

# INCUBATOR CITY

From animation to aviation, fashion to film, there's an incubator ready to support Canada's most dynamic startups.

BY CAMILA CORNELL

MaRS Discovery District

**W**hen Bruno Santiago started looking for a place to launch his startup, he knew exactly what he wanted: a country with a welcoming business climate and an open door for budding entrepreneurs. When the Brazilian was offered space in a Toronto business incubator in 2016, he knew he'd found it.

Santiago set up shop in Toronto in August 2016, joining an accelerator run by technology venture capital firm Extreme Venture Partners. Santiago's business idea—an e-commerce platform for private jet solutions—has taken root, alongside his passion for his new home.

"Canada is just fantastic when setting the groundwork for entrepreneurs," says Santiago. "I love the business orientation of Toronto—it's very dynamic. There is an event for startups every day if you can fit it into your agenda."

Indeed, Extreme Accelerator is just one of some 64 incubators, accelerators and technology hubs in the city—many established in the last five to 10 years—contributing to Toronto's reputation as a vibrant launching pad for local and international talent.

## INCUBATORS, ACCELERATORS AND HUBS

The basic concept behind incubators, accelerators and tech hubs is this: just as prenatal incubators nurture fragile newborns until they can survive on their own, all three aim to help fledgling enterprises in economic sectors as diverse as technology, food, fashion, film, social enterprise, financial services, music, retail and design get off the ground.

"They're there to support startups, no matter whether they're at the idea stage or they've gained some market traction and they're scaling up," says Chris Rickett, manager of entrepreneurship services for the City of Toronto.

Entrepreneurs and talent usually apply for a spot in a specific program, and competition can be fierce. But once accepted, they can generally access a range of perks, from shared working space to equipment, staff members with business and technical acumen, mentors who are accomplished entrepreneurs themselves, and match-making events between startups, talent, potential investors and customers.

But while there are many similarities between incubators, accelerators and tech hubs, there are some key differences as well. Here are some examples.



▶ Incubators tend to focus on early stage businesses and generate revenue by charging fees for their programs. But they may also be subsidized—sometimes heavily—by government or larger corporations. "The businesses can usually stay for as long as they need to, up to a point," says Sunil Sharma, chair of the Canadian Acceleration and Business Incubation (CABI) and managing director of Techstars Toronto (an accelerator).

▶ Accelerators are often run by venture capital funds that take a stake in the startups as payment for their services. "With an accelerator, companies join in a batch or cohort, and there's a defined start date and end date," says Sharma.

▶ Innovation hubs act more as a catalyst between investors and researchers (often with universities and hospitals) who seek to turn great ideas into tangible, useful products.

Although their motivations may be different, incubators, accelerators and hubs all have a vested interest in seeing startup enterprises survive, whether to increase Canada's competitiveness, provide jobs or simply make some cash.

## AN OPEN DOOR TO TALENT

Canada, and particularly Toronto, offers a welcoming atmosphere for talented individuals looking for a safe launching pad. In an attempt to spur innovation and job creation, Canada's Start-up Visa Program offers permanent resident status to foreign-born entrepreneurs, as long as a Canadian venture capital fund or angel investor group commits financially to their business or

they have the support of a business incubator. Significantly, about 48 percent of the members of startup teams in Toronto come from other countries.

Once here, Santiago points out, Toronto has all the elements a startup needs to grow, from a highly skilled workforce and a cosmopolitan atmosphere to economic stability and a business-friendly culture that actively encourages entrepreneurship.

Rickett couldn't agree more. The City of Toronto has been involved in incubation for about 30 years, and Rickett and his team make it their mission to help people start new businesses in the city, provide support for incubators and accelerators, develop new incubators to support key sectors, and lead collaborative projects between incubators and accelerators.

"Toronto tends to fly under the radar because we don't talk enough about how awesome we are," he says. "But we have a diverse and deep startup ecosystem."

Here's just a small sampling of the kinds of incubators, accelerators and incubation hubs you'll find.

## MARS DISCOVERY DISTRICT

What do the producer of a new ADHD drug, an innovative solar panel developer and a medical company exploring technologies to aid in brain surgery have in common? The answer: They're all being nurtured by MaRS Discovery District.

MaRS' 1.5 million square-foot innovation centre in the heart of Toronto ranks as the world's largest urban innovation hub. Its goal: To help to commercialize the

cutting-edge research being performed in the hospitals, businesses and university labs that surround it.

