



BUSINESS SERVICES

Canada's competitive advantages

Canada 

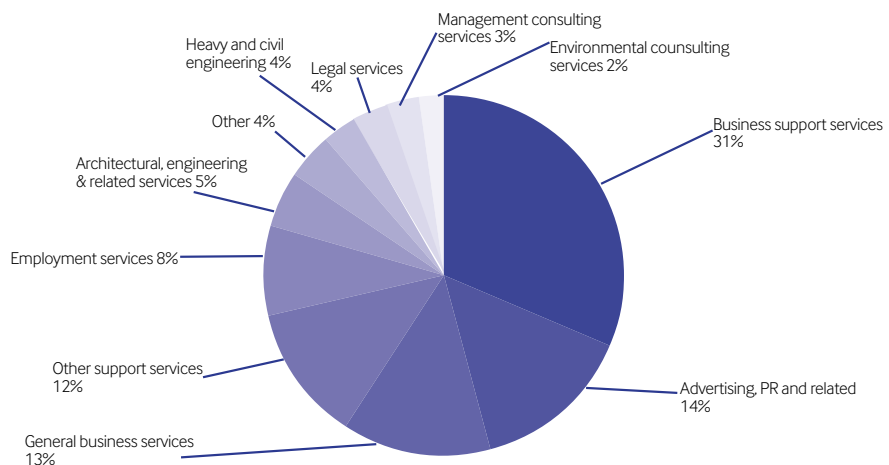
Foreign direct investment in Canada's business services sector

FOREIGN INVESTORS IN CANADA

- Accenture
- Aditya Birla Minacs
- AECOM Group
- Alpine Access
- AMEC
- Capgemini
- Ceridian
- Convergys
- Deloitte Touche Tohmatsu
- Ernst & Young
- EDS
- IBM
- Infosys
- Intertek
- McKesson
- Merrill Lynch
- Morgan Stanley
- Mortenson Construction
- Omnicom Group
- PricewaterhouseCoopers
- Randstad Holding
- SSOE Group
- Tata Consulting Services
- UPS
- Wipro
- WPP
- Xerox

- Foreign direct investment (FDI) in Canada's business services sector reached an accumulated \$14.1 billion* in 2011, increasing each year since 2007.¹
- Canada is one of the top 10 countries in the world for attracting FDI in the business services sector.²
- Over 200 foreign companies have established greenfield FDI projects in the business services sector in Canada between 2003 and 2011.³
- Business support services is the largest subsector in Canada, accounting for 31% of total business service greenfield FDI.⁴

Breakdown of business service FDI projects by subsector in Canada (%)



Source: fDi Markets database, fDi Intelligence from the Financial Times Ltd (2012)

RECENT INVESTMENT EXAMPLES

McKesson

McKesson Canada is investing \$25 million to strengthen its distribution business in Moncton, New Brunswick. The expansion will create 40 new jobs and transfer 50 of its existing employees to a new facility. The facility will become the company's regional base serving Eastern Canada.

Deloitte Touche Tohmatsu

In 2011, Deloitte Touche Tohmatsu, a U.S.-based accounting firm, opened a new office in Gatineau, Quebec. The office offers a full range of professional services such as auditing and company management consulting services.

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

¹ Foreign Affairs and International Trade Canada, Trade and Economic Statistics; Professional, scientific and technical services [54] (2011)

² fDi Markets database, fDi Intelligence from the Financial Times Ltd (2012)

³ fDi Markets database, fDi Intelligence from the Financial Times Ltd (2012)

⁴ fDi Markets database, fDi Intelligence from the Financial Times Ltd (2012)

Gannett Fleming

Gannett Fleming, a U.S.-based international engineering firm, established an office in Toronto, Ontario in 2011. The office will serve as the main hub for Gannett Fleming's operations in Canada. Canadian projects include transit design for the Toronto Transit Commission, the Pembina - Emerson Port of Entry Transportation Study for the Manitoba Infrastructure and Transportation Department, and geospatial information systems (GIS) consulting for the Canadian National Railway Company in Montréal, Quebec.

Alpine Access

Alpine Access, a U.S.-based virtual call centre outsourcing services provider, opened its first office in Calgary, Alberta. The company will create 600 new work-from-home jobs countrywide, as a result of increased demand in Canada. Workers will handle inbound customer and technical support calls for some of the world's largest brands in financial services, communications, technology, healthcare, retail, travel and hospitality.

