

Observations Innovation in Canada

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Background

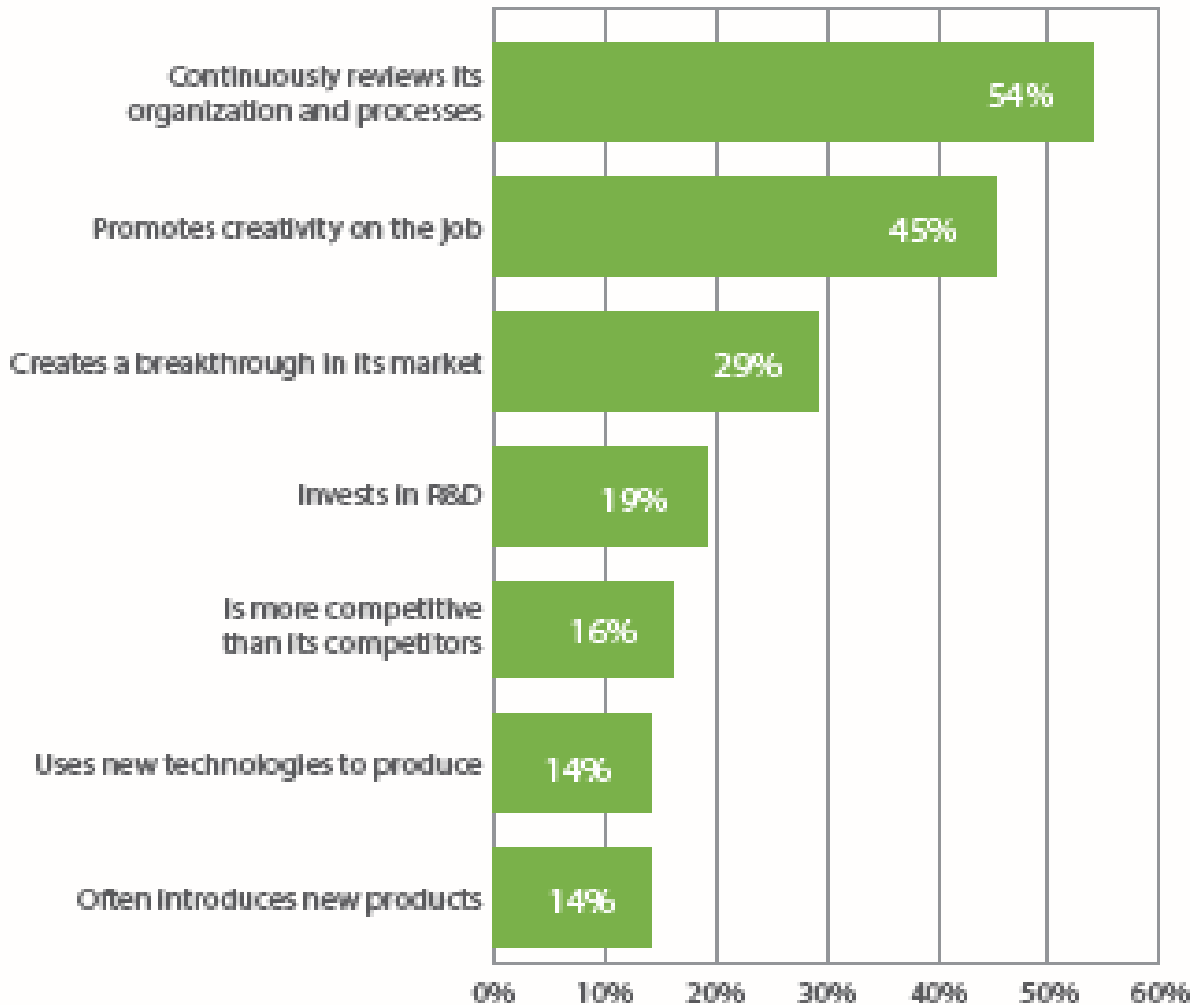
Alma Consulting Group

Leveraging the expertise of its Canadian and international specialists, Alma CG offers a one-stop global view to maximizing innovation funding and sustainable operational cost savings for its clients.

