



Ministry of
Small Business,
Technology and
Economic Development



SAUDER
School of Business
UNIVERSITY OF BRITISH COLUMBIA



University
of Victoria

An Evaluation of the Venture Capital Program in British Columbia

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Objectives

- ▶ Estimate taxes generated by program companies
- ▶ Evaluate companies' economic and financial performance

- ▶ Scope

| Program | Tax credits | Retail? | Example |
|---------|-------------|---------|----------|
| EBC | BC | No | (Direct) |
| VCC | BC | No | WUTIF |
| VCC | BC | Yes | Pender |
| EVCC | BC & Fed. | Yes | WOF |



Data

- ▶ 2001 – 2008
- ▶ Sources:
 - ▶ Ministry of Small Business, Technology and Economic Development
 - ▶ Public and commercial databases
 - ▶ Company survey by Rocket Builders: Dave Thomas & Thealzel Lee
- ▶ Sample accounts for 85% of tax credits



Data overview

Total Companies Analyzed

| | Count | Percentages |
|--|-----------|-------------|
| Total Companies | 317 | 100% |
| Only Retail VC Funded | 50 | 16% |
| Only Nonretail Funded | 206 | 65% |
| Both Retail VC and Nonretail VC Funded | 61 | 19% |
| Vancouver (GVRD) | 225 | 71% |
| Victoria (CRD) | 27 | 9% |
| Rest of British Columbia | 65 | 20% |
| Study Period | 2001-2008 | |
| Average years in program | 5.42 | |
| Number of financial statements used | 1141 | |



Taxes and tax credits

| Totals 2001-2008, | in \$M | All | Retail Portion | Non-Retail Portion |
|----------------------|--------|----------|----------------|--------------------|
| BC Taxes Paid | | \$379.57 | \$257.01 | \$122.55 |
| Federal Taxes Paid | | \$368.04 | \$238.49 | \$129.55 |
| Canadian Taxes Paid | | \$747.61 | \$495.50 | \$252.10 |
| BC Tax Credits | | \$191.44 | \$104.73 | \$86.72 |
| Federal Tax Credits | | \$64.81 | \$64.81 | \$0.00 |
| Canadian Tax Credits | | \$256.26 | \$169.54 | \$86.72 |
| BC Multiplier | | 1.98 | 2.45 | 1.41 |
| Canadian Multiplier | | 2.92 | 2.92 | 2.91 |



Key tax findings

- ▶ Taxes > Tax Credits
- ▶ \$1 of Canadian tax credits => \$2.92 in Canadian taxes
 - ▶ Canadian = Provincial + Federal
- ▶ \$1 of BC tax credits => \$1.98 in BC taxes
- ▶ BC multiplier lower for non-retail
 - ▶ Federal support limited to EVCC program
- ▶ Sources of taxes:
 - ▶ 35% from PST, 17% from GST
 - ▶ 14% from BC income taxes, 31% from federal income taxes
 - ▶ 3% from corporate taxes



Company fundraising

| (in \$, per company) | All Companies | Retail VC Funded | Not Retail VC Funded |
|------------------------------|---------------|------------------|----------------------|
| Total Investments | \$7,270,685 | \$16,970,040 | \$2,044,332 |
| Total Investments Within VCP | \$2,142,825 | \$4,611,774 | \$812,469 |
| Equity Leveraging Factor | 375.94% | 381.06% | 373.18% |
| Debt Leveraging Factor | 115.40% | 90.00% | 129.08% |

- ▶ **\$1 in program augmented by \$3.75 of equity and \$1.15 of debt**
 - ▶ **Retail funded companies raise 8x more**
 - ▶ **Total fundraising of \$2.3B**
-



Regional differences within BC

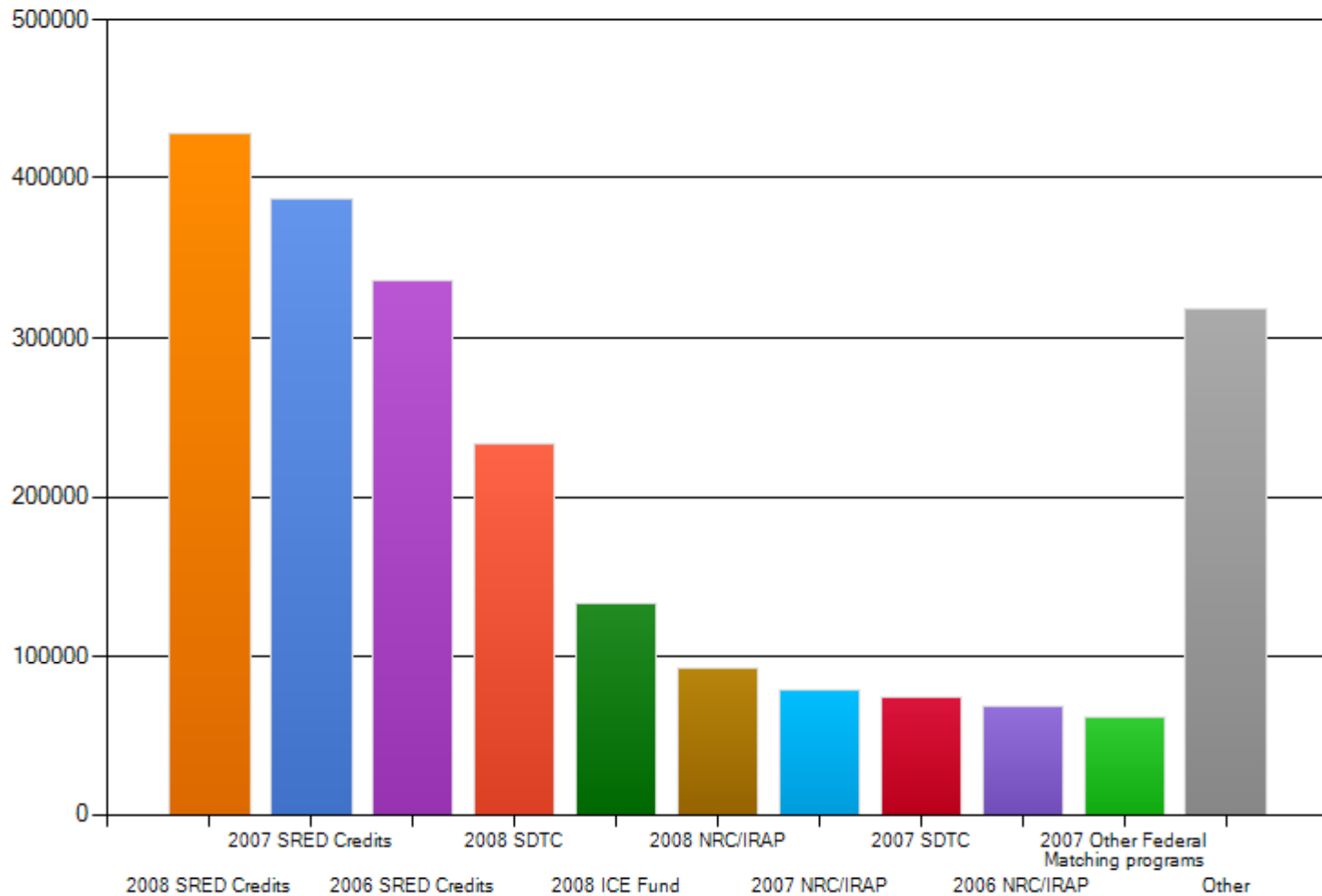
| | Vancouver (GVRD) | Victoria (CRD) | Rest of BC |
|------------------------------|---------------------|-------------------|-------------|
| Total Investments | \$8,606,409 | \$10,361,750 | \$1,363,041 |
| Total Investments Within VCP | \$2,535,338 | \$1,739,180 | \$951,793 |
| Equity Leveraging Factor | 435.44% | 582.54% | 84.17% |
| Debt Leveraging Factor | 121.18% | 57.62% | 119.37% |

- ▶ **Companies outside Vancouver & Victoria raise less equity**
- ▶ **They are much smaller**
 - ▶ They generate fewer new jobs
 - ▶ Their revenues growth is slower



Non-dilutive funding

If you raise 'matching funds' from government sources or non-diluting sources of capital please indicate the amounts below?



