



# BC Tech Report

Q3 2020

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Presented by Silicon Valley Bank

# \$287M

## Total Funding Raised in Q3

↓ Down 26%

# 23

## Funding Rounds

↓ Down 42%

# 58

## Investors

↑ Up 18%

## **\$106M USD megadeal for Life Sciences company Chinook Therapeutics leads strong quarter with \$287M across 23 venture funding deals in Q3**

The BC region tech ecosystem continues to show robust venture capital deal activity in Q3. Much like Q2, mega deals for life sciences companies are the key drivers of deal value, with high activity also shown in FinTech and EdTech. COVID-19 has not slowed down deal activity in the region, but its impact can be seen in the types of companies raising funds, exemplified by Thinkific Labs' \$22M raise to address remote learning demand attributed to COVID-19 changes in working patterns.

This quarter Silicon Valley Bank (SVB) sponsored this ecosystem report and noted that:

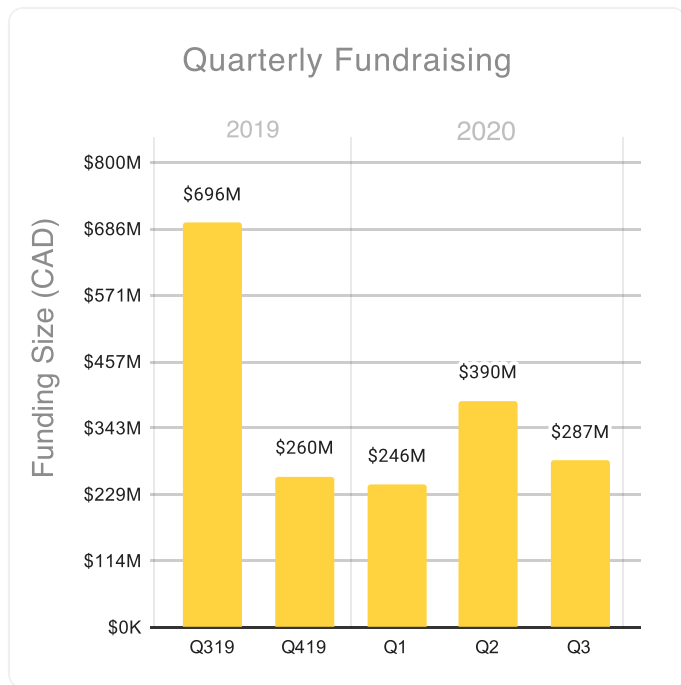
*"The Canadian innovation ecosystem is showing remarkable resilience in the face of national and global challenges, underscoring the role of founders and entrepreneurs to find solutions -- from driving digital adoption to providing treatments and technologies to address the global pandemic.*

*Building on SVB's long track record of supporting technology companies in the US, we opened our first Canadian office in Toronto in early 2019 – after serving Canadian companies since 2000 on a cross-border basis from the US. Our commitment to the Canadian market is only growing. In October 2020, we named the bank's first director of technology banking for Western Canada, based in Vancouver. SVB is proud to support Canada's thriving innovation sector and help entrepreneurs grow and scale to success here and around the world."*

Related to COVID-19, the outset of the quarter saw the ecosystem's Digital Supercluster announce a \$60M investment in response efforts with local startups able to participate. BC startup Food-X raised \$2.6M through from the supercluster to respond to demand for safe grocery delivery.

Quarterly fundraising continued a five quarter trend of strong value. Despite trailing Q2, deal value raised was higher than two of the last three quarters at \$287M. In contrast, deal volume decreased from Q2 to Q3 despite funding value staying relatively consistent. This was due to the fact that Q3 saw more of the total funding concentrated into higher value deals (\$30M+deals) and heavy participation by multiple investors on the shared deals.

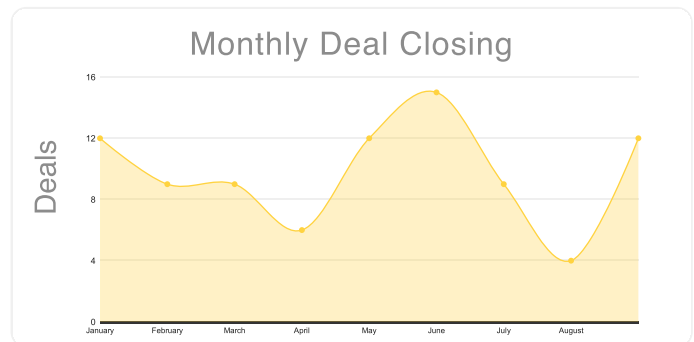
This quarter also saw encouraging activity for early stage startups, with over \$39M invested in companies at the early stage. This shows that not only are mega-deals present in the ecosystem, but the ecosystem is also investing in the future - encouraging innovation to sustain market growth.



