

Greater Montréal's Flourishing Software Development and IT Services Sector



A world leading economic development agency





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Personalized, Free and
Confidential Services

So many reasons to invest in Montréal's software development and IT services sector



190,000+ tech workers
and **7,000+ companies** in
Greater Montréal



Canada's university
capital and **1st** for
university research
funding in Canada



The most bilingual
and **trilingual**
population in Canada



95,000+ software
developers with
strategic skills such as
Java, SQL, Python, etc.



Many cutting-edge
expertise to boost the
Tech sector: AI, quantum,
cybersecurity, etc.



The lowest operating costs
for a software development
company among the 20
largest metropolitan areas in
Canada and the U.S



Among the best cities
in Canada & the U.S.
for highest tech jobs
concentration



40,000+ university students
enrolled in IT-related programs
in Québec and the **highest**
number of tech graduates in
Canada



Tailored incentives to
support your growth:
up to **30%** of eligible
expenses and salaries

01

A Leading Tech Hub



Montréal
International



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Montréal, among the top hub in North America for tech job concentration

190,000+ IT workers

+38%

Growth of IT workers between 2017 and 2022

7,000+

IT companies

95,000+

workers in software development*

*680+ job titles taken into account to define workers in software development.
Source: Statistics Canada, 2022 based on sector diagnostic 2021-2024, TECHNOCompétences; LinkedIn, Talent Insights, 2023; fDi Benchmark, 2023; Montréal International Analysis.

A strong and diverse IT ecosystem



AI and big data

One of the best places to invest in AI in North America



Cybersecurity

1st in Canada for cybersecurity study programs, courses, research chairs and university labs



HealthTech

6th-largest North American hub for life sciences and health technology



Video games

Among the top five largest video game development hubs in the world



FinTech

A global hub with many cutting-edge expertise in PayTech, PropTech, InsurTech, etc.



Quantum technology

Quantum communications expertise provided by prominent researchers such as Gilles Brassard

A world-class hub in artificial intelligence



Global leaders, including **Google**, **Microsoft** and **Meta**, have made Montréal their AI R&D centre



1,000+ researchers MSc, PhD, post-doc and applied AI students at **Mila**, the world's largest academic research lab in deep learning and reinforcement learning



Home of **Scale AI**, Canada's AI supply chain supercluster



Sample of major players located in Greater Montréal:



Downtown Montréal

Examples of companies investing in Tech in Montréal

2017

- **DeepMind**
AI laboratory
- **THALES**
New global AI hub
- **Meta AI**
AI lab headed by Joëlle Pineau, Associate Professor at McGill University
- **Microsoft**
Acquires Maluuba and announces it will hire 40 AI specialists
- **zenika**
North American headquarters for IT services
- **Google Cloud**
Chooses Montréal for one of its seven global hubs

2018

- **SAMSUNG**
AI Center
- **upgrade**
Development centre for Short-term loans
- **Research**
Expansion of its AI laboratory
- **Meta AI**
Double the size of its AI research center
- **HAVAS GROUP**
AI innovation center
- **BEHAVOX**
Creation of 200 jobs within 3 years
- **Ineat**
First North American agency for digital transformation

2019

- **paytm**
R&D centre for mobile payment and commerce solutions
- **TS TRADINGSCREEN**
Development center for technological financial solutions
- **GORILLA**
Double its software development team
- **CORNING**
Opens a software innovation center
- **axionable**
Opens an AI research lab
- **ERICSSON**
Global AI accelerator
- **unity**
Creation of 450 jobs and new AI lab

2020

- **theguarantors**
Engineering and development office for real estate sector
- **SwiftCTRL**
Engineering office and R&D centre for real estate management
- **BUSPATROL**
Technological development centre
- **LogMeIn**
IT services, Plans to increase its workforce by 50%
- **auticonsult**
Expansion of its IT consulting team
- **BEHAVOX**
AI-based data operating platform, expansion of its office

2021

- **kyndryl**
Cloud innovation center
- **MaintainX**
New office for the management platform developer
- **FADEL**
R&D centre for rights & royalty management software
- **abbeal**
First office in North America for digital solutions
- **DIALECTICA**
Office for smart workplace solutions
- **IT services company**
plan to hire 70 new associates
- **AppDirect**
Commerce platform's Canadian headquarters

2022

- **Xybion**
Opens a software development hub
- **SILVERSTEIN PROPERTIES**
Opens a R&D center to develop a services platform

Other foreign companies that have chosen Greater Montréal



A collaborative ecosystem that drives the industry's development

Cluster organizations



Incubators and accelerators



Funding organizations



Research organizations



- And many more!