Job creation

| Employees | All Companies | Retail VC Funded | Not Retail VC Funded |
|--|---------------|------------------|----------------------|
| Average Per Company | 13.23 | 25.15 | 8.17 |
| Average Annual Increase (Jobs created) | 2.43 | 5.26 | 1.08 |
| Jobs created per \$10K of tax credit | 1.55 | 0.30 | 2.15 |
| Average Annual Growth Rate | 48.97% | 76.33% | 35.40% |
| Compound Annual Growth Rate | 11.80% | 35.00% | 0.11% |
| Number of Companies | 282 | 84 | 198 |



Key employment findings

- ▶ Program companies create on average 2.43 new jobs per year
- ▶ Net job creation persists every year
- ▶ Jobs are full time
- ▶ Over 93% of jobs are in BC
- ▶ Average wage bill of \$635K, growing by \$75K per year



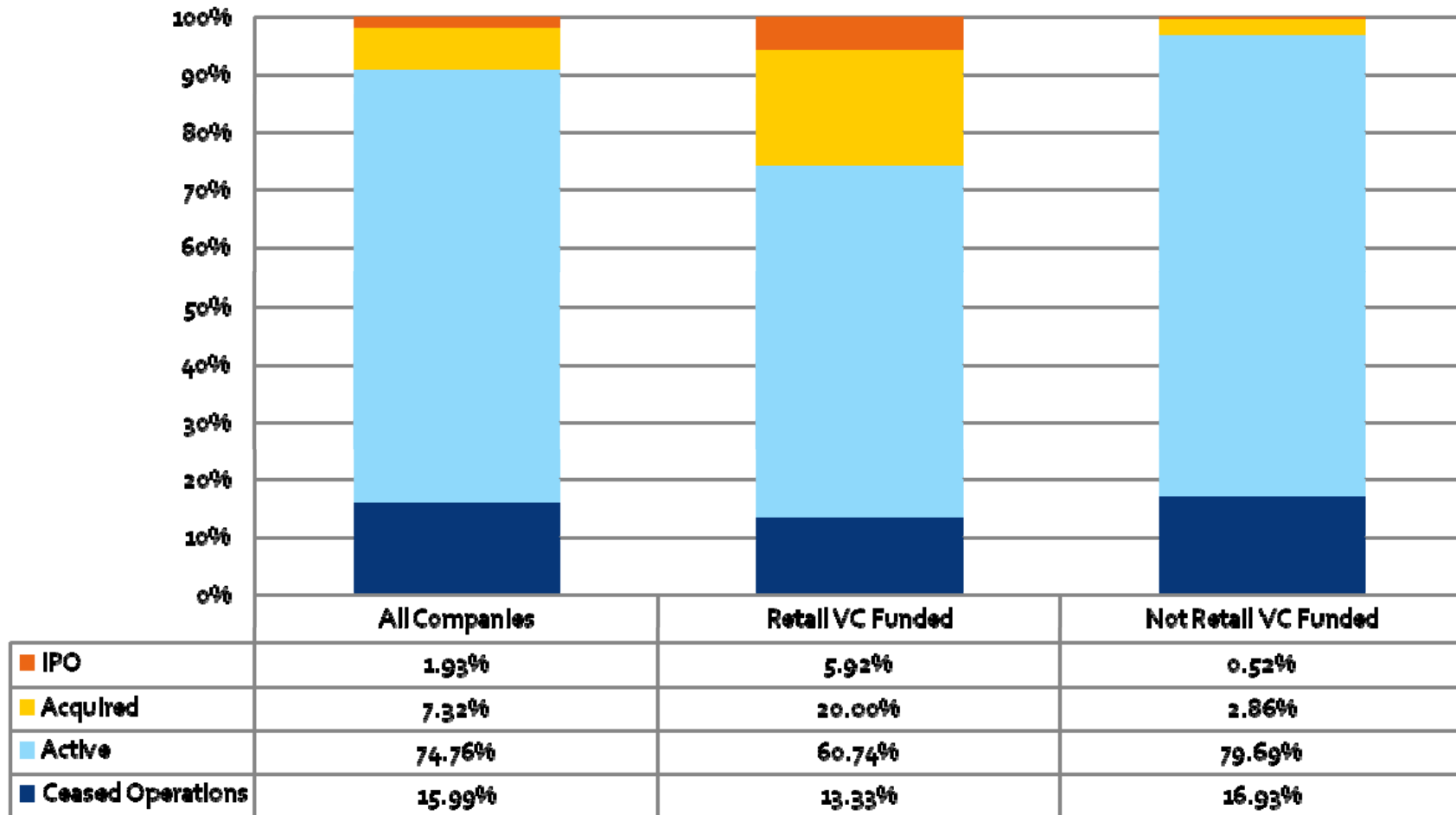
Revenue growth

| Revenues | All Companies | Retail VC Funded | Not Retail VC Funded |
|-----------------------------|---------------|------------------|----------------------|
| Average Per Company | \$2,275,651 | \$5,179,293 | \$703,436 |
| Average Annual Increase | \$571,827 | \$1,184,372 | \$235,087 |
| Compound Annual Growth Rate | 136.68% | 54.91% | 188.66% |
| Number of Companies | 316 | 111 | 205 |

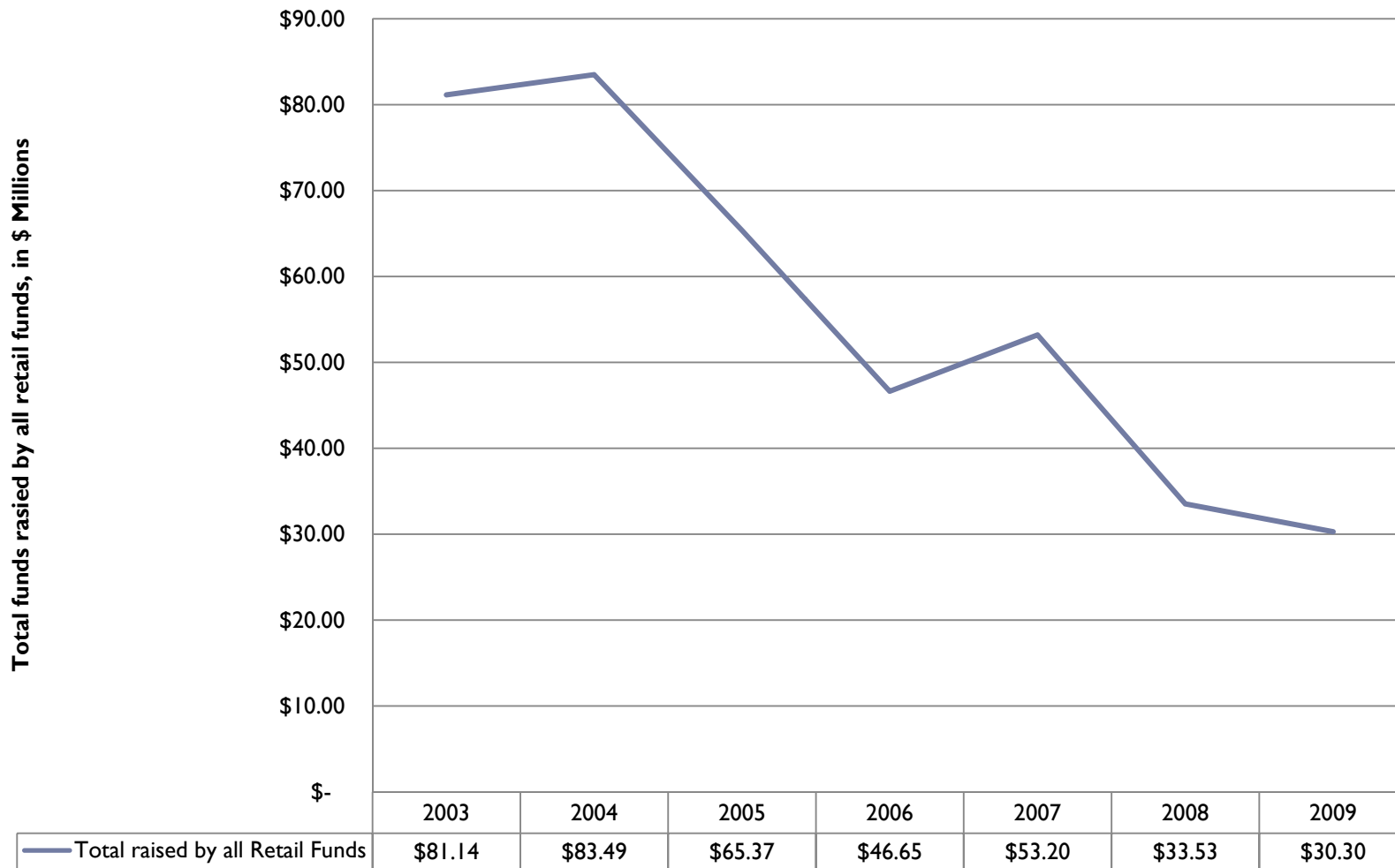
- ▶ Revenues grew every year except 2002
 - ▶ Similar findings for asset growth
 - ▶ Faster revenue and employment growth than control samples
 - ▶ Dunn Bradstreet; 150780 BC companies; 49651 high tech companies
-



