

2011



Invest in Canada

BUSINESS SERVICES

Canada's competitive advantages



Canada 

MAJOR INFRASTRUCTURE FIRMS IN CANADA

- AECOM Group
- AMEC
- Carillion
- CH2M Hill Canada
- Dessau
- Genivar
- Golder Associates
- Hatch Energy
- MMM Group
- Sandwell Engineering (Ausenco Group)
- SNC Lavalin
- Stantec Consulting International
- Trow Associates

MAJOR OUTSOURCING FIRMS IN CANADA

- Accenture
- Aditya Birla Minacs
- Capgemini
- Ceridian
- CGI Group
- Convergys
- EDS
- IBM
- Infosys
- Keane
- Startek
- Tata Consulting Services
- Wipro Technologies

RECENT INVESTMENTS IN CANADA

RM GROUP (CANADA) LIMITED

In February 2011, UK-based RM Group, a leader in business information and registrations, opened a new sales office in Toronto under the name RM Group (Canada) Limited, to meet the increasing demand for UK company registrations, which has risen to a three-year high.

MORTENSON CONSTRUCTION

In January 2011, US-based Mortenson Construction opened its first Canadian office in Mississauga, Ontario. Mortenson offers a complete range of services, including planning, program management, preconstruction, engineering, general contracting, design-build and construction management.

MITRATECH

In January 2011 as well, California-based Mitrataech, a leader in collaborative accountability applications, announced the opening of offices in Toronto and Saint John, New Brunswick. The Toronto office will focus on business acquisition and growth, while Saint John will offer local services and technical staff to support Mitrataech's growing clientele.

JONES LANG LASALLE

Again, in January 2011, Chicago-based Jones Lang LaSalle, a global commercial real estate firm, expanded its operations to Vancouver to benefit from the very active real estate business on Canada's West Coast. Jones Lang LaSalle's Canadian headquarters are in Toronto, with already existing offices in Ottawa, Montréal, and Mississauga.

INTERTEK

In December 2010, UK-based Intertek, a provider of quality and safety solutions, announced the opening of a new office in Edmonton, Alberta. This strategic expansion aims to provide local service to existing clients in this region, engage new companies, and provide additional solutions to the local energy industry.

UTOPIA INC

In November 2010, Illinois-based Utopia Inc., a global leader in enterprise data lifecycle management (EDLM) solutions, announced the opening of their first Canadian office in Vancouver to serve new and existing customers throughout Canada.

* Unless otherwise noted, all values are in Canadian dollars.



Vancouver, British Columbia

BUSINESS SERVICES

Canada has significant expertise in business process outsourcing, human resources management, customer relationship management, knowledge process outsourcing, finance and accounting, data mining, application development labs, business continuity and disaster planning support. Business services such as these represent a large part of Canada's national economy, accounting for \$60.6 billion of national GDP in 2009.¹ More than 1.2 million Canadians, or nearly seven percent of the total labour force, worked in the industry in 2009.²

Canada is the world's first provider of business process and information technology outsourcing to the United States, thanks to a skilled workforce of more than 150,000 professionals, and the proximity to—and cultural similarities with—the U.S. According to IDC, the overall Canadian IT outsourcing market was forecast to reach nearly \$15 billion in 2010, an increase of nearly four percent over 2009.³

In recent years, Canada was also the third-largest exporter of engineering services in the world, after the United States and the United Kingdom.⁴ Operating revenues for engineering firms reached \$21.8 billion in 2008, up 13.3 percent from 2007. The majority of the revenue from these firms came from industrial and manufacturing projects, such as petroleum and mining. There are more than 160,000 professional engineers in Canada, many with expertise in resource extraction, energy, telecommunications, transportation, infrastructure engineering and public-private partnerships.

Internationally controlled firms have been a major source of growth in the business services sector in recent years, and now represent nearly 35 per cent of Canadian head office and management operations.⁵ In 2009, inward direct investment to Canada in this industry was \$59.9 billion, which represents a 0.5 percent growth rate over 2008 and a growth rate of 2.7 percent between 2004 and 2009. Canada's global attractiveness as a location for head office and management service operations reflects the high quality of available staff and the outstanding quality of life that Canadian cities provide.

