

Greater Montréal's Flourishing Software Development Sector

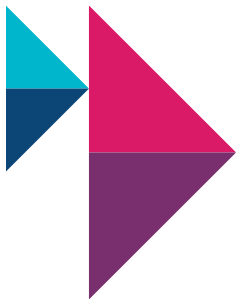


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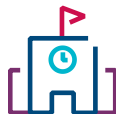
Greater Montréal: A Leading Tech Hub



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

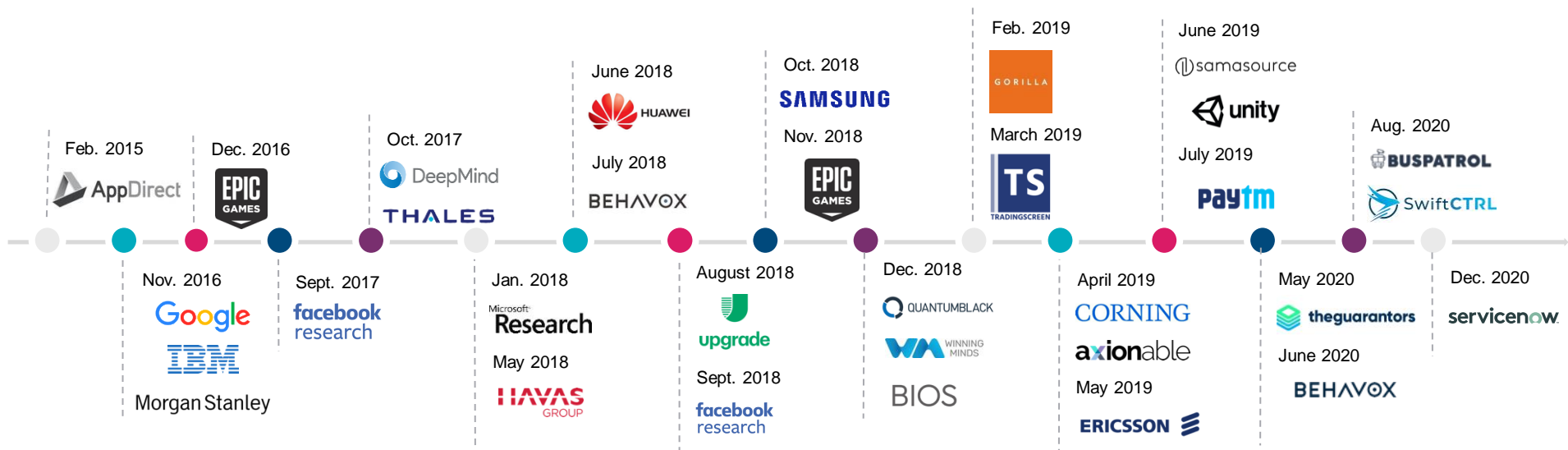


Nearly 17,000 university students enrolled in IT related programs and the highest number of graduates in tech in Canada

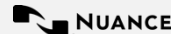
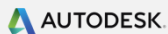


Incentives: up to **30%** of eligible expenses and salaries

Recent investments by global players



Other foreign companies flourishing in Greater Montréal



Homegrown Greater Montréal successes



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 technology initial public offering ever on the Toronto Stock Exchange.



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. As of Oct. 2020, the company's market capitalization is \$4.9B.



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 2020).



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\$2.7 B in VC in Montréal between 2018 and 2020

Six of the tenth most active VCs in Canada in 2020 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 that fosters innovation



Cluster organizations

 NUMANA Greater Montréal technology cluster	 SCALE AI AI-powered supply chains supercluster	 TECHNO COMPETENCES IT sector committee dedicated to IT recruitment professionals	 AQT ASSOCIATION QUÉBÉCOISE DES TECHNOLOGIES Québec's largest ICT business network
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Research Institutes

 Mila Québec's AI institute	 IVADO Institute for Data Valorization	 CRIM An applied research and expertise centre in IT
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R&D Financing

 prompt Organization facilitating the creation of partnerships and the financing of IT R&D projects	 Mitacs Organization offering partnership programs to match companies and research interns
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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