## Impact of COVID-19

While Deal Activity dipped to a 2020 low in August, the overall trend shows robust activity with no discernable impact of COVID-19. In September, deal volume ended on a high note reaching a quarterly high of 12 deals.

COVID-19 impact can be seen in the nature and volume of some of the largest Q3 deals as highlighted by:



- Thinkific Lab's \$22M deal to respond to increased demand (200% increase) for remote learning courses on its EdTech platform.
- FoodTech Food-X has raised \$2.6 million from the Digital Technology Supercluster. The funds will be used to enhance its eGrocery Management Solution (eGMS), allowing retailers to scale safe food delivery.

## Q3 Highlighted Deals

Chinook Therapeutics' \$104M USD (\$143.6M CAD) raise accounted for nearly half of total deal value this quarter. Chinook Therapeutics is a drug discovery company developing precision medicines for kidney disease. The venture funding occurred ahead of a merger with US-based Aduro, with the resulting entity now traded on NASDAQ as of early Q4. The funding was led by US based EcoR1 Capital, OrbiMed, Rock Springs Capital, and Avidity Partners. Existing investors Versant, Apple Tree and Samsara, also purchased \$25M in common stock. A \$65M Series A round preceded this funding in August 2019. It has been a meteoric rise for the company as they look to address a \$120B market in the US alone.

Also notable was EdTech company Thinkific Labs' closing of \$22 million led by Rhino Ventures. Thinkific Labs funded its early development with the help of grantors such as the National Research Council of Canada. The company will use this funding to fuel growth of its platform.

Since the start of COVID-19, demand for courses to be created on the platform has increased by 200%. This round is an example of an ecosystem nurturing and growing one of its own, with both Thinkific Labs and Rhino Ventures based out of Vancouver.

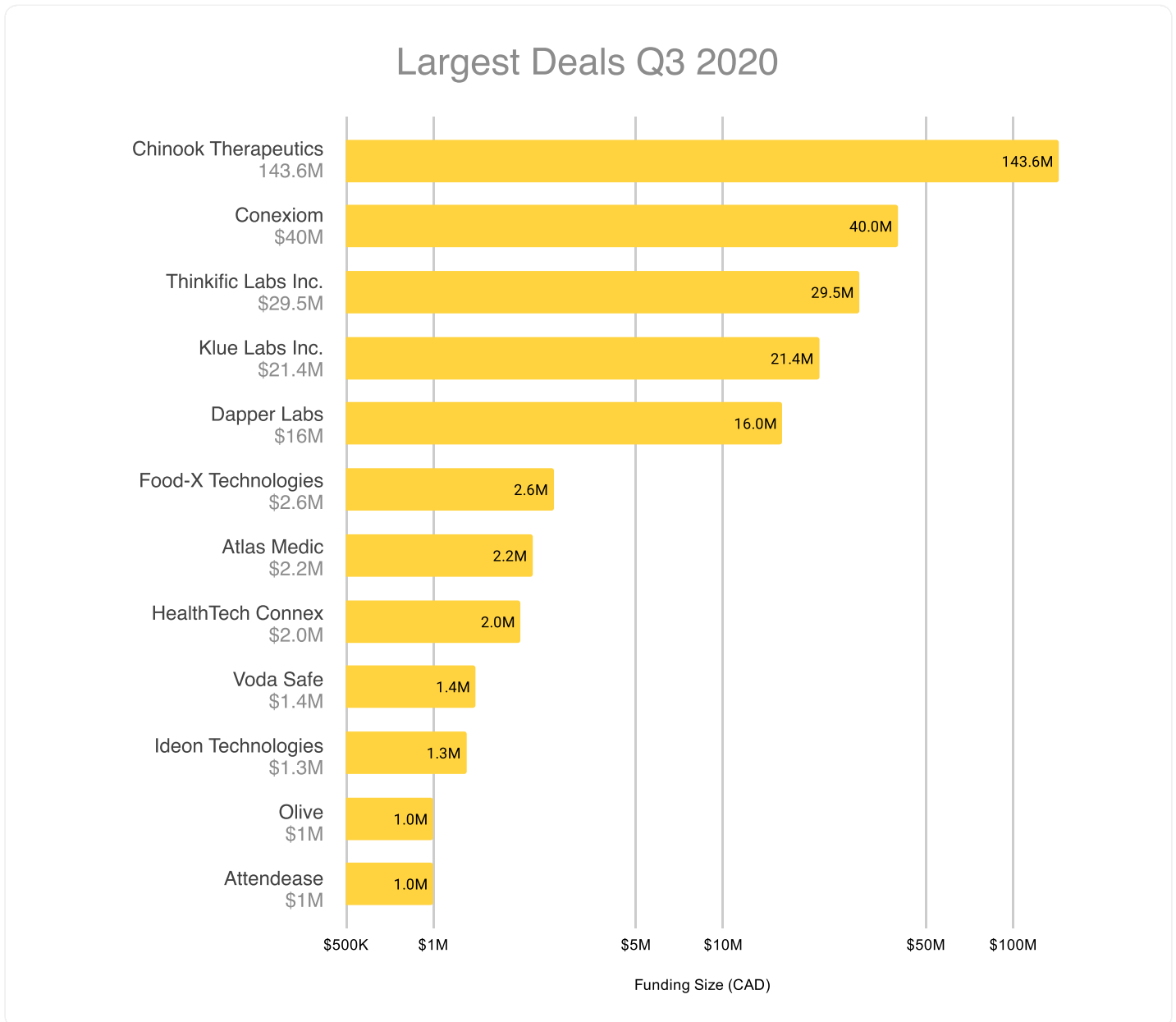
*Thinkific and Klue's substantial fundraising announcements are representative of the significant growth in BC tech. We have had the privilege of working with Thinkific and Klue since the early days – we remain the only institutional investor in Thinkific, and Klue's Series A marks our second investment with the company. Rhino is incredibly excited to continue to scale with these tremendous businesses.*