Supporting these dynamic industries is a vast and deep network of professional services in Canada that are sophisticated and world-class. This network includes legal and accounting firms, financial management, architectural design, engineering, scientific and consulting services, public relations, and specialized design services. Canada is also a centre of excellence for logistics and supply chain management.

¹ Industry Canada. <<http://www.ic.gc.ca/cis-sic/cis-sic.nsf/IDE/cis-sic54vlae.html>>.

² Statistics Canada. <<http://www40.statcan.ca/l01/cst01/labor10a-eng.htm>>.

³ International Data Corporation. <<http://www.itworldcanada.com/news/canadian-outsourcing-will-grow-in-2010-says-idc/139814>>.

⁴ Statistics Canada, *Service Bulletin, Engineering Services, 2008*

⁵ Foreign Affairs and International Trade Canada, *Canada's State of Trade, Trade and Investment Update 2010*

CANADA'S COMPETITIVE ADVANTAGES

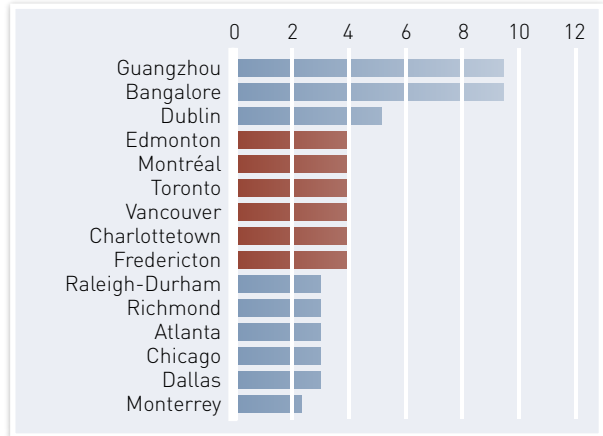
Advantage:

A high-performing, service-based economy

Canada's services sector plays a pivotal role in the country's economy, employing about three quarters of Canada's labour force and accounting for more than two thirds of its GDP. The services sector is diverse, spanning retail, business services, education, health, engineering and design and high-tech industries. Furthermore, the sector continues to grow in areas such as financial services, real estate, communications, and entertainment.

- In this chart, cities are ranked by their growth in value-added services expressed as a percentage of GDP. Indicators are based on wholesale and retail trades, transport, and government, financial, professional, and personal services such as education, health care, and real estate.

Services, value added (annual % growth)



Sources: fDi Benchmark; Economist Intelligence Unit (Feb 09); World Bank, World Development Indicators (Jul 2010); World Bank, World Development Indicators (Jan 2010)

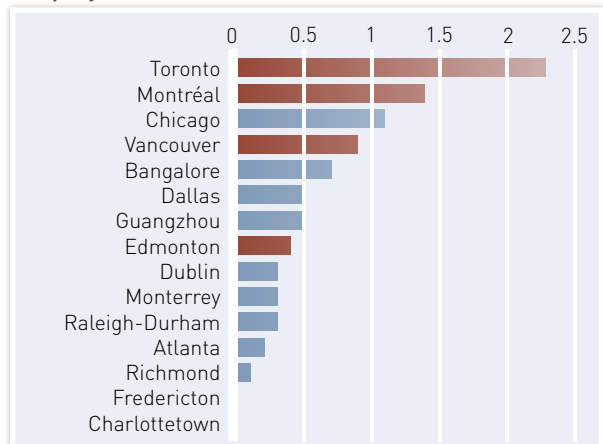
Advantage:

A large pool of human resources in the services sector

Canadian cities have a thriving services-oriented economy with an abundance of experienced and highly educated human resources.

- This chart estimates the number of workers in the services sector in millions of persons.

