

QUARTERLY REPORT  
ON PROGRESS  
**Q2 2017**

APRIL | MAY | JUNE





DAYNA SPIRING  
President & CEO

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## BUILDING THE ADVANCED MANUFACTURING ECOSYSTEM

### *Staying Competitive in the Industry 4.0 Age*

A primary function of economic development agencies is to develop market intelligence around major economic drivers within their communities. This data represents a combination of raw statistics and qualitative information gathered by tracking global trends and communicating with leading companies in key industries. This information is then paired with regional expenses, such as tax rates, electricity costs and wages.

In Winnipeg and Manitoba, advanced manufacturing is one of the sectors proven to power economic growth, supplying high-value products to prime players in packaging, ground transportation, farm machinery and aerospace.

The past decade has given rise to dramatic shifts within the local advanced manufacturing ecosystem, and Economic Development Winnipeg (EDW) has been challenged to better understand the new technologies and catalysts moving the sector forward. To capitalize on Winnipeg's existing and potential advantages related to advanced manufacturing, a broader appreciation was needed regarding the global impact of technology and innovation on the sector to ensure its continuing competitiveness.

The mobilization of an advanced manufacturing alliance, designed to connect EDW to stakeholders who can supplement and corroborate market intelligence, has been a vital first step in validating manufacturing's role in the economy and in understanding the profound and pervasive changes stemming from both radical and incremental innovation. New products using next-generation materials are being designed and produced more efficiently than ever before, while advancements in quality are often complemented by reduced environmental impacts.

Manufacturing juggernauts around the world are feeling the pinch from advancements in technology. The United States, for instance—the manufacturing superpower for the past 40 years—is losing ground to China, India and other emerging markets. To curtail this trend, the U.S. has injected mass amounts of cash into collaborative efforts between industry, post-secondary institutions and government bodies to step up its innovation game. Other nations, including Canada, are following suit to varying degrees.

A recent PricewaterhouseCoopers global survey reveals that more and more industrial companies around the world are making Industry 4.0 digital transformation the focus of their business strategies. Globally, these companies plan to double their average level of digitization within five years, from 33 per cent to 72 per cent—and they are investing over \$900 billion USD per year to do it.

No single factor drives Industry 4.0, but the inexorable push for profitable growth is a powerful force. Customers are increasingly demanding more for less. Digital technologies offer a way to meet this demand and are starting to expose previously hidden paths to new and potentially lucrative products and services. Unsurprisingly, industry heavyweights have already initiated significant digital transformations, adding pressure on other companies to keep pace. Notably, however, Industry 4.0 also offers companies that cannot compete on cost alone—like Canadian firms—the means to achieve sustained success over the long term.

It goes without saying that innovation is a critical factor in assuring advanced manufacturing companies on the Prairies can continue to compete within the Industry 4.0 ecosystem. However, Canada continues to lag behind other nations in adopting new innovations and technologies in key industry sectors.

In 2014, the Conference Board of Canada compared innovative performance, on a relative basis, between Canada, the provinces and 16 peer nations. Its report, entitled *How Canada Performs: Innovation*, concludes: "With few exceptions, Canadian companies are rarely at the leading edge of new technology and too often find themselves trailing global leaders. Also, with signs of emerging weakness in public R&D and persistent weaknesses in business R&D, patents, ICT investment, and productivity, Canada's innovation performance—although improving overall—rests on a precarious foundation."

The Conference Board proposes several straightforward countermeasures to mitigate this unremarkable ranking: increase innovation-related spending, implement and effectively use technology, create a healthy business climate, and enhance management skills and expertise.

Obvious? Maybe. But definitely easier said than done.

To understand where we need to go from here, we first need to understand what an advanced manufacturing organization looks like. Typically, there are three hallmarks: progressive products incorporating next-generation technologies, advanced processes and technologies, and the deployment of 'smart' manufacturing and enterprise systems.

Next, we need to identify how the ecosystem can encourage manufacturers to embrace these cornerstones.