A booming startup ecosystem

- Canada is the **most attractive country** in the world for entrepreneurs according to the OECD
- **\$8 B+** in VC investments between 2017 and 2021 in Québec
- **Six of Canada's ten most active venture capital (VC) funds** in 2021 are based Montréal
- **30+ incubators/accelerators**
- **Close to 60 coworking spaces**











Frederic Lalonde & Joost Ouwerkerk © Hopper

An ideal location to grow your startup

- **\$10B+ in VC investments** between 2017 and 2022 in Québec
- **55% in the IT sector**
- Examples of **recent funding** in the Tech sector in Montréal (US\$):

 \$345M (2021) Série G/F	 \$270M (2022) Série D
 \$43M (2022) Série A	 \$27M (2021) Série B
 \$95M (2022) Série C	 \$27M (2022) Série B

- And many more!

Homegrown tech companies are renowned worldwide



Payment technology solutions company with 850 employees. In Sept. 2020, it soared in its debut as a public company after raising US\$700M in the largest ever tech IPO on the Toronto Stock Exchange



One of the first flight-booking applications to use AI to predict airfare pricing. A global giant, worth US\$5B in 2022



SaaS company that employs more than 500 employees in four offices. It has raised CA\$227M at a valuation of over \$1B in Nov. 2019



A technology company dedicated to revolutionizing the workplace by putting people back at the heart of organizations



Provides point of sale (POS) solutions to retailers and restaurateurs. The company's market capitalization is \$2.6B as of Oct. 2022



E-commerce retailer specializing in the sale of designer fashion and high-end streetwear. Worth \$4B+ in 2021



Among the largest IT and business consulting services firms in the world with 80,000+ employees across 400+ locations worldwide



A global leader in training for the civil aviation, defence and security, and healthcare markets with 10,000+ employees, 160 sites and training locations in over 35 countries

Major public investments to support innovation



ENCQOR has established **Canada's first pre-commercial 5G wireless telecommunications corridor**, the next generation of digital communications and an asset for smart cities, e-health, e-education, connected and autonomous vehicles, on-demand entertainment and media, the Internet of Things (IoT), etc.

\$2.3B

Modernizing Government of Canada's digital services (2018–24)

\$1.2B

Government of Québec's digital transformation strategy (2019–29)

\$850M+

Public investment in AI since 2016 :
Allocations from the Canada First Research Excellence Fund, Creation of a Québec AI cluster, Scale ai supercluster, Accelerate the adoption of AI in Québec, etc.

\$400M

Over the next five years for Canada's 5G public-private ENCQOR project network to unlock the technological promise of 5G (2018)

\$17M

Over the next three years to support innovation in cybersecurity in Québec (2019)

A diverse economy that drives business opportunities



A global R&D centre

- **R&D is the leading inward foreign direct investment (FDI) business activity** in Greater Montréal between 2015 and 2020* (30%+ of total FDI)
- Numerous **R&D centres and innovation labs** of major companies are active in AI, software development, aerospace, life sciences, cybersecurity, video games, etc.
- Québec is also **1st in Canada for R&D investments in % of GDP**: \$9.7B in R&D spending**
- Tailor-made R&D tax credits, among the most generous in Canada and the U.S.

Note:

* From May 2015 to April 2020.

** including \$5.7B spent by companies and \$3.6B by universities.

Source: Tier 2 Cities of the Future 2020/21 Winners, based on Fdi Markets, 2021; InfoSource , 2019; Statistics Canada, Table 27 10 0359 01, 2016, and Table 27 10 0273 01, 2017.

