

Report Summary

Presentation to City Council
9th December 2019

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Purpose and Approach

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Our Starting Point

- ▶ Confirm role clarity between EEDC and Edmonton Global including but not limited to FDI and Trade.
- ▶ Clarify roles and governance options for the City of Edmonton's funded Innovation entities which include:
 - ▶ TEC Edmonton
 - ▶ Start-Up Edmonton (EEDC)
 - ▶ Edmonton Screen Industries Office
 - ▶ Health City
- ▶ Report on the status of the YEG Innovation Compass Report recommendations.

Our Approach

- ▶ The project began September 26th and was completed at the end of November. This included all planning, engagement and report creation activities.
- ▶ A Steering Committee was formed with representation from the City Administration, EY, and the CEOs of EEDC and Global Edmonton.
- ▶ The Steering Committee jointly determined the list of interviewees (see Appendix C):
 - ▶ 30 interviews were conducted
 - ▶ Four focus sessions were held
- ▶ EY conducted jurisdictional scans to inform governance options, innovation options and role clarity (Appendix F).
- ▶ Recommendations were formulated and communicated to the Global and EEDC Board Chairs and CEOs.

What we Heard

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What we Heard

Five common themes were identified as a result of the interviews and focus sessions:

- ▶ Roles and responsibilities are not clear between the EEDC and Edmonton Global.
- ▶ Lack of trust and confidence.
- ▶ Overlap and duplication of effort.
- ▶ Lack of accountability and limited key performance measures relative to EEDC for FDI, Trade and innovation activities.
- ▶ Confusion and frustration across the board.

YEG Innovation Compass Report Status

Since the initial recommendations contained within the Innovation Compass Report:

- ▶ Innovate Edmonton is moving on elements of the Innovation Compass report as a result of the consultation process in March 2019 (see Pages 27 & 28 and Appendix E in EY's Report).
- ▶ Innovate Edmonton and EACOS are actively creating an Action Plan to operationalize the recommendations from the Compass Report.
- ▶ The Innovation Compass Action Plan will rely on a collective community impact approach, coordinated by Innovate Edmonton.
- ▶ An initial draft of the Action plan has been developed and will be populated and verified by an ecosystem community-driven exercise commencing mid-December 2019 to early 2020.

EY Recommendations

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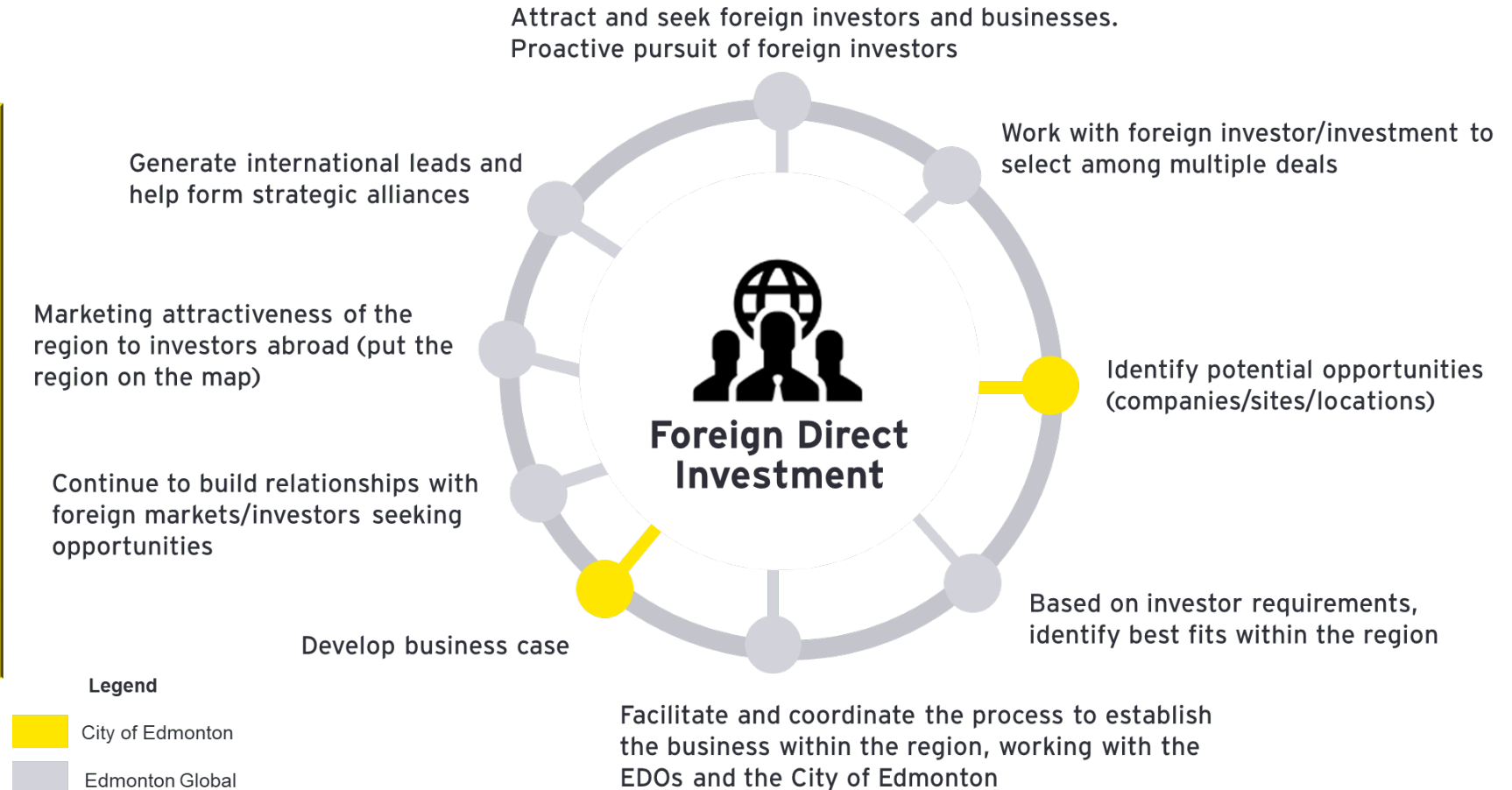
Foreign Direct Investment, Trade and Business Retention and Expansion

