

# ACCOUNTABILITY REPORT 2011-2012

**innovacorp**

EARLY STAGE VENTURE CAPITAL

**We get invested.**



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## Accountability Statement

Innovacorp's accountability report for the year ended March 31, 2012, is prepared pursuant to the Finance Act and government policies and guidelines. These authorities require the reporting of outcomes against Innovacorp's business plan for the fiscal year 2011-2012. The reporting of Innovacorp's outcomes necessarily includes estimates, judgments and opinions by Innovacorp management.

We acknowledge that this accountability report is the responsibility of Innovacorp management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in Innovacorp's business plan for the year.

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Honourable Percy Paris  
Minister, Economic and Rural Development  
and Tourism

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Tom Traves, PhD  
Interim Chair, Innovacorp Board of Directors

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Jacquelyn Thayer Scott, PhD, OC  
Interim CEO, Innovacorp

## Introduction

This accountability report covers the Innovacorp business plan for 2011-2012 and therefore should be read in conjunction with that plan, which you can download at [www.innovacorp.ca/about-us/corporate-publications](http://www.innovacorp.ca/about-us/corporate-publications). The report reviews the goals and priorities set in the spring of 2011 and describes the accomplishments and progress achieved during the period ending March 31, 2012. Financial results are provided with an explanation for any significant budget variances.

As Nova Scotia's early-stage venture capital organization, Innovacorp plays an important part in the province's jobsHere economic plan. The young, knowledge-based companies Innovacorp invests in and assists are innovative and globally competitive, and they create good jobs. These start-up companies are vital to growing our economy.

In 2011-2012, Innovacorp strengthened its role in accelerating the growth of knowledge-based companies in Nova Scotia. We refined our business model to ensure all activities are investment-led, thereby improving the support available to start-up companies.

We all know that capital is the lifeblood of any early-stage company. The young, knowledge-based companies in Innovacorp's portfolio require risk capital to help fund their start-up and early development phases. Nova Scotia is considered an underserved market when it comes to access to risk capital, and so the Province of Nova Scotia, through Innovacorp, plays an important part in supporting these promising companies.

In 2011-2012, Innovacorp helped Nova Scotia deliver on the jobsHere plan by enhancing the venture capital ecosystem. We significantly increased our investment activity, making investments totaling \$5.85 million in eight promising technology companies.

Last year, these portfolio companies generated about \$26.2 million in export revenues and directly employed about 220 people, resulting in a payroll of about \$9.7 million, most of which was in the form of high-value jobs. Furthermore, the investments we made in 2011-2012 leveraged an additional \$9 million in investment from other sources.

Along with capital investment, Innovacorp provided tailored, hands-on business guidance to the companies it invested in. It also delivered world-class incubation services and facilities—places Nova Scotia's technology entrepreneurs can call home. At fiscal year end, Innovacorp's incubation facilities, including the Technology Innovation Centre in Dartmouth and the Innovacorp Enterprise Centre in Halifax, stood at 94 per cent occupancy.

While all Innovacorp's work—helping early-stage companies commercialize their technologies—supports jobsHere, we are especially enthusiastic about our 2011-2012 increased investment activity; our management of a new \$24-million clean technology venture capital fund for Nova Scotia; and our role in leading, on behalf of the province, the creation of a much-needed regional venture capital fund, focused on later-stage investments in Atlantic Canada.

The following pages provide details about Innovacorp's activities and accomplishments in 2011-2012. While the spirit and intent of our business plan for that year remained the same, our aforementioned refined business model had an impact on some of the activities and performance metrics set out in our plan for the year. The modifications we made are addressed throughout this report.

We are proud of our 2011-2012 results, but there is much more that needs to be done. We look forward to 2012-2013 and further increasing innovation, entrepreneurship, and business success stories in Nova Scotia.

## Innovacorp Progress and Accomplishments 2011-2012

Innovacorp is Nova Scotia's early-stage venture capital organization. Recognized internationally as a best-practice approach to technology commercialization, our business model incorporates seed and venture capital investment, hands-on business guidance, and world-class incubation facilities, to help entrepreneurs overcome traditional hurdles to business growth.

As stated in our 2011-2012 business plan, our performance for that year can be measured against two goals and five priorities.

**Goal 1: *To fuel sustainable economic growth by enabling Nova Scotia knowledge-based companies to accelerate the commercialization of their technologies and increase competitiveness in export markets.***

Nova Scotia's ability to compete – regionally and globally – is increasingly reliant on the success of its knowledge-based companies. These high-growth companies positively affect the province's prosperity more than any other part of the economy.

