



THE FUTURE OF INNOVATION IS NOW

2009/10 – 2011/12 Service Plan

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COUNCIL





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MESSAGE FROM THE CHAIR



*Greg Aasen
Chair, BC Innovation Council*

Dear Minister Chong,

On behalf of the Board of Directors and the employees of the British Columbia Innovation Council (BCIC), I am pleased to present the organization's Service Plan for fiscal years 2009/10 to 2011/12.

The Council has been identified by the Province of British Columbia as the lead organization charged with advancing innovation and commercialization in the province of British Columbia. Given the rapidly changing financial outlook in BC, Canada and in key international markets, it is now more important than ever to secure a strong and healthy growth rate in the knowledge economy — a task that we at BCIC take as our core mandate and key undertaking.

As the new Chair of BCIC, it is my privilege to lead a strong Board of Directors and a very committed staff towards delivering on the expectations and targets set forth by the government of British Columbia. I would like to take this opportunity to welcome two new board members: Martha Salcudean and Morgan Sturdy, both of whom will add considerable experience from industry and academia to the board.

Providing strong and deliberate support to the technology industry at a time when the economy is under severe pressure allows BCIC to stimulate the involvement of many partners and seeding activities that create economic opportunities.

Growing the knowledge economy, advancing the quality and quantity of talent available, creating new jobs and supporting research leading to new innovative solutions will help secure a top position for BC in the global competition for talent and sectoral excellence.

BCIC looks to expand its role as a leader, collaborator and catalyst to accelerate innovation and commercialization throughout BC. The Council is well positioned to tackle important and complex challenges associated with growing BC's knowledge economy at a time when the global economy may indeed contract and growth becomes even more challenging. BCIC has adjusted its plans and program delivery to reflect the current global economic and fiscal downturn and the consequent reduced budget for the 2009/2010 and 2011/12 period.

The knowledge economy, based on commercialization of technology and creative industries, as well as the use of industrial design are key to the success of the new economy in BC. Industry has expressed concern in the areas of talent availability, some frustration at the levels of commercialization from our research institutions and the lack of entrepreneurial drive in the province. Through instruments such as the

Premier's Technology Council's 10th Report, BCIC has listened and undertaken a number of measures and initiatives that address these concerns.

Specifically, BCIC is focused on three areas: Talent, Innovation and Commercialization.

Talent: The most valuable resource anyone can have is people that bring skills and strength to an organization. Skilled and talented individuals are required to ensure that the knowledge economy can continue to grow. BCIC uses a number of different tools to grow the talent of students in our own education system, and seeks to attract the best skilled workers from abroad.

Innovation: BCIC works with universities and institutes, as well as the K-12 system to encourage the growth of an innovation mindset in BC. BCIC looks to support and enable entrepreneurship, and develop ideas that will result in robust business plans. In concert with the BC Regional Science and Technology Network (BCRSTN) of nine councils, BCIC is reaching out to every corner of the province.

Commercialization: BCIC works closely with the Province's technology transfer offices to encourage more ideas to reach the marketplace and get translated into commercial success. BCIC looks to encourage the interaction between the applied sciences and business, at the student level, as well as the faculty and researcher level to increase the Province's return on investment (ROI) from research and science investment at BC's universities and institutes.

Through mentors, business planning and proof-of-concept support, BCIC helps accelerate the growth of the knowledge economy and the small and medium sized enterprises (SMEs) that form its base. BCIC has assembled a group of highly experienced experts in sectors where BC has core competency and growing world potential. BCIC looks to accelerate those key sectors to new levels of visibility internationally and to greater capacity at home.

The 2009/10 – 2011/12 Service Plan continues the development of the plans laid out in last year's Service Plan and is prepared in accordance with the Budget Transparency and Accountability Act. The Board is accountable for the contents of the plan including the selection of performance measures and targets. The plan is consistent with the government's priorities and overall Strategic Plan, which includes the BC Research and Innovation Strategy. All significant assumptions, policy decisions, and identified risks, as of December 15, 2008 have been considered in preparing the plan. While I recognize the fiscal restraint that follows the current domestic and international economic climate, it is the hope of the BCIC

Board and employees that BCIC continues to deliver a highly efficient and strong suite of activities and programs. The current budget forecast will not impact the selection of activities and programs that BCIC delivers; it will however reduce the number of participants in specific programs and may reduce the degree to which various initiatives are supported. It is my hope that in the coming years new funding can be considered for BCIC initiatives that further grow the knowledge economy, which is so critical to the economic future of BC.