In Winnipeg, a balanced advanced manufacturing ecosystem has formed, and it continues to be enhanced through the addition of new technologies and support structures. The city has already been a centre for composite material technology for more than a decade, led by the Composites Innovation Centre, which has promoted the use of advanced materials by manufacturing companies both locally and nationally. And new advanced manufacturing capabilities and technologies are evident in the additive manufacturing industry, with Precision ADM manufacturing parts for the aerospace and medical device industries.

Winnipeg's advanced manufacturing ecosystem is being further bolstered by new federal government investments through the National Research Council's advanced manufacturing program, which includes an 80,000-square-foot, \$60-million advanced manufacturing research and applied technology centre.

Underpinned by new skills programs and post-secondary institutions, leading-edge machine learning and artificial intelligence companies like Sightline Innovation further validate that a balanced advanced manufacturing ecosystem is needed to remain competitive in the Industry 4.0 environment. Winnipeg is well-positioned to be a national leader on this front. If actuated, a proposed public/private machine learning cluster called the Enterprise Machine Intelligence and Learning Initiative (EMILI) would solidify this standing across Canada.

EDW's advanced manufacturing stakeholder alliance has identified a pressing need to build a foundation of ongoing strategic support to leverage past investments, address challenges and seize opportunities to grow and diversify the sector, particularly via small and medium enterprises (SMEs). Consultations conducted with a robust sampling of local advanced manufacturing stakeholders resulted in eight action items designed to address competitive threats and grow the industry:

- » Create an industry-wide development strategy for advanced manufacturing
- » Focus on the application of innovative manufacturing materials and technologies
- » Support SME implementation and the effective use of advanced manufacturing technologies
- » Optimize access to federal funding programs
- » Optimize benefits pertaining to the National Research Council's advanced manufacturing program
- » Make better use of existing resources
- » Focus support on sectors and organizations with proven economic development success
- » Work to position Manitoba as a globally recognized region for advanced manufacturing

Manufacturing is a major contributor to Manitoba's economy. In 2016, shipments of manufactured goods totaling \$17.4 billion accounted for 10 per cent of Manitoba's GDP, and manufacturing exports of \$9 billion accounted for 60 per cent of all provincial exports. Employment within the sector stood at 63,600 workers (i.e., 10 per cent of total provincial employment).

Manitoba (and Canada) cannot afford to jeopardize its manufacturing industry. Proposed actions must focus on enhancing the value proposition promoting the province as an advanced manufacturing region. Strong partnerships between government, industry and education, as well as a highly skilled workforce and cutting-edge research, enable local advanced manufacturing firms to grow their market share and increase the flow of inward investment.

If we play our cards right, global recognition of Winnipeg/Manitoba/Canada as an advanced manufacturing hotbed will be a major boost to attracting venture capital and local and international investment.



**Dayna Spiring**  
President & CEO  
Economic Development Winnipeg Inc.



## RECENT ACTIVITY ROUNDUP

*Economic Development Winnipeg Inc. (EDW) is the lead economic development agency for Winnipeg, encompassing EDW, YES! Winnipeg and Tourism Winnipeg. EDW champions Winnipeg's economic growth and facilitates investment promotion and attraction, capacity building and the management of market data. EDW articulates Winnipeg's value proposition and supports targeted sector analysis, encourages community and social development, and promotes Winnipeg's diverse economy and high quality of life. EDW works collaboratively with government, academic and industry partners to stimulate Winnipeg's economy and mobilize the city's tourism attraction activities.*

### COMMUNITY LEADERSHIP

EDW's president and CEO, Dayna Spiring, currently sits on the local boards of directors for Manitoba Hydro, Winpak Ltd. and the Winnipeg Football Club (where she also acts as vice-chair). She is passionate about telling great Winnipeg stories and urges local leaders to serve as ambassadors on behalf of the city. Nationally, Dayna sits on the Canadian Football League's board of governors, the first woman to serve in this capacity in more than 25 years.

