

AUGUST 2020

Submission to the Standing Committee on Finance and Economic Affairs

RECOMMENDATIONS FROM STAKEHOLDERS
REGARDING THE GOVERNMENT'S RESPONSE TO COVID-
19

RECOMMENDATIONS:

Recommendation 1: That Ontario work with the Government of Canada to expediently expand high speed internet access across Ontario.

Recommendation 2: Recognizing the limitations that treaties might have on the way Ontario procures, we recommend that the Province deliberate other ways to support the procurement of Ontario based technologies by the public sector. The Province needs to do more to view procurement strategically and ensure that Ontario companies are treated on a level playing field with foreign companies.

Recommendation 3: That the Province modernize Ontario's vendor of record system so that it is easier for up and coming companies to onboard onto procurement vehicles that enable them to sell into the Ontario Government.

Recommendation 4: The Ontario Together initiative was a good one. We recommend that the Province explore ways to ensure that this catalog is used by the broader public service as it provides a unique opportunity for Ontario companies, that are not necessarily a vendor of record, to sell into government and for the Province to take advantage of great technologies coming out of Ontario.

Recommendation 5: That Ontario leverage Ontario based companies to enhance the ability of unemployed Ontarians to connect with employment opportunities in the Province.

Recommendation 6: That Ontario consider developing a single sign on approach (an Omni Channel) for businesses operating in the Province. This approach would make it easier for businesses to track programs and the status of their applications. Integration with other levels of Government would be ideal.

Recommendation 7: That the Province launch an awareness campaign of the risks of cyber attacks and provide companies with guidance and possibly funding to mediate their increased exposure given the work from home context.

Recommendation 8: That the Province continues to pursue actions in the realms of electricity that keep rates low for Ontario companies.

Recommendations 9: That the Province reconsider the caps for the Rent Subsidy program and deliberate ways to incentivize landlords to renegotiate their contracts with leasers.

Recommendation 10: That the Province continue to fund programs through the Ontario Centre of Excellence such as the Smart Start Program to encourage the foster of start-ups in Ontario.

Recommendation 11: That the Province consider re-introducing the Grants for Not-For-Profits promoting youth entrepreneurship as a means to stimulate the growth of new companies in Ontario.

OVERVIEW:

On August 7th, the Parliamentary Assistant for Minister Vic Fedeli, Donna Skelly (also MPP for Flamborough—Glanbrook) agreed to sit down for 1 hour with DMZ Innisfil and Ontario small/medium-sized companies to gather their feedback on how effective Ontario has been at supporting medium and small sized tech companies operating in Ontario during the Covid-19 crisis.

DMZ used the data obtained by this roundtable to compile the following report. Ahead of the round table, the participants were provided with a compete briefing on the actions that Ontario has taken to support Ontario small and medium sized companies and time to reflect on what has and hasn't been helpful and what other initiatives should be considered.

The roundtable was chaired by DMZ Innisfil. DMZ provides a launchpad for founders to build and scale fast. Bigger and bolder than any other program of its kind, the DMZ has been creating the next gen of game-changing, global businesses since 2010. To date, the DMZ has helped more than 400 start-ups raise \$870+ million in capital and create 4,000+ jobs. In partnership with the Town of Innisfil, we've created a collaborative program designed to help entrepreneurs succeed personally and professionally. DMZ Innisfil will be a staple to the town's growing Startup community by providing exclusive resources and access to a network of partners, customers and investors from Canada's top tech incubator-accelerator. DMZ Innisfil compliments DMZ's extensive network in Ontario which also includes locations in Niagara and Toronto.

For more information, please visit dmz.ryerson.ca/dmz-innisfil

Participating Companies:

- 1) [Fresh Spoke, Barrie, ON](#)
Marcia Woods, CEO
- 2) [Agema Hospitality, Aurora , ON](#)
Michael Agema, Founder and CEO
- 3) [Spot App, Toronto, ON](#)
Daniel Copeland, Co-Founder
- 4) [PiiComm, Plantagenet, ON](#)
Rick Robillard, CEO
- 5) [ThinkOn, Toronto, ON](#)
Craig McLellan, CEO
Dean Hachey, Senior VP Sales
- 6) [Lighthouse Labs, Toronto and Ottawa, ON](#)
Josh Borts, Founder and CFO
- 7) [DLS Technologies, Ottawa, ON](#)
Patrick Nadeau Chief of Operations
- 8) [Get Ready Global, Guelph, ON](#)
Justin Howe, CTO
- 9) [TypeSift, Toronto, ON](#)
Abhijeet Sarkar, CEO

1. CHALLENGE:

The need for high speed internet in Ontario.

