albertaenterprise

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The Venture Capital Model

Venture Capital and the Alberta Economy

The creation of a strong VC community in Alberta is imperative to economic diversification and long-term job creation. As a province there is a need to continue to seek and retain high value, knowledge-based, innovation-driven industries and jobs. Since 2008, Alberta Enterprise Corporation has been working to build a local Venture Capital industry, which will provide the capital and other resources needed to support the growth and success of knowledge based companies in Alberta.

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Front cover: James Keirstead, CEO Levven

Executive Summary

Venture Capital and The Alberta Economy

How do you support Alberta entrepreneurs in their efforts to bring their ideas and innovations to market – and to create high-tech jobs in Alberta?

How do you help a resource-based economy diversify to compete in an increasingly knowledge-based economy?

And how do you do this in a cost efficient and effective manner?

The answer is to create a viable Venture Capital (VC) Industry in Alberta by attracting VC Funds that provide startups the capital they need to succeed.

In 2008, Alberta Enterprise Corporation (Alberta Enterprise) was established by the Alberta Government to do just that. Alberta Enterprise invests in private funds that support Alberta's tech sector. In the process, AEC is not only facilitating Alberta innovation, employment, diversification, and creating skilled jobs – it will achieve a sound Return On Investment.

Why Do Startups Need Outside Capital?

Tech companies start with a visionary idea. While initial capital from the startup's founders, their friends and families can get a company off the ground, it is often difficult to secure the additional capital the company needs to move forward, because:

- The company does not yet have a reliable history of generating revenue;
- Traditional lenders and banks are often unwilling to provide the funding a startup needs due to the perceived risk;
- Startups are generally too small to access capital from the public markets, and;
- They do not have enough revenue to fund operations through the cash flow that is generated.

Venture Capital (VC) may be one of few sources of capital available to grow the business during the crucial stage between product development and commercialization.

What are VC Funds?

- A Venture Capital Fund (VC Fund) is a pool of money that is independently managed by a private sector investment company, known as a Venture Capital Firm.
- The VC Fund invests in tech startups. These investments support and nurture early-stage, high potential, high growth companies – with a goal of providing a reasonable financial return to the VC Firm (the General Partner) and its investors (Limited Partners). The funds take extreme care to identify strong tech startups to invest in, and are actively involved in nurturing the company to ensure its growth and viability.
- Limited Partners include long-term investors: such as endowment funds, pension funds, corporate/strategic investors, high net worth individuals and government funds. Limited Partners are drawn to funds with a proven track record of generating a return on capital.

Executive Summary continued

- Typically, a VC Fund will have a lifespan of about 10-years, at which point the VC Fund will “exit” as the successful startup either goes public, or is acquired by a larger firm.

How Do the VC Funds Benefit Alberta’s Burgeoning Tech Industry?

Alberta tech startups are looking for capital backers, and the knowledge and connections VC funds can bring. Alberta Enterprise is seeking high-return investment vehicles which create access to capital, and support, to Alberta tech business and the people they employ in our province.

VC Funds provide a solution to both needs.

Why VC is Important for Economic Development

Canadian VC-backed companies have higher success rates than their non-VC backed counterparts:

- 14% higher survival rate after 5 years.
- Revenue growth rate more than double and employment growth more than 10x higher over a 5-year period.

The Venture Capital Model is a Proven Success

Over the past 50 years, governments around the world have used various approaches to increase the access to Venture Capital and to build a Venture Capital industry in their region. Policy makers have learned that rather than direct investment programs, a government sponsored fund which invests as a Limited Partner in VC Funds is the most efficient and effective model.

How Alberta Enterprise Corporation Fits into the VC Equation

Alberta Enterprise manages the $175 million Alberta Enterprise Fund on behalf of the Government of Alberta. Alberta Enterprise invests as a Limited Partner in VC Funds which finance early stage tech companies.

Highlights:

- $125 million closed and committed to 12 funds which has led to $375 million invested into Alberta startups by Alberta Enterprise’s funds and their partners.
- Every $1 invested by Alberta Enterprise has resulted in more than $4 of investments back into Alberta companies.
- Investments have supported 30 Alberta technology companies, creating 1,100+ direct jobs.
- Alberta Enterprise VCs have already had 11 profitable exits, resulting in distributions to LPs, including Alberta Enterprise.

By setting a strong foundation now for a self-sustaining VC industry, Alberta Enterprise will secure greater innovation and wealth creation for the province as we move into the next 50 years of economic development. The organization is invested in supporting businesses that will create high skilled jobs for Albertans and contribute to a healthy and diverse provincial economy.

The Model

Growing a technology company beyond "two people in a garage" usually requires outside investment beyond what is contributed by a startup's founders, friends, and family. Young startup companies often cannot show a history of reliable revenue, have few tangible assets, and have high-risk business models. These factors make it likely that traditional lenders and banks will be unwilling to provide the funding a startup needs. Companies at this stage are too small to access capital from the public markets and they do not have enough revenue to fund operations through the cash flow that is generated. Entrepreneurs may find that – if successful, and they are growing rapidly – they require a level of funding that goes beyond what the founders, friends and family are able to contribute. At this stage, Venture Capital, commonly referred to as "VC", may be one of few sources of capital available to grow the business.

