



DIGITAL: Canada's Global Innovation Cluster for Digital Technologies

2025 Economic Impact Study Summary Report

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Mansfield Consulting Inc.
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EXECUTIVE SUMMARY

About DIGITAL

DIGITAL: Canada's Global Innovation Cluster for Digital Technologies ("DIGITAL") is part of the innovation cluster program initiative launched by the federal government in 2017. DIGITAL is an independent, not-for-profit organization created to help Canada become a leader in digital research and development and technology adoption.

Purpose of the Economic Impact Study

The purpose of the study was to estimate the economic impacts created in Canada through DIGITAL's investments from the time of its founding through the end of the 2024/25 fiscal year.¹

Key Features of the economic impacts created through DIGITAL's investments:

Among the key features of DIGITAL's economic impacts are:

- DIGITAL's economic impacts are created by the projects in which it invests. In this study, we have defined the economic impacts created by DIGITAL to be the economic impacts created by the projects in which DIGITAL invests.²
- DIGITAL's investments are accompanied by co-investments from its partners. DIGITAL's investments are accompanied by additional investments from its partners. The economic impacts result from the combined investment of DIGITAL and its partners.³
- DIGITAL and its partners' investments enable projects to raise additional funds. Based on progress made possible by DIGITAL and its partners' investments, project partners have been able to raise additional funds to continue the development and commercialization of products and services.
- DIGITAL and its partners' investments enable projects to generate incremental revenues. Commercial products developed through DIGITAL and its partners' investments have generated incremental revenues that, in turn, have created additional economic impacts.

¹ DIGITAL's fiscal year runs from April through March.

² The economic impacts considered in this study do not include the impacts created by DIGITAL's operations and administrative spending. Impacts created by DIGITAL's operations and administrative spending would be in addition to the impacts described in this study.

³ Because it is the combined investment that provides support for projects, we have not attempted to attribute separate portions to investments made by DIGITAL and investments made by its partners.

Economic Impacts

The estimated combined economic impacts in Canada of DIGITAL and partners' investments, additional funds raised by partners, and incremental revenues through 2024/25 are summarized in Table A and include:

- Total economic output of \$6,758.4 million.
- Total GDP of \$4,068.6 million.
- Total labour income of \$2,779.1 million.
- Total employment of 34,426.9 jobs.
- Total tax revenues of \$1,046.4 million.

Table A. Estimated Combined Economic Impacts of DIGITAL and Partners' Investments, Additional Funds Raised, and Incremental Revenues Through 2024/25⁴

Canada Impacts							
	Output (millions)	GDP (millions)	Labour Income (millions)	Jobs	Federal Tax (millions)	Provincial Tax (millions)	Municipal Tax (millions)
Direct	\$3,288.0	\$2,035.0	\$1,668.4	17,325.5	\$256.0	\$140.5	\$20.4
Indirect	\$1,581.3	\$910.1	\$613.9	8,418.4	\$114.3	\$74.7	\$18.6
Induced	\$1,889.1	\$1,123.5	\$496.8	8,683.0	\$183.1	\$189.6	\$49.2
Total	\$6,758.4	\$4,068.6	\$2,779.1	34,426.9	\$553.4	\$404.8	\$88.2

⁴ The estimated economic impacts assume that no additional funds raised or past incremental revenues were used as partner contributions to other projects in which DIGITAL also co-invested. Any portion of additional funds raised or past incremental revenues that may have been used as partner contributions to other projects in which DIGITAL also co-invested should be removed from the analysis to avoid double-counting of impacts.

Leveraging Effects

Table B expresses key economic impacts from DIGITAL and its partners' investments, additional funds raised, and incremental revenues in terms of DIGITAL's investment. As displayed in Table B, the combination of DIGITAL and partner investment, additional funds raised, and past incremental revenues through 2024/25 is estimated to have created:

- An average of \$12.55 in total GDP per dollar of DIGITAL investment.
- An average of \$1.71 in total federal tax per dollar of DIGITAL investment.
- An average of \$1.25 in total provincial tax per dollar of DIGITAL investment.
- An average of 106.2 total jobs per million dollars of DIGITAL investment.

