

# WHAT CANADIAN INNOVATORS NEED TO SCALE



Policy strategies for economic security and lasting prosperity for every generation from the leaders of Canada's fastest-growing companies.

- ✓ ECONOMIC SOVEREIGNTY
- ✓ TAX COMPETITIVENESS
- ✓ NATIONAL SECURITY
- ✓ IP OWNERSHIP
- ✓ INCENTIVE OVERHAUL
- ✓ AI LEADERSHIP
- ✓ DEEP TECH
- ✓ GOVERNANCE REFORM
- ✓ STRATEGIC TRADE
- ✓ PROCUREMENT POWER



# DEAR FEDERAL PARTY LEADERS,



## DANIEL PERRY

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As we approach a pivotal federal election, entrepreneurs across Canada are seeking a government that understands the critical role they play in driving economic growth, creating jobs and investment, and positioning our country as a leader in the global economy. Now more than ever, we need policymakers who are the wind at our backs, not in our faces—leaders who are committed to creating prosperous Canada and can craft strategies that unlock access to talent, capital, and customers.

The world is changing fast. Digital transformation, artificial intelligence, and emerging technologies are reshaping industries. Economic security and resilience have become key to our prosperity and

sovereignty in ways that we have not experienced in generations.

For Canada to stay competitive, we must build an economy that rewards risk-taking and entrepreneurial ambition. That means fostering a policy environment that encourages investment, removes barriers to growth, and enables our brightest minds to scale their ideas globally.

Canadian innovators are ready to lead, but they need a government that supports them— one that supports Canadian companies, prioritizes upskilling our workforce, attracting top-tier global talent, ensuring access to the capital required for growth, and facilitating market access at home and abroad.

Together, we can position Canada as a world leader in innovation. This election is a critical opportunity to ensure that our government partners with innovators to build a future where opportunity and prosperity are within reach for all Canadians.

As you draft your platform, we invite you to ask yourself:

**What is our party's plan to drive better prosperity outcomes and help Canadian innovators scale-up globally?**

# ABOUT CCI

The Council of Canadian Innovators (CCI) is a national member-based organization reshaping how governments across Canada think about innovation policy, and supporting homegrown scale-ups to drive prosperity.

Established in 2015, CCI represents and works with over 150 of Canada's fastest-growing technology companies. Our members are the CEOs, founders, and top senior executives behind some of Canada's most successful 'scale-up' companies. All our members are job and wealth creators, investors, philanthropists, and experts in their fields of healthtech, cleantech, fintech, cybersecurity, AI and digital transformation. Companies in our portfolio are market leaders in their verticals, commercialize their technologies in over 190 countries, and generate between \$10M - \$750M in annual revenue. We advocate on their behalf for government strategies that increase their access to skilled talent, strategic capital, and new customers, as well as expanded freedom to operate for their global pursuits of scale.

Learn more about our members and our initiatives at [www.canadianinnovators.org](http://www.canadianinnovators.org).

# OUR MEMBERS



# BUILDING CANADA'S ECONOMY THROUGH INNOVATION

As Canada approaches a pivotal election, the next Prime Minister and their Cabinet have a unique opportunity to make Canada more prosperous and secure by embracing innovation.

The Council of Canadian Innovators, representing over 150 of Canada's fastest-growing technology companies urges all political parties to adopt a strong, results-driven vision for Canada's digital economy.

This vision should harness Canada strengths, leveraging innovation to create high paying jobs, growth and prosperity for the short and long term. Innovation is central to any advanced economy's future and especially Canada.

Today, every sector—from healthcare to natural resources—relies on digital tools, data, and intellectual property to enhance productivity and create value. To secure Canada's competitive edge, the next government must take decisive steps to strengthen the innovation ecosystem by improving access to talent, capital, customers, and strategic market frameworks.

These actions will enable homegrown companies to scale, create high-quality jobs, vibrant local innovation ecosystems, and build Canadian leadership in global markets.

To support this vision, CCI offers the following key recommendations for all parties to adopt.

