

Canada's Time – Building a Global Tech Hub North of 49

Monday, May 15, 2017 – 5:00 p.m.

150 Elgin Street

Opening Remarks:

Maureen Boyd, Director, Initiative for Parliamentary and Diplomatic Engagement and Senior Fellow, Norman Paterson School of International Affairs, Carleton University

Panelists:

Harley Finkelstein, Chief Operating Officer Shopify and Canadian Angel Investor of the Year

Janet Barrister, General Partner, Real Ventures and founder of Kijiji

Tony Bailetti, Director, Technology Innovation Management Program, and Associate Professor, Sprott School of Business and the Department of Systems and Computer Engineering, Carleton University

Daniel Debow, Co-founder of Helpful.com, Rypple, Workbrain, Creative Destruction Lab, and 2015 Canadian Angel Investor of the Year

Moderator:

Sean Silcoff, Business Reporter, Globe and Mail

Closing Remarks:

Dr. Malcolm Butler, Dean, Faculty of Science, Carleton University

Harley Finkelstein, COO Shopify, A few words about Shopify:

- 15 years ago there was only two ways to sell product online:
 1. Have big company build you an online store (e.g. Wal-Mart.ca) – Cons: Huge Cost.
 2. Use a marketplace (eBay, amazon etc.) – Cons: You are effectively renting customers.
- Founders of Shopify decided to build their own software to sell their product. In doing so they discovered that the software business was more lucrative than selling their product.
- Now they have 400,000 stores in 175 countries and their goal is to create more entrepreneurs.

Sean Silcoff, Moderator, First Question

- 1, 2, 3 and 5 largest IT companies are US based (Apple, Google, etc.)
- Is there a lack of courage in Canadian business?
- Where is Canada today? Basically at the beginning. Canadian tech companies are rather small, (93 billion dollars for all tech companies in Canada).
- ***What is your definition of innovation?***

Daniel Debow, Co-Founder of Helpful.com, Answers:

- Taking ideas and turning them into money.
- Creating new goods or services that generate revenue.

Janet Barrister, Founder of Kajiji, Answers:

- Taking science and turning it into a business.
- Canada is good at the science part, i.e. invention, not good at creating viable growing businesses.

Harley Finkelstein, COO of Shopify, Answers:

- Problem solving by creating new solutions.

Sean Silcoff, Second Question:

- *Creating innovative champions, what does this look like?*

Daniel Debow Answers:

- To make real change, we need to change what we take for granted.
- Until we have a much more competitive society, this will be difficult.
- We are going to see ideas that make people uncomfortable bubble up.
- More rich people will be created as a result.

Harley Finkelstein Answers:

- Shopify created 75 millionaires and 1 billionaire.
- Previous tech successes did not pay it forward, now there is a switch in mentality, new millionaires are re-investing and paying it forward.

Sean Silcoff, Third Question:

- *How do you think this will resonate with Canadians?*

Janet Barrister Answers:

- Great companies create a vibrant economy.
- There is a risk to those that are unskilled, e.g. robots taking over jobs.

Daniel Debow Answers:

- Side effect is that a lot of wealth will be created, though this is not the goal.
- Key to understanding lies in history of tech success in Boston and Silicon Valley.
 - In Boston, successful entrepreneurs invested in other social causes.
 - In Silicon Valley, there was more re-investment in tech companies.
- We have to be careful about designing policy, i.e. we shouldn't vilify successful people.

Harley Finkelstein Answers:

- Although we have more role models today (to teach about reinvesting and entrepreneurship), There is still a lack of good role models and mentors.
- Nortel and Blackberry are not good role models.

Janet Barrister Answers:

- If you sold out to early in Silicon Valley, shame! In Canada, why would you hold on for more money?

Tony Bailetti Disagrees with Daniel's Statement:

- Successful people are passionate about businesses, and *also* social causes.

Daniel Responds:

- Angel investing is about paying it forward. Don't confuse angel investing as a money making venture.

Sean Silcoff, Fourth Question:

- Companies that fail nourish the next generation.
- ***What was the short, medium, and long term impact of the Nortel Failure?***

Tony Bailetti Answers:

- Powerhouse people were wrong about internet etc. Nortel prioritized voice over data, and failed.
- Fortunately people did not want to leave Ottawa even after the failure.
- Nortel failure was bad, but also great. Made region stronger, Ottawa is booming.