*There's an increase in both the quality and quantity of companies in BC, and being home to hyper-growth companies – like Thinkific and Klue – helps create that flywheel effect by attracting top talent and broader awareness to our local ecosystem, which we are excited to continue being a part of.*

**Jay Rhind, Partner at Rhino**

Other highlights from this quarter:

- FinTech Klue Labs closed a \$15 million Series A round of financing led by Craft Ventures with participation of HWVP, OMERS Ventures, Rhino Ventures, and BDC Capital, and several notable angel investors including Frederic Kerrest (co-founder of Okta) and Zach Coelius (top Angelist syndicate). The funding will help accelerate product and machine learning development and be used to meet the growing demand for competitive enablement.
- BlockChain company Dapper Labs raised \$16 million CAD from a number of NBA players, Andreessen Horowitz, Union Square Ventures, and Coinbase Ventures, among others. Dapper Labs will use the new funding to help scale its new decentralized development product Flow Blockchain.
- FoodTech Food-X raised \$2.6M from the Digital Supercluster to accelerate its ability to address the growing eGrocery delivery market.

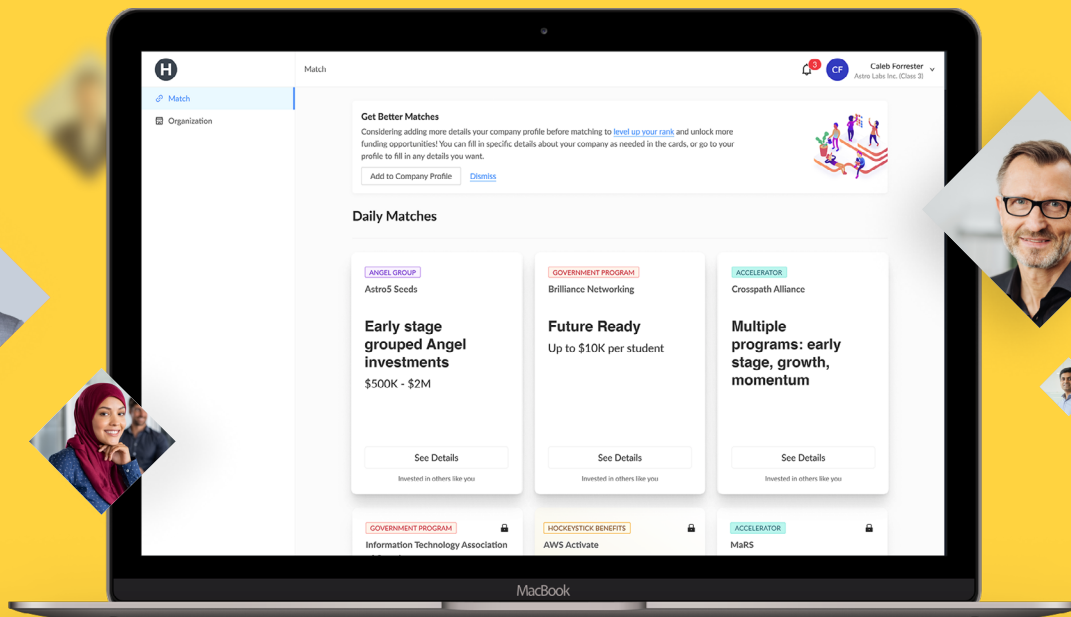




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## Life Sciences

With over \$150M in funding, Life Sciences was the dominant vertical - continuing its trend from last quarter which saw \$196M raised.



