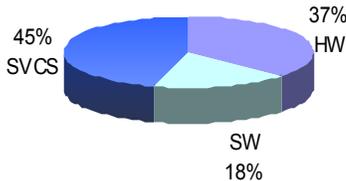


IT Market Size 2004

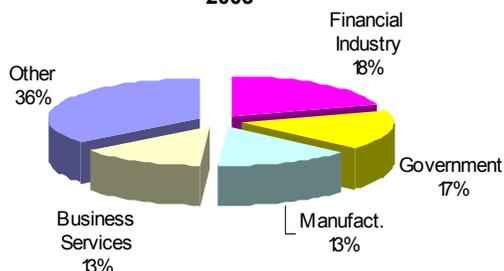


Source: IDC. Business & Technology Priorities in Canada - 2004

## U.S. PRESENCE

- ▶ The Canadian IT market is the sixth largest in the world, and even in a low growth environment, the IT market opportunity in Canada is significant for those U.S. companies that target their marketing efforts and resources.
- ▶ Currently, the United States represents Canada's largest supplier and market for computer hardware, software and services.
- ▶ The key success factors for future growth in Canada's competitive IT market is the formation of strategic alliances and partnerships.

Canadian Expenditure on IT by Industry 2003



Source: IDC. Business & Technology Priorities in Canada - 2004

## MARKET OVERVIEW

- ▶ Canada has approximately 16,000 Information Technology (IT) firms. The IT sector's contribution to the Canadian GDP continued to increase in 2004, reaching US\$26.4 billion, and is growing at an estimated CAGR of 2.5% for 2005.
- ▶ The Greater Toronto Area (GTA) is the largest IT hub in Canada with approximately 3,362 IT facilities.
- ▶ According to the Greater Toronto Marketing Alliance, the sector employs approximately 148,000 people, of which 28,000 work in IT manufacturing, 48,000 in software and systems and 64,000 in services.

## PRINCIPAL IT SUB-SECTORS: HARDWARE

- ▶ Hardware accounted for 37.2% of the total Canadian IT market, growing from US\$9.67 B in 2004 by a CAGR of 2.3%, to reach a projected US\$9.8 B in 2005.
- ▶ Desktops, servers, storage and networking equipment are expected to be the fastest growing segments of the hardware subsector growing at a CAGR of 3%, 3.4%, 3.1% and 4.6%, respectively. Each of these segments is projected to outpace growth of the overall hardware sector.

IT Canadian Industry 2004

	in millions (US) <sup>1</sup>	Market Share		
		2004	% Total	% Subsect.
PC/NB	3,828.00	14.50%	39.60%	-0.60%
SERVERS	1,370.00	5.20%	14.20%	3.40%
STORAGE	1,014.00	3.90%	10.50%	3.10%
NETWORK	1,078.00	4.10%	11.10%	4.60%
PRINTERS	1,363.00	5.20%	14.10%	-2.90%
OTHER HW	1,019.00	3.90%	10.50%	2.30%
<b>SUBTOTAL</b>	<b>9,672.00</b>	<b>36.70%</b>	<b>100.00%</b>	<b>0.90%</b>

Source: IDC. Business & Technology Priorities in Canada - 2004

<sup>1</sup> <http://bankofcanada.ca/en/index.html> US\$/CAN\$ 0.7446

## PRINCIPAL IT SUB-SECTORS: SOFTWARE

- ▶ Software is estimated to account for 18% of the Canadian IT market, at a value of US\$4.6 B in 2004. This subsector is expected to grow at a CAGR of 2.4% and 2.9% in 2004 and 2005, respectively.
- ▶ Software applications market will account for US\$2.2 B in 2004, or 48.4% of the total Canadian software market. This segment will grow by 2.3% to reach US\$3.1B in 2005.
- ▶ Systems Software & Application Tools are both projected to grow at approximately 2.5% in 2004 and by 3% in 2005.

