

FIP Associates

1417 York Mills Dr., Ottawa, Ontario, Canada K4A 2P2 Tel: (613)824-3582

E-mail: paul.desbiens@rogers.com Web : www.fipassociates.com

THE CANADIAN CONTACT CENTRE INDUSTRY **PROVINCE BY PROVINCE**

CANADA

Contact Centre Canada (www.contactcentrecanada.ca), a non profit council, estimates that there are in excess of 14,000 contact centres in Canada, offering direct employment to over half a million full and part-time staff (or 3.4% of the total employed Canadian population), and contributing between Cdn.\$36 - 38 billion to our nation's Gross Domestic Product (GDP). Industry experts predict that the rate of growth in both the number of contact centres and agent positions will continue, over the next three years, at an annual compounded growth rate of close to 20%.

Canadian customer contact centres (CCCs) are gaining recognition for what they are: a sector that is heterogeneous, evolving, vibrant and in transition. They are undergoing a transformation from being considered purely cost centre environments that are primarily involved in either outbound telemarketing or inbound information dissemination, to that of being multi points transaction, profit centres. And when the metamorphosis is complete, a significant proportion of this sector will be recognized as being Customer Relationship Management/Integrated Multi-channel (CRM/IMC) environments that will enhance the Canadian economy and positively impact the global business community.

Contact Centre Canada works in partnership with industry, labour and the academic community to create the strong and vibrant workforce needed to advance the local, national, and international initiatives of the sector. Incorporated in February 2004, Contact Centre Canada is a national, not-for-profit organization made up of contact centre organizations, labour representatives, provincial industry associations, educational institutions, and vendors and consultants that provide services to the Canadian contact centre industry.

ATLANTIC CANADA:

Atlantic Canada has over 150 call centres, employing more than 24,000 workers. That's why the Boyd Company, a well-known industry consultant, calls Atlantic Canada a "premier" location for the industry. Companies such as UPS, IBM, AT&T Canada, Royal Bank, Air Canada, Scotiabank, Convergys, Cendant, Unisys, Xerox, Federal Express, Fairmont Hotels, EDS, CIBC, Staples, Purolator and ICT Group have all set up major operations here. When it comes to location, Canada is delivering. The low cost of doing business, an excellent education system, high worker productivity and government financial assistance combine to making the country an ideal place to invest for call centre operators.

NEWFOUNDLAND AND LABRADOR:

The customer contact centre industry in Newfoundland and Labrador currently employs 3,170 people in the province and it continues to expand rapidly. The expansion is due to investments by U.S. and Canadian companies as well as the expansion of Newfoundland companies (such as utilities, insurance companies and market research firms) into this industry. Low turnover rates and competitive wages are key assets Newfoundland and Labrador has to offer.

Four multinational companies established customer contact centres in Newfoundland and Labrador: *Convergys Corporation*, a Cincinnati-based provider of billing and customer care services, established a large centre in St. John's to handle inbound customer service applications for major U.S. clients. *Hospitality Marketing Concepts*, a California-based firm, established a customer contact centre in Gander. *The ICT Group*, a Pennsylvania-based firm, also established customer contact centres in Corner Brook, St. John's and Carbonear. The *Help Desk Now* company based in Greensboro NC, established a call centre in Grand Falls. Other call center companies include *Aliant*, *Telelink*, *Cabot*, *CCRA* and *Newfoundland Power*.

The Province Department of Innovation, Trade and Rural Development has an officer specializing in Contact Centres.

PRINCE EDOUARD ISLAND (PEI):

Prince Edward Island provides call centres with a state-of-the-art telecommunications infrastructure; unparalleled service and ongoing site support; a loyal, educated and accessible work force and one of the most competitive business operating environments in North America.

The benefits of locating a Call Centre in Prince Edward Island are numerous. On almost every tax that applies to business, Prince Edward Island has the lowest or near the lowest rate in Canada. For the call centre industry, Prince Edward Island has eliminated a number of taxes, there is no sales tax on toll free (800) inbound calls and no sales tax on outbound calls greater than 250,000 minutes. A lower cost of living, affordable housing

and low inflation rates have provided wage costs in Prince Edward Island that have been approximately 20 percent less than the Canadian average.

The Province is home to approximately a dozen call centres, two of the larger centres **Watt's Communication** and **Online Support Inc** (OLS), are inbound, technical support centres. OLS employs more than 300 industry specialists providing two million support calls since 1996. OLS is currently building its second Charlottetown call centre facility after experiencing rapid growth in the internet service provider (ISP) customer support sector.

