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FIT FOR PURPOSE

Transforming Canada's Innovation Support Infrastructure - Global Insights for Canadian Accelerators and Incubators in a Changing World

PREPARED BY

THE CANADIAN ACCELERATOR AND INCUBATOR NETWORK

For Innovation, Science and Economic Development Canada

CAIN.

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Research and Writing Team

Dr. Matt Mayer was the lead author and led the research design, interviews, and analysis. Jennifer Davis (SystemShift Inc.) served as Project Lead and Strategic Director. Dr. Dan Herman provided strategic advice throughout, drawing on his experience in federal innovation policy and global ecosystem research. Johanna Lau (CAIN) managed stakeholder relations and research support. Savina Caporali (Savvy Sustainability Inc.) coordinated the webinar and engagement process and contributed to research and citation verification.

CAIN Board of Directors

This study was guided by the CAIN Board of Directors: Stacey Wallin (Founder and Board Chair), Tom Ogaranko (Board Vice-Chair), Carl Schmidt, Steve Currie and Jennifer Davis.

The Board's willingness to embark on a report that asks hard questions of its own sector - and to commit to a public Report Card tracking implementation - reflects the kind of accountability the broader innovation ecosystem calls for.

Funder

This research was funded by Innovation, Science and Economic Development Canada (ISED). ISED's investment in an independent, evidence-based assessment of Canada's Business Accelerators and Incubators (BAI) infrastructure reflects the seriousness with which the federal government is approaching innovation system reform.

Interviewees and Contributors

Innovation leaders across 13 Canadian and 14 international organizations gave their time, shared proprietary insights, and spoke with a frankness that made this report possible. Their names and affiliations are listed in Appendix D. Several offered observations they knew would be uncomfortable—about Canadian ambition, about the accelerator model, about what isn't working—and shared them anyway because they believed the system could be better. This report is built on that trust.

Reviewers

We are grateful to the CAIN members, colleagues, and friends of the network who reviewed an advance copy of this report and strengthened it with their feedback.

A Final Word

To the BAIs and government officials who will read this report: thank you for considering its contents. The recommendations call for real change in how programs are funded, measured, and held accountable. Acting on them will be harder than commissioning the next study. We hope we will all do this together.

Executive Summary

The single sharpest conclusion from the evidence is uncomfortable: the classical accelerator is economically finished as a standalone product. New technologies have enabled the evolution of the startup journey, innovation support organizations have not evolved in response. A founder today can build in a weekend what a 2019 cohort produced in 12 weeks. With more than half the high-potential startups founded in 2024 leaving Canada (The Leaders Fund, 2025), the alarm bells are ringing for Canada's innovation economy. The solution is not another new program. Rather, to prosper in today's artificial intelligence (AI) enabled global innovation economy, **Canada requires an updated operating system for the entire innovation ecosystem**. The window to build it is open, but narrowing, and this study - or rather, this call to action - describes one informed approach to how we might do it.

Funded by Innovation, Science and Economic Development Canada (ISED) and led by the Canadian Accelerator and Incubator Network (CAIN), this study draws on interviews with 27 international and Canadian innovation leaders, extensive secondary research, and stakeholder engagement. **The central finding is that, in addition to BAIs requiring fundamental changes to its value proposition, Canada's innovation support system is misaligned at a system level and needs to be replaced by a coordinating infrastructure that accredits operators, routes demand to startups, and holds the whole system accountable for outcomes rather than activity.** Based on the research, a proposed theory of change and a systems-level change framework, 22 interconnected recommendations are proposed for how to build it.

WHY THIS REPORT IS DIFFERENT

Study after study has been written in Canada diagnosing the same challenges facing Canada's innovation ecosystem. Yet despite the focus of resources and attention, the same challenges persist: a lack of capital for startups, particularly early-stage; a weak Canadian adoption market, particularly those in the public sector; and, a lack of experienced talent for growth-stage companies. This report does not pretend that those challenges are new. What it offers is something no previous study has: a system-level diagnosis of why the same problems keep recurring, informed by leaders in our current context; a falsifiable Theory of Change written from the Government of Canada's perspective, an interconnected set of 23 recommendations for BAIs and policymakers to act upon, and a commitment to publish (if funded) an annual Report Card to track implementation.

The timing matters, and the bus will leave with or without us. Adding to the factors listed above, recent foreign tariff policy has ended three decades of comfortable NAFTA and CUSMA integration between the Canadian and U.S. economies forcing innovators and policymakers to think differently.

This economic and technological context has been met by an unprecedented Government of Canada response. Budget 2025 earmarked billions to buoy Canada's economy in the face of these threats: $70 billion in Buy Canadian government procurement policy, a $6.6 billion Defence Industrial Strategy, $1 billion in unallocated early growth-stage venture capital, and $750 million in unallocated early growth-stage funding; real money searching for real deployment opportunities.

The crisis and the capital are arriving at the same time. That does not happen often.

The report uses an established framework (Nadler and Tushman, 1980), that argues that systems perform well when four internal elements "**Fit**" (Work, People, Structure, and

Culture). When any fall out of alignment, performance collapses. Canada's innovation support ecosystem is misaligned across all four elements (see Section 4), and the misalignments reinforce each other. Addressing one element without the others creates a new misalignment, not a solution. This may explain why 15 years of reform has produced results that may bear little resemblance to the models they were based on. If we don't address the congruence, or "Fit", of our innovation support ecosystem, then the broader innovation economy won't prosper.

This conclusion is based on findings drawn from interview data, secondary evidence and stakeholder engagement, organized into 7 themes. These outline the landscape founders face and the types of innovations BAIs need to consider to remain relevant and help drive Canada's innovation competitiveness (not listed in order of priority):

1. Ambition Headwinds: pushing founders to think bigger, earlier
2. The Gravitational Pull: navigating structural market disadvantages
3. The Capital Chasm: capital that's too cautious early and too absent late
4. The Missing Middle: closing the commercial talent and growth capability gap
5. From Innovation Supply to Market Demand: anchoring support in authentic market demand
6. Beyond Generic: redesigning BAI operations for specialization and quality
7. Rooted Locally, Reaching Globally: anchoring in regional strengths and international networks

Figure 1 maps each element of the Fit Model from its current state to the ideal: the gap between the two columns is the work the recommendations are designed to close. Readers pressed for time should turn directly to Section 4 and 5, which summarize the full system diagnosis from the research, proposes a Theory of Change based on "Fit", and an organized list of recommendations.

Figure 1: The Innovation Support Ecosystem Fit Gap At A Glance

	FROM	TO
WORK	Generic, duplicative and isolated BAI work; AI encroaching on value-proposition; supply-push focus: activity-based metrics, pitch-ready emphasis	Specialized regional nodes; demand-side brokers over curriculum providers; deeply embedded AI systems; performance-based metrics; curated industry or corporate challenges

	FROM	TO
PEOPLE	Scale-stage talent gap; generalist mentors; less experienced BAI staff with turnover challenges	Embedded scale-stage talent; mentors with unicorn experience; founder-to-founder networks; BAIs and staff retention enabled through tier-based funding system
STRUCTURE	175+ BAIs and siloed programing; early- and late-stage capital insufficiency; under resourced and delayed BAI-Performance Measurement Process.	Multi-tiered BAI accreditation system; competitive redesignation over a timeframe; deployed BAI Transformation Small Business Innovation Research funding; national BAI and innovation intelligence layer open and real-time.
CULTURE	Ambition mismatch is cultural norm; alarming number of Canadian-founded high-potential firms are headquartered elsewhere; risk averse capital; mindset of reaching everyone; innovation theatre replaces scaled businesses	Going big and global by default; structures in place making Canada the strategic place to remain; evidence-driven accountability for BAIs and innovation reports.

What This Means for the Government of Canada (GoC)

Policymakers are major catalysts. Especially at this time, the capital is appropriated, the procurement leverage exists, and the industrial-policy instruments are live. What is missing is the coordinating infrastructure to deploy them and the seven stakeholder groups whose behaviour must change (founders, BAIs, corporate buyers, investors, provinces, cities, universities and colleges, and the Canadian innovator diaspora). This report articulates recommendations of stakeholder-level changes, however, the persistent systemic challenges will resolve unless the organizing systems change.

To address the systemic needs, the immediate asks are concrete (see Table 3 for a full list of recommendations).

- Fund competitive BAI tiering so strong BAIs get reinforced and weak ones get reformed (R2, R3, R22)

- Mandate and resource an accrediting body and Report Card operator (R2, R10, R11, R12)
- Deploy the some of the early growth-stage envelope to accredited operators (R1, R19)
- Mandate Buy Canadian flow-through so procurement dollars reach startups through accredited BAIs (R5, R13, R20)

The Theory of Change from the GoC's perspective is outlined in Section 4 is designed to be falsifiable. If the preconditions don't hold (i.e., Budget 2025 capital doesn't deploy, procurement reforms stall, etc.) or the theory doesn't deliver, it can be adapted (e.g. at the next budget cycle). A transparent failure is more valuable than an opaque success.

What This Means for BAIs

The era of the generic, cohort-based, activity-metric-reporting accelerator is ending. Founders, especially in software verticals, who can build a minimal viable product (MVP) in a weekend do not need the same kind of 12-week program to help them do it. The BAIs that thrive in the next five years will reorganize around the persistent challenges that remain and that AI cannot fully replace. Ultimately, BAIs need to **become demand-side brokers connecting startups to corporate buyers, procurement dollars, and global distribution.**

This requires accepting three uncomfortable shifts. First, BAI accreditation and tiering: not all 175+ BAIs will qualify for the highest tier, and competitive redesignation every three years means no permanent entitlement. Care will need to be taken in designing this system so that BAIs working with underrepresented communities are not unduly impacted in serving equity-deserving founders. Second, outcome measurement: a subsequent the Report Card (funding dependant) will publish results of the recommendations in this report, whether they are good or bad. Third, growth-talent depth: programs must embed people who have actually built at a global scale, at the starting line.

The opportunity is equally real. An accredited BAI with corporate pilot pipelines, mentors or EIRs with growth-stage experience, and a global playbook is exactly the institution that Budget 2025's capital is searching for. The unallocated $750 million envelope for early growth-stage company funding, the $70 billion in Buy Canadian procurement, and the defence industrial strategy all need domestic innovation pipelines to flow through. Many BAIs are well-configured to coordinate capital flow through and, upon accreditation, should be entrusted to do so.

Responding to this critical moment in time for Canada's innovation ecosystem and especially the changing role of BAIs is monumental. We must act transformationally and swiftly. The work begins now.

What Happens Next

Before anything in this report can happen, the right people need to read it, the right people need to convene, and leaders need to say "we're doing this."

Importantly, the rooms being convened should include a diversity of voices, including those that this study did not: Indigenous innovation leaders, equity-deserving founders, and rural BAI leaders whose experience of the ecosystem looks nothing like what the established urban programs describe.

Government of Canada: Convene a cross-departmental working group to assess which recommendations align with existing Budget 2025 instruments. BAI ecosystem reform either gets designed in or bolted on afterward.

Canadian BAIs: Bring this report to your next board meeting not as information, but as an agenda item. CAIN aims to convene a national meeting within ninety days.

Corporations, Venture Capitalists, and Investors: The early-stage capital gap will not close with public money alone. Decide whether you want a seat at the table while reform is being designed, or after.

Section 1: Introduction

Canada has a highly fragmented innovation system supported, largely by the government, which has a disorienting high number of innovation programs (Zhang, 2025). It has the G7's highest rate of startup creation (Global Entrepreneurship Monitor, n.d.) and one of the weakest records of turning startups into scaled companies (Startup Genome & National Angel Capital Organization [NACO], 2026). The gap between the two is not a mystery - this has been apparent for decades - it is a design choice. This report examines what a different design could look like, both for Business Accelerators and Incubators (BAIs) and for policymakers, in a rapidly changing global environment.

1.1 Study Purpose

Funded by Innovation, Science and Economic Development Canada (ISED) through the Small Business and Entrepreneurship Development Platform (SBEDP), the research was led by the Canadian Accelerator and Incubator Network (CAIN), a national member-based organization of more than 170 BAIs across Canada. The study draws on semi-structured interviews with international and Canadian innovation leaders, supplemented by extensive secondary research and validated through a stakeholder engagement session, to explore:

- How is Canada performing on key innovation and competitiveness indicators relative to peer jurisdictions?
- What structural or systemic patterns may be contributing to areas of underperformance?
- How are BAIs operating in leading international ecosystems, and what practices may be relevant to the Canadian context?
- How is the role of a BAI evolving given significant technological and market shifts?
- Where does the current system "fit"—and where doesn't it—across the work BAIs do, the people who do it, the structures that fund it, and the culture that rewards it?
- What would a testable Theory of Change look like if the Government of Canada were to act on the findings?

The result is 22 practical, sequenced recommendations; each with a named actor, and cross-reference to the research presented in the study (see Section 5).

1.2 Why Now?

In this report, competitiveness refers to a jurisdiction's ability to translate research strength, entrepreneurial activity, and capital investment into commercial outcomes that generate sustained economic value. Countries that align their institutions, capital markets, talent

pipelines, and regulatory environments around that goal create conditions in which founders can build globally competitive companies. Countries that don't, risk falling into lower-growth trajectories (World Economic Forum, 2020). And in a world defined by technological acceleration and geopolitical uncertainty, that risk is no longer abstract.

This framing is more urgent now than at any point in the past decade. The current government, with levered commitments from partners, has committed $1 trillion over five years, including a $1 billion extension of the Venture and Growth Capital Catalyst Initiative, $925.6 million for sovereign AI compute capacity, and $750 million in early-stage growth financing (Department of Finance Canada, 2025). Simultaneously the Canadian Labour Congress has noted, the government simultaneously pursues an ambitious industrial strategy while imposing 15% austerity on the departments responsible for delivering it (Canadian Labour Congress, 2025).

Geopolitical disruption is compounding the urgency. U.S. tariffs on Canadian imports and the impending Canada-United States-Mexico Agreement (CUSMA) review in July 2026 are already affecting startups - one survey found that 75% of startups expected tariffs to impact their business (MaRS Discovery District, 2025). The Buy Canadian Procurement Policy, expanding to federal procurement contracts over $5 million in spring 2026, creates an unprecedented $70 billion procurement opportunity. At the 2026 World Economic Forum in Davos, Prime Minister Carney declared Canada must move: "from reliance to resilience." **The tension between soaring ambition and operational hollowing is precisely where BAIs can position themselves, as the distributed delivery infrastructure that no single federal department can provide alone.**

Several active policy instruments create immediate opportunities for Small and Medium Enterprises (SMEs) that BAIs directly support. ElevateIP received an $84.4 million extension in Budget 2025, directly supporting BAIs that help SMEs with IP strategy. Scientific Research and Experimental Development (SR&ED) credits were substantially reformed: the enhanced credit expenditure limit doubled to $6 million, capital expenditure eligibility was restored, and Canada Revenue Agency (CRA) processing was cut from 180 to 90 days (Prime Minister of Canada, 2025). The Productivity Super-Deduction gives Canada the lowest marginal effective tax rate on investment in the G7, now 4.5 percentage points below the United States (Prime Minister of Canada, 2025). The *One Canadian Economy Act* (Bill C-5) removed federal internal trade barriers, while provincial mutual recognition agreements have begun dismantling interprovincial constraints. These instruments exist and are changing the game. What is missing is the connective tissue to on-the-ground outcomes; an area where BAIs are positioned to deliver.

1.3 Research Methodology

The methodology combined preliminary research on Canada's innovation weaknesses (Section 3) with semi-structured interviews and comparative analysis to generate practical, actionable recommendations grounded in both Canadian and international perspectives.

Data collection included 27 semi-structured interviews that were conducted virtually with international innovation leaders (14 interviews) from jurisdictions including the United States, India, Switzerland, Denmark, the United Kingdom, Belgium and Israel, as well as Canadian innovation leaders (13 interviews) and represented diverse regions, sectors, and organizational maturities nationally (see Appendix D for a full list of interviewees). All interviewees had significant experience working with startups in their respective jurisdictions and had direct experience working with a BAI, although not necessarily at the time of the interview (i.e., some interviewees were mentors, venture capitalists, etc.), and all were highly active in working in the innovation ecosystem. Interviewees were recruited through CAIN's existing national and international network, targeted outreach, and snowball sampling. Consideration was given to ensure that BAIs working with diverse and equity-deserving founders were represented through interviewee selection. A dual-track interview protocol was employed, with questions tailored to whether the interviewee had primarily Canadian or international experience, covering five substantive areas:

- Baseline perspectives on Canada's innovation competitiveness and a BAIs role
- Canada’s weakness in converting startups to globally competitive scale-ups
- Canada’s weakness in the domestic adoption of domestically produced technology
- Canada’s highly fragmented innovation support systems
- Emerging BAI practices, including the use of AI and other technologies

Interviewees were provided with interview questions in advance to enable reflection. With informed consent, interviews were recorded, transcribed with AI assistance, and reviewed by the research team; otherwise, interviewer notes were taken. Interviewees were given the option to be identified by name and organization or to remain anonymous and could withdraw their contribution at any time prior to the data analysis deadline.

Interview transcripts and notes were analyzed using Braun and Clarke's (2006) six-phase reflexive thematic analysis framework: familiarization with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and writing the report. Codes were derived inductively from the data to ensure results were grounded in the interviewees' experiences. The research team coded transcripts line by line and gradually introduced AI to augment coding, including identifying new codes where applicable, together producing 28 first-order codes from approximately 700 coded extracts. Codes were iteratively refined, consolidated, and grouped into seven themes through a collaborative

process. An equity-informed perspective was considered throughout the analysis, even though the study did not focus solely on this issue. Each theme was reviewed for internal coherence and external distinctiveness, assessed for data sufficiency across both Canadian and international interviewees, and defined with constituent codes, illustrative quotes, and narrative descriptions. The results were repeatedly shared, discussed, and iterated upon across the research team, helping the analysis maintain a reflexive orientation throughout, including during a public-facing presentation with 17 attendees, who provided feedback, validation and recommendations to strengthen the research. Practical recommendations accompanying each theme were drawn from interviewee testimony and, where applicable, supplemented by international case studies and external research.

A disclosure on the use of artificial intelligence in this research: This study employed AI tools at several stages: structured AI research crawls to aggregate publicly available intelligence across international jurisdictions; AI-assisted thematic analysis of interview transcripts, where the codebook was initiated by the research team, additional AI-generated codes were requested, and the AI-assisted analysis was reviewed and refined by the research team against the raw data; AI-supported synthesis of secondary literature; and, occasional support on writing and editing the final report. The research team maintained editorial control throughout, with all findings, interpretations, and recommendations reflecting human judgment informed by AI-augmented analysis. This disclosure serves two purposes: transparency into how this report was produced and a demonstration of the kind of AI-augmented research methodology that BAIs themselves may adopt. If the organizations recommending deeper AI adoption in BAIs are not themselves using AI in their research processes in methodologically rigorous ways, then a credibility gap exists.

