



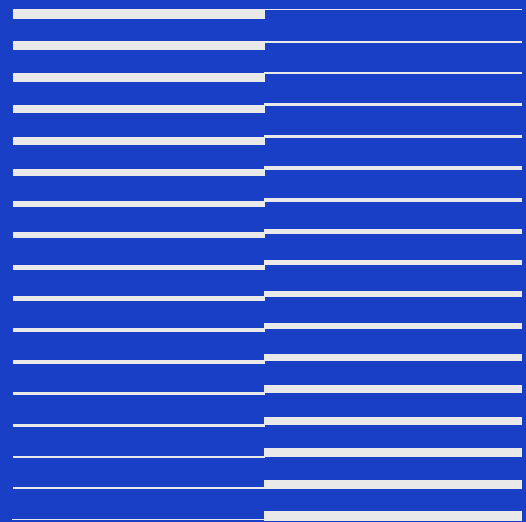
ANNUAL REPORT
2022—2023

Moving to
an AI-powered
economy

SCALE|AI

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01

Scale AI
at a glance

Scale AI at a glance

Scale AI is Canada's AI Global Innovation Clusters dedicated to building the next-generation supply chain and boosting industry performance by leveraging AI technologies. Scale AI acts as an investment and innovation hub that accelerates the rapid diffusion and integration of artificial intelligence (AI) into supply chains and contributes to developing a world-class Canadian AI ecosystem. This interconnected network of people working together pushes all boundaries for continued growth that benefits society.

Scale AI co-invests in programs that support implementing concrete AI applications within companies, the emergence of future Canadian flagships in the sector, and the development of a skilled Canadian workforce.

Based in Montréal and funded by the federal and Québec governments, Scale AI collaborates with more than 1000 industry partners in Canada, including tech companies, startups, research institutions, universities, venture capitalists, and experts in various fields.



Our mission

As a business-led consortium, Scale AI drives economic growth that will bolster Canada’s leadership in the global innovation race, supports world-leading businesses, creates highly skilled jobs, and accelerates the commercialization of AI-powered technologies.

Scale AI contributes to developing an innovative, competitive, diverse, and inclusive Canadian economy focused on small and medium enterprises (SMEs).

Our vision

Canada has invested in advanced AI research for decades and is excelling at producing talent in AI. Now is the time to commercialize breakthroughs, push boundaries and redefine what is possible with AI in the supply chain to boost efficiency and strengthen the core of all businesses.

We support industry-led innovation, increase investment in Canada, help scale up smaller companies into global competitors, and create new commercial opportunities to boost exports. Scale AI is generating good, well-paying jobs nationwide, developing a highly skilled and diverse workforce, and helping companies generate and protect new intellectual property in AI.

Our mandate

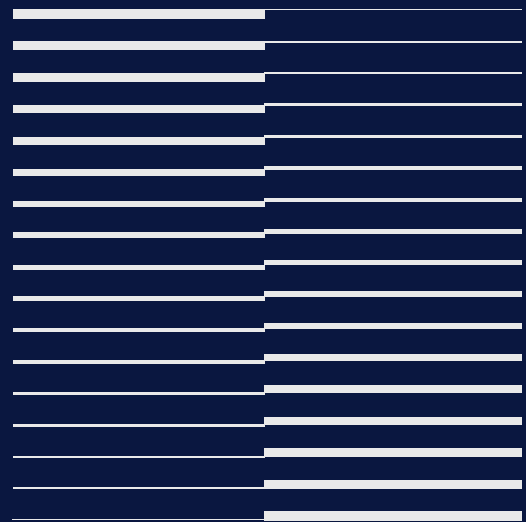
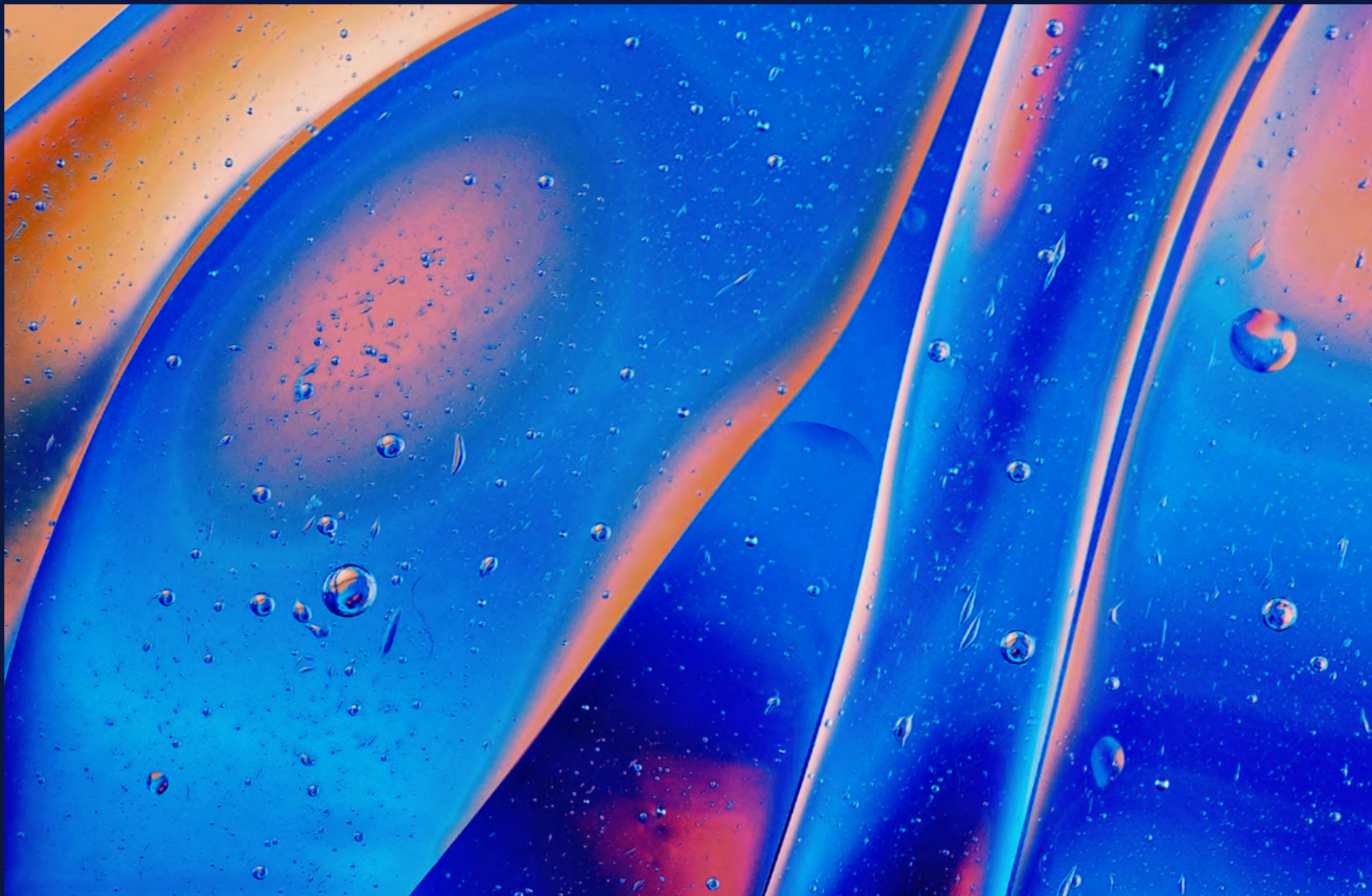
Scale AI is one of five Global Innovation Clusters launched in 2018 by the federal government. Scale AI’s mandate is to foster connections, incentivize collaboration, and leverage Canada’s outstanding research, technological, and business strengths to build a strong Canadian global AI ecosystem focused on supply chains to develop world-leading capabilities for the benefit of Canadians.

Our funding

Scale AI was awarded government funding coupled with contributions from the private sector. These funds are transformed into co-investment programs that allow us to identify collaborative intersectoral projects and provide them with ongoing support and funding to ensure their success.

From 2018 to 2028





02

Messages

Message from the Minister of Innovation, Science and Industry of Canada

The Honourable François-Philippe Champagne

The Government of Canada is working to secure Canada's economic growth and prosperity in a green, digital and resilient world economy. We are in a position to seize the moment and build on our solid innovation investments so that Canada succeeds in the new global economy.



The Global Innovation Clusters are accelerating Canada's global competitive edge by bringing together companies of all sizes, academic institutions and not-for-profits to generate bold new ideas. These clusters have helped build successful and growing innovation ecosystems across the Canadian economy in five areas where Canada has an innovative advantage: plant-based protein alternatives, ocean-based industries, advanced manufacturing, digital technologies, and artificial intelligence (AI) for supply chain and logistics.

The clusters are spurring innovation and collaboration across Canada by launching projects that are helping grow our economy and bringing tangible benefits to Canadians. Since the launch of the program in 2017, the clusters have been finding new ways to build connections, bringing together experts in their fields to create high-quality, well-paying jobs; invest in promising projects; help firms scale up; and position Canada as a global leader in the innovation space.

The Global Innovation Clusters are delivering tangible benefits to Canadians with their unique model, creating stronger ecosystems, de-risking the adoption of technology, maximizing the value of intellectual property and forging new partnerships that increase firms' market potential. As of March 2023, the clusters announced more than 500 projects worth \$2.37 billion and involving more than 2,500 partners.

They are on track to meet or exceed the overall job creation target of 15,000 direct, indirect and induced jobs by 2023 and 50,000 by 2028.

Because of these strong results, our government confirmed Canada's commitment to the clusters in Budget 2022, investing an additional \$750 million through to 2028 to support the further growth and development of Canada's Global Innovation Clusters. Building on their success to date, the five clusters will expand their national presence and will continue to collaborate with partners to deepen their impact at home and abroad, including through joint missions aligned with key global priorities such as fighting climate change and addressing supply chain disruptions.

The clusters are also helping to build a skilled and diverse workforce by creating opportunities for women, racialized Canadians, Indigenous communities and other under-represented groups and by offering workshops and formalized

training in response to the industry’s need for members of these groups to develop their talent, gain relevant knowledge or learn new skills.

Since the inception of the program, the clusters have developed a new approach to innovation through co-investment with industry to build accelerated, strong ecosystems that are taking innovators further, faster through collaboration. The clusters have exceeded expectations while delivering tangible results, both at home and globally.

Scale AI in particular is supporting real-world applications of AI to encourage future Canadian flagship companies in the sector. Over this past year, the Scale AI cluster has led a range of projects, including on making supply chains more efficient for large-scale food manufacturing, on optimizing resources for construction projects, and on improving warehouse efficiency. Each of these projects is helping build more resilient and efficient supply chains in Canada.

I would like to extend a heartfelt thank you to everyone involved with the Scale AI cluster for your commitment to strengthening Canada’s innovation ecosystems and helping to establish a diverse and skilled workforce ready for the jobs of the future.



The Honourable François-Philippe Champagne, P.C., M.P.

Message from the co-chairs of the Board of Directors

Hélène Desmarais and Louis Roy

During its first five-year mandate, Scale AI has fostered the development of a nationwide ecosystem, with hundreds of organizations cross-collaborating to invest their combined energy and resources into AI. In partnership with the entire ecosystem, Scale AI is working to continue AI development in Canada and connecting players across the country, at all stages of their AI journey and throughout the AI value chain, from R&D to full-scale diffusion.



Through all our work over this period, we have remained committed to our mission, vision, and values while adhering to the highest standards of governance and social responsibility. Thanks to our team's commitment and expertise, Scale AI is now recognized as a trusted leader to many industry partners and collaborators. In partnership with the entire ecosystem, we will continue to develop AI in Canada, accelerate its integration into Canadian businesses, support the management and delivery of healthcare, equip Canada to fight climate change, and export our expertise around the world.

