific Reserve amongst others.

The VICC will operate as part of York Region’s innovation network. Support for the VICC has been identified as one of ventureLAB’s—a designated regional innovation centre—key priority initiatives.

Conclusion

Businesses expanding to develop new products to enter new markets are already seeking assistance from Economic Development, and it is clear that there is an opportunity to do more to serve them. A significant market demand and need has been identified along with potential clients and partners for this solution, eager to move to the next stage of planning, approval and implementation.

The VICC satisfies many of the goals set out in “Building a Gateway to Tomorrow’s Economy” but it also achieves much more; it will facilitate the following results and economic outcomes for the City:

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|--|---|
| ▪ Job creation | ▪ Reduction in the failure rate of business exporting |
| ▪ Increased tax base | ▪ Diversification of the local economy |
| ▪ Heightened international brand recognition | ▪ Enhanced entrepreneurial climate |
| ▪ Vaughan business retention and growth | ▪ Increased business spin-offs |
| ▪ Increased innovation initiatives | ▪ Attraction and retention of talent |
| ▪ Increased exporting among Vaughan businesses | ▪ Recognized gateway to North America |
| | ▪ Attraction retention (FDI & VC) |
| | ▪ VMC growth |

The City has an excellent opportunity for growth if it implements the VICC. Very few true competitive differentiators exist among cities today and, in fact, a majority of cities use the same language when describing how their cities are more competitive. The VICC is a real opportunity to set Vaughan apart and capitalize on its advantages.

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Attachments

1. Vaughan International Commercialization Centre Concept Paper

Report prepared by:

Nisha Manocha, Economic Development Coordinator
Dan Ruby, Economic Development Officer
Jennifer Ladouceur, Director of Economic Development

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)