# Why European entrepreneurs should choose Canada



TBDC
HORIZON



Harvey Kandola

**ARVEY KANDOLA TURNED DOWN A U.S. GREEN CARD TO** move to Canada. In 2020, the British entrepreneur picked up and moved his business to Toronto for three reasons—a more favourable personal tax regime, a world-class education system for his children, and high quality of life.

Canada also made good business sense for Kandola.

"Once you're in North America, there's a huge pull of English-speaking companies right on your doorstep," says Kandola, CEO and co-founder of Documize. "So, you always spot new problems and new ideas for products and companies. There's no shortage of opportunities moving forward."

Kandola has certainly had new ideas since his move. While Documize, an enterprise software startup, has steadily grown,

Kandola has also built Ekso Inc., a complimentary software company.

From startups like Kandola's to billion-dollar success stories like Shopify, Canada has been a magnet for foreign-born entrepreneurs.

Ranked fourth in StartupBlink's Global Startup Ecosystem Index 2024, Canada was one of the first countries in the world to introduce a program — the Startup Visa Program — to help international entrepreneurs come here. The program set a new record last year, welcoming nearly 6,000 entrepreneurs as permanent residents.

Today, Kandola is just one of the 800,000 immigrants who have set up shop in Canada. In fact, immigrants make up 32 per cent of all business owners with paid staff in the country.



Canada is ranked **4th in the Global Startup Ecosystem Index**. It has more cities in the global top 50 (**Toronto, Vancouver, Montreal**) than the UK (2nd) or Israel (3rd).

# New country, new challenges

**BUT KANDOLA WILL BE THE FIRST** to admit that moving to a new country isn't easy.

Immigrant entrepreneurs can face a host of challenges, from language barriers to a lack of business networks. Regardless of a successful history in their home countries, they can struggle with establishing credibility for loans and with customers.

"One of the biggest challenges moving to Canada was our credit history in Europe could not be transferred," says Kandola. "Which is why I came ahead of my family to set up our credit history, spend some money, and put in place banking. That made the business move a lot easier."

Kandola also urges foreign entrepreneurs to prioritize networking in Canada. That's why working with a startup incubator is critical.

# The power of networking

**WITH MORE THAN 50 BUSINESS** incubators, venture capital (VC) funds and angel investor groups that support foreign entrepreneurs, Canada offers something for everyone. While some accelerators focus on a specific area like clean technology, others like Global Startups Accelerator help international entrepreneurs establish their businesses across the country.

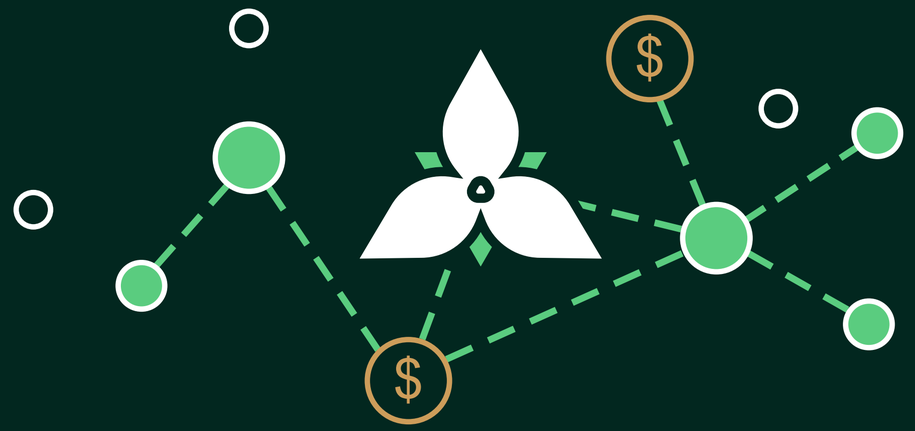
Kandola chose to work with the Toronto Business Development Centre (TBDC). As one of the oldest business incubators in the city, TBDC has helped founders from more than 70 countries scale in North America by connecting them with mentors, subject matter experts, business networks and capital.

# Importing innovation

**FIVE YEARS AGO, TBDC — BACKED BY** funding from the provincial government of Ontario — started a program focused on international entrepreneurs.

"The government wanted to import innovation because we have fertile land," says Vikram Khurana, CEO of TBDC. "We need seed. We need people that will seed their ideas here. We'll nurture those seeds and grow them into large-scale companies. Our objective was to find people that had intellectual property, disruptive ideas, the wherewithal, the team, the aptitude and the attitude."