A note on the boundaries of this study's evidence base: the interviewee pool, while diverse across geography and BAI type, skews toward established, urban, technology-sector BAIs. Several perspectives that would enrich the analysis are absent: founders themselves, including those who have left Canada; Indigenous entrepreneurs and the BAIs that support them; equity-deserving founders navigating systems not designed for them; rural and non-urban BAIs operating outside major centres; large Canadian corporations as innovation buyers; policymakers; and domestic and foreign venture capitalists. Any follow-up study should centre these voices and explore any areas of large deviation from this research, and the proposed Report Card based on this research should track whether the ecosystem is becoming more accessible or more concentrated.

Although perspectives beyond domestic and international BAI leaders would add further nuance to the study, the research process reached theoretical saturation and was validated

at multiple feedback stages with internal and external audiences, suggesting that the results are robust.

1.4 How to Read this Report

Section 2 frames the study within the broader landscape of innovation and economic competitiveness and provides a snapshot of Canada's global innovation performance, identifying three recurring weakness patterns from existing research. Section 3 presents the core findings across seven themes, each grounded in secondary research and practitioner interviews, with practical recommendations for BAIs and policymakers embedded throughout. Section 4 presents the "so what" by applying a Fit framework to diagnose why these patterns persist, identifying the key drivers pushing toward reform, and concluding with a falsifiable Theory of Change written from the Government of Canada's perspective. Section 5 consolidates all 23 recommendations into a single accountability table with named actors, sequencing, and cross-references. Readers seeking actionable guidance may wish to start with the executive summary and then go directly to Section 5.

Section 2: Canada's Innovation Landscape

Canada's innovation ecosystem is extensive and multi-layered, spanning research institutions, multiple levels of government, capital markets, intermediary organizations and BAIs that support founders in launching, commercializing, and scaling their ventures (see Appendix A).

Many international and national benchmarking frameworks assess Canada's innovation performance at the system level. Each provides a complementary perspective and uses its own methodology. These include global indices such as the Global Innovation Index and the World Economic Forum's Global Competitiveness framework, which evaluate innovation inputs (e.g., research capacity, human capital) and system-level conditions; OECD indicators that provide comparative data on R&D intensity, business innovation, and technology adoption; and firm- and ecosystem-level assessments such as the Global Entrepreneurship Monitor and Startup Genome, which focus on entrepreneurial activity, startup and scaling dynamics. These are complemented by Canada-specific analyses, including the Conference Board of Canada's Innovation Report Card, which benchmarks performance across capacity, activity, and results, as well as the Council of Canadian Academies and the Brookfield Institute, which provide system-level diagnostics of innovation outcomes and structural challenges.

Taken together, these sources present a picture of Canada's innovation system. Across multiple frameworks, Canada demonstrates relative strength in knowledge creation and early-stage entrepreneurship, supported by a highly educated workforce and strong research capacity. However, this performance does not translate into comparable outcomes in commercialization, productivity, or global market impact, which has been widely described as Canada's "innovation paradox" (Conference Board, 2024). **The evidence converges on three systemic areas of weakness: scaling and commercialization of firms, adoption and diffusion of technology across the economy, and the overall coordination of the innovation system**. While not all frameworks explicitly assess each dimension and use unique methodologies, the patterns across independent methodologies provide a strong basis for identifying these as core challenges to Canada's innovation competitiveness.

Table 1: Canada's Innovation Scorecard: What the Benchmarks Say

Framework / Source	Knowledge Creation	Entrepren-eurship	Scaling & Commercializa tion	Tech Adoption	System Coordination
Global Innovation Index (2025)	🟢	🟡	🔴	🟡	⬜
Startup Genome (2024–25)	⬜	🟢	🟢	🟢	🟢
Global Entrepren-eurship Monitor (2025)	⬜	🟢	⬜	⬜	⬜
Conference Board (2024)	🔴	🟢	🔴	🔴	🔴
Council of Canadian Academies (2022)	🟢	🟢	🔴	⬜	🟡

Legend

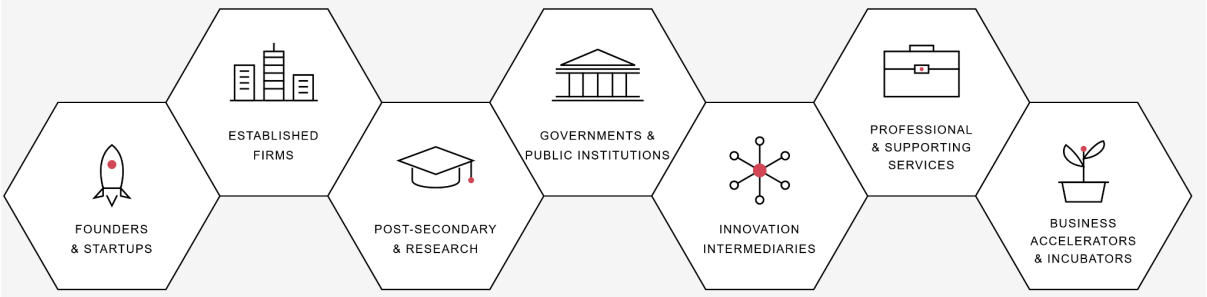
🟢 **Strong** → Above average/relative strength
🟡 **Moderate** → Mixed, average or uneven performance
🔴 **Weak** → Consistent underperformance
⬜ **No signal** → Not meaningfully assessed in that framework

A note of candour is warranted here. These results are very similar to previous assessments of Canada's innovation performance over time: the Jenkins Report (2011), the Advisory Council on Economic Growth Report (2016), the Naylor Report (2017), successive Conference Board of Canada report cards, Council of Canadian Academies assessments (2018, 2022, 2025), and Information Technology and Innovation Foundation (2025). The entrenchment of these challenges is itself a finding - it means the responses to date have not worked. At the same time, the emerging conditions outlined in 1.2 are fundamentally changing the game, and they will not yield to slow responses or those mismatched to the scale of transformation at hand.

2.1 The Current Role of BAIs as Intermediaries

Innovation ecosystems are composed of multiple actors that play distinct but interconnected roles in the development and commercialization of new ideas and technologies. While the specific structure varies across jurisdictions, as outlined in Figure 2 and detailed in Appendix A, several core groups of actors are commonly present.

Figure 2: Innovation Ecosystem Players



In Canada, the most widely distributed intermediary institutions in the innovation ecosystem are BAIs, structured support organizations that help early- and growth-stage ventures strengthen business models, accelerate commercialization, and improve access to capital and markets. While incubators traditionally nurture early-stage ideas over a longer period and accelerators operate time-bound, cohort-based programs with intensive mentorship and access to capital, both function as intermediaries. For the purposes of this study, BAIs also include adjacent models such as venture studios, sector-focused innovation hubs, and publicly supported commercialization intermediaries, where the primary mandate aligns with venture development.

NRC's Industrial Research Assistance Program (IRAP) is the federal government's largest SME innovation support program, with over 250 Industrial Technology Advisors providing advisory services and funding to early-stage technology companies across the country. IRAP

and BAIs frequently serve overlapping populations, and the referral relationship between the two is a critical but under-coordinated piece of ecosystem infrastructure.

The actors involved form a multi-layered network; founding teams supported by a BAI's program managers, mentors, angel and venture capital (VC) investors, corporate partners, post-secondary institutions, and government funders. This systemic context has shaped BAIs into intermediaries that connect research, talent, capital, and markets. Traditionally, their role has been threefold:

1. Reduce early-stage risk through structured programming, business validation, and access to professional networks.
2. Facilitate capital readiness, helping firms progress from ideation to seed and growth financing.
3. Serve as ecosystem builders - convening stakeholders, fostering entrepreneurial culture, and anchoring regional innovation clusters.

Whether that traditional role remains fit for purpose is a central implication of this report. The findings in Section 3 and the Fit analysis in Section 4 suggest that it does not, and that the required transformation is structural, not incremental.

AI and the Shifting Economics of Startup Support

Artificial intelligence is not changing the game at the margins; it is collapsing the product category BAIs were designed to serve. A quarter of the codebases shipped by Y Combinator in its winter 2025 batch were 95% AI-generated (Aibase News, 2026). Tools like Cursor and Claude Code enabled a single technical founder to build in weeks what would once have required a team for 10 months. Tools like Clay and Apollo automate prospecting and outbound sales at scale. The average seed-stage company now has 6.2 equity-holding employees, down from 10.3 in 2021 (Shad, 2025); 35% of startups founded in 2024 were solo-founded (Carta, 2024); and Y Combinator's current "Requests for Startups" calls for the first 10-person, $100 billion company. When a founder can build, market, and sell with three people and a credit card, a BAI's promise of helping build a minimum viable product (MVP) is no longer a durable value proposition.

Because most BAI's focus on technology development and many supporting software companies, the disruption is especially extensive. For other sectors (e.g. CPG, life sciences, etc.) AI still accelerates the progress from idea to launch operationally, putting pressure on the traditional BAI value proposition.

The implications go beyond prototyping and operations. AI gives a venture access to practical, context-specific intelligence faster than any cohort-based, curriculum-heavy,

demo-day-culminating program can deliver. Series A companies in the first half of 2024 averaged 15.6 employees - 16% fewer than five years earlier - while median Series A funding rose 50% to $15 million (Walker, Shad, & Dowd, 2024). Startups are getting smaller, better capitalized, and less dependent on the structured programming that BAIs have traditionally offered.

The BAIs that thrive will be those that reinvent themselves as ecosystem infrastructure: demand-side brokers connecting startups to paying customers, deep-tech laboratories providing physical assets AI cannot replicate, or platforms whose compounding relational network effects create value no chatbot can substitute. Their traditional function as early-stage de-risking mechanisms remains relevant but insufficient. The critical question is whether BAIs will respond to the immense pressure on their business models or be bypassed by founders who no longer need what BAIs have traditionally offered. That is the motivation of this study.

Section 3: Role of a BAI to Support Canada's Innovation Competitiveness

This study asked 27 innovation leaders (13 Canadian and 14 international) how business accelerators and incubators can better support innovation competitiveness. The findings are organized into seven themes (see Figure 3). The first four address the persistent cultural and structural landscape Canadian ventures and their BAIs must navigate: modest ambition as a system default (Theme 1), structural market disadvantages created by geography and proximity to the U.S. (Theme 2), risk-averse capital markets (Theme 3), and a commercial talent gap that stalls firms past Series A (Theme 4). The next three address the transformation required of BAIs themselves: reorienting from supply-side-push to demand-side brokering (Theme 5), redesigning operations toward specialization and accountability (Theme 6), and building the domestic and international connective tissue that enables the ecosystem to function as a system (Theme 7).

The practical recommendations that accompany each theme are grounded in specific interviewee testimony and, where applicable, supplemented by international case studies and additional external research. They are intended not as a comprehensive prescription but as actionable starting points for BAIs and their leaders seeking to increase Canada’s innovation competitiveness.

Figure 3: Seven Themes at a Glance

Theme	The Finding
The landscape founders face	
1. Ambition Headwinds	Canadian founders, generally speaking, culturally default to lower-growth ambitions than those in other countries.
2. The Gravitational Pull	A market one-tenth the size of the U.S., with talent, capital, and customers, systematically pulls the startup south, eventually relocating.
3. The Capital Chasm	Capital markets are slower and smaller, and ventures find more success with US investors. The pattern is systemic.
4. The Missing Middle	Canada produces PhDs, not growth leaders, and the commercial talent gap triggers relocation.
What BAIs must become	
5. From Innovation Supply to Market Demand	Canada doesn't have an innovation problem, it has an adoption problem. Prospective Canadian adopters are risk-averse and require a new approach.
6. Beyond Generic	Many BAIs are generic and do similar work. Focusing on regional strengths enables BAIs to be more focused and the system to be more coordinated.
7. Rooted Locally, Reaching Globally	Ventures and BAI leaders are domestically disconnected and internationally ad hoc. More relational forms of connectivity accelerate opportunities for BAIs and their ventures.

Theme 1: Ambition Headwinds: Pushing Founders to Think Bigger, Earlier

> *"I'm perfectly happy building a $30–$40 million business. I don't need to be a billionaire."*
>
> — INTERVIEWEE

THE TENSION

Canada produces founders at G7-leading rates, but too many aim for comfort rather than global leadership. Every intervention in this report (capital, talent, market access, programming) underperforms when applied to ventures that aren't aiming high enough to benefit from them.

WHAT HAS TO CHANGE

Challenge market size at intake. Make "go global" the default playbook, not the advanced track. Connect founders with people who have built at scale to push for more growth

When asked how business accelerators and incubators can better support Canada's innovation competitiveness, interviewees returned, with striking consistency, to a foundational observation about the cultural disposition of Canadian founders: they are more modest than those in other countries. For clarity, this result does not suggest that all Canadian entrepreneurs lack ambition. The cultural challenge is likely reinforced by the consequences of other structural forces, which are outlined further in Themes 2-4.

As previously outlined, Canada consistently ranks in the top quartile of OECD countries for early-stage entrepreneurial activity, and multiple regions; Toronto-Waterloo, Vancouver and Montréal rank in the global top 40 (GEM, 2025; Startup Genome, 2025). Yet the entrepreneurial base is contracting. Only 1.3 per 1,000 Canadians started a new business in 2022, down from 3 per 1,000 in 2000; roughly 100,000 fewer entrepreneurs, despite a population that has grown by 10 million (BDC, 2023). Canada's OECD standing on barriers to entrepreneurship deteriorated from 10th in 1998 to 26th in 2023 (Lammam, 2026).

The federal government's 2017 target to double the number of high-growth firms to 28,000 by 2025 was not met; Canada recorded 10,700 by 2020 (Lowey, 2024). Growth of medium-sized firms has fallen 9% below trend since 2021 (TD Economics, 2024). The pattern is consistent: strong early-stage dynamism, weak conversion to scale.

The consequences are direct. The Leaders Fund (2025) tracked 2,932 companies and found that only 32.4% of high-potential startups launched in 2024 were still headquartered in Canada, down from 67% during 2015–2019. Nearly half relocated to the United States. The loss of high-potential companies also robs the next generation of role models, mentors, and proof points that compound ambition, creating the vicious circle described in the rest of this theme.

This cultural disposition was a strong pattern in the interview data and was described in various ways.

The Comfort Ceiling

Interviewees articulated that Canadian founders tend to be less inclined to pursue extreme wealth over financial comfort. This theme is illustrated poignantly by an interviewee saying, "It seems to be cultural…a lot of folks who I talk to who are building businesses...say they want a comfortable life and are perfectly happy building a $30-$40 million business. They don't want to be billionaires." This is characterized by Shopify CEO Tobi Lütke and Canada's "go-for-bronze" culture (Lindzon, 2024). Scaled down further, another interviewee characterized this culture as simply replacing a job: "Founders don't necessarily externalize business success, but rather that they 'own a job' rather than a company. They have a business, and it creates some income with a small team around it, but they're not trying to build something highly valuable really fast." One interviewee bluntly stated, "We're a country that wants big companies, but we're slightly allergic to wealth generation."

This is starkly different from attitudes in other jurisdictions. An interviewee compared U.S. attitudes: "One thing that the Americans are taught is that they can become anybody they want to become in life. It's the kind of arrogance that is really off-putting to Europeans and Canadians, who say, 'Who the hell do they think they are?' But the fact is that, if you say that long enough and are prepared to place a bet on American intelligence, then out of the great number of failures, there will probably be unicorns. Canadians should have more guts and recognize that our people are as intelligent."

Some interviewees noted a general desire among founders to stay local or expand across Canada without concern for entering global markets. An interviewee captured this: "We focus on our backyard. That seems to be the pattern. It's easier." Founders who interpret the total addressable market as limited to Canada significantly constrain their firm's growth potential and reinforce the modest ambition outlined above.

Finally, there is often a desire from founders, especially students or researchers, to simply do interesting things regardless of profit potential. An interviewee describes a specific example: "A guy was building a robotic cat feeder, and that's what he wanted to do. That

was his dream. As an accelerator, I'm probably not going to change his mind." This dynamic is particularly apparent for researchers: "The day research gets funded is the goal. What one does with the IP [intellectual property] after, they don't really care." This is consequential because research is a major source of innovation, and Canada is clearly a world leader, producing approximately 3.8% of global scientific publications, ranking 7th globally (OECD, 2023) and 4th globally for lab-to-startup conversion (Startup Genome, 2024). Yet the lack of commercialization of patents remains one of Canada's major weaknesses in innovation.

The consequence is visible in outcomes. As one interviewee put it: "We just don't have…brand presence. If you were to name the top company in industry X, Canada's not there. Industry Y, Canada's not there." Several interviewees cited Shopify as one of the few success stories of scaling to a globally recognizable Canadian company. For successful companies that didn't reach that scale, interviewees described a self-reinforcing dynamic in which exits create new angel investors, mentors, and serial founders who normalize ambition for the next generation. However, "there are large enough gaps between those events" in Canada that the cultural momentum never compounds. In larger markets, "there's a higher density of individuals who've been through the big scale-up stage," and despite so many startup failures, the presence of wildly successful ventures fuels the narrative that it is both possible and worth striving for, creating a positive feedback loop for entrepreneurial activity (DEEP Centre, 2016).

Resetting the Default

Multiple interviewees pointed toward what must change. One argued that "entrepreneurship needs to encourage more risk-taking. Canadians are very concerned about safety, and we need to be more bold... we need to be super proud of entrepreneurs and celebrate them. That is the first cultural shift that needs to happen." Another insisted that "we as a country have to get beyond the creation of science or the research and start celebrating commercial and wealth generation. And that's a hard cultural thing for Canada to do." A third was direct about the BAI implication: "The onus is on the startup, the founder and the accelerator or incubator to encourage our companies to move faster, to think bigger... we also need to reset the expectations and expand the mindset of our companies."

For BAIs, this carries a foundational implication: structural interventions on capital, market access, and talent, however well-designed, will underperform if applied to an entrepreneurial system that is culturally more modest than it needs to be. BAIs sit at the earliest inflection point in a founder's journey, placing them in a unique position to challenge this default. As one interviewee articulated, "Why are we not challenging folks to think globally at the start? There's a playbook here…Whatever idea you have, do it 100x, or it's lemonade-stand thinking."

Practical Recommendations for BAIs

Challenge founders on market size at intake (R15). One interviewee described how a simple exercise could have changed their trajectory: "How big of a business do you want? Let's walk through the mechanics. What would have to be true for that?" BAIs should make this conversation a standard part of onboarding, forcing founders to confront whether their addressable market justifies the effort and where there are opportunities to aim for a bigger one.

Make "go global" the default playbook, not the advanced track (R15). An interviewee was explicit: "There's a playbook here. Just make it easy. And not just painting the picture but equipping them with how they have to structure themselves and what their team is going to have to look like." BAIs should treat international orientation as standard programming rather than a specialized elective.