Sample of major R&D centres located in Greater Montréal



Many leading companies chose Montréal to implement their innovation centres



With its two locations SAP Labs Montreal specializes in customer-focused product innovations including the Customer Engagement and Commerce portfolio, like SAP Hybris



The Microsoft Research Montréal lab fosters open collaborations with partners throughout industry and academic institutions in the city and around the world for a state-of-the-art AI research



IBM Client Innovation Centre (CIC) in Montréal delivers competitive application development and support services to private and public clients. CIC Montréal is part of IBM's global network of IBM Client Innovation Centres



Ericsson's R&D and Services Centre in Montréal has 1,000 professionals working on advanced and next-generation wireless systems across the world. It also opened a Global AI Accelerator (GAIA) innovation hub in Montréal



Fujitsu, the leading Japanese IT company, is serving the city of Montréal to develop and implement AI solutions such as data analysis to smooth the traffic flow since 2019



Canada's largest IT services provider, CGI serves customers in more than 40 countries and has its main innovation hub based in Montréal



TCS IT delivery centre in Montréal offers services and solutions around advanced technologies such as cloud computing, advanced analytics, machine learning and AI



European leader in engineering and technology consulting, Alten chose Montréal to open its Canadian HQ to serve their North American clients and open an innovation centre

"We chose Montréal as our Canadian footprint due in part to the centers of excellence, academic institutions and most importantly its highly skilled workforce. We expect to grow our footprint and look forward to becoming an integral part of the Montréal and wider Québec technology and life sciences community."

- Dr. Pradip Banerjee, Chairman, Xybion Corporation



"Montréal has everything we need to take Inspire Labs to the next level. [...] The city has a deep, skilled, multilingual talent pool that includes IT professionals and recent university graduates, a strategic geographical position and rich AI and IT ecosystems. Our immediate goal is to recruit top-level talent to lead this initiative and develop these two important products."

- Noam Weisman, Vice President of Customer Products, Silverstein Properties



"With its growing reputation as a technology hot spot, particularly in leading edge areas such as gaming and artificial intelligence, we are drawn to Montréal for its burgeoning talent as well as its bilingual and diverse demographic. [...] As a global company with an international team, we are excited to invest in this thriving city, collaborate with other companies in its ecosystem, and launch some interesting new products."

- Tarek Fadel, Founder and Chief Executive Officer, FADEL



"Microsoft is very excited about the idea of collaborating with professors, students and the extensive tech community in Montréal. The city is becoming a global hub for research and innovation in AI."

- Brad Smith, President, Microsoft



"The combination of Montréal's culture of innovation, expertise in emerging technologies such as AI and machine learning, and not least, the time zone alignment with our clients on the Eastern seaboard made it the logical choice."

- Amir Razmara, Cofounder and Chief Technology Officer, Avenue Code



"Montréal's AI ecosystem is recognized around the world and that's what first attracted us to this city [...]. Some of our company's core values include sharing knowledge and technical excellence. As such, we believe Montréal's spirit of collaboration will allow us to achieve our most ambitious projects."

