Digital Identity
LABORATORY

Annual Report

2022
2023

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IDLab is now focusing on the transparent co-creation and prioritization of community projects aimed at solving complex problems and challenges in digital identity.

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Letter from the Chair of the Board and the Chief Executive Officer

Dear friends of IDLab,

March 31, 2023 marks the end of the third year of operation for the Digital Identity Laboratory of Canada (hereinafter "IDLab"). Over the past decade, governments and private sector organizations around the world have become increasingly aware of the importance of digital identity as a cornerstone of cybersecurity. The pandemic has accelerated this collective awareness. While the pandemic has reinforced the need for secure, user-friendly digital identities, the advent of mass-market artificial intelligence (AI) products over the past year has given us a strong wake-up call at IDLab about the new risks of digital identity fraud arising from malicious uses of AI.

These new challenges, and the experience of the past three years, have led IDLab to initiate a major shift at the start of 2023. Instead of focusing on marketing products and services like a private company, IDLab is now focusing on the transparent co-creation and prioritization of community projects aimed at solving complex problems and challenges in digital identity, especially when the participation of several players is required for these projects to succeed. This focus on community projects will be flanked by capacity building for those getting into the space and assessment support for those maturing in the space. The implementation of this new operating model has already begun, and will be completed over the course of 2023–24.

In three years, IDLab has built a solid core of recognized and sought-after expertise in digital identity, established leads and collaborative projects with the private sector and several provincial and federal governments, and established a solid governance and operating structure. In other words, we're ready! We're ready to take on the major digital identity challenges of our modern, rapidly changing society. We would like to take this opportunity to thank the co-founder of IDLab, Pierre Roberge, for his energetic and inspiring leadership of IDLab until January 2023.

Looking to the future, IDLab's management remains as focused as ever on maintaining its long-term financial viability. The grants obtained from the Quebec and federal governments will come to an end on March 31, 2024. It is therefore imperative to have a financial model that holds up in the absence of these grants. The management team's priority for 2023–24 is to validate this financial model.

Yours sincerely,

Gassim Bangoura
Acting Chair of the Board

Patrick Cormier
Acting President & CEO

Corporate Profile

Vision

Strengthening cybersecurity by advancing safe, seamless and secure digital credentials.

Mission

Facilitating co-created projects that address complex challenges and opportunities related to digital credentials and resulting in public benefits for the community.

About

IDLab **brings people, organizations and governments together** to tackle the big issues involved in the creation of safe, seamless and secure digital credentials in Canada.

Our **unbiased team of specialists tests and experiments** with governance and technology models designed to leverage digital credentials in Canadians' day-to-day lives. Our work supports efforts to ensure various solutions work across the country and internationally.

We believe the best solutions will require a collaborative approach with multiple participants across the economy and we're committed to facilitating just that.

Values

We are honest & open.

We genuinely and openly communicate our opinions while also being open and actively listening to the opinions of others.

We are team players.

We proactively engage with each other in resolving problems and addressing opportunities.

We are innovative.

We are on the lookout to solve problems and seize opportunities in new and better ways.

We take ownership.

We convey to each other that we are responsible for the achievement of our goals including addressing unforeseen circumstances.

We do the right thing.

When faced with an easy thing to do or decide, and another that is not, and the latter is right; we choose the latter.

We are self-starters.

We are internally motivated, and have the desire to continuously learn, the ability to set goals, and undertake the work without being prompted to do so.