Aditya Birla Minacs

Aditya Birla Minacs, an India-based business solutions company, established a new delivery centre in Fredericton, New Brunswick in 2011. The delivery centre serves clients throughout North America and employs 150 people.

Intertek

In 2010, Intertek, a U.K.-based provider of quality and safety solutions, opened a new office in Edmonton, Alberta. This strategic expansion provides local services to existing clients in the region, engages new companies, and provides additional solutions to the local energy industry.

INNOVATION SNAPSHOT

Case Study: Enermodal Engineering

Enermodal Engineering specializes in creating green buildings and communities, and employs over 100 green building specialists across Canada. The company's headquarters is the most energy efficient in Canada. The office uses 82% less energy than a conventional office, utilizing the latest innovations in green technology.

Case Study: University of Toronto

The University of Toronto has developed innovative technology so that computers can find and extract meaning from patterns in scientific, medical, economic and other data. The algorithms are used in applications such as creating better systems for voice recognition, automatically reading bank cheques and monitoring industrial plants for improved safety.

LEADING CANADIAN COMPANIES

- Annex Consulting
- Bennett Jones
- Brookfield Asset Management
- CAE
- Canam Group
- CentriLogic
- CGI Group
- CH2M Hill Canada
- ClientLogic
- Conestoga-Rovers & Associates
- CSA Group (Canadian Standards Association)
- Enerflex
- Enermodal Engineering
- Garda World Security Corporation
- Golder Associates
- Gowling Lafleur Henderson
- Hatch Energy
- Just Energy Income Fund
- Keane
- MDC Partners
- MMM Group
- Onex
- ShiftCentral
- Stantec Consulting International
- SNC Lavalin
- Torstar
- Transcom Worldwide (NuComm International)
- Trow Associates
- Vision Critical
- Wardrop Engineering

Canada's business services industry

TESTIMONIAL

"IBM's growth in Canada has been built on a strong reputation for excellence — benefiting from a stable yet competitive business environment and a solid telecommunications and digital infrastructure... However, it is access to Canada's world-class talent that clearly stands out as the most significant contributing factor."

Pat Horgan,

Vice President of Manufacturing,
Development and Operations,
IBM Canada

The business services industry in Canada is worth \$61 billion.⁵

Foreign companies have been a major source of growth in Canada's business services industry, representing nearly 35% of Canadian head office and management operations.⁶ Canada has significant expertise in a wide range of services including human resources management, customer relationship management, knowledge process outsourcing, data mining, application development labs, business continuity and disaster planning support.

Engineering services

In Canada, around 85,000 people are employed in engineering services. In 2010, Canada was one of the top five exporters of engineering design solutions in the world⁷, with Canadian firms serving clients in more than 125 countries. Operating revenues for Canadian engineering companies reached \$22.5 billion in 2010, up 6% from 2009.⁸ Petroleum and mining services is the largest segment, accounting for 30% of total operating revenues in the engineering sector.⁹ There are more than 234,000 licensed engineers in Canada, many with expertise in resource extraction, energy, telecommunications, transportation, infrastructure engineering and public-private partnerships.

Business processing outsourcing (BPO)

Canada is a leading provider of BPO services thanks to its skilled workforce and its proximity to and cultural similarities with the U.S. Canada is experiencing rapid adoption of back office financial services BPO.¹⁰

Accounting services

Operating revenues for Canada's accounting services reached \$13.9 billion in 2010, increasing each year since 2007.¹¹ International companies such as Deloitte Touche Tohmatsu, KPMG, Ernst & Young and PricewaterhouseCoopers all have operations in Canada. A total of 45,000 financial auditors and accountants are employed in Canada.¹² The Canadian Institute of Chartered Accountants (CICA) is a member of the Global Accounting Alliance, which is made up of 10 of the world's leading accounting bodies, brought together to promote quality services, share information and collaborate on important international issues.