- Frédéric Volpi, CEO, Stack Labs

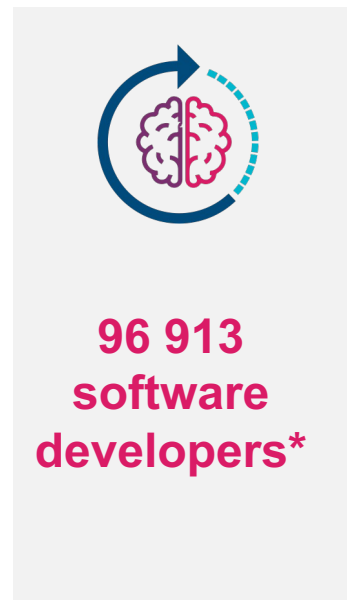


02

A Deep and Growing Pool of Highly Qualified Talent

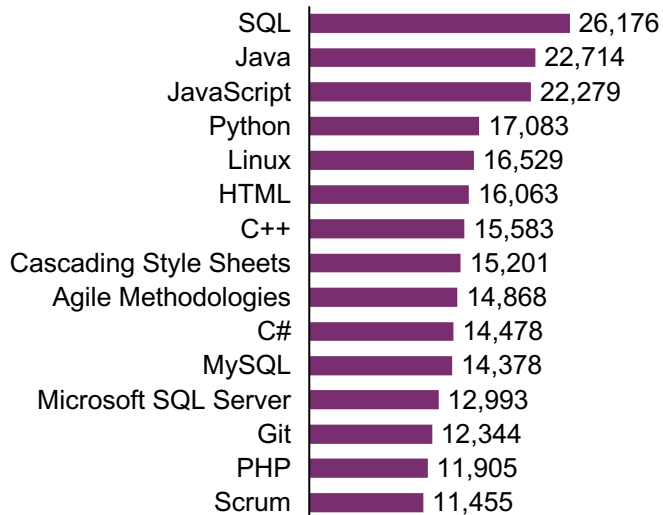


95,000+ software developers in Greater Montréal with strategic skills



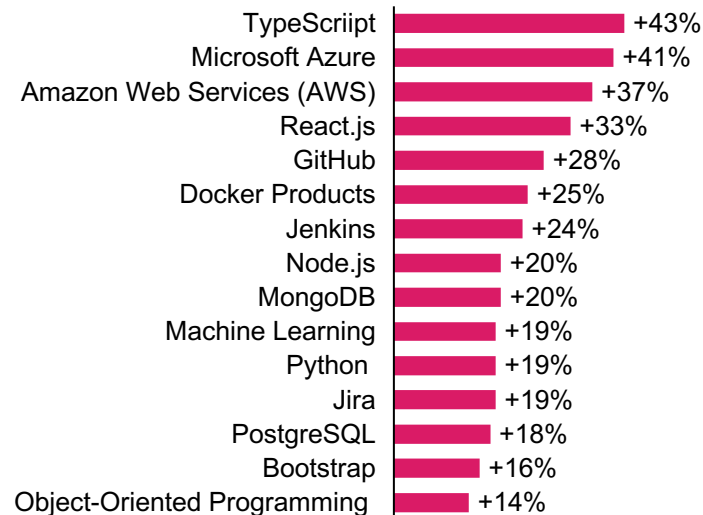
Main skills among software developers

Number of workers for each skill



Fastest-growing skills among software developers

% growth over the past 12 months



*680+ job titles taken into account to define workers in software development, such as: Computer programmer, Cybersecurity engineer, Software engineer, Solutions architect, Etc.

Note: Excluding niche specialties such as video games, VFX and animation.

Source: LinkedIn, Talent Insights, February 2023; Montréal International analysis.

Among the best student city in the Americas and Canada's university capital

- **Canada's university capital:** 15 university institutions and 100+ colleges
- **600,000+ post-secondary students in Québec**, including **350,000+ university students** and **65,000+ international students**
- **Over half of Québec's students** are located in Greater Montréal
- **1st in Canada for university research funding** with \$1.6B+ per year*



Among the best student cities in the world and Best student city of Canada

QS Best Student Cities Rankings 2023

* Tied with Toronto.

Source: QS Best Student Cities in the World 2023; Québec Ministry of Education and Higher Education, 2022; Research Infosource Inc., 2023; Montréal International analysis.





40,000+ university students enrolled in IT-related programs in Québec

Examples of IT-related programs	Students enrolled 2021-2022	Graduates 2021
Computer Sciences	24,482	4,392
Electrical and Electronic Engineering	7,959	1,193
Computer Engineering	4,898	612
Mathematics	2,429	400
Probabilities and Statistics	521	80
Applied Mathematics	264	45



Canada's most bilingual and trilingual population



2.4 million residents speak English,
that's 4% more than in Vancouver



56% of the population is bilingual
(French and English), compared to
7% in Toronto and Vancouver



