

### Canada ranks #3 among OECD countries for its attractiveness as a global nearshoring/outsourcing destination

Rank	Country	Financial Attractiveness	People Skills and Availability	Business Environment	Total Score
1	Mexico	2.48	1.50	1.45	5.43
2	United States	0.47	2.71	2.15	5.33
3	Canada	0.54	2.10	2.38	5.02
4	United Kingdom	0.43	2.13	2.39	4.94
5	Czech Republic	1.74	1.14	2.07	4.94
6	Germany	0.42	2.10	2.40	4.91
7	Hungary	1.95	1.01	1.92	4.88
8	Poland	1.82	1.22	1.73	4.77
9	Slovakia	2.05	0.94	1.75	4.73
10	France	0.40	2.03	2.29	4.72

### THE 2009 A.T. KEARNEY GLOBAL SERVICES LOCATION INDEX™, OECD MARKETS

Notes: (1) Rankings of OECD Member Countries among the 50 top nearshoring/outsourcing destinations.

(2) The weight distribution for the three categories is 40:30:30. Financial attractiveness is rated on a scale of 0 to 4, and the categories for people skills and availability, and business environment are on a scale of 0 to 3.

Source: A.T. Kearney

### Nearshoring

For U.S. companies seeking a stable, secure environment and overseas firms looking for a foothold in North America that is cost-effective, Canada is the location of choice for nearshoring high-end, risk-sensitive operations.

Canada has significant brand equity among global BPO, ITO and KPO investors. Canada offers a combination of skills, innovation, proximity to the large U.S. market, cultural similarities and the availability of a multi lingual workforce. As labour arbitrage declines and the total cost of engagement escalates in places like India, the Philippines and Latin America, English-speaking countries such as Canada—with multilingual capabilities, zero-risk environments and superior infrastructure—will continue to attract investment from global nearshore/offshore enterprises.

In its 2009 GSLI, A.T. Kearney ranked Canada #4 for its business environment, ahead of the U.S., Mexico, the Philippines and Costa Rica. And for people skills and availability, Canada ranks fifth, ahead of Mexico, the Philippines, Costa Rica and Singapore. As a result of these rankings, Canada was the second-largest market for BPO services in 2008,<sup>3</sup> significantly ahead of the Philippines, Mexico, Ireland and China. And as U.S. multinationals repatriate outsourced and captive services,

Canada is an even more attractive lower-cost alternative. Canada's nearshore/offshore industry has US\$14 billion in annual revenues, and represents 30% of the U.S. market for nearshore and offshore services.

In 2009, Illinois-based **Virtual-Agent Services** announced that it was opening a call centre with up to 50 staff in Central Bedeque, Prince Edward Island. In the same year, Colorado-based BPO firm **TeleTech Holdings Inc.** announced that it was hiring 120 employees at its Amherst, Nova Scotia, office.

### Transportation and Warehousing

Canada is considered a North American centre for logistics and supply chain management services. The third-party logistics industry has been growing by between 10% and 15% each year in Canada. Several major logistics and supply chain management services firms have located their operations in Canada, to take advantage of its proximity to the United States, Europe and Asia; its world-class transportation infrastructure, including roads, railways and airports; and its low business taxes.

In 2009, **UPS Canada** invested \$72 million in an expansion that doubled the capacity of its distribution centre in Concord, Ontario. And in 2010, it opened a new distribution centre at Calgary International Airport.

### KEY VALUE-CHAIN STRENGTHS

- Complex transaction processing
- Human resource management processing
- Finance and accounts processing
- Claims processing
- Technical support

### KEY SEGMENT STRENGTHS

- Engineering services
- Management and technical services
- Accounting and legal services
- Computer system design and programming services
- Creative services in architecture, graphic design, multimedia services, marketing and advertising
- 3PL, 4PL services