

COVID-19 Tech Company Impact Proposal

Alberta's startup and scaleup ecosystem is built on collisions and community connections. With that at the core, we are committed to ensure our founders, teams and companies are supported and remain connected during this pandemic.

We know that COVID-19 is having an acute impact on startups. Yesterday, our team put together a brief questionnaire to source input directly from the community. Over the course of 15 hours we received over 161 submissions from companies with the majority:

- Founded in the last 2-3 years (on average);
- Made up of ~4-8 employees;
- Currently in the seed funding stage.

The results of this survey are meant to be shared and inform decision makers in formulating a response to support the ecosystem. We will keep the survey open and continue to gather and share the data collected from the survey. Sharing information and resources will help us all through these very challenging times.

MAIN CONCERNS AND IMPACT

Alberta's startup and scaleup companies have expressed the following immediate impacts to their companies:

- Uncertainty resulting in deferral or withdrawal of investors and venture capitalists
- Pilot projects being cancelled
- Reduced revenue from clients cancelling or deferring contracts
- Reduced access to vendors and suppliers
- Challenges or inability of employees to work from home through lack of tools and/or infrastructure
- Increased prices for those with USD based supply chains

These immediate impacts are resulting in employee layoffs or reduced staff salaries as startups work to preserve cash. As entrepreneurs move to lay off team members they are also responsible for severance pay that they cannot afford. In many cases they do not have access to human resource teams for advice. And though they may be able to reduce their team size, they aren't able to lay themselves off. Most importantly, many startups are in tight cash situations where their runway for survival is being shortened. They require immediate assistance to make it through the global crisis created by Covid-19.

The tech startup ecosystem is now the number one source of global economic growth¹ and we cannot afford to neglect or overlook one of the most promising means of ensuring future prosperity for our province.

This crisis puts not only the companies but the future of our innovation ecosystem at risk. Ecosystem support agencies in Calgary and Edmonton are enacting measures to support innovators, founders and the overall ecosystem. However, intervention from all orders of government is required.

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ACTIONS

Effective immediately, Startup Edmonton will be offering free access to programs for local startup founders and companies. To ensure the health and safety of participants and teams, programs will be delivered virtually and program materials will be delivered to registered participants.

Startup Calgary has also moved programming to virtual platforms and cancelled fees for programs.

Platform Calgary has begun taking applications for deferral of rents and fees and has moved to virtual delivery of all programs.

RECOMMENDATIONS

We continue to support existing programming and recommendations to stimulate the economy and the startup ecosystem including the provisions in Budget 2020 to stimulate investment. We look forward to the implementation of the recommendations of Alberta's Innovation Capital Working Group. In addition, we encourage the Government of Alberta to consider the following recommendations:

1. Provide human resource support to companies helping them comply with labour laws;
2. Provide stipends to high-potential founders in incubator programs;
3. Expedite grant funding for high-potential companies;
4. Accelerate implementation of the recommendations of the Innovation Capital Working Group;
5. Consider reinstating the Alberta Investor Tax Credit as a way to attract early stage investment;
6. Accelerate the long-term plan announced in Budget 2020 to stimulate investment; and,
7. Provide liquidity through zero interest debt financing.

The Alberta Innovation Corridor, and our vast network of stakeholders, are here to help in both the short and long term. We are prepared to act as facilitators and convenors when needed. Now, more than ever, we need to take advantage of the innovative and collaborative nature of tech and entrepreneur ecosystems, while ensuring we are well poised to emerge from this situation stronger than ever. In the meantime, we remain in contact with the tech startup and scaleup communities, providing relevant and timely information on provincial and federal programs that directly impact.

Sincerely,



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Co-Chair, Alberta Innovation Corridor



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