

# Greater Montréal's Thriving IT Services Sector



# The world's best economic promotion agency at your service





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# 01

## Greater Montréal: A Leading Tech Hub



# Top reasons to invest in Greater Montréal's IT Services



**179,000+ tech workers** and **5,000 companies** in Greater Montréal



**Best student city in the Americas** and **Canada's university capital**



**A world leader in high value-added sectors**



**72,000+ workers in software development** in Greater Montréal



The metropolitan area with the **most bilingual and trilingual population in Canada**



**The lowest operating costs in Canada and the U.S.** for a software development company



**Nearly 17,000 university students** enrolled in IT related programs and the highest number of graduates in tech in Canada

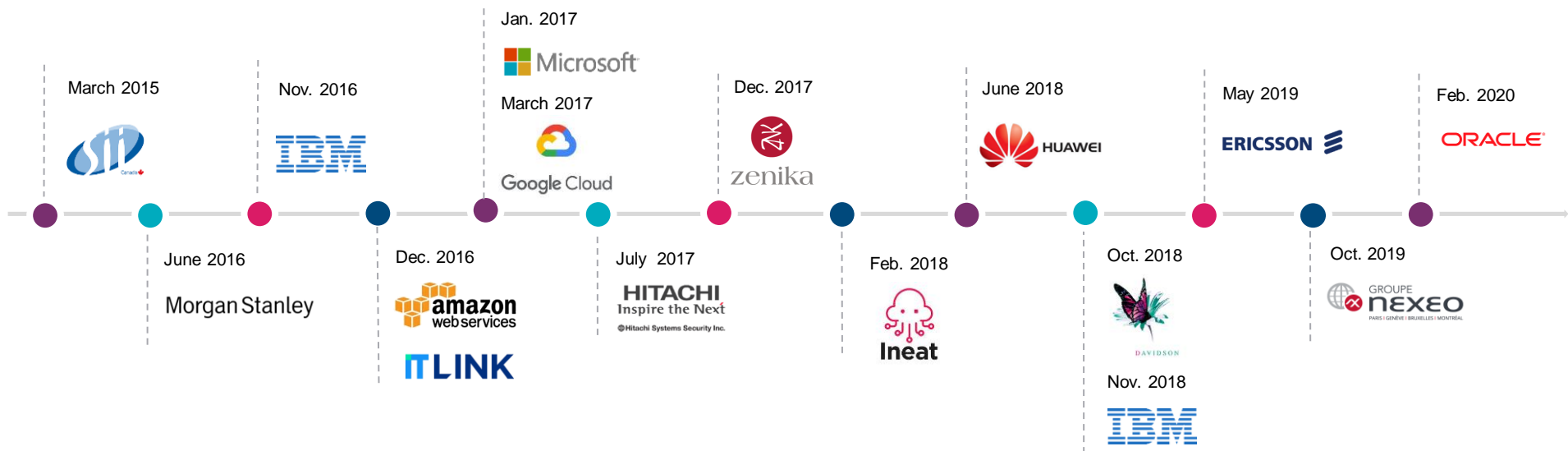


Immigration streams to **attract top international talent**



**Incentives: up to 30%** of eligible expenses and salaries

# Many global players recently decided to invest in Greater Montréal



## Other foreign companies flourishing in Greater Montréal



# Several successful innovation centres are based in Montréal



With two locations - both in the heart of the city, SAP Labs Montreal specializes in customer-focused product innovations including the Customer Engagement and Commerce portfolio, like SAP Hybris. SAP Labs Montreal is also a vital customer and partner support centre.



The Microsoft Research Montréal lab plays a fundamental role in the state-of-the-art AI research. Located in Montréal, the lab fosters open collaborations with partners throughout industry and academic institutions in the city and around the world.



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.



Since 2019, the leading Japanese information and communication technology company, is serving the city of Montréal to develop and implement AI solutions.



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



One of the world's leading AI company, Element AI is a local startup that employs more than 400 people and that has its main teams working on fundamental and applied research in Montréal.



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.

# A thriving economy that drives business opportunities







# A booming startup ecosystem

- Canada is the most attractive country in the world for entrepreneurs according to the OECD.
- **US\$2.7 B+ in VC investments** in Montréal between 2018 and 2020
- **Six of the tenth most active VCs** in Canada in 2020 are based in Montréal
- **30+ incubators/accelerators**
- **45+ coworking spaces**



Source: OECD Indicators of Talent Attractiveness, 2019; "Global Ecosystem Report" 2018; "Montréal Startup Ecosystem Report", Credo, 2016; "Midterm Report" – Smart City, February 2017; Canadian Venture Capital & Private Equity Association, 2018, 2019 and Q3, 2020.

