



Economic Information Observatory
a regional cooperation project between
Atlantic Canada and **Saint-Pierre and Miquelon, France**

Doors of Opportunity for Start-Ups!



Atlantic Canada (p. 1-4)

Saint-Pierre and Miquelon, France (p. 5-8)



Start-Ups in Atlantic Canada

In this issue:

Atlantic Canada: Fertile Ground for Start-Ups	2
Incubators and Accelerators in Atlantic Canada	3
Foreign Trade Zones in Atlantic Canada	4

Canada is home to a large number of business incubators and accelerators. Some of these benefit from government support, while others are private organizations. From co-working spaces to mentoring and innovation support programs for entrepreneurs, venture capital funding, commercialization support and assistance in seeking new markets, start-ups in Atlantic Canada find themselves in a rich ecosystem that is highly favourable for business development. The doors at numerous entities throughout the region are wide open to new, emerging and thriving companies with the objective of promoting a dynamic economic environment at the local, provincial and regional levels. For an overview of Business Services in Atlantic Canada, please see *Intell-Echo*, vol. 2, no. 7; for information on Innovation Support programs, see *Intell-Echo*, vol. 3, no. 8.

Prince Edward Island

Sector strengths	Provincial incentives
<ul style="list-style-type: none"> ◆ Aerospace ◆ Bioscience ◆ Information & communication technology ◆ Business & financial services ◆ Advanced manufacturing & renewable energy 	<ul style="list-style-type: none"> ▶ Rebates on eligible labour expenditures ▶ Rental rebates for office, lab or manufacturing space ▶ Competitive product development and commercialization rebate programs ▶ Debt financing programs for equipment, leasehold improvements, new construction and marketing

New Brunswick

Sector strengths	Provincial incentives
<ul style="list-style-type: none"> ◆ Advanced manufacturing ◆ Insurance ◆ Finance ◆ Information technology ◆ Defence (land-based systems, training and simulation) ◆ Mining ◆ Back-office operations 	<ul style="list-style-type: none"> ▶ Customized, low-risk incentives, including loan guarantees, employee training, millions of dollars for innovation and R&D, plus generous federal and provincial tax credits ▶ Regional funding programs offer funding to stimulate economic development in certain regions of the province ▶ Funds and programs available to support investments in innovation and in research and development

Nova Scotia

Sector strengths	Provincial incentives
<ul style="list-style-type: none"> ◆ Ocean technology ◆ Seafood ◆ Information & communication technology ◆ Agri-food ◆ Natural resources ◆ Aerospace & defence ◆ Financial services ◆ Digital media ◆ Film & television production 	<ul style="list-style-type: none"> ▶ Performance-based payroll rebate incentive offered to eligible companies expanding in or locating to NS ▶ R&D tax credit program promoting and supporting the development of unique and advanced skills, knowledge and technological capabilities ▶ Digital media tax credit ▶ NS Unlimited Liability Companies (NSULC)

Newfoundland and Labrador

Sector strengths	Provincial incentives
<ul style="list-style-type: none"> ◆ Oil & gas ◆ Mining ◆ Ocean technology ◆ Arctic opportunities ◆ Manufacturing ◆ Information & communication technology ◆ Aerospace 	<ul style="list-style-type: none"> ▶ Business Attraction Fund to support business start-up or expansion in Newfoundland and Labrador ▶ Economic Diversification and Growth Enterprises Program providing long-term corporate tax holidays and readily available Crown land to new and expanding businesses ▶ Tax Incentives including the Direct Equity, Manufacturing and Processing Profits, Small Business, Scientific Research and Experimental Development, Film and Video, and Labour-Sponsored Venture Capital Tax Credits

To consult the sources utilized in this bulletin, and for any additional information inquiries pertaining to this topic, please contact PROVIS: [observatoirePROVIS\[at\]umoncton.ca](mailto:observatoirePROVIS[at]umoncton.ca)

