

ECONOMIC IMPACT OF THE OKANAGAN TECH SECTOR

2017 EDITION



EXECUTIVE SUMMARY

As part of our ongoing mission to support and develop new and growing technology-driven businesses within the OKGNtech community, Accelerate Okanagan has conducted its third survey to gauge economic impact, highlight growth, and celebrate success since 2015. To do this, OKGNtech companies were invited to participate in an online survey that gathered information about business structure, revenues and expenditures, work force composition, benefits, and challenges of operating their tech company.

Accelerate Okanagan commissioned this updated study conducted by a third party researcher through Small Business BC in partnership with the Central Okanagan Economic Development Commission. The goal of the study was to ultimately assist in attracting new talent, companies, and potential investors to the Okanagan, as well as inform policy makers and the media.



\$1.67 Billion

the Economic Impact
of **OKGNtech**

\$1.32 Billion
Direct Impact

Represents total revenues
directly generated by
companies in OKGNtech

\$350 Million
Indirect Impact

Represents impact of
businesses who supply
revenues to OKGNtech

\$1.67 Billion
Combined

Represents the total economic
impact of OKGNtech within
the Okanagan

BC HIGHTECH SECTOR

↑ REVENUE INCREASED
9.2% TO
\$28.9 BILLION

GREW BY 3.3%

10,236
BUSINESSES

THE PROVINCIAL
ECONOMY'S GROWTH
WITH AN INCREASE OF

3.3% IN 2016

ECONOMIC IMPACT ASSESSMENT

The province of British Columbia publishes its Profile of the British Columbia High Technology Sector every year. This is something we have consistently used as a benchmark for this series of reporting. The most recent edition of the report (November 2017) shows that the high technology sector is a vital part of the BC economy. According to the report, BC's tech economy expanded by 3.5% in 2016, moving from out-pacing the economy in previous years to lagging the provincial economy's performance in the last 2 years.

- BC high-tech sector revenues increased by 9.2% to \$28.9 billion.
- Number of BC high-tech sector businesses grew by 3.3% to 10,236 businesses.
- BC high tech sector GDP lagged the provincial economy's growth with an increase of 3.3% for 2016.

Based on the methodology used to Profile of British Columbia's High Technology Sector report, as well as the previous survey undertaken by Accelerate Okanagan, the overall contribution of OKGNtech to the Okanagan economy is estimated as follows:

\$1.32 BILLION DIRECT IMPACT

Represents total revenues directly generated by companies in OKGNtech

\$350 MILLION INDIRECT IMPACT

Represents impact of businesses who supply revenues to OKGNtech

\$1.67 BILLION COMBINED

Represents the total economic impact of OKGNtech within the Okanagan.

Okanagan tech businesses are becoming more sophisticated as the number of corporations increases from 75% in the last survey to 83% in 2018. They are also getting younger. Three to five year old firms increased in share from 22% to 34% over the last two years, while an additional 30% were 1-2 years, for a total of 64% with less than 5 years of operation, compared to 60% in the last survey. Looking at older businesses, 24% of the businesses responding were older than ten years. This is slightly down from 26% in 2016.

Like high technology itself, definitions for tech sectors in the Okanagan Valley have also changed for this survey. Information and Communication Tech, which includes software and application development, hardware, Saas, IT, data and transactions, and network service providers, reported the largest share of Okanagan tech businesses with 52%.

14% of Okanagan tech companies surveyed are Tech Enabled. The Tech Enabled sector includes; creative agencies, media and human resource companies. Examples include; CREW, Acro Media, and Twirling Umbrellas Ltd.

Revenues are an important measure for the economic impact of a sector on a community. The average revenue for tech companies continues to grow with each consecutive survey and the projections provided from previous surveys are conservative compared to reported revenues in the current survey. Average revenues for these tech companies broke the million-dollar mark in 2017, reaching \$1,276,094 a healthy increase of 7% over 2016.

\$1,276,094
Average Revenue in 2017

7%↑

Increase since 2016

12%↑

Projected for 2018

Owners continued this optimism for the future with and expected 12% increase for 2018 or \$1,431,455. This reinforces the general feeling that the Okanagan tech sector is getting stronger every year.

When Okanagan tech businesses were asked how many workers they had with their company, a total of 1,008 workers were reported for 2017. This works out to be an average of 13.5 workers per business. Although the majority of male tech workers in this region has declined from 72% in the last survey to 61% in 2017, the share of workers under the age of 35 years of age has increased slightly from 52% to 55% percent, while those 45-54 years of age haven't changed since the last survey. Regarding tech business outlook for hiring, 77% of the businesses responding indicated they would be increasing their staff over the next year, a big increase over 67% of those surveyed in 2013.



55%
of workers are
under the age of 35



12,474
workers are in tech.
An increase of 64%
since 2015

Knowing the advantages that tech businesses attribute specifically to the Okanagan is helpful in developing the future of this region's economy. The top three advantages are innate to the region and would be difficult to create anywhere else. The number one choice of those responding to this question was "Lifestyle" at 81%, up from 66% last survey, while "Climate" followed 65%, and "Commute Time" 53%. The "tech community" and "High Employee Satisfaction" were chosen by 48% and 42% respectively.

With the advantages come challenges. Similar to the previous survey, "lack of talent" is still the number one constraint (51%). A trade-off for Okanagan "Lifestyle" advantage, comes the cost of "Distance to Clients" 45% and "Small Client Base" (35%). "Travel Costs" and

"Cost of living" were also selected as challenges of operating a tech business in the Okanagan.

The Okanagan high tech community is an important part of the economic viability of the Okanagan's prosperity for the future. Globalization and technological change are important currents facing today's economies and this region appears to be ready with companies positioned to benefit from these changes.

Businesses in data processing, application development, mobile applications, new media, and internet technology can take advantage of global trends. Continued efforts to raise awareness of this region's tech capabilities will be crucial to its future success.