### EDW'S 2017 ANNUAL GENERAL MEETING

EDW hosted its 2017 annual general meeting at the Richardson Conference Centre on May 8. Guests heard opening greetings from the co-chairs of EDW's board of directors, Michael Scatliff and Dean Schinkel. Dayna Spiring delivered the keynote address. Following these remarks, a moderated panel discussion took place between Spiring; Growth, Enterprise and Trade Minister Cliff Cullen; and His Worship Mayor Brian Bowman. Television, radio and print journalists spanning most major media outlets covered the well-attended event, including CBC Manitoba, the *Winnipeg Free Press*, Global News Winnipeg, the *Metro Winnipeg* and 680 CJOB.

### BUSINESS DEVELOPMENT HIGHLIGHTS: RETENTION, EXPANSION, ATTRACTION AND LAUNCH

#### CUMULATIVE AND CURRENT SUCCESSES

By the close of this quarter, YES! Winnipeg had supported 81 projects since its inception in 2011, which is expected to result in the creation of 4,776 jobs and \$577 million in capital investment at maturity.

### NEW YES! WINNIPEG INVESTORS

#### QuadReal Property Inc.

QuadReal is a Canadian investment and management company operating within the global market. The QuadReal team aims to deliver prudent growth and strong investment returns and to create and sustain places that bring value to everyone—not just for now, but for the benefit of future generations.

#### AQ Group Solutions

AQ Group Solutions is a leading provider of strategic employee benefit and group retirement management solutions and the only formal Plan Member Advocacy™ firm in Canada. This entrepreneurial firm delivers award-winning service and solutions to its national client partners.

#### Miller Environmental Corporation

The Miller Environmental Corporation operates a fully licensed hazardous waste transfer station in Winnipeg and a treatment and processing facility located 70 kilometres south of Winnipeg in the RM of Montcalm. Its goal is to safely manage hazardous waste, which is accomplished by incorporating procedural soundness in every action taken. Miller places an emphasis on mitigating all environmental impacts, while taking into account all safety and health aspects associated with the management of hazardous waste. The company has become one of the largest industrial waste treatment and processing companies in Western Canada and provides a viable alternative to generators located across the country.



## YES! WINNIPEG SUCCESSES

### Little Brown Jug

YES! Winnipeg has helped yet another of the city's great burgeoning craft brewpubs in the historic Exchange District. Little Brown Jug received assistance in navigating government and municipal agencies, which periodically update applicable rules and regulations to keep pace with this newer provincial industry. This popular business already employs seven staff and has invested \$1.2 million in capital. At maturity in 2022, this company expects to invest \$3 million and employ 30 people.

### Zip Remit

Zip Remit is a financial services and technology company providing remittance services. Originally based in Kenya, it now operates in 28 different countries around the world and processes over \$120 million USD per year. YES! Winnipeg worked with Zip Remit to demonstrate why Winnipeg's innovative culture, industry-leading businesses and collaborative ecosystem make this city the optimal location for the company compared to other Canadian markets. Zip Remit will be relocating their leadership team and establishing a corporate office in Winnipeg. Initially, the company will employ 15 staff and invest \$2.5 million. At maturity, a workforce of 80 and an investment of \$12 million are anticipated.

## LOCAL INITIATIVES

### VRC Metal Systems: Site Visit

YES! Winnipeg's Sonya Muraro hosted VRC Metal Systems from May 15-19. VRC Metal Systems is an advanced (supersonic) metal deposition system manufacturer that has been growing rapidly since 2013. VRC focuses on metals coating and joining technologies such as cold spray. The company provides off-the-shelf and customizable state-of-the-art solutions for repair and refurbishment of high-value components, and it assists manufacturers with transitioning these technologies into new or existing product lines or with integration into advanced manufacturing centres.

### Hinduja Global Solutions: Site Visit

YES! Winnipeg's Bill Coulter hosted Hinduja Global Solutions (HGS) from May 16-17. HGS helps companies deliver better customer service. From traditional voice contact centre services and web self-service, chat, text and social customer service to back-office support and robotic process automation, HGS helps customers get the right answer fast.