**Almost 24% of the population is fluent in
three or more languages,** compared to
13% in Toronto and 12% in Vancouver

03

Attractive Operating Costs and Incentives



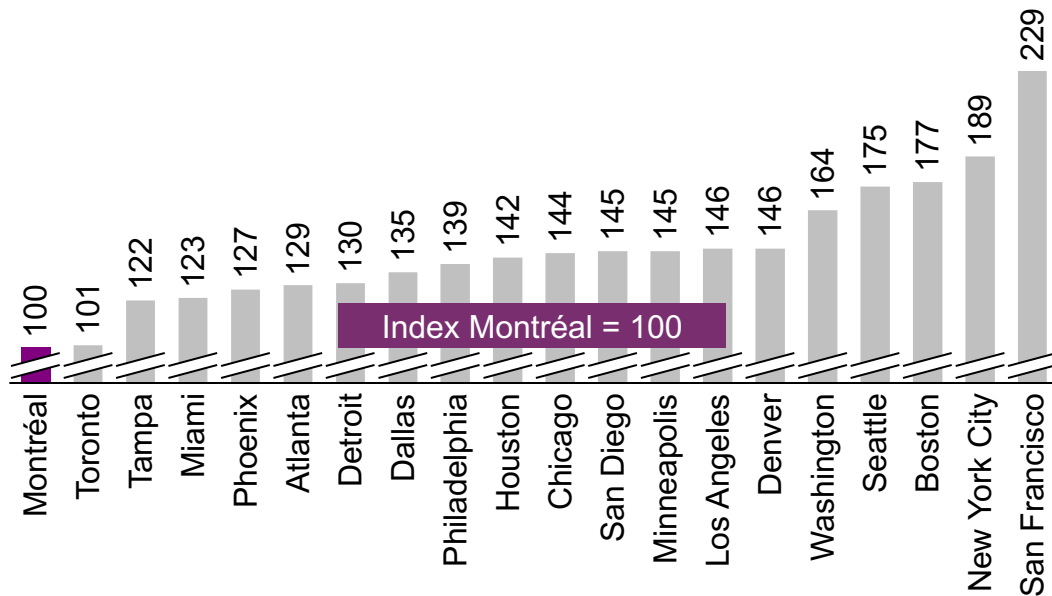
Montréal
International



Operating a business costs less in Greater Montréal than in any other major metropolitan area in Canada and the U.S.

Operating costs index for software development

20 largest metropolitan areas in Canada and the U.S., 2023



31% cost advantage

for **software development** compared to the average 20 largest metropolitan areas in Canada and the U.S.

Advantageous salaries for employers

Annual salaries* (US\$) for eight typical occupations in software development

Selection of 8 major North American cities, 2023

	Montréal	Montréal with E-Business tax** (assuming 100% eligibility)	Toronto	Atlanta	Los Angeles	Boston	New York	Seattle	San Francisco
Quality Assurance Analyst	\$83,248	\$64,035	\$89,289	\$99,657	\$106,181	\$110,117	\$114,828	\$115,102	\$136,283
UX Designer	\$87,711	\$68,499	\$93,996	\$105,013	\$112,122	\$115,779	\$121,274	\$120,967	\$143,389
System Administrator	\$87,234	\$68,022	\$93,492	\$104,506	\$111,567	\$115,246	\$120,671	\$120,409	\$142,716
Data Architect	\$97,473	\$78,261	\$105,512	\$121,654	\$132,297	\$134,449	\$144,345	\$139,009	\$166,259
Product Manager	\$98,641	\$74,429	\$104,806	\$142,080	\$149,542	\$155,132	\$178,552	\$152,373	\$168,763
Full Stack Developer	\$102,439	\$83,227	\$109,445	\$128,986	\$138,456	\$140,520	\$149,735	\$146,579	\$174,187
Software Engineer	\$105,292	\$86,080	\$112,428	\$131,407	\$141,049	\$142,877	\$152,507	\$149,093	\$177,143
Lead Computer programmer	\$113,726	\$95,514	\$121,240	\$143,114	\$153,575	\$153,828	\$165,749	\$161,198	\$191,183

* Base salaries based on Level 2 (Intermediate level with 5 to 7 years of experience) at the 75th percentile, for the Computer systems design services industry (NAICS 541512).

**E-Business tax credit reinforces a salary cap of CA\$83,333, meaning that a maximum of CA\$20,000 refundable and CA\$5,000 non-refundable credit can be claimed per eligible employee.

Currency exchange based on the 2022 yearly average: US\$1.00 = CA\$1.3013.

Source: Bank of Canada, 2022; Economic Research Institute Inc., 2022.

Low mandatory benefit costs for employers

Examples of mandatory benefit costs for employers, 2023

Gross annual salary*	\$50,000	\$100,000	\$125,000
Québec Public Pension Plan (employee: 6.40%; employer: 6.40%, max. \$4,038.40)	\$3,200.00	\$4,038.40	\$4,038.40
Québec Parental Insurance Plan (employee: 0.494%, employer: 0.692%, max. sal. of \$91,000)	\$346.00	\$629.72	\$629.72
Employment Insurance (employee: 1.27%, employer: 1.78%, max. sal. of \$61,500)	\$890.00	\$1,094.70	\$1,094.70
Health Services Fund (max. 4.26% if global salary total is more than \$7M)	\$2,130.00	\$4,260.00	\$5,325.00
Commission des normes du travail (Labour standards board) (0.06%, max. sal. of \$91,000)	\$30.00	\$54.60	\$54.60
Commission de la santé et sécurité du travail (Occupational health and safety board) (0.41% in service sector, max. sal. of \$91,000)**	\$205.00	\$373.10	\$373.10
Workforce Skills Development and Recognition Fund - Québec Training Law 1% (1% of their total payroll in training for employers with total annual payroll over \$2M)	\$500.00	\$1,000.00	\$1,250.00
Total benefit costs	\$7,301.00	\$11,450.52	\$12,765.52
Total cost	\$57,301.00	\$111,450.52	\$137,765.52
Total benefits in % of gross annual salary	14.60%	11.45%	10.21%

Note: *Paid vacation represents a minimum of 4% of salary and is included in gross salary. Some rates apply up to a maximum insurable revenue.