Daniel Debow Responds:

- The Nortel and Blackberry failures freed people and capital up to start something new.

Sean Silcoff, Fifth Question:

- ***A Certain glamorization of Entrepreneurs exists, what is it like actually working with these people?***

Janet Barrister Answers:

- These people work incredibly hard, and most of them don't make it.
- Being an entrepreneur is lonely and stressful, not glamorous. Certainly not for everyone.

Harley Finkelstein Answers:

- Cost of failure has changed, in fact it's trending close to zero:
 1. It is very inexpensive to start a business.

- 2. Concept of work is changing (average employee at Shopify is 28 years old).
- People want to do their life's work now, not after they retire.

Tony Bailetti Answers:

- Need all students to develop entrepreneurial skills, they will become tremendous assets in whatever organization they end up.

Daniel Debow Answers:

- We definitely glorify entrepreneurs.
- We don't spend time thinking about what it means to be an entrepreneur.

Sean Silcoff, Sixth Question:

- *Turn the focus on government, where do you think government is getting innovation right?*

Janet Barrister Answers:

- Funding programs are on the right track.
- AI focus is terrific.
- Money going into start-up ecosystem is terrific.
- Room for improvement: Deciding which companies get the money.
- We are seeing a lot of entrepreneurs getting money with no long term viability.

Harley Finkelstein Answers:

- More listening happening.
- Government is now asking "how can we be most helpful?" Instead of forcing agendas.
- Stock option taxation is important (Shopify wouldn't have been successful without it).
- Immigration policy is important (foreign workers cover skill gaps that are hard to find).
- Room for improvement: Industry needs to spend more time with policy makers, explaining the why (we need skill sets from other countries).
- Need to do better job of empowering government to sell the story.

Sean Silcoff Responds:

- When highlighting tech success, no Canadian innovators were mentioned by the government. It took the Prime Minister a year to show up at Shopify.

Daniel Debow Disagrees:

- The most powerful thing that this government has done is talk about innovation

Harley Finkelstein Responds:

- Would prefer to hear about Canadian company opening, not another American company opening up shop.

Tony Bailetti Answers:

- When government is down, they support large companies, not small ones since they are scared that a large number of people may be laid off, this should change.

Harley Finkletstein and Daniel Debow Respond:

- Better that government is giving money to start-ups, than not.

Daniel Debow Answers:

- Money gets spread far too thin, government should cull half its systems and consolidate spending.

Harley Finkelstein Answers:

- We should ban the term “Silicon Valley North”.

Daniel Debow Answers:

- Cost of innovation has come down substantially
- The question should not be “how do we build a software hub?” It should be “how do we make our industries more efficient so we don’t have to protect them?”

Tony Bailetti Answers:

- Not enough women working in these industries.

Janet Barrister Agrees:

- Fewer women in STEM, even fewer that become entrepreneurs.

Daniel Debow Responds:

- In Silicon Valley a large number of women working, most in sales and marketing.
- Number one talent gap: 53% said sales and marketing, we don’t normally associate sales and marketing with high tech.
- Top 1000 people in tech usually in sales and marketing.

Questions from the floor:

Question One:

- *What is our take on innovation parks?*

Daniel Debow Answers:

- The idea is supporting “regions” so that companies can trade knowledge and support each other.
- Pound for pound fancy office parks aren’t as good as the mentoring, funding, and effort successful entrepreneurs can provide. E.g. points to some of the work he has been involved in.

Janet Barrister Agrees:

- Beneficial to give companies opportunities to co-locate. Doesn't need to be expensive.

Question Two:

- *Incentive systems, Tax rates? Does it come up as an issue when Entrepreneurs decide the location of their business?*

Daniel Debow Answers:

- No, start-ups don't look into corporate tax rates or financial incentives for competitive advantage when deciding on the location for their offices.

Harley Finkelstein Answers:

- One more company got funded because of our tax system, in other words, the current system in Canada is good for start-ups

Daniel Debow Responds:

- Capital gains tax does, on the other hand, does influence decisions. It's extremely important.

Dr. Malcolm Butler, Dean, Faculty of Science, Carleton University, Closing Remarks:

- Recognizes universities play a major role in fostering innovation, and thanks panelists for not blaming universities for failing to address this issue during the discussion.