

Corporate Plan 2024-2025

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About the Corporate Plan

This document is Scale AI's corporate plan for fiscal year 2024-2025. It summarizes accomplishments in 2023-2024 and outlines goals and desired outcomes for 2024-2025.

It provides a brief summary of results in the previous fiscal year, which are also covered in the 2023-2024 annual report that will be released later this year and will provide a more detailed portrait of our activities for the past year, including financial statements.

Throughout this document we use the expressions 'Phase 1' and 'Phase 2'. 'Phase 1' refers to ecosystem initiatives and projects funded between 2019-2022, as part of our first mandate. 'Phase 2' refers to our second mandate which started on April 1, 2023, and will continue until March 31, 2028.

1. Scale AI at a glance

SCALE AI is Canada's artificial intelligence (AI) Global Innovation Cluster dedicated to boosting industry performance by leveraging AI technologies to improve value chains, with a specific focus on building resilient and sustainable supply chains.

A business-led consortium, SCALE AI drives economic growth, bolsters Canada's leadership in the global innovation race, supports the building of world-leading businesses, creates highly skilled jobs, and accelerates the adoption of AI-powered technologies.

SCALE AI contributes to the development of an innovative, competitive, diverse, inclusive and greener Canadian economy, with a focus on Small and Medium Enterprises (SMEs).

OUR STRATEGIC VISION

By the end of Phase 2, we will have **established Canada as an indisputable global hub for AI dedicated to business productivity and intelligent supply chains** with our technology setting the world standard and providing a source of competitive advantage for Canadian businesses. We will have reinforced the virtuous cycle of ecosystem synergies by creating new value-creation opportunities for industry players, **increasing connections between partners, accelerating SME scale-up, facilitating the creation of new companies, increasing external investment in AI and growing a world class talent pool.**

OUR AREAS OF FOCUS

Scale AI is **boosting** widespread **demand for AI** while continuing to support initiatives that **push the boundaries of existing AI applications** in order to grow Canada into an **attractive destination** for establishing and scaling AI businesses.

Steering the ecosystem's attention toward difficult supply chain challenges helps Canada grow domestically and establishes a strong economic niche for the global growth of Canadian firms, boosting Canada's status as a global hub for trade. Through this vision, Scale AI is generating enormous positive and long-term impacts for Canadians, helping to secure our global leadership in a highly competitive sector. Scale AI's vision includes [four areas of focus](#):



OUR OBJECTIVES

Our Phase 2 strategy builds on the investments and partnerships we have established and on ecosystem gaps that Scale AI uncovered during Phase 1 and is uniquely positioned to address.

Collaboration with the rich variety of academic and research organizations in the AI ecosystem in Canada is a cornerstone of our vision, to draw on existing expertise and capabilities without duplication, and step up to address the gaps we have identified on the domestic adoption side.



OUR ACTION PLAN

To deploy our Phase 2 strategy, Scale AI is leveraging a holistic approach with a deepening focus on [industry-led projects](#), [talent development](#) and [start-up acceleration](#).

While we extend our most impactful investment activities from Phase 1 into Phase 2, we have also recentered some of our activities on key ecosystem needs given the reduced available funding.

Scale AI also received funding from ISED as part of the Pan-Canadian AI Strategy and is dedicating these funds to support initiatives aimed at [deploying AI-powered solutions within Canadian hospitals](#).

Our action plan is organized around [6 streams](#):



2. 2023-2024 Year in review

To advance in our Phase 2 strategic plan, Scale AI had defined eight goals for 2023-2024. We have made significant progress on these key goals, all while successfully closing out Phase 1 Commitments.

Notable achievements by streams for fiscal 2023-2024 are highlighted below.

1

Support industry-led investments in AI Solutions

Scale AI has worked on [creating and accelerating demand for AI in Canada](#) with tangible results over the past few years.

There is clearly a [growing interest for AI projects](#) and the funding of AI projects in Canada. According to Google Trends, there has been an increasing number of searches for AI projects in Canada since the end of 2022. Scale AI has played a pivotal role in creating this growing interest in AI projects, with its multiple initiatives over the past years.

Between 2021-2022 and 2023-2024, Scale AI has:

- Multiplied by 2.2 traffic to its [Scale AI website](#)
- Multiplied by 11 traffic to its "[How to apply](#)" webpage
- Multiplied by 2.4 the interest for its [virtual information sessions](#)
- Multiplied by 4.8 the number of leads generated by its initiatives
- Multiplied by 7 traffic to its "[Our investments](#)" webpage

In this context, Scale AI's efforts are more important than ever to sustain and further accelerate the growth of demand for AI adoption.

GOAL 1

Continue Phase 1 momentum by committing at least **\$100M** into **~25-30 industry-led projects** (\$35M from Scale AI and \$65M from industry)



On track to be completed as planned by end of fiscal year

By January 2024, we expect a total of [18 projects](#) to be approved for a total of [\\$69M](#) (\$24M from Scale AI and \$45M from industry). These projects involve a total of 81 enterprise, SME and academic participants. By the end of the fiscal year, we expect to approve an additional [7-10 projects](#) amongst those currently in our pipeline, committing an additional [\\$10-15M](#) from Scale AI.

Moreover, one hundred percent (100%) of these projects will generate intellectual property (IP) that will be used or licensed after the completion of the project to [generate benefits for other Canadian businesses](#). This result is by design: Scale AI prioritizes and supports only those industry projects with the strongest potential for significant IP commercialization and productization outcomes.

