

2009 Economic Development Sector Investment Program (EDSIP) Appeals

Date:	June 2, 2009
To:	Economic Development Committee
From:	General Manager, Economic Development, Culture and Tourism
Wards:	All
Reference Number:	P:/2009/Cluster A/EDCT/ECON DEV/June/ed0906-021

SUMMARY

The Community Partnership and Investment Program (CPIP) Appeals Sub-Committee referred the appeal from the Digital Arts and Technology Association (DATA) regarding the 2009 Economic Development Sectors Investment Program (EDSIP) to the General Manager, Economic Development, Culture and Tourism for further review and report to the Economic Development Committee for its meeting on June 17, 2009, or if necessary, directly to City Council on July 6, 2009.

EDCT staff have further reviewed the application and the information presented in the appeal to the Sub-Committee and recommend that City Council approve the allocation of \$14,880 to the Digital Arts and Technology Association from the EDSIP appeals reserve so that the total 2009 EDSIP allocation is \$224,480.

RECOMMENDATIONS

The General Manager, Economic Development, Culture and Tourism recommends that:

1. City Council approve the allocation of \$14,880 to the Digital Arts and Technology Association from the EDSIP appeals reserve so that the total 2009 EDSIP allocation is \$224,480, and;
2. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

There are no financial impacts arising from this report.

DECISION HISTORY

At its meeting on May 29, 2009, the Community Partnership Investment Program (CPIP) Appeals Sub-Committee considered a report from the General Manager, Economic Development, Culture and Tourism in regard to the 2009 Economic Development Sector Investment Program (EDSIP). The Appeals Sub-Committee adopted the General Manager's recommendations that allocations totalling \$210,000 be granted to 10 applicants with \$14,880 set aside for appeals. The total EDSIP funding for 2009 is \$224,880. The Sub-Committee heard a deputation from the Digital Arts and Technology Association regarding the 2009 recommendations and referred their appeal to staff for further review.

The Community Partnership Investment Program (CPIP) Appeals Sub-Committee report related to the 2009 Economic Development Sectors Investment Program (EDSIP) is also included on the Economic Development Committee agenda for its meeting on June 17, 2009.

ISSUE BACKGROUND

Staff contacted the deputant and reviewed the Digital Arts and Technology Association application. A Summary Sheet for the applicant is included as Attachment 1.

COMMENTS

The Digital Arts and Technology Association (DATA) proposal is to establish a pilot business incubator for digital media entrepreneurs. Digital media is a future oriented sector that requires high order creative and technical skills and is expected to grow rapidly. Like many other computer based technologies, digital media applications also help to strengthen and add value for other industries. While Toronto has a strong and deep talent pool of highly skilled creative and technical individuals, they often do not have the business and management skills to establish successful companies. Thus, the focus of the Digital Arts and Technology Association incubator is on business success, new firm formation and job creation.

Exposure to peers within their profession, mentors, potential clients and investors are important elements for business success. In addition to flexible office space, the incubator will provide workshops, mentors and advisors to assist entrepreneurs to develop business and marketing skills. The incubator program will include coaching entrepreneurs on how to 'sell' their ideas to potential investors and their services to clients. The incubator will also provide participants with practical opportunities to apply

these skills by facilitating linkages to potential investors and coordinating a series of networking events for business development. Post graduate mentorship will also be provided to further assist new businesses become established.

Experience has shown that more than eighty percent (80%) of new companies that graduate from a business incubator continue to operate 5-years later compared to only about thirty-three percent (33%) of new start-ups overall. This pilot project will help to refine the approach and programs by helping two new businesses to become established. The incubator will work with both Enterprise Toronto and the Toronto Business Development Corporation to develop an integrated program for clients and share knowledge in regard to best practices.

CONCLUSION

The Digital Arts and Technology Association (DATA) proposal to establish a pilot business incubator for digital media entrepreneurs is consistent with the goals of the Agenda for Prosperity, will foster creativity and economic competitiveness, and support job creation through new firm formation and next stage growth. It is recommended that City Council approve the allocation of \$14,880 to the Digital Arts and Technology Association from the EDSIP appeals reserve so that the total 2009 EDSIP allocation is \$224,480.

CONTACT

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SIGNATURE

Michael Williams, General Manager
Economic Development, Culture and

ATTACHMENTS

Attachment No. 1 – EDSIP Application Summary Sheet

ATTACHMENT NO. 1

**2009 ECONOMIC DEVELOPMENT SECTOR INVESTMENT PROGRAM
APPLICATION SUMMARY SHEET**

Agency #5

Agency Name: Digital Arts and Technology Association (DATA)

Address: 156 Augusta Ave., Toronto, ON M5T 2L5

Ward: 20_(main address) Service Area: City-wide

Project Name: Digital Media Business Incubator

Funding Year: 2

Project Description:

This project involves the establishment of a business incubator for digital media entrepreneurs. The incubator will enable start-up companies to tap into a network of peers for business development training and mentors. The objective is to grow new IP based digital media businesses.

Total Project Budget	Other City Funding	Other Government Funding
\$82,500	\$0	\$50,000
Corporate Sector Contributions	Revenue Generated By Activity	Value of In-Kind Contributions
\$0	\$2,500	\$30,000
2008 Project Grant	2009 Amount Requested	2009 Amount Recommended
\$20,000	\$20,000	\$14,880

Comments:

The project could be viable, but it was unclear how many new start-ups the project would assist. It seems that only one “client” would be approved. Also, there was no connection to Enterprise Toronto or the Toronto Business Development Corporation both of these City-run organizations could provide business mentorship and training. The goal of having a “client” ready with a viable business plan and prototype for presentation to angels/Venture Capitalists at the Canadian Innovation Exchange in the fall 2009 is ambitious.

Recommendation: \$14,880