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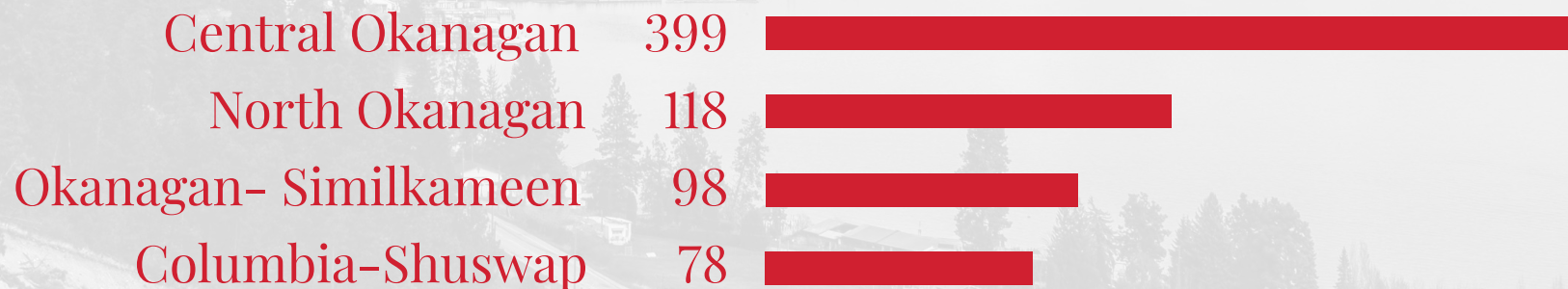
Tech Businesses in the Okanagan

9.5%↑

Growth since 2015

24%↑

Growth since 2013



ECONOMIC IMPACT



AVERAGE ANNUAL REVENUE

In calculating the economic impact of OKGNtech on the Okanagan economy, the average tech business revenue must be calculated for the region. Respondents were asked to provide their 2017 revenues. Some businesses did not respond to the question, while others entered zero, and some branch locations entered their total company's revenue, not just the branches revenue, and there were some extremely high revenues, or outliers, in the responses. These entries had to be removed to get a more accurate picture of average revenue for tech businesses in the Okanagan region.

Out of 115 responses, 78 responses were used to calculate the average 2017 revenue of \$1,276,094. This is significantly lower than the provincial average of \$2,823,368.

This discrepancy has been attributed to the scale of operation of high tech businesses in the Metro Vancouver area. Although the revenues may be lower than the provincial average, \$1,276,094 marks a 70% increase from 2015 and a 112% increase since 2013.

A further calculation was made to determine the average annual revenue of those businesses that had no employees, which increased from \$48,500, to \$89,157 from 2015 levels.

BUSINESS COUNTS

Once the average revenue has been calculated, the number of high tech businesses needs to be determined so we can multiply the average revenue by the number of businesses to get an estimate of total revenue generated. A tech business can have employees, or no employees, just the owner. For businesses with employees, Statistics Canada's statistics on high-tech businesses by region was used for June 2018. The table below indicates the number of high- tech businesses with employees, which grew by 9.5% since 2016.

The Profile of British Columbia's High Technology Sector (2017) provides the ratio of tech businesses without employees to those with employees as 3.22 times. If there are 693 tech businesses with employees, there would be an estimated additional 2,231 without employees for a total of 2,924 for the latest information available.

REGION

BUSINESSES WITH EMPLOYEES COUNT JUNE 2018

CENTRAL OKANAGAN	399
NORTH OKANAGAN	118
OKANAGAN-SIMILKAMEEN	98
COLUMBIA-SHUSWAP	78

.....

TOTAL OKANAGAN TECH BUSINESS

693

DIRECT IMPACT CALCULATION

Using the average revenues for tech businesses with and without employees mentioned above and the counts for each of these groups, the direct impact of those Okanagan tech businesses for 2017 is estimated to be \$1,325,042,409.

Businesses With Employees	\$1,126,133,142
Businesses Without Employees	\$ 198,909,267

.....

Total Direct Impact

\$1,325,042,409



INDIRECT IMPACT

The indirect impact is the effect that a sector has on other sectors as it buys inputs to produce its outputs. Multipliers are used to calculate this and can vary in their value depending on the type of sector that's involved. The multipliers used for this report are from Statistics Canada's input-output model for 2010. The method used in this report is taken from BC Stats' guide British Columbia Provincial Economic Multipliers and How to Use Them (March 2008).

Following the method used in previous survey analysis, the multipliers used for the tech sector include those from manufacturing and services. Each of these multipliers have different values, medium aggregation for manufacturing is .25, while small aggregation for services is .28.

	MANUFACTURING	SERVICES
BUSINESS COUNTS	48	645
% OF BUSINESSES	7%	93%
MULTIPLIER	0.25	0.28

.....

Total: 693

Weighted average multiplier = $(7\% \times 0.25) + (93\% \times 0.28)$

THE TECH SECTOR

2017

\$1.674
BILLION DOLLARS
CONTRIBUTION TO THE
28% ^{BC ↑}
ECONOMY

693
Tech Businesses
in the Okanagan

9.5% ↑
Growth since 2015

24% ↑
Growth since 2013

Total Impact

	DIRECT IMPACT	MULTIPLIER	INDIRECT IMPACT
TOTAL REVENUES	\$1,325,024,409	0.28	\$348,887,885

Total Impact

TYPE OF ECONOMIC IMPACT	ECONOMIC IMPACT
ESTIMATED DIRECT IMPACT	\$1,325,042,409
ESTIMATED INDIRECT IMPACT	\$348,887,885
TOTAL ECONOMIC IMPACT	\$1,674,930,294

The Okanagan tech sector has increased its contribution to BC’s economy over the last couple of years by approximately \$1.674 billion dollars, a 28% increase from 2015

BUSINESS FOUNDATION

OKANAGAN BUSINESSES:

> LESS THAN
5 YEARS OLD.

