



Brand Canada Report

Presented to

Earnscliffe Research & Communications



WIRTHLIN WORLDWIDE

March 2001

Project Goals

Over arching goal: To determine the key parts of the Canada narrative that will help influence investment decisions; how best to disseminate that story and to whom; and whether there are policy impediments that can be identified for Canadian policy makers.

The research was designed:

- To explore in depth how investment decisions are made.
- To explore the consideration given to Canada today.
- To explore how Canada could influence this for the better.
- To establish a starting benchmark for the pilot projects to be used in final impact measurement.



Completes by Quota/Market

Quota	Target	Variance	Completed*
Boston Biotech	30	28-36	33
Boston ICT	30	29-35	26
Dallas ICT	44	36-44	28
Site Locator	4	4-6	2
Other*	12	10-12	11
Total	120		100

Interviews by market:

Boston n=65

Dallas n=35

*other includes: an academician (1) , media (5) , business leaders (4) , venture capitalist (1)





Ratings for Canada as a Location for Future Investments



Canada Rates Relatively High as Investment Destination

- Canada receives a mean rating of 6.6 out of 10 in terms of attractiveness as an investment destination
 - ◆ 7.0 among ICT respondents
 - ◆ 5.9 among biotech respondents
- All other countries receive a combined mean score of 6.3
- Looking at those who rated Canada the highest of all countries they mentioned – the mean score is 8.1 (n=41) versus 8.3 (n=61) for all other countries rated as the highest
- Top positives for Canada include
 - ◆ Skilled workforce
 - ◆ Positive business environment (ease, NAFTA, cultural similarity)
 - ◆ Infrastructure (communication, transportation, technology)
 - ◆ Advance education/university system
 - ◆ Access to customer markets
 - ◆ Economics of doing business in Canada (growth, stability, exchange rate)
 - ◆ Clusters
- Top negatives for Canada include
 - ◆ Tax structure
 - ◆ Small population





Top Reasons for Canada's Rating Score

-(n=97)-

Positives

Workforce 36%

- Available
- Expertise/educated
- Engineers available
- Trained in sciences
- Low Cost
- Motivated

Positive Business Environment 26%

- Opportunity for growth
- Less competition
- Business similar to US
- Good business relationship with Canada
- NAFTA as a plus
- Positive government incentive/promotion
- Ease of doing business

Location/Proximity 25%

- Good location
- Proximity to US (physical)
- Easy to travel to/get to

Infrastructure 18%

- Communication
- Transportation
- Technology
- Internet broadband
- Wireless data network

Advanced Education/University 17%

- University system
- Well-educated populace

Access to Customer/Market 16%

Economics 12%

- Growth potential
- Inexpensive to do business
- Stable economy
- Exchange rate

Clusters 7%

Culture Similar to US 5%

Negatives

Small Population Size 12%

- Low population

Negative Tax Issues 6%

- Poor tax structure
- High personal tax
- High corporate tax

Language Barrier 4%

Q: What is the main reason you gave Canada a score of...?



Canada Receives a Fair Rating Compared to the 'Ideal' Country

<u>Country</u>	<u>Mean Score</u>	
Ireland (n=4)	7.3	
USA (n=7)	7.0	
France (n=11)	6.8	
Canada (n=97)	6.6	ICT rates significantly higher than Biotech (7.0 vs. 5.9)
Italy (n=6)	6.5	
Germany (n=22)	6.4	
England/GB/UK/Scotland (n=37)	6.3	
Australia (n=13)	6.2	
China (n=13)	6.2	
Mexico (n=13)	6.2	
India (n=8)	6.1	
Japan (n=17)	6.1	
Brazil (n=13)	6.0	

Note: Respondents mentioned these countries (unaided) as possible locations for future investment. Canada was added by interviewer if not brought up by respondent. Only countries with more than 4 mentions are listed.



Reasons for Rating Canada by Sector

- Biotech companies are more likely to rate Canada positively because of its advanced education system and R&D
- ICT are more likely to rate Canada positively because of access to customer base and an available engineering workforce.
- Biotech companies are more likely to rate Canada negatively because of perceived government intervention/red tape and a lack of similar companies in Canada





Laddering Findings



Methodology

VISTA™: (Values In Strategy Assessment)

A conceptual framework for
understanding perceptions and their
related higher level consequences



Strategic Hinge

Wirthlin Worldwide believes there is a “strategic hinge” which exists, linking perceptions of an Ideal market – and Canada – to business and self

BUSINESS/
INDIVIDUAL

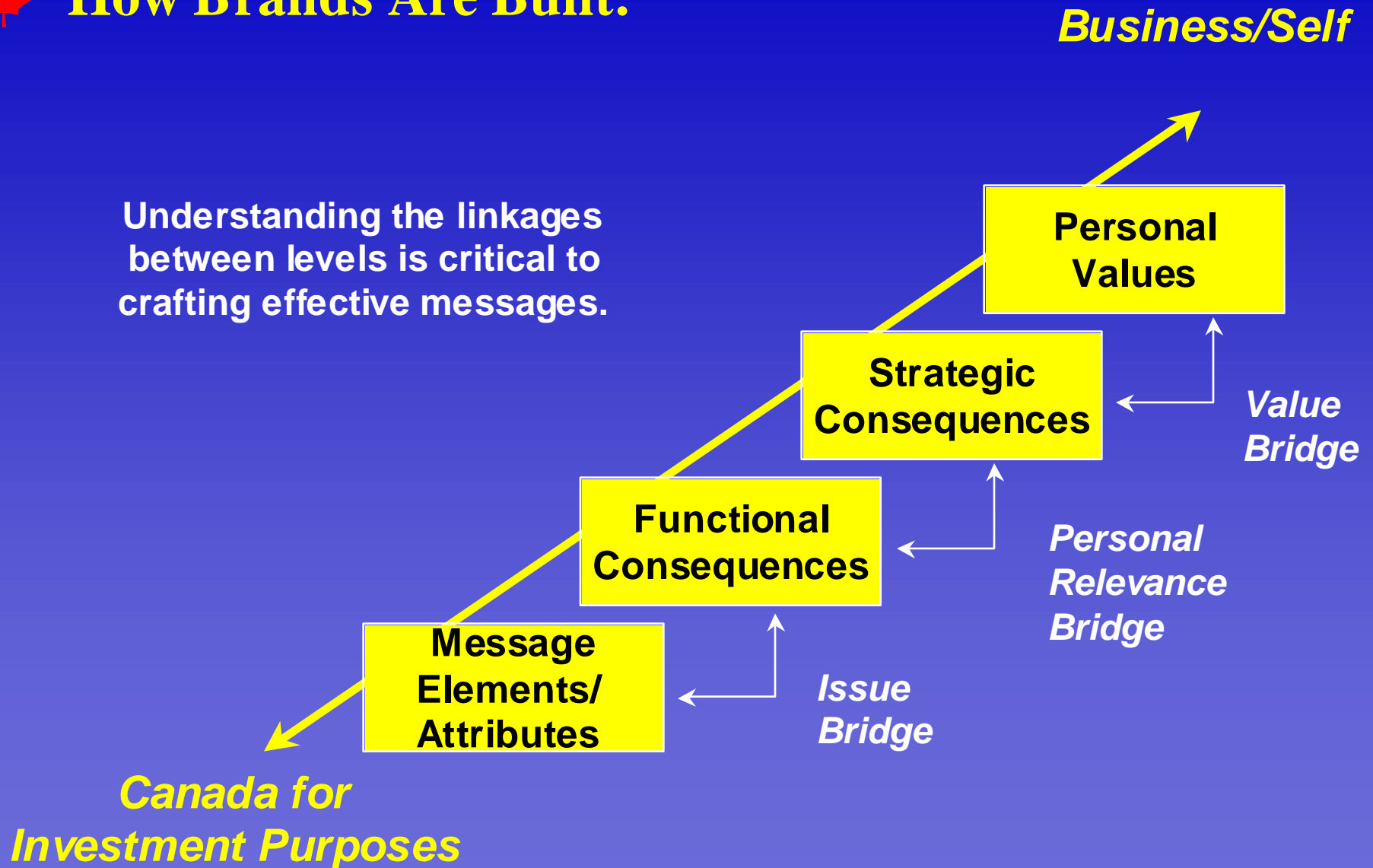
CANADA

Identifying the best means to activate the strategic hinge is the purpose of strategic marketing research.



How Brands Are Built:

Understanding the linkages between levels is critical to crafting effective messages.



