



BUSINESS AND INVESTMENT BULLETIN

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PARTEQ Leads the way — turning innovations into economic returns

Established in 1987, PARTEQ Innovations, the technology transfer arm of Kingston, Ontario's Queen's University, is a leader in the commercialization of research discoveries. Acting as a bridge between the university and the marketplace, PARTEQ helps bring the benefits of scientific discovery to the public, while generating income for the inventor and the university.

To date, it has more than two dozen spin-offs to its credit. "A key element of our value-added approach to commercialization is our creation and management of captive venture funds which facilitate the development of early-stage opportunities," says PARTEQ President and CEO John Molloy. Dr. Robert Foldes, President & CEO of PARTEQ spin-off Cytochroma Inc., a drug discovery and development company targeting cancer and skin conditions, agrees. "We couldn't have achieved our current level of success without PARTEQ," he says. "PARTEQ helped guide Cytochroma's intellectual property and business development strategy in the early years, building a solid foundation for future growth."

PARTEQ - President and CEO John Molloy with two researchers from Cytochroma examining test results at Queen's University.

Ontario's got all the elements world-class companies need to succeed

When New York based Oxiquent Inc., a U.S. pharmaceutical company developing a number of novel anti-cancer compounds, went looking for a partner, it found what it needed in Ottawa, Ontario-based Adherex Technologies. The result is a new combined company, based in Ottawa, operating under the name Adherex Technologies, with a rich pipeline of potential anti-cancer products.

Adherex is just one of hundreds of successful life sciences companies thriving in Ontario, which has one of the largest regional concentrations of life sciences firms in North America.

What makes Ontario such a life sciences hotbed? Dr. Calvin Stiller, Chairman and CEO of the Canadian Medical Discoveries Fund (CDMF), a large venture capital investor in the life sciences sector, maintains it's because Ontario has all the elements life sciences companies need to succeed, noting that a significant portion of the Canadian Medical Discoveries Fund is invested in Ontario-based companies.

"Ontario has a critical mass of highly educated scientists and researchers working in leading-edge areas within a substantial and sophisticated R&D infrastructure," he says. "What's more, the province offers a very attractive investment environment."

Eric Fredrickson, Director of Investor Relations for MDS Capital, Canada's largest life

sciences venture capital (VC) firm, agrees. "Last year was a difficult one for the industry worldwide, but Ontario more than held its own in terms of investment," he says. "Ontario is a great location for biotech investment. It has innovative scientific minds, world-class academic and research institutions, a growing pool of entrepreneurial management talent and access to capital."

According to Macdonald & Associates Ltd., which tracks venture capital activity in Canada, Ontario life sciences firms have attracted over \$900 million in financing since 1996.

"World-class science is starting to converge with venture capital expertise and entrepreneurial management talent creating a very attractive environment for venture capital investment going forward," says President Mary Macdonald.

Ontario's industry also benefits from a government committed to ensuring that it becomes one of the top three in North America. For years the government has supported leading-edge research and development, along with collaboration between academia and the private sector, through a number of funding programs, such as the Ontario Research and Development Challenge Fund and the Ontario Innovation Trust. To date the government's investment has leveraged \$6 billion.

Government support has been evident as well by way of generous R&D tax credits—they can cut the after-tax cost of a \$100 R&D expenditure to less than \$42—and by attractive corporate tax rates. Ontario's combined corporate income tax rate of 33.12 per cent is lower than all the combined federal and state tax rates in the U.S.

To accelerate commercialization of the province's ground-breaking research, the government launched an ambitious \$50-plus million strategy in June 2002. It aims to increase commercialization by strengthening the province's existing and emerging clusters along the Biotech Corridor that extends from Ottawa, Ontario in the north to London, Ontario in the south.

"Ontario has tremendous research strength in leading-edge areas like stem cells, proteomics/genomics, nanotechnology, biomaterials and biophotonics," says Dr. Stiller. "The new strategy aims to ensure that Ontario's industry capitalizes on that strength."