Tech Businesses

64%

Other Businesses

20%

3-5 YEARS OLD

22%

TO
↓

34%

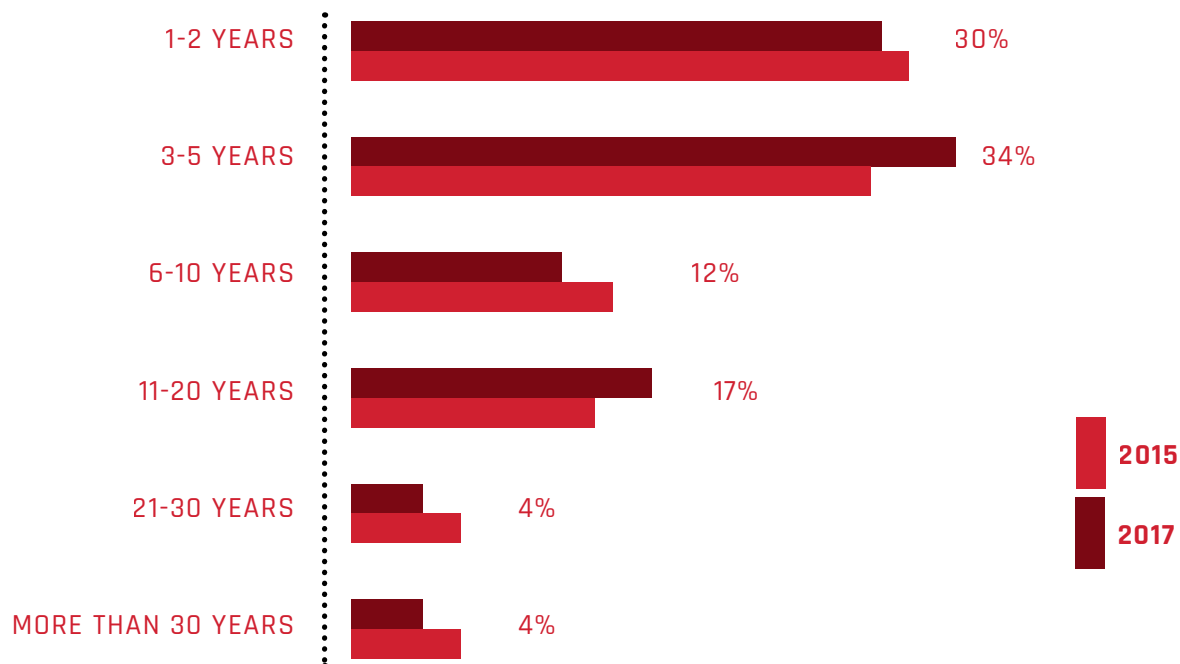
% INCREASE SINCE 2013

BUSINESS STRUCTURE

How does OKGNtech as a sector compare to the rest of the region's economy? Tech businesses are significantly younger than the average Okanagan business and are becoming younger over time. For example, 64% of this region's tech businesses have been operating for fewer than 5 years. Compared this to 20% for businesses overall.

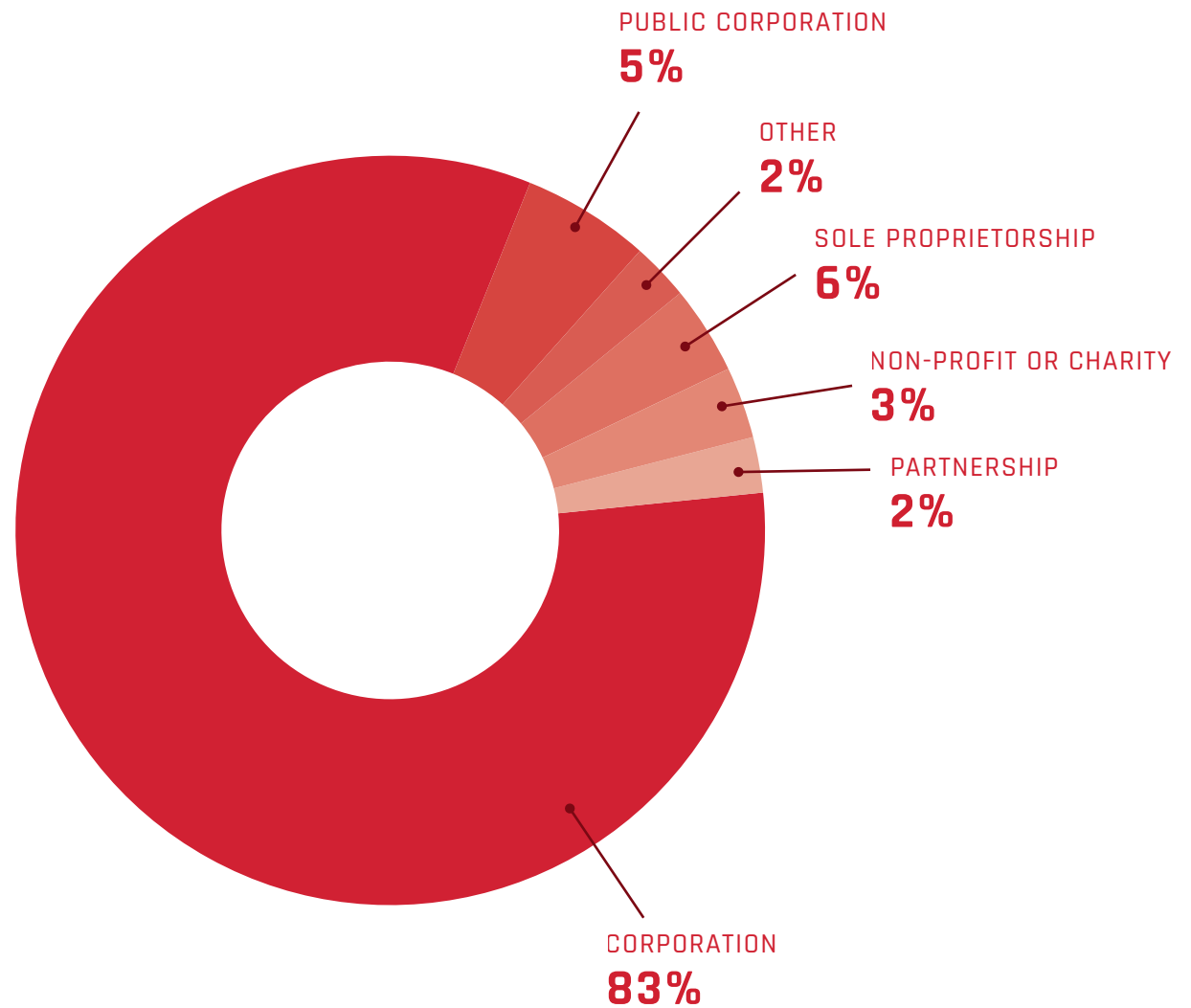
This trend of younger business is continuing in this sector from 2013 survey, but not for all age groups. While the share of start-ups has dropped slightly over the past 4 years, those between 3-5 years of age increased from 22% to 34%. Six to ten year old firms are dropping in share while 11-20 year old firms have fluctuated from 20% in 2013 to 17% today.

Number of Years in Business

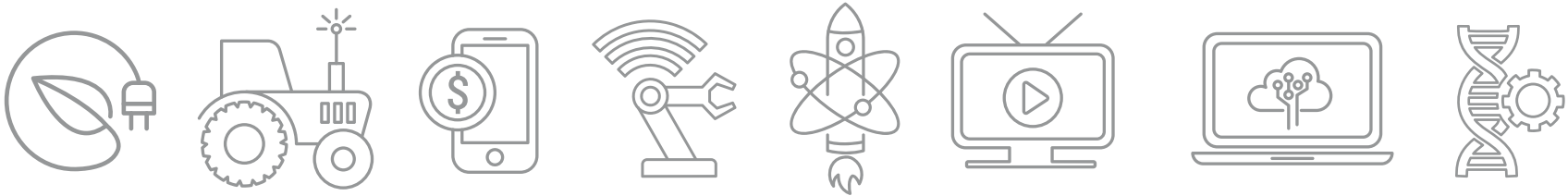




Like the last survey, the majority of the companies responding to the survey were from Kelowna (69%), while Penticton and Vernon made up 20%. The legal nature of Okanagan tech companies, is maturing over time. The percentage of those incorporated increased from 75% in 2015 to 83% in this latest survey, while sole proprietorships dropped from 13% to 6%.



