



Canadian ICT Sector Profile

The ICT Sector consists mainly of small companies...

- About 37,000 companies comprise the Information and Communications Technologies (ICT) sector, of which 87.6% are in the software and computer services industries and 5.6% in the wholesaling industry.
- The number of large companies in the ICT sector is relatively small. In 2013, there were about 80 companies with more than 500 employees in Canada, compared to 32,000 companies with less than 10 employees, accounting for 86.0% of all the companies in the sector.
- Manufacturing stands out as the subsector with larger companies. In 2013, 14.1% of the manufacturing companies had more than 50 employees while for the whole ICT sector, this share was only 3.1%.

...and generates \$159.9 billion in revenues.

- Revenues in the ICT sector increased by 2.7% in 2013, led by the software and computer services sub-sector (5.6%). The wholesaling and communications services sub-sectors posted growth rates of 2.9% and 2.6%, respectively, while the manufacturing industries declined by 12.5%.
- From 2007 to 2013, ICT sector revenues increased from \$133.4 to \$159.9 billion, a 19.8% increase. During this period, the ICT manufacturing industries declined by 46.1%. On the other hand, all the services sub-sectors posted gains: the software and computer services, wholesaling, and the communications services sub-sectors increased by 35.8%, 25.9%, and 25.2% respectively.
- Over the period, the share of the manufacturing industries in the total ICT sector revenues dropped from 12.0% to 5.4%.

Information and Communications Technologies Sector*

ICT Manufacturing

- Computer and Peripheral Equipment
- Communications Equipment
- Electronic Components
- Audio and Video Equipment
- Magnetic and Optical Media

ICT Wholesaling

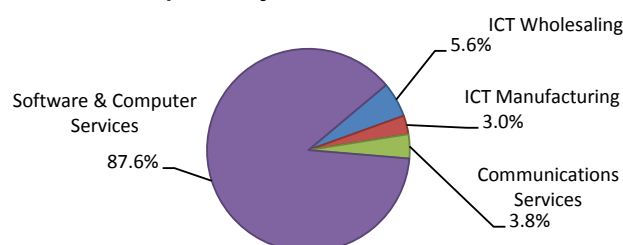
Software and Computer Services

- Software publishers
- Computer systems design
- Data processing
- Electronic and precision equipment repair and maintenance

Communications Services

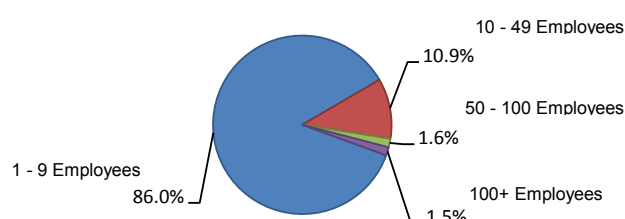
*Based on the North American Industry Classification System (NAICS).

Companies by ICT Sub-sector, 2013



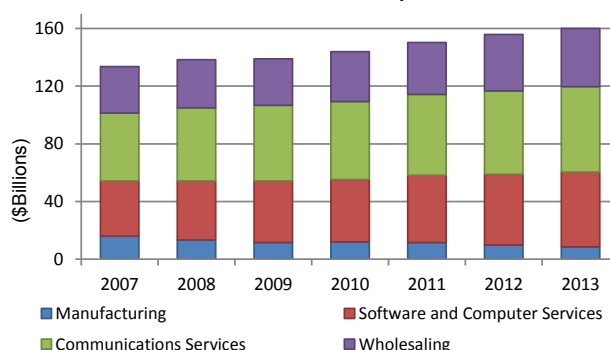
Source: Industry Canada, Canadian ICT Statistical Overview

