



## **CVCA 2010 Annual Conference** President's Address

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Thank you, and good morning, everyone. Welcome to the 2010 Annual Conference of Canada's Venture Capital and Private Equity Association.

Once again, we have a sell-out crowd of 600. This is clearly a reflection of the high quality of the program and the great speakers that you'll be hearing from over the next two days. It also highlights the impact of the CVCA's message: that the private capital sector is vital to Canada's economic future and leadership in the 21<sup>st</sup> century.

Canada's ability to step up and lead in the century that lies before us depends on innovation. That's what this conference and this industry are all about, and it's more important than ever before.

Innovation is what makes our members and our country competitive. Canada already has the essential ingredients for growth and success: leading-edge minds, talented entrepreneurs and outstanding schools. But we now live in a new world. And as we emerge from the

economic downturn, this new world is challenging us to re-think how we create, sustain, maximize and deliver value.

That challenge applies to the CVCA's 1900 members and to all of corporate Canada. It applies to our educational institutions. And it applies to our policymakers. We cannot drift into the future. Instead, we must chart our course --- as an industry and as a country --- with purpose and resolve.

Ottawa offers the perfect setting for this dialogue, for a couple of reasons.

The first reason is that it offers inspiration...in the form of the Rideau Canal. It's the oldest continuously operated canal system in North America.

Since 1832, the canal has served many purposes. It's been a tool of military strategy. It's served as a gateway to commerce and prosperity. Today, it draws tourists and locals alike every February as the world's largest skating rink.

Building this canal in the early days of the 19<sup>th</sup> century must have been a monumental task....cutting through a vast wilderness of bush, swamps and rock. The Rideau Canal was a true feat of ingenuity.....and perseverance. In 2007, UNESECO designated it a World Heritage Site and this label confirms its enduring status as a work of human creative genius.

That creative genius goes to the heart of this year's conference theme. It also goes to the core of the post-downturn economic dialogue. How can we overcome the challenges before us? How can we drive innovation? What are the conditions for enduring success? How can we position Canada's economy for the 21<sup>st</sup> century?

The second reason why Ottawa is the perfect backdrop for our conference is that it highlights the vital role that our governments must play in the evolution of the innovation economy, including venture capital.

Ottawa is often seen as a government town, although if you've been on the March Road, you already know it's about much more than that. Ottawa has long been a hotbed for high tech entrepreneurs. But in recent years, the funding needed to commercialize technology and grow has dried up --- a theme that is echoed throughout the country.

Our governments are indeed starting to act on this front. Many provincial governments have launched new funds over the past year, such as Ontario's Venture Capital Fund. At a federal level, the removal of Section 116 shows the world that Canada is serious about attracting investment and supporting emerging companies. More remains to be done, but these are important steps in the right direction.

The CVCA's role is to work with all stakeholders to help create the right conditions and environment for Canada's entrepreneurs to flourish.

A key strength of the CVCA in this pursuit is that it covers the entire private capital value chain --- both venture capital and private equity. This model is highly effective, because a strong mid-market relies on a robust VC market. The successes --- and challenges --- of each are closely linked.

The unity of PE and VC investors gives the CVCA a much greater prominence. It also gives us a stronger voice on critical issues. As a result, we are making progress on the issues that matter most to our members.

A team of dedicated volunteers campaigned for seven years for Section 116 to be eliminated. The removal of this barrier to foreign investment signals that Canada is "open for business." This was a tremendous win for our venture capital sector. It does not solve the VC crisis in this country, but it does better position our entrepreneurs to access the capital they need to lead Canada's knowledge economy. And notably, the CVCA was the only national organization to be quoted in the budget.

We are pushing governments to take additional steps to bring about the investment needed for Canadian entrepreneurs to compete on the world stage.

A key element of our five-point commercialization program is opening up the federal offsets program to encourage investments in Canadian VC funds. By expanding this program, the government can help drive the commercialization of Canada's huge investment in research and development. It would also support immediate regional benefits and position up-and-coming companies for long-term success.

Our international initiatives are likewise important to the continuing success of Canada's PE and VC firms. Through our partnership with the Department of Foreign Affairs and International Trade --- and the dedication of Sunil Sharma and our International Committee --- we are making important inroads in new international markets by organizing missions abroad and by welcoming visiting delegations to Canada. These markets include the U.S., the Middle East, Asia and Europe.

A key focus in the months ahead is to engage more foreign investors, including sovereign wealth funds. We are also increasing our efforts to promote Canada's private capital sector as an ideal destination for capital. Our International Committee is working on an *Invest in Canada* paper to support this push. Along with our recent initiative with the Korean Venture Capital Association conference and our participation in the Milken Institute Global Conference at the end of April, these are critical steps toward achieving a broader international audience for Canada's innovators.

Another area of priority is our CFO Task Force, which is attracting senior-level participants from Canada's leading VC and PE shops. The mandate of this committee is to debate and explore a set of common standards for VC and PE firms as disclosure, regulatory and accounting requirements continue to evolve. By establishing best practices across the private capital sector, we can build the trust and support of our stakeholders.

In addition, our members have always demonstrated a strong sense of corporate social responsibility and accountability, which is central to the credibility of our sector and our mission. This level of community engagement in fact sets the Canadian private capital sector apart from its global counterparts.

We are continuing to encourage all of our members to find new ways to give back, whether it is through funding or the sharing of skills or office space. At our AGM later this year, we'll be handing out our first-ever *Community Leadership* award to a CVCA member who has contributed enormous talents, energy and skills to help charitable organizations in the community.

Our sector has proven that it contributes to jobs, economic growth and the prosperity of Canadians in communities across the country. Private capital is the key driver behind the small and medium-sized businesses that form the core of our national economy. We plan to continue making this case and will be updating both our buyout and VC impact studies in the months ahead.

We will also continue to recognize the entrepreneurs and dealmakers that are essential to Canada's future growth. This year's *Entrepreneur of the Year Award* exemplifies the kind of creativity and vision that will position Canada as a global economic leader in the next century.

This conference is a valuable opportunity for our members to pool their resources and talents and to debate and discuss the important issues and challenges we face as an industry. While innovation may start with a great idea or a novel concept, its ability to create new wealth and opportunities depends on teamwork, collaboration and leadership.

I think you will find that there are potential sources of innovation all around us.

You may find it in the words of wisdom from our outstanding line-up of speakers, all of whom have made a meaningful contribution to the sector.

You may find it in Glenn Hutchins' keynote speech. Glenn is the Co-Founder and Co-Chief Executive Officer of Silver Lake, and has a long history of investing in growth companies in the United States and globally. He'll tell us what it takes to turn a promising venture into a lasting success.

Or you may find it in the insights shared by leading institutional investors on market trends and the evolving private capital landscape.

Whatever you take away from this year's conference, I am confident that together we will continue to find new ways to harness the innovation and energy that has long been the hallmark of the private capital sector.

This conference promises to be a great two days that will set the tone for the balance of this year and 2011. I'd like to especially acknowledge David Adderley, this year's conference chair, for his dedication to this event and the many hours he has devoted to planning it. I'd also like to thank our members, committees, Board of Directors and our staff at the CVCA for the tremendous work that they do.

Finally, I want to say what a sincere honour it is to represent you as President of the CVCA. Together, we can make 2010 Canada's year.

Thank you very much, and enjoy the conference.