Exits



Fundraising by Retail Funds



Retail funds: Fund returns (excl. 30% tax credit)

| Holding period fund returns | Adv. Growth | Adv. Venture | BC Discovery | Pender Growth | WOF Growth S2 | CVCA* |
|--------------------------------|----------------|-----------------|-----------------|------------------|------------------|--------|
| 3 years | -47.3% | -10.9% | -20.9% | -18.3% | -17.7% | -17.7% |
| 5 years | -57.2% | -23.6% | -24.7% | -35.3% | -11.1% | -19.3% |
| Since Inception | -57.2% | -23.6% | -30.6% | -35.5% | -15.1% | N/A |
| inception date | Jul 2003 | Nov 2002 | Jan 2003 | Aug 2003 | Aug 2003 | N/A |
| Years since inception | 6.50 | 7.17 | 6.80 | 6.38 | 6.33 | N/A |

* Based on Canadian Venture Capital Association performance data for Captive VC funds (assuming a 3% MER for the funds).



Investor returns for retail funds (incl. 30% tax credits and broker fees)

| Holding period investor returns | Adv. Growth | Adv. Venture | BC Discovery | Pender Growth | WOF Growth S2 | CVCA** | TSX | TSX Venture |
|---------------------------------|-------------|--------------|--------------|---------------|---------------|---------|-----------------|-----------------|
| 5 years | -24.24% | 7.68% | 6.62% | -3.44% | 19.58% | -19.31% | 27.03% | -16.69% |
| Since Inception | -22.11% | 10.79% | 3.59% | -1.68% | 17.59% | N/A | 39.4% to 58.9%* | 22.6% to 61.6%* |
| inception date | Jul 2003 | Nov 2002 | Jan 2003 | Aug 2003 | Aug 2003 | N/A | Nov'02–Aug'03 | Nov'02–Aug'03 |
| Years since inception | 6.50 | 7.17 | 6.80 | 6.38 | 6.33 | N/A | 6.33 to 7.17 | 6.33 to 7.17 |

* Worst possible and best possible holding period return of the Index with purchase moment between mid Nov 2002 and mid Aug 2003.

** Based on Canadian Venture Capital Association performance data for Captive VC funds (assuming a 3% MER for the funds).



We recommend that policy debates should focus on

- ▶ Cautious program expansions
- ▶ Excess demand for tax credits in boom years
- ▶ Federal gov. currently only supports EVCC program
- ▶ Retail fundraising in decline
 - ▶ Investor returns in retail funds low
 - ▶ Future balance of early and late stage financing



Conclusion

- ▶ Taxes generated > Tax Credits
- ▶ Companies in program create net jobs, grow revenues
- ▶ Companies resilient to current downturn
- ▶ Companies augment tax credits with private capital
- ▶ Exits and returns remain a concern



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Backup Slides

Taxes 2001-2008

| Taxes and credits by year, in \$M | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total 2001- 2008 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|----------|----------|------------------------|
| BC Taxes Paid | \$47.18 | \$40.91 | \$39.57 | \$47.21 | \$39.72 | \$51.60 | \$58.14 | \$55.24 | \$379.57 |
| Federal Taxes Paid | \$45.09 | \$41.13 | \$40.21 | \$46.33 | \$39.88 | \$47.60 | \$56.89 | \$50.90 | \$368.04 |
| Canadian Taxes Paid | \$92.26 | \$82.04 | \$79.78 | \$93.55 | \$79.60 | \$99.20 | \$115.04 | \$106.14 | \$747.61 |
| BC Tax Credits | \$21.62 | \$17.89 | \$12.31 | \$23.36 | \$24.55 | \$31.53 | \$36.07 | \$24.12 | \$191.44 |
| Federal Tax Credits | \$14.43 | \$10.12 | \$6.53 | \$7.17 | \$5.99 | \$7.57 | \$6.63 | \$6.37 | \$64.81 |
| Canadian Tax Credits | \$36.05 | \$28.01 | \$18.85 | \$30.53 | \$30.54 | \$39.10 | \$42.70 | \$30.49 | \$256.26 |
| Net BC Taxes | \$25.56 | \$23.02 | \$27.26 | \$23.86 | \$15.17 | \$20.07 | \$22.08 | \$31.12 | \$188.13 |
| Net Canadian Taxes | \$56.21 | \$54.03 | \$60.94 | \$63.02 | \$49.05 | \$60.10 | \$72.34 | \$75.65 | \$491.35 |