[Six projects](#) include AI providers who have had previous Scale AI projects, highlighting how Scale AI actively supports the scale-up of Canadian-based AI champions, such as [MoovAI](#), [Vooban](#), [Pacefactory](#) and [Alayacare](#).

All [18 projects](#) also include [first-time AI adopters](#), demonstrating the effectiveness of our continuous commitment to broaden our reach, and help as many Canadian companies as possible start their AI journeys.

[13 projects \(72%\)](#) are directly creating or enhancing AI products, among those:

- [Pacefactory Inc.](#) is building a bottleneck recognition solution for the auto-manufacturing supply chain, a critical driver of the Ontario economy.
- [Visual Defence](#) is using AI to enhance its product that helps Canadian municipalities to maintain and improve municipal road infrastructure.
- [Katalyze AI](#) is creating an AI-enabled software to improve the quality control of critical raw materials for the production of vaccines.
- [Tier 1](#) is developing an AI-based application designed for predictive maintenance of cables used in wireline operations for natural gas extraction.
- [Routific](#), based in British Columbia, an intelligent logistics platform that optimizes routes for last-mile delivery fleets, saving businesses up to 40% on time and fuel.
- [Attabotics](#) provides an AI-powered intelligent cube storage solution to meet the ever-changing fulfillment needs of modern customers and modern commerce.
- [Cléo](#) is optimizing the charging operations for electric vehicle fleets, starting with school buses.
- [COVEO](#), which reached unicorn status in 2019, powers the e-commerce digital experiences of companies in Canada and the rest of North America with AI.

This year we also further broadened our industry reach, for example by investing in a major [construction industry project](#), led by Ellisdon.

2 Optimize Hospitals Operation

GOAL 2	Fully commit \$10M in available funding for our PCAIS healthcare initiative		Completed as planned
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We received [39 eligibility submissions](#) from across Canada, totalling approximately [\\$60 million](#) in potential projects. Of these, 28 submissions were eligible to progress to our detailed submission stage, with an estimated value of \$42 million. The selection process


involved one month of effort, engaging three full-time equivalents, three iterations on each submission, and a comprehensive review with 2,500 comments. The process was conducted in accordance with M-30.

From the detailed submissions, 15 projects emerged as potentials for down-selection, with a total anticipated investment of \$21 million. Impressively, 14 out of these 15 submissions met all investment criteria. The final selection resulted in **9 projects** led by hospitals, amounting to approximately **\$14 million in funding**. Notably, four projects, totalling \$6 million, involve Quebec-based hospitals, four projects, totalling \$6.4 million, involve Ontario-based hospitals, and one project, valued at \$1.5 million, involves British Columbia-based hospitals, for a truly **transnational reach**.


Although all projects are led by Canadian hospitals, we insisted that **all intellectual property (IP)** generated with Scale AI funding remain **owned by the AI service providers**, so that they would be able to use this IP to offer services or build products for other Canadian hospitals and clients, thus helping to grow both their businesses and the AI opportunities available to other Canadians.

Through these projects, we supported three prominent AI vertical product suppliers—**Signal 1, Gray Oncology Solutions, and Airudi**—in **productizing their services**.

3 Accelerate Canadian AI Startups

GOAL 3	Accelerating the incubation of up to 40 start-ups and scale-up of ~10 start-ups by committing \$2M in Scale AI funding to services focused on building AI capabilities		In Progress
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Over the first year of this mandate we have continued our support of accelerators and incubators. We have laid the foundation for accepting new cohorts of start-ups, though the **design of the architecture** of the new mandate was completed in Dec 2023. We expect the ramp-up of start-ups to focus from Jan to Mar 2024.

GOAL 4	Publicly launch our First-Client program to support AI startups to gain commercial traction by committing at least \$5M into 5-10 startup-led projects (\$2.5M from Scale AI and \$2.5M from industry) by the end of March 2028		In Progress
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We have tested our First-Client program in 2023-2024 and have **successfully supported two First Client projects** that have been deployed and will be shortly finalized.

We have learned how to revamp and make the process leaner and more efficient - asking for enough information to make the right investment decision while recognizing the fact the pilots are smaller in scope and scale.

We are now getting ready to publicly launch the program early 2024-2025.

GOAL 5

Host an **investor event** to offer curated introductions between startups and VCs.



Completed as Planned

We have run a major investor event in the Canadian Ecosystem, focused on AI - ALL IN, an event that brought together the **Canadian and international AI thought leadership**, various start-ups from our portfolio as well as net new start-ups, and investors (across stages). The two-day event offered numerous opportunities for start-ups and investors to interact and open investment opportunities.

4

Develop Canada's current and future AI Workforce

GOAL 6

Launch our **revamped custom training** and **STEM programs**



Completed as planned

In 2023-2024, we have engaged our ecosystem partners, most of them during **one-on-one discussions**, to gather feedback on phase 1, eliminate potential pain points through our application process, and harmonize our offerings.

This consultation highlighted the strengths of our custom training program. It is recognized to be **well-tailored to market needs**, allowing us to seize the momentum around AI. Additionally, our **flexibility** and our willingness to adapt our ways of working fit the needs of our partners.

Going forward, we will focus our custom training program on initiatives with potential follow-on investments. This way, we will not only secure the **supply of qualified AI talent** in Canadian industries, but also **leverage the momentum** built by corporate training programs to encourage firms to move along to the next step and make tangible investments in AI tools to drive productivity.

