

VENTURE CAPITAL ACTION PLAN'S THIRD ANNIVERSARY: AN OPPORTUNITY TO REFLECT ON SUCCESSES AND LOOK TO THE FUTURE

A \$340 million government investment has turned into \$886 million and counting directly invested into our innovation ecosystem, with little cost to taxpayers

Ottawa, ON – Jan 23, 2017 – 2017 represents the third year of the federal government's **Venture Capital Action Plan** (VCAP) and an opportunity to review the overwhelmingly positive impact it has had on the Canadian innovation ecosystem thus far and what to expect going forward. In data just compiled, total investment under VCAP has now reached \$886 million and counting – representing two-thirds of the \$1.4 billion total that will be invested and well over double the original government investment.

The original goal of VCAP, a program that was implemented in January 2014, was to leverage government funds with private sector investment and expertise; generating a significant and sustainable impact on the Canadian innovation ecosystem.

"Canadian venture capital returns have turned the corner and are now trending positively, with the VCAP program having played an instrumental role in this," said Jacques Bernier, Managing Partner, **Teralys Capital**. "A private-sector-led, returns-oriented mandate with an entrepreneurial spirit is reaping benefits. Our industry is constantly improving and its direction for growth is very strong."

With VCAP, the Government of Canada invested \$340 million, which in turn allowed four private sector limited partners to raise \$1.4 billion. As of September, 2016, \$886 million of these funds have been committed, including to 21 new and emerging VC funds. These funds have in turn invested \$481 million in 163 Canadian innovative companies to support a variety of purposes, including generating high-skilled jobs, advancements in research and development, and nurturing sales and growth. Recent success stories include **SkiptheDishes** of Winnipeg, **Bit Stew Systems** of Burnaby, **Shopify** of Ottawa, **Zymeworks** of Vancouver, **Lightspeed** of Montreal, **Thalamic Labs** of Kitchener-Waterloo, plus a growing list of others.

"Through investments in promising Canadian VC funds and companies, the VCAP program is strengthening the ability of the country's venture capital sector to support innovative, high-growth Canadian businesses," said Ian Carew, Director, **Northleaf Capital Partners**. "Not only is VCAP contributing to the development of a profitable, globally competitive and self-sustaining venture capital industry in Canada, it is also clearly demonstrating the attractive returns that can be earned by experienced, long-term investors in the Canadian venture capital market."

The program has also attracted \$904 million in new or returning investment to the sector, including \$68.6 million from international sources.

"VCAP has exposed the Canadian innovation ecosystem including venture capital, entrepreneurs, and technology to a whole new set of investors and customers," said Senia Rapisarda, Managing Director, **HarbourVest Partners**, "which is a big step towards sustainable growth."

The VCAP program is meeting its policy objectives of fostering innovation, funding promising Canadian businesses and creating jobs, all while delivering attractive returns to the Government and Canadian taxpayers.

"By leveraging private sector dollars, VCAP has turned a \$340 million Government investment into \$1.3 billion – with all of the resulting benefits to the Canadian tech sector – at little or no expense to taxpayers," said Rick Nathan, Managing Director, [Kensington Capital Partners Limited](#). "In fact, these funds are on track to generate profits for taxpayers with financial returns already going back to the Government, well ahead of schedule."

Venture capital investment in Canada has seen a resurgence in the past two years, thanks in large part to VCAP and its impact on venture capital fundraising. According to [CVCA InfoBase](#), dollars invested in Canadian venture capital in 2016 was its highest level since 2001.

The first VCAP program will be fully committed by late 2017 and while the industry momentum is positive, it will take longer than this to ensure all of these changes are sustainable. As a result, to prevent a very poorly-timed step backward, the industry has rallied behind efforts to ensure that a second VCAP program is included in the upcoming 2017 federal budget

"We hope the success of this program will lead to the Government renewing it in its next budget," said Mike Woollatt, Chief Executive Officer, [Canadian Venture Capital and Private Equity Association](#). "It is strongly needed as a key strategic element in the Government's innovation agenda to ensure the momentum continues. In these times of fiscal constraint, a program with such a leveraged impact, like VCAP, which costs very little and potentially represents a gain for taxpayers, is the right move. We hope the Government agrees."

CVCA VCAP RESOURCES:

- [VCAP Program Overview](#)
- [CVCA Official Submission re: Government of Canada's Inclusive Innovation Agenda](#)
- [CVCA Recommendation to Create a VCAP 2.0](#)
- [CVCA CEO on Canada's Innovation Agenda](#)
- [Capital at Work: The Innovation Formula \(Video\)](#)

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ABOUT THE CVCA

The CVCA is the voice of Canada's venture capital and private equity industry. We are focused on improving the private capital ecosystem by broadening industry awareness and providing market research, networking, and professional development opportunities. We also advocate on behalf of the industry to ensure sound public policy that encourages a favourable investment environment. The CVCA works alongside its members, who represent the vast majority of private capital firms in Canada, to improve the industry and drive innovation and growth. Please visit: <http://www.cvca.ca>.

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