



INVEST IN **CANADA**

CANADA'S COMPETITIVE ADVANTAGES

SOFTWARE SECTOR



CANADA'S SOFTWARE SECTOR

ENTERPRISE APPLICATION SOFTWARE (EAS)

Canada is well positioned to tap into the global EAS market and has easy access to the world's largest IT market — the United States. Canadian firms and foreign investors in Canada are leaders in enterprise applications for customer relationship management, digital content creation, data, project and portfolio management, supply chain management and web conferencing. Canada's home-grown industry leader OpenText Corporation is joined by numerous international investors, including Adobe Systems Incorporated, International Business Machines Corporation (IBM), Hewlett-Packard Company, Cisco Systems Inc., CGI Group Inc., and SAP AG.

CYBER-SECURITY

Canada's commitment to fighting cybercrime offers companies opportunities to develop solutions for governments, health care, and the financial services sectors. Canadian firms have significantly increased their cybersecurity spending in 2015 by 82%¹. Canadian universities offer specialized concentrations and courses in the field for prospective students to provide a highly skilled pool of cyber-security talent. Canada is also home to major players in the cyber security industry including Trend Micro, Symantec, Sophos, L3, and Entrust, which has its largest office located in Ottawa, Ontario.

HEALTH IT

Health IT is a significant industry in Canada with numerous solutions provided by Canadian Health IT vendors which cover several technology areas including picture archiving and communication systems, drug information systems, electronic health records, electronic medical records, wireless/communications, laboratory systems, clinical information systems, and administrative and financial systems. Canadian firms have developed world-leading technologies in digital imaging, electronic data capture, mobile health and wearables. Examples of multinational companies making successful and profitable investments in the Canadian Health IT market include: Microsoft, Agfa HealthCare, GE Healthcare Canada, and McKesson Canada.²

CANADA HAS A LARGE CADRE OF HIGHLY SKILLED software development professionals with a broad range of expertise and experience. Operating costs for high value-added activities in Canada are particularly advantageous when compared with other G7 countries. Canada is also the lowest cost G-7 country in the software industry for R&D. These advantages, combined with Canada's full and free access to the large U.S. software market, make the country an ideal nearshore destination for value-added software-development activities.



¹ PwC Canada, Global State of Information Security® (GSISS) Survey 2016

² Branham Group Inc., *Health IT Investment Case*, March 2014.

SOFTWARE CLUSTERS



SOFTWARE SECTOR AT A GLANCE (2015)³

NUMBER OF COMPANIES:
33,136

REVENUES (estimate):
\$61.5 billion

EMPLOYMENT:
362,607

CONTRIBUTION TO CANADA'S GDP:
\$30.2billion

R&D EXPENDITURES:
\$2.1billion

» **Leading Companies:**

BRITISH COLUMBIA: Amazon.com, Inc., BlackBerry Limited, CGI Group Inc., Cisco Systems, Inc., DMR-(Fujitsu), DOSarrest Internet Security LTD, Facebook, Inc., Fujitsu Canada, Inc., Intel Corporation, Microsoft Corporation, OpenText Corporation, Oracle Corporation, Salesforce.com, Inc., Samsung Electronics Co., Ltd., SAP AG, Thales Group, Wipro Limited

ONTARIO: 3M Company, Agfa HealthCare NV, Amazon.com, Inc., Autodesk Inc., BlackBerry Limited, CGI Group Inc., Cisco Systems, Inc., Corel Corporation, DarkMatter, DMR-(Fujitsu), Google, Facebook, Inc., Fujitsu Canada Inc., IBM, Intel Corporation, Microsoft Corporation, Mitel Networks Corporation, OpenText Corporation, Oracle Corporation, QNX Software Systems Limited, Salesforce.com, Inc., Shopify Inc., Samsung Electronics Co., Ltd., SAP AG, Thales Group, Thomson Reuters Inc., Trend Micro, Twitter, Inc.

ALBERTA: Autodesk Inc., CGI Group Inc., Cisco Systems, Inc., Computer Modeling Group Ltd., DMR-(Fujitsu), Fujitsu Canada, Inc., Intuit Canada ULC, Microsoft Corporation, OpenText Corporation, Oracle Corporation, SAP AG, Wipro Limited

SASKATCHEWAN: CGI Group Inc., Cisco Systems, Inc., DMR-(Fujitsu), Fujitsu Canada, Inc.