Central to the strategy is the creation of Toronto's Medical and Related Sciences (MaRS) Discovery District, which received \$20 million in start-up funding. Located right next door to the University of Toronto—recognized by the U.N. as one of the world's top four international centres of research excellence—and with six hospitals and some 30 specialized research centres within a four-block radius, MaRS holds the promise of living up to its motto of being "the greatest place on earth for commercialization".

Also key to the strategy is the Biotechnology Cluster Innovation Program, a \$30 million program to promote increased development of the regional innovation clusters.

Says Dr. Stiller, "I'm bullish on Ontario's industry. The investment opportunities are unparalleled in my opinion."

He adds, "I predict that anyone who invests in an Ontario life sciences company today is going to look brilliant in just a few years time."

A lab technician inspects Skelite™, a 100 per cent synthetic bone graft substitute

developed by Millenium Biologix (recently approved by the U.S. Food and Drug Administration)

INSIDE

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World's largest optical network will enable collective R&D

With the first link of the Ontario Research and Innovation Optical Network (ORION) set for completion this Spring, excitement is mounting in the province's research community. That's because when it's fully operational in 2003-2004, the 3,200 km high-speed network—the largest leading-edge optical based research network in the world—will enable researchers, educators and scientists across the province to work together, and with colleagues around the globe, on advanced R&D projects and new research tools and technologies.

Based on new technology that expands the information-carrying capacity of individual optical fibres, ORION will provide a “virtual test-bed” for new applications and services. Dr. Mike Bauer, Principal Investigator for SHARCNET, a consortium of Ontario universities developing a network of high-performance computing clusters, is one of the province's researchers eager for the network to get up and running. “We want to build a cluster of clusters—a virtual supercomputer—and test and evaluate it using ORION,” he explains. “In the process, we hope to help develop new tools and capabilities that will keep Ontario at the leading edge in critical areas of science, engineering and business.”

For more information about Ontario's Life Sciences industry, please call: 1 800 819-8701 or fill out the attached response card, or visit us at our website at www.2ontario.com.

Supercomputer at the hub of genetically-tailored treatments

The 10th floor of Toronto's Hospital for Sick Children is home to Canada's largest publicly accessible supercomputer dedicated to the science of bioinformatics, the marriage of information technology and life sciences. And the work it's doing is nothing short of amazing.

Its vast power is being harnessed to help researchers understand the mechanisms of diseases and develop highly focused drug treatments tailored to patients' genetic makeup. In the process, it's keeping Ontario at the forefront in the high-demand areas of genomics and proteomics.

Built by SGI and operated by the Ontario Centre for Genomic Computing (OCGC), the supercomputer is capable of doing 15 years worth of computational work in a single month, and it's available at no charge to academic researchers in Ontario.

That combination is attracting—and keeping—top-notch researchers like Dr. Régis Pomès. A theoretical biophysicist who has studied and worked in Europe and the U.S., Dr. Pomès was lured to Toronto, in part, by the supercomputer.

"It was definitely one of the key factors in my decision," says Dr. Pomès, currently an Assistant Professor of Biochemistry at the University of Toronto and a scientist at Sick Kids. He leads a team of researchers whose work in the area of proteins and small molecules has wide applications for various diseases.

"I was also drawn by Toronto's rich and stimulating scientific environment. It's one of the top centres in the world."

The supercomputer is also available for a fee to commercial researchers like Dr. Dan Fieldhouse, Manager of Bioinformatics for TM Bioscience, a DNA-based diagnostics company developing a suite of genetic tests for debilitating genetic diseases.

"Small biotech companies like ours cannot afford to buy a supercomputer," he explains. "OCGC's supercomputer gives us a secure environment for our research and saves us time and money."

Says Chip Campbell, OCGC's technical director, "The need for computational help comes early in the drug discovery phase. Having this supercomputer available here is not only helping draw and keep expertise in the province, it's enhancing our ability to bring new and better drugs to market sooner by saving months—even years—of work."

Visit us at BIO 2003

Interested in finding out more about investment opportunities in Ontario's booming life sciences industry? Come and visit us at BIO 2003, June 22-25 in Washington D.C., Booth #1819. Better yet, phone the Ontario Investment Service at 1-800-819-8701, or reach us through our interactive website, www.2ontario.com and make an appointment now to meet with one of our International Life Sciences Business Development Consultants.