Connect founders directly with people who have built at scale (R23). One interviewee noted the gap bluntly: "When I look at the growth coaching roster, it's overwhelmingly freelance consultants. What I don't see is a long list of mentors who are CEOs, existing or former, who have taken companies to $300, $400, $500 million in revenue." BAIs should recruit mentors who have operated at the scale they want founders to aspire to. Exposure to people who have done it is the most direct antidote to a culture that doesn't believe it's possible.

International Example—Ginserv: Testing Fundability Before the First Pitch

Girish Hiremath, Chief Operating Officer (COO) at Ginserv Incubator in Bangalore, India, discussed a practice conducted with new ventures in their program. One of the key pillars of the accelerator is to increase a company’s fundability, which creates the platform for growth. One of the first meetings or workshops is around “fundability mapping,” which provides a key opportunity to listen to and challenge founder expectations. Led by investors, this "fundability mapping" exercise forces founders to confront the gaps between where their current ambitions lie and what scale-up might look like that would be attractive to venture capitalists, who desire significant scale.

Theme 2: The Gravitational Pull: Navigating Structural Market Disadvantages

> *"When you've got that big of a gravity well of capital, people and market right next to you. To try to move past that is just hard."*
>
> — INTERVIEWEE

THE TENSION

Canada's domestic market is one-tenth the size of the U.S., and the pull of American capital, customers, and talent compounds at every growth stage. Programming that assumes a domestic-first scaling path is at odds with economic reality, yet losing every winner to the U.S. isn't a strategy either.

WHAT HAS TO CHANGE

Build structured market-entry support for target jurisdictions. Help founders design corporate structures that keep headquarters anchored in Canada. Manufacture density by connecting adjacent regions.

Twenty of the interviewees identified a set of structural constraints; geographic, demographic, and competitive, that make it objectively harder for Canadian ventures to scale, independent of the ambition they hold. While Themes 1 and 2 interact, they are not the same phenomenon: even the most ambitious founder faces these challenges, and addressing one without the other will produce incomplete results. Each growth stage compounds the pressure to relocate, often in the U.S.

The most frequently cited constraint is the sheer scale asymmetry with the United States. One interviewee framed it as gravitational: "We're just positionally in a tough place geopolitically and from an industry perspective. When you've got that big of a gravity well of capital, people and market right next to you. To try to move past that is just hard." A Canadian company serving the domestic market serves a market a tenth the size of its southern neighbour. An interviewee described the dynamic plainly: "If you are motivated to stay in Canada, it's a difficult environment to scale. And if you are motivated to scale enough that you move, then you're out of our system, and we lose you."

The pull operates through multiple channels simultaneously. Customers are more accessible in the U.S.: "We hear time and time again from our founders that are selling into the U.S. that it is just easier. Customers are willing to take a chance on early-stage companies. Whereas in Canada, it seems that you must prove yourself in the U.S. before it's legitimate." As such, when startups do find traction, it is often outside Canada: "We have companies in our cohort, and Canadian companies won't look at them. The government won't look at them. But when they cross the border to the U.S., they immediately get contracts." Talent follows the same trajectory. One interviewee described the pull in concrete terms: "Really talented people have a pull to the U.S. where tax policy is advantageous, incomes are higher, currencies favourable, and cost of living is comparable, if not better." Even universities are complicit: one interviewee reported that, "two-thirds of the classmates at their university are going to the U.S. for jobs when they graduate," and that universities are actively encouraging this because it improves their placement statistics.

66%

By the Numbers - The Brain Drain: 66% Out, Twice the Pay, and a Rational Decision

The Brock University / Munk School study tracked 3,162 LinkedIn profiles of Canadian STEM graduates and found that 66% of University of Waterloo software engineering graduates now work outside Canada, overwhelmingly in the U.S. The compensation gap is evident: U.S. co-op placements pay US$49.40/hour, while Canadian co-op placements pay CAD$25.40/hour. Microsoft, Google, Facebook, and Amazon are the top employers drawing talent away. These graduates are responding rationally to a 2 times compensation differential. The Leaders Fund, which has published reports on founder flight from Canada, conducts 70% of its financings in the U.S. and Israel.

The relocation dynamic is often gradual rather than sudden. An interviewee described a pattern seen repeatedly: "You [hire] a new CEO who has operated out of, say, Dallas. And the next thing you know, you're hiring for a Chief Revenue Officer who is their friend from Dallas. All of a sudden, all of your executives are based in Dallas. More of your customers are in the U.S. More of your capital is in the U.S. Eventually, one must ask, ‘why are we set up here in Canada?’ " Canada invests heavily in forming companies and talent, then loses them at the point of scale. As an interviewee put it, "The government invests a lot. We give

all the training, we help them build something solid, and then the minute that we would be benefiting from that, they move away." The Leaders Fund (2025) found that only 32.4% of high-potential companies led by Canadians in 2024 were headquartered in Canada, down from 67% during 2015–2019.

These challenges are compounded by Canada's physical geography. One interviewee captured it vividly: "We're this tiny little 5,000-kilometre-long strip of people. And that's hard to bring together. We're operating in pockets compared to an Austin or a New York or an LA." The density gap is stark: Los Angeles County alone has a population of ~10 million people, a GDP of greater than $1T USD and a GDP per capita of greater than $100k. The Greater Toronto Area (Canada's largest metro area) has 7 million people, a GDP of ~$420 billion USD and a GDP per capita of around $60k USD. The U.S. has four cities with higher populations than Toronto, 14 cities with higher total GDP, and an estimated 130 cities with higher GDP per capita. Within the U.S., there will be regional proximal challenges similar to those in Canada, but the density challenges of markets, industry, talent, access to capital, etc., are not nearly as pronounced. In Canada, there is a clear structural density problem: "We do not have a lot of density of early-adopting customers. There are geographic challenges… so your customers are likely to be far from you. That slows down a company's go-to-market."

International interviewees confirmed that this is not a uniquely Canadian challenge. One observed pointedly, "It's not a Canadian problem. It's a 'not-San Francisco' problem. That's my experience talking with people in Germany, Botswana, Taiwan, Miami, Michigan, Chile. All have the same problem." A UK-based interviewee described London's pull in strikingly parallel terms: "It's a big black hole. It sucks everything into it. 80% of the UK's innovation ecosystem is in London." However, he added that once UK companies, even if London-based ones, reach meaningful scale many "are gone to Silicon Valley" just like Canadian companies.

> **International Model - Sweden: How Sweden Built a Startup Ecosystem Gravity Couldn't Steal**
>
> With a population of approximately 10.5 million—roughly two-thirds the size of Ontario—Sweden's founders had no choice but to build for the world from day one (Ritchie, 2026; Government of Ontario, 2025). The turning point came in the early 1990s, when a severe financial crisis forced the government to make a set of deliberate policy bets: public monopolies in telecommunications and electricity were deregulated in 1993 and 1996 respectively (French Treasury, 2012; Nations Encyclopedia, n.d.; Lundgren, 2010); the corporate income tax rate was reduced to 30%, nearly halving the previous statutory rate (Agell et al., 1995); and the Home PC Reform, introduced in 1997,

subsidized broadband and personal computers into nearly every household, aiming to put a computer in every home (The Local, 2010). This policy is credited by entrepreneurs like Klarna's Sebastian Siemiatkowski—who began coding at age 16 on a computer his mother purchased the day after the reform was announced—as foundational to what followed (Taipei Times, 2021; Daily Scandinavian, 2021).

Spotify, Skype, Klarna, and Minecraft emerged from that infrastructure. Stockholm now has the highest number of unicorns per capita of any city in the world outside of Silicon Valley (Fortune, 2026). Sweden generates 20 startups per 1,000 employees, compared to just five in the United States, according to OECD data (Semuels, 2017). In 2024, Swedish startups secured EUR 2.4 billion in venture capital, from a country with roughly the same population as a mid-sized Canadian province (Business Sweden, 2025). Sweden leads Europe in unicorns per capita and produces more billion-dollar companies per capita than any city except Silicon Valley (Silicon Continent, 2026; Sweden.se, 2026).

Sweden did not overcome its size constraint by wishing it away. It made a set of deliberate, compounding policy choices in a moment of crisis, and density followed.

Several interviewees noted that software ventures are less constrained by these gravitational challenges because customers can be distributed geographically. Others argued that securing customers, regardless of whether they are domestic, is the critical success factor and, ultimately, domestic adopters may not even be the right market. An interviewee described how Indian startups experienced how "the domestic market may not have the kind of operational maturity to absorb the kind of technology injection [their companies provide], so from day zero, we imagined we're targeting global companies."

For BAIs, this theme means that structural market constraints must be treated as design parameters, not excuses, and supporting a domestic-first scaling path may run counter to economic reality. Instead, BAIs should build their support around the assumption that founders will need to access markets beyond their locale early, and should make that as frictionless as possible.

Practical Recommendations for BAIs

Build structured market-entry support for target jurisdictions (R16). One interviewee described how a simple $400 membership in a UK health IT association gave him access to market intelligence for prospective partnering companies in Hong Kong, which bore significant fruit for his startup. He reflected that the equivalent value of that intelligence was "never received from the Canadian government, our trade and export services, nor from any

of our industry groups." Infrastructure exists for such global intelligence and networks (e.g. through Trade Commission Canada, Export Development Canada, NRC IRAP, provincial, and in some cases, local agencies). BAIs can play a role in tailoring and leveraging such resources to the venture's needs based on its context (e.g., reducing friction for cross-border expansion, accessing key buyers in the market, etc.). This includes developing practical, jurisdiction-specific resources (e.g., regulatory navigation, buyer landscape mapping, tax guidance) and, where possible, targeting them to a sector (e.g., Indonesia for early-stage digital health companies seeking paid pilots). It can also include supporting physical visits with prioritizing activities, relational networks (where applicable, see Theme 7 recommendation 2), etc. If the curatorial value of Canadian BAIs is particularly high, there will be an increased incentive to remain in Canada.

International Examples—Boots on the Ground: How BAIs Anchor Founders Abroad

Most interviewees from international accelerators and incubators had a presence in other global jurisdictions. In some instances, BAIs had paid staff (some with matching government funding) who were scouting international needs and potential offers from their BAI cohort companies. For Basel Area Business & Innovation, because the accelerator sought to identify the most promising early-stage biotech companies, these individuals required depth of technical and operational expertise in biotech, whereas others had less sector specificity. In some cases, BAIs had resources to support “soft-landings” in global jurisdictions for their startups. These are brokered primarily with other international BAIs, embassies/governmental entities, or through other bilateral agreements to increase the probability of market access through connections and cross-promotion. National platforms can also support connectivity across innovation ecosystems. For example, SourceLink is a U.S.-based national organization of 200 organizations with regional hubs, with the purpose of creating access and coherence for founders creating startups or aiming to access other U.S. jurisdictions. The collective network has a strong technology backbone that enables information and data to be shared across all nodes, including national convenings, which generate system-level insights. In Canada, DMZ Enterprise is building a globally connected network of ventures and expertise with a similar ambition. BAIs that proactively provide access to global jurisdictions serve a major enabling function for innovation and create an anchor point to staying in Canada during international growth.

Help founders design structures that keep companies anchored in Canada (R17). One interviewee described a specific model: a Canadian company "created a structure that allowed him to hire U.S.-based executives, but had them be required to come to Canada once a month to keep the company headquartered here. We created a hybrid model that

allowed them to be really successful." BAIs should actively help founders design organizations that access global talent and customers without fully relocating, treating this as a standard design challenge rather than an exceptional case.

International Example—Basel: Manufacturing Density Through Incorporation Rules

Frank Kumli, former Head of Innovation and Entrepreneurship at Basel Area Business & Innovation in Switzerland, shared an example of how the density of major global pharmaceutical companies headquartered in Basel attracts local market adopters, strategic investors, talent, mentors, and more. The success of the accelerators and incubators has made it a global magnet for innovators; however, one condition of participation is that the company be incorporated in Switzerland. This presents a unique instance in which regional strengths were leveraged to attract great ventures, rather than having to protect them from leaving. This shift from “defence to offence” may be a strategic way for BAIs and policymakers to attract excellent, scalable ventures, especially when coupled with Theme 7.

Facilitate connectivity between adjacent Canadian regions to “manufacture” density (R18). Canada's geography means that individual regions lack the critical mass of larger markets. But as one interviewee noted, regions like Edmonton and Calgary are "close enough that if we facilitate connectivity, it will be more meaningful to both and act more like a 3.5-million-person region [as opposed to two smaller regions]." Another similar example is how Volta Effect has an explicit purpose of galvanizing the venture development community all across Atlantic Canada rather than focusing just locally or provincially. Another example speaks to sectoral densification rather than geographic. Multiple regions desired to leverage local expertise to host Creative Destruction Lab streams on quantum venture development. A collaboration between the Universities of Toronto and Sherbrooke created mutual benefit: a single, stronger cohort of ventures was recruited, and the top-qualified mentors were drawn from both regions, leading to a stronger offering that couldn’t have been achieved if done separately. At a minimum, BAIs, especially in adjacent regions, should deliberately connect by sharing ventures where applicable, co-hosting events, and cross-referring startups, to create the density that geography does not naturally provide.

Theme 3: The Capital Chasm: Capital that's too Cautious Early and too Absent Late

> *"We approached 40 Canadian VCs, and nobody would touch us. Then we went to the U.S. market and got funded within two months."*
>
> — INTERVIEWEE

THE TENSION

Canada's venture capital ecosystem is systemically misaligned with scaling ventures: risk-averse at the early stage and insufficient at the growth stage. Early-stage underfunding triggers a cascade where founders lose control, get acquired early, or relocate to where capital resides. The flywheel breaks as companies mature.

WHAT HAS TO CHANGE

Prioritize customer traction over premature fundraising. Build direct, curated relationships with investors. Use collective BAI data to advocate loudly for capital ecosystem reform.

Compounding the challenges of the previous two themes is the state of Canada's venture and growth capital ecosystem. Overall, it has expanded measurably (roughly sevenfold from ~$2.5 billion in 2010 to a peak of ~$14 billion in 2021, before normalizing to $8 billion in 2025) (CVCA, 2025; OECD, 2025). Significant government support has supported this growth (e.g. the Venture Capital Action Plan 2013–2016 at $390 million, the Venture Capital Catalyst Initiative (VCCI) in 2017 and 2021 at $371 million and $450 million respectively, and Budget 2025's announced $1 billion extension, labelling it as Venture and Growth Capital Catalyst Initiative (VGCCI)). Despite this improvement over time, the Conference Board of Canada (2024) still only assigns Canadian venture capital a "C" grade, up from a "D". This is partly due to ongoing structural challenges but also perverse trends. For example, 2025 was the worst year for Canadian VC fundraising since 2016 with zero IPOs, only 29 exits worth $358 million - a significant decline since 2021, and pre-seed and seed investment falling to 2020 levels (CVCA, 2025). Venture capital intensity has fallen from nearly 0.5% of GDP in 2022 to 0.2% in 2024, and significant constraints persist; an insufficient pool of funding (Scott 2026), slower access to capital (NACO-Startup Genome 2026), and current difficulties for VCs to raise capital (RBCx 2025).

Eighteen of 27 interviewees, evenly split between Canadian and international voices, described a pattern of investor risk aversion, early-stage underfunding, and insufficient growth-stage capital that collectively push Canadian ventures toward foreign investors and, eventually, out of the country.

2025 was the worst year for Canadian VC fundraising since 2016. Zero IPOs. Only 29 exits worth $358 million (a significant decline since 2021). Pre-seed and seed investment fell to 2020 levels (CVCA, 2025).

The most consistently cited issue is the risk tolerance gap. One interviewee recounted that his previous startup "approached about 40 Canadian VCs. Nobody would touch us. Then we went to the American market and got funded within two months." Another described the pattern more broadly: "Canadian venture capital...wanted to see more traction. They would not invest in something at a slightly more conceptual stage. There was a risk aversion, and you keep hearing this over and over." A National Angel Capital Organization (NACO) and Startup Genome report (2026) validates this view, noting that smaller and slower seed rounds are cascading through the startup ecosystem, leaving fewer scaleups, about 133,000 missing startup jobs and an estimated US$66 billion in lost value.

A Silicon Valley veteran who helped build the early VC ecosystem quantified the contrast: "In America, investment in new startups was $209 billion in 2022. It's $270 billion per year now. The Americans invest in everything and everybody." Outside of Silicon Valley, the problem manifests as "too little money and too rapacious in the terms. And what that really means is that they can't go far enough, fast enough to get the job done. And so they're bled dry."

International Model - La French Tech: How Public Architecture Unlocked €13 Billion in Private Capital

In 2013, France launched La French Tech not as a subsidy program, but as a deliberate act of institutional design (Bpifrance, 2023). The French Tech Mission was created to catalyze government support for the French tech ecosystem, coordinating policy across ministries while Bpifrance, the state's public investment bank, served as the financial engine (TechInformed, 2024). The model was explicitly systemic: between 2013 and 2023, Bpifrance invested €10.5 billion in venture capital, with 44% invested directly into 500 startups and 56% subscribed to 180 VC funds that raised €32 billion and invested €17.4 billion in 3,000 companies (Bpifrance, 2025). Two-thirds of VC funds in France that raised from institutional investors also have Bpifrance backing, and more than 80% of partner funds surveyed indicate that Bpifrance's investments enabled them to reach their target

fund size and triggered other subscriptions (Bpifrance, 2025). The results compounded: French startups raised approximately €1 billion in 2013; by 2023, that figure had risen to €8.3 billion, though it peaked at €13.5 billion in 2022 (Bpifrance, 2025; TechCrunch, 2025). President Macron set a target of 25 unicorns by 2025, and France surpassed it three years ahead of schedule in January 2022 with its 25th unicorn, Exotec (Bloomberg Línea, 2022; France 24, 2022). Critically, the model proved self-liquidating in the right direction: the share of Bpifrance's Fonds National d'Amorçage in seed-stage VC funds fell from 48% between 2011-2016 to 38% between 2016-2021 as private and international capital filled the space it had opened (French Tech Journal, 2021; OECD, 2025). France did not simply de-risk early-stage bets; it built the institutional plumbing through which private capital could flow at scale. Canada's $1 billion VGCCI renewal signals similar intent (Innovation, Science and Economic Development Canada, 2026). The harder question is whether Canada will match the institutional architecture to the ambition.

The consequences of early-stage underfunding are structural, not just financial. One interviewee explained how inadequate initial capital erodes founder control over time: "The underfunding at the startup phase is significant compared to almost any other jurisdiction. With the fundamental capital mismatch in Canada, that's how you lose control of your companies." Another interviewee described the downstream effect: "We don't have a robust system in Canada to have a continuum of capital to provide exits to other Canadian companies. Usually, the downstream activity is exiting to a U.S. company. They get to a certain size and become [relatively] successful…The flywheel is getting broken as the companies mature."

The gap is not limited to the early stages. Several interviewees identified a specific absence of growth-stage capital, the Series C and D rounds, that allow companies to scale globally. One described it as a matter of oxygen: "Putting oxygen in the room, which is cash, means that when you're growing, you can't be cash-flow positive through that entire scale-up journey. And we don't have a lot of good growth-stage funds able to support the companies that are launching but could scale." Another pointed to the institutional level: "We haven't found the way in our portfolio strategies for our pension funds to be able to be the activist investor or to be able to syndicate effectively so that those growth phases can truly start to scale up."

