



STAFF REPORT ACTION REQUIRED

MaRS Discovery District and City of Toronto Economic Development Partnership

Date:	April 26, 2016
To:	Economic Development Committee
From:	General Manager, Economic Development and Culture
Wards:	All
Reference Number:	AFS: 22700

SUMMARY

The City has been collaborating with MaRS Discovery District (MaRS) to strengthen economic development in Toronto by supporting innovation and entrepreneurship. MaRS is a corporation whose mission is to foster innovation and support the creation and growth of successful global businesses from Canada's science, technology and social innovation sectors.

The mandate and operations of MaRS closely aligns with the City's approach to supporting Toronto's startup ecosystem. The City continually strives to work with strong partners who can assist in having the greatest economic development impact (measured by new business formation, entrepreneurs supported, jobs created, etc.) and provide support to developing key sectors of the economy. To date, an informal partnership with MaRS has produced positive economic development activities that have enabled the formation and growth of companies in Toronto.

Through a formal Memorandum of Understanding (MOU), the capacity for MaRS and the City to strengthen the innovation and entrepreneurship community in Toronto would be significantly enhanced.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. City Council direct the General Manager of Economic Development and Culture to develop and sign a Memorandum of Understanding with MaRS Discovery District to establish an enhanced economic development partnership.

Financial Impact

There are no direct financial implications arising from the development and signing of a Memorandum of Understanding with MaRS Discovery District as recommended in this report. Staff time associated with implementing the initiatives emerging from the MOU will be part of and/or absorbed into their regular duties.

New initiatives that the organizations may recommend to support the economic development partnership may have potential costs and/or savings. These initiatives would be submitted for consideration in future annual Budget processes.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on April 1, 2, 3, 2014, City Council adopted the recommendation to direct the General Manager, Economic Development and Culture, as part of the development of the strategic vision for business incubation activities across the City, to invite outside agencies, in particular the MaRS Discovery District, to work with the City of Toronto on a strategy for advancing high growth business.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.ED29.10>

At its meeting on Feb 20, 21, 2013, City Council adopted the recommendations of Collaborating for Competitiveness: A Strategic Plan to Accelerate Economic Growth and Job Creation in Toronto, which include recommendation C.1 to help small and medium size enterprises form and prosper.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.ED19.4>

ISSUE BACKGROUND

The City has been collaborating with MaRS Discovery District (MaRS) to strengthen economic development in Toronto by supporting innovation and entrepreneurship. MaRS supports the City of Toronto in building a vibrant and healthy startup ecosystem. It also recognizes the importance of creating international opportunities for local startups and opening doors for international startups looking to land in Toronto. Enhancing the collaborative efforts between the City and MaRS will yield greater economic impacts in Toronto.

MaRS helps innovators change the world, by fostering innovation and supporting the creation and growth of successful global businesses from Canada's science, technology and social innovation sectors. MaRS plays a key role in increasing the commercialization potential of Toronto's science and technology ventures. At 1.5-million square feet, the MaRS Centre is one of the world's largest urban innovation hubs, attracting major global innovation brands such as Johnson & Johnson, Autodesk, Airbnb, Etsy and Facebook. MaRS delivers on its mission by providing resources which include people, programs,

physical facilities, funding and networks to ensure that critical innovations in health, information and communications technology, and cleantech get to market. Over 1,000 young companies receive support from MaRS in the form of expert advice, market intelligence and access to capital, as well as connections to talent and customers. Between 2012 and 2014, MaRS' startups generated \$640 million in revenues – over 60% coming from exports. During that same period, MaRS' startups raised \$1.3 billion in investment capital. By employing over 5,000 people, MaRS' high-growth startups are contributing to the Canadian economy.

Some of the key initiatives that the City and MaRS have collaborated on in the 2014-early 2016 timeframe are summarized below:

1. Business Incubation

- a) **Food Starter Program Development:** MaRS provided advice and insight into the development of business training for the enhanced program that will be delivered through Food Starter (formerly known as the Toronto Food Business Incubator).
- b) **Food and Beverage Strategy:** MaRS Solutions Lab designed and facilitated a workshop to co-create a business model for a Food and Beverage Innovation Centre in Ontario hosted by the City of Toronto Economic Development and Culture Division, the University of Guelph and George Brown College. Fifteen small, medium and large food processing companies, 16 regional innovation/economic development and 8 academic leaders collaborated on the overall value proposition, activities, revenue generation opportunities and next steps with associated leads.

2. Innovation Networks

- a) **Connected Entrepreneur study:** The City is collaborating with MaRS Data Catalyst to develop and publish a research report that will highlight the strength of entrepreneur networks (entrepreneurs, investors, incubators, etc.) in building the Toronto-Kitchener-Waterloo Corridor ICT, clean tech and life sciences sectors and comparisons to New York, London, Oxford and Cambridge. The City is providing input, assisting with convening stakeholders, and a small amount of cash funding towards the project and identifying ways to learn from global peers.
- b) **Global Best Practices:** MaRS and City of Toronto provided input to researchers at NESTA (UK) conducting the CITIE project. The project is a survey of best practices in 40 cities around the world to help practitioners build a supportive environment for innovation and entrepreneurship. Toronto best practices include the Toronto Enterprise Fund and annual business plan competitions.

