



Incubation | Mentoring | Investment

# InNOVAcorp (HPI)<sup>TM</sup> Business Model

Dan MacDonald



# Example Nova Scotia Knowledge-Based Companies

## Information & Communications Technology

coemergence

DIAPHONICS  
SOUND SECURITY

GOALLINE.CA  
SPORTS ADMINISTRATION SYSTEMS

marcatodigital

WELAPTEGA  
MARINE LIMITED

medusa  
medical technologies inc.

ADM  
SYSTEMS ENGINEERING LTD.  
AUTOMATION & DATA MGMT.

SKILLZ SYSTEMS

SimplyCast

## Life Sciences

EastMed+  
Innovative Medical Solutions

ivt  
ImmunoVaccine  
Technologies

innovaSCREEN inc.

CLEANCOUNT INC.

CLEARLY HEALTH

OCEAN NUTRITION CANADA  
wellness through innovation

DementiaGuide  
HELPING PEOPLE AFFECTED BY DEMENTIA

Halifax  
Biomedical Inc.

## Technology Industries

The Original  
Stack-A-Buoy®

Mil Aero  
ELECTRONICS  
ATLANTIC INC.

morswift  
machines

BioNovations  
Incorporated  
Live Healthy. Connect. Transform. Sustain.

PROTOCASE

HeartString  
Baby's Companion

## Nova Scotia Knowledge-Based Companies

### Positive Nova Scotia GDP Impact

- 98% export oriented
- Capital investment attraction
- Local corporate purchasing
- Local wealth creation
- Sustainability of operations