Official Name

Digital Identity Laboratory of Canada

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Incorporation

Canadian federal nonprofit organization
(February 24, 2020)

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Official Address

283 Blvd Alexandre-Taché
Suite LB A–1360
Gatineau QC J9A 1L8

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Directors

Gassim Bangoura
Chair of the Board (acting)

Joni Brennan
Treasurer

Antoine Normand
Director

Claude Perreault
Director

Jacques Latour
Director

Joanne Duklas
Director

Mathieu Desrosiers
Director

Pierre Roberge
Director

Richard St-Pierre
Independent Director

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President & CEO
(acting)

Patrick Cormier

Main Revenue Sources

205 K
Private contributions

664 K
Sales

43 K
Dues

1.5 M
Government grants
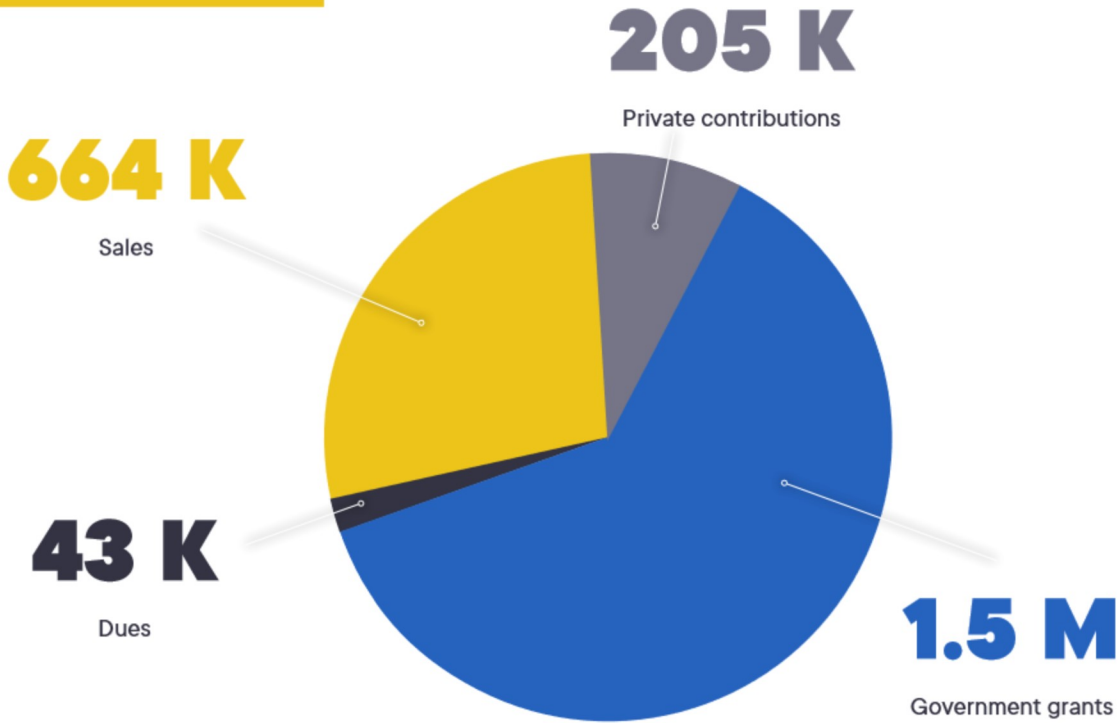
Principal Risks

- Revenue model not proven

- Delays in market availability of governmental digital ID solutions

- Recruitment & retention of highly skilled & specialized resources

idlab.org

Management Discussion & Analysis

Context

Our ten year vision is to become a globally recognized leader in facilitating projects, training and assessments that advance safe, seamless and secure digital credentials.

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IDLab is unique owing to this winning combination:

Independent non-profit dedicated to digital credentials.

IDLab is not tied to any particular digital credential solution, framework or standard. This neutrality promotes trust in the transparent facilitation of co-created projects, capacity building, and assessments by IDLab.

Emphasis on breadth of knowledge in digital credentials.

The team at IDLab, taken together, emphasizes breadth of knowledge in digital credentials in order to be the best at facilitating co-created projects, capacity building and assessments. This allows us to implement a holistic approach to digital credentials to encompass technology, social, legal and other aspects of digital credentials.

Facilitator of co-created projects for public benefit.