Employment in services (estimates)



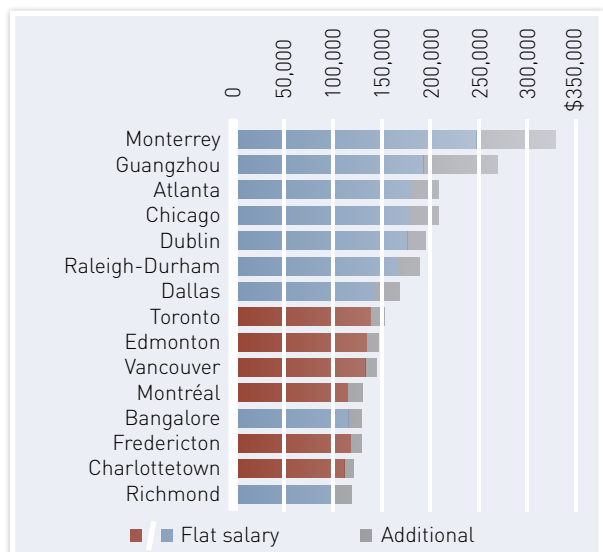
Sources: fDi Benchmark; fDi intelligence, based on data from the Financial Times Ltd

Advantage:

Competitive salary costs in senior executive functions

- This chart compares the cost of remuneration for heads of administration in selected cities. This senior executive usually has overall control of the general administration/corporate services function. He reports to the corporate chief executive. He would typically manage a team dealing with corporate issues, staff management and public and stockholder relations.
- The remuneration figures in the chart include flat salary as well as additional compensation such as incentive payments and performance bonuses.

Head of administration



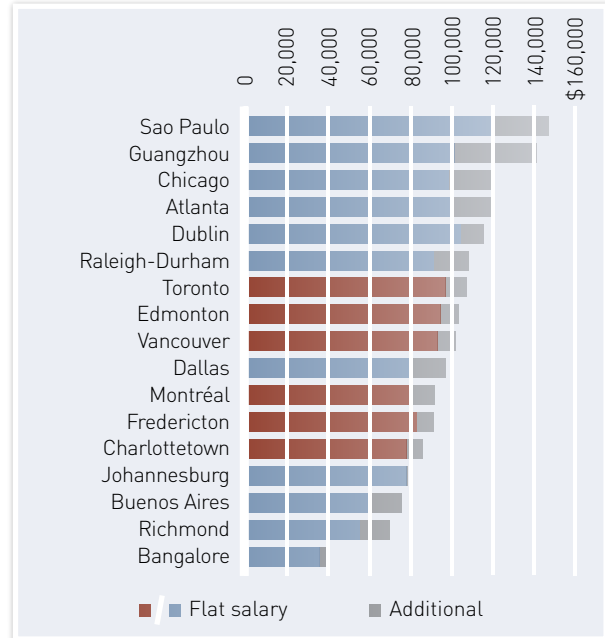
Sources: fDi Benchmark; Towers Watson, Global 50 Remuneration Report 2010/2011

Advantage:

Competitive salary costs in professional legal functions

- This chart compares the cost of remuneration for legal advisors in selected cities. The legal advisor conducts research on the impact of legislation, precedents and legal technicalities. He may be specialised in one field and work with outside lawyers for other matters. No supervisory responsibility is involved. These levels of salary are justified by 5 to 8 years of experience.
- The remuneration figures in the chart include flat salary as well as additional compensation such as incentive payments and performance bonuses.

Legal advisor



Sources: fDi Benchmark; Towers Watson, *Global 50 Remuneration Report 2010/2011*

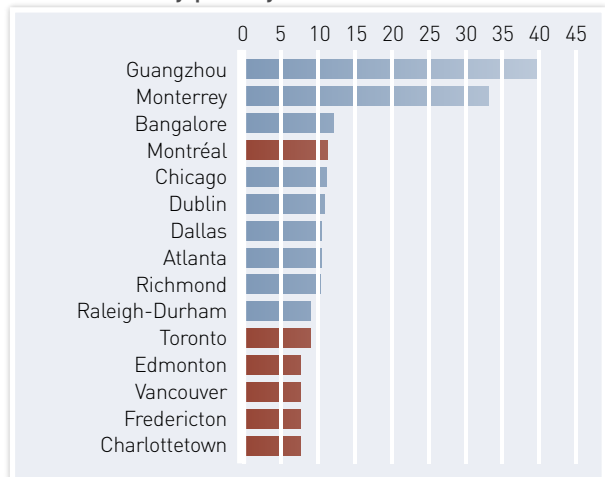
Advantage:

Low social security contributions

Canadian workers have very good social security coverage, but this does not translate into excessive costs to employers. In Canada, social security coverage are usually lower than in the United States and in emerging economies.