Other significant service sectors include information technology outsourcing (ITO) and hosting services. Canada's ITO sector was forecast to grow at 4% in 2011.¹³ While Canada's hosting services sector is forecast to experience robust growth at a rate of 11% in 2012.¹⁴

⁵ Industry Canada, Canadian Industry Statistics (CIS) (2010)

⁶ Foreign Affairs and International Trade Canada, Canada's State of Trade, Trade and Investment Update (2010)

⁷ Engineering News Record, How the Top International Design Firms Shared the 2010 Market (2011)

⁸ Statistics Canada, Engineering Services (2010)

⁹ Statistics Canada, Engineering Services (2010)

¹⁰ Merit Outsourcing State of the Nation in ITO, ADM and BPO (2011)

¹¹ Statistics Canada, Accounting Services (2010)

¹² Services Canada, Financial Auditors and Accountants (2009)

¹³ Merit Outsourcing Advisors, Canadian Outsourcing Trends (September 2011)

¹⁴ CentriLogic, CentriLogic Woos Global Enterprises with New Downtown Toronto Data Center (2011)

CANADA'S KEY STRENGTHS IN BUSINESS SERVICES

Best country for business

In 2011, Forbes rated Canada number one in its annual Best Countries for Business. This was due to Canada's strong investor protection, supportive business environment, and favourable tax rates.

A leading nearshore and offshore destination

Canada is a leading provider of BPO and ITO to U.S. firms. In the field of offshoring, A.T. Kearney rated Canada's business environment as the best in North America for global services and the third best globally in 2011.¹⁵

International talent

Canada attracts more immigrants than any other country in the world, contributing to a multi-talented and continuously growing workforce. One quarter of a million people move to Canada each year. In addition, 1,000 international PhD students will be accepted for permanent residency annually under Canada's Federal Skilled Worker Program.

Services trade agreements

Canada has negotiated commitments in the area of services in several international trade agreements. These include the General Agreement on Trade in Services (GATS), the North American Free Trade Agreement (NAFTA) and the Canada-Chile Free Trade Agreement (CCFTA).

SKILLS AND RESEARCH

In 2011, 1.3 million people were employed in Canada's business services sector, accounting for 8% of Canada's total labour force.¹⁶ As the most multicultural country in the world, the Canadian workforce is uniquely placed to serve international markets.

Canada has a world-class higher education system with 22 Canadian universities appearing in the top 500 universities of the world.¹⁷ In 2010, a total of 1.2 million students were enrolled in Canadian universities in degree-related programs. Canadian universities offer a range of programs in engineering, legal, finance and accountancy at undergraduate, graduate and PhD levels. Five Canadian business schools are ranked among the top 100 in the world according to the Financial Times (U.K.) Global MBA rankings.¹⁸ Leading research centres and groups include:

- Conrad Business, Entrepreneurship and Technology Centre (University of Waterloo)
- Centre for Evaluation and Survey Research (University of Ontario)
- Centre for Oil Sands Innovation (University of Alberta)
- Business and Management Research Centre (BMRC) (McGill University)
- Innovation Centre for Engineering (University of Alberta)
- KPMG Research Bureau in Financial Reporting (University of British Columbia)
- Marketing Research Group (University of Ontario)
- Rotman Institute for International Business (University of Toronto)

TESTIMONIALS

"Locating in [Canada] gives us access to a bilingual workforce with a strong reputation for quality work, which is essential in our business."

Erifili Morfidis,

President and CEO,
Teleperformance Canada

"[Canada] is a dynamic centre for international business in an array of industries."

Liz Elting,

CEO, TransPerfect Translations

¹⁵ A.T. Kearney, "Global Services Location Index" (2011)

¹⁶ Statistics Canada, Employment by industry and sex: Professional, scientific and technical services [54] (2012)

¹⁷ Shanghai Jiao Tong University, Academic Ranking of World Universities (2011)

¹⁸ Financial Times, Global MBA Rankings (2012)

Business services clusters

BRITISH COLUMBIA

Key strengths:

British Columbia is Canada's gateway to the Asia-Pacific region. Vancouver is Canada's largest and busiest port, and is a commercial hub for a wide array of business services including transport and logistics, engineering, advanced technologies, business process, information technology, and knowledge process outsourcing. Vancouver has a highly skilled workforce and a strong commitment to IT, education, research and training.

Industry size:

Over 19,000 business service related companies employ 146,000 people. The sector accounts for 5% of British Columbia's GDP.

Leading companies:

Annex Consulting, Deloitte Touche Tohmatsu, Hill + Knowlton Strategies, Online Market Intelligence and SR Teleperformance.