- ▶ Through workshops with Edmonton Global, the EEDC and the City, the following simplified definitions were identified to enable discussion and clarity:
 - ▶ **FDI** – Investment made by a non-local firm or individual in the local economy.
 - ▶ **Trade** – Connecting a local business into non-local markets.
 - ▶ **Business Retention and Expansion** – helping businesses thrive and expand in the local market, and readiness support for local businesses ramping up to Trade.
- ▶ The workshops focused on how FDI, Trade and BRE should flow between the three organizations, where the handoffs should be, and if the current handoffs could be done in a more effective and efficient manner, with the best interests of the business community and innovators in mind.

Foreign Direct Investment

Consideration should be given for Edmonton Global to be responsible for FDI activities across all industries and sectors.

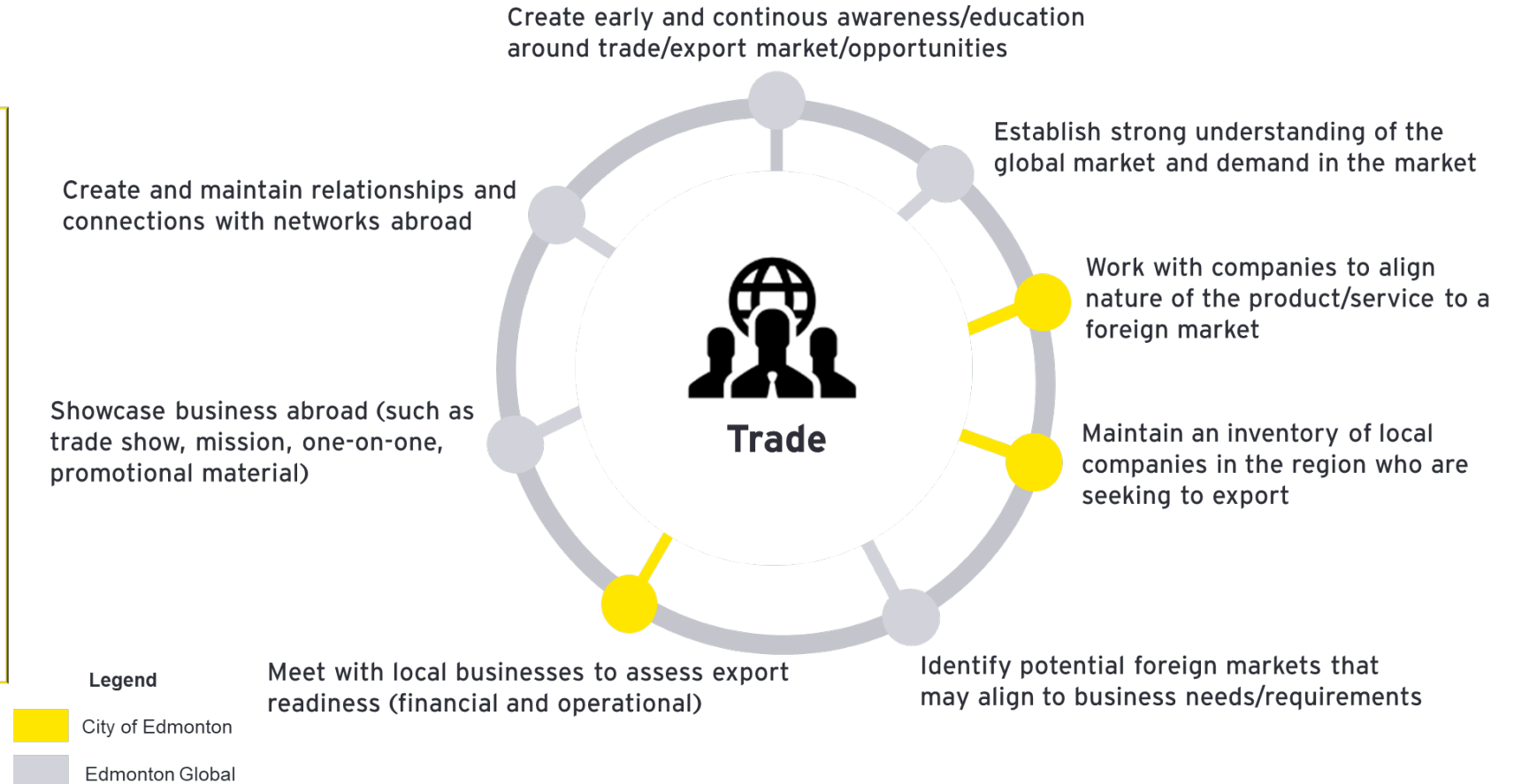
This would be accomplished with support from the City of Edmonton in identifying potential opportunities/ companies and supporting in the development of a business case.



Trade

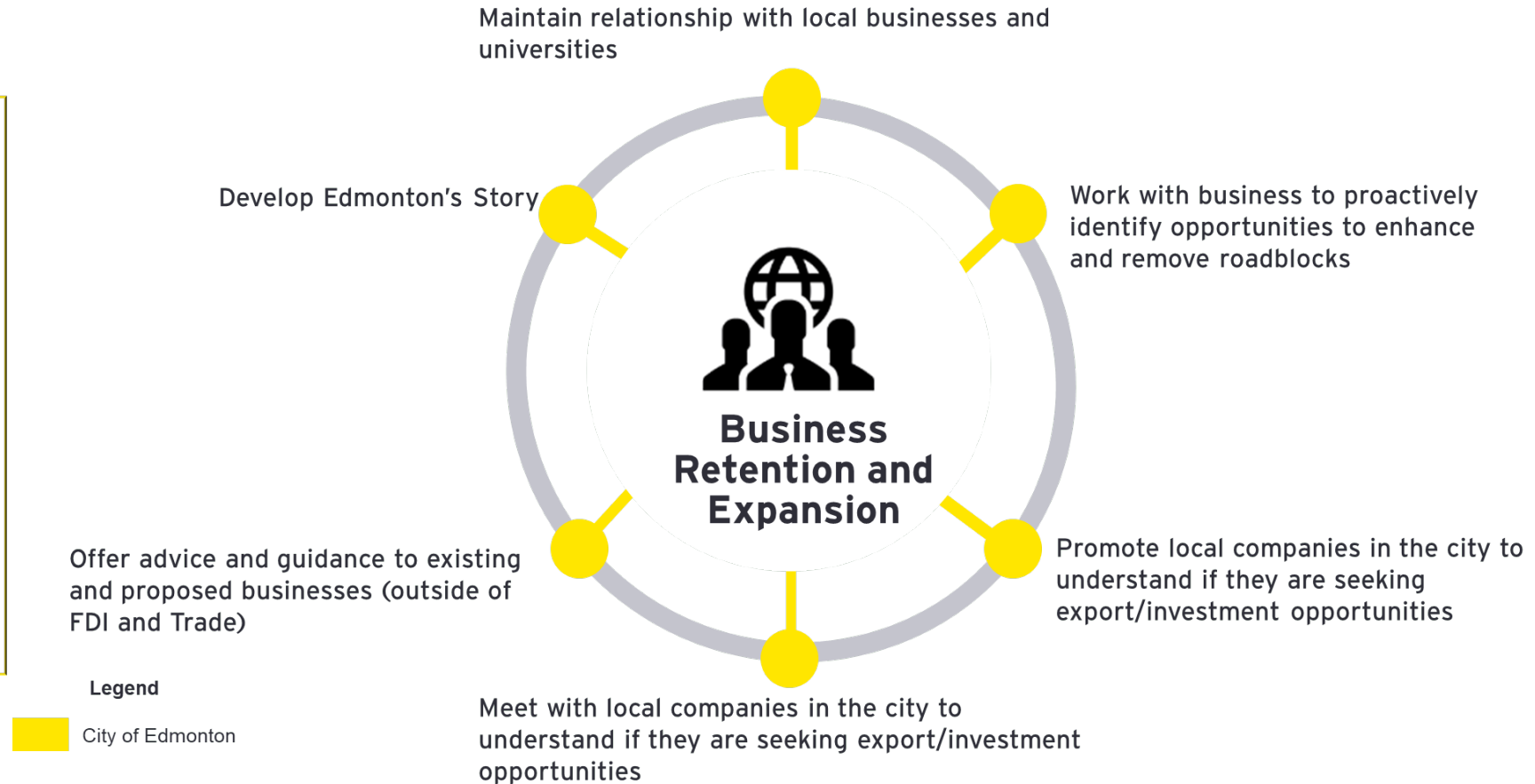
Consideration should be given for all Trade activities to be led and executed by Edmonton Global, with the support of the City.

