

Tech Credit Union Project Update

November 10, 2017



Brief Overview: What is the Tech Credit Union about?

The Tech Credit Union Project is an initiative that began in January of 2017 by a group of ABCtech stakeholders¹ in order to develop a new and innovative approach for meeting the financing needs of Alberta's start-up companies. Our goal is to create a Tech Credit Union which would serve as a focal point for like-minded Albertans to help build a community where innovation, investment and finance can come together to help grow viable economic clusters in our province.

Our intent is not to create yet another traditional venture fund, investment club or duplicate the government programs which, according to many of ABCtech's stakeholders, fall short of serving the needs of Alberta's innovation marketplace. Instead, our focus will be on attracting and channeling financial resources into newly developed systems which support the development of 'intangible assets' as part of an overarching approach for developing key economic clusters. We are also exploring the idea of engaging Albertans directly and, through their TFSAs and RRSPs, to encourage them to invest locally, utilizing the Tech Credit Union as part of a 'home grown' solution.

It is our belief that the development of intangible assets will be a primary driver for future economic growth across most sectors. Intangible assets are, in many cases, products of technological innovation which are becoming an increasing component of revenue generation and wealth formation. Unfortunately, it is common for intangible assets to be left unidentified and stranded when compared to recognized tangible assets such as, for example, land, buildings and commodities. It is our opinion that developing the partnerships, tools and systems for financing and developing intangible assets represents a strategic opportunity for Alberta to realign its economy for long-term growth and resilience.

Activities: What have we accomplished so far?

The Tech Credit Union Project Committee² has met regularly over the past ten months and has actively pursued, among other things, the following:

1. January – March, 2017. Assessed the regulatory and cost requirements of setting up a brand, new credit union and determined that it was much better to identify and work with an existing credit union;
2. April – June, 2017. Met with representatives of River City Credit Union and have engaged this organization as a project partner and to carve out a division within the existing organization to serve and function as Tech Credit Union;
3. June – August, 2017. Signed an MOU to work in partnership with Pro-Venture's Pathway Inc. as specialists in developing intangible assets;

¹ The Tech Credit Union Project is an alliance between ABCtech & its members (www.abctech.ca), River City Credit Union (www.rivercitycu.com) and Pro-Venture's Pathway Inc. (www.proventurespathway.com)

² Representatives include: Perry Kinkaide, Russ Morrow, Paul Kennett, Robert McGarvey, Ron Palfery, Joe Batty, Gordon Boddez, Michelle Zhang (associate), and Don Diduck. Membership will be reviewed by the end of 2017 and likely expanded.

4. September – November, 2017. Explored the potential of a Pilot Project which could demonstrate how intangible assets can be developed, financed and support start-ups in Alberta.

Next Steps: What are we doing now?

We are in the early stages of designing a pilot project which can demonstrate the value of establishing and operating a Tech Credit Union in Alberta. Our focus is on addressing key questions including:

1. Intangible Assets – what specific processes can we rely on to convert intangibles into bookable assets?
2. What is the valuation process and how can we mitigate associated financial risk for intangible assets we would like to finance?
3. Which 2 – 3 clusters (e.g. health, environment, agriculture, etc.) might we want to target in developing Alberta's economy?
4. Are there specific projects within each cluster that the pilot could best demonstrate the value of a Tech Credit Union?
5. Beyond our own group, who else should be involved in a pilot?
6. What level of resources and support systems will we require to pursue a pilot?
7. What does viability look like in this space given the type of stakeholders who may be required to grow capacity and capability via a Tech Credit Union?

The Committee is currently preparing a draft document outlining the general design for a pilot project and then have this brought forward to the respective Boards of the participating alliance partners for consideration and support. An option that is also being considered is to use the draft document to serve as the basis for an RFP which would result in a fully designed pilot which would include the necessary details for implementation and, after completion, its evaluation.

More Information: Are you interested? Please contact us:

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