

Greater Montréal's Thriving IT Services Sector



The world's best economic promotion agency at your service





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Greater Montréal: A Leading Tech Hub



Top reasons to invest in Greater Montréal's IT Services



160,000+ tech workers and **7,000 companies** in Greater Montréal



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



A world leader in high value-added sectors



81,000+ 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 18,000 university students enrolled in IT related programs and the highest number of graduates in tech in Canada

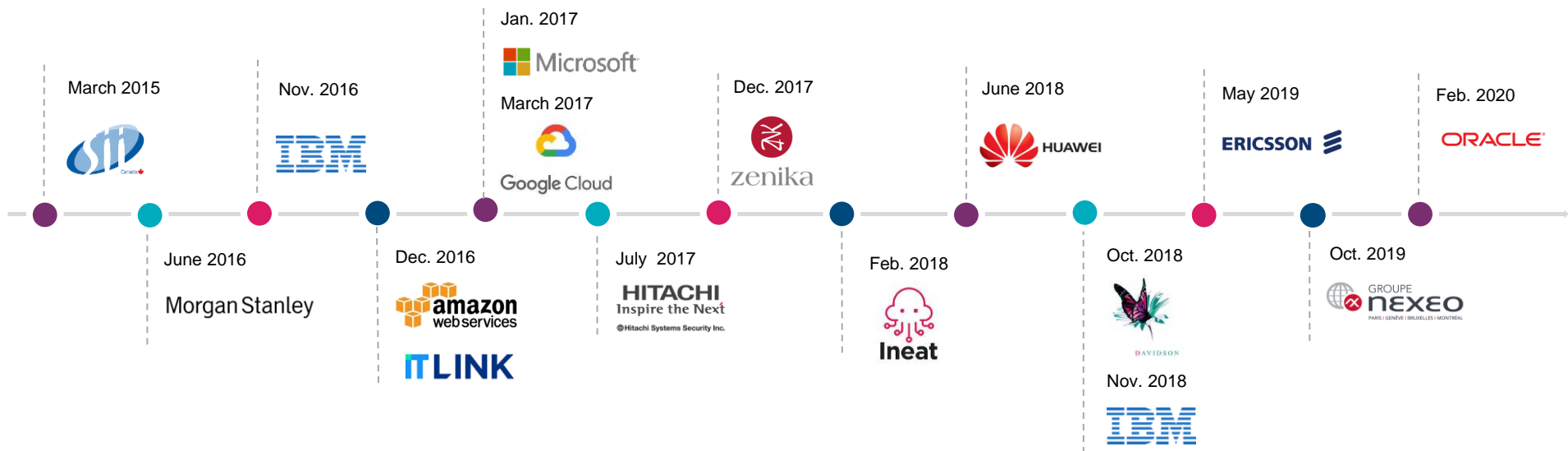


Immigration streams to **attract top international talent**



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.



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.

A thriving economy that drives business opportunities





Crew Collectif & Café © Susan Moss

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; Credo, "Montréal Startup Ecosystem Report", 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



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





Greater Montréal, at the heart of Québec's tech industry

- **260,000+ tech workers in Québec** with 60%+ in Greater Montréal (**160,000**)
- There is an **25% increase in tech jobs** in Greater Montréal (2016-2020)
- The **turnover rate** is **12%** for the tech industry

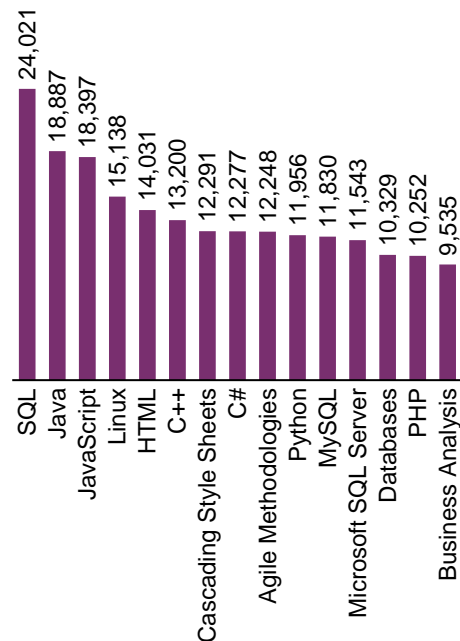
81,000+ workers in software development call Greater Montréal home