Co-created projects facilitated by IDLab are where the rubber meets the road and where desired outcomes from selected use cases generate public benefits for the community.

At the end of our **third full year** of operation, IDLab's backers and members can count on the **passion and dedication** of **13 employees**, who enter this third year with the deep conviction that IDLab will truly make a **positive impact** by promoting a secure digital world and strengthening privacy protection.

The Year 2022–23 in Review

Celebrating our key achievements

We wrapped up IDLab's fiscal year 2022–23 with a big revelation, thanks to the open and honest dialogues that our willing clients and partners continue to exchange with us. The feedback shared with us revealed that many look to IDLab to help make great things happen for the ecosystem. While instrumental progress has already been made by our founding members the Digital Identity and Authentication Council of Canada and In-Sec-M, and our collaborator the Digital Governance Council, there is an unmet need for an organization to focus on issues faced by the community when it comes to the realization of digital credential solutions. They say "it is where the rubber meets the road". This valuable feedback led to the incubation of the IDLab 2.0 concept during the final fiscal quarter. (A later section will describe IDLab 2.0.).

The final quarter was filled with deep reflection, which provided the leadership team with a clear and renewed focus on the key factors that will determine our success:

→ Our **Financial Resilience**

→ Our **People**

→ Our **Working Model**

→ Our **Reach**

→ Our **Impact**

With this meaningful reframing, our key achievements during 2022–23 are best highlighted in the context of each of these success factors.

Our Financial Resilience

As a budding non-profit organization, it takes passion, determination, and focus to establish our reach and create impact. Establishing year-over-year (YOY) growth in engagement related financial metrics is one important aspect toward financial resilience.

2022–23 saw a YOY growth in both net new sales and revenue. IDLab's net new sales, excluding all grants and contributions, was $664k demonstrating a YOY growth of 23%. The total revenue, excluding all grants and contributions, was $968k demonstrating a YOY growth of 110%.

In addition to the above encouraging metrics, we are delighted that our entire IDLab team rallied together to successfully achieve two out of the three financial objectives within our bonus framework.

Our People

Our team was joined by four new members with diverse backgrounds and experiences. We welcomed Cosanna Preston-Idedia and Matt MacNeil to the leadership team and Michel Bouillon and Kamal Lakrioui to the technology team. In June of 2022, the inaugural in-person IDLab Team Retreat took place in Mont Tremblant, Quebec and it was a memorable experience appreciated and treasured by all attendees!

Our Working Model

A refined working model to further optimize employee engagement and maximize positive impact on the ecosystem was created and incorporated into the (at the time) proposed IDLab 2.0 concept.

Our Reach

While maintaining our strong commitment as a contributor to pan-Canadian initiatives, our three-year goal of having served clients in the US and European markets was attained. To date, we have had four engagements in these markets and we look forward to more opportunities in the future.

Our Impact

Looking back at the most impactful projects of 2022–23, Digital Trust Testbench, User Centric Verifiable Digital Credentials Challenge, and Pan-Canadian Trust Registry Community of Practice rise to the top.

Key achievements

Digital Trust Test Bench (DTT)

DTT is a cloud-based quality assurance platform enabling diverse digital credential technology providers to confirm that their components and solutions will work together seamlessly and securely to serve individuals and businesses across Canada and abroad. DTT was conceived based on testing pain points gathered from community members through user interviews. As DTT matures, it will provide assurances that these systems can talk to each other across the country. DTTis funded and developed by IDLab and is currently in the alpha testing phase.

User Centric Verifiable Digital Credentials (UCVDC) Challenge

IDLab was contracted by the Shared Services Canada (SSC) Innovative Solutions Canada (ISC) Team in order to support the ISC UCVDC Challenge to create an interoperability assessment framework that defines interoperability in the context of digital verifiable credentials. The framework describes a methodology to test for interoperability, focusing on the level of guiding principles in its first iteration. The framework was used within the UCVDC Challenge to assess the participating vendor's innovations and will continue to be leveraged as a foundation for future testing.