3. Open Government

- a) MaRS Data Catalyst advises on the City's open government initiatives and co-programmed Open Data Day 2015, GOOD 2015 and similar events with City staff and other partners.

4. Smart City

- a) MaRS was a partner with Waterfront Toronto in the City's winning bid to be the Intelligent Community Forum's top smart city in 2014. MaRS' entrepreneurship programs and world-class innovation facilities were presented to the Forum as part of the successful bid alongside the Green Button program to enable active energy management solutions to connect to Toronto's smart meter infrastructure.

5. Startup Ecosystem Strategy

- a) MaRS endorsed the City's strategy, submitted a brief in response to it and appeared before the Economic Development Committee to support Council adoption of the recommendations.

- b) StartUp HERE Toronto
 - i. MaRS participated in the planning and development of this initiative, offering input on a range of associated assets, including the visual identity and branding of the overall campaign, the design and functionality of the website, and the content strategy.
 - ii. Once the initiative was launched, MaRS has continued to participate in the evolution of the program by supplying story ideas for the StartUp HERE writers to cover, uploading relevant MaRS news and events to the StartUp HERE site, and amplifying the StartUp HERE presence on social media by sharing their content over the MaRS social channels.

6. International Engagement

- a) The City and MaRS will be conducting joint follow-up on corporate visits and meetings with capital networks in San Francisco and Silicon Valley from the April, 2016 mission. In addition, work on building international business opportunities in Hong Kong and Asia for ventures in Toronto with a presence and/or expansion plans in these markets will continue.

7. Innovation Procurement

- a) MaRS will assist the City in identifying opportunities and processes to expedite the application of locally-developed startup technologies and services to City Divisions and key civic issues.

The City and MaRS created these opportunities based on a shared goal to enhance economic activity (job creation, new business formation, sector development) in Toronto. The two organizations have discussed ways in which a more formalized economic development partnership can be supported.

COMMENTS

While a collaborative relationship between MaRS and the City has already produced a number of economic development initiatives, both organizations recognize the opportunity to enhance impact through establishing a formal MOU. The purpose of

developing an MOU would be to formalize a strategic relationship and identify areas of enhanced collaboration between the City and MaRS.

The specific outcomes and activities that the MOU would address include:

1. Establish a Strategic Relationship between MaRS and the City:

The MOU would outline ways in which the City and MaRS would establish a strategic relationship committed to effective cooperation to bring innovative solutions to market, cultivate entrepreneurship and stimulate investment, business growth and economic development in Toronto.

2. Enhance Collaboration between MaRS and the City:

The MOU would identify areas for collaboration, which could include:

- **Startup Community Marketing and Communications:**
 - Together the City and MaRS would promote and tell Toronto's startup community story locally and globally through the StartUp HERE Toronto campaign. MaRS would work with the City to curate unique content on startup successes.
 - Communicate the collaborative activities of both organizations to the startup community both locally and globally.
- **International Engagement:**
 - Identify opportunities for Toronto startups to access international markets, while promoting Toronto as a global destination for innovative entrepreneurship, investment and business opportunity.
- **Applied Innovation:**
 - Identify opportunities to test, demonstrate and apply innovative solutions to Toronto's economic, social and environmental challenges.
- **Initiative Development:**
 - Explore and develop joint initiatives that focus on key economic sectors that support the Toronto economy, such as advanced manufacturing, life sciences, clean energy and information communication technology.
- **Policy Solutions:**
 - Identify areas where policy change or policy modification is needed to reduce barriers that inhibit innovation in areas of importance to both organizations.

- **Partner Development:**
 - Identify partners in the private, non-profit and broader public sectors, as well as other orders of government, for the purpose of increasing the impact of joint activities.

In order to achieve these outcomes, both MaRS and the City would need to agree to the following actions:

1. Establish priority initiatives and a joint action plan;
2. Each appoint a person to serve as liaison and coordinate the activities of their respective organizations;
3. Arrange quarterly meetings between leadership teams and key staff members to provide updates on initiatives and identify additional opportunities for collaboration;
4. Establish task-orientated project teams to implement initiatives identified in the action plan; and
5. Work with key stakeholders to increase the impact of joint initiatives.
6. Ensure regular reviews are undertaken to evaluate results.

The basis for an MOU has been discussed by the City and MaRS. Next steps include developing and confirming the terms of the MOU and executing it on each side. This would enable both organizations to commit to a greater economic development partnership, resulting in a further positive impact on the startup ecosystem in Toronto.

CONTACT

Chris Rickett
Manager, Entrepreneurship Services
Economic Development and Culture
Tel: 416-395-7474
Email: cricket2@toronto.ca

SIGNATURE

Michael H. Williams, General Manager
Economic Development and Culture