Canadian Social Venture Market Research

A partnership between:
Canvas Impact Advisors and UBC Sauder Centre for Social Innovation & Impact Investing (SauderS3i)

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RESEARCH TEAM

We would like to thank our team of researchers: Alexandra Zybinova, Alix Linaker, Alizée Frachet, Angelina Madero, Arshaan Mehra, Ashley Wang, Audrey Popa, Colton Kasteel, Curtis Kothe, Devon Haye, Emielia Dahl-Sam, Gaby Fekete, James Dick, Kaitlyn Ho, Laura Chen, Leah Zhang, Mariana Martinez Rubio, Tanya Sharma.
Background

OBJECTIVES

The Canadian Social Venture Database has two core objectives and two key datasets.

Objective #1. Develop a rigorous database of social purpose organizations and the intermediaries that support them.

Objective #2. Estimate the size of the investment demand for for-profit social ventures.

DEFINITIONS

Social Purpose Organizations (SPO) refers to the entire spectrum of organizations that exist to advance a social, cultural, or environmental mission. We recognize that SPOs come in many shapes and sizes, including, but not limited to: charities, non-profit organizations, co-operatives, and for-profit social enterprises.

Intermediaries are organizations that support ventures in some form, whether it is through providing advisory services, mentorship, additional capacity, or financial resources. Intermediaries can take the form of incubator, accelerators, investment organizations, or consulting/advisory agencies.
The Canadian Social Venture Database (CSVD) provides a high-level, but rigorous dataset of social purpose organizations and supporting intermediaries in Canada.
Methodology

410
Total number of social innovation-related intermediaries found in Canada

135
Prioritized intermediaries based on social and/or environmental mandate

6,253
Total number of social purpose organizations sourced from prioritized intermediaries

2,687
Social purpose organizations identified across Canada (43% of total number of ventures identified)
Methodology

NOTES

Prioritizing intermediaries

1. Does the intermediary have an explicit focus on social innovation/impact? If YES, include.
2. Does the intermediary operate in a sector that intersects with social innovation? If YES, include.

Sourcing ventures from prioritized intermediaries

We used web scraping tools to generate data from the intermediaries portfolio pages, such as investments, program participant, alumni venture pages.

Categorizing ventures as SPOs

1. Does the venture operate in a non-extractive, non-destructive industry? If YES, continue.
2. Does the venture have main products/services with a core purpose of contributing to solutions? If YES, include.
3. Does the venture’s operations & management indicate they are intentionally improving their stakeholders’ wellbeing? If YES, include.
Intermediaries

The figures below represent information on all the intermediaries we found (n=410).

Most of the intermediaries’ main role is as an incubator/accelerator (n=134, 33%), while investment organizations make up 29% (n=120).

We were able to find the most intermediaries from Ontario (n=117, 29%) while BC and Alberta followed with 69 (17%) and 58 (14%), respectively.
Intermediaries

Based on the intermediaries’ vision/mission and mandate descriptions, we categorized the intermediaries’ main SPO organizational type focus.
Social Purpose Organizations

The figures below represent information on all the social purpose organizations we found (n=2,687).

Based on the intermediaries’ vision/mission and mandate descriptions, we categorized the intermediaries’ main SPO organizational type focus.

Similar to 2018-19 data, most SPOs’ main sector focus is in health (n=840, 39%), followed by climate (n=462, 21%).
Many health SPOs targeted non-communicable diseases such as diabetes (n=170, 20%). Nutrition (16%) and mental health (13%) followed.

Most of the climate-related SPOs focused on providing solutions in natural resources (n=116, 26%) and energy (n=112, 25%) subsectors.
For the SPOs that provided publicly available information regarding their organizational type, we found that the organizational type make-up varies across different provinces. For instance, the majority of Ontario’s SPOs are for-profit/small-medium businesses, while the majority of Alberta’s SPOs were non-profit organizations.
Amongst provinces and territories that had a significant number of SPOs identified (n>90), health is the main focus of SPOs in all but Quebec, ranging from 29% in Alberta to 46% in Ontario.