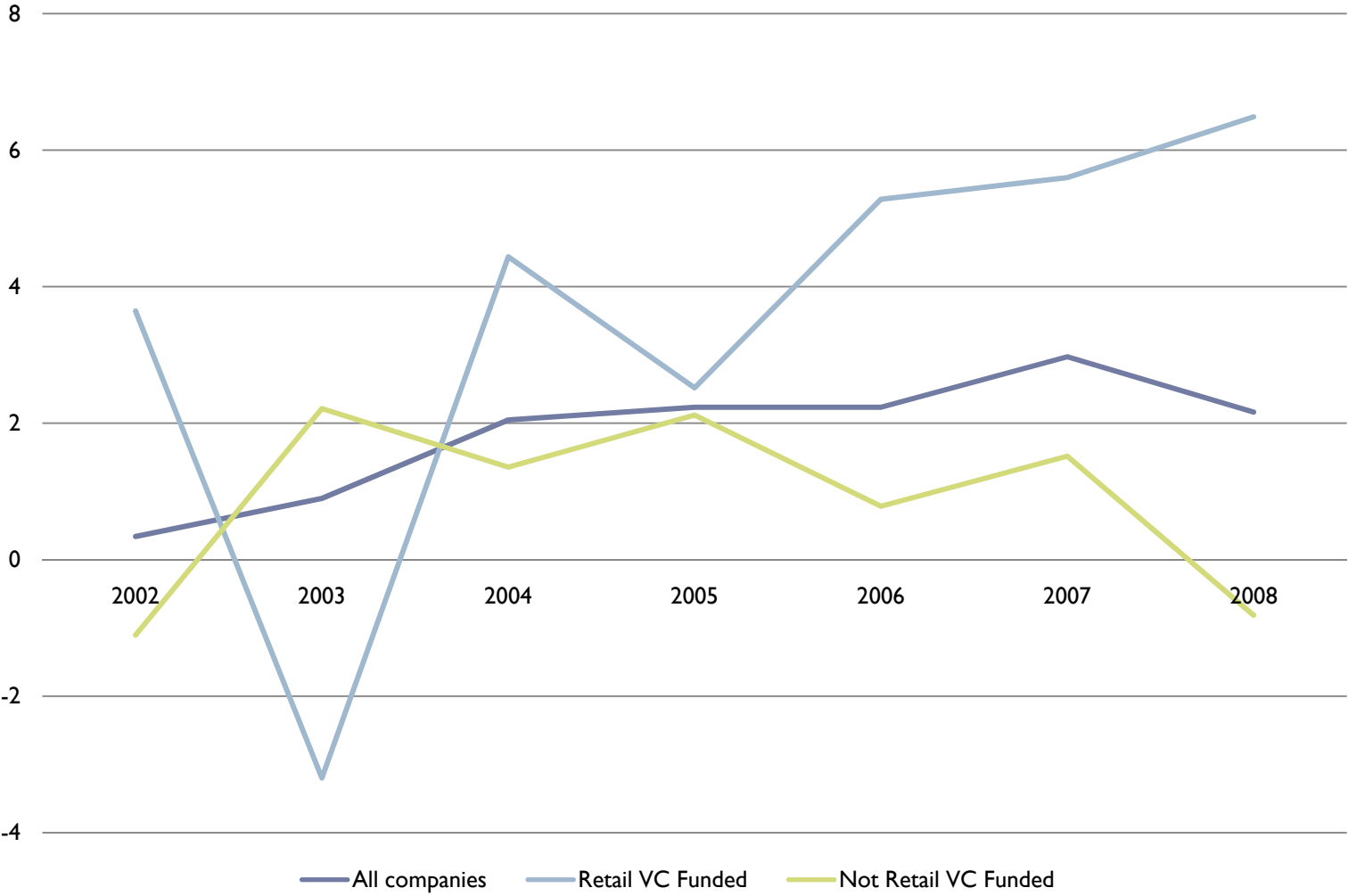


What taxes?

| Taxes Paid | | | | |
|-----------------------------|------------------|------------------|------------------|----------------------|
| Yearly averages per company | All Companies | % of total taxes | Retail VC Funded | Not Retail VC Funded |
| PST Per Company on Outputs | \$68,825 | 18% | \$154,315 | \$22,760 |
| PST Per Company on Inputs | \$62,034 | 17% | \$144,641 | \$17,523 |
| BC Corporate Tax | \$3,902 | 1% | \$10,353 | \$426 |
| BC Income Tax | \$54,035 | 14% | \$98,943 | \$29,837 |
| GST Per Company | \$61,907 | 17% | \$140,595 | \$19,507 |
| Federal Corporate Tax | \$7,124 | 2% | \$18,402 | \$1,047 |
| Federal Income Tax | \$116,522 | 31% | \$214,413 | \$63,774 |
| Total | \$374,349 | 100.00% | \$781,662 | \$154,875 |



Net jobs created by year



Are jobs inside or outside BC?

| Labour Force Breakdown | | |
|------------------------|-------------|-------------------|
| | FTE's | % of Labour Force |
| 2008 Within BC | 16.9 | 93.7% |
| 2008 Rest of Canada | .1 | 0.7% |
| 2008 International | 1.0 | 5.6% |
| 2008 Total | 18.0 | |
| 2007 Within BC | 18.2 | 94.6% |
| 2007 Rest of Canada | .1 | 0.7% |
| 2007 International | .9 | 4.7% |
| 2007 Total | 19.2 | |
| 2006 Within BC | 17.4 | 93.0% |
| 2006 Rest of Canada | .6 | 2.9% |
| 2006 International | .8 | 4.1% |
| 2006 Total | 18.8 | |

- >93% of the labour force is located in BC
- International employees are associated with larger companies

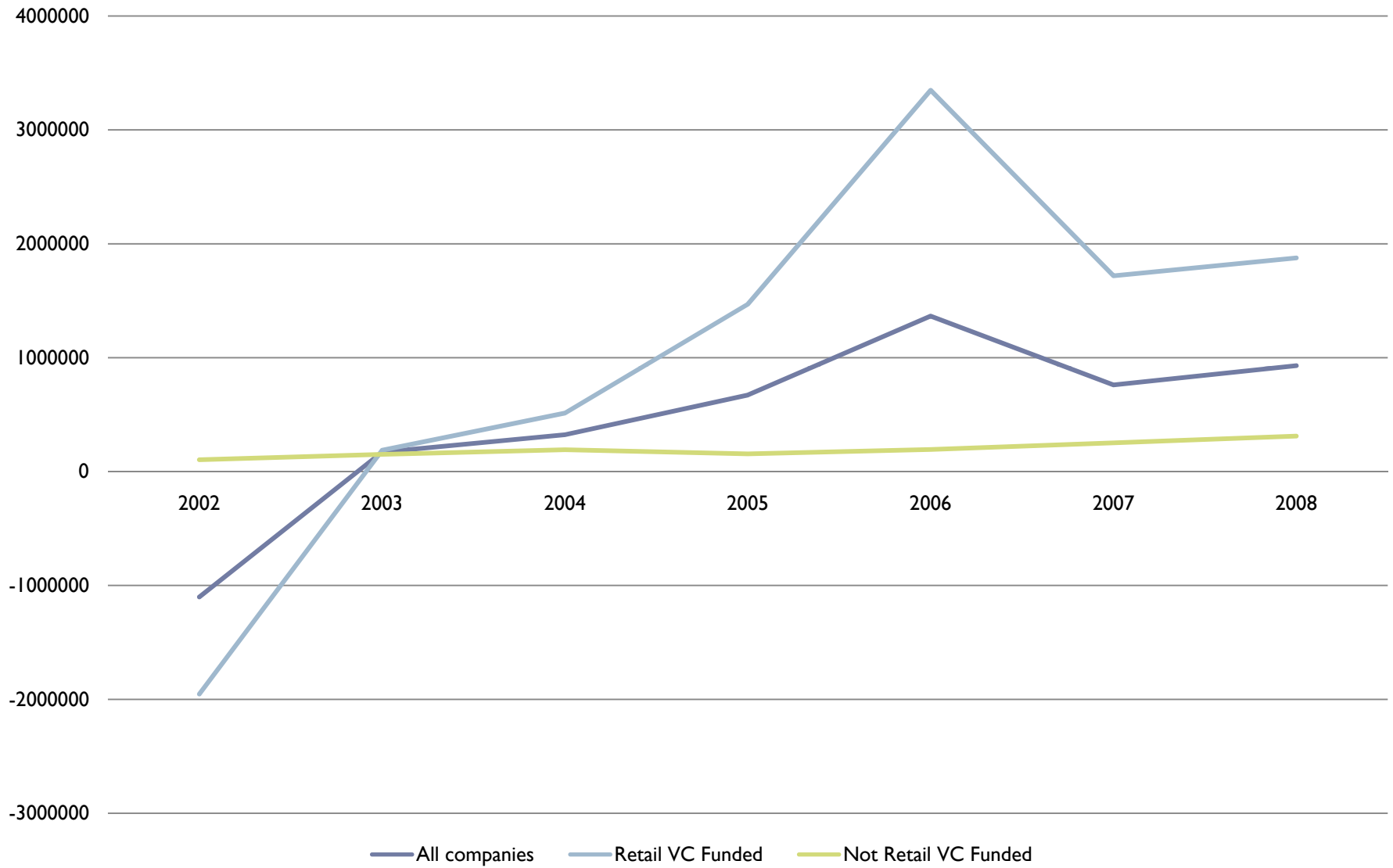
Employment and revenues by regions

| Employees | All | GVRD | CRD | Rest of BC |
|--|--------|--------|--------|------------|
| Average Per Company | 13.23 | 14.59 | 11.46 | 9.87 |
| Average Annual Increase (Jobs created) | 2.43 | 3.06 | 2.88 | 0.38 |
| Jobs created per \$10K of tax credit | 1.55 | 2.14 | 0.54 | 0.22 |
| Average Annual Growth Rate | 48.97% | 59.80% | 20.70% | 27.72% |
| Compound Annual Growth Rate | 11.80% | 19.27% | -6.12% | -4.02% |
| Number of Companies | 282 | 192 | 26 | 64 |