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

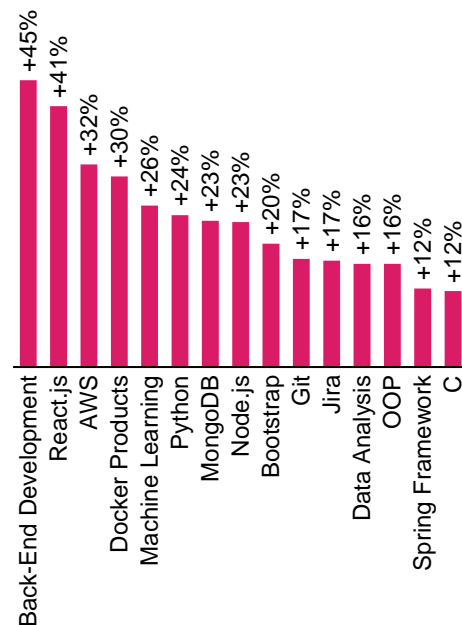


Number of Greater Montréal LinkedIn profiles that list the titles above: **81,245**

Number of workers who have the skills below

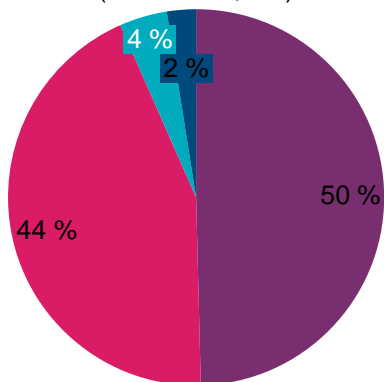


Fastest-growing skills among software development workers over the past 12 months



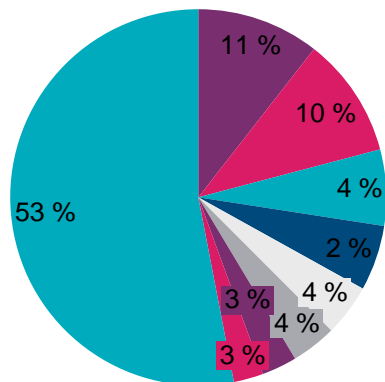
98% of workers in software development have a university degree, of which 48% hold a Master's degree or higher

Highest level of education among software development workers
(100% = 81,245)



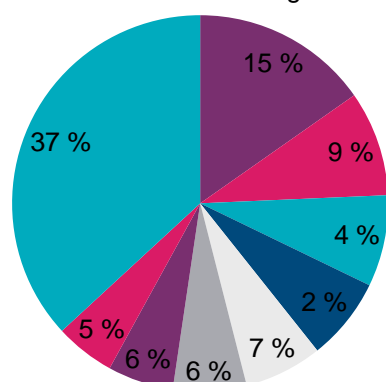
- Bachelor's degree
- Master's degree
- PhD
- Other

Main fields of study chosen by software development workers



- Computer and Information Sciences and Support Services
- Computer Science
- Business Administration and Management, General
- Computer Software Engineering
- Information Technology
- Electrical and Electronics Engineering
- Computer Systems Networking and Telecommunications
- Information Science/Studies
- 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 **18,000**
enrolled in
IT-related programs
at universities located
in Greater Montréal

IT-related programs	University students enrolled in 2019-2020	University graduates in 2019
Computer Sciences	10,181	2,061
Electrical and Electronic Engineering	3,613	842
Computer Engineering	2,328	464
Mathematics	1,416	313
Applied Mathematics	203	51
Probabilities and Statistics	168	33
Total	17,909	3,763

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**
- **1st in Canada for university research funding** with \$1.34+ billion yearly



**Best student
city in the
Americas**

tied with Boston
QS Best Student
Cities Rankings
2022

1	Montréal tied with Boston
2	Toronto
3	New York
4	Vancouver
5	San Francisco



Multiple international mobility programs to attract the best international talents