VCs have access to a larger pool of capital, which allows them to make larger investments, and to co-invest with other VCs to expand the amount of money that is accessible for a company. VCs typically enter the picture after an entrepreneur has built a promising product or service using capital from founders, family, friends, and/or angel investors. VC financing is normally provided in successive "rounds" of financings, which provide the startup the funding needed as it rapidly scales.

VENTURE CAPITAL IS INDEPENDENTLY MANAGED POOLS OF CAPITAL THAT FOCUS ON EQUITY INVESTMENTS IN PRIVATELY HELD, HIGH GROWTH COMPANIES.

VCs are not deterred by the risks associated with young technology companies, and their entire business model is built on understanding, mitigating, and managing these risks. VC is "smart money". It is capital that comes with hands-on support and guidance from the VC firm, which often has extensive expertise in one or more sectors of technology, experience operating and scaling startups, and a broad network that brings to the startup important connections to partners, talent, and customers. VCs typically also require one or more seats on a company's board, to ensure they have influence on strategic direction and governance.

Why consider VC? Companies get the following benefits:

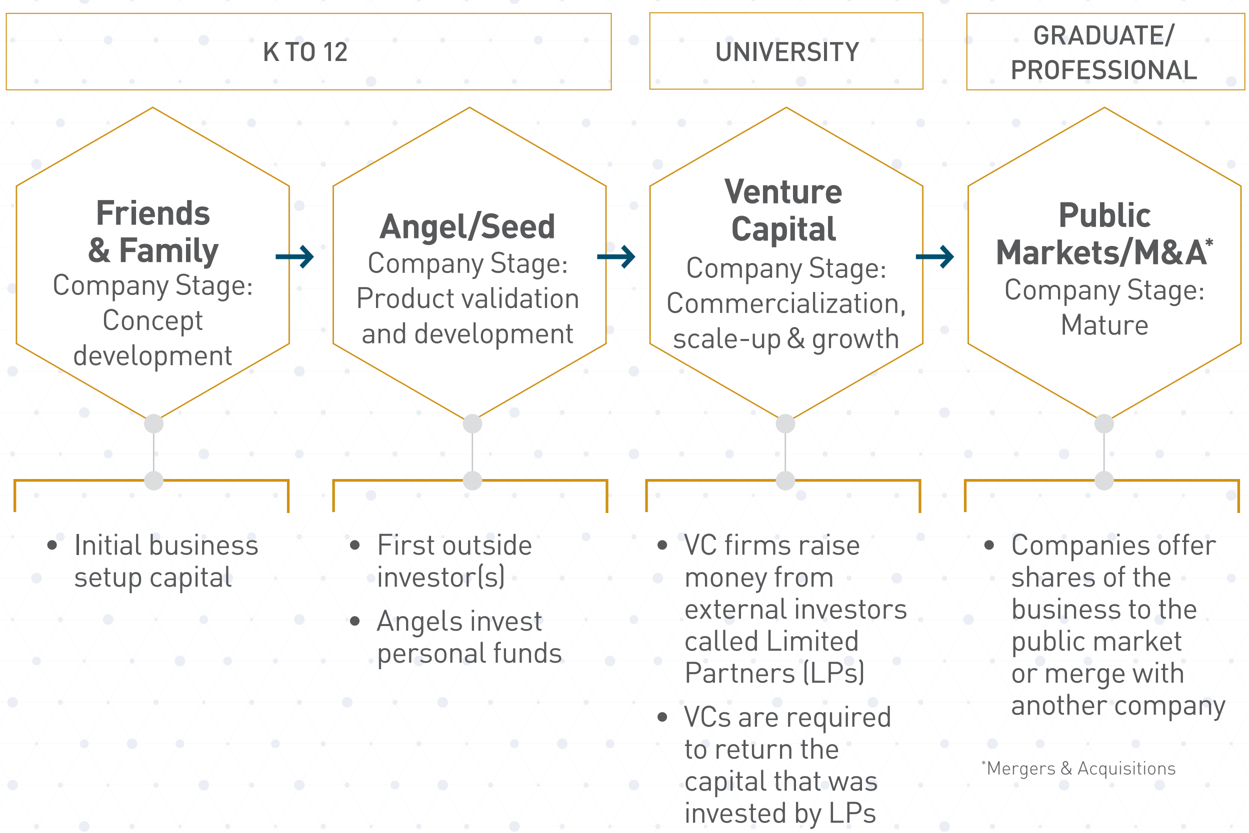
- More money than what founders, friends, and family can provide
- Investors that understand how to manage risks and have a longer-term horizon
- "Smart money" that comes with industry experience and contacts

The Model continued

The following chart depicts the course of funding that a company typically follows from very early stage (i.e. "two guys in a garage") during the Friends and Family Round, to a small but growing company (i.e. 2-15 employees) during the Angel/Seed round, to a small-medium size business that is quickly scaling (i.e. 5-100 employees) during the Venture Capital round, to a large company that is globally recognized (i.e. 500+ employees). The stage of a company can be compared to a school career as is referenced below, taking the company from kindergarten through the learning process to graduation from university.

