The Quebec City Conference 2013

PPF

Main Conclusions 2013

Public Policy Forum on Venture Capital and Innovation

Quebec City, December 3 and 4, 2013

Save the date: October 21 to 24, 2014

Message From The Quebec City Conference President

Venture capital plays a crucial role in building a knowledge-based economy. Research studies clearly show how it can transform R&D innovations into broad-based economic gains and societal benefits through a unique combination of financing and professional management. The results of these studies explain why most governments in the industrialized world actively support this industry.

The venture capital model was invented in the US after three decades of trial and error. It has registered its main successes in California and the US East Coast and proven very flexible in adapting to the ups and downs of this very cyclical industry. However, the current downturn, coming as it has after a decade of disappointing returns, has created new challenges even in the US and institutional investors are increasingly turning their back on the asset class. In the meantime, the increasing role of business angels, accelerators and now crowdfunding as alternative sources of financing at the seed stage as well as the globalization of technology and innovation are profoundly changing the landscape.

It is also important to remember, especially in these unsettled times, that it is innovation that truly drives economies. R&D spending, and the training of entrepreneurs, engineers and scientists, the underlying factors of innovation, keep growing and becoming increasingly global. Even if they are dissatisfied with the traditional VC model, large institutional investors cannot ignore the importance of innovation and its financing. Several of them are actively looking for new models.

These challenges accentuate the need for an annual, well-formatted meeting designed for high-level exchanges and reflection between public policy architects and leading LPs and GPs and aimed at developing and supporting a buoyant global venture capital and private equity ecosystem.

The QCC Public Policy Forum on Venture Capital and Innovation was conceived to accomplish this objective. Parallel to the PPF, the Quebec City Conference keeps growing and attracting leading institutional investors from around the world. Linking those involved in renewing financing models for innovation with the PPF will be our next objective. This will make the PPF all the more unique as an international forum for addressing the challenges of innovation financing.

We would particularly like to thank the governments that offered their financial and logistical support to the Public Policy Forum. We also express our gratitude to the Government of France, through BpiFrance, and the US Department of Commerce that joined the governments of Canada, Quebec, Ontario and British Columbia as partners in this project. They came together based on the conviction that joining forces, resources and expertise is the right strategy to maximize value for each participant. We believe that this generous and visionary precedent will also benefit other jurisdictions faced with the challenge of creating wealth through innovation.

We extend our sincere thanks to all of the panelists, members of the advisory and organizing committees and volunteers who have invested time and energy to ensure another successful Forum.

Finally, a warm thank you goes to the President of the Forum, Mr. Gilles Duruflé, its Chair, Mr. Yigal Erlich, and the Forum's Special Advisors, Dr. Josh Lerner and Dr. Thomas Hellmann.

Sincerely,

Christian Racicot

Christian Racicot

Co-Founder and President
The Quebec City Conference

About the PPF

Now in its seventh year, the Public Policy Forum on Venture Capital and Innovation ("PPF") has evolved into the premier gathering of public policy designers and industry leaders (GPs, LPs academics and other experts) from all major economies, responsible for encouraging high-potential entrepreneurship and venture capital.

It is a by invitation only international platform that gives participants an opportunity to exchange views, experiences and concerns regarding public policies in support of a buoyant venture capital ecosystem for financing emerging technology companies. Its proximity with the Institutional Investors Roundtable would allow its participants to engage with leading institutional investors from around the world having a renewed interest in the financing of innovation.

In 2012, 15 countries from North and South America, the Middle East, Asia and Oceania were represented. Despite substantial demand, attendees are limited to 150.

The Chairman of the Forum is Yigal Erlich, founder of the Yozma Group (Israel) and father of the Israeli venture capital industry. Dr Josh Lerner, Jacob H. Schiff Professor of Investment Banking at Harvard Business School, and a world leading authority on venture capital and private equity is Special Advisor. The President of the Forum is Canadian venture capital expert Dr Gilles Duruflé.

About the Quebec City Conference

QCC is a private, by-invitation-only, not-for-profit annual meeting designed for leaders of the international private capital community and public policy makers, industry experts and academics supportive of long-term investment activity producing societal benefit, in a format intended for high-level exchange and reflection.

The decision was made in 2013 to modify QCC's format by **focussing exclusively on content-oriented forums**, thus eliminating the plenary networking session on the second day of the conference and fund raising activities.

Table of contents

Message from the President and Chair of the Public Policy Forum on Venture Capital and Innovation ("PPF")

The 7th edition of the QCC Public Policy Forum on Venture Capital and Innovation ("PPF") was held in 2013. Four characteristics make the event unique.

First, it brings together direct and indirect investors, government officials and industry experts to discuss public policy issues related to the financing of technology start-ups and entrepreneurship. The 2013 PPF brought together 70 direct investors, 28 indirect investors, 19 government officials and policy makers, 19 academics and other industry experts. In no other place in the world can these four pillars of the ecosystem interact at a senior level by invitation only.

Second, it is an international platform where different countries can share their experiences on what works and what doesn't, discuss the uniqueness of the "American Model" and the extent to which it can be replicated and how situations may vary by country, especially in emerging markets. Ten countries from 4 different continents were represented this year.

Third, it is not only a networking event; it is also content driven. With Josh Lerner as special advisor, who unfortunately had to cancel this year for personal reasons, together with Thomas Hellmann, who fortunately was able to step in to replace Josh, and the advisory committee, we have worked hard to select themes, recruit participants, assemble panels, work with panelists and, finally, prepare the *Participant's Guide* containing relevant background information in order to help you to fully participate in discussion sessions designed to be as interactive as possible. The Forum is about sharing not only information, but experiences and lessons learnt through failure and success.

Finally, it is part of a cumulative process. This year's edition builds on the conclusions and recommendations of last year's Forum which were widely circulated and discussed. Many participants return year after year and build relationships with one another. The program benefited from the input of many past and current participants. Peer to peer interaction during panels, dinners and informal discussions has become an increasingly important part of this meeting.

The PPF has already had a direct impact on several public policy initiatives in Canada and influenced the thinking of policy makers in several other countries. It has received support from Canadian federal and provincial governments from the very outset. France, through

Bpifrance, and the United States also joined in by providing the PPF with backing as well as active advice and involvement in organizing committees. We urgently invite other countries to emulate them. Greater participation by all parties will make the PPF even more beneficial to everyone.

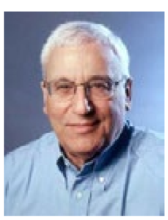
The present document, which summarizes the main conclusions of this year's debates, is meant to prolong these discussions and prepare for next year. We hope that you will enjoy reading it. Your comments and suggestions would be most welcome.

All 2013 Forum materials (*Participant's Guide*, *Keynote Address*, *Main Conclusions* and other reference documents) are available on our website at www.quebeccityconference.com/en/archives.php.

The 2014 PPF will be held in Quebec City on October 21-23, 2013.

