

NEWSLETTER

**CANADA CHINA INNOVATION
& INVESTMENT SUMMIT 2019**





C₂CAN

**CHINA-CANADA
COMMERCIALIZATION &
ACCELERATION NETWORK**

As the key organizer of the summit, C2CAN is a collaborative platform between SFU VentureLabs®, China Canada Cleantech Innovation Centre (CCCIC), Tsinghua Holdings, and Hanhai Holdings. Its mission is to connect technology companies with the resources necessary to scale and succeed in China and Canada.

C2CAN supports the commercialization of Canadian and Chinese technology companies by linking Canadian and Chinese innovations, capital and markets. Its aim is to accelerate and commercialize innovative technologies that truly make our world a better place.



THE INAUGURAL CANADA CHINA INNOVATION & INVESTMENT SUMMIT (CCIIS)

The Inaugural Canada China Innovation & Investment Summit took place on September 20th 2019 at SFU Venturelabs Open Space. This year's event, in association with the Vancouver Startup Week, was jointly organised by the Vancouver Economic Commission(VEC) and China Canada Commercialization & Acceleration Network(C2CAN).

The summit is expected to be hosted annually from now on with an aim to build a community around entrepreneurs, investors, corporate executives, governmental and non-governmental stakeholders and the broader start-up community to promote cross-border dialogues and collaboration in science & technology between China and Canada.

With a lineup of high profile keynote speakers, two insightful panel discussions and a showcase of tech start-ups, this year's summit shed lights on technology advances in sectors such as 5G and AI, technology ecosystem synergy and comparison between China and Canada, as well as issues facing Canadian companies doing business in China such as intellectual property.

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SFU VENTURELABS - HELPING START-UPS BRING TECHNOLOGY TO MARKET



An accelerator with a focus

SFU VentureLabs, in its sixth year of inception, has already made a name for itself as one of the most reputable technology accelerators in Canada. Brimming with start-up activities at its downtown Vancouver office, the accelerator is currently running at full capacity with 35 companies in residency.

“Different accelerators have different focuses, and our focus is supporting companies bringing technology innovations to market; they are either commercializing a new technology or using an existing technology in an innovative way,” says Virginia Balcom, who has been an Executive-In-Residence (EIR) at VentureLabs since 2017 and is now Acting Executive Director.

“It takes longer-term ambition and planning when trying to break new ground in technology,” says Balcom, “particularly when it comes to hardware products where there is a need for significant upfront investments and unique skills. VentureLabs is an accelerator helping companies bring many pieces together.”

Different to many US incubators, Canadian incubators do not typically take equity in the startup companies as they are primarily funded by government programs.

“At VentureLabs, we are investing in the company by providing them support, mentoring, a great environment, and infrastructure,” she adds.

One of the services that VentureLabs provides is mentoring and support from its executives/entrepreneurs-in-residence, such as Balcom herself who has extensive experience in technology marketing.

“Companies face different challenges when they are trying to bring technology to market. There is the standard adoption gap, planning how to penetrate the market beyond early adopters, and at the same time, determining how to fund their business. We are building a deep knowledge and skill base in our EIR team and we look for entrepreneurs who have done it in the past. Many EIRs are serial entrepreneurs and they are really just giving back to early stage companies. They give companies advice before they go to investors or markets,” Balcom explains.

VentureLabs runs ongoing educational programs to help entrepreneurs gain knowledge and skills as start-ups are usually short on resources, be it in marketing, HR, or patent protection.



With its various university, government and industry partners, the accelerator also helps entrepreneurs tap into different networks for connections, advice and capital.

“There is a camaraderie in the accelerator; as an entrepreneur, there are other people who are going through similar challenges that you may be experiencing. If you meet someone at the coffee machine, you can exchange ideas and solve problems together,” she adds.

Overcoming growth obstacles

Nearly all start-ups face the funding bottleneck, and raising capital is not easy given the scale of Vancouver’s start-up ecosystem.