The collaboration between players in this sector has resulted in a series of initiatives and investment programs that touch on all areas of AI development: talent training, the emergence of Canadian expertise and excellence in AI, the development of startups and SMEs, and the implementation of AI in sectors across the economy.

Moreover, our team is proud to count on the government's commitment and continued trust. In 2023, the federal government announced the extension of the supercluster program—now known as the Global Innovation Clusters—for an additional five-year period, showing that our work has had significant positive impacts on Canada's capacity to innovate.

On the international scene, our successes also capture attention as we showcase Canadian talent and our capabilities to address today's economic, technological, environmental, and logistical challenges. Scale AI investments generate positive benefits as they help create more innovative and efficient supply chains.

Looking ahead, we will continue to explore new opportunities and approaches to grow and thrive in the years to come. We look forward to the future with great enthusiasm and confidence. Scale AI will continue to accelerate the integration of AI, reshaping business models, enhancing decision-making models, and elevating workforce performance so that organizations, big or small, can reach their full potential.

A word from the CEO

Julien Billot

In just a few years, AI commercialization has gone from experimental to established processes for many applications. The Scale AI team has facilitated and supported over 460 initiatives across Canadian industries in agriculture, retail, manufacturing, transportation and logistics, mining, energy, and healthcare. Those initiatives directly result from the now widely accepted view of AI’s potential to transform business models, strategies, and operations. Businesses are striving to adapt quickly to stay ahead of a fast-moving marketplace.

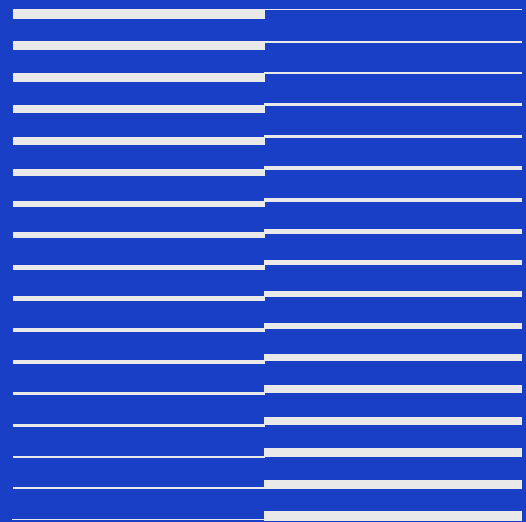
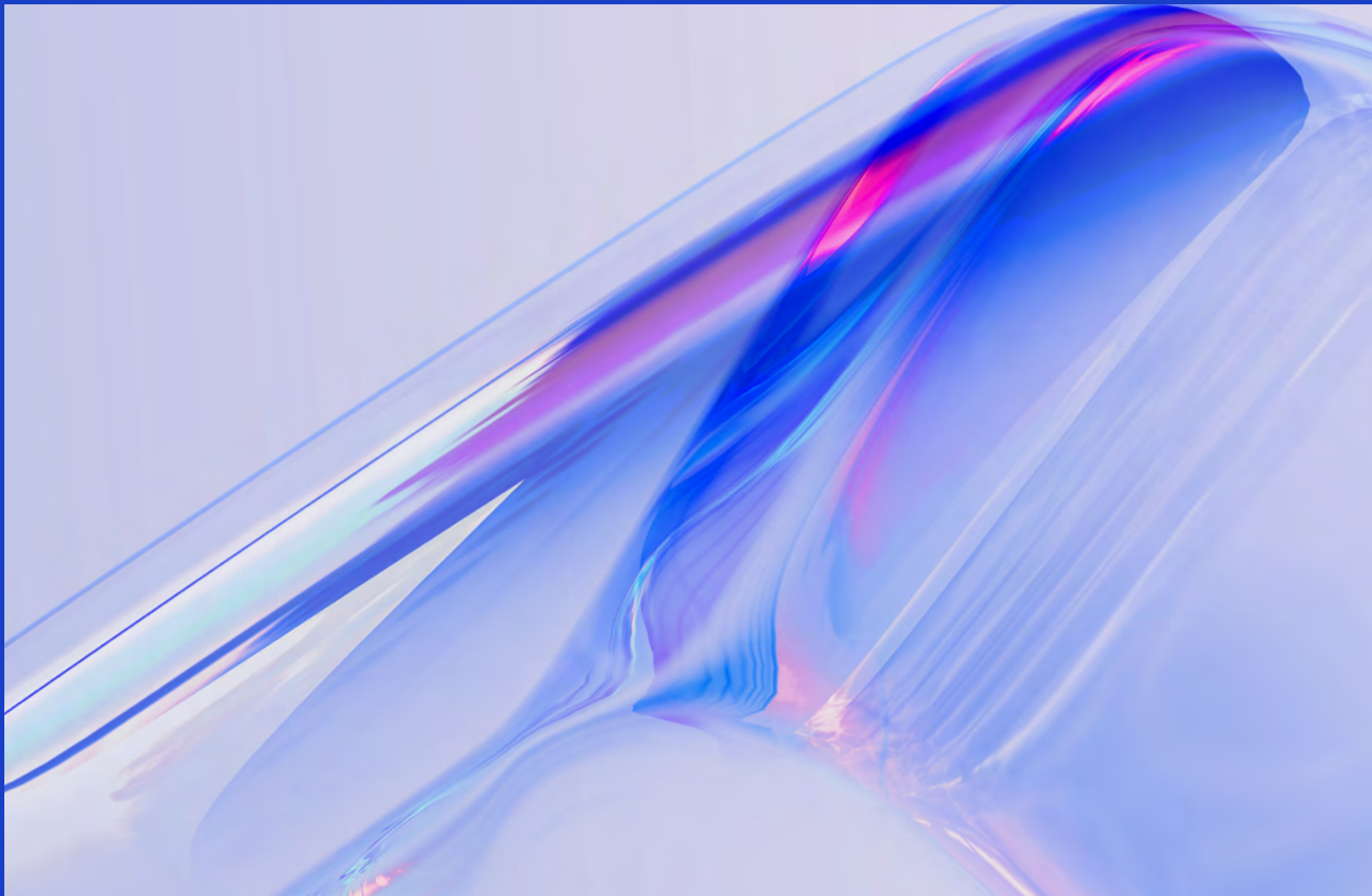
Recently, we have seen many Canadian companies begin to commercialize AI. The year 2022–2023 was a record-breaking year for Scale AI, with a tremendous total investment of \$119M, bringing our total investment since our beginning to \$506M. Through each of these funding rounds, Scale AI has contributed to further advancing the commercialization of AI for many Canadian companies from coast to coast.

As AI business strategies continue to evolve, Scale AI is deploying more and more efforts into the “productization” of Canadian AI solutions into AI products. To increase the impact of Scale AI’s support of Canadian SME service and solutions providers in appropriate projects, we will invest in the productization of custom-made solutions to develop broader-based solutions that can be offered as AI products to other international and Canadian businesses. Doing so typically requires additional investments that the SME is unable to self-fund.

However, making the crucial leap from point-solution to a general AI-based product dramatically amplifies the effect of Scale AI’s investments and the associated intellectual property created because it enables the SME service and solutions provider to attract a new and expanded client base. By providing this essential support, Scale AI’s investment in SME productization is crucial to scaling SMEs to develop and serve the Canadian AI ecosystem and increase their export capabilities.

Overall, we have accomplished so much. The members of our AI ecosystem have identified Scale AI as a game-changer in the community, and we intend to remain at the forefront of our industry as we begin our second five-year mandate. AI is an economic and social lever for all of Canada, and we are pleased to support Canadian companies—especially Canadian SMEs—in their digital and AI transition here at home so they can also shine internationally.





03

Highlights
2022–2023

Highlights 2022–2023

As Scale AI completes its first five-year mandate (Phase 1), the fiscal year 2022–2023 saw unprecedented innovation and industry collaboration that continues to support economic development and growth. Scale AI continued to empower industries to optimize their performance, strengthen their competitive advantage and create business opportunities by leveraging AI technologies.

For 2022–2023, we focused on:

- Improving access to potential partners in AI and intellectual property (IP) expertise for companies of all sizes across industries.
- Accelerating collaboration between large and small businesses to generate and maintain global AI expertise and intellectual property in Canada.
- Enhancing the competitiveness of key players in the Canadian supply chain ecosystem.

Engaging where our expertise and investments bring the most significant value

During its first mandate, Scale AI's investments engaged:

104 co-funded industry projects

5.6 partners per industry project on average

83% of projects involve professors or universities

100% of industry projects include SME participants

100% of generated IP owned by Canadian companies, often SMEs

284 startups supported

A remarkable footprint in Québec:

56% of investments are made in Québec

48% of participants are located in Québec

Canadian economy: A key sector for sustainable growth that will benefit Canadians

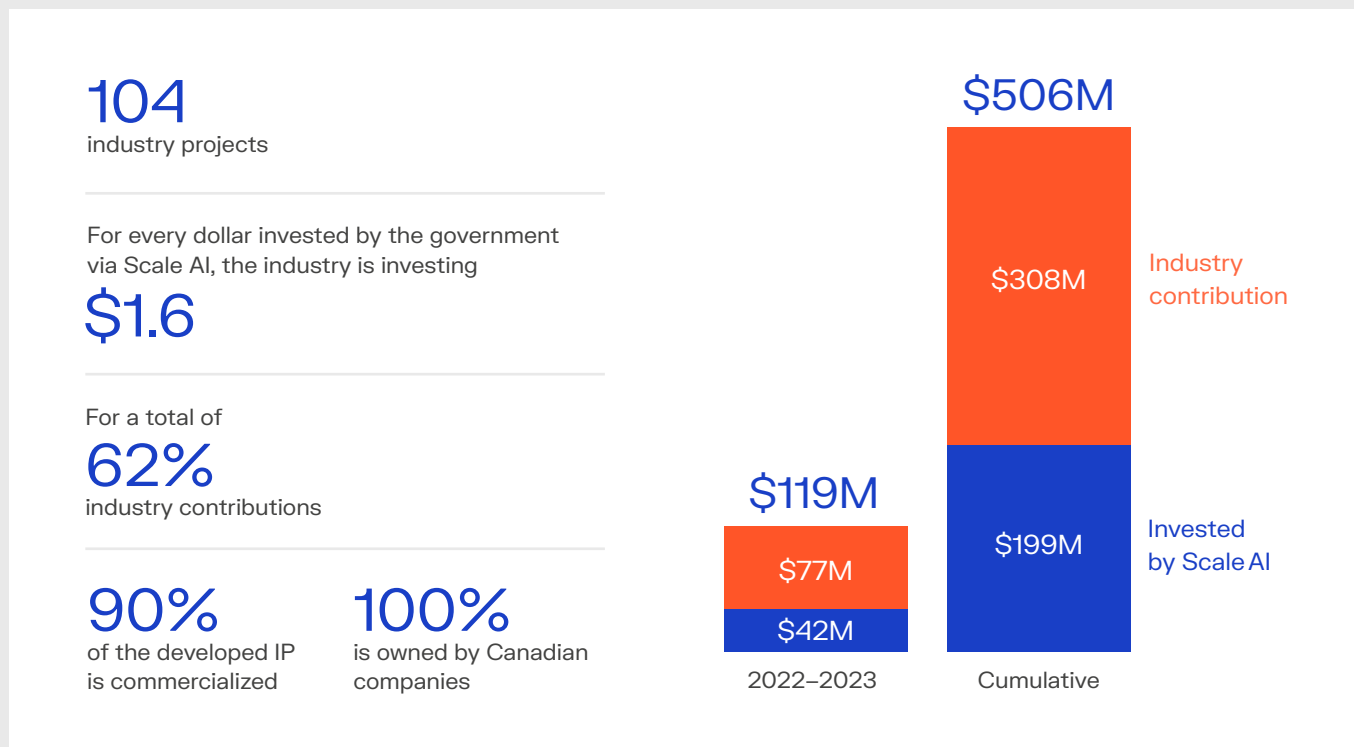
Scale AI's investments create a new Canadian economy for intelligent supply chains, generating economic and environmental benefits.