## CCI'S KEY RECOMMENDATIONS

- Protect Canadian prosperity by making our tax system competitive with leading global jurisdictions.
- Strengthen Canada's security and resilience through dual-use strategic defence investments
- Lead nationally on owning Canadian ideas and turning them into valuable economic assets.
- Reform out-of-date government incentive programs that aren't performing.
- Seize the moment on AI, deep tech and technologies that will power future growth.
- Establish new governance tools to power innovation and wealth creation in Canada.
- Protect Canada's interests with a strategic approach to trade
- Leverage government as an innovation driver through the power of strategic procurement.

## Protect Canadian prosperity by making our tax system more competitive for innovation and for Canadian entrepreneurs

Tax competitiveness with other G7 countries, including the United States, is critical to maintaining an investment climate in Canada that encourages much-needed investments in innovation and innovative enterprises. This includes modernization of the Scientific Research and Experimental Development (SR&ED) tax credit to reward innovation and commercialization of Canadian ideas, and the creation of a patent box measure to supplement it. Modernization of SR&ED is much more effective alternative to poorly-targeted measures such as the Digital Services Tax.

The next Prime Minister must also scrap proposed changes to capital gains inclusion rates in Budget 2024, and bring us closer to tax competitiveness with similar jurisdictions. Investors are looking for stability in the Canadian markets before considering investment and an environment that supports innovation and risk taking. Looking south of the border for instance, the United States is creating an innovation investment incentive aligned with the American Qualified Small Business Stock program, including rollover provisions that allow deferral of taxation upon reinvestment into new qualifying enterprises.

## Strengthen Canada's security and resilience through dual-use strategic defence investments

Canada is a global leader in critical, high-demand sectors with dual-use civilian and military applications, such as cybersecurity and quantum technology. To maximize the impact of Canada's substantial investments in research and development, it is crucial to align defence spending with national security priorities and economic growth opportunities. By strategically focusing on areas that meet both domestic military needs and the evolving demands of our allies, Canada can enhance its defence capabilities while driving economic benefits for Canadians.



Leadership team members of data security scale-up QoHash, based in Québec City, and led by CEO Jean Le Bouthillier (right)

The next Prime Minister must ensure a strategic recalibration of defence investments, prioritizing research areas that support Canada's military objectives and have significant export potential for both military and civilian markets. This approach will not only strengthen national security but also position Canadian firms as global leaders in defence and security technologies.

By leveraging these investments to fulfill Canada's defence obligations—such as NATO commitments—Canada can scale its leading firms into global export champions, enhancing our economic resilience and securing a competitive advantage in the international defence sector.

## Lead nationally on owning Canadian ideas and turning them into valuable economic assets

In the 21st century economy, intangible assets like intellectual property (IP) and data are the basis of companies' success, the key to broad prosperity and wealth creation. The next Prime Minister must provide national leadership on owning Canadian IP and intangible assets, building on and strengthening existing provincial efforts, with an IP-focused organization or program combining best practices from Quebec's Axelys and Ontario's IPON, and continuing to support efforts like the Innovation Asset Collective.

Further, the next Prime Minister must strengthen the connections between publicly-funded research and economic success by conditioning federal research funding on strong and mutually compatible university and college IP management and research commercialization practices that advance Canadian prosperity.

## Reform out-of-date government incentive programs that aren't performing

Some existing programs whose purpose is to help scale Canadian businesses and boost innovation aren't working. Initiatives like the Innovation Superclusters - now called the Global Innovation Clusters - haven't achieved what they set out to accomplish nor were they designed to advance Canadian prosperity. The next Prime Minister must seek to consolidate resources in innovation programming to focus on what matters: helping Canadian firms unlock global scale by turning Canadian ideas into better paycheques and prosperity.

Areas of overlap in Crown corporation and regional development agency offerings and operations are also potential sources of savings and efficiencies. Economic programs and organizations should have their mandates refocused very clearly on pursuing growth and hard, measurable outcomes like growing Canadian companies and increasing productivity.