# A supportive ecosystem

## Cluster Organizations



Greater Montréal  
technology cluster



Organization  
aimed at pooling  
talent and  
expertise in  
cybersecurity  
in Québec



HR Committee  
dedicated to IT  
recruitment  
professionals

## Research Institutes



Québec's AI  
Institute



Institute for Data  
Valorization



Center for Applied  
Research and IT  
Expertise

## R&D Financing



prompt

Facilitating  
the creation of  
partnerships and  
the financing of IT  
R&D projects



Funding research  
projects and  
connecting  
industry and  
academia.





Aerial view of Montréal skyline

# Major public investments to support innovation

**\$875M**

## Public investment in AI:

- Allocations from the Canada First Research Excellence Fund (2016)
- Creation of a Québec AI cluster (2017)
- scale ai supercluster (2018, 2019)
- Accelerate the adoption of AI in Québec (2019)

**\$400M**

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

**\$50M**

**The Smart Cities Challenge 2019** winner for its proposal to improve mobility and access to food (2019)

**\$17M**

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

# 02

## A Deep and Growing Pool of Highly Qualified Talent







## 179,000+ tech workers in Greater Montréal

- Greater Montréal boasts a highly qualified workforce
- **18.2% increase in tech jobs in Greater Montréal (2014-2018)**
- Low turnover rate: **11% for the tech industry**

Source: Montréal International's estimate based on 2018 TECHNOCompétences' Labour Diagnostic in ICT in Québec; Statistics Canada, Labour Force Survey (LFS), 2018.



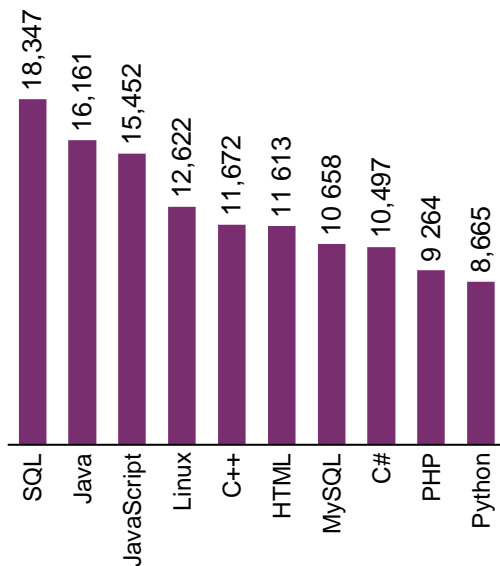
# 72,000+ workers in software development call Greater Montréal home

670+ job titles taken into account to define workers in software development\*

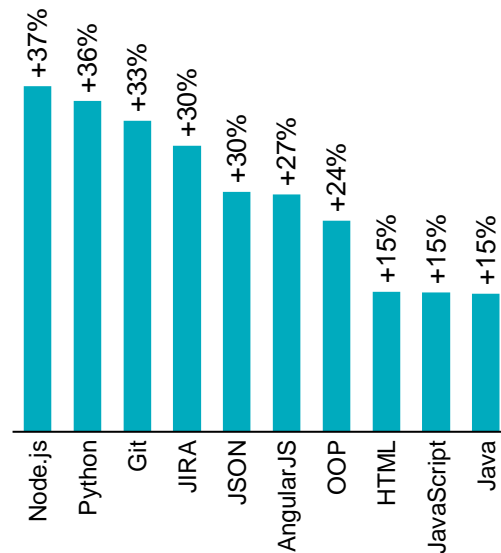


Number of Greater Montréal LinkedIn profiles that list the titles above: **72,657**

Number of workers who have the skills below

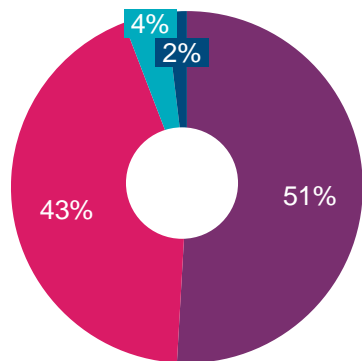


Fastest-growing skills among workers in software development over the past 12 months