**The rate for the service sector (65110 - *Bureau de courtoisie; bureau de services professionnels; bureau offrant des services de soutien administratif*) is 0.41%. The average premium rate in 2023 is \$1.50 per \$100 of payroll.

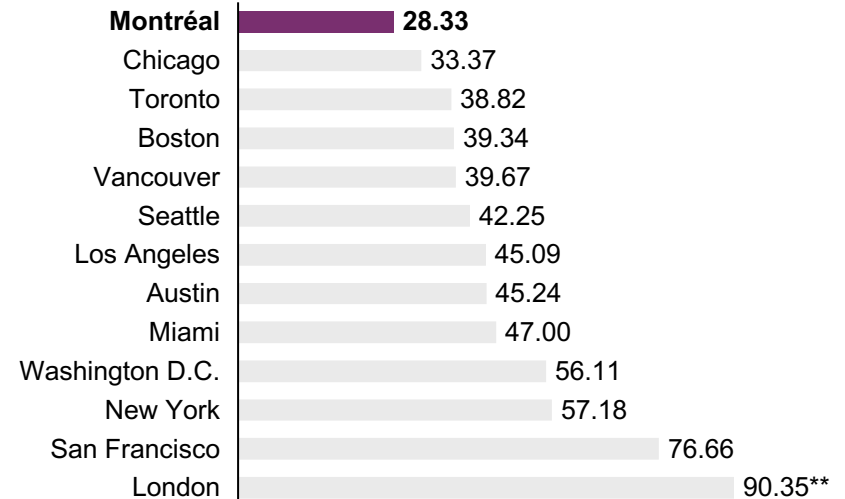
Source: Revenu Québec, 2023.



Affordable office space

Office spaces are available at highly competitive rates compared to almost all other large cities in North America

Average asking rent (All classes – US\$/sq.ft/yr)*



Average asking rent (all classes) in Montréal is US\$28.33 and US\$34.58/sq.ft/yr for a Class-A office building

* Annual gross rent in Central Business District; ** Data from 2021 (Q2).
Currency exchange based on annual average: CA\$1.00 = US\$0.7978; GBP1.00 = U.S.\$1.3755.

Source: Cushman & Wakefield, Q1 2022.

Easy access to highly advantageous incentives

Major projects and innovations

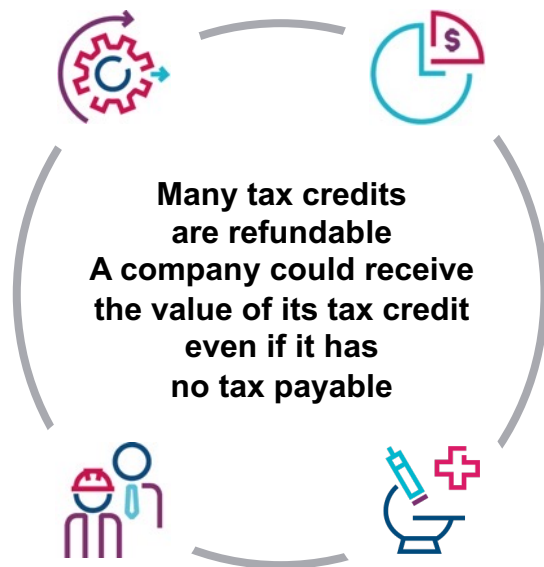
Grants, interest-free loans and other supports, including:

- **ESSOR** program
- **Tax holiday** for large investment projects
- **Tax Credit** for Investments and Innovations (C3i)
- **Incentive Deduction** for the Commercialization of Innovations

Labour development

Example of grant:

- **Up to 50% of eligible costs*** to support HR management and training



Sector tax credits

Applicable to eligible salaries and expenses:

- **Up to 43%** for film and video production
- **Up to 37.5%** for multimedia production
- **Up to 30%** for e-business development
- **24%** for international financial centres

Research and development

- **Up to 30%** tax credit on R&D expenses
- **Tax holiday** for foreign researchers and experts
- *And many others, such as:* Prompt, Mitacs, National Research Council Canada

Note:

* and **up to 85%** on the first \$117,647 for certain sectors such as IT.

