Canada Doesn’t Have a Founder Problem. It Has a Scaling Problem.

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Last fall, the Toronto Blue Jays took the L.A. Dodgers to seven games in the World Series. The Jays did it without the biggest payroll in baseball, the deepest farm system or the home-field advantage. They did it the way Michael Lewis’s *Moneyball* described two decades ago. Stop trying to outspend the dominant market and start hunting smarter for what it gets wrong.

Canadian venture capital faces the same question on a much bigger stage. We cannot outspend Silicon Valley. American venture firms have the most capital and they spend it chasing a home run every time at bat. The Canadian opportunity is different. It is to be first-conviction lead investors for talented, innovative and driven founders building durable, globally competitive businesses from Montreal, Waterloo, Calgary, Ottawa, Vancouver, Edmonton and Toronto, before the rest of the world fully understands what they are building.

For the past two decades, that view was a contrarian position in Canadian venture. Today it is becoming the strategic centre. Last month, Washington announced 50 per cent tariffs on a broad list of Canadian goods, hockey sticks included, set to take effect Aug. 19. Prime Minister Carney’s answer was that Canada is ready “because we have been focusing on what we can control.” Capital is what we can control. The federal AI strategy, the push toward Canadian-controlled investment, the economic sovereignty agenda and OMERS’ commitment to add at least $10 billion in new investment in Canada over five years, have shifted us from whether Canada should bet on itself to how the bet should be made.

It can be done. We are doing it and we are telling the story to show others they can follow suit. If they win, we all win. At Graphite, where I am a managing director, we stewarded $43 million in government-supported funding into investments in more than 200 Canadian companies, which attracted more than $2 billion in private-sector follow-on capital. The impact: more than 5,600 new jobs, more than 40 exits, and more than $15 billion in enterprise value. Our most recent fund is a Canadian-focused $120-million seed fund, anchored by $25 million each from the Province of Ontario and OMERS. This is amplified by another $25 million from Canadian founders and more from committed institutions and corporates.

The ‘valley of death’, as it’s been called between $5-million and $25 million, is a real bottleneck for Canadian companies. Just as real is the failure that comes before it, the gap that determines whether Canadian companies ever reach the valley of death. The seed stage is where that decision gets made.

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The companies that get funded become Canadian employers, pay Canadian taxes and recycle their wealth and experience into the next generation of Canadian founders. The companies that do not get funded either disappear, get acquired before they reach scale or move south for American capital and take the jobs and the intellectual property. The Canadian pension funds that the Senate banking committee identified as an underused source of capital are the same funds that lose when those companies leave.

Canada has the founders. Last year, Kitchener-based Nicoya Lifesciences acquired Applied Photophysics, a British scientific instruments company. The Canadian company became the acquirer. The British company became Nicoya's European hub. A decade ago, three Russian immigrants started StackAdapt in Toronto with $750,000 of seed capital. They never raised significant outside money again until many years later. They are now valued at over $3.5-billion CAD and almost nobody outside the industry has heard of them. Carol Leaman, who built Axonify into a global enterprise software company before selling, is now one of the founders investing her own money alongside Graphite in the next generation of Canadian builders.

Canada is finally choosing to be a market maker, not a market taker. The capital exists and the founders are building. The risk now is not in writing the cheques. It is continuing not to write the cheques and bet on ourselves. And the timing couldn't be more urgent as that investment behemoth south of us has a growing appetite for companies, talent and intellectual property. The tariffs are the same pressure by other means.

The goal isn't to stop Canadian companies from competing globally. It is to help them remain distinctly Canadian as they do. Not because they couldn't leave. Because they chose to stay.

The Blue Jays didn't take the Dodgers to seven games by outspending them. They did it by focusing on what the dominant market got wrong. Canadian venture capital has the same opportunity. The moment is now. Blink and we'll miss it.

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Graphite Ventures is a Canadian seed-stage venture capital firm focused on B2B software and hardware companies. The firm invests across Canada and supports founders building capital-efficient businesses that scale globally.

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