Sincerely,

Gilles Duruflé & Yigal Erlich



Yigal Erlich
Chairman
Public Policy Forum on Venture Capital and Innovation
Founder, Chairman and Managing Partner
The Yozma Group

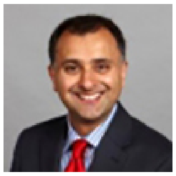
Gilles Duruflé
Executive Vice President
The Quebec City Conference
President
Public Policy Forum on Venture Capital and Innovation

ADVISORY COMMITTEE

SPECIAL ADVISOR

Josh Lerner
Jacob H. Schiff Professor of Investment Banking
Harvard Business School

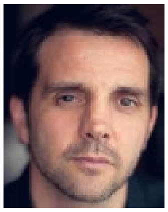
ADVISORS



Ajay Agrawal
Peter Munk Professor of Entrepreneurship
Rotman School of Management
University of Toronto

Thomas Hellmann
B.I. Ghert Family Foundation Professor in Finance and Policy
Sauder School of Business
University of British Columbia

Chris Arsenault
Managing Partner
iNovia Capital



John Stokes
Partner
Real Ventures

Organizing Committee

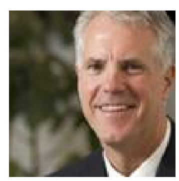
PRESIDENT

Gilles Duruflé
Executive Vice President
The Quebec City Conference
President
Public Policy Forum on Venture Capital

MEMBERS

Chris Arsenault
Managing Partner
iNovia Capital

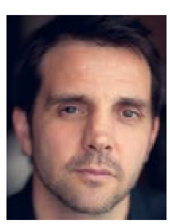
Cédric Bisson
Venture Partner
Teralys Capital



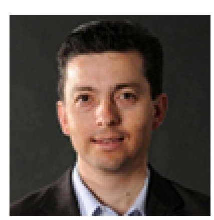
Chris Coburn
Vice President Research,
Venture
and Licensing
Partners Healthcare

Jerel Davis
Operating Principal
Versant Ventures

Raphael Hofstein
President and CEO
MaRS Innovation



John Stokes
Partner
Real Ventures



Rogelio de los Santos
Managing partner and founder
Alta Ventures

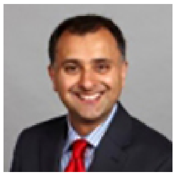
PROGRAM

TUESDAY, DECEMBER 3 – PPF DAY 1 - ESPACE 400e

Time	Event	Venue
7:00 am	The PPF will not be held at Fairmont Le Château Frontenac (the hotel) but at the Espace 400e which is about 5 minutes away by car and 15 minutes walking. On both days shuttles will pick up participants at Fairmont Le Château Frontenac every 10 minutes starting at 7:00 am. Gathering will take place in the lobby of the hotel.	*Fairmont Le Château Frontenac*
7:15 am	**BREAKFAST AND REGISTRATION**	*Espace 400e*
8:30 am	**WELCOME**  Mr. **Steve Hurwitz** *Co-Founder* The Quebec City Conference  Mr. **Yigal Erlich** *Founder, Chairman and Managing Partner* The Yozma Group *Chair* Public Policy Forum on Venture Capital **INTRODUCTION**  Dr. **Gilles Duruflé** *President* Public Policy Forum on Venture Capital	*Espace 400e*
8:50 am	**KEYNOTE PRESENTATION : "The changing landscape of entrepreneurial risk capital: origins and implications"**  Dr. **Thomas Hellmann** *B.I. Ghert Family Foundation Professor in Finance and Policy* Sauder School of Business University of British Columbia	*Espace 400e*

TUESDAY, DECEMBER 3 – PPF DAY 1 - ESPACE 400e

Time	Event	Venue
9:25 am	**PRESENTATION : "Some simple economics of crowdfunding"**	*Espace 400e*



Dr. **Ajay Agrawal**
Peter Munk Professor of Entrepreneurship
Rotman School of Management
University of Toronto

Time	Event	Venue
9:45 am	**FIRESIDE CHAT : An entrepreneur who successfully launched her company through crowfunding and a partner of the first VC fund to raise capital under the JOBS Act**	*Espace 400e*

Ms. **Ariel Garten**
CEO
InteraXon (Canada)

Mr. **David Teten**
Partner
FF Venture Capital (USA)

Moderator

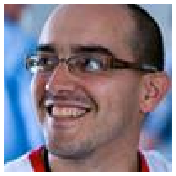
Mr. **Chris Arsenault**
Managing Partner
iNovia Capital (Canada)

Time	Event	Venue
10:15 am	**NETWORKING BREAK**	*Espace 400e*

10:45 am	**FIRST PANEL : "Crowdfunding's potential impact on the financing of high growth SMEs – opportunities, risks and challenges for policy makers"**	*Espace 400e*

Panelists

Mr. **Douglas Ellenoff**
Ellenoff, Grossman & Schole LLP (USA)

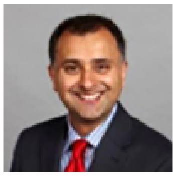


Mr. **Dave McClure**
Founding Partner
500 Startups (USA)

Mr. **Alex Mittal**
Co-founder and CEO
Funders Club (USA)

Ms. **Priya Ramdas**
Assistant Director
Alternative and Innovative Finance
Department of Business, Innovation & Skills (UK)

Moderator



Dr. **Ajay Agrawal**
Peter Munk Professor of Entrepreneurship
Rotman School of Management
University of Toronto

12:00 pm	**NETWORKING LUNCH** **Address by Mr. Nicolas Marceau, Quebec Minister of Finance and the Economy**	*Espace 400e*

1:45 pm	**HARVARD BUSINESS CASE : AngelList**	*Espace 400e*

Moderator

Dr. **Thomas Hellmann**
B.I. Ghert Family Foundation Professor in Finance and Policy
Sauder School of Business
University of British Columbia

2:45 pm	**NETWORKING BREAK**	*Espace 400e*
3:00 pm	**SECOND PANEL :"Institutional investors' views on the financing of innovation"**	*Espace 400e*

Panelists

Mr. **Jagdeep Bachher**
Executive Vice President Venture and Innovation
AIMCO (Canada)

Mr. **Frank Landsberger**
Senior Managing Director
INKEF (Netherlands)

Mr. **Peter Pereira Gray**
Managing Director Investment Division
The Wellcome Trust (UK)

Moderator

Ms. **Ann Leamon**
Former Teaching Fellow
Harvard Business School (USA)

4:00 pm	**END OF THE PLENARY SESSIONS – NETWORKING BREAK**	*Espace 400e*

TUESDAY, DECEMBER 3 – PPF DAY 1 – 4:30 pm to 9:00 pm

Time	Event	Venue

UNconference Track – Espace Dalhousie

Linking entrepreneurs, accelerators, seed funds and crowdfunding platforms with investors and policy designers

4:30 pm	In a different setting that will mix the PPF audience with entrepreneurs and business angels – accelerators, seed funds and platform managers will have an opportunity to briefly pitch their respective models to the audience including discussing why these models should succeed in attracting best entrepreneurs and investors and how they will contribute to the building of the ecosystem. See detailed agenda.	*Espace Dalhousie*
7:00 pm – 9:00 pm	**UNCOCKTAIL** – Food will be served	*Espace Dalhousie*

Life Sciences Track – Espace 400e

Tech transfer and seed funding models in life sciences in the context of the changes in R&D strategies of pharmaceutical companies

4:30 pm	A parallel track will be organized around tech transfer and seed funding models in life sciences in the context of (i) pharmaceutical companies looking for new types of partnerships with universities and VC funds and (ii) VC funds developing new models for seeding their deal flow. This track will be structured as a series of short panels/discussions on specific issues, involving as many participants as possible in order for participants to get to know one another and have a better understanding of their working models. It will end with a cocktail and dinner. See detailed agenda.	*Espace 400e*
7:00 pm – 9:00 pm	**COCKTAIL RECEPTION** – Food will be served	*Espace 400e*

11:00 pm – 1:00 am	**AFTER HOURS NETWORKING OPEN TO GIF AND PPF PARTICIPANTS** Private After dinner drinks available	*Salon Rose Fairmont Le Château Frontenac*

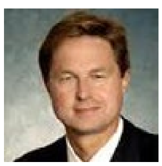
WEDNESDAY, DECEMBER 4 – PPF DAY 2 - ESPACE 400e