As we all wait to see what will happen to the world economy, the North American economy and specifically BC's and Canada's economy, BCIC remains confident that the knowledge economy will remain a significant factor in the future of the composition of BC's economic picture. It is likely that many companies will go through contraction and various levels of pain, however, given that BC does not have a large number of head offices with multiple thousands of employees, the shocks that are felt in New York's or London's financial industries or Ontario's automotive industry, will not happen in BC. It is our hope that BC's industry will continue to develop, albeit perhaps at a slower pace for some quarters.

In closing, I would like to thank the Ministry of Advanced Education, Minister Coell and Deputy Minister Moura Quayle for their past support, and the Ministry of Small Business, Technology and Economic Development, Minister Chong and Deputy Minister Don Fast for their continued support of BCIC, along with all the Ministries across government that BCIC works with on a daily basis.

Yours truly,



Greg Aasen,
Chair, BC Innovation Council

ORGANIZATIONAL OVERVIEW

The BC Innovation Council (“the Council”) is a provincial Crown agency operating under the 2006 British Columbia Innovation Council Act. Greg Aasen chairs the 12 member Council Board, which is responsible to the Honourable Ida Chong, Minister of Small Business, Technology and Economic Development. As of January 15, 2008, the Council had a staff of 20 led by CEO, Dean Rockwell.

Corporate Governance

The British Columbia Innovation Council follows, and is in compliance with, the Board Governance guidelines posted on the Board Resourcing and Development Office (BRDO) website.

The Lieutenant Governor in Council, through Order-in-Council, appoints the members of the BC Innovation Council Board, and delegates the role of the Chair. The Board Chair reports to the British Columbia Legislative Assembly through the Minister of Small Business, Technology and Economic Development. As of December 15th, 2008 the Board of Directors has 12 members:

- Greg Aasen, Chair
- Jonathan Burke
- Gurval Caer
- Jock Finlayson
- Richard Glickman
- Dr. Ken Higginbotham
- Doug Horswill
- Greg Kerfoot
- Jill Leversage
- Dr. Martha Salcudean
- Morgan Sturdy
- Dr. Alan Winter

There are currently up to three vacancies.

The Board

- Sets the strategic direction and approves appropriate plans from management;
- Recruits, empowers and monitors the executive management;
- Shepherds and safeguards Council resources, approving major financial decisions, ensuring internal controls are in place and addressing areas of risk;
- Measures corporate performance, reporting regularly to the stakeholders to ensure compliance with applicable laws and ethical standards.

Board Committees

- The Audit and Finance Committee helps the Board fulfill its obligations and oversight responsibilities relating to the audit process, financial reporting, corporate control systems and risk management. When required, it makes recommendations to the full Board for approval.
- The Programs Committee helps the Board formulate programs and initiatives by providing valuable insight from NGO and private sector perspective and experience.
- The Governance and Board Nomination Committee reviews board policies and practices, ensuring the Council fulfills its legislated mandate, and implements effective due diligence over the Council's governance.
- The Human Resources and Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the Council's staff policies and practices.

At the time of writing, the following board members are members of the following committees:

Audit and Finance Committee:

Jock Finlayson, Dr. Ken Higginbotham, Jill Leversage

Programs Committee:

Greg Aasen, Greg Kerfoot, Dr. Alan Winter

Governance and Board Nomination Committee:

Morgan Sturdy, Greg Kerfoot, Richard Glickman

Human Resources and Compensation Committee:

Dr. Alan Winter, Richard Glickman, Doug Horswill

Governance Principles

The Council's Board has adopted the guiding principles outlined in the Province of British Columbia's Governance Framework for Crown Corporations in establishing a framework from which to operate.

These principles include:

- Stewardship, leadership and effective functioning of the Board.
- Performance and value, innovation and continuous improvement.

Governance Disclosure

The Council's governance documents and related disclosure practices are available at <http://www.bcic.ca/about-us/governance>, as well as from BCIC's Chief Financial Officer, who keeps a full log and library of all documents related to the Council and its activities.

ORGANIZATIONAL OVERVIEW

Senior Management Team

The executive management team includes the Chief Executive Officer, the Chief Financial Officer and the Vice-President of Innovation Development.

Strategic Context

The Premier of British Columbia has appointed BCIC as the Province's lead organization responsible for advancing innovation and commercialization in the province.

The 10th Premier's Technology Council Report has identified BCIC as a key agency in the drive towards a strong knowledge economy.

The Global Connect Report, "Integrating and Enhancing the BC Knowledge Transfer System", identified BCIC as the best placed organization to "act as an honest, neutral broker to facilitate the active engagement of entrepreneurs, researchers, technology companies, capital providers, service providers and government agencies to build a community that assists in the mobilization of knowledge and the formation and growth of technology-based business opportunities in BC".

