



ENTREVESTOR INTELLIGENCE

TAPPING THE GLOBAL MARKET

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Entrevestor Intelligence

Entrevestor publishes its Intelligence reports to provide a deeper analysis of the Atlantic Canadian startup world than can be delivered in daily news stories. This is the fourth of four reports we're putting out this year. The photo on the cover shows the Enactus Memorial team strutting their stuff at the Enactus World Championships in Beijing in October.

Entrevestor receives financial support from government agencies that support startup companies in Atlantic Canada. The sponsoring agencies play no role in determining which companies and individuals are featured in this column, nor do they review columns before they are published.

Conquering the World

Atlantic Canadian startups have to be playing in the global sandbox to be taken seriously.

Though it was a holiday, Pablo Asiron felt distinctly un-festive.

It was -40 Celsius outside. He was in a land where he didn't understand the language, or even the lettering on the street signs. And his dinner that night consisted of a Snickers bar he found in his suitcase.

For the sake of a sale, the CEO of Riverview, N.B.-based RtTech Software had come to a small mining town in Kazakhstan in December 2012 to view the facility. After spending more than a day just catching the train to the site, he arrived to learn all restaurants were closed and the only thing he could eat the first night was the chocolate bar he'd brought with him.

But there was a silver lining: he made the sale.

"Yes, I made the sale," he said, laughing about the experience a few months later. "And it was the largest sale we had ever had to date."

As much as any company in the region, RtTech embodies the international nature of the Atlantic Canadian startup community. The venture, which was spun out of ADM Systems Engineering, helps industrial companies reduce energy in major plants. Its main products are: RtEMIS, which can pinpoint when and where part of a system is using excess energy; and RtDUET, which allows companies to examine specific processes to find the cause of downtime and poor utilization issues.

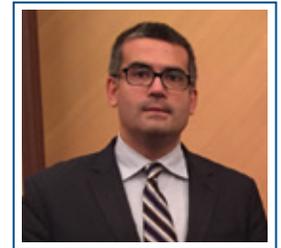
The international sweep of RtTech begins with its CEO, for Asiron is a native of Pamplona, Spain, where his family runs a hotel next to the bull ring immortalized by Ernest Hemingway in *The Sun Also Rises*.

The company has worked closely with its major international partners: San Leandro, Calif.-based OSISOFT and Austin, Texas-based Emerson Process Management.

Its clients are global, and Asiron's sales calls in the past year have included not only Kazakhstan but also such places as Australia, the Philippines, the Middle East and various parts of Europe. The company has clients on five continents.

By their nature, startups are global beasts. By definition, they have to develop a product for the global market. They compete with other enterprises for global finance. And given the aging or declining population in much of Atlantic Canada, they often have to attract talent from around the world.

This report – our fourth and final Entrevestor Intelligence report of 2014 – will showcase and discuss how Atlantic Canadian startups are tapping the global market for three facets they can't live without: talent, customers, and capital. Though RtTech exemplifies the global outlook of startups, it is by no means alone in its worldview. Consider these other companies excelling in these three categories:



Pablo Asiron

Continued on Page 13



WORLD BEATERS

The Enactus team at Memorial University has captured one world title and seven national championships – and helped a lot of people.

At the Enactus world championships in Beijing in October, Jonathan King and his team came tantalizingly close to once again bringing home the trophy as the world's top social entrepreneurship program for university students.

King is the head of Enactus Memorial, the student-run organization at Memorial University of Newfoundland that runs projects to improve the standard of living and quality of life of ordinary people. It is one of 60 Enactus teams in Canada and one of 1,800 worldwide. And it has a really, really full trophy case.

In fact, in 2014 it was judged to be better than all but seven of its international peers. It won the Canadian national competition in Calgary in April and proceeded to the global championships in the Chinese capital.

"We came in the top eight in the world, which was good," said King in an interview after he returned to St. John's. "In the quarter-finals, we ended up against the Morocco team and they won and ended up coming second overall after China."

Memorial's program began as Launchpad in 2002 and became Enactus Memorial in 2012 – the year the name Enactus was taken by the international organization formerly known as Students in Free Enterprise, or SIFE. In that time, it has won seven national championships and one world title, which it captured in 2008 in Singapore.

The silver-medal Moroccan team in Beijing had interesting technology: it made clay pots that clean water so people can drink it. But the MUN team – which was after its second world title in seven years – had three projects that were pretty cool as well.

- Project Bottlepreneur is a program that helps people who push carts around streets collecting cans and bottles for recycling. The project volunteers go door-to-door through neighbourhoods asking residents to make their recyclables available to these people, and then they organize routes for the collectors. It helps the individuals develop bona fide businesses. It is now working with 14 such individuals across Canada.