| Revenues | All | GVRD | CRD | Rest of BC |
|-----------------------------|-------------|-------------|-------------|------------|
| Average Per Company | \$2,275,651 | \$2,528,964 | \$3,250,070 | \$997,937 |
| Average Annual Increase | \$571,827 | \$437,422 | \$2,620,098 | \$195,077 |
| Average Annual Growth Rate | 2429.14% | 2923.22% | 2730.95% | 632.52% |
| Compound Annual Growth Rate | 136.68% | 86.65% | 622.88% | 82.45% |

| | | | | |
|-----------------------|-----|-----|----|----|
| ▶ Number of Companies | 316 | 224 | 27 | 65 |
|-----------------------|-----|-----|----|----|

Revenue Increases



Wages

| Wages | All Companies | Retail VC Funded | Not Retail VC Funded |
|-----------------------------|---------------|------------------|----------------------|
| Average Per Company | \$635,173 | \$1,160,665 | \$352,019 |
| Average Annual Increase | \$74,626 | \$31,706 | \$96,462 |
| Average Annual Growth Rate | 122.52% | 154.02% | 105.91% |
| Compound Annual Growth Rate | 55.01% | 87.38% | 37.07% |
| Number of Companies | 317 | 111 | 206 |

| Wages | All | GVRD | CRD | Rest of BC |
|-----------------------------|-----------|-----------|-----------|------------|
| Average Per Company | \$635,173 | \$770,017 | \$341,858 | \$290,243 |
| Average Annual Increase | \$74,626 | \$88,773 | \$52,040 | \$34,787 |
| Average Annual Growth Rate | 122.52% | 112.10% | 140.10% | 151.10% |
| Compound Annual Growth Rate | 55.01% | 46.24% | 1.34% | 106.67% |
| Number of Companies | 317 | 225 | 27 | 65 |



Assets

| Assets | All Companies | Retail VC Funded | Not Retail VC Funded |
|-----------------------------|---------------|------------------|----------------------|
| Average Per Company | \$3,558,022 | \$7,861,939 | \$1,227,608 |
| Average Annual Increase | \$657,622 | \$1,447,983 | \$219,487 |
| Average Annual Growth Rate | 608.31% | 1463.15% | 129.23% |
| Compound Annual Growth Rate | 478.49% | 1235.89% | 46.91% |
| Number of Companies | 316 | 111 | 205 |

| Assets | All | GVRD | CRD | Rest of BC |
|-----------------------------|-------------|-------------|-------------|-------------|
| Average Per Company | \$3,558,022 | \$3,813,706 | \$6,044,082 | \$1,610,326 |
| Average Annual Increase | \$657,622 | \$374,355 | \$4,062,675 | \$184,631 |
| Average Annual Growth Rate | 608.31% | 793.30% | 216.65% | 126.11% |
| Compound Annual Growth Rate | 478.49% | 640.93% | 88.94% | 82.35% |
| Number of Companies | 316 | 225 | 27 | 64 |



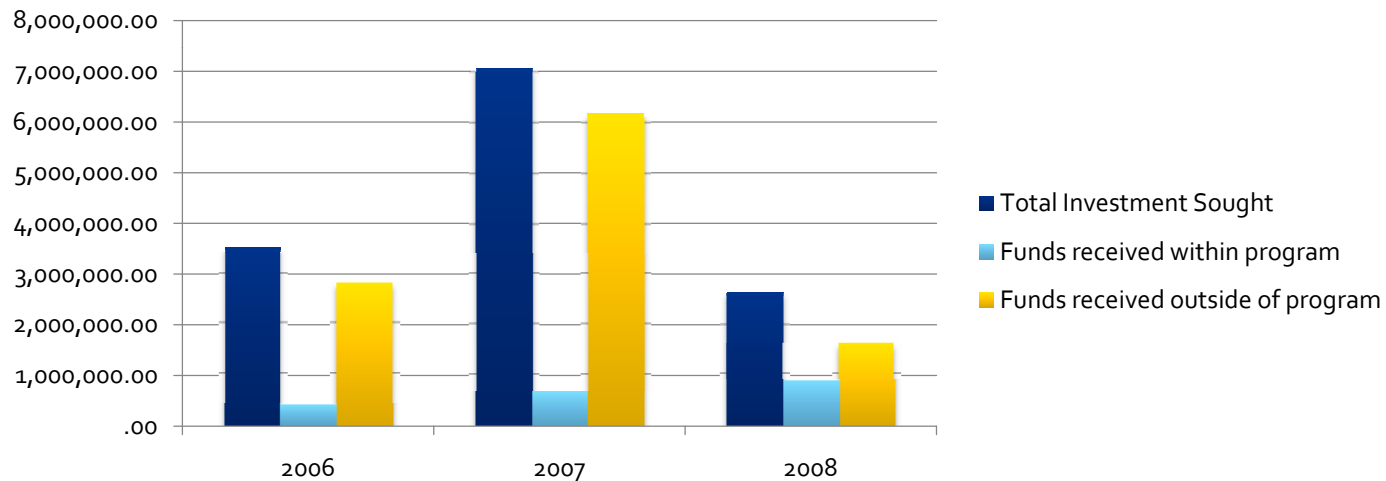
Comparison of program companies with control sample (Bureau van Dyck)

| Employees | VCP | BC High Tech | BC All |
|-----------------------------|------------|---------------------|---------------|
| Average Per Company | 18.40 | 11.02 | 12.12 |
| Average Annual Increase | 1.09 | -0.26 | 0.13 |
| Average Annual Growth Rate | 15.79% | 13.50% | 14.04% |
| Compound Annual Growth Rate | 10.71% | 7.50% | 7.50% |
| Number of Companies | 91 | 49651 | 150780 |

| Revenues | VCP | BC High Tech | BC All |
|-----------------------------|-------------|---------------------|---------------|
| Average Per Company | \$5,779,654 | \$1,312,520 | \$1,917,558 |
| Average Annual Increase | \$2,121,877 | \$1,238 | \$116,200 |
| Average Annual Growth Rate | 57.63% | 18.68% | 28.54% |
| Compound Annual Growth Rate | 40.33% | 11.30% | 12.46% |
| Number of Companies | 105 | 48343 | 146022 |

Survey - Investment Sources

Please indicate the funds raised from investors that are eligible for the tax credit, from investors outside of the program and the overall amount of funds that were sought (Funds raised from inside and outside the program should sum to the total funds that were raised in a given year).