### Provincial Tax Contributors

### Clean & Green

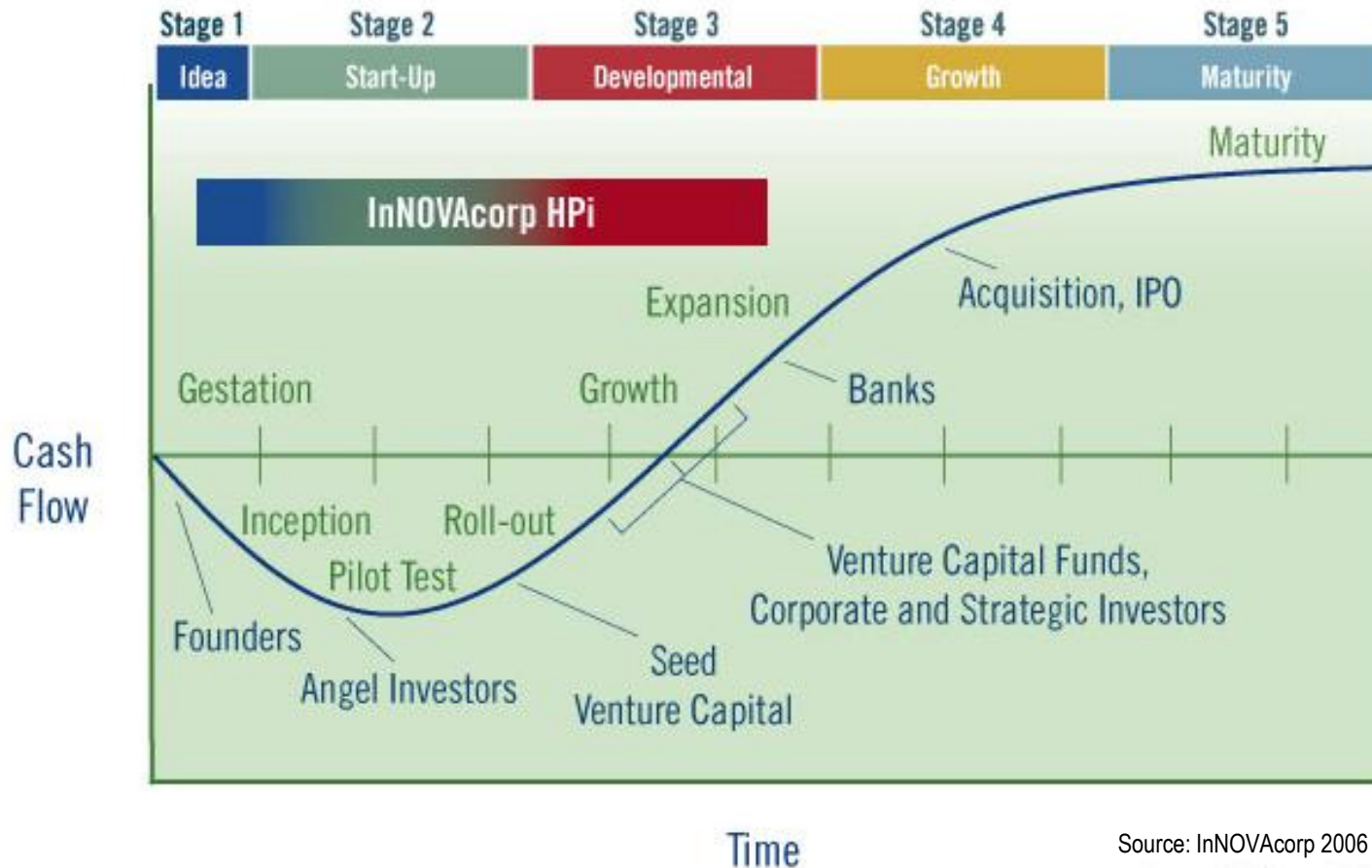
### Ability to Attract & Retain Talent

- High average per person payroll
- Diversity of jobs and career growth opportunities
- Employability of employees
- Urban and rural relevancy and impact

### Potential to Spin-out New Nova Scotia Companies

Source: InNOVAcorp 2006

# Capital: Fuel for the Knowledge Economy



Source: InNOVAcorp 2006

## Issue/Risk:

### Early Stage Companies are Unable to Access Capital or Underfunded

Perpetual fundraising with less than 12 months runway

Money raising efforts prevent concentration on building business

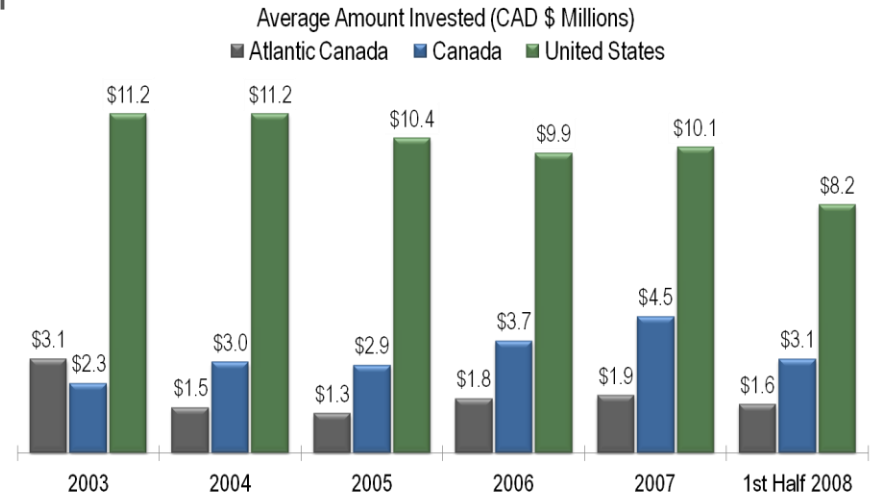
Start-Ups unable to reach self-sustainability (cash-flow breakeven)

Risk profile remains too high to attract talented management

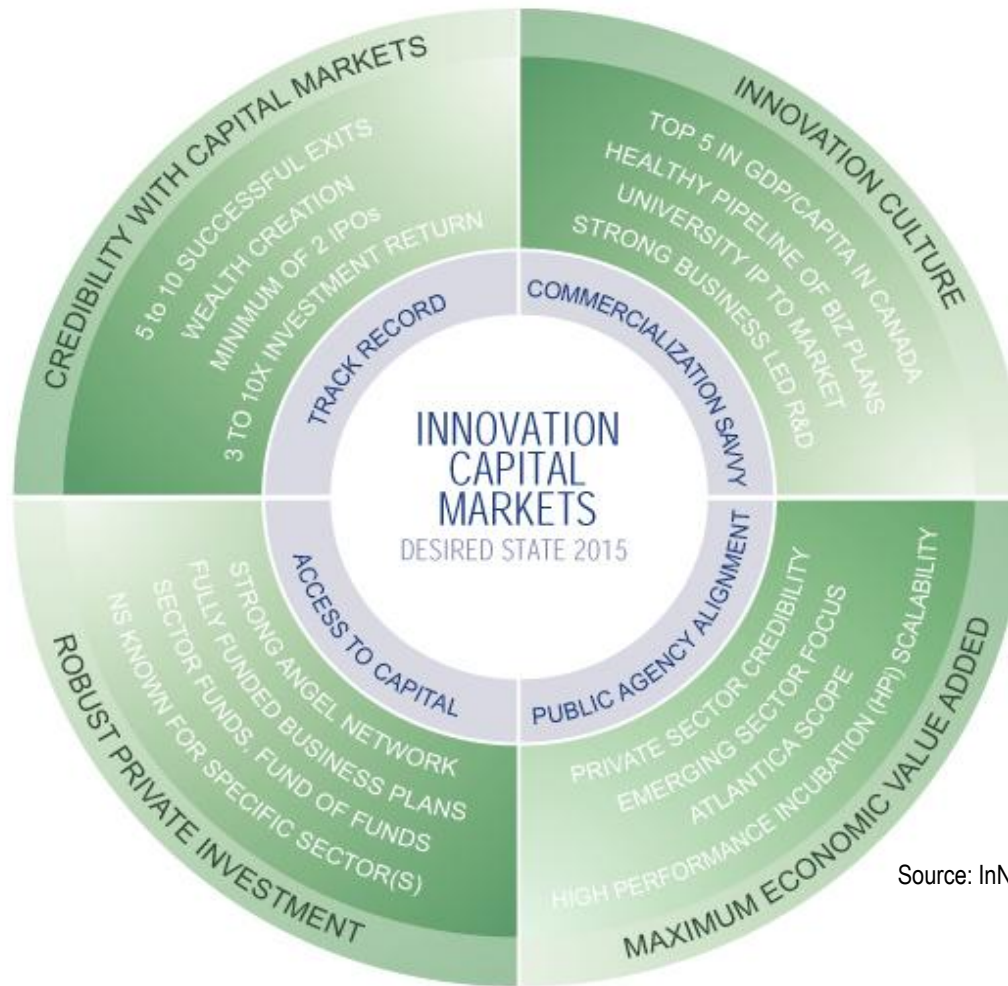
Risk profile remains too high for later stage VC's to invest