TBDC first focused on India and China as the two emerging tech powerhouses, helping entrepreneurs from these regions put down roots in North America. Now, the startup incubator is turning its attention to Europe.

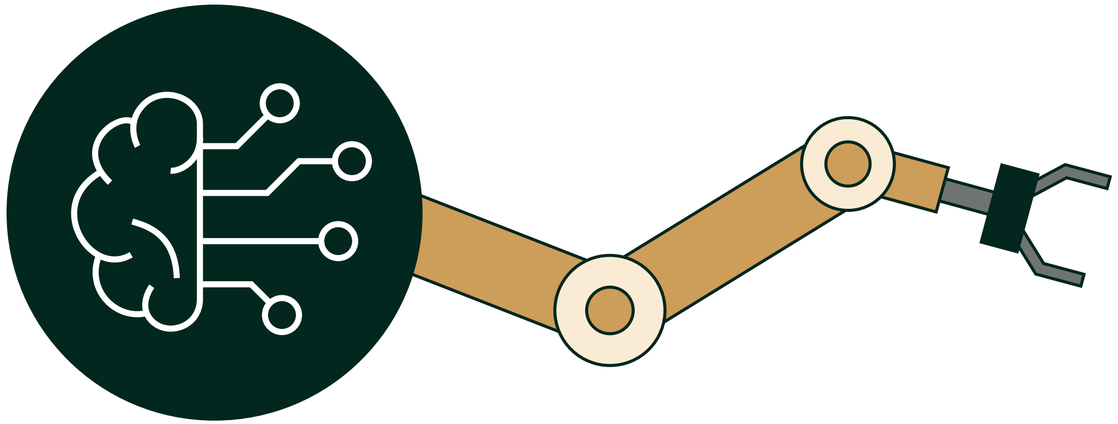



# ONTARIO'S STARTUP SCENE

**ONTARIO, CANADA'S LARGEST PROVINCE, IS HOME TO** Toronto, Canada's largest city. With a startup ecosystem primarily driven by artificial intelligence (AI), fintech, biotechnology and climate tech, Ontario's key startup hubs are in Toronto, Ottawa, Kitchener-Waterloo and Hamilton.

But according to StartupBlink's Global Startup Ecosystem Index 2024, Toronto's startup ecosystem tops the list of Canadian cities.

With more than 2,500 startups, the Toronto area accounts for about a third of Canada's startups. The city is known for its entrepreneur-friendly conditions — a diverse population, a chain of incubators and a startup-friendly community.



# Europe's untold story

**EUROPE'S INNOVATION ECOSYSTEM IS** unique because it's grounded in science and technology, says Khurana.

Take the tiny country of Estonia. Home to just one million people, Estonia boasts the second-highest number of tech unicorns—companies valued at $1 billion or more—per capita in the world.

Khurana observes that innovators from China and India tend to go local—either creating solutions for local problems, such as congestion and water quality, or adapting innovations from other parts of the world to address domestic challenges.

"Very few tech ecosystems work with R&D [research and development] and scientists to solve problems," he says. "But Europe is known for that prowess, and I think it has a big story to tell. That's why we pivoted to find startups that have used lots of research and innovation to solve a problem that can also help Canada and North America solve problems."

For entrepreneurs, the Toronto area comes with additional perks like a lower cost of living, lower salaries, and less competition for tech talent than other hubs like New York and San Francisco. With fewer tech companies, it's also easier to get the attention of angel investors and venture capitalists.

## FUNDING

**THROUGH VARIOUS FUNDING SOURCES, THE GOVERNMENTS** of Canada and Ontario give startup founders a leg up.

The Scientific Research and Experimental Development (SR&ED) Tax Incentive Program, for example, provides tax credits to reduce research and development costs. Between April 1, 2023 and March 31, 2024 alone, $4.4 billion in investment tax credits were claimed.

Serial entrepreneur Kostyantyn Khomutov, an immigrant from Ukraine, credits the SR&ED program for its financial support. The co-founder of GBatteries—an Ontario company that produces innovative battery technology for electric transportation—says the program ultimately helped his company file more than 60 patents and attract investment and customers.

The Industrial Research Assistance Program (IRAP) is another source of federal funding for innovative small- and medium-sized businesses. The program offers financial support and advisory services for high-growth startups.



