GTA ICT Industry Profile 2004

By

Kyle Benham

Director, Business Development & Retention

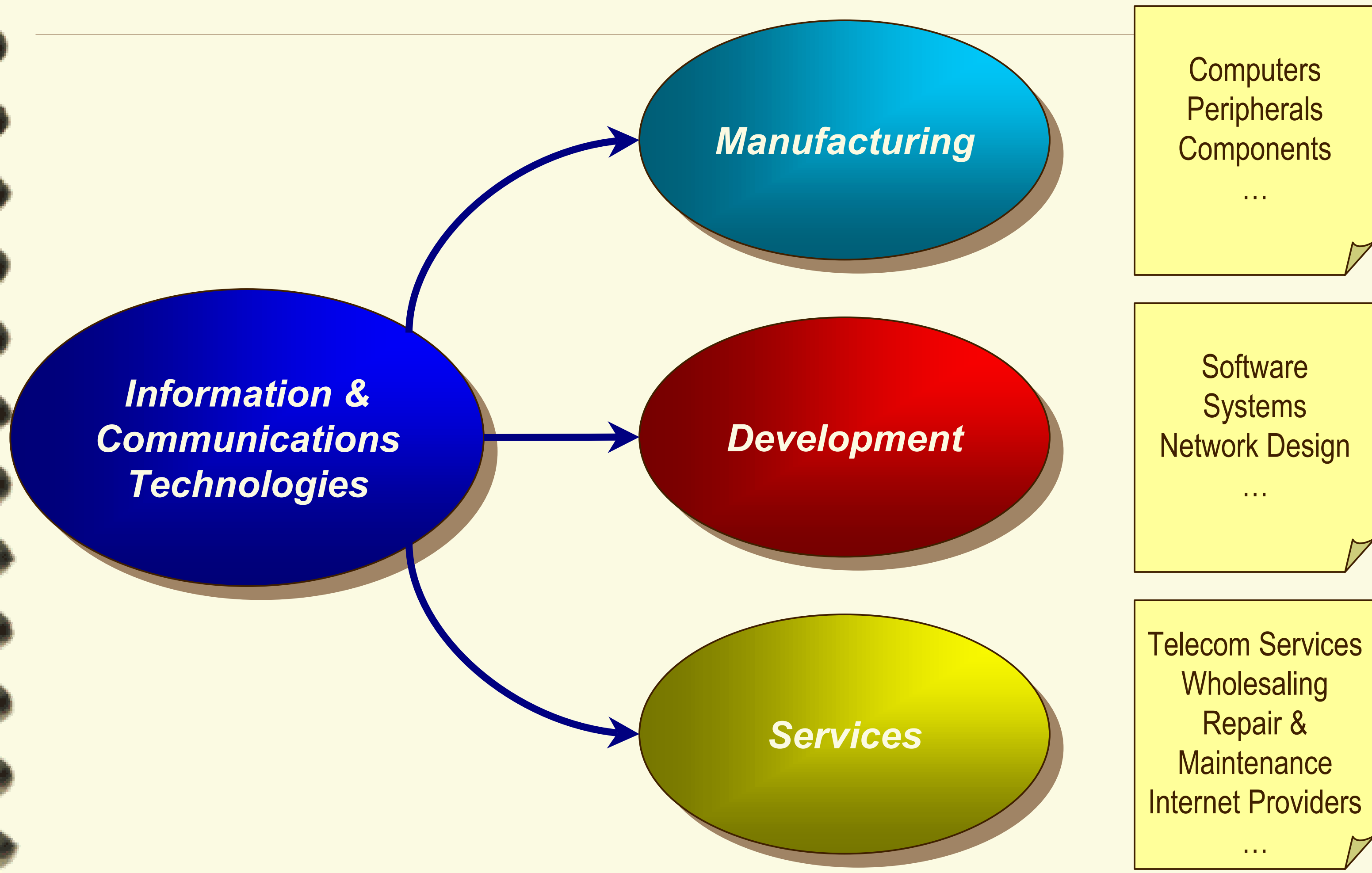
City of Toronto, Economic Development Division

November 2004

Presentation Overview

- ✓2004 ICT Profile
- ✓Issues and Opportunities
- ✓Cluster Development Strategy

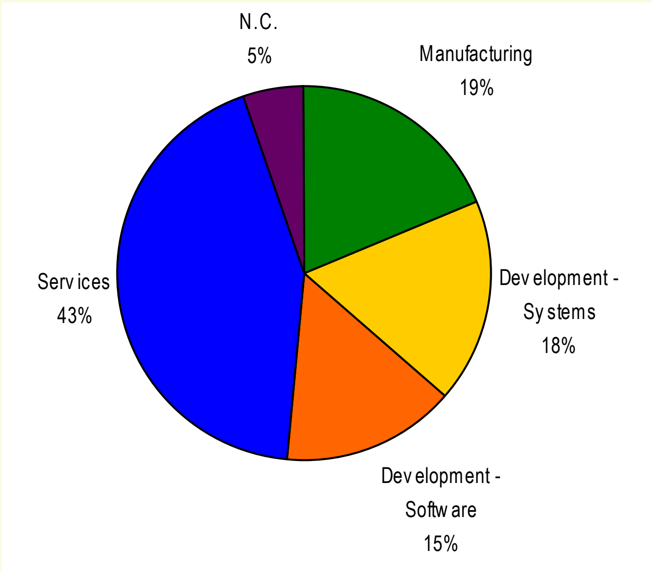
ICT Industry Definition



Third in North America, the GTA is in the Major Leagues

Employment Level in Major North American Metropolitan Areas, Private ICT Facilities of 100 + employees, 2003 ; Source: E&B DATA