“Our startups are tackling some of the most complex global challenges, from innovative cancer therapies to advanced energy storage,” says Karen Greve Young, vice-president of corporate development and partnerships at MaRS.

To that end, MaRS offers space, mentoring and matchmaking events for startups with investors, customers and talent. It also works with corporations and government to help them adopt innovation in four main sectors, namely, energy and the environment (i.e., “clean tech”), finance and commerce, health, and work and learning.

“Innovation is the most powerful driver of positive economic and social change,” says Greve Young. “We like to say that MaRS is not just about creating billion-dollar companies, but touching a billion lives.”

### TORONTO FASHION INCUBATOR

Toronto Fashion Incubator (TFI) ranks as the first official fashion incubator in the world. Launched in 1987, to spotlight and support the next generation of Canadian fashion designers and entrepreneurs, it has prompted copycat programs in over 30 global cities, including London, Paris, New York, Milan, Amsterdam, Melbourne and Chicago.

TFI’s resident designers get 24/7 access to a work studio, high-end sewing machines and industrial irons, and a resource centre where they can check out costly trend-forecasting services gratis.

Among the successful alumni are Sunny Fong of *Project Runway Canada* fame; Joeffer Caoc who established first Misura and then Joeffer Caoc; U.K. designer Todd Lynn; Pina Ferlisi, once the creative director of Marc by Marc Jacobs and McQ and now the creative director of Henri Bendel; as well as the labels Line Knitwear, David Dixon and Smythe.

### DIGITAL MEDIA ZONE

In the eight years since it opened its doors, the DMZ (Digital Media Zone) at Ryerson University has become the top-ranked university-based incubator in North America, and third in the world, according to UBI Global—a leader in performance analysis of business incubators.

Just over 300 startups sprang to life in the DMZ, garnering more than \$380 million in funding among them.

Noteworthy grads include employee communication platform SoapBox; medical photo-sharing app Figure 1 (used to crowdsource diagnoses to complex and rare conditions); and robotics company DreamQii, which launched Canada’s most successful startup crowdfunding campaign ever three years ago, raising \$2.5 million for its PlexiDrone product.

The DMZ’s reach extends far beyond Canada’s borders as well, with partnerships in the U.S., India, South Africa, the U.K. and Tunisia. A recently opened space in New York City should “allow DMZ ventures in Toronto to explore the market opportunities in the U.S.,” says Rickett. “That’s the next step in helping companies built in Toronto to scale globally.”

### CANADIAN MUSIC THEATRE PROJECT

When the Canadian musical *Come From Away* launched on Broadway back in March 2017, it took New York by storm, garnering glowing reviews and a Tony Award for Best Direction of a Musical. The heart-warming production was based on the true story of how the town of Gander, Newfoundland, welcomed 6,579 people who arrived on their doorstep after 38 planes were forced to land on September 11, 2001.

What few people know is that the musical was originally developed and produced by Sheridan College and the Canadian Music Theatre Project (CMTTP), Canada’s first incubator for the development of new musical theatre works.

Launched in 2011, the incubator offers chosen writers, lyricists and composers a writer’s fee and an opportunity to hone and perfect their work. They can make full use of a professional director, a music director and a cast of fourth-year Sheridan students to workshop the material, bringing the characters to life.

So far, CMTTP has workshopped 19 musicals, including *Brantwood*, which won the 2015 Dora Mavor Moore Audience Choice Award, and *The Theory of Relativity*, which ran Off West End in London, England.

“The very best in the business will tell you that what makes it onstage is probably draft 472, not draft one,” says Michael Rubinoff, producing artistic director of CMTTP and Theatre Sheridan. Like all of Toronto’s incubators—whether they focus on upstart businesses, arts ventures or social enterprises—CMTTP provides the support creators need to help them get to that polished draft, prototype or launch.

## TORONTO CONFERENCES BY THE NUMBERS

Toronto is the top Canadian domestic business travel destination and the most popular choice for American association meetings outside the U.S. Here’s why.

200

Approximate number of members of Toronto’s innovative Leaders Circle. With expertise in such areas as academia, medical/life science, leading-edge technologies, natural resources and commerce, Leaders Circle promotes Toronto as a host city for significant international meetings. Members can get complimentary support to take them right through from strategic conference bid to site inspections.

3,260,000

Square footage of meeting space at five major convention centres



40,000

Number of hotel rooms in more than 230 hotels in Toronto.



50+

Percentage of the U.S. and Canadian population that lives within a 90-minute flight from Toronto, which ranks as the fourth-largest city in North America, after Mexico City, New York and Los Angeles.