The practical effect is that Canadian ventures are systematically under-capitalized relative to global competitors (NACO, 2026), and underfunding triggers a cascade: loss of equity, loss of control, relocation to where capital resides, and ultimately loss of the company to foreign markets. A major opportunity exists to influence the $1 billion VGCCI funding from Canada’s Budget 2025 and supplementary $750 million additional capitalization to early growth-stage firms, and there are diverging perspectives with NACO recommending $450 million for

matching funds and $200 million for early-stage infrastructure; the Canadian Venture Capital and Private Equity Association (CVCA) argues for Series B+ growth equity.

For BAIs, addressing the capital access needs of their ventures is a primary function that deserves more and novel solutions. While reform of Canada's investment ecosystem is largely a systemic challenge, BAIs have both practical and advocacy roles to play.

Practical Recommendations for BAIs

Build direct, curated relationships with investors (R13, R19). One interviewee described the BAI's role clearly: "Getting a startup investment-ready, whatever that looks like, and then making the actual connections to an investment network that will write cheques." But interviewees warned that the path to these investors needs to be as curated as possible, rather than simply “throwing the kitchen sink” of early-stage ventures at the investment community. This demands that BAIs have a degree of awareness of the investor community across Canada and abroad, can effectively matchmake good companies with aligned investors, and dedicate resources to do so.

International Example - Basel's Biotech Accelerator: Making Ventures Investable by Design

Frank Kumli, former Head of Innovation and Entrepreneurship at Basel Area Business & Innovation in Switzerland, discussed the strategy at Basel’s biotech accelerator as being “built on a major go-to-market or go-to-scale pathway at the interface with big pharma.” Applicants are thoroughly screened despite accepting early-stage companies. The program is highly disciplined and structured around three key pillars to make ventures “investable” and it serves as the key performance indicator. He says, “what investors want to see is a strategy, the right clinical data, and the right people”, noting that there is a lot of expertise from large companies joining these startups to bolster their credibility. “When you present to investors a startup where you have a senior guy from Roche, a senior guy from Novartis, plus the young founders, that works well.” The targeted, disciplined focus on investable ventures in this example attracts biotech investors and creates rich opportunities to curate their ventures with investors.

Use collective data to advocate loudly for reform of the capital ecosystem (R10, R12). Building on the previous recommendation, this could be catalyzed through collective data sharing. One interviewee made this case directly: "BAIs have a huge role to play in shining a huge spotlight on just how hard it is to stay up to date. As an industry, why can’t we share

what our deal flow looks like?…I know that's a tired drum to beat, but we have to beat it even louder and come up with some ideas about how we fix this." BAIs collectively hold a lot of data on how many of their portfolio companies are seeking capital, gaining traction, poised for scale, and showing signals of gravitational pull to other jurisdictions (as per Theme 2), etc. That data, aggregated and presented clearly, is a powerful awareness tool for Canadian (and international) investors as well as a policy tool that may enable pension fund participation, stock option reform, growth-stage fund creation, evolving syndication norms and other systemic or policy changes.

Prioritize customer traction over premature fundraising (R7, R9). Several interviewees described how premature capital-seeking destroys ventures. One was blunt: "If you get the money when you're not ready, you are going to blow the money in the first 12 months, and you will be in the valley of death." Another described a better sequence: "First, they should get customers. If they penetrate a bigger market from the beginning, it means they have a scale-up mindset, and then investor money will come." There is a real risk of too much early fundraising creating “zombie companies” that may be capitalized but lack sufficient understanding of product-market fit to compete in the marketplace, or, for later-stage companies, could and should have exited a while ago (McLauchlan, 2024). One interviewee described the consequence of the reverse sequence starkly: “A young entrepreneur had completed 71 pitch competitions, and his incubator told him he needed to do 200 more before he could hope for funding. I asked him, ‘Funding for what? How many customers do you have?’ And he said, ‘I'm too busy doing pitch competitions to get customers.’"

BAIs should place more emphasis on evaluating success in programming around customer discovery, letters of intent, and first revenue to unlock investor introductions. In doing so, they are helping ventures battle-test their business models, either failing quickly to avoid a zombie company situation or demonstrating traction to de-risk investment for future fundraising. As another interviewee shared, teams are evaluated every 90 days against a market-driven rubric: "If you don't have paying customers within 12 weeks, something's gone wrong." Equity-deserving founders already experience structural disadvantages for both gaining customer traction and early-fundraising so BAIs must give appropriate consideration to these founders if acting on this recommendation.

International Example - Plug and Play: 500 Corporations as the Value Proposition

Alireza Masrour, General Partner of Plug and Play, explained that their entire value proposition revolves around leveraging their global reach and relationships with large companies to connect startups at any stage to prospective global customers and provide programming support. This global ecosystem can generate substantial contracts for

startups, making them much more investable and well-positioned for scale. He says, “We see 30,000 startups a year on average. We don't touch their cap table. We don't ask for anything. We let the 500+ large global companies we work with decide which startup offerings make sense. A funnel of about 3,000 startups gets some big traction as a result. And of those, we invest in 200-300. So when I say customer-driven, it's very simple.”

Theme 4: The Missing Middle: Closing the Commercial Talent and Growth Capability Gap

> *"We spend a lot of time talking about engineering talent and PhDs. But what we don't talk about is that we don't have leaders of growth.”*
>
> — INTERVIEWEE

THE TENSION

Canada's innovation conversation is dominated by technical talent while systematically undervaluing the commercial, operational, and financial talent needed to convert innovation into scaled businesses. When ventures hire executive commercial talent from abroad, it often triggers a chain of relocation that pulls the entire company out of Canada.

WHAT HAS TO CHANGE

Build dedicated commercial capability programming with the same rigour as technical programming. Recruit mentors who have scaled companies commercially, not just technically. Advocate for policy changes on stock options and tax treatment to attract global talent.

Canada benefits from a strong research capacity and a highly educated workforce. Over 60% of adults aged 25–64 hold post-secondary credentials, among the highest in the OECD (OECD, 2023). Gross domestic expenditures on R&D (GERD) reached $57.4 billion in 2023, up 8.6% year-over-year (Statistics Canada, 2024), though R&D intensity (GERD to GDP ratio) remains below the OECD average at 1.7–1.9% versus 2.7% (OECD 2023a). Higher education R&D (HERD) accounts for approximately 0.66% of GDP (above most OECD peers) and reached $9 billion in 2023–24 (Stats Can, 2025a). In AI specifically, Canada maintains global visibility through the Pan-Canadian AI Strategy and institutes such as Mila,

the Vector Institute, and Amii, punching above its weight in research output and citation impact (OECD AI Policy Observatory, 2024).

Despite these strengths, this theme identifies something less often discussed but equally constraining: a specific gap in the type of human capital available to ventures attempting to scale.

The core observation is that Canada's innovation conversation is dominated by technical talent, engineers, researchers, and PhDs, while systematically undervaluing the commercial, operational, and financial talent that converts technical innovation into scaled businesses.

One interviewee put it with clarity: "I fundamentally believe our innovation challenge boils down to business growth knowledge. We spend a lot of time talking about engineering and research talent and how to get it. Do we need that? Absolutely. But what we don't talk about is that we don't have leaders of growth. We don't have enough salespeople, enough marketing people, enough people who have run finance at an organization." He added a specific finding from his own experience: there is a direct "correlation between having a strong [Chief Financial Officer] and the growth potential of an organization."

This is a structural gap, not a skills gap, rooted in policy and culture. Canada's tax treatment, compensation norms, and stock option policies make it difficult to attract the kind of executive commercial talent that ventures need at the scaling stage. "It's really hard to attract those business-focused, growth-oriented people to Canada, because they come, they pay higher taxes, stock options are not treated favourably, and their ability to generate wealth as a result of it is just really difficult." The cultural dimension is equally potent: "I've sat in so many conversations with founders where they're saying, our investors don't think we should pay that kind of money for that resource. I get it that people in Canada don't like it when people make big salaries. That's a cultural thing. But it means we end up with junior people who don't have the networks, who don't have the abilities or the experience to scale."

The gap is felt most acutely at the C-suite level. "Anecdotally, from investor friends and from some of our companies that have raised a decent seed round, it is the later-stage talent piece that is lacking. When they need to hire someone for the C-suite, they need someone who has gone from 1 to 100. There's still not enough of it in Canada." Lazaridis Institute at Wilfrid Laurier University found that 53% of Canadian technology stakeholders identified a shortage of experienced management and executive talent as the primary barrier to scaling, the highest-ranked challenge across all groups surveyed (Council of Canadian Academies, 2022). The result, as Atkinson (2024) describes, is an ecosystem where Canada is "a better place to start a technology company than to grow one."

When ventures do recruit senior commercial talent from outside Canada, particularly from the United States, it triggers a chain of relocation described in Theme 2.

The Talent Drain and the Reinforcing Cycle

When taken alongside Themes 2 and 3, a reinforcing pattern emerges: systematic barriers prevent Canadian talent from gaining scaling experience, the most experienced talent leaves for the U.S., and the absence of massively successful stories reinforces the cultural modesty described in Theme 1.

This theme also has a less visible but equally important dimension within universities. A university-based BAI leader described the challenge of introducing commercial thinking into academic environments: "Engineers are hammers looking for a nail. They have this fantastic solution for a problem that does not exist quite yet." She described how even the word "entrepreneurship" triggers resistance in non-business faculties: "The minute you use the word entrepreneurship; they think it's evil. I'm here to create a more beautiful world." Her team has learned to reframe the conversation entirely: "We are talking about impact and talking about skills development" to make the same capabilities palatable to researchers who would reject them if labelled as business skills. This is contrasted with a Silicon Valley interviewee who says, "When you go to an American university, asking the student why they are at Berkeley, they're not telling you they want to get a degree or publish an article, they want to file a patent." Another interviewee commended Canada's scientific and research prowess and followed up by saying, "but none of them have run Google."

For BAIs, this theme also implies a direct programming intervention. The interviewee who diagnosed the talent gap also described building a specific response: "That's why one of the first things we did when we started was to create a whole sprint for companies on acquisition as a growth mechanism. So, rather than Canadian companies becoming the acquired, how do you turn them into the acquirer? We need to equally focus on what I call true commercialization, the business operations of a company that takes the product and actually puts it in customers' hands."

Practical Recommendations for BAIs

Build dedicated commercial capability programming with the same rigour as technical programming (R7). This recommendation is not new. One interviewee described the current talent gap more as an imbalance of attention: Canada invests heavily in developing technical founders but offers almost nothing on "the business or operations of a company that takes the product and actually puts it in customers' hands." BAIs still need to address this systemic constraint and should create intensive sprints focused on sales execution, go-to-market strategy, financial management, and, critically, acquisition as a growth mechanism, treating

these as core accelerator content rather than optional workshops. OpenText is an illustrative example, with 40+ growth acquisitions accelerating annual revenues to over $5B. Partnership opportunities with universities and experienced organizations, such as OpenText, to extend this content to students and researchers are a natural fit.

Recruit mentors and advisors who have scaled companies commercially, not just technically (R23). One interviewee noted that BAI advisory rosters are dominated by "freelance consultants" rather than operators who have taken companies through growth stages. Another observed that "the cornerstone of most BAIs is their advisory network. And you need a different advisory network for scale than you do for start." BAIs should deliberately recruit former CROs, Vice Presidents of Sales, and CFOs with direct experience scaling companies through the $10 million to $500 million revenue journey.

International Example - IIM Bangalore: When Mentor Status Is a Badge of Honour

Surya, Mentor at the Indian Institute of Management Bangalore (IIM-B), and Anand, CEO of NSRCEL Incubator in Bengaluru, discussed the importance of carefully selecting mentors for the accelerator. The Indian Institute of Management already has a high degree of prestige across India and carries weight when anyone is connected to it. For example, Surya shared that prospective buyers are much more likely to meet with the companies he's working with because he's an IIM-B mentor. Anand, CEO of NSRCEL, says, "Because we are IIM-B, many founders value us in their early cap table because it elevates their credibility as they go on to seek larger institutional rounds and often elevates their credibility with their customers as well." It is very tightly screened to become a mentor at IIM and typically requires significant experience. It instills a sense of pride in the mentor for being part of this network and increases buy-in to the accelerator's work.

Canadian Model - CDL: Prestige as a Scaling Mechanism

Creative Destruction Lab (CDL) has generated $50 billion+ in equity value across 14 global sites through a mentor-driven model that takes no equity and charges no fees, funded entirely by philanthropy across its global network. CDL's rigid, objectives-based, elimination structure creates genuine accountability. Its expansion to 20+ specialized streams (e.g., AI, Quantum, Space, Climate, Minerals, Defence) demonstrates how organizing around sector-specific depth can strongly accelerate venture development (see Theme 7). CDL has built an extensive and sophisticated data infrastructure, releasing a recent report that covers approximately 15,000 applicants, 9,000 founders, and 2,000

mentors (Sariri et al., 2025). Importantly, its structure includes rigorous screening of mentors that emphasizes industry experience referenced in this theme and, if not, deep knowledge of the sector. Mentor quality, well curated and rigorously screened, is an irreducible asset no AI can replicate

Advocate for policy changes to incentivize global talent to come to or remain in Canada (R17). One interviewee outlined the structural barriers to attracting top talent and made an impassioned plea for creative solutions including profiling a list of growth-stage talent to recruit to Canada (like a professional sports draft), offering a unique visa status for these individuals to be in Canada, providing generous relocation benefits, and requiring a minimum stay (e.g., five years) to work as a Board Chair or C-Suite executive at later-stage ventures, thereby growing Canadian capability. BAIs can work together to address this challenge, creating an opportunity for an organization like CAIN to take a leadership role.

International Model - Finland: Nokia's Collapse as a Startup Launchpad

When Nokia shed 14,000 Finnish jobs between 2007 and 2014, the government co-financed the creation of startups by laid-off engineers through Tekes, launched the VIGO accelerator program, and collaborated with Microsoft on retraining. The result was that 90% of laid-off workers found new employment, Finland became third in Europe for VC-backed equity financing, and Finnish mobile gaming revenue exploded from 89 million euros in 2009 to 165 million euros in 2011 to over 2 billion euros in 2015 (Neogames Finland, 2019), with Supercell's taxable income becoming nearly 10 times that of Nokia's. Slush, founded by students in 2008, grew into a 20,000+ attendee global startup event. The lesson for Canada: released talent, properly supported, can become a country's greatest asset. The current wave of tech layoffs and geopolitical dislocation could be Canada's Nokia moment, if BAIs are positioned to capture and redirect the talent.

Theme 5: From Innovation Supply to Market Demand: Anchoring Support in Authentic Market Demand

> *"Canada doesn't have an innovation problem: we have a lot of innovative entrepreneurs. What we have is an adoption problem."*
>
> — INTERVIEWEE

THE TENSION

Domestic corporations and government institutions are unwilling or unable to adopt Canadian innovations. At the same time, BAIs produce ventures that are pitch-ready but market-orphaned, reinforcing the very cycle they were created to break. There is a need for BAIs to better matchmake in this context.

WHAT HAS TO CHANGE

BAIs must become brokers in a two-sided market, not just supply-side supporters. They must run more industry problem-led innovation challenges and facilitate structured, paid pilot programs with corporate partners.

A recurring finding across evaluations of Canada's innovation competitiveness is that the country excels at generating new technologies yet struggles to embed them within its own economy. Canada now ranks 17th globally in the World Intellectual Property Organization's (WIPO) innovation ecosystem ranking (13th in the Input rank and 20th in the Output rank) (WIPO, 2025). ISED governs 166 separate innovation programs disbursing $6.4 billion to over 47,000 businesses (Statistics Canada, 2023); fragmentation that is getting worse, not better. As ITIF (2025) puts it, Canada does not have an innovation system; it has 134 programs.

Canada's problem is not invention; it is integration, and BAIs sit at the exact point where inventions either find customers or die.

> *"Canada does not have an innovation system: it has 134 programs. "*
>
> — ITIF, JULY 2025

Canada consistently performs well on innovation inputs but underperforms on outputs across all major indices. The specific mechanism is the rate at which Canadian firms adopt and deploy new technologies. The Conference Board of Canada (2024) awards Canada a "D" in robot density, multifactor productivity growth, and high-tech exports. The Global Innovation Index ranks Canada 101st in labour productivity growth and 38th in high-tech manufacturing as a share of total manufacturing (WIPO, 2025). The OECD (2025a) reports that many Canadian firms cite a lack of incentive to invest in new technologies, either because adoption is "not necessary for continued operations" or because they are "not convinced of the economic benefit."

This dynamic is particularly visible in AI. Canada is a foundational contributor to AI research, with the third-highest rate of AI publications per capita among G7 nations (Conference Board, 2025). Yet only 12.2% of Canadian businesses reported using AI in 2024–25, up from 6.1% the year prior (Statistics Canada, 2025b). Two-thirds of businesses report no plans to adopt AI, with 78% of non-adopters stating it is simply "not relevant" (Statistics Canada, 2025c). Adoption is lowest where productivity gains would be greatest: 2% in agriculture, 3% in manufacturing (Conference Board, 2025). The Business Data Lab (2025) projects that AI adoption may not reach a 50% tipping point for five to six years. When a country that helped pioneer a transformative technology struggles to deploy it within its own firms, the gap between invention and economic impact is difficult to ignore.

Case Study - The AI Adoption Paradox: 93% Say They Use It, 2% See Return

Statistics Canada reports that AI adoption among Canadian businesses doubled from 6.1% to 12.2% in a single year (Q2 2024 to Q2 2025). But 66.7% of businesses report no plans to adopt AI, and 78.1% of non-adopters view it as “not relevant”. KPMG’s 2025 Generative AI Adoption Index reveals the deeper problem: while 93% of business leaders say their organizations use AI, only 2% report seeing measurable return on investment (ROI). Of those who saw ROI, 63% were large companies with $1 billion+ in revenue. This ‘doing vs. benefiting’ gap is precisely the kind of challenge BAIs can address through structured adoption programming. Yet BAIs themselves remain among the laggards: this study reveals that few BAIs have meaningfully integrated AI into their programs or services.

This weakness is amplified by a specific structural problem: Canadian innovators consistently report that securing their first domestic customer is one of the most significant barriers to growth. Canadian tech founders report that domestic customers, both public and private sectors, are reluctant to be early adopters, often forcing startups to validate products in the United States first (Robertson, 2025). The Council of Canadian Innovators (2024a) has called procurement "Canada's sleeping innovation policy giant," documenting that Canada dropped from 6th to 32nd on the UN E-Government Development Index between 2003 and 2022 (Lamb et al., 2023). Recent trends may mitigate this challenge. Budget 2025's Buy Canadian Policy Framework, expanding to contracts over $5 million in spring 2026, anchors a $70 billion procurement commitment. The geopolitical disruption with the United States is simultaneously driving greater "buy Canadian" sentiment among customers and businesses. Whether this produces enduring change remains to be seen, but the window is open.