As the company moves through the stages, each type of investor brings different value-add. The Venture Capital stage is particularly important for the future of the company, since it is normally during this stage that the company will commercialize its product(s) and scale up.

Company Stages



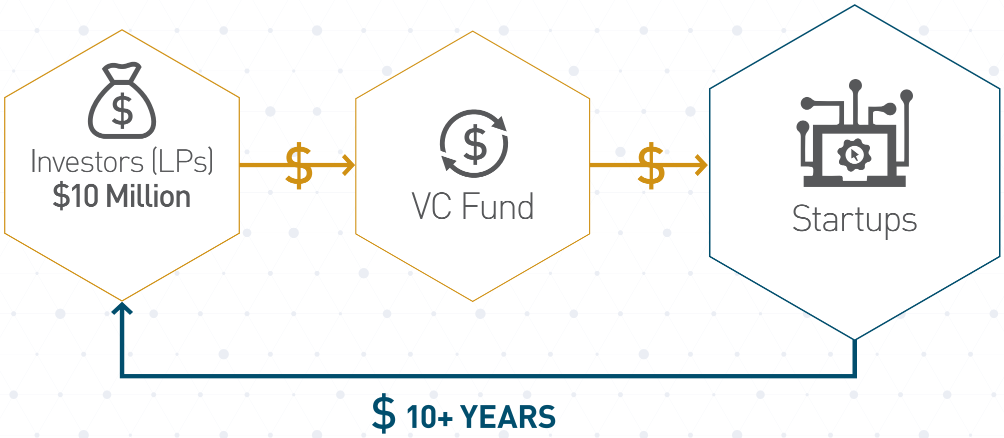
How a VC Fund Works – The Long View

Venture Capital is defined as independently managed pools of capital that focus on equity investments in early-stage, high-potential, high-growth companies.

A Venture Capital fund (a VC fund) is managed by a VC firm, a General Partner. The General Partner (GP) usually consist of a number of individuals (called Partners) who have a history and track record of running startups, have deep technical knowledge, and have experience investing in early stage companies.

To start a VC fund, the VC firm must raise money from external investors such as university endowment funds, pension funds, corporate or strategic investors, high net worth individuals, and government funds. These investors are called Limited Partners (LPs).The VC fund must sell its Limited Partner investors on its track record and ability to generate a return on their capital. The Partners of a VC fund also typically invest in the fund, to show their LPs that everyone's interests are aligned around generating a return for investors. A VC fund typically ranges in size from $60 million up to $1 billion+.

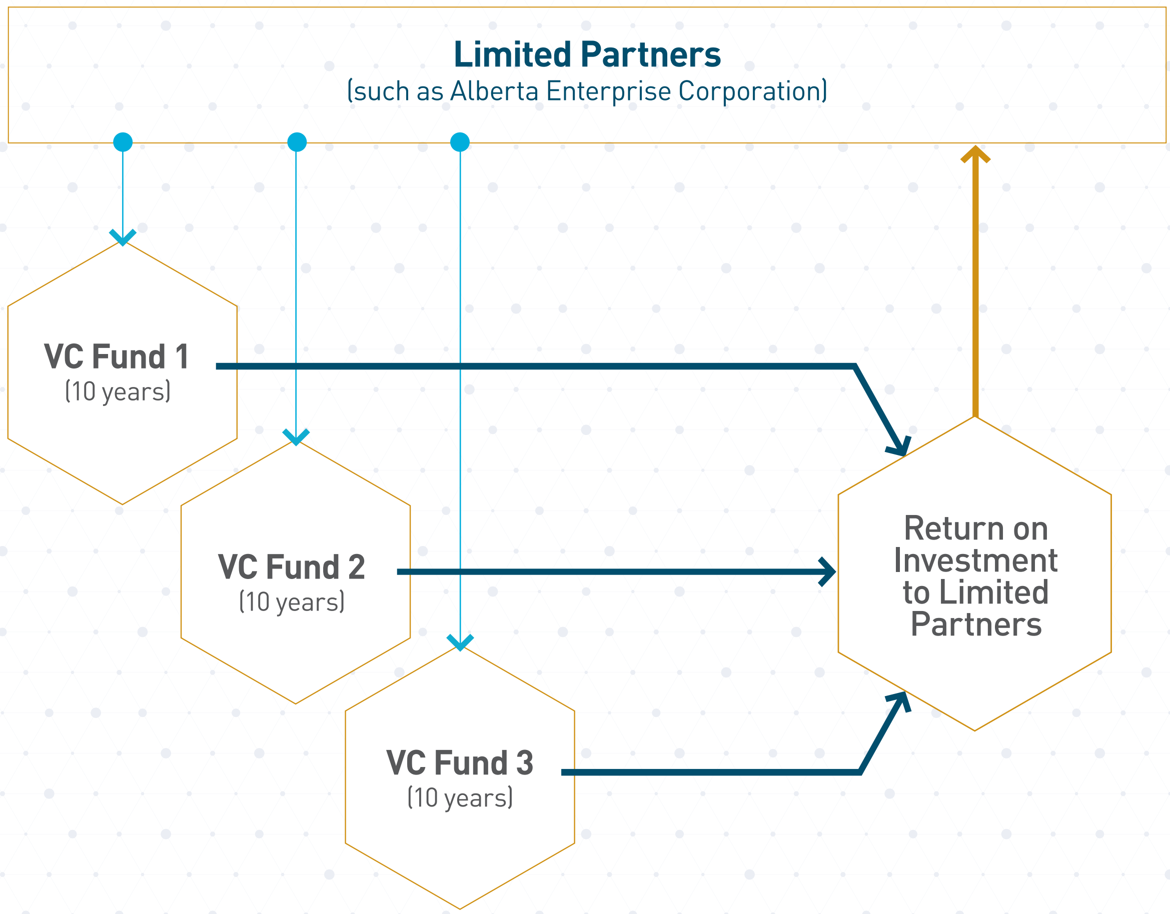
Once the VC firm has raised their targeted amount of money, the fund can start investing in companies (called portfolio companies). A VC Fund most often has an investment term of ten years. The first five years is called the investment period. During this time a VC fund ***will review hundreds of potential startups for investment, but will normally only invest in 10-20 companies in total***. During the last 5 years of the term, after the investment period is over, the fund shifts focus to growing the portfolio companies. Once a portfolio company is mature and the technology carries less risk, the VC fund will "exit" from the company. The VC fund will either sell its shares in the company when the company goes public via an IPO, it is acquired or merged with a larger company, or the VC's shares are bought by another investor.