Companies by Employee Size for Total ICT Sector, 2013



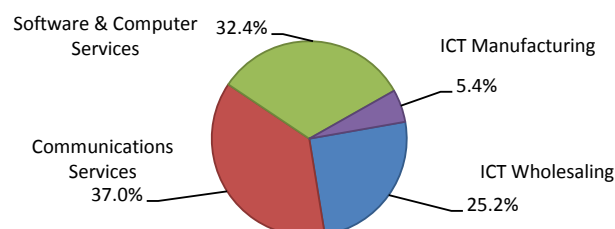
Source: Industry Canada, Canadian ICT Statistical Overview

ICT Sub-sector Revenues, 2007-2013



Source: Industry Canada, Canadian ICT Statistical Overview

Revenues by ICT Sub-sector, 2013
(Total: \$159.9 Billion)



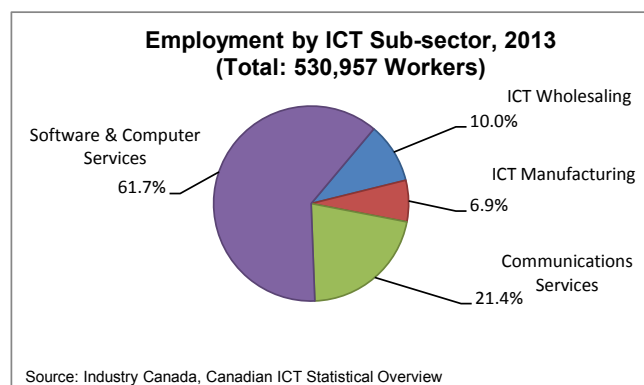
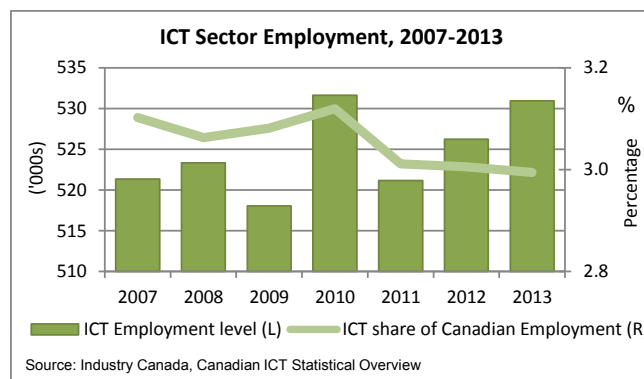
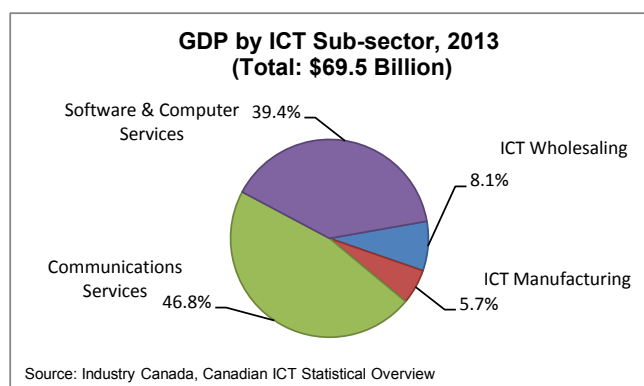
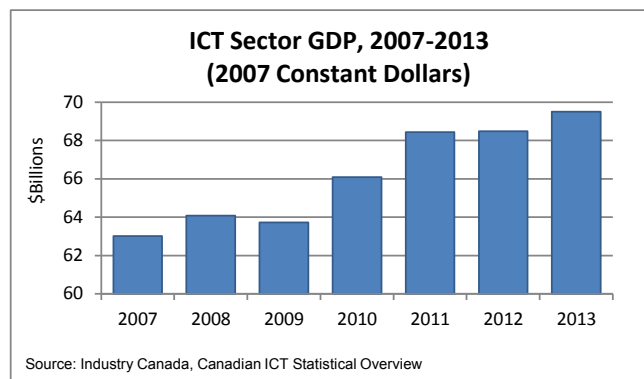
Source: Industry Canada, Canadian ICT Statistical Overview

The ICT Sector makes a substantial contribution to the Canadian GDP..