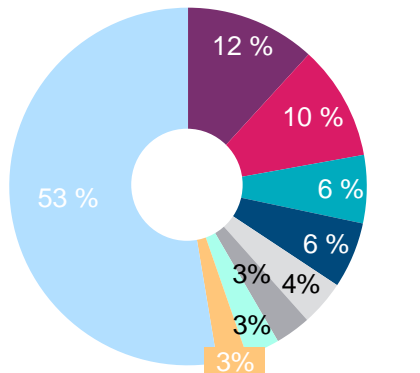
# 98% of workers in software development have a university degree, of which 43% hold a Master's degree or higher

Highest level of education among software development workers  
(100% = 72,657)



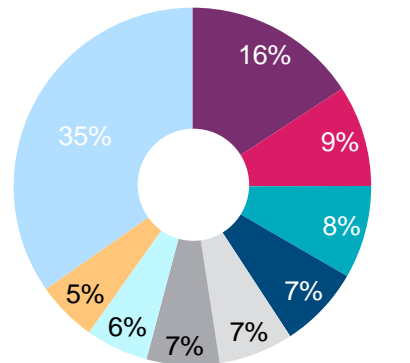
- Bachelor's degree
- Master's degree
- PhD
- Other

Main fields of study chosen by software development workers



- Computer Science
- Computer and Information Sciences
- Computer Software Engineering
- Electrical and Electronics Engineering
- Information Technology
- Computer Engineering
- Accounting and Business/Management
- Mathematics
- Other

Universities where software development workers earned their degrees



- Concordia University
- McGill University
- Université du Québec à Montréal
- Université de Montréal
- Polytechnique Montréal
- École de technologie supérieure
- HEC Montréal
- Université de Sherbrooke
- Other

# A large pool of university students enrolled in IT-related programs

Nearly **17,000**  
enrolled in  
IT-related programs  
at universities located  
in Greater Montréal

IT-related programs	University students enrolled in 2018-2019	University graduates, 2018
Computer Sciences	9,381	1,719
Electrical and Electronic Engineering	3,374	759
Computer Engineering	2,193	460
Mathematics	1,427	286
Applied Mathematics	132	31
Probabilities and Statistics	195	42
<b>Total</b>	<b>16,703</b>	<b>3,297</b>

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

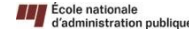
- **Canada's university capital:** 11 university institutions and 60 colleges
- **320,000 post-secondary students**, including more than **200,000 university students** and **35,500 international university students**
- **\$1+ billion in funding yearly dedicated to university research**
- **Best student city in the Americas:**



**Best student city in the Americas**

2019 QS Best Student Cities Rankings

1	Montréal
2	Toronto
3	Boston
4	Vancouver
5	New York



# Multiple international mobility programs to attract the best international talents

Immigration programs	1 - Obtain a LMIA* and CAQ**	Processing time***	2 – Work permit application	Processing time***
<b>Intra-company transfer</b>	These procedures are not applicable in this case	.	Have worked at least one year for the company before the transfer, be an executive or have specialized and proprietary knowledge	0 to 2 weeks****
<b>CUSMA</b>	These procedures are not applicable in this case	.	Belong to one of the 60 professions recognized under CUSMA	0 to 2 weeks****
<b>International Experience Canada</b>	These procedures are not applicable in this case	.	Be 18 to 35 years old (may vary according to the country of citizenship) and coming from one of the 35 countries and territories having signed an agreement with Canada. 3 categories according to country agreements: Working Holiday, Young Professionals and International Co-op Internship	Up to 8 weeks
<b>Global Talent Stream</b>	Exemption from the obligation to make efforts to hire and recruit locally. 12 professions are on the list of professions eligible for this program	Approx. 2 weeks	Submit the application to the visa office outside Canada or to Canada customs if the applicant is exempt from the entry visa requirements	0 to 2 weeks
<b>Québec Simplified Process</b>	Process offered exclusively to businesses in Quebec. Exemption from the requirement to demonstrate that efforts to hire locally were unsuccessful. More than 200 professions are on the list of professions eligible for simplified processing	Approx. 12 weeks	Submit the application to the visa office outside Canada or to Canada customs if the applicant is exempt from the entry visa requirements	Canadian Visa Office (BVC) timelines
<b>Regular process</b>	Demonstrate that reasonable efforts have been made to hire locally	Approx. 15 weeks	Submit the application to the visa office outside Canada or to Canada customs if the applicant is exempt from the entry visa requirements	Canadian Visa Office (BVC) timelines