ALBERTA

Key strengths:

Calgary and Edmonton are home to rapidly expanding business services clusters. Calgary is the western head office capital of Canada. Edmonton is an important manufacturing and service centre, and the gateway to northern Alberta's oil and gas resources. Growth in the architectural, engineering and construction (AEC) sector is driven by energy resource development, but the expertise of Alberta-based companies is in demand for diverse applications including coal extraction and processing, electricity generation and cogeneration, infrastructure and transportation, telecommunications, construction management and winter construction technology.

Industry size:

In 2010, the AEC industry generated over \$56 billion. Over 25,000 businesses employ over 317,000 people. Calgary boasts more than 270 head offices, with related employment representing almost 20,000 jobs.

Leading companies:

Alpine Access, Convergys, Deloitte Touche Tohmatsu, Hill + Knowlton Strategies, Intertek, The Kleinfelder Group and Manpower.



MANITOBA

Key strengths:

Manitoba consistently ranks globally in terms of having the lowest location sensitive costs in back office/call centres and shared services operations. The transportation and warehousing industry is another key strength of the province. Manitoba is innovating with its new 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 via a well-established network of highways, railways, air and sea connections to important regional and international markets.

Industry size:

The province's contact centre industry employs 10,000. In addition, Manitoba's transportation and warehousing industry contributes approximately \$2.7 billion to the province's GDP with total employment estimated at 34,700.

Leading companies:

Convergys, Skybridge Marketing Group, Inspyre Solutions Inc., SHL Systemhouse, Royal Direct and 24 Seven.

PRINCE EDWARD ISLAND (P.E.I.)

Key strengths:

Charlottetown is a business services processing location with strengths in human resource management, payroll services, accounting and client relations.

Industry size:

Over 300 business service related companies in P.E.I. employ almost 2,000 people.

Leading companies:

Ceridian, HRA, Resolve Corporation and Virtual-Agent Services.

NEW BRUNSWICK

Key strengths:

Fredericton and Moncton were named among the world's Top Seven Smart Communities.¹⁹ The Greater Moncton area focuses on BPO services, and is home to more than 30 contact centres focused on customer service and technical support. Moncton also hosts back-office operations centres, specializing in payroll, insurance underwriting, and accounting.

Industry size:

Over 1,600 business service related companies employ 14,000 people.

Leading companies:

Accenture, Aditya Birla Minacs, Asurion, ClientLogic, McKesson, Moneris Solutions and UPS have a presence in New Brunswick.

NOVA SCOTIA

Key strengths:

Halifax has consecutively made the list of top 100 outsourcing destinations in the world and is ranked second out of all U.S. and Canadian cities according to Tholons Top 100 Outsourcing Destinations 2012. The city was named one of the top three emerging IT and BPO destinations in North America and is among the top 50 in the world. Nova Scotia-based companies provide customer care, help desk services, customer support, IT and technical support, and sales and service focused mainly around finance and accounting, insurance, legal, real estate, human resources, payroll, technical and business support services.

Industry size:

Over 2,000 business service related companies in Nova Scotia employ 20,000 people. The sector accounts for almost 4% of Nova Scotia's GDP.

Leading companies:

Admiral Insurance, ADP, Convergys, Minacs Worldwide, Register.com, RIM, Staples, and Xerox have all chosen to grow their operations in Nova Scotia.

QUEBEC

Key strengths:

Quebec's expertise is concentrated in health, human resources, management, logistics, finance and government online. The business service sector is the largest single sector in Montréal; it 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 almost 700 companies to Greater Montréal and resulted in approximately 13,600 jobs.

Industry size:

Almost 23,000 businesses in Quebec's business services sector employ 230,000 people, representing 20% of all Canada's business service related jobs. Approximately 45,000 employees are working in captive and outsourcing call centres throughout Quebec.

Leading companies:

Canadian giant CGI Group Inc. and multinationals such as Affina, ADP, IBM-LGS, Canon, Ceridian, DMR, Insight, Honeywell and IMS.