Research Approach

Values In **ST**ategy Assessment (VISTA™)

The Wirthlin Worldwide approach to the qualitative phase of values research includes five basic steps:

1. Laddering Interviews
2. Content Analysis
 - coding verbatim responses
3. Linkage Assessment
 - determined by connections between levels based on frequency and number of mentions
4. Decision Making Map Construction
5. Equity / Disequity Analysis



Decision-Making Model

Stable, enduring
personal/business goals

Long term, strategic benefits
derived from the short term
benefits

Direct short term benefits and
consequences resulting from
the attribute

Issues and characteristics
relevant to Canada

Business/ Self

VALUES

↑
STRATEGIC
CONSEQUENCES

↑
FUNCTIONAL
CONSEQUENCES

↑
ATTRIBUTES

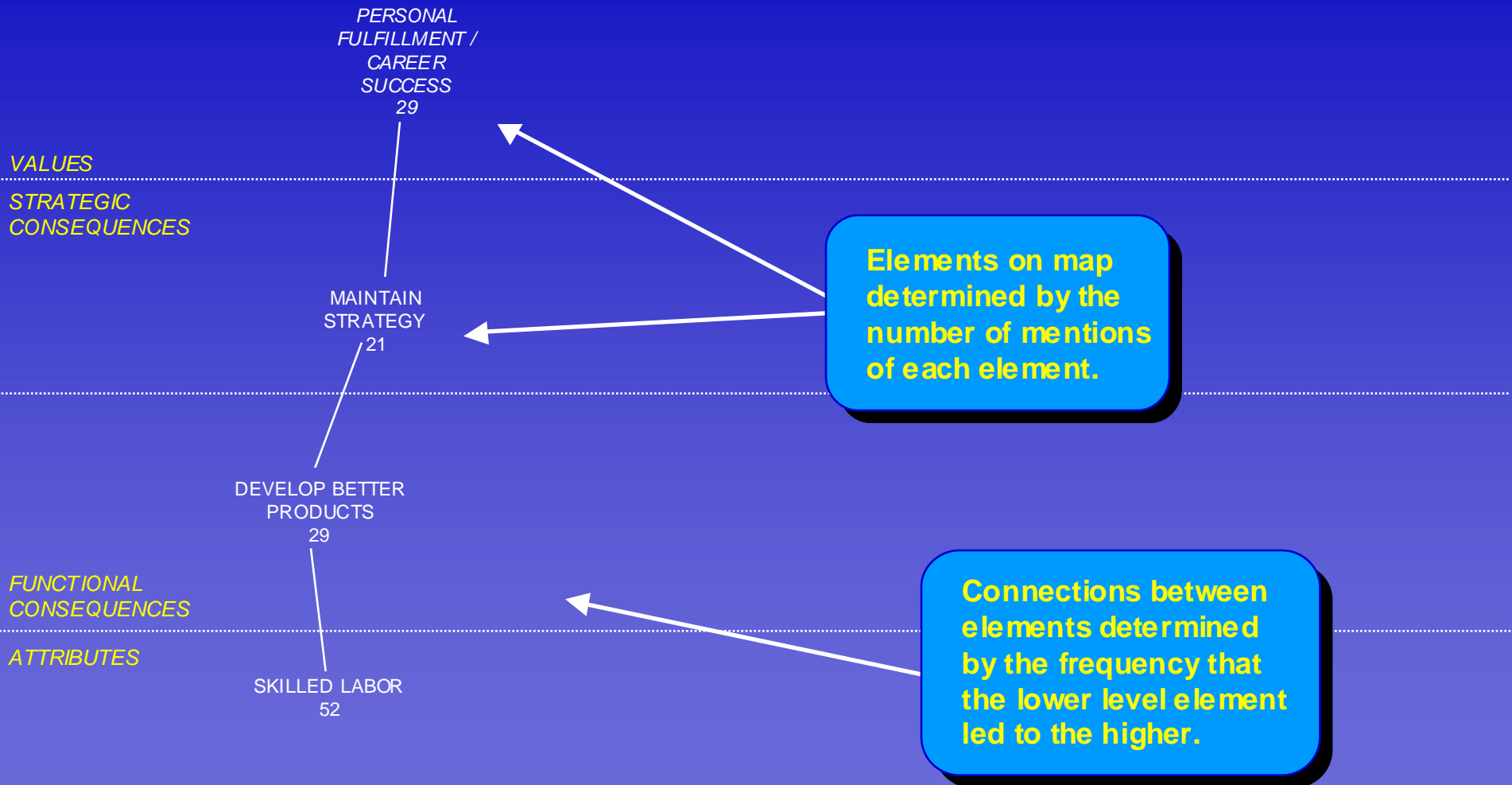
Canada for
investment
purposes



Content Analysis



Linkage Assessment



Brand Canada – Foreign Direct Investments Maps

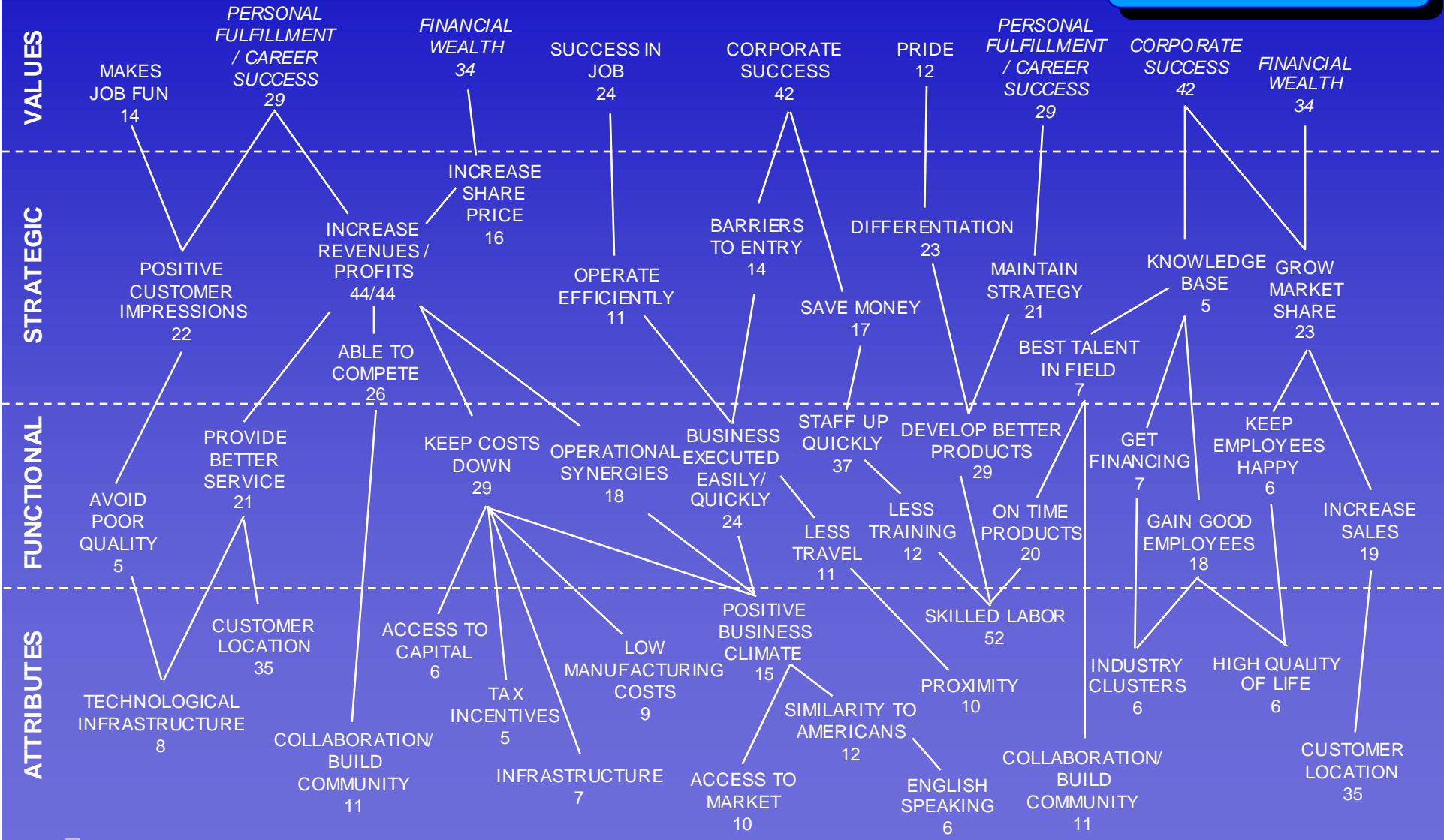
- Presentation of the laddering findings begins with two main “maps” – the overall map, and a map illustrating Canada’s opportunities and vulnerabilities on this overall map
- The maps illustrate the significant findings from the laddering exercises of the in-depth interview
 - ◆ respondents were asked to discuss in detail an ideal location for investment as well as the two most important reasons (either positive or negative) for why they would/would not consider investing in Canada
- The labels on the maps represent like comments that group together – you will see numbers below these labels that represent how many mentions these groupings received
- The linkage lines on the map represent when connections were consistently made from one level up to the next