\*LMIA: Labour Market Impact Assessment

\*\*CAQ: Québec Acceptance Certificate

\*\*\*Pre-COVID-19 deadlines. During the pandemic, with some exceptions, work permit applications must be submitted online to the visa office abroad and it is impossible to assess processing times

\*\*\*\*Priority processing within 14 days (in 80% of cases) only for a qualified position at level 0 or A according to the National Occupational Classification



# 03

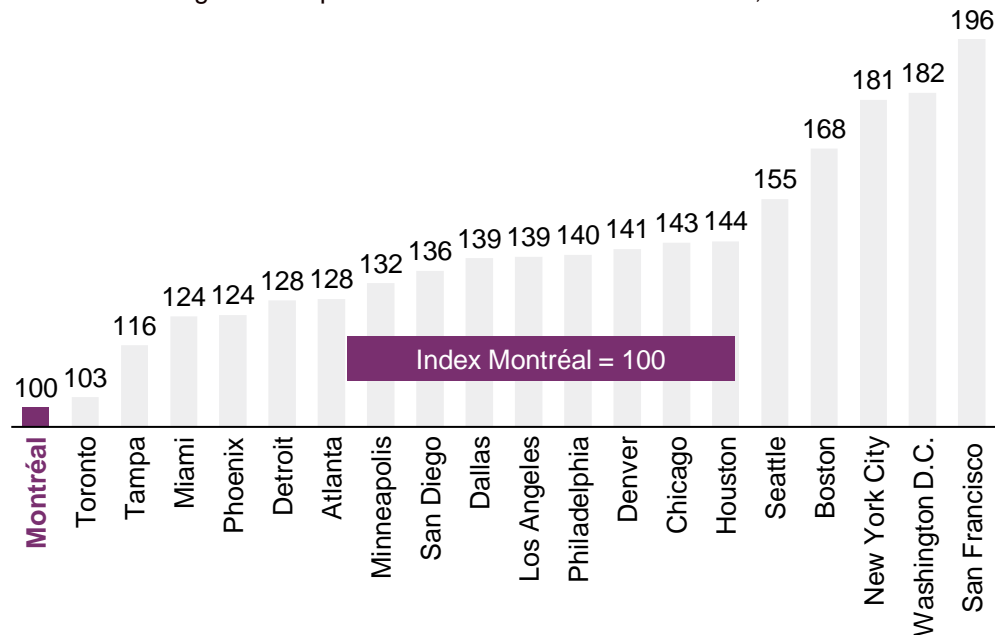
## Attractive Operating Costs and Incentives



# 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., 2019



**29% cost advantage**

compared to the average  
20 largest metropolitan  
areas in Canada and  
the U.S.

Note: The annual operating cost calculations are based on labor and property costs in US\$.

Source: fDi Benchmark, 2019.

# Advantageous salaries for employers

## Median annual salaries\* (US\$) for eight typical occupations in software development

	Montréal	Montréal with E-Business tax credit applied** (assuming 100% eligibility)	Toronto	Atlanta	Chicago	Boston	Seattle	New York	San Francisco
Database Analyst	\$60,121	\$42,085	\$63,647	\$85,316	\$88,994	\$95,696	\$98,721	\$98,038	\$105,610
Programmer	\$61,432	\$43,003	\$64,994	\$85,773	\$89,439	\$96,174	\$99,213	\$98,564	\$106,148
Database Architect	\$65,760	\$47,310	\$69,427	\$94,123	\$97,501	\$104,872	\$108,120	\$108,208	\$115,984
Computer Engineer	\$67,320	\$48,870	\$71,023	\$98,905	\$102,084	\$109,837	\$113,172	\$113,753	\$121,615
Software Developer	\$67,982	\$49,532	\$71,699	\$99,241	\$102,405	\$110,184	\$113,525	\$114,142	\$122,010
Software Engineer	\$69,009	\$50,559	\$72,748	\$101,797	\$104,847	\$112,832	\$116,213	\$117,109	\$125,016
Main Software Developer	\$76,976	\$58,526	\$80,892	\$114,774	\$117,227	\$126,208	\$129,801	\$132,173	\$140,192
IT Consultant	\$70,677	\$52,227	\$74,453	\$105,162	\$108,058	\$116,311	\$119,744	\$121,018	\$128,966

Note: \*Salaries based on five years of experience, Computer systems design services (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 monthly average of June 2020: US\$1.00 = CA\$1.3550.