ONTARIO

Key strengths:

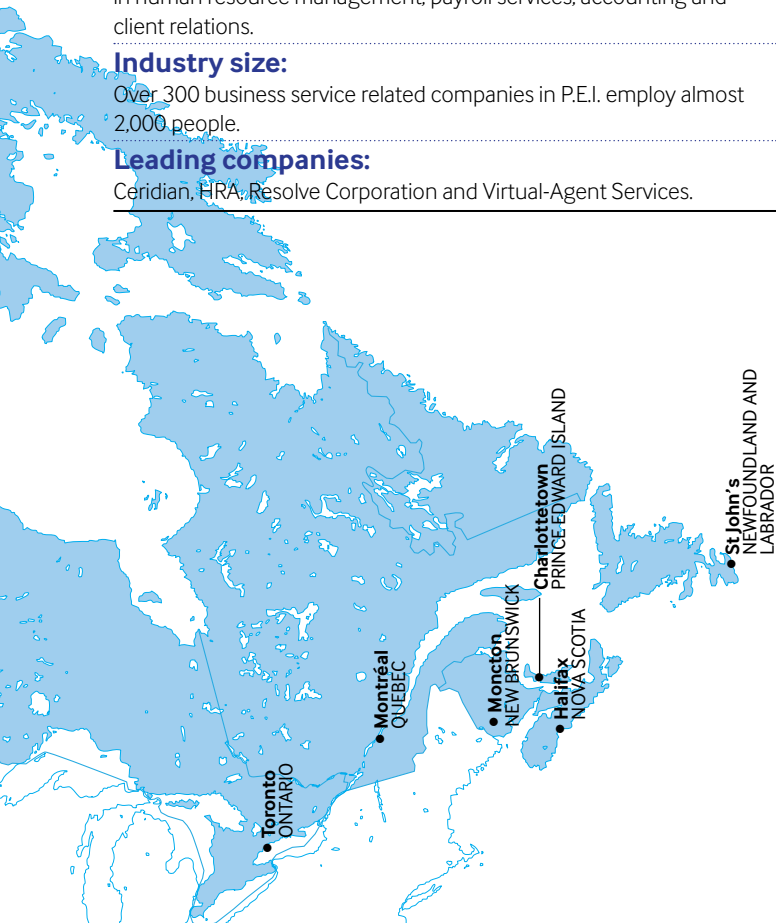
Ontario's business and professional services cluster is among the largest in North America, comprised of law and accounting firms; advertising and marketing agencies; customer care centres; management, technical, and design consultancies; and human resources services. Other significant service sectors include engineering and hosting services, with Toronto currently experiencing high demand. Growth in the engineering services industry has averaged approximately 20% annually in recent years. Ontario has a highly educated workforce, great international transportation connections, and low operating costs.

Industry size:

Over 50,000 businesses in Ontario's business services sector employ 510,000 people, representing 45% of all Canada's business services related jobs. The sector accounts for 6% of Ontario's GDP. Engineering services generate more than \$4 billion in revenues.

Leading companies:

Accenture, Aditya Birla Minacs, Capgemini, CGI, Deloitte Touche Tohmatsu, Hill + Knowlton Strategies, EDS, IBM, Infosys, TCS and Wipro.



¹⁹ The Intelligent Community Forum, Top Seven Intelligent Communities (2009)

Canada's cost advantages

ADVANTAGE: COMPETITIVE SALARY COSTS

The cost of salaries paid to financial accountants and legal advisors in Canadian cities is lower than Raleigh-Durham, Atlanta, Dallas, Chicago, London (U.K.) and Shanghai, and comparable to São Paulo and Madrid. Cost savings for a legal advisor range from \$6,000 to more than \$100,000.

Financial accountant and legal advisor annual labour costs (\$)

This table shows the annual labour costs for a financial accountant and a legal advisor. Labour costs include employee salary plus statutory employer social security contributions. Private healthcare costs are also included for U.S. and Canadian cities.

	Legal advisor	Financial accountant
Charlottetown	104,269	102,706
Dublin	110,511	99,373
Montréal	110,697	107,719
Madrid	113,061	99,463
Winnipeg	118,099	112,404
Halifax (NS)	120,523	112,789
Vancouver	124,407	115,198
São Paulo	130,926	110,683
Toronto	131,226	119,937
Calgary	136,692	122,819
Raleigh-Durham	147,838	133,288
Atlanta	148,460	133,430
Dallas	155,256	138,062
Chicago	158,930	140,545
London (U.K.)	168,020	133,375
Shanghai	235,167	164,460