Horizon Sprint Week

# Sprint to success

**TO TAP INTO EUROPE'S POTENTIAL, TBDC** launched TBDC Horizon, an equity-free Canadian program that helps European startups scale into North America through the province of Ontario.

The program's first cohort — which includes startups selling AI-powered employee performance tools, customer experience software solutions and adaptable robots — came together during TBDC's "Horizon Sprint Week" in March.

Over five jam-packed days, these European entrepreneurs met with more than 320 founders, investors, clients, mentors and ecosystem leaders. They also participated in over 40 curated investor and industry meetings and accessed more than 45 hours of masterclasses and strategy sessions.

Their efforts are already paying off.

Not to be outdone, the provincial government touts the Ontario Innovation Tax Credit for qualified R&D expenses. It also funds the Ontario Centre of Innovation (OCI), which supports and invests in early-stage projects with a high probability of success.

**Ontario is North America's second-most concentrated technology cluster with $13.9B in investments over the last three years**

OCI recently threw its support behind a Toronto-based neurotechnology startup.

"The Ontario Centre of Innovation is proud to support Grey Matter Neurosciences in advancing focused ultrasound technology, demonstrating the power of Ontario's innovation ecosystem to transform Alzheimer's treatment and elevate global health outcomes," said Claudia Krywiak, OCI President and CEO, in a press release.

In addition to these programs and organizations, government grants and venture capital funds provide direct financial support to help entrepreneurs scale their businesses.

But beyond dollars and cents, many immigrant entrepreneurs will tell you that Ontario — and Canada — is a great place to live.

# Vehicle and robot technologies

**FOR EXAMPLE, ORUGA, AN OFF-ROAD** vehicle technology from Latvia, made inroads into Canada's defence industry and North America's adventure sports market.


Liene Vitola

"I would definitely recommend this program to other founders as long as their target market is the U.S. and Canada," says Liene Vitola, COO of Oruga. "I think the support we have got here during the past week is incredible. I think I have never seen anything like that before."

Mihai Crăciunescu, CEO and co-founder of Adapta Robotics, echoes this sentiment.

"Everything [at Horizon Sprint Week] was done very beautifully, and every single part had its own takeaway," says Crăciunescu, who is from Romania. "So, even if it's not relevant to you right now, it will be in the future."

The creator of adaptable robots went on to hold a follow-up meeting with a customer, completed an onsite evaluation and closed the deal before leaving Toronto.

# A PLACE TO CALL HOME

**ROMAN SHIMONOV** was smitten with Canada, which is why he chose it over Australia and the U.K. After moving to the Toronto area about 13 years ago, the Israeli entrepreneur founded Roshel, an armoured vehicle company.


Roman Shimonov

"I considered several English-speaking countries...but when I came to Canada, I just fell in love with it, and decided that it was where I wanted to raise my kids," he told the Toronto Star.

Today, Roshel is one of the largest manufacturers of smart armoured vehicles in North America, with more than 400 employees. And it's only growing: last year, Roshel invested $65 million in a new global headquarters and production facility in Brampton, a suburb 40 km northwest of Toronto.

Roshel's next project? A line of electric vehicles that meet tomorrow's environmental demands.




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**—Alin Rosca, founder and CEO, RepsMate**

# AI and SaaS solutions

**OGRE, A ROMANIAN ENERGY** forecasting solution powered by artificial intelligence (AI), is also in talks with its first Canadian customer to kickstart expansion into North America.

“There are many advantages [to TBDC Horizon],” says Razvan Popescu, an executive at Ogre. “The first one is that you will get almost everything you need in a very structured way. You will get access to many relevant people in your areas of interest who otherwise would be very difficult to access.”

RepsMate, an AI-powered customer conversation and intelligence platform, is making connections, too. The Romanian startup is selling in Canada and building distribution networks to scale in North America.

“RepsMate has been part of a lot of other accelerators, incubation programs and things like that,” says Alin Rosca, founder and CEO of RepsMate. “None of them could compare with TBDC… Without TBDC, we wouldn’t be able to have these interactions with these potential customers or potential investors.”

Certainly, TBDC may have got the timing right with its European program. Recent data shows that immigrant-owned firms in Canada led by European entrepreneurs are some of the most productive.