Inability to compete with fully funded companies

Knowledge economy stalls out



# What will it take?



Source: InNOVAcORP 2005



**Primary Customers**

**Early Stage NS Entrepreneurs**

**Secondary Customers**

- Regional & International Investors
- Post-secondary Education
- Economic Development Partners

**Mission:**  
Help early stage Nova Scotia companies commercialize their technologies for export



**Key Success Metrics**

- Total export revenue generated by clients
- Total capital raised by clients
- Investment fund performance
- Total employment created by clients
- Client satisfaction ~ InNOVAcorp services
- Leading indicators (eg. patents, agreements)
- Operating income

**Core Business:**  
High Performance Incubation: HPI™

INCUBATION

MENTORING

INVESTMENT

**The way we do business:**

- Approachable
- Responsive
- Supportive
- Relevant
- Experienced
- Non bureaucratic
- Professional
- Flexible
- Innovative
- Balanced
- Connected
- Continually improving

InNOVAcorp Metrics	Actual 2005-2006	Actual 2006-2007	Actual 2007-2008	Actual 2008-2009
<b>Economic Impact Metrics</b>				
Revenue generated by current & graduate client companies	\$120M	\$174M	\$225	\$278
Direct employment generated by current & graduate client companies	860	1183	1500	1447
Direct employment payroll generated by current & graduate client companies	\$40M	\$52M	\$62M	\$62M
Amount of Nova Scotia First Fund (NSFF) leveraged investments (cumulative)	\$83.8M	\$93.0M	\$96.3M	\$101.3M
<b>Client Satisfaction Metrics</b>				
Percentage of clients satisfied with InNOVAcorp services overall	89%	92%	92%	96%
Percentage of clients that would recommend InNOVAcorp to a business colleague	90%	93%	88%	96%
<b>Leading Indicator Metrics</b>				
Number of new engagements with Nova Scotia companies	85	106	158	198
Entrants to the I-3 Technology Start-Up Competition		17	121	
Number of current clients exporting products/services internationally	42	47	46	51