Trade readiness would be conducted by the City Administration, with appropriate handoffs to Edmonton Global.



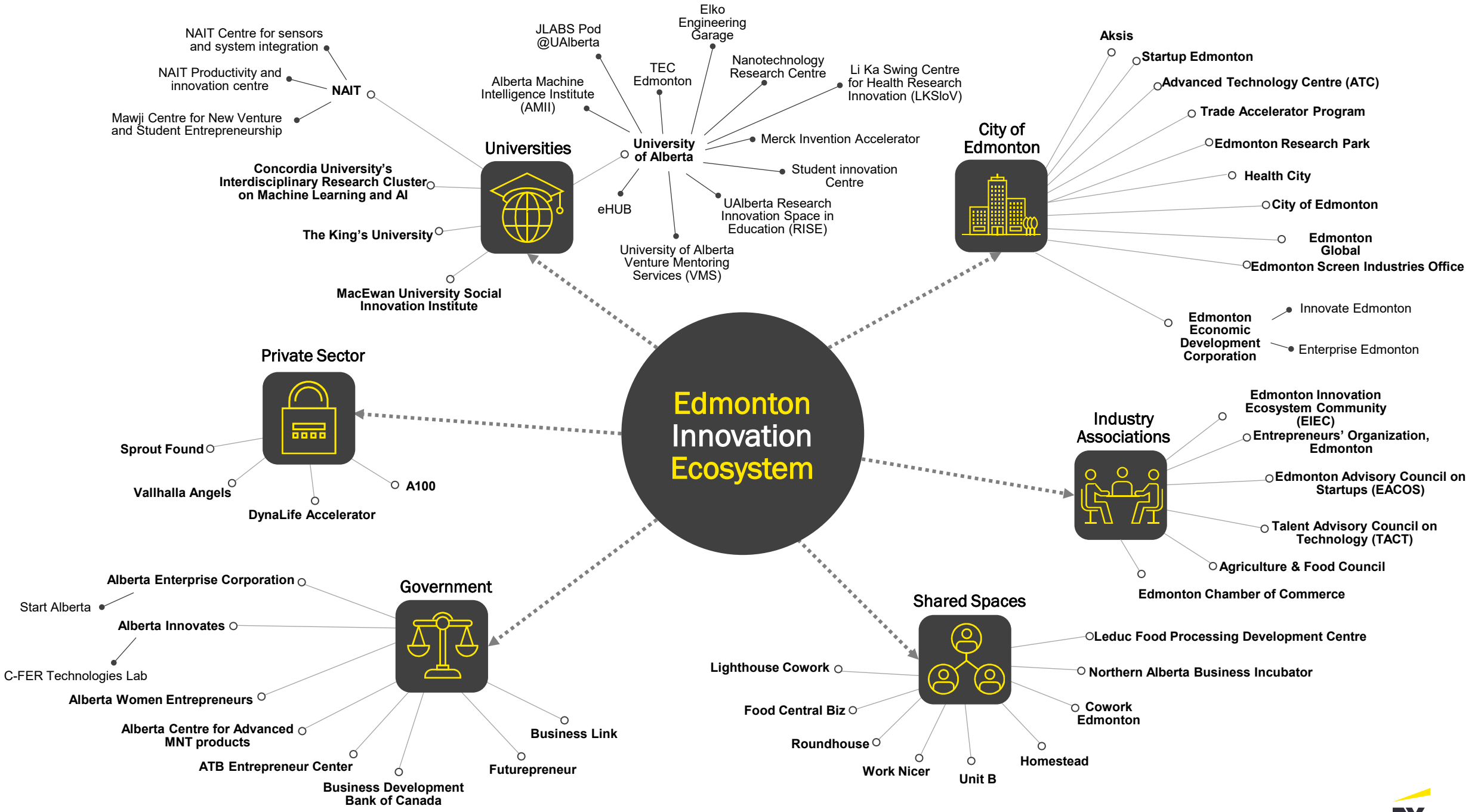
Business Retention and Expansion

To further reduce duplication of effort and provide consistent and ongoing support to local businesses, consideration should be given that all internal operations and external efforts related to BRE be the responsibility of City Administration,

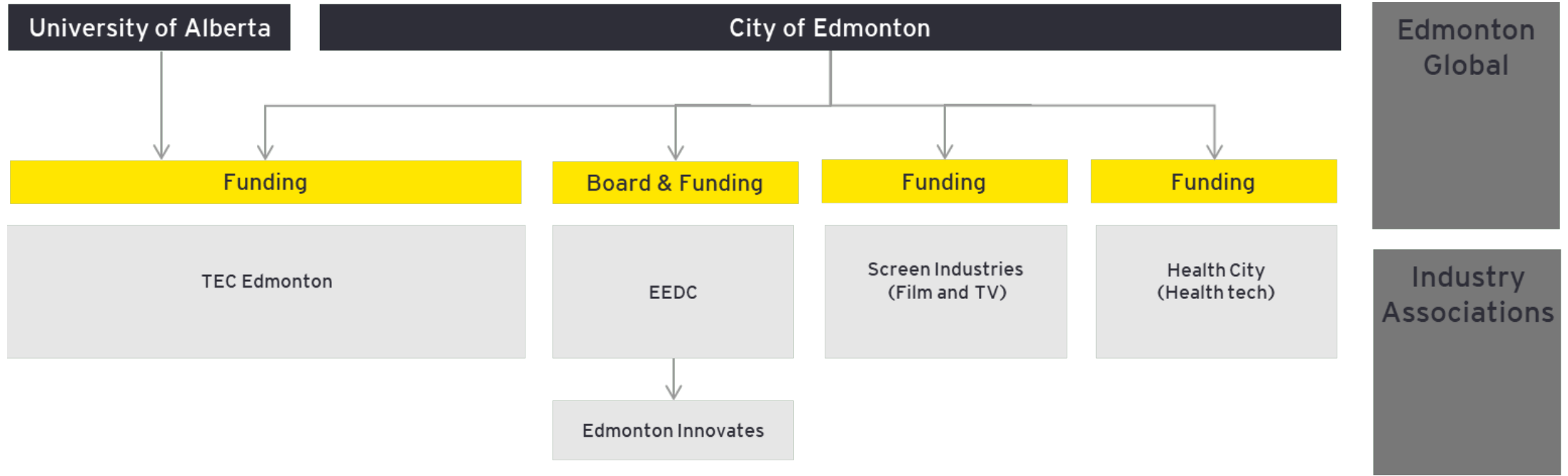


Tech Innovation

- ▶ Creating a strong and vibrant culture of innovation, and developing an entrepreneurial ecosystem that supports the furthering of Edmonton's economic goals and diversifies Edmonton's economy is paramount.
- ▶ Funding from the City of Edmonton an important part of accelerating entrepreneurs' ability to bring their innovative ideas to market, driving job creation and building new sources of wealth for Edmonton's economy.
- ▶ The various City-funded tech innovation entities currently have their own Boards and mandates, and operate independently, thus causing duplication of effort with siloed and duplicative service to innovators.
- ▶ As a result, EY recommends that there should be a separate and distinct purpose-driven entity for Tech Innovation in Edmonton:
 - ▶ City-funded
 - ▶ One Board instead of multiple boards
 - ▶ Single vision and purpose
 - ▶ Liaison to universities, institutes and industry associations to access talent
 - ▶ Has a relationship with Edmonton Global to grow and market the innovation company abroad