Pan-Canadian Trust Registry Community of Practice (TR-COP)

The goal of the TR-COP is to explore the viability of a pan-Canadian trust registry. Put simply, trust registries "are where you go to check if a credential issuer is genuine, or where you check to see if the wallet app you are using is certified, or how you determine if a verifier is the real organization you think it is or if they are an imposter asking for your data."[1] A pan-Canadian trust registry could allow people to find other trust registries by directing incoming queries from both within and outside Canada. This project is funded by the Canadian Internet Registration Authority (CIRA) and involves more than 30 individuals from the public, private and non-profit sectors, including Canadian and European governments, financial institutions, solution providers, and academic researchers.

1. Tobin, Andrew. 2023. "EU Wallet In Depth #1: Trusted Lists". https://www.linkedin.com/pulse/eu-wallet-depth-1-trusted-lists-andrew-tobin/

Still a critical period:

our first three years (2020–2023)

To maximize long-term financial stability, IDLab was initially managed and operated as a technology company. This mode of operation aimed to reduce long-term dependence on volatile grant programs, ensure excellence in service delivery, communicate sustainability to customers, and facilitate the recruitment of top talent.

However, this mode of operation was predicated on the assurance that several government digital identity solutions would be hosted at IDLab, enabling its sand-box services to take off in full swing. Significant delays in the delivery of these solutions meant that IDLab had to significantly rethink its operating model, twice; the anticipated revenues from sandbox services could not be realized without the presence of the government solutions. As of March 31, 2023, provincial government digital identity solutions initially expected in 2021 have still not been delivered.

Despite the uncertainties and changes that often accompany the start-up of any organization, we were able to count on the decisive and appreciated support of the Quebec government, which agreed to provide initial funding of $3.5 million, with the proviso that IDLab demonstrate private-sector support and meet a number of other objectives. The objectives set by the Quebec government have been met. IDLab also received a multi-year contribution of $1.5 million from Economic Development Canada (EDC) - Quebec Region, and $845,000 from the Fonds du Grand Mouvement Desjardins and the Fédération des caisses Desjardins. Several other private-sector companies also responded to the call with initial contributions to help IDLab get off the ground: Accenture, Deloitte, EQ Bank, Interac, KPMG and Sagard Holdings.

As of March 31, 2023, three years after its creation, we have developed a Laboratory of which we can all be proud:

1 A **team** of 13 employees with solid experience and expertise in digital identity, ready to meet our company's current digital identity challenges;

....

2 A technical **infrastructure** located in Gatineau, configured and enabling the rapid deployment of sandboxes for the discovery, experimentation, development, testing and quality assurance of digital identity solutions, particularly those of governments;

....

3 Digital identity **knowledge** ready to be delivered through customized training, and coaching for our co-created projects;

....

4 A **collaborative and facilitative framework** for transparent co-created projects with public benefits, positioning IDLab as the ideal neutral and independent trusted third party for facilitating complex multi-party digital identity projects;

....

5 World-class **governance** with a diversified Board of Directors and a robust structure of corporate by-laws, policies and guidelines ensuring an optimal balance between IDLab's different categories of stakeholders, including governments and the private sector;

....

6 Established **international relationships**, directly with European institutions, with the Quebec Delegation in Brussels, and through participation in trade missions organized by In-Sec-M;

....

7 **Close ties in Canada** with federal, provincial and territorial governments' digital identity officials, the Digital Identity & Authentication Council of Canada (**DIACC**), the Digital Governance Council (**DGC**) and **Excite** (formerly Identity North).

These achievements represent three years of concerted and focused effort. Taken together, they represent a strategic capability that can play a key role in strengthening Canada's cybersecurity through safe and seamless digital credentials. **However, these assets are at risk, if Canadian governments do not assume a significant portion of the operating expenses until their digital identity solutions hosted at IDLab generate independent revenues for IDLab**.