The Research Study

The Funding of Innovation in Canada research study was prepared by CFERF and sponsored by Alma CG. The report encompasses the insight and opinions of 103 financial executives to an on-line survey and an executive research forum conducted April 9,

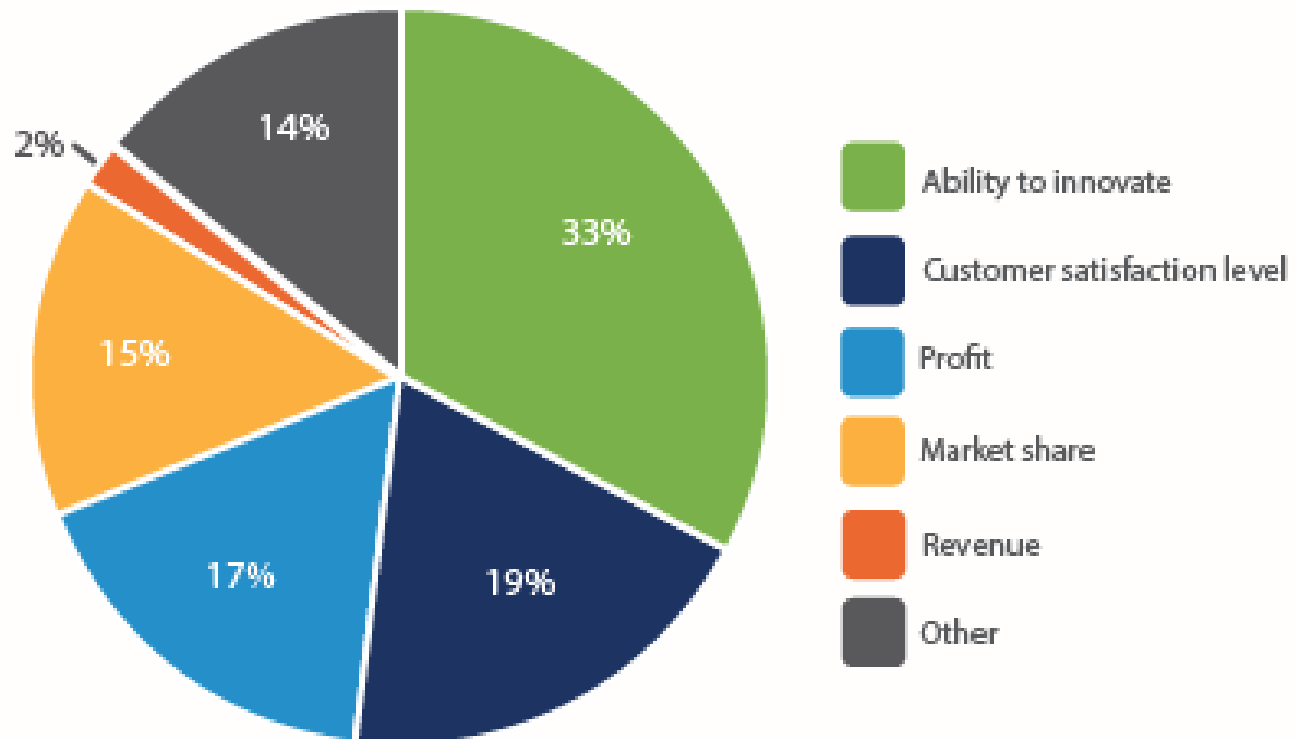
What Is Innovation?



The respondents' definition of innovation is quite broad, and varies widely from company to company.

Innovation is Key to Competitiveness

In your opinion, when assessing the competitiveness of a company, priority should be given to :



Most companies think the ability to innovate is the key to remaining competitive...

ButWe're #25....and falling!

Canada remained at the **14th** spot for a second consecutive year, down from the ninth position in 2009.