## Seize the moment on AI, deep tech and technologies that will power future growth

Artificial intelligence, quantum, digital currencies and other deep tech fields are transforming industries worldwide. Canada's stagnating productivity growth makes leveraging new technologies especially critical as new opportunities to drive national prosperity. Fully seizing the AI and deep tech moment means "scaling-out" and "scaling-up" – investing in domestic innovative firms to develop a thriving national ecosystem and creating pathways that turn cutting-edge research into commercial products. Canada's strategy on AI and other deep tech sectors has left Canadian companies with control over little foundational IP, despite making strong contributions to driving these technologies forward as a country.

As large US-based hyper-scalers continue to accelerate spending on data centres and compute infrastructure around the globe, the next Prime Minister must put Canadian prosperity first when engaging with foreign tech giants. The government's priority should remain enabling domestic, sovereign compute capacity to ensure Canadian industry has access to necessary inputs, Canada gets the economic benefits of such infrastructure and Canadians' privacy rights are upheld.

Access to foreign compute infrastructure relies on favourable American or EU policy regimes. In a new global order driven by strategic behaviour by nation states, it is a dangerous gamble to believe our neighbours will look out for our sovereign interests. Developing domestic resilience is a critical security concern.

## Establish new governance tools to power innovation and wealth creation

As the pace of business and industry development rapidly increases, the Canadian government must adopt new tools to keep up and drive domestic innovation. Standards enable a more flexible approach to governance, freeing up government capacity to focus on important priorities while providing businesses regulatory certainty. Merging existing federal standards bodies will reduce fragmentation in government, increasing the ease of industry in navigating bureaucracy. The U.S. National Institute for Standards and Technology offers an ideal model of integrated standards – Canada should consider aligning its approach by incorporating existing bodies into the National Research Council to match global best practices.

The federal government should also expand the use of regulatory sandboxes across the public service for emerging technologies. These environments foster collaboration between government and industry, allowing businesses to test innovations while providing civil servants valuable regulatory insights. Sandboxes build capacity in government, enabling bottom-up governance that allows innovation to flourish.

## Protect Canada's interests with a strategic approach to trade

Tariff threats from the United States have laid bare a very stark reality - while integration has had benefits for Canada, it has left us poorly equipped to deal with an aggressive and protectionist American government. While Canada will remain an open economy, we need a new, sovereign strategic approach that uses all the tools and levers at our disposal, including standards, domestic value-added industries, IP rights, and security reviews. Trade agreements that position Canadian companies to win in global markets is the best future for a small open economy. To achieve it we need to re-build a close and standing cooperation between government and private sector stakeholders akin to USTR's sectoral tables which inform all aspect of US trade negotiating strategy.

## Leverage government as an innovation driver through the power of procurement

Modernizing how the Canadian government buys technology could be a game-changer to drive economic growth. When local companies sell to the government, it attracts customers and investors and helps them grow. Unfortunately, the current slow and risk-averse approach to procurement favours large multinationals instead of domestic innovators. Updating procurement processes is especially critical in innovative sectors where the Canadian government has historically lagged behind its peers. Despite a notable increase in Federal IT procurement spending over the past decade, Canada ranks 47th globally in the UN's E-Government Development Index, lower than all other G7 nations barring Italy. Reducing onerous regulatory processes, cutting red tape and setting small and medium-enterprise targets will bolster industry involvement, increase competition, and drive innovation helping close Canada's growing digital gap while fostering growth in critical domestic technology sectors.

Last year, CCI released two key reports – [Buying Ideas](#) and [Building Winners](#)— which provide a roadmap for how Canada can use procurement strategically to support domestic innovation, grow the economy and boost competition. Implementing a targeted procurement policy that recognizes the opportunities and challenges Canada faces as a small open economy, and that prioritizes long-term strategic position over short-term gains should remain a critical priority of a new government. Empowering national companies will strengthen Canada's economy for the future.



Lori Weir, CEO of St. John, NB-based Four Eyes Financial, speaks at Canada's CEO Summit 2024 about business strategies for scale-ups.



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