



Location Spotlight – Montreal

Locations Insider™ (LI)

Market Report – October 2019: Complimentary Abstract / Table of Contents

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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

This report provides perspectives on key aspects of the global sourcing market in Montreal

Montreal | Quick snapshot



Canada's tech hub, primarily leveraged for high skilled IT, engineering and research & development work

KEY FACTOIDS

170,000 – 175,000 annual tertiary graduates

Annual operating cost per FTE 5-6% savings over Toronto 10-20% savings over Dallas

Current overview

- Presence of multiple global in-house centers (GICs), with around 110,000 FTEs¹ delivering IT services along with next-generation (e.g., AI/ML²) activities
- Key regions supported largely include North America and Europe
- Montreal is the key location for bilingual service delivery in French and English
- Presence of multiple Canadian and US-based business process and contact center service providers with around 20,000 FTEs in CC (Contact center) and 70,000 FTEs in non-voice BP (Business Processes)
- Stable political and macroeconomic environment; has a business favoring ecosystem

Key drivers

- Lower cost compared to tier-1 and tier-2 cities for global services delivery in the United States
- Has high availability of skilled technical talent pool which is especially favorable for AI and R&D related tasks
- Has a large tertiary graduate pool with technical and business skills
 - One of the leading education destinations in Canada
- Is home to the largest French speaking population in North America
- Has the flexibility to hire talent globally due to favorable immigration policies in Canada

Key challenges

- Large availability of talent speaking only French or only English; however there is limited talent with high proficiency in both the languages
- Some concerns around hiring leadership talent for niche skills (e.g., data and engineering)
- Limited presence of GICs delivering core business process services, which has an impact on the rate of scaling up experienced talent

KEY PLAYERS: **ABB** **accenture** **CGI** **ERICSSON** **IBM** Morgan Stanley **SAMSUNG** **SOCIETE GENERALE**

¹ FTEs – Full Time Equivalents
² AI/ML – Artificial Intelligence/Machine Learning



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3

Montreal | Risk profile (page 1 of 2)

Favorable political and business environment with good city infrastructure and connectivity

Parameter	Everest Group rating	Comments
Geopolitical	Highly favorable	<ul style="list-style-type: none"> • Canada is politically stable and is lead by a liberal centrist Government headed by Justin Trudeau • It has been ranked 23rd out of 140 countries in the WEF report on the Government's efforts to maintain a stable business environment • Although the risk of external intervention is very low, there are some uncertainties over trade related disputes with the United States
Macroeconomic	Highly favorable	<ul style="list-style-type: none"> • It is the 10th largest economy in the world with a stable financial system, strong economic fundamentals, low inflation and the best credit rating • Moody's rating of AAA with a stable outlook is expected to stay in the near future. Canada has low debt levels, a well regulated insurance system and a clearly defined tax system • Canada has a low and stable CPI of ~2% and a low unemployment rate of 5.8% • The GDP growth prospects appear lower than initially expected; the interest rate hikes in 2018 have reduced consumer spending and lowered GDP expectations
Infrastructure	Favorable with some concerns	<ul style="list-style-type: none"> • Canada has good road and rail infrastructure. The Global Competitiveness Index ranks Canada 13th out of 140 countries for the quality of its road and rail infrastructure. However Montreal city has significant repair and restoration work needed to be done on its roads. In 2017, US\$6 billion was set aside for repair work • Canada's adoption in terms of Information and Communication Technology (ICT) is not best-in-class. It ranks 34th out of 140 countries according to WEF

Source: Everest Group (2019); EIU, WEF Global Competitiveness Report, World Bank



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10

Research calendar – Locations Insider

Published
 Planned
 Current release

Flagship Locations Insider reports

Release date

"Next-wave" Location Profiles – Tampa, Florida, the United States	March 2019
Location Spotlight – The Philippines	March 2019
Location Spotlight – Guadalajara, Mexico	May 2019
Location Spotlight – Hyderabad, India	May 2019
Location Spotlight – San Jose, Costa Rica	May 2019
Location Spotlight – India	June 2019
Global Locations Annual Report 2019: Demand for Next-generation Services Defining Locations Strategy	August 2019

Location Spotlight – Montreal, Canada
October 2019

Thematic Locations Insider reports

Talent Hotspots for Risk Analytics in BFSI	May 2019
Regional Handbook: Focus on Digital Services Talent in Europe	June 2019
Global Handbook – Focus on Language Skills Availability Across the World	Q2 2019
Changing Fortunes of Delivery Locations – How Macroeconomic Factors Impact Delivery Locations?	Q3 2019
Global Handbook – Focus on Next-generation Skills Across the World	Q3 2019
What is the Role of a Global Delivery Model in an Agile Construct?	Q4 2019
Regional Handbook – Focus on FinTech Talent in the United States	Q4 2019

Note: For a list of all of our Locations Insider™ reports, please visit the [Locations Insider™](#)

Additional research references

The following documents are recommended for additional insights into the topic covered in this report. The recommended documents either provide additional details or complementary content that may be of interest:

1. **Global Locations Annual Report 2019: Demand for Next-generation Services Defining Locations Strategy** ([EGR-2019-37-R-3313](#)); 2019. The global services locations landscape continues to witness high growth in 2018 in terms of revenue and new center setup activity; growth in terms of FTEs was slower owing to advances in automation as well as upskilling initiatives. The growth rate is expected to reduce in 2019, given the increased nearshoring by European firms (due to customer proximity), players using existing centers for multi-functional delivery and some uncertainties in the regulatory landscape. This report takes a stance with respect to the changes taking place in this market and opportunities for growth in the future
2. **“Next-wave” Location Profile – Tampa, Florida, USA** ([EGR-2019-37-R-3089](#)); 2019. This report analyzes Tampa and offers perspectives on the global sourcing profile of the city, its key opportunities, drivers, and challenges, along with an overview of the talent availability, operating costs, and environment risks
3. **“Next-wave” Location Profile – Atlanta, Georgia, the United States** ([EGR-2018-37-R-2552](#)); 2018. This report analyzes Atlanta and offers perspectives on the global sourcing profile of the city, its key opportunities, drivers, and challenges, along with an overview of the talent availability, operating costs and environment risks

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