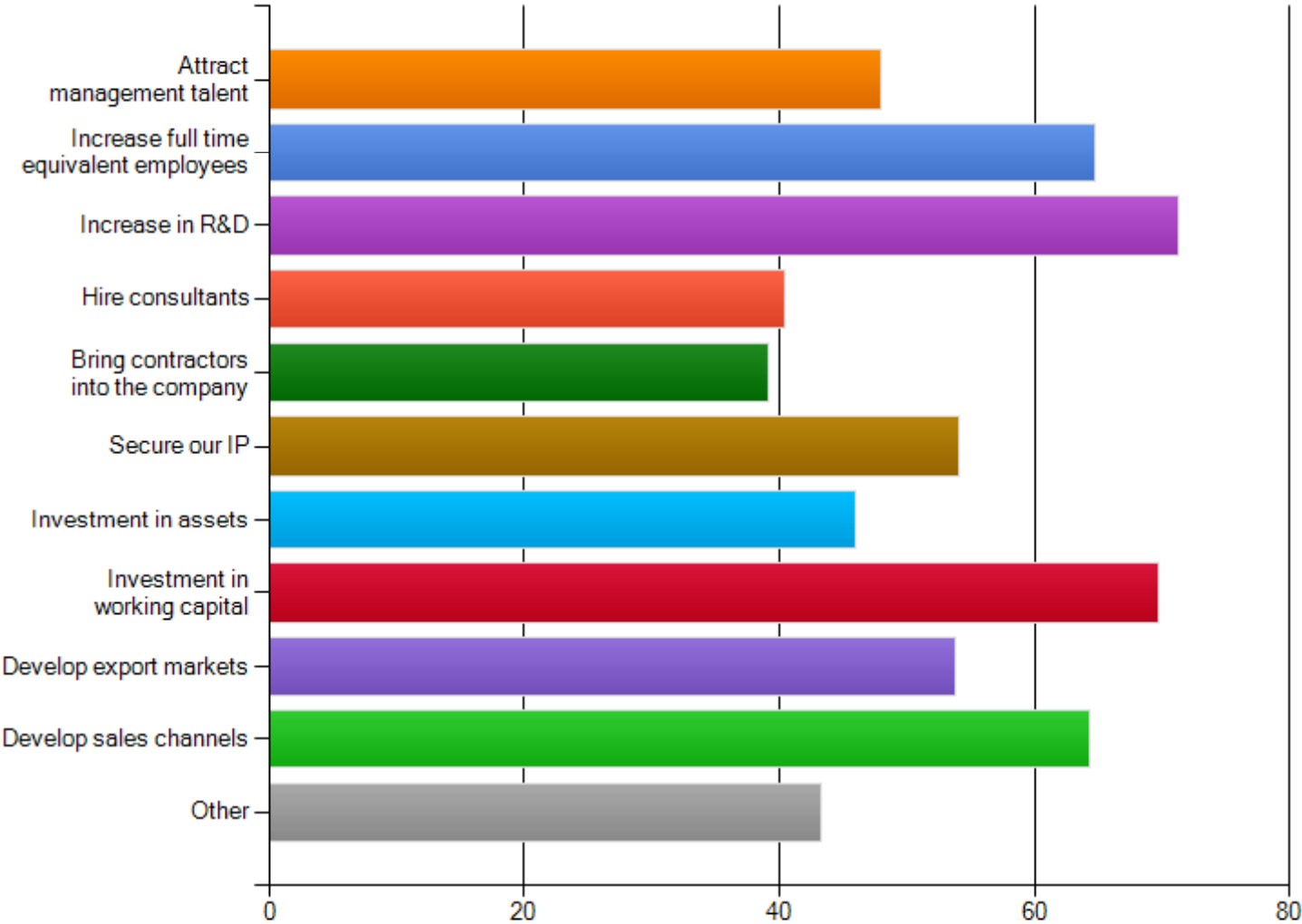


Investment declined with the economic times

Investment inside the program grows consistently

Use of funds

Please indicate how the program assisted your business.



