

Venture Capital Association of Alberta

WINTER NEWS

2015

David Edmonds Inaugural Winner of the Rod Charko Service Award

November 13, 2014
Calgary, AB

David Edmonds is the inaugural winner of the Venture Capital Association of Alberta (VCAA) Rod Charko Service Award. The Rod Charko Service Award has been established to recognize, on an annual basis, an individual that has gone above and beyond to build on the legacy Rod left in this Province.

Rod had a vision for the Alberta Technology Ecosystem where technology companies, investors and mentors would collaborate and work towards a common goal of enhancing the ecosystem in Alberta. Rod was instrumental in the formation of many of the groups that have gone on to continue his work, including the likes of the A100, AccelerateAB, the Accelerate Fund and the VCAA. Rod passed away mid 2012, before he could see his vision come to fruition.

David Edmonds' highly successful career has spanned over 30 years in the technology industry. Dave is truly a seasoned entrepreneur. He



has founded a number of technology companies including Burntsand and nFluids and has worked in C-level positions at numerous other companies, including Preo. Dave has also acted as an Executive-in-Residence at Innovate Calgary. Dave now spends his time mentoring early stage technology companies in order to develop the next generation of successful Alberta based companies and entrepreneurs. Much of this is done through his role of Chairman of the Industry Committee at the A100. Dave also volunteers countless hours towards this cause and is truly a driver of the vision Rod had for the Alberta technology ecosystem.

The VCAA Rod Charko Service Award will be presented on an annual basis.

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New Year, New Partnerships

Message from the Executive Director

As we enter 2015, the VCAA is excited to announce our new partnership with the Canadian Venture Capital and Private Equity Association (CVCA). The VCAA and CVCA will be working closely together this coming year to bring you top quality professional development and networking opportunities. Bennett Jones in Calgary hosted the first event, which was held in early January.

The fifth annual VCAA / CVCA conference and ski day is fast approaching and will be held in Lake Louise, AB on February 25 and 26, 2015. This year we have an exciting agenda with a number of panels, speakers and roundtable session, followed by a day of guided skiing at Lake Louise. If you have not already done so, I encourage you to register for this event.

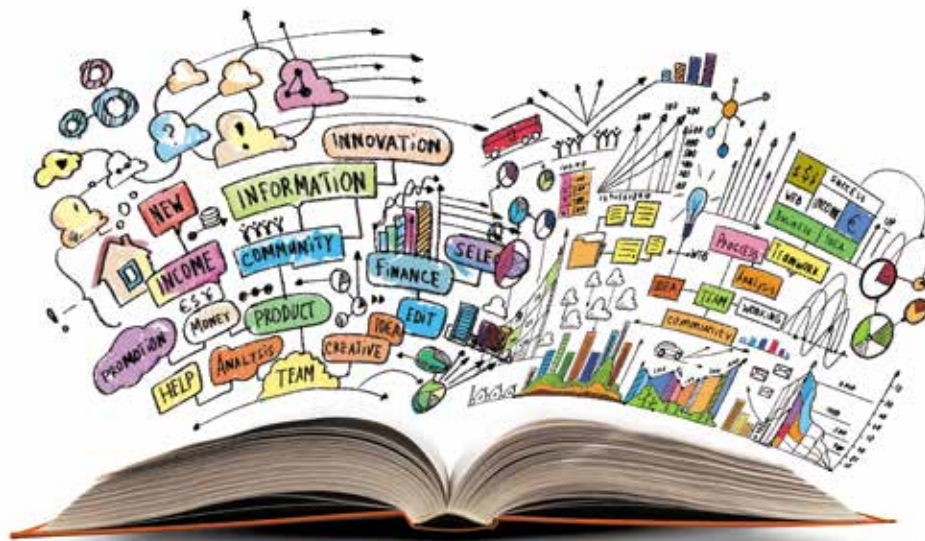
The highlight of this past quarter was the presentation of the Rod Charko Service Award to David Edmonds. The Rod Charko Service Award recognizes an individual that has made an outstanding contribution to the technology ecosystem in Alberta and will be presented on an annual basis. We were very fortunate that Rod's mother Louise, his children Brad and Allie, and his wife Maureen were all able to participate in the presentation of the award to Dave.

Warm Regards,

Rebecca Giffen

VCAA

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The Hard “No” It’s a mouthwash and a floor wax.

by Lew Turnquist

One of the most exciting things in the world of the early-stage company is the infinite degree of potential before you every day. I gravitated to start-ups and the technology industry for a bunch of different reasons, but key among them is the exhilarating freedom of knowing it’s all up for grabs: what you build, how you sell it, even how you pay for it. “It” can be almost anything you want it to be (a mouthwash or a floor wax).

