

A low-angle photograph of a modern glass skyscraper with a distinctive hexagonal architectural detail on the right side, set against a clear sky.

Waterloo Tech Report

Q4 2020 and long term trends

In-depth coverage of the Waterloo Region tech ecosystem.

Waterloo Region attracts more than \$1B in funding in 90 deals for 2019-2020

\$689.6M

Total funding raised in 2020

↑ Up 107% over 2019

36

Deals in 2020

↓ Down 33% over 2019

70

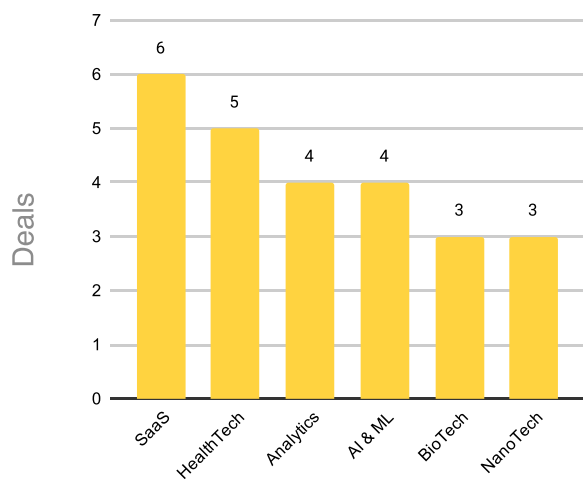
Investors

↑ Up 40%

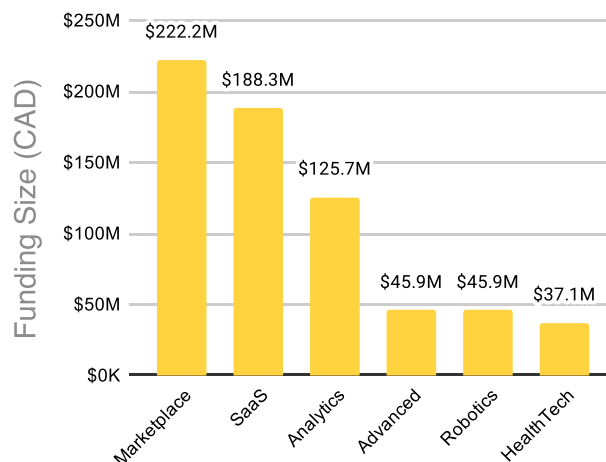
Over the last two years Waterloo Region's tech ecosystem has seen immense growth with over 90 deals and \$1B in funding, across 26 technology verticals.

In 2020, the Waterloo Region tech ecosystem had 36 Investments totaling \$689.6M with the largest amounts raised by Faire, Miovision, and Applyboard respectively. The ecosystem was led by deals in SaaS, HealthTech, Analytics and AI, while the Marketplace vertical drew the largest amount of funding due to Faire's \$222M CAD raise.

2020 Top Verticals



2020 Top Verticals



Ecosystem - Talent and Capital

Access to talent for the growing companies is available through University of Waterloo, Wilfrid University and Conestoga College. This pipeline of talent from Waterloo Region post-secondary institutions is evident in three of the largest deals in 2020, Faire, Miovision Technologies Inc. and Applyboard. 25 percent of Faire, 55 percent of Miovision and 35 percent of ApplyBoard employees have graduated or taken courses from Waterloo Region post-secondary institutions. While a significant portion of employees are from Waterloo Region post-secondary institutions, there are currently over 130 startup and scale-up companies hiring via **workintech.ca** and over 1,400 technology sector job openings posted on LinkedIn, another indicator of the technology ecosystem's continued growth.

Technology Companies in a growing ecosystem need access to capital at different stages in their lifecycle. In 2020, the Waterloo ecosystem is showing capital support across these stages with Early Stage deals accounting for 36 percent, Series A deals accounting for 25 percent and Late Stage deals accounting for 39 percent. While capital support across Early, Series A and Late Stage looks balanced, if we look at the ecosystem through the lens of deal size ranges for 2019 and 2020 combined there may be a gap in the \$250K-\$1M deal size.

