

Greater Montréal's Flourishing Software Development Sector





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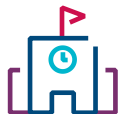
Greater Montréal: A Leading Tech Hub



Top reasons to invest in Montréal's software development sector



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



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



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



72,000+ workers in software development in Greater Montréal



\$1 billion+ in yearly funding dedicated to university research



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



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

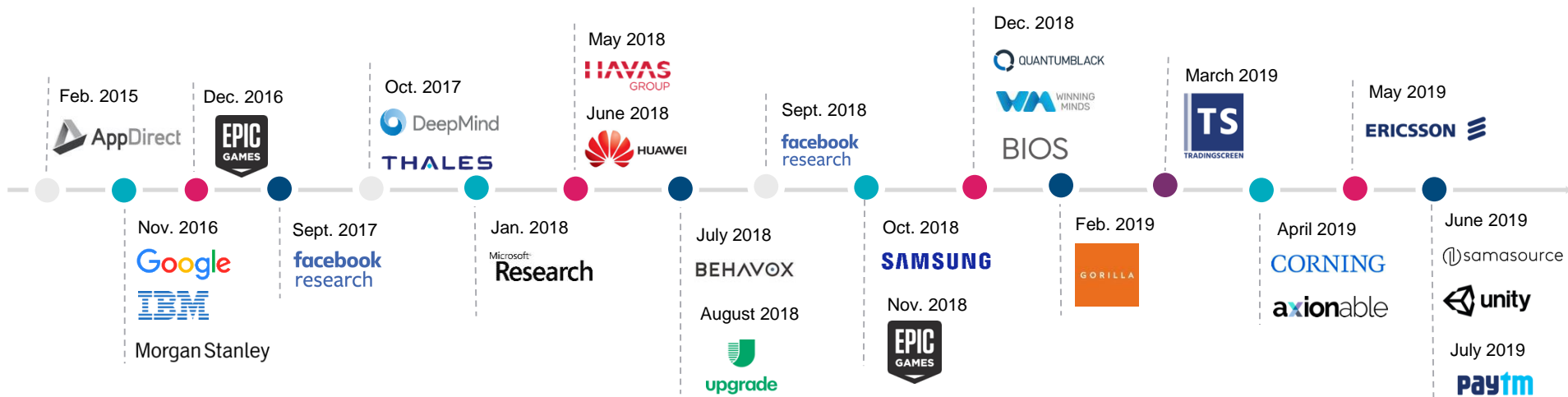


15,000+ university students enrolled in IT related programs and the highest number of graduates in tech in Canada

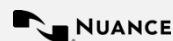
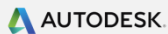


Incentives: up to **30%** of eligible expenses and salaries

Recent investments by global players



Other foreign companies flourishing in Greater Montréal



Homegrown Greater Montréal successes



One of the world's leading AI companies; employs more than 500 people and has raised US\$257M since inception.



One of the first flight-booking applications to use AI to predict airfare pricing; a global giant, now worth close to US\$1B.



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—putting people back at the heart of organizations.



Provides point of sale (POS) solutions to retailers and restaurateurs. The company had a valuation of CA\$1.7B in March 2019.



A rapidly-growing company, Breather offers flexible, short-term office and meeting space rentals, with 500 plus private locations in 10 major cities (as of 2019).



Among the largest IT and business consulting services firms in the world with 77,500 consultants across more than 400 locations worldwide.



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

An extensive network of VC investors

More than US\$1.7 B in VC investments since 2018 including 164 transactions in Greater Montréal with a heavy tech focus

Six of the eight most active VCs in Canada in 2019 are based in Greater Montréal

Fostering tomorrow's breakthroughs: home to leading accelerators and incubators



Techstars Montréal AI selects startups that advance the development and application of AI across all industries and markets.



Ranked among the top 20 university business incubators in the world by UBI Global 2019. Powered by ETS, Centech provides mentoring, coaching and financial support to companies.



A partnership with HEC Montréal, CDL-Montréal runs a specialized program focused on Artificial Intelligence and data science to capitalize on Montréal's expertise in the sector.



An accelerator and founder development program for early or ideation stage AI-enabled startups.