In terms of **innovation**, Canada ranked **25th**, a drop from 21st in 2012 and 15th in 2011



2013-14 Global Competitiveness Index Rankings
(rank, n = 148)

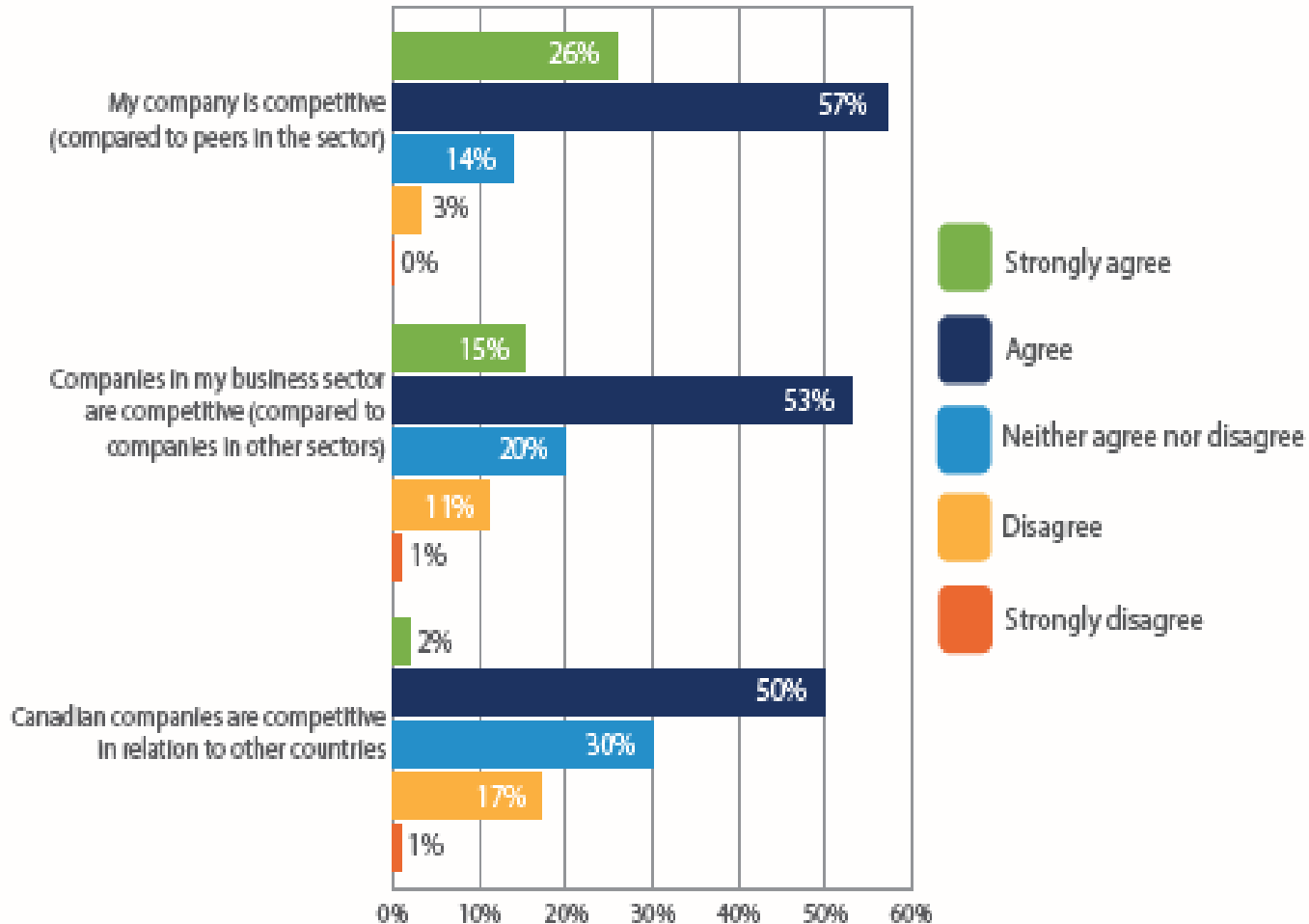
Country	Population (millions)	GDP per capita (current US\$)	2013 Competitiveness rank (n = 144)	2012 Competitiveness rank (n = 144)	Change from 2012
Switzerland	8.0	79,033	1	1	→ 0
Singapore	5.3	51,162	2	2	→ 0
Finland	5.4	46,098	3	3	→ 0
Germany	81.9	41,513	4	6	↑ +2
United States	313.9	49,922	5	7	↑ +2
Sweden	9.5	55,158	6	4	↓ -2
Hong Kong SAR	7.2	36,667	7	9	↑ +2
Netherlands	16.8	46,142	8	5	↓ -3
Japan	127.6	46,736	9	10	↑ +1
United Kingdom	63.2	38,589	10	8	↓ -2
Norway	5.0	99,462	11	15	↑ +4
Taiwan, China	23.2	20,328	12	13	↑ +1
Qatar	2.1	99,731	13	11	↓ -2
Canada	34.9	52,232	14	14	→ 0
Denmark	5.6	56,202	15	12	↓ -3