Brand Canada: Foreign Direct Investment - Overall Positive Mentions Map

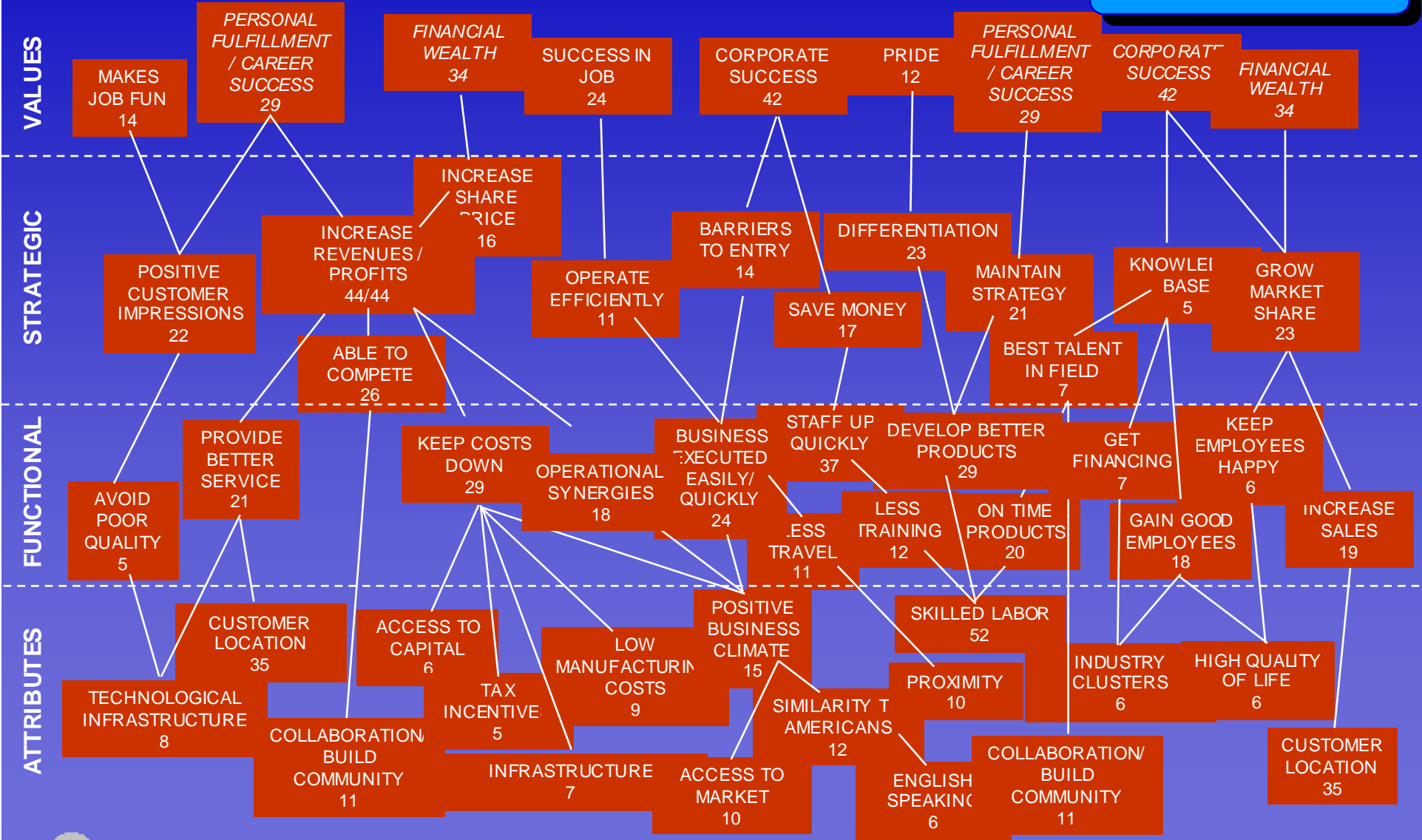
Numbers below represent # of overall positive mentions





Brand Canada: Foreign Direct Investment – Communications Goal (long term)

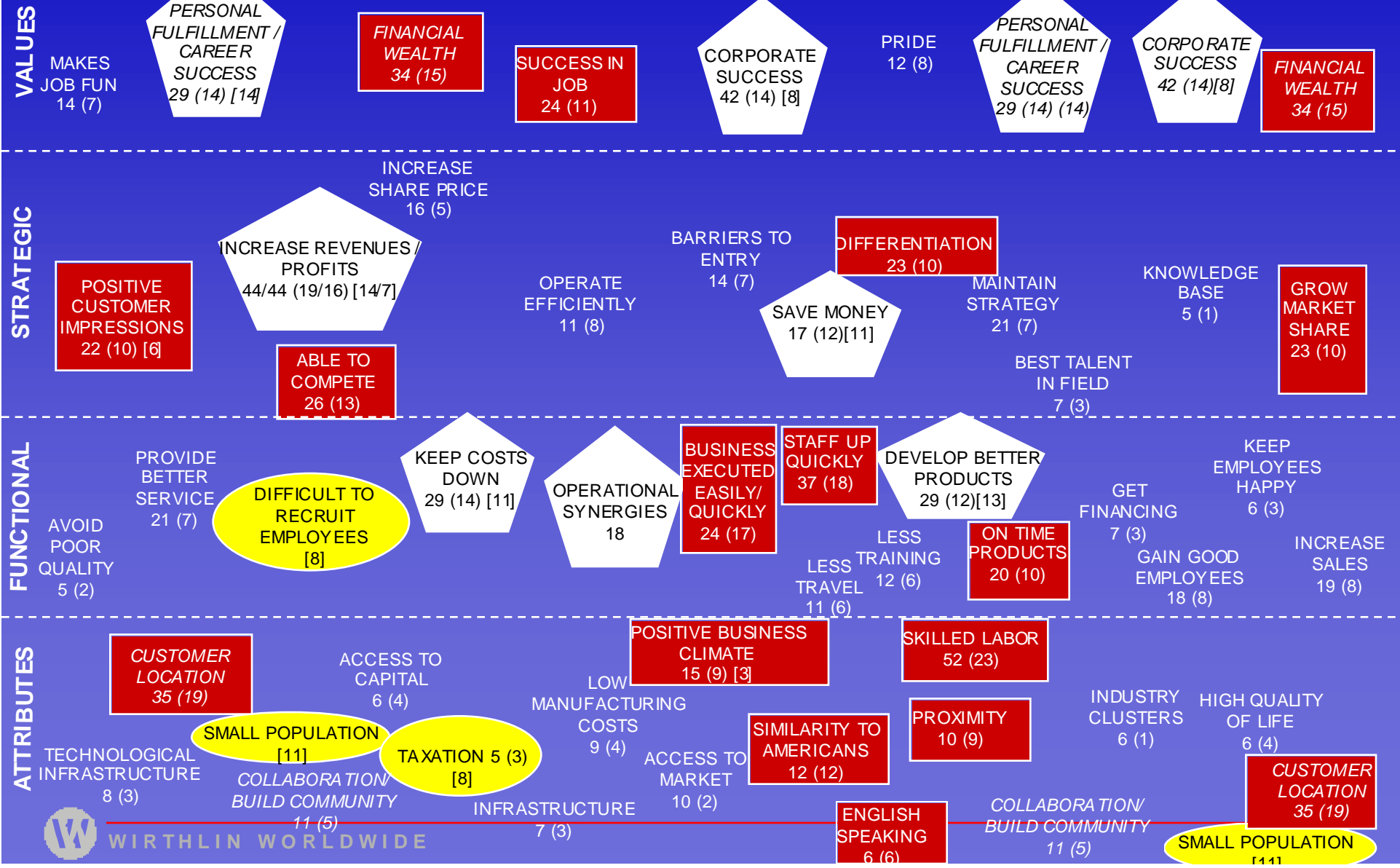
Numbers below represent # of overall positive mentions



Overall FDI Map – Canada's Opportunities and Vulnerabilities

■ Strengths of Canada
 ● Weaknesses of Canada
 ▭ Neutral (positive/negative mentions about equal)

First # represents total positive mentions. Numbers in parenthesis Canada positive mentions. Numbers in square brackets – Canada negative mentions.