By integrating our custom training program more closely with our industry-led program, our objective is also to **expand our offer**, addressing training needs at all steps of an investment project, therefore **maximizing the chances of a successful adoption**.

We applied the same methodology with our [past and potential STEM partners](#), as we plan to continue our work on opening doors for [underrepresented youth](#) to pursue successful data science careers.

5 Showcase Canadian AI on the global stage

GOAL 7	Connect Canadian AI SMEs with industry demand at home and abroad		Completed as planned
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In 2023-2024, Scale AI organized and participated in several industry events with the goal of further developing the AI ecosystem and reinforcing Canada's expertise on the global stage.

External events

Scale AI participated in various well-known events in Canada including [Amii's Upperbound](#), [Collision Toronto](#), [the World AI Summit Americas](#), and [Advanced Design & Manufacturing](#), to represent Canada's AI ecosystem, foster AI projects and build additional strategic partnerships.

In that same year, Scale AI also welcomed [over 25 delegations](#) from all [five continents](#), including official members of international governments, members of various industries, chambers of commerce, professional groups and associations, to our Montreal office and played a major role in [connecting them](#) with [local players in AI](#).

ALL IN

Additionally, Scale AI organized [ALL IN](#), the first edition of the most important event dedicated to Canada's AI. This event gathered more than [2,300 participants](#) in Montreal [from over 20 countries](#), [5,000 virtual attendees](#) and [over 170 speakers](#), in the presence of our country's top leaders, including [Prime Minister Justin Trudeau](#). This event became an important platform to [showcase major Canadian AI use cases](#), facilitate [knowledge sharing](#), nurture [business partnerships](#) to advance the development of AI and showcase the transformational power of Canadian AI for national and international industry players. This was also the occasion for Scale AI to strategically position key players of Canada's ecosystem in front of 108 local and international members of the press. This led to impressive [media coverage](#) with more than 650 mentions in media in Canada only. The full report of the event is available [here](#).

International Stage

Scale AI led [3 Canadian delegations in key markets](#), one in Paris for a series of meetings with the French AI ecosystem, one in Cannes for the World AI Cannes Festival with [10](#)

leaders of our Canadian ecosystem, and one in London for the AI Summit and the London Tech Week with the British High Commission, London & Partners, UK Business and Trade, and Global Affairs Canada. These contributed to supporting the growth of Canadian AI players and to creating stronger ties between our ecosystem and those of other countries.

Thought Leadership

In terms of thought leadership, Scale AI collaborated with Canada-based The Logic to publish a book on AI in Canada, and with Quebec's Conseil de l'Innovation du Québec to publish a 500-page book on Innovation in Quebec.

5 Maintain best in class operations management

Goal 8	Update our internal operating and staffing model to reflect Phase 2 strategy and capital deployment targets		Completed as planned
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In 2023-2024, two employees left Scale AI. We effectively managed their departure, appointing their replacements in advance to allow for sufficient transition time.

Additionally, we hired [two additional investment directors](#) and [one workforce development director](#) to ensure that we will meet our investment targets while reshaping our custom training program. All three resources have been fully onboarded over the past few months.

3. Goals and Action Plan for 2024-2025

In line with our strategic plan and in continuity with last year objectives, Scale AI will focus on the following goals and actions in 2024-2025:

1

Support industry-led investments in AI Solutions

GOAL 1

Build on the strong momentum from the last year by committing at least **\$110M** into **30-35** industry-led projects (**\$45M** from Scale AI and **\$65M** from industry)

We aim to generate ~30% of that from repeat business, supporting the [growth of Canadian-based AI champions](#) and allowing industry adopters to further [advance on the AI maturity curve](#).

The remaining 70% we plan to generate from [new business relationships](#), illustrating our continuous commitment to [broaden our reach](#) and help as many Canadian industry companies as possible to start their AI journey.

We expanded into new industry verticals in 2023-24 (e.g., construction), and we will prioritize reaching further to positively impact other industries' supply chains, such as [forestry](#) and [finance](#). To this end, we will implement [dedicated marketing campaigns](#) specifically aimed at reaching out to [new service providers](#), [product companies](#), and [major industry adopters](#) in new verticals.

We are also actively encouraging our AI service providers to invest in [productizing](#) their IP to serve a larger customer base, and therefore we are ensuring our projects have appropriate IP ownership & licensing arrangements in support.

Scale AI will leverage its experience and unique position in the ecosystem to [foster more connections](#) between [adopters](#) and [service providers](#) to deliver [widespread AI adoption](#) within SMEs.

We will also continue to [promote flagship projects](#) and [organizations](#), domestically and internationally, positioning Canada as the exciting destination for AI talent and businesses.

GOAL 2

Commit **up to \$5M** in available funding for a **Call for projects** initiative (included in the above \$45M commitment target)

We plan to capitalize on the achievements of the PCAIS initiative by initiating a call for projects that could be specifically focused on **generative AI**. This decision is driven by the increasing interest from our clients and aligns with our core mandate.

By allocating up to \$5M towards such projects, our objective is to **stimulate significant innovation** and progress in the rapidly evolving field of generative AI. Our funding thesis is centred on the belief that generative AI can significantly improve **efficiency, accuracy, and productivity** across various sectors.