BCIC is active in the development of the knowledge economy in BC. Given the reality of what has happened to the economy domestically and internationally over the past five months, it is very difficult to assess what the coming three years will look like. Changes occur almost daily and BCIC continues to ensure that its services meet industry and government expectations. Through an active board made up of industry experts and continued consultations with ministries across government and a number of other organizations, BCIC ensures that it maximizes the return on investment on the funds it can commit to growing and securing BC's knowledge economy.

Mandate

BCIC receives its mandate and direction from the Honourable Ida Chong's Shareholder's Letter of Expectations.

BCIC's mandate is outlined as follows:

- a Encourage development and application of advanced or innovative technology and the talent that drives it to meet the needs of industry in BC including the implementation, administration and funding of programs and the organization and management of projects and initiatives that serve to further the objectives set out in this section;
- b Consider all matters brought to its attention by the Minister and if required by the Minister report its findings to the Minister;

- c Formulate recommendations to the government respecting the acquisition, development and dissemination of scientific, technological and scholarly knowledge to promote the industrial, economic and social development of BC;
- d Advise the Government on implementation of science policy;
- e Gather and organize information on scientific research;
- f Facilitate discussions on science policy with Canada or a province or with an interested person;
- g Recommend to the Government the establishment and awarding of fellowships, scholarships, exhibitions, bursaries, grants and prizes to encourage development of improved technology and retention of skilled research personnel in BC;
- h Evaluate research and development proposals and make recommendations to the Province respecting funding of these proposals.

Vision

Facilitate and expedite top-tier innovation and commercialization for BC in partnership with government, industry and institutions.

Mission

Provide catalytic leadership to enhance collaboration across the public sector, private sector and research institutions to drive the flow of talent, innovation, and commercial success for BC at home and around the world.

BCIC Values

BCIC's values guide its operation:

- **Entrepreneurial** in identifying the needs of its primary market — the research and innovation sector in the province — and ensuring that it carries out market driven activities.
- **Innovative** in its pursuit of opportunities that ensure its resources are effectively leveraged and sustainable activities are developed.
- **Partner-driven** in its collaboration with other organizations, to leverage and bring added value to programs, activity planning and execution.
- **Accountable** for its activities, ensuring efficient, transparent and fair processes are followed.

BCIC GOALS

At the tactical level, three overarching areas of concentration form the basis for advancing BCIC's major goals: i) improving the quality and quantity of Human Resources Talent in the Province; ii) improving the volume and quality of innovation by maximizing the opportunity for innovation to be successfully commercialized; and iii) raising awareness of sectors in the knowledge economy where BC has core competency and global potential. In addition to these key areas, BCIC will be monitoring a number of trends and other measures to ensure that long-term objectives are met, and that reasonable milestones are established and reached. It should be noted that the measures were initially created in the 2008/9 Service Plan and therefore to a large degree have been benchmarked in the current fiscal with the objective to monitor and improve these in subsequent years.

All measures below are incremental and reduced somewhat from last year's Service Plan, reflecting a lower budget over the period. The measures reflect a strong and significant impact on the knowledge economy of BC. All measures for 2008/9 are based on 12-month projections.

Human Resources Talent

BCIC delivers a series of initiatives to grow the strength of the human resources talent pool in-province from other parts of Canada and from international markets. This includes improvements in enrolment in mathematics and science streams in high schools, through post secondary education and into the workforce. As well, it includes working with our partners on the attraction of key graduates, experienced workers and faculty from other jurisdictions.

1. Human Resources Talent continuum

The number of students at all levels directly impacted through BCIC scholarships and other programs.

A: Secondary: Number of students that are recipients of BCIC-led scholarships to enter undergraduate studies:

2008/9	2009/10	2010/11	2011/12
300	350	300	300

B: Post-secondary: The number of undergraduate, graduate students, post-graduates or post-doctorates that have been recipients of programs delivered by BCIC directly or jointly with other partners:

2008/9	2009/10	2010/11	2011/12
450	450	400	350

Innovation

BCIC identifies and collaborates with partners to advance ideas and innovation to a platform that builds strong commercialization potential. This includes how the province's University-Industry Liaison Offices (UILOs) manage and maximize output from their programs: creating an infrastructure across the province that allows for the development of prototypes; providing the cross-pollination between the faculties of applied science and business to achieve greater opportunities for the development of strong business plans; and the use of virtual boards and mentor networks to further enhance opportunities for future commercial success. An important aspect is the delivery of projects and programs by the members of the BC Regional Science and Technology Network in their respective areas of the province.