There's never been a more exciting time in the life sciences industry —and there's no better place to be than Ontario. The province has one of the largest regional concentrations of life sciences firms in North America, thanks to a tradition of important medical discoveries, a highly-educated and entrepreneurial life sciences workforce, a sophisticated R&D infrastructure, competitive business costs, available venture capital and a strategic location in the heart of the world's largest life sciences market.

Ontario has everything you need to succeed.

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Automotive	Forest Products	Chemicals
Biomed	Infotech	R&D Tax Credits
Call Centres	Machinery	Plastics (Updated)

OTHER PUBLICATIONS AVAILABLE:

- Investing in Ontario
- Area Development Magazine, 2002 Ontario Feature
- Ontario: A Profile
- Ontario: Canada's Business Centre with regional and industry highlights—2002 Edition
- Trade & Commerce Magazine, 2002 Ontario Report

CD ROMS AVAILABLE:

- Biomed in Ontario
- Ontario: Consider the Advantages

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IntesaBci Aims to build on its success in Ontario

Italian-based bank IntesaBci Canada entered the Canadian market by way of Toronto, Ontario in 1981, primed to take advantage of the city's large Italian population. Today, it's one of the country's largest full-service chartered foreign banks—it has 11 branches and three commercial banking centres in Ontario, as well as centres in Quebec and British Columbia—with a customer base that goes far beyond its original target.

And IntesaBci Canada has no intention of resting on its laurels. It aims to build on its success by delivering superior client service and global expertise that comes from 100 years of banking experience.

As part of the Milan-headquartered IntesaBci Group (formed in 2001 by a merger of two leading European banks, Banca Intesa and Banca Commerciale), IntesaBci Canada is part of a banking system that has more than 2,500 offices around the world.

"Being part of a bank with that kind of a global reach makes it possible for us to provide our customers with access to world markets, an extensive knowledge of foreign exchange and global banking, and a comprehensive menu of international products and

services," explains Brigette Kocijancic, IntesaBci Canada's Manager of Marketing and Communications.

That combination, plus IntesaBci's focus on personalized service, has helped the bank to capture some of Canada's Financial Post Top 500 companies, as well as subsidiaries and branches of international companies operating in Canada.

"Key to our success in Canada has been our location in Toronto," says Kocijancic. "As the financial centre of Canada, it's home to all the major Canadian banks and dozens of foreign-based banks, which means there's a well-educated financial talent pool to draw on. Toronto is also where most of the big Canadian corporations and multinationals are headquartered, so the client base is here as well."

IntesaBci Canada, headquartered in Toronto, the financial capital of Canada.

Experts at International Marketing Centres will pave the way

Ontario is a great place to do business and the Ministry of Enterprise, Opportunity and Innovation is eager to get that message out to potential investors in major markets around the globe.

That's a big reason why the Ministry recently opened International Marketing Centres in New York City, Shanghai and Munich—and why additional offices are planned in Tokyo and London.

Whether a potential investor is interested in locating a business in Ontario, partnering with an Ontario-based company, or doing leading-edge R&D in the province, senior economic officers on-the-ground at the International Marketing Centres are primed to provide all the information needed to make an informed decision.

For more information on how our International Marketing Centres can help you, contact:

John Monahan in New York City:

E-mail: John.Monahan@dfait-maeci.gc.ca
Telephone: 212-596-1781

Yijun Song in Shanghai:
E-mail: yijun.song@dfait-maeci.gc.ca
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Telephone: (49 89) 21 99 57 60

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FACTS & SURVEYS

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Ontario is a life sciences hotbed, and we're committed to being at the leading-edge in this vital industry.

We start with a highly-educated biotech workforce—more than 40,000 strong. With our colleges and universities producing more than 29,000 graduates a year in math, engineering and sciences, we're ensuring a steady supply of new talent. As well, our biotech workers are concentrated in a Biotech Corridor, giving them major cluster-power.