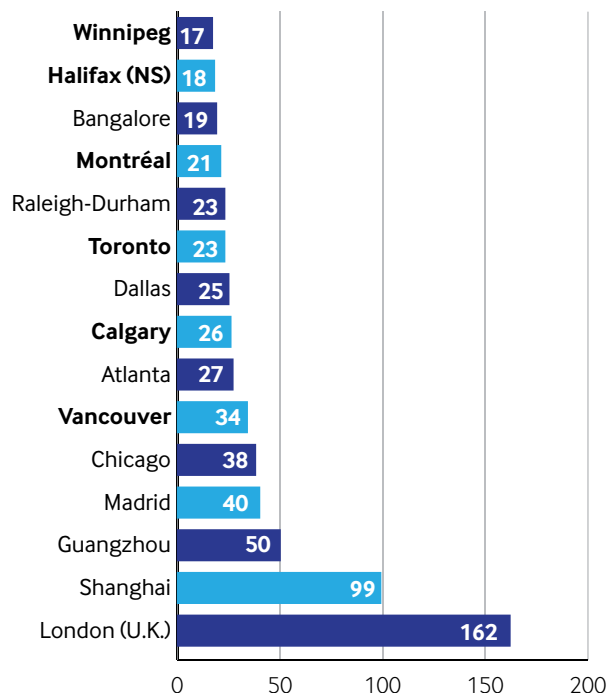
Source: fDi Benchmark Database, fDi Intelligence from the Financial Times (2012)

ADVANTAGE: COMPETITIVE OFFICE COSTS

Canada is a cost competitive location in terms of office rent. Office rent in select Canadian cities is less than half the cost of many cities in the U.S., Europe and Asia.

Office rent per square foot per annum (\$)

This table shows the cost per square foot of prime Grade A office space in each location.



Source: fDi Intelligence based on Cushman & Wakefield (Q4 2011)

Canada's competitive advantages

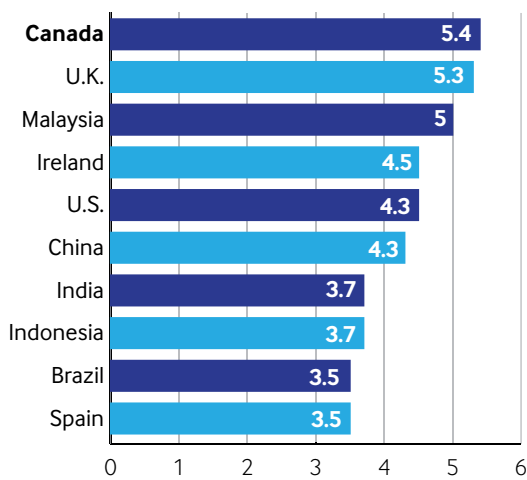
ADVANTAGE: ROBUST LEGAL FRAMEWORK

Canada's legal framework has a reputation for settling legal disputes and is ranked one of the best in the world. 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.

Efficiency of legal framework (Rank 1-7)

This chart shows the efficiency of the legal framework for private businesses to settle disputes.

(1= extremely inefficient; 7= highly efficient)



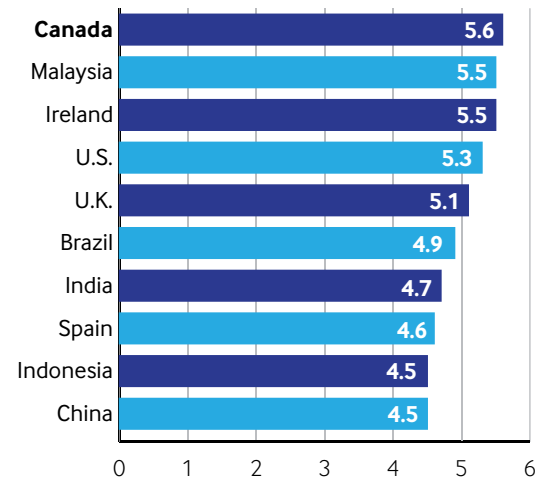
Source: World Economic Forum Global Competitiveness Report 2011-2012

ADVANTAGE: HIGH LEVEL OF CUSTOMER SERVICE

According to corporate executives, Canada is one of the most customer-orientated countries in the world.