Table B. Leveraging Effects of DIGITAL's Investment — Combined Total Impacts of DIGITAL and Partner Investment, Additional Funds Raised, and Incremental Revenues⁵

	Financial Measures			Employment
	Total GDP (millions)	Total Federal Tax (millions)	Total Provincial Tax (millions)	Total Jobs
Total Economic Impact of DIGITAL and Partner Investment	\$968.1	\$132.2	\$95.9	8,185.7 jobs
Total Economic Impact of Additional Funds Raised	\$1,864.8	\$252.8	\$186.2	15,822.0 jobs
Total Economic Impact of Estimated Past Incremental Revenues	\$1,235.7	\$168.4	\$122.7	10,419.2 jobs
Combined Total Economic Impact	\$4,068.6	\$553.4	\$404.8	34,426.9 jobs
DIGITAL Investment (millions)	\$324.3	\$324.3	\$324.3	\$324.3
Combined Total Impact Divided by DIGITAL Investment	\$12.55 per dollar of DIGITAL investment	\$1.71 per dollar of DIGITAL investment	\$1.25 per dollar of DIGITAL investment	106.2 jobs per million dollars of DIGITAL investment

⁵ The leveraging effects displayed in Table B assume that no additional funds raised or past incremental revenues were used as partner contributions to other projects in which DIGITAL also co-invested.

1 INTRODUCTION

1.1 About DIGITAL

DIGITAL: Canada's Global Innovation Cluster for Digital Technologies ("DIGITAL") is part of the innovation cluster program initiative launched by the federal government in 2017. DIGITAL is an independent, not-for-profit organization created to help Canada become a leader in digital research and development and technology adoption. Through a combination of industry co-investment, cross-industry collaboration, intellectual property creation and talent development, DIGITAL focuses on supporting innovators and industry leaders in the digital sector.⁶

1.2 Study Purpose

The purpose of the study was to estimate the economic impacts created through DIGITAL's investments from DIGITAL's founding through the end of its 2024/25 fiscal year.⁷ The study included: Estimating the economic impacts created by DIGITAL and its partners' investments in projects; Estimating the economic impacts created by the additional funds raised by DIGITAL's partners; Estimating the economic impacts created by incremental revenues from commercial products; and, assessment of the leveraging effects of the investments made by DIGITAL.

1.3 Report Limitations

The report is provided for information purposes and is intended for general guidance only. It should not be regarded as a substitute for personalized business or investment advice.

In preparing the report, Mansfield Consulting Inc. has relied upon information and data obtained from DIGITAL and public sources believed to be accurate. The accuracy and reliability of the findings and opinions expressed in the report are conditional upon the completeness, accuracy, and fair presentation of the information underlying them. As a result, we caution readers not to rely upon any findings or opinions for business or investment purposes and disclaim any liability to any party that relies upon them as such.

Additionally, the analysis presented in the report is based upon projections, founded on past events, giving an expectation of certain future events. Future events are not guaranteed to follow past patterns, and results may vary, even significantly. Accordingly, we express no assurance as to whether the projections underlying the economic analysis will be achieved.

⁶ For more information on DIGITAL, please see its website: <https://www.digitalsupercluster.ca/who-we-are/about-us/>

⁷ DIGITAL's fiscal year runs from April through March.

2 ECONOMIC IMPACT ANALYSIS

2.1 Economic Impact Measures

Economic impact analysis is used to estimate the economic contributions that an industry, business, or project makes to a region. In general, economic impacts are viewed as consisting of well-established, quantitative measures of economic activity. The most common of these measures are economic output, GDP, labour income, employment, and government tax revenue:

- **Economic Output** is the total gross value of goods and services produced by a given industry, business, or project. This is the broadest measure of economic activity. *For example, a bakery buys flour and other ingredients for \$1.00 and uses them to produce a loaf of bread, which is then sold for \$1.50. The economic output generated is \$1.50, as that is the gross value of the goods produced.*
- **Gross Domestic Product (GDP)**, or value-added, refers to the incremental value of a good or service over the cost of inputs used to produce it. As a result, GDP is equivalent to the unduplicated value of goods and services produced by a given industry, business, or project. *For example, a bakery buys flour and other ingredients for \$1.00 and uses them to produce a loaf of bread, which is then sold for \$1.50. The GDP generated by the bakery is \$0.50, which represents the value added by the bakery to the ingredients.*
- **Labour income** is the total amount of wages and salaries paid to staff and employees.
- **Employment** is measured as the number of additional jobs⁸ that are created by an industry, business, or project. *Please note that one job is equivalent to one person-year of employment.*
- **Government Tax Revenues** are the total amount of tax revenues generated by a given industry, business, or project for federal, provincial, and local governments.

⁸ In this study, employment is measured in terms of jobs, which aligns with the employment economic impact statistics currently reported by Statistics Canada. Statistics Canada's employment economic impact statistics were previously reported in terms of full-time equivalents (FTEs).

2.2 Economic Impact Levels

Economic impacts may be estimated at the direct, indirect, and induced levels.

