

NOA NORTHERN ONTARIO
ANGELS

ANO LES ANGES DU
NORD DE L'ONTARIO

NORTHERN ONTARIO ANGELS REQUEST FOR PROPOSALS
NORTHERN ONTARIO VENTURE CAPITAL FUND FEASIBILITY STUDY

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1. Introduction

The purpose of this project is to assess the feasibility of a Northern Ontario Venture Capital Fund (NOVCF) as a source of capital to help Northern Ontario based companies scale operations. We believe a stand-alone, independent NOVCF will identify, invest in, and support high potential emerging technology ventures that present meaningful investments for our limited partners while concurrently driving economic prosperity for Northern Ontario.

Background

Despite its geographical size, Northern Ontario's population is relatively small, with around 800,000 people, spread across vast rural and remote areas. The region faces unique challenges and opportunities, such as leveraging its natural resources, supporting growing tech and innovation sectors, and enhancing infrastructure.

Northern Ontario's economy is diverse and continues to evolve with various regional economic drivers. The area is supported by four Regional Innovation Centres (RICs) – in Thunder Bay, Sudbury, North Bay, and Sault Ste. Marie – each playing a crucial role in supporting local businesses and fostering innovation through entrepreneurship, mentorship, and networking. The region's innovation ecosystem is further bolstered by the Northern Ontario Angels (NOA), which connects investors with emerging startups and innovative companies. Additionally, the Sudbury Catalyst Fund plays a key role in supporting risk investment by providing efficient investment to early-stage and growth-stage companies that are working on innovative projects with high potential for scaling in Sudbury.

A key player in facilitating economic development in Northern Ontario is FedNor, which funds projects aimed at enhancing growth, infrastructure, and job creation. The Northern Ontario Heritage Fund Corporation (NOHFC) also contributes to regional development by supporting business and community initiatives. Northern Ontario boasts several Economic Development Corporations within the region including those within North Bay, Sault Ste. Marie, Sudbury, Thunder Bay, and Timmins. Moreover, the region has several established and burgeoning Indigenous Economic Development Corporations that work for and with their communities to foster prosperity. Each of these economic development corporations plays a crucial role in supporting their respective communities' economic growth and diversification. By fostering innovation, supporting businesses, and attracting new investment, the federal, provincial, and municipal governments help position Northern Ontario as a competitive region in both traditional industries and emerging sectors.

In terms of education and research, Northern Ontario hosts a vibrant post-secondary sector, which includes Laurentian University, Lakehead University, Nipissing University, and Algoma University. They have recently been joined by the Northern Ontario School of Medicine University, which specializes in training physicians in rural and remote settings. These institutions play a significant role in driving research and development, fostering innovation, and providing a highly educated workforce. There are also several colleges, such as Cambrian College, Collège Boréal, Northern College, Canadore College, Sault College, and Confederation

College that complement the universities by providing technical and vocational training tailored to the region's economic needs.

The region has a strong base in industries like mining, forestry, and energy, while also focusing on emerging sectors like clean technology, digital innovation, and life sciences. The collaboration between the various funding organizations, academic institutions, and innovation hubs helps create a robust ecosystem that nurtures new business opportunities and technological advancements, all aimed at diversifying and growing Northern Ontario's economy for the future.

Exploring the Opportunity for a NOVCF

Creating a NOVCF would address key gaps and opportunities in the region's ecosystem to ensure its success and sustainability. Below are three critical areas where a prospective NOVCF would be viable and effective:

- 1. Strong Pipeline of Scalable, Innovative Companies:** To justify the creation of a NOVCF there must be a steady pipeline of early-stage, innovative companies that have high growth potential and are poised to scale. While the region has a strong base in traditional industries like mining and forestry, the emergence of new sectors such as mining technology, clean energy, advanced manufacturing, and medical technology needs to be robust enough to attract venture capital investment. This requires not only fostering local entrepreneurship but also providing support through innovation hubs, accelerators, and incubators that can nurture startups to a stage where they are attractive to venture capital investors. Moreover, a NOVCF could be developed as an investment attraction vehicle to bring companies in the above-noted emerging sectors to communities across the North. Creating more industry-specific networks and fostering collaborations with universities and research institutions would be key to generating a sufficient number of high-potential ventures.
- 2. Investor Confidence and Participation:** A successful NOVCF would rely on building investor confidence in the region's ability to generate returns from innovative startups. There is a need to attract a diverse pool of investors who are willing to take on the higher risk typically associated with venture capital, particularly in a less-established region. This would require a combination of proven success stories, clear investment incentives (such as matching funds), and robust support mechanisms (such as mentorship and business development). Additionally, partnerships with regional and national investment networks would de-risk investments and bring credibility to the NOVCF, making it more attractive to both local and external investors.
- 3. Infrastructure and Ecosystem Support:** A NOVCF would need to operate within a broader, supportive ecosystem that includes the right infrastructure for startups to thrive. This encompasses access to business incubators, accelerators, co-working spaces, and professional services like legal and accounting expertise that are critical for growing businesses. Given NOA's connection to these ecosystem features, a proposed NOVCF could serve the North efficiently and effectively. Additionally, there needs to be a well-developed network for talent acquisition and retention, particularly in emerging sectors. Providing access to skilled labor

through collaboration with universities and colleges would be essential to support the growth of tech and knowledge-based industries. Finally, a framework for business commercialization, where startups can translate research and ideas into viable products and services, would also be important to ensure that the companies funded by the NOVCF are able to succeed in a competitive marketplace.

We feel that a NOVCF can serve to address these three gaps and would serve to ensure a strong pipeline of scalable startups, building investor confidence, and developing the necessary ecosystem infrastructure to help fuel long-term economic growth. Overall, a NOVCF could address gaps in the current system:

- **Access to investment and talent:** The presence of a dedicated NOVCF sends a signal to investors and entrepreneurs that the region is committed to their support.
- **Addressing funding gaps:** By offering alternative sources of funding, the NOVCF can support promising ventures that might otherwise struggle to access financing from traditional sources.
- **Risk Mitigation:** Achieving a commercial grade product or service is research and development capital-intensive and involves significant risks. Angel Funds, with their willingness to take risks, can play a crucial role in supporting such projects.
- **Job creation and Economic Development:** Northern Ontario faces unique demography challenges and relies on resource-based industries (forestry and mining). The NOVCF would address the need for economic diversification while stimulating job creation, stabilizing populations, and fostering prosperity for the region.

Important questions to consider can be:

1. Who are the potential customers of a NOVCF? What amount of deal flow is present in the region? What can the NOVCF do to identify potential venture capital investment opportunities?
2. What is the size of fund, portfolio management and support strategy, investment thesis, partnership model, engagement with Regional Innovation Centres for portfolio protection, engagement with other Venture Capital Firms, fund of funds and other fund construction consideration for pan-Northern context?
3. Are businesses in Northern Ontario aware of the conditions normally required by angel and venture capital investors? Are local businesses willing (or able) to meet these requirements?
4. What is the potential supply of capital in Northern Ontario? Is it sufficient to raise the capital initially required by the NOVCF?
5. What company stage, sectoral focus, operational structure would define eligibility for a proposed NOVCF?
6. What level of interest does municipal, provincial, and federal governments have in sponsoring the NOVCF? What concerns need to be alleviated before government support can be obtained?

Company Overview

Northern Ontario Angels (NOA) is the only formal Angel Organization in Northern Ontario. NOA is a standing member of the National Angel Capital Organization (NACO) and Angel Investors Ontario (AIO). NOA connects accredited angel investors to Northern Ontario entrepreneurs looking for growth capital and investments. NOA was created as a not-for-profit corporation in 2005 as a catalyst to establish angel investment groups and create a gateway to facilitate connections between entrepreneurs and investors.

Our goal is to stimulate investment capital into Northern Ontario companies to help them grow and succeed. This is accomplished by improving the flow of investment capital, investment education, and management expertise into high-growth potential Northern companies. NOA is continually growing, developing, and updating its Angel Investment Groups throughout the North and around the world.

NOA will follow its policy on procurement and expenditures.