## REACTIVE OPPORTUNITIES

Throughout this quarter, YES! Winnipeg and EDW jointly responded to more than 20 inquiries from companies looking for assistance with local launches, expansions and/or attractions. Some of the more notable opportunities are in the transportation/distribution and e-commerce industry sectors.

## BUSINESS DEVELOPMENT HIGHLIGHTS: TOURISM

### NATIONAL TOURISM WEEK ACTIVITIES

Tourism Winnipeg collaborated with industry stakeholders to raise the profile of tourism as a major contributor to the local economy during Canada's National Tourism Week (May 27 to June 2). Activities included a social media mixer for attractions, a mascot welcome at the airport, the annual tourism awards (recognizing service excellence in nine categories), a photo walk at The Forks, a CJOB BOLD radio segment and a *Winnipeg Free Press* newspaper wrap highlighting how the local influencer program attracts meetings and conventions to Winnipeg.

### TRAINING MATERIALS AND FAMILIARIZATION TOURS

Tourism Winnipeg is now partnering with the Manitoba Hotel Association to provide Tourism Winnipeg information training to hotels. This quarter, several familiarization tours were presented in collaboration with the Winnipeg Art Gallery, Assiniboine Park, Across the Board Café and Exchange District Walking Tours to showcase their facilities to more than 25 local hotel and attraction partners for increased referral business.



## BID OPPORTUNITIES

Tourism Winnipeg developed 19 bid presentations/books competing for future conventions, sports and events that represent more than 25,000 delegates/participants and approximately \$37.1 million in direct spending. Major bids included the 2019 Paramedics Across Canada Expo, 2020/2021 NHL Draft and 2020 North American Indigenous Games.

## SUCCESSFUL BIDS

Tourism Winnipeg and partners confirmed 40 conferences and events this quarter, including the 2017 Crop Logistics Working Group, the 2018 Federation of International Human Rights Museums, the 2018 Soaring Indigenous Youth Career Conference and Inspire Awards, and the 2018 Canadian Senior Racquetball Championships. These represent a total of nearly 7,000 participants/delegates and approximately \$6.7 million in direct spending.

## MEDIA RELATIONS HIGHLIGHTS

### CORPORATE MEDIA

#### “How Winnipeg Focused on Local Strengths to Create a Tech Hub in Central Canada”

Influential authority TechCrunch.com published this piece examining Winnipeg’s burgeoning technology cluster. Numerous entities with which EDW is associated were noted throughout, including the Enterprise Machine Intelligence and Learning Initiative (EMILI), SkipTheDishes, Sightline Innovation, Farmer’s Edge and the Manitoba Technology Accelerator. [Check it out here.](#)

#### “Building the Advanced Manufacturing Ecosystem”

Dayna Spiring contributed this feature article appearing in the Summer 2017 issue of *Prairie Manufacturer Magazine*. She highlights the favourable advanced manufacturing ecosystem in Winnipeg (and Manitoba), which has formed a solid foundation to address the inevitable disruption of the Industry 4.0 era. Winnipeg’s connected community (academia, government and the private sector) and an eight-point plan

championed by the Advanced Manufacturing Stakeholder Alliance are also showcased. [Read it here.](#)

#### Tourism Winnipeg’s New “Bring It” Commercials

Following a press release announcing the unveiling of two new commercials created specifically for the upcoming 2017 Canada Summer Games, CBC Radio host Ismaila Alfa talked with Dayna about the rationale behind the commercials, the places featured and the notable economic (and emotive) momentum evident citywide. Created in partnership with the City of Winnipeg and hosted by Winnipeg-based actor Gabriel Gosselin, these lighthearted spots encourage locals to bring their friends and family to the city to experience Winnipeg’s most iconic attractions. [Watch them here.](#)

#### Canada 150 and 2017 Canada Summer Games Commentary

Throughout this quarter, Dayna and Tourism Winnipeg executive director Karen Goossen participated in interviews with various outlets (e.g., the *Winnipeg Free Press*, 680 CJOB, ChrisD.ca) to discuss the strong results expected within the local tourism industry in the third quarter, given the Canada 150 celebrations and the upcoming summer games—the latter of which is expected to generate an economic impact of approximately \$150 million.