We aim to support projects with **practical applications** in **streamlining industrial processes**, optimizing supply chains, **enhancing customer experiences**, and **automating complex tasks**.

GOAL 3

Support the cross-cutting national priorities of a **Green Economy** and **Supply Chain resilience** (included in the above \$45M commitment target)

Scale AI believes artificial intelligence is a central piece for the green transformation of our industries. With AI, Canadian organizations are now equipped to work smarter by gaining more visibility on their demand and on their supply chain. **Real-time data** can help them increase performance in their day-to-day operations and **mitigate their impact on the environment**. Through AI, they can **optimize production, avoid downtimes, minimize waste, and reduce the need for the transport of goods and people**. Furthermore, Scale AI also funds **productization**, i.e. supporting AI-based optimization solutions that can benefit a wide variety of industries and businesses, by helping them reach their business goals, along with their environmental objectives. In its own way, **each AI-powered project** can **help reduce our industries' carbon footprint**.

With regards to the Government's cross-cutting national priority of **Supply Chain Resilience**, we will engage with Transport Canada's Resilient Supply Chain Task Force to identify opportunities to improve or optimize the capacity of key infrastructures through the deployment of digital or physical assets.

3

Accelerate Canadian AI Startups

GOAL 4

Accelerating the scale-up of **50-70 early-stage start-ups** by committing **\$2M** in Scale AI funding to services focused on building AI capabilities.

In 2024–2025, we plan on **maintaining close relationships** with the accelerators that have been successfully vetted in our program as well as continue developing relationships with **new accelerator partners**.

Our strategy is shifting from a binary question of whether the start-ups presented have the necessary AI capabilities and have an effect on supply chains towards a question of **where in the AI journey is the start-up situated**. As such, we are reshuffling our application process from Phase 1 (and 2024-2025 will be a crucial year to implement the changes proposed).

Though we will continue our close collaboration with Canada's top incubators and accelerators, we will focus more strongly on **funding services to build startups' AI capabilities**. We will do that by leveraging our relationships with Canada's top AI institutes (Amii, IVADO, Mila and Vector) and universities, who will provide start-ups with **access to AI experts** (e.g., for AI exploration, scoping advisory, etc.), and AI talent (e.g., through internships) to situate them well in the AI Journey. We will also offer workshops for startups to develop their **intellectual property strategies**.

GOAL 5

Publicly launch our First-Client program to support AI start-ups to gain commercial traction by committing at least **\$5M into 5-10 start-up-led projects** (\$2.5M from Scale AI and \$2.5M from industry) by the end of March 2028

Another driver for AI SME scale-up will be our **'First-Client' program**, through which Scale AI facilitates early-stage startups to secure their first client.

By leveraging our industry project investment process, we will financially de-risk pilot projects where Canadian industry firms pilot and test new innovative products and solutions with Canadian start-ups. These projects will build customer confidence leading to follow-on investments which directly support the scaling of AI SMEs. By requiring that the **AI SMEs own all the IP they generate**, Scale AI is also further helping them develop their product offering.

While we have tested this format last year, we aim to publicly launch this program in fiscal 2024-2025 and deploy at least **\$2.5M in Scale AI funding in 5 to 10 pilot projects** by the end of Phase 2.

In the new year, we aim to **standardize** and **differentiate** the application process to make it accessible to start-ups to navigate the process.

GOAL 6

Host an investor event to offer **10 curated introductions** between start-ups and VCs

Early-stage start-ups increasingly struggle to **access capital at seed and pre-seed level** given the current macroeconomic environment while investors are constantly searching for quality deal flow.

In 2024-2025, we will continue to leverage Scale AI's pan-Canadian reach to organize targeted and curated **matchmaking activities** involving angel investors, VC funds and the best start-ups from our portfolio. By leveraging our major industry event ALL IN, we will aim to provide **10 curated startup introductions** to investors.

4

Develop Canada's current and future AI Workforce

After revamping our Workforce program in 2023-2024, we are **launching it publicly** and plan to invest **\$900K** in **2024-2025**.

GOAL 7 **Expand** offer on the AI adoption journey

In 2024-2025, we will resume our workforce program with **revised strategic objectives** and **adjusted conditions**.

During **Phase 1**, we positioned our program at the **early stages** of **AI adoption journey** by supporting general trainings in AI aimed at understanding AI benefits.

We will now **expand our offer** to support **exploration** and **blueprint design workshops**, therefore moving SMEs closer to generating **concrete IA projects**.

We will also support adhoc **coaching** during the **delivery** of IA projects ensuring projects are delivered on time and on budget.

Change management and AI systems' training during the implementation phase of the solution will now be eligible.

GOAL 8 Further **capture synergies** with our investment program

We will focus our efforts on further capturing synergies with our **members in the investment project pipeline**, to ensure we seize training opportunities not only **before** projects, but also **during and after**.

In order to do so, we will review our internal ways of working to facilitate access to training by members on the investment side. We will ensure the **application** is as **lean** and **integrated** as possible to avoid pain points and reduce delays.

In addition to the application process, we will **proactively solicit members** who have completed or will complete an investment project, to ensure their needs in training have been met.

GOAL 9 Maximize outreach of **STEM program**

In 2024-2025, we will continue to focus specifically on underrepresented groups, launching a new call for projects to promote data science studies and careers. We are targeting upwards of **10k youth**.

Additionally, we will maintain frequent and constant contact with our key partners to make sure we are still **aligned to needs, aware of challenges** faced by our participants, and ultimately invest where the most value can be created for young students.