FounderFuel is an accelerator program providing structured and unstructured mentoring and coaching by proven entrepreneurs over a four-month residency program for two cohorts of 8 to 10 companies per year.



A unique startup foundry and seed fund. Since 2010 they have created over 25 ventures who have collectively raised over \$150M in capital and are valued at over \$500M.



Ranked among the top 20 university business incubators in the world by UBI Global 2019. The Centre has helped establish 125 active startups that employ over 1,200 people and have raised \$110M to date.



As a hub of innovation at Concordia University, District 3 offers entrepreneurs the resources they need to move from idea to impact.

A supportive ecosystem

Cluster organizations



Greater
Montréal
technology
cluster

SCALE AI

AI-powered
supply chains
supercluster

**TECHNO
COMPÉTENCES**

IT sector
committee
dedicated to
IT recruitment
professionals

AQT
ASSOCIATION QUÉBÉCOISE
DES TECHNOLOGIES

Québec's
largest ICT
business
network

Research Institutes



Québec's
AI institute



Institute
for Data
Valorization



An applied
research and
expertise
centre in IT

R&D Financing



Prompt facilitates the creation of
partnerships and the financing
of IT R&D projects



ENCQOR 5G: unlocking technological promise through Canada's first 5G corridor



- **\$400M** invested into Canada's **5G public-private ENCQOR project network** over the next five years starting in 2018.
- **The Canada-Québec-Ontario partnership** is focused on research and innovation in the field of 5G disruptive technologies and on adoption initiatives and system uses.
- ENCQOR's cutting-edge platforms will leverage 5G to empower companies to **develop and export a new wave of creative products and services** in areas such as e-health, smart cities, connected and autonomous vehicles, fintech, cybersecurity, Internet of Things (IoT) and others.

A world-class hub in artificial intelligence

- **\$2+ billion in AI investments** in Greater Montréal since 2016
- The Canadian government chose Montréal as headquarters for **scale ai**, Canada's AI supply chain supercluster
- A community + 500 researchers and graduate students at Mila - the world's largest academic research lab in deep learning and reinforcement learning.
- Sample of major players located in Greater Montréal:



02

A Deep and Growing Pool of Highly Qualified Talent





179,000+ tech workers in Greater Montréal

- Greater Montréal boasts an highly qualified workforce
- There is an **18.2% increase in tech jobs in Greater Montréal (2014-2018)**
- The **turnover rate is as low as 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.

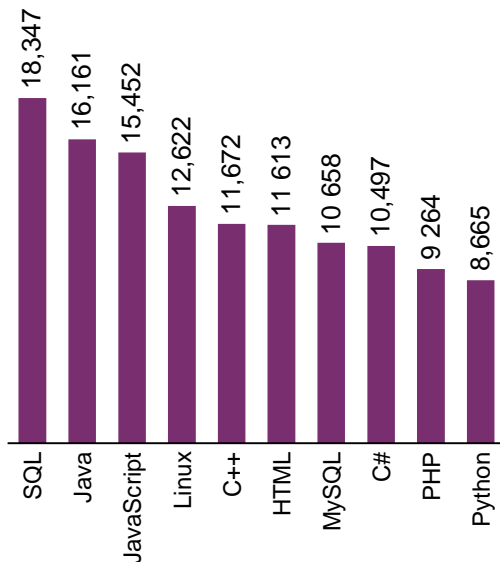
72,000+ workers in software development call Greater Montréal home

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

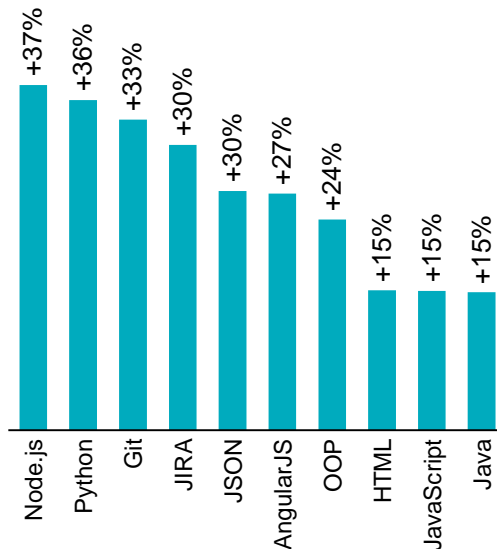


Number of Greater Montréal LinkedIn profiles that list the titles above: **72,657**