Differences in the availability of rural broadband is creating a disparity in communities in Ontario and is a massive divider between companies operating within and outside boundaries. This is especially relevant given the context of Covid-19 where tech companies, by and large, are operating remotely in some capacity or another.

The roundtable identified three participating tech companies who specifically iterated their need for broadband connectivity to maintain business operations. PiiComm, operating in Plantagenet, Ontario, DLS Technologies, operating in the Ottawa region and Fresh Spoke from Barrie, Ontario all expressed their inability to operate effectively from their homes in rural Ontario. Although the word, 'rural', is used to describe the locations of their home offices they are actually only a short distance out of major urban centres.

According to company leadership, this disparity in availability of high-speed internet has created a gap wherein companies operating outside of urban areas are paying up to four times for internet in comparison to their counterparts located within city limits. Poor internet access is a serious challenge for these companies as working from home increasingly becomes a regular model of operations. For example, ThinkOn, based in Ottawa, Toronto and North Bay, iterated their intention to move to a work from home by default model at a company wide level. For them, high speed internet access to their employees in Rural Ontario, particularly North Bay, is absolutely required to operate effectively. Josh Borts, Founder and CFO, of Lighthouse Labs concurred. As a training focused organization, their classes moved completely online. The lack of broadband access in many areas of Ontario severely affected their ability to provide online classes of high quality to Ontarians operating in remote areas.

The Parliamentary Assistant acknowledged the necessity of high-speed internet in all of Ontario's and iterated that, although this is ultimately a federal issue, the Province had allocated \$300M to expanding internet access. The Parliamentary Assistant also briefed the attendees on the Government of Ontario's initiative of providing workplace devices (IPADS) with internet connectivity to those in need.

Recommendation 1: That Ontario work with the Government of Canada to expediently expand high speed internet access across Ontario.

2. CHALLENGE:

Doing business with the province of Ontario is difficult

From a tech company perspective, the roundtable agreed that they have had difficulty doing business with the Province of Ontario.

ThinkOn, self described as the largest homegrown Canadian Cloud Service Provider, had recently been short listed for the Province of Ontario's approved cloud service provider catalog. This would enable ThinkOn to provide Ontario Ministries and Broader Public Sector agencies with Cloud Service solutions such as those related to Software as a Service, Infrastructure as a Service and Platform as a Service. However, ThinkOn was required to wait until Ontario had finalized negotiations with the U.S based firms, Microsoft, IBM and Amazon Web Services. In their view, and the roundtable concurred, this ran counter to and conflicted with the Province's focus on supporting Ontario based businesses. The Parliamentary Assistant committed to looking into this issue further.

In another case, PiiComm had been onboarded onto the Ontario Government's Ontario Together catalog for the provisioning of hardware solutions to school boards in need of learn from home devices such as tablets and laptops. In practice, however, despite being on the approved vendor list for the provisioning of hardware, PiiComm has been unable to engage Ontario school boards despite reaching out to practically all of them. In their view, there is a clear disconnect between the intentions of the program and information relayed to the school boards. Based on responses from School Boards, they either are unaware or unwilling to leverage the Ontario Together catalog for the procurement of workplace devices. The roundtable concurred that the Ontario Together initiative was a good one in that it provided a venue for them to engage the Government around Covid-19 solutions but that it needed refining so that public sector organizations leveraged it to procure.

From another perspective, Ontario's procurement of food for the broader public sector, such as correctional facilities, was mentioned. It was proposed to the roundtable that Ontario consider procuring food from Ontario companies first even though they might be more expensive. Marcia Woods, CEO of Barrie based, Fresh Spoke, iterated that purchasing from Ontario companies not only supported the vendors themselves, but the growers and the supply chain in between.

The Parliamentary Assistant offered to follow-up with companies affected and to forward their recommendations to the Standing Committees concerned with Procurement Reform, Agriculture, Health and Finance.

Recommendations 2-4:

Recognizing the limitations that treaties might have on the way Ontario procures, we recommend that the Province deliberate other ways to support the procurement of Ontario based technologies by the public sector. The Province needs to do more to view procurement strategically and ensure that Ontario companies are provided equal opportunity.

In some ways, this could mean ensuring that Ontario companies are treated on a level playing field relative to foreign companies. From a practical standpoint, Ontario cloud-based vendors, such as ThinkOn, should be onboarded onto the Provinces procurement vehicle at the same time as US firms.

It could also mean modernizing Ontario's vendor of record system so that it is easier for up and coming companies to onboard onto procurement vehicles that enable them to sell into the Ontario Government.

The Ontario Together initiative was a good one. We recommend that the Province explore ways to ensure that this catalog is used by the broader public service as it provides a unique opportunity for Ontario companies, that are not necessarily a vendor of record, to sell into government and for the Province to take advantage of great technologies coming out of Ontario.