Sources: World Bank (2013); World Economic Forum (2012, 2013).

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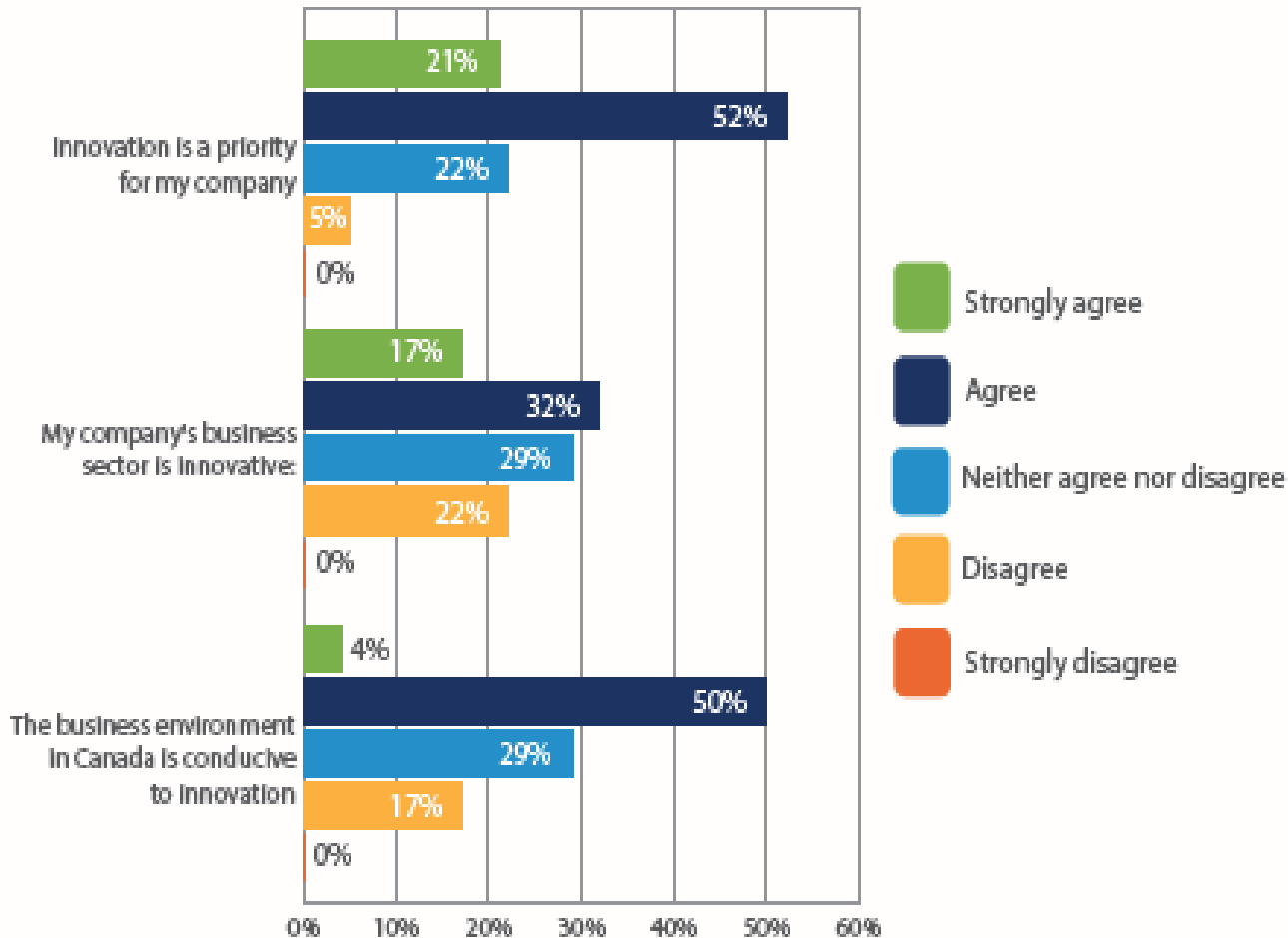


