Innovation Economy Council formed to drive Canada’s technology economy post-pandemic

New collective voice for the ecosystem launches first white paper

TORONTO, April 29, 2020 – The founders of the newly established Innovation Economy Council (IEC) — MaRS, OCE, Communitech, DMZ, Invest Ottawa and CCRM — have published the group’s first white paper: The post-viral pivot: How Canada’s tech startups can drive the recovery from COVID-19.

The IEC was formed as an informal coalition of industry leaders advocating on behalf of startup ventures at the beginning of the COVID-19 crisis, and is looking at how Canada’s established companies should work with innovators to navigate a post-COVID-19 world. Going forward, the new council will produce white papers and host events to help shape a new industrial innovation policy for the country.

The IEC’s inaugural report was authored by Barrie McKenna, former Globe and Mail columnist, with data and analytics by Nigel Biggar. It examines how Canada’s startups are best positioned to lead Canada’s post-COVID-19 recovery, well beyond the bounds of the startup ecosystem itself — and the consequences if they aren’t adequately supported. The report findings show that all sectors of the Canadian economy depend on a vast supply chain of technology companies to meet needs in such areas as cybersecurity, artificial intelligence, data privacy, e-commerce, clean technology and advanced manufacturing. These companies also have some of the highest rates of productivity and generate more economic output for every hour worked. A disproportionate share of job losses in these advanced industries would damage productivity nationwide.

The white paper also highlights essential startups that have shifted gears during the pandemic to meet new demands and opportunities. Companies that pivot with their clients are best positioned to help the Canadian economy bounce back. The IEC recommends that governments work together to design a new industrial innovation policy that supports the leading startups and industries that can help fuel the economic recovery post-pandemic.

Key findings include:

Tech startups already drive employment and growth

- A 25-percent drop in employment in the technology startup sector would wipe out 274,000 jobs across the country — nearly 130,000 in Ontario alone. But it’s not just the job loss that matters. Through case studies of promising startup companies, the report demonstrates how Canada’s technology ecosystem is providing jobs and growth today, as well as new ideas that will power the economy for years to come.
- The vast majority of hub clients operate in a clutch of advanced industry groupings that account for nearly 12 percent of Canada’s GDP and nearly two million jobs.
Companies involved in computer systems design have added nearly 90,000 jobs since 2009 — more than three times as many as the entire vehicle-manufacturing and auto-parts industry. Many of these startups also support established companies, providing innovative back-end data solutions.

**Startups help advanced industries punch above their weight**

- Advanced industries are creating jobs and are growing at a much faster rate than the overall economy. Employment in software publishing, for example, has grown nearly six times faster in Ontario since the 2008-2009 recession than overall private-sector job creation and four times the pace Canada-wide.
- GDP in the software industry has expanded at six times the pace of the overall economy in Ontario.

**After COVID-19, startups will help established corporations pivot**

- Startups and tech companies can pivot quickly to support their clients and help the economy become more resilient, which is critical as global supply chains cope with massive disruption. This is apparent with the number of startups that have partnered with established firms to create products that are working to contain the virus and support the community.

The IEC recommends the federal and provincial governments collaborate to implement stimulus measures that will build the physical and digital infrastructure that serve as the foundation for Canada’s economy over the coming decades and incentivize technology adoption. In addition to ensuring that Canada has the necessary channels to get products to market, Canadian companies must be leaders in the global digital marketplace. Policies should also focus on enhancing the resilience of domestic supply chains and promote collaboration between Canadian firms.

**IEC Founders:**

“Canada’s economic recovery from COVID-19 will be led by our high growth, tech and innovation companies. If you map the ventures we work with to employment growth, the tech and innovation sectors have grown dramatically over the past two years, materially outpacing traditional industries. All sectors of our economy depend on our purpose-driven ventures to stay connected and nimble in times of enormous change. And we must have a cohesive game plan that is informed by data and evidence-based insights, reflecting the voices of our entrepreneurs, to drive smart policy decisions that give entrepreneurs every possible opportunity as they create sustainable economic advantage for our nation. Now more than ever, we need innovators to chart a bold new future for Canada.”

– Yung Wu, CEO, MaRS

“The health of our economy is inextricably linked to the health of our innovation ecosystem – highlighting the critical role the tech sector plays in the robust, interconnected supply chain that drives our economic strength. As global supply chains experience massive disruption, the ability of our startups and SMEs to collaborate and pivot is a central force in fostering economic recovery and resilience. By ensuring Ontario companies have the support, talent and tools they need, we can accelerate our transformation to the digital economy, fuel development of Made-in-Ontario solutions and expand the local talent required to emerge as a global leader in technology innovation.”

– Claudia Krywiak, president and CEO, Ontario Centres of Excellence

“The Innovation Economy Council represents a crucial next step in the development of Canada’s innovation sector, so we can help our province and country win in the new economy. We intend to
play a leading role in helping our country transition to a more secure, technologically advanced economy that breeds highly successful and dynamic firms, sectors, and supply chains."

– Iain Klugman, president and CEO, Communitech

“Canada’s startup community galvanized to create common good in order to support its ecosystem through the COVID-19 pandemic. As a result, our lobbying efforts have seen more inclusive programming for small businesses across the country. We are the nation with the greatest immediate capabilities to make a positive difference. We can’t miss the opportunity to focus on the positive difference we can make and continue to bring our talent and innovation to the world.”

– Abdullah Snobar, executive director, DMZ

“As the COVID-19 pandemic emerged, the world was well into the fourth industrial revolution, characterized by the fusion of digital, physical and biological worlds. Startups were driving specialized tech into every facet of our economy. This is an economic watershed moment for Canada. As a nation, we can re-emerge as leaders, building on years of systematic tech startup cultivation and investment. To lead in this new world economy, we must protect and leverage Canada’s tech startups to drive innovation, growth and job creation. The choices we make today will define Canada’s economic future.”

– Michael Tremblay, president and CEO, Invest Ottawa and Bayview Yards

“Canada is a leader in the science of regenerative medicine, including cell and gene therapy. Our growing ability to offer biomanufacturing and health care delivery in this sector will help propel the nation beyond being generators of licensable IP towards sustainable economic and health benefits – and global leadership in the life sciences.”

– Michael May, president and CEO, CCRM

About the Innovation Economy Council
The Innovation Economy Council is an independent voice for the innovation ecosystem founded by MaRS Discovery District, Ontario Centres of Excellence, Communitech, DMZ, CCRM and Invest Ottawa. It brings together entrepreneurs and leaders from industry, academia and the investment community to drive Canada’s industrial innovation policy.

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