- The ICT sector contributed \$69.5 billion to the Canadian GDP (in 2007 constant dollars) in 2013, accounting for 4.4% of Canadian GDP.
- The ICT sector growth fell behind that of the overall economy in 2013. The sector increased by 1.4% during 2013 compared to 1.9% for the total Canadian economy. However, ICT sector growth had a better performance in annualized growth since 2007 in comparison with the total economy. On average, annual growth in this sector has been 1.6% since 2007, compared to 1.1% for the overall economy. The ICT industries have accounted for 5.7% of the Canadian GDP growth since 2007.
- The software and computer services industries accounted for the highest growth in GDP in 2013, up 4.7%. The ICT wholesaling and communication services sub-sectors also increased by 3.3% and 0.9%, respectively. Meanwhile, the manufacturing industries GDP decreased by 15.3% in 2013.

...and is a major source of jobs.

- The ICT sector accounts for 3.0% of national employment. Employment in the ICT sector increased 0.9% in 2013, amounting to 530,957.
- Employment decreased in three ICT sub-sectors in 2013. Employment in the manufacturing, wholesaling, and communications services sub-sectors declined by 9.0%, 6.2%, and 2.4%, respectively. Meanwhile, employment in software and computer services industries increased by 4.7%.
- Reflecting structural changes that are happening in the ICT sector, the share of the manufacturing industries in total ICT sector employment declined from 11.9% in 2007 to 6.9% in 2013, while the share of the software and computer services industries increased from 54.1% to 61.7% over the same period.





ICT industries are the largest performers of private sector R&D...

- ICT sector R&D expenditures totalled \$5.0 billion in 2013, falling by 2.8% from the previous year. R&D spending increased in the communications services sub-sector (8.3%) but fell in all other sub-sectors: manufacturing (-5.8%), wholesaling (-5.8%), and software and computer services (-2.6%). The ICT sector continues to be the largest performer of R&D, accounting for 31.8% of all private sector R&D expenditures in Canada.
- At the industry level, declines in the communications equipment manufacturing (-\$142 million) and computer systems design (-\$58 million) industries contributed the most to the overall decrease in ICT sector R&D in 2013.
- From 2007 to 2013, R&D spending in the ICT industries fell by 8.5%. While spending increased in the wholesaling industry (132%), it decreased in the communication services (-30.7%), manufacturing (-19.3%) and software and computer services (-2.6%) industries.

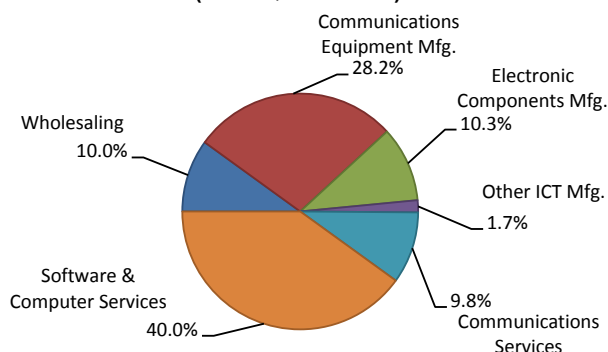
...and have a knowledge-intensive workforce...

- ICT sector employment is characterized by a highly educated workforce. In fact, 47.2% of workers had a university degree in 2013, compared to a national average of 27.4%.
- The industries that employ the largest share of university educated personnel are communications equipment (55.8%), and software and computer services (53.9%).

...that earns above-average wages.