The Province should also consider becoming more involved in the Government of Canada's Accelerator Growth Services to help entrepreneurs grow their business. The roundtable suggested that the Province would benefit if, through this program, there was enhanced coordination between the levels of government.

3. CHALLENGE:

Connecting the unemployed to employment opportunities:

Daniel Copeland, Co Founder of Ontario based, Spot App, attended the roundtable. Spot App specializes in connecting unemployed Ontarians to employment opportunities. According to Daniel, 811,000 people in Ontario are currently seeking meaningful work. Josh Borts, Founder and CFO of Toronto and Ottawa based, Lighthouse Lights, concurred that, as a Private Training organization, there was indeed many of their students who were currently seeking work and having difficulty.

From an employment perspective, PiiComm, based just outside of Ottawa, is in desperate need of employees. They went as far as posting a giant billboard on the highway near their facility to attract potential candidates. Many other roundtable attendees also suggested their difficulties in finding employees.

Despite there being many unemployed but eager workers in Ontario, and many Ontario companies looking for workers, they are having difficulty connecting with each other. This theme was consistent amongst other companies participating including DLS Technologies, and ThinkOn, who both require employees but are both having difficulty connecting into the job market. PiiComm iterated their view that the Federal Canadian Emergency Relief Benefit (CERB) was a potential cause for a lack of motivation of the workforce to take on entry level positions.

Recommendation 5: That Ontario leverage Ontario based companies like Spot App and Global Skills Hub to enhance the ability of unemployed Ontarians to connect with local employment opportunities. The Province could revamp their current systems or partner with the private sector to develop a new match making program.

4. CHALLENGE:

Programs designed to assist Ontario companies during covid-19 were complex and difficult to take advantage of

Roundtable attendees including representatives from PiiComm, ThinkOn DLS Technologies, Spot App and Get Ready Global suggested that they had all reviewed the various programs introduced by Ontario to support them during the pandemic but had difficulty leveraging them.

In the case of Spot App, it was suggested that the programs were tailored to more established organizations. According to their representative, they were ineligible because they did not meet specific wage and income requirements.

Craig McLellan, CEO of ThinkOn, made the comment that the number of programs made it difficult and tedious to comb through. He suggested that a lot of energy and time was wasted reviewing programs that were not fits or which were not 'real',

Scott Ashley, CTO of Get Ready Global based in Guelph, Ontario, concurred that many of Ontario's programs evolved and changed during the pandemic which made it difficult to target and then leverage those that were the right fit. He also commented that, because there is no single sign on for Ontario businesses, when he applied for programs, there was no easy way to track them or to keep an eye on developments in real time. Rather, after applying, it was unclear when he would hear back or what the status of his file was. This challenge was augmented by their pursual of programs at the federal, provincial and municipal levels.

Recommendation 6: Ontario should consider developing a single sign on approach (an Omni Channel) for businesses operating in the Province. This approach would make it easier for businesses to track programs and the status of their applications. Integration with other levels of Government would be ideal.

5. CHALLENGE:

Cyber security concerns for Ontario small and medium sized businesses:

DLS Technologies suggested that the move to remote working expanded the attack surface for cyber attacks. Their Chief Operating Officer suggested that this made Ontario SMEs particularly vulnerable to malicious attacks.

Recommendation 7: That the Province launch an awareness campaign of the risks of cyber attacks and provide companies with guidance on how to remediate their exposure.

That the Province consider assisting Ontario companies with the financial costs of upgrading their cyber security knowledge and protections.

6. CHALLENGE:

Electricity costs are high in Ontario but the roundtable was all in agreement that the province's actions to provide relief for electricity costs during the pandemic were helpful

Recommendation 8: That the Province continues to pursue actions in the realms of electricity that keep rates lower for Ontario companies.

7. CHALLENGE:

There are problems with the Rent Subsidy Program's rent cap. The cap is not proportional to the location of the rental space. For instance, Lighthouse Lab's local space cost for their downtown Toronto campus was well over the rental cap. Their inability to leverage the program has hindered their financial capacity to pivot and manage the costs of converting to online learning.

Recommendations 9: That the Province reconsider the caps for the Rent Subsidy program and deliberate ways to incentive landlords to be open to renegotiating their contracts with leasers.

8. Opportunity

From a DMZ perspective, we recognize the immense talent and drive of the Ontarian tech community. The economy is digitizing and we believe that the Government has a great opportunity to use the current context to support the growth of Ontario's entrepreneur community.

Recommendation 10-11: We encourage the Province to continue to fund programs through the Ontario Centre of Excellence, such as the Smart Start program and revisit the possibility of reintroducing the Grants for not-for-profits promoting youth entrepreneurship. In our view and experience, these programs provide an excellent stimulate for the fostering of start-ups in Ontario.