Business Incubators and Accelerators in Atlantic Canada

Events and Open House Days

- ▶ **How to Build a Billion Dollar Network**
September 5, 2017, Startup Zone, Charlottetown, PEI
- ▶ **Startup Canada Awards**
September 7, 2017
Fredericton Startup Network, Fredericton, NB
- ▶ **An Insider's Look at Homegrown Startup Success**
September 11, 2017, Halifax Central Library, Halifax, NS
- ▶ **Scaling for Success with .NET and Azure**
September 12, 2017, Venn Centre, Moncton, NB
- ▶ **Early Stage Finances (lunch & learn)**
September 12, 2017, Volta Labs, Halifax, NS
- ▶ **Invest Atlantic – Building Capital & Partnerships**
September 19, 2017, Invest Atlantic, St. John's, NL
- ▶ **Startup Drinks**
September 21, 2017, Fredericton, NB
Fredericton Convention Centre, Fredericton, NB
- ▶ **Startup Weekend**
Techstars Startup Programs
September 29, 2017, Saint John, NB
- ▶ **HR Lunch & Learn: Rights & Regulations**
September 28, 2017, Startup Zone, Charlottetown, PEI
- ▶ **Business AdvantAGE (Seniors Week 2017)**
October 2, 2017, Halifax Central Library, Halifax, NS
- ▶ **Idea Lab**
October 3, 2017, Planet Hatch, Fredericton, NB



NL: Accelerators and incubators for post-secondary ventures

- ▶ CNA/MUN Grenfell Campus Corner Brook – Navigate Small Business Centre
- ▶ MUN Memorial Centre for Entrepreneurship
- ▶ MUN Genesis Centre (Evolution Program)



NL: Co-working and networking spaces

- ▶ Common Ground Coworking (for start-ups)
- ▶ Evolution St. John's Genesis Centre



NB: Accelerators and incubators for post-secondary ventures

- ▶ UNB Centre for Technology Management & Entrepreneurship
- ▶ UNB Activator Program
- ▶ UNB Pond Deshpande Centre - B4Change
- ▶ UNB Energia (energy, clean tech & cybersecurity)
- ▶ UdeM Centre Assomption de R&D en entrepreneuriat
- ▶ NBCC OASIS



NB: Accelerators and incubators for the commercial and NPO sectors

- ▶ PROPEL ICT (regional accelerator)
- ▶ Venn Innovation Inc.
- ▶ Planet Hatch
- ▶ JEDI – Aboriginal Business Accelerator
- ▶ La Ruche/The Hive



NB: Co-working and networking spaces

- ▶ Sackville Commons
- ▶ ConnexionWorks



PEI: Accelerators and incubators for the commercial and NPO sectors

- ▶ StartUp Zone
- ▶ Emergence – Canada's Bioscience Business Incubator (Food2Pharma)
- ▶ Natural Products Canada
- ▶ LaunchPad PEI



NS: Accelerators and incubators for post-secondary ventures

- ▶ Dalhousie U – Norman Newman Centre for Entrepreneurship
- ▶ Cultiv8 Sandbox
- ▶ SMU Change Lab Action Research Initiative
- ▶ SMU Spark Zone
- ▶ Acadia Entrepreneurship Centre
- ▶ StFX Innovation and Enterprise Centre
- ▶ CBU/UIT Startup Immersion
- ▶ Centre for Entrepreneurship and Development