2. Innovation

The number of business plans, prototypes, businesses and individuals that have been supported by BCIC programs:

2008/9	2009/10	2010/11	2011/12
61	80	80	80

Commercialization

BCIC will build a network of Entrepreneurs in Residence at major institutions around BC will assist these institutions in launching products faster. Further, awareness of sectors where BC has capacity and critical mass, and houses core strength in key international markets, is a major component of increasing the flow of venture capital and motivating companies to locate and grow in BC. International efforts will focus on the west coast of the United States and the Asia Pacific region, thereby attracting new businesses, investment and financial tools to the BC economy.

3. Commercialization

The number of companies that have been created and grown where BCIC programs and BCIC-partnered initiatives have had a direct impact:

2008/9	2009/10	2010/11	2011/12
12	13	12	12

BCIC GOALS

4. Domestic and international awareness of BC's knowledge economy:

The number of activities and exposure generated by BCIC activities, including attraction of key conventions and conferences to BC and working with our partners to grow awareness of BC's knowledge economy:

2008/9	2009/10	2010/11	2011/12
11,039,000*	12,000,000	12,000,000	12,000,000

*Number of impressions in domestic and international media, where BCIC has been the focus of, or a major component of a story or advertisement and unique visitors to the BCIC website

5. Domestic and international partnerships/agreements BCIC initiates or participates in:

The number of domestic and international actions that BCIC develops and participates in and their impact on the BC knowledge economy:

2008/9	2009/10	2010/11	2011/12
12	10	8	8

Two additional measures have been created to reflect the climate change imperative:

Climate Action

The number of internal and external programs and their results that are led or initiated by BCIC and its staff:

A: Number of internal climate change initiatives participated in or developed by BCIC and its staff:

2008/9	2009/10	2010/11	2011/12
10	13	15	15

B: Number of external climate change projects adopted or initiated by BCIC that may be suitable for other agencies or business at large:

2008/9	2009/10	2010/11	2011/12
5	6	7	7

The final measure reflects the broad base of support offered to BCIC from industry and other government partners:

Funding leverage

The amount of leveraging of core funding that BCIC achieves with partners across all levels of government, institutions and industry (the measure is expressed in a ratio as follows):

2008/9	2009/10	2010/11	2011/12
100: 85: 20	100: 65: 20	100: 80: 20	100: 100: 20

Measure expressed as \$ of core funding in 2008/9 fiscal year, as index = 100 : \$ from other government partners and agencies thereof, as a percentage of core funding index: \$ from private sector companies, organizations and individuals, as a percentage of core funding index.

Source Data: All data for BCIC measures originate in initiatives and programs that are undertaken by the Council. Specific names and source data can be made available upon request, subject to standard Freedom of Information guidelines.

BCIC has reduced its projections for the measures that are outlined above, when compared to last year's Service Plan. This has been done to reflect the current budget. While BCIC strives to maintain the highest level of performance and leveraging of third party funds, it is reasonable to assume that in particular leveraging against Federal funding agencies is likely to be more difficult and may result in some reduction in BCIC's overall activity level.

As part of BCIC's ongoing effort to improve, the organization is looking at best practices in commercialization around the world and towards suitable benchmarks that would allow for a degree of comparison of successes in the BC context. Having looked at Canada in some detail, there is no like organization to compare to. BCIC is now investigating other jurisdictions and will continue this work as part of an overall innovation/commercialization best practices initiative which is underway and will be concluded in the summer of 2009.

CORE BUSINESS AREAS AND MAJOR PROGRAMS

BCIC operates under the guidance of a Shareholder's Letter of Expectations (SLE) from the Minister of Small Business, Technology and Economic Development. The letter outlines in general terms the areas of BCIC's focus.

The SLE spells out the following core activities for BCIC (quoted directly from the SLE):

- Increase the talent pool available to BC technology companies;
- Accelerate the conversion of innovation and research into commercial success;
- Improve the awareness and importance of innovation as a component of successful entrepreneurship and the development of commercially successful new companies founded in science and technology innovation;
- Focus on the key sectors where BC has a competitive advantage:
 - Life Sciences (health, biotechnology, bioproducts, biorefining);
 - Information and communication technology
 - Creative industries (new media, industrial design and wireless);
 - Clean Technology (alternative energy and sustainable/conservation technologies);
 - Natural resources (forestry, agriculture, fishing, mining, oil and gas);
 - Ocean technology (security, energy, monitoring and conservation technology)
- Leverage funding from the federal government, academic institutions, industry and other funding sources;
- Build and support critical mass within key sectors by strengthening existing or emerging clusters of highly qualified personnel (HQP) improving access to capital, and nurturing strong industry-academic interaction;
- Strengthen collaboration in key sectors both regionally and globally;
- Facilitate increased business growth and retention in BC;
- Not include the provision of subsidies to specific companies.

