

## Understanding Canada's push for superclusters

Part two of a three part series of Budget 2017 decoded: Innovation and our Canadian economy

May 2017

### The Canadian economy

Innovation has become one of the most important features of our new Canadian economy, with the goal of promoting our country's corporate growth and job creation. The Canadian government is working to define a new vision for the economy and to build Canada as a centre of global innovation. Emerging from Silicon Valley, superclusters, accelerators and research centres now stretch from Boston to New York City, and have begun springing up outside the United States in countries such as Canada, China and the United Kingdom.<sup>1</sup> These centres act as a springboard to foster originality and experimentation, drive economic growth and spur job creation.

To nurture innovation in a region and develop a supercluster, the following resources are required:

- Highly skilled talent
- Companies of all sizes
- Post-secondary institutions
- Specialized infrastructure to support business and quality of life
- Access to growth capital

### Canada's innovation investment

To make our country a vibrant part of the innovation landscape, the Canadian government plans to invest \$950 million over the next five years to support business-led **superclusters** that have the greatest potential to accelerate economic growth. This is all part of Canada's commitment to become a centre of global innovation, as recently confirmed in the 2017 federal budget.

Provision for this investment was made in 2016, when the government committed to draw \$800 million from the 2016 budget provision for innovation networks and clusters, and \$150 million from the public transit and green infrastructure funding provisioned in the 2016 Fall Economic Statement.<sup>2</sup> The focus will be on superclusters that support highly innovative industries, such as advanced manufacturing, agri-food, clean technology, digital technology, bio-sciences and clean resources, as well as infrastructure and transportation. Innovation in these areas will drive business specialization and help attract foreign direct investment into Canada.

With its universities and start-up incubators, the Toronto-Waterloo Innovation Corridor already has the potential to become a world-class technology supercluster. Properly developed, it could provide a significant boost to help jump-start innovation across the country.

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<sup>1</sup> Innovation Inside the Box: The Canadian Playbook for Innovation Centres. Report Prepared by IDC

<sup>2</sup> Federal Budget 2017

As an added benefit, this and other superclusters can help promote innovation in Canada as they encourage:

- Risk diversification—superclusters provide a platform to develop disruptive technologies.
- Connections—superclusters foster strong connections between businesses of various sizes and research institutions that support private sector-led research and development that is linked to commercial outcomes with application in the real economy.
- Collaboration—along with encouraging knowledge sharing, superclusters provide entrepreneurial companies with access to diverse and skilled talent pools, enhanced by mentoring.

Notably, Canada also has other initiatives in place to further support innovation, including start-up incubators such as Communitech, MaRS, Velocity at the University of Waterloo, DMZ at Ryerson University, NEXT Canada, and the Creative Destruction Lab at Rotman School of Management. With recent budget changes providing more support for these innovation leaders, they will be able to help nurture and grow companies, and generate new successes.

### **Grant Thornton at the supercluster forefront**

For the past year, Grant Thornton has been working with start-ups, private companies and enterprise level innovators as a member of Communitech's elite ProSquad. Communitech celebrates a community of nearly 1,000 tech companies at all stages of growth and development—from start-ups to rapidly-growing mid-sized companies across the Waterloo Region, as well as large global players.

We provide advisory services and business mentoring to start-ups through Communitech's Business Fundamentals Program. Grant Thornton is also a dedicated Growth Advisor for select companies, providing one-to-one coaching and consulting services for transactions, financing and revenue generation. In addition, the Grant Thornton team provides advice and insight to local start-ups through onsite office hours every week. Grant Thornton's presence at Communitech provides the firm with an opportunity to help businesses in the community and support them through their growth.

To learn more about superclusters and how Grant Thornton's contribution to Communitech is moving the Canadian innovation economy forward, please contact:

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