Number of workers who have the skills below

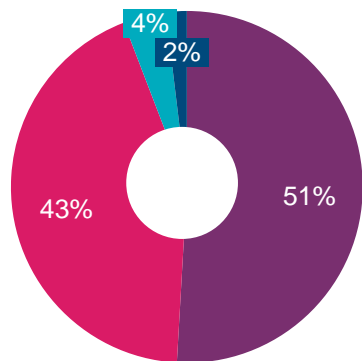


Fastest-growing skills among programming workers over the past 12 months



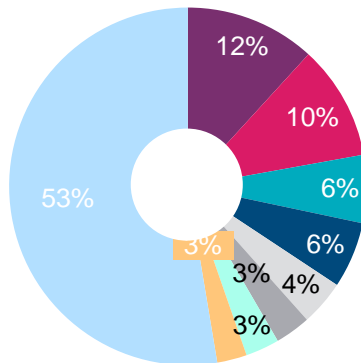
98% of workers in software development have a university degree, of which 43% hold a Master's degree or higher

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



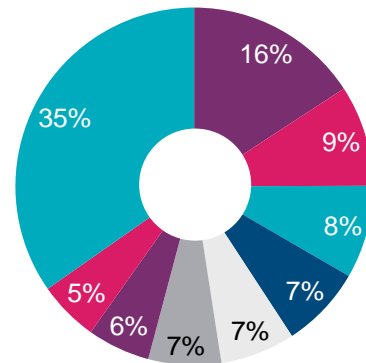
- Bachelor's degree
- Master's degree
- PhD
- Other

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

15,000+

enrolled in
IT-related programs
at universities located
in Greater Montréal

IT-related programs	University students enrolled in 2017-2018	University graduates, 2017
Computer Sciences	8,104	1,558
Electrical and Electronic Engineering	3,498	744
Computer Engineering	2,002	374
Mathematics	1,438	262
Applied Mathematics	190	35
Probabilities and Statistics	130	27
Total	15,362	3,000

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



McTavish Street © Montréal International

03

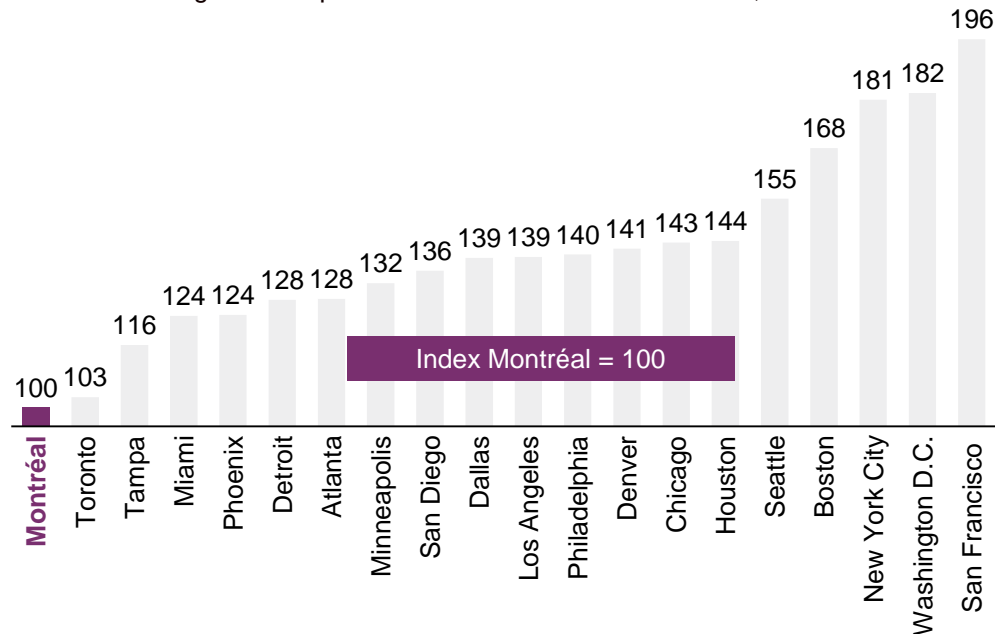
Attractive Operating Costs and Incentives



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.

