

Ontario's Regional Economic Development and Innovation Newsletter

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ANNOUNCEMENTS
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IPO Activity Shows Best Improvement Since 2000

The findings of an annual survey of Initial Public Offerings (IPOs) by PricewaterhouseCoopers suggest that Canadian IPO activity and value in 2004 showed its best improvement since 2000.

The annual PwC IPO survey measures activity and gross value on the Toronto Stock Exchange and the TSX Venture Exchange in nine market sectors: financial services; forestry; life sciences; mining; oil and gas; products (including consumer and industrial products); real estate; technology and media (including telecommunications and entertainment); other (including transportation,

environment, pipeline and utilities). In 2004, a total of 87 IPOs were completed in Canada--up from 56 in 2003. The gross value of the IPO market grew in 2004, which totalled \$6.2 billion--up from \$4.6 billion the previous year.

Bigger Isn't Always Better: Canada Needs to Place Innovation Ahead of Larger Firms

A new report suggests that medium-sized firms may be the best model for Canadian companies who want to succeed globally. In the "Annual Innovation Report 2004: Don't Overlook the 'MES,'" the authors--Paul Mitchell and Trefor Munn-Venn--discuss what sets medium-sized firms apart, along with the importance of building more innovative Canadian companies ahead of larger firms. Plugging into complex, global supply chains has become more important over the last two decades because the productivity levels of Canadian industries have been slipping relative to those of American industries. The report suggests that Canadian businesses must become more innovative in order to address this challenge.

Canadians See Clear-Cut Benefits to University Research

Almost nine in ten Canadians believe that university research provides long-term benefits to Canadians and Canadian society, according to a survey released today by the Association of Universities and Colleges of Canada. The survey was part of a study conducted for a number of clients by EKOS Research Associates earlier this year. Canadians overwhelmingly see the value of research in a wide range of areas, the survey shows. For example, Canadians believe that research and science contribute to an improved and sustainable health care system (91 percent); help protect our environment (90 percent); and provide us with a good quality of life (89 percent). Further, almost nine in ten Canadians believe that science and research improve Canada's economic prospects, help keep talented people in Canada and develop a skilled and adaptable workforce.

Prospects for Commercialization of Innovation Are Excellent in Canada

There are no underlying blocks in Canada to the translation of innovation into commercially-viable ventures, says Dr. Eliot Phillipson, President and CEO of the Canada Foundation For Innovation (CFI). Dr. Phillipson advises that focussing national efforts on areas where Canada has particular strengths could enhance the effectiveness of commercialization effort in Canada. The research and business communities also need to cooperate more, to ensure that adequate "hand-holding" is done by researchers as ideas are brought to the market. The Government of Canada created the Canadian Foundation for Innovation in 1997 to fund research infrastructure in Canadian universities, colleges, research hospitals and non-profit institutions. To-date, the CFI has invested more than \$2.8-billion in over 3,800 research infrastructure projects at 118 institutions in 62 cities.

EDITOR'S PICK[\[Table of](#)[Contents\]](#)

Linkages in the National Knowledge System*Council of Science and Technology Advisors (CSTA)*

The LINKS report advises on how the government might enhance federal science and technology (S&T) linkages. The report proposes actions that the federal government can take to foster S&T collaboration and integration among science-based departments and agencies (SBDAs) and between the government and the other sectors of the national science and innovation system, notably industry and academia. The CSTA maintains that, through S&T linkages, the government can engage the full capacity of the national science and innovation system and draw on the most appropriate expertise, experience and resources wherever they reside in Canada. This will enable the government to more effectively identify, address and resolve a wide range of issues that affect Canada's social and economic well-being.

INNOVATION & RELATED POLICY[\[Table](#)[of Contents\]](#)

Knowledge Disclosure, Patents and the Optimal Organization of Research and Development*Sudipto Bhattacharya and Sergei Guriev*

That is the question facing researchers who have innovative ideas that become marketable products. Researchers who file patents to protect intellectual property rights may diminish the value of the research to potential developers due to "knowledge leakage" to competing developers. Instead, a researcher might approach a developer directly to negotiate an exclusive contract in which a researcher receives some immediate compensation and a stake in the licensed, developed product. From a policy perspective, a closed sale mitigates knowledge sharing (i.e. leakage) and creates a disincentive for the developer to pursue a marketable product due to shared profits with the researcher. However, the open mode creates disincentives for developers due to knowledge leakage. Based on the theories of Bhattacharya and Guriev, enhancing the access of researchers to venture capital might produce the greatest public good -- more development of knowledge and market-ready products.

Do Services Innovate (Differently)?

Bruce Tether (CRIC)

Although advanced economies are increasingly dominated by services, relatively little is known about whether and how services innovate. Instead, our understanding of innovation and innovation processes has been very largely derived from studies of manufacturing, and the production of technologically advanced artefacts. As services do not generally produce technologically advanced artefacts, they are often considered to be non-innovative, or 'supplier dominated' recipients of technologies rather than 'true innovators'. An alternative perspective is that services tend to innovate differently from manufacturers, or at least that innovation in services brings to the fore 'softer' aspects of innovation based in skills and inter-organisational co-operation practices which are pervasive across the economy but which do not tend to be prominent amongst manufacturers, and are therefore neglected. This paper examines this issue through an empirical analysis of a survey of European firms carried out in 2002.