“The investor base is small and a bit cautious on the west coast. You need to get a lot more players in in order to get a significant amount of money. We have quite a bit of seed capital available but there is a gap in the middle when a company needs between one to five million,” Balcom shares her experience.

She firmly believes that it is important for companies to be funded at every stage of their growth to allow them to stay in Canada and benefit Canadian jobs and future generations.

“Success begets success; if we get more companies to succeed, then our investors can invest more, and earlier, and we increase our entrepreneurial talent pool,” Balcom says.

Access to lead customers to grow locally first is also a challenge for Canadian start-ups in comparison to more mature ecosystem such as Silicon Valley, where a company can probably find a customer next door. However, Balcom sees a positive trend recently where government organizations are willing to be startups’ first customers to support their growth.

“As well, our education system is delivering really capable and talented innovators. We have a diverse population and that contributes to innovation. At VentureLabs our goal is to work with these innovators and help them bring their products to

market and grow their companies,” she says. Balcom encourages entrepreneurs to think bigger and think global.

She shares an anecdote about being in Silicon Valley once to help raise money for a company with the goal of raising three to five million. They were advised by their investment banker to ask for more, as in the Valley, that amount would typically be raised through friends and family.

“I have been in startups where our marketing budgets were an order of magnitude smaller than our competitors, so we had to be really creative and make every dollar work double to compete,” she adds.

She says Canadian start-ups also tend to undervalue marketing, which doesn’t just mean product promotion, but a coherent overall go to market strategy for their company. And in the global world we live in now, competition can come from anywhere; once a product or technology is in the market and working, it can move pretty quickly globally.

“I am seeing many companies aiming to raise one million, and I am concerned that their plan is slow and not aggressive enough. There is usually a competitor out there even if they don’t know it yet, and if they move too slowly, they find the market is already gone by the time they get there, particularly if the competitors are coming out of Silicon Valley or Boston,” she elaborates.

Balcom believes many local start-ups do offer global solutions, such as in the areas of health care or clean tech, and the challenge is for them to get big enough to tackle a larger and much different market, such as China.



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VIEWSIQ - DIGITIZING THE PATHOLOGY WORK SPACE



ViewsIQ, a software company that aims to provide solutions to digitize the pathology work space, is looking beyond organic growth after establishing a foothold in the market with its commercially viable products and returning customers.

“Our system Panoptiq helps to digitally connect pathologists and hospitals with one another. Pathology is the last medical field to go digital, due to a function of how the samples are prepared, for example when a doctor does a biopsy, they have to take a tissue or cell cluster sample, process it onto a glass slide, and then send to the pathologist to read. Since pathologists are in shortage and our population is ever growing, you don’t always have immediate access to pathologists - especially in small and remote areas,” Kenneth To, CEO at ViewsIQ explains.

According to To, ViewsIQ stands out because its patented solution is software-based whereas many of its competitors are hardware-based. “Recently we onboarded UCLA as an account, which has a network of 200 satellite hospitals. The reason they selected us was because they know they can economically deploy our system to those 200 sites, whereas those hardware systems would cost upward of \$100 to \$200 thousand each, so we have the right solution, efficiency and economies of scale on our side,” To says.

He adds that a number of key external publications have given positive reviews to their solution system this year and the company is now looking to raise more funds towards the end of 2019 to early 2020 for the next stage of expansion.

The company has raised about three and a half million dollars since its inception in 2010 and have been growing organically. In its upcoming round, ViewsIQ is looking to raise another two to three million dollars to support a period of accelerated growth, which involves developing new technology to incorporate into the existing system.

“The vision is to digitize the pathology work place to make it more efficient. When you think about AI and machine learning, it starts to make a lot of sense when you already have digital data. Our aim is to offer AI-based platforms to augment the clinical decisions that pathologists ultimately make, and thus providing an additional resource for them to draw upon – improving both work-force efficiency and diagnostic accuracy,” To says.

With additional capital, To also hopes to add new talents to its current team of eight. “We need more on the talent pool side – both technical and business sides. In addition, we also need more advisors and board level individuals,” To adds.