Innovacorp's focus is to create, develop, and grow globally competitive knowledge-based companies.

**Goal 2: *To collaborate with private and public partners to build a dynamic high-growth entrepreneurial culture in Nova Scotia.***

Innovacorp continually collaborates with entrepreneurs, private sector organizations, professional services firms (e.g. legal, accounting), angel and venture capital investors, academia, industry associations and public sector agencies to help create a dynamic entrepreneurial culture throughout Nova Scotia and deliver on the province's *jobsHere* strategy to create good jobs and grow the economy.

## Priorities

### **1. *Ensure Quality-Focused Client Pipeline Management***

*Innovacorp's business model has been recognized internationally as a best-practice approach to technology commercialization, and the organization's reputation with key stakeholders is positive. Our proactive pipeline-building activities, including the 2011-2012 I-3 Technology Start-Up Competition, attracted a significant number of prospective clients. In consideration of Innovacorp's human resources capacity, properly assessing, engaging or disengaging, and offering value-added guidance to these prospects, all while providing venture investment and other support to our highest-potential existing clients, requires focus and prioritization to maximize outcomes.*

- In 2011-2012, Innovacorp held its third provincial I-3 Technology Start-Up Competition to find and support high potential early-stage Nova Scotia companies, and encourage entrepreneurial activity across the province. One hundred forty-two submissions were received from across Nova Scotia, up from 133 submissions in 2009-2010.
- To improve management of the client pipeline and continue to dedicate the majority of our resources to the highest-potential investable clients, Innovacorp merged its mentoring and investing teams under

the direction of our vice president of investment, reducing costs and streamlining business processes. Our 2011-2012 investment-led business model enabled us to focus our efforts and resources on providing improved investment opportunities for Nova Scotia companies.

- To further improve its visibility and capacity outside the Halifax Regional Municipality, in 2011-2012 Innovacorp developed partnerships with other incubation facilities in the province, including one on the NSCC Annapolis Valley campus in Middleton, one in Sydney, and another on the Acadia campus in Wolfville. The primary intent of the partnerships was to share our expertise on incubation products and services, and allow us to identify promising local early-stage entrepreneurs who fit with and can benefit from our business model.
- Innovacorp's pipeline of high-potential clients increased in 2011-2012. Staff worked with more than 250 early-stage Nova Scotia companies, and helped advance the efforts of a number of university research-level projects that have the potential for later commercial success.
- The Innovacorp Enterprise Centre opened on April 1, 2011. This world-class facility is a partnership with the Province of Nova Scotia and Dalhousie. The infrastructure replaces and builds on the strong track record of Innovacorp's former BioScience Enterprise Centre. Innovacorp conducted a seamless transition of clients from the former facility to the new location and recruited additional clients.
- At the end of 2011-2012, Innovacorp's incubation facilities, including the Technology Innovation Centre in Dartmouth and the Innovacorp Enterprise Centre in Halifax, stood at 94 per cent occupancy.

## **2. Maximize the Impact of the Nova Scotia First Fund**

*Innovacorp is Nova Scotia's early-stage venture capital organization. One of Innovacorp's key assets is the Nova Scotia First Fund (NSFF) combined with seed and venture capital investment expertise. The fund targets emerging venture-grade technology companies with high-growth potential and attractive risk-return prospects. Innovacorp's strategy has been to strengthen the goodwill and credibility for the region and to build the return track record of the asset class, thereby driving the attraction of more capital to the region. A priority in 2011-2012 was to establish a new \$24-million fund that targets Nova Scotia's clean technology sectors.*

- In 2011-2012, Innovacorp invested \$5.85 million in eight promising technology companies in Nova Scotia, and these investments leveraged an additional \$9 million in investment from other sources. While maintaining high-quality due diligence and staying on budget, the deal flow was at a record level, with the number of investments made that year exceeding the total number of investments made during the previous three and a half years.
- In 2011-2012, Innovacorp structured and operationalized a new \$24-million fund that targets Nova Scotia's clean technology sectors. An investment manager was hired in June 2011 for the fund. Two of the eight investments referenced above, totalling \$3 million, were made from this new fund.
- In September 2011, Innovacorp launched the Nova Scotia CleanTech Open, an international competition designed to find and fund high-potential, early-stage clean technology companies. The competition put a spotlight on Nova Scotia as an ideal location for such companies to grow. The competition attracted 65 submissions from the United States, Europe, the Caribbean, China, and

across Canada. Halifax-based SABRTech Inc. was declared the winner by a blue-ribbon assessment panel, and Innovacorp built a robust pipeline of prospective investment opportunities as a result of the competition.