Innovation by Sector



TECH SECTORS DEFINED

Like technology itself, the sector classifications used for this survey have been completely revised. Previous surveys used Software and Services, New Media and Internet Technology, Life Sciences and Biotech, Telecom and Wireless, Electronics and Aviation. Here are the new definitions used for this report:

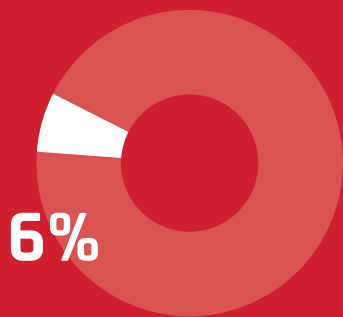


CLEANTECH facts

Homegrown cleantech solutions valued at \$1 trillion in the international market place.

By 2020 this number is expected to surpass \$2.5 trillion.

The global cost of climate inaction is estimated to be 192 trillion dollars.



Cleantech Represents
6% of OKGNtech Companies

ENVIRONMENT + TECHNOLOGY = **CLEANTECH**

As our planet gets more crowded and our resources grow scarcer, Cleantech (often used interchangeably with 'greentech') becomes increasingly vital. Clean technology includes any process, product, or service that reduces negative environmental impacts through significant energy efficiency improvements, the sustainable use of resources, or environmental protection activities.

OKANAGAN CLEANTECH SUCCESS:

Kelowna-based GreenStep uses technology and innovation to help thousands of businesses, government bodies and institutions integrate clean and green technologies into their operations, improving their environmental performance while reducing both their costs and their ecological footprints .

Vernon-based Piscine Energetics is a win-win sustainability and commercial success story; they've helped reverse an environmental disaster while producing one of the world's best aquarium fish foods.

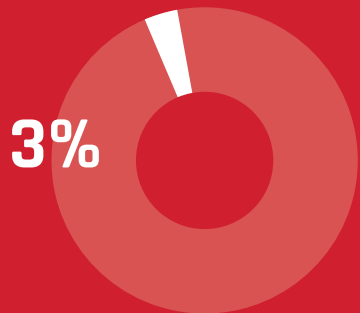
Central City Solar, founded by a pair of Okanagan College Business Administrations students and a Civil and Mechanical Engineering students to launch a new project that will help people charge devices using solar power technology.



AGRITECH facts

BC has over 200 primary agriculture products with sales of \$3 billion.

The food and beverage industry in BC is the second largest manufacturing sector in the province with sales of \$9.8 billion.



Agritech Represents
3% of OKGNtech Companies

AGRICULTURE + TECHNOLOGY = AGRITECH

By gathering and analyzing important data related to factors like weather, soil health and the presence of pests, Agritech helps farmers optimize their day-to-day practices, improve efficiency, reduce waste, and ultimately improve yield, making farming more profitable and sustainable. Think innovation in food, nutraceuticals and aquaculture, sensors & UAVs, bio-tech, phase tracking and weather forecasts.

OKANAGAN AGRITECH SUCCESS:

Kolibriuas Technology Inc, which uses drones to collect, process, and manage aerial imagery and remote sensing data to help identify weak spots and improve yields.

Penticton Wine Labs has developed an innovative membrane filter designed to improve accuracy in testing.

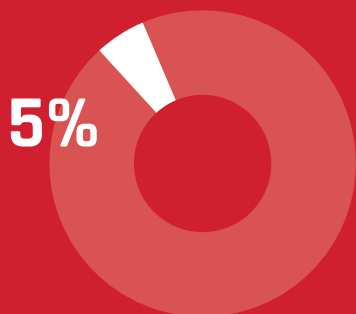
BC Tree Fruits recently unveiled a brand new, state-of-the-art peach and apple packing production line in their Oliver packing facility to help facilitate the demand of this juicy fan-favourite summer fruit.



FINTECH facts

Canada reports that there are 333 finance and insurance firms in the Okanagan Region.

Cryptocurrency and blockchain tech have been hailed as the future of money.



Fintech Represents
5% of OKGNtech Companies

FINANCE + TECHNOLOGY = FINTECH

Originally, the term was used to refer to technology applied to the back-end of established consumer and trade financial institutions. More recently, though, 'Fintech' has expanded to include any tech advances in the financial sector, including innovation in financial literacy and education, retail banking, investment, blockchain, and cryptocurrencies like Bitcoin.

OKANAGAN FINTECH SUCCESS:

Kelowna-based Refresh Financial uses technology to help consumers boost their credit scores, build savings, and get financial training.

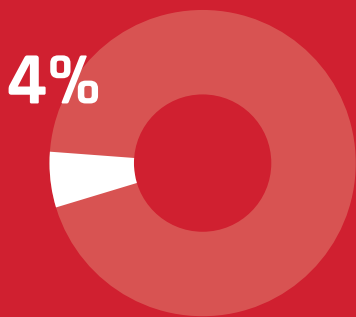
BlockCAT, another local success story, makes it easy for anyone to manage and deploy smart contracts on the Ethereum Blockchain with just a few clicks.



ADVANCED MANUFACTURING facts

Manufacturing sector
comprised of 609 firms with
5760 employees.

Business led innovation, fuelled
by the \$950million Supercluster
Initiative is expected to create
an economic impact of \$5 billion
in GDP and create another
13,500 jobs.



Advanced Manufacturing Represents
4% of OKGNtech Companies

MANUFACTURING + TECHNOLOGY = ADVANCED MANUFACTURING

Given the time we live in, it shouldn't come as any surprise that the way manufacturers make just about everything has changed dramatically. Manufacturing has given way to Advanced Manufacturing, which has radically transformed—and will continue to transform—industry and production value chains and business models. With additive manufacturing, advanced materials, smart and automated machines (including the Internet of Things) and other innovations, Advanced Manufacturing is ushering in a new age of physical production.

OKANAGAN ADVANCED MANUFACTURING SUCCESS:

Waterplay, which supplies communities across the globe with aquatic play solutions manufactured at their Kelowna headquarters . Waterplay's full suite of products includes aquatic facilities, community spaces, holiday parks, hotels and resorts, housing developments, water parks, and attractions.

UBC Okanagan announced the launch of the Learning Factory for Advanced Composites complete with a fully integrated suite of R&D facilities, academic and industrial infrastructure, and data-rich production facilities in place to lead an exciting revolution of advanced materials manufacturing and aerospace technology.