MANITOBA: 3M Company, Cisco Systems, Inc., Microsoft Corporation, Oracle Corporation

QUEBEC: 20-20 Technologies Inc., Autodesk Inc., CGI Group Inc., Cisco Systems, Inc., Coveo Solutions Inc., DMR-(Fujitsu), Google, Facebook, Inc., Fujitsu Canada, Inc., Microsoft Corporation, Mitel Networks Corporation, OpenText Corporation, Oracle Corporation, Radialpoint SafeCare Inc., Salesforce.com, Inc., Shopify Inc., Samsung Electronics Co., Ltd., SAP AG, Thomson Reuters Inc.

NEW BRUNSWICK: Forcepoint

NOVA SCOTIA: BlackBerry Limited, Cisco Systems, Inc., Oracle Corporation, Wipro Limited

PRINCE EDWARD ISLAND: CGI Group Inc.

NEWFOUNDLAND AND LABRADOR: Wipro Limited

RECENT INVESTMENTS



In 2016, IBM Canada opened an IBM Client Innovation Centre (CIC) in Montreal. This global delivery centre in Canada is expected to create up to 500 new jobs over the next five years.



Qlik will establish a lab in Ottawa focused on developing software for cloud computing, analytics and business intelligence. The new site will be the first Qlik R&D location in Canada. The project has a total value of over \$22 million and will create 100 new jobs. Qlik is a data visualization and business intelligence software company.



Amazon opened a new software development centre in the Ottawa region to work on Alexa, a voice-activated assistant. Available software development talent in the Ottawa region was cited publicly as the main driver for the capital injections in 2016.

CANADA'S ADVANTAGES

A PRIORITY SECTOR

The Government of Canada's Science and Technology Strategy identifies ICT as one of four priority sectors. Canada has increased funding for research and innovation through the federal granting councils, the Institute for Quantum Computing, the Industrial Research Assistance Program, the Microelectronics Innovation Centre, CANARIE, and the Canadian Digital Media Network. Each of these institutions and programs offers foreign investors in communications technologies opportunities to jump-start their operations in Canada through funding for innovative R&D and access to world-class facilities throughout the country.

COMPETITIVE COSTS

In a 2016 study of the Digital Services industry in Canada by KPMG, the Canadian Software Development sub-sector has the lowest overall business costs in the G-7 countries. Labour costs for high value-added activities in Canada are also particularly advantageous when compared with other G7 countries.

HIGHLY QUALIFIED AND DIVERSE GLOBAL WORKFORCE

Canada's ICT workforce is highly educated, with more than 55 percent of all workers having graduated from post-secondary programs. Furthermore, Canada's world-wide reputation for talent diversity has allowed it to develop clusters of ICT excellence in cities such as Ottawa, Kitchener-Waterloo, Toronto, Montréal, Calgary and Vancouver. Canada's advantage lies in its ability to produce highly qualified ICT workers, while attracting internationally educated professionals from virtually every corner of the globe.

WORLD CLASS EDUCATION SYSTEM

Canada has a world-class higher education system, with 20 Canadian universities included in the top 500 of the *Times Higher Education World University Rankings 2016-*, and 3 universities appearing in the *Top 100 Academic Ranking of World Universities in Computer Science*. Canadian universities conduct \$13 billion of research annually.⁴

BRITISH COLUMBIA

VANCOUVER:

- » Software and Games
- » Computer Systems Design/
Data Processing
- » Electronic Instruments
- » Microelectronics
- » Cyber Security

ALBERTA

CALGARY:

- » Computer System Design
- » Wireless Technologies
- » Geomatics
- » Electronic Instruments

QUEBEC

MONTRÉAL:

- » Computer System Design & Services
- » Software (including Digital Media)
- » Telecom Equipment
- » Microelectronics/Photonics
- » Cyber Security

QUEBEC CITY:

- » Optics/Photonics
- » Software (including Digital Media)

ONTARIO

TORONTO:

- » Software
- » Microelectronics
- » Cyber Security

OTTAWA:

- » Networking
- » IT Infrastructure
- » Photonics
- » Software
- » Cyber Security

KITCHENER-WATERLOO:

- » Wireless Technologies
- » Software
- » Cyber Security

3 Innovation, Science and Economic Development Canada (ISED), Canadian ICT Sector Profile (2015)

4 Statistics Canada

SUPPORT PROGRAMS AND INNOVATION

INCENTIVES AND WORLD CLASS PROGRAMS

Canada's federal, provincial and municipal governments offer incentives and world-class programs that enable foreign investors to ramp up their innovation at substantially reduced costs compared to other jurisdictions.