The Structural Root - Canada's Oligopoly Problem: Incumbents Founded in 1899, Still Facing No Pressure to Innovate

Canada’s adoption deficit is structurally embedded in market concentration. Canada’s top 15 publicly traded firms have a median founding year of 1899. Concentration has increased by 50% in roughly one-third of industries since 1998. Canada’s Big 5 Banks, Big 3 Telecoms, and grocery oligopoly face insufficient competitive pressure to require startup innovation. Jakob Edler’s (2019) landmark Institute for Research on Public Policy (IRPP) analysis and the Council of Canadian Academies (2025) report both identify this as the central gap: overwhelming supply-side policy focus with almost no systematic demand-side intervention.

This is compounded by persistently weak business enterprise R&D. Canada's Business Enterprise Research and Development (BERD) intensity was approximately 1.07% of GDP in 2023, significantly below the OECD average (1.99%) and the U.S. (2.7%) (OECD, 2024). This gap has been longstanding and reflects both lower private-sector investment and an industrial structure weighted toward less R&D-intensive sectors. Canada's innovation profile remains characterized by strong public and academic research capacity but limited business-led commercialization.

International Example - UK SBRI: Pre-Commercial Procurement That Creates Buyers

The UK’s SBRI (Small Business Research Initiative) model in partnership with National Health System (NHS) offers a proven alternative to Canada’s procurement gap: pre-commercial procurement contracts with IP retained by applicants have generated over one billion pounds in economic value and are projected to deliver 1.2-1.8 billion pounds in cumulative National Health Service (NHS) cost savings from healthcare programs alone (PA Consulting Group, 2017). The problems are sourced by frontline workers, the Health Innovation Network and social workers, ensuring a tight connection between a business problem and technology solution. Spain’s Centro para el Desarrollo Tecnológico y la Innovación consortium model mobilized 425 million euros since 2019 by embedding SMEs into larger consortia, lifting Spain from 8th to 4th in EU innovation procurement rankings (CDTI, 2025). Canada has no equivalent mechanism on a comparable scale.

The core finding is captured by one interviewee: "Canada doesn't have an innovation problem: we have an adoption problem." He elaborated: "Large corporate entities in Canada have lost their understanding of innovation. Adopting innovation is a risk, and business is all about managing risk. The easiest way to solve that is to avoid it."

Government procurement was cited most frequently and forcefully. One interviewee was blunt: "Our governments demonstrate that they're risk-intolerant to embedding technology into their own services. This doesn't send a positive signal for a Canadian corporation to embed it either." Another described the consequences for specific sectors: "We invest in a lot of health-related companies and having them sell into Canadian hospitals and healthcare institutions is a nightmare. It's just much easier to sell in the U.S. or in Europe." The pattern extends to financial services: "Companies at our BAI bang their heads against the wall trying to sell into the banks or the telcos, and then for many reasons have a much easier time securing a first customer south of the border."

Canadian corporations compound the problem. Because many operate as oligopolies with little competitive pressure, "there's really no incentive for them to actually embed innovation into what they're doing." Even when corporations do engage, "we only have branch offices and don't have buying power to make purchase decisions in Canada."

On the other hand, if there is too much push to adopt Canadian technology, there can be perverse impacts. One interviewee referred to "virtue-signal adoption"; corporates adopting startup technology not because it solves a problem but because the startup is local. "If we force adoption into reality, it actually hasn't done any good because they didn't get customer validation. They're not buying it because they want the product, they bought it because of a virtue signal." Another described a phenomenon called "innovation tourism, where a lot of people would pay money, and they would come in to see our BAI startups. We facilitated so many meetings, but they weren't ready to buy. They were just kicking the tires."

From Kicking Tires to Closing Deals

International interviewees validated the customer-first principle. An Indian accelerator leader commented, "Our BAI doesn't look for innovation and then find a technology to be a solution. We look for a problem, and then we find a solution in technology." A Silicon Valley veteran noted, "The biggest need for small companies in the formation stage is the traction element in the market. And the best way to get traction is with big corporations."

Corporate innovation programs are not new in Canada: Avatar Innovations, Foresight Canada, and MaRS DD are notable examples. Foresight Canada demonstrates how demand-side brokering works in practice, having run 65+ innovation challenges where corporations define problems, and Foresight connects vetted solutions: $2.24 billion in capital deployed, 1,700+ ventures supported, and 9,090 jobs created (Foresight Canada, 2025). David Sanguinetti, Interim CEO at Foresight, described a corporate challenge for an automotive parts manufacturer in southern Ontario focused not on auto parts, but on air handling: "their workers were operating on an 'hour-on, hour-off' schedule because it was too

hot inside the building." The solutions that emerged apply to any manufacturing firm in that region, regardless of sector.

As one interviewee put it, there is a critical distinction between "helping a startup sell versus helping a Canadian company buy. Different skill set. Different approach." This reorientation requires a fundamental rethinking of who the BAI serves and what success looks like.

The brokering role extends to qualifying deal flow. One interviewee described a credibility problem: "Many times the BAIs, even some of the bigger ones, will just throw us anything, any company. It's really difficult then for us to want to spend a whole lot of time if we're just getting the kitchen sink thrown our way. They could show huge value by saying, "this company is exactly addressing your needs."

The timing is ripe for two reasons. First, the Buy Canadian Policy Framework establishes a pipeline of roughly $70 billion in public spending for contracts over $5 million from June 2026 onward. BAIs should register as suppliers and help portfolio companies do the same. Second, the Defence Industrial Strategy positions Canadian industry for $180 billion in procurement. BAIs operating in defence-relevant areas should seek designation as pipeline accelerators. Business Development Bank's (BDC) Defence Platform offers $6 billion in financing for defence SMEs, and NATO's Defence Innovation Accelerator for the North Atlantic (DIANA) has already selected 22 Canadian firms for its 2026 cohort.

Practical Recommendations for BAIs

Run more industry problem-led innovation challenges (R7, R14). When the challenge starts with the buyer's problem rather than the startup's solution, the path to adoption is built in from the beginning. BAIs should partner with corporates across sectors to identify real operational problems and source startup solutions to address those needs. Many BAIs spend significant time and resources facilitating pitch competitions, which are a helpful means for connecting ventures with innovation system actors, but are less effective at engaging corporate adopters. It is not recommended to abandon pitch competitions; rather, allocate more attention and resources to identifying industry-led problems and directing ventures to address them.

> **International Model—Australia's 54-Hour Hackathon That Solved Real Mining Problems**
>
> Australia's Unearthed complements METS Ignited, also in Australia, with a different demand-side mechanism: a 54-hour hackathon in which Newcrest Mining provided real operational data to startup teams (Unearthed Solutions, 2017). The commitment is low for the corporation (i.e., sharing data, not writing cheques), but the signal is high for startups

(i.e., validated problems with identified buyers). METS Ignited invested $16 million in 35 collaborative mining projects, attracting 2.5 times more industry-matched funding, and the pattern was the same: the buyer defines the problem, pilots are pre-committed, and risk is structurally de-escalated. This format is directly replicable for Canadian BAIs, especially those working with mining, energy, and natural resource companies (Mining Beacon, n.d)

Facilitate structured, paid, pilot programs with corporate partners (R7, R14). One Indian accelerator described a simple, low-risk model for prospective buyers: "Three months: the first month is $1,000. At the end of the first month, if you don't want to proceed, you can request a refund. If you want to continue, in three months you start paying." Another interviewee described how a major mining company "invested in the development of our technology through paid pilots. They didn't invest in the company, but they paid for us to pilot the technology at their research centre." BAIs should establish standardized pilot frameworks that give corporations a path to test innovations while generating real revenue and validation for startups.

International Model - Corporate-Embedded Acceleration: Equinor, Techstars, Wa'Ed and the Energy Transition

Norway's Equinor and Techstars Energy Accelerator is a 13-week program that supports global startups in reducing emissions and advancing the energy transition by providing access to industry expertise, networks, and investors (Equinor, n.d.). Saudi Arabia's Wa'ed ($500 million fund from Aramco) mandates that global companies localize key operations in Saudi Arabia as a condition of investment.

In Canada, notable examples include the Waterloo Region AI Coalition (WRAIC), which matches AI students with SMEs and runs governance workshops targeting small businesses facing the biggest adoption barriers; MaRS DD's FinTech Cluster, physically embedding corporate teams from CIBC, Manulife, Moneris, and IBM inside its innovation hub; and Foresight Canada, as described above. The pattern across all successful models is that the buyer's operational reality, not the startup's technology, is the starting point..

International Model - U.S. SBIR: $4.73 Billion Revenues + Increased Adoption

The U.S. Small Business Innovation Research (SBIR) program generates $4.73 billion annually through a mandatory 3.2% set-aside across all federal agencies with extramural R&D budgets exceeding $100 million. Evaluations of the SBIR program show that funded firms are significantly more likely to patent, attract investment, and commercialize technologies compared to non-funded firms (National Academies of Sciences,

Engineering, and Medicine, 2008–2014). Phase III, in which the government becomes a customer of successfully developed innovations, generated $2.76 billion in procurement contracts in FY2022 (U.S. Small Business Administration, 2023). Canada's Innovative Solutions Canada (ISC) was modelled on SBIR but operated at a fraction of the scale, even before its budget was cut by two-thirds; however, the gap is structural, not budgetary, because Canadian adoption is a persistent issue. SBIR's mandatory set-aside creates a perpetual supply of capital that can meet demand regardless of political cycles, and improving ISC's adoption metrics would serve as a significant accelerant for Canadian startups.

Theme 6: Beyond Generic: Redesigning BAI Operations for Specialization and Quality

> *"The hub-and-spoke approach is done and was relevant in the early 2000s. It's time to be a node. What are you a node of?"*
>
> — INTERVIEWEE

THE TENSION

Canada's siloed innovation programs and vast BAI network duplicate effort, dilute programming, and compete for funding rather than collaborate for impact. Without BAI focus areas paired with outcome-driven metrics and a technology backbone, BAIs lack the feedback loops to know whether their programming works and where to direct founders to in the innovation system.

WHAT HAS TO CHANGE

Declare what each BAI is a "node of." Replace activity metrics with market-driven outcome measures. Invest in a technology and data backbone as foundational infrastructure.

Canada's innovation support landscape reflects decades of accumulated programs across federal, provincial, and municipal jurisdictions. ISED estimated 220 BAIs in 2019 and CAIN's membership has grown by ~45% in six years. Startup Genome (2024) ranks Canada's accelerator and incubator density third among G20 peers. The ecosystem is more mature, better capitalized, and more networked than a decade ago. The critical question is not

whether it has grown - it demonstrably has - but how it can more effectively translate support into innovation competitiveness.

The recurring finding across assessments is not that Canada lacks investment or institutional commitment to innovation, but that the dispersion of responsibilities, instruments, and mandates across this landscape limits the system's collective effectiveness. For entrepreneurs and the BAIs that support them, navigating this maze of overlapping, siloed, and sometimes competing programs represents a significant opportunity for improvement.

> *"Without a coordinated and wide-ranging overhaul of innovation-related policies by all of Canada's governments, Canada's highly fragmented system will likely continue to underperform."*
>
> — THE COUNCIL OF CANADIAN ACADEMIES (2005)

The fragmentation diagnosis is not new but has recently gained significant institutional weight. The Advisory Panel on the Federal Research Support System found that "the ad hoc addition of new programs to address gaps or emerging opportunities has induced a greater fragmentation of the system" (ISED, 2023). Evidence for Democracy (2025) found that of the Panel's 21 recommendations, only one had been completed. The Canada Foundation for Innovation (2025) stated that "there is too often a lack of coordination that limits Canada's ability to fully leverage investments." The Council of Canadian Academies (2025) goes furthest: "Without a coordinated and wide-ranging overhaul of innovation-related policies by all of Canada's governments, Canada's highly fragmented system will likely continue to underperform." The Conference Board of Canada (2024) reinforces this, emphasizing that improved coordination is essential. And there are direct consequences and missed potential if unaddressed. NRC-IRAP operating alongside 175+ BAIs with overlapping mandates and no shared data infrastructure is a perfect illustration of the coordination problem, especially when a shared pipeline between IRAP advisors and BAI program managers is not present. When federal programs are scattered across ISED, the National Research Council, seven regional development agencies, provincial ministries, municipal offices, and arm's-length bodies, startups spend disproportionate time identifying, applying to, and managing relationships with similar program teams. The Council of Canadian Innovators (2024) notes that Canada's funding programs remain "divided" and "scattered," with firms consistently reporting difficulty determining which programs apply to them (Lowey, 2024).

What Gets Lost When No One Owns the System

> *"BAIs are positioned to serve as that connective tissue, but only if resourced, structured and intended to do so."*

Fragmentation also undermines accountability and system learning. Where responsibilities are distributed across dozens of institutions with overlapping mandates, it becomes difficult to attribute outcomes or redirect resources. The BAI Performance Measurement Framework, which has been running since 2017, is the only standardized national instrument for BAI data collection. However, the administration and analysis timelines are lengthy and are quickly outdated; for example, ISED's latest BAI-PMF analysis is on a 2020 cohort, 4 years behind current reality (Joshi & Tu, 2024). Given the pace of technological and geopolitical change, outcome data this old is of limited utility to decision-makers, leaving room for innovation in more real-time data capture, leveraging AI and utilizing more relevant metrics (e.g. ecosystem value generated, customer acquisition velocity, IP retained in the region, founder wealth created per dollar of public investment).

For BAIs, the coordination challenges creates both a burden and an opportunity. In a fragmented system, a BAIs connective function becomes highly valuable, yet resource-intensive, creating less leniency on silos and duplication. Canada does not lack the building blocks of a world-class innovation system; it lacks the connective tissue that binds them into a coherent whole. BAIs are positioned to serve as that connective tissue, but only if resourced, structured and intended to do so.

Cautionary Tale—Tech Nation UK: 75% Government-Funded, Then Gone in a Single Procurement Decision

Tech Nation UK ceased operations in March 2023 after losing its core government grant to Barclays Eagle Labs. With 75% of revenue from the government, the loss of a single procurement decision was existential. The lesson is structural, not cautionary: any BAI or national BAI coordinating body must diversify funding across membership fees, government contracts, and commercial revenue to avoid potentially fatal single-dependency risk. Organizations with certification or quality-assurance roles (like the European Business and Innovation Centre Network (EBN), whose certification drives an 84.5% three-year survival rate among client companies, versus the 58% EU average) have stronger sustainability value propositions than those dependent on a single government funder.

This theme turns the lens inward, examining how BAIs themselves can be redesigned. Twenty-two of the interviewees identified BAI segmentation and duplication as a barrier to effectiveness. One interviewee described the landscape as "a very fragmented,

all-over-the-place ecosystem, with too many policies, too many players, too many incubators." Another observed that fragmentation is structurally incentivized: "BAIs get their funding from similar funding programs that became only marginally more specialized. But what that created was most BAIs trying to out-compete each other for that rare government check and become more generalist, more conforming." Competition for funding drives BAIs toward generic programming rather than specialization. This aligns with CCA (2025), which characterizes policymakers as taking a "peanut butter" approach; spreading funding fairly rather than strategically.

From “Hubs” to “Nodes”

International interviewees confirmed that generic programming - content applying to all companies from all sectors and often based on company stage similar across many BAIs - is not a uniquely Canadian problem. Markus Herrgard, Chief Technology Officer at BioInnovation Institute (BII) in Denmark, noted that "Germany is an example of where they really suffer from fragmentation, even more than Canada. But he described an alternative: Denmark’s BII deliberately consolidated from 7 programs to 2, housed in a single facility with 500 seats and 3 floors of labs. He recommends, "instead of creating disparate things with separate incubators and accelerators, make one that's substantial and do it excellently."

The proposed antidote, based on the interview data, focuses on a BAI’s area of expertise. One interviewee offered a sharp image: "I think that hub-and-spoke approach for BAIs is done. I now like to use the language of ‘nodes’. BAIs should aim to be nodes, not hubs for everyone…Everyone should know what they're the node of. And then we would know which node to go to" (a node is a concept often used when analyzing systems and can be considered an actor that has a purpose and holds an interdependent relationship with others in the system). Frank Kumli from Futuring Alliance in Switzerland discussed how it took six to eight years for a genuine digital health ecosystem to emerge, but only because they had committed to building on genuine regional strengths: world-class pharma companies, university research, and physical infrastructure. A Canadian interviewee was blunt: "Accelerators should be based on something that is local, either the local industry or local talent. I've heard many trying to build life-science hubs in the middle of nowhere. This will never work".

International Models - Varying Approaches to BAI Quality Control: Singapore, Germany, and France

Singapore's Startup SG has accredited accelerators through Enterprise Singapore based on track record and sector alignment, funding them at varying levels. Not every

organization that calls itself an accelerator accesses public funding equally and that selectivity is the point.

Germany's SPRIND received statutory independence from standard procurement rules through its December 2023 Freedom Act, enabling funding decisions within days rather than months.

France's La French Tech uses competitive labelling, requiring territories to reapply for designation every three years under progressively higher standards, with 114 certified structures across 52 countries. No territory holds its designation permanently.

Portugal's incubation voucher gives startups up to 5,000 euros to purchase services from accredited incubators, letting entrepreneurs' choice determine which BAIs thrive.

South Korea's TIPS, launched in 2013 and rated a Top 4 Global Accelerator by CB Insights, funds proven private-sector operators, not startups directly. Approximately 120 accredited operators identify and invest in startups first, then the government matches with R&D funding through a full lifecycle: Pre-TIPS (up to $73K), General TIPS (up to $580K), Scale-up TIPS (up to $2.2 million), and Global TIPS (up to $4.4 million). Since 2013, there have been 4,400+ startups, approximately US$15 billion in follow-on investment, and 22,549 jobs. Three design features are directly replicable: 50% of projects are reserved for non-capital regions; operators earn full status through demonstrated performance; and clear quantitative thresholds determine progression.

Denmark consolidated three funding agencies into Innovation Fund Denmark in 2014. Sweden's Vinnova invests SEK 144 million per round in challenge-driven innovation consortia. Brad Feld's "Boulder model" demands intense geographic density and a 20-year commitment horizon.

Ultimately, there are many global examples that serve as models to improve BAI quality and system coordination. There is a ripe opportunity for Canada to take a bold step.

Specialization by BAIs is starting to occur. Edmonton Unlimited focused on construction and housebuilding, working with the industry to leverage its accelerator to develop innovative solutions. Communitech is publicly positioning to become globally known in areas aligned with Waterloo's density of high tech (especially AI) talent and resources. One interviewee captured the aspiration: "I don't think we need another incubator in our region…I think we need an API layer that better connects our local players to each other and with those more broadly."