- Throughout the year, Innovacorp, on behalf of the province, worked towards the creation of a privately-operated regional venture capital fund, focused on later-stage investments in Atlantic Canada. While the fund was not launched in 2011-2012 as planned, the objective of achieving \$25 million or more in committed capital is on track and co-investors have been secured.

### **3. Maximize the Impact of the Innovacorp Enterprise Centre**

*In 2011-2012, Innovacorp and its resident clients settled into the newly constructed Innovacorp Enterprise Centre on the Dalhousie campus. A grand opening of the facility and the Life Sciences Research Institute (LSRI) was held in June 2011, with hundreds of business, community, academic and government stakeholders in attendance.*

- Innovacorp implemented operational and recruitment plans for the new facility to ensure appropriate staffing, optimal client mix and occupancy level.
- Innovacorp collaborated with Nova Scotia Business Inc.'s investment attraction team and other groups to identify and recruit prospective R&D-oriented companies (e.g. Heidelberg Engineering) as residents for the new facility.
- In March 2012, Innovacorp hosted a Town Hall for Startup Canada at the Innovacorp Enterprise Centre. More than 80 people participated. Startup Canada is a grassroots, entrepreneur-led, national non-profit organization with a mission to enhance Canada's competitiveness and prosperity by advancing the country's entrepreneurship.
- Innovacorp has used the opening of the new facility to maintain Nova Scotia's position as a leader in incubation and entrepreneurship programs. For example, at the Canadian Association of Business Incubation (CABI) annual conference in November 2011, the Innovacorp Enterprise Centre and the organization's business model were presented as best practice in incubation programs and infrastructure.
- The proximity of the Innovacorp Enterprise Centre to Dalhousie and the Capital District Health Authority (CDHA) was an advantage for a variety of activities in 2011-2012, including:
  - CDHA and Heidelberg Engineering have signed a lease to become a resident client at the Innovacorp Enterprise Centre. Heidelberg Engineering, headquartered in Germany, will work with CDHA on ophthalmology technology as part of a five-year Atlantic Innovation Fund project.
  - In March 2012, Innovacorp held a popular technology entrepreneur panel discussion and networking event that targeted Dalhousie computer science students.
  - An enhanced relationship between Innovacorp and Dalhousie's Industry Liaison and Innovation group has led to joint facility tours and leads on prospective clients.

- Several of the organization's monthly Business Over Breakfast sessions were held at the Innovacorp Enterprise Centre and attracted Dalhousie faculty and staff.
- CDHA used the Innovacorp Enterprise Centre as a venue for a high-profile GlaxoSmithKline Inc. announcement in February 2012.

#### **4. Ensure Access to Globally Competitive Skills, Knowledge and Expertise**

*Knowledge-based companies seeking to compete globally require globally competitive business-building expertise. The required expertise ranges from executive leadership to finance to sales and marketing. There is a shortage of relevant, proven business-building skills available for early-stage knowledge-based companies in Nova Scotia. The majority of these companies possess relevant technical expertise and a high level of industry expertise, but few have the required skills to successfully take their technologies to the global marketplace. In 2011-2012, Innovacorp worked to help Nova Scotia entrepreneurs access the talent and build the skills necessary to grow their ventures.*

- In early 2011-2012, Innovacorp established a Science and Technology Advisory Council consisting of researchers and industry experts in fields related to Innovacorp's focus industries, including clean technology, life sciences, and information technology. Members provide independent, strategic advice about relevance, quality of science, and commercialization potential of technologies evaluated by Innovacorp and its clients. The council is also a platform for assessing emerging science and technology issues important to Nova Scotia's economic future.
- Innovacorp collaborated with local executive recruiting firms to explore the skill gaps among Innovacorp clients and share client profiles and talent leads. Innovacorp provided training to its business advisors as they transitioned to new roles as investment managers. Further, through the deployment of early-stage seed and venture capital, Innovacorp created capacity for its portfolio companies to address identified skill gaps.
- Through a variety of initiatives in 2011-2012, Innovacorp continued to enhance its clients' abilities to address the challenges of running a start-up. In addition to our ever-popular monthly Business Over Breakfast series, we offered a half-day workshop on "running lean" facilitated by renowned entrepreneur and author Ash Maurya. Further, we partnered with other organizations to offer several Startup Weekends and Podcamps, and maintained a close working relationship with Entrepreneurs' Forum, including having our vice president of incubation serve as its president.
- In 2011-2012, Innovacorp played an active role in assisting clients with securing senior talent in the areas of information technology, customer service, marketing and sales. Innovacorp also provided strategic human resources and marketing and communications advice for several clients.
- Innovacorp remained involved with the Dalhousie Corporate Residency MBA program through sharing our expertise with students throughout the year. While we did not host a student intern from that program in 2011-2012, we decided to alter our intern posting to a Student Entrepreneur in Residence position and roll it out in 2012-2013.