The most competitive salaries for software development

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	\$64,285	\$45,182	\$68,427	\$87,541	\$91,179	\$98,328	\$100,991	\$100,409	\$108,350
Programmer	\$65,314	\$46,212	\$69,506	\$88,394	\$92,052	\$99,269	\$101,958	\$101,386	\$109,381
Database Architect	\$71,123	\$52,020	\$75,513	\$98,361	\$101,615	\$109,634	\$112,538	\$112,763	\$121,041
Computer Engineer	\$71,847	\$52,744	\$76,252	\$102,040	\$105,071	\$113,405	\$116,351	\$116,976	\$125,300
Software Developer	\$73,112	\$54,009	\$77,545	\$103,766	\$106,654	\$115,139	\$118,094	\$118,955	\$127,270
Software Engineer	\$73,392	\$54,789	\$78,351	\$103,289	\$106,215	\$114,658	\$117,611	\$118,408	\$126,724
Main Software Developer	\$81,948	\$60,179	\$86,653	\$118,846	\$120,884	\$130,635	\$133,731	\$136,277	\$144,725
IT Consultant	\$79,370	\$62,845	\$84,100	\$114,599	\$117,303	\$126,697	\$129,850	\$131,382	\$140,176

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 January 2020: US\$1.00 = CA\$1.3087.

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

Low mandatory benefit costs for employers

Examples of mandatory benefit costs for employers, 2019

Gross annual salary*	\$50,000	\$100,000	\$125,000
Québec Public Pension Plan (employee: 5.55%; employer: 5.55%, max. \$2,991.45)	\$2,775.00	\$2,991.45	\$2,991.45
Québec Parental Insurance Plan (employee: 0.526%, employer: 0.736%, max. sal. of \$76,500)	\$368.00	\$563.04	\$563.04
Employment Insurance (employee: 1.25%, employer: 1.75%, max. sal. of \$53,100.00)	\$875.00	\$929.25	\$929.25
Health Services Fund (1.25% if global salary total is less than \$1M, max. 4.26%)	\$2,130.00	\$4,260.00	\$5,325.00
<i>Commission des normes du travail</i> (labour standards board) (0.07%, max. sal. of \$76,500)	\$35.00	\$53.55	\$53.55
<i>Commission de la santé et sécurité du travail</i> (occupational health and safety board - 0.47% in service sector, max. sal. of \$76,500)**	\$235.00	\$359.55	\$359.55
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	\$6,918.00	\$10,156.84	\$11,471.84
Total cost	\$56,918.00	\$110,156.84	\$136,471.84
Total benefits in % of gross annual salary	13.84%	10.16%	9.18%

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.

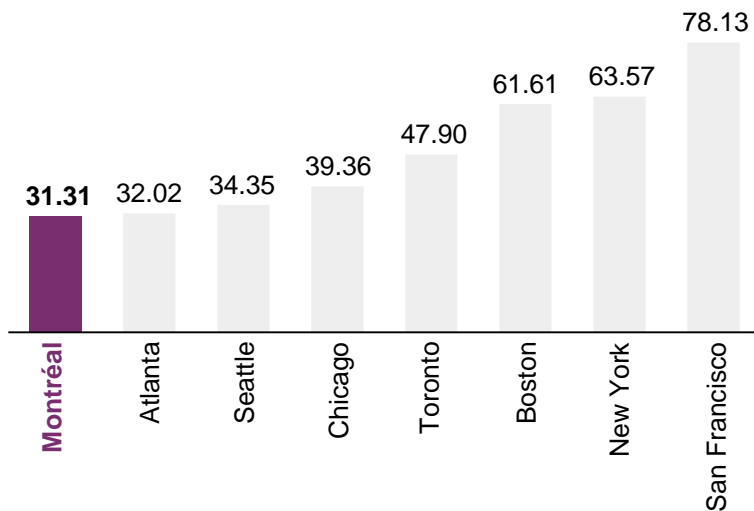
**The rate for the service sector (65110 - *Bureau de courtage; bureau de services professionnels; bureau offrant des services de soutien administratif*) is 0.47% but the rate for an employer can vary from 0.23% to 18.87% depending on the sector.