Distribution of deal sizes for 2019-2020

Range	Total Deals	\$ Millions
Unknown	7	-
0 - \$250K	31	\$2.1M
\$250K - \$1M	7	\$4.8M
\$1M - \$5M	14	\$39M
\$5M - \$10M	16	\$111.8M
\$10M - \$30M	5	\$77.6M
\$30M+	10	\$788.1M
Total	90	\$1,023.4M

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\$276M

Total funding raised in Q4 2020

↑ Up 119% over Q3

8

Deals in Q4 2020

↓ Down 27% over Q3

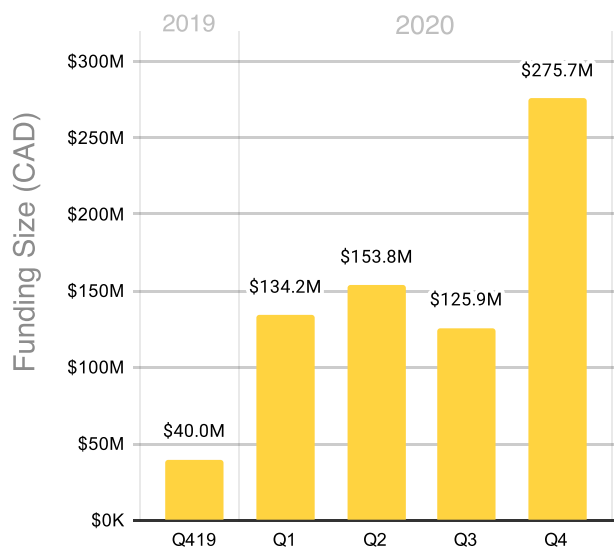
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Investors in Q4 2020

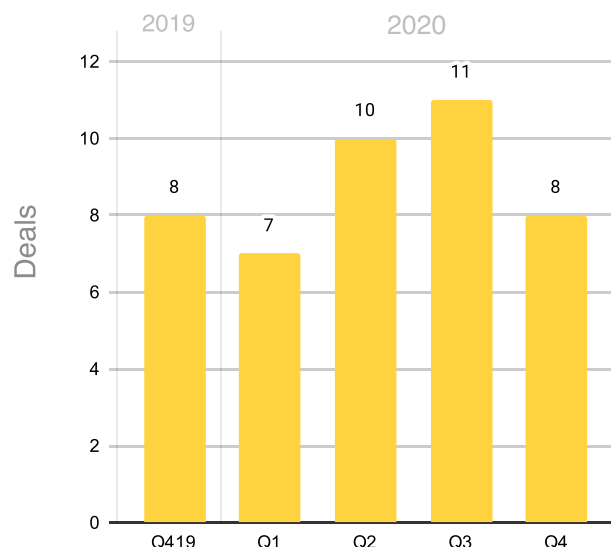
↑ Up 35% over Q3

Q4 2020 saw a slight decrease in the number of deals compared to the previous quarter but is up 119 percent in total funding. If we remove Faire's \$222M round from the Q4 2020 numbers then Waterloo Region is up 34 percent in total funding compared to Q4 2019 but down 57 percent compared to Q3 2020. The largest deals in Q4 are in the Marketplace, EdTech, HealthTech and AI verticals.

Quarterly Fundraising



Quarterly Funding Rounds



Faire \$222M

F A I R E

Founded in 2016, Faire is a curated marketplace for local retailers to discover the best makers and brands to stock their stores risk-free. Faire's Series E was led by Sequoia Capital including Y Combinator, Lightspeed Venture Partners, Forerunner Ventures, Khosla Ventures, Founders Fund, DST Global, D1 Capital Partners, Norwest Venture Partners and Dragoneer. Faire is using the \$222M to expand to the United Kingdom and increase staffing at its four offices.

Knowledgehook \$27.1M



Founded in 2014, Knowledgehook is an edTech platform that helps educators with delivering engaging assessment and activities for students along with actionable insights using AI. Knowledgehook is using the \$27M CAD to accelerate their growth to reach 50,000,000 students globally.

Kenota Health \$11M



Founded in 2018, Kenota Health is a HealthTech company that offers medical technology for rapid in-clinic allergy testing. Kenota's Series A was led by Draper Associates including Fidelity Investments Canada ULC, Y Combinator, OS Fund, BDC Capital, BoxOne Ventures, 1517 Fund and Fifty Years Capital. Kenota Health is using the \$11M for completing the development of its technology and beginning the regulatory review process.

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Rob is an entrepreneur, passionate about building technology companies. He is actively involved in the technology community working with founders and their leadership teams as an Advisor, Coach and Strategist.



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