In addition to leading minds we also have an effective R&D infrastructure that includes hundreds of world-class research centres and focused funding programs—all aimed at public/ private collaboration.

Then there are the province's competitive business costs. A landmark KPMG study confirmed that when it comes to establishing, building and operating a company during its first ten years, we offer the lowest costs overall of any of the G-7 countries.

I invite you to visit our booth at BIO 2003, and find out first-hand what astute life sciences companies have known for some time. There's simply no better place to be located than Ontario, Canada.

Jim Flaherty
Minister of Enterprise, Opportunity and Innovation

(Source: KPMG Competitive Alternatives Study, Ontario Ministry of Training Colleges and Universities, Research, Technology and Skills Ontario)

Toronto Centre for Technology Showcases Toronto's Technology Economy

With its Innovation Lab and Incubator, the new Toronto Centre for Technology—the

first of its kind in North America—promises to advance and promote Toronto's globally competitive technology economy by providing valuable networking and professional development opportunities. The Centre will also showcase eight to twelve new technologies every three months. For more information visit www.stta.ca.

(Source: SMART Toronto Technology Alliance, January 29 '03)

Toronto Top Spot in North America for Business

Toronto, Ontario was ranked the top spot for business location according to a recent study prepared by an arm of Chicago-based real estate firm Jones Lang LaSalle. The study, which looked at 36 North American cities, cites Toronto's growing population, skilled workforce and competitive business costs as the reasons for the city's attractiveness.

(Source: Toronto Star, January 10 '03)

Canadian CEOs Expect Improved Profits in 2003

A recent KPMG/Ipsos-Reid survey reveals that nearly three-quarters of Canada's top 314 CEOs expect their bottom lines to improve in 2003. That optimism is bolstered by Boston-based Thomson Financial/First Call which reports that analysts expect profits among the companies within the S&P/TSX 60 index to soar an average of 67.2 per cent in 2003—compared to just 13.9 per cent for Wall Street's benchmark Standards & Poors 500

(Source: Financial Post, January 22 '03)

Strong Ontario Job Creation Continues

The Ontario economy added 28,400 net new jobs in February 2003, the sixteenth consecutive month of job creation for the province. Ontario accounted for more than 50% of the 55,200 jobs created across Canada in February.

INVESTING IN ONTARIO

Windsor

Wipro Technologies IT services division of Bangalore, , the India-based Wipro Limited, has opened a development centre in Windsor, Ontario. The centre, which will employ 200 high-tech workers when fully operational, offers IT services, IT management and business process outsourcing.

St. Thomas

Amino Corporation of Japan has purchased a 2,800 m² building in St. Thomas, Ontario for its first North American manufacturing centre. The total investment is estimated at over \$10 million and the plant is scheduled to begin making auto body panels in April of 2004.

Toronto

TorPharm, a division of **Apotex**, is expanding its Toronto, Ontario plant by 32,500 m². The \$250 million investment will nearly double the size of the plant. The FDA and TPP approved facility develops and manufactures a full line of pharmaceuticals for the U.S. market.

The **Government of Ontario** has invested \$2.9 million in research infrastructure at the **University of Toronto**. The investment will enable academic and commercial drug researchers to use the supercomputer at the U of T's **Molecular Design and Information Technology Centre** for biomolecular structure-based research and drug discovery.

London

Brose North America is investing \$81 million to construct its first Canadian automotive manufacturing plant in London, Ontario. The plant will supply seat adjusters and door components for OEMs and Tier One manufacturers across North America. Construction of phase one of the 37,000 m² facility will begin in June, 2003. The facility will initially employ 350 workers.

Hamilton

Dofasco Inc. is investing \$700 million over five years to revamp its Hamilton Finishing Division. The capital investment will focus on improving manufacturing capabilities by implementing coupled and continuous manufacturing, automated processes and information technology that will seamlessly link manufacturing and order management.

Ottawa

The **Government of Ontario** has awarded a \$6 million first installment of **Cancer Research Fund** grants to 15 top Ontario researchers. The \$38 million Cancer Research Fund supports both cancer research infrastructure, as well as research projects targeted at finding and testing new cancer treatments.

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