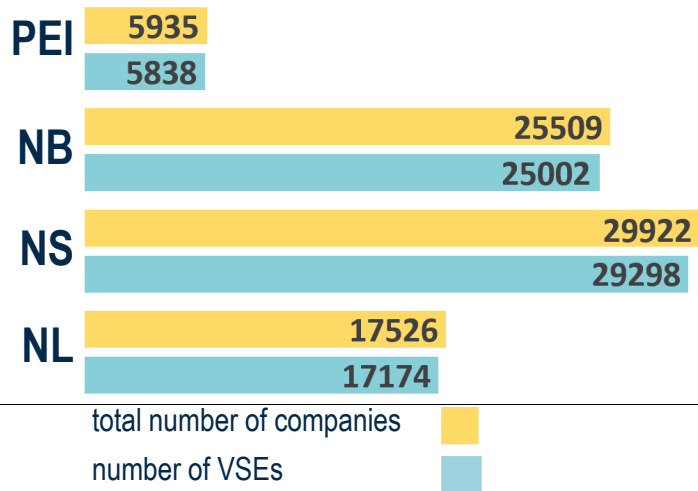


NS: Accelerators and incubators for the commercial and NPO sectors

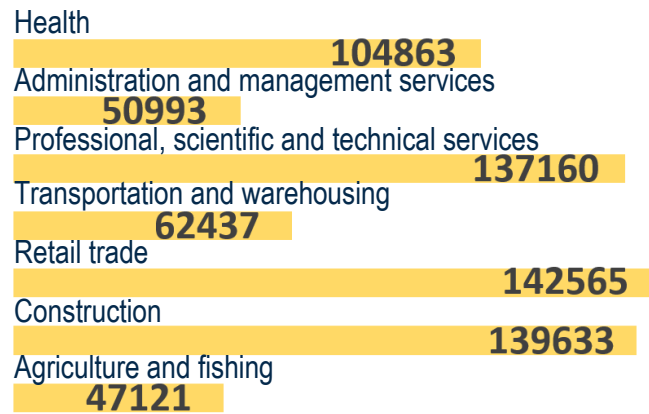
- ▶ NSCC/COVE – Centre for Ocean Ventures and Entrepreneurship
- ▶ Mashup Labs (business development in rural regions)
- ▶ Spark & Ignite
- ▶ Volta Labs
- ▶ CDÉNE (NS economic development agency)
- ▶ Innovacorp – Technology Innovation Centre/Enterprise Centre/ Demonstration Centre (start-up venture capital)
- ▶ CleanTech Accelerate Program (Innovacorp)

Atlantic Canada: Fertile Ground for Start-Ups

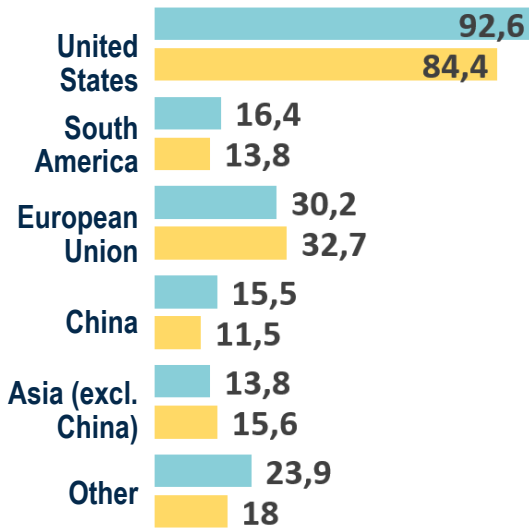
Number of very small enterprises (VSEs) versus total number of companies in Atlantic Canada



Number of small enterprises (SEs) in Canada by main industry sector (< 99 employees; total 1.14 M SEs)



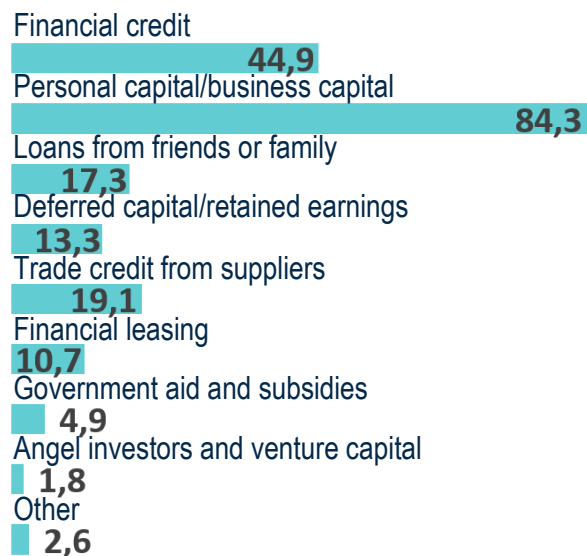
Export destinations of Canadian VSEs and micro-enterprises



number of VSEs (5-19 employees)

number of micro-enterprises (1-4 employees)

Main sources of funding for Canadian start-ups (%)



(Note: percentages not mutually exclusive)