\$9B direct value creation by 2030

52K+ professionals, students, and youths trained

7,550+ jobs created

Scale AI has partnered with Canadian business leaders to accelerate their AI investments and dramatically improve the performance of their supply chains.



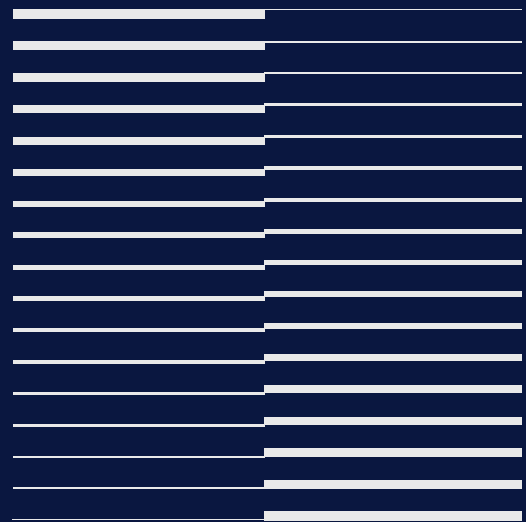
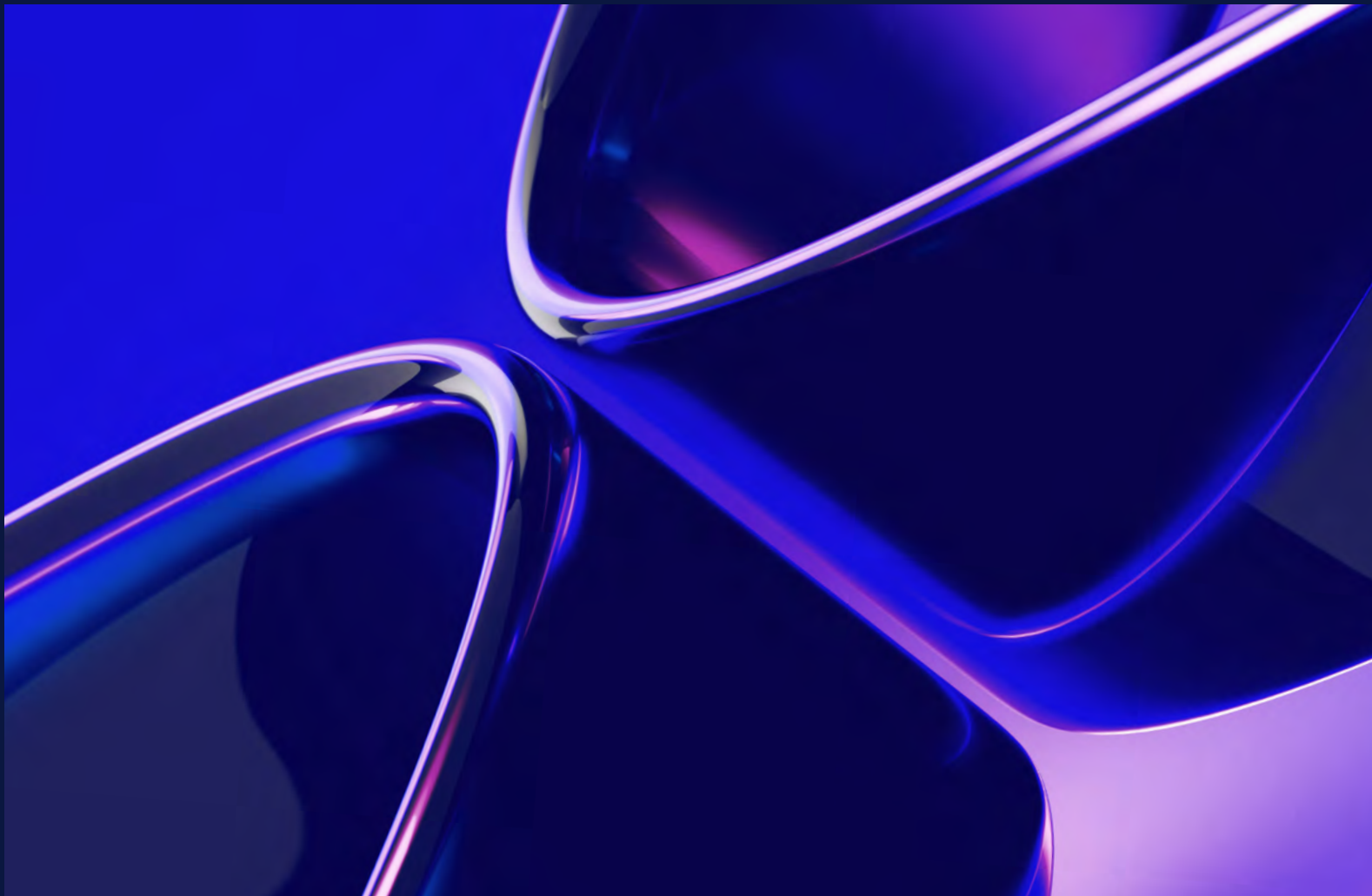
Supporting the flourishing ecosystem by...

- Supporting Canada's economic growth through continued investments in innovative projects in key industry sectors
- Increasing the size of the pipeline of projects outside of Québec, particularly in Ontario
- Maintaining a thriving collaboration between academic institutions and industry
- Accelerating project investments funnelled to SMEs
- Growing the workforce development program
- Continuing to support the development and strengthening of the Canadian AI ecosystem by connecting industry, academia, and startups through all our investment streams
- Leveraging generated IP for the collective benefit of the Canadian AI ecosystem
- Ensuring data protection and security

Looking ahead to 2023–2024

We will focus on expanding our reach through strategic partnerships and collaborations. Maintaining a flexible and agile approach to our operations will allow us to adapt quickly to changing AI market conditions and seize opportunities as they arise.

Overall, we will focus on generating long-term success for all our stakeholders while providing the highest level of service excellence through industry projects, workforce development acceleration and ecosystem showcase.



04

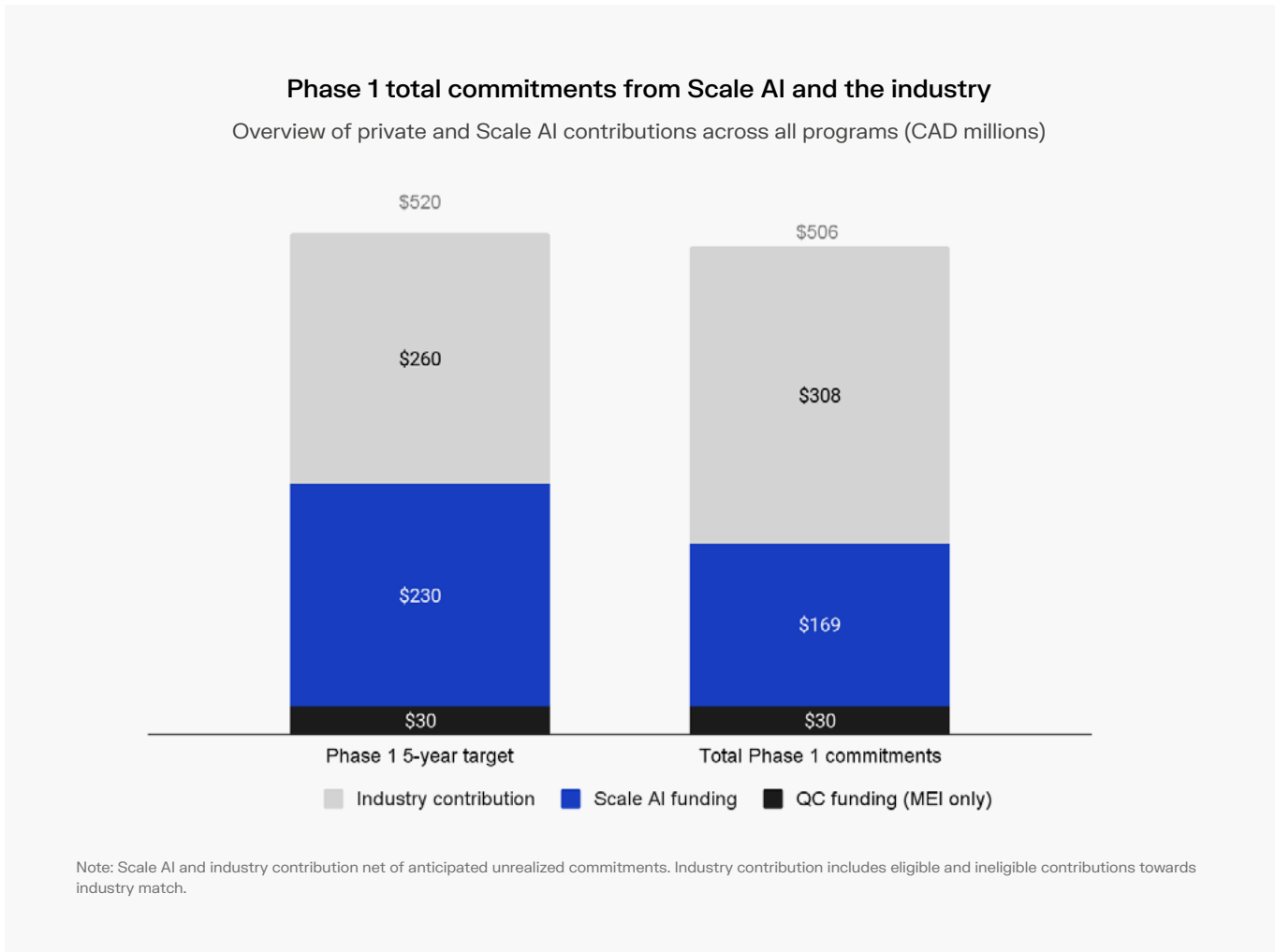
Impact and
Achievements

Impact and achievements

Each year, we adapt our approach to reflect the changing environment and stay the course to reach our goals, considering our achievements and the lessons learned since we launched our programs.

We have focused our efforts on various objectives and KPIs for each of our programs that are detailed below.