Time	Event	Venue
7:30 am	**BREAKFAST**	*Espace 400e*
8:30 am	**KEYNOTE PRESENTATION : “Divergent views on the role of government in entrepreneurial finance”**	*Espace 400e*

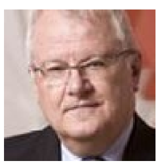
Dr. **Thomas Hellmann**
B.I. Ghert Family Foundation Professor in Finance and Policy
Sauder School of Business
University of British Columbia

Time	Event	Venue
9:00 am	**THIRD PANEL : “Government equity financing programs to support the venture capital ecosystem”**	*Espace 400e*

Panelists

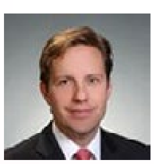


Mr. **Samuel Duboc**
Senior Advisor Venture Capital
Finance Canada



Mr. **John Holloway**
Director Transaction & Relationship Management
European Investment Fund (Luxembourg)

Mr. **Philippe Mutricy**
Chief Economist
Bpifrance (France)



Mr. **David Zug**
Vice President
HarbourVest (USA)

Moderator

Mr. **Stephen Hurwitz**
Co-Founder
The Quebec City Conference

WEDNESDAY, DECEMBER 4 – PPF DAY 2 - ESPACE 400^{e}

Time	Event	Venue
10:00 am	**NETWORKING BREAK**	*Espace 400^{e}*
10:20 am	**FOURTH PANEL : "Public policies to support business angels' investment"**	*Espace 400^{e}*

Panelists

Ms. **Franceska Banga**
CEO
New Zealand Venture Fund (NZ)

Mr. **Zach Brandon**
President
Greater Madison Chamber of Commerce and
former *Vice Chair Public Policy*
Angel Capital Association (USA)

Ms. **Priya Ramdas**
Assistant Director
Alternative and Innovative Finance
Department of Business, Innovation & Skills (UK)

Mr. **Mike Satterfield**
General Partner
Yaletown Capital (Canada)

Moderator

Dr. **Thomas Hellmann**
B.I. Ghert Family Foundation Professor in Finance and Policy
Sauder School of Business
University of British Columbia

11:20 am – 11:25 am	**CONCLUSION**	*Espace 400e*

Dr. **Gilles Duruflé**
President
Public Policy Forum on Venture Capital

11:45 am – 2:00 pm	**NETWORKING LUNCH WITH THE IRR** **Joint International Buffet with Institutional Investors Roundtable (IIR)**	*Fairmont Le Château Frontenac*

Main Conclusions

1. Introduction

The 2013 PPF took place over a day and a half.

The first day concentrated on the changing landscape of entrepreneurial risk capital and more specifically the “new kids in town”, as Professor Hellmann referred to them, namely business angels, accelerators and crowdfunding. How important is this trend? What are the risks, benefits and public policy implications?

The last panel of the day attracted leading investors from the Institutional Investors Roundtable (IIR) interested in developing new models for the financing of innovation to share their views with the PPF.

The second day focused on public policy and more specifically on government equity financing programs to support the venture capital ecosystem and public policies to support business angel investment. Presentations and panels not only covered the pros and cons of various tools, but also provided a framework for decision makers to analyze such policies and make choices.

At the end of the first day, the PPF divided in two separate tracks, the UNconference, a separate event open to entrepreneurs and the Life Sciences Track. The latter focused on life science tech transfer and seed funding models given the pharmaceutical industry’s changing R&D strategies and its conclusions can be found in a separate document.

2. Day 1 – Keynote Presentation by Dr. Thomas Hellmann: "The Changing Landscape of Entrepreneurial Risk Capital – Origins and Implications"

To set the stage, Dr. Hellmann highlighted the drivers of entrepreneurial finance's changing landscape. On the negative side, the demise of IPOs and disappointing returns (poor on average and very skewed) have now hammered the VC industry for more than a decade. This is scaring away many institutional investors and leading to a concentration and downsizing of the traditional venture capital industry.

In the meantime however, a combination of factors such as the falling cost of starting a business, the rise of the Lean Startup philosophy and changes in academic entrepreneurship have led to an explosion of entrepreneurial activity and a spectacular growth of new players to support and finance this activity, namely accelerators, crowdfunding and business angels. These "new kids in town" are changing the entrepreneurial finance landscape.

While questions remain concerning accelerators and crowdfunding is only in its initial phases, a considerable body of evidence points to the importance of business angels. Data collected over many years, confirms that the size of the angel market is comparable to VC and has remained stable. More geographically focused research suggests that the angel universe is also very diverse. On the one hand, angel funds and repeat angels are becoming more visible and sophisticated. On the other, less visible one-time angels may represent more than half of the market. Furthermore, research suggests that business angels and venture capital do not mix easily. Data from a Province of British Columbia study show that less than 25% of companies financed by either business angels or VCs combine both types of financing; 62% were financed solely by business angels and 15% exclusively by VCs. Most business angel deals are not VC deals and are looking for earlier exits.

In his preliminary conclusion that initiated the day's discussion, Dr. Hellmann identified three potential gaps in the new entrepreneurial finance landscape:

- A sector gap: the "new kids" are mainly concentrated on web-based companies, digital media and B2C which require smaller investments, are more suited to the Lean Startup philosophy and where experimentation is more rapid. To what extent will these new models apply to more science-based start-ups?
- A refinancing gap: how will traditional VC cooperate with these new kids?
- A patience gap: the new kids' experimentation model is based on quick resolution (i.e., many independent trials, early signals informative, quick termination of losers – patience is a vice!) whereas the funding of complex technologies and capital-intensive projects requires a slow resolution experimentation model (many sequential trials, early signals uninformative or misleading, tolerance for failure, – patience is a virtue!).

3. CROWDFUNDING

3.1 Dr. Ajay Agrawal: "Some Simple Economics of Crowdfunding"

From his very rich paper produced for the US National Bureau of Economic Research,[1] Dr. Ajay Agrawal extracted four powerful and salient messages:

Crowdfunding, including equity crowdfunding, could be a very significant phenomenon

Since its beginning in 2006 and at every stage of its development since then, crowdfunding has been considered by mainstream industry leaders as a lunatic fringe incapable of having a real impact on their industry. These leaders have been rapidly proven wrong. It happened with the music and film industries and seems to be presently happening with technology and product design.

As equity crowdfunding is on the starting blocks, the same scenario might unfold once again.

Crowdfunding could fund not only more, but different innovation

Since it brings to the table different information (the "wisdom of crowds"), preferences (not only risk adjusted returns, but participation and fun) and rules (smaller investments, providing frameworks for friends and family), crowdfunding does not perfectly correlate with other sources of investment. It may fund different projects differently. This could affect innovation and productivity.

Incentives and disincentives

There are strong incentives that support the development of crowdfunding and contribute to explain why it is growing so fast:

- For creators: lower cost of capital, wider and faster access to information from funders and potential users.
- For funders: access to investment opportunities, early access to new products, community participation, formalization of contracts and smaller investment sizes.

Incentives for platforms may differ significantly according to their business model: the Kickstarter and Crowdcube's revenue model is based on transaction value. It favors volume. AngelList's model is based on firm performance (carried interest) and is more selective.

[1] Ajay K. Agrawal, Christian Catalini, Avi Goldfarb, *Some Simple Economics of Crowdfunding*, NBER Working Paper 19133, June 2013.

There are also significant disincentives and risks:

- For creators: extensive disclosure obligations, costs of managing a large group of investors.
- For funders: project risks difficult to mitigate with an adequate due diligence process, creator incompetence or fraud risks.