Source: Economic Research Institute, Inc., July 2020.

# Low mandatory benefit costs for employers

## Examples of mandatory benefit costs for employers, 2020

Gross annual salary*	\$50,000	\$100,000	\$125,000
Québec Public Pension Plan (employee: 5.7%; employer: 5.7%, max. \$3,146.40)	\$2,850.00	\$3,146.40	\$3,146.40
Québec Parental Insurance Plan (employee: 0.494%, employer: 0.692%, max. sal. of \$78,500)	\$346.00	\$543.22	\$543.22
Employment Insurance (employee: 1.20%, employer: 1.68%, max. sal. of \$54,200)	\$840.00	\$910.56	\$910.56
Health Services Fund (max. 4.26% if global salary total is more than \$6M)	\$2,130.00	\$4,260.00	\$5,325.00
Commission des normes du travail (Labour standards board) (0.07%, max. sal. of \$78,500)	\$35.00	\$54.95	\$54.95
Commission de la santé et sécurité du travail (Occupational health and safety board) (0.44% in service sector, max. sal. of \$78,500)**	\$220.00	\$345.40	\$345.40
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
<b>Total benefit costs</b>	<b>\$6,921.00</b>	<b>\$10,260.53</b>	<b>\$11,599.08</b>
<b>Total cost</b>	<b>\$56,921.00</b>	<b>\$110,260.08</b>	<b>\$136,575.53</b>
<b>Total benefits in % of gross annual salary</b>	<b>13.84%</b>	<b>10.26%</b>	<b>9.26%</b>

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.

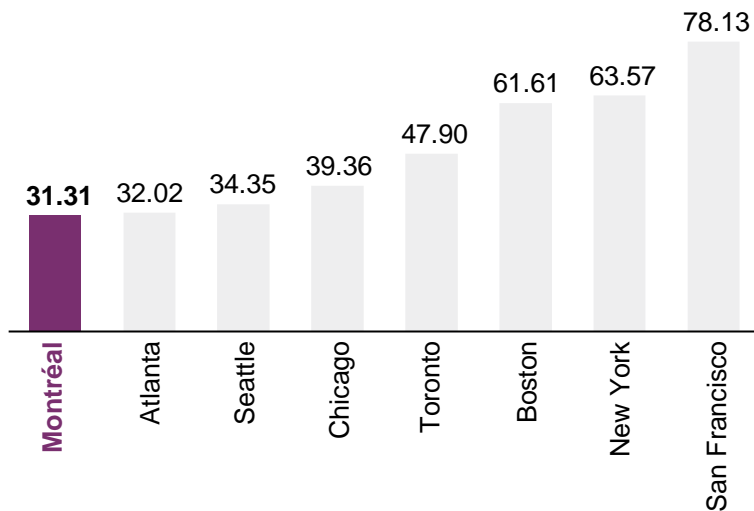
\*\*The rate for the service sector (65110 - Bureau de courtage; bureau de services professionnels; bureau offrant des services de soutien administratif) is 0.44%. The average premium rate in 2020 is \$1.85 per \$100 of payroll.

Source: Revenu Québec, 2020.