Layout of the Pathways

- Pathways and relevant examples are presented as follows:
 - **Dominant Pathways (covered on 11 map slides)**
 - Four main dominant pathways emerged from our analysis
 - These include two skilled labor pathways (dominant pathway A & B and a combined A/B) and two customer location pathways (dominant pathway C (with an expanded C+ map presented) & dominant pathway D)
 - **Potential Pathways (covered on 5 map slides)**
 - There are two potential pathways that also emerged
 - A potential pathway is not as strong across the board (for sub-groups) as the dominant pathways but they have relevant strengths and/or opportunities
 - Potential A is a skilled labor pathway that Canada could excel on but that does not currently indicate optimal linkages
 - We have shown a view of the optimal aspirations pathway – which combines dominant paths for ICT & biotech as well as maximizing Canada's equities
 - Potential B shows a positive business climate pathway
 - **Negative Pathways (covered on 2 map slides)**
 - Two negative pathways emerged from the Canada ladders (using combined negative mentions for Canada)
 - Negative pathway A builds out of small population and negative pathway B builds out of high corporate taxes



Reading the Pathways

- On the following pages, pathways are indicated directly on the overall map by highlighting the variables in the pathway as well as the linkages between the variables. The “score” a pathway receives is indicated in the upper right corner (calculated with # of mentions divided by # of variables).
- Each pathway is followed by an identical path that indicates Canada’s current outlook in relation to the key variables that fall on that pathway. These are marked using the symbols below:



Strengths of Canada



Neutral (positive/negative mentions about equal)