E-Business tax credit could cover up to 30% of eligible salaries

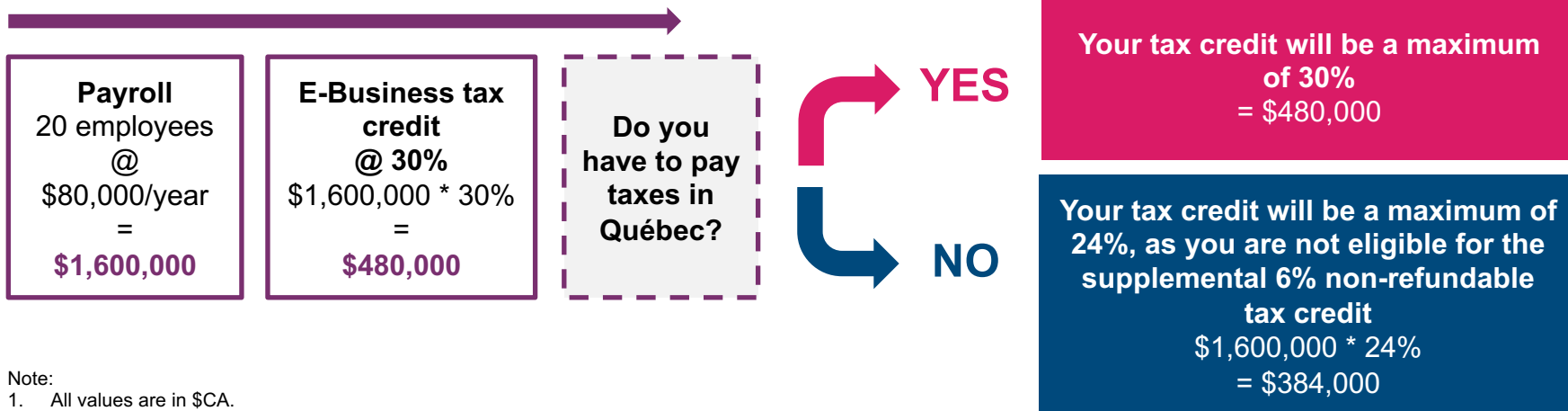
SCENARIO

Québec refundable tax credit for the development of E-Business:

- Covers up to **30%** of employee salaries, including **24% refundable**, up to **\$25,000** per employee, per year

ASSUMPTIONS¹

- Foreign-controlled company
- 20 employees eligible @ \$80,000/year
- 100% of their work is related to eligible activities under the E-Business



Note:

1. All values are in \$CA.

2. The unused portion of the non-refundable tax credit can be carried back three years or forward 20 years.

Source: Ministry of Finance of Québec, 2021; Montréal International's analysis, 2021.

R&D tax credits: 15% non-refundable from Canada and 14% refundable from Québec

SCENARIO

Scientific Research and Experimental Development (SR&ED) tax incentive program

ASSUMPTIONS

- Foreign-controlled company, more than \$75M assets
- 15 eligible employees @ \$100,000/year
- 100% of their work is related to eligible activities
- Subcontractor: \$200,000

	Canada	Québec
Qualifying salaries and wages	\$1,500,000 (A)	\$1,500,000 (D)
Other eligible expenses @ 55% ¹	\$825,000 (B)	-
Subcontractor ²	\$160,000 (C)	\$100,000 (E)
Exclusion on the first \$225,000 of R&D expenditures ³	-	\$(225,000) (F)
Deduction of the Québec R&D credit ⁵	\$(192,500) (G)	-
Total qualifying expenditures	\$2,292,500 (A) + (B) + (C) - (G)	\$1,375,000 (D) + (E) - (F)
Refundable Québec credit @ 14%	-	\$192,500 (G)
Non-refundable federal credit @ 15%	\$343,875 (H)	-
Total tax credit	\$536,375 (G) + (H)	

Note:

1. Up to 55% of qualifying salaries and wages, federal only: expenditures should be related to R&D activities.

3. Only 80% of the amount paid to a subcontractor is eligible for a federal tax credit and 50% for Québec tax credit.

4. Québec only: For SMEs (less than \$50M assets) there is an SR&ED tax credit exclusion on the first \$50K of R&D spending. For large companies (more than \$75M assets) and companies under foreign control, the exclusion applies on the first \$225K of R&D spending. This amount is deducted of the qualifying salaries and wages.