How a VC Fund Works – The Long View continued

When the fund has reached the end of its (~10 year) life, VCs are required to return the capital that was invested by Limited Partners, plus a rate of return. This need to return LP capital is what drives the VC fund to sell its shares and exit.

VC firms often mange more than one fund at once. Normally, they will raise another fund after the investment period of their previous fund is over so that the funds overlap. The goal for the majority of VC firms is to continue building new funds. This way the VC firm always has money to invest while they are focusing on growing and exiting the companies in the previous fund.



Why Venture Capital is Important – Support for Economic Development and Job Creation

Typically VC-backed companies have higher success rates than their non-VC-backed counterparts, as VC firms play an essential role in helping invested companies take products from the lab to fully commercialized solutions. Research has proven that VC-backed companies survive longer and have higher job growth.

The survival rate of a VC-backed company after five years is 76% versus a non-VC-backed company at 62%, a 14% difference. VC-backed firms play a significant role in the Canadian economy, contributing to the GDP growth and employing Canadians. Typically, VC-backed firms can be regarded as innovative enterprises developing new technologies and applications that contribute disproportionately to the growth of the Canadian economy. Results from a 2009 Master Research Database of VC-Backed Firms[1] found that Canadian VC-backed companies generated almost $23 billion in revenues, employed at least 45,570 people, and reported approximately $908 million in research and development expenditures.[2]

VENTURE CAPITAL IS A KEY SOURCE FOR INNOVATION DIVERSIFICATION AND JOB GROWTH. A SINGLE DOLLAR OF VENTURE CAPITAL IS AS POWERFUL IN GENERATING INNOVATION AS THREE DOLLARS OF IN-HOUSE CORPORATE RESEARCH.[3]

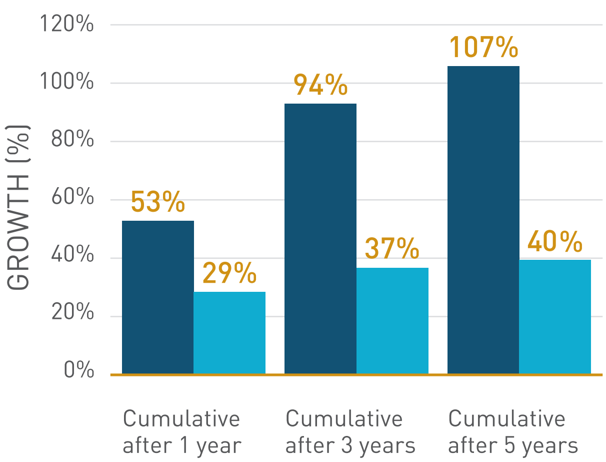
A joint Business Development Bank of Canada (BDC) and Canadian Venture Capital Association (CVCA) study found that VC-backed companies' rate of job creation was eight times higher than the overall Canadian private sector between 2003 and 2007. This study also uncovered another indicator of the success of VC-backed companies – their sales grew an average of 32% yearly, over five times the growth rate of the national GDP during the same timeframe.[4]

Statistics Canada, Industry Canada, and the CVCA published an updated study in 2013, which shows similar multiples for growth rates in assets, revenue, sales, and employment over one, three, and five years. VC-backed companies' revenue growth rate over five years was more than double and employment growth was more than ten times higher than non-VC-backed organizations.[4]