We will continue to work with partner programs to **create links** with Scale AI industry members to expose youth to **working environments** and **actual professionals** in data science.

4**Showcase Canadian AI on the Global Stage**

Scale AI works in three main ways to build an AI-powered economy for Canada:

- We foster commercial offering by AI service providers and incentivize productization opportunities (goal described above).
- We create demand for AI adoption with large and small companies across industries, here and internationally.
- We contribute to establishing Canada as an AI thought leader via content sharing and strategic events including ALL IN, and leverage our large project portfolio to act as a conduit for applied AI knowledge.

In 2024-2025, Scale AI will pursue its efforts to build an AI-powered economy for Canada, investing \$750K in initiatives showcasing Canadian AI on the Global Stage

Goal 10**Continue to create demand for AI adoption with large and small companies across industries, at home and abroad**

In the last year, Scale AI has taken the **leadership position** representing the Canadian AI Industry, to accelerate AI adoption within businesses and the development of solutions by Canadian AI service providers.

In 2024-2025, we will pursue this goal through:

ALL IN 2024

Embodying the spirit of unity and comprehensive engagement, our flagship initiative, ALL IN, serves as the cornerstone of our endeavours. This overarching framework encapsulates a collaborative ecosystem that transcends boundaries, fostering synergy

and innovation across diverse AI sectors. This is also the perfect occasion for us to collaborate with other clusters.

AI Official Council for G7 2025

In a bid to solidify Canada's position as a global AI leader, we are actively spearheading initiatives for the creation of an AI official council. This strategic move aims to shape policies and discussions surrounding AI at the G7 summit in 2025, positioning Canada at the forefront of global AI governance.

International Delegation

Facilitating collaborations between the Canadian AI ecosystem members and outside organizations, we are orchestrating an international delegation to France (Vivatech) as the leader of the Canadian pavilion, in collaboration with other Canadian innovation clusters. Members of the Canadian AI ecosystem will engage in meaningful dialogues, forging partnerships and sharing insights to foster a truly global approach to AI innovation, in line with our goal of becoming the ecosystem partner of the year at Vivatech 2025 or 2026.

Host Role for Delegations

Our commitment to openness and collaboration remains unwavering as we continue to act as a welcoming host for international delegations seeking to understand the nuances of the Canadian AI ecosystem. Over the fiscal year, we plan to host more than 20 delegations at our offices in Montreal, providing a firsthand experience of what Canada's AI ecosystem has to offer.

Canadian Tour of AI

Embarking on a nationwide tour, we will visit major cities including Ottawa, Toronto and Vancouver. Collaborating with politicians and current and future project leaders, we will use this tour to showcase tangible initiatives and inspire new investments in diverse sectors.

Presence at Global Events

Strategically positioning ourselves on the global stage, we plan to have a joint presence at renowned events such as Collision, Upperbound, Hannover Messe and Vivatech.

Goal 11

Continue to be a **thought leader**, sharing insights and lessons learned from Scale AI Portfolio

In 2024-2025, Scale AI will pursue its goal of acting as a thought leader to [share insights and lessons learned](#) from investing over \$500 million in AI projects. Scale AI will do this by publishing original articles, project examples and op-ed pieces in various media and on its blog.

Scale AI will also take the stage to [promote AI adoption and Canadian AI providers](#) in various events, including global and local events. Scale AI will act as a point of reference for media when it comes to AI for the industry in Canada, i.e. by referring key players of the AI ecosystem for media interviews and other exposure opportunities.

The strategic angle of our communications efforts for 2024-2025 will be on using AI as the solution to [solve societal challenges](#).

In 2024-2025, Scale AI will create more stories around the adoption of AI and successful AI projects, sharing our lessons from investing, to inspire additional investments in AI projects.

Recognizing the transformative power of AI, we are actively engaged in sharing thought leadership content on using AI as a solution to solve societal challenges.

Goal 12 Continue to advance [multi-clusters collaboration](#)

In 2024-2025, Scale AI is looking forward to pursuing fruitful collaboration with the other Canadian clusters. Scale AI's goal will be to [maximize the presence](#) of each of its fellow Canadian clusters at [ALL IN 2024](#), to showcase the impacts and achievements of the government of Canada's investment in the Global Innovation Clusters. This will be the occasion for each cluster to benefit from a unique platform to share their vision with more than [3,500 on-site participants](#), including several hundreds of representatives from all over the world.

Scale AI is also looking forward to working closely with other global innovation clusters on the organization of a delegation of Canadian businesses to [Vivatech in France](#) and to [Hannover Messe](#) in Germany, to represent Canada's engagement towards building a strong economy based on innovation.

5

Maintain best in class operations management

Scale AI is committed to [continuous improvements](#) on the [4 guiding principles](#) we operate under. Those principles have been established to ensure that we serve our members effectively while also maintaining the highest level of rigour in managing public funds.

→ **Business friendliness:** we regularly review and improve our processes to be as simple as possible for users; and we provide clear feedback on the relevance of project proposals as early as possible to improve the quality of their submissions and avoid inefficient effort.

→ **Lean through automation:** we use digital tools, such as Salesforce and Asana, to automate and streamline tasks, project management and reporting, so that team members can focus on higher-value-added work.