Dominant Pathways





Dominant Pathways

Biotech Sector

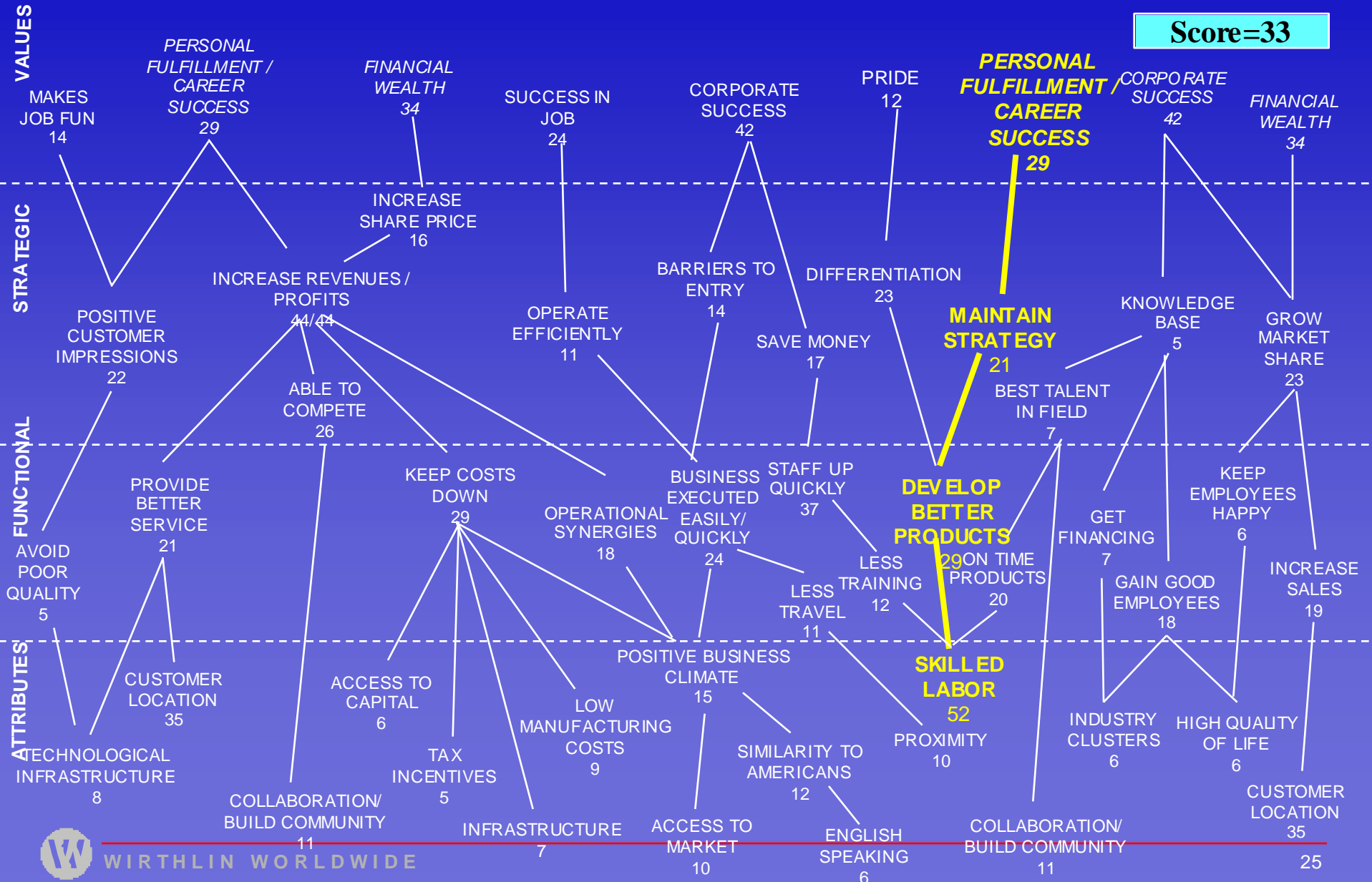


Brand Canada: Positive Overall FDI Map

-Dominant Pathway A

Skilled Labor - A

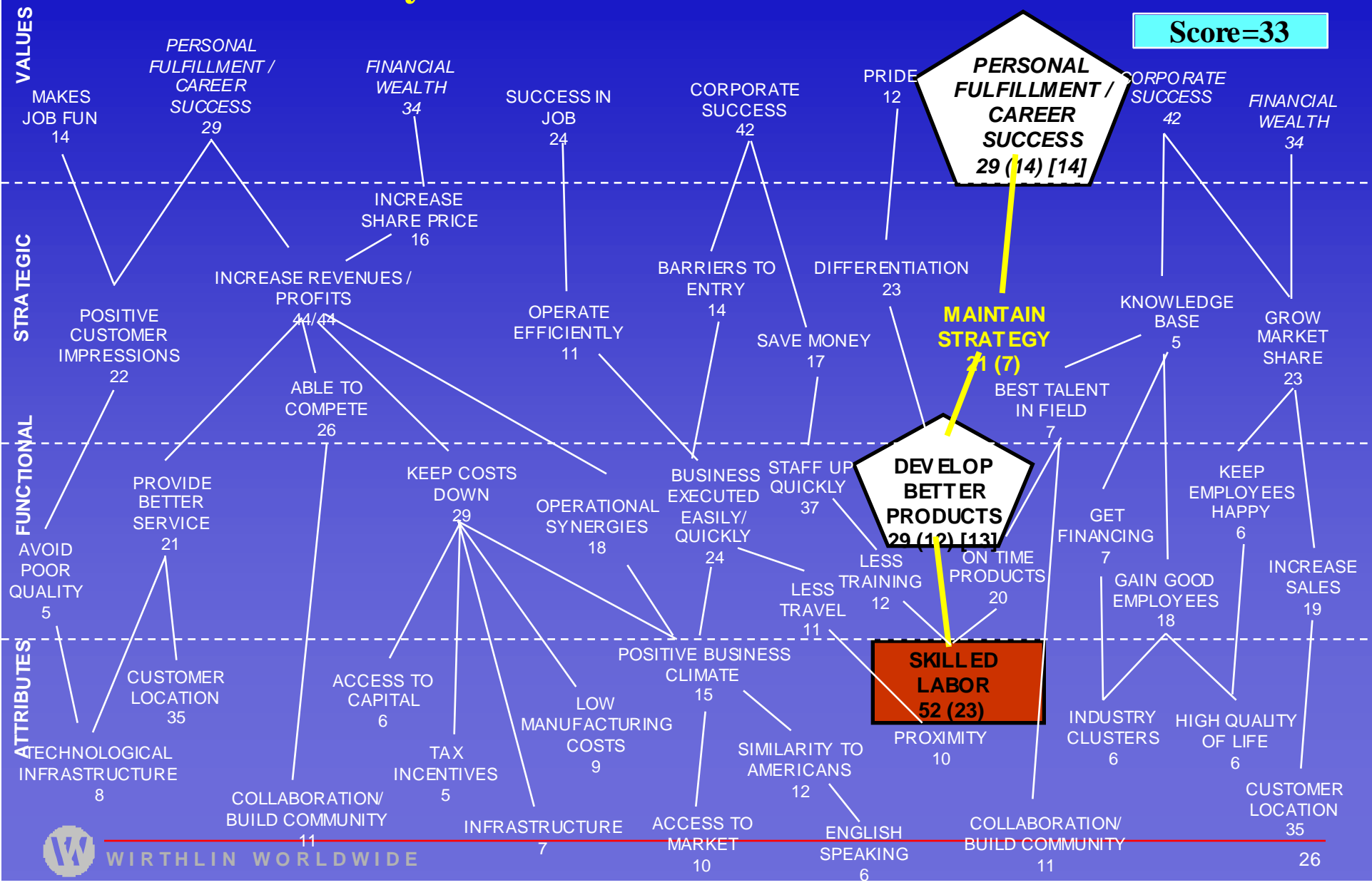
Score=33



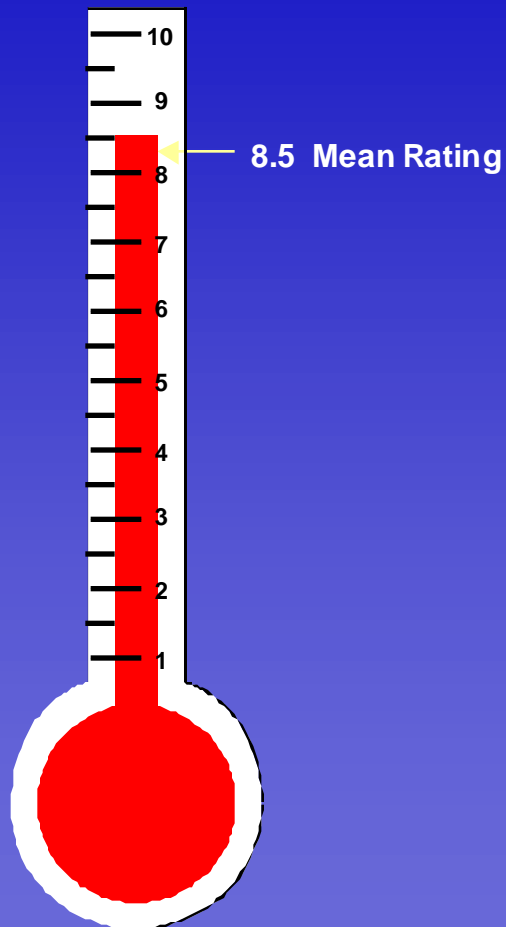
Brand Canada: Positive Overall FDI Map -Dominant Pathway A w/Canadian Outlook

Skilled Labor Pathway - A
Dominant for Biotech & Boston

Score=33



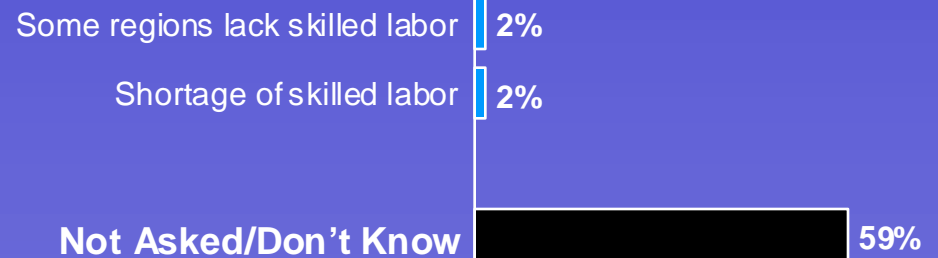
Canada's skilled labor is perceived very positively



Positive Reasons



Negative Reasons

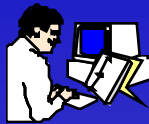






Q: On a scale of 1 through 10 (1=lowest, 10-highest), how would you rate Canada in terms of skilled labor?

Q: Please tell me why you gave the rating you did?



In general, what is considered skilled labor?

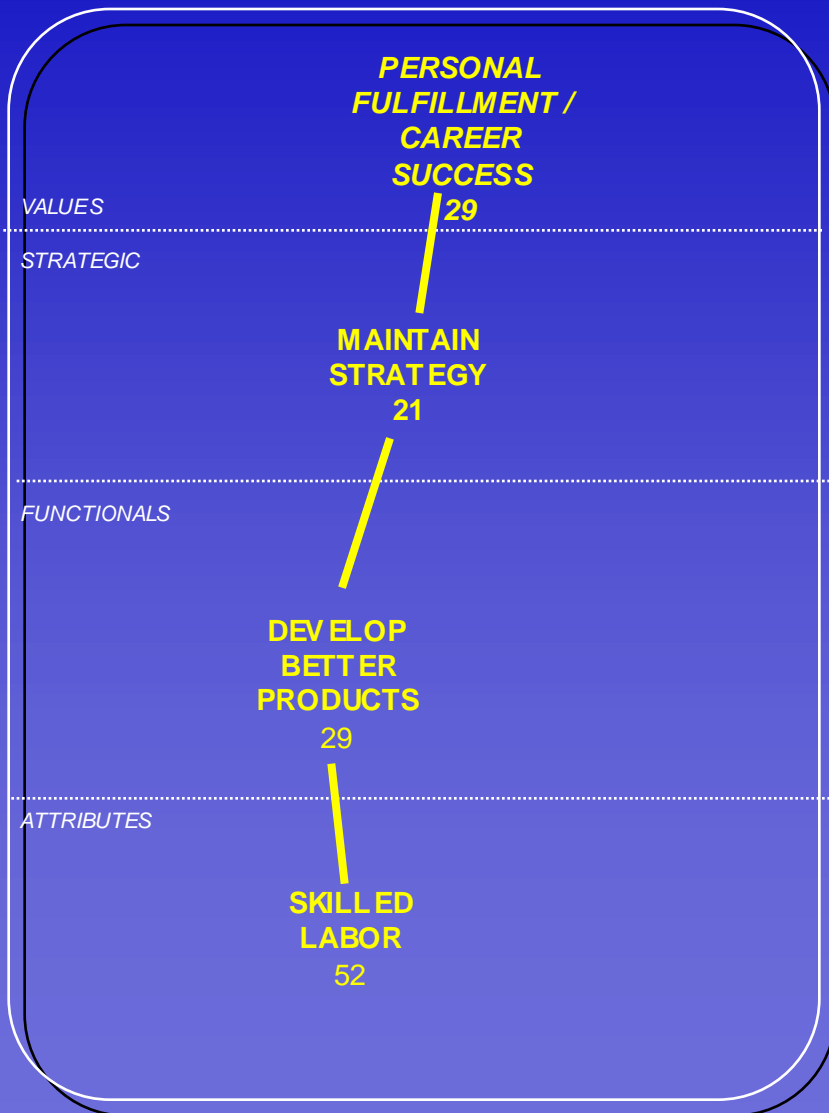
	Total	Biotech	ICT
 Computer/technology-based personnel (programmers, software engineers, software designers, IT people, engineering people, manufacturing talent)	36%	12%	46%
 Undergraduate degree holders (degrees in computer science, engineering, technology field)	23%	6%	26%
 Business-oriented personnel (work experience, experience in industry, international experience, marketing experience)	12%	3%	19%
 Postgraduate degree holders	10%	21%	2%
 Medical/Pharmaceutical Scientists	8%	15%	2%
Not Asked/Don't Know	42%	61%	39%

The ICT sector is more likely to consider skilled labor as those having computer technology , those with undergraduate degrees, or those with job experience. By contrast, the Biotech sector is more likely to consider skilled labor as those with postgraduate degrees or scientists/medical researchers.

Q: What do you consider skilled labor in your industry? = Indicates significant difference



Example 1: Optimized Pathway A – Skilled Labor



It would bring satisfaction because you are achieving your strategic goals

I mean that is the business we are in. We develop procedures to genomic analysis so that we can look for differences between individuals related to diseases and use that information for drug discovery and for diagnostic procedures