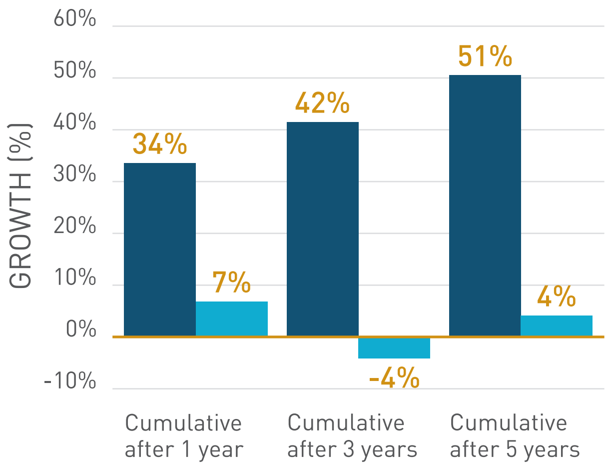
With a solid VC ecosystem comes a strong technology sector – a sector where entrepreneurs are encouraged to start and grow companies that investors want to be part of; where postsecondary institutions are actively engaged in supplying young talent, innovation in R&D and patents; and finally, where a there is a thriving community comprised of supporting groups and associations.

Why Venture Capital is Important – Support for Economic Development and Job Creation continued

Average Revenue Growth



Average Employment Growth



KEY for both graphs:
- Treatment Group (VC-Backed Firms)
- Control Group (Non VC-Backed Firms)

Source: Ryan Kelly and Hankook Kim, Venture Capital as a Catalyst for High Growth, Industry Canada, 2013

Growing a Venture Capital Industry Examples from Other Regions

Venture Capital is credited as an American invention that was derived directly from the investment needs of the wealthy industrial families that helped to shape the country in the 19th and 20th Centuries. From its origins on the East Coast of the US, the model grew over 100 years and took a firm hold in California the late 1940's with the help of government and academic institution support.

Today, in the US, especially in Silicon Valley in California, Venture Capital is now a relatively mature industry. In contrast, the Canadian Venture Capital industry is much younger and, like most other Venture Capital industries around the world, has not yet reached maturity.

The following examples demonstrate the impact of the emergence of a VC industry in various regions, including the historical examples of the early development of Venture Capital in the 19th Century and the growth of Silicon Valley. Also included are more recent successes in Texas and Quebec.

Early Venture Capital

The origins to the Venture Capital industry began in the US in the late 19th Century in the family wealth management offices of high net worth individuals such as the Phippes, Rockefellers, Vanderbilts, and Whitneys. They invested in and advised a variety of business enterprises, including the predecessor entities to AT&T, Eastern Airlines, and McDonald- Douglas. Gradually, these families began involving outsiders to select and oversee these investments.[3]

The first formal VC firm was established after WWII. American Research and Development (ARD) was formed in 1946 by then MIT President, a Harvard Business School Professor, and local business leaders. A small group of Venture Capitalists made high-risk investments into emerging companies that were based on technology developed for World War II. The success of the investments ranged widely: almost half of ARD's profits during its 26-year existence came from its $70,000 investment in Digital Equipment Company in 1957, which grew in value to $355 million. The first Venture Capital limited partnership, Draper, Gaither, and Anderson, was formed in 1958. Imitators soon followed, but limited partnerships accounted for a minority of the venture pool during the 1960s and 1970s. Most venture organizations raised money either through closed-end funds or Small Business Investment Companies (SBICs), federally guaranteed risk-capital pools that proliferated during the 1960s2. In 1978 the US government cut capital gains tax, and in 1979 they relaxed restrictions to allow corporate pension funds to invest in Venture Capital. These changes fueled the growth of the industry and by the end of the 1980's there were over 600 VC firms.[5]

Silicon Valley

Building the US VC industry as we know it today has taken decades. From its beginnings on the East Coast that are outlined above, to its growth across the United States, it was supported and fostered by both private wealth and government throughout its emerging history. One of the more well-known and well established examples of a VC industry is Silicon Valley.

The seeds of today's Silicon Valley were sown after WWII by the US government and Stanford University to support economic development in the region. Silicon Valley is well known as one of the epicentres for technology and innovation today because the supporting government, academic, and private institutions that first launched the initiative continued to support and foster its growth throughout decades of economic development, diversification, community and employment growth.

From 1946-1978 the VC industry in Silicon Valley saw a number of big successes in the technology space that came as a result of their early investments including Hewlett Packard, 3Com, Atari, Compaq, Genintech, Intel, and Tandem Computers. Today the Valley is home to many of the world's largest technology corporations including Apple, Cisco, eBay, Facebook, Google, Intel, Oracle, Sun Microsystems, Twitter, and many more.

The capital provided from VCs in the Valley has created many more jobs than just at the VC firms. In addition to job creation an extensive talent pool has formed, as well as a competitive tech marketplace, which influences tech people from around the world to want to "move to the Valley". Finally, the local universities and educational institutions such as Stanford and UC Berkeley have benefited through increased enrollment and private funding for their academic research in various technology focused fields of study.