The year 2023 will therefore be defining for IDLab, as we will validate whether governments want to retain the strategic capability represented by IDLab.

Financial Analysis & Commentary

According to the audited financial statements for fiscal year 2022–23, as of March 31, 2023, IDLab had over $2.3 million in combined financial reserves, accounts receivable and prepaid expenses. Accounts payable and accrued liabilities amounted to approximately $53,500. This means that IDLab had approximately fifteen months' operating cash on hand at the start of fiscal 2023–24. Deferred revenues consist mainly of the portion of grants and contributions to be used to offset future equipment depreciation expenses, as well as non-refundable credits from founding sponsors and members.

In terms of operating expenses, salary costs represent, as last year, around 86% of all expenses before depreciation. Our second most significant expense category is professional and contract services, representing 4.8% of all expenses, the result of converting several consultants into employees of IDLab.

Introducing IDLab 2.0

The digital identity landscape is advancing rapidly and IDLab is committed to continuing to adapt and serve its members and the community. Over the past few months, we have meticulously researched how we can better serve our membership and the wider digital identity community. By exploring the trends, examining the market, and asking the tough questions from our members and community, we have strengthened our mission to better serve our stakeholders and the ecosystem at large. We have embarked on a major upgrade to our operating model and we call it "IDLab 2.0".

What is "IDLab 2.0?"

Much has changed with digital identity (and the world) since we opened the doors in 2020. What hasn't changed is our commitment and vision to advance the adoption of seamless and secure digital identity. Our role as a trusted and transparent not-for-profit is crucial in executing our vision and delivering value to the community.

IDLab 2.0 brings people, organizations and governments together to tackle the big issues involved in the creation of safe, seamless and secure digital credentials in Canada.

Our unbiased team of specialists tests and experiments with governance and technology models designed to leverage digital credentials in Canadians' day-to-day lives. Our work supports efforts to ensure various solutions work across the country and internationally.

We believe the best solutions will require a collaborative approach with multiple participants across the economy and we're committed to facilitating just that.

Through IDLab 2.0 we have revised our passion:

We strengthen cybersecurity by advancing safe, seamless and secure digital credentials.

We're tackling complex problems to ensure digital credential technologies will actually make our lives easier and more secure without compromising safety, privacy or functionality.