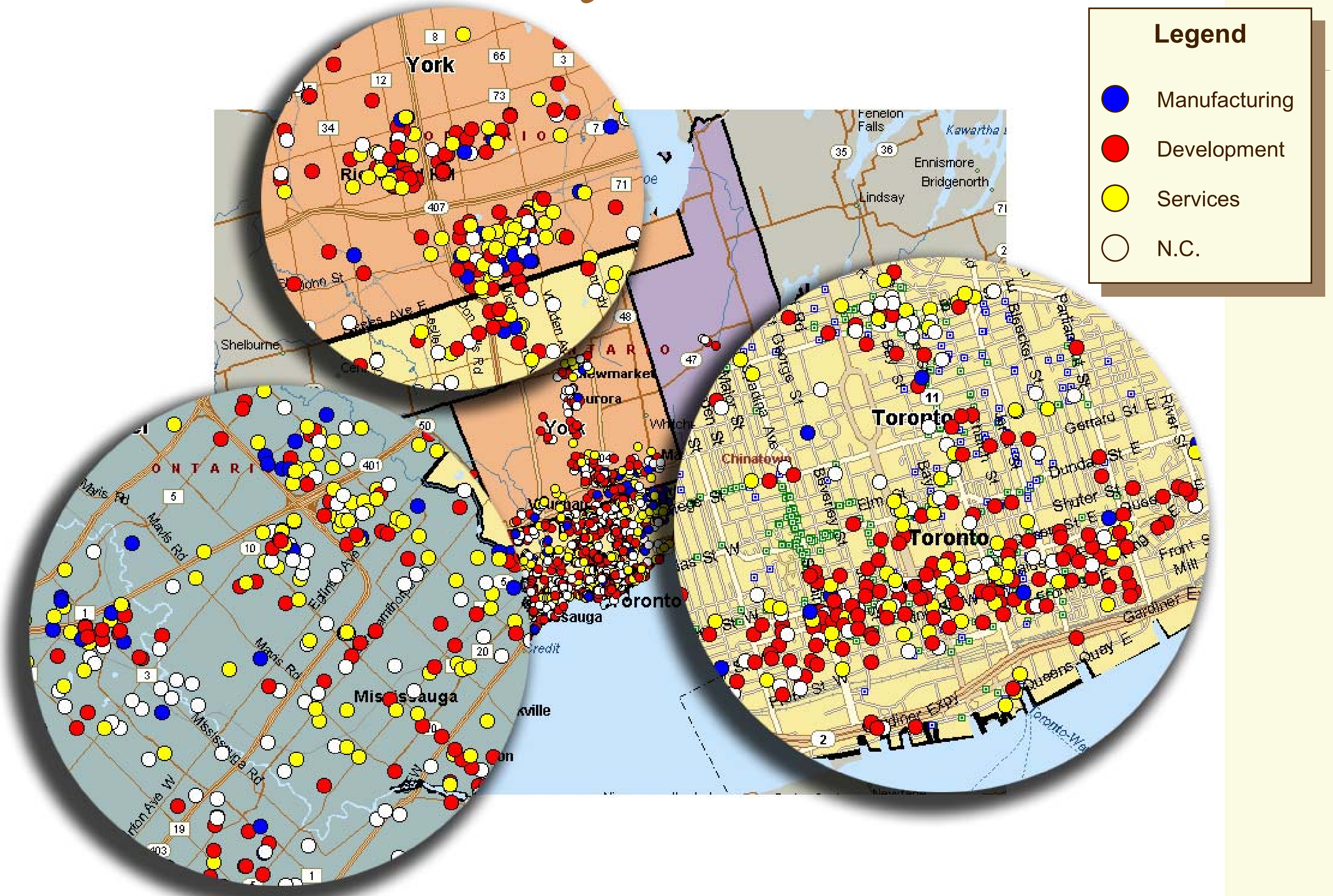
Employment Overview



GTA ICT Industry Structure: Employment in 2003

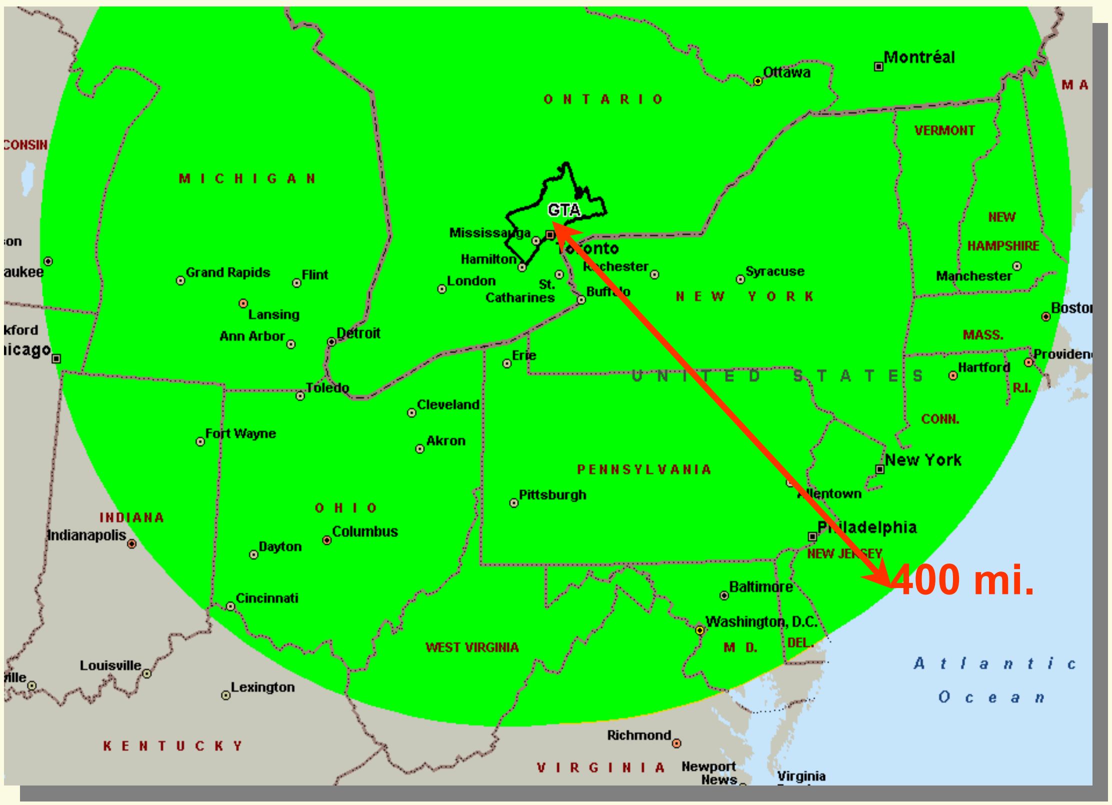
Sector	Employment		Facilities	
Manufacturing	28 000	19%	268	8%
Development - Systems	26 000	18%	697	21%
Development - Software	22 000	15%	606	18%