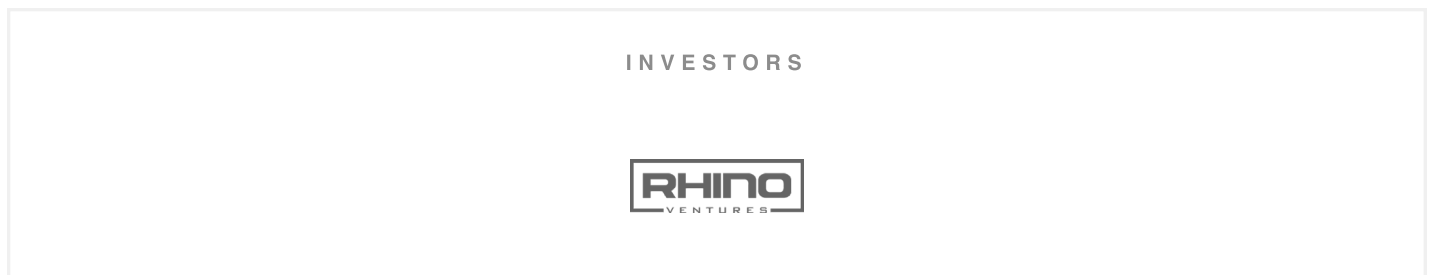
## FinTech

The second leading driver of funding value with \$69M raised across four deals. FinTech was the most active vertical in terms of deal volume.



## EdTech

The third leading driver of funding value with \$29M raised. This vertical saw activity related to increased demand due to COVID-19.




## Vancouver


Over the last 12 months the following investors have had the most activity from a deal volume standpoint, highlighted by:

- BDC was most active again this quarter, with five deals bringing its total to seventeen
- Vancouver based Rhino Ventures was very active as well, with three deals bringing its yearly total to six
- Not yet on the leaderboard, but significant this quarter was the US based group (EcoR1 Capital, OrbiMed, Rock Springs Capital, and Avidity Partners) that funded Chinook Therapeutics this quarter, following a similar trend of large late-stage investments in BC Life Sciences organizations that occurred in Q2.

### Early Stage




Panache Ventures  
E-Fund  
Sprout Fund LP  
Sustainable Development Technology Canada




UBC Seed Fund  
Yaletown Partners Inc  
TELUS Ventures  
Conexus Venture Capital

### Later Stage



Genome British Columbia  
Andreessen Horowitz LLC  
Goldman Sachs & Co. LLC  
Information Venture Partners Inc.



Rhino Ventures  
Panache Ventures  
TELUS Ventures  
Conexus Venture Capital

## Spotlight on Victoria

Victoria had three deals close in Q3. OneFeather and DivDot were again active. OneFeather raised an undisclosed amount through Sustainable Development Technology Canada’s (SDTC) seed fund, and Divdot raised an additional \$500K early in Q3. Software company Button also raised an undisclosed amount. While not at the high volume of deals seen in Q1 of 2020, both Q2 and Q3 have been active showing the ecosystem quietly but consistently supporting its startups. The accelerator network continues to drive innovation in Victoria exemplified by the 500+ member Victoria companies in local accelerator Viatec.





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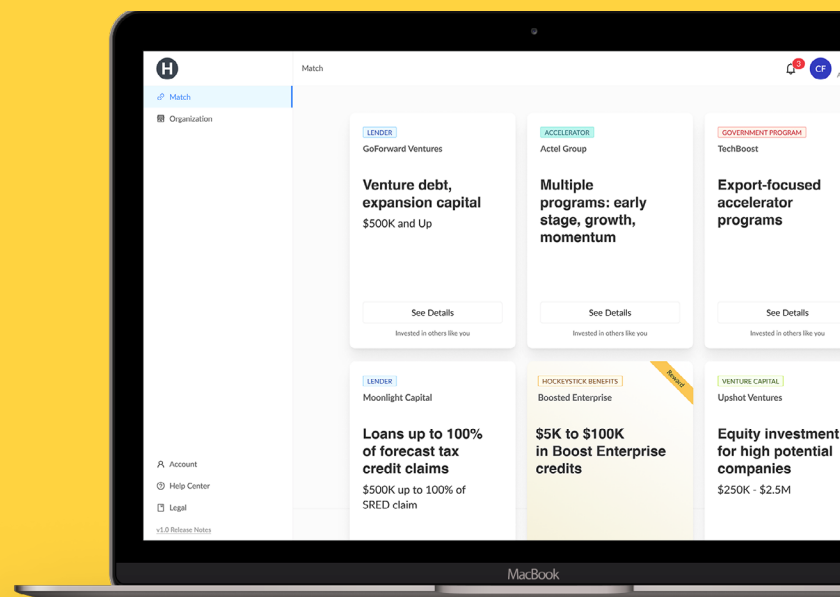


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