## High Performance Incubation (HPI)<sup>TM</sup>

INCUBATION

MENTORING

INVESTMENT

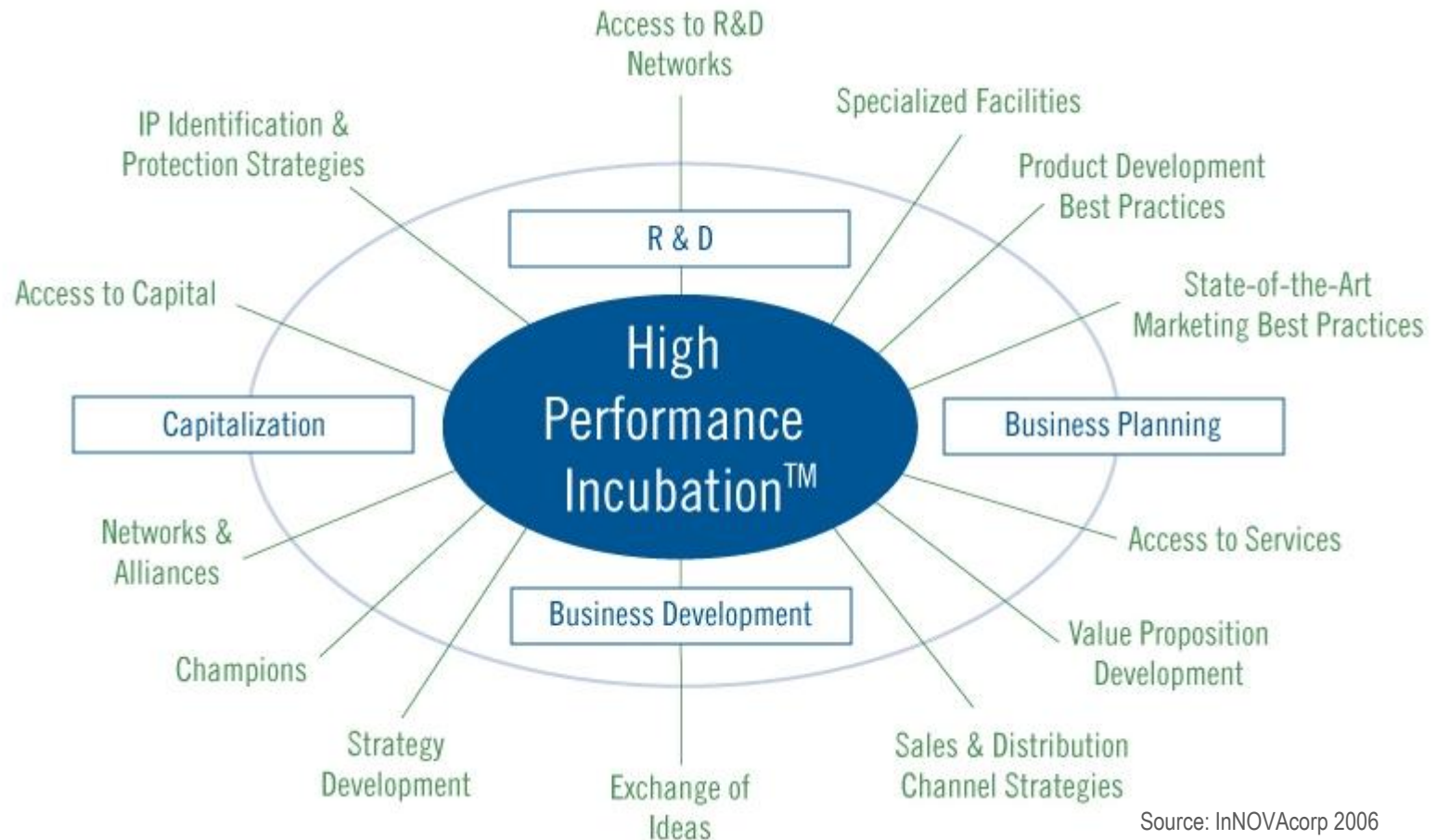
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**HPI<sup>TM</sup>**

- **Specialized start-up infrastructure**, state-of-the-art IT, advanced business services
- **Advanced hands on highly relevant business consulting**, go-to-market strategies, marketing and communications, access to capital guidance
- **Venture capital: Nova Scotia First Fund (NSFF)**, active early stage investor syndicating investments with regional, national and international investors