Case study information.[3&6]

Texas

In 2005 the state of Texas created the Texas Emerging Technology Fund (TETF) to identify key industries that would be the engine for job creation and economic development in the 21st Century, and to focus state resources on the development and expansion of those industries.

Over 10 years, the fund dispersed $177 million in investments in 144 high tech companies, attracting an additional $1.5 billion in follow-on private investments. The estimated fair market value of the state's holdings in the fund as of August 31, 2014 was more than $250 million, representing over 40% growth. In addition to an expected financial return, the investment has also had the benefit of creating 1,322 full-time jobs within the portfolio companies.[7]

Growing a Venture Capital Industry Examples from Other Regions continued

In 2014, the TETF's existing portfolio of investments were transferred to the Texas Treasury Safekeeping Trust Company to provide professional funds management to maximize returns to the State.[7]

Quebec

In 2009 the Government of Quebec's Caisse de dépôt et placement du Québec, the Fonds de solidarité FTQ and Investissement Québec, worked with the private sector to select a fund management firm and establish a VC industry in the province. Teralys Capital, a private fund management firm, was selected to invest in innovative businesses in information technology, life sciences, and clean or industrial innovations on behalf of the government. The fund is $700 million, with the Government of Quebec providing $200 million through Investissement Québec, and each of Caisse and FTQ providing $250 million. Together with partners and external co-investors more than $1.2 billion has been invested into 90 Quebec based businesses. The Teralys investment project has resulted in the creation or maintenance of close to 3,000 jobs in the province of Quebec.[8&9]

Canada

In January 2013, the Government of Canada announced the Venture Capital Action Plan (VCAP), a comprehensive strategy to increase private sector investment in innovative businesses, and earmarked $400 million in federal funds to encourage venture capital investment in early-stage emerging Canadian companies. One of the goals of the VCAP program was to create four new private sector-led Limited Partner funds. The Government of Canada identified in their Economic Action Plan 2015 that Venture Capital is a key source of financing.

The four funds created under this program are the Kensington Venture Fund, the Teralys Capital Innovation Fund, the Northleaf Venture Catalyst Fund, and the HarbourVest Canada Growth Fund. These funds are active limited partner investors in Venture Capital funds and they also invest directly in innovative, high-growth companies.[10]

The Northleaf fund has backing from the Ontario government and the Teralys fund has backing from the Quebec government.10 None of the VCAP funds are headquartered in western Canada, however Kensington has a smaller office in Alberta.[11]

Building on the success of the VCAP program, in March 2017, the Government of Canada unveiled the Venture Capital Catalyst Initiative (VCCI), a $400 million program to support venture capital with particular focus on late-stage opportunities. The program will be administered by BDC Capital.

Lessons

As a central step in the process for scaling a company, VCs play an important role where banks and traditional lenders will not, by providing startups with the funds they need to grow. As illustrated in the stats from the Industry Canada and CVCA report mentioned above – VC-backed companies' revenue growth rate over five years was more than double and employment growth was more than ten times higher than non-VC-backed organizations.[4]

VC-BACKED FIRMS PERFORM BETTER THAN NON-VC-BACKED FIRMS IN GROWING THEIR BUSINESSES.[12]

There are a number of ways to jump-start a strong technology industry backed by the reinforcement and know-how of the VC ecosystem. Over the past 50 years governments around the world have used various approaches to increase the access to Venture Capital and to build a Venture Capital industry in their region with a goal to stimulate the technology sector within and to help it prosper. All of the examples above have had some level of government involvement and support to foster the growth, and there is a clear case for government intervention to support the Venture Capital industry.

Through experience, policy makers have learned that rather than direct investment programs, a government sponsored fund, which invest as a Limited Partner in Venture Capital funds is the most efficient and effective model.[12] Examples of this include Teralys Capital in Quebec and Alberta Enterprise. However, there are still many pitfalls in the design and implementation of support programs. Recent studies have shown that ill-designed and conflicting investment constraints have very adverse effects on returns and alignment with private sector co-investors. There is now a growing consensus that government initiatives should work with the market, not against it, and that investment objectives and constraints with government investment programs should be designed accordingly.[12]

THROUGH EXPERIENCE, POLICY MAKERS HAVE LEARNED THAT RATHER THAN DIRECT INVESTMENT PROGRAMS, A GOVERNMENT SPONSORED FUND, WHICH INVEST AS A LIMITED PARTNER IN VENTURE CAPITAL FUNDS IS THE MOST EFFICIENT AND EFFECTIVE MODEL.