The market innovates to mitigate the new types of risks generated by crowdfunding

The above-mentioned risks, especially creator incompetence or fraud, are often mentioned as reasons why crowdfunding and especially equity crowdfunding will generate a lot of deceit and remain marginal. This position may underestimate the market's ability to find new ways to mitigate these risks. Two examples:

- To mitigate the risk of creators being unable to manufacture and deliver products they designed and advertised, Kickstarter has added a series of guidelines for new hardware and product design. Furthermore, Dragon Innovation, a new crowdfunding platform launched by hardware design and manufacturing veterans, has entered the game. Dragon takes on detailed vetting of each team and project, so that if the funding threshold is met, the team will deliver on the promise to its backers. This step ensures that real people with real products are behind each project.
- To mitigate project risks and lack of access to an adequate due diligence process, AngelList has developed the lead/syndicate/backers model, whereby experienced lead investors can form syndicates of backers to co-invest with them, leveraging both their off-line relationship with start-ups and online reach to a larger group of investors.

3.2 FIRESIDE CHAT: an entrepreneur who successfully launched her company through crowdfunding and a partner of the first VC fund to raise capital under the JOBS Act

One panelist illustrated the power of crowdfunding to link entrepreneurs, clients and investors; the second, to link GPs and LPs.

Ariel Garten, CEO of InteraXon of Toronto, explained how she was able to raise $300,000 in presales for her product on Indiegogo, which demonstrated very significant market traction and paved the way for a $6 million series A round mostly funded by VCs and posted on AngelList.

David Teten, Partner at FF Ventures Capital of New York, discussed the opportunity for platforms to make the matching process between GPs and LPs more efficient and the challenge for them to create a two-sided market when LPs are facing a deluge of options.

The following represent some of the discussion highlights:

Differences between non-equity (rewards, pre-sales) and equity crowdfunding

Non-equity crowdfunding has several advantages. It is non-dilutive and attracts funders that are not motivated by financial returns (participation, hype, access to the product). For product designers, it is a way to demonstrate market traction that will attract VCs and other equity investors. Therefore, it might be the best way to start. This does not mean that it is easy. Many intensive crowdfunding campaigns around great products have failed.

Equity crowdfunding may be a powerful way to raise capital, but it has its downside. It is dilutive, investors are more return oriented and its legal environment is still largely untested thereby making it difficult to deal with a large number of investors. The lead investor and syndicate model developed by AngelList is a good way to manage these challenges. This model is great for entrepreneurs. It is not only a market place that gives access to a range of investors, but through the lead, it allows investors to select their investment and entrepreneurs to select their investors retaining them not only for their money, but for their quality and value added.

Lead investor

Finding a trusted lead is key to attracting other investors other than friends and family. Crowdfunding platforms are good tools for attracting followers and meeting them online, thereby avoiding hundreds of face-to-face meetings. They are a more efficient way of finding and relating to these investors and creating syndicates. However, they are not the best tool for finding a lead investor.

Marketing and overhead costs

A marketing campaign using social media tools is key to creating visibility. A crowdfunding campaign's overhead costs are enormous and should not be underestimated.

Shall we see the development of many local crowdfunding platforms?

There are presently more than 700 crowdfunding sites in North America. The vast majority of them are going to fail. Those that will survive are those with strong networks of real people with real money. They are generally based in the hubs (Silicon Valley, Boston, New York). However, many entrepreneurs and good deal flows can be found outside of these centres and crowdfunding platforms will provide them with visibility and funding opportunities, thereby contributing to the enhancement of entrepreneurial activity beyond the main hubs.

3.3 FIRST PANEL: "Crowdfunding's potential impact on the financing of high growth SMEs – opportunities, risks and challenges for policy makers"

A significant and positive impact

While focusing on the regulatory and public policy debate, the panel highlighted many reasons why the removal of the general solicitation ban and rise of crowdfunding platforms are going to have a very significant and, in the panelists' opinion, mainly positive impact:

- Between September 23rd (date of the elimination of the ban on general solicitation) and early December, 300+ deals have taken advantage of this change and raised more than $ 2.1 billion.
- A rapidly growing number of companies are using platforms such as AngelList or Funders Club to raise capital. Two-thirds of 500 Startups' companies use them.
- These platforms are institutional conduits for their network of investors. They are democratizing access to VC, accepting and aggregating small investments and allowing small investors to meet the minimum requirement while diversifying their portfolio.
- Pre-purchase and donation crowdfunding can play a very important role in financing and derisking early stage physical product companies; pre-sales are a "pretty good signal of market interest for the product".
- The lead/syndicate/backers model is an awesome model that allows smart young managers who are well known to the entrepreneurial and VC communities and have their finger on the pulse of what is happening to get started, raise small funds and come into the system. Institutional investors should follow this.
- Crowdfunding is a way of bringing in money from outside the traditional hubs as it connects local entrepreneurs and local business angels or lead investors to outside investors, linking local people to global platforms.

Regulation

In the US, a distinction must be made between "Title 2 – Crowdfunding for accredited investors" and "Title 3 – Crowdfunding for unaccredited investors". Title 3 designs a very clear and, as one panelist stated, enlightened structure for unaccredited investors: amounts invested are capped, platforms must be regulated and strong disclosure and education requirements are enforced. Under Title 2, crowdfunding platforms can conduct general solicitation and are not subject to regulation unless their revenue model is transaction-based and similar to that of brokers. However, under the regulatory proposal currently under consideration, these platforms would be required to take "reasonable steps" to verify that investors are accredited.

This question of "reasonable steps" sparked a heated discussion highlighting tension between economic benefit objectives (supporting entrepreneurship, job creation) and consumer protection.

Regarding regulatory issues, the UK situation differs somewhat from that of the US: platforms wanted to be regulated in order to enhance their credibility. Platform requirements for accredited investors are managed on a case-by-case basis and are mostly self-declaratory. Crowdfunding, including equity crowdfunding, has been going on for five years with little fraud or litigation so far. The same situation prevails in Australia.

Exit of unaccredited investors

Exit for small investors involved in crowdfunding platforms will become an issue in the future. However, a major segment of these investments is made through self-securities (debt) and the market is providing an increasing number of platforms for secondary trading such as SecondMarket, SharePost and Equity Zen. In the UK and Australia, crowdfunding platforms are setting up their own secondary market.

Crowdfunding in traditional sectors

Although business models will necessarily differ, crowdfunding could and, according to some observers, will apply to many other verticals such as real estate and traditional local businesses and is becoming a way of democratizing investment in small businesses generally.

Crowdfunding as a government tool to support the financing of SMEs

Governments increasingly see crowdfunding as an additional way of mobilizing capital for small business entrepreneurs. When the UK government established a £100 million co-investment fund for small business loans, it launched an RFP. Two peer-to-peer lending crowdfunding platforms focused on SMEs, including Funding Circle, were selected and have proven to be very effective toward increasing the range of options available for SME financing. Local councils and universities also contribute to Funding Circle. Government support has had a significant impact as it has boosted the visibility and credibility of these platforms. While this entails risk for the government, default rates have remained low so far.

In the US, local authorities are also providing co-investment and support for debt-based crowdfunding.

Which revenue model?

A strong argument was made that carried interest-based revenue models lead to a better alignment of interests since they are based on performance; such may not be the case for transaction-based revenue models. However, carried interest-based models suppose big payouts at the end, something that only happens in specific sectors and with specific types of investments.