Doubts About Global Competitiveness



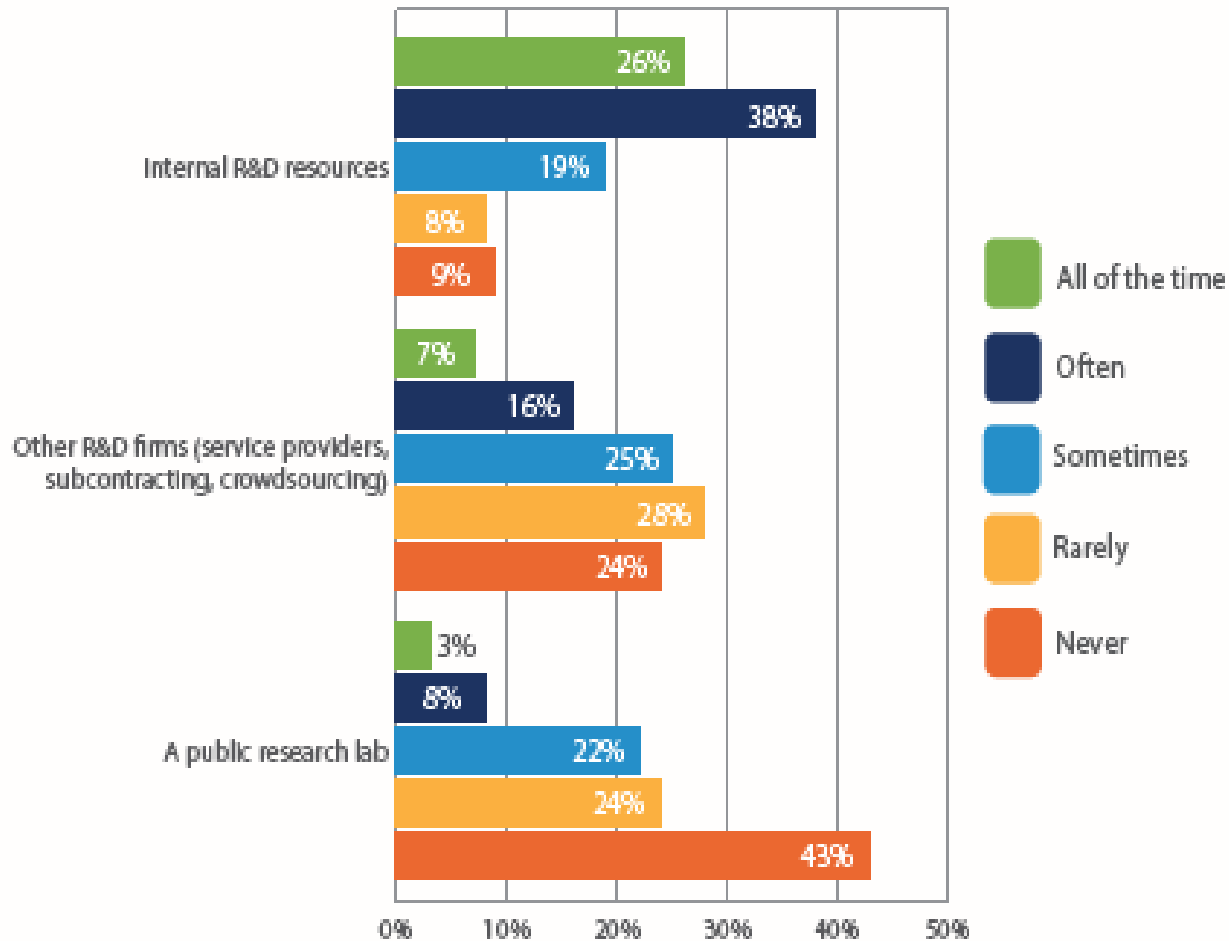
Most companies view themselves as competitive within their sector, but half have doubts on Canada's competitiveness globally.