- This chart looks at employers' contributions to employee social benefits, expressed as a percentage of employee salaries.

Social security paid by businesses



Sources: fDi Benchmark; Deloitte International, *Tax & Business Guide* (Oct. 2009); Watson Wyatt, *Global 50 Remuneration Planning Report 2009/10*; fDi intelligence based on Towers Watson (Aug. 2010); fDi intelligence based on ISSA (Aug. 2010)

BUSINESS SERVICES IN CANADA: AN OVERVIEW

BRITISH COLUMBIA ○

British Columbia is Canada's gateway to the Asia-Pacific region. With the largest and busiest port in Canada, **Vancouver** is also a commercial hub for a wide array of business services including transport and logistics, engineering, advanced technologies, and business process, information technology, and knowledge process outsourcing. Recent investments in Vancouver by eBay, Microsoft and PeopleSoft were made on the basis of the city's highly skilled workforce and strong commitment to IT, education, research, and training.

ALBERTA ○

Calgary is Western Canada's fastest-growing city and the home to rapidly expanding business services clusters with more than 800 companies. The architectural, engineering, and construction sector generates over \$27 billion in revenues by applying its expertise to coal extraction and processing, electricity generation and cogeneration, infrastructure and transportation, energy resource development, telecommunications, construction management, and winter construction technology. Calgary boasts more than 270 head offices, with related employment representing almost 20,000 jobs. The number of Calgary-based engineering services firms alone now represents more than one quarter of Canada's national total.

MANITOBA ○

Manitoba has one of the world's most advanced fibre optic networking and digital switching platforms. Major employers include Archway Marketing, Cantalk Canada Inc., Convergys Customer Management Canada, EDS, Faneuil ISG, FineLine Communications Ltd., IPSOS Reid Worldwide, and SR&J Customer Call Centres. More than 10,600 Canadians are employed in the province's contact centre industry.

Manitoba's transportation and warehousing industry contributes approximately \$2.2 billion to the province's GDP with total employment estimated at 34,500. Industry capabilities include commercial transport (truck, rail, air, marine and intermodal), warehousing and distribution/logistics, courier sorting and forwarding, freight forwarding and passenger transport.

Manitoba is innovating with a new inland port—CentrePort Canada—a logistics centre for receiving, processing, storing, trans-loading and distributing domestic and international cargo. Located next to **Winnipeg's** International Airport, CentrePort Canada is accessible through a modern, well-established network of highways, railways, air and sea connections to important regional and international markets, including Eastern and Western Canada and the United States.

PRINCE EDWARD ISLAND ○

Charlottetown is a business services processing location with strengths in the areas of human resource management, payroll services, accounting and client relations. Major firms based in Charlottetown include Ceridian, HRA and Resolve Corporation.



○ ONTARIO

Ontario's business and professional services cluster is among the largest in North America, and is growing in step with the province's highly diversified economy. Most firms offering those services are located in cities such as **Toronto** and **Ottawa**. They include law and accounting firms; advertising and marketing agencies; customer care centres; management, technical, and design consultancies; and human resources services which work together to attract corporate headquarters and global professional firms. Ontario's world-class quality of financial services, call centres, and available outsourcing are other key factors which attract multinational enterprises. Engineering services is yet another significant industry segment in Ontario's business and professional services cluster.

Accounting for more than \$4 billion in revenues, growth in this industry segment has averaged approximately 20 per cent annually in recent years, driven by both domestic and international investment. Thanks to a highly educated workforce, great international connections, and low operating costs, businesses in Ontario have a powerful support network that is essential to success.

○ QUÉBEC

Business services is the largest single industry in **Montréal**, which has the largest concentration of engineering expertise in Canada. Over the course of the last decade, Montréal has become a destination of choice for large foreign companies wishing to outsource the development of applications and complex internal systems. The outsourcing and integration of information technologies has brought together close to 700 companies in Greater Montréal and resulted in approximately 13,600 jobs. Currently, about 45,000 employees are working in captive and outsourcing call centres throughout Québec. The region's expertise is concentrated in health, human resources, management, logistics, finance, and government online, among other areas. Some of the major companies situated in Montréal include Canadian giant CGI Group Inc. and multinationals such as Affina, ADP, IBM-LGS, DMR, Insight, Honeywell, Canon, IMS and Ceridian.