The Province has experienced significant growth in the inbound call centre business. The latest call centre to open in Prince Edward Island is **Canshop.com**, an online shopping site with head offices in Ottawa, Canada. Canshop.com located their Customer Relations Management centre in Montague, a small town located in the eastern end of the province.

NEW BRUNSWICK

The province of New Brunswick, on Canada's Atlantic Coast, has worked hard to become 'the call centre capital of North America', reports Ellen Balka, professor of Communication at Simon Fraser University, British Columbia. By offering a combination of generous incentives and state-of-the-art infrastructure, and promoting the assets of its labour force, the province has succeeded in attracting a large number of Fortune 500 companies, including **United Parcel Service, Federal Express, Purolator Courier, IBM, Xerox, Hospitality Franchise Systems (HFS), Nortel, Marriott, Dun & Bradstreet, Royal Bank, and Camco**, a (GE Subsidiary).

Former Premier Frank McKenna, who played a major role in attracting call centres to the province in the early 1990's, was early in identifying New Brunswick's knowledge-based service sector as a critical part of his government's new economic strategy. The strategy to attract call centres included investing in advanced telecommunications infrastructure and offering interest free loans and subsidies for sustainable jobs in high unemployment areas ranging from \$5,000 to \$10,000 per job. Other incentives include corporate taxes and workers' compensation premiums that are amongst the lowest in Canada, and discounted rates for electrical power and telephone services.

Currently, New Brunswick's sector employs more than 20,000 people in about 100 call centres, contributing \$1 billion to the provincial economy every year.

NOVA SCOTIA

There are 50+ Contact Centres and Business Process Outsourcing centres in are located in Nova Scotia including: **Convergys; EDS; ICT Group; Minacs Worldwide; On-Line Support Inc.; Register.com; Staples; Xerox; Stream**. Historically, Nova Scotia has been the location of choice for leaders in North America's customer care industry. The reasons include:

- Over 17,000 people are employed across the province in this industry, with an abundance of untapped potential remaining
- Training infrastructure that is up-to-date and responsive
- Historic low turnover in contact centres
- High satisfaction of employees and employers alike
- Diversified mix of operations
- Accommodations for both small scale and large scale operations
- Urban and rural location availability
- Geographically spread out across the Province

QUEBEC

Québec is second only to Ontario in call centre jobs, with a 24% share of the national total (371,000 jobs in year 2000) compared to Ontario with a 40% share. This works out to 87,733 jobs for Québec which also represents 2.3% of its total labour force. This data was provided in the March 2004 report prepared by The Centre for Spatial Economics, on behalf of the Canadian Customer Contact Centre Council.

Québec has traditionally attracted a number of foreign based call centres such as ***IKEA, AMEX, PcMall, E-fundraising, Air France, Memberworks, EDS and Coaxis Interantional***. It is also the home base of ***Nordia*** a Bell affiliate and ***CGI*** a global outsourcing firm. Other names include ***Best Buy Canada, Telehublink Corp,*** and ***Standard Life***. The most recent additions are Vancouver based ***Telus Corp*** which is investing \$3.5 million in an initial 150 people call centre in Montréal and ***Computer Horizons Corp*** a NJ based corporation. The money for Telus comes from a program created by Investissement Québec in 2005 to spur job-creation in the information technology field in Quebec. The July 2006 Telus aid was the first announcement of spending by the program, which was followed by the Computer Horizons investment. This new tax credit system is for IT projects creating at least 150 jobs within 24 months.

Montréal has the largest concentration of call centres in Québec and this is due to a number of attractive features such as:

- 1st in Canada as regards the number of diplomas awarded in graduate programs (Master's or Ph.D.),
- 1st in Canada in terms of funding for university research.
- 1st in Canada and in the Top 10 in North America with regard to the number of research centres.
- 1st in Canada in terms of an available pool of bilingual workers.
- 1st in North America with the most competitive overall business operating costs, particularly in the R&D sector, where generous tax incentives have been offered for the past several years.
- 2nd in North America with regard to quality of life and cost of living.
- 2nd in North America with regard to the number of university students per capita.