Is Canada Conducive to Innovation?



Only 54% of respondents think the Canadian business environment is conducive to innovation.

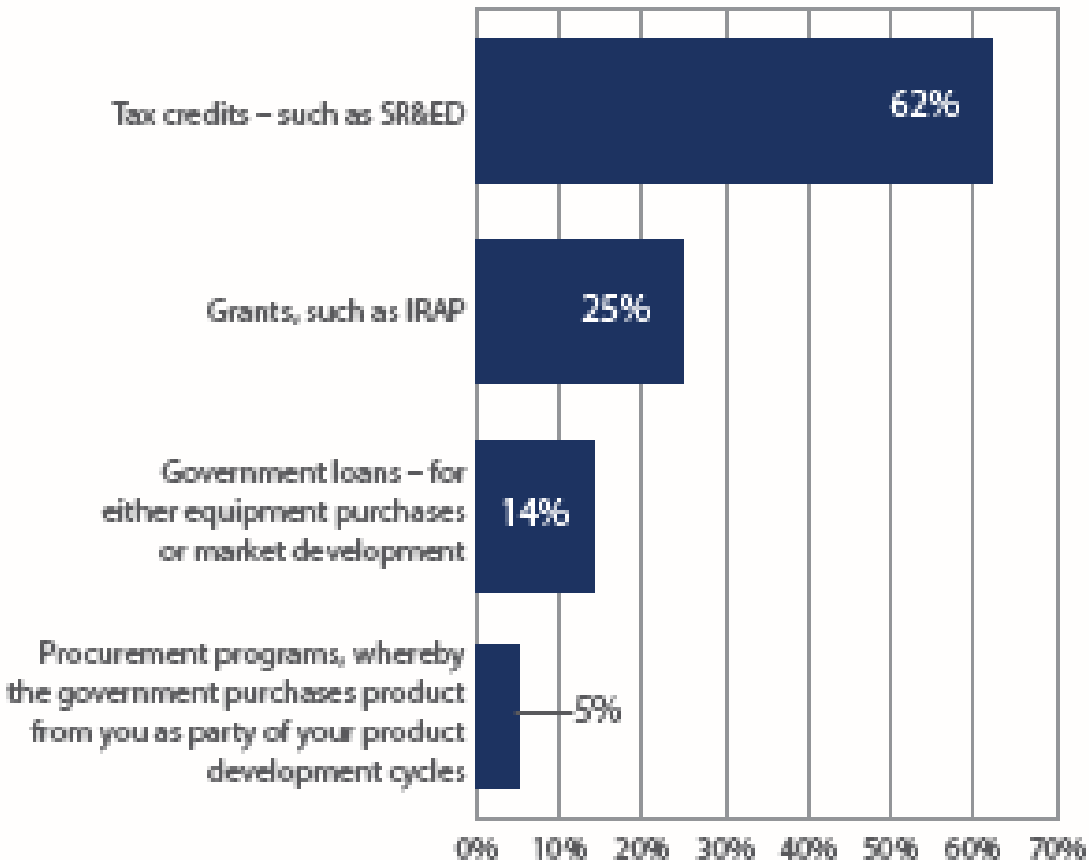
Leveraging External Sources



Canadian companies are not leveraging external resources for help with innovation the way those in other countries are.