Services	64 000	43%	953	28%
N.C.	8 000	5%	838	25%
Total	**148 000**		**3 362**	

The ICT Industry in the GTA



Primary Location Factors: Market Access

One of the Best Access to Markets among the Top North American Metro Areas



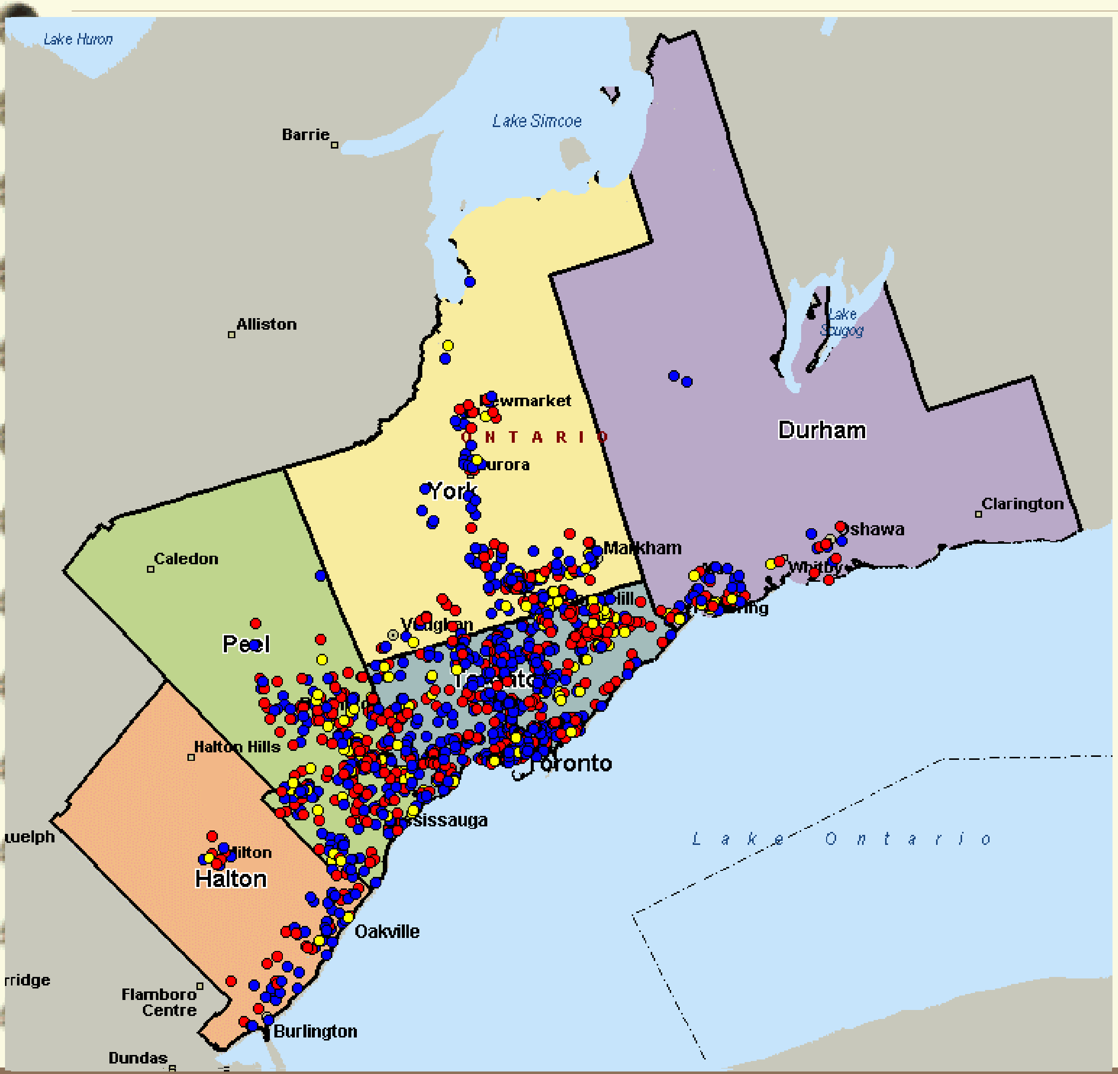
In addition, Greater Toronto Area is:

- the <u>largest</u> metro area in Canada

- the <u>fastest growing</u> metro area in Canada

Source : Conference Board (2004-2008 forecast)

Second Location Factor: Human Resources



Manufacturing: 28,000 employees

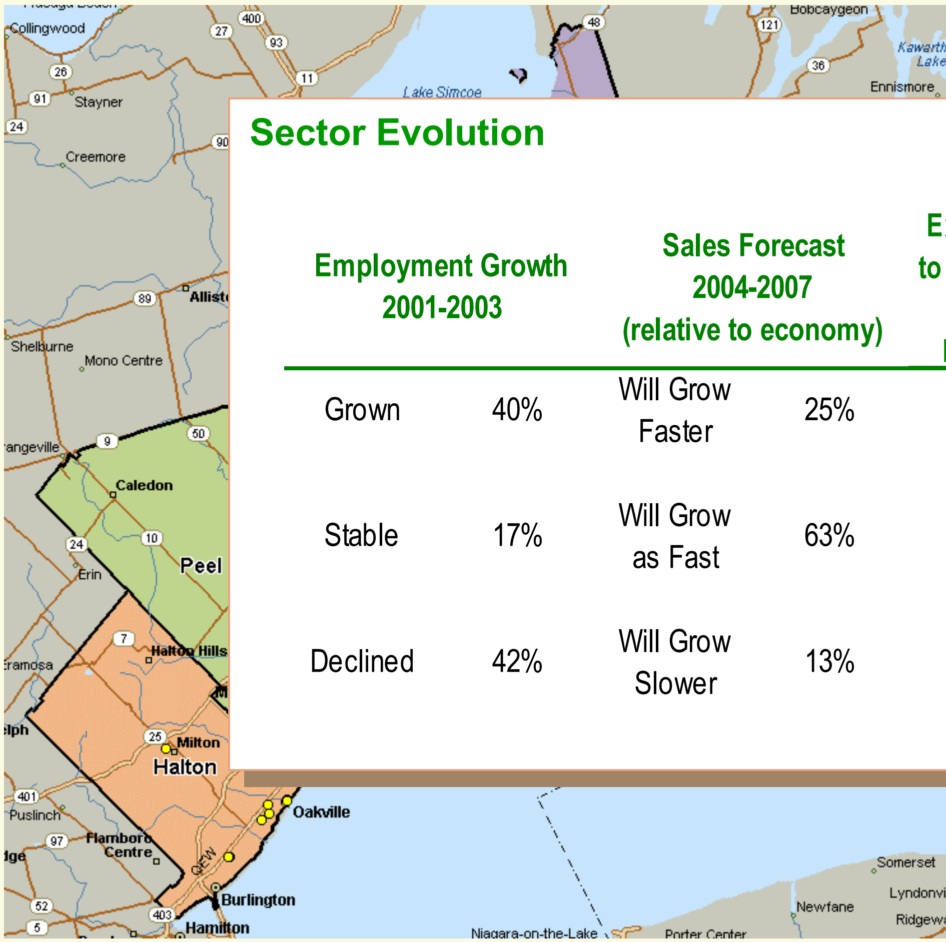
Systems integration and Software: 48,000 employees