Current State



Description:

- ▶ **Maintain current innovation governance structure**
- ▶ **The following enhancements should be considered:**
 - ▶ **Establish formal lines of communication between boards in the ecosystem.**
 - ▶ **Implement KPI's and drive accountability**
 - ▶ **Enhance current service delivery model to align and better serve the needs of the innovation community.**
 - ▶ **Provide market research data and economic dashboards that are easily accessible.**

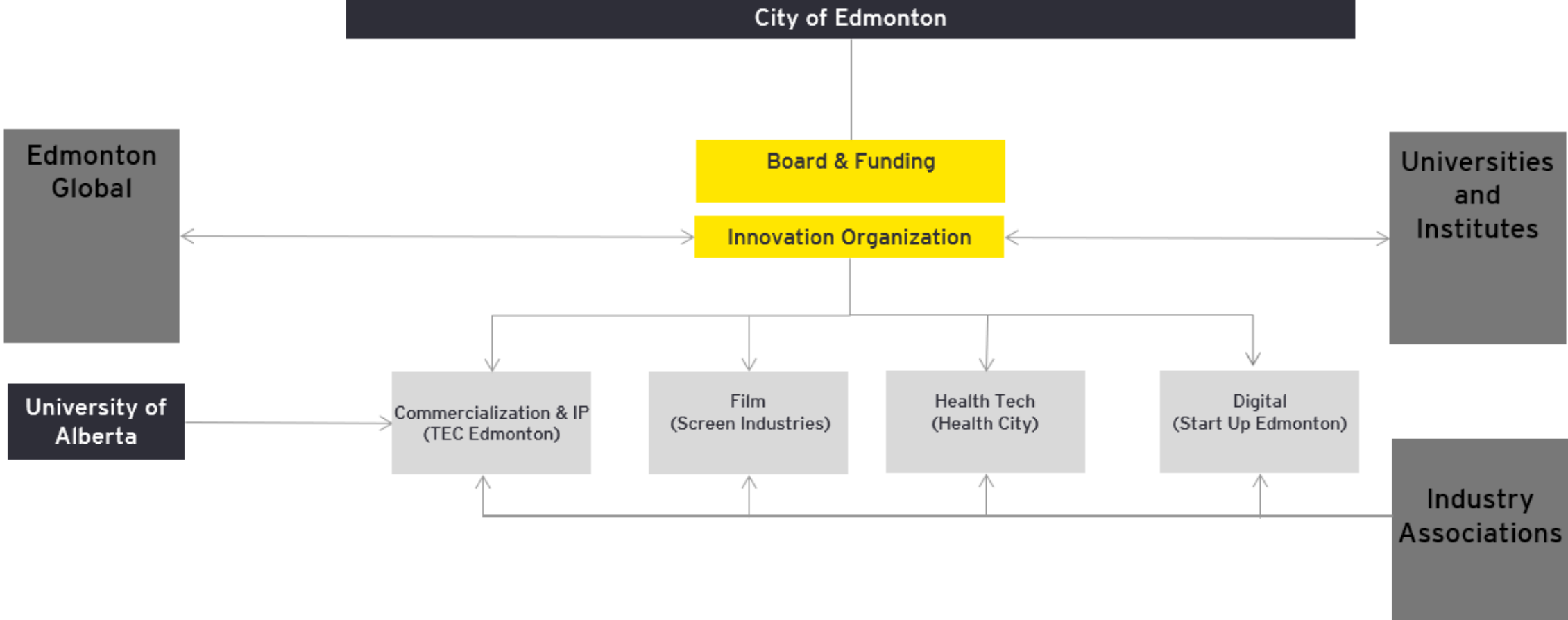
Pros:

- ▶ **Expertise, company culture, staff and personal connections are preserved.**
- ▶ **Potential to learn from experience and grow as an organization.**

Cons:

- ▶ **Does not address the issue of confusion, frustration and duplication in the market place.**
- ▶ **Resources might not be strategically and efficiently placed in ecosystem.**
- ▶ **No opportunity for cost reduction and service enhancements**
- ▶ **Limited alignment to the YEG Innovation Compass Report.**

Recommended Purpose Driven Organization



<p>Description:</p> <ul style="list-style-type: none"> ▶ Create a new purpose driven organization, which would be comprised of the EEDC led innovation functions combined with Health City and Screen Industries. This organization would have an appropriate mandate, clear roles and responsibilities and agreed-upon performance metrics. 	<p>Pros:</p> <ul style="list-style-type: none"> ▶ It will allow the City of Edmonton to consolidate all the innovation activities into one organization with four distinct lines of business. ▶ Reduce confusion, duplication of effort and overlap. ▶ Allow the City of Edmonton to make meaningful and coordinated decisions to realize the full potential within the innovation portfolio. ▶ Clearer accountability and ability to manage performance. ▶ Opportunity to realize cost reductions. ▶ Enhanced service delivery. ▶ Opportunity to realign skillsets, competencies with required resource compliment. ▶ Allows for stronger alignment and coordination with Universities and institutions, Edmonton Global and industry associations. ▶ Alignment to the recommendations made in the YEG Compass Innovation Report and community-level input. <p>Cons:</p> <ul style="list-style-type: none"> ▶ Strong implementation plan is required which will take time and effort. ▶ Change impacts to stakeholder will be higher (i.e. employees, board members and clients). ▶ Potential loss of key personnel.
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Transition Considerations

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Transition Considerations – FDI, Trade and BRE

- ▶ Realignment of EEDC's workforce (approximately 20 people in the Investment and Trade division).
- ▶ Adjustment in financial transfers to EEDC.
- ▶ New name, mandate, brand and strategy for EEDC to reflect tourism and convention lines of business.
- ▶ Review of all funding agreements and leases owned and operated by EEDC.
- ▶ Transition plan to address financial implications.
- ▶ Transfer of EEDC's brand and marketing functions to the City (with the exception of tourism-related activities)
- ▶ Roadmap and communications plan to address the in-flight Trade, BRE and marketing activities that EEDC is currently conducting.
- ▶ Communications approach to customers of EEDC and other externally and internally impacted stakeholders.

A high-level transition plan and 4-6 month roadmap is provided in the EY report for consideration.

Transition Considerations – Tech Innovation

- ▶ A workforce plan for EEDC employees who will be impacted by the establishment of the new entity (approximately 20 employees from Innovates).
- ▶ Engagement with Board Chairs of TEC Edmonton, Edmonton Screen Industries, EEDC and Health City to design the future-state purpose led organization.
- ▶ Workshops with key stakeholders to jointly develop a new governance structure under a newly established Board and entity.
- ▶ Further consultation with Universities, Institutes and Industry Associations on the new entity.
- ▶ A review of all existing funding grants and agreements that the EEDC has as it relates to innovation.
- ▶ Ongoing consultation with the business community to solicit ideas and feedback on the new entity.
- ▶ A funding model to understand how industry associations, universities and institutes will work together in the new entity.

A high-level transition plan and 6-9 month roadmap is provided in the EY report for consideration.

Questions

Council Motions

City Council passed the following motions:

- ▶ September 10, 2019 City Council Meeting - That Administration work with Edmonton Global and EEDC, on behalf of the City, as Shareholder and Funder, to confirm role clarity among the two entities, including but not limited to Foreign Direct Investment Attraction and Trade, and report back to Executive Committee prior to Budget.
- ▶ August 27, 2019 City Council Meeting - That Administration work with EEDC, TEC Edmonton, Health City, Edmonton Global and other stakeholders and report back on the status of the recommendations in the YEG Innovation Compass Report. This report should specifically address opportunities to reduce overlap, clarify roles and governance, accelerate the technology economy and better serve the regional innovation ecosystem.
- ▶ September 10, 2019 City Council Meeting - That Administration work with EEDC, on behalf of the City, as Shareholder and Funder, to explore governance options for the innovation portfolio of activities, responding to the Compass recommendations, and informed by any relevant Audit findings, to the December 2, 2019, Executive Committee meeting, as part of the YEG Innovation Compass report.