- **Direct impacts** are changes that occur at “front-end” businesses that initially receive operating revenues and incur expenditures. *In this study, direct impacts occur at the organizations undertaking the projects.*
- **Indirect impacts** are changes that occur at suppliers of the front-end businesses. *In this study, indirect impacts occur at suppliers to the projects.*
- **Induced impacts** are changes that occur in the general economy through the spending by employees of front-end businesses and suppliers. *In this study, induced impacts result from the spending of employees of the projects, as well as from the spending of employees of suppliers.*

The sum of direct impacts, indirect impacts and induced impacts is referred to as total impacts.

2.3 Input-Output Modelling

The estimates of the economic impacts for the study were developed using an input-output modelling approach based on economic impact statistics known as “economic impact multipliers” that are published by Statistics Canada. Input-output modelling is a widely used method which facilitates comparisons between reported results for different industries, businesses, and projects.⁹

⁹ The economic impact multipliers used in the study are from Statistics Canada, Table 36-10-0595-01, Input-output multipliers, provincial and territorial, detailed level. Release date: 2024-11-14. Please note that due to reporting lags, Statistics Canada’s economic impact multipliers normally reflect the structure of the economy as it existed a few years before the date of the economic impact analysis. The analysis used Statistics Canada multipliers for 2021, as they were the most recent multipliers available at the time of the study.

3 ECONOMIC IMPACTS OF DIGITAL AND PARTNER INVESTMENTS

3.1 Investment Through 2024/25

Through the end of 2024/25, DIGITAL had committed approximately \$324 million in investment in 189 projects in regions across Canada. DIGITAL's contributions were accompanied by approximately \$459 million in investment from its partners, resulting in a total investment of approximately \$783 million. The projects were categorized by five areas, with the Health and Wellness area receiving the largest share of investment. The following table summarizes the investments of DIGITAL and its partners through 2024/25.

Table 1. DIGITAL and Partner Investments in Canada Through 2024/25¹⁰

Area of Focus	Number of Projects	DIGITAL Investment	Partner Investment	Total
Health and Wellness	79	\$179,280,396	\$238,617,973	\$417,898,369
Environment	19	\$61,586,000	\$103,996,276	\$165,582,276
Digital Industry and Productivity	13	\$17,939,750	\$27,798,692	\$45,738,442
Talent and Skills	66	\$60,709,222	\$83,346,360	\$144,055,582
Housing Growth and Innovation	12	\$4,739,050	\$5,057,875	\$9,796,925
Total	189	\$324,254,418	\$458,817,176	\$783,071,594

3.2 Economic Impacts

The estimated economic impacts in Canada of DIGITAL and its partners' investments through 2024/25 are summarized in the following table and include:

- Total economic output of \$1,606.6 million.
- Total GDP of \$968.1 million.
- Total labour income of \$660.1 million.
- Total employment of 8,185.7 jobs.
- Total tax revenues of \$248.3 million.

Table 2. Estimated Economic Impacts of DIGITAL and Partner Investments

Canada Impacts							
	Output (millions)	GDP (millions)	Labour Income (millions)	Jobs	Federal Tax (millions)	Provincial Tax (millions)	Municipal Tax (millions)
Direct	\$783.1	\$485.3	\$397.6	4,138.2	\$61.4	\$33.4	\$4.2
Indirect	\$374.4	\$215.6	\$144.7	1,992.1	\$27.2	\$17.7	\$4.3
Induced	\$449.1	\$267.2	\$117.8	2,055.4	\$43.6	\$44.8	\$11.7
Total	\$1,606.6	\$968.1	\$660.1	8,185.7	\$132.2	\$95.9	\$20.2

¹⁰ DIGITAL's fiscal year runs from April through the following March. The 2024/25 year ended March 31, 2025.

4 ECONOMIC IMPACTS OF ADDITIONAL FUNDING RAISED BY DIGITAL'S PARTNERS

4.1 Additional Funds Raised Through 2024/25

Through 2024/25, DIGITAL's partners had raised approximately \$1,503 million in additional funding to continue the development and commercialization of their products. The majority of additional funding (\$1,306 million or 87 percent) was raised from private sources. The following table summarizes the additional funding raised by funding type through 2024/25.

Table 3. Additional Funding Raised by Funding Type Through 2024/25

Funding Type	Number of Instances	Additional Funds Raised	Percent of Additional Funds Raised
Grant	61	\$132,521,000	9%
Early Stage Venture	27	\$359,371,607	24%
Late Stage Venture	5	\$338,305,685	23%
Seed	11	\$59,654,784	4%
Accelerator/Incubators	2	\$1,390,000	0%
Post-IPO	9	\$517,754,314	34%
Other	16	\$93,557,912	6%
Total	131	\$1,502,555,302	100%

4.2 Economic Impacts

The estimated economic impacts in Canada of additional funds raised by DIGITAL's partners through 2024/25 are summarized in the following table and include:

- Total economic output of \$3,092.3 million.
- Total GDP of \$1,864.8 million.
- Total labour income of \$1,275.3 million.
- Total employment of 15,822.0 jobs.
- Total tax revenues of \$480.3 million.