To meet the expectations outlined in the SLE, BCIC has created a structure that has three departments, each with responsibility to deliver against specific parts of the

SLE. Overall, the Council's core business areas and major initiatives relate to increasing availability of talent, encouraging innovation, and promoting and enhancing the conversion of ideas to commercialize success. The three departments within BCIC are:

- **Sector Development**
- **Programs and Evaluation**
- **Marketing and Communication**

Sector Development and International Relations

The Council supports the development of technology and research activities throughout the province that create, improve and grow the knowledge economy. At the time of writing this plan, BCIC has four directors responsible for sector collaboration and province-wide participation. Sectors covered are:

- Life Sciences (health, biotechnology, bioproducts, biorefining);
- Information and communication technology;
- Creative industries (new media, industrial design and wireless);
- Clean technology (alternative energy and sustainable/conservation technologies);
- Natural resources (forestry, agriculture, fishing, mining, oil and gas);
- Ocean technology (security, energy, monitoring and conservation technology)

As asset maps are developed and other key sectors are identified, BCIC will work with key stakeholders to support those sectors.

The sector directors are tasked with identifying program opportunities and activities that will grow their respective industry sectors, and will further the recruiting of talent and enhance innovation and commercialization and raise international awareness. They work closely with government, industry associations and institutions. They assist in the development of ideas, around which the Programs department can design specific solutions.

As a primary funder of nine regional science and technology councils across BC, BCIC's Director of Regional Collaboration is responsible for the coordination and collaboration among technology-based organizations in all parts of BC. The BC Regional Science and Technology Network delivers key

CORE BUSINESS AREAS AND MAJOR PROGRAMS

support to the knowledge economy outside BC's lower mainland.

BCIC's International Partnerships Office, led by the Vice-President of Innovation Development, helps companies develop business in international markets through research alliances and other collaborations with international jurisdictions. These include the significant agreement with China's Ministry of Science and Technology and, in 2008, a partnership with the Medicon Valley in partnership with LifeSciences BC, NRC-IRAP and Western Economic Diversification.

The Sector Development and International Relations department works closely with industry and association partners and foreign jurisdictions to develop international partnerships and strategic alliances. In addition to various federal government departments and organizations, partner organizations include PNWER (Pacific North West Economic Region) and various institutions in California, Oregon, Washington, People's Republic of China and other key jurisdictions.

Programs and Evaluation

BCIC designs and manages a significant number of initiatives that promote growth in the human resources talent pool, promote innovation and increase the opportunity for innovation to get commercialized. In addition the group is involved in the evaluation of a number of third party programs, including provincial government initiatives and other foundations.

BCIC augments its capacity with leveraged funding from the private sector and other government partners to deliver strong programs. The following programs were announced as a bundle in the summer of 2007, with roll-out currently under way.

Key components include:

- **Scholarships and fellowships** for undergraduate and graduate students, post-doctoral researchers and faculty to increase the talent pool, creating better trained graduates through cross-disciplinary activities.
- **Business Plan Award Program** to promote the joint development of commercialization ideas with business plan competitions requiring applied science and engineering students and MBA students to collaborate.
- **Proof-of-concept Support** will allow BCIC to fund the creation of prototype capacity around the province. Lack of such facilities currently inhibits the creation of commercial opportunities. British Columbia Institute

of Technology's skills in the medical devices area of prototyping are a good example of how this type of program can assist companies and individuals across BC.

- **Business Case Program** creates BC content for our business schools, delivering case studies that are based on BC companies and their successes/challenges.
- **BC Advanced Sales Institute** provides a dedicated stream in the MBA program aimed at developing high-tech sales leadership and management professionals. This will be complemented by short executive-type, week-long programs and part-time year-long programs designed to fill an identified need for senior sales leadership and management expertise.

BCIC also supports the initiatives at a number of BC institutions to advance the commercialization of innovation. These include: The University of British Columbia, Simon Fraser University, University of Victoria, University of Northern British Columbia, Thompson Rivers University, Emily Carr University of Art + Design + Media and the British Columbia Institute of Technology.

BCIC has a long history of providing quality support to various agencies and government in the area of peer evaluation for competitions for academic and cash awards. Through an extensive network of subject matter experts, the Council manages unbiased evaluations using third-party evaluators in and outside the Province. Part of this service is provided to the British Columbia Foundation for Research, Science and Technology (BCFRST) in designing and coordinating programs being launched under the \$50 million Natural Resources and Applied Sciences Research Endowment.