Entrepreneurs can benefit from Canada's economic and political stability. It ranks **2nd in the G7** on key stability metrics including **financial system soundness**, **low corruption** and **political stability.**

# The Trump factor

**BUT IS NOW THE RIGHT TIME TO MOVE** to Canada? Trade tensions with the United States have spooked many businesses in the country and around the world. With U.S. President Donald Trump's on-again off-again relationship with tariffs, the business environment is uncertain.

Kandola is well aware of this predicament.

"The U.S. market is too big to ignore," he says. "Despite any trade or political issues with America, European software startups still have to serve and sell into the U.S."

Kandola suggests SaaS companies can mitigate the uncertainty by hosting their data centres in Canada. This setup allows the European tech sector to serve U.S. and global markets via Canada, while keeping their data safe.

Entrepreneurs may be feeling skittish, but Khurana is optimistic. He says many startups that set up in Canada are not affected by the tariff tiff. For example, it's unlikely that Trump's tariffs will hit Canadian software because it's difficult to track code downloads.

"There are some dark clouds, but the devil is in the details," says Khurana.

While the U.S. will always be a critical market, Canada's free trade agreements with the EU through the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Indo-Pacific region through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) continue to offer businesses access to global markets.

And amid Trump's threats, Canada is forging new trade partnerships.

# Why Canada is still competitive

**IN THESE TUMULTUOUS TIMES,** entrepreneurs may think twice about immigrating to Canada. Khurana's message to them is two-fold.

First, selling in the U.S. isn't easy.

"Most people think if they reach the U.S., they've got it made," Khurana says. "They think the streets are paved with gold; it's the land of milk and honey. But the harsh reality is that marketing is the biggest cost of the product or service the customer buys—almost 50%."

But if you set up in Canada, you're within striking distance of the U.S. market and can take advantage of a favourable exchange rate to lower your costs.

"The same type of resources are available to founders here," he says. "They can pilot out of Canada to determine what is most feasible, and then scale their business while maintaining a hub in Canada with some spokes into the States. That is a much better business model than going directly to the U.S. and taking a lot of risk."

Second, if you build it, they will come. Khurana believes that true innovation will always be in demand.

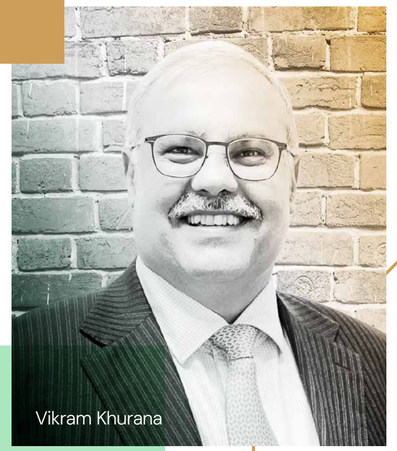
"If you have the next best stent that goes into people's veins with clogged arteries, if you have an AI solution that helps you spot rare diseases, if you have a climate solution that kills weeds with laser technology instead of chemicals—people will buy these innovations, regardless of tariffs or costs. If there is a fundamental value in your product or service, it will always have a market," Khurana says.

Canada's world-class education system, research institutions and financing, AI and machine learning (ML) tech capabilities, and access to diverse talent pools make it the perfect breeding ground for innovation.

That's why some of the world's most successful startups emerge from Canada's ecosystem, not just pass through, Khurana says.

**"Innovation will always be in demand. If there is a fundamental value in your product or service, it will always have a market"**