SR&ED is Most Used Program ...But

What government programs do you currently claim or have submitted applications for in the past?

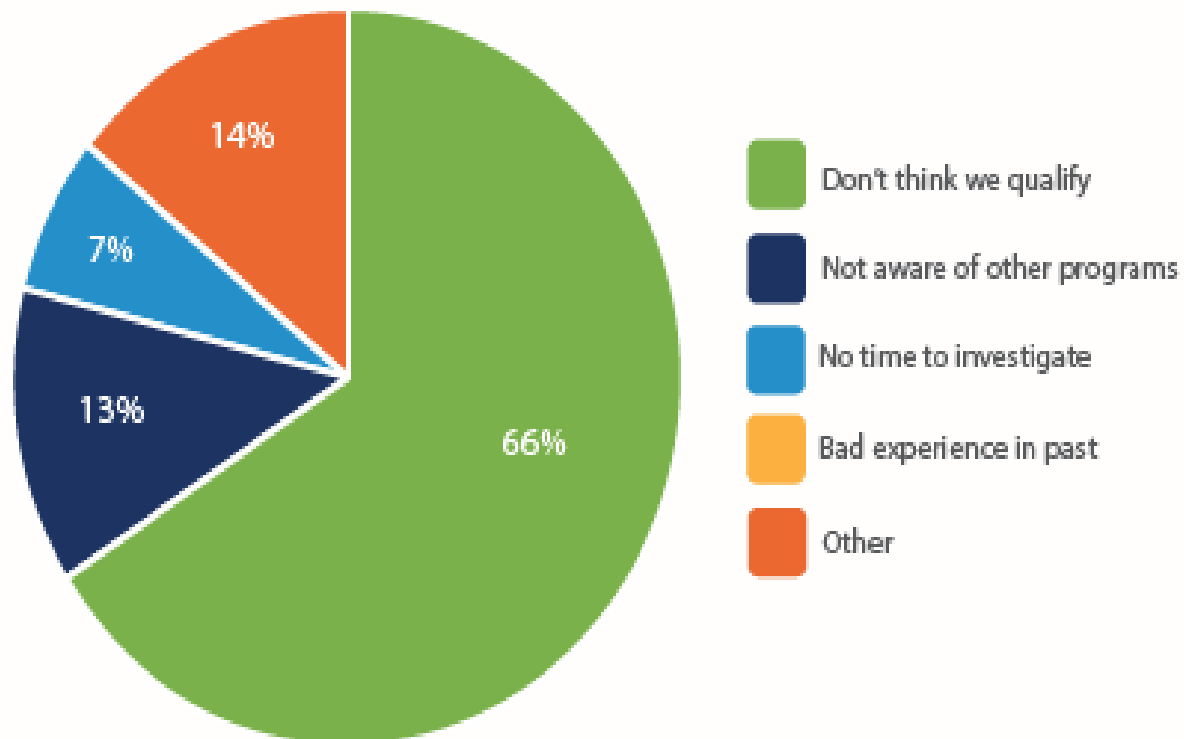


46% of respondents indicated innovation would have been difficult without the SR&ED program.

SR&ED is most widely used program but focus on compliance is leading to more effort.

76% concerned about shift of funding from Indirect to Direct.

Primary Reason for not Claiming a Government Innovation Program



66%
of respondents do
not believe they
qualify for
programs

20%
don't know of
available programs

Conclusion

- Innovation is key to competitiveness
- Canada is falling behind despite being one of the most generous jurisdictions in the world
- Government programs have been important to innovation but can be difficult to find and use
- Disconnect between government funding programs and Canadian businesses is hindering competitiveness
- We must close work collaboratively to close the gap

Thank you!

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