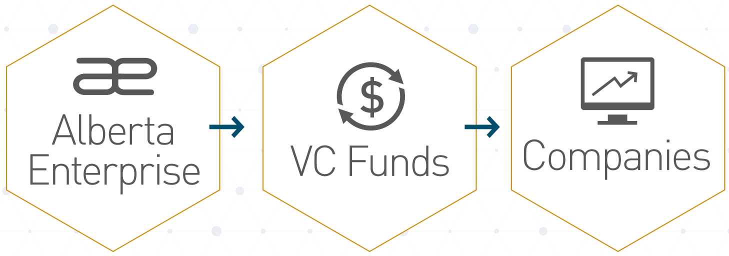
Building a self-sustainable VC industry takes time. During its almost 70 year evolution, Silcon Valley has succeeded in cementing itself as the global technology centre thanks in part to long term government support, the VC industry, entrepreneurs, and the backing of the local educational institutions. Regional VC policy initiatives take a considerable amount of time to come to fruition and abandoning these programs too soon is a frequent mistake.[3]

How Alberta Enterprise Corporation Fits into the VC Equation

The creation of a strong VC community in Alberta is imperative to economic diversification and long-term job creation. As a province there is a need to continue to seek and retain high value, knowledge-based, innovation-driven industries and jobs.

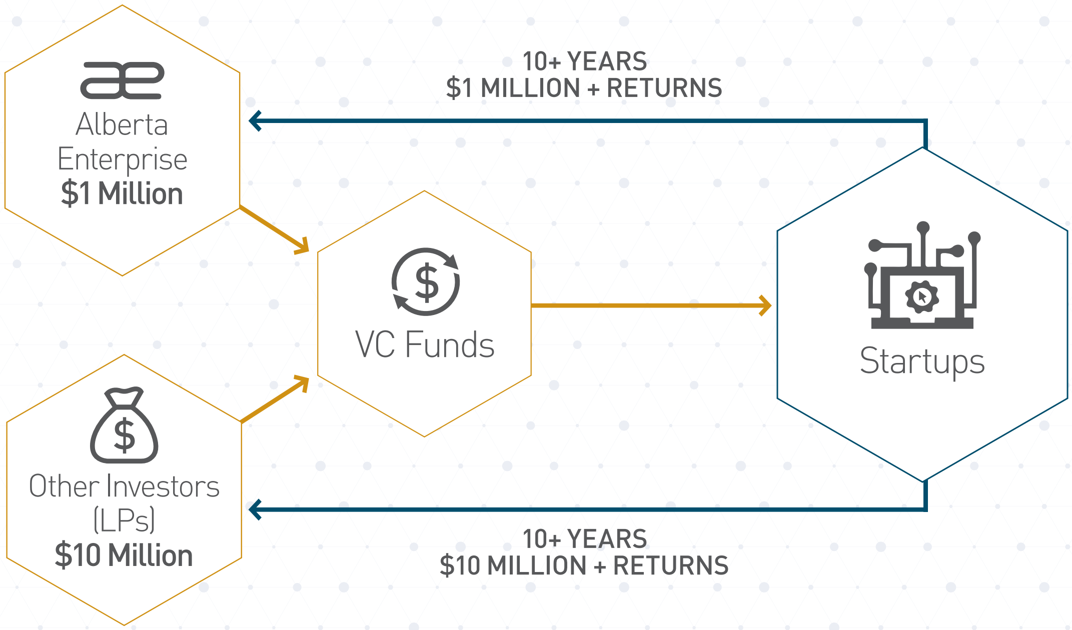
Alberta Enterprise Corporation (Alberta Enterprise) was established to build a local Venture Capital industry, which can provide the capital and other resources needed to support the growth and success of knowledge based companies in Alberta. Alberta Enterprise manages the $175 million Alberta Enterprise Fund on behalf of the Government of Alberta.

Based on lessons learned from other regions, Alberta Enterprise achieves its mission to foster a thriving VC industry in Alberta by investing as a Limited Partner in VC funds – which attracts skilled VCs to the province and cultivates local VCs – and by working with industry to develop the VC ecosystem, giving more Alberta companies access to the human and financial capital needed to succeed.



By investing in VC funds which finance early stage technology startups in Alberta and beyond, the organization has created access to a much larger pool of capital than the original $175 million Alberta Enterprise Fund, while also creating access to external markets and expertise of these funds.

How Alberta Enterprise Corporation Fits into the VC Equation continued



The roots of the Alberta Enterprise team, from Management through to the Board of Directors, originate from the entrepreneurial and VC communities in Alberta. The capital provided by Alberta Enterprise to the VC sector is an investment, and as such, there is an expectation that the full allocation of funds along with any additional returns and exit profits will be repaid back to the Government of Alberta in due course.

By setting a strong foundation now for a self-sustaining VC industry, Alberta Enterprise will secure greater innovation and wealth creation for the province as we move into the next 50 years of economic development. The organization is invested in supporting businesses that will create high skilled jobs for Albertans and contribute to a healthy and diverse provincial economy.

Alberta Enterprise Corporation's Impact on the Alberta Economy

A renaissance in Alberta's tech ecosystem has begun. Alberta Enterprise Corporation has been instrumental in providing advice, guidance and strategic support to the ecosystem, and its efforts are seen as critical to the VC industry's success.

EVERY $1 INVESTED BY ALBERTA ENTERPRISE CORPORATION HAS RESULTED IN MORE THAN $4 OF INVESTMENTS BACK INTO ALBERTA COMPANIES.