But with that freedom comes a trap of which we need to be careful: by trying to be everything to someone, we become nothing to everyone. The real art in a world of boundless potential is knowing when to say “no.” Because if you don’t, you drown in that potential and, ironically, fail to reach it.

When start-ups fail (or just fail to succeed), this is rarely because of missing opportunity from being too focused. More likely, it is

because they spend too much time/attention/capital) on distractions along the way.

- So, an experienced start-up CEO knows how to say, “no.”
- In the product, (the principle of “minimum viable product”).
- In the market, (the principle of “focus”).
- In staffing, (the principle of “hire fast, fire fast”).
- In managing cash, (the principle of “stretching a dollar”).

By extension, the experienced VC knows to look for this pre- and post-investment. In fact, I would contend that this is one of the greatest areas of value-add from the VC investor in an early-stage company – coaching and guiding their portfolio companies to get comfortable with “no.” Where it works, the company succeeds.

From the entrepreneur’s perspective, then, it is frustratingly ironic that you rarely get that from a VC when soliciting investment. I’ve been through quite a few financing rounds and have met with hundreds of VCs over several hundred meetings, but can count on one hand the number of times a VC has come back with a hard “no.”

Most of the time, the response is for more information, more meetings, or to be kept posted, to stretch it out. (Never has that been more true than in my present company and its Series A round currently underway.)

Now, I’m no spring chicken – I get why a VC would do this. And I bow to the collective wisdom that elicits this behaviour.

But I’d still like to hear it more loudly and more often when shaking the trees for money.

Lew Turnquist is President of Orpyx Medical Technologies Inc., a wearable technology company focused on health applications. A member of the A100, who in his career, has led both growth and turnaround mandates, with start-ups in the wireless location, wireless Internet, interactive services, software and 3D scanning industries. He also spent five years as Senior Managing Partner at Kirchner Group, leading both the M&A and operations advisory practices.





Making Big Data Smart in Energy Services

Contributed by: Deloitte

Big Data and Analytics (BD&A) is impacting almost all industries, and transforming others. One study reports that companies in all sectors that consider BD&A in their strategic planning outperform their peers by an average of 220% on a number of key business metrics. In a new survey of 300 mid-market firms commissioned by Dell and conducted by Competitive Edge Research, 89% of firms with a big data initiative in-progress report significant improvements in company decision making¹. Yet, SAP's 2012 Canadian Analytics Study showed that only 21% of large Canadian oil and gas companies monitor and analyze their data while operating, and almost 75% use offline tools like spreadsheets instead to analyze data.²

BD&A Trends

Generally Big Data refers to datasets so large or complex that they create significant challenges for traditional data management tools. Although there is not a standard definition for Big Data, it is commonly characterized by volume, velocity and variety, and veracity (reliability/predictability). The volume of all data is currently doubling every year; with the growth of consumer and industrial smart device usage, this rate will increase. Energy Services is increasingly seeing the effects of BD&A. Companies that are leading the charge in this area recognize that their data strategy must include consideration beyond data collection, storage, and display; they are investing in analytics to turn information into insight.

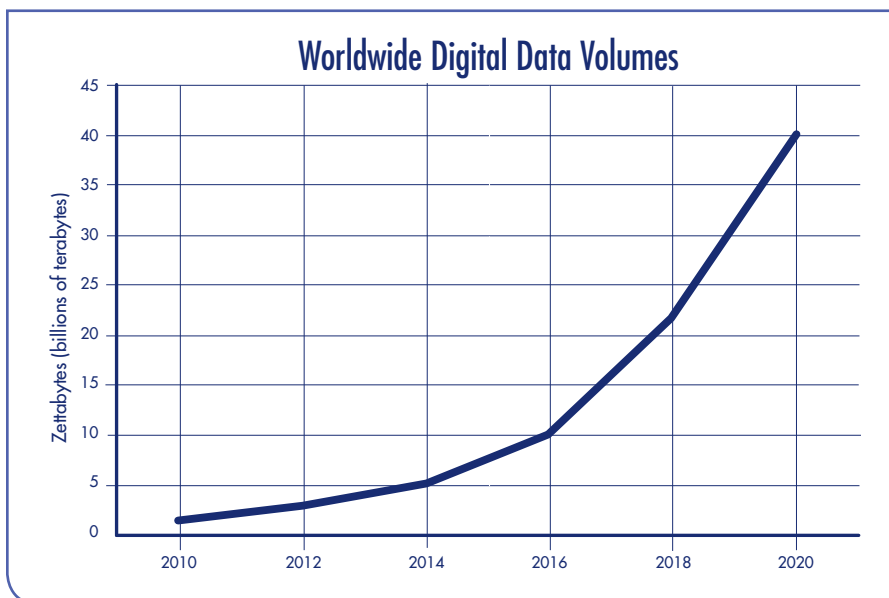
Getting into the Game

An innovation strategy in Energy Services should not overlook BD&A. While many industries have embraced BD&A, in a cyclic, competitive energy services industry with often tight margins, there is a resistance to direct R&D dollars towards what may not appear as tangible and potentially lucrative as other research targets. Innovation has improved the ability to better image the subsurface and drill wells in ways to profitably develop formerly un-economic reserves, yet the energy sector, including Energy Services, is still dogged by the perception of being conservative on innovation.