3.4 HARVARD BUSINESS CASE: AngelList

Although just over half of PPF attendees expressed the view that crowdfunding would have a very significant and lasting impact on early stage financing, the session provided an opportunity to discuss all its potential negatives:

- Innovation cannot happen without a high rate of failure and only a small proportion of experienced early stage investors are able to realize positive returns. Furthermore, unsophisticated investors face a very high risk of dilution during follow-on rounds. This will generate a lot of deceit among unsophisticated crowdfunding investors.
- For pre-sales-based crowdfunding, there is a concern that entrepreneurs may not be able to deliver the product investors paid for.
- How will it be possible to mitigate the risks of outright fraud?
- There is a possibility that platforms could be held responsible for statements of issuers who used their platform. This may open the door to litigation.
- For all these reasons, investor deceit might lead to withdrawal, litigation and more restrictive SEC regulation.
- Moreover, enthusiasts may overestimate the number of potential interested investors with the appropriate appetite for risk to participate in crowdfunding.

The discussion also highlighted various levels of responses to these negative outcomes:

- The regulation will protect platforms from litigation if they disclose risks and educate investors.
- Transparency requirements will reveal the bad actors..
- Assob in Australia and Funding Circle in the UK have been functioning for several years without generating fraud or massive deceit.
- As underlined by Professor Agrawal's comments and those expressed during previous panels, the market innovates to mitigate new types of risks generated by crowdfunding. AngelList's lead/syndicate/backers model is a good example of such innovations.

However, a simple exercise on AngelList's valuation and expected revenues showed that the revenue model of crowdfunding platforms is still far from proven.

4. Second Panel: "Institutional investors' views on the financing of innovation"

This panel attracted leading individuals from the Institutional Investors Roundtable (IIR) interested in developing new models for continued investing in innovation. The key starting points for the discussion were the following.

Over the last decade, most institutional investors have turned their back on the venture capital asset class because of disappointing and very skewed risk-adjusted returns, misalignment of interests between LPs and GPs, too small ticket and too complex an asset class requiring specialized and expensive management teams. The recent announcement by CALPERS to cut its allocation to VC from 7% to 1% was the last in a long list of similar setbacks for this asset class.

While this is true, panelists underlined that (i) first decile VC has largely outperformed other asset classes over the long run, (ii) innovation is constantly changing the environment for institutional investors' overall portfolios and needs to be understood and (iii) investing in innovation will keep providing very attractive investment opportunities. However, new models have to be tested that part way with the 10-year, 2 and 20, LP/GP classic VC model.

New models developed by panelists' organizations

INKEF is the venture capital arm of APG, the Netherlands' leading pension fund (€400 billion under management). It manages a large allocation over a 15-year period. The management company is wholly owned by APG, but operates at arm's length. Instead of fixed management fees or carried interest, there are negotiated annual fees and managers coinvest with the fund out of their bonuses. This type of a fund has the time horizon and investment capacity to support companies from early stage to late stage and exit. Manager and LP interests are aligned on both the down and up sides.

To be able to invest in healthcare opportunities that require a very long term investment horizon and large amounts of money, the Wellcome Trust has set up Syncona, an evergreen that will invest in three to four operating companies for a 20-year holding period, focusing more on business than technology development. A very specialized management team has been recruited that will operate independently from the Wellcome Trust.

AIMCO decided to focus on innovation opportunities that require large amounts of patient capital in areas that are key to its overall portfolio: resources, energy, agriculture and food. With other IIR participants, it created the Innovation Alliance, a platform focused on such opportunities and designed to share opportunities and risks, thereby allowing for better portfolio diversification and increased value added to investees from a larger syndicate of investors. In order to generate its deal flow, the Alliance develops relationships with leading VCs in those fields and focuses on opportunities with high capital requirements and long-term, market-validated growth potential.

All panelists underlined that there are huge investment opportunities for patient capital in the innovation field, namely with companies that need phenomenal amounts of capital to get to the right size. Institutional investors (pension funds, endowments and sovereign funds) need to be the funding source for these very large checks. Innovative investment models have to be developed to meet those needs. The panelists will keep pursuing this objective in the future and look for collaboration from other institutional investors in this endeavor.

In some countries pension funds face regulatory hurdles, notably regarding valuation issues, to playing this role, which consequently gives trusts, endowments and sovereign wealth fund a competitive advantage.

Messages to GPs

Doors are closed to most GPs focused on attracting institutional investors in their classic 10-year, 2 and 20 VC funds. A better question might be: how can we rethink our model (fee structure, time horizon, alignment of interests, investment strategy) in order to partner with institutional investors interested in developing new models to invest in innovation in areas that have an impact on their overall portfolio? So far institutional investors seem to have been more successful in developing new partnership models with buyout or distressed fund managers than with VC managers.

The close links between the PPF and the IIR make the former a unique venue for exploring such possibilities. This will be its priority in the coming years.

5. Day 2 – Keynote presentation by Dr. Thomas Hellmann: "Divergent views on the role of government in entrepreneurial finance"

The first day focused on fundamentals: how is the ecosystem evolving. The second day concentrated on government policies. Professor Thomas Hellmann set the stage by (i) presenting facts from around the world on public policies supporting early stage financing and (ii) devising a framework for analyzing these policies and making decisions.

Facts on public policies

This first part was based on the OECD's recent *Report on Policies for Seed and Early Stage Finance*[2] and other available academic research.

Categories of government financing instruments used in the various OECD countries are the following:

Type of Instrument	Number of OECD Countries	Change in Support (last 5 years)
Grants, Loans and Guarantees	30	Increased in 25 countries
Tax: YIC	9	New in 3 countries
Tax Incentives: Front-end	15	Increased or new in 9 countries
Tax Incentives: Back-end	12	Unchanged in most
Equity Funds: Public	14	Increased in 7 and new in 3 countries
Equity : Fund-of-Funds	21	Increased in 8 and new in 8 countries
Equity Funds: Co-Investment	21	Increased in 11 and new in 6 countries

Equity instruments are on the rise, particularly funds of funds and co-investment funds. In the wake of the implosion of private capital markets, the share of government funding in capital raised by VC funds has sharply increased. In Europe, it jumped from 14% in 2007 to 40% in 2012. Has government overstepped? Does government VC crowd out private VC? Global evidence does not support the crowding out hypothesis.[3]

[2] Wilson, K. and F. Silva (2013), *Policies for Seed and Early Stage Finance: Findings from the 2012 OECD Financing Questionnaire*.

[3] James Brander, Qianqian Du and Thomas Hellmann, "The Effects of Government-Sponsored Venture Capital: International Evidence", forthcoming, *Review of Finance*, November 2013.

There is an emerging consensus around OECD countries that some government support of VC is warranted. However, there is divergence on how to support the ecosystem. The arrival of "new kids in town" has complicated the problem.

Overall, policy makers have done a poor job at evaluating programs and gathering data on program beneficiaries and control groups

A framework for choosing policies

Professor Hellmann highlighted seven important dimensions to consider when designing policies to support entrepreneurial finance, emphasizing that views diverge on several of them.

- The objectives of the program: underlying market failure, specific objectives of the program, government willingness to pay.
- Supply- or demand-side intervention: supply interventions (providing funding) are well developed. Demand-side programs (entrepreneurship and investor training, promotion of social networks) are on the rise.
- Time horizon: new kids in town seem well suited for "quick resolution", but not for "slow resolution" experimentation. Which type of experimentation needs to be encouraged?
- Company-based vs. investor-based programs.
- Front-end vs. back-end incentives.
- Rule-based vs. discretionary programs.
- Focused on local investors vs. open to distance investors.

Regarding items 4 to 7, there are pros and cons on either side. Hence the title of the presentation "Divergent views…" Professor Hellmann provided some evidence based on academic research that helps to understand the various choices and their implications.