IT Canadian Industry 2004				
		Market Share		
<i>in millions (US)</i> <sup>1</sup>	2004	% Total	% Subsect.	CAGR
APPLICATIONS	2,246.00	8.50%	48.40%	2.30%
Application Tools	1,276.00	4.80%	27.50%	3.20%
Systems Software	1,115.00	4.20%	24.00%	3.80%
<b>SUBTOTAL</b>	<b>4,638.00</b>	<b>17.60%</b>	<b>100.00%</b>	<b>2.90%</b>

Source: IDC, Business & Technology Priorities in Canada - 2004

<sup>1</sup> <http://bankofcanada.ca/en/index.html> US\$/CAN\$ 0.7446

## PRINCIPAL IT SUB-SECTORS: IT SERVICES

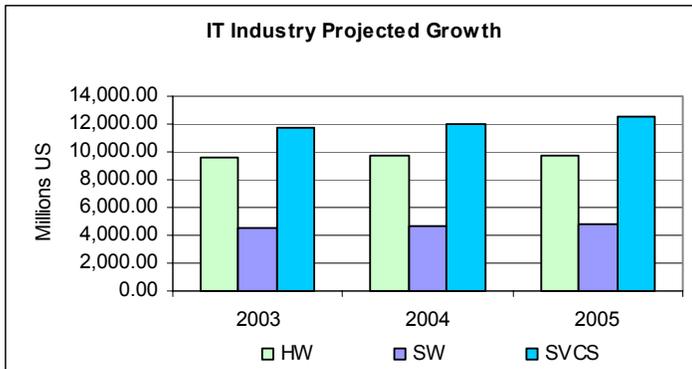
- ▶ IT services is the largest and fastest growing subsector of the Canadian IT industry, valued at US\$12B in 2004 and growing at a projected rate of 3.7% in 2004.
- ▶ Outsourcing, valued at US\$5.2B in 2004, will account for 43.4% of the IT services subsector, and nearly 20% of the overall Canadian IT market. At 6% projected CAGR in 2004, outsourcing will be the fastest growing segment of the Canadian IT market, outpacing IT services in general.

IT Canadian Industry 2004				
		Market Share		
<i>in millions (US)</i> <sup>1</sup>	2004	% Total	% Subsect.	CAGR
CONSULTING & INTEGRATION	4,347.00	16.50%	36.10%	1.30%
OUTSOURCING	5,217.00	19.80%	43.40%	6.00%
SUPPORT SERVICES	1,914.00	7.30%	15.90%	2.70%
IT TRAINING	548.00	2.10%	4.60%	3.00%
<b>SUBTOTAL</b>	<b>12,027.00</b>	<b>45.70%</b>	<b>100.00%</b>	<b>3.70%</b>

Source: IDC, Business & Technology Priorities in Canada - 2004

<sup>1</sup> <http://bankofcanada.ca/en/index.html> US\$/CAN\$ 0.7446

## THINK CANADA FIRST!



Source: IDC, Business & Technology Priorities in Canada - 2004

The ICT industry represented 3% of Canada's GDP in 2003 and is expected to show continued growth and increased profitability for the coming years. Services and software will lead growth with rates of 3.7% and 2.9%, respectively, for 2005.

Contact the U.S. Commercial Service in Canada and explore the export opportunities in this market today.

**When you think of exporting, Think Canada First!**

## OTHER RESOURCES

- ▶ U.S. Department of Commerce: Viktoria Palfi
- ▶ IDC Canada: [www.idc.com](http://www.idc.com)
- ▶ Greater Toronto Marketing Alliance: [www.greater.toronto.on.ca](http://www.greater.toronto.on.ca)
- ▶ IT Industry profile 2004: [www.greater.toronto.on.ca/new-sectors/ict/index.html](http://www.greater.toronto.on.ca/new-sectors/ict/index.html)

We hope that you find this information useful. If you would like further information, please contact [Viktoria.Palfi@mail.doc.gov](mailto:Viktoria.Palfi@mail.doc.gov), the CS Canada National Information and Communication Technology Sector Specialist. Visit our website [www.BuyUSA.gov/Canada](http://www.BuyUSA.gov/Canada) to discover other commercial opportunities in Canada. (March 2005)

**CONTACT US**

Produced by Viktoria Palfi  
U.S. Commercial Service,  
Toronto, Canada