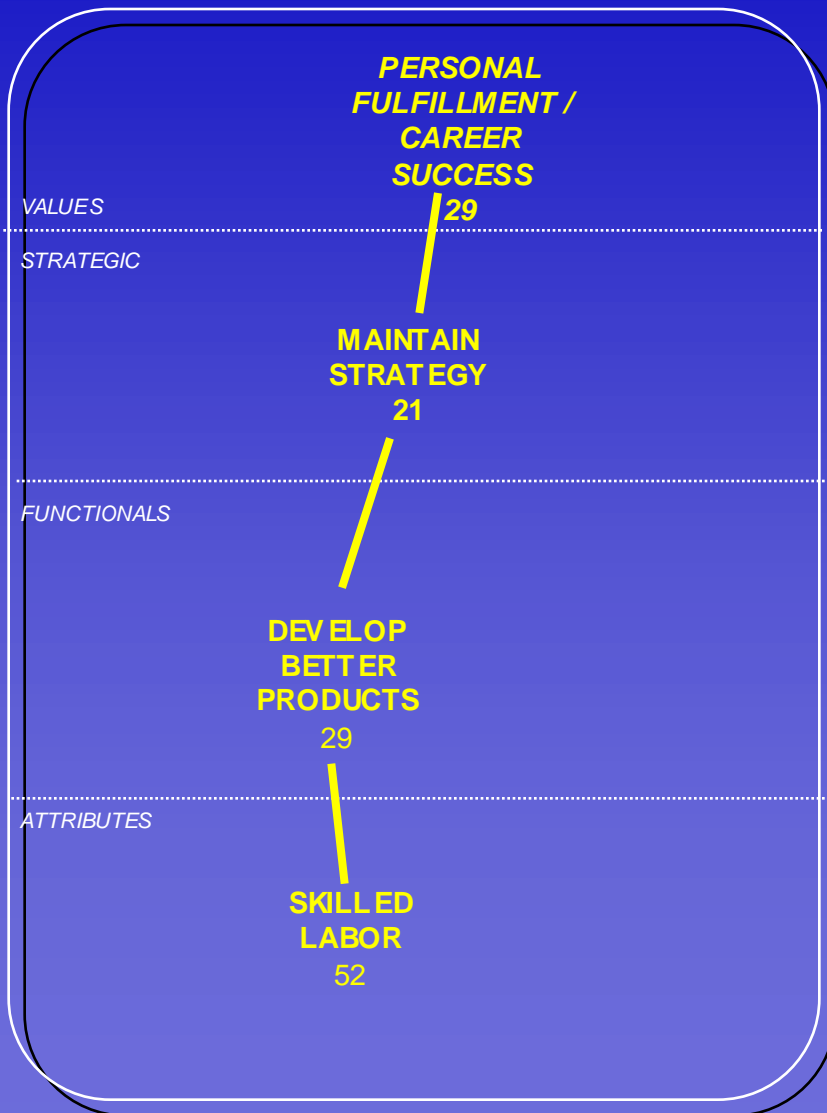
We are developing processes that are used in medical research for potentially developing new pharmaceutical products and new diagnostics and also for agricultural research. The function of those people is developing the processes and then applying those to research projects.

Access to skilled employees ... Preferably they have a first degree and some years of experience in the research world. Preferably they have a Master's Degree and some number of them have Ph. D.'s.





Example 2: Optimized Pathway A – Skilled Labor



The significance is it's probably the thing that keeps me--where we're going to find the resources that we need to continue to grow the company.

We're a technology company and in order to maintain a competitive advantage we need to be able to apply the latest semiconductor technology and develop products which are better than the competition, both from a hardware standpoint and the software.

...if want to get started on developing some new products you've got to have a pool of talented engineers to do it. And if you can't find them then you are delayed in getting the product development started and somebody in another part of the world that has access to that talent will beat you to the market.

The pool of talent is very, very important to our growth.



Dominant Pathway: Skilled Labor A

- Strong pathway relevant to a high number of respondents, particularly biotech respondents
- Begins with a key equity for Canada - skilled labor pool
- Contains no obvious barriers for Canada

