



2018 TIP: ADDRESSING THE SCALE-UP CHALLENGE

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Organized in partnership with [Startup Genome](#)

The scale-up challenge

Over the last decade, scaling up tech companies has been increasingly identified as a major issue facing tech innovation ecosystems outside Silicon Valley and New-York/Boston for the following reasons:

- Young, innovative and fast growing companies are engines of productivity gains and job creation;
- Over the last two decades, in most OECD countries, there has been a dramatic increase in entrepreneurship and tech start-up creation supported by government policies;
- Outside of the US and, except for China, this has not translated into a parallel increase in scale up companies:
 - Very few large independent companies have emerged from the waves of start-ups;
 - In addition, a significant part of emerging companies are moving to the US or being acquired by US companies.

More recently, in the US there has been a very significant increase in the number and value of large investment rounds in private tech companies and a growing number and value of unicorns, involving new categories of investors: VC mega funds, crossover funds, private equity funds and institutional investors.

China has witnessed a similar explosion of the number and size of large rounds and unicorns.

In other OECD countries, notably in Europe and Canada, an upward trend has also been observed but of a much smaller order of magnitude; although there has been an increase in the number and size of local VC funds, the increase in the number and value of large rounds and scale-up companies is largely supported by US investors and the drift of local tech companies towards the US has not subsided.

Addressing the scale-up issue is now a high priority for governments: “scale-up” or “growth” task forces have flourished in Europe, Canada and beyond. Initially, public policies have mainly focused on the supply of capital (increasing the availability of venture capital and venture debt). More recently, the importance of including the demand side (reinforcing the deal flow of scale-up companies) has been increasingly recognized: access to talent, management capabilities, access to market, and collaboration with larger corporations.

It is now largely acknowledged that the issue is not only about financing, it is more broadly about creating ecosystems that support the scaling-up of tech companies.

The recent Innovation Supercluster Initiative in Canada is a good example of such an ecosystemic approach to address the scale-up issue as illustrated by the objectives of the initiative:

- “Build a shared competitive advantage for their cluster that attracts cutting-edge research, investment and talent by addressing gaps, aligning strengths, enhancing attributes, and positioning it as a world-leading innovation hotbed;
- Increase business expenditures on R&D and advance a range of business-led innovation and technology leadership activities that will address important industrial challenges, and boost productivity, performance and competitiveness for Canada’s sectors of economic strength;
- Generate new companies, and commercialize new products, processes and services that position firms to scale, integrate into global value chains, transition to high-value activities and become global market leaders; and
- Foster a critical mass of growth-oriented firms, and bolster collaborations between private, academic and public sector organizations pursuing private-sector led innovation and commercial opportunities to enhance the cluster’s pool of resources, capabilities and knowledge.”¹

However, this type of initiative is still recent and in the design mode; few links are made with the supply side policies and the financing chain and results have yet to be proven.

In view of the multiplication of policy initiatives to address the scale-up challenge, both on the supply and demand sides, and their relatively limited impact so far, there is a need to confront international best practices, establish bridges between supply side and demand side initiatives and foster collaboration among stakeholder groups in the ecosystem.

How the QCC Tech Innovation Platform (TIP) can help

The mission of the TIP is to be a platform to convene the main stakeholder groups of Tech Innovation Ecosystems (entrepreneurs, universities and research centers, corporations impacted by tech innovation, investors and governments) in order to address challenges that these ecosystems are facing² and accelerate their development. It is supported by the federal and provincial governments in Canada and several public and private partners.

The TIP is the successor of the Public Policy Forum on Venture Capital and Innovation, an international platform focused on public policies to support the financing chain for tech start-ups. It is part of the Quebec City Conference (QCC), now in its 15th year, which includes another forum, the FIRCAP, focused on institutional investors and the QCC Main Conference on the second day.

¹ Program Guide p.5 (underlined by us)

² For a detailed presentation of these challenges, see Executive Summary in Appendix.

QCC and the TIP have close links with the Institutional Investors Roundtable (IIR)³ and the Global Long Term Capital Summit⁴.

Building on its experience as a platform builder, its ability to attract ecosystem builders and stakeholders, and its international networks and partnerships with governments and investors, the TIP will focus its 2018 edition on public policies and initiatives to address the scale-up challenge with the objectives of sharing international best practices, bridging supply side and demand side initiatives and fostering collaboration among stakeholder groups to address the scale-up challenge.

It will notably bring to the table the perspectives of:

- Development banks in charge of implementing public policies;
- Large international VC funds that are the cornerstones of many scale-up companies;
- Leading local funds which have as their objective the scaling up of their portfolio companies;
- Alternative sources of financing that play an increasing role in this field: crossover funds, private equity funds, institutional investors;
- Initiatives designed to address the management/capacity issue;
- Initiatives designed to foster collaboration between start-ups and corporations, and accelerate access to market:
 - At the firm level: hubs, zones
 - At the strategic or industry level: clusters;
- Corporations involved in these initiatives;
- Successful scale-up entrepreneurs who have scaled-up locally or internationally;
- Sources of Long Term Capital interested in emerging large opportunities.

The TIP is a closed Forum, by invitation-only, that will attract leaders of the main stakeholder groups of the innovation ecosystem which face in a direct manner the scale-up challenge. It will be held on the first day of the Conference (April 4th, 2018).

³ The IIR is an international community of over 40 leading global institutional investors to collaborate on private market investments. Access is restricted to senior investment executives from eligible pension funds, sovereign funds, government reserve fund and other long term asset owners (“Institutional Investors”).

⁴ The Global Long Term Investment Summit is a platform associated with the IIR, whose mission is to accelerate the flow of large-scale, long-term investment into projects that support sustainable economic development. This Summit is the only recurring venue in the world designed to develop a structured, direct and continued interaction between the leading global long-term investors, national governments and leading philanthropic organizations to address this important challenge. It is already supported by the federal government.

The TIP will also benefit from synergies with the other parts of the QCC:

- The FIRCAP, a forum for international institutional investors interested in investing in VC and PE funds to be held in parallel to the TIP;
- The Main Conference held on the second day (April 5th), with participants of the TIP and the FIRCAP and additional participants, mostly international investors, that will focus on themes at the intersection of investment and technology that will be of interest for investors, ecosystem leaders and policy makers, providing them with an opportunity to mingle.

A special focus of this year's Main Conference will be attracting high level speakers involved in scaling-up tech companies internationally.

TIP's structured conversation among leading stakeholders of tech ecosystems and the convergence with the FIRCAP and the Main Conference around the scale-up challenge will create a unique opportunity for all concerned parties to share experiences, compare notes, extend their networks and enhance collaboration leading to tangible outcomes.

ABOUT QCC

QCC is a not-for-profit organization whose mission is to support private investment activities producing societal benefit by addressing a specific need in the market place. Its modus operandi is to create customized by-invitation-only forums to create action-oriented communities of aligned stakeholders which are each aimed at solving specific market dislocations and to support them logistically and financially. QCC has so far established the Institutional Investors Roundtable (IIR); the Tech Innovation Platform (TIP) and the FIRCAP. It also organises the Quebec City Conference, which is described below.

QCC is supported by the governments of Quebec, Ontario and Canada and by private sponsors. More information is available at: <https://qcconference.com/>