# High Performance Incubation (HPI)<sup>TM</sup>



Source: InNOVAcorp 2006

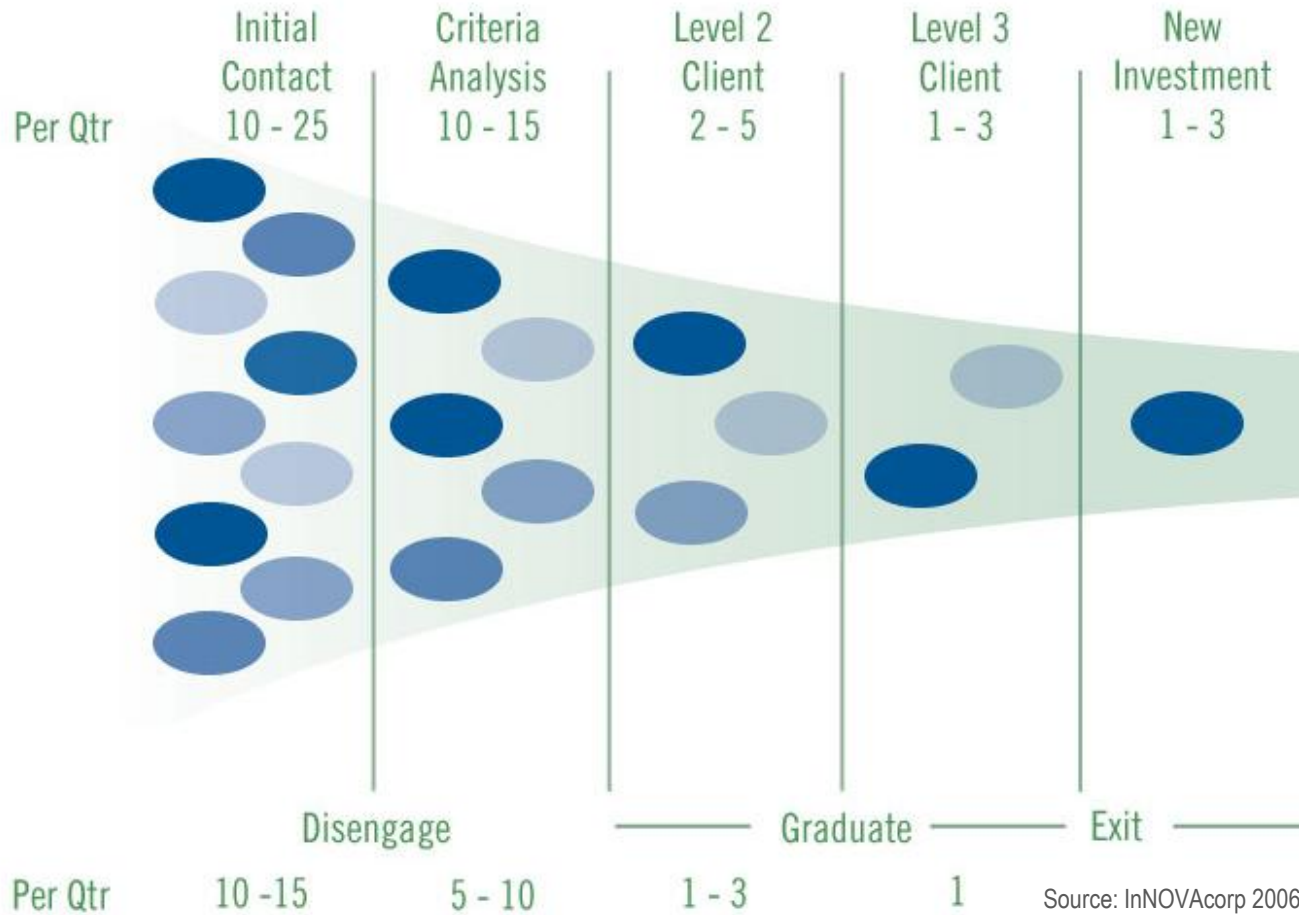
## InNOVAcorp Client Entry Criteria

Opportunities are considered using the following high level criteria:

1. **Stage:** Nova Scotia-based early stage company
2. **People:** Relevant subject matter expertise and management experience
3. **Market:** Large growing international addressable market
4. **Barrier:** High barrier to competitive entry
5. **Fundability:** Probability of obtaining a fully-funded business plan

InNOVAcorp's HPI™ model focuses on the highest potential opportunities

# Pipeline



## Client Classification

Client Attribute	Level 1	80% of InNOVAcorp's Focus	
		Level 2	Level 3
Collaborative Relationship	Low – Moderate	Moderate – High	High
Barrier to Entry	Low – Moderate	Moderate	High
Total Addressable Market	<\$25m	\$25 - \$100m	>\$100m
Sales Revenue Potential (Year 3)	<\$5m	\$5 - \$25m	>\$25m
Business Model Credibility	Undefined	Market Defined / Business Model Immature	Market Defined / Compelling Business Model
Go-to-Market Approach	Immature	Traditional Approach	State-of-the-Art
Time to Commercialize (varies by sector)	24 – 48 mths	12 – 24 mths	0 – 18 mths
Time to Growth Revenue	24 – 48 mths	12 – 24 mths	0 – 18 mths
Business Management Expertise & Experience	Novice – Experienced	Experienced	World Class
Likelihood of Securing Fully-Funded Business Plan	Unlikely	Obtainable with Assistance	Probable

## InNOVAcorp Partners & Pipeline Sources

### College & University

EARLY STAGE  
Commercialization  
Fund



ACADIA  
UNIVERSITY

**nsc**  
education that works for you



CAPE BRETON  
UNIVERSITY



### Competitions



**WHAT'S THE BIG IDEA?**  
[www.whatsthebigidea.ca](http://www.whatsthebigidea.ca)



### Partners

Investors (Regional, National)

Financial Services

Professional Services

Legal HR Accounting

Marketing

### Econ Development



### Industry Associations



### Business Community

Chamber(s)