- Innovacorp shared its experience and expertise to influence post-secondary curriculum development in the areas of business and strategic planning, entrepreneurship, and commercialization strategies, at several institutions across the province in 2011-2012.
- Innovacorp continued to proactively share information with its clients about co-op student opportunities from across all disciplines, bringing value to the client and the student. In September 2011, we presented comprehensive information on the programs available for student employment as well as the process for hiring co-op students.
- Throughout the year, Innovacorp secured guest speaking opportunities with students at post-secondary institutions, to share stories about innovative Nova Scotia knowledge-based businesses, talk about support available to entrepreneurs, and lead business case study discussions.
- The succession plan for Innovacorp senior management team and key personnel was updated and shared with the board of directors in October 2011. Leadership development for employees will be a key initiative in 2012-2013.

#### **5. Engage University and College System to Maximize Commercialization Potential of Applied Research**

*Nova Scotia is home to 11 universities and a strong community college system with 13 campuses across the province. More than \$160 million in research is conducted across these institutions each year. While the local economy certainly benefits from the education of students, the attraction of world-class researchers, and the direct and indirect employment generated by post-secondary institutions, the economic benefits derived specifically from applied research continue to be relatively low. Innovacorp has systematically intensified its engagement with post-secondary institutions in recent years and is now supporting and tracking over 60 active projects with high commercialization potential.*

- In 2011-2012, Innovacorp managed two successful rounds of the Early Stage Commercialization Fund (ESCF), an initiative designed to assist and support the academic community in the pursuit of entrepreneurial opportunities. Eleven projects were approved for funding, including two involving hospital-based applied research.
- Innovacorp continued to work with existing and new university-based clients. Of note, the provincial winner of our 2011-2012 I-3 Technology Start-Up Competition was DeNovaMed Inc., whose founders are Dalhousie faculty members. In addition, the winner of the Nova Scotia CleanTech Open was Mather Carscallen, a PhD student at Dalhousie.
- Innovacorp participated on the Life Sciences Research Institute (LSRI) Scientific and Commercialization Committee, which was established to assess the calibre and progression of the research and commercialization work of current and prospective LSRI tenants.

- Innovacorp sponsored several events at Dalhousie that targeted students and entrepreneurs, and was an early supporter of Saint Mary's proposed new program focused on entrepreneurship and innovation.
- Innovacorp coordinated one-on-one sessions between post-secondary researchers, Daniel Böck, director of business development for GlaxoSmithKline Inc., and Teo Forcht Dagi, partner with HLM Venture Partners. The sessions were an opportunity for the investors to evaluate local opportunities as well as provide valuable feedback to researchers and entrepreneurs on their technologies and market potential.

## 2011-2012 Financial Results (Combined results for Innovacorp and the BioScience Enterprise Centre\*)

Summary By Section	Budget 2011-2012 (\$ thousands) <sup>(1)</sup>	Actual 2011-2012 (\$ thousands)	Variance 2011-2012 (\$ thousands)
<b>Revenue</b> – Nova Scotia funding and operating revenue	\$8,498	\$9,484	986 <sup>(2)</sup>
<b>Operating Expenses</b> – Incubation and Investment	5,549	5,604	(55) <sup>(3)</sup>
<b>Corporate Expenses</b> – corporate services, administration, facilities management	2,031	2,340	(309) <sup>(4)</sup>
<b>Minus Net Non Operating Items</b> – investment income, interest on long-term debt, post-retirement benefits, amortization	1,059	1,656	(597) <sup>(5)</sup>
<b>Plus</b> – statutory capital advances re NSFF clean technology fund investments		3,000	3,000 <sup>(6)</sup>
<b>Net Income (Loss)</b>	(\$141)	\$2,884	3,025 <sup>(7)</sup>

\* Innovacorp combines the results of its operations with those of a sister corporation, the BioScience Enterprise Centre, for reporting purposes.