- **\$3+ 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 of more than 600 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 a 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*

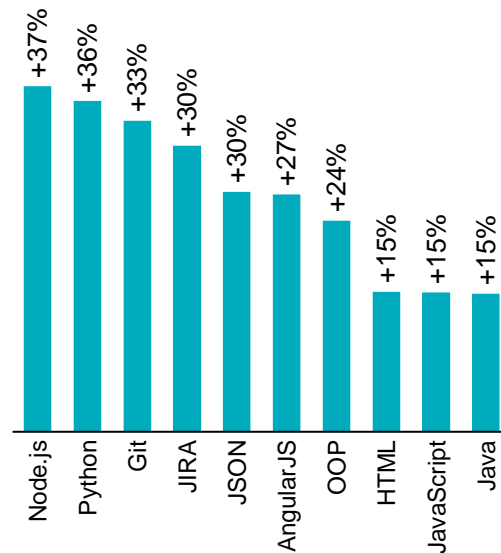


Number of Greater Montréal LinkedIn profiles that list the titles above: **72,657**

Number of workers who have the skills below

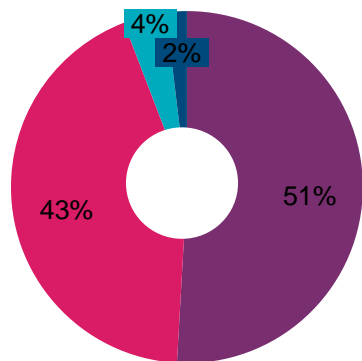


Fastest-growing skills among programming workers over the past 12 months



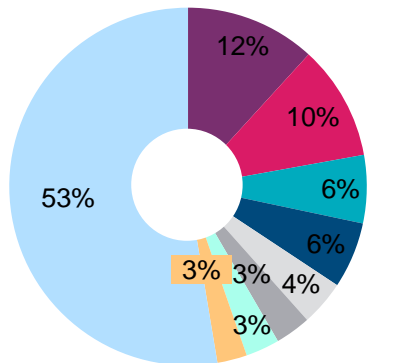
98% of workers in software development have a university degree, of which 43% hold a Master's degree or higher

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



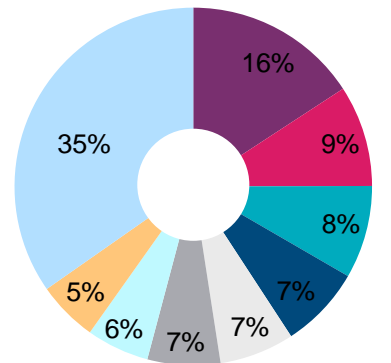
- Bachelor's degree
- Master's degree
- PhD
- Other

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

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
Total	16,703	3,297

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





Canada's most bilingual and trilingual population



2.5 million residents speak English, that's 9% more than in Vancouver



55% of the population is bilingual (French and English), compared to 8% in Toronto and 7% in Vancouver



Almost 20% of the population is fluent in three or more languages, compared to 4% in Toronto and 3% in Vancouver

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***
Intra-company transfer	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****
CUSMA	These procedures are not applicable in this case	.	Belong to one of the 60 professions recognized under CUSMA	0 to 2 weeks****
International Experience Canada	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
Global Talent Stream	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
Québec Simplified Process	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
Regular process	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