We firmly believe that collaboration, exploration, capacity building, unbiased testing and information-sharing will break down the barriers standing in the way of progress on digital identity and credentials in Canada.
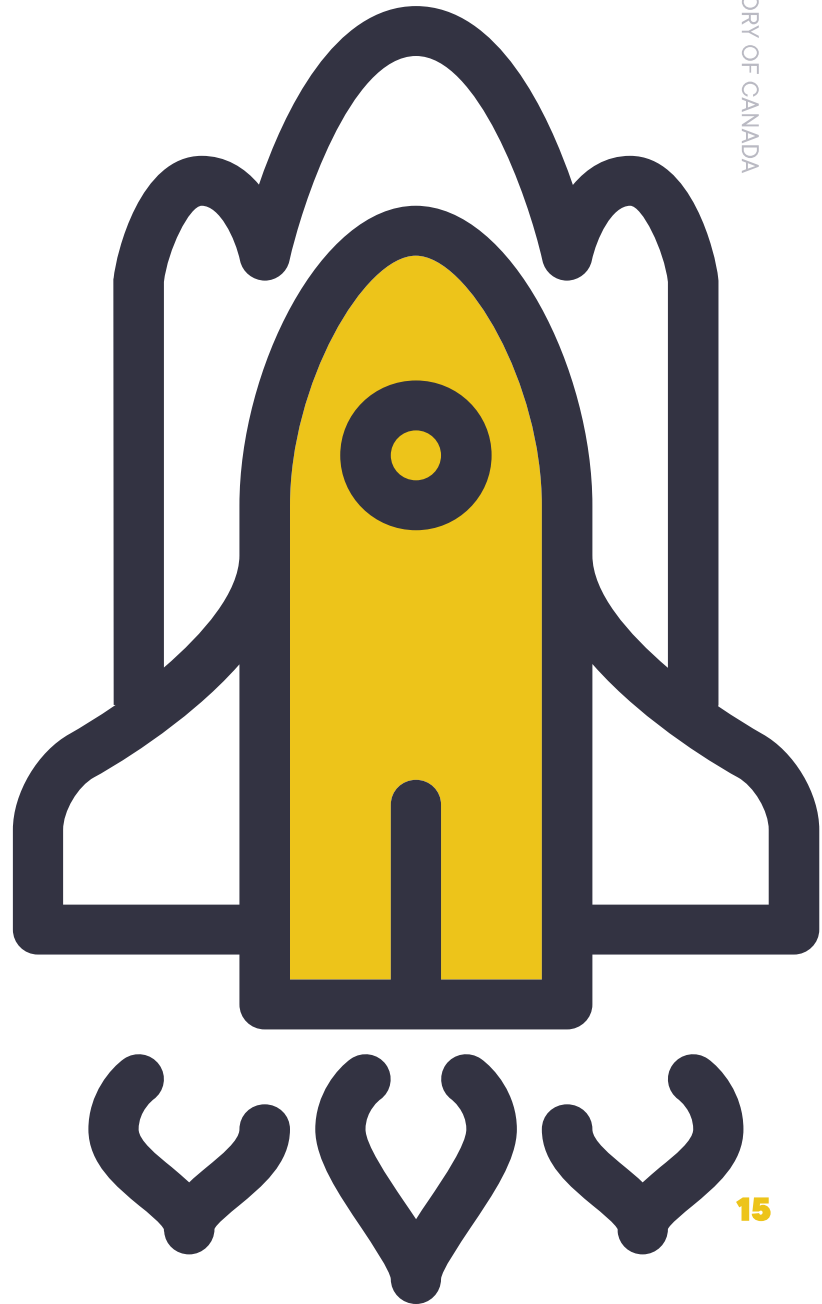
How IDLab 2.0 will work

Based on stakeholder feedback, we have identified three program areas.

1. Community Projects

Through this flagship program area we will facilitate the intake and delivery of multi-party, co-created projects that provide community benefit. These projects will advance impact areas that the community has identified as important.

Our impact areas include:

→ **Promote a better understanding** of digital identity and credentials.
→ **Develop talent and capacity** in digital identity and credentials across the public, private and non-profit sectors to foster trust.
→ **Promote digital credential issuance and on-boarding** that is effective, efficient and inclusive.
→ **Ensure interoperability** so digital credentials work across Canada and internationally.
→ **Facilitate the growth and effectiveness** of a community to **verify** digital credentials, which will involve many small and medium businesses Canadians interact with daily.

We anticipate our first call for projects will launch in September 2023.

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2. Capacity Building

There is a dearth of digital identity and credential talent in our labour force, best practices are still emerging, and it can be challenging to know where gaps are for an organization wanting to start a digital identity or credential program. As a neutral non-profit with a breadth of knowledge and a broad collaborator and member network, we are in a unique position to help with those very first steps.

We provide:

→ **Training.** Our Digital Credential Learning Path provides the tools and understanding for organizations to take their digital identity journey to the next level.

→ **The Digital Trust Acceleration Program.** This program combines our Digital Credential Learning Path with a gap assessment to give organizations the skills, knowledge and roadmap required to implement a successful digital identity program.

→ **Program Guidance.** We guide organizations' journeys with key considerations, emerging best practices, and marketplace insights so that organizations have confidence as they begin to set their digital credential direction and determine how they will engage the vendor community.

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3. Assessment

IDLab offers assessment services that advance Digital Identity in areas such as usability, privacy, technical conformity and interoperability. We have the expertise, tools and highly secure infrastructure to support our clients and we can assess the conformity, compliance and technical interoperability of their digital identity solutions and/or implementations against the relevant frame of reference.