- Project Stitch helps Haitians who have been injured, especially those who have lost limbs, develop a livelihood by sewing articles of clothing. The project is starting with neckties. At the outset, Enactus volunteers are acting as marketing agents to get the ties into the U.S. market, but that role will be taken over by Haitians as the project develops.
- Prince's Operation Entrepreneur helps members of the Canadian Armed Forces integrate into society after their military service by becoming entrepreneurs. The program, which has been recognized by Prince Charles, is offered in both official languages and has helped more than 200 soldiers transition out of the forces.

"One real goal is to create real value," said Diana Flemming, Vice-President of Enactus Memorial. "We try to improve the quality of life of the people we work with."

The results are seen across Newfoundland and Labrador and beyond, and have helped countless community groups. They range from international projects like Project Stitch to community endeavors like Hustle NL, which arranges specialty sports programs in rural communities that otherwise wouldn't have such programs.

At any given time, Enactus Memorial has 10 projects on the go. After a couple of years, the more mature projects spin off to form their own businesses or not-for-profit organizations. The organizers aim to bring three projects forward each year to present at the national (and hopefully international) events.

King, a fifth year commerce student who will graduate this year, said the group is preparing to bring on a new executive and that it already has an eye on the next world championship, which will be held in Johannesburg next autumn.

"We always have three main projects going on that are strong and we're getting ready," he said. "And of course we always have new ideas as well." ★

THE TROPHY CABINET

Here's how Enactus Memorial (and its forerunners) have performed at national and international competitions in the past few years:

2014 National Champion
2012 National Champion
2011 National Champion
2010 1st National Runner Up
2009 2nd World Runner Up
2009 National Champion

2008 World Champion
2008 National Champion
2007 1st World Runner Up
2007 National Champion
2006 World Semi-Finalist
2006 National Champion



Accelerating Innovations



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Resson Aerospace Takes Flight

The Fredericton precision agriculture company has raised \$3 million in its second year of operation.

To understand why Resson Aerospace landed \$3 million in its first funding round, it's important not to focus too closely on the word "Aerospace" in its name.

Many companies involved in data-based agricultural analytics are focused on using drones to gather data from fields. But Fredericton-based Resson is developing an integrated system, complete with machine learning, that helps farmers and agriculturalists improve production and reduce fertilizer use.

The company's co-founders Peter Goggin and Rishin Behl announced recently that the company has secured \$3.025 million in an A Round of funding led by Rho Ventures Canada of Montreal and Boston and Build Ventures of Halifax. The other investors in the round are BDC Venture Capital of Montreal, New Brunswick Innovation Foundation of Fredericton and a handful of individual investors.

What's impressive about the deal is that Resson is only 18 months old.



Peter Goggin and Rishin Behl have taken their startup through several accelerators and landed McCain Foods as an early customer.

Since it incorporated in May 2013, Goggin and Behl have devised the Resson Agricultural Management and Analytics System, or RAMAS, to analyse a broad array of data, and secured McCain Foods of New Brunswick as an anchor customer.

"Resson provides real value to an important industry," said Rob Barbara, a Partner at Build Ventures. "Resson's customers not only enjoy significant increases in profit by using RAMAS but the world also benefits from bigger and cleaner crops."

RAMAS collects data from several sources on a farm – from tractors, from sensors buried in the field, from aerial drones flying over the field. It brings all the information together and presents the farmer with a report on what is happening in his field and what actions need to be taken. It might identify a disease that's broken out in one section and has to be destroyed. It might show another section needs more water or fertilizer.

Using RAMAS, Resson's goal is to improve agricultural yield by 10

The Precision Agriculture Sector

Resson Aerospace is a shining example of a precision agriculture startup, meaning it uses advanced systems and data analytics to increase crop yields and lower expenses and pollution.

By collecting data from different points on a farm, precision agriculture identifies what is happening in the field or the barn. It helps farmers to kill diseased crops early without disturbing others, or to apply fertilizers or pesticides only where they're needed.

Precision agriculture relies heavily on GPS-enhanced guidance and mapping capabilities, which can help the user pinpoint areas that need attention over vast acreages. And it often uses drone technology, as unmanned aircraft can scan fields in a fraction of the time that ground vehicles can.

Among the drone companies that have turned to precision ag is SkySquirrel Technologies of Halifax. It recently announced a partnership with VineView-SAI, Inc., a Napa Valley remote sensing company, to apply precision analytics to vineyards.

PrecisionHawk, a Raleigh, N.C. drone company with offices in Toronto and Halifax, recently received funding from Intel Venture.