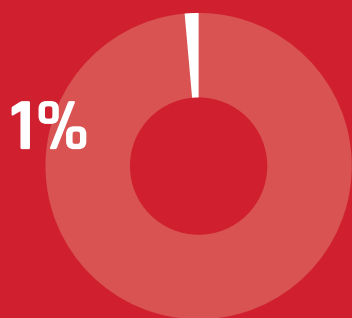


AEROSPACE facts

BC has one of the largest Aerospace sectors in Canada.

Aerospace in BC generates \$2.4 billion in revenue and employs more than 8000 people.

18% of BC Aerospace companies are located in the Central Okanagan.



Aerospace Represents
1% of OKGNtech Companies

AVIATION + AERONAUTICS = AEROSPACE

It seems obvious that there is technology involved in getting humans to fly. What's less obvious is what kinds of technology it takes. That's what we call Aerospace, which is the human effort in science, engineering and business to fly in the atmosphere of Earth (aeronautics) and surrounding space (astronautics) for commercial, industrial or military applications. Satellites, big data and analytics, system integration, blockchain and Advanced Manufacturing are just some of the new technologies being leveraged to innovate in aeronautics.

OKANAGAN AEROSPACE SUCCESS:

Beyond Aerospace, which works with wireless network operators and aerial services providers to meet demanding communications performance requirements.

KF Aerospace (formerly Kelowna Flightcraft) in 2005 the company was awarded a 22-year, \$1.8-billion contract to manage the Canadian Forces' Contracted Flying Training and Support (CFTS) Program.

Juniper Avionics Corp researchers, developers and designers of airborne audio communication equipment.

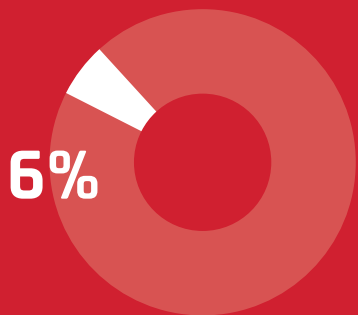


GAMING AND ANIMATION facts

The Okanagan is home to over 200 animation, film and digital media firms.

Employs 2450 people.

It takes a single animator an entire week to produce about 30 seconds of screen time.



Gaming and Animation Represents
6% of OKGNtech Companies

GAMING AND ANIMATION (FILM, VFX, AR, VR, AI)

If you remember the Atari and early Disney cartoons, you know how far Gaming and Animation have come in recent decades. What you may not know is that Okanagan innovators have played a role in getting Gaming and Animation to where it is today (and where it's going next).

OKANAGAN GAMING AND ANIMATION SUCCESS:

Hyper Hippo, a gaming studio responsible for creating games like Adventure Capitalist, which Facebook named 'Best Instant Game of 2017'.

Kelowna-based Yeti Farm, an animation studio responsible for shows like Mysticons and Rocket Monkeys, recently signed a partnership agreement with Vancouver-based Surprise Bag, Inc. and is now set to double in size within the year.

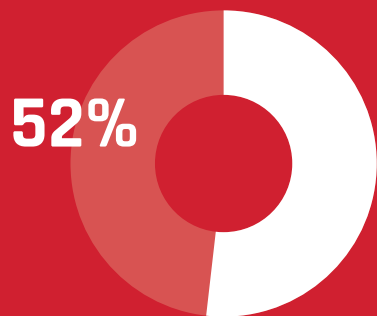
Sand Panda Studios has a couple games under their belt including Crush Crush and Kitty Catsanova. More recently they had over 1,000 backers for their Kickstarter for a new game called "Hush Hush". Originally hoping for \$24,000 they crushed their goal and raised over \$80,000 in a month!



ICT facts

65 billion push notifications sent by its customers in 2016 to 750 million consumers worldwide.

The average smartphone user touches their phone 2,517 times a day.



ICT Represents
52% of OKGNtech Companies

INFORMATION AND COMMUNICATION + TECHNOLOGY = ICT

When you hear the word 'technology,' much of what you immediately think of falls within the category of information and technology (ICT), which is the infrastructure and components that enable modern computing. This includes all devices, networking components, applications and systems that, combined, allow people and organizations to interact in the digital world. Think software and application development, hardware, Saas, IT, data and transactions, and network service provider.

OKANAGAN ICT SUCCESS:

Bananatag, a Kelowna-based ICT company that provides email tracking, scheduling, templates, and internal communication tools designed to drive engagement and sales.

Loop Media Group whose online, mobile-first platform allows businesses to deliver real-time promotional offers directly to their customers' mobile phones.

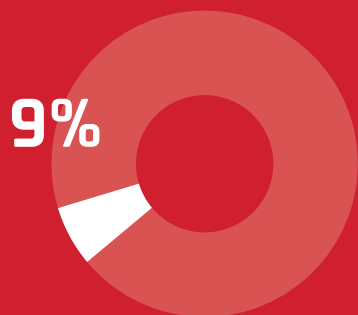
Other ICT innovators in the Okanagan include Wtfast, RFG Software, Fresh Grade, Provision Data Systems, Big Bear Software, and eDynamic Learning.



MEDTECH facts

Interior health authority supports a population of 730,000 with an annual budget of \$2.3 billion.

8% of the region's workforce is employed in the healthcare sector.



Medtech Represents
9% of OKGNtech Companies

MEDICINE + TECHNOLOGY = MEDTECH

Technology has been life-changing for most of us. But in the case of Medtech, it's not just life-changing—it can be life-saving. Medtech is the use of technology to create, improve and innovate devices, medicines, vaccines, procedures and systems that solve health problems and improve quality of life. Think information systems, pharmaceuticals, and devices. Recent advances in Medtech ensure earlier diagnosis, less invasive treatment options, shorter hospital stays and reduced healthcare costs .

OKANAGAN MEDTECH SUCCESS:

QHR Technologies, which has developed a suite of technologies to manage medical records across the country.

Med Access, a web-based, highly configurable Electronic Medical Record system.

Curatio, XCo, P.A.C.E. Concussion, Core Health Technologies and Greenspace Mental Health.