> *"I don't think we need another incubator in our region…I think we need an API layer that better connects our local players to each other and with those more broadly."*
>
> — INTERVIEWEE

Another interviewee described the standard BAIs should hold: "If BAIs ask themselves, 'how do I stay relevant to the top-performing local company?' it leads to fundamentally different outcomes than asking, 'How do we build inclusive enough programming for the person who walks in off the street with an idea?'" An interviewee stated that it starts with: 1) clarity of BAI purpose and where the BAI clearly fits in the 'value chain' of innovation supports; 2) success metrics demonstrating effective delivery; and 3) a strong ability to stitch together a community.

Measuring What Matters

Closely linked to fragmentation is a widespread critique of how BAIs measure performance. Fourteen interviewees addressed this directly. One stated: "Historically, it's been jobs and funding, neither of which is a proxy for value." An international interviewee states, "What I have experienced with Canadians is that they are activity-driven. They measure activities…when it should be adoption or scale or revenue." Another described the perverse incentive: "We pit BAIs against each other just by the measurement system that we give them. We tell them we want them to collaborate, but then we reward them by 'claiming companies.'"

The consequence of poor measurement is that BAIs lack feedback loops to improve. One interviewee: "Most organizations claim that if someone's gone through their program and became a success, that it was 'theirs.' I don't know who to believe." Another: BAIs should be "operating more like the companies they serve, really reexamining on a very frequent basis: who are the companies we're relevant to, what are their needs, are we serving those needs?" An international interviewee offered a framework: "Have a clear theory of change. What are you really trying to achieve? How are you trying to achieve that? Why do you think what you're doing will lead to those results?"

BAIs serving Indigenous, rural, Francophone, and other equity-deserving communities often operate with longer venture timelines, smaller initial exits, and outcome profiles that differ from those of urban tech accelerators, not because they are underperforming, but because the markets and founders they serve face structural barriers that urban, technology-sector BAIs do not. BAI and venture performance criteria should be calibrated

to context, not standardized in ways that penalize the organizations doing the hardest work in the underrepresented and under-resourced communities.

Beyond structural redesign, the data reveal that BAIs must shift from delivering programming to brokering connections. Twenty-three of 27 interviewees described the brokering function as central to BAI value, with the underlying implication weaving across capital access (Theme 3), customer adoption (Theme 5), and talent recruitment (Theme 4).

BAI staff turnover was raised as a related vulnerability. One interviewee: "One area we haven't touched on is BAI staff turnover. It's often a new university graduate who has never built a company or coached others to build one, so they have no business doing so. The second problem is they get pulled into a company, which is a great outcome for the individual but a terrible outcome for the BAI, which loses the relationship."

Adoption of AI in BAIs: A Call to Action

BAIs have dramatically underinvested in their own AI infrastructure despite professing AI as an accelerant for their ventures. An alarmingly low 12.2% of businesses have integrated AI into their programs or services (Statistics Canada, 2025b).

Available Tools - What AI-Native BAI Operations Look Like Today: The Tech Exists, the Adoption Doesn't

The tools already exist for BAIs to transform their operations. Dealum automates evaluation and mentor matching for programs processing 2,700+ applications annually. Decile Hub enables firms to process 3 times more deals with automated deal memo creation. V7 Labs offers AI deal screening agents that analyze pitch decks. The 1Mby1M accelerator has developed a “Digital Mind AI Mentor” operating in 57 languages. CDL’s Responsible AI Adoption for Social Impact (RAISE) initiative hosts an accelerator embedding AI into non-profit organizations. On the talent front, the Waterloo Region AI Coalition organizes a regional AI adoption ecosystem, matching AI students with small- to medium-sized companies. The gap is not that AI tools and expertise for BAIs do not exist. It is that most Canadian BAIs have not adopted them.

Interviewee responses on this topic ranged from visionary to frank. One leader said BAIs should "AI the hell out of" their programs. An international operator predicted that accelerators will become "service integrators," where "AI will replace a lot of the challenging work identifying people and organizations that are most needed by a startup" (however, as Theme 7 will outline, cannot replace the relational connectivity required to, for example, land

a meeting with a key investor). Another admitted, "AI is very new, and I still don't have confidence in it. The real goods are not there yet."

Four domains emerged where BAI adoption must occur.

1. Operational Efficiency: Automating the Engine Room

The most immediate application is automating internal operations; pipeline management, venture screening, mentor documentation, grant writing, and client relationship management workflows. Volta Effect no longer runs fully manual reporting; data from conversations, team updates, and support engagements is synthesized using AI and then verified. An Indian incubator captures notes from each mentor session, makes them searchable for subsequent mentors, and builds institutional memory. Successful AI adoption still requires a strong technology backbone. Without that and data collection, BAIs run and report on what one interviewee called "a bucket of hearsay."

2. Matchmaking and Ecosystem Connectivity: Unlocking an Intelligence Layer

Multiple interviewees identified matchmaking as the function most "ripe for AI." MaRS DD has developed MaRS Connect, which replaces manual matching of advisors, investors, and customers for 1,200+ client companies. Tools like Boardy.ai connect founders with capital and talent at scale. One interviewee envisioned: "I ask who are the best investors for me with this pitch deck. It gives me the exact email address, the name, and why they are the right investors." Another called for a national innovation directory: "This is our Canadian ecosystem... we serve each other on a platform." Canada's fragmentation means connections between startups, investors, and buyers are often ad hoc or accidental. AI-driven matchmaking could transform a relationship-dependent, geography-bound process into a scalable intelligence layer.

3. Program Delivery and Startup Enablement: Scaling Expertise Beyond Human Hours

An Indian incubator built a conversational AI knowledge hub for founders and assembled a "startup kit" of corporate AI tools spanning product design, sales automation, and patent discovery. A Swiss interviewee proposed that accelerators should ensure all startups are "completely up-to-date and fluent in all AI technologies." Communitech's Waterloo Region AI Coalition deploys AI-native university students to mid-market companies to build solutions during co-op terms, bridging a talent gap, activating AI adoption, and strengthening the BAI's relevance. There may be opportunities to carry this program over to BAIs.

One BAI leader admitted that internal adoption initially stalled at the surface level until the organization pivoted to an "inch wide, mile deep" approach, including assigning a team to deconstruct a specific (and important or strategic) process and rebuild it with agentic

workflows. If BAIs cannot model this discipline internally, their credibility as enablers of innovation is compromised.

International Model - Station F's F/ai: Europe's First All-AI Accelerator

Station F in Paris launched F/ai in January 2026, Europe's first "all-AI" accelerator backed simultaneously by OpenAI, Anthropic, Google, Meta, Microsoft, and Mistral, taking zero equity, providing $1 million+ in compute credits, and ending with 'Deal Day' (a corporate partnership matching) rather than Demo Day (investor pitching). It provides physical infrastructure, administrative support, visa assistance, and networking events while hosting 30+ specialized programs from partners. Seventy percent of its startups are now AI-focused, and roughly 40% of France's AI startups emerge from its support. Station F's model suggests the future BAI may be a landlord-curator-convener, not a teacher.

4. Performance Measurement: From Anecdotes to Accountability

Perhaps the most consequential application. Volta Effect deploys AI-powered note-taking across founder interactions, enabling qualitative analysis at the venture and organizational level. The broader ambition is to share benchmarking intelligence across the national BAI network by using tools like ImpactOS. One leader envisioned: "Here's our program this quarter, here's the impact we had... that all just gets shared. There's one big AI BAI intelligence that shows what works and what doesn't." Without such infrastructure, program evaluation remains, as another described, dependent on "serendipity and timing and luck."

The Measurement Gap—What We Know, What We Don't, and Why It Matters

ISED's August 2024 BAI Performance Measurement Framework study, the only rigorous Canadian empirical analysis of BAIs, found that BAI-supported firms show 13% higher revenue and 14% higher employment in the year of support. But the revenue advantage "dissipates quickly" in subsequent years, and BAI-supported firms were already different from the general population before entering programs. The most recent outcome data covers cohorts from 2017 to 2020. Yasin and Gilani's (2022) study found measurement practices to be inconsistent and focused on activities rather than outcomes. Alberta Innovates' (2024) assessment documented concrete outcomes across 574 companies ($58 million revenue, $278 million investments raised) using a more sophisticated methodology. No major national or global consulting firm has evaluated Canadian BAI infrastructure since the DEEP Centre's foundational research in 2015. This represents a significant opportunity.

Practical Recommendations for BAIs

Declare what your BAI is a "node of" (R6). Each BAI should identify and publicly declare a specific sector (likely based on regional competitive advantage), stage, capability, or innovation thesis it is distinctively positioned to serve, and refer to ventures that don't fit the BAI that does. Coupled with better purpose and impact measurement, evidence will support strategic consolidation. An interviewee compared this to the Canadian Cancer Society's amalgamation with Prostate Cancer Canada and the Canadian Breast Cancer Foundation, which achieved economies of scale that enabled more resources to flow to the core mission. Additional coordination will be tremendously impactful in coordinating the ecosystem and funding a BAI Transformation Fund to support this and other BAI-specific recommendations in this report is strongly advised.

Some BAIs have built their specialization around who they serve rather than what sector they serve - Indigenous founders, women-led ventures, newcomer entrepreneurs, and founders with disabilities. That is a legitimate and necessary node in a national ecosystem, and funders and accreditation frameworks should recognize it as such.

International Examples - Four Models for Structured Global Pipelines

BII funds companies directly with up to 2 million euros on terms more favourable than Y Combinator's, and is financed by the Novo Nordisk Foundation rather than the government. BII deliberately consolidated from 7 programs to 2, housed in a single facility with 500 seats and 3 floors of labs. Chief Technology Officer Markus Herrgard explained, “Instead of creating disparate things with separate incubators and accelerators, make one that is substantial and do it excellently.” The model demonstrates that when a non-profit foundation provides risk-tolerant capital, the accelerator can behave like an actual accelerator rather than what one Canadian interviewee called “an ersatz for an actual accelerator funded with risk-averse capital.” The implication for Canada: the type of capital that funds BAIs determines whether they can take the risks their programming tells founders to take.

Replace activity metrics with market-driven outcome measures (R9). One interviewee offered the standard: "Measure your own performance by its ability to move people through the phases of a journey that are market-driven, not internally and subjectively driven." BAIs should adopt progression-based measures (such as company-specific customer traction milestones, revenue velocity, and founder capability growth) and stop being required to report on jobs created, the number of companies engaged, and meetings facilitated as

proxies for impact. As one interviewee put it: "Stop trying to fill the needs of your funders. Fill the needs of the founders."

Invest in a technology and data backbone as foundational infrastructure (R8, R10). One interviewee described this as non-negotiable: "Without a foundational automation technology backbone, our ability to be reliable and repeatable and to capture enough data to understand where we're doing well and where we're screwing up is, otherwise, hearsay." BAIs should implement CRM, workflow automation, and AI-enabled data capture systems - treating this investment with the same urgency they would advise a startup to treat its own business needs. Adoption across Canadian BAIs could provide a national intelligence layer for policymakers with real-time access and AI-enabled system navigation.

Theme 7: Rooted Locally, Reaching Globally: Anchoring in Regional Strengths and International Networks

> *"Every time I go to an event, I talk to folks who say they don't get outside enough. We are, as a nation, more isolated than is healthy for us."*
>
> — INTERVIEWEE

THE TENSION

Canada's innovation ecosystem lacks relational density - domestically and internationally - and remains a collection of isolated actors. Geography will never produce density organically, so it must be manufactured. Meanwhile, funding and impact metrics reward competition between actors rather than the connectivity.

WHAT HAS TO CHANGE

Create intentional peer communities for growth-oriented founders. Establish structured international pipelines with specific partners. Use shared infrastructure to connect specialized nodes, especially if regional connection is not feasible.

This theme addresses the connective tissue between innovation ecosystem actors (corporates, universities, investors, government, and international partners) whose coordination determines whether Canada's innovation ecosystem functions as a system or merely as a collection of isolated actors.

A consequence of fragmentation (outlined in Theme 6) is that Canada's innovation ecosystem is lacking the relational density and the informal, repeated interactions between people and institutions that make the system function. One interviewee captured it simply: "Every time I go to an event, I talk to folks who self-identify as not getting outside enough. We are, as a nation and as specific industries, more isolated than is healthy for us." Another described a paradox: "Canadian BAIs are much more interested in collaborating with their colleagues outside of the country than they are internally. You find there's somebody in a larger U.S. city doing something really cool, let's talk. But if you find somebody doing something cool in a smaller Canadian city, it's not the same… It is so bizarre." A third framed it structurally: "The culture of collaborative work is not our strength. It's not built in us. We have a more competitive culture because of the resource industry that we're rooted in, and we bring all of that baggage to the table."

This presents a core tension: building relational density locally and regionally while remaining connected globally.

Locally: Intentional Community

Creating conditions for ventures to learn and grow together is a known benefit but is easier said than done because founders are busy growing companies. One interviewee summarized: "Community is essential for our ecosystem to be successful. Meeting each other, talking to each other, learning from others, keeping track of who's who, and finding staff. You need a community to do it, full stop. Whether it's a peer group, a well-placed advisor, or an event where you meet customers you would never have been able to get into." Another zoomed in: "If there was one thing we could provide that would have the biggest impact, it's creating an intentional community for those that want to grow rapidly. Because we're fragmented and we don't have the density, we have to be intentional about it. Atlantic Canada is like the DeepSeek of AI; we have fewer resources, so we have to come up with novel ways to overcome the isolation and fragmentation."

Nationally: Looking Outward, Not Inward

"BAIs need to stop looking at themselves and look more at each other… Every BAI should be connecting with different parts of the ecosystem and, if we all did this as a community, we would be stronger, more connected." The opportunity is for BAIs to move beyond a protectionist mindset, sharing access to mentors and alumni, supporting peer-to-peer and mentor-to-venture relationships across organizations. This is also easier said than done because it is very difficult challenging for a BAI to recruit and retain a community.

Internationally: Structured Pipelines, Not Conference Tourism

Many interviewees described the need for BAIs to build structured connections beyond Canada. A Basel, Switzerland example demonstrated a comprehensive model; dedicated scouts deployed in the U.S., India, Germany, France, and the UK, with a mission to attract international companies to them. Critically, the scouting function for the biotech companies required technical expertise: "The scouts tend to be generalists, but when engaging prospective biotech companies, deep expertise is needed. We bring in scientists because they are respected. You can't scout biotech startups for our signature program with a generalist; you need deep expertise." They adapted geographic focus over time: "At one point we were very positive about India, but we saw very few companies coming from India to Switzerland, so we left. We have been very successful with China, so we are increasing our focus there."

An Indian accelerator leader described building bilateral innovation pipelines: "There is innovation from entrepreneurs in Canada which will fit the Indian market. There is innovation from Indian entrepreneurs that will fit the Canadian one. We've got to find a way to create this funnel, and we don't need to boil the ocean. We handpick ones that are priorities to you, and you handpick ones that are priorities to us. If it works for a year or two, it will have a life of its own." He described success with Israel: "We are now finding a pipeline for sustainable agriculture innovation from the University of Jerusalem in Tel Aviv, targeting Indian entrepreneurs."

Such an approach requires identifying national challenges that require innovation and creates a strategic national benefit for technology adoption to address real national problems (like Theme 5); framed around key trade priorities with key international trading partners. Such initiatives may be hosted by governments (e.g., German-Canadian Materials Acceleration Center), and BAIs could play a facilitating role.

Building on Theme 6, there is a policy implication: funding and impact metrics are creating a system that rewards competition between actors rather than collaboration and systematically undermines the connectivity this theme identifies as essential.

> **The Evidence for Concentration - Physical Proximity Still Matters: 20 Million Papers, 61,000 Employees, One Conclusion**
>
> Post-COVID evidence has reinforced, not weakened, the case for geographic concentration. A Nature study analyzing 20 million research articles and 4 million patents over 50 years found that remote teams are consistently less likely to produce breakthrough discoveries (Lin et al., 2023). A study of 61,182 Microsoft employees found that firm-wide remote work was "more static and siloed, with fewer bridges between disparate parts" (Yang et al., 2021). Plug and Play, with 500+ corporate partners across

50+ locations globally, demonstrates what network density looks like at scale: its model works because each location is deeply embedded in a specific industry cluster (fintech in Abu Dhabi, mobility in Stuttgart, health in Amsterdam), not necessarily because it spreads across geographies.

For Canadian BAIs, this further reinforces Theme 6 and argues for deepening regional specialization and for connecting specialized nodes through shared digital and relational infrastructure, rather than requiring every BAI to serve every need in every place.

Practical Recommendations for BAIs

Create intentional peer communities for growth-oriented founders (R18). Organize around stage and ambition as the key principles, and where possible, constrain to a sector for greater founder value. Structured models such as YPO or the Entrepreneurs' Organization (EO) may be natural partners, and a case study into Communitech's Fierce Founders and Rev programs is advised. There may be an opportunity for BAIs to share ventures with high scaling promise and build a shared program. Density is a structural challenge in Canada, and peer-to-peer communities need to be deliberately curated to overcome it, even if not in-person.

Establish structured international pipelines with specific partners (R16, R21). International interviewees consistently showed that BAIs play an important role in maintaining relational connectivity with international entities relevant to their startups

International Examples—Four Ways to Go Global Without Going It Alone: Scouts, Curated Events, Embassy Pipelines, and Alumni Networks

The Basel scouting model involved part-time generalists and specialists deployed in target geographies primarily to attract companies inward. Although costlier, there may be an opportunity for BAIs to share the cost of international scouts, especially if Theme 6's specialization recommendations are addressed, or for funders to use this as a mechanism to fund collaboration.

Denmark's BII described a hands-on approach: "It's not a dilution of our activity to work elsewhere in Europe. We organize events in London, in collaboration with local partners, where our portfolio startups can meet UK corporates and investors face-to-face. This is

not about going to a big conference. We use our relationships to curate these opportunities for a set of companies."

Ginserv in Bengaluru focuses on routing startups to specific international partner organizations based on target markets: "We have a collaboration with the Toronto Business Development Center for those startups looking at Canadian markets, Tech Ireland for Irish markets, and so on." He also described embassy partnerships: "We collaborate with embassies. For example, the Israeli embassy brings in its startups, and there are quite a few exchanges. Same with the UK, Australia and so on." The key principle: the BAI doesn't try to be the international expert itself; it maintains relationships with specific partners in target markets and routes startups to whichever fits.

.An India-based accelerator described the strategic potential of galvanizing successful alumni who have moved abroad, especially Silicon Valley, to build cross-border networks as international connective tissue. This may be particularly relevant to Canadian founders who have moved jurisdictions (Theme 2). Those who leave could become a BAI's "boots on the ground" in the markets they moved to, helping address Themes 3, 4, and 5.

Section 4: The Fit Gap and a Theory of Change

Section 3 produced findings across seven themes. Section 4 – the diagnosis - does the "so what." Nadler and Tushman (1980) argued that organizations perform well when four internal elements, Work, People, Structure, and Culture, line up. When several fall out of alignment, performance collapses. They called it "congruence"; we use the plainer word “Fit”.