Precision agriculture startups outside the drone realm include Agronomic Technology Corp., an American company whose software helps farmers preserve nitrogen content in their soil. Strider Agriculture of Brazil is devoted to reducing the amount of pesticides farmers use, while Summer Technologies of Palo Alto, Calif., offers precision grazing management for cattle ranchers.

THE SUPPORT NETWORK

Resson Aerospace took the term “accelerator” seriously.

In less than a year, it raced through three different accelerators (or incubators) that moulded the company that landed a \$3 million funding.

The precision agriculture company was first nurtured through the Pond-Deshpande Centre, the University of New Brunswick facility that encourages entrepreneurship and social enterprise. The PDC offered the young company its first funding (a \$15,000 grant) as well as office space and mentoring. “Karina LeBlanc (the PDC Executive Director) was one of our biggest supporters and continues to be so,” said CEO Peter Goggin in an interview, adding that she introduced the team to several angel investors.

In the winter of 2012-2013, the company went through the ACcelr8 accelerator at Planet Hatch, which provided a bit more financing and also introduced Goggin and his co-founder Rishin Behl to another key mentor, Susan Holt.

Holt’s day job is the Executive Director of the New Brunswick Business Council. At each board meeting of the council, select startups are invited to make brief presentations to the group, which includes several captains of New Brunswick business. Holt helped Resson prep for such a pitch, but she held the pair back, making sure they didn’t pitch until they were ready.

When they did pitch, they got results. One of the attendees was Allison McCain, chair of McCain Foods, and the pitch led to McCain using the Resson technology.

From ACcelr8, the team progressed into the Launch36 accelerator, which Goggin said brought the company’s professional development up a notch. Its main mentor in Launch36 was Kevin Berry of the Moncton startup SelectBidder.

Resson Aerospace has also worked with the National Research Council’s Industrial Research Assistance Program.

percent and reduce the need for agricultural chemicals like fertilizer and pesticides by 12 percent.

Behl, the company’s Chief Technology Officer, said the system also learns over the long-term from the data so that it keeps on improving its analysis of the growing conditions. “The more data the system processes, the more intelligent it becomes,” he said. The Resson team developed the business with the aid of three accelerators or incubators – the Pond-Deshpande Centre at University of New Brunswick; the ACcelr8 program at Planet Hatch; and Propel ICT’s Launch36 accelerator.

After it graduated from Propel this past summer, the company received \$250,000 in convertible debentures from BDC Venture, which went into the current round. It also met Rho Partner Jeff Grammer, who had already invested in three Atlantic Canadian startups. Behl said the meeting with Grammer was almost anti-climactic – an extremely systematic examination of the potential market and sales projections. But at the end, Resson produced one of the best scores ever in Rho’s evaluation system.

“Their technology is very unique and highly technical,” said Grammer in an interview. “They’re in a field that’s getting a lot of attention.”

On the business side, Resson announced in July that it would be working with McCain, one of the country’s largest food companies. The initial work with McCain this autumn allowed the team to calibrate its system so it will be able to gather and interpret data through a full growing season next year.

Resson now employs seven people and expects to raise that number to 12 by the end of March, mainly through the hiring of programmers. Goggin, the company’s CEO, said the company is also in talks with other major agricultural companies and hopes to be able to announce new customers within four to six months.

“We are seeing big companies -- like the major agricultural companies of the world -- are looking at us,” he said. “So it all looks good right now.” ★

FACT SHEET ON RESSON’S \$3M DEAL

Funded Company:	Resson Aerospace Corp.
Founders:	Peter Goggin, CEO, Rishin Behl, CTO
Investment:	C\$3.025 million
Lead Investors:	Rho Ventures Canada, Boston and Montreal Jeff Grammer Build Ventures, Halifax Rob Barbara, Patrick Keefe
Co-Investors:	BDC Venture Capital, Montreal Nicole LeBlanc New Brunswick Innovation Foundation, Fredericton Calvin Milbury Anonymous angels
Company’s Lawyers:	Tripp Business Law, Moncton Michael Tripp
Investors’ Lawyers:	Osler, Hoskin & Harcourt, Toronto Chad Bayne, Brian Gray
Website:	www.ressontech.com
Contact:	Info@ressontech.com
Board of Directors:	Rishin Behl, Peter Goggin, Jeff Grammer, Rob Barbara
Support Programs:	Pond Deshpande Centre, PropellCT, Planet Hatch, NRC-IRAP
Previous Funding:	Resson received a \$250,000 convertible debenture from BDC on graduating from the Propel accelerator. That has become part of this funding round.
Major Clients:	McCain Foods

Courting Institutional Capital

Funding groups based elsewhere are pumping more than \$80 million into knowledge-based companies in the region this year.