### Explanation of Variance

(1) Certain budget line items have been adjusted to align with their presentation in the actual results to enhance comparability of this information.

(2) Revenues were higher than budget due to:

- \$550k in increased NS funding for Early Stage Commercialization Fund awards (\$450k) and non-repayable assistance provided under the clean technology fund (\$100k).
- Operating revenue was \$302k higher than budgeted primarily due to Incubation (\$246k), with the remainder coming from Investment.
- Recognition of previously deferred funding for capital assets was \$121k more than budget.

(3) Operating Expenses were higher than budget due to:

- \$550k in Early Stage Commercialization Fund awards (\$450k) and non-repayable assistance provided under the clean technology fund (\$100k).

Partially offset by:

- \$260k under spent in Incubation due to lower than anticipated Innovacorp Enterprise Centre occupancy costs.
- \$246k in reduced Investment salary costs due to savings from the combination of Mentoring and Investment as well as vacant positions.

(4) Corporate Expenses were higher than budgeted due to:

- Costs of reorganization and restructuring totaled \$196k and were not budgeted.
- Unbudgeted costs of \$89k were incurred in support of the Nova Scotia CleanTech Open, a business start-up competition held as one of the activities of the clean technology fund.
- Unbudgeted costs of \$35k were incurred transitioning to Public Sector Accounting Standards (PSAS).

(5) Non-operating costs were higher than budget due to:

- Investment impairments were \$692k more than budgeted.
- Planned land sales for \$365k did not occur
- A \$156k loss on transfer of land to HRM for the construction of a road on land owned by Innovacorp.

Offset by:

- Interest, dividends and capital gains exceeded budget by \$248k, and substantially all of which was generated by the NSFF.
- \$380k resulting from PSAS adoption due to: operating grant funds used for capital purchases were no longer deferred (\$380k) and reduced post-retirement benefits expense (\$80k).

(6) Under Canadian private sector GAAP used until 2011 by Innovacorp, the receipt of these funds would have been accounted for as a capital transaction. Under the Public Sector Accounting Standards (PSAS) used to prepare the 2012 financial statements, contributed surplus is not a recognized element. As a result, these advances are recognized as revenue.

(7) The significant net income variance arises from the accounting for Statutory Capital Advances described in note 6 above.

## Performance Measures

Below is an assessment of Innovacorp's progress towards the performance measures outlined in our 2011-2012 business plan. Given that our business model was refined over the last year to ensure all activities are investment-led, our performance measures were modified to better reflect our new focus. This section outlines some of the performance measures Innovacorp will track going forward, and we are actively refining a larger and more relevant set of metrics which we plan to implement in 2012-2013.

The metrics below focus on the areas of economic impact, investment and leading indicators of client-related statistics. Using 2011-2012 as a baseline, these metrics will provide an indication of how well Innovacorp's strategic goals are being met.

### Performance Measure: Client company revenue growth

*What does this measure tell us?*

This measure tracks the annual revenue generated by Innovacorp's portfolio companies (i.e. companies Innovacorp has invested in). An increase in revenue is a key indicator of a company's productivity and overall health.

*Where are we now?*

In 2011-2012, Innovacorp's portfolio companies generated \$26.2 million in revenues. The vast majority of these revenues were created through exports of products and services outside Atlantic Canada. This revenue is considerably less than the \$310 million target set out for the year because Innovacorp modified the metric definition to measure investment portfolio companies only; in the past, we included revenues from all Innovacorp current and graduate clients.

*Where do we want to go in the future?*

We believe that the uncertain state of the world economy creates opportunities for knowledge-based companies whose innovations enhance productivity, and forecast that the revenue of our portfolio companies will increase to \$30 million in 2012-2013.

### Performance Measure: Employment generated by client companies

*What does this measure tell us?*

This measure follows the annual employment generated by Innovacorp's portfolio companies – a standard measure in the economic impact of a business. The ability of Innovacorp's clients to create sustainable employment (and the resulting payroll) is a contributor to Nova Scotia's economy and an indication of a company's progress along the commercialization continuum.

*Where are we now?*

In 2011-2012, employment generated by Innovacorp portfolio companies was 220 jobs, resulting in \$9.7 million in payroll. Again, this number is considerably less than the 2010-2011 results and the employment target for the year (i.e. 1611 people and \$72 million in payroll) because Innovacorp modified the metric definition to measure portfolio companies only; in the past, we included employment from all Innovacorp current and graduate clients.