Degree of customer orientation (Rank 1-7)

This table shows the average score for how well companies treat customers in each country. (1= generally treat their customers badly; 7= are highly responsive to customers and customer retention)



Source: World Economic Forum Global Competitiveness Report 2011-2012

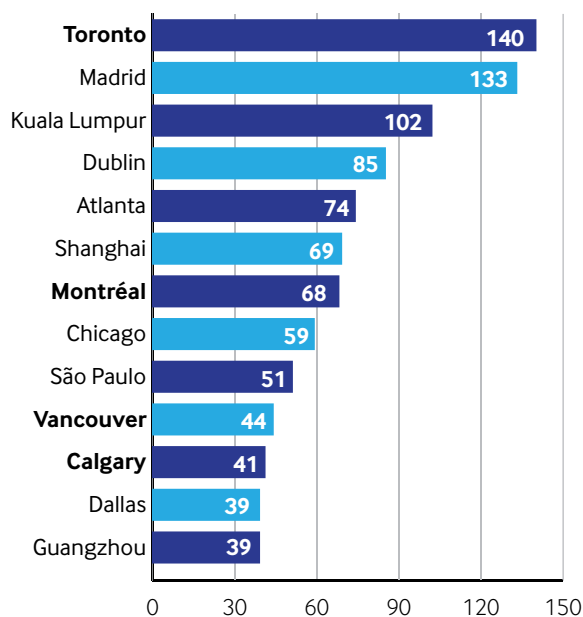
Canada's competitive advantages

ADVANTAGE: ACCESS TO INTERNATIONAL MARKETS

Canada has a world-class airport infrastructure, with large international airports close to its major business hubs. Toronto offers the largest number of direct flights to international business cities throughout the world, while Montréal, Vancouver and Calgary offer flights to over 40 international cities.

Number of international destinations

This chart shows the number of direct international destinations served by proximate airports (within 50 mile radius of the location).



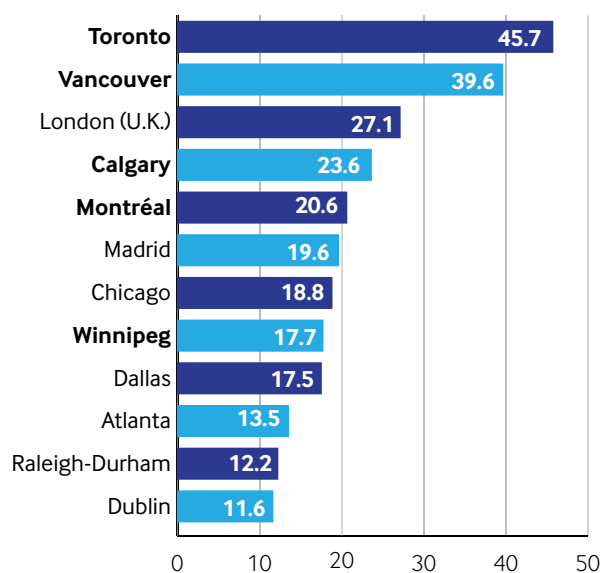
Source: fDi Intelligence based on OAG Flight Guide (2011)

ADVANTAGE: INTERNATIONAL POOL OF TALENT

The Canadian workforce is uniquely placed to serve international markets. The foreign born populations in Vancouver and Toronto are above 40% (higher than London (U.K.) and Madrid).

Foreign-born population (%)

This chart shows number of foreign born as a percentage of the total population in each location.



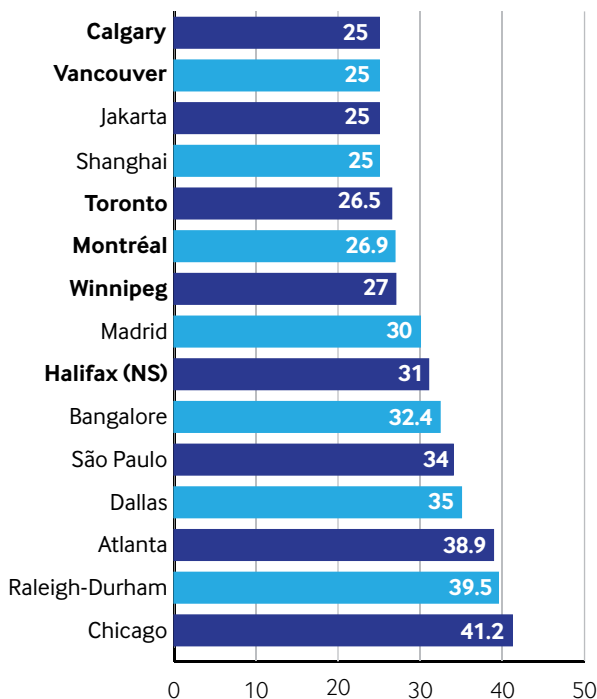
Source: fDi Intelligence based on Statistics Canada (2006); Spain National Institute of Statistics (2011); United States Census Bureau Fact Finder (2010); Office of National Statistics (2011); www.gstudynet.org (2002)

ADVANTAGE: FAVOURABLE CORPORATE INCOME TAX

Canada offers among the most attractive corporate income tax levels of any comparable country. Companies locating in Canadian cities pay lower corporate income taxes than the U.S., Brazil and India.