Jon McGinley was pleased when his company closed a half-million-dollar funding round this summer. But the CEO of Bedford, N.S.-based Livelenz Inc. was especially pleased about one facet of the financing: several of the investors were Livelenz customers based in various locations around the continent.

“We thought that was a nice piece of reassurance that we’re doing something right,” said McGinley months later.

The great thing about getting customers on board as investors is it proves to be the highest form of product validation. Your customers are the ones using your product. If they like it so much that they want to invest in the company, it’s a clear sign that you’ve met a need in the market.

But the other impressive factor in the Livelenz financing is that these customers were by and large based outside the Atlantic Region. The inflow of capital into the region from other parts of the world is a key to the success of the startup community. And even a modest financing like that of Livelenz is helping to attract capital to the region.

Of course, the most encouraging development of the past three years in financing Atlantic Canadian startups is that large institutions based outside the region have discovered gems here. In 2013, institutions from outside the region sank \$15.4 million into East Coast startups – up from \$800,000 in 2012.

That figure is going to more than quadruple in 2014, almost entirely because of one deal. In the spring, St. John’s based Verafin, which develops software that helps banks to prevent fraud and money laundering, received a \$60 million buy-in from Spectrum Equity, a Boston- and Silicon Valley-based private equity firm.

Aside from that colossal funding, there will be a handful of “from away” institutional investments in Atlantic Canadian startups this year, probably totaling about \$7 million. That means there are likely going to be fewer multi-million-dollar deals this year in the Atlantic Canadian startup community than last year, but the total dollar value will be larger.

Institutional money coming into the region is important because it expands the networks of our startups and brings a higher level of expertise to their boards. Startup founders often speak of attracting “smart money”, meaning the investment deepens the company’s talent pool. That is happening more and more frequently in Atlantic Canada.

Other than Verafin, the most notable external funding this year has been the \$3 million financing of Resson Aerospace of Fredericton, whose main external partner was Boston- and Montreal- based Rho Ventures Canada. The other investors in the round are Build Ventures of Halifax, BDC Venture Capital of Montreal, New Brunswick Innovation Foundation of Fredericton and a handful of individual investors.



Marc Mansour

BDC Venture initially entered the Resson funding group because the federal government’s development bank offers \$150,000 convertible notes to select graduates of the Launch36 accelerator program.

When Resson graduated from the program in June, it was one of four recipients of the notes, and BDC eventually bumped its investment in Resson up to \$250,000.

The other three companies that received the notes in the spring cohort were Adeptio of Charlottetown, HotSpot Parking of Fredericton, and Qimple of Moncton. The fall cohort of Launch36 wrapped up in November; if three of the companies from that cohort received the BDC Venture notes, it will mean that that program channeled just over \$1 million into East Coast startups this year.

One final financing that deserves note is a funding round by a company that technically is no longer a member of the startup community. Immunovaccine, a Halifax-based clinical stage vaccine and immunotherapy company, successfully raised \$11.2 million in an offering of shares and warrants in September. The company, founded several years ago to commercialize a delivery system for drugs, listed on the Toronto Venture Exchange in 2009 and in November received preliminary approval to graduate to the main Toronto Stock Exchange.

Led by CEO Marc Mansour, the company is taking the next step in attracting coverage by analysts, especially those on the buy side, and widening the groups of possible investors. (Disclosure: the owners of Entrevestor own shares in IMV.)

“Our graduation to the main board is an important step,” said Mansour, “as we broaden our investor audiences both in Canada and abroad.” ★

Scouring the Globe for Talent

Atlantic Canadian startups are seeking immigrants – and using the new Startup Visa program – to quell their thirst for qualified people.

When he was working as a chemist in Iran, Mostafa Aghaei developed a solution from natural polymers that successfully combatted the erosion and movement of sand dunes – a huge problem in the desert nation.

When he came to Canada three years ago, he became an entrepreneur and began looking for local applications for his unique nanocoil product; a natural solution that becomes a fixative when it hardens.

And now he's on the right track. Aghaei's company, Biopolynet of Fredericton, has recently struck a partnership with Iron Ore Company (IOC) of Canada, to use the nanocoils to prepare iron pellets (the form in which iron is shipped.)

Aghaei has discovered a way to create natural polymers (strings of molecules) that form into coils, so they lock together when they harden. That means that his solution can stabilize sand dunes in the Iranian desert or help to shape iron into pellets. In fact, as Aghaei explained during a pitch at the BioInnovation Challenge competition at BioPort Atlantic, tests with IOC have shown that it can reduce the production costs of forming iron into pellets by 70 percent.