Temporary immigration programs*		1 – Obtain a LMIA** and CAQ***	Approximate processing time****	2 – Submission of the work permit application****	Approximate processing time****
LMIA exempt	Intra-company transferees	N/A (LMIA exempt program)	-	Online or at Canada Customs if the candidate is exempt from the temporary resident visa requirements	0 to 2 weeks*****
	Free trade agreements - ex. : CUSMA, Colombia, Chile, Peru	N/A (LMIA exempt program)	-	Online or at Canada Customs if the candidate is exempt from the temporary resident visa requirements	0 to 2 weeks*****
	International Experience Canada	N/A (LMIA exempt program)	-	Online	4 to 8 weeks
With LMIA	Global Talent Stream	Exemption from the obligation to make efforts to hire and recruit locally.12 eligible professions	2 weeks	Online or at Canada Customs if the candidate is exempt from the temporary resident visa requirements	0 to 2 weeks*****
	Québec Simplified Process	Process offered exclusively to businesses in Quebec. Exemption from the requirement to demonstrate that efforts to hire locally were unsuccessful. 200+ professions are on the list of eligible professions	6 to 8 weeks	Online or at Canada Customs if the candidate is exempt from the temporary resident visa requirements	Canadian Visa Office (BVC) timelines
	Regular process	Demonstrate that reasonable efforts have been made to hire locally	8 to 10 weeks	Online or at Canada Customs if the candidate is exempt from the temporary resident visa requirements	Canadian Visa Office (BVC) timelines

* Examples of programs: the eligibility conditions specific to each program must be met

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

03

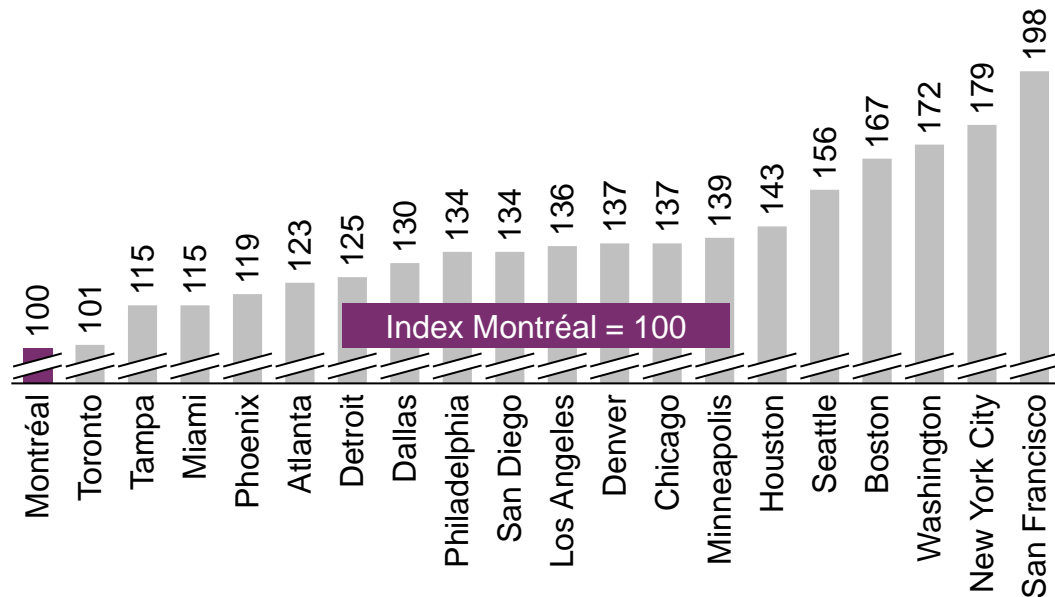
Attractive Operating Costs and Incentives