Source: Revenu Québec, 2019.

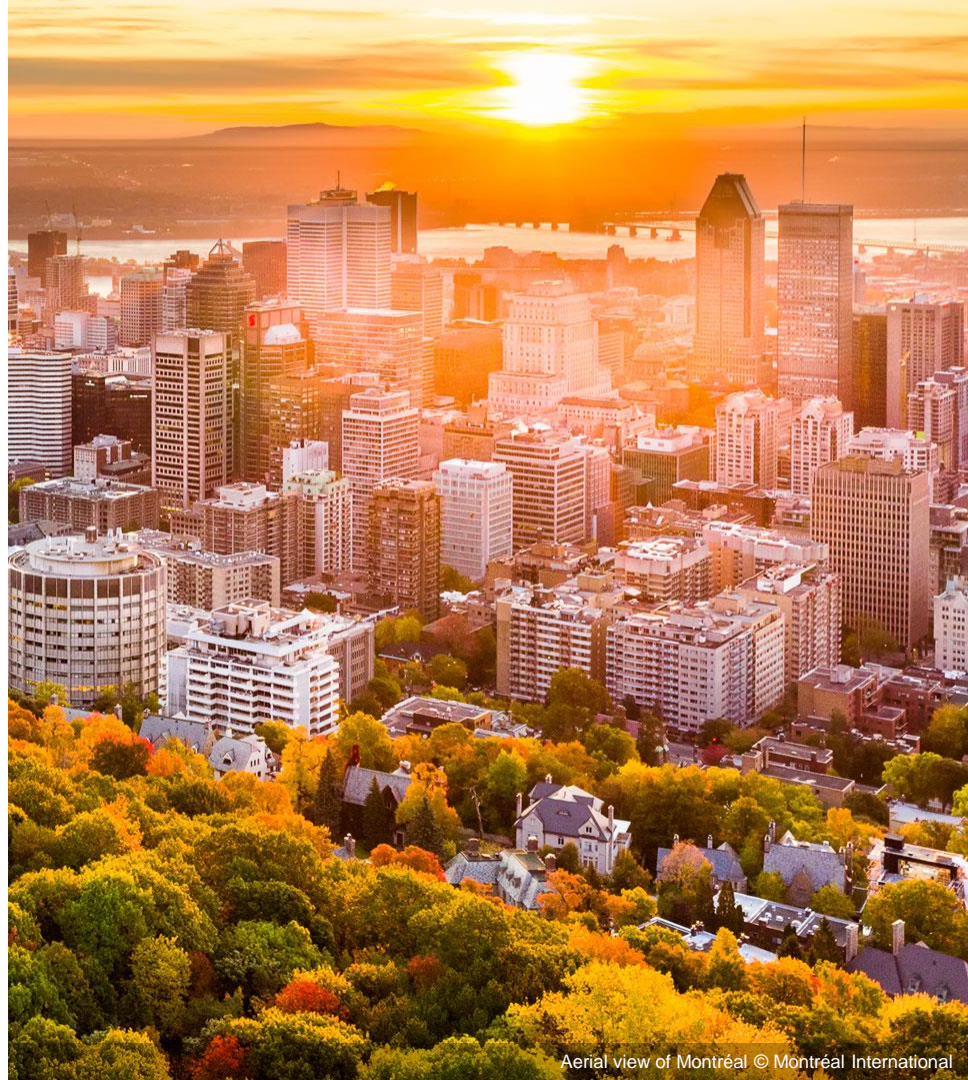
Most affordable office rent

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



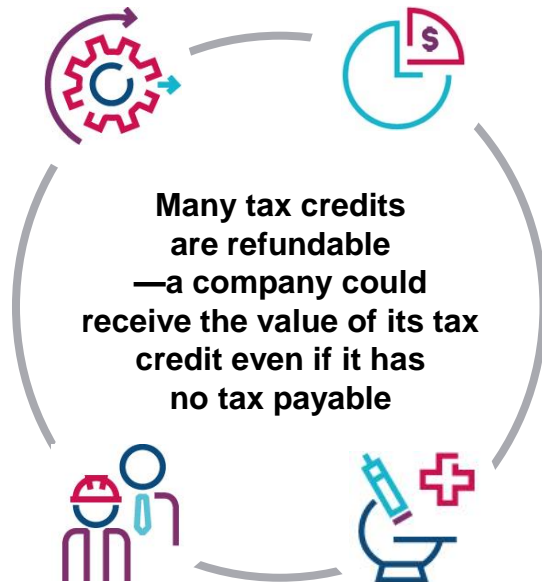
Easy access to highly advantageous incentives