The fact that Biopolynet is working with one of the world's largest iron producers shows what immigration can mean to the Atlantic Canadian startup community and economy. Mostafa Aghaei came to Atlantic Canada as an academic and now his company is developing products that could find markets around the world. The fact is Atlantic Canada needs more people like him.

“We shouldn't feel bad that we need talent. Everyone needs talent. More than half the CEOs of Fortune 500 companies weren't born in the United States.”



– Rob Barbara, Partner,
Build Ventures

And the startup community in particular can benefit from more immigration. Some of the finest entrepreneurs in the region were born in other countries, and the federal government has introduced a program to encourage more immigrants to come to the region.

“We shouldn't feel bad that we need talent,” said Rob Barbara, a partner at Build Ventures in Halifax. “Everyone needs talent. More than half the CEOs of Fortune 500 companies weren't born in the United States.”

The plain fact is Atlantic Canada needs immigration to replace the baby-boomers who are leaving the workforce and the younger people who are

leaving the region. Another truth – a somewhat inconvenient one -- is the region thus far has had difficulty attracting immigrants.

For example, in 2012, the four Atlantic Provinces welcomed a total of 6,434 immigrants; a number that didn't even equal Nova Scotia's self-proclaimed target of 7,200 immigrants a year. Nova Scotia's total rose 11 percent to 2,370 in 2012. If that pace of growth continues, Nova Scotia won't reach the 7,200 annual intake goal until 2023.

One program that could help attract immigrants to the region is Citizenship and Immigration Canada's new Startup Visa program, which has been rolled out this year. Under the program, Canada will issue as many as 2,700 visas annually to entrepreneurs, and efforts are already being made to ensure some come to Atlantic Canada.

The first successful Atlantic Canadian applicants are, like Aghaei, Iranians. Ehsan Mokhtari and Hadi Shiravi Khozani are co-founders of Ara Labs Security Solutions of Fredericton. They were sponsored by the New Brunswick Innovation Foundation.

The Startup Visa program allows entrepreneurial immigrants to get permanent residency status within six months. They must be able to raise \$75,000 in capital and make their application with the collaboration of an investment or angel group or incubator.

So far, the federal government has approved five organizations to work with the program, including Halifax-based Innovacorp. As of mid-November, Innovacorp had received 305 expressions of interest and 89 submissions from entrepreneurs in at least 30 countries. It has written four letters of support.

“The Startup Visa Program is exciting because it's an opportunity to attract the world's best and brightest entrepreneurs and their technologies to Nova Scotia,” said Stephen Duff, President and CEO of Innovacorp. “These entrepreneurs will create jobs and wealth, propel innovation, and entice more much-needed immigrants to our province.”

The hope is that more Atlantic Canadian organizations will also qualify to participate in the program. The goal is to expand and enrich the pool of entrepreneurs in the region. But Barbara of Build Ventures said Atlantic Canadians overall must still do more to welcome people to the region.

“We're the friendliest people in the world,” he said. “But we're a little skeptical of people from away and that's not good for our economy.” ★



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The Year of Modest Exits

There were no nine-figure extravaganza exits in 2014, but there was a steady flow of interesting sales to global tech companies.

Tom Gilgan laughed and shook his head.

“Oh no,” said the Co-Founder and CEO of G2 Research of Dartmouth, “We’re not a Radian6. But what we’re happy about is we did this with a company we started from nothing.”

The “this” Gilgan referred to was his geo-location software company’s successful sale to Track Group of Salt Lake City for \$4.6 million in late November. The G2 Research sale exemplified a trend that developed in 2014, which could be called the Year of the Modest Exit. There was nothing like Radian6’s \$326 million sale to Salesforce in 2011, or the \$540 million sale of Ocean Nutrition Canada to Royal DSM of the Netherlands in 2012. But there was a steady stream of modest and profitable exits that are benefiting the region by companies that for the most part bootstrapped throughout their existence.

What it means is that these Atlantic Canadian startup teams have become divisions of larger companies, and the resources of the larger companies have allowed them to keep growing here. It means the region is now linked to the global tech community through these companies, and also through the investors that have backed the larger companies.

Meanwhile, the founders of these exited companies have become resources for the community. They have various levels of visibility, but these are now entrepreneurs who have been through one or more exits and can help younger entrepreneurs.

And finally, it means capital is flowing quietly into the region. How much isn’t known because most of the deals didn’t reveal the prices. However, the total is probably in the tens of millions of dollars, and could approach \$100 million. It means the people benefiting from this – including New Brunswick Innovation Foundation – have more money to reinvest in other startups.