The same logic extends to ecosystems (Senge, 2006; Meadows, 2008; Sterman, 2000). If the Work being done (e.g. generic accelerator programming, pitch competitions) doesn't match the People doing it (e.g. BAIs and mentors without scale experience or relationships to investors, mentors, international markets and large prospective adopters), the Structures underneath it (e.g. fragmented BAIs with overlapping funding and irrelevant metrics, a capital chasm and talent drain), or the Culture behind it (e.g. modest growth ambitions and competing over collaborating), the system will repeat the same outcomes and challenges: high startup formation, weak scale-up conversion, and the relocation of our highest potential founders and companies.

The diagnosis is covered in the following subsections:

1. a high-level summary of the current state and the drivers pushing towards reform (4.1);
2. an ideal future state and three gaps that most impede progress (4.2);
3. the structural conclusion that the standalone accelerator is no longer viable (4.3); and
4. a proposed theory of change (4.4).

4.1 Current State - Where the Pieces Don't Fit

Section 3's seven themes are not seven separate problems. Through the Fit lens, they describe a single pattern: a system whose four elements no longer reinforce each other.

The ‘Work’ has not kept pace with the technology that has redefined it: generic cohort programming, supply-push logic, and activity-based metrics persist as AI collapses the traditional BAI value proposition (Themes 5, 6). The ‘People’ running and mentoring in BAIs are largely generalists with earlier-stage experience, while the binding constraint has shifted to scale-stage commercial depth that Canada currently lacks (Theme 4). The ‘Structure’ beneath the innovation ecosystem - 175+ BAIs and siloed innovation programs, a persistent early-stage capital shortfall, zero Canadian tech IPOs in 2025, and a funding framework with no performance consequences - fragments effort and rewards breadth over outcomes (Themes 3, 6). The ‘Culture’ that results - relatively modest growth ambitions, high-potential Canadian founders headquartering abroad, innovation theatre, and BAIs competing over collaborating - is the rational output of the other three (Themes 1, 2, 7).

The pattern is self-reinforcing. A BAI that tries to specialise is punished by funding that rewards breadth. A founder who is ready for massive scale meets a domestic mentor and talent ceiling. An investor backing scale-stage Canadian companies finds a pipeline optimized for pitch-readiness over ‘investability’. As Wolfe (2023) observed, fifteen years of well-intentioned reform have produced an ecosystem that bears "little resemblance" to the models it was based on. The Fit lens explains why: fixing one element without the others produces a new misalignment, not a solution.

If the misalignment has persisted for 15 years, the question is: why change now? The themes in Section 3 describe a context that has changed materially in the last 24 months, making the cost of inaction higher than the cost of reform for the first time in a generation.

The trade shock of 2025 ended Canada's two-decade default of deep U.S. integration (Theme 2). The Budget 2025 response - the $1 trillion investment envelope, the Defence Industrial Strategy, $70 billion in Buy Canadian procurement, and $750 million in unallocated venture and early growth-stage capital - is the policy translation. Federal procurement and industrial-policy capital are actively seeking domestic innovation pipelines to flow through,

and no Canadian institution is currently configured to route them at scale as Canada's best BAIs.

At the same time, AI has invalidated the classical accelerator's core value proposition in real time (Theme 6). The MVP-building problem BAIs were designed to solve no longer needs solving. What remains - distribution, procurement access, scale-stage capital, global go-to-market - is precisely what Canadian BAIs have been weakest at, and precisely what Themes 3, 4, 5, and 7 identify as the ecosystem's persistent gaps.

The capital shortfall described in Theme 3 has converged with the appropriation: amid the worst year in two decades for venture exits, the unallocated $750 million early growth-stage envelope and $1 billion Growth VGCCI are waiting to be deployed and the latter yet to be allocated. And the talent leakage in Theme 4, occurring alongside Canada's world-leading entrepreneurial activity rate, signals a window that is open but narrowing - founders exist, but the channels that convert their ambition into scaled ventures require remodelling.

4.2 Ideal Future State - What Good Fit Would Look Like

A new state of organizing BAIs is possible, and there are examples to draw from. In this report, there are case studies from South Korea's TIPS, France's La French Tech, Germany's SPRIND, and Portugal's incubation vouchers, each of which has engineered Fit differently. 23 recommendations are categorized in Section 5 and, if enacted, Canada's four elements would pull in the same direction. Work becomes demand-pull. People become operators who have experienced scale. Structure becomes tiered, accredited, and accountable. Culture becomes global-by-default. The figure below maps each element from the current state to the ideal, so the gap and the work required to close it are visible.

Figure 4: From Misalignment to Fit: Current State to Ideal Future State

FROM	TO
WORK	

FROM	TO
• Generic, cohort-based accelerator programming persists in a world where AI has collapsed the MVP-building problem (Theme 6). • Many BAIs are doing similar work in isolation (Theme 6). • A quarter of YC's W25 batch shipped 95% AI generated codebases (Theme 6). • Activity-based metrics (companies served, jobs, grants) dominate • Programming is supply-push: "build the cohort, hope the buyers come" is the dominant mindset (Theme 5) • Programming and focus are on pitch-readiness even over investability (Theme 3)	• Specialized regional nodes (e.g. Halifax ocean tech, Waterloo quantum/AI, Montreal life sciences, Calgary energy, Vancouver cleantech, etc.) • Operating as demand-side brokers, not curriculum providers (Theme 5). • AI-embedded operations and value add like Station F F/ai's "Deal Day" replaces Demo Day (Theme 6) • Outcomes measured in revenue, customer acquisition, capital efficiency, and global reach (Theme 6). • Demand-pull: corporate or industry-defined challenges (Theme 5).
PEOPLE	
• A scale-stage commercial talent gap leaves technical founders without operators who have late-stage growth experience (Theme 4). • EIRs and mentors are often generalists with limited global exit experience (Theme 4) • BAI staff similarly lack growth experience and face turnover (Theme 6).	• Embedded commercial talent; scale-stage EIRs and mentors with unicorn exit experience (Theme 3). • Founder-to-founder networks matching ambition with sectoral experience (Theme 7). • BAIs and staff are retained through performance-based tiers that pay for demonstrated outcomes, not headcount (Theme 6).
STRUCTURE	

FROM	TO
• 175+ BAIs and innovation programs operate in silos and generate fragmentation (Theme 6) • A massive annual early-stage capital shortfall persists alongside zero Canadian tech IPOs and declining early-stage exits in 2025 (Theme 3). • The BAI PMF remains an underresourced, quadrennial academic exercise, despite the lack of comparable real-time data (Theme 6).	• Korea TIPS-style tiered BAI model: ~20 Tier 2 accredited BAIs at 5–10 times funding, 100+ Tier 1 community hubs (Theme 6). • La French Tech-style 3-year competitive redesignation and no permanent entitlement (Theme 6) • Deploy a BAI Transformation Fund (Theme 6). • Canadian SBIR: 2% mandatory agency R&D set-aside (Theme 5). • Develop a national intelligence layer with real-time portfolio data, AI matchmaking, and quarterly policy briefs (Theme 6).
CULTURE	
• An ambition mismatch ("good enough for Canada") is the cultural norm (Theme 1) • 68% of Canadian-founded high-potential startups are headquartered elsewhere (Theme 1) • Risk-averse follower capital creates pull to US (Theme 3) • Generic reach over specialization (Theme 6) • Innovation theatre dominates over outcomes with more reports than innovations (Theme 6).	• Global-by-default. "Go big" is the playbook, not the advanced track (Theme 1). • Anchor structures that make staying in Canada the better strategic choice (Theme 4). • Evidence-driven accountability: a Report Card on its own recommendations: the thing no previous Canadian innovation report has done (R12).

The table should be read as a system, not four independent rows. Work becomes demand-pull because the Structure (tiering, accreditation, Buy Canadian policies) finally makes it economically rational; People develop scale-stage depth because the Culture (global-by-default, strategic choice to stay in Canada) gives them something to develop into; Structure can fund specialization because the Work it funds now has buyers. Every element reinforces the next. The point is not that any single recommendation transforms the

ecosystem; rather, they only work together. A tiered funding model (R2) without accreditation (R11) produces gaming. Accreditation without demand-side brokering (R7, R14) produces a polished supply with no buyers. Demand-side brokering without global playbooks (R16) produces Canadian pilots that never scale abroad. This is why Canadian reform must move on multiple fronts at once.

The Three Gaps That Matter Most

Not all misalignments are equal. Three dominate, and each cuts across two Fit elements, which is exactly why single-element fixes have consistently failed to move them.

The Demand Gap (Work × Structure). Canada graduates startups into a market that isn't buying. The country's top 15 public firms have a median founding year of 1899, and the competitive pressure on incumbents to purchase from startups is negligible. Until corporate buyers, procurement dollars, and pilot capital flow through accredited BAIs, more programming only deepens the gap. (See R4, R7, R14, R20.)

The Aspiration Gap (Culture × People). "Good enough for Canada" is a system default, reinforced by every EIR, investor, and mentor a founder meets. Shifting it means embedding people who have built at global scale into programs as the starting line, and organizing Canada's 500+ diaspora founders as a deliberate resource rather than a lost cohort. (See R16, R21, R23.)

The Accountability Gap (Structure × Culture). The BAI PMF is a measurement system with no consequences. Without tiering, competitive redesignation, and a public Report Card, the system cannot distinguish its good actors from its weak ones - and cannot reward, replicate, or remove either. (See R2, R3, R11, R12.)

These three gaps also explain why reform has stalled politically. Closing the Demand Gap creates clear winners and losers. Closing the Aspiration Gap makes the implicit explicit - some BAIs will not qualify for the global track. Closing the Accountability Gap means naming who has and has not delivered. All three require political courage; none gets easier by waiting.

The shift from "serve everyone" to "serve with intent" must be designed carefully. Specialization and tiering that only reward urban, technology-sector BAIs risk concentrating resources further - away from Indigenous, rural, Francophone, and equity-deserving founders whose access to the ecosystem is already thinnest. Performance criteria must be calibrated to context, and the Report Card should track whether the system is becoming more accessible or more concentrated.

4.3 The Accelerator Is Dead. Long Live the Ecosystem Operating System.

A key conclusion from this study is uncomfortable: the classical accelerator (i.e. the catch-all, three-month cohort, small equity, demo day, graduation) is economically finished as a standalone product. It was designed for a world where the binding constraint was building an MVP. If the accelerator's value proposition were "we help you build the thing," there would be vastly lower barriers to the thing building itself now, especially in software verticals.

> *"The core problem is not BAIs. It is what we have been asking BAIs to be. Inclusive (serve everyone for no cost), strategic (produce unicorns), capital efficient (thin budgets), and accountable (quarterly activity metrics). Those four goals are in direct conflict."*

What remains when the MVP problem dissolves is the harder problem that the accelerator model still struggles to solve: distribution, procurement access, scale-stage capital, global go-to-market, and the coordinated infrastructure a founder needs to get from product to company. This problem is not caused solely by the accelerator but also the broader ecosystem, and it requires an ecosystem-minded institution to offer more coordination and performance-measured efficacy. This could be achieved through a shared layer that accredits BAIs, routes demand, moves capital, tracks outcomes, and feeds learning back into the system.

The core problem is not BAIs. It is what we have been asking BAIs to be. Inclusive (serve everyone for no cost), strategic (produce unicorns), capital efficient (thin budgets), and accountable (quarterly activity metrics). Those four goals are in direct conflict. A rational operator optimizes for the easiest to measure (activity) and quietly abandons the hardest (outcomes). The result is a lot of programming, little conversion, and a workforce of dedicated professionals operating within a structure that guarantees modest returns. This creates institutions that look right from the outside, but the capital stack, incentives, and operator profile are wrong for the job. We have tried to create a risk environment using risk-averse capital.

And the problem is almost always misdiagnosed. It is not an upstream problem; it is a downstream conversion problem. Canada has a world-leading entrepreneurial activity rate (Global Entrepreneurship Monitor, 2025). Founders exist. The pipe is not empty at the top; it is leaking at the bottom. Supply-side programming cannot fix a downstream problem.

The implication is direct. The gap between U.S. SBIR spending and Canada's equivalent is not a funding gap in the abstract, it is a structural declaration about what each country is willing to coordinate. Canada has the ingredients. What it lacks is the operating layer that turns them into outcomes. Building that layer is the work of the next 24 months.

Dead: the standalone accelerator, the activity-metric dashboard, the inclusive-and-strategic-and-cheap BAI, the assumption that more supply fixes a demand problem, and the practice of advising on AI while not using it. Alive and waiting for someone to build it: the operating system that coordinates the ingredients Canada already has.

4.4 A Proposed Theory of Change for the Government of Canada

The Fit lens names the misalignment. A Theory of Change turns naming into a testable pathway (See Figure 5): if we do these things, we expect these results, under these assumptions, measured by these indicators. It is designed to be falsifiable - if the assumptions don't hold, the work needs to change.

This theory is written from the Government of Canada's (GoC) perspective. The reason is practical: no other actor has the convening authority, the fiscal envelope, and the legislative tools to move the whole system at once, but the seven stakeholder groups whose behaviour must change (founders, BAIs, corporate buyers, investors, provinces, cities, universities, and the diaspora) each have concrete asks directed at them in the recommendations found in Section 5.

Figure 5: Theory of Change Results Chain

ACTIVITIES	OUTPUTS	INTERMEDIATE OUTCOMES	LONG-TERM CHANGE	IMPACT
What the GoC does	What is produced	What changes in behaviour	Ecosystem-level shifts	Canadian competitiveness

Theory Overview: The Theory of Change to Address Canadian Competitiveness via the BAI ecosystem

Because the GoC deploys capital, procurement, and accreditation through a coordinated operating layer, Canadian BAIs, corporate buyers, investors, provinces, universities, and diaspora operators will reorganise around accredited channels, shifting founder behaviour toward global-by-default ambition, raising scale-up conversion and headquarters retention, contributing to durable Canadian innovation capacity and sovereign industrial strength over 2026–2032.

The table below articulates each element from the Government of Canada's perspective. Read it top-to-bottom for the change story, then bottom-to-top for the accountability story. The “Narrative” row restates the whole theory as a single sentence: if a Deputy Minister, a CAIN executive, and a BAI CEO can't repeat it from memory, it isn't doing its job. The theory of change is also outlined in Figure 6 below.

Table 2: Theory of Change: The Government of Canada's Role, Element by Element

Element	Applied to the GoC as Theory of Change Holder
Problem Statement	Canada launches startups at world-leading rates but converts too few into scaled, domestically-headquartered firms. The GoC is the only actor with the convening power, fiscal envelope, and legislative tools to close the gap — and the 2025 trade shock has made doing so urgent.
Scope	Holder: GoC (ISED leading, with PSPC, DND, Finance, ESDC, provinces, agencies). Target: the Canadian BAI ecosystem, its buyers, capital providers, universities, and diaspora. Time horizon: 2026–2032. All regions, with deliberate reach into underrepresented and non-metro ecosystems.
Activities	(a) Deploying funding to accredited BAIs (R1, R5, R13, R19) (b) Mandating an accreditor/Report Card operator (R11, R12) (c) Tiering and redesignating BAI’s on a competitive basis (R2, R3) (d) Enacting a Global Network (R21) (e) Catalyzing BAI transformation (R6, R7, R8, R14, R15, R16, R17, R18, R22, R23)

Element	Applied to the GoC as Theory of Change Holder
	(f) Building a national data collection and intelligence layer that builds off of BAMI-PMF (R9, R10)
Outputs	Within 18–24 months: deploy funding through accredited BAIs; tiered BAIs under redesignation; corporate pipelines at documented volume; Report Card version one published; Global network active; 5 or more provincial agreements signed.
Intermediate Outcomes	BAIs specialize and accept accreditation; corporates work through accredited channels; investors co-invest into accredited BAIs; provinces plug in; universities use accredited channels to commercialize IP; diaspora resurfaces as EIRs and mentors; founders aim globally by default.
Long-Term Change	Scale-up conversion rises; Canadian headquarters retention climbs toward two-thirds; global category leaders emerge in defence/health/AI/cleantech/semis; 134-program fragmentation consolidates; Growth-stage capital deepens at Series B+, and early-stage exits increase.
Impact	Durable innovation capacity; productivity gains in national accounts; sovereign industrial strength; retained tax base and high-wage employment across regions.
Preconditions	Budget 2025 capital appropriation on schedule; a coordinating body receives a federal mandate and a multi-year envelope; PSPC procurement reforms implemented.
Assumptions	BAIs accept accreditation when funding is conditioned on it; corporates engage when routing is credible; capital co-invests when due diligence cost drops; provinces align when funding rewards alignment; diaspora returns when formally invited; founders respond to architectures.
External Factors	Geopolitical window stays open; AI disruption favours coordinated ecosystems; no major fiscal reversal; talent mobility policy stays competitive with the US and EU.

Element	Applied to the GoC as Theory of Change Holder
Indicators	Deployed through accredited channels: numbers accredited Tier-2 BAIs (target 20–30); procurement dollars routed to startups; Series A+ rounds led domestically; HQ retention rate; Report Card published with year over year deltas; diaspora engagement rate.
Accountability Ceiling	GoC, CAIN, and accredited BAIs own the coordinating infrastructure. They do not own aggregate GDP, macro productivity, or outcomes driven by global capital cycles.
Narrative	Because the GoC deploys capital, procurement, and accreditation through a coordinated operating layer, Canadian BAIs, corporate buyers, investors, provinces, universities, and diaspora operators will reorganize around accredited channels, shifting founder behaviour toward global-by-default ambition, raising scale-up conversion and HQ retention, contributing to durable Canadian innovation capacity and sovereign industrial strength over 2026–2032.

Figure 6: Theory of Change on a Page (GoC Perspective)

Section 5: Recommendations Summary

Section 5 consolidates the recommendations from the previous sections into a single table of accountability. Each row names the recommendation, the actor, the Fit element it moves, and a cross-reference to the body of the report. This table is the shelf-test: if a year from now

no one can point to named progress on named rows, we will have written another Canadian innovation report about Canadian innovation reports.

The recommendations are sequenced, not interchangeable. Each tranche unlocks the next; skipping the first produces the same result Canada has been producing for 15 years.

- **Immediate (FY2026–27):** R1, R2, R4, R6, R7, R9, R10, R12, R22, R23: accreditation, tiering, Buy Canadian flow-through, Report Card version 1.
- **Near-term (FY2027–29):** R3, R5, R8, R11, R13, R14, R15, R16, R20: BAI redesignation, procurement scale-up, global playbooks, corporate co-investment.
- **Patient build (FY2028–32):** R17, R18, R19, R21: capital stack reforms, Global Network at scale, long-horizon infrastructure.

Accountability runs through all three. Every recommendation has a named actor and a cross-reference. The public Report Card (R12) is reported annually. Competitive redesignation (R3) moves resources from weak actors to strong ones. The Report Card is also designed to be useful when the answer is bad: a transparent failure is more valuable than an opaque success. And a cautionary note: Tech Nation UK collapsed in 2023 on a single procurement decision (Tech Nation, 2023). Dependence on a single funder without diversified revenue is a structural fragility.