Services: 64,000 employees

TOTAL: 148,000 jobs within 3,000 facilities +

PLUS 40,000 additional ICT specialists in non-ICT sectors

Manufacturing on the Rise

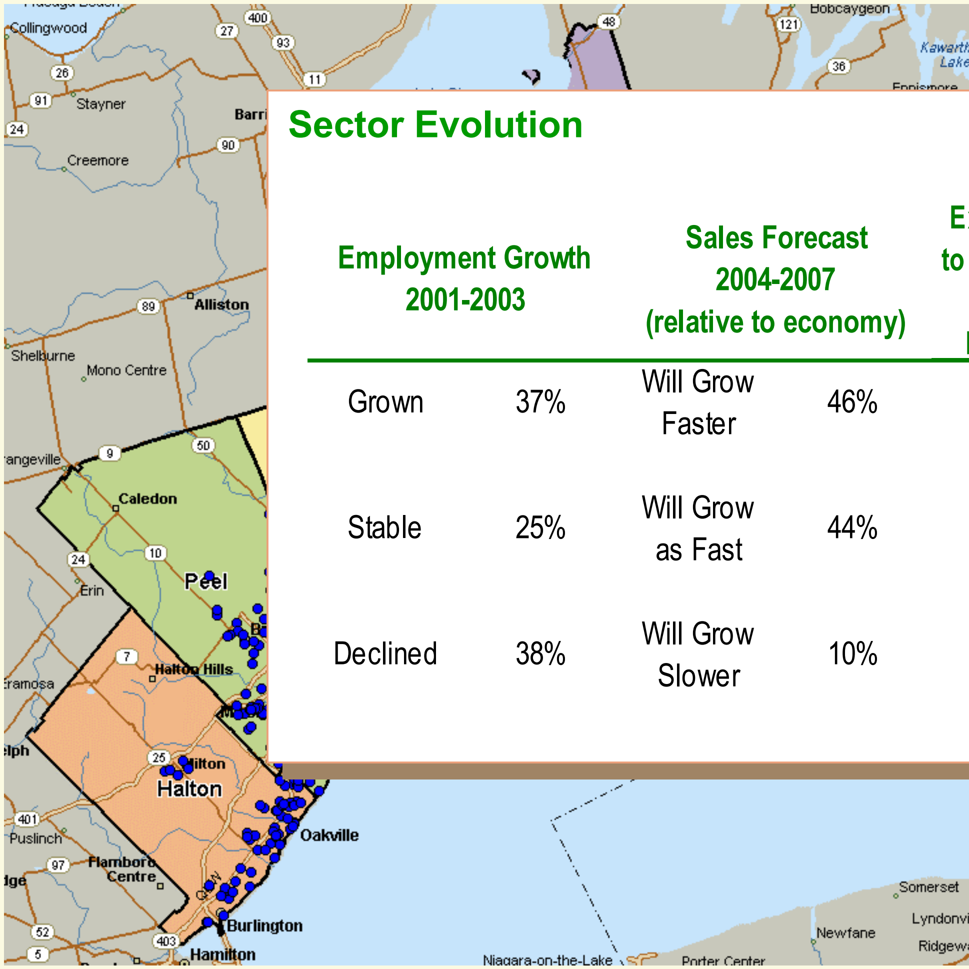


Sector Evolution

Employment Growth 2001-2003		Sales Forecast 2004-2007 (relative to economy)		Expecting to Invest in next 12 Months
Grown	40%	Will Grow Faster	25%	
Stable	17%	Will Grow as Fast	63%	41%
Declined	42%	Will Grow Slower	13%	

…yers	Empl.
	4450
…da	3000
…ogies	1300
…votronics	960
…Entertainment	860
…orks Corporation	850
…ology Corporation	800
	700
…stries (F-P Electronics)	600
…rporation	500
…ec	445
…ology	400
…nada	310
…uits Canada	300
…chnology Canada	250
…ada	250

Systems and Software on the Rise

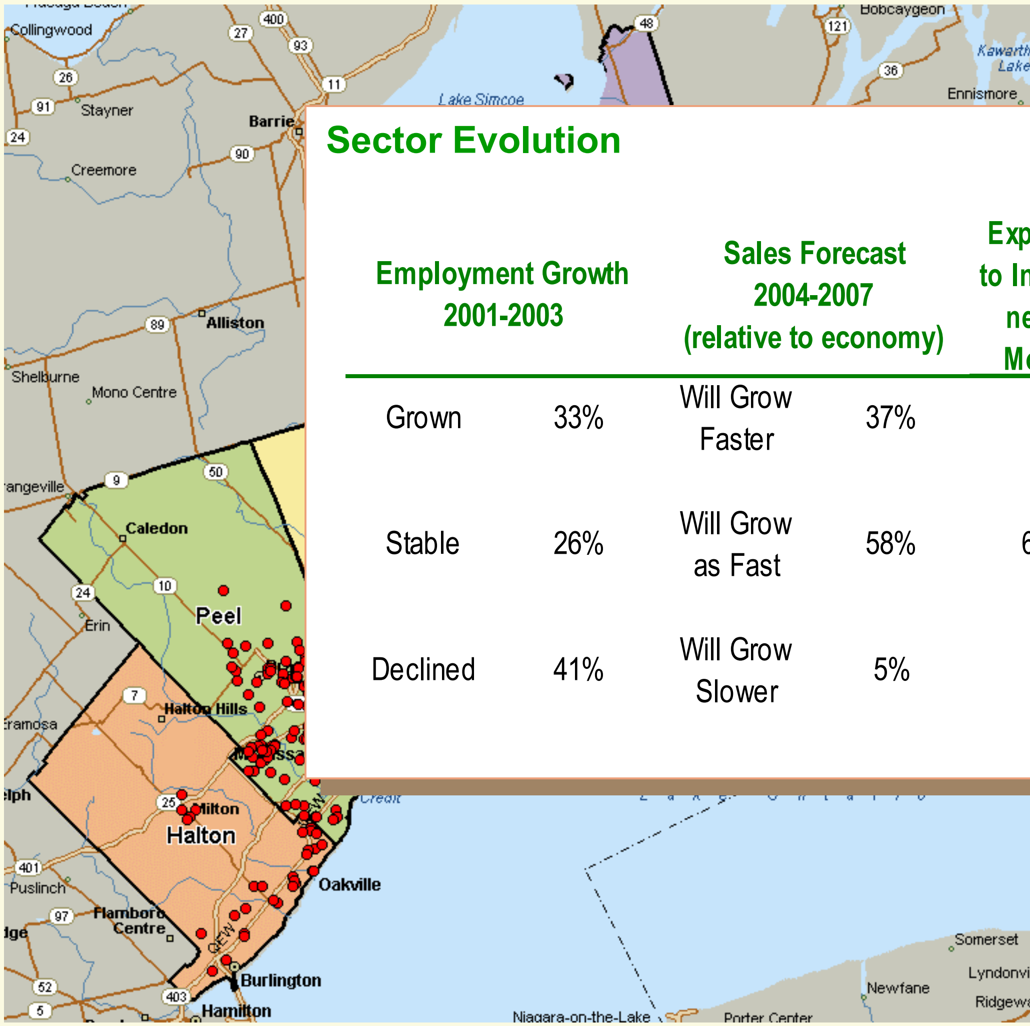


Sector Evolution

Employment Growth 2001-2003		Sales Forecast 2004-2007 (relative to economy)		Expecting to Invest in next 12 Months
Grown	37%	Will Grow Faster	46%	
Stable	25%	Will Grow as Fast	44%	72%
Declined	38%	Will Grow Slower	10%	

...oyers	Empl.
	11000
	3900
...da	1000
...nada	900
...ons	700
	670
...ata Systems Corporation	650
	600
	600
Financial Data Services	510
...ss Data Services	500
...d	500
	400
...dels Company	400
...ont	350
...ology Solutions	330
...ystems	300
	300

Services on the Rise



Sector Evolution

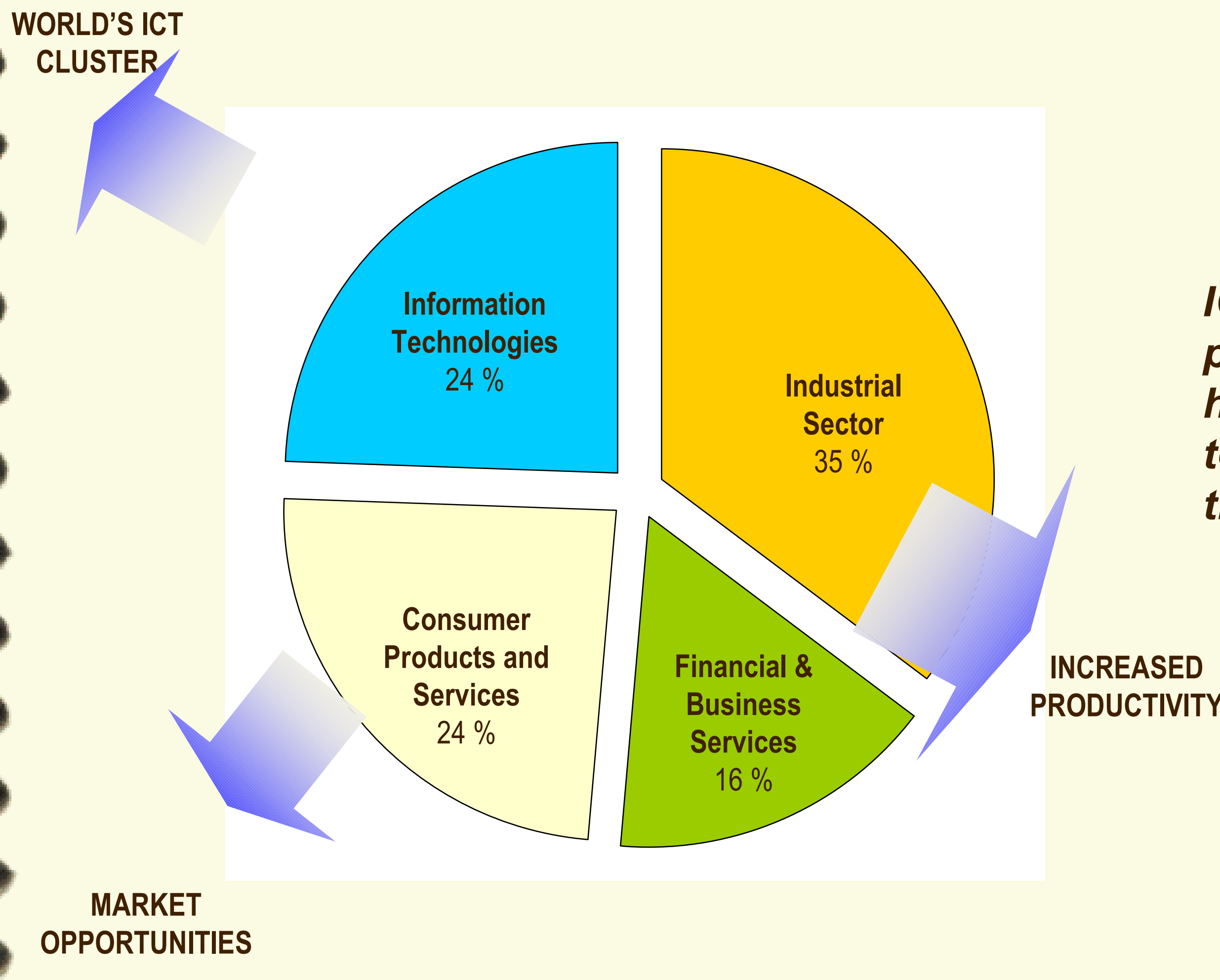
Employment Growth 2001-2003		Sales Forecast 2004-2007 (relative to economy)		Expecting to Invest in next 12 Months
Grown	33%	Will Grow Faster	37%	
Stable	26%	Will Grow as Fast	58%	60%
Declined	41%	Will Grow Slower	5%	

...yers	Empl.
	10483
	10000
	2350
...kard Canada	2000
...al Systems	1600
...da	1500
... (ICT-related)	1380
...es Group (ICT-rel.)	800
...orporation (ICT-rel.)	800
...terprises	800
...anada	600
...communications	500
...o Canada	500
...a	500
...Canada	400
...ada	400
...Canada	375

Issues and Opportunities

- ✓ The "Toronto" Problem – The Need for One Voice
- ✓ Cross Sector Integration
  - Financial Services
  - Media
  - Bio-Medical
  - Advanced Manufacturing

Technology Diffusion : End-Markets of GTA ICT Firms



ICT technologies, products and services have only started to disseminate in the rest of the economy

A New Phase in the Development of the ICT Industry in the GTA

	e-Health	e-Learning	e-Finance	Wireless	Digital Media
Manufacturing					
Development					
Services					

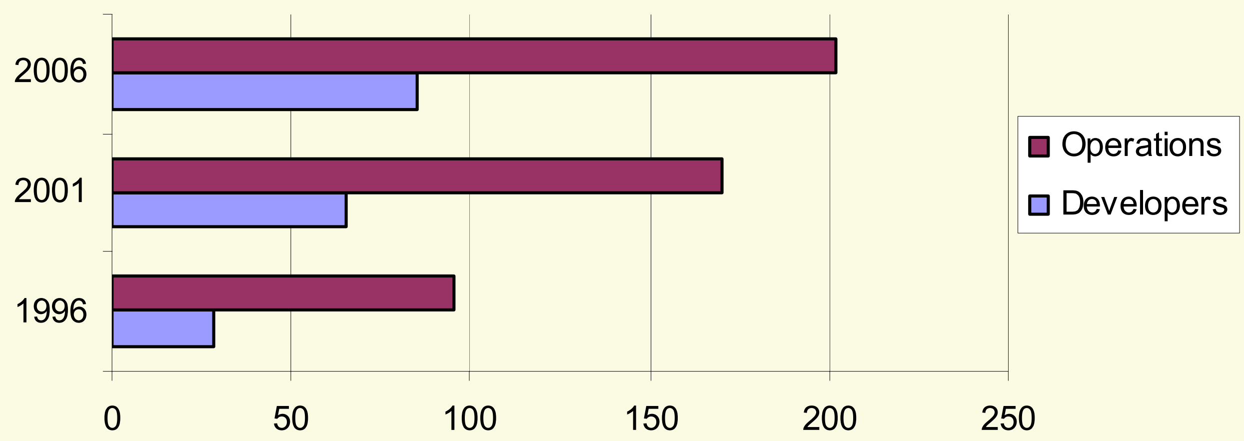
Critical masses of expertise are appearing : they could lead the next wave of ICT growth

Issues and Opportunities

✓ Human Resource Development

- Increasing Software/Systems Developers
- Stimulating Entrepreneurship

Projected Growth in Employment by Category
IT Sub-Cluster (000's)



SOURCE: PRISM ECONOMICS AND ANALYSIS, 2002

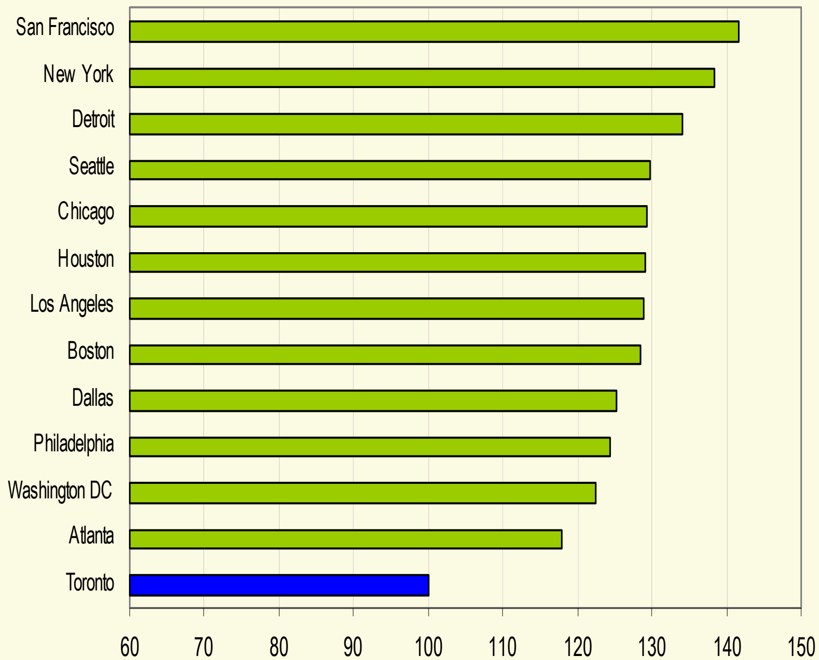
Issues and Opportunities

- ✓ Business Development and Retention
  - Near Shoring v. Off Shoring
  - Co-operative Marketing and Promotion
  - Infrastructure Development

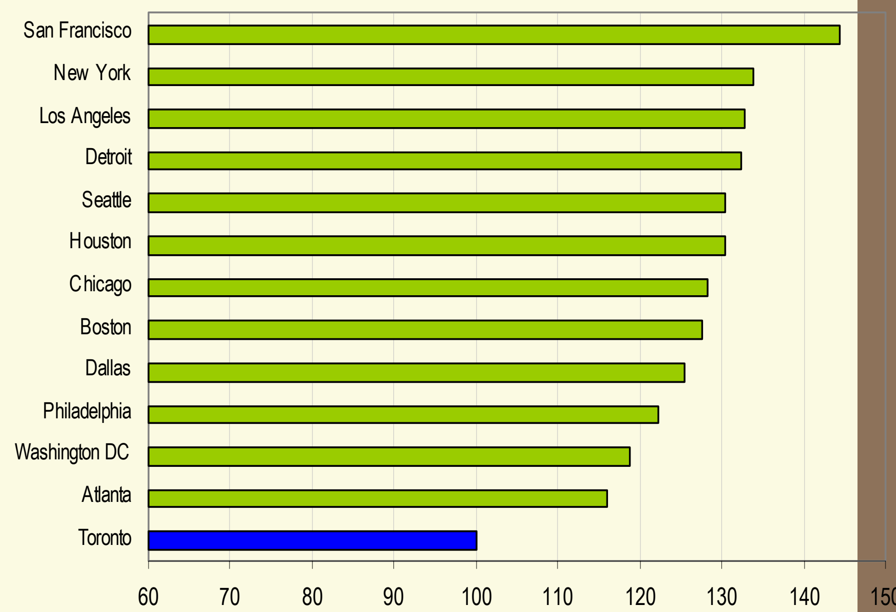
- ✓ Commercialization
  - Stimulating Research and Development
  - Building Business Capabilities

GTA : Lowest Operating costs compared to the Top US Metro Areas

Total Operating Costs, Software



Total Operating Costs, ICT Manufacturing



Source : E&B DATA and KPMG – 2003.

Recent exchange rates changes still do not change GTA ranking

Toronto’s ICT Cluster Development Strategy

Mission and Goals

- ✓ Develop and implement a strategy to advance common goals for the long-term competitiveness of the ICT industry sector and the City of Toronto.

Toronto's ICT Cluster Development Strategy

Objectives

- ✓ Increase industry collaboration
- ✓ Increase profile of the cluster
- ✓ Increase industry competitiveness

Toronto's ICT Cluster Development Strategy

Next Steps

- ✓ Identify industry issues & opportunities
- ✓ Develop a vision & targets
- ✓ Strategy development
- ✓ Industry consultation