Using this framework, the following table summarizes the characteristics of the main types of instruments.

Type of Program	Cost to Government	Conditional on investor	Front- or back-end	Rule or Discretion
Government (Fund-of-) Funds	Low in long term	Yes	Front-end	Discretion
Co-investment funds	Low in long term	Yes	Front-end	Discretion
Matching funds	Low in long term	Yes	Front-end	Rule
R&D tax credits	High	No	Front-end	Rule
Investment tax credits	High	Yes	Front-end	Rule
Capital gains tax breaks	High/ Delayed	Yes or No	Back-end	Rule

6. THIRD PANEL: "Government equity financing programs to support the venture capital ecosystem"

How to address the shortage of private sector capital for early stage financing? How to avoid the flaws that have affected many government programs designed to remedy this situation (i.e., lack of experienced managers, wrong set of incentives and misalignment of interests with private sector investors, counterproductive geographical constraints, and excessive focus on economic development objectives to the detriment of returns objectives)?

To start the discussion, the panel reviewed and discussed the 2013 Canadian Venture Capital Action Plan (VCAP), a C$375 million allocation from the federal government designed to attract an additional $900 million from private sources and support four venture capital funds of funds under private sector management. Discussion was then broadened to consideration of other situations, notably in Europe.

The rationale behind VCAP

Based on the premise that there was a severe shortage of capital for early stage financing in Canada,[4] the government's objective was to help innovative companies grow and create jobs by playing a catalyst role for creating a more sustainable and effective innovation financing system in the country. This entailed the following choices:

- Led by the private sector, market return oriented and free as much as possible from any governmental policy to allow private sector GPs to generate returns.
- Focused on sectors in which Canada can be competitive globally (ICT, Life Sciences and Cleantech), on geographical locations with a sufficiently dense ecosystem and on stages for which this money is most needed (series A and B).
- Meaningful in size: the financing gap is evaluated to between $200 and $400 million a year. Given the government's limited resources and the objective of long-term sustainability, this implied attracting significant amounts of private sector money.
- Fund of funds structures in order to (i) attract large institutional investors not interested in writing small checks to VC funds, but open to larger commitments and (ii) avoid competition with private sector VC funds and thus distort the market.
- Attractive set of incentives (government last in, first out; capped returns for the government) to attract private sector investors.

[4] This shortage was documented in the Jenkins Report: *Innovation Canada: A Call to Action*, 2011.

A private sector perspective on VCAP

As underlined by Thomas Hellman, there are a lot of parameters about how a government could choose to build a program. The important thing is to get the right program at the right time. In this regard, several elements make VCAP attractive to the private sector at this particular time in Canada:

- First, the outlook for venture capital in Canada is presently more positive than it has ever been: growing number of repeat entrepreneurs, numerous accelerators to feed the pipeline, R&D tax credits that can attract entrepreneurs and investors from within and outside Canada, removal of tax barriers to cross-border investing, number of successful exits and partial liquidity events.
- Second, while dealing with the objective of benefitting the Canadian ecosystem, the program offers great flexibility for building a successful portfolio: market driven approach focused on financial returns; flexibility of investing in foreign based VC funds that have demonstrated an interest in Canada; flexibility of investing up to two-thirds of underlying funds in foreign based companies; possibility of co-investments.
- Finally, a strong incentive structure to attract private sector investors. However, these incentives would be far less effective without a positive outlook or adequate flexibility to construct a successful portfolio.

Sustainability should be viewed from a long-term perspective: a first generation of funds of funds is an important start. A second generation, perhaps with different conditions, will be also important to reach sustainability.

Finally, the government's commitment to team up with private sector investors and facilitate the dialogue is paramount.

A European perspective

European panelists agreed that government programs should be market driven, return oriented and that there should be a firewall preventing government interference in program management. However, the European Commission's competition rules prevent nearly all kinds of financial incentives for private sector investors: that constitutes a major difference. Government money has to be *pari passu* with private sector money. This rule allows for only a very limited number of exceptions. Consequently, although the outlook for venture capital in Europe also seems to be improving,[5] government efforts to attract private investors to funds or funds of funds have only had limited success. Governments have had to step in more aggressively to deal with the 2008 crisis. The share of government funding in the amounts raised by European VC funds has increased dramatically since 2007.

[5] John Holloway, "European venture: Patience rewarded", *Unquote*, 02 Aug 2013.

7. FOURTH PANEL: "Public policies to support business angels' investment"

The last panel discussed public policies to support business angels. Two main types of tools were considered: tax credits and co-investment funds.

Tax credits

Four different examples of tax credit programs for angel investors were presented and discussed:

Wisconsin. The state offers a 25% non-refundable tax credit for investment in Qualified New Business Ventures (Wisconsin-based technology and manufacturing companies, in operation less than 10 years, with less than 100 employees, and that had received less than $10 million in private equity investment). Businesses can receive up to a total of $8 million in tax-eligible cash equity investment. There is no limit to the amount of credits investors can claim.

Based on evidence that there was a lack of venture capital in the state, the program, launched in 2004, was designed to grow the ecosystem, that is, to increase the number of companies and investors as well as develop the angel ecosystem and angel investment as an asset class.

Following the establishment of the program, angel investment in Wisconsin surged from $3.7 million in 2004 to $67.1 million in 2012.

Minnesota. The state adopted a similar tax credit program, but made the credit refundable in order to attract investment from outside investors. In 2012, 31% of angel investment came from non-Minnesota based investors.

United Kingdom. The Enterprise Investment Scheme (EIS) was established in 1994 as a 20% tax credit for investment in small, higher-risk, unquoted, UK-based trading companies. At its inception, eligible investments were limited to £200,000 per individual. In addition, these investments were eligible for tax relief on share disposals if they took place after five years and generated a gain. These parameters were recently changed to a 30% tax credit, £400,000 limit per individual and three-year holding period.

The Seed Enterprise Investment Scheme (SEIS) is a 50% tax credit for companies with less than 25 employees and £200,000 in assets and under two years in operation. Eligible investments are capped at £100,000 per investor and £150,000 per company. SEIS has been widely used by companies that were funded through crowdfunding platforms.

EIS is now part of the culture in the UK and many investors mention it as the main reason for investing in small, higher-risk companies. Therefore, there is a reasonable argument supporting the additionality effect of the scheme. Observers argue that the launching of the SEIS scheme and recent improvements to it have had a strong positive impact on entrepreneurial activity in the UK.[6]

British Columbia. The EBC (Eligible Business Corporations) program is a refundable 30% tax credit for individuals investing in eligible companies (BC-based, no more than 100 employees, eligible industries). Eligible investments are capped at C$200,000 per investor. As discussed during the 2010 PPF Business Case, this scheme has proven to be successful in stimulating angel investment in the province.[7]

Yaletown Venture Partners, a BC-based VC fund, structured a special purpose flow-through side fund to raise money from individual investors who could benefit from the tax credit. This proved to be successful not only in accelerating the fund's first closing at a very difficult time (2008), but also in (i) creating a network of experienced entrepreneurs that could add value to portfolio companies and, eventually, co-invest with the fund in follow-on rounds, and (ii) giving angels unfamiliar with tech sectors or VC practice an exposure to a VC portfolio of tech companies, thereby making them more comfortable with this asset class. This produced two positive outcomes: (i) the attraction of additional money for investing in early stage tech companies and (ii) the building of capacity among angel investors.