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., 2021



**28% cost
advantage**

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

Advantageous salaries for employers



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

	Montréal	Montréal with E-Business tax credit applied** (assuming 100% eligibility)	Toronto	London	Atlanta	Chicago	Boston	New York	San Francisco
Database Analyst	\$72,936	\$52,476	\$78,484	\$79,450	\$89,074	\$93,136	\$98,359	\$101,978	\$120,458
Programmer	\$75,676	\$55,216	\$81,383	\$79,244	\$89,536	\$93,607	\$98,866	\$102,539	\$121,086
Database Architect	\$79,272	\$58,812	\$85,177	\$86,802	\$97,552	\$101,771	\$107,735	\$112,387	\$132,048
Computer Engineer	\$80,564	\$60,104	\$86,538	\$88,977	\$100,477	\$104,740	\$110,985	\$116,010	\$136,053
Software Developer	\$82,263	\$61,803	\$88,326	\$90,786	\$101,690	\$105,968	\$112,332	\$117,514	\$137,710
IT Consultant	\$84,848	\$64,388	\$91,043	\$93,208	\$106,838	\$111,161	\$118,025	\$123,883	\$144,708
Software Engineer	\$85,967	\$65,507	\$92,218	\$92,168	\$106,534	\$110,855	\$117,691	\$123,508	\$144,297
Main Software Developer	\$93,927	\$73,467	\$100,565	\$104,291	\$116,642	\$120,925	\$128,643	\$135,824	\$157,733

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 2021: US\$1.00 = CA\$1.2219, GBP£ 1.00 = CA\$1.7135.

Source: Economic Research Institute, Inc., July 2021.

Low mandatory benefit costs for employers

Examples of mandatory benefit costs for employers, 2021

Gross annual salary*	\$50,000	\$100,000	\$125,000
Québec Public Pension Plan (employee: 5.9%; employer: 5.9%, max. \$3,427.90)	2 743,50 \$	3 427,90 \$	3 427,90 \$
Québec Parental Insurance Plan (employee: 0.494%, employer: 0.692%, max. sal. of \$83,500)	346,00 \$	577,82 \$	577,82 \$
Employment Insurance (employee: 1.18%, employer: 1.65%, max. sal. of \$56,300)	826,00 \$	930,08 \$	930,08 \$
Health Services Fund (max. 4.26% if global salary total is more than \$6,5M)	2 130,00 \$	4 260,00 \$	5 325,00 \$
Commission des normes du travail (Labour standards board) (0.07%, max. sal. of \$83,500)	35,00 \$	58,45 \$	58,45 \$
Commission de la santé et sécurité du travail (Occupational health and safety board) (0.42% in service sector, max. sal. of \$83,500)**	210,00 \$	350,70 \$	350,70 \$
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	6 790,50 \$	10 604,95 \$	11 919,95 \$
Total cost	56 790,50 \$	110 604,95 \$	136 919,95 \$
Total benefits in % of gross annual salary	13,58 %	10,60 %	9,54 %

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.

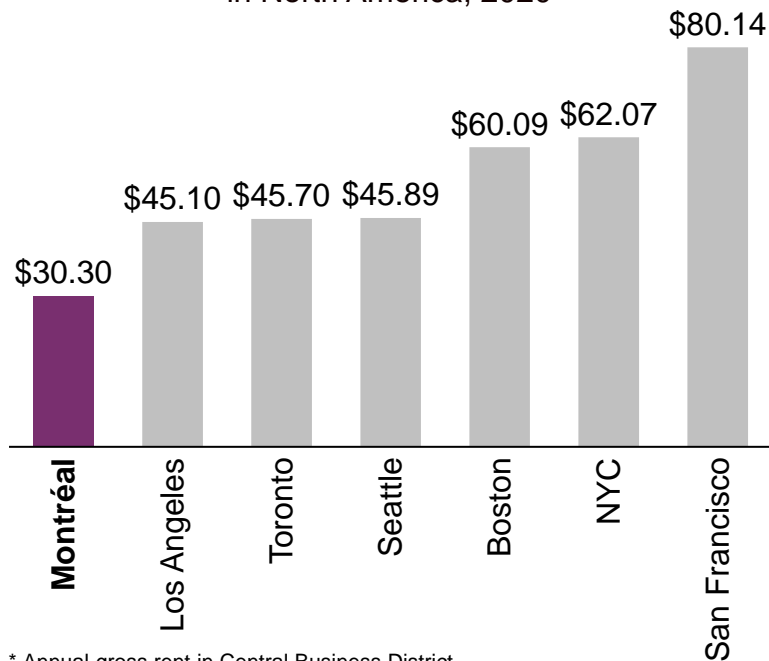
**The rate for the service sector (65110 - *Bureau de courtoisie; bureau de services professionnels; bureau offrant des services de soutien administratif*) is 0.42%. The average premium rate in 2021 is \$1.77 per \$100 of payroll.

Source: Revenu Québec, 2021.

