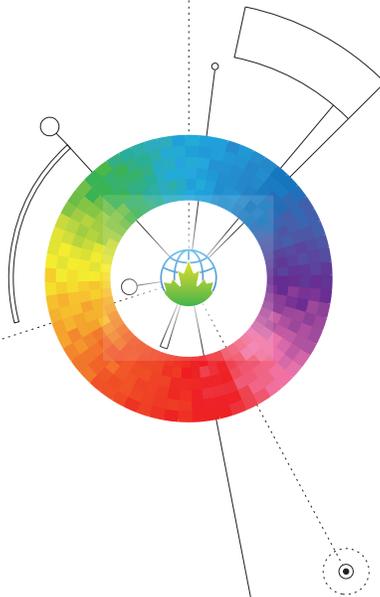


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GUEST EDITORIAL:
HATCH

HATCH Funding the Idea Pipeline

John Bianchini
CEO, Hatch

There's a second tier of contributors to the oil and gas industry that most of us never see. Major multinational energy corporations rely on a group of innovative companies to provide them with new ideas and forward-thinking technologies. Usually, these are smaller players who can create better refining processes; find easier, cleaner ways to get product out of the ground; and do it in ways that allow the big producers to maintain, even increase, returns to their shareholders.

These firms are specialists. They have the agility it takes to come up with new ideas that create positive change. Their ingenuity and ability to think outside the box makes them our best hope to solve the world's toughest challenges. But most of these smaller organizations and start-ups don't have the deep pockets or financial maturity to fund their novel inventions from the idea stage through to commercialization.

Governments do. They have the cash resources to bear the risk and help bring these promising ideas to fruition.

Canada's federal government, with tax credits and regional and sector-specific incentives, has one of the highest levels of indirect innovation support among wealthy countries. But our direct research-and-development spending falls considerably short. Germany and the United States, for example, invest close to 3 percent of their GDP on R&D; Canada, 1.7 percent.

Patents and trade secrets legislation can help safeguard new ideas, inventions, and innovations from infringement. But this kind of protection can be tenuous and difficult to enforce. Patents have limited lifespans, usually about twenty years. Not nearly long enough to protect complex technologies that may just be coming to fruition in that time. Here again, appropriate financial support by government in the early stages could help remedy the situation. It could go a long way to help inventors and creators get their novel ideas and products to market quickly enough to capitalize on opportunities and ensure a reasonable and timely financial return.

Our governments need to step up, to help innovative firms close the gap between high-value ideas and creations and successful commercialization. Their assistance can take many forms, but the one that's most essential—and currently lacking—is more direct funding to accelerate game-changing technologies toward market-readiness. Without government help, Canada's leading innovators cannot compete with other countries in the collective pursuit of a better world. We have the talent. We have the ideas. Let's get them to market.



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