Co-investment fund

Since 2007, the New Zealand Venture Investment Fund (NZVIF) manages a NZ$ 40 million[8] Seed Co-investment Fund that invests alongside approved private investors/partners on a 1:1 basis in NZ-based technology and innovation companies up to a maximum of NZ$250,000 initially and NZ$750,000 in any one company.

This co-investment fund has proven to be a very efficient tool for creating a sustainable ecosystem around business angels: attracting angels, playing a catalyst role for the creation of angel groups, getting to know them and how they operate and what can be done to support them. This proximity creates strong positive conditions for (i) capacity building (standard industry documentation, valuation models and market validation) and (ii) measurement (deal flow, investment, jobs) which is very valuable for both government and program evaluation.

---

[6] FT Special Report, *The UK's Entrepreneurs*, Tuesday October 8, 2013.

[7] See: http://www.quebeccityconference.com/en/documents/2010/ppf/QCC2010-PPF-Business-Case-Angels-in-BC.pdf

[8] 1 NZ$ ~ 0.8 US$

Pros and cons

Supporters of the tax credit stress that it is a powerful and effective incentive to change behavior and attract early stage investors that would not otherwise be interested in investing. It enlarges the pools of investors and investee companies and has a pronounced additionality effect.

A co-investment fund draws less from the public purse and focuses more on investor quality and capacity building. However, it gives fund managers (the government) a level of discretion that many would find objectionable.

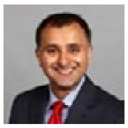
The optimal choice may vary according to each jurisdiction's culture and ecosystem's state of development. However, one point on which all agreed is the importance of professionalizing the angel asset class with a long term perspective through the creation of networks of various kinds. Yaletown and NZVIF presented two different kinds of efficient networks to attract and educate business angels: one supported by a tax credit, the other by a co-investment fund. HBS Alumni Angels was also mentioned since its mission is to provide an educational and networking forum for Harvard alumni who are interested in researching and investing in early stage companies on an individual basis. The role of organizations such as the ACA Angel Resource Institute was underlined. Finally, it was suggested that in the future the QCC could host an Angel Investors Education Conference as an adjunct to the PPF.

Front end vs. back end incentives

A final remark: the risk of distorting the market is always greater with front- rather than back-end incentives. Providing back-end liquidity to early stage investors would be a powerful incentive for attracting new players to the asset class.

PARTICIPANTS

Abrams, Steven
Partner, BDC IT Venture Fund
Business Development Bank of Canada



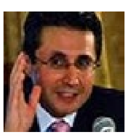
Agrawal, Ajay
Professor
University of Toronto

Ahlstrom, Paul
Managing Director and Founder
Alta Ventures

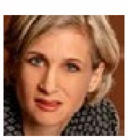
Arsenault, Chris
Managing Partner
iNovia Capital

Bahan, David
Assistant Deputy Minister,
Economic Policy
Quebec Ministry of Finance and Economy

Banga, Franceska
Chief Executive
New Zealand Venture Investment Fund Ltd

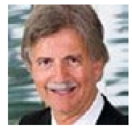


Bangash, Alex
Managing Director
Rumson Group

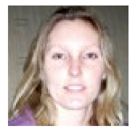


Béïque, Janie
Senior Vice President - Natural Resources, Industries and Consumer Goods
Fonds de solidarité FTQ

Bélanger, Dominique
Vice President, Strategic Investments & Initiatives
BDC Venture Capital



Bernier, Jacques
Managing Partner
Teralys Capital



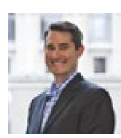
Bernier-Martel, Nathalie
Economist
Quebec Ministry of Finance and Economy

Bisson, Cédric
Venture Partner
Teralys Capital

Böck, Daniel
Director, Business Development
GlaxoSmithKline Canada Inc

Boisjoly, Sebastian
Director, Investment Funds
Investissement Québec

Brandon, Zach
President, Greater Madison Chamber of Commerce
Business Angel



Brownlee, Sean
Partner
Rho Canada

Carroll, Kevin
Managing Director
Invest Ottawa

Catalfamo, Joe
Managing Partner
Summerhill Venture Partners

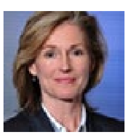
Catalini, Christian
Assistant Professor of Technological Innovation, Entrepreneurship, and Strategic Management
MIT

Claveau, Vanessa
Coordinator
MFEQ - Direction de la santé et des biotechnologies

Coburn, Chris
Vice President Research, Venture and Licensing
Partners Healthcare

Cournoyer, Jean-Sebastien
Partner
Real Ventures

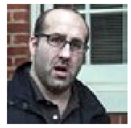
Dagenais, Éric
Director General Small Business Branch
Industry Canada



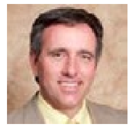
Dakers, Natalie
President and CEO
CDRD Ventures Inc (CVI)

Daniels, Marcus
Managing Director
Extreme Startups

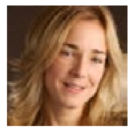
Davis, Jerel
Operating Principal
Versant Ventures



Della Rocca, Jason
Co-Founder
Execution Labs



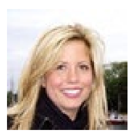
Denis, Alain
Senior Vice President - New Economy
Fonds de solidarité FTQ



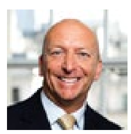
Douville, Elizabeth
Associée principale
GeneChem Management Inc.

Duboc, Samuel
Senior Advisor Venture Capital
Department of Finance Canada

Duong-Aihara, Lina
Director, Policy and Investments
B.C. Renaissance Capital Fund Ltd.

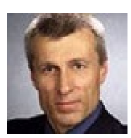


Dupéré, Catherine
Associate Director, Fund of Funds
Business Development Bank of Canada



Dupont, Daniel
Managing Director
Northleaf Capital Partners

Duruflé, Gilles
Executive Vice President
Quebec City Conference



Eckstein, Jens
President
SR One

Ellenoff, Douglas
Attorney at law
Ellenoff, Grossman & Schole LLP

Erlich, Yigal
Founder, Chairman and Managing Partner
The Yozma Group

Fawcett, Sue
Board member
Business Development Bank of Canada

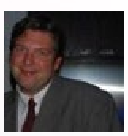
Fehlmann, Max
President and CEO
NEOMED

Filiatreaux, Luc
Vice President Venture Development
Open Text

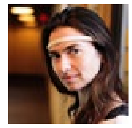
Flemming, Jon
Vice President, Public Affairs
Sustainable Development Technology Canada

Forest, Sophie
Managing Partner
Brightspark Ventures

Frank, Cyril
Chief Executive Officer
Alberta Innovates - Health Solutions

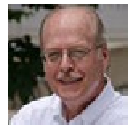


Furneaux, Nick
Senior Advisor International Trade Branch
Ontario Ministry of Research & Innovation



Garten, Ariel
CEO
InteraXon

Gaudet, Isabelle
Economic Policy Advisor
Quebec Ministry of Finance and Economy



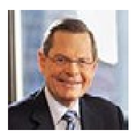
Gekiere, Barry
Managing Director
MaRS Investment Accelerator Fund

Grammer, Jeff
Partner
Rho Canada

Grant, Angus
Vice President Business Development and Global Alliances
Celgene

Grygon, Christine
Head BI Partnering
Boehringer Ingelheim

Halak, Brian
Partner
Domain Associates



Halde, Jean-René
President and Chief Executive Officer
Business Development Bank of Canada

Harris Kolada, David
Vice President, Alliances & Market Development
Sustainable Development Technology Canada

Harris, Lauren
Vice President, Investor Relations
Northleaf Capital Partners

Harrison, Juan
Vice President New Frontier Science
Takeda Pharmaceuticals

Hellmann, Thomas
Professor
Sauder School of Business

Hétu, Daniel
Managing Director
Lumira Capital (Montreal)

Hofstein, Raphael
President and CEO
MaRS Innovation

Hogan, Brenda
Investment & Portfolio Manager
Ontario Capital Growth Corporation

Holloway, John
Director
European Investment Fund EIF

Hurwitz, Stephen
Co-Founder
The Quebec City Conference

Jeffrey, Ian
Venture Partner, Real Venture &
General Manager
Founder Fuel

Kellerman, George
Partner
500 Startups

King, Elizabeth
Director, Innovation Policy and
Programs
Alberta Enterprise and Advanced
Education

Klein, Steven
Vice President Business Development
IRICoR

Klugman, Iain
President & CEO
Communitech

Kulka, Marcos
CEO
Fundacion Chile

Lamb, Damian
Managing Director
Genesys Capital

Landsberger, Frank
Founder
INKEF Netherlands Manager B.V.

