

Question & Answer

Action 8: Expand IVAC Capacity Builder Program

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Why do we need to the Capacity Builder program as we introduce the \$100 million Alberta Enterprise Corporation?

For a venture capital industry to thrive there needs to be a constant supply of start-up companies to generate investment opportunities. The IVAC Capacity Builder Program will be increased to expand support for company development in the pre-commercial and very early stages to improve the quality and quantity of investment and market ready companies.

What is the IVAC initiative?

Administered by AVAC Ltd., the IVAC initiative provides pan-Alberta support to pre-commercial and early stage ventures in ICT, life sciences and other industrial technology sectors. Agriculture and value-added resource ventures have traditionally been supported through AVAC programs.

The IVAC initiative has two streams of support: the Capacity Builder program and seed capital funding partnerships.

Is there enough seed stage support?

Current seed stage support in Alberta is inadequate. For a venture capital industry to thrive there needs to be a constant supply of start-up companies to generate investment opportunities. An amount of \$30 million will be provided to AVAC to expand their support for company development in the pre-commercial and very early (seed) stages through the IVAC program, to improve deal quality.

Alberta needs to find ways to encourage more private investment activity in early-stage start-up companies. Further effort may be taken to explore ways of increasing seed stage investment activity.

Why give AVAC more money for IVAC programs now?

Providing support at the seed stage is key to generating successful growing technology companies, and an important component of the provincial innovation system together with other initiatives promoting more value-added and technology commercialization activity in the province.

What is the relationship of the IVAC capacity builder to the IVAC seed capital fund?

In their "capacity building" role, IVAC provides advice and grants to an early stage company to get them to a position where they are ready to seek external financing (investment grade) through support services such as business mentoring, financing assistance, marketing and operational guidance, professional assistance in company formation, and critical support in proof-of-concept and prototyping of new products and services.

In their role of promoting the development of locally managed seed funds, IVAC encourages the development of locally managed private seed funds by taking a position in a qualified fund as a limited partner. This privately managed fund would then decide which companies it will invest in. Such decisions are made on the merit (risk, return, management) of the proposal.