46%

54%

Approximately 54% of Canadian companies have 1-4 employees

27%

73%

Approximately 73% of Canadian companies have 5-9 employees

Perceptions of Canadians about entrepreneurship

% of Canadians who would like to run their own company

68

% of Canadians considering starting up a company as a viable future option

53

% of Canadians who already run their own company

30

Main barriers to business creation

Financial barriers

62

Fear of risk

41

Commercialization challenges

26

Lack of time

20

%

Foreign Trade Zones (FTZ) in Atlantic Canada

Definition and application of FTZ in Canada

Present in numerous industrialized countries, **FTZs** are officially designated industrial locations that offer various tax advantages to encourage Canadian and foreign investors to stimulate and expand the development of economic activities in specific regions. These advantages generally take the form of tariff or tax exemptions applicable to the purchase or import of raw materials, components or finished goods, such as customs duties, value added taxes and so on. These materials or goods may be stored, processed or assembled in the FTZ for re-export or for entry into the domestic market. It is worth noting that the geographic location of FTZs is often determined by proximity to major ports or international borders.

Programs and measures for an original approach

In Canada it is possible to enjoy the advantages of foreign trade zones everywhere in the country without specific location restrictions: duty and tax relief is available to eligible foreign companies or local importers, wherever they are located across the country, which amounts to a significant incentive measure for foreign investors and creates substantial opportunities for Canadian SMEs in international markets.

At the same time, Canada has, over the last several years, established eight Foreign Trade Zone, serving as single points of access to streamline the delivery of related programs in these designated regions:

1. Winnipeg (Manitoba), Oct. 9, 2009 – pilot project ◀
2. Calgary (Alberta), June 2, 2015 ◀
3. Edmonton (Alberta), June 2, 2015 ◀
4. **Halifax (Nova Scotia), July 29, 2015** ▶
5. Regina (Saskatchewan), Aug. 10, 2015 ◀
6. Niagara (Ontario), April 15, 2016 ◀
7. **Regional municipality of Cape-Breton (Nova Scotia)** ▶
May 14, 2016
8. Windsor-Essex (Ontario), July 31, 2017 ◀

Halifax Foreign Trade Zone

- ▶ Major hub for international trade, particularly for logistics, transportation, manufacturing and distribution
- ▶ Direct access to international markets, supplying access to the European Union, the Middle East, the Indian subcontinent and the Far East, by way of the Suez Canal
- ▶ Under the NAFTA and CETA trade agreements, Halifax facilitates trade between businesses from the EU, USA and Mexico
- ▶ Strategic geographic location: 15 minutes away from downtown Halifax or the Stanfield International Airport or the Port of Halifax
- ▶ The Halifax Logistics Park stands out as the most important commercial park north of Boston and east of Montreal

The Halifax FTZ boasts:

- International Stanfield Airport
- the Port of Halifax
- two deep-sea container terminals
- CN Rail
- a highly developed and efficient logistics and storage infrastructure
- first-class road infrastructure

Cape-Breton Foreign Trade Zone

- ▶ Planned development of a deep-sea mega container terminal boosting transshipment activity; the Port of Sydney is the first port of call for all incoming vessels arriving by way of the Suez Canal and destined for the North American continent
- ▶ Merchandise shipping/receiving operations are facilitated by a supple and efficient multimodal transportation network
- ▶ The competitive advantages offered by the FTZ have the potential to support the manufacturing and fishery sectors

The Cape-Breton FTZ boasts:

- the Port of Sydney and the JA Douglas McCurdy Airport
- the planned deep-sea mega container terminal NOVAPORTE capable of accommodating ultra-large container vessels (18 000 TEUs)
- logistics and storage capacity afforded by the NOVAZONE industrial park (500 hectares)