Larose, Anne-Marie
President and CEO
MSBi Valorisation

Larson, Stefan
Entrepreneur in Residence
Versant Ventures

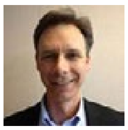

Leamon, Ann
Former Teaching Fellow at Harvard Business School
Harvard Business School


Leconte, Didier
Investment Director - Life Sciences
Fonds de solidarité FTQ


Leduc, Marc
Directeur général
Quebec Ministry of Finance and Economy


Lee, Paul
Managing Partner
Vanedge Capital


Leonard, Reid
Managing Director, Merck Research Ventures
Merck Research Ventures Fund

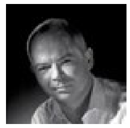

Lindsay, Jeff
Senior Portfolio Manager
Province of British Columbia, Investment Capital Branch


Lucquin, Denis
Managing Partner
Sofinnova Partners

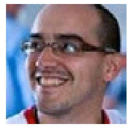

Machabee, Michael
Senior Portfolio Manager
Export Development Canada (EDC)

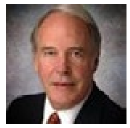

MacIntosh, Alan
Partner
Real Ventures


Marcoux, Jean-Francois
Partner
White Star Capital


Martineau-Fortin, Eric
Founder & Managing Partner
White Star Capital


Mazor, Gadi
General Partner, CTO
Our Crowd


McClure, Dave
Founding Partner
500 Startups


McNeil, Robert
Managing Director
Sanderling Ventures


Meadows, Bruce
MD Start
Partner


Mittal, Alex
Co-Founder and CEO
Funders Club


Molyneux, Sam
Founder and CEO
Sciencescape


Moret, Didier
Managing Partner
I-Source Gestion SA

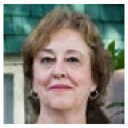
Morin, Geneviève
Chief Investment Officer
FondAction CSN

Morris, Rhett
Director of Endeavor Insight
Endeavor

Mukherjee, Sumon
Senior Economist, Office of Economic Policy
Ontario Ministry of Finance

Mutricy, Philippe
Chief economist
Bpifrance

Nathwani, Parimal
Vice President
MaRS Innovation



Nelsen, Lita
Director
Massachusetts Institute of Technology, Technology Licensing Office

Newbold, Ron
Vice President External R&D Innovation
Pfizer

Nycz, Jerome
Vice-président exécutif, Financement subordonné et Capital de Risque
Business Development Bank of Canada

O'Brien, Barry
Managing Director
Silicon Valley Bank

Padilla Rodríguez, Ezequiel
Mexico Ventures Managing Director
Corporación Mexicana de Inversiónes de Capital (Fondo de Fondos)

Pariseau, Jean-François
Partner, Health Venture Fund
Business Development Bank of Canada

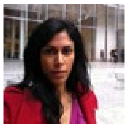
Park, Dan
Vice President
Azure Capital Partners

Petitclerc, André
Directeur principal du développement des affaires, technologies de l'information
Investissement Québec

Pinsonnault, Sylvie
Vice President, Investment Funds, Business Immigration and Tax Measures
Investissement Québec

Pontoriero, Eduardo
Member
Launchpad Venture Group

Proulx, Louise
Chief Development Officer
Therillia Development Company/Sanderling Ventures



Ramdas, Priya
Assistant Director, Alternative and Innovative Finance
BIS UK

Reckziegel, Karl
Vice President Opérations - BDC Venture Capital
Business Development Bank of Canada

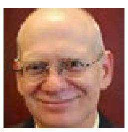
Salewski, Shawn
Manager, Public Relations – BDC Venture Capital
Business Development Bank of Canada

Satterfield, Mike
General Partner
Yaletown Venture Partners

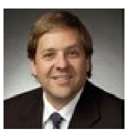
Sawchuk, Bindi
Executive Director of the Investment Capital Branch
BC Ministry of International Trade

Seetzen, Helge
CEO
TandemLaunch Technologies Inc.

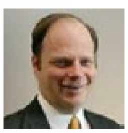
Sinclair, Duncan
IIR Executive
Institutional Investors Roundtable



Soderstrom, Jon
Managing Director, Office of Cooperative Research
Yale University

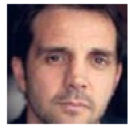


St-Aubin, Gérald
Vice-président Fonds d'investissement et soutien stratégique
Desjardins Venture Capital



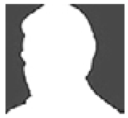
Steffens, Richard
Minister Counselor for Commercial Affairs
Embassy of the United States

Stewart, Craig
Associate Director - Federal Affairs
GlaxoSmithKline Canada Inc



Stokes, John
Partner
Real Ventures

Sylvestre, Charles
Directeur des technologies de l'information, des télécommunications et de l'environnement
Fonds de solidarité FTQ



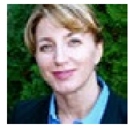
Tanguay, Sébastien
Director - Technology Entrepreneurship
Québec International

Teten, David
Partner
ff Venture Capital

Tharaud, Cécile
CEO
INSERM Transfert

Théorêt, Patrick
Directeur du service du financement des Sociétés
Autorité des Marchés Financiers

Tremblay, Miville
Director, Financial Markets
Bank of Canada



Turner, Shauna
CEO
BC Renaissance Capital Fund & BCIIF

Vachet, Claude
Managing Partner
Cycle Capital Management

Van Deventer, Sander
General Partner
Forbion Capital Partners

van Lierop, Wal
President & CEO
Chrysalix Energy Venture Capital

VanKoughnett, Hale
Consul General
Consul General of the United States
in Quebec City

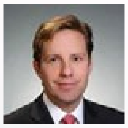
Viel, Carl
President and CEO
Québec International

Wiedmer, Alexander
Partner
Iris Capital

Windham-Bannister, Susan
President and CEO
Mass Life Sciences Center

Wong, Alexander
Managing Director, Head of Venture
Capital
D.E. Shaw

Xanthoudakis, Steve
Director, Licensing and External
Research
Merck Research Labs



Zug, David
Vice President
HarbourVest Partners LLC

A warm thank you to QCC's 2013 Partners & Sponsors

Our Partners

Bureau de la Capitale-Nationale Québec

BC Renaissance capital fund

bpifrance

Ontario

U.S. Commercial Service — United States of America Department of Commerce

Québec

Ville de Québec

Our Sponsors

BDC

Investissement Québec — FACILITER · FINANCER · PROPULSER

National Bank of Canada

Power Corporation of Canada

Fonds de solidarité FTQ

Teralys Capital

Fondaction CSN pour la coopération et l'emploi

Northleaf Capital Partners

OVCF Ontario Venture Capital Fund