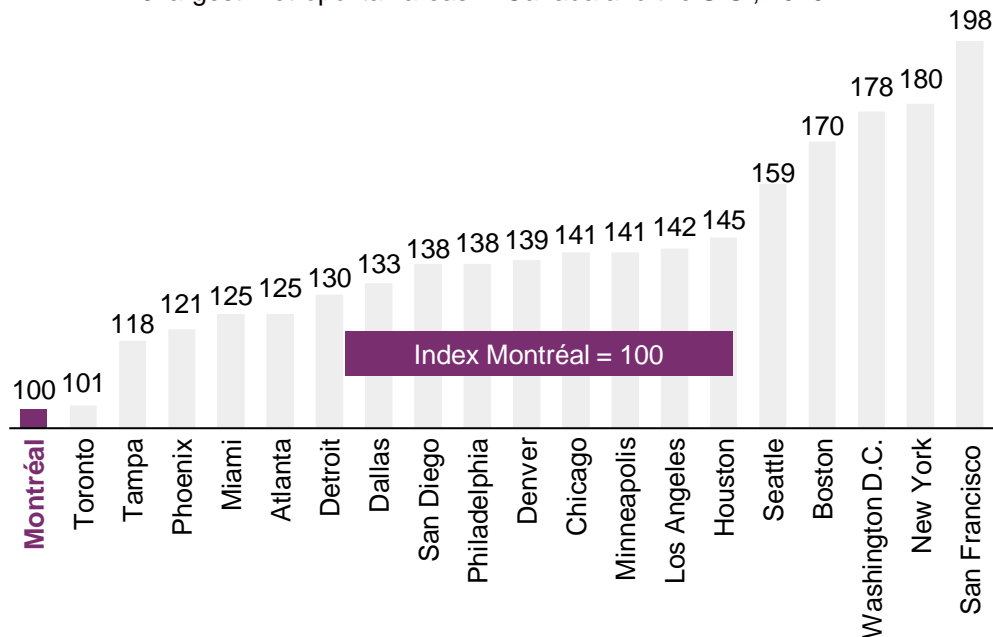
Attractive Operating Costs and Incentives



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., 2020



29% cost advantage

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

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	Los Angeles	Boston	Seattle	New York	San Francisco
UX Designer*	\$59,137	\$41,396	\$62,859	\$76,689	\$82,960	\$86,685	\$90,491	\$88,893	\$96,518
Quality Assurance Analyst*	\$56,912	\$39,838	\$60,574	\$73,118	\$79,074	\$82,905	\$86,407	\$84,733	\$101,782
Data Architect*	\$69,622	\$49,994	\$75,313	\$92,592	\$102,685	\$105,112	\$107,711	\$113,053	\$118,097
System Administrator*	\$63,969	\$44,778	\$68,019	\$84,263	\$91,190	\$94,702	\$98,911	\$97,791	\$105,680
Software Engineer*	\$73,936	\$54,309	\$78,273	\$102,886	\$111,523	\$114,167	\$118,865	\$119,720	\$127,952
Full Stack Developer*	\$71,952	\$53,613	\$77,558	\$98,988	\$107,262	\$110,113	\$114,747	\$115,124	\$123,315
Product Manager*	\$81,022	\$61,395	\$86,342	\$111,864	\$122,427	\$126,906	\$122,297	\$139,622	\$138,531
Lead Developer**	\$91,648	\$72,020	\$98,503	\$128,341	\$139,200	\$140,272	\$145,542	\$149,512	\$157,724

Note: *Salaries based on five years on eight years of experience, Computer systems design services (NAICS 541512).

**Salaries based on eight 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 2021: CA\$1.00 = US\$0.7851.

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

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
Total benefit costs	\$6,921.00	\$10,260.53	\$11,599.08
Total cost	\$56,921.00	\$110,260.08	\$136,575.53
Total benefits in % of gross annual salary	13.84%	10.26%	9.26%

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.