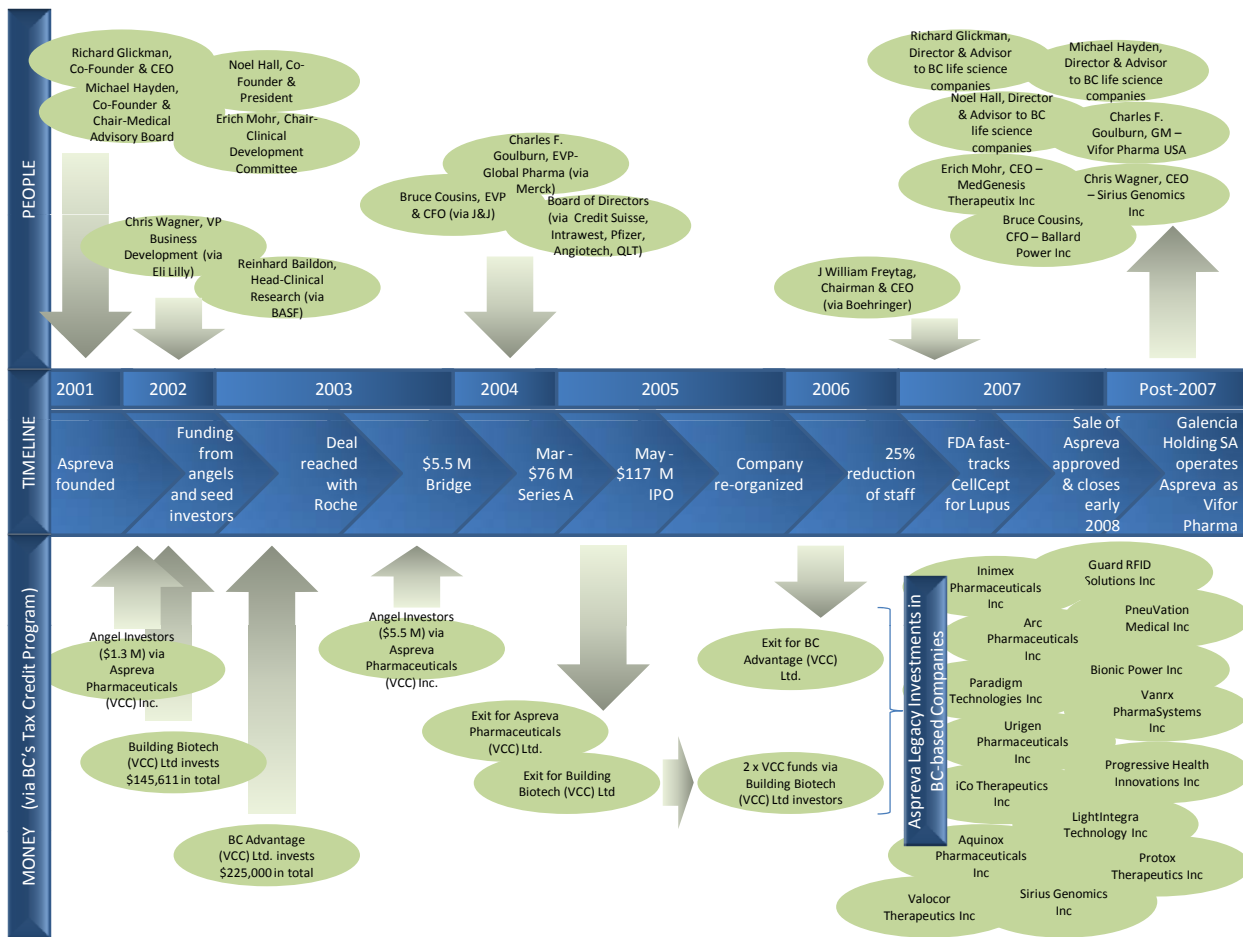
Retail funds fundraising

| Retail Fund Fundraising (in \$Million) | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2003-2009 |
|---|---------|---------|---------|---------|---------|---------|---------|-----------|
| Advantage Growth Fund | \$ 0.05 | \$ 7.00 | \$ 5.08 | \$ 3.33 | \$ 6.15 | \$ 2.01 | \$ 0.30 | \$ 23.91 |
| Advantage Venture Fund | \$11.85 | \$ 9.93 | \$10.00 | \$13.43 | \$10.00 | \$ 4.58 | \$ 5.30 | \$ 65.09 |
| BC Discovery Fund | \$15.74 | \$10.02 | \$ 9.06 | \$ 6.37 | \$10.00 | \$ 8.64 | \$ 4.20 | \$ 64.04 |
| Pender Growth Fund | \$ 5.93 | \$ 7.00 | \$ 6.97 | \$ 4.51 | \$ 5.92 | \$ 5.42 | \$ 3.40 | \$ 39.15 |
| | | | | | | | | |
| Total raised by Retail VCCs | \$33.57 | \$33.95 | \$31.11 | \$27.64 | \$32.07 | \$20.65 | \$20.65 | \$ 199.64 |
| | | | | | | | | |
| Working Opportunity Fund | \$47.58 | \$49.54 | \$34.26 | \$19.01 | \$21.13 | \$12.89 | \$ 9.65 | \$ 194.05 |
| | | | | | | | | |
| Total raised by all Retail Funds | \$81.14 | \$83.49 | \$65.37 | \$46.65 | \$53.20 | \$33.53 | \$30.30 | \$ 393.69 |



Retail Fund Investments

| Retail Fund Investments (in \$million) | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2003-2009 |
|---|---------|---------|---------|---------|---------|---------|---------|-----------|
| Advantage Growth Fund | \$ - | \$ 0.50 | \$ 2.05 | \$ 2.81 | \$ 4.92 | \$ 3.75 | \$ 3.50 | \$ 17.53 |
| Advantage Venture Fund | \$ - | \$ 2.53 | \$ 8.86 | \$ 7.43 | \$ 7.41 | \$15.44 | \$ 4.70 | \$ 46.38 |
| BC Discovery Fund | \$ 1.08 | \$ 3.40 | \$10.88 | \$ 5.76 | \$ 8.43 | \$11.15 | \$ 4.50 | \$ 45.20 |
| Pender Growth Fund | \$ - | \$ 3.92 | \$ 6.48 | \$ 4.80 | \$ 2.65 | \$ 3.50 | \$ 4.80 | \$ 26.15 |
| Total invested by Retail VCCs | \$ 1.08 | \$10.34 | \$28.27 | \$20.80 | \$23.42 | \$33.85 | \$17.50 | \$ 135.26 |
| Working Opportunity Fund | \$34.84 | \$39.23 | \$31.95 | \$40.35 | \$35.38 | \$33.98 | \$29.84 | \$ 245.56 |
| Total invested by all Retail Funds | \$35.92 | \$49.57 | \$60.22 | \$61.15 | \$58.80 | \$67.83 | \$47.34 | \$ 380.82 |



CASE STUDY SYNOPSIS: Aspreva Pharmaceuticals Corporation

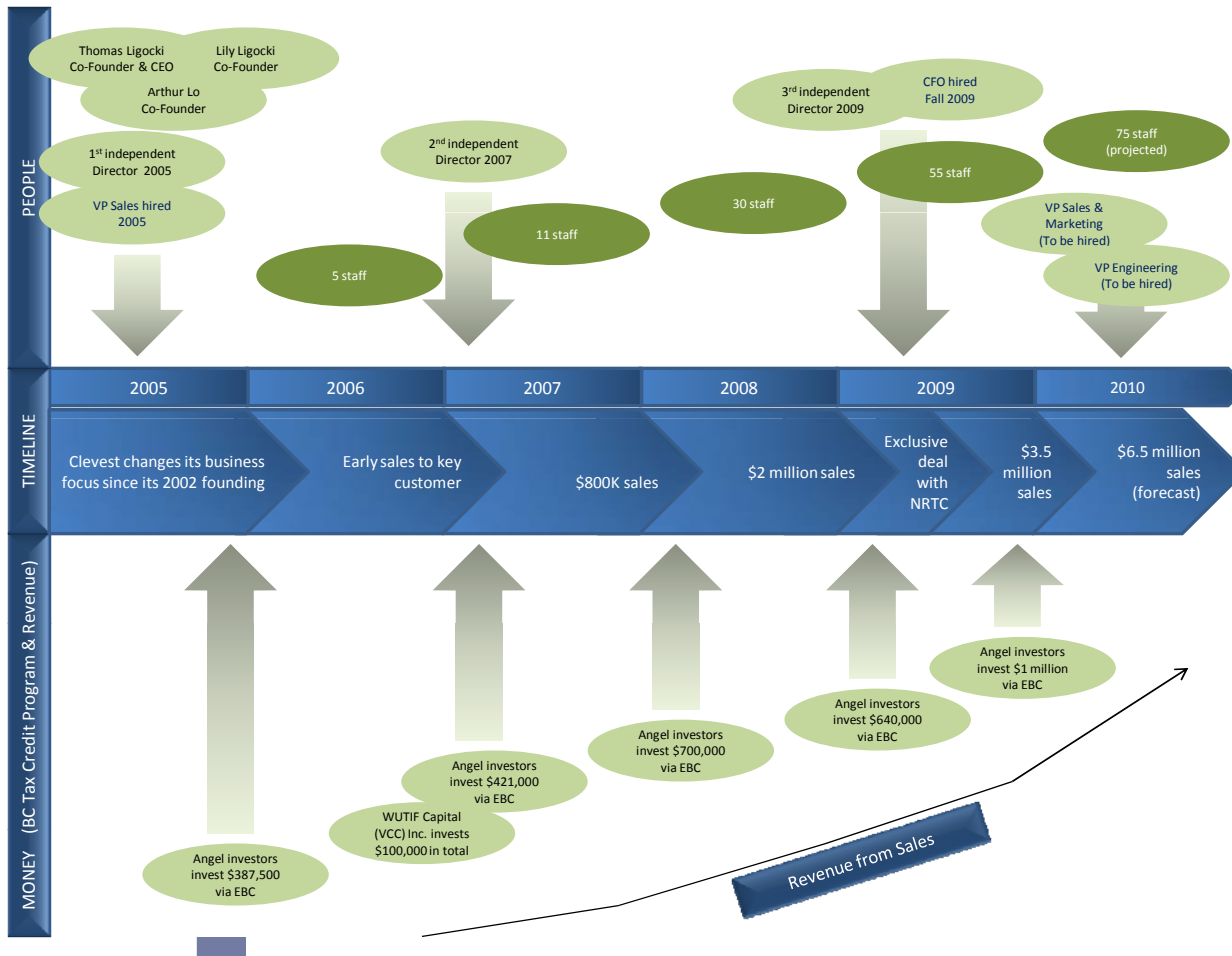
Aspreva Pharmaceuticals Corporation (“Aspreva”) was founded in 2001 to develop and commercialize drugs of high therapeutic value for uncommon diseases that were underserved. By the end of 2003, Aspreva had inked its first deal with the notable “big pharma” F. Hoffmann-La Roche Ltd. (“Roche”) to license the global development and commercial rights to CellCept for auto-immune diseases – a therapeutic that was already being sold by Roche to the transplant market since 1995. The agreement included a 50/50 revenue share between Aspreva and Roche on the incremental sales of CellCept to the auto-immune markets not addressed by Roche. By mid-2005, Aspreva raised \$100 million USD (\$117 million CAD) which was the largest initial public offering (IPO) ever by a Canadian biotechnology company at the time.

Along the way, Aspreva was supported by angel investors and early-stage venture funds that were the beneficiaries of the BC government’s tax credit program. These investment dollars were used to attract top-notch management and scientific talent to the company. Aspreva was eventually sold to Galénica Holding SA – a drug wholesaler based in Switzerland – for \$915 million USD in an all-cash transaction at a 24% premium over its 30-day average share price in October 2007.