BCIC will continue to make recommendations to the government on the establishment and awarding of fellowships, scholarships, exhibitions, bursaries, grants and prizes to encourage development of improved technology and retention of skilled research personnel in BC.

Marketing and Communication

Marketing and Communication delivers a number of specific elements that contribute to the success of the overall BCIC mandate. To achieve this, the Marketing and Communication department works closely with the Initiatives and Sector departments to create awareness of the knowledge economy within BC as well as to promote and market strategic BC opportunities internationally.

- **BCIC Innovators Network** includes a comprehensive database of business leaders, academics and other

CORE BUSINESS AREAS AND MAJOR PROGRAMS

industry talent that can help BCIC deliver a long list of services, including: mentors, virtual boards, evaluators, public and high school presenters and speakers, etc.

- **International Event Attraction** positions BC on the world map in specific sectors, as the Globe conference has done and continues to do. Globe is an international conference held every two years, and draws participation of top-tier speakers, delegations, companies and institutions to Vancouver. In a similar fashion, BCIC is working to attract new, permanent, world-class conferences to BC.
- **TechTalentBC** partnership with the BCTIA and others to attract talent from various international jurisdictions, including the United States.
- **International Awareness** of BC by working with industry associations and partners to participate in pivotal events in key markets around the world.
- **Sector specific events and activities** include participation and partnering on key events in BC and internationally.
- **Comprehensive web-based resources** to inform and educate industry and associations of the value of the knowledge economy.

BCIC will be a conduit for information to the government on strategic issues, opportunities and initiatives undertaken in the BC knowledge economy that support government direction or require attention on behalf of the government.

PRINCIPAL PARTNERS, CLIENTS, STAKEHOLDERS AND MARKET

The BC Innovation Council develops and implements many of its initiatives in-house. If specialized expertise is required, it may contract out specific tasks. BCIC frequently enters into partnerships with federal and provincial government agencies, research institutions, industry and regional groups to carry out its activities. Partnerships are core to the success of BCIC.

With regards to managing programs and general activities, BCIC strives to approach innovation sector issues using the BCIC Innovators Network, maintaining relationships with industry, academic institutions, government, and not-for-profit science and technology organizations.

BCIC could not deliver on its mandate and many programs without the support of a great number of volunteers. While mostly anonymous, they deserve special recognition and our deepest gratitude. They include:

- Scientists and other experts who review proposals, participate in workshops and discussions, and provide expert advice on issues relating to research and scientific merit.
- Representatives from the public service and private research institutions and laboratories who offer their expertise in research, technology transfer and commercialization.
- Prominent BC technology entrepreneurs, who serve on the Board, work on committees and provide advice to new companies.

BCIC is located at:

Leading Edge Technology Centre
1188 West Georgia Street
Vancouver, British Columbia

BCIC is co-located with key industry associations to achieve maximum efficiency in delivery of programs and initiatives (see notes p. 19).

PLANNING CONTEXT AND KEY STRATEGIC ISSUES

BCIC will continue to adjust and finalize programs and their delivery based on the level of funding from government, and based on core government goals and objectives, as outlined in the annual Shareholder's Letter of Expectations.

Significant Risks and Opportunities

Given the current economic climate, the knowledge economy will not be unaffected by a general slow-down. However, innovation is widely acknowledged as a major driving force for economic prosperity and the growth of the knowledge economy.

There is a natural continuum from early enrolment in mathematics and science in the education system through various post-secondary institutions to the creation of innovative ideas that ultimately lead to the growth of the economy and commercial success. Each stage of this process of developing economic prosperity for British Columbians is supported by BCIC.

BCIC is at the center of the development of the knowledge economy. Strong partnerships with industry, government and research institutions lead to initiatives that create new opportunities and grow the knowledge economy.

While innovation is often primarily associated with the high-tech sector, it occurs throughout the economy. Growing the knowledge economy does not necessarily depend on a particular concept or idea, but rather on the creation of an environment that encourages and enables innovation and allows it to be translated into commercial success.

BCIC is the government's central agency connecting people, ideas and commercial success. As a Crown agency, BCIC has vital ties to government policy, yet can be nimble and very specific in the targeted delivery of critical initiatives. The Council functions in a relatively stable operating environment, allowing its clients to consider BCIC a solid, resourceful and long-term partner.

POTENTIAL IMPACT OF RISKS AND MITIGATION STRATEGIES

BCIC operates on support from its primary funder, the Ministry of Small Business, Technology and Economic Development. In addition, BCIC is targeting a growing contribution from the private sector, in the form of both financial support and volunteer participation. Further, BCIC leverages funding from its federal government partners, industry associations and other jurisdictions to continually increase its participation in the growth of the knowledge economy.

