



Impacts of the COVID-19 Response on Greater Victoria's Tech Sector So Far

Survey Results

June 2020

Compared to other sectors, our local tech companies are faring quite well and, as always, they are optimistic about their ability to recover and grow going forward. As is to be expected, some companies are struggling and may not survive.

Given their agility and global focus, it is likely that the local tech sector will rebound quickly and move from the recovery stage to innovative improvements and ongoing resiliency faster than most other sectors.

This survey shows that local tech companies are eager and ready to grow both revenues and head count even during the lockdown and it is likely that our region will have a stronger tech sector in the not too distant future.

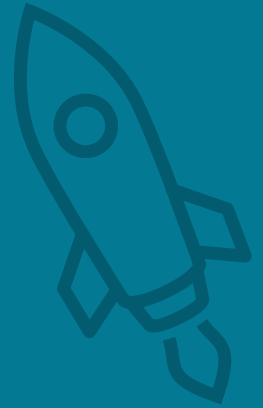
Typically, following a major crisis, governments turn to infrastructure spending as a way to kick start the economy. Going forward we are hopeful that governments looking to assist in economic recovery and resilience will recognize that investing in digital communications and treating talent as infrastructure (while not swinging to quickly towards austerity), will provide the stability and resources for our region and Canada to make significant gains on the global stage.

Survey responses:

88

**A good cross section of our
most promising startups
and our more established
anchor tech companies.**

Staffing Changes



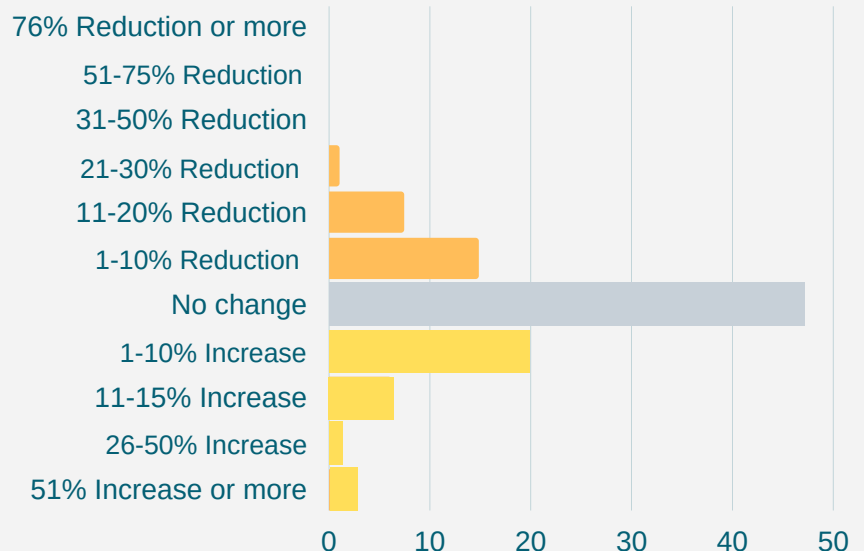
95% implemented remote working for at least part of their team

27% implemented a hiring freeze
only **18%** reduced staff levels



If the current level of lockdown continues for as long as 6 months, $\frac{1}{3}$ of respondents expect that staff reductions are likely.

How much have your staffing levels changed since the crisis began?



Once the crisis has ended:



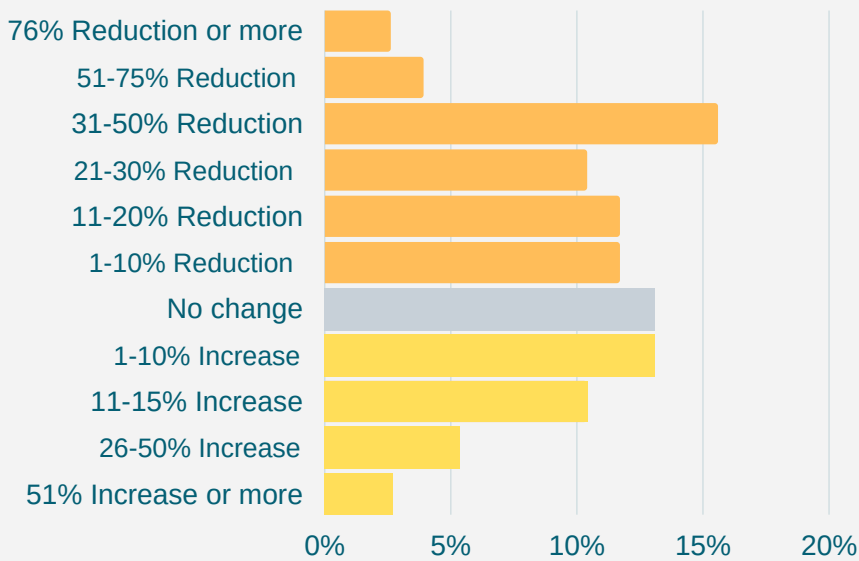
Half of respondents plan to increase their head count.

Revenues

Not surprisingly, the longer the crisis continues the more respondents expect it to reduce revenues.

However, about **20%** predict an increase in revenues despite COVID-19 impacts.

Do you have a general sense of the probable impact on your revenues to date?



44%

of respondents have seen stable or an increase in revenues during the crisis

6.5%

have experienced a decrease in revenues of

50% or more

75% of respondents feel their company can survive the current required level of physical distancing for at least a year and 50% of respondents feel they could survive the current circumstances indefinitely.