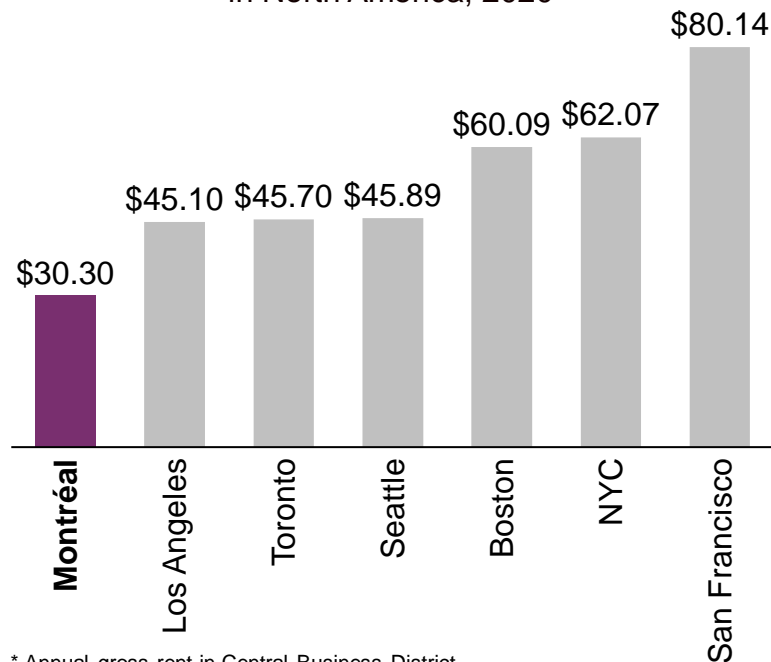
**The rate for the service sector (65110 - Bureau de courtage; bureau de services professionnels; bureau offrant des services de soutien administratif) is 0.44%. The average premium rate in 2020 is \$1.85 per \$100 of payroll.

Source: Revenu Québec, 2020.

Most affordable office rent

**Average 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

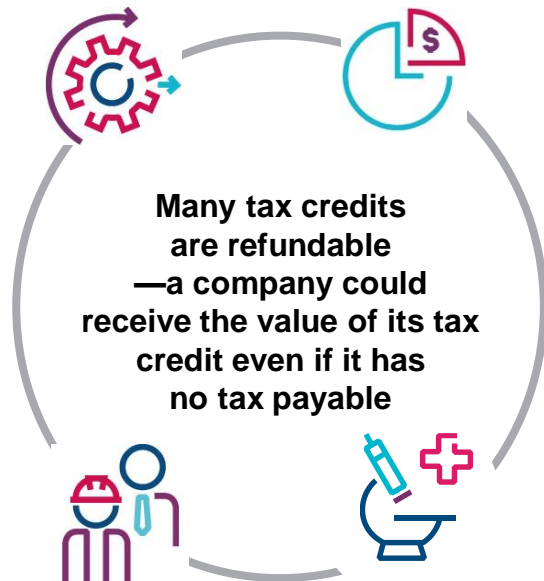
Grants, interest-free loans and other supports, including:

- **Tax holiday** for large investment projects
- **Tax Credit** for Investments and Innovations (C3i)
- **Incentive Deduction** for the Commercialization of Innovations
- Competitive electricity rates of **US¢2.80/kWh** for large power*

Labour development

Example of incentives:

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



Sector tax credits

Equivalent to eligible salaries and expenses:

- **Up to 30%** for E-Business development
- **Up to 37.5%** for multimedia production
- **Up to 43%** for film and video production
- **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:

* 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).

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: 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% ²	\$825,000 (B)	-
	Subcontractor ³	\$160,000 (C)	\$100,000 (E)
	Exclusion on the first \$225,000 of R&D expenditures ⁴	-	\$(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 ¹
▪ 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

ASSUMPTIONS¹

- 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)¹:

- 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)

ASSUMPTIONS²

- 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 ³	\$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%⁴ 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 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.



Aerial view of downtown Montréal © Montréal International

Other major incentives

Financial assistance for job creation and training

- **25%** of eligible costs for the implementation of a training program and **50%** of costs incurred for the creation of a human resource department