Twelve departments, three levels of government, 175+ BAIs, and a national diaspora cannot coordinate themselves. Somebody has to own the table and act as a distributed nervous system of an innovation ecosystem.

Table 3: Recommendations Summary: Who Does What, by When

#	Recommendation	Time Horizon	Who Enacts	Fit Lever	Cross-Ref
R1	Allocate resources for a BAI Transformation Fund.	▪▫▫ Immediate (FY2026–27)	ISED, Finance Canada	Structure	Theme 3, Section 6
R2	Tiered BAI architecture with funding consequences.	▪▫▫ Immediate (FY2026–27)	ISED (lead), CAIN (data)	Structure	Theme 6

#	Recommendation	Time Horizon	Who Enacts	Fit Lever	Cross-Ref
R3	Competitive BAI redesignation every three years (e.g. La French Tech model).	▫▪▫ Near-term (FY2027–29)	ISED	Structure/ Culture	Theme 6
R4	Canadian SBIR: 2% agency R&D set-aside across NRC IRAP, NSERC, CIHR, DND.	▪▫▫ Immediate (FY2026–27)	ISED, PSPC, DND, TBS	Work/ Demand	Theme 4, 5
R5	Designate Tier 2 BAIs in defence corridors as feeders to IDEaS, DIANA, BDC Defence.	▫▪▫ Near-term (FY2027–29)	DND, ISED, BDC	Structure	Themes 4, 7
R6	Declare sector specialization: every BAI is a “node of” something.	▪▫▫ Immediate (FY2026–27)	BAIs (lead), CAIN (facilitate)	Work/ Culture	Themes 6
R7	Shift from emphasizing supply-side delivery to identifying and brokering demand-side problems.	▪▫▫ Immediate (FY2026–27)	BAIs	Work/ People	Theme 5
R8	Adopt and deeply embed AI internally with the urgency BAIs preach to startups.	▫▪▫ Near-term (FY2027–29)	BAIs, CAIN	Work/ People	Theme 6
R9	Replace activity metrics with market-driven outcomes (revenue, CAC, capital efficiency).	▪▫▫ Immediate (FY2026–27)	BAIs, ISED	Work/ Culture	Theme 6
R10	Build a national ecosystem intelligence platform.	▪▫▫ Immediate (FY2026–27)	BAIs (data), ISED (align)	Structure	Theme 6, Section 6

#	Recommendation	Time Horizon	Who Enacts	Fit Lever	Cross-Ref
R11	Launch voluntary certified BAI accreditation.	▫▪▫ Near-term (FY2027–29)	Lead (TBC), BAIs	Structure/ Culture	Theme 6
R12	Publish an annual Report Card tracking implementation of every recommendation in this report.	▪▫▫ Immediate (FY2026–27)	TBC	Work/ Structure	Section 6
R13	Embed BAI quality signals into investment screening (accredited-operator matching).	▫▪▫ Near-term (FY2027–29)	BDC, VCs, LPs, NACO angels	Structure	Theme 3, 6
R14	Co-fund corporate innovation challenges through accredited BAIs.	▫▪▫ Near-term (FY2027–29)	Corporations, BDC	Work	Theme 5
R15	Challenge founders on market size at intake; make “go global” the default playbook.	▫▪▫ Near-term (FY2027–29)	BAIs	Culture/ Work	Theme 1
R16	Build structured market-entry support into target jurisdictions (e.g. hubs in US, EU, Asia).	▫▪▫ Near-term (FY2027–29)	BAIs, Trade Commissioner Service	Work	Theme 2, 7
R17	Help founders design anchor structures that keep HQ and IP in Canada.	▫▫▪ Patient build (FY2028–32)	BAIs, ISED, CRA	Structure/ Culture	Theme 2, 4
R18	Convene sector-specific multistakeholder coalitions around regional strengths.	▫▫▪ Patient build (FY2028–32)	BAIs, CAIN, Provinces, RDAs	Work/ Structure	Theme 6, 7

#	Recommendation	Time Horizon	Who Enacts	Fit Lever	Cross-Ref
R19	Utilize accredited BAIs to invest in early growth-stage companies with a portion of VGCCI and unallocated $750 million funding.	▫▫▪ Patient build (FY2028–32)	BDC, VCs, ISED	Capital	Theme 3
R20	Register BAIs and 50 portfolio companies under Buy Canadian framework by Dec 2026.	▫▪▫ Near-term (FY2027–29)	BAIs, CAIN	Work/ Structure	Theme 4
R21	Build a Global Network: 500+ Canadian founders and former companies abroad acting as bridges.	▫▫▪ Patient build (FY2028–32)	TBC	Culture/ People	Theme 7
R22	Pilot an incubation voucher (e.g. Portugal model) where founders choose where to invest in an accredited BAI (market demand allocates public funds).	▪▫▫ Immediate (FY2026–27)	ISED	Structure/C ulture	Theme 6
R23	Recruit mentors and EIRs with global scale-up operating experience as the baseline standard for BAI advisory rosters.	▪▫▫ Immediate (FY2026-27)	BAIs	People/Cult ure	Theme 1, 4

Conclusion

This report began with a question: How can Canadian BAIs better enable the competitiveness of Canada's innovation ecosystem? The answer, drawn from 27 expert interviews, extensive secondary research, and stakeholder engagement, is that BAIs must undergo fundamental transformation, not incremental improvement.

Many of the findings flag challenges that have persisted for some time, and this report has been honest about that. What is new is threefold. First, the Fit analysis in Section 4 outlines how Canada's innovation ecosystem is misaligned and requires a multi-front approach across all four elements: Work, People, Structure, and Culture. Second, the classical accelerator value proposition that most BAIs still operate has fundamentally changed; what replaces it is an operating system that deeply embeds AI, brokers demand based on real problems, curates capital and talent, is relationally connected across actors, is more specialized, tracks outcomes, and feeds learning back into the system. Third, four drivers: geopolitical diversification, AI disruption, capital repositioning, and talent mobility are converging inside a narrow window that makes the cost of inaction higher than the cost of reform for the first time in a generation.

The policy window is real. Budget 2025 has placed $750 million in unallocated early-stage financing, a $1 billion extension of the Venture and Growth Capital Catalyst, $70 billion in Buy Canadian procurement, and $180 billion in defence spending on the table - many still being shaped. Geopolitical pressures around trade diversification are a tailwind for Canadian innovators. The clock for Canada’s BAI transformation started with the tariffs.

The ingredients are all present: world-class research institutions, world-leading entrepreneurial activity, newly assertive industrial policy, and $750 million in unallocated early growth-stage capital. What Canada’s BAIs face and the types of innovations they need to consider documented across the seven themes in this report:

1. Ambition Headwinds: pushing founders to think bigger, earlier
2. The Gravitational Pull: navigating structural market disadvantages
3. The Capital Chasm: capital that's too cautious, too slow, and insufficient
4. The Missing Middle: closing the growth capability gap
5. From Innovation Supply to Market Demand: centering support on authentic market demand
6. Beyond Generic: redesigning BAI operations towards specialization, quality and AI-enabled
7. Rooted Locally, Reaching Globally: generating relational connectivity regionally and internationally

The Theory of Change presented in Section 4 makes the pathway from here to there explicit and falsifiable, written from the Government of Canada's perspective as the holder with the convening authority to move the whole system at once. The 23 recommendations in Section 5 name the activities, the enactors, and the sequence. The connective tissue across all of them is coordinating infrastructure, and CAIN and its member BAIs are uniquely positioned to build it not as another association content with the status quo, but as the distributed nervous system of a national innovation ecosystem that finally operates as a system.

What Happens Next: First Moves for Key Stakeholders

Before anything in this report can happen, three things need to happen: the right people need to read it, the right people need to convene, and leaders need to say, "we're doing this." Here is what that could look like for each group.

Government of Canada

ISED should circulate this report to Finance Canada, NRC, TBS, DND, and BDC within thirty days and convene a cross-departmental working group to assess which recommendations align with existing Budget 2025 instruments. Key Canadian commitments are already in motion; the question is whether BAI ecosystem reform gets designed into them or bolted on afterward.

Canadian BAIs

Every BAI CEO should bring this report to their next board meeting not as information, but as an agenda item requiring a decision. CAIN would like to convene a national meeting of BAI leaders within 90 days to discuss the findings collectively and surface where there is consensus and where there is resistance.

Corporations, VCs, and Investors

BAIs cannot shift to demand-side models without corporate partners willing to engage, and the early-stage capital gap will not close with public money alone. CVCA, NACO, and institutional LPs should assess whether co-investment through accredited BAIs aligns with their thesis and whether they want a seat at the table during reform design or after.

> **Canada's innovation ecosystem does not need another diagnosis. It needs implementation infrastructure and the will to use it.**
>
> **The work begins now.**

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Appendices

Appendix A. Acronyms and Abbreviations

Appendix B. Actors in an Innovation Ecosystem

Appendix C. Research Interviewees and Contributors

Appendix D. About the Canadian Accelerator and Incubator Network (CAIN)

Appendix A: Acronyms and Abbreviations

Acronym	Full Term
BAI	Business Accelerator and Incubator
BDC	Business Development Bank of Canada
BERD	Business Enterprise Research and Development
BII	BioInnovation Institute (Denmark)
CAIN	Canadian Accelerator and Incubator Network
CCA	Council of Canadian Academies
CCI	Council of Canadian Innovators
CDL	Creative Destruction Lab
CDTI	Centro para el Desarrollo Tecnológico y la Innovación (Spain)
CIHR	Canadian Institutes of Health Research
CRA	Canada Revenue Agency
CUSMA	Canada-United States-Mexico Agreement

CVCA	Canadian Venture Capital and Private Equity Association
DIANA	Defence Innovation Accelerator for the North Atlantic
DMZ	DMZ Enterprise (Toronto Metropolitan University)
DND	Department of National Defence
EBN	European Business and Innovation Centre Network
EIR	Entrepreneur-in-Residence
EO	Entrepreneurs' Organization
ESDC	Employment and Social Development Canada
F/ai	Station F All-AI Accelerator (Paris, France)
GEM	Global Entrepreneurship Monitor
GIC	Global Innovation Clusters
HERD	Higher Education Research and Development
IIM-B	Indian Institute of Management Bangalore
IRPP	Institute for Research on Public Policy
ISED	Innovation, Science and Economic Development Canada
ITIF	Information Technology and Innovation Foundation
ITRI	Industrial Technology Research Institute (Taiwan)
KPMG	Klynveld Peat Marwick Goerdeler
MAIN	Mouvement des accélérateurs d'innovation du Québec

MVP	Minimum Viable Product
NACO	National Angel Capital Organization
NATO	North Atlantic Treaty Organization
NRC	National Research Council of Canada
NSERC	Natural Sciences and Engineering Research Council of Canada
NSRCEL	N.S. Raghavan Centre for Entrepreneurial Learning (India)
OECD	Organisation for Economic Co-operation and Development
PMF	Performance Measurement Framework
PSPC	Public Services and Procurement Canada
RAISE	Responsible AI Adoption for Social Impact
SBEDP	Small Business and Entrepreneurship Development Platform
SBIR	Small Business Innovation Research (U.S.)
SBRI	Small Business Research Initiative (U.K.)
SIF	Strategic Innovation Fund
SPRIND	Agentur für Sprunginnovation (Germany)
SR&ED	Scientific Research and Experimental Development
STEM	Science, Technology, Engineering, and Mathematics
STTR	Small Business Technology Transfer (U.S.)
SUV	Startup Visa

TBS	Treasury Board Secretariat
TIPS	Tech Incubator Program for Startup (South Korea)
TRIUMF	Canada's Particle Accelerator Centre
VCCI	Venture Capital Catalyst Initiative
VGCCI	Venture Growth Capital Catalyst Initiative
VIGO	VIGO Accelerator Program (Finland)
WIPO	World Intellectual Property Organization
WRAIC	Waterloo Region AI Coalition
YPO	Young Presidents' Organization

Appendix B: Actors in an Innovation Ecosystem

Innovation ecosystems are composed of multiple actors that play distinct but interconnected roles in the development and commercialization of new ideas and technologies. While the specific structure of ecosystems varies across jurisdictions, several core groups of actors are commonly present.

Founders and startups

Founders (entrepreneurs) and early-stage ventures develop and commercialize new products, services, and technologies. These firms are often the primary source of experimentation and innovation within an ecosystem.

Established firms

Large and mid-sized companies play an important role in adopting and scaling innovations developed by startups or with internal teams and resources. They may integrate new technologies into existing markets, provide supply-chain relationships for startups, or acquire emerging companies to expand capabilities.

Post-secondary institutions and research organizations

Universities, colleges, and research institutes generate new knowledge, conduct applied

research, and train highly skilled talent. They also contribute to innovation through technology transfer, industry partnerships, and other commercialization activities.

Investors and capital providers

Angel investors, venture capital firms, corporate or institutional investors, family offices and public funding programs often provide the capital required to start, build and scale startups.

Governments and public institutions

Federal, provincial, and municipal governments shape the enabling environment for innovation through policy frameworks, regulatory structures, funding programs, and investments in research and innovation infrastructure.

Professional and supporting services

Legal, accounting, financial, and advisory services support venture formation, governance, intellectual property management, and market expansion across all stages of a venture's growth.

Innovation intermediaries

Intermediary organizations facilitate connections across ecosystem actors, provide specialized services to entrepreneurs, and help translate research into commercial outcomes. This category includes organizations such as BAIs (see below), sector-focused innovation hubs, venture studios, and other commercialization intermediaries.

Business Accelerators and Incubators (BAIs)

BAIs are structured support organizations that help early- and growth-stage ventures strengthen business models, accelerate commercialization, and improve pathways to capital and markets. While accelerators and incubators differ in format and intensity, both function as ecosystem intermediaries. For the purposes of this study, BAIs also include adjacent models that provide structured venture development support such as venture studios, sector-focused innovation hubs, and certain publicly supported commercialization intermediaries where their primary mandate aligns with venture development and ecosystem coordination.

Within the broader innovation ecosystem, BAIs play a particularly important role by helping founders navigate the complex landscape of resources, relationships, and opportunities required to build and scale companies. They provide structured programming, mentorship, and access to networks that connect entrepreneurs to investors, partners, talent, and markets.

Appendix C: Research Interviewees and Contributors

The table below lists all the stakeholders that engaged with CAIN for this research study and the engagement mechanism (through an interview and a webinar).

Organization	Role	Name	Location	Interview	Webinar
530 Angels	General Partner	Bob Bozeman	International (Kelseyville, California, US)	•	
Alacrity	Director of Operations	Chris Massot	Canada	•	•
Arden Enterprise Incubator	Enterprise Incubator Lead	Ben McClure	International (Coventry, England, UK)	•	
BioInnovation Institute	Chief Technology Officer	Markus Herrgard	International (Copenhagen, Denmark)	•	•
CAIN	Board Chair	Stacey Wallin	Canada		•
Center for Women and Enterprise	Vice President of Impact and Learning	Lucia Sanchez	International (Brookline, Massachusetts, US)	•	•
Challenge Ventures (Octoco Inc.)	CEO	Tom Ogaranko & CAIN Board Member	Canada	•	•
Communitech	CEO	Sheldon McCormick	Canada	•	

Organization	Role	Name	Location	Interview	Webinar
Creative Destruction Lab	CEO	Sonia Sennik	Canada	•	
Creative Destruction Lab		Kyle LaFontaine	Canada	•	•
Creative Destruction Lab	Senior Digital Marketing Officer	Elizabeth Chim	Canada		•
District 3	Director of Administration and Operations	Anna Ehrhardt	Canada	•	
Edmonton Unlimited	CEO	Tom Viinikka	Canada	•	
Foresight	Interim CEO	David Sanguinetti	Canada	•	
GINSERV Incubator	Chief Operating Officer	Girish Hiremath	International (Bengaluru, India)	•	
Graphite Ventures	Vice President	Steve Currie (CAIN Board Member)	Canada	•	•
Imec	Strategic Development Manager	Elisabeth Marchal	International (Leuven, Flemish Region, Belgium)	•	

Organization	Role	Name	Location	Interview	Webinar
Indian Institute of Management Bangalore (IIMB)	Mentor	Suryanarayanan A.	International (Bangalore, India)	•	
Innovate BC	Director of Partnerships	Fernanda Whitaker	Canada	•	
Innovation, Science and Economic Development (ISED)	Senior Policy Analyst	Michael Scholz	Canada	•	•
Innovation, Science and Economic Development (ISED)	Research Manager	Patrice Rivard	Canada	•	•
KJ Advisory	Founder and Chief Advisor	Krista Jones	Canada	•	•
MAIN	Executive Director	Louis-Félix Binette	Canada	•	•
MaRS	Vice President of Public Affairs	Christine Bomé	Canada	•	•
NSRCEL	CEO	Anand Sri Ganesh	International (Bengaluru, India)	•	

Organization	Role	Name	Location	Interview	Webinar
PG-STEP Coimbatore	Executive Director	Suresh Kumar	International (Greater Coimbatore Area, India)	•	
Platform Calgary	CEO	Jen Lussier	Canada	•	•
Plug and Play	General Partner	Alireza Masrour	International (Sunnyvale, California, US)	•	
REACH Labs	Head / Strategic Advisor	Andrew Ackerman	International (New York, US / Israel)	•	
Sirolli Institute International Enterprise Facilitation	Founder and CEO	Ernesto Sirolli	International (Sacramento, California, US)	•	
The Futuring Alliance	Collective	Frank Kumli	International (Basel, Switzerland)	•	•
University of Missouri-Kansas City (UMKC) Innovation Center	Executive Director	Maria Meyers	International (Kansas City, Missouri, US)	•	
University of Toronto Entrepreneurship	Director	Jon French	Canada	•	
Volta	CEO	Matt Cooper	Canada	•	

Appendix D: About CAIN

The Canadian Accelerator and Incubator Network Association ("CAIN") CAIN is a non-profit society, with General Members making up an influential network of Business Accelerators and Incubators ("BAIs"), also referred to as Business Incubators by the SUV Program, creating one collaborative voice for the innovation support ecosystem in Canada. CAIN's purpose is to support the healthy development of the Canadian innovation ecosystem and to promote collaboration, information sharing, and the fostering of impactful relationships among BAI's across Canada, including strategic initiatives with partners and government.

CAIN GENERAL MEMBERS

CAIN's General Member organizations are all BAIs, which we define as any formal organization whose primary function is to support and develop growing Canadian companies and entrepreneurs with at least one full-time employee. CAIN currently has 175 General Members from across Canada, representing over 90% of the approximate Canadian innovation market, including urban and rural regions in all 10 provinces in Canada (+ the Yukon!). Our General Members are diverse in the stage of companies they support, with some also having a focus on a particular industry or vertical. Currently, 24 of the 51 total Startup Visa ("SUV") Designated Organizations, referred to as business incubators by the SUV program, are General Members of CAIN. You can find a list of our current General Members in Appendix B.

See a full list of CAIN's Members here: https://www.cainetwork.ca/cain-members