

## Technology

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### Venture Capital Funding Rises Year-Over-Year in Q1 2017

This week, PwC Canada and CB Insights released their Q1 2017 MoneyTree Canada Report (the “**Report**”) providing an update on venture capital activity in Canada. The Report provides an in-depth analysis of Canadian VC trends from a global perspective, noting top sectors, markets and investors for the year to date. MoneyTree Reports have been released in the United States for the past 20 years, but this is just the second report dedicated to Canadian VC activity.

#### *Q4 2016 - A Difficult Act to Follow*

Q4 2016 set a high bar for Canadian VC activity, an eight-quarter high for both deal volume and value, fueled by Blue Rock Therapeutics’ very large \$225 USD biotechnology funding round. Notwithstanding a decline in deal count through Q1 2017, 19% year-over-year and 25% compared to Q4 2016, fundraising dollars remained strong, increasing 10% year-over-year. In addition, average deal size has increased to \$7.2 million USD from \$5.3 million USD year-over-year.

#### *VC Activity by Region*

Consistent with 2016, the vast majority of VC activity took place in Ontario, with 34 deals totalling \$286 million USD in Q1 2017. Quebec and British Columbia followed, with 15 deals totalling \$90 million USD and 11 deals totalling \$80 million USD, respectively. Toronto, Montreal and Vancouver rank as the top metros in Canada of Q1 2017 for VC activity. Toronto led the way, seeing \$227 million USD invested, an increase of 239% from Q1 2016, across 26 deals in Q1, up 4% from 2016. By comparison, Montreal deal activity rose by 56%, though dollar activity was down 29% to \$77 million USD. Activity in Vancouver decreased in terms of deal volume and dollar activity, down to \$80 million USD across 9 deals from \$112 million USD across 11 deals.

#### *VC Activity by Sector*

In Q1 2017, the internet sector maintained its position as the most active sector for VC activity in Canada, with \$195 million USD invested across 23 deals. This is followed by healthcare, which reached an eight-quarter high, mobile & telecom and computer hardware & services, ranging from \$38 million USD to \$65 million in VC backing per sector.

The largest deals in Q1 2017 thus far include Mississauga-based PointClickCare, which raised \$85 million USD, Vancouver-based Visier, which raised \$45 million USD and Mississauga-based CSDC Systems, which raised \$30 million USD.

PwC Canada National Technology Industry Leader, Chris Dulny noted that "encouraging year-over-year increases in total funding dollars and average deal size in Q1 indicate growing confidence and capacity within the venture capital community as well as the continuing solid fundamentals of the Canadian technology industry."

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