In the long term, To says the company is looking to be acquired and work with a larger partner. He recognizes that there are global competitors with a lot deeper pockets and the only way for ViewsIQ to compete is to grow fast and be acquired to get to the global stage.

The company’s primary market is the US but has been looking to expand to China.

"In terms of Market access, selecting what market to choose is one thing, but accessing it is different," To say, "Overall the connection is critical to find the right partner and we are definitely strategic about it."

He thinks that finding the right partner in China to work with and after that having people on the ground for execution are both crucial but at the moment they don’t have the cash to do that, and hopefully with new rounds of funding, the company will have more resources to tackle China.



CUEPATH - MAKING MEDICATION MONITORING SMART AND EASY

Necessity is usually the mother of invention, but so is love. CuePath, a Vancouver-based start-up that offers remote medication monitoring through smart connected packaging solution was born out of the co-founder's personal need to care for his grandmother.

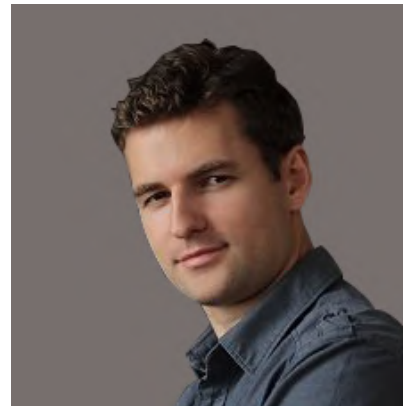
"My grandmother is taking a lot of medications. Even though she has caregivers including my mother, she ended up in emergency room because she didn't take medications as prescribed. How can I help my grandmother who is in Toronto to make her life easier? I realized she has been using these blister packs for her pills and that was the inspiration to create this Smart Blister solution that builds on her existing medication habits without causing additional complication," Victor Lesau, co-founder of CuePath, shares his personal story.

With an engineering background and years of experience in the semiconductor and wireless industries, Lesau basically asked himself why not make the pack smart, so it can remind his grandmother to take medicine on time, notify family and caretakers remotely and send reports and analytics to healthcare professionals ahead of the next appointment.

"In summary, people do not take medication as prescribed. It is the third most frequent reason that seniors end up in emergency rooms. We solve this problem with remote medication monitoring," he says.

The Smart Blister solution is particularly senior friendly, as it uses the same packaging format as before, does not require a smart phone, internet or wifi connection and hence older people don't need to be trained to use it according to Lesau. The packs are automatically connected via a small cellular hub that is plugged into a power outlet. The Smart Blister beeps to remind the patient to take medications, while family members and caretakers receive timely alerts if the patient fails to do so.

Despite there are other types of products that tackle similar problems in the market such as smart phone



apps, smart pill bottles and dispensers, Lesau believes their patented technology has distinctive advantages. It is easy to use, supports multiple medications, and the product is filled and delivered by pharmacies. As a result, it's a turn-key solution for both family caregivers and healthcare professionals without the complexity of logistics.

The company bootstrapped a prototype and received government funding after it was founded in 2015, it then raised 1.8 million USD two years after. It has since built a world-class team of industry experts from engineering and manufacturing to pharmacy and healthcare to work on the solution. The team has been targeting pharmacies and home care agencies to deliver its product to seniors and their families.

As funding is usually the key to propel a start-up's early stage growth, CuePath is planning to raise more capital in the near future. In order to expand its market access quickly, the company is also looking for the right partners in the industry to co-invest and develop its next generation solution. "We have a turn-key solution with the pharmacy network behind it, so we would like work with partners who align with our vision," he adds.

Looking into the future, CuePath has much bigger dreams. "In three years, we want to be the leader in medication monitoring for home care agencies in North America. The ultimate vision is to be the global leader in smart connected medication packaging and software for health care industry. We are well positioned to achieve these goals," Lesau says.

FUSION GENOMICS - A NEW WAY TO DETECT THE CULPRIT IN INFECTIOUS DISEASES



From the familiar flu to the deadly ebola, human survival is a constant battle against infectious diseases. As we evolve into an ever more complex and closely connected world, new infectious diseases also emerge that need to be diagnosed and treated timely before they claim lives and burden the healthcare system.