Tax holiday for foreign researchers and experts

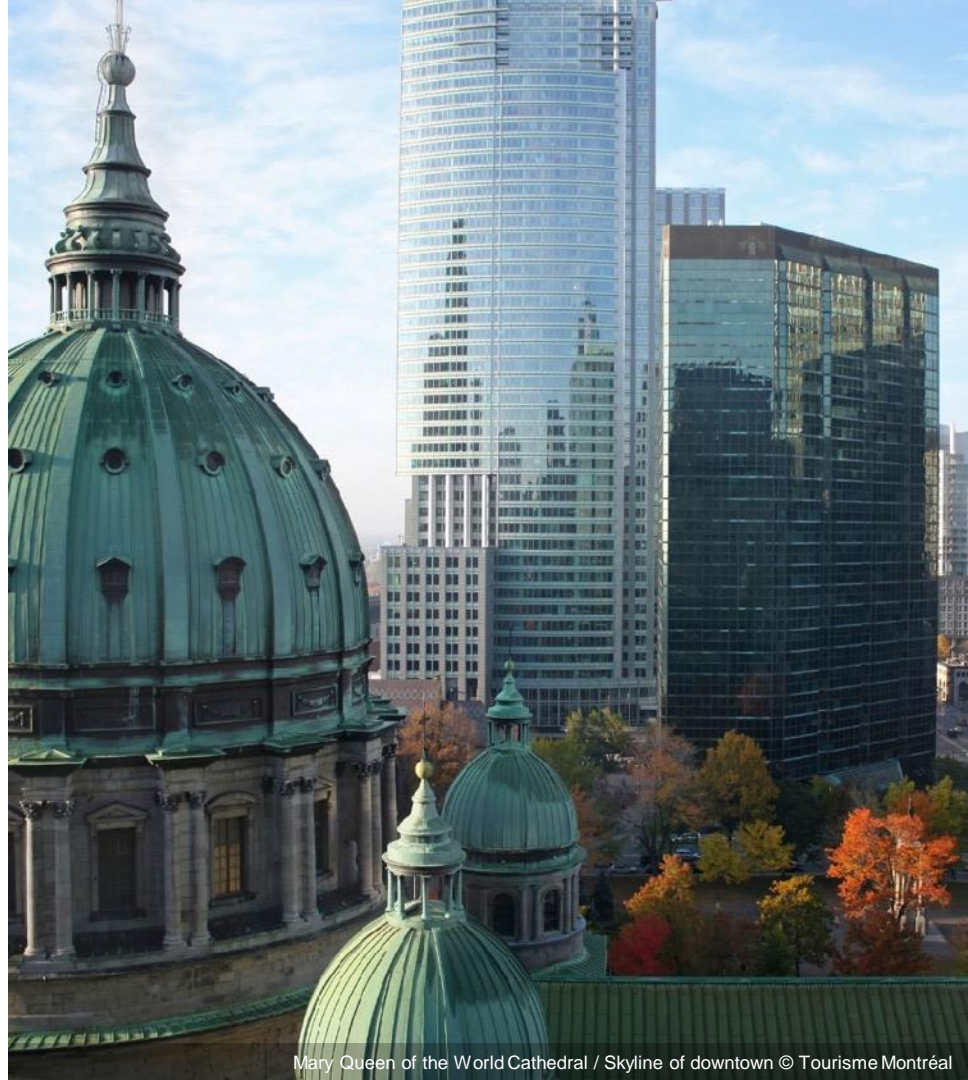
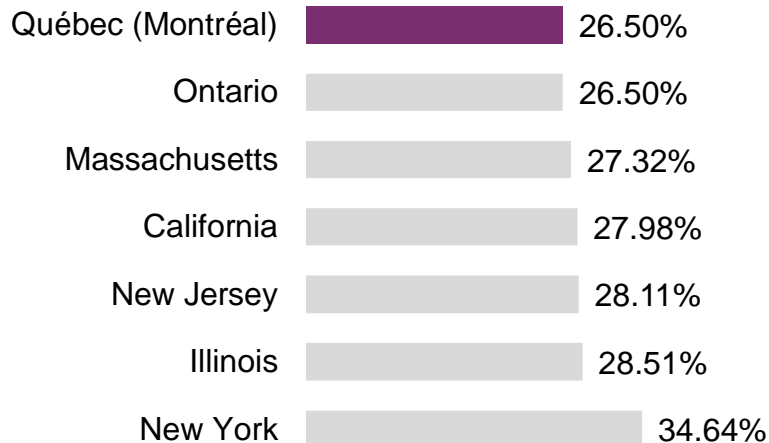
- Five-year Québec income tax exemption
- **0%** of provincial income tax on salary for the 1st and 2nd year
- **25%** for the 3rd year
- **50%** for the 4th year
- **75%** for the 5th year

Internship units to drive collaboration and innovation between universities and companies

- 500 internships created and \$2M invested in Québec to bolster AI research, talent development, and job creation

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**



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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