Junior Chamber

East Coast Connected

Junior Achievement

Facebook, Twitter, YouTube

Social Networking

Rotary



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I-3 TECHNOLOGY  

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START-UP  

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COMPETITION

## I-3 Technology Start-Up Competition - 2009 Zone Map

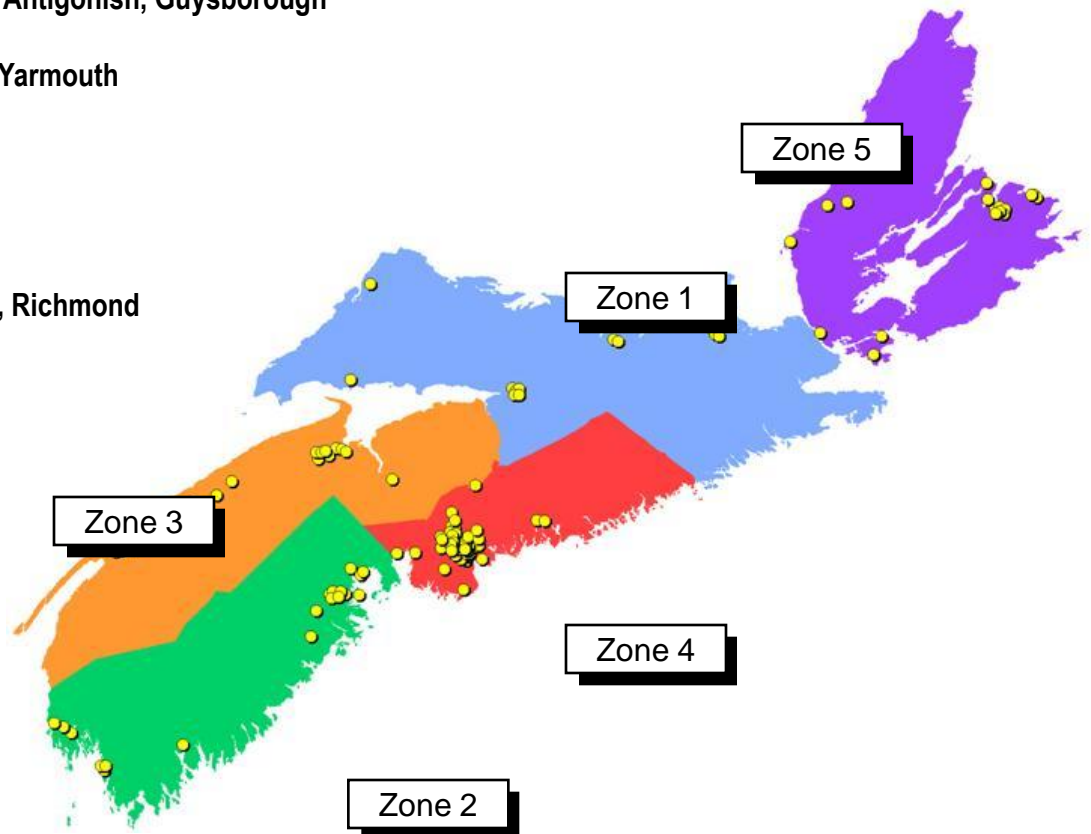
**Zone 1** Cumberland, Colchester, Pictou, Antigonish, Guysborough

**Zone 2** Lunenburg, Queens, Shelburne, Yarmouth

**Zone 3** Digby, Annapolis, Kings, Hants

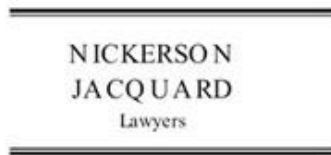
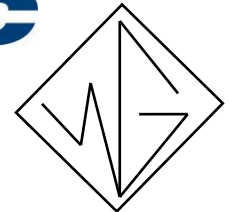
**Zone 4** Halifax