Programs

Duties Relief Program

Drawback Program

Customs Bonded Warehouse

Export Distribution Centre Program

Exporters of Processing Services Program

Key advantages

Upfront relief of duties

Refunds duties for exported goods

Defers/relieves duties and taxes

Upfront relief of GST/HST on certain imports and domestic purchases

Upfront relief of GST/HST on certain imports

Main eligibility requirements

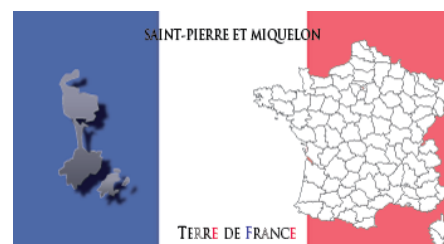
Goods must be exported within four years

Goods must have been exported within four years

Goods must not be substantially altered

Must be export-oriented commercial entity that adds only limited value to goods

Goods must belong to non-resident and be re-exported after being processed



In this issue:

French Tech

5

Financing start-ups in France

6

Relationship start-ups - large corporations

7

Crowdfunding in SPM

8

French Tech

The Ecosystem of French Startups



"French Tech" refers to the community of those who work in or for French start-ups. It aims to promote French start-ups internationally and to support their growth through specific grants, funds and support systems.

Start-ups in France



~ 9400 companies*



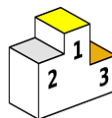
30% increase in the number of start-ups between 2012 and 2015*



2.2 billion euros in capital raised in 2016 (EY barometer)



34,000 M2 for the largest start-up incubator in the world, opened at the end of June 2017 in Paris, which will welcome over 3,000 "start-uppers"



France **ranks 3rd** in the top 100 most innovative companies in the world ([Top 100 Global Innovators](#))

* Sources: Observatory of French start-ups, EY, April 2017

The "French Tech Grant"



supports the creation phase of innovative companies (up to 45,000 euros)

The **French Tech Ticket** : an offer to welcome foreign entrepreneurs to start up a business in France (grants, simplified access to a visa, assistance with set-up, etc.); implemented throughout France since 2016.

La
FRENCH TECH



The
French Tech



Pass: premium services, specific to the challenges of the hyper-growth of these companies

For further information:

<http://www.lafrenchtech.com>

Contact French Tech:

marie.gallas-amblard@finances.gouv.fr

01 53 18 45 65

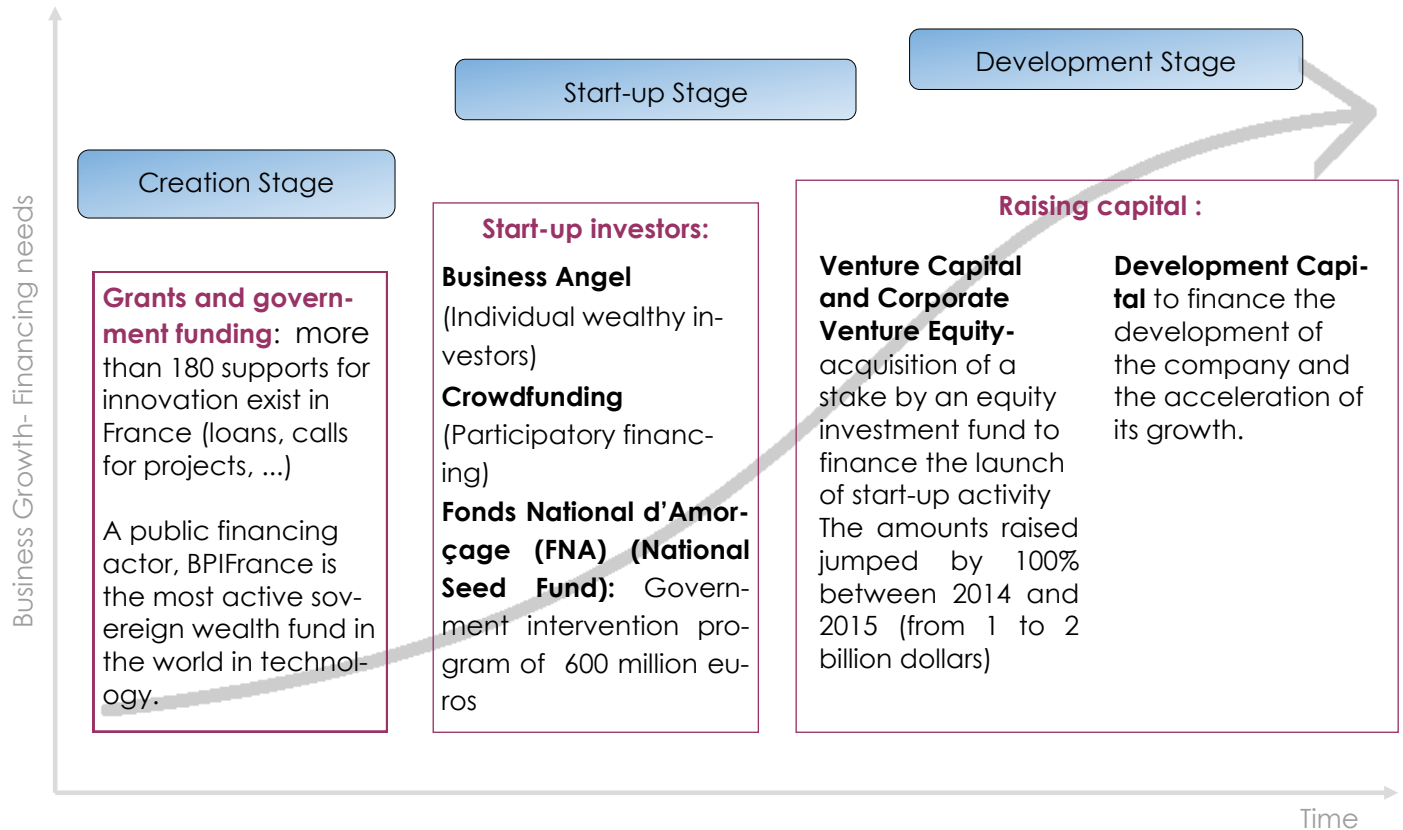
Salon des Entrepreneurs, February 7-8, 2018, Palais des Congrès in Paris – Thematic Programme : **Start up Factory**