### TRAVEL MEDIA

A total of 15 travel writers were hosted this quarter, and Tourism Winnipeg scheduled appointments with 60 travel journalists from the U.S. and Canada during three media marketplaces. Prominent articles include those noted below.

“Level Pegging” by hosted travel writer Nikki Bayley appeared in *Travel Weekly* in the U.K. (both online and print) and featured the city’s must-sees. [Read it here.](#)

*WestJet Magazine* featured the Canadian Museum for Human Rights and FortWhyte Alive as part of its section entitled “Indigenous Culture in Western Canada,” written by hosted travel writer Diane Bolt. [Read these stories here.](#)



Trivago’s online magazine, *Room 5*, published “Adventures through the Aperture: Photogenic Winnipeg,” featuring the city’s most photogenic spots by hosted travel writer Alicia Underlee Nelson. [See it here.](#)

## MARKETING HIGHLIGHTS

### IDK INTERACTIVE PARTNERSHIP

Tourism Winnipeg has partnered with IDK Interactive to provide digital touchscreen kiosks at hotels and attractions that feature Tourism Winnipeg’s website. This is a new partnership that furthers reach and offers virtual concierge services to visitors and locals throughout the city.

### LEISURE SPRING BREAK CAMPAIGN

Tourism Winnipeg’s annual leisure spring break campaign, which ran from February to April, surpassed last year’s results. Highlights are as follows: a spring break in Winnipeg video received 3,369 video views and a total of 865 minutes of viewing; Instagram influencers generated original content, which received 87,741 impressions (35 professional high-quality photos were also created for EDW’s use); and Tourism Winnipeg received over 18,000 visits to the spring page on its website and sold the following spring packages through [tourismwinnipeg.com](http://tourismwinnipeg.com):

Royal Canadian Mint .....	695
Holiday Inn South .....	608
Fort Garry Hotel .....	609
Delta Winnipeg .....	320
Inn at the Forks .....	545

### 2017 CANADA SUMMER GAMES WEBSITE ADDITION

Tourism Winnipeg created and launched a new section on its website as part of its effort to promote the 2017 Canada Summer Games. Contents include things to see and do around each sporting venue, information on transportation and links to the official Canada Games website. [Check it out here.](#)

### AMBASSADOR TOOL KIT

A new ambassador tool kit was produced, which includes an ambassador video, a Winnipeg cheat sheet and a culinary ‘best of’ guide. All assets are hosted on [mywinnipeg.ca](http://mywinnipeg.ca) and were launched in early May at EDW’s annual general meeting.

## MARKET INTELLIGENCE HIGHLIGHTS

### INTERNAL SUPPORT FRAMEWORK

EDW continues to build out its portfolio of information and data regarding Winnipeg’s economic value propositions and the key industry sectors supporting the economy. This quarter, the aerospace industry sector profile was completed, as was the most recent edition of EDW’s *Winnipeg Economic Highlights* summarizing 2016 results. This information continues to be used to help guide business investment attraction and expansion efforts. Using an internal economic impact model, various projects were reviewed to gauge the expected return on investment.

### SMART WINNIPEG CAUCUS

The Smart Winnipeg Caucus continues to focus on leveraging open data and big data analytics to improve efficiency and investment decisions at the government level. The caucus has also elected to participate in the 2018 Intelligent Community Forum awards program. A subcommittee has been formed to oversee this year’s submission. The objective of the caucus is to move the community toward making decisions using intelligent/smart community principles to create a more competitive environment for investment.

Suite 810, One Lombard Place  
Winnipeg, Manitoba, Canada R3B 0X3  
**P** 204.954.1997 **TF** 855.734.2489  
[economicdevelopmentwinnipeg.com](http://economicdevelopmentwinnipeg.com)



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