**Zone 5** Victoria, Cape Breton, Inverness, Richmond



# Competition Partners (2007)

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Patrick Dwyer

## I-3 Technology Start-Up Competition Prizes

### 1<sup>st</sup> Place Winner in each Zone

**\$100,000.00** prize package made up of cash and business building services

### 2<sup>nd</sup> Place Winner in each Zone

**\$40,000.00** prize package made up of cash and business building services

### 1<sup>st</sup> Place Provincial Winner

Run off of the five 1<sup>st</sup> place zone winners

**\$100,000.00** InNOVAcorp HPI™ MicroFund Investment

**INFORMATION  
EMBARGOED UNTIL  
SEPTEMBER 9<sup>TH</sup> 2009**



# University IP Commercialization

EARLY STAGE  
Commercialization  
Fund

DALHOUSIE  
UNIVERSITY  
*Inspiring Minds*

StFX  
UNIVERSITY

ACADIA  
UNIVERSITY  
CAPE BRETON  
UNIVERSITY

MOUNT  
SAINT VINCENT  
UNIVERSITY  
*Excellence • Innovation • Discovery*

Saint Mary's  
University  
Halifax, Nova Scotia, Canada

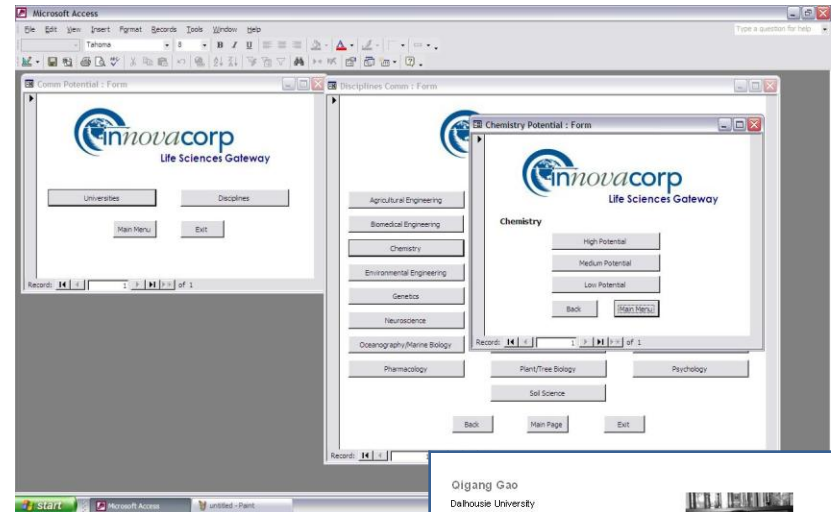
nscC  
*education that works for you*

Springboard  
*Bringing Research to Life  
Faire vivre la recherche*


808 research projects

Data can be searchable by:

- university
- area of Application
- disciplines
- commercialization Potential
- funding Agency
- type of Grant
- researcher profile



**Qigang Gao**  
Dalhousie University  
Faculty of Computer Science



BASC - Xi'an Jiaotong University  
PhD - University of Waterloo  
MASC - University of Waterloo