15% of respondents could not last 12 months under the current lockdown requirements and 6.25% can not survive another 6 months under the current lockdown requirements.

Working Remotely

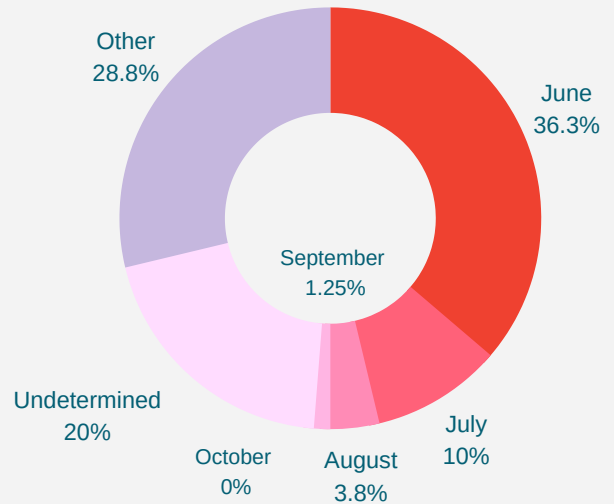
Every respondent had at least some of their staff working remotely with nearly 80% of respondents having 75% or more of their staff working remotely.

While we do not have the specifics of staff size per respondent it is noteworthy that respondents reopening their offices are predicting that

60%

of their staff will continue to work remotely.

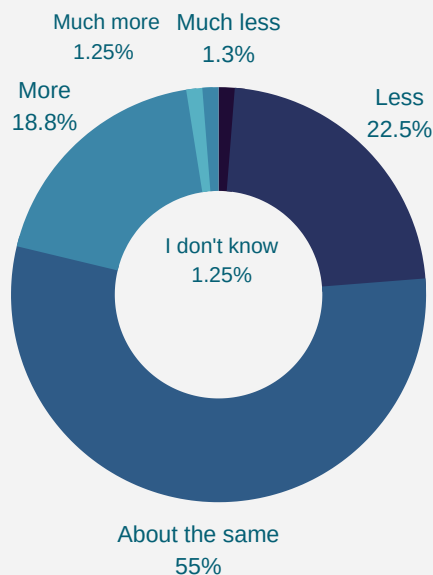
When will your office be open to staff working on-site?



Companies answering other are those that have either remained open throughout OR are considering staying entirely remote for the foreseeable future.



How would you say remote work has impacted your company's productivity?



55%

say productivity has stayed the same.

Quotes

We are more productive than ever.

Reduced competition, lots of available talent. Broke through some organizational issues which were limiting progress.

Customers are willing to share more about their business and inter-workings than ever before.

Rate of innovation has greatly accelerated the immediate shifts in company culture and operations that we'll carry forward long term.

We've improved our cash position x3 due to reduced costs.

While it has affected some short term projects, the need for remote software solutions has in the long term, helped validate and proved stronger use-case for our products.



Drop in CAD relative to USD has led to increased revenue.

We determined a number of jobs can be run remote, which then opens our labour market.

Acceleration of demand for new and newer (currently developing) technologies.

We have redeployed our 3D printers to print face shields, and have donated them and several hundred N95 masks that we used in our operations to the Vancouver Island Health Authority. All of our employees are proud to be a part of this effort.

Culture impacts.

We are a highly social team with lots of interactions, spontaneous or otherwise. This has been one of the hardest hits for our company that we work hard on overcoming.

Some staff are getting a little stir crazy at home.

We are investigating how to become a better "mostly remote" company.



Primary challenges have been internal rather than external: how to onboard new team members remotely, how to maintain and reinforce company culture.



No travel across the border has limited meetings (minor for now) but may impact future projects. Likely several new hires will need to be US based.

We have purchase orders but the Supply Chain is in trouble.

Limited air travel is really hurting our restart.

More difficult to informally network with tech community and business community at large.

Time required on client sites to perform and complete work is longer due to C-19 safety protocols and requirements to wear PPE. Each client has their own set of new requirements that we have to learn and adhere to. Existing agreements/POs with clients do not allow us to bill more for our time despite the reality that everything is taking longer to do. This is hurting margins.

Government Programs

Notes:

Almost half of respondents skipped this question. We believe most of those were indicating that they did not use any Government programs and have taken that into account in our analysis.

	Responses
Canada Emergency Wage Subsidy (CEWS)	29.5%
Business Credit Availability Program (BCAP)	5.6%
Canada Emergency Business Account (CEBA)	19.3%
Canada Emergency Commercial Rent Assistance Program (CECRA)	2.2%
Regional Relief and Recovery Fund (RRRF)	0%
Canada Summer Jobs Program	3.4%
Futurepreneur and the Industrial Research Assistance Program	4.5%
Co-Lending Program with my financial institution	0%
Loan Guarantee with my financial institution	2.2%
Business Resilience Service (BRS)	0%

Local tech companies are not leveraging the government programs at a high rate.

Based on the responses to questions about revenues it is likely that many Victoria tech companies did not suffer enough decrease in revenues to qualify.

CEWS is by far the most utilized program which requires a 30% drop in revenues to qualify whereas CECRA is barely used due to its requirement to demonstrate a 70% drop in revenues to qualify.

Companies with a drop in revenues that large would be hard pressed to survive even with rent relief.