The Canada Media Fund fosters, develops, finances and promotes the production of Canadian content and applications for all audio-visual media platforms.

The Strategic Innovation Fund allocates repayable and non-repayable contributions to firms of all sizes across all of Canada's industrial and technology sectors.

Mitacs is a government-funded not-for-profit organization that funds technology-specific internships and fellowships through Canadian universities.

National Research Council Canada – Industrial Research Assistance Program (IRAP) provides innovative help for small and medium-sized enterprises in Canada.

Scientific Research and Experimental Development (SR&ED) provides income tax credits and refunds for expenditures on eligible R&D activity in Canada on wages, materials, some overhead and SR&ED contracts.³

STRONG R&D CAPABILITIES

The ICT Industry continues to be the largest private-sector R&D Investor in Canada. In 2015, sector-wide R&D expenditures totalled \$4.6 billion, with Software and Computer Services accounting for 45.7% of this figure³.

Examples of research centres, incubators, and accelerators in Canada are:

- » The Accelerator Centre® (Waterloo, Ontario)
- » Canadian Photonics Fabrication Centre (National Research Council Canada, Ottawa, Ontario)
- » CANARIE (Ottawa, Ontario)
- » Canadian Digital Media Network (Kitchener, Ontario)
- » Centre for Computational Mathematics in Industry and Commerce (University of Waterloo, Waterloo, Ontario)
- » Centre for Global eHealth Innovation (Toronto General Hospital and University of Toronto)
- » Communications Research Centre Canada (Ottawa, Ontario)
- » Communitech (Waterloo, Ontario)
- » Creative Destruction Lab (University of Toronto)
- » Founder Fuel (Montréal, Quebec)
- » Highline (Vancouver, British Columbia)
- » High Performance Computing Centre (University of Saskatchewan, Saskatoon, Saskatchewan)
- » Institute for Computer Research & Institute for Quantum Computing (University of Waterloo, Waterloo, Ontario)
- » Laboratory of Combinatorial Mathematics and Computing Science (Université du Québec à Montréal, Montréal, Quebec)
- » Laboratoire de vision et systèmes numériques (Université Laval, Québec, Quebec)
- » Propel ICT (Moncton, New Brunswick)
- » MaRS (Toronto, Ontario)
- » The Institute for Information Technology (National Research Council Canada, Fredericton, New Brunswick)
- » TECTERRA (Calgary, Alberta)
- » TRTech (Edmonton, Alberta)

³ Innovation, Science and Economic Development Canada (ISED), *Canadian ICT Sector Profile* (2015)

AN ENABLING BUSINESS ENVIRONMENT

**CANADA HAS A STRONG
AND STABLE** business climate
that is open for business,
investment, and trade. Canada
benefits from a sound, efficient
financial system supported by
low taxes and business costs
and a government investing in
the innovative, clean, inclusive
economy of tomorrow.

WORLD-CLASS CLUSTERS OF INNOVATION, WITH GOVERNMENT AS PARTNER

Canada has R&D-intensive sectors with the lowest business costs in the G7, as well as a dense network of universities and community colleges.

Source: KPMG

A WELCOMING BUSINESS ENVIRONMENT

Canada is the second best place for business in the G20.

Source: Forbes

A HIGHLY EDUCATED AND TALENTED WORKFORCE

Canada has the most educated talent pool in the OECD with more than half of its population aged 25-64 having a tertiary level education.

Source: OECD

FINANCIAL STABILITY

Canada's banking system, ranked 3rd by the World Economic Forum (WEF), remains one of the soundest in the world following eight consecutive first place standings.

Source: World Economic Forum

LOW BUSINESS TAX RATES

Canada is the most tax competitive country in the G7.

Source: KPMG

A GREAT PLACE TO INVEST, WORK AND LIVE

Canada ranked first among 60 countries for quality of life. Canada is ranked first in the G7 and G20 for overall prosperity of citizens.

Sources: U.S. News and the Legatum Prosperity Index

Unless otherwise noted, all values in this publication are in Canadian dollars. The content is based on the latest available information at time of publication.

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