Or as Mohammad Qadir, founder of Fusion Genomics says, it is a “One world, One health” problem and Fusion Genomics is hoping to solve it with its “ONETest” DNA diagnostic solution.

“Our technology is like a magnet for a needle in a haystack, the needle is the DNA of the pathogen, and the haystack is the sample – which can be blood, sputum, or even air and soil, – as long as it contains the DNA in question, the QuantumProbe technology developed at Fusion will be able to fish it out,” explains Qadir.

Fusion Genomics spun out of the BC Cancer Agency where Qadir worked for about 10 years, and during which time they developed the world’s first DNA sequencing test for Pediatric cancers. He and his team decided to pivot into infectious diseases as the technology they then developed allowed them to isolate specific DNA from any known pathogen with high efficiency.

Infectious disease is a very global problem. There is a percentage of people who are hospitalized where the doctors can’t diagnose the infections using the existing technology, so they will give medicines to patients hoping they would help. According to Qadir, It is estimated that 15 percent are cases you can’t diagnose but they cost the hospital one thirds of the

money spent. “We are focusing on those patients and by using our tests, you can diagnose them,” he says.

He adds that in the developing world where there is limited healthcare resource and a low ratio between population and health expertise, this is an even bigger problem. With Fusion’s technology, he is hoping to make the diagnostic process cheaper and faster.

“By end of next year we will have a cartridge, if you add the patient sample into it, in about four hours you can put it onto the DNA sequencer; the data goes to a cloud and within a minute it will tell you what it is,” he describes the process.

The company has been working with IBM Cloud as a means of storing and moving the data but Qadir explains that another way Fusion’s technology is distinctive is also in its use of virtual machines to ensure data privacy. “All of our data analytics happen in a virtual machine, if you were to use it, a virtual machine is created, your data goes through it, it gets analyzed, and when you finish both the machine and the data are destroyed, unless you choose to store the data.”

The company started its operations in 2014 and has worked with various governmental agencies around the world to test out its technology. It is currently waiting for scientific publications and studies, conducted with public institutions from Canada and Europe, to come out in the next two to four months before it goes for a commercial launch by the end of the year or early next year.

“Our first product will be a Research Use Only product, for major hospitals and then in 2020 we also plan to launch a diagnostic product after all the regulatory approvals,” Qadir says.

To date, Fusion has been funded by a combination of angel raise, pre-commercial revenues and government assistance programs. The company is now planning a Series A round in the near future.

“We were lucky with our angel round. Now we are talking with strategic investors; in Series A finding the money is not the only aim, the aim is also to find a partner with whom we can grow,” says Qadir.



AN INSIDER PERSPECTIVE ON TAPPING CHINESE CAPITAL & MARKET

The need for a new partnership model

Aminta Xiong, Managing Director at Pagoda Investment, a Beijing-based Private Equity firm specializing in growth capital and buyouts, advises Canadian start-ups to be well-prepared if they want to access Chinese capital and market, and is hopeful that new models of partnership can be built between the two countries to help Canadian tech firms to grow.

"Canadian start-ups need to be clear what their ultimate goal is with regards to their business expansion. If their ultimate goal is to enter into a big market such as China, they have to be prepared at the very early stage," Xiong says.

From her personal experience, she believes the start-up environment in Canada is more relaxed and Canadian companies will face intense competition in China if they were not ready.

"At the early stage, if you are not getting Chinese investment but plan to enter China, you need to understand the competition landscape. Who are your competitors, and what are your competitive advantages? If you do get Chinese investors, then you need to build up the partnerships as soon as possible, to obtain market insights and to find a way to expand market access while protecting your IP. You could also just sell your technology at certain stage and then move on to your next idea," she elaborates.

Israel could be a good model for Canada to learn from according to her. It is a small market similar to Canada, but they have a strong innovation and technology ecosystem with many serial entrepreneurs who made strong impacts to the global technology sector.