Climate-related ventures followed second with 8% in Alberta to 32% in both British Columbia and Quebec.
The Canadian Social Investment Database (CSID) provides a dataset on the investment activity amongst for-profit social ventures in Canada from 2007-2018.
Methodology

To create a database of social ventures in Canada, we utilized the websites of 44 incubators and accelerators. The majority of these institutions have a robust list of supported ventures, both historical and current.

- We were able to identify 2,575 unique ventures across 44 incubators and accelerators in Canada. Out of the 2,575, we classified 698 (23%) as social ventures.

- Once classified as a social venture, we collected the following data: Location, Founded Year, Number of Employees, Sector, Funding (amount, type, year, investors). More details in the Appendix.

- We segmented the capital investments into five stages: pre-seed (grants, crowdfunding, friends and family rounds), seed round, Series A, Series B, Series C and beyond. These stages are usually identified on Crunchbase. If not, we looked at the venture’s funding history to make assumptions - for example, if they had received multiple rounds of grant financing in previous years, we classify earlier rounds as pre-seed and later rounds as seed.

- Investment amounts were not always disclosed. When unavailable, we searched several other databases, including the Securities and Exchange Commission’s filings, granting databases, investor portfolios on their websites. Otherwise funding amounts were marked as “unknown”.
Limitations

Coverage of incubators and accelerators.

It is difficult to ascertain the full number of incubators and accelerators in Canada, let alone the full number of social ventures. Although we were able to find data from 44 incubators and accelerators, estimates of the total number of these organizations range from 27 to 150 such programs. However, all the major incubator and accelerator programs in Canada are included.

Not all ventures go through incubators and/or accelerators.

Furthermore, not all ventures go through Canadian incubator or accelerator programs. In fact, many of the social ventures identified in our interviews developed through other means, such as organic growth, bootstrapping, or university courses and non-Canadian venture programs.

Considering their “impact”.

Some ventures create positive social and environmental impact primarily through their operations and management practices – not their product or service. If the venture, however, does not actively document how their operations improves the wellbeing of their stakeholders, we are unable to classify them as a “social venture.”
**Snapshot of investments by round**

**$48M**  
*Minimum* estimated annual investment into pre-seed and seed rounds

**$159M**  
*Minimum* estimated annual investment into pre-seed, seed, and Series A rounds

**$1.5B**  
*Minimum* estimated total investment into social ventures from 2007-2017

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**Database highlights**

- We were able to identify 2,575 unique ventures with 698 classified as social ventures.

- The ventures were sourced from 44 incubators and accelerators in BC, AB, ON, QC, Maritimes and nation-wide programs.

- Out of the 698 ventures, 285 indicated they received investment capital (483 either did not receive funding or did not disclose data).

- 400 total investment rounds were identified ranging from 2007-2018.
Social Ventures

The figures below represent information on the sub-set of for-profit social ventures we found (n=698).

Ventures mainly came from health (n=313) and climate (n=173) sectors.

Based in 74 cities, the social ventures mainly came from Ontario (48%) and British Columbia (27%).
The figures below represent information on the sub-set of for-profit social ventures we found (n=698).

The majority of investments (52%) were made at the seed stage (n=208).

Although Series A had fewer total rounds, those investment received the most investment capital on an absolute basis.
How big were the ticket sizes and at which rounds were most investments made?

The most common investment size is <$100,000, driven by pre-seed investments. Investment sizes ranging from <$100,000-$2M make up 66% (n=215) of total investment activity. These figures are based on 327 investment rounds that disclosed data.
Where are the investment gaps?

- We identified two friction points along the investment spectrum: pre-seed and post-seed\(^1\).
- Median pre-seed round is $42,000; average pre-seed round is $838,000.
- Median seed round is $1,000,000; average seed round is $1,875,000.

\(^1\) Possible reasons for dip in activity post-seed: (1) low survival rate; (2) Series A, B, C funding not suitable for social ventures.