ONTARIO

Ontario is the leading Canadian destination for call or contact centres with an estimated ***110 major locations*** with some companies having more than one site. Among the lead names of this industry in Ontario they have ***Hewlett-Packard, AMEX, Canon, Citibank, EDS, Ericsson, Arvato, Nordia, RIM, Rogers, Sun Life, NCO Financial Services, Teleperformance, StarTek, Allstate, Sitel, Xerox, IBM, Microsoft, Oracle, Panasonic, Stream, TeleTech, Accenture, Convergys, Dell, MBNA, ING, Clarica, The Sutherland Group and Acrobat Research.***

The following are the competitive forces promoted by Ontario:

A highly competitive cost structure:

- Wage and benefit costs to employers are lower in Ontario than in many U.S. cities.
- According to the 2006 KPMG Competitive Alternatives study, Canada is second only to Singapore in terms of annual call centre costs.

An exceptional workforce:

- 59% of Ontario's workforce have completed their post-secondary education
- Of the 24 Colleges of Applied Arts and Technology across Ontario, 16 offer specialized training in Call Centre operations
- 20% of Ontario's workforce speak at least one language besides English, including Chinese, French, German, Greek, Italian, Japanese, Portuguese or Spanish
- Staff turnover rate is low and less than 3% of time is lost to absenteeism

MANITOBA

Over 10,600 Manitobans are employed in Customer Contact Centres. 65% provide Customer Service 14% conduct Telesales activities, 11% conduct Research and 10% provide Technical Help Desk services.

The top 40 players in that industry are: ***Archway Marketing Services; Assiniboine Credit Union; Beacon Call Center Inc.; CAA Manitoba; Canada Drugs; Canada Post Winnipeg; Customer Contact Centre; Canadian Wheat Board; CDRX INC.; City of Winnipeg; CN; Convergys; Customer Management Canada; CUETS E-Care; Contact Centre Services; FineLine Solutions; Great West Life Health Links - Info Santé; Integrated Messaging Inc.; Investors Group; Ipsos Reid; Direct Manitoba; Blue Cross Manitoba; Hydro Manitoba; Public Insurance; MTS; Allstream Naylor Publications; NCR Canada Ltd.; Palliser Furniture Ltd.; Pet Plan Insurance; RBC Royal Bank Customer Contact Centre; Reach Canada Contact Centre Ltd.; RxNorth/Mediplan Global Health Consulting Inc.; S R & J Social Development Canada; St. Boniface General Hospital; The Faneuil Group; TWCC; Western Canada Lottery Corporation; Winnipeg Free Press; Xentel; DM Incorporated.***

Factor strengths - Manitoba's industry has a number of economic factor advantages, including: a highly skilled and creative workforce (both technical and artistic), competitive wages/salaries, a generous tax credit program for film, video and new media, low occupancy costs, the lowest electricity costs in North America, unimpeded access to North American markets, and an advanced telecommunications infrastructure, with high-speed broadband access becoming the norm throughout the province.

SASKATCHEWAN

Saskatchewan offers specialized services - from technology to training to tax breaks! More than 8,500 people are employed in the call centre industry in the province. These organizations range in size from small businesses to large regional and national operations. Saskatchewan is home to these major call centres: ***CIBC; Sears; SaskTel; Staples; StarTek; GC Teleservices; Marriott Global Reservations and Customer Care Centre; Minacs Worldwide Inc.***

Saskatchewan offers one of the lowest overall costs of doing business for back office/call centre operations (KPMG, The Competitive Alternatives Study, April 2006). There is no provincial sales tax on toll-free services and long-distance charges are competitive. Overall Saskatchewan has lower business and industrial costs.

ALBERTA

Alberta is home to an increasing number of advanced, high-volume call centres. ***Convergys Corp., Dell, Ford Credit Canada, Neiman Marcus and TD Waterhouse*** are among the companies that have established large operations in the province.

Alberta's strong telecommunications sector, a highly skilled labour force, and competitive facility operating costs have helped to establish a strong call centre presence in the province.

BRITISH COLUMBIA

British Columbia is home to a well developed call center industry doing business in domestic and international markets. Approximately 200 contact centers ranging from 25 to 1,400 agents reside in the province. The vast majority of these centers are in the Greater Vancouver area, making British Columbia's smaller regional communities excellent untapped territory for quality contact center operators.

The top companies in this sector are: ***Stream International; RMH Teleservices; Convergys Corporation, Telus; West Corporation, Insurance Corp. of BC; Excell Agent Services; RBC Financial; LiveBridge; TSP; TD Bank; Intrawest Resorts; Canada Customs & Revenue; BC Hydro; CIBC, eBay; Shaw AT&T; CW Agencies; RezRez; Sears Vancouver; Boulevard Media; HK Bank of Canada; Bell Mobility,***

Tiger Tel; HRDC Canada; Corporatel West; Istonish; Top Producer Systems; Pacific Blue Cross; Accounts Recovery Corp.