- During Phase 1 of the Scale AI mandate (5 years), the total Industry funding reached **\$308M**, exceeding the initial plan by **18%** with only about **75%** of public funds invested.
- Strong industry co-investment drives a higher than anticipated overall funding ratio of **\$1.6** industry dollars for every \$1 of Scale funding spent



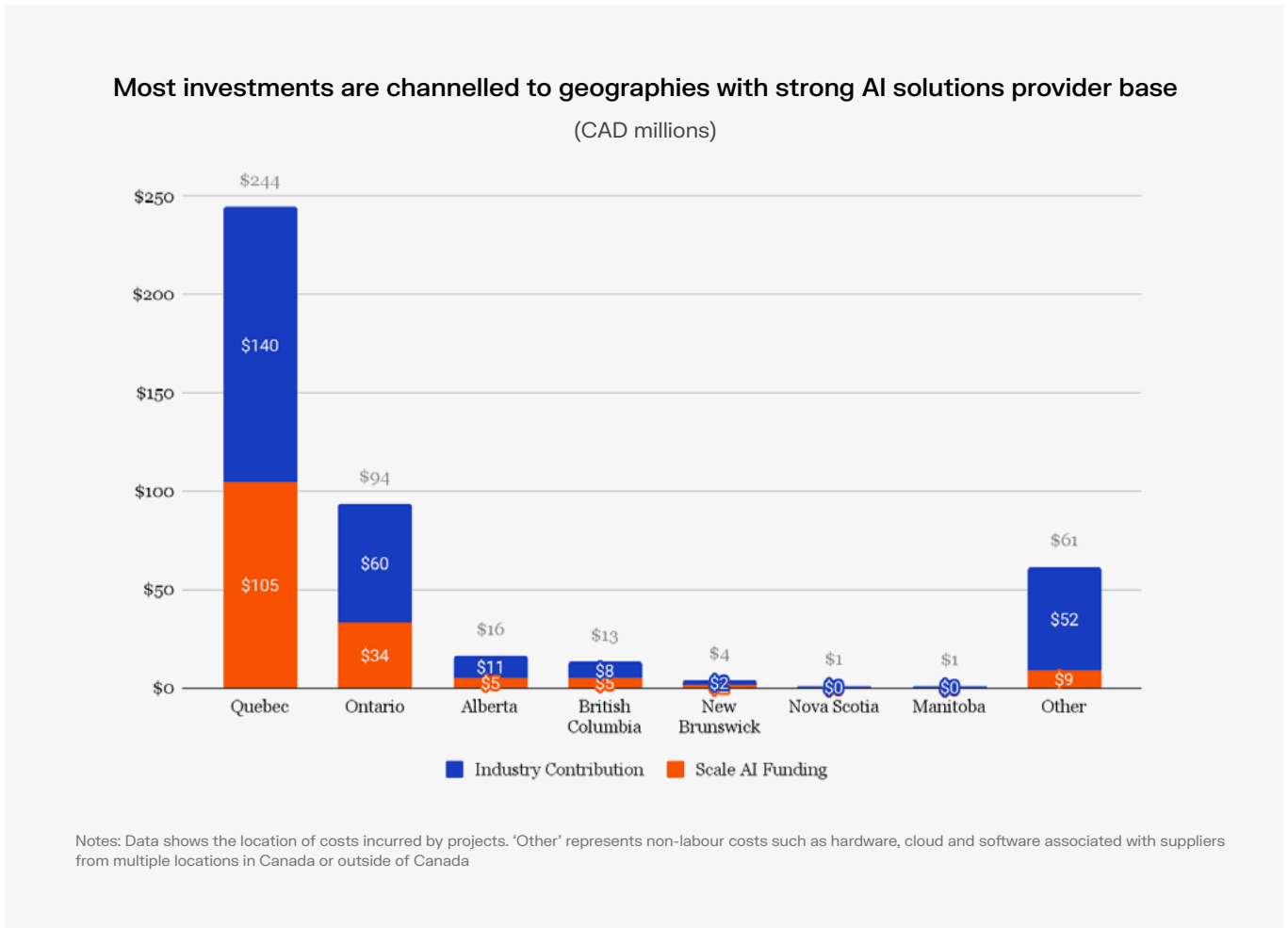
Engaging where our expertise and investments bring the greatest value

At the beginning of Phase 1 five years ago, our focus was educating and demonstrating AI’s potential contribution to organizations—especially for the supply chain, our first area of expertise. The evolution of our ecosystem brings us to the next steps in our journey: continuing to support the AI transition for Canadian companies and leveraging Canadian AI expertise and talent to help this highly innovative sector thrive.

In 2022–2023, Scale AI’s investments engaged:

<p>14 industry projects</p>	<p>5.9 partners per project on average</p>	<p>82 participants in industry-led projects</p>	<p>61% were SMEs</p>
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During Phase 1 of the Scale AI mandate, most investments are made in geographies with a strong AI solution provider base – **56%** in Québec and **22%** in Ontario.



Portfolio

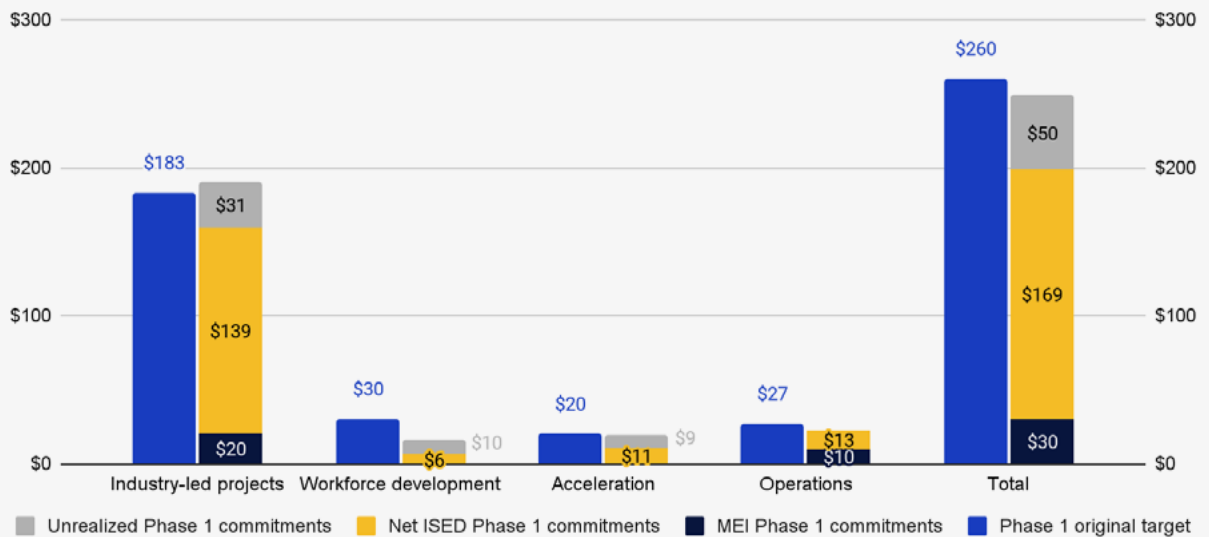
- Scale AI has partnered with Canadian business leaders to accelerate AI investments and dramatically improve the performance of supply chains.
- More than **\$119M** has been invested in projects supported by Scale AI. Of this amount, **\$77M** was committed by the private sector and **\$42M** by Scale AI.
- In other words, for every dollar Scale AI invests in its industry-led collaborative projects, the private sector invests an average of **\$1.6**.

During Phase 1 of the Scale AI mandate, there was a gap in Scale AI fund commitments distributed across all programs, which can be explained, in grey in the graphic below, by unrealized projects not carried out mainly due to the pandemic.

- On a total of **104** projects, there are **17** unrealized projects, mainly large-scale projects.
- **17%** of total commitments were abandoned throughout Phase 1.

Commitments by program vs original plan

(CAD millions)



Canadian economy: A key sector for sustainable growth that will benefit Canadians

Scale AI aims to establish Canada as an indisputable global hub for AI dedicated to business productivity and intelligent supply chains. Canadian AI technology and adoption provide a global competitive advantage for Canadian businesses. Doing so will also make Canada an attractive destination for established and scaling AI businesses.

Scale AI is working towards this objective by making investments that boost a more widespread demand for confirmed AI use cases while supporting initiatives pushing the boundaries with new AI use cases for Canadian businesses. Building a self-sustaining Canadian AI sector hinges on driving productivity for Canadian firms by making AI as widely available as possible to Canadian companies, particularly SMEs. Therefore, Scale AI investments focus on opportunities that create new connections between Canadian vendors, customers, academia, and investors to strengthen and expand the AI ecosystem.

A unique ecosystem

By connecting various players across the country, Scale AI has created a new nationwide Canadian ecosystem with thousands of organizations collaborating and investing in the AI supply chain.

Generating significant benefits

Scale AI's investments create a new Canadian economy for intelligent supply chains, generating economic and environmental benefits.

323 SME organizations actively participating in all Scale AI projects

515+ organizations involved in Scale AI's projects, programs, and activities

150+ member organizations guiding Scale AI's future

Headquartered in Montréal, with an ecosystem spanning the Québec City to Waterloo corridor, Scale AI has seen rapid growth nationwide.

\$9B direct value creation by 2030

7,550+ planned jobs to be created

52K+ professionals, students, and youths trained

Scale AI facilitates the adoption of AI to tackle some of our industries' biggest challenges while creating meaningful advancements and reinforcing the backbone of Canada's economic growth.

The impact of project investments will materialize once solutions have been deployed and active.

	Investments ¹				Workforce	Acceleration
	Highly qualified jobs created	New IP assets generated	Revenue growth for CAN firms	Cost savings for CAN firms	People trained	Startups supported
Actual impact to date	576	405	\$78M	\$52M	~5.3k	287
Expected impact post project completion	7.7k	405+	\$4.1B	\$741M	~5.5k²	330

1. Based on reports from completed projects only, representing 25%+ of total industry projects within portfolio. 2. Assumes public training is discontinued after March 31, 2023.

Supporting the flourishing ecosystem

Following our initial goals, we started adapting our initiatives and engagements to the successes and lessons learned in each program.

Supporting the flourishing ecosystem

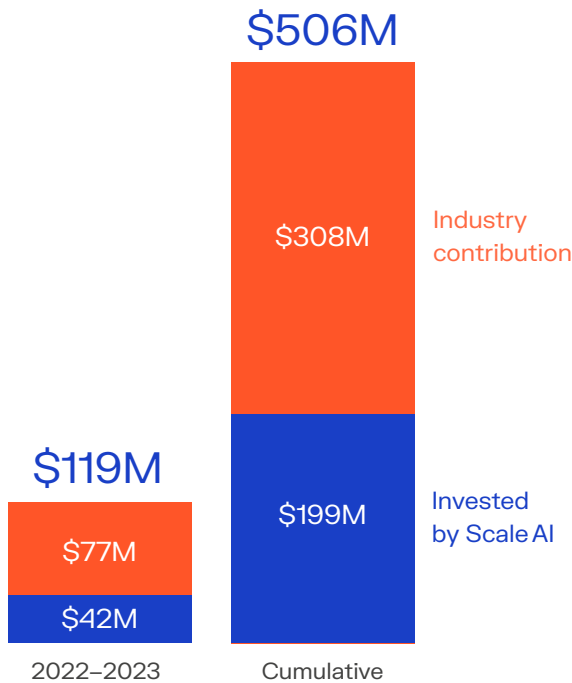
... by implementing industry-led collaborative projects

OBJECTIVES + KPIs

Support Canada’s economic recovery through continued investments in innovative projects in key industry sectors. In this fiscal year, Scale AI:

- invested **\$119M** via all our programs
- engaged **34%** of the total investment

Scale AI has partnered with Canadian business leaders to accelerate their AI investments and dramatically improve the performance of their supply chains.



\$506M
Invested

104
industry projects

For every dollar invested by the government via Scale AI, the industry is investing

\$1.6

For a total of **62%** industry contributions

100% of generated IP is owned by Canadian companies

Increase the size of the pipeline of projects outside of Québec, particularly in Ontario

- **44%** of our project participants are located outside of Québec, mainly in Ontario
- **45%** of our projects involved researchers from outside Québec, mainly in Ontario

Scale AI supports organizations ready to integrate and deploy AI solutions in two ways:

- By promoting the diffusion of AI-powered supply chain solutions across industries.
- Commercialization support for AI technology and solutions providers for improving and scaling their core AI offerings.