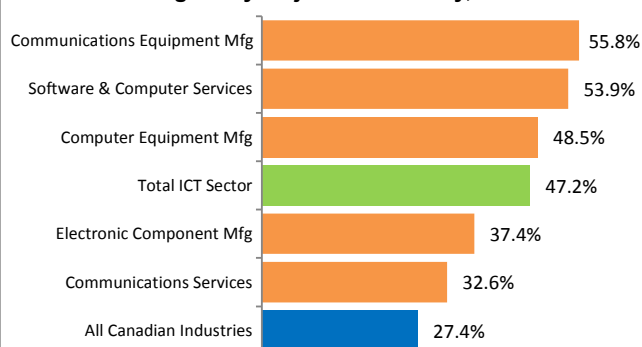
- Employees in the ICT sector are also well compensated. These workers earned on average \$69,876 in 2013, or 48% more than the economy-wide average of \$47,354.
- The highest earners in the sector work in the software and computer services industries. Average earnings in these industries were \$75,425 in 2013. Despite being the lowest paid workers (\$51,993) in the ICT sector, employees in the electronic components industry still earned 9.8% more than the national average in 2013.

**R&D Expenditures by ICT Industry, 2013
(Total: \$5.0 Billion)**



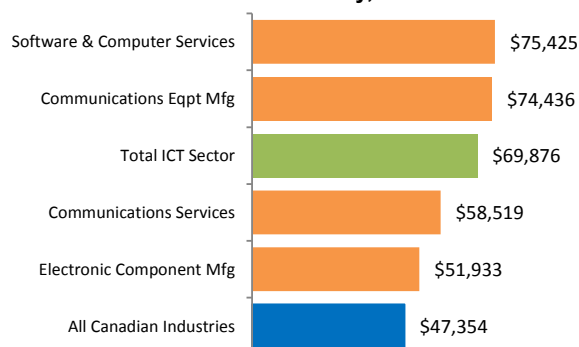
Source: Industry Canada, Canadian ICT Statistical Overview

Percentage of Workers with a University Degree by Major ICT Industry, 2013



Source: Statistics Canada, Labour Force Survey (LFS)

Average Annual Earnings by Major ICT Industry, 2013



Source: Statistics Canada, Survey of Employment, Payrolls and Hours (SEPH)



ICT manufacturing industries are export-oriented...

- The Canadian ICT manufacturing sub-sector relies on the export market. About 81% of ICT products manufactured in Canada were exported in 2013.
- Canadian exports of ICT goods decreased by 4.4% in 2013 to \$10.2 billion. Decreases in exports of wired communications equipment (\$272 million) contributed the most to this decline.
- Exports of ICT goods dropped by 39.1% between 2007 and 2013. Since 2007, exports of wired communications equipment (-61.8%) fell the most while exports of audio and video equipment (38.5%) were the only to increase. Over this period, the share of wired communications equipment in total ICT goods exports dropped from 29.1% to 18.2%.
- Exports of ICT goods to the United States decreased by 4.5% in 2013 to \$6.8 billion, accounting for 66.4% of Canadian ICT goods exports. Shipments to the US have dropped since 2007, when they were totalling \$11.2 billion, and representing 67.0% of Canadian ICT goods exports. Shipments to the Asia-Pacific region decreased by 3.3% in 2013, totalling \$1.1 billion or 10.9% of Canada's ICT goods exports. Exports to the European Union decreased by 16.5% in 2013 to a total of \$1.08 billion or 10.6% of Canada's ICT exports. Since 2007, the share of shipments to the European Union has decreased by 3.3 percentage points. Exports to all other countries accounted for \$1.2 billion, or 12.2% of Canadian ICT goods exports in 2013, up 4.6 percentage points since 2007.

...while ICT services industries are more domestically oriented

- Exports of communications services experienced an increase of 3.9% in 2013, totalling \$2.3 billion. However, software and computer services declined by 0.9% to \$9.3 billion.
- Although ICT services industries are less export oriented than ICT manufacturing industries, exports of ICT services have been catching up with exports of ICT goods. From 2007 to 2013, exports of software and computer services grew by 30.8% while exports of communications services increased by 29.4%. However, the increase in exports of ICT services was not large enough to offset the decline in exports of ICT goods. Total exports of ICT goods and services decreased by 14.8% during the period.