A BD&A Innovation Strategy

An innovation strategy is essential to identify the areas of opportunity that will provide the greatest benefit and returns, and manage safety and risk. Not all data has value. A strategy must consider numerous aspects of BD&A:

- technology trends associated with the acquisition, communication, and accessibility to data,



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- developing an enterprise-wide BD&A roadmap,
- a means of qualifying the sources, relevance and quality of data,
- achieving access to needed data sets,
- quantifying the potential analytical value of data, and making a business case for BD&A initiatives,
- strategic data and/or applications development partnerships,
- weighing internal versus farmed out applications development,
- integrating the information and insights gained from the analytics into workflows, and
- achieving buy-in from stakeholders including end-users.

The Energy Services sector has an immediate and extraordinary opportunity to capitalize on BD&A. One area already being exploited is predictive asset maintenance. Other examples include faster and more definitive 3D and 4D seismic interpretations, real time accurate diagnosis of pipeline leaks with ultra-high data volume laser-based optical systems, and dynamic drilling optimization with advanced analytics using both real time data and drilling data repositories. Energy Services companies that incorporate and effectively use BD&A in their innovation and R&D strategy will have a competitive advantage, enabling the development of innovative solutions for their customers and more importantly providing the smart data to support it!

REFERENCES

Competitive Edge Research Reports (April 2014), "Roadblocks Crumbling: Midmarket Companies See Early Success with Big Data"

Alberta Oil, (13 Aug, 2013), "Big Data Spells Big Opportunity in the Energy Sector"

2015 Upcoming Events

Canadian Financing Forum February 19 & 20, 2015 Vancouver, BC

New schoolers and old schoolers rendezvous at the annual Canadian Financing Forum to advance the alchemy and art of finding and building the next generation of game changing companies. Further your strategic networking agenda in Vancouver as we bring together the west coast's largest gathering of corporate development leaders from some of the most active acquirers in IT and Cleantech, the most active North American VC firms, and the most accomplished M&A professionals.

www.financingforum.com

CVCA / VCAA Calgary PD Series: Protecting your Investment February 24

The CVCA and Bennett Jones invite you to join your colleagues for Protecting Your Investment: Executive Employment and Non Competition Issues in M&A Transactions. This session, hosted in Calgary will discuss Executive Employment Agreements – why have them? Non-Competition Agreements – how far can they reach, the Enforceability of non-competition covenants and issues arising in M&A transactions.

Free for Members. www.cvca.ca

VCAA Conference & Ski Day February 25 & 26, 2015 Lake Louise, AB

Join the VCAA and the CVCA, as we host our 5th engaging conference at the Fairmont Chateau Lake Louise in beautiful Banff National Park.

This is a unique by invitation only opportunity to network and experience high value sessions and speakers complimented by a full day of guided or individual skiing at Lake Louise.

www.vcaa.ca

AccelerateAB April 28 & 29, 2015 Calgary, AB

AccelerateAB returns for another year of roundtables, keynotes, sessions and receptions. We invite you to join us on the road to a series of events that bring together speakers, collaborative conversation and world-class networking opportunities.

www.accelerateab.ca

CVCA Annual Conference May 19 - 21, 2015 Vancouver, BC

Save the date for the biggest VC and PE conference in Canada.

www.cvca.ca

VCAA Stampede Event July 11, 2015

Join the VCAA at the Stampede Rodeo and Co-op Wine Garden. The package includes entry to Stampede Park, wine tasting, gourmet lunch and reserved seats in level 5 of the Grandstand to watch the afternoon rodeo.



FRONTERRA

Featured Company

www.fronterraventures.com

Fronterra Ventures is Western Canada's leading venture capital fund focusing exclusively on technologies for the natural resources sector. With its current focus on oil and gas technologies and services, Fronterra works with innovative and ground-breaking entrepreneurs to develop and to commercialize companies for the global marketplace. The Fronterra

team is comprised of experienced industry and investment professionals who continue to lead investments to meet the demand for improvements in the production, the extraction, and the environmental commitment of harnessing our resources.

For more information, visit:
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CVCA Annual Conference 2015

May 19 - 21, 2015



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