*Where do we want to go in the future?*

In 2012-2013, we expect that existing and new Innovacorp portfolio companies will employ approximately 245 people, with \$10.9 million in payroll.

### **Performance Measure: Amount of Nova Scotia First Fund (NSFF) leveraged investments**

*What does this measure tell us?*

Innovacorp invests in promising early-stage, knowledge-based companies through the Nova Scotia First Fund (NSFF) to ensure new businesses have the required capital to achieve their full potential at this stage. The leverage metric provides an overall evaluation of Innovacorp's investment strategy by assessing the magnitude by which the corporation's investment capital is leveraged by other investors. Innovacorp tracks the cumulative amount of investment made in the NSFF investees, calculating it both as a ratio and in millions of Canadian dollars.

*Where are we now?*

In 2011-2012, Innovacorp invested \$5.85 million in eight promising technology companies through the NSFF. These investments leveraged an additional \$9 million in investment from financial institutions, strategic and angel investors, and other seed and venture capital funds. The cumulative amount of leveraged investment since 1996 is \$115 million.

*Where do we want to go in the future?*

In 2012-2013, the target amount of cumulative investment in companies in which investments were made by the NSFF is \$130 million. Our goal is to maintain a leverage ratio of 1:3; and of this additional capital, Innovacorp aims to attract a significant amount from outside Nova Scotia.

### **Performance Measure: Number of active and new engagements with Nova Scotia-based companies**

*What does this measure tell us?*

Innovacorp's portfolio clients reflect the success and effectiveness of our business model. Continually looking to attract high-potential Nova Scotia companies, we strive to strengthen our service offerings and encourage client growth through supporting improved productivity and competitiveness in global markets.

*Where are we now?*

In 2011-2012, Innovacorp provided business guidance to 108, which was below our target of 310 engagements due to our aforementioned modified business model. In addition to the 108 companies assisted, Innovacorp provided guidance to the majority of 142 companies that made submissions to the provincial I-3 competition and worked with a number of university research-level projects that have the potential for later commercial success.

In 2011-2012, Innovacorp invested in eight promising technology companies through the NSFF.

*Where do we want to go in the future?*

In 2012-2013, we forecast having 120 new engagements with Nova Scotia early-stage knowledge-based companies and making eight new investments. When reviewing this performance measure, it should be remembered that each year it is natural for some portfolio companies to leave the Innovacorp business model and new ones to take their place.

## **Performance Measure: Number of new clients**

### *What does this measure tell us?*

As described above, our client base tells us about the effectiveness of our services and business model. The number of new clients that we form formal relationships with indicates how many early-stage companies we are advancing towards commercial success.

### *Where are we now?*

In 2011-2012, Innovacorp welcomed seven new portfolio companies (one of the year's eight investments was a follow-on investment in an existing portfolio company). This number is close to the target of 10 new clients set out in the business plan, and at the time, we were defining "clients" more broadly than simply our portfolio companies.

### *Where do we want to go in the future?*

In 2012-2013, we expect to make eight investments, including a couple of follow-on investments in our existing portfolio.

## **Performance Measure: Incubation occupancy levels**

### *What does this measure tell us?*

Innovacorp's business incubation clients pay market rates for the services we provide and the space they lease in our facilities. Increased occupancy in our incubation facilities results in a larger return on the Province of Nova Scotia's allocation of resources to Innovacorp. However, at any given time, space will be available in our facilities as we achieve our goal of graduating clients into commercial space. While we strive to maintain a high occupancy rate, the turnover of our clients is also a significant positive measure of our performance.

### *Where are we now?*

In 2011-2012, Innovacorp's occupancy rate was 94 per cent at year's end, which was above the target of 85 per cent.

### *Where do we want to go in the future?*

Our goal for 2012-2013 is to have an occupancy rate around 90 per cent, which is considered to be the best-practice rate for incubation facilities in order to have space available for new clients and existing companies that are ready to expand.

## **Performance Measure: Number of clients exporting products/services internationally**

### *What does this measure tell us?*

In a relatively small economy like Nova Scotia's, the ability of the private sector to produce and export quality products and services is vital and heavily influences Nova Scotia's economic success.

### *Where are we now?*

In 2011-2012, 12 of Innovacorp's portfolio companies were exporting their products and services. This figure is considerably less than the target of 51 companies that was set out for the year as a result of

Innovacorp modifying the metric definition to measure portfolio companies only; in the past, we counted all Innovacorp's current and graduate clients.

*Where do we want to go in the future?*

In 2012-2013, our target is to have 15 portfolio companies exporting their products and services.