With the endorsement of the Premier, the 10th Premier's Technology Council Report, the Global Connect Report and the BC Research and Innovation Strategy, BCIC's plans are ambitious, yet achievable. It is important to recognize that building the knowledge economy is a long-term challenge and opportunity. Partners at all levels of government, institutions and the private sector will have to remain committed to growing the knowledge economy. The current economic climate may lead to temporary setbacks and some diversion of attention from the knowledge economy, as a number of sectors in the overall economy face a tough business climate. However, it is important to remember that jobs in science- and technology-based industries contribute to the overall economy at a higher rate than the average job created in BC, and as such, investment in this sector creates a proportionately greater tax-base and accelerates economic growth.

Despite the current economic slowdown that may stretch for several years, BC remains strategically located on the Pacific Ocean, can benefit from the rise in awareness associated with the 2010 Olympic and Paralympic Winter Games and will continue to be a great place to live, work, play and invest.

Internal Operating Issues

The Council's Service Plan presents a financial forecast consistent with previous years to comply with the Crown Corporation Service Plan Guidelines. As BCIC most often operates with partners, collaborators and other organizations, changes within any of these organizations may impact BCIC's initiatives. To reduce such risks, BCIC follows established rules of conduct when entering into agreements with external organizations.

This Service Plan calls for a modest expansion of human resources at BCIC to manage new initiatives and activities. This includes recruitment and retention strategies to keep existing experienced staff and attract strong external candidates as opportunities are identified.

BCIC will continue to work closely with the Ministry of Small Business, Technology and Economic Development and other funding partners to maintain a clear understanding of future projections, aligning capacity and programs in accordance

with funding levels.

Key Strategic Issues

BCIC continues to work with industry, government and the province's institutions to identify new opportunities and gaps and will work with its partners to create initiatives and programs that help fill these needs.

To help expand the R&D investment level in the province, as well as BC's research, development and production capabilities, BCIC will review and develop options that maintain a market-based approach. This will include leveraging as a condition of funding. New initiatives will help balance various community needs and policy considerations.

PERFORMANCE MANAGEMENT SYSTEM

BCIC's performance management system is designed to provide efficient and practical measurements of progress in attaining the stated objectives.

As the success of many deliverables are a direct result of collaboration with a great number of parties, it would not be appropriate for BCIC to claim success for itself. Our partners in government, industry and the province's institutions, as well as our international partners, all work together to deliver a strong knowledge economy.

Performance measures will be collected and maintained in-house and reviewed quarterly, or as new data becomes available throughout the year. In cases where the Council supports initiatives implemented by other organizations, the Council will request that appropriate records be maintained and reported back as a condition of support.

The measurements chosen are quantifiable and will measure at the implementation level, rather than the strategic level. This ensures that when targets are met, the objectives and strategies will have been achieved.

SUMMARY FINANCIAL OUTLOOK

The Council's core operations and activities are funded by the Province through the Ministry of Small Business, Technology and Economic Development. BCIC leverages these funds, to secure from other sources, additional funds for projects, programs and initiatives. The other sources may include organizations within the federal and provincial government as well as private, public and not-for-profit science and technology organizations that require the Council's expertise through contract services

Key Forecast Assumption

The forecast revenues are presented under current government financial requirements guidelines. BCIC's three year budget has been reduced from the previous Service Plan, which is reflected in the statement below.

Continued Ministry funding at projected budget levels will result in a significant curtailment to existing programs, as these were previously supported by BCIC's "Surplus & Deferred Revenue" (funds accumulated from past years that were not spent and have been directed to future programs). BCIC will not spend any 'Surplus and Deferred Revenues' in the current plan, beyond fiscal 2009/10.

BCIC does not engage in capital projects and as such does not prepare a Capital Budget or Capital Plan.

The Natural Resources and Applied Sciences Endowment Fund, which is held in trust by BCIC, is external to the Council's normal operations. Programs are delivered by the Council under a Memorandum of Understanding with the British Columbia Foundation for Research, Science and Technology (BCFRST). It is presented as a separate operating segment and its revenues and program expenditures appear in a separate summary chart.

BCIC supports the efforts of the BCFRST Foundation in the design and evaluation of programs. -The first two programs under the NRAS fund were launched this past fall:

- NRAS Research Team Program for accomplished university and institute researchers working on projects with high potential for significant benefit to the province.
- NRAS Private Sector Collaborative Program for researchers in regional and special purpose universities, institutes and colleges working on projects with private sector collaborators.