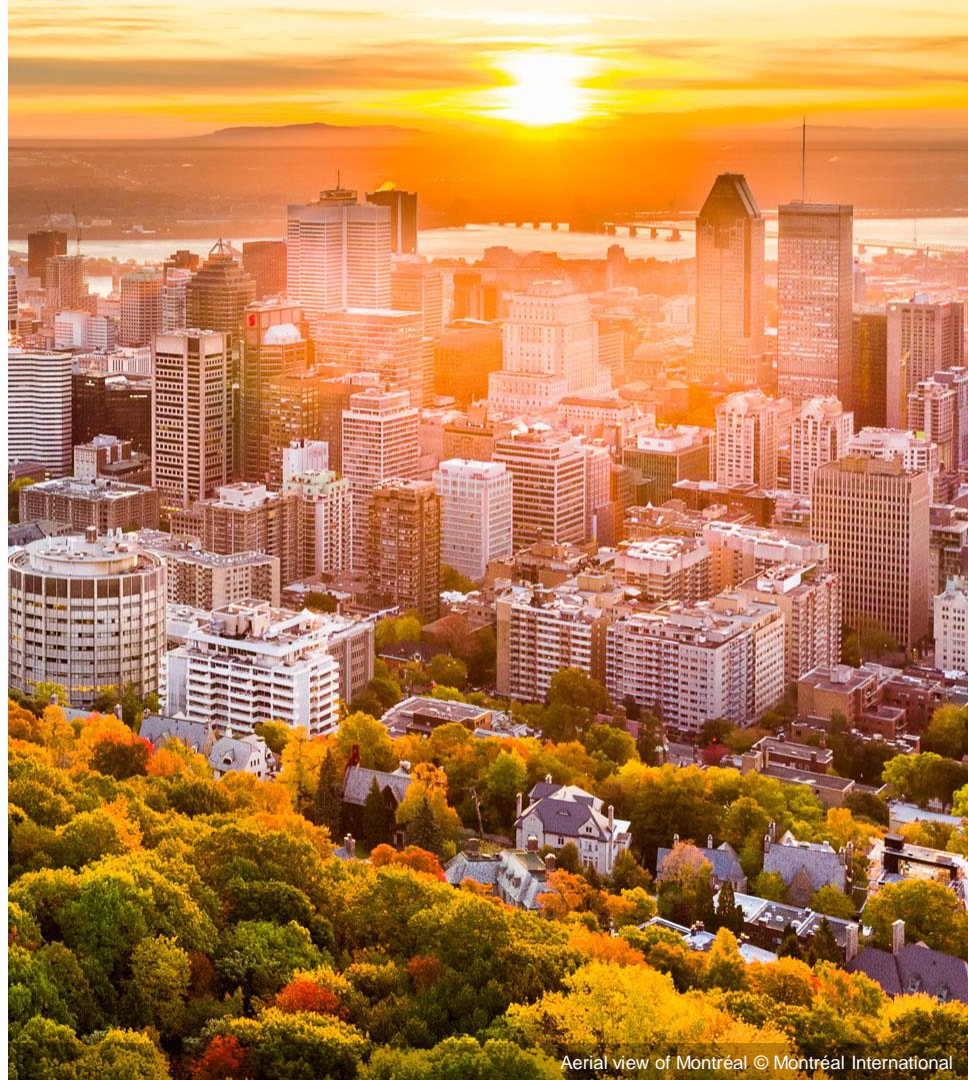


# Most affordable office rent

**Average office space rent cost (US\$/sq.ft./yr)**  
Selected metropolitan areas in North America, 2019



- The average cost for class A office space in Greater Montréal's central business district is two times lower than New York and two and a half times less than San Francisco





# Easy access to highly advantageous incentives

## Major projects and innovations

Grants, interest-free loans and other supports available, such as competitive electricity rates of **CA\$3.98/kWh** for large power\*

## Labour development

- **25% of costs** to implement training programs
- **50% of costs** to create an HR department



## Sector tax credits

- **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
- **Tax holiday** for foreign researchers and experts