The legacy of Aspreva continues after its acquisition. Its management alumni have founded and/or are working in key executive positions in many of BC’s life sciences companies. The investors have re-circulated their investments in subsequent angel deals and other early-stage life science ventures.

Highlights:

- 2002 /2003 – Raised approximately \$7 million (including \$5.5 million bridge financing) from early investors through the province’s tax credit program which enabled the company to attract key hires.
- 2004 – Closed \$76 million Series A funding from lead venture capital firm. Key management hired. Set up for upcoming liquidity event.
- 2005 – \$117 million IPO yielded between 8X to 23X return for early investors.
- 2008 – Sale to Galénica Holding SA closed. Galénica maintains core staff in BC.
- Legacy – Investors and management founded and/or invested in other young companies in BC.



Highlights:

2002 – Company founding.

2006 – Company changes business focus and achieves first product sales.

2009 – Employs 50 people. Achieves 84% sales growth to \$3.5 million. Signs exclusive partnership agreement with the National Rural Telecommunications Cooperative (NRTC).

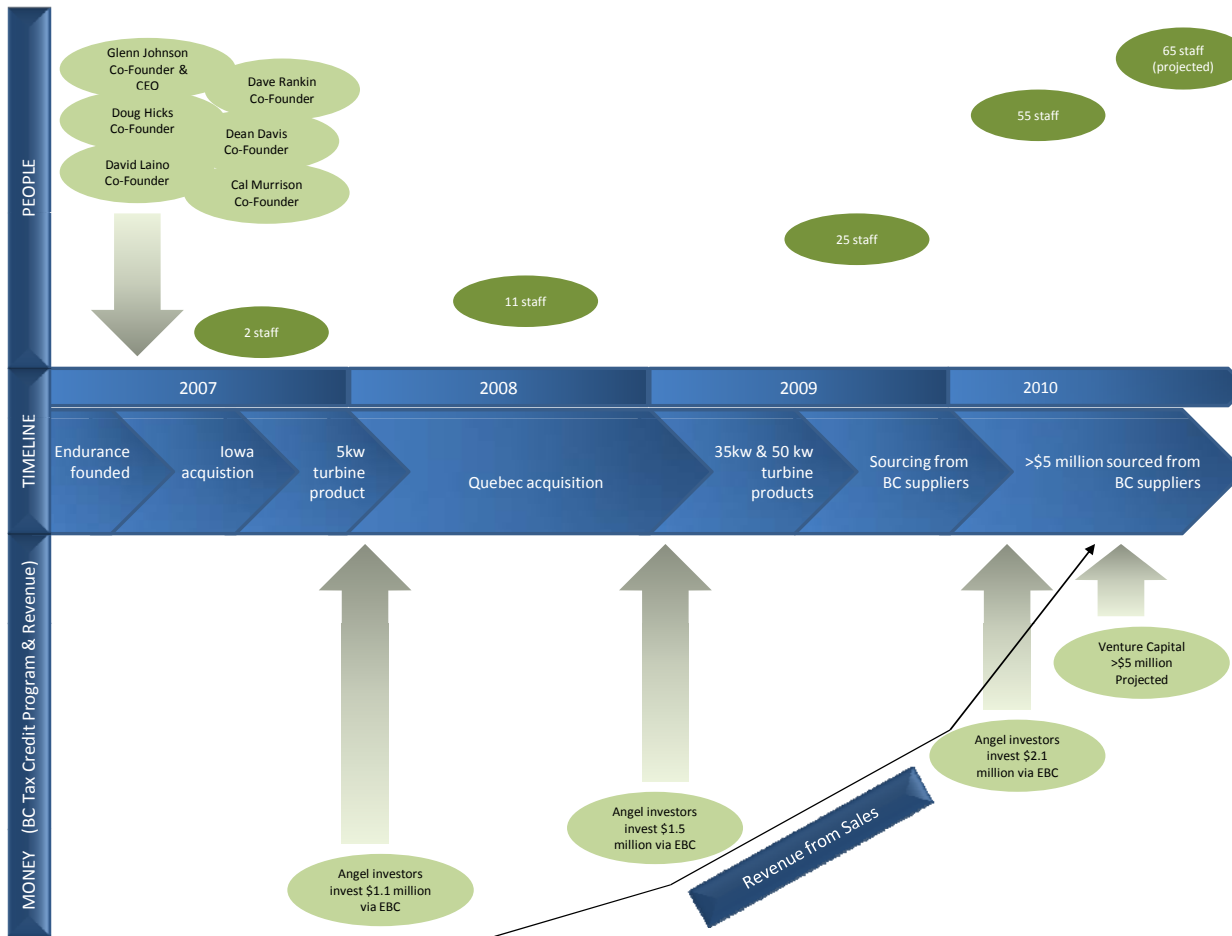
Future Opportunities – Continued use of the provincial tax credit program to raise investment capital to fuel its growth plans to triple sales revenues and double its workforce in 2011.

CASE STUDY SYNOPSIS: Clevest Solutions Inc.

Founded in 2002, Clevest Solutions Inc. (“Clevest”) provides Smart Grid deployment and Operations Support System (“OSS”) software. The company’s complete end-to-end Mobile Field Force management solution helps increase efficiency for its customers through fleet visibility, optimized scheduling and routing, dispatching for critical incidence response, and analytics for insights into operations. With support from the National Rural Telecommunications Cooperative (“NRTC”) – which represents the interests of over 1,500 rural utilities and affiliates – Clevest is recognized as the standard for mobile workforce management in the electric cooperative space, and is well-positioned to expand to larger public and private electric, gas, and water utilities worldwide.

With investment funds of \$3.6 million CAD raised almost entirely from angel investors using the BC government’s tax credit program as an Eligible Business Corporation (“EBC”) – and leveraged with non-dilutive funds from the federal Scientific Research and Experimental Development (“SRED”) and NRC-Industrial Research Assistance Program (“IRAP”) programs, Clevest was able to achieve significant milestones: First product sales (2006), Employ 50 people (2009), Grew revenues by 84% to \$3.5 million CAD (2009) and a partnership agreement with the NRTC (2009).

Clevest intends to triple its revenues and almost double its workforce by 2011. To support its continued growth, Clevest depends upon the provincial tax credit program to raise investment capital.



CASE STUDY SYNOPSIS: Endurance Windpower Inc.

Endurance Wind Power Inc. (“Endurance”) manufactures advanced, induction-based wind turbines for distributed wind power applications; bringing efficient, reliable, safe and quiet, renewable energy to homeowners, businesses and institutions. The company designs, builds and sells 5kw, 35kw and 50kw turbines in BC with over 90% of its sales outside of Canada.

Founded in 2007, the company has raised three equity rounds as an Eligible Business Corporation (“EBC”) under provincial government’s Equity Capital Program which gave investors a 30% tax credit on their investment. Shares were reserved to encourage employee participation using the EBC program. These early investments enabled Endurance to target a larger institutional capital round in late 2010.

Endurance has grown from 2 employees (2007) to 55 employees (June 2010); and acquired companies in Iowa (6 employees) and in Quebec (5 employees). Further growth to 65 employees by the end of 2010 is anticipated as Endurance expands its manufacturing and distribution.

From its inception, Endurance Wind Power has been supported by angel investors and early-stage venture funds that are the beneficiaries of the BC government’s tax credit program. These investment dollars were used to attract top-notch management and technical talent to the company. The company has utilized the investment to target an attractive world-wide wind power market while firmly establishing itself in the BC economy.

Highlights:

2007 – Company founding. Acquires Iowa-based technology company.

2008 – Closes first EBC equity round. Acquires Quebec-based technology company. 11 employees. First sales.

2009 – Closes second EBC equity round. 25 employees.

2010 – Closes third EBC equity round. 55 employees (June).

Future Opportunities – Expand BC-based manufacturing operations and global distribution. Institutional capital round in near future.

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