At this time of writing, BCIC still nominally manages the Advanced Science Institute (ASI), which was one of the two original organizations that were merged to form BCIC. ASI will be dissolved by Order in Council in the coming months and is

dormant at this time of writing.

Forecast Risks and Sensitivities

The Council is dependent on the Ministry of Small Business, Technology and Economic Development as its principal revenue source. Revenues from all program funders depend on those funders' activities and plans. Any Net Deficit of Revenue over Expense is fully covered by excess deferred revenues that the Council currently carries, and presents no risk with regard to the solvency of the organization.

BCIC is working towards increased levels of funding through leverage with other ministries, levels of government and the private sector. However, should this fail to materialize, BCIC has identified the necessary steps needed to stay within the existing funding envelope, while maintaining to the greatest degree possible, a solid return on investment.

SUMMARY FINANCIAL OUTLOOK

Rounded '000	Actual 2007/2008	Forecast 2008/2009	Budget 2009/2010	Forecast 2010/2011	Forecast 2011/2012
Operating Revenues					
Ministry of STED (1)					
Annual Funding	4,765,000	5,272,000	4,500,000	4,500,000	4,500,000
Additional Funding	1,140,000	4,140,000	4,000,000	4,000,000	4,000,000
	5,905,000	9,412,000	8,500,000	8,500,000	8,500,000
External Program Funding	942,000	250,000	250,000	300,000	350,000
Internal Program Funding (2)	2,657,000	5,929,000	2,195,000	-	
Interest & other	1,173,000	557,000	168,000	93,000	93,000
Total Operating Revenues	10,677,000	16,148,000	11,113,000	8,893,000	8,943,000
Operating Expenses					
Programs and Initiatives	5,389,000	13,080,000	5,873,000	3,653,000	4,728,000
Operating/General & Admin	1,677,000	1,347,000	2,800,000	2,800,000	2,300,000
Salaries and Benefits	1,902,000	1,569,000	2,100,000	2,100,000	1,600,000
Rent	184,000	152,000	340,000	340,000	315,000
Total Operating Expenses	9,152,000	16,148,000	11,113,000	8,893,000	8,943,000
Net (Deficit) Revenue over Expense	1,525,000	-	-	-	-
Retained Earnings	-	-	-	-	-
FTE #	20	20	25	25	20
Capital Expenditures					

	Actual 2007/2008	Forecast 2008/2009	Budget 2009/2010	Forecast 2010/2011	Forecast 2011/2012
NRAS Endowment Fund	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Interest Accumulated, beginning	2,059,000	4,273,000	2,950,000	2,525,000	2,000,000
Annual investment income	2,214,000	1,677,000	1,575,000	1,475,000	1,250,000
Program expenditures	-	(3,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Forecast Interest Balance	4,273,000	2,950,000	2,525,000	2,000,000	1,250,000

Notes:

Note 1: Actual 2007/2008 revenues in this chart reflect BCIC's audited financial statements which are prepared on the deferral basis. The actual base funding received in 07/08 was \$3,308,000, S & T funding was \$2,964,000 and an additional \$3,000,000 was received for other program funding. See note 8 to the audited financial statements.

Note 2: Internal Program Funding is drawn from deferred revenue and contributed surplus balances (balance at Mar 31, 2008: \$20,250,000)

NOTES

BCRSTN – BC Regional Science and Technology Network

The BC Regional Science & Technology Network (BCRSTN) is a not-for-profit society, funded by BCIC, whose members work within their regions to enhance the application of science and technology to aid the growth and development of innovative businesses in regional BC. The members of the BCRSTN have a long standing record of success in building the technology sector outside the Lower Mainland and work with over 30 percent of the technology companies residing in BC. Nine regional science councils serve broad geographic regions from offices located in:

Nanaimo	Mid-Island Science, Technology & Innovation Centre
Kamloops	Interior Science & Innovation Centre
Kelowna	Okanagan Science & Technology Centre
Rosland	Kootenay Association for Science & Technology
Cranbrook	Kootenay Region Innovation Centre
Terrace	Northwest Science & Innovation Society
Prince George	Innovation Resource Centre
Victoria	VIATeC
Fort St. John	Sci-Tech North

Location

The Council's offices are located at the Leading Edge Technology Centre in downtown Vancouver, where technology industry associations and other complementary organizations are also located. They include:

- Academy for Technology CEOs (AceTech)
- BC Nanotech Alliance
- BC Technology Industries Association (BCTIA)
- Invest BC
- Leading Edge Endowment Fund
- LifeSciences BC
- National Research Council Canada – Industrial Research Assistance Program (NRC-IRAP)
- Wireless Innovation Network of BC (WINBC)

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