Scale AI has partnered with Canadian business leaders to accelerate their AI investments and dramatically improve the performance of their supply chains.

Call for Projects: AI for Healthcare

At the end of the fiscal year, Scale AI also launched Call for Projects: AI for Healthcare, specifically designed to support AI projects led by Canadian hospitals, in order to transform the healthcare sector with AI. Selected hospitals will receive up to \$1.5M in funding to build and launch their AI project. The results will be announced in the near future.

Scale AI's Pan-Canadian Hospital Initiative focuses on supporting hospital projects pioneering the deployment of AI solutions. Based on insights developed by Scale AI through hospital projects funded during the COVID pandemic, Scale AI has developed eligibility criteria and a project structure for successful hospital AI project deployments.

The mandate of the Pan-Canadian Hospital Initiative is to promote collaboration between hospitals and AI service providers to further innovate and support AI adoption at Canadian hospitals to improve their operations and care for Canadians. This Scale AI funding stream is limited to provincially-funded non-profit hospitals with at least 500 patient-care beds in Canada.

To qualify for the funding, hospitals must collaborate with suitable AI service providers to submit a project for consideration by Scale AI. By project completion, it is hoped that successful applicant hospitals will be able to derive tangible and measurable impacts of the AI solutions they adopt in their in-hospital operations.

AI industry-led projects powered by Scale AI

Scale AI's investments are financed by the Government of Canada and, for projects in Québec, partially by the Government of Québec. Where applicable, the specification "including Québec" identifies the projects concerned and the distribution of funds. Investments are driven by industries with high productivity needs.

Click on the project's name to learn more.

<p><u>AI-powered experience and profit optimization</u></p> <p>Partners: Coveo, IVADO Labs</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$9.3M</p> <p>Total investment \$25.4M</p>
<p><u>McCain Driving Impact (MDI) x AI</u></p> <p>Partners: McCain Foods, Boston Consulting Group, Fiddlehead, Lemay.ai, Tribal Scale, Dalhousie University, Gaia Consulting, Beaver Creek Farms, Riverview Farms, Valley Farms, Killoween Farms</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$8.5M</p> <p>Total investment \$35.9M</p>
<p><u>Optimization of crane allocation</u></p> <p>Partners: GUAY, Vooban</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$2.9M</p> <p>Total investment \$8.6M</p>
<p><u>AI-based automotive sunroof installation & supply chain management</u></p> <p>Partners: Foxfire Labs, Automotive Sunroof Craft, Dealership Consortium, The Design Quantum, York University, OEM Consortium, SEMA, Signature Sunroofs</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$2.5M</p> <p>Total investment \$9.2M</p>
<p><u>Supply chain AI for circular manufacturing feedstock</u></p> <p>Partners: Macrodyne Technologies, ReGen Composites, SimWell, Moov AI, Claude-Guy Quimper from Institute Intelligence and Data—Université Laval</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$2.2M</p> <p>Total investment \$5.3M</p>
<p><u>Demand forecasting and supply matching to optimize continuity of care</u></p> <p>Partners: Saint Elizabeth Health, Deloitte, Markitech, Plotly, Manifold Data Mining</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$1.9M</p> <p>Total investment \$4.8M</p>

<p><u>Improving price efficiency through AI-based pricing and costing</u></p> <p>Partners: Day & Ross, Deloitte, Moov AI, Gardewine Group, Freightcom</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$1.8M</p> <p>Total investment \$6M</p>
<p><u>Aircraft parts affinity recommendation with AI</u></p> <p>Partners: Bombardier, IVADO Labs, Xennial Innovations</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$1.5M</p> <p>Total investment \$3.6M</p>
<p><u>AI-enabled warehouse digital Twin</u></p> <p>Partners: Routeique, Big Rock Brewery, Alberta Machine Intelligence Institute (Amii)</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$1.3M</p> <p>Total investment \$3.5M</p>
<p><u>Intelligent structural steel design and estimating system</u></p> <p>Partners: Canam Group, RJC Engineers, McIntosh Perry Consulting Engineers, Moov AI, CICIEM (Concordia University)</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$1.1M</p> <p>Total investment \$2.8M</p>
<p><u>AI to enhance capabilities in early issue handling</u></p> <p>Partners: BIM One, Nexapp, Moov AI, CIMA+, Clark Builders</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$0.9M</p> <p>Total investment \$2.6M</p>
<p><u>Trade promo optimization</u></p> <p>Partners: Larus Technologies, Unilever, Federated Coop, Theory + Practice, SOSICIP</p> <p>Status: In Flight</p>	<p>Scale AI's investment \$0.8M</p> <p>Total investment \$2.6M</p>

AI projects already supported by Scale AI that received additional investments.

As a testament to the relevance of our initial investments and programs, several partners have accelerated the integration of AI after a successful first experience by scaling up their projects. We have chosen to continue the adventure with them and support their efforts.

<p><u>Space and assortment productivity solution</u></p> <p>Project Lead: Canadian Tire</p>	<p>Scale AI's additional investment +\$3.4M</p> <p>Total additional investment +\$7.8M</p>
<p><u>Predictive analytics for aviation</u></p> <p>Project Lead: Bombardier</p>	<p>Scale AI's additional investment +\$2.7M</p> <p>Total additional investment +\$5.4M</p>
<p><u>Transportation optimization</u></p> <p>Project Lead: Kemira</p>	<p>Scale AI's additional investment +\$1.2M</p> <p>Total additional investment +\$3.1M</p>
<p><u>AI-driven retail sales demand forecasting</u></p> <p>Project Lead: BRP</p>	<p>Scale AI's additional investment +\$0.8M</p> <p>Total additional investment +\$1.6M</p>
<p><u>Ancillary revenue management platform</u></p> <p>Project Lead: Plusgrade</p>	<p>Scale AI's additional investment +\$0.8M</p> <p>Total additional investment +\$1.6M</p>
<p><u>Apollo.AI</u></p> <p>Project Lead: Ray-Mont Logistics</p>	<p>Scale AI's additional investment +\$0.2M</p> <p>Total additional investment +\$0.5M</p>

Supporting the flourishing ecosystem

... by channelling the power of innovation in academia

OBJECTIVES + KPIs

Maintain a thriving collaboration between academic institutions and industry

→ 83% of projects involve academia or researchers

After successfully supporting the creation of four research Chairs and expanding the training offered by academic institutions, we see the maturity and autonomy of university AI offerings in AI.

At the same time, the boom in innovation calls for more support for the link between research and the private sector, as well as the emergence and growth of Canadian startups.

We are proud to maintain a vibrant relationship with leading universities and research centres in AI and high technology with a long-term vision.

Collaborating with Canada's best academic institutions

36

academic and research institutions are actively participating in projects, including 8 university-based start-up accelerators and incubators and 4 research chairs led by world-class researchers in AI for supply chains:

- Alberta Machine Intelligence Institute (AMII)
- Cégep de Drummondville
- Cégep de Jonquière
- Cégep de Trois-Rivières
- Cégep Édouard Montpetit
- Cégep Sainte Foy
- Collège d'Alma
- Collège Maisonneuve
- Collège O'Sullivan de Québec
- Concordia University
- Centre de Recherche Informatique de Montréal
- Dalhousie University
- Douglas Mental Health University Institute
- École De Technologie Supérieure
- École en Réseau
- École des sciences de la gestion de l'UQAM
- HEC Montréal
- IVADO
- McGill University
- Mila
- Montréal Heart Institute
- Polytechnique Montréal
- Queen's University
- Ryerson University
- Simon Fraser University
- UHN Princess Margaret Cancer Centre
- Université d'Ottawa
- Université de Montréal
- Université de Sherbrooke
- Université Laval
- University of Guelph
- University of Québec at Rimouski
- University of Toronto
- University of Waterloo
- Université du Québec à Chicoutimi
- York University



Supporting the flourishing ecosystem

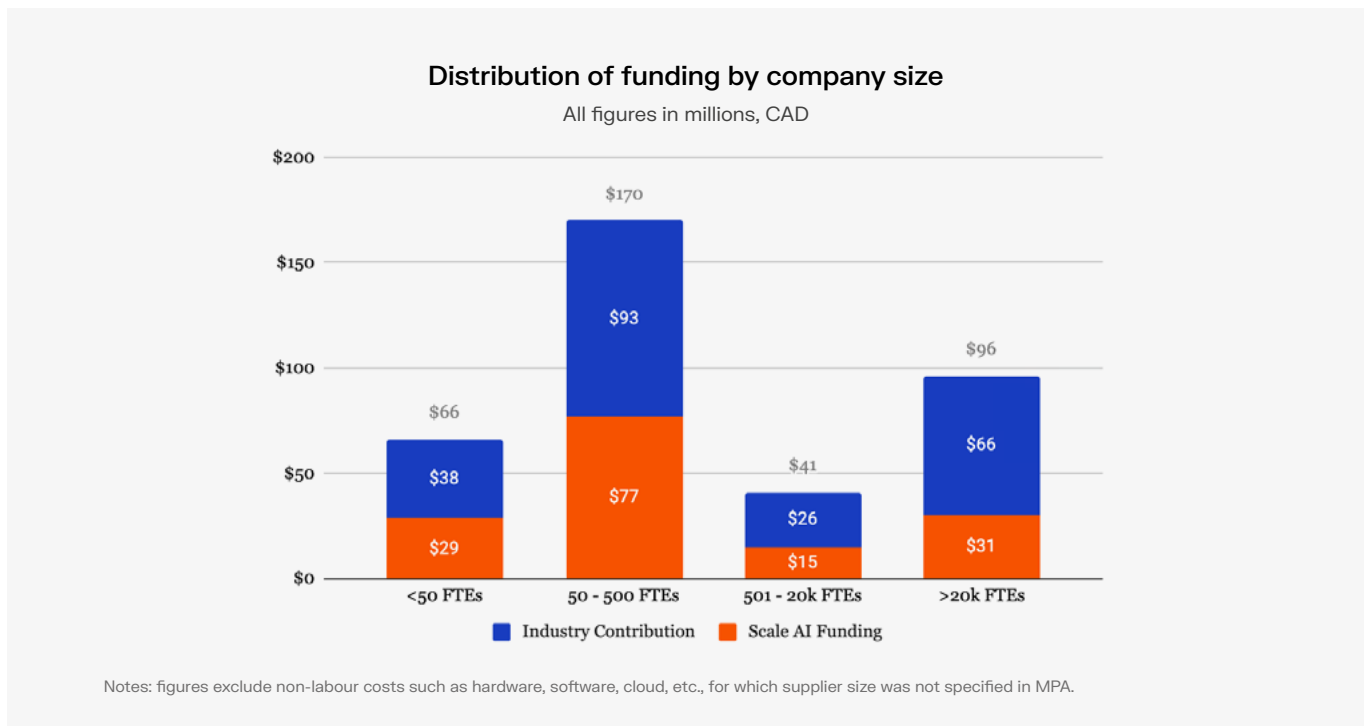
... by maintaining the acceleration pace for startups and SMEs

OBJECTIVES + KPIs

Accelerate project investments funnelled to SMEs

- 63% of total project investments go to SMEs
- 323 SMEs supported

Scale AI has been a pillar of growth for SMEs by providing financial support and connecting them to others in the AI ecosystem.



Supporting Canadian startups through funding and connection-building with key partners is essential to ensure the continued growth of the ecosystem—now more than ever.

- Scale AI provides financial incentives for the country’s top incubators and accelerators to encourage them to support startups developing AI solutions for supply chains.
- The Acceleration program invests to help finance the growth of AI startups and SMEs across Canada. You can find the complete list of programs supported by Scale AI [here](#).