We're committed to sharing our knowledge through communication, training and disclosure of project outcomes, and through IDLab 2.0, we guarantee to intake and deliver projects in an open, neutral and inclusive manner.

The next 12 months

Over the next year our focus is on building the foundations of ID-Lab 2.0. This includes:

Broadening our funding partners through:

→   General contributions to IDLab's operating budget

→   Impact area contributions allowing sponsors to focus their funds on priority topics

→   Project contributions - allowing sponsors to focus their funds on the execution of a specific project

To this end, we welcome your support. We estimate that with an operating budget of $4–5million we can reliably deliver on our mission, and grow according to the demands of the digital identity ecosystem.

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Showcasing public benefiting, co-created projects

The projects we facilitate will be measured by the impact they make for the community. For FY2023–24 we already have projects and explorations in the pipeline for all three of our program areas:

Community Projects:

→   Exploring the social acceptability of digital identity

→   Advancing the Digital Trust Test Bench in the areas of turn-key, pre-integrated testing frameworks for mobile wallet testing, an improved user interface, and improved reporting capabilities.

→   Exploring various collaboration and co-creation opportunities for the Digital Trust Test Bench.

→   Continuing the exploration into the role of an apex trust registry in Canada - funded by the Canadian Internet Registration Authority.

Capacity Building:

→   A funded pilot with a municipality for our Digital Trust Acceleration Program, a training program for new entrants into the digital identity space.

→   Several other training and capacity building projects are also currently being explored.

Assessment:

→   Supporting the assessment of digital identity solutions for prospective government parties.

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Expanding our community

Co-created projects require co-creators! We are always eager to welcome new members and contributors to IDLab's community. From opportunities to sit on our board, to prioritizing projects through the steering committee to rolling up your sleeves and contributing directly to a project, there is something for everybody.

Whether you're looking to make a general financial contribution to our work on digital identity, participate on a project with us, or both, we would love to connect and discuss how we can work together.

The Team

As of March 2023, the following individuals made up the team of IDLab[2]:

Bonnie Yau ●
Vice President, Assessment Services &
Service Enablement

Bruno Hivert ●
DevOps Specialist

Chelsea Finnemore ●
Executive Advisor for
Human Resources

Cosanna Preston-Idedia ●
Vice President,
Advisory Services

Hadrien Seymour-Provencher ●
Advisory Consultant

Kamal Lakrioui ●
Developer, Test bench

Marie-Pier Perreault ●
Legal Counsel & Translator

Matt MacNeil ●
Vice President,
Strategic Partnerships

Maude Poulin ●
Graphics & Web Designer

2. Colors indicate status at the IDLab as of March 31, 2023: **full time**, **part time**, **consultant**

Michel Bouillon 🟡
Developer, Test bench

Michelle Chibba ⚫
Privacy Practice Lea

Patrick Cormier 🔵
Acting President & CEO

Patrick St-Louis 🔵
Junior DevOps

Régis Eloi 🔵
Customer Service Director

Serge Joly ⚫
Executive Advisor for Procurement
(Federal Government)

Simon Jodoin ⚫
Executive Advisor for Finances

Virginie Samson 🟡
Office Manager

2. Colors indicate status at the IDLab as of March 31, 2023: **full time**, **part time**, **consultant**

The Board of Directors

As of March 2023, the following individuals made up the Board of Directors of IDLab:

Gassim Bangoura
Chair of the Board (acting)
Birks Canada

Joni Brennan
Treasurer
DIACC

Antoine Normand
Director
In-Sec-M

Claude Perreault
Director
Levio

Jacques Latour
Director
CIRA

Joanne Duklas
Director
ARUCC

Mathieu Desrosiers
Director
Desjardins

Pierre Roberge
Director

Richard St-Pierre
Independent Director