http://www.salondesentrepreneurs.com/paris/programmes_thematiques/132/start-up-factory

Financing Start-ups in France



Start-up financing in France is **specific** and drives 3 interdependent levers, **according to the stage of the life cycle of the innovative business**.



Unicorns are start-ups that are unlisted but which are valued at **more than a billion dollars**

World ranking of unicorns (2017)

<https://www.cbinsights.com/research-unicorn-companies>

- 1- Uber (United States, 68 billion dollars)
- 2- Xiaomi (China, 50 billion dollars)
- 3- Didi Chuxing (China, 46 billion dollars)
- 83- Blablacar (France, 1.6 billion dollars)

More than half of the unicorns are based in the United States. Of the 215 Unicorns (classification 09/2017), only 2 are based in France. Several French start-ups have moved out of the classification due to **entry into the stock market** (ex: Aufeminin, Criteo) or **length of time in existence** (ex: Vente- Privée). Many have been **bought out** by large foreign companies (e.g. Meetic, Priceminister, Lodging, LeBonCoin, Aufeminin, Aldebaran ...).

"For the start-up stage and the early stages of development, there is no better place in the world to create a start-up"

Co-founder of the Wistiki start-up

Government measures encourage the development of French start-ups, but these then struggle to finance their development in order to grow and develop internationally. Many of those who succeed are bought out by a large corporation, often a foreign company.



Relationship Between Start-ups and Large Corporations



"What interests companies that invest in start-ups is not financial return, but access to innovation"

D.Lucquin, Venture Capital Company -Sofinnova Partners

"By buying only 10% of a company, we have access to 100% of its skills and technology. So it costs 10 times less and often takes less time than developing yourself "

Director of a Corporate Venture Fund of a CAC 40 Industrialist

Acquisition of shareholding...

Raising capital allows a young company to increase its capital in order to finance a need. Investors and investment funds become shareholders in the start-up. While venture capital funds continue to aim to get a return on their investments, the corporate venture (or corporate venture capital) is pursuing a strategic interest.

...a win-win relationship

Benefits for the start-ups:



⇒ Access to financing, provision of technical and strategic expertise, increase in recognition, access to new markets



Benefits for the large companies :



⇒ Ensure a technology watch, outsource or complement internal R & D, acquire new technologies ...
Buy out can also be a way of getting established in a market by buying a reputation or expertise.