She adds that in consumer sector there are already global brand names such as Canada Goose and Lululemon with overseas strategic investors helping them expand globally but in technology sector there



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is yet to be a good model for Canadian tech companies to grow abroad.

Comparing the two tech ecosystems

Xiong also shares some of her insights about the Chinese capital market environment for start-ups, which sheds lights on the Canadian environment in comparison.

"The investment ecosystem in China is becoming more stratified. BAT have already stepped into venture capital investments from even series A. In China a lot of early stage investors are bundled with big private equity and strategic investors such as BAT, and they tend to work together in relatively early stages. So the projects that get funding and support from strategic investors at early stages will grow very fast, the others tend to suffer," she says. (BAT stands for Baidu, Alibaba and Tencent, the three largest technology companies in China)



She perceives the investment environment in Canada to be more fragmented where strong connected partnerships are not easy to come by for start-ups and there is also a lack of proven sustainable exit routes for investors.

When it comes to criteria for investment, she says quality of founding team is the most important factor for her to consider. Whether the founding team is experienced enough to cover all key business success factors such as research and development, engineering, business development, fund raising etc. According to her, serial entrepreneurs are often preferred in China because they have gone through the entire start-up process multiple times.

Thorough due diligence is also very important when assessing earlystage start-ups based on Xiong's experience, which includes due diligence on the founder and the team, the technology and its value as well as the market potential of the business.

From the perspective of Chinese investors, it will not be easy conducting the same due diligence process when looking at overseas start-ups including Canadian ones.

"The due diligence process will be different in China than in North American markets. We are very familiar with the Chinese market, so we have a lot of partners to talk to understand the market, technology, competition and regulatory dynamics. Here if we were to enter, we need to learn and understand the whole market to identify which sectors to focus, and also need to build up local connections and partnerships to conduct thorough due diligence," Xiong explains.

Xiong has more than a decade's experience in Venture Capital and Private Equity in China. She graduated from University of Waterloo with a bachelor degree in Math and Business and she also holds a MBA degree from China Europe International Business School.

CHINA ONE OF TOP FIVE FUNDING COUNTRIES FOR CANADA



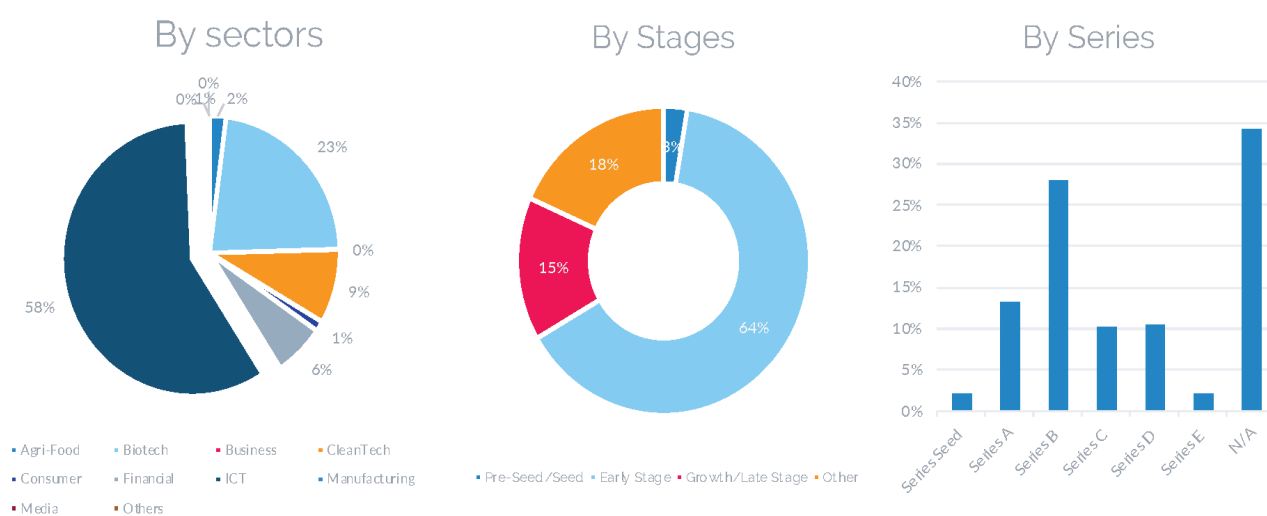
Canadian companies secured investments from USA, Germany, China, United Kingdom (UK), Switzerland, Japan, Russian Federation, Ireland, Sweden, Australia, Bermuda, Mexico, Turkey, South Korea, Hong Kong, Singapore, Netherlands, Jordan, Cayman Islands, Virgin Islands British(BVI), Israel, United Arab Emirates (UAE), France, Panama, India

