

## News Release

For Immediate Release

### **B. C. offers best return on R&D spending in North America**

*Province number one in Canada for creating value from VC dollars spent*

**Vancouver, B.C., Nov. 7, 2005** – British Columbia technology companies are delivering the best return in North America for every dollar invested in research and development, according to a new UBC Sauder School of Business study. The study also found B.C. is number one in Canada and fifth in North America for creating value from each dollar of venture capital invested.

“This research demonstrates, once again, British Columbia entrepreneurs are among the best in North America in creating value from investment,” says George Hunter, president of Leading Edge BC, “Our ability to efficiently translate investment capital into value is another compelling reason for consideration of BC by international investors.”

The study, which was funded by Leading Edge BC, is the first of its kind to compare output, or “exits” of venture capital across major technology jurisdictions in Canada and the United States. During the period 1997 to 2004, 509 exits of Canadian venture capital backed companies generated a total exit value of \$30 billion US, while 3047 American companies generated \$381 billion US.

Overall the research found the Canadian market performing surprisingly well when the differences – mainly size – between the U.S. and Canadian economies and venture markets were taken into account. When the total exit values from both countries are compared on a GDP basis, Canada outperforms the U.S. by 3 per cent. And when compared against the amount of venture investment, Canada outperforms the U.S. by 15 per cent.

“Our results challenge the notion that the Canadian venture capital market is significantly behind the U.S.,” says Thomas Hellmann, UBC business professor and author of the study. “While it is true that total and average exit values are smaller in Canada, once we account for the different sizes of the two economies, the Canadian venture market performs surprising well, and if anything, better than the U.S.”

Other highlights from the report include:

- B.C. is eighth in exit value in North America on per GDP basis.
- Exits occur faster in Canada than in the U.S.
- Alberta is fastest from founding to exit in North America. B.C. is second and Ontario is third.
- Ontario is the fifth largest market in North America, with a total exit value of US\$14 billion.
- Exits in are Quebec (US\$5 billion), B.C. (US\$4.2 billion) and Alberta (US\$3.7 billion), demonstrating strong venture capital markets in these regions.
- B.C.’s strong performance is driven by successful exits in three main sectors: Information & Communications Technologies, Energy & Sustainable Technologies, and Life Sciences.

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### **Media Contacts**

George Hunter, President  
Leading Edge BC  
D: 604-691-2390  
C: 604-312-2682

Thomas Hellmann, Professor  
Sauder School of Business  
D: 604-822-8476