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

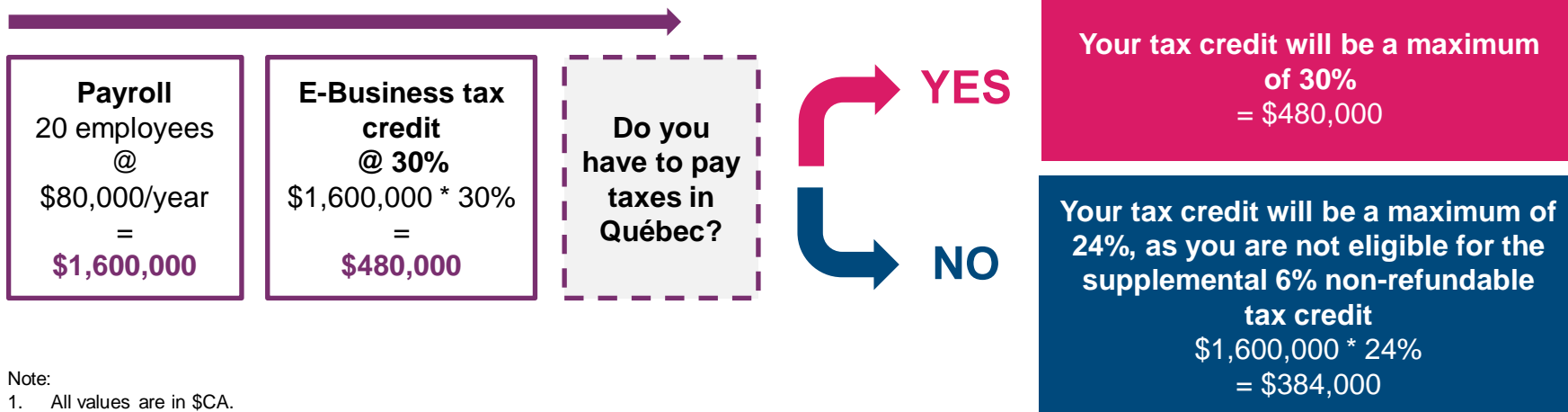
## SCENARIO

### 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

## ASSUMPTIONS<sup>1</sup>

- Foreign-controlled private 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, 2019; Montréal International's analysis, 2019.

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

SCENARIO	Canada (Federal)	Québec	
Scientific Research and Experimental Development (SR&ED) tax incentive program			
	Qualifying salaries and wages	\$1,500,000 (A)	\$1,500,000 (D)
	Other eligible expenses @ 55% <sup>2</sup>	\$825,000 (B)	-
	Subcontractor <sup>3</sup>	\$160,000 (C)	\$100,000 (E)
	Exclusion on the first \$225,000 of R&D expenditures <sup>4</sup>	-	\$(225,000) (F)
	Deduction of the Québec R&D credit <sup>5</sup>	\$(192,500) (G)	-
	<b>Total qualifying expenditures</b>	<b>\$2,292,500</b> <b>(A) + (B) + (C) - (G)</b>	<b>\$1,375,000</b> <b>(D) + (E) - (F)</b>
	Refundable Québec credit @ 14%	-	\$192,500 (G)
	Non-refundable federal credit @ 15%	\$343,875 (H)	-
	<b>Total tax credit</b>	<b>\$536,375 (G) + (H)</b>	

ASSUMPTIONS <sup>1</sup>
▪ Private, 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

## ASSUMPTIONS<sup>1</sup>

- Private, 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

Note:

1. This model takes into consideration recent changes made to certain tax credits (2012, 2014 and 2015) and is thus valid as of fiscal 2019.
  2. 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, 2019; PWC, 2019; Compilation: Montréal International, 2019.

# Combination of E-business and SR&ED tax credits

## Refundable tax credits for Scientific Research and Experimental Development (SR&ED) and E-business (CDAE)<sup>1</sup>:

- 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 (CDAE) and the federal Scientific Research and Experimental Development (SR&ED)

### ASSUMPTIONS<sup>2</sup>

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

	SR&ED	CDAE
	FEDERAL	QUÉBEC
Qualifying salaries and wages	\$1,600,000 (A)	\$1,600,000 (C)
Other eligible expenses @ 55% of A <sup>3</sup>	\$880,000 (B)	-
<b>Total qualifying expenditures</b>	<b>\$2,480,000 (A)+(B)</b>	<b>\$1,600,000 (C)</b>
<b>Federal credit @ 15% of total qualifying expenditures</b>	<b>\$372,000</b>	-
<b>Québec credit @ 30%<sup>4</sup> of total qualifying expenditures</b>	-	<b>\$480,000</b>
<b>Total credit</b>	<b>\$852,000</b>	