→ **High-quality experienced talent:** our mix of high-potential youthful employees and industry veterans yields ample opportunities for professional growth and a highly engaged team; and

→ **Stringent funding allocations:** we manage our funds as if they were our own, focusing on investments that will truly raise the ecosystem's standards in AI adoption. We also perform significant financial due diligence before investing, both on the health of the companies, and on the relevance and appropriateness of the proposed costs.

In line with our guiding principles and our commitment to continuous improvement, and considering our goals for 2024-2025, we plan, depending upon Budget approval, to hire 2 additional resources focused on lead generation.

4. Financials

The table below outlines our [planned expenditures](#) for the fiscal year [2024-25](#) including operating and administration expenditures, projects, acceleration, workforce and ecosystem development.

Table 1: Planned Expenditures FY 2024-25

Expenditures	GIC \$	PCAIS \$	NQS \$	Total \$
Ops & Admin	3,289,955	500,000	0	3,789,955
Projects	24,567,222	4,500,000	0	29,067,222
Acceleration	1,960,000	0	0	1,960,000
Workforce Development	300,000	0	0	300,000
Showcase Ecosystem	545,000	0	0	545,000
Total	30,662,178	5,000,000	0	35,662,178

The table below outlines the [planned sources of funding](#) for the fiscal year [2024-25](#) including industry matching funds as well as the projected revenues from other sources.

Scale AI's audited financial statements will not include industry matching funds as part of the total revenues, since these contributions are made directly by the project participants.

Table 2: Planned Sources of Funding FY 2024-25

Anticipated Revenue	GIC \$	PCAIS \$	Other \$	Total \$
Industry Contribution Towards Eligible Project Costs	41,764,278	0	0	41,764,278
Industry Sponsorships	1,000,000	0	0	1,000,000
Conference Fees	500,000	0	0	500,000
Membership Fee	578,552	0	0	578,552

Total Anticipated Revenue From Industry Matching Funds	43,842,830	0	0	43,842,830
Interest Income	525,000	0	0	525,000
Government of Quebec (Ops & Admin)	1,500,000	0	0	1,500,000
Total Anticipated Revenue From Other Sources	2,025,000	0	0	2,025,000
Total Anticipated Revenue	45,867,830	0	0	45,867,830

The table below outlines a statement of [annual cash flows](#) for the fiscal year [2024-25](#).

The amounts remaining from previously advanced funds have been estimated as of March 31, 2024. The actual cash balance remaining at March 31, 2024, may differ from the estimated amount.

Table 3: Annual Cash Flows FY 2024-25

The Scale AI does not owe any amounts to the crown pursuant to any legislation or agreement.

Cash Flows From Cluster Activities	Total \$
Global Innovation Clusters Contribution	30,662,178
Previously Advanced Phase 2 Funds (estimated at March 31, 2024)	(1,700,000)
GIC Phase 1 Amounts Required (Forecasted Dec 2023)	2,700,000
Pan-Canadian AI Strategy Contribution	5,000,000
Previously Advanced PCAIS Funds (estimated at March 31, 2024)	(700,000)
Government of Quebec Contribution (Ops & Admin)	1,500,000
Membership	578,552
Sponsorship	1,000,000
Interest Income	525,000
Total Annual Cash Flows	39,565,730

5. Technology Leadership

OUR TECHNOLOGY APPROACH

Since its inception, Scale AI has focused on supporting the development, by Canadian service providers, of AI solutions dedicated to [business productivity and intelligent supply chains](#). For Phase 2, we maintain this focus for the following reasons:

→ Supply chains involve a wide range of business operations processes. [Focusing on productivity solutions applied to supply chains](#) allows Scale AI to support companies from many sectors and ensures that AI applications we co-invest directly support the creation of value for businesses and generate significant gains in productivity.

→ Canada is a globally recognized hub of AI research made up of the world's largest community of [Operations Research \(OR\), Machine Language \(ML\) and Natural Language Processing \(NLP\)](#) research scientists. The combination of these fields creates new and unique methods to solve [complex business problems and improve decision-making across supply chains](#).

→ Decision-making in industry, and particularly in supply chain operations, is one of the [key areas where AI can be commercially applied](#).

OUR PROGRAMS

Scale AI continues to support a wide range of [diverse projects](#) submitted and led by [industry adopters and vendors](#). In Phase 2, we still proactively reach out to and engage new companies, in addition to encouraging existing members to invest in follow-on initiatives. Scale AI has adapted its approach to promote these activities based on the level of digital maturity of each company:

- Scale AI encourage additional companies to launch initiatives that leverage the success of previous Scale AI projects, beginning with lower complexity solutions and then gradually increasing in sophistication through follow-on investments (e.g. building upon a demand forecasting engine by integrating an advanced inventory management tool, followed by a full network optimization system).
- For companies already proficient in AI, Scale AI funds AI-powered tools tackling new business problems or diffuse existing solutions into different business units.

In addition to our adoption and commercialization programs, we have added a third program, our ['First-Client' program](#), through which Scale AI facilitates early-stage start-ups to secure their first client.

In Phase 2, Scale AI is also [expanding its intake approach](#) to launch [calls-for-proposal](#) on specific topics, to encourage our ecosystem to develop AI-powered solutions targeting critical issues for Canada.

For details on achievements, goals, and action plan, please refer to sections two and three of this document.