H1 2019 VC FUNDRAISING BY INVESTOR TYPE

Type	# Funds	\$ Raised (Millions)
Government Fund	2	268
Institutional VC	4	1,000
Private VC	28	1,935
Single Purpose Vehicle (SPV)	4	4
Social Impact	1	2
Total	39	3,209

Source: CPE MEDIA

VC FUND DISBURSEMENTS BY SECTOR, STAGE, SERIES



Highlights of H1 2019

- Canadian start-ups raised a total of \$2.895 billion in VC financing in the first half of 2019.
- ICT sector alone raised \$1.692 billion, accounting for 58 percent of total.
- Large financing deals (\$50 million+), totalling \$910 million, accounts for 31 percent of all VC funding.
- Series B financing, adding up to \$809 million, takes up 28 percent of total VC financing.
- Geographically, British Columbia raised \$422 million in 61 deals with Vancouver taking up the lion's share of 42 deals for a sum of \$272 million.



SPECIAL THANKS TO OUR SPONSORS

Foshan National Hi-Tech Industrial Development Zone (FHIDZ)

Foshan Hi-tech Industrial Development Zone (FHIDZ) was founded in 1992 as a national-level industrial development zone. It is located in the core area of Guangdong-Hong Kong-Macau Greater Bay Area. Currently, FHIDZ has 96 Fortune-500 enterprises, 76 listed companies, 1,500+ hi-tech innovation companies, which generated a regional GDP of 23 billion USD in total in 2018. Main industries include Automobile & Parts Manufacturing, Advanced Equipment Manufacturing, Robotics, Optoelectronics, Advanced Materials, Smart Home, and Bio-Pharmaceuticals. FHIDZ provides top-level government assistant services, along with the best innovation and entrepreneurship environment in China.

i-Lab

i-Lab is the operating platform of INESA Entrepreneurial Community which is co-founded with support from Xuhui Government, Microsoft (China) and INESA Shanghai. It was established in May 2016. i-Lab focuses on incubations of early stage Startups through integration of industry chain with innovation chain in INESA Park and development of service ecosystem together with leading universities, enterprises and institutions. It provides full life-cycle support, customized entrepreneurial service and professional mentoring to selected startups. i-Lab has been incubating a total 109 startups in five batches since its inception, 30 percent of which are in the domain of artificial intelligence. By June 2019, total market value of these start-ups achieved 17.3 Billion RMB with 275 percent growth. 30+ startups got funding during the incubation period.

China Mobile

China Mobile boasts the world's largest network and customer base with high market and brand value. China Mobile International Limited (CMI), a wholly-owned subsidiary of China Mobile Limited, is mainly responsible for the operation of China Mobile's international business. Headquartered in Hong Kong, CMI has expanded its footprints in 22 countries and regions over the years and built its own brand of "iSolutions" to provide one-stop shop solutions to help enterprises expand their business globally.

The "iSolutions" brand contains several series of products to cater to all types of enterprises with its agility and flexibility. The products and services include Global Connectivity, Cloud-Network Integration, Turn-key ICT Solutions, IoT & Mobile Services and Global IDC Services etc. CMI is committed to being the trusted partner that provides comprehensive international telecom services and solutions to satisfy customers' needs.

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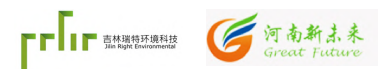
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