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

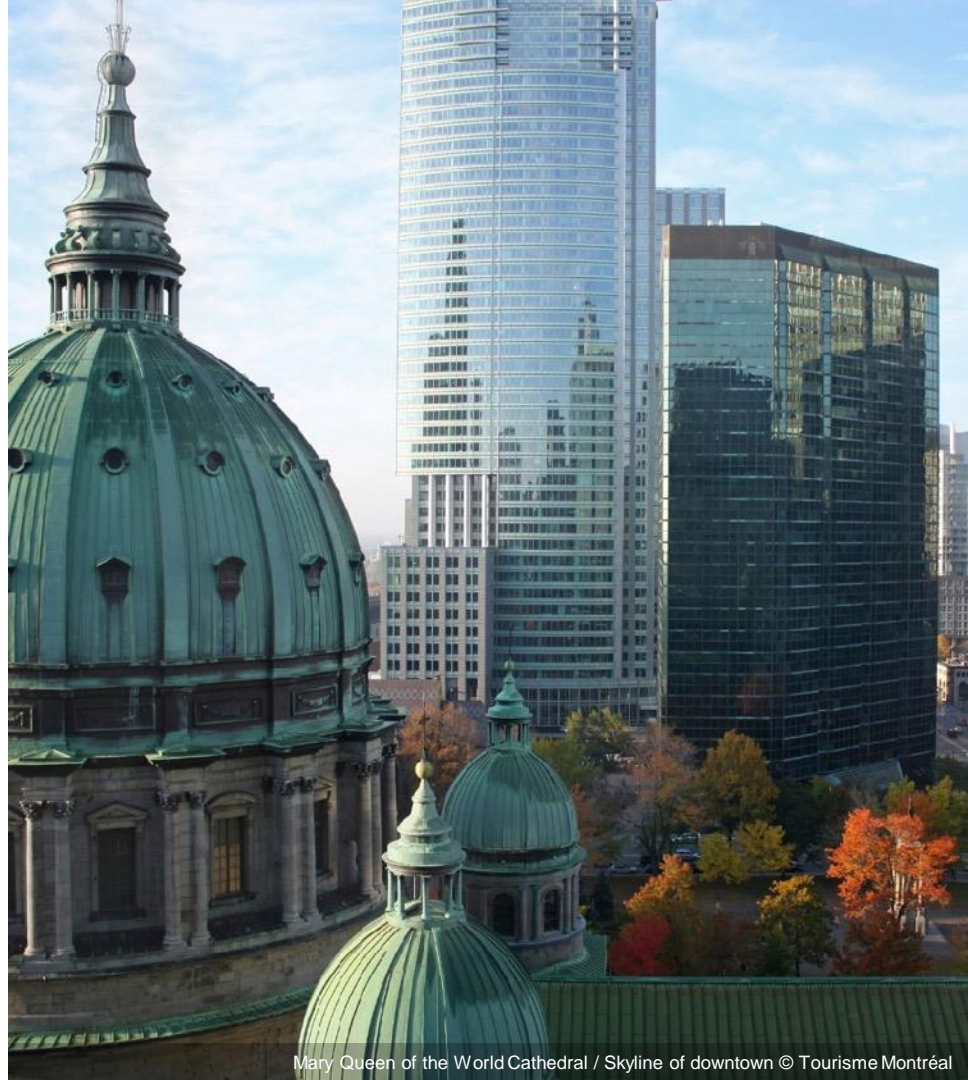
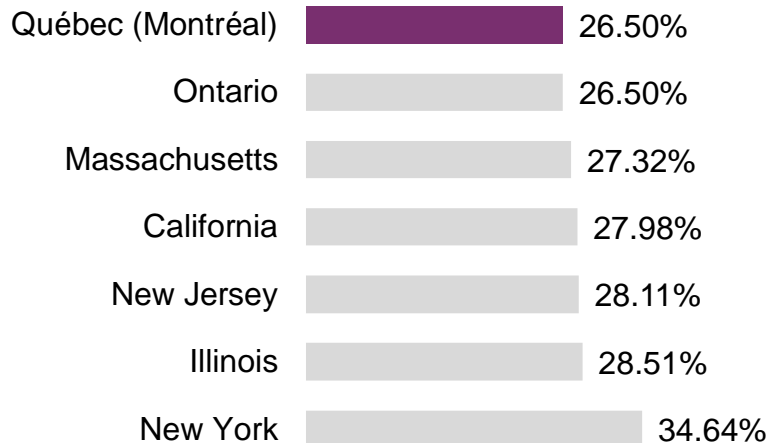
Note:

1. Company has to choose between the SR&ED or the E-business tax credit for the Québec credit.
2. This model takes into consideration recent changes made to certain tax credits (2012, 2014 and 2015) and is thus valid as of fiscal 2019.
3. Up to 55% of qualifying salaries and wages, federal only: expenditures should be related to R&D activities.
4. If the company has no taxes to be paid, the Québec credit will be 24%.

Source: Ministry of Finance of Québec, 2019 - Compilation: Montréal International, 2019.

# Québec offers corporations an attractive tax treatment

## Comparison of corporate effective tax rate (%) Selected Canadian provinces and U.S. States, 2020





# 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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