Most affordable office rent

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

Seven of the largest metropolitan areas
in North America, 2020



* Annual gross rent in Central Business District.
Currency exchange: CA\$1 = US\$0.76.
Source: Cushman & Wakefield, Q3 2020.



Downtown Montréal

Easy access to highly advantageous incentives

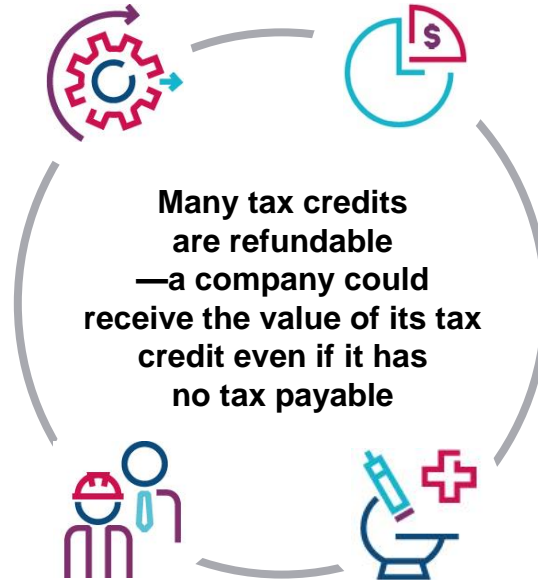
Major projects and innovations

- **Grants, interest-free loans** and other supports available, such as competitive electricity rates of **CA¢4.04/kWh** for large power*

Labour development

Example of grant:

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



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

Note: * Rate LG: large power with minimum billing demand of 5,000 kW, transmission and distribution included, for 120-kV supply with 95% load factor, and including the Economic Development Rate reduction (if eligible).

** 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

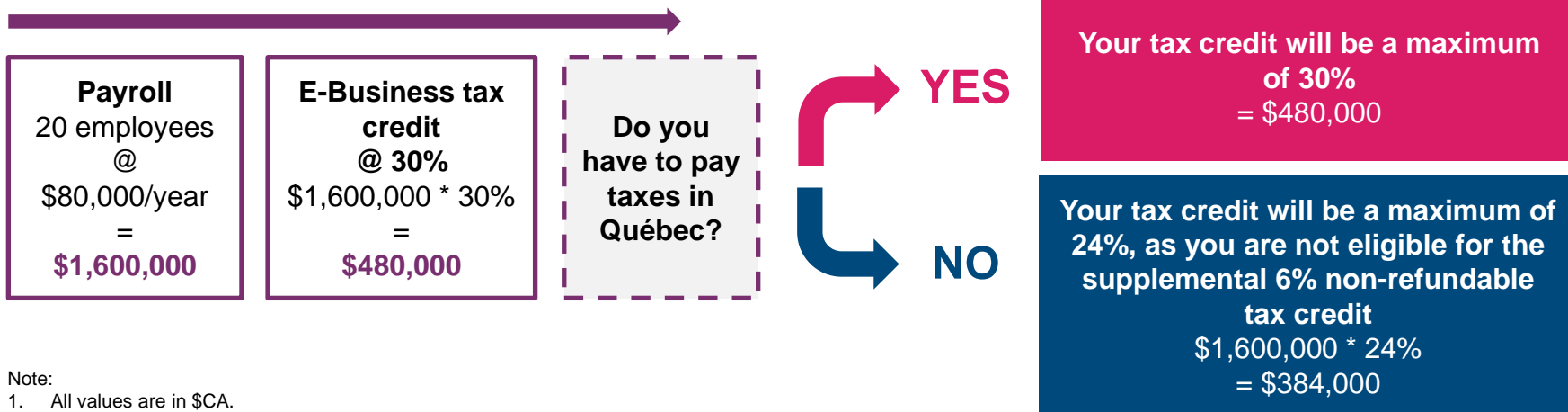
SCENARIO

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 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, 2021; Montréal International's analysis, 2021.

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

SCENARIO	Canada	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% 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)

ASSUMPTIONS
▪ 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. 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 private 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.

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**



Contact us



Montréal
International

Montréal International
380 Saint-Antoine Street West
Suite 8000
Montréal, Québec H2Y 3X7

t +1 514-987-8191
www.montrealinternational.com

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