○ NEW BRUNSWICK

In 2009, **Fredericton** and **Moncton** were named among the world's Top Seven Smart Communities. The greater Moncton area is a major presence in business process outsourcing services, and home to more than 30 contact centres focused on customer service and technical support. A variety of larger centres in the city also engage in back-office operations such as payroll, insurance underwriting, and accounting. Moncton also is the location of a number of major global firms, including Exxon Mobile, Minacs, UPS, ClientLogic, Moneris Solutions, ICT, Asurion, and Medavie Blue Cross.

○ NOVA SCOTIA

Halifax was named one of the top three emerging information technology and business process outsourcing destinations in North America and the city is among the top 50 in the world. Businesses currently operating in Nova Scotia provide customer care, help desk services, customer support, IT and technical support, and sales and service, and these services are offered mainly through inbound operations. Companies such as Acrobat Research, Admiral Insurance, ADP, Convergys, Minacs Worldwide, On-Line Support Inc., Register.com, RIM, Staples, and Xerox have all chosen to grow their operations in Nova Scotia.



CANADA'S COMPETITIVE ADVANTAGES

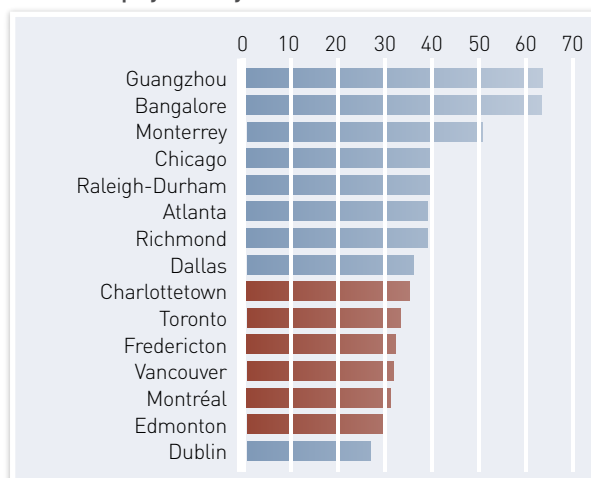
Advantage:

Favourable corporate income tax rates

Canadian corporate income tax rates compare very favourably with those of other countries.

- This chart looks at the total income tax payable by corporations in selected cities. Figures express tax payable as a percentage of companies' gross profit, in 2009-2010.

Total tax payable by businesses



Sources: fDi Benchmark; World Bank, *Doing Business 2011*; The Tax Foundation, *National and State Corporate Income Tax Rates (2009)*; KPMG, *Income Tax Rates for General Corporations (2008/2009)*

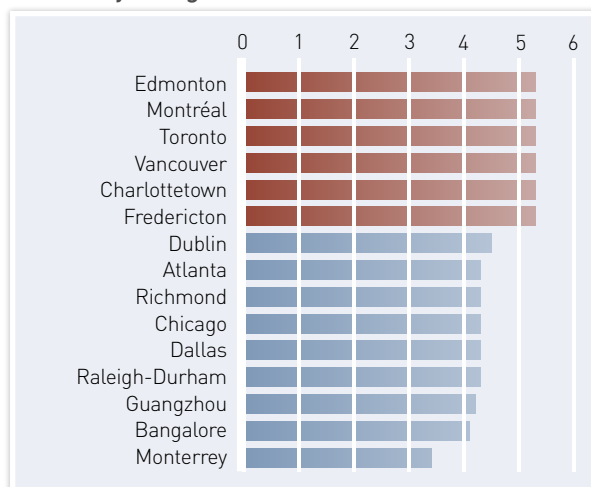
Advantage:

A no-nonsense legal framework

Canada's legal framework has a reputation for settling legal disputes reasonably and to the satisfaction of involved parties. The federal government deals with legal issues of national scope, including those related to banking, international trade, and intellectual property, while provincial governments handle legal matters related to private property and commercial rights, among other issues. Canada's legal system is rooted in British common law, while the province of Quebec operates under a system of civil law for private legal matters.

- This chart assesses the efficiency of legal frameworks in settling private business disputes, with 0 signifying that a framework is "extremely inefficient" and 7 "highly efficient."