For FY22–23*:

28 accelerators and incubators supporting **80** startups*

\$3.17M in funding committed for the Acceleration program

*This data is as of June 3rd, 2023.

Supporting the flourishing ecosystem ... by developing the workforce

OBJECTIVES + KPIs

Grow the workforce development program

→ We now have 77 custom training programs and 225 accredited public programs

For FY22-23, Scale AI has developed several programs and engaged in various initiatives that led to the following:

\$0.4M invested in workforce development

225 accredited programs

8 youth awareness initiatives

14 custom training sessions

77 training courses offered

30K students exposed to STEM

The last few years of experience have allowed us to analyze the community’s needs and evaluate the projects most impacted.

The need for customized training within companies is a tremendous accelerator for the decision to invest in AI and a need that is much more in demand.

Conversely, people who want to pursue their specialization personally are doing so, with or without reducing their tuition fees. Based on this finding, we are supplementing our commitment this year to fund some of the fees for individuals to attend various training courses, but we will not renew this program.

We are progressively focusing our investments on developing customized training programs for companies.

Supporting the flourishing ecosystem

... by connecting AI actors together and with the business community

OBJECTIVES + KPIs

Continue to support the development and strengthening of the Canadian AI ecosystem by connecting industry, academia, and startups through all our investment streams.

→ Each of our projects this year have demonstrated the strong synergies between our startup community, now at **284** startups in AI applied to supply chain projects, academia, and industry project leads.

The Scale AI team continued to engage with members to facilitate discovery and communication. We continued our community and business outreach efforts through webinars and ensured that the public and our industry partners were kept informed through various digital initiatives and events.

Scale AI funding announcements

- [Accelerating the integration of artificial intelligence solutions: Scale AI announces a \\$24-million investment in 5 new projects](#) (Apr. 6, 2022)
- [Scale AI announces a major financing round in artificial intelligence: \\$50 million to support 12 new projects](#) (Aug. 22, 2022)
- [Scale AI announces \\$25 million for 6 AI projects: AI is leading the way for more efficient and resilient supply chains in Canada](#) (Nov. 2022)
- [Scale AI announces record-breaking financing round with \\$117M in investments supporting 15 AI projects](#) (Feb. 13, 2023)



Major events

- [AI in Action \(Apr. 8, 2022\)](#)
 - 4th edition of AI in Action
 - 500 in-person participants
- [AI @ C2 Montréal \(Sep. 26, 2022\)](#)
 - Attendees: 550 participants
 - A collaboration between 10+ partners of our AI ecosystem, led by Scale AI
 - 5,700 views of the Youtube broadcast
 - +30% on Scale AI's website and social media
- [Big Data and AI Toronto \(Oct. 6-7, 2022\)](#)
 - Attendees: 5,500 participants
 - Scale AI's involvement: a kiosk, a keynote by Julien Billot, 2 panels (AI for retail and AI for transport & logistics) and an invitation-only networking cocktail evening
- [MTL Connecte 2022 \(Oct. 17-21, 2022\)](#)
 - Attendees: 10,000 participants over 9 days
 - Scale AI's involvement: a panel led by Julien Billot with Moov AI, Airudi & IVADO Labs
 - Article on Scale AI's blog: [Read the article](#)
- [2022 Canadian Aerospace Summit \(Nov. 8-9, 2022\)](#)
 - More than 1,200 participants



→ [Advanced Design & Manufacturing Montréal 2022 \(Nov. 9-11, 2022\)](#)

- More than 5,000 participants
- Scale AI's involvement: a kiosk and a panel led by Julien Billot with key leaders in the implementation of AI for the manufacturing industry
- Article on Scale AI's blog: [Read the article](#)

→ [WESTAC Forum \(Nov. 21-22, 2022\)](#)

- Julien Billot, CEO of Scale AI, discussed innovation and adaptation in the transportation sector, to improve efficiency, grow the economy, and meet workers' needs.

→ [AI Sprint to Blueprint—Live work sessions to build the roadmap of your next AI project \(January, 2023\)](#)

- Key Canadian partners across the country:

· Brampton Board of Trade	· Ottawa Board of Trade
· Winnipeg Chamber of Commerce	· MITACS
· Greater Vancouver Board of Trade	· PME MTL
· Toronto Region Board of Trade	· CRIM
· Kitchener Waterloo Chamber of Commerce	· Supply Chain Canada

→ [Canadian delegation at the WAICF in France \(Feb. 7-11, 2023\)](#)

- Scale AI led a Canadian delegation of 11 AI organizations, including meetings in Paris at the Canadian Embassy, 2 panels at Paris ML meetup and a participation in WAICF (15,000 visitors)
- Post-mission survey shows excellent satisfaction overall (90% of participants noted it was "very relevant" for their organization)

→ [AI at Scale webinar \(Mar. 23, 2023\)](#)

- Webinar hosted by Scale AI to promote the findings of our AI at Scale report on the state of Canadian AI, along with key actions to be taken by members of our AI ecosystem
- 110 participants
- Several media interviews and podcasts with various well-known Canadian journalists

→ [Other events](#)

- Conférence de Montréal
- Toronto Global Forum of Americas
- World Summit AI

Scale AI continued to solidify its position as a leader in the AI ecosystem by facilitating conversations and collaborations that encourage the growth of the ecosystem. These initiatives include:

- The publication of the AI special report in *La Presse*, highlighting a number of Scale AI-funded projects
- *National Post* campaign
- Various publications on our Youtube channel and on [Scale AI's blog](#)
- Sharing exciting news and updates on our social platforms
- Various webinars dedicated to specific industries



As a result of these efforts, we observed:

- **75,081** visits on Scale AI's [website](#) for FY22-23, compared with **47,471** visits in FY21-22 (+58%)
- **182,484** pages viewed on our website for FY22-23, versus **136,123** pages viewed in FY21-22 (+34%)
- **2,700** new followers on Scale AI's LinkedIn page for FY22-23 (8,105 to this day)
- **19,000** views on our Youtube videos in FY22-23, compared with **2,800** views for FY21-22
- **1,050** downloads of our [AI at Scale report](#) as of June, 2023

Publications

AI at Scale: How Canada Can Build an AI-Powered Economy

Over the recent decades, Canada has played a significant role in advancing AI research and has gained global recognition as a leader in the field. Translating those achievements into overall economic wealth for Canadians requires an interconnected network of entities working together to create market-ready AI-based products and services, such as a mature AI innovation ecosystem.

In this first edition of the report, Scale AI provides an in-depth analysis of the state of AI in Canada and peer countries to identify potential scenarios for the evolution of the Canadian AI sector. Leveraging the Innovation Value Chain framework, we assess the Canadian AI sector from both the supply and demand perspectives.

To read AI at Scale, [click here](#).

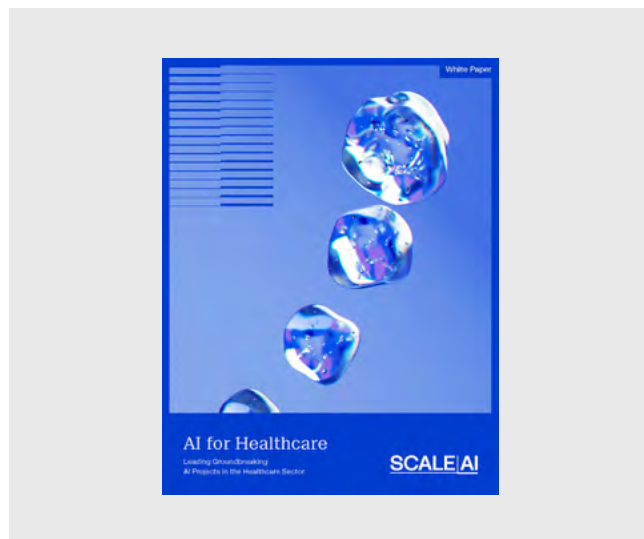
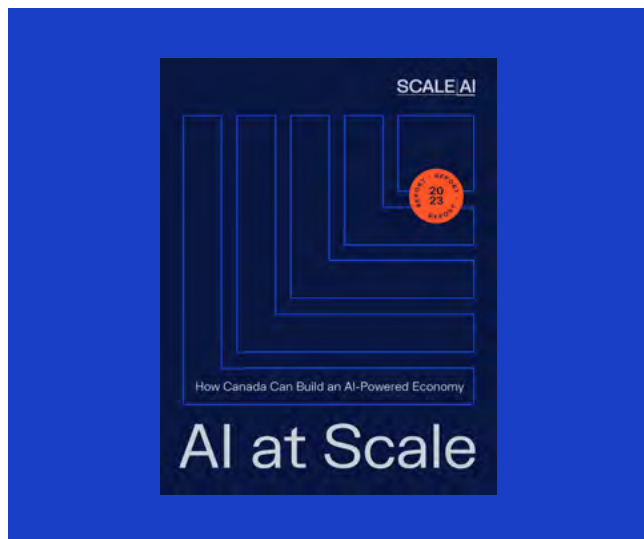
AI For Healthcare - White Paper

The healthcare sector is facing a number of challenges, many of which have been exacerbated by the COVID-19 pandemic. Hospitals operate with tight budgets in Canada's publicly funded provincial healthcare systems. But they're now facing capacity and labour shortages at a time when they're also dealing with surgery backlogs created during the pandemic.

The pandemic forced healthcare providers across Canada—and the world—to come up with solutions to maintain quality of care despite budgetary and staff constraints. One of those solutions is artificial intelligence. For example, AI models can take online scheduling to the next level with capacity planning and metrics forecasting, even giving hospitals the tools to prioritize patients at particularly high risk due to the progressive nature of their disease.

The whitepaper shows how Scale AI and AI experts are helping three Canadian healthcare providers bring innovation to the forefront through AI to optimize scheduling, reduce surgery backlogs, and improve patient care.

To read AI for Healthcare, [click here](#).



