

Standing Committee on Finance and Economic Affairs

Toronto, Ontario
August 26, 2020

OCE Submission

Study of the recommendations relating to the Economic
and Fiscal Update Act, 2020 and the impacts of the
COVID-19 crisis on certain sectors of the economy: Small
and Medium Enterprises sector

Good afternoon,

My name is Claudia Krywiak and I am President and CEO of OCE.

Thank you to the Members of the Committee for your time today and for your continued commitment to seek feedback directly from partners. I would also like to thank you for your leadership through these challenging times.

OCE is a not-for-profit organization funded by the Ministry of Economic Development, Job Creation and Trade that works in partnership with government, industry and the post-secondary sector to accelerate the development, commercialization and adoption of new technologies that will create jobs, drive economic growth, and enhance Ontario's competitiveness in the global economy.

Our team of Business Development Managers is deployed across the province and assists in identifying, cultivating, and supporting the most promising innovations and made-in-Ontario technologies, and helping the next generation of innovators and entrepreneurs succeed.

As a result of the quick action taken by this government, industry, and communities across the province in response to this unprecedented situation, we have responded to the immediate challenges presented by the pandemic.

As evidence of this response, OCE worked together with over 40 key stakeholders from across Ontario's innovation ecosystem – including universities, colleges, accelerators, Regional Innovation Centres, economic development offices and angel investors – to create the COVID-19 Collaboration Platform. This platform brought together innovators, experts, researchers and industry partners together on collaboration opportunities to address the immediate challenges facing frontline healthcare workers and develop innovative solutions and production and procurement-ready products, supporting the Ontario Together effort. In its first few weeks, the collaboration platform received over 400 submissions and resulted in hundreds of new introductions, collaborations, and R&D partnerships that led to the development of new products, submissions to Ontario Together, and rebuilding of Ontario's manufacturing supply chains.

Now, we are presented with both the longer-term challenge of economic recovery and the opportunity to rebuild better and leverage Ontario's strengths – in the advanced manufacturing, life sciences, and technology sectors – to emerge as global leader in innovation.

Today, I am here to provide feedback that we have heard directly from the SMEs that we work with across the province. These companies, from Windsor to Thunder Bay, and representing sectors that range from agriculture to quantum computing are facing challenges that have been amplified by the pandemic and are struggling to build the pathway back to economic recovery and prosperity.

Among the considerations that will be important with respect to Ontario's economic recovery and rebuilding efforts, I would like to highlight three important areas of opportunity:

- 1) **Digitization** as a tool to build resilience and provide a competitive advantage for Ontario's SMEs
- 2) **Strengthening the tech sector** and recognizing the key role it plays in economic recovery
- 3) **Commercialization of made-in-Ontario** technologies to build our future.

These areas of focus will accelerate Ontario's economic recovery and provide much needed support that will help Ontario's SMEs grow and succeed, fostering economic resiliency and global competitiveness.

Digitization

Ontario businesses have faced significant challenges resulting from social distancing measures and disrupted global supply chains. Companies that have built digital capacity have proven to be much more resilient and are recovering more quickly. Providing Ontario SMEs with access to advanced technologies, through programs such as ENCQOR 5G, the Next Generation Networks Program (NGNP) and the provinces Autonomous Vehicle Innovation Network (AVIN) can assist companies in their recovery and ensure their resilience in the face of future challenges.

Recommendations

- Provide Ontario SMEs with access to advanced technology platforms and digital tools (AI, cloud computing, 5G, etc.) and build capacity for technology development and deployment across key sectors through regional technology development sites and demonstrations.
- Extend access to 5G, and other advanced technology platforms, to be inclusive of small and medium-sized, northern and rural communities, where barriers to technology adoption and deployment can be significant.
- Help Ontario SMEs recruit and retain highly-specialized and technical talent to accelerate technology development and deployment.

Strengthening the Tech Sector

Technology SMEs are the backbone of an interconnected supply chain that supports diverse industry sectors and drives regional growth and prosperity. Recognizing the central role that the tech sector plays in our economic recovery and job creation capability, we must ensure that innovators and entrepreneurs leveraging emerging technology to solve business problems and customer needs have access to the necessary supports to get established and grow. Assisting home-grown Ontario SMEs, from start-up to scale-up, to support pivoting, take advantage of new market opportunities and promote their solutions for international export will play an important role in rebuilding this tech infrastructure and accelerating economic recovery and resilience.

Recommendations

- Foster initiatives for government and the broader public sector to become early adopters and first customers of innovative Made-in-Ontario technologies to support supply chain resiliency and local company growth.
- Issue public-sector challenges and support innovation-based procurements to drive digitization and technology adoption across the public sector, allocating percentage of procurement budgets on a “use it or lose it” basis.
- Support SMEs to pilot and demonstrate innovative technology solutions with customers, connecting supply and demand.

Commercialization of Made-in-Ontario IP

Ontario holds the unique position in Canada of having 46 publicly funded post-secondary institutions capable of supporting the translation of world-class research into economic outcomes that support Ontario’s competitiveness. The ability to commercialize homegrown IP will position Ontario among global leaders if we can leverage industry and market demand to successfully move technologies out of the research lab and into the marketplace.

It is important to continue building industry-academic partnerships that drive commercialization of IP developed in Ontario’s post-secondary institutions, in turn supporting transfer of technology to local industry and leading to the creation of early-stage ventures that address market needs. This approach is especially important in key areas where Ontario has strength – such as AI, Life Sciences, C/AVs, Quantum Computing and 5G application development – as it remains a critical asset for SMEs deploying made-in-Ontario tech and exporting it globally.

Recommendations

- Build and co-invest in partnerships between established local industries and post-secondary institutions in order to commercialize IP, transfer technology and solve business and market needs.
- De-risk early-stage ventures commercializing academic IP by providing seed financing and early-stage investments to build homegrown companies with Made-in-Ontario solutions that will create jobs, export new products and support economic development in our diverse industries and communities.

Early in the crisis, there was a discussion about the return to normal. As the situation developed, however, our language evolved and we now have an unprecedented opportunity to create a new normal, one that leverages existing strengths and builds an innovation-based economy that will drive job creation and provide Ontario’s SMEs with a competitive advantage globally. It is this new normal that OCE and our industry and innovation partners, and the thousands of SMEs, start-ups and scale-ups from across the province are committed to building.

On behalf of OCE, I would like to thank the members of the committee for providing today's forum to seek feedback directly from stakeholders and for taking the time to listen to our recommendations, as we work together to support job creation and drive economic growth in the weeks, months and years ahead.

Thank you.

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