G2 Research’s \$4.6 million cash-and-stock deal certainly fits into this trend but it is not alone.

In January, UserEvents, a Fredericton startup whose technology alerts corporations when customers are having trouble with online transactions, said it would be bought by LiveOps. The buyer is a Redwood City, Calif.-based provider of cloud contact center and customer service solutions. Neither buyer or seller or NBIF – an investor in the New Brunswick company – revealed the details of the deal. UserEvent’s CEO Jeff Thompson has since taken the high-profile role as chair of the regional accelerator group Propel ICT.

Compilr, a Halifax startup that teaches people how to code, said two months later that it had been acquired by lynda.com, a Carpinteria, Calif.-based online education company. Again no details were revealed. CEO Patrick Hankinson and his CTO Tim Speed have continued

to develop the product, but they’re also involved as funders and/or developers in other startups.

Bedford-based NewPace Technology Development Inc. in June was bought by NewNet Communications Technologies of Arlington Heights, Ill., greatly expanding the sales power of the mobile technology developer.

NewPace, headed by founder and CEO Brent Newsome, became a subsidiary of the NewNet messaging division, based in Amsterdam and changed its name to NewNet Canada. NewNet, which is a portfolio company of Los Angeles private equity firm Skyview Capital, did not reveal financial details.

Finally, ClinicServer, a Saint John-based company that helps health clinics digitize their operations and records, was taken over by Biosign Technologies Inc., a publicly traded Toronto company with complementary businesses.

The buyer paid \$1.96 million – all in stock except for \$75,000 in cash -- for the Saint John company. The deal allowed ClinicServer to retain its brand and New Brunswick headquarters and to operate as a wholly owned subsidiary of Biosign.

It’s interesting to note that virtually none of the companies had taken on outside investors. The most notable investment in any of these companies was the New Brunswick Innovation Foundation’s \$250,000 investment in UserEvents less than a year before it sold out. ★



Jeff Thompson

#STARTUPEAST IN THE HUB

The Greater Boston Area is one of the great startup locales in the world and just a short flight from Atlantic Canada.

Chris Baker was excited to be attending a lecture at the World Wide Web Consortium, known as W3C, in Cambridge, Mass. His excitement only grew when all heads turned to look at someone who'd just entered the lecture hall. Baker saw it was Tim Berners-Lee, the British computer scientist who invented the World Wide Web.

For Baker, the CEO of Saint John-based startup IPSNP, the chance encounter with the father of the Web exemplified what it's like to be working, even for a short time, in the Boston area.

"You can be in a lecture here and then you can get these famous people walking in because they want to listen too," said Baker in a phone interview from Boston. "I mean, I've met two Nobel Prize laureates since I've been here."

Baker is in Massachusetts as one of the companies attending the Canadian Technology Accelerator in Boston, one of three CTAs offered by the Canadian Trade Commissioners Service in the U.S. (The others are in Silicon Valley/San Francisco and New York.)

The latest cohort includes not only IPSNP (pronounced Ip-Snip) but also another New Brunswick company, ChemGreen Innovations, a Sackville-based maker of environmentally-friendly polymers.

Others that have made the three-month commitment to CTA@Boston over the years include such Halifax startups as Proposify, Equals6 and Mindful Scientific.

The parade of regional startups into the federal government's accelerator in Boston demonstrates one of the few geographic advantages of the Atlantic Canadian Startup Community: we're really close to and have deep cultural ties with one of the world's great innovation hubs.

The Boston region is probably the second most active startup centre in the U.S., though New York recently is giving it a run for its money. It's the second-largest venture capital centre, and it is of course the home of Harvard and the Massachusetts Institute of Technology. Its medical community is famed throughout the world. And it's one short flight away from Atlantic Canada.

The links between the two communities are evident. When Canadian Entrepreneurs in New England, a group of Canadian expats that mentor and support Canadian startups, formed in 2013, it announced its birth at the Atlantic Venture Forum in Halifax.

The link is especially beneficial for companies toiling in life sciences and deep technology – companies like IPSNP.

IPSNP has developed a technology called Hydra, which is "an industrial-strength version of the query engine." It uses semantics to search through thousands or even tens of thousands of databases that are accessible



through the Internet. Hydra is therefore a huge help to academic or scientific researchers who need to extract specific information from a seemingly endless network of databanks.

Baker is starting a pilot project with Hydra in a hospital in the northeastern U.S., helping the institution to track infections that occur within the hospital and the complications they cause. Evidence of these infections is contained in different databanks around the hospital, each of which is formatted differently. Hydra, said Baker, is the perfect tool for helping staff to instantly find and analyze data in these diverse repositories.