OUR INDUSTRY-LED PROJECTS

Scale AI's [selection process](#) remains as described on the website at: <https://www.scaleai.ca/projects/how-to-apply-for-funding/>

A summary of all industry-led projects we have invested in can be found at: <https://www.scaleai.ca/projects/our-investments/>

6. Ecosystem Development

OUR ECOSYSTEM DEVELOPMENT APPROACH

In Phase 2 as in Phase 1, Scale AI continues to make it a priority to build and further develop the **Canadian AI ecosystem** by being a **national force**, **driving growth**, **creating networks** and being a **catalyst for skills development**.

A National Force

Develop ecosystems that create a global advantage for Canada by attracting investment, developing a global profile, and collaborating on projects at a national scale.

A Creator of Networks

Strengthen connections and collaborations between private, public and academic organizations to drive impactful commercialization outcomes and develop domestic capacity.



A Driver of Growth

Accelerate the scale-up of SMEs in cluster projects by fostering collaboration and integration into emerging value chains in order to drive international opportunities, expand market share, and grow revenues.

A Catalyst for Skills Development

Address skills gaps, act as a magnet for global talent, collaboration, and skills and talent development, and foster opportunities for equity-seeking groups to benefit from connections in order to drive innovation and contribute to inclusive economic growth.

OUR EXPECTED OUTCOMES

- 1.** Scale AI is being a **National Force** by developing Canada's AI domestic market, driving widespread AI adoption in Canadian businesses, and contributing to securing Canada's international leadership within the global AI sector.
- 2.** Scale AI is a **Creator of Networks** by directly supporting Canadian industry to gain and maintain market leadership, as well as create new Canadian Champion anchor firms, through cross-pollination and organization of interactions between key actors in the AI sector.
- 3.** Scale AI is a **Driver of Growth** by enabling significant productivity gains across key economic sectors. Scale AI actively connects industry leaders with AI providers and

targeted investment of public funds to create a large and diverse pool of AI services and solutions, primarily steered towards supply chains. This results in the creation of a highly advanced and efficient network of infrastructures for goods and services that will benefit all Canadian businesses.

4. Scale AI is a **Catalyst for Skills Development** by supporting the development of the current and future workforce in data science, focused on fostering the conditions for attracting and retaining the high-potential talent necessary to grow the AI ecosystem in Canada

5. Last but not least, Scale AI leverages its unique position in the ecosystem to contribute to key public debates on AI regulation and helping Governments in Canada and beyond to make informed decisions to drive trust in AI while ensuring the highest ethical standards.

OUR INITIATIVES

Scales AI Ecosystem development initiatives are encompassed within each of our streams:

	National Force	Creator of Network	Driver of Growth	Catalyst for skills Development
1 Support industry-led investments in AI solutions	✓	✓	✓	✓
2 Optimize Hospitals operations	✓	✓		✓
3 Accelerate Canadian AI startups	✓	✓	✓	
4 Develop Canada's AI workforce	✓			✓
5 Showcase Canadian AI on the Global Stage	✓	✓		

Further details on our ecosystem initiatives for Phase 2 are documented in our strategic plan in section three Our plan for strengthening the Canadian AI ecosystem.

Achievements on our ecosystem initiatives for 2023-2024 and plan for 2024-2025 are detailed in sections two and three of this document.

7. IP strategy & data strategy implementation

Intellectual property (IP) and data strategies should align with business objectives to optimize the tailwinds IP and data can provide towards achieving those objectives. Therefore, our IP and data strategies [focus on our primary goals](#) of growing domestic demand for Canadian AI and supporting SME scale-up.

As outlined elsewhere in this Corporate Plan, Scale AI is executing its [Intellectual Property Strategy](#) as follows:

- **Growing Domestic Demand:** by selecting for funding only industry-led projects that will generate IP that can and [will be used or licensed after project completion](#) to benefit other Canadian businesses; and
- **Supporting SME scale-up:** by insisting that all funded projects include [ownership or licensing rights for the AI service providers](#) to scale and enhance their product and service offerings; by encouraging AI service providers to [invest in the productization of their IP](#) to serve a larger customer base; and by offering workshops to [develop their intellectual property strategies](#), in addition to offering an ever-growing digital library of AI-specific IP educational content.

Scale AI's [Data Strategy](#) is aimed at robust measures to protect the confidential information data we possess. Data security is achieved through industry-standard cybersecurity measures that protect against intrusion and hacking, such as two-factor authentication, use of VPN and firewalls, encryption, and employee training on threat recognition and handling.

Our annual updates to our IP and data strategy documents focus on ensuring that these documents continue to reflect and support Scale AI's overall strategy as outlined in this Corporate Plan.

8. Performance Monitoring Strategies

Scale AI's plan for Phase 2 is anchored in the experience we gained in Phase 1 and will deliver tangible commercial results, including the creation of [\\$3 billion of direct value](#) (either costs saved, or new revenues generated), and [6,000 highly skilled, high paying jobs](#) within Canadian businesses. Our our programs will deliver over [\\$200 million of industry investments](#), will create [100 new partnerships](#), and will support the [training of 1,000 Canadians](#).