CLUSTERS & REGIONS

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High Tech and Innovation Indicators for Metropolitan Montreal 200

Montreal International

This set of indicators identifies key measures of high tech and innovative activity in the Montreal region. They identify key high tech sectors and highlight the challenges that face Montreal in maintaining its competitiveness as a significant node of high tech activity in the innovation economy. Results indicate that Montreal places roughly in the middling ranges in comparison with 15 North American competitor cities (including Toronto, Los Angeles, San Francisco, Houston and Atlanta).

STATISTICS

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The Output Gap Between Canada and the United States: The Role of Productivity

John R Baldwin et al, Statistics Canada

The difference in the output gap (GDP per capita) between Canada and the United States is broken down into two components - differences in productivity (GDP per hour worked) and differences in effort (hours worked per capita) for the period 1994 to 2002. The paper shows that, on average, the majority of the output gap is accounted for by differences in hours worked rather than differences in productivity. Since 1994, the output gap has narrowed slightly, primarily because of an increase in hours worked in Canada relative to the United States.

[Innobarometer 2004](#)

CORDIS

"Experience of European managers in innovative activities" was the subject of the latest Innobarometer survey carried out in September and October 2004 for the European Commission. The findings, evaluating public support for innovation from a business point of view, have now been published in the form of the Innobarometer 2004 report and a special comparative report of the European Innovation Scoreboard. The survey found that 31 per cent of EU firms use at least one form of public support for their innovation activities, while only 12 per cent use the support for which they are eligible. Comparison with the Innovation Scoreboard indicates that support for networking among companies is the most effective form of public initiative in improving innovation performance.

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[Innovation and New Ventures 2005](#)

Vancouver, 21-22 January, 2005

This conference brings together representatives from industry, universities & colleges, and government from across Canada to share strategies and best practices in the areas of innovation, new ventures and entrepreneurship. This year's conference is the fifth in the series and will be championed by both WestLink Innovation Network and CATAAlliance, along with host organization Simon Fraser University. This is an important forum for addressing issues regarding support and funding of new ventures and infrastructure at the community level and nation-wide. The conference will focus on innovation and new ventures in Canada's industries and regions; financing new ventures; community infrastructure; and the role of industry, universities, colleges and government in innovation and new ventures.

[Canadian Urban Institute Roundtable Breakfast Series](#) **NEW!**

Toronto, 27 January, 2005

As business leaders recognize the link between their own global competitiveness and the health and vibrancy of the regional economies in which they operate, they are shifting their focus to activities that forge a new regional metropolitan context and agenda. In partnership with the Ford Foundation, MEDT contracted with the Boston-based consulting firm FutureWorks to engage private sector business leaders in a study to document and better understand this new shift in thinking and doing. This session will take a closer look at the new generation of regional

business-civic led organizations that is emerging in North America and the need for forging new alliances. Hear how the Toronto City Summit Alliance has developed a regional agenda for the GTA and what Waterloo Region is doing to develop its new business-led civic organization.

Conference on Plant-Made Pharmaceuticals

Montreal, 30 January- 2 February, 2005

This conference will convene developer of biopharmaceuticals and the plant-factory community. The three themes emphasized this year are compounds (biologic drugs in development, pharma partnerships, markets), capacity (speed, cost, quality and reliability of production), and compliance (evolving regulations, biomass production in North America and Europe, progress in clinical trials).

Regionalism and Local Government Reform in Europe

Tolo, Greece, 8-11 April, 2005

The objective of this conference is to explore comparative regionalism and regionalisation, together with comparative local government and governance. Plenary speakers include a welcome from Fofe Yenimata, President to the Greek National Union of Prefectural Local Authorities (ENAE), Prof. Charlie Jeffery, University of Edinburgh and Dr. Evie Christofilopoulo, Hellenic Open University and Member of the Greek Parliament. The major themes of the conference are: The impact of structural reorganisation on local governments and local governance; Local political and administrative leadership, including the impact of directly elected mayors and other existing or new political leadership arrangements; Local economic development; The development of regional government and governance, including the influence of the European Union on regional development. For full conference details and costs please contact Dr Joyce Liddle of the organizing team before January 31, 2004 through the link above.

5th Triple Helix Conference - The Capitalization of Knowledge: Cognitive, Economic, Social and Cultural Aspects

Turin-Milan, 18-21 May, 2005

The 5th Triple Helix Conference will bring together researchers interested in the interaction between University, Government and Industry. The conference program will include 10 Track Sessions per day, made up of paper sessions dedicated to individual scientific contributions, workshops on selected specific themes and panels intended for industrial experts and policy makers. The organizers invite contributions on issues related to the conference theme: economics of innovation, organizational sociology, regional policy, business & management, cognitive

economics, finance, law & economics, industrial economics, scientific and technology policy, and political science.

Dynamics of Industry and Innovation: Organizations, Networks and Systems **NEW!**

Copenhagen, Denmark, 27-29 June, 2005

The DRUID Ten Year Anniversary Summer Conference will be held at the Copenhagen Business School. The conference's scientific committee will consider all papers in the order in which they arrive with respect to novelty, academic quality and the proposed paper's relation to the theme of the conference.

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