Supporting the flourishing ecosystem

... and by amplifying Canadian intellectual property (IP) and data strategies

OBJECTIVES + KPIs

Leverage generated IP for the collective benefit of the Canadian AI ecosystem

Ensure data protection and security

Scale AI is focused on business value creation through commercializing IP, including:

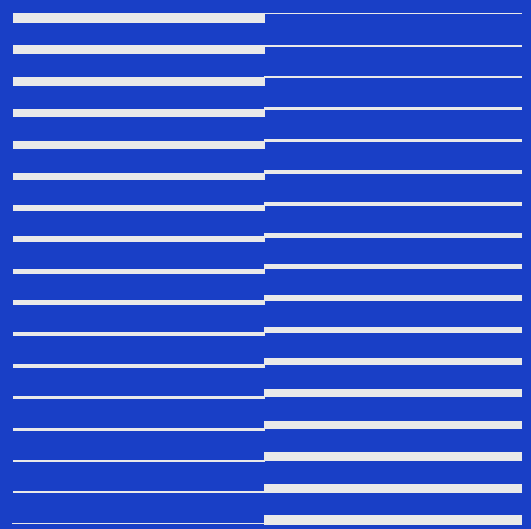
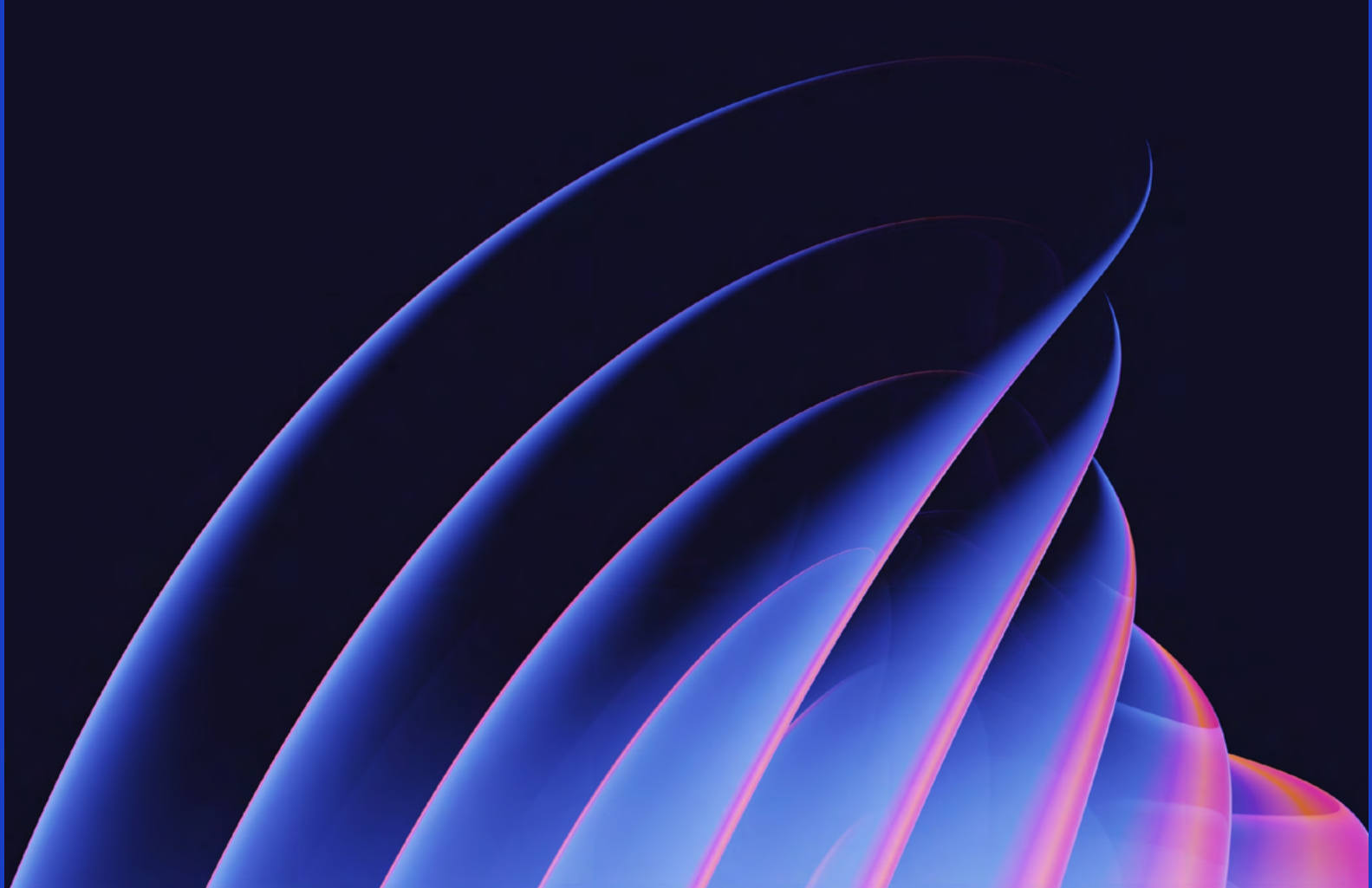
- Canadian companies own 100% of generated IP
- Co-investing in AI IP that will be commercialized in business environments (90% IP commercialization success rate)
- Driving participants to re-use generated IP outside the project scope, maximizing follow-on benefits for other Canadian businesses (66% success rate in Phase 1 and 100% target set for Phase 2)
- One-on-one IP strategy coaching for AI SMEs to develop effective strategies customized to each SME's business posture and market niche.

Regarding data, Scale AI has implemented robust measures to protect the data and confidential information it possesses. Data security is achieved through cybersecurity measures that protect against intrusion into and hacking of our computers and information systems.

These measures include:

- Two-factor authentication to improve security and reduce the risk of unauthorized access
- VPN and firewall to manage systems access, email encryption, scanning, filtering, and anti-phishing
- An operating system and security patch update manager that automatically pushes updates to all Scale AI computers to ensure they are continuously up to date
- Remote-control software that can deactivate lost or stolen Scale AI computers
- Employee training tailored to recognizing threats and using best practices for data protection.

Scale AI's IP and data strategies continue to operate as intended, supporting the objectives in the Corporate Plan and with full executive support. No updates have been made to these strategies this year. No member disputes regarding IP have been referred to the dispute resolution mechanism referenced in Subsection 15.2(e) of the Contribution Agreement. Eight SME members have requested independent IP expertise or advice through the Contribution Agreement's mechanism referenced in Subsection 15.2(f) of the Contribution Agreement. All industry-led projects are described on Scale AI's IP registry, which is available to all our members to encourage possible future synergies between them.



05

Priorities
2023–2024

Priorities 2023–2024

As we look ahead to 2023-2024, we have set clear business priorities that will guide our decision-making and help us achieve our goals.

01

Scale AI provides high-quality programs for businesses to utilize AI in their workflows and streamline their operations. As the AI industry continues to evolve, Scale AI will launch new programs to help businesses save time and money using AI.

Scale AI's commitment to innovation and transparency in the AI industry shows their position as a leader and a pioneer in the field of artificial intelligence.

02

Scale AI believes that it is important to break the silos between academia, SMEs, and corporations to accelerate the diffusion and commercialization of AI solutions. By sharing knowledge, expertise, and resources, these different sectors can collaborate to create innovative solutions that address AI challenges in Canadian supply chains, scale up AI startups, and train Canada's future workforce.

Academia brings in research and development expertise, while SMEs and corporations provide the commercialization capabilities. Through collaboration, academia can customize research that aligns with the specific needs and goals of SMEs and corporations, allowing for the acceleration of AI diffusion and commercialization.

Additionally, breaking down the silos will encourage the creation of AI solutions that are ethical, sustainable, and inclusive. By working together, academia, SMEs, and corporations can ensure that AI technology serves the benefit of society as a whole. Through collective effort, AI will take significant strides towards becoming a more widely accessible and integral part of various industries.

03

As Scale AI enters the next five years of its mandate, it will build on its success and leverage a holistic approach focused on driving domestic demand for AI while spreading its proven use cases in the industry.

Scale AI will continue to offer industry-led projects, talent development, and startup acceleration programs to expand the reach of its AI solutions and further develop the potential of AI in Canada. This holistic approach ensures that all Scale AI programs are tailored to the needs of Canadian businesses and industries, allowing for the successful growth and diffusion of AI solutions across the country.

Scale AI's deepening focus on driving domestic demand and more extensive diffusion of proven use cases will further cement its position in Canada as a leader.

Our Next Steps

Industry projects

- Continue to focus on developing strong domestic AI service and solutions providers, as 83% of Scale AI funding ultimately goes to AI service providers
- Accelerate productization of customized solutions developed for a broader customer base
- Support Canadian startups in gaining domestic clients through pilot project funding

Acceleration

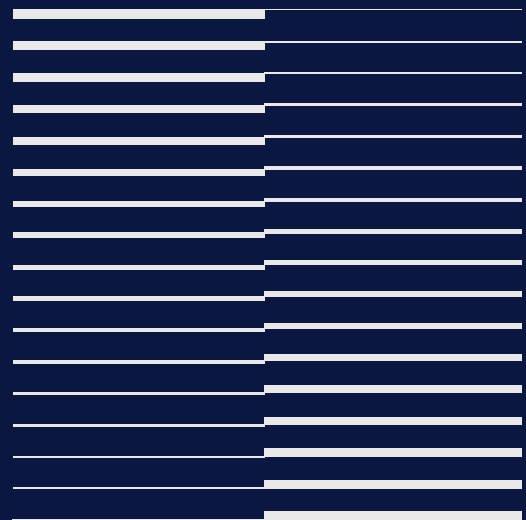
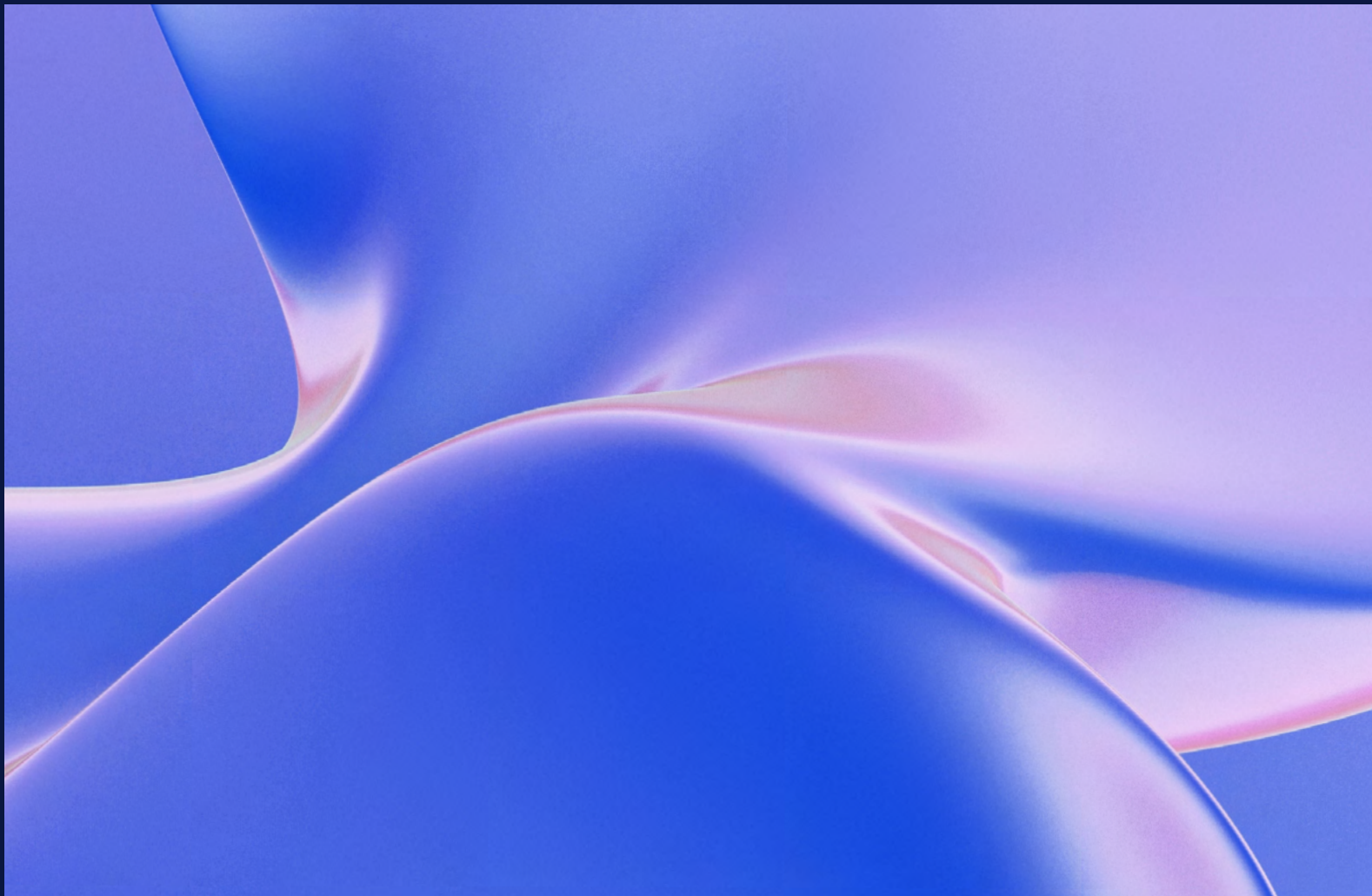
- Focus funding on expert services for startups instead of O&A support
- Refocus total startups supported to 50 to 60 annually
- Invest in commercial matchmaking activities between startups and potential clients