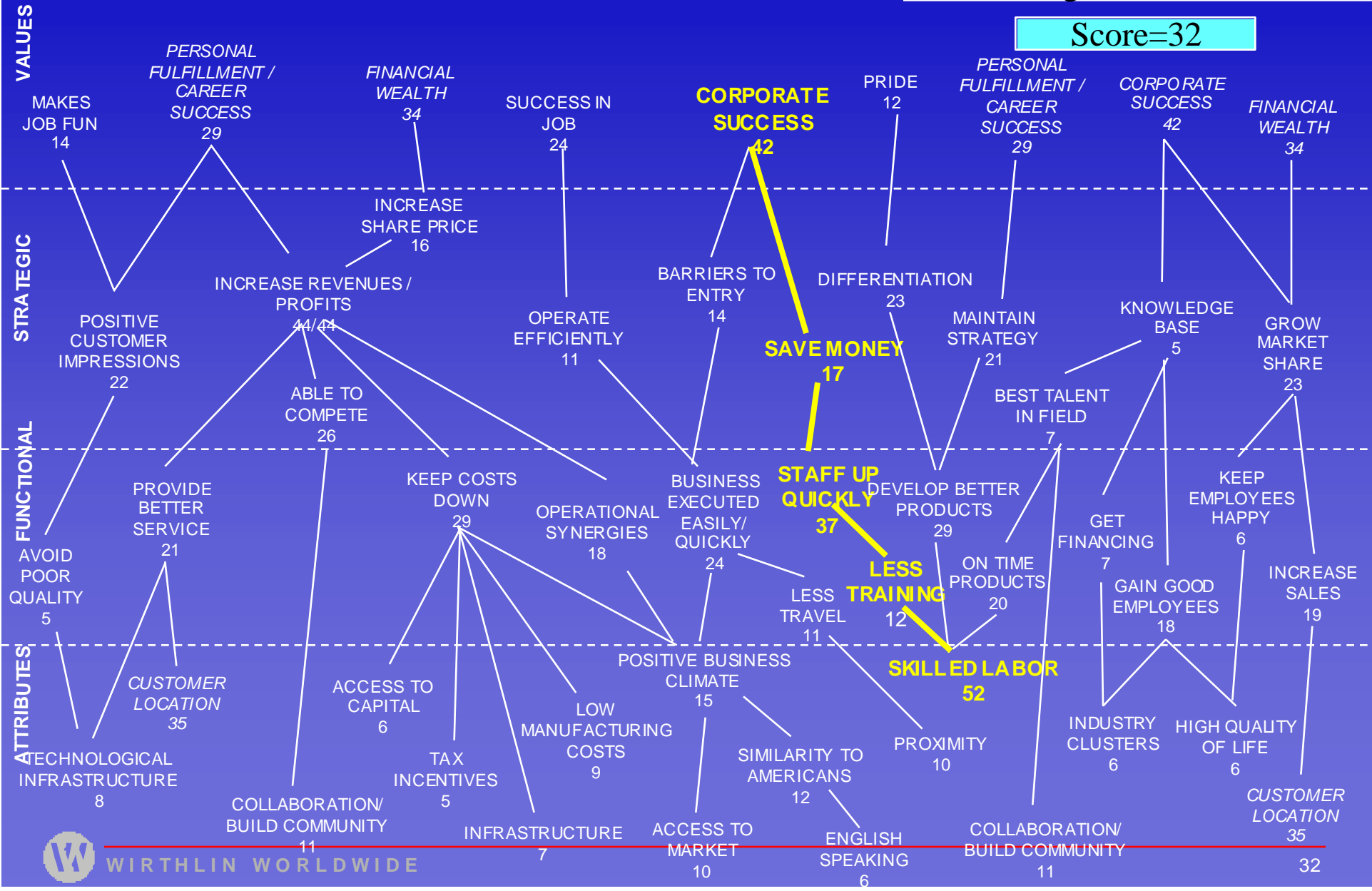


Brand Canada: Positive Overall FDI Map

-Dominant Pathway B

Skilled Labor – B
 Dominant for Biotech (tie w/A),
 2nd highest for Boston

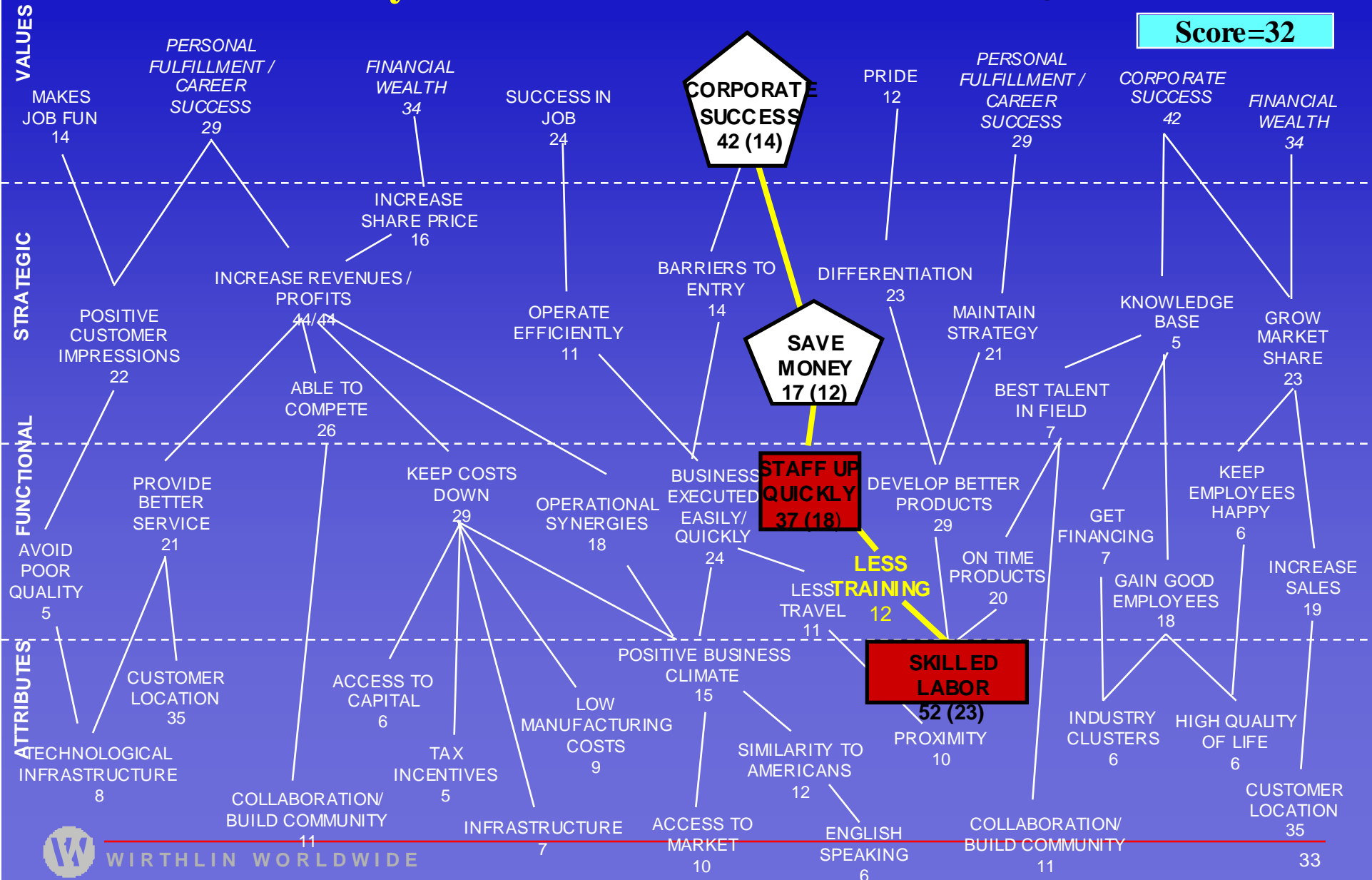
Score=32



Brand Canada: Positive Overall FDI Map Dominant Pathway B w/Canadian Outlook

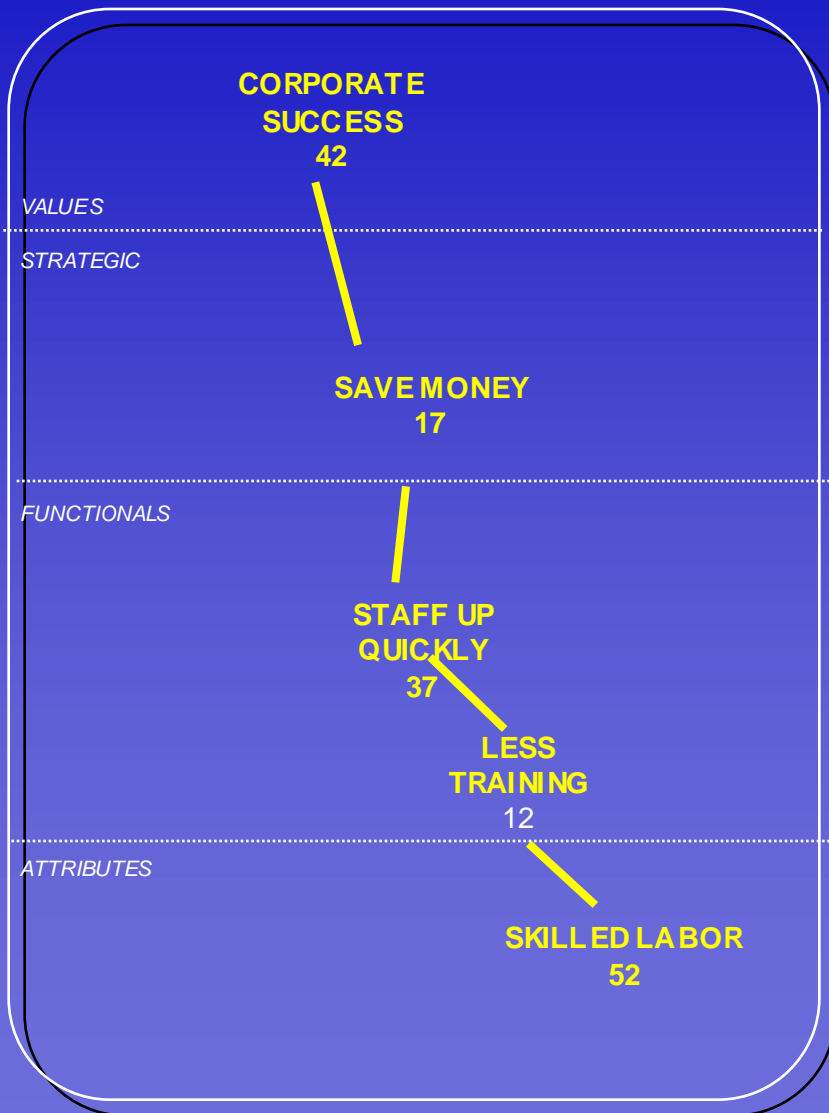
Skilled Labor Pathway - B
Dominant for Biotech (tie w/A),
2nd highest for Boston

Score=32





Example 3: Optimized Pathway B – Skilled Labor



... we take a lot of pride in our personnel as an organization. I guess it is somewhat of an emotional and ego thing for all of us to feel as though we work in an organization that has highly intelligent, fast moving people. So, it is the type of thing that we are trying to attract from the corporate culture...that type of thing that we all want as individuals to work with people of that sort.

Long term is that we have much better products at a lower cost when we have personnel of that sort.

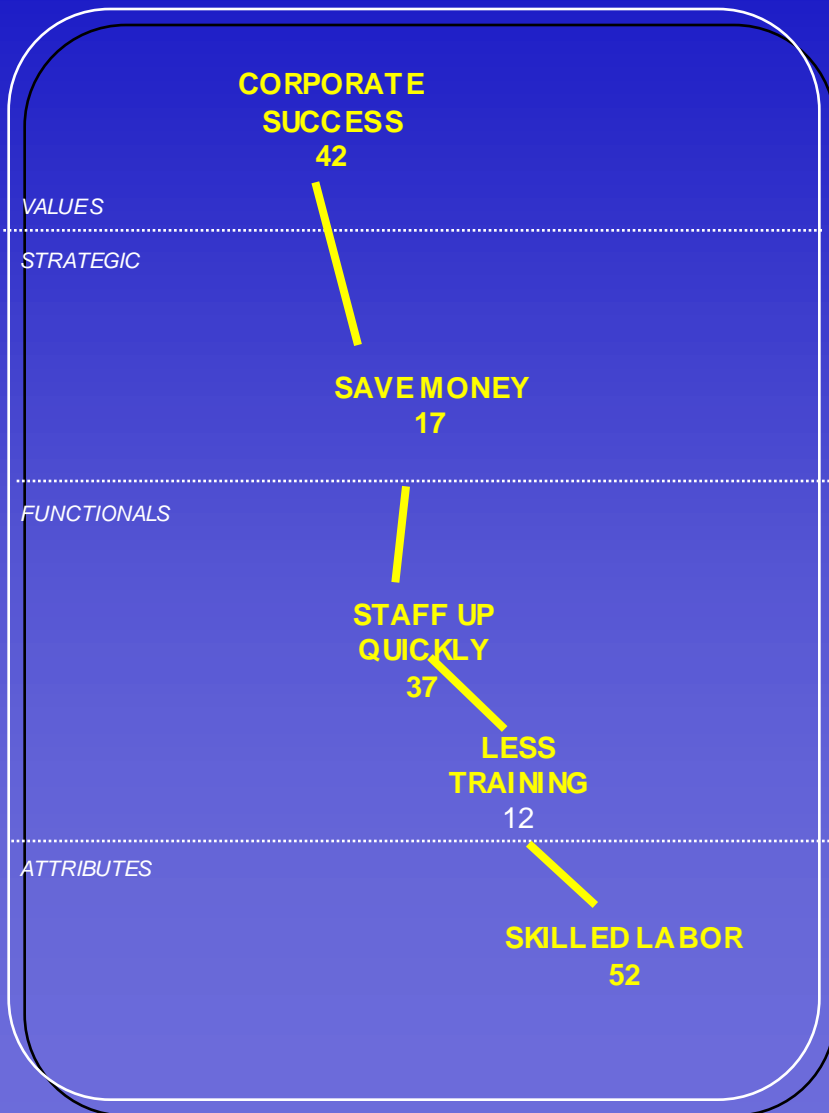
Would be that we can get people up and running faster so that we can actually improve our business quicker. We don't have to train them.

Because the type of business that we are in...high technology and software development, we have to have highly trained personnel that understand software and up to date techniques on how you engineer and program software.





Example 4: Optimized Pathway B – Skilled Labor



Well so much of my life is tied up in building this company to be the huge success that we have the potential to realize here... Everyone loves being associated with a winner. The financial rewards could be substantial.

Reduced costs. Big companies choose us.