Corporate tax (%)

This chart shows the corporate income tax rates payable by companies. Figures are expressed as tax payable as a percentage of companies' gross profit.



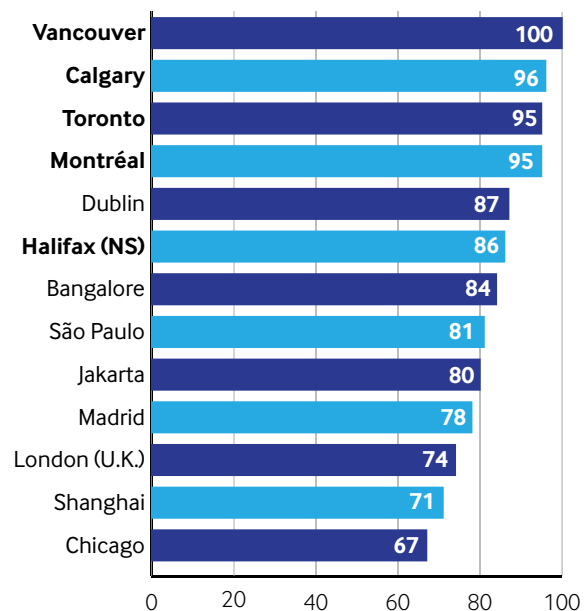
Source: KPMG (Country and Canadian Provinces; 2012);
The Tax Foundation (U.S. States; 2011)

ADVANTAGE: OUTSTANDING QUALITY OF LIFE AT AN AFFORDABLE COST

Canadian cities offer the highest quality of life in the world. Vancouver was rated the most liveable city in the world by the Economist Intelligence Unit in 2011 and also tops the fDi Intelligence index. Canadian cities are highest ranking when considering both quality of life and cost of living.

Attractiveness of cities

This chart shows the overall attractiveness of cities based on combining their quality of life and cost of living, with a 50% weight attached to each.



Source: fDi Intelligence from the Financial Times (2011).
Vancouver = 100

Invest in Canada to achieve global excellence

A welcoming business environment

Canada is the best place to do business in the world.

Source: Forbes Magazine, October 2011

A growing economy

Canada has been the top performer among the G-7 in GDP growth over the 2008 to 2011 period.

Source: Consensus Economics, April 2012

A highly educated workforce

Canada has the highest proportion of post-secondary graduates among members of the Organization for Economic Co-operation and Development (OECD).

Source: Education at a Glance 2011, OECD

Financial stability

Over the past four years, Canada's banking system has repeatedly been declared the soundest in the world.

Source: Global Competitiveness Report 2009-2012, World Economic Forum (WEF)

Low tax rates

Canada's combined federal-provincial statutory corporate income tax rate of 26% is more than 13% below the U.S. and among the lowest when compared to G-7 countries.

Source: Department of Finance Canada and the OECD Tax Database 2012

Scientific research and experimental development

Canada offers some of the most generous R & D tax incentives in the industrialized world, with combined federal and provincial tax credits that can currently save foreign investors, on average, up to 30 cents on the dollar invested in R & D in Canada. Canada also has the G-7's lowest costs in R & D-intensive sectors (up to 10.7% lower than the U.S.).

Source: Department of Finance Canada and KPMG Competitive Alternatives, 2012

NAFTA

The North American Free Trade Agreement (NAFTA) gives investors access to nearly 457 million consumers and a combined continental GDP of about US\$17.2 trillion.

Canada continues to seek more free trade agreements with economic and emerging powers to increase trade and investment.

Source: World Bank, World Development Indicators Database, 2012

A great place to invest, work, and live

Canada is one of the most multicultural countries in the world, home to world-class universities, a universal health care system, and clean and friendly cities. Canada has the highest quality of life among G-7 countries and consistently ranks among the world's top countries in Human Development.

Source: Statistics Canada; United Nations Human Development Report, 2011; OECD Better Life Index, 2011



Invest in Canada

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