Workforce development

- Focus funding for custom training on initiatives with potential follow-on investments
- Continue STEM outreach programs

Ecosystem showcase

- Invest in Canadian flagship event (ALL IN)
- Seek additional government funding for international events



06

Governance

Board of Directors 2022–2023

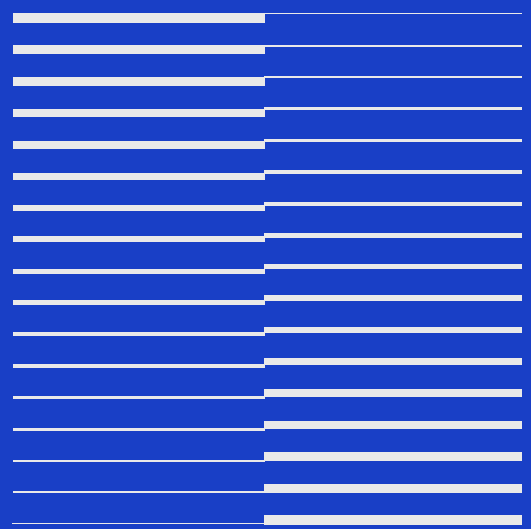
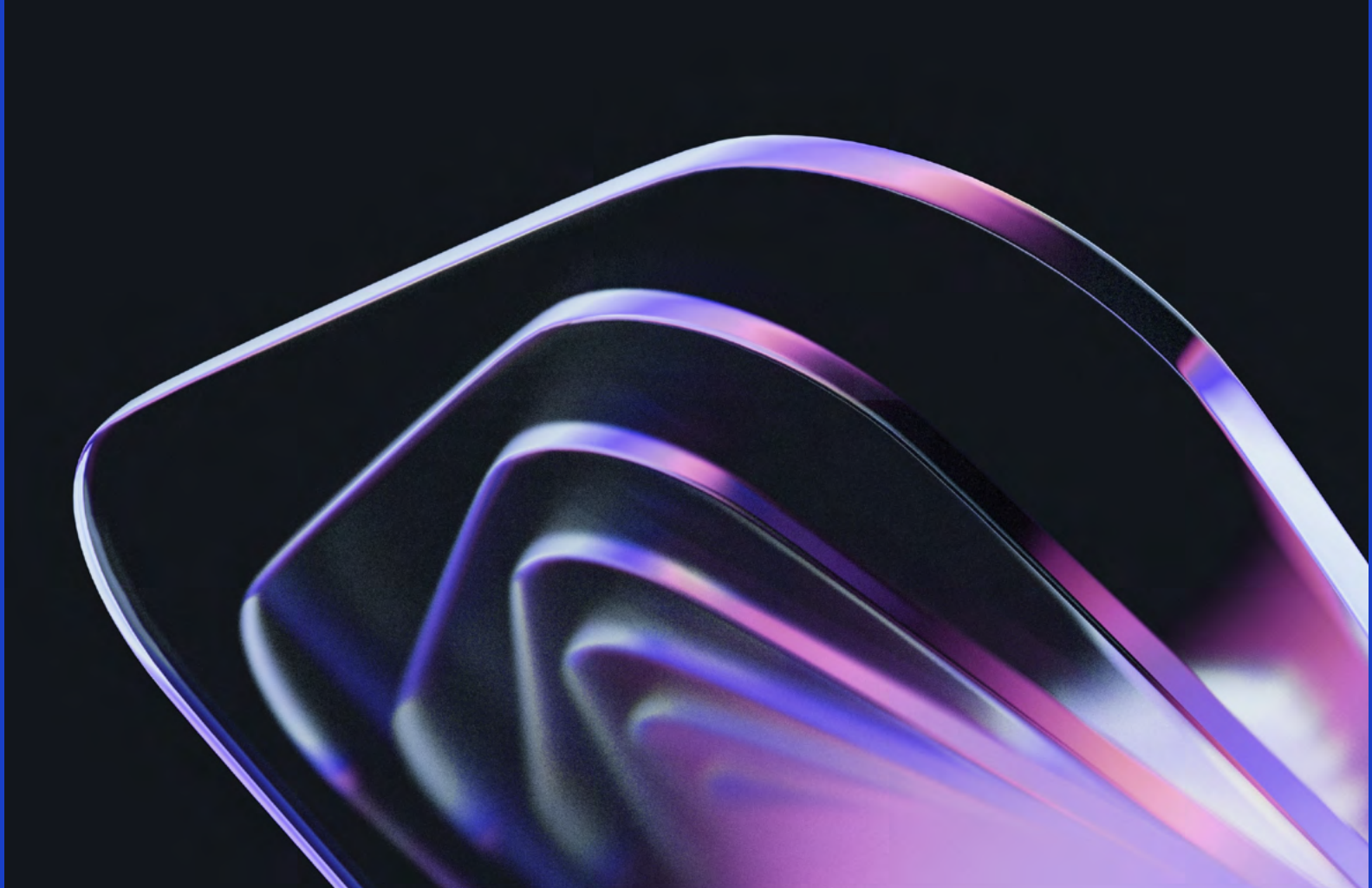
- André Beaulieu
Bell Canada
- Yoshua Bengio
Mila
- Hubert Bolduc
Investissement
Québec International
- Elza Brunelle-Yeung
Bombardier Business
Aircraft
- Maud Cohen
École Polytechnique
de Montréal
- Cari Covent
Canadian Tire
- Martha Crago
McGill University
- Hélène Desmarais
Co-Chair of the Board,
Scale AI
- Anu Dodda (Anuradha)
Thomson Reuters
- Thierry Dorval
Norton Rose Fulbright
Canada LLP
- Jody Fitzpatrick
Sobeys
- Marc Gilbert
The Boston Consulting
Group (BCG)
- Michel Leblanc
Chambre de commerce du
Montréal métropolitain
- Andrea Lodi
École Polytechnique
de Montréal, IVADO Labs
- Isabelle Marcoux
Transcontinental Inc.
- David Markwell
Loblaw Companies Limited
- Michel Patry
Fondation HEC Montreal
- Miriam Pozza
PwC
- Denise Robert
CinémaGinaire
- Louis Roy
Optel Group, Co-Chair
of the Board, Scale AI
- Gilles Savard
École Polytechnique
de Montréal
- Solmaz Shahalizadeh
Backbone Angels
- Geneviève Tanguay
Anges Québec
- Luc Vinet
IVADO
- Mary Wells
University of Waterloo
- Galen Weston, Jr.
Loblaw Companies Limited
and George Weston
Limited

Executive Committee

- Hélène Desmarais
(Chairwoman)
- Julien Billot (CEO)
- Gilles Savard
- Andrea Lodi
- Michel Patry

Executive Team

- Julien Billot
Executive
- Serge Massicotte
Technology
- Albert Caponi
Finance
- Todd Bailey
Legal & IP
- Clément Bourgogne
Strategy
- Isabelle Turcotte
Marketing &
Communications



07

Financial
Report

Results

Scale AI for the year ended March 31, 2023

	2023 \$ in 000	2022 \$ in 000	2021 \$ in 000	2020 \$ in 000
REVENUE				
Contributions - Government	49,396	36,995	25,584	6,336
Membership fees	2,487	1,182	624	203
Interest income	1,090	162	262	552
Other	4	-	-	58
	52,977	38,339	26,470	7,149
EXPENSES				
Salaries and social charges*	3,323	3,116	2,595	1,885
Professional fees	915	905	837	1,511
Marketing and promotion	385	282	330	605
Software	596	116	277	310
Rental charges	131	111	111	389
Events	477	37	102	407
Insurance	22	18	13	12
Office expenses	9	9	10	22
Training	10	10	6	6
Interest and bank charges	5	8	3	3
Conventions	3	-	1	15
Travel and meal expenses	51	6	1	32
Exchange loss (gain)	10	5	(5)	1
Bad debt	-	2	-	3
	5,937	4,625	4,281	5,201
Contributions related to projects	(43,637)	(31,777)	(20,644)	(549)
EXCESS OF REVENUE OVER EXPENSES	3,403	1,937	1,545	1,399

* Compensation for four employees exceeded \$300K for the year. Unfunded eligible costs in 2022–2023, under the Innovation. Superclusters Initiative, include \$266K and are covered by Quebec Government and Scale AI membership.

For administration purposes, Scale AI's official name is: Scale AI - Canadian Artificial Intelligence Supercluster.

Supplementary Financial Information (\$ in millions)

The following table provides a summary of the total funding received from all sources by Scale AI.

Table 1 - Funding Sources for the year ended March 31, 2023 (2022-23)

FUNDING SOURCES	GIC	PCAIS	TOTAL
ISED Contribution	\$42,2	\$0,0	\$42,2
Membership Fees	\$2,5	\$0,0	\$2,5
Quebec Government Contribution	\$6,7	\$0,0	\$6,7
Interest Income and Other	\$1,1	\$0,0	\$1,1
Sponsorship	\$0,0	\$0,0	\$0,0
TOTAL	\$52,5	\$0,0	\$52,5

The following table provides a summary of funding received from all sources for operating and administrative (O&A) expenses (Included in Table 1 above)

Table 2 - O&A Funding Sources for the year ended March 31, 2023 (2022-23) and Funding to Date.

TYPE OF ORGANIZATION	Fiscal Year 2022-23	Funding to Date
Industry	\$2,5	\$4,5
ISED	\$3,8	\$13,9
Quebec Government Contribution	\$2,0	\$10,0
Interest Income and Other	\$1,1	\$2,4
TOTAL	\$9,4	\$30,8

The following table presents the total funded and unfunded eligible costs incurred by Scale AI.

Table 3 - Funded and Unfunded Eligible Costs for the year ended March 31, 2023 (2022-23)

TOTAL COSTS	Operating and Admini. Costs (O&A)	Technology Leadership Project Cost	Ecosystem Development Project Costs	COVID-19 Projects	Total Cost
Funded Eligible Costs (ISED)	\$3,8	\$37,5	\$0,0	\$0,9	\$42,2
Unfunded Eligible Costs (Industry & Other)	\$2,2	\$67,1	\$0,0	\$0,2	\$69,5
TOTAL	\$6,0	\$104,6	\$0,0	\$1,1	\$111,7

The following table provides a summary of Industry Matching Funds generated by Scale AI from funds received and those spent by Industry on projects.

Table 4 - Industry Match for the year ended March 31, 2023 (2022-23)

INDUSTRY MATCHING FUNDS	GIC	PCAIS	TOTAL
Industry Contribution Towards Eligible Project Costs	\$67,3	\$0,0	\$67,3
Quebec Project Contribution	\$6,7	\$0,0	\$6,7
Membership Fees	\$2,5	\$0,0	\$2,5
Other Amounts	\$0,0	\$0,0	\$0,0
TOTAL	\$76,5	\$0,0	\$76,5

Other Disclosures

1. The financial controls of Scale AI operated during the fiscal year ended March 31, 2023, as intended.
2. No evaluation and / or audits were carried out by Scale AI during the fiscal year ended March 31, 2023. That said, Scale AI itself performs substantially an audit on all claim reimbursements prior to issuing payment.
3. No changes or updates were made to Scale AI's investment policies during the fiscal year ended March 31, 2023.



ANNUAL REPORT
2022–2023

SCALE | AI

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