Table 4. Estimated Economic Impacts of Additional Funds Raised Through 2024/25¹¹

Canada Impacts							
	Output (millions)	GDP (millions)	Labour Income (millions)	Jobs	Federal Tax (millions)	Provincial Tax (millions)	Municipal Tax (millions)
Direct	\$1,502.6	\$932.6	\$765.5	7,959.0	\$116.8	\$64.5	\$10.3
Indirect	\$723.2	\$416.5	\$281.8	3,862.4	\$52.1	\$34.3	\$8.7
Induced	\$866.5	\$515.7	\$228.0	4,000.7	\$83.9	\$87.4	\$22.3
Total	\$3,092.3	\$1,864.8	\$1,275.3	15,822.0	\$252.8	\$186.2	\$41.3

¹¹ The estimated economic impacts of additional funds raised assume that all additional funds raised were used for further development and commercialization of existing projects and were not used as partner contributions to other projects in which DIGITAL also co-invested.

5 ECONOMIC IMPACTS OF INCREMENTAL COMMERCIAL REVENUE

5.1 Incremental Commercial Revenue Through 2024/25

DIGITAL's partners project that the combined incremental revenues from commercial outputs created by projects will be approximately \$4,500 million over the next five years. The following table displays the projected incremental commercial revenues over the next five years by output category.

Table 5. Projected Incremental Revenues from 2025/26 through 2029/30

Created Commercial Outputs by Output Category	Number of Products Created	Five-Year Projected Incremental Revenue	Percent of Projected Revenue
Service	139	\$2,887,910,250	64%
Good	35	\$1,209,230,000	27%
Process	8	\$29,750,000	1%
Other	9	\$411,300,000	9%
Total	191	\$4,538,190,250	100%

The amount of past incremental revenues that occurred from the time of DIGITAL's founding through 2024/25 is not known. Consequently, we used the projected incremental revenues from 2025/26 through 2029/30 as a basis for estimating the past incremental revenues that occurred through 2024/25. In brief, the methodology was based on three assumptions:

- On average, incremental revenues from projects were assumed not to begin until the third year after the initial investment.
- The current DIGITAL and partner investment is assumed to result in \$4,538 million in future incremental revenues over the next five years (i.e., from 2025/26 through 2029/30).
- DIGITAL and partner investments made in past years were assumed to have generated incremental revenues at the same rate as future projected revenues from 2025/26 through 2029/30.

Under these assumptions, we estimated the incremental revenues through 2024/25 at \$1,002 million.

5.2 Economic Impacts

The economic impacts in Canada of the estimated past incremental revenues are summarized in the following table and include:

- Total economic output of \$2,059.5 million.
- Total GDP of \$1,235.7 million.
- Total labour income of \$843.7 million.
- Total employment of 10,419.2 jobs.
- Total tax revenues of \$317.8 million.

Table 6. Economic Impacts of Estimated Past Incremental Revenues Through 2024/25¹²

Canada Impacts							
	Output (millions)	GDP (millions)	Labour Income (millions)	Jobs	Federal Tax (millions)	Provincial Tax (millions)	Municipal Tax (millions)
Direct	\$1,002.3	\$617.1	\$505.3	5,228.4	\$77.8	\$42.6	\$5.9
Indirect	\$483.7	\$278.0	\$187.4	2,564.0	\$35.0	\$22.7	\$5.6
Induced	\$573.5	\$340.6	\$151.0	2,626.9	\$55.6	\$57.4	\$15.2
Total	\$2,059.5	\$1,235.7	\$843.7	10,419.2	\$168.4	\$122.7	\$26.7

¹² The estimated economic impacts of past incremental revenues assume that no past incremental revenues were used as partner contributions to other projects in which DIGITAL also co-invested.

APPENDIX A – MANSFIELD CONSULTING INC.

Ed Mansfield, Ph.D., is the founder and president of Mansfield Consulting Inc. Ed has more than 30 years of experience in providing consulting services to public and private companies, professional associations, industry organizations, and government agencies. Before founding Mansfield Consulting Inc., Ed led national economics and research practices at four major accounting and business consulting firms.

Mansfield Consulting Inc. has carried out many studies that have involved economic impacts, forecasting, feasibility studies, strategic planning, and industry analysis. The studies have encompassed a wide range of areas, including research and innovation, manufacturing, healthcare, property development, utilities, transportation, natural resources, film and television production, tourism, and major events. For more information on Mansfield Consulting Inc., please see our website at www.mansfieldconsulting.ca.