Purpose

The purpose of this project is to assess the feasibility of a NOVCF to streamline the capital raise process for Northern Ontario companies by providing access to smart and quick capital. A NOVCF could serve as a catalyst for bridging funding gaps between new, early-stage companies, scale-ups, and the wider investment community within the region.

Applicable laws and by-laws governing the operation of Ontario Not-For-Profit corporations, including NOA's constating documents, will also be analyzed and considered in determining the feasibility of the NOVCF as an undertaking for NOA. Careful consideration will be placed on the organization's ability to deploy a fund within the Ontario Security Commission's regulatory framework.

Who May Respond

NOA seeks an entity with proven experience and understanding of angel investing and venture capital with a knowledge of the unique challenges of communities in Northern Ontario. Preference will be given to Northern Ontario businesses.

Budget

\$100,000 inclusive of travel and taxes.

Scope of Work

This project will evaluate the feasibility of a NOVCF that could be conceivably delivered by the NOA. Careful consideration will be placed on the organization's ability to deploy a fund within the Ontario Security Commission's regulatory framework.

Applicable laws and by-laws governing the operation of Ontario Not-For-Profit corporations, including NOA's constating documents, will also be analyzed and considered in determining the feasibility of the NOVCF as an undertaking for NOA.

The successful Consultant will undertake the following:

- Examine legal and regulatory implications to NOA in association with the operation of the NOVCF;
- Explore, and propose, operating models and raising capital considerations from various entities that may include provincial pools of capital (e.g. MaRS Innovation Accelerator Fund, Velocity), Government of Canada (e.g. Sandpiper, Kensington Fund, Sudbury Catalyst Fund), Angels (e.g. Axion Fund and Archangel Group of Funds) that may act as Limited Partners;
- Evaluate and define a potential fund structure, size, operational considerations, and regulatory impacts of NOA leading a NOVCF;
- Propose clear investment criteria, guidelines, portfolio management, and governance to select promising startups. Specific consideration to company stage, sectoral focus, and structure would be evaluated.
- Examine municipal interest in sponsoring the NOVCF;
- Identify patent filings to identify regional innovation assets;
- Evaluate potential demand for the investment vehicles to be offered by the NOVCF;
- Examine potential supply of capital from investors and other agencies in Northern Ontario;
- Include BIPOC outreach to ensure EDIAR (Equity, Diversity, Inclusion, Access, and Reconciliation) considerations within the NOVCF model; and
- Delivery a supply analysis of current and future capital-seeking companies.

Proposal Submission Guidelines

Please submit bid documentation and supporting information electronically by March 7, 2025 at 4:00pm to:

Ian Lane
Executive Director
Northern Ontario Angels
ian@northernontarioangels.ca
705-349-2324

Contract Terms

NOA will leverage previous consulting contracts to articulate terms of this feasibility study. The prospective study must be completed by June 30, 2025.

Contact Information

Ian Lane
Executive Director
Northern Ontario Angels
ian@northernontarioangels.ca
705-349-2324

Outline of the Selection Process

- **Pre-qualification Stage:** Preference will be given to firms based in Northern Ontario.
- **Proposal Evaluation:** See below
- **Interviews or Presentations:** Firms may be invited to conduct a presentation on their proposal.
- **Decision-Making:** The NOA NOVCF Committee will review the bids and consider the Scoring System (see below) along qualitative aspects of the proposals and any additional factors relevant to the project.
- **Notification and Contracting:** The Executive Director will issue notification to all firms considered and work with the NOA Board Chair to execute the consulting contract.

Evaluation Criteria and Scoring System

The following criteria will be used to assess and score proposals based on:

- **Criteria Categories:**
 - **Technical Expertise (30%):** Demonstrated knowledge and skills relevant to the project.
 - **Experience (25%):** Previous experience with similar projects or clients.
 - **Approach and Methodology (20%):** Quality and feasibility of the proposed approach.
 - **Cost (15%):** Reasonableness of the proposed budget.
 - **Timeline (10%):** Articulation to meet proposed milestones and deadline.
- **Scoring System:**

Criteria	Weight	Proposal A	Proposal B	Proposal C	Comments
Technical Expertise	30%				
Experience	25%				
Approach and Methodology	20%				
Cost	15%				
Timeline	10%				