Because we are dealing with very sophisticated technologies ... in an environment where time to market is everything. So we have no time to train people and we have to hire people that are experienced in the areas in which we expect them to contribute to the company. We have no college-recruiting program. Right now we look to people who are deep in telecommunications experience and networking.

A very strong talent pool of engineers.



Dominant Pathway B – Skilled Labor

- Begins with key equity for Canada – skilled labor
- Adds second equity for Canada – staff up quickly consequence
- Incorporates the single strongest value benefit – corporate success
- Contains no obvious barriers for Canada
- Retains strength among biotech respondents
- *Provides a bridging opportunity to other important pathways ...*

Therefore

- We recommend developing both prongs of the skilled labor message pathway as the first phase of communications with biotech sector,

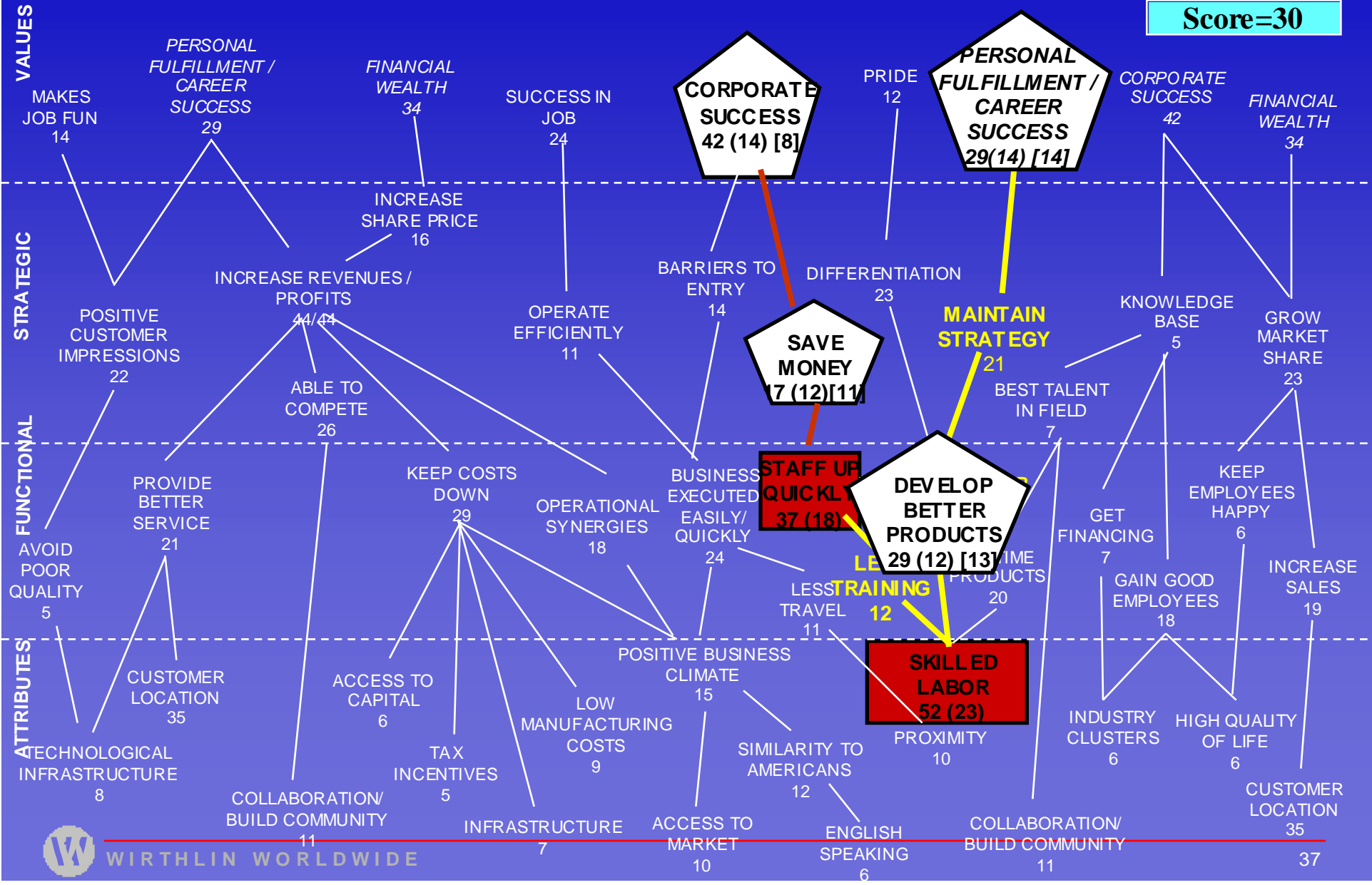


Brand Canada: Positive Overall FDI Map

Dominant Pathway A/B w/Canadian Outlook

Combined Skilled Labor Map

Score=30





Dominant Pathways

ICT Sector

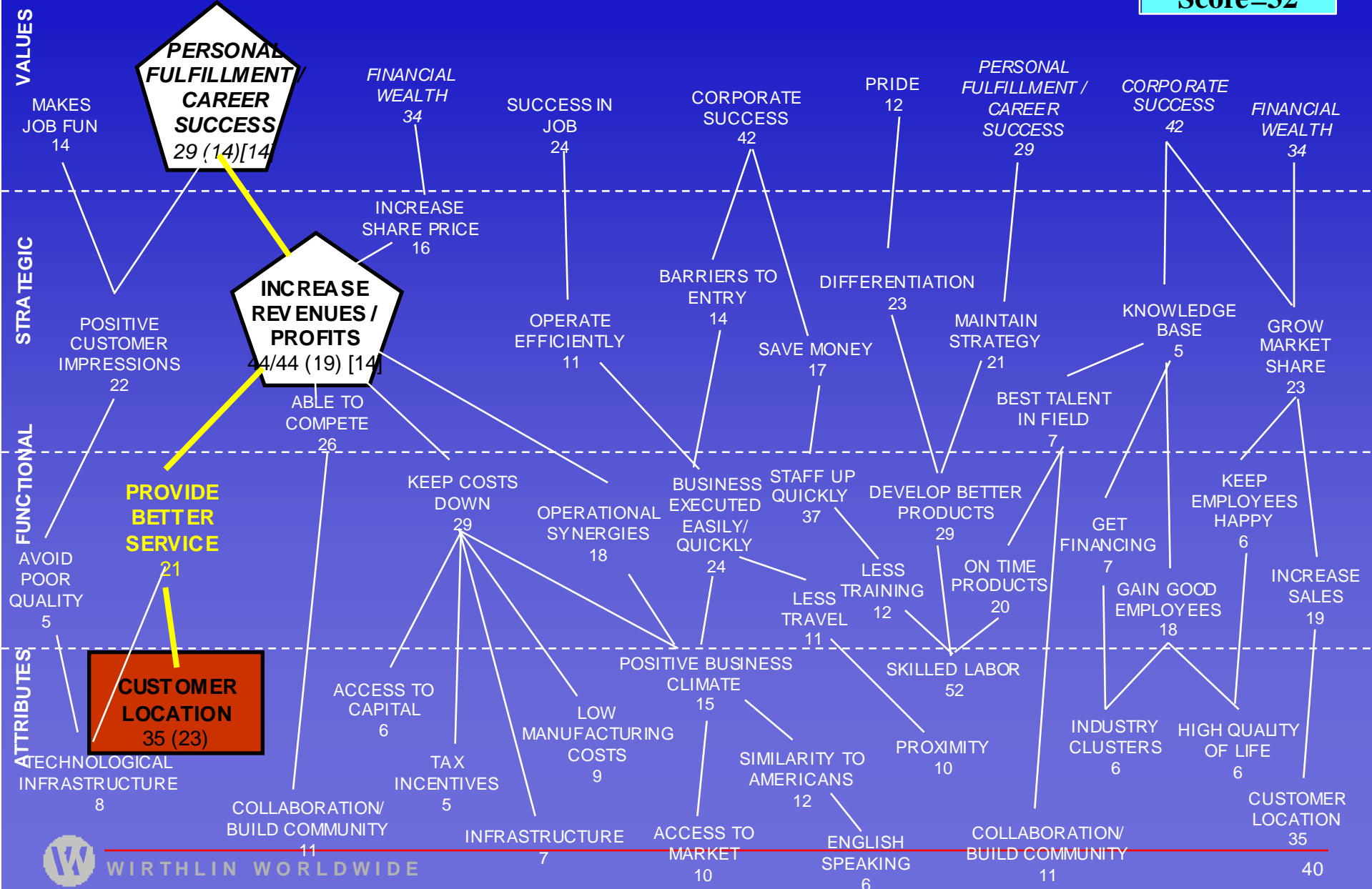


Brand Canada: Positive Overall FDI Map

-Dominant Pathway C w/Canadian Outlook