In addition to the core metrics mentioned above, Scale AI will report against the [Innovation Cluster Ecosystem Impact Framework \(ICEIF\)](#) through its annual reports. [//Canada.ca/clusters](https://Canada.ca/clusters)

9. Risks Assessments and Mitigation Strategies

Risk management

Scale AI has a [robust risk management framework](#) in place. Organization-wide and program-specific risks and mitigation strategies are [reviewed](#) and [updated](#) on an [annual basis](#). For 2024-2025, the following risks and mitigation strategies were identified:

#	Risk	Description	High level mitigation strategy
Global			
1	Recession and inflation risks	As we navigate the rapidly evolving economic landscape, it is imperative to acknowledge the potential impact of external factors on our operations. Of particular concern are the risks associated with recession and inflation in the Canadian market.	<ul style="list-style-type: none"> • Together with our ecosystem partners, we will proactively monitor early signals indicating a potential change in AI investments. • We may seek future flexibility for a lower industry match as incentive for Canadian ecosystem to continue to invest in IA. • We may revise our investment approach to focus on IA projects with a shorter payback period • We may also add resources into our lead generation model to ensure a continuous flow of projects • Additionally, Scale AI will pursue its ongoing efforts to maintain lean operations
2	AI Talent drain	In the rapidly advancing field of AI, a subdued demand for AI expertise within our borders may result in a potential AI talent drain to foreign markets.	<ul style="list-style-type: none"> • Scale AI will maintain its focus on investing in AI projects to mitigate risk associated with novel cutting edge technology • Scale AI will use its knowledge and insight acquired during Phase 1 to drive domestic adoption
3	Significant ecosystem education gap on AI and IP issues	Given the advanced technological nature of AI, and complexity of IP, significant educational efforts are required at all levels on how to apply AI and manage associated IP	<ul style="list-style-type: none"> • Scale AI will maintain a focus on education, including through our ecosystem engagement activities to spread understanding of the capabilities, challenges and applications of AI throughout the ecosystem, and its IP implication
4	Cybersecurity risk to Scale AI systems and data	Losses or damages resulting from malicious exploitation of information technologies and computer systems. These risks may include malware attacks, data breaches, unauthorized access to systems, and other potential threats that could compromise the confidentiality, integrity, and availability of Scale AI's data and activities.	<p>Multiple layers of cybersecurity protection have been implemented at Scale AI, and will be applied to Phase 2, including:</p> <ul style="list-style-type: none"> • software against intrusion and hacking on all employee equipment • secure VPN connection when connecting to home/public networks • remote control software to disable lost or stolen equipment • Multi-factor authentication on all Scale AI digital assets; and

			<ul style="list-style-type: none"> cybersecurity training deployed to all our personnel on an ongoing basis with regular staff discussion of cybersecurity threats and mitigation behaviours at weekly team meetings.
5	Cybersecurity risk to Scale AI project partners	Losses or damages resulting from malicious exploitation of information technologies and computer systems happening in our project partners organization	<ul style="list-style-type: none"> Add cybersecurity costs to those covered by Scale AI funding Disseminate guides, best practices and recommendations through active content production
Projects			
6	Delays in project delivery	Given the innovative nature of our projects, project planning necessarily faces a greater level of uncertainty. Hence, delays, and at times project cancellations, are not fully avoidable.	<ul style="list-style-type: none"> Provide extensions and flexibility in project delivery schedules Assess project funding requirements and identify ways of unlocking funds to maintain projects afloat
Acceleration			
7	New strategic direction	After consultation with our partners, our funding focus will shift towards access to AI talent and building startups' AI capabilities	<ul style="list-style-type: none"> Leverage our close relationships with Canada's top AI institutes (Amii, IVADO, Mila and, Vector) and universities, who will provide startups access to AI experts (AI exploration, scoping advisory, etc.), and access to AI talent for internships, all orchestrated through our partner incubators and accelerators.
8	Reaching the ecosystem limitation of AI startups with solutions applied to supply chain	Challenges encountered by partners in recruiting new prospective ventures, and redundancies in the application received	<ul style="list-style-type: none"> Work with partners to support initiatives at ideation and venture creation stages Focus on the growth of the startup AI capabilities, and not through the multiple participation in different programs
Workforce development			
9	Integration of custom training with industry-led projects	Integration will require an adjustment of internal operating model and go-to-market strategy	<ul style="list-style-type: none"> Apply an agile test and learn approach with short feedback loop Get regular insights from ecosystem partners to ensure continuous fit to the market needs Apply flexibility internally to identify best operating model between industry investment and workforce development team

10. Board of Directors

Scale AI was created by key members of the Canadian AI ecosystem, and today we remain closely connected with these organizations through our board of directors. The Scale AI Board has representatives from all of the [key ecosystem stakeholders](#) - [universities](#) (e.g. HEC Montreal, Ecole Polytechnique, McGill), [research institutes](#) (e.g. IVADO, Mila), [AI service providers](#) (e.g. PwC, BCG, IVADO Labs), [AI adopters](#) (e.g. Bombardier, Canadian Tire) and the [AI investment community](#) (e.g. Investissement Québec, Anges Québec, Backbone Angels), as well as [independent industry experts](#).

This composition ensures that Scale AI remains connected to the [guidance and oversight](#) needed to effectively grow the Canadian AI ecosystem.

Our Board [reviews all strategic and significant operational decisions](#) of Scale AI, including the [selection and funding](#) of all investment projects and programs. Scale AI is committed to [gender parity and diversity](#) on our Board, as we believe these also ensure more effective oversight and guidance for Scale AI.

The current structure of our board provides [at least 4 formal meetings per year](#) of the full board, with additional, [more frequent meetings](#) per year of the [project Selection and Ratification Board Committee](#) as well as the [bi-weekly executive sub-committees](#).