It may be months until Baker learns whether this pilot transforms into a paying customer, but in the meantime his stint in Boston is helping to spread the word about his technology and Hydra's potential.

The highlight for Baker was the lecture he himself delivered at MIT in mid-November, attended by about 50 people interested in semantic-based search capabilities.

"It's all about exposure," said Baker. "It will help get our story out and it is the right community to see me in."

Time in Boston can indeed help an Atlantic Canadian startup's exposure. Ying Tam, the CEO of Mindful Scientific, used his time at the CTA@Boston to enter a string of pitching competitions, several of which he won. Mindful, which is developing a wearable device that can assess head trauma, was one of six North American finalists in the IBM Global Entrepreneur Competition.

Baker said the benefits in spending time in Boston are immense, even if it does require uprooting yourself for several months. In fact, he's planning to attend another Canadian Tech Accelerator, this one in London, starting in January.

"There are challenges but there's always some pain when you go to a new place and meet new people and reach out," he said. "But it's not about the success tomorrow. It's about the success in three or four months or longer. I'm planting seeds here and I'm having fun doing it." *

Universities Abet the Trend by Setting an Example

Continued from page 3

Talent

TopLog of Halifax is the product of immigrants gathering at one of the region's great universities. Tokunbo Makanju, a native of Nigeria, wrote a doctoral thesis for his PhD in Computer Science at Dalhousie University on a method of helping network administrators to detect and correct system downtime. He teamed up with two other PhD candidates – Turkish immigrant Ozge Yeloglu and Canadian Patrick LaRoche— to develop the idea into a company, topLog. It has just released its first product.

Customers

Discoverygarden of Charlottetown oversees Islandora, one of the world's leading digital repositories for libraries, museums and archives around the world. Developed at the University of Prince Edward Island, Islandora is an open-source databank that protects and stores digital assets permanently. It includes such features as a powerful search function and flexible installation. The Islandora website now lists 86 installations on four continents and the number is growing.

Capital

The Atlantic Canadian funding story of 2014 will be dominated by a single deal: Spectrum Equity's \$60 million private equity financing of St. John's-based Verafin. Previously backed by Killick Capital of St. John's and RBC Venture Partners, Verafin is a global leader in software that helps financial institutions prevent money laundering and fraud. With more than 1,000 corporate customers, the company looked for refinancing in the past year or two and eventually selected one backer: Spectrum, a private equity investor based in Boston and Silicon Valley. Spectrum has raised \$4.7 billion for investment in IT and media companies.

This is a narrow selection of the Atlantic Canadian startups whose tentacles are stretching around the world. The plain truth is that no startup in the region or elsewhere is taken seriously unless they're playing in the global sandbox.

"Every entrepreneur should have a vision to conquer the globe from the start because in doing that you figure out what you need to do to be a successful company," said Calvin Milbury, the CEO of the New Brunswick Innovation Foundation. "In practice, of course, you have to start with bite-sized pieces, but you need that global vision."

And companies are finding global customers. Leah Skerry, the CEO of Halifax-based EyeRead, traveled to the AdTech conference in Japan this year to present her technology, which follows young readers' eyes as they read to discover where they are having difficulty. "By having customers around the world, we have been able to learn quickly and it's opened our products up for new opportunities," she said.

Atlantic Canada's universities are also aiding this trend. First, they set an example because all the universities are looking overseas for customers given the demographic situation in their home market. And second, they bring in people from around the world who often become entrepreneurs. At the Dalhousie University Starting Lean course this semester, there are participants from at least seven countries. And of

course the universities produce research and development that leads to products with an international appeal. It's not a coincidence that topLog (Dalhousie), discoverygarden (UPEI) and Verafin (Memorial University of Newfoundland) all grew out of regional post-secondary institutions.

The excellence of Atlantic Canadian startups is leading to a surprising number of global awards. Just in the past month or two, Island Water Technologies of Montague, P.E.I., was named to the GEW 50, a list of 50 promising startups from around the world compiled by Global Entrepreneurship Week of Washington D.C. And Lamda Guard of Halifax was awarded the 2014 Product Leadership Award in the aerospace industry by Frost & Sullivan of San Antonio, Texas.

Finally, the global flavor of the startup community deepens each time an international company buys a local startup. San Francisco-based Salesforce, the world's leader in cloud-based software, has an impressive presence in the region because of its purchases of Radian6 of Fredericton and Golnstant of Halifax.

And this year, the trend has continued. Another San Francisco company, LiveOps, has bought UserEvents of Fredericton, while Bedford-based NewPace Technology Development Inc. has been purchased by NewNet Communications Technologies of Arlington Heights, Ill. Compilr, a Halifax startup that teaches people how to code, was acquired by lynda.com, a Carpinteria, Calif.-based online education company.