5. For the purposes of calculating the combined rate of the credit, the tax credit from the government of Québec is applied against the federal tax credit.

Source: Ministry of Finance of Québec, 2021; PWC, 2021; Compilation: Montréal International, 2021.

Combination of E-Business and SR&ED tax credits

Refundable tax credits for Scientific Research and Experimental Development (SR&ED) and E-Business¹:

- E-Business covers up to **30%**, including **24% refundable**, of employee salaries up to **\$25,000** per job per year
- SR&ED covers **15%** from the Government of Canada, and **14%, refundable**, from the Government of Québec

SCENARIO

Combination of the Québec refundable tax credit for the development of E-Business and the Canada Scientific Research and Experimental Development (SR&ED)

ASSUMPTIONS

- Foreign-controlled company
- 20 eligible employees @ \$80,000/year
- 100% of their work is related to eligible activities

	SR&ED	E-Business
	CANADA	QUÉBEC
Qualifying salaries and wages	\$1,600,000 (A)	\$1,600,000 (C)
Other eligible expenses @ 55% of A ²	\$880,000 (B)	-
Total qualifying expenditures	\$2,480,000 (A)+(B)	\$1,600,000 (C)
Federal credit @ 15% of total qualifying expenditures	\$372,000	-
Québec credit @ 30%³ of total qualifying expenditures	-	\$480,000
Total credit	\$852,000	

Other scenarios are possible to maximize the total credit amount depending on the R&D intensity

Note:

1. Company has to choose between the R-D or the E-Business tax credit for the Québec credits. Only the SR&ED applies in combination with the E-Business.

2. Up to 55% of qualifying salaries and wages, federal only: expenditures should be related to R&D activities.

3. If the company has no taxes to be paid, the Québec credit will be 24%.

Source: Ministry of Finance of Québec, 2021 - Compilation: Montréal International, 2021.



Incentives to attract and develop talents

Workforce Training Measure (MFOR)

- **Up to 50%** of eligible costs for the implementation of a training program (**up to \$5M**)

Tax holiday for foreign researchers and experts

Five-year Québec income tax exemption

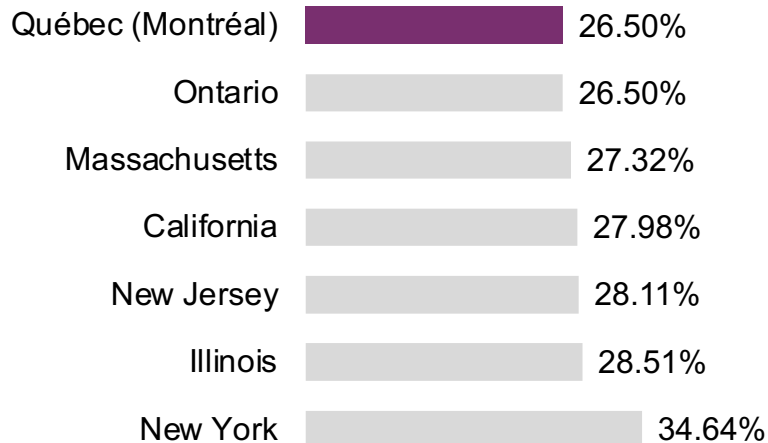
- **0%** of provincial income tax for the 1st and 2nd year
- **25%** for the 3rd year
- **50%** for the 4th year
- **75%** for the 5th year

Mitacs: internship units to drive collaboration and innovation between universities and companies

- **\$64.6M** invested by the government of Québec to fund innovation internships

Québec offers corporations an attractive tax treatment

Comparison of corporate effective tax rate (%) Selected Canadian provinces and U.S. States, 2021



04

Montréal International's Personalized, Free and Confidential Services



Montréal International, a single point of access to a series of personalized, free and confidential services



**Long-term
strategic support**



**Economic data
and communication
services**



**Government
relations facilitation**



**Incentive programs
assistance**



**Foreign workers
immigration
assistance**



**International
recruiting solutions**



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