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

ASSUMPTIONS¹

- 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: Canada's 15% non-refundable and Québec's 14% refundable tax credits

	Canada	Québec
SCENARIO (\$)		
Canada Scientific Research and Experimental Development (SR&ED) and Québec Research and Development tax credits		
ASSUMPTIONS¹		
<ul style="list-style-type: none"> Private, foreign-controlled company, more than \$75M assets 15 employees eligible @ \$100,000/year 100% of their work is related to eligible activities R&D subcontractor: \$200,000 		
Qualifying salaries and wages	\$1,500,000 (A)	\$1,500,000 (D)
Other qualifying R&D expenses @ 55% ¹	\$825,000 (B)	-
R&D subcontractor ²	\$160,000 (C)	\$100,000 (E)
Exclusion on the first \$225,000 of R&D expenditures ³	-	\$(225,000) (F)
Total qualifying expenditures	\$2,485,000 (A) + (B) + (C)	\$1,375,000 (D) + (E) - (F)
Québec credit @ 14% (refundable)	-	\$192,500 (G)
Canada credit @ 15% (non-refundable)	\$372,750 (H)	-
Total tax credit	\$556,250 (G) + (H)	

Note:

- Up to 55% of qualifying salaries and wages, federal only: expenditures should be related to R&D activities.
- Only 80% of the amount paid to a subcontractor is eligible for Canada tax credit and 50% for Québec tax credit.
- Québec only: 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.

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

Combination of E-Business and SR&ED tax credits

Québec's E-Business credit covers up to **30%**, including **24% refundable**, of employee salaries up to **\$25,000** per job, per year. Canada's SR&ED covers up to **15%**, and Québec's R&D up to **14%, refundable**¹

SCENARIO (\$)	E-Business		SR&ED	
	Québec		Canada	
Combination of E-Business and SR&ED tax credits	Number of eligible employees ²		15	
	Eligible salaries and wages		\$1,500,000 (B)	
	Other eligible expenses @ 55% ³		\$825,000 (C)	
	Total qualifying expenditures		\$2,325,000 (B+C)	
	E-Business @ 30%⁴ of total qualifying expenditures		\$480,000	
	SR&ED @ 15% of total qualifying expenditures		\$348,750	
	Total		\$828,750	

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

Note:

1. Company has to choose at the Québec level between the R&D and the E-Business tax credits.

2. Must be different employees.

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

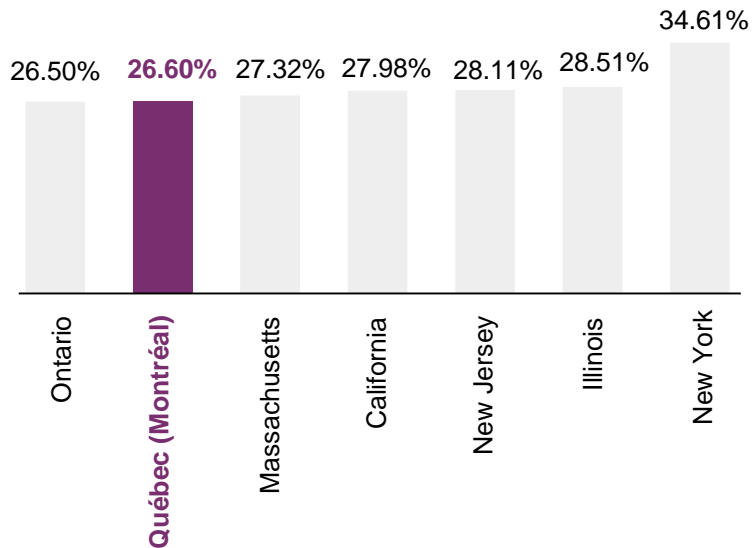
4. If the company has no taxes to be paid, the Québec credit will be 24%.

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, 2019



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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