A **list of investment funds** in high-tech start-ups in France , published by Serena Capital:

<https://blog.serenacapital.com/the-ultimate-french-vc-list-64034164b081>

Collaboration and business partnerships

"All the groups in the CAC 40 [the main stock market index of the Paris Stock Exchange] are now involved with start-ups, whereas this was the case for only less than a third of them in 2010"

(David with Goliath Study 2016, Raise and Bain & Company)

This integration of start-ups is achieved through partnerships, creation of incubators, competitions ... The major French companies favor the logic of co-construction and collaboration over that of acquisition.

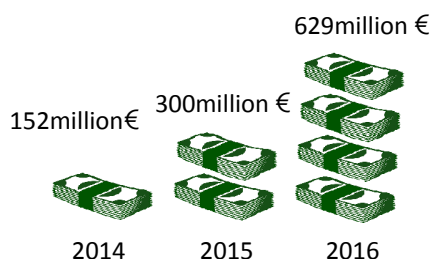
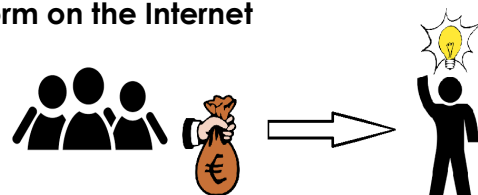
From 2012 to 2015, Google, Apple, Facebook, Amazon and Microsoft (the Gafam) bought out 160 start-ups, while the 120 biggest French groups – the SBF 120 - acquired only 40 (BPI report, 2015)

Successful commercial partnerships are those where the young company brings an essential component to the big company (ex: the pioneer of streaming, Deezer and the operator, Orange).

Crowdfunding in SPM



Participatory financing (crowdfunding) makes it possible to finance a project through the financial contributions of Internet users, via a dedicated platform on the Internet



Amounts collected on participatory finance platforms in France (source: Financement participatif France (FPF))

Crowdfunding continues to emerge as a new financing alternative in France. Its success is due to:

- Shortage of bank financing to private players
- Modernization of sources of financing
- Project holders focused on communities

Crowdfunding platforms offer **three different possibilities** for supporting projects: **donations, loans** or **share purchase**.

I need to pre-sell, test a product or event, a little financial assistance

DONATION

Internet users support a project through their donations and obtain in return consideration or services related to the activity of the company.

<http://bgeparticipatif.fr/#/projects>

I need funding to invest or improve my cash flow.

LOAN

An equity loan allows individuals to lend, with or without interest, to artisans or local small businesses.

<https://bolden.fr/>
<https://www.credit.fr/>

I am an innovative start-up and want to raise an amount of money ranging between a hundred thousand euros and a million euros

Share purchase

The investors become shareholders of the company to help the company increase its capital and raise equity in order to grow.

<https://www.happy-capital.com/>

You are a young entrepreneur on the archipelago of Saint-Pierre & Miquelon and you want to develop a business activity, carry out work, buy equipment ... Have you thought about crowdfunding?



Tél.: + (508) 41 05 30
 E-mail: contact@cacima.fr
 Website: <http://www.cacima.fr/>

For further information and for support regarding financing through crowdfunding, do not hesitate to contact the advisors at CACIMA.



The FIER SPM network supports the projects of innovative companies.

Tél.: + (508) 411515
 Website: <https://www.fierspm.com/contact>

INTELL-ECHO



Are you seeking business opportunities in this sector?
CACIMA and FCCC-AN can facilitate your business prospection process and help with establishing new partnerships
(targeted information and network contacts)

Intell-Écho is a periodic bulletin published by the Economic Information Observatory, a regional cooperation project between Atlantic Canada and Saint-Pierre and Miquelon. The publication of this bulletin is made possible through the sponsorship of the Atlantic Canada Opportunities Agency in support of research initiatives, linguistic minorities and business development, and the Province of New Brunswick as well as the Université de Moncton, Shippagan Campus, and the Prefecture and Territorial Council of Saint-Pierre and Miquelon.

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