RtTech certainly ranks with the best of them. And Asiron said there are three key reasons why his company has gone global. First, the company has designed products that will meet demand in the global market place. Second, as RtTech developed a network of clients, those customers introduced the company to others so word spread about the company's products. And third, RtTech has formed strong international partnerships, whose sales teams complement the efforts of the Moncton company's own sales force. ★

"Every entrepreneur should have a vision to conquer the globe from the start because in doing that you figure out what you need to do to be a successful company."

– Calvin Milbury, CEO of the New Brunswick Innovation Foundation.



Leah Skerry outside the Sensoji Temple in Tokyo.



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Why I Invested in Four East Coast Startups

The Partner at Rho Canada Ventures tells of discovering a rich vein of opportunity in Atlantic Canada.

By Jeff Grammer

A few years ago, my partners and I at Rho Canada Ventures began to notice the opportunities occurring in Atlantic Canada, and I started spending more time here.

Today, we feel really lucky I did.

We've found a rich vein of tech companies on the East Coast, and we were able to invest in them before many of our competitors had heard of them.

We set up Rho Canada in Montreal in 2006 with the vision of establishing a truly national fund. Though half our investor base was in Montreal, we wanted our coverage to extend from Vancouver to Halifax. So I began to make scouting missions to the East Coast and was pleased with what I found. By 2013 we invested in our first Atlantic Canadian company and there are now four in our portfolio.

When I first arrived in Atlantic Canada, I spent a lot of time understanding what was happening on the ground. I visited the universities and talked a lot with Gerry Pond, the chair of East Valley Ventures. I looked at the different accelerators, at investors like New Brunswick Innovation Foundation and Innovacorp.

What we saw was a lot of interest in pure technology, especially what was coming out of the universities. And it was supported by a strong ecosystem that features superb mentorship.

We wanted a presence, but we had learned that it was always easiest in venture capital if you have more than one investment in a geographic location. It means your visits to the area (and I now visit Atlantic Canada twice a month) are more productive because you're meeting with more than one portfolio company.

Our first investment in the region came in September 2013 when we were lead investor in the A Round for Halifax-based Karma Gaming, which develops video games for regulated lotteries. Our co-investors were Innovacorp and Vanedge Capital of Vancouver.

What I like about Karma is it was dealing in an international market place and its founders, Paul LeBlanc and Jay Aird, are experienced executives.

After we closed the Karma deal, I spent more time in New Brunswick. After about seven months, we joined Build Ventures, GrowthWorks Atlantic Venture Fund and NBIF in a \$3.9 million funding round for Smart Skin Technologies of Fredericton. I was impressed with the technology,



Jeff Grammer

which can detect pressure on a surface and chart it in real time on a computer or device. The management team's been able to sell it into multiple verticals. The fact that Gerry Pond had been instrumental in developing the company didn't hurt either.

Next, we invested in another Halifax company, Analyze Re, which was developing administrative and risk analysis software for the reinsurance industry. Innovacorp and BDC Venture Capital also invested in the company, which had just graduated from the Propel ICT accelerator.

And, just in November, we invested in Resson Aerospace of Fredericton, a precision agriculture outfit that had also graduated from the Propel accelerator. (See Pages 6-7 for details.)

It's worth noting that two of our investments came out of the Propel accelerator program, where they received great mentorship. It's also notable that we were in the seed round or A round on each of these companies.

The fact that not a lot of venture capitalists operate in Atlantic Canada meant that we were able to find gems other VCs weren't aware of. But it's more significant than that. It also means that Atlantic Canadian startups are used to launching with little more than technology and determination. They're used to solving a problem and getting going without a lot of backing.

So what we're doing here is good old-fashioned venture capital. I'm meeting regularly with these companies and helping them through the growth stage of their business. It's what VCs should do, and I hope more venture capitalists discover what is happening here.

What the Atlantic Canada startup community needs now is longevity. You don't wake up one day to discover you've got a thriving startup community. There will be highs and lows and we have to work through all of them.

We need to support the angel groups, accelerators and mentors that are supporting this community. We need to work with the universities to encourage more technology to get out in the entrepreneurship community. It's an exciting time. I'm glad to be part of it. ★

Jeff Grammer is a Partner with Rho Ventures Canada, the Canadian arm of Rho Capital Partners, which has offices in Palo Alto, Calif., New York and Montreal.



“While enrolled in the MTEI program, I learned the entrepreneurial skills that have allowed me to launch my own company, Puddlewear.”

- CHRISTINE HAMBLIN

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