**Contact Information:**  
Phone: (902) 494-3356  
[qgao@ecs.dal.ca](mailto:qgao@ecs.dal.ca)

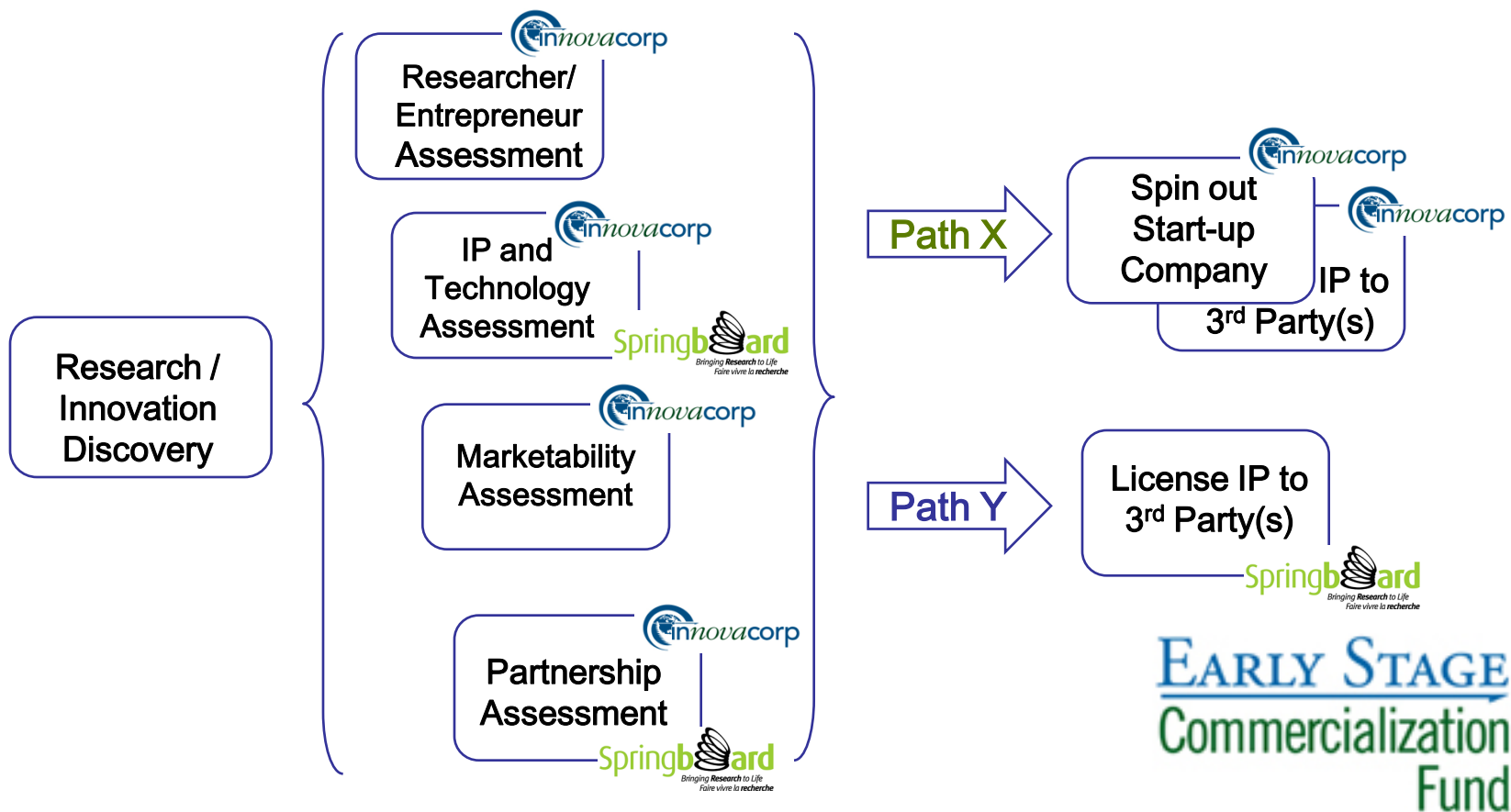
**Current Research Projects:**

- A perceptual partition and grouping toolkit for image/video content description interface
- Computing perceptual organization for genetic object recognition, hybrid approach for concept-based knowledge discovery from large text databases, portable data warehousing

**Operating Funding:** \$95,000 for the two projects identified

**Funding Agencies:** NSERC

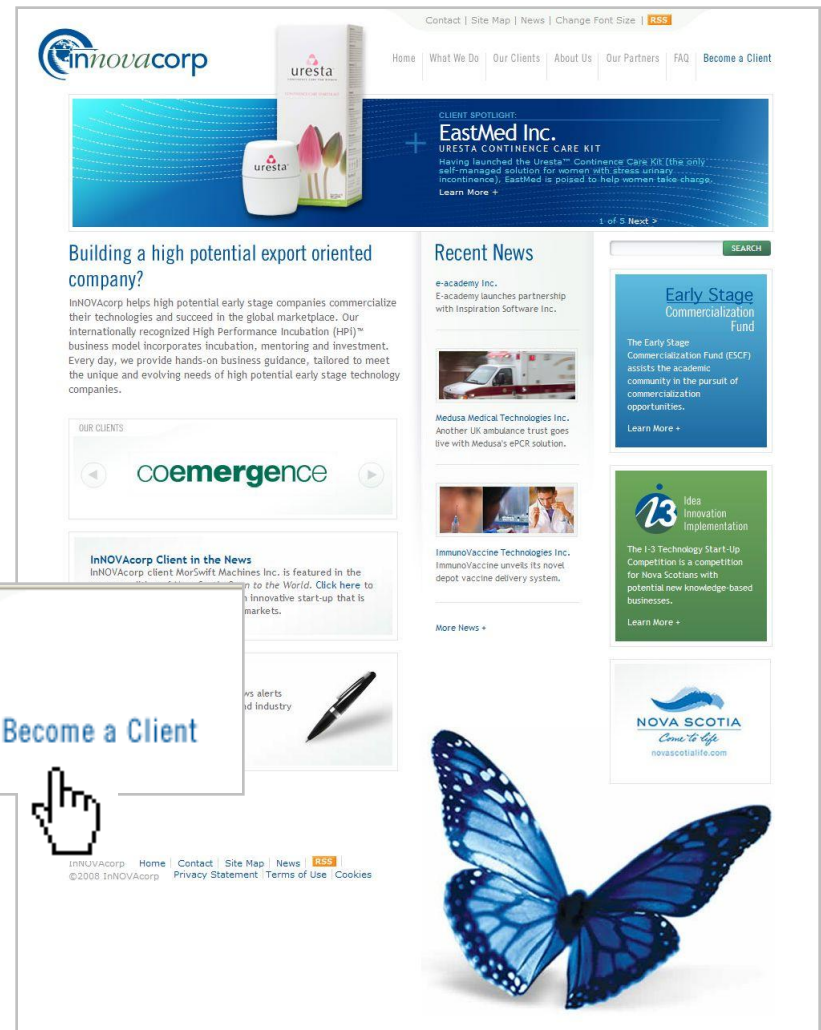
# University IP Commercialization



# Learn More

Contact us: 902.424.8670 or 1.800.565.7051  
 info@innovacorp.ca

dmacdonald@innovacorp.ca



The screenshot displays the Innovacorp website interface. At the top, there is a navigation bar with links for Home, What We Do, Our Clients, About Us, Our Partners, FAQ, and Become a Client. A secondary bar includes Contact, Site Map, News, Change Font Size, and an RSS icon. The main content area features a 'CLIENT SPOTLIGHT' for EastMed Inc., highlighting their Uresta Continence Care Kit. Below this, there is a section titled 'Building a high potential export oriented company?' which describes the company's business model. To the right, a 'Recent News' section lists several articles, including one about e-academy Inc. and another about Medusa Medical Technologies Inc. At the bottom of the screenshot, there is a footer with copyright information for 2008 and links to Privacy Statement, Terms of Use, and Cookies. A blue butterfly graphic is positioned in the bottom right corner of the screenshot.

Contact | Site Map | News | Change Font Size | [RSS](#)

Home | What We Do | Our Clients | About Us | Our Partners | FAQ | **Become a Client**