**—Vikram Khurana, CEO, TBDC**


Vikram Khurana

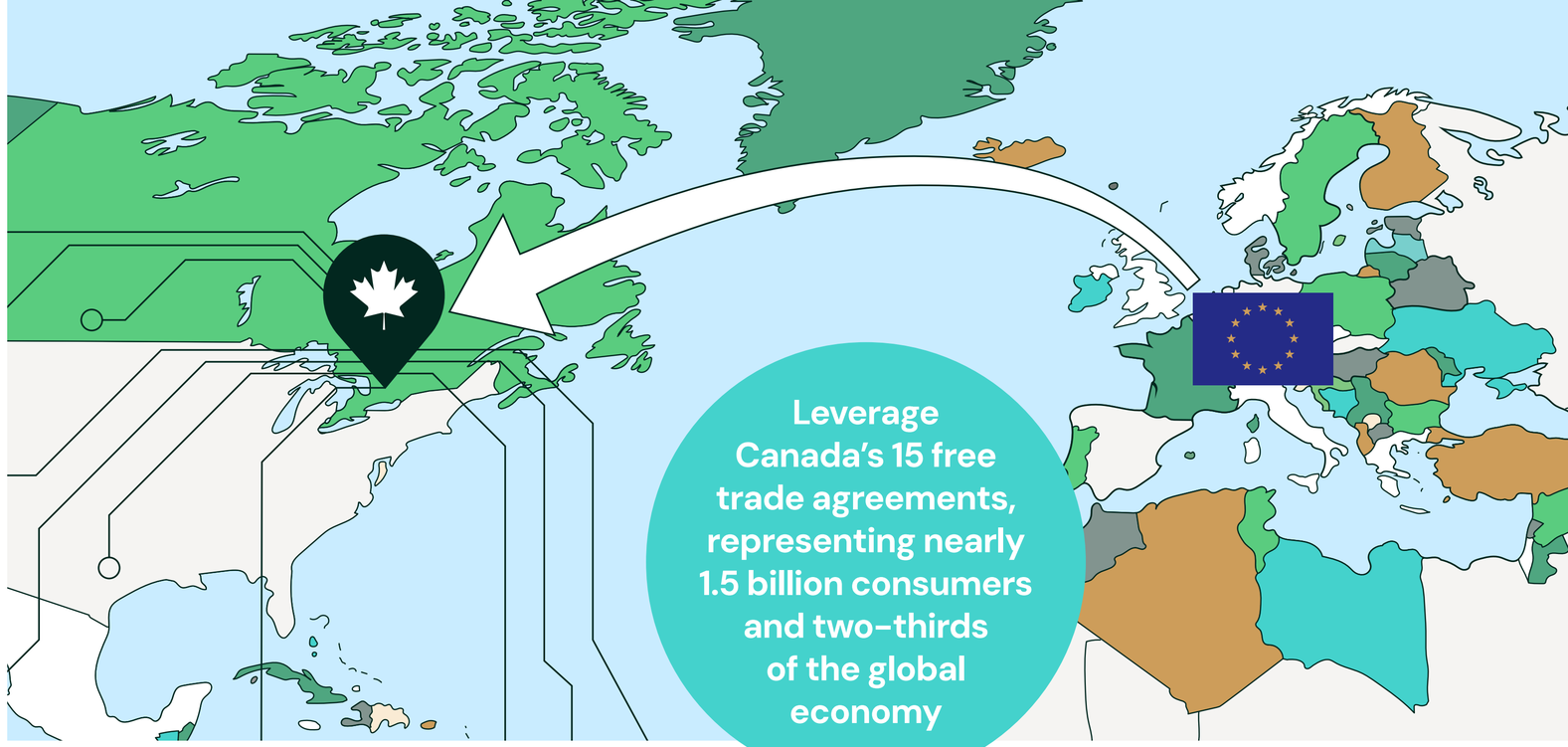
# Snowdevil to Shopify

**WITH A MARKET CAPITALIZATION OF** about US $142 billion, Shopify is one of the most successful startups to emerge in Canada. And it was co-founded by a European immigrant.

Born and raised in Germany, Tobias Lütke moved to Canada to be with his partner in 2002. What he started as an online snowboard shop snowballed into Shopify, an e-commerce platform with more than 8,000 employees and millions of merchants across 175 countries.

As a German immigrant, Lütke admits there are cultural differences. But despite Canada's overarching humility, "the modern world is built on Canadian inventions," he once wrote in an op-ed.

Today, Lütke is one of the prominent tech entrepreneurs backing Build Canada, an initiative that wants to drive innovation and economic growth amid shifting geopolitical relationships.




# The Canadian dream

**IN UNPREDICTABLE TIMES, BIG MOVES** can seem risky. The fear of making fatal mistakes while scaling their companies is a reality for many founders. Khurana may be biased, but he's confident that Canada is the right move.

"Founders look for three things: economic stability, a strong runway for growth, and a regulatory environment. Canada delivers on all three," he told BetaKit.

For his part, Kandola thinks he made the right choice. His family has settled in well and is enjoying life in the city. With easy access to money markets and proximity to the U.S., his business is thriving.

"I've been here for almost five years now," Kandola says. "The decision [to move to Canada] was solid all around."

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Learn more about how we help European innovators
startup and scaleup into North America via Canada, equity-free.
**tbdc.com/horizon**