- Alberta Enterprise has closed and committed $125M for investment in 32 Degrees, the Accelerate Fund I and II (angel co-investment funds), Avrio II and III, Azure, Chrysalix, Enertech, iNovia, McRock, Relay and Yaletown.
- The Alberta Enterprise funds are invested in technologies which diversify the Alberta economy; Internet and Communication Technology, Clean Technology, Energy Technology, and Life Sciences (including value-added agriculture and food technology).
- By investing strategically, Alberta Enterprise has leveraged its initial $125M capital commitments into →$1.1B (9:1 leverage). These investments have also extended the ecosystem by forging connections to →200 other Limited Partners, →480 portfolio companies, and →400 VC firms. The organization has co-invested with companies such as Dell, Citrix, Cisco, Shell, Total, Fortum, SABIC, and Newalta to mention a few.
- Alberta Enterprise's VCs and their partners have invested more than $375M in 30 Alberta technology companies, and more than 1100 direct jobs have been created in Alberta. The amount of investment in Alberta companies is expected to grow significantly over the 10-year life of these funds.
- The Alberta Enterprise investments resulted in six new and five expanded VC offices in the province, greatly increasing the number of VC professionals actively at work in Alberta.
- The Alberta Enterprise VCs have already had 11 profitable exits, resulting in distributions to LPs.

Section information: Alberta Enterprise Corporation 2016 Annual Report and Alberta Enterprise Corporation.[13]

Glossary

Angel investor: A wealthy individual who invests in companies in early stages of development.

Bridge capital: Temporary funding that is eventually replaced by permanent capital from equity investors or debt lenders.

Early stage: The state of a company after the seed (formation) stage but before the middle stage (generating revenues). Typically, a company in early stage will have a core management team and a proven concept or product, but not positive cash flow.

Exit: The means by which owners and investors generate profits from their investments in a business. Typically, the options to "exit" from a VC investment are to merge the company with another company, have it acquired or make an initial public offering (IPO).

General partner (GP): Typically, a Venture Capital fund is structured as a limited partnership, with the Venture Capital firm as the general partner and limited partners (LPs) being investors that provide most of the capital in the partnership. The GP manages the fund and retains liability for the actions of the partnership.

Initial public offering (IPO): The first offering of stock by a company to the public. An IPO is one of the methods that a company that has achieved significant success can use to raise additional capital for further growth. Early investors may take this opportunity to sell their investments in the company.

Late stage: The state of a company that has proven its concept, achieved significant revenues compared to its competition, and is approaching cash flow break even or positive net income. Typically, a late stage company is about 6-to-12 months away from an exit event such as an initial public offering or acquisition.

Limited partner (LP): Refers to an investor in a limited partnership. The general partner is liable for the actions of the partnership while the limited partners are generally protected from legal actions and any losses beyond their original investment.

M & A: Mergers and acquisitions refer to the corporate strategy, finance and management involved in buying, selling and combining companies.

Seed capital: Money provided by angel investors, friends and family to the founders of a startup at its initial stage of development.

Syndication: Forming a group of investors that agree to participate in a round of funding for a company. Alternatively, a syndicate can refer to a group of investment banks that agree to participate in the sale of stock to the public in an initial or secondary public offering.

Source: BDC Industry Review, February 2011

Sources

(1) Industry Canada and CVCA Report, The Performance of Canadian Firms that Received Venture Capital Financing, June 2013. Section 2.1 pg. 11: "The overarching database of known Canadian VC-backed firms, referred to here as the Master Research Database of VC-Backed Firms, covers the period from 1990 to 2009. The list of companies considered for this database, along with all of the information about the venture capital deals associated with these firms, was initially provided by Thomson Reuters."

(2) Industry Canada and CVCA Report, The Performance of Canadian Firms that Received Venture Capital Financing, June 2013. Data sourced from section 3.1 pg. 13 and Exhibit 3.7 on pg. 18.

(3) Alberta Venture Capital Review, Josh Lerner, Harvard Business School and National Bureau of Economic Research, February 2007

(4) The Economic Impact of Venture Capital on Canadian Companies 2013 Results (Statistics Canada, Industry Canada, CVCA) Comparison with other International, April 22, 2013

(5) Why Venture Capital is Essential to the Canadian Economy, Canada's Venture Capital & Private Equity Association, January 2009

(6) Interview with Kevin Swan, Principal with iNovia Capital, August 28, 2012

(7) Texas Emerging Technology Fund, Interim Update, August 31, 2013-September 20, 2014 & FY 2014 Legislative Report, September 1, 2013-August 31, 2014

(8) Teralys Capital, retrieved July 15, 2015

(9) FINalternatives, Quebec to Invest $680M In Innovative VC Funds, retrieved July 15, 2015

(10) Canada's Economic Action Plan 2015 – Venture Capital Action Plan, retrieved July 15, 2015

(11) Department of Finance Canada, New fund of funds will lead to investments in innovative companies across Canada, November 10, 2014. Governments of Canada and Ontario Help to Create Jobs and Growth with New Venture Capital Fund of Funds, January 21, 2014.

(12) Government involvement in the Venture Capital industry International comparisons, Gilles Duruflé, May 2010

(13) Alberta Enterprise Corporation 2016 Annual Report, July 2017

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