TECH SECTOR BY NUMBERS

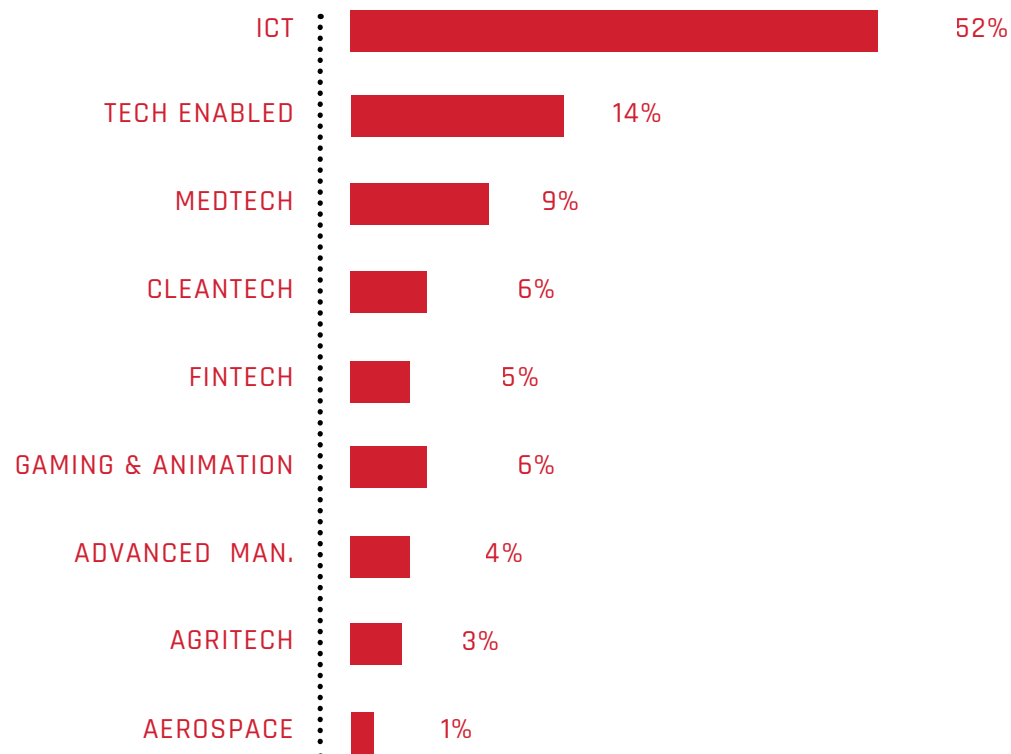


The increase from 2016 to 2017 was 7%, while the projected increase for 2018 was a healthy 12%.

It's interesting to note that the actual revenues from 2016 exceeded projected revenues from the previous survey by 19%.

All of these indicators demonstrate the Okanagan high tech community is growing at a healthy rate.

Sector Type (n=101)



REVENUES AND EXPENDITURES

The number of responses used for 2017 revenues and 2018 projections increased greatly compared to the previous survey. Seventy-nine company responses were used in this survey compared to 54 in the last survey. Using an established method of removing extreme values, both large and small, averages were calculated for 2016, 2017 and 2018. The 2017 average was used to calculate the current economic impact.



Actual and Projected Revenues 2016-2018 (n=79)



Looking at average expenditures, they increased by 14% over the two years. This left a healthy profit for tech, on average \$426,227 for 2017. Close to 50% of tech companies spending went to payroll for 2017, about the same from 2015.

Expenditures 2016-2017 (n=79)

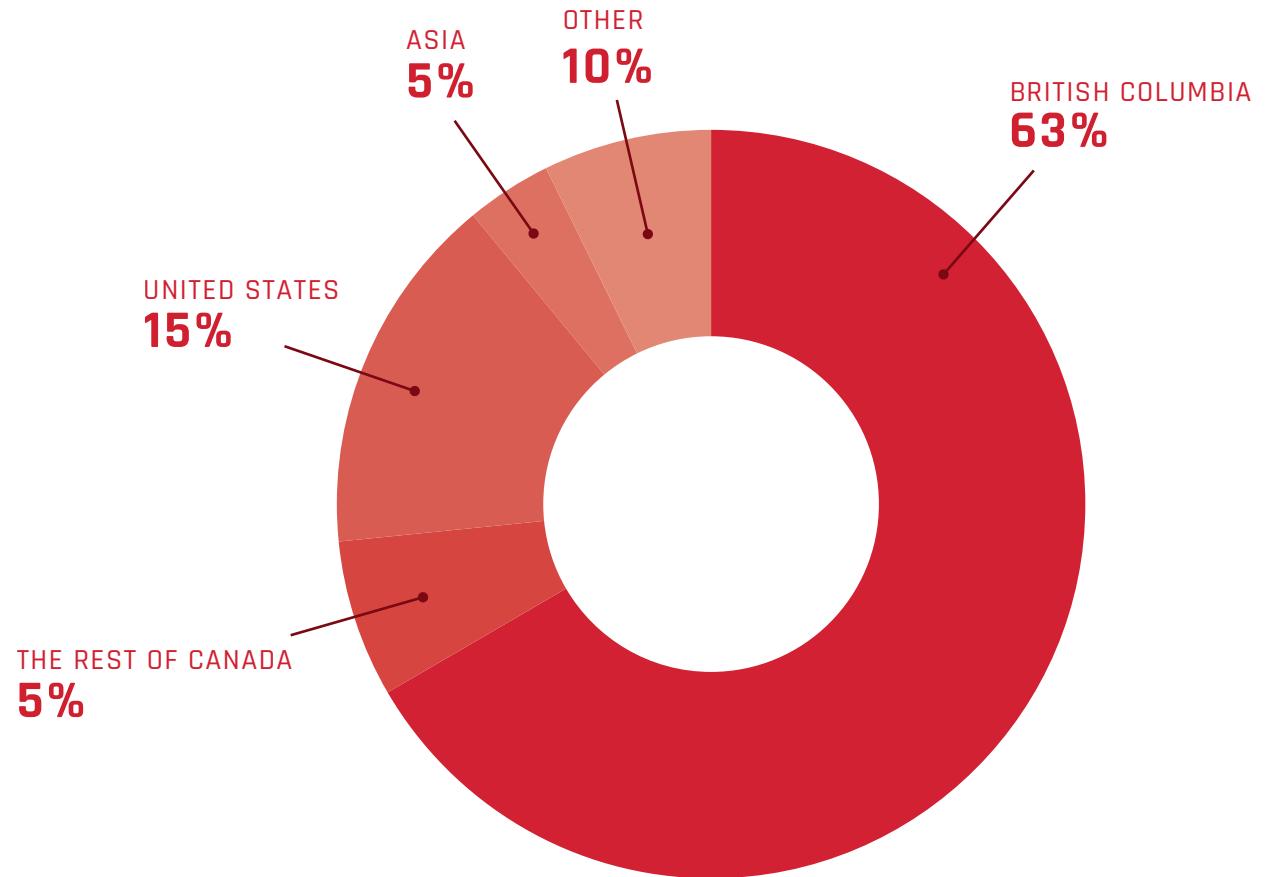


Another important topic for developing the Okanagan tech community is what destinations are purchasing tech goods and sales. Eighty-two companies responded to the question “In the 2017 fiscal year, what percentage of your sales took place in the each of the following regions?” Like results from 2015, the dominant market was BC.

Unlike 2015, the percentage of sales to BC increased from 51% to 63%. This is up dramatically from 2013 where 41% focused on BC, an indication of BC’s strengthening economy. The increase focus on BC comes at the expense of the US market which fell from 31% in 2013 to 20% in 2015 and now to 15% in this survey. These tech companies sold less to other parts of Canada, dropping from 20% a couple of years ago to 6% last year. Sales to Asia increased from 1% to 5% over the last two years.

Destinations in “Other” include Europe, Australia, South America, and Africa.

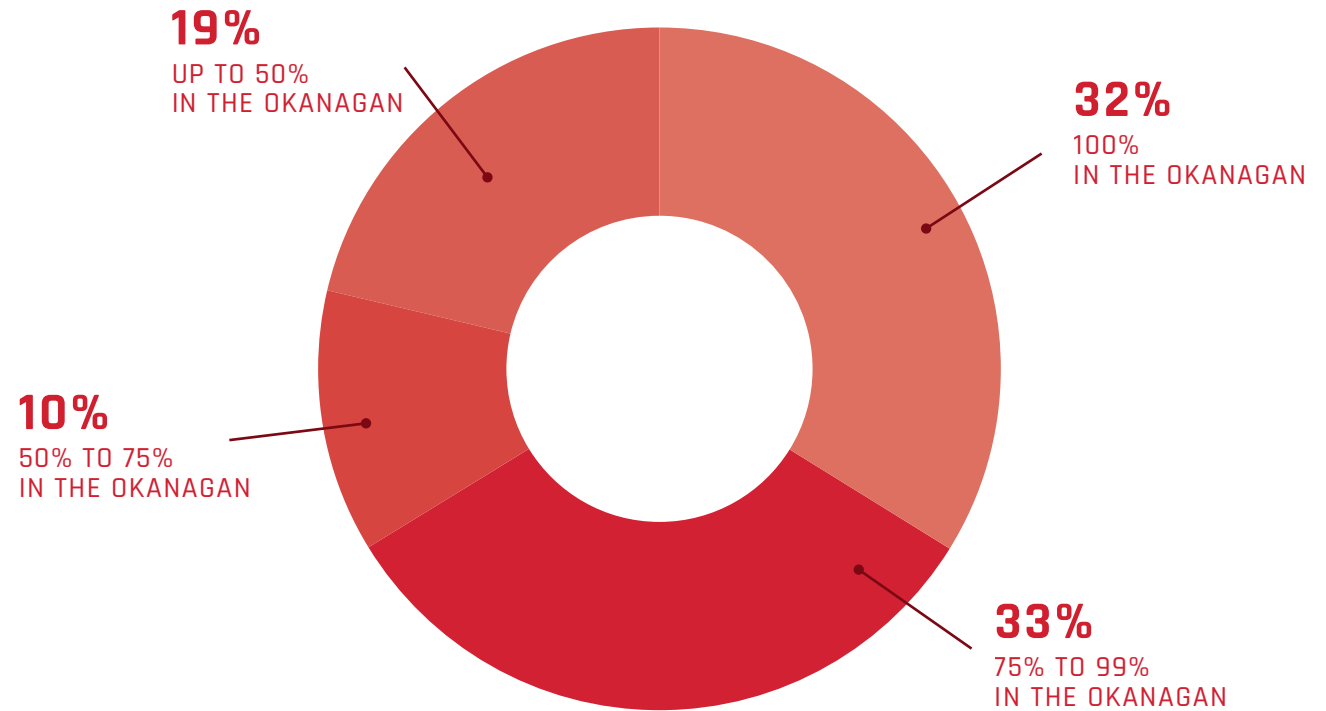
2017 Sales by Region (n=82)



The survey asked a series of questions on the employment characteristics of Okanagan tech businesses. From how many employees and where they are employed, to percentage of male and female workers, age of workers, roles of workers, and projections for the future. The following results are based on data where extreme values have been removed. This is a new topic that was introduced for 2017. Of those business reporting the number of workers they employed and the percentage that work in the Okanagan, 82% of workers for Okanagan high-tech companies work in the region. 64% of the companies surveyed had over 75% of their workforce working in the Okanagan Valley.



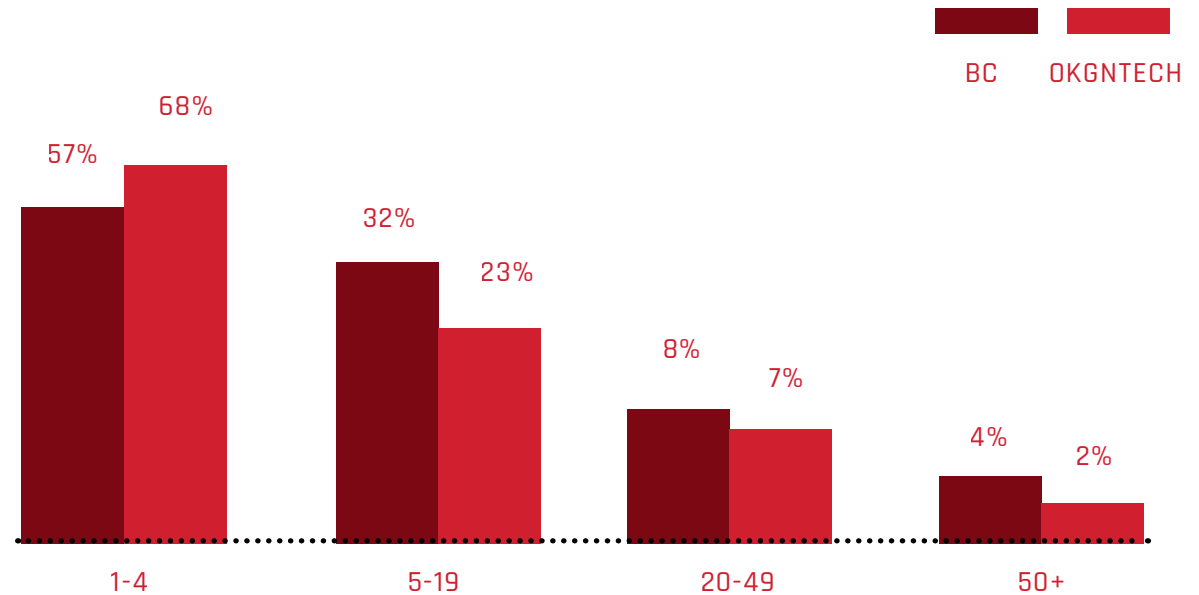
% Working in the Okanagan (n=60)



Looking at the workforce by size of business, the tech economy in the Okanagan has a similar distribution as the rest of the BC economy. The province, however, has a higher proportion of micro businesses (1-4 employees) while Okanagan tech businesses have a higher percentage of 20 to 49 employee firms. Okanagan tech businesses and the province have the same share for 5-19 employee firms, according to the latest BC Small Business Profile.



Businesses With Employees by Size



From the chart above, the average number of full-time and part-time employees, and contractors has changed from the previous survey.

The average full-time number has increased from 8 to 13.5 while the number of part-time has dropped a little from 2 to 1.5 on average. Based on these averages, Okanagan tech businesses employ over 9,000 full-time workers, approximately 1,000 part-time workers, and 2,000 contractors for a total of 12,474 workers.



12,474

Tech Workforce in the Okanagan

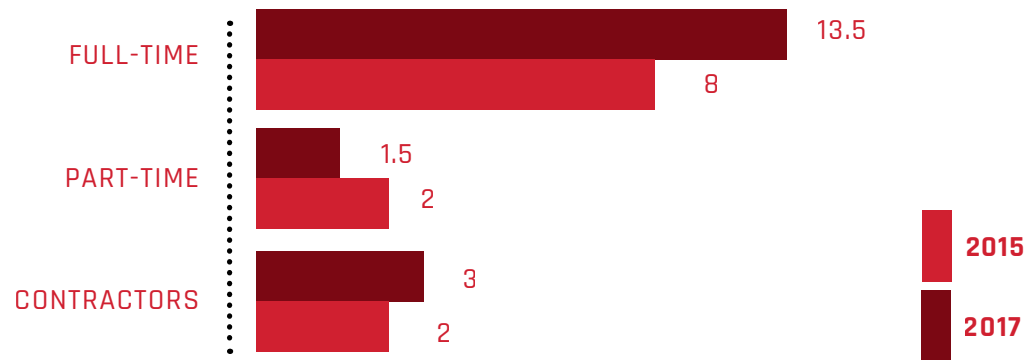
64% ↑

Growth since 2015

90% ↑

Growth since 2013

Average Number of Workers by Type (n=60)



Regarding the age composition of Okanagan tech employees, they have gotten younger since the last survey was conducted. The 25-34 year olds continue to increase their presence in the hi-tech work force. Their percentage increased from 24% in 2013 to 44% in this survey. While the 35-44 year-old group has dropped to 28% from 31% from 4 years ago. The remaining age groups over 44 years have also dropped from 30% four years ago to 16% in this survey. The youngest age group hasn't changed much since 2013.

A series of questions focused on the role females play in Okanagan tech companies. The first question asked what percentage of your workforce was male or female. While the percentage is 52% males and 48% females in the region's labour force, the results for this survey, although improving from the 2015 survey, still reflect the predominance of males in science and technology. The percentage of males dropped to 61% in this survey compared to 72% in the last survey while the share for females increased to 39% from 28% in the last survey.



Other questions asked what role female workers play in the company, technical, non-technical, managerial, non-managerial. Nine companies had no female workers while 41 did not respond to the question. The results indicate a changing role in Okanagan tech companies for women from less technical to more managerial. The percentage of women in technical roles dropped from 48 percent in 2015 to 33% in 2018. In Managerial roles, however, the percentage increased from 42% to 61%.

The outlook for tech business owners for hiring new employees continues to be growing stronger when asked, "How do you expect your workforce to change over the next year?" This indicator has grown from 67% in 2013 to 77% today indicating they would be increasing their workforce in the coming year. The largest group were those expecting their staff to increase by less than 20%.



ADVANTAGES AND CHALLENGES OF OPERATING A TECH BUSINESS IN THE OKANAGAN.

In 2018 companies were asked two questions on advantages and disadvantage for the Okanagan, and a third on general barriers for a tech business succeeding in BC, important information to know when developing this sector.

There was no change in the ranking order for the advantages of operating in the Okanagan. The top 3 advantages that tech companies reported include “Lifestyle”, “Climate”, and “Commute Time”.

Eighty-one percent of those answering the question on advantages of having a business in the Okanagan Valley responded with “lifestyle”. An international airport was introduced this year as an advantage and was chosen by 34% of the companies responding. Comments on this question range from “Affordability”, “High employee loyalty”, “Angel Investors”, and “kid friendly community”.

Along with the benefits of an Okanagan lifestyle and climate are the associated challenges tech businesses face, primarily “Small Talent Pool”, “Distance to Clients”, and “Cost of Living”. Fifty-one percent of respondents reported problems with a limited talent pool, while 45% indicated distance from clients. Both were similar in percentage of companies indicating this challenge and their ranking with the previous survey.

Other challenges mentioned in this question include “competitive salaries”, and “employment options for family”.

Challenges around cost of housing and vacancy rates were included this year compared to 2015. “Cost of Living” increased in importance from 5 place last survey with 26% of companies indicating it as a challenge to third place this year where 42% companies identified it as a challenge.

Going beyond the advantages and disadvantages of operating an Okanagan tech company, the survey asked respondents what barriers they would like eliminated for their business to be successful. The survey confirms the most frequent barrier to growth of the tech sector in the Okanagan, lack of qualified talent. Forty-one companies or 53% of those responding reported this barrier, up from 37% in the last survey. The lack of leadership skills increased greatly from 11% in the previous survey to 37% of respondents in 2018.

\$1.67 Billion

the Economic Impact
of **OKGNtech**

693

Tech Businesses
in the **Okanagan**

9.5% ↑
Growth since 2015

24% ↑
Growth since 2013

12,474

Tech Workforce
in the **Okanagan**

64% ↑
Growth since 2015

90% ↑
Growth since 2013

CLOSING REMARKS

As a final question in the survey, respondents were asked if they had any final remarks. Here are some of the comments: "In my travels throughout western Canada we are definitely getting noticed as a quality tech region!", "Every startup needs help acquiring clients. Canada needs to pool its resources to give small companies access to potential customers. Competition online is only going to get harder and harder. Tech groups, communities, governments need to help cut through the noise and help small companies get in front of potential customers...", "Great place to build tech businesses from concept to commercialization."

It is clear when you compare 2017 Accelerate Okanagan survey results to the previous survey that the region's tech community is growing both in the number of tech companies and the dollar value they are generating, direct and indirect. The general commentary in the province that the Okanagan is "booming" is supported by the results of this survey.