Efficiency of legal framework



Sources: fDi Benchmark; World Economic Forum, *Global Competitiveness Report (2010-2011)*

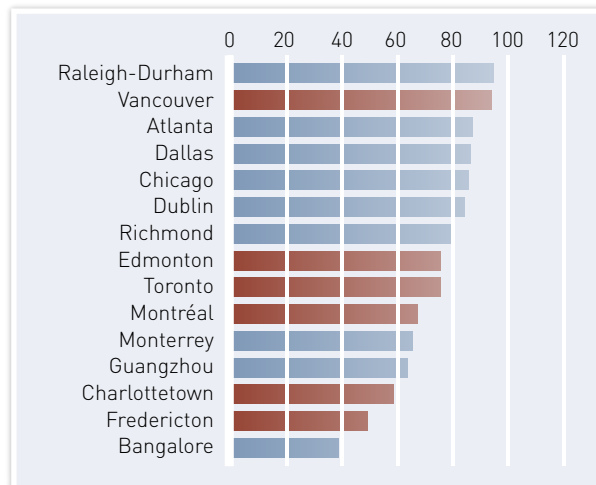
Advantage:

Great quality of life at affordable cost

Canadian cities offer a high quality of life at an affordable cost. Comparatively, cities like Edmonton, Toronto, Montréal, Charlottetown and Fredericton boast a lower cost of living combined with a higher quality of life. In 2011, the Economist Intelligence Unit ranked Vancouver as the most liveable city in the world, while Toronto and Calgary also placed in the top 10.

- This chart assesses a variety of living costs, including housing.

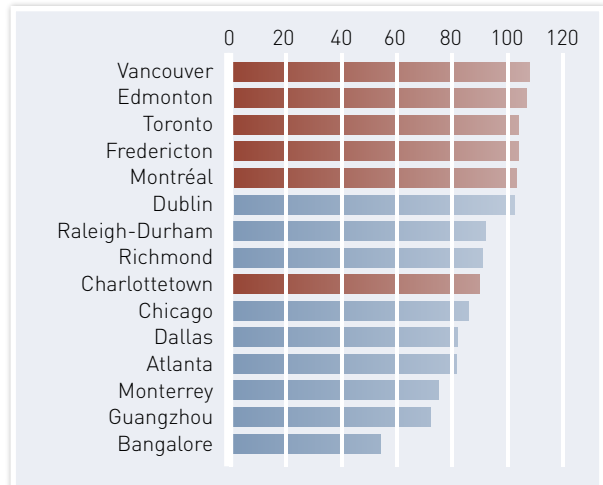
Cost of living index



Sources: fDi Benchmark; fDi intelligence based on data from the Financial Times Ltd.

- This chart assesses quality of living factors.

Quality of living index



Sources: fDi Benchmark; fDi intelligence based on data from the Financial Times Ltd.



Toronto, Ontario

CANADA'S COMPETITIVE ADVANTAGES

Canada boasts four of the best international business schools

2010 RANKING	SCHOOL	LOCATION	INDEX NUMBER
1	INSEAD	Fontainebleau, France	100
2	Queen's School of Business, Queen's University	Kingston, Ontario, Canada	97.3
3	IE Business School	Madrid, Spain	95.7
4	ESADE Business School	Barcelona, Spain	95.4
5	London Business School	London, United Kingdom	90.4
6	Ivey School of Business, University of Western Ontario	London, Ontario, Canada	84.7
7	IMD Business School	Lausanne, Switzerland	83.3
8	Rotman School of Management, University of Toronto	Toronto, Ontario, Canada	79
9	Schulich School of Business, York University	Toronto, Ontario, Canada	78.9
10	Judge Business School, University of Cambridge	Cambridge, United Kingdom	75.5

The Best International Business Schools of 2010 – Bloomberg Businessweek, January 2011



Halifax, Nova Scotia

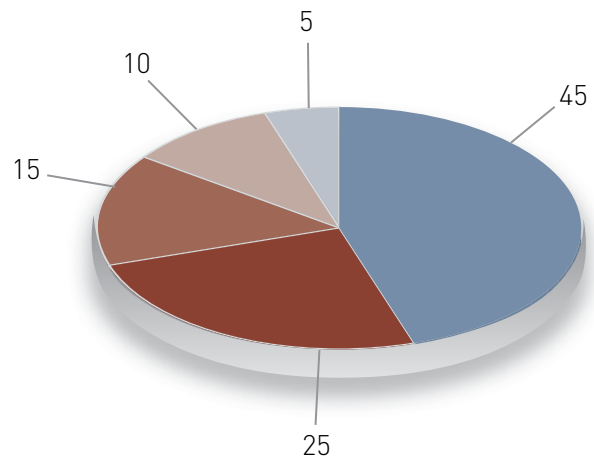
INVESTMENT LOCATION BENCHMARKING

The tables and graphs in the preceding pages were generated by fDi Benchmark, a service of the Financial Times Ltd. (www.fdibenchmark.com). This search tool relies on industry-recognized databases and location assessments to appraise the attractiveness of countries, states/provinces and cities around the world for specific sectors and investment projects.

- ▶ The following Canadian and foreign cities selected for benchmarking are locations likely to have several types of business services providers, including accounting, information technology, real estate, human resources and legal counselling: Atlanta, Bangalore, Charlottetown, Chicago, Dallas, Dublin, Edmonton, Fredericton, Guangzhou, Monterrey, Montréal, Raleigh-Durham, Richmond, Toronto and Vancouver.
- ▶ The company profile below is that of a small legal office with 20 employees and partners located in a downtown office.

Legal services firm

COST FACTOR	USAGE AMOUNT
Property	Square metres
Total Occupancy (in town office rent)	400 m ²
Telecoms	
International Call to U.S.	147,200 Mins
EMPLOYEE TYPE	PROFILE HEAD COUNT
Administration	
Legal advisor	14
Legal manager	3
Receptionist	1
Secretary	2
Total	20



WEIGHTING MODEL OVERVIEW	WEIGHT	
Presence of an Industrial Cluster	45%	<div style="width: 45%;"></div>
Labour Availability and Quality	25%	<div style="width: 25%;"></div>
General Business Environment	15%	<div style="width: 15%;"></div>
Infrastructure and Accessibility	10%	<div style="width: 10%;"></div>
Living Environment	5%	<div style="width: 5%;"></div>

CANADA'S COMPETITIVE ADVANTAGES

Canada boasts many advantages and unparalleled potential: it is a place where businesses can achieve excellence on a global scale.

A HIGHLY EDUCATED WORKFORCE

Canada ranks second in higher-education achievement among members of the Organisation for Economic Co-operation and Development (OECD). (Source: IMD, *World Competitiveness Yearbook 2010*)

A WELCOMING BUSINESS ENVIRONMENT

The Economist Intelligence Unit rated Canada the number one place to do business in the G-7 for the next five years. (Source: Economist Intelligence Unit, *Business Environment Ranking*, March 2011)

A SOUND ECONOMY

Since the third quarter of 2009, Canada's economy has grown for six consecutive quarters and has now fully recovered job and output losses that occurred during the global economic crisis. (Source: Department of Finance Canada, Budget 2011)

FINANCIAL STABILITY

Over the past three years, Canada's banking system has repeatedly been declared the soundest in the world by the World Economic Forum.

LOW TAX RATES

Canada's overall tax rate on new business investment is substantially lower than that of any other G-7 country, while corporate tax rates are among the lowest in the G-7. (Source: Department of Finance Canada, 2010)

SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT

Canada has a very generous Scientific Research and Experimental Development Program (SR & ED) and the lowest costs in R & D-driven sectors in the G-7. (Sources: KPMG, *Competitive Alternatives 2010*; OECD)

NAFTA

Canada's NAFTA advantage (North American Free Trade Agreement) gives investors access to more than 448 million North American consumers and a combined continental GDP of more than US\$16.3 trillion. (Source: World Bank, *World Development Indicators Database*, 2010)

A GREAT PLACE TO LIVE AND WORK

World-class universities; a universally acclaimed health-care system; clean, friendly cities; and spectacular scenery make Canada a great place to invest, work, live and raise a family. (Sources: United Nations Development Programme, *Human Development Report 2010*; Economist Intelligence Unit, *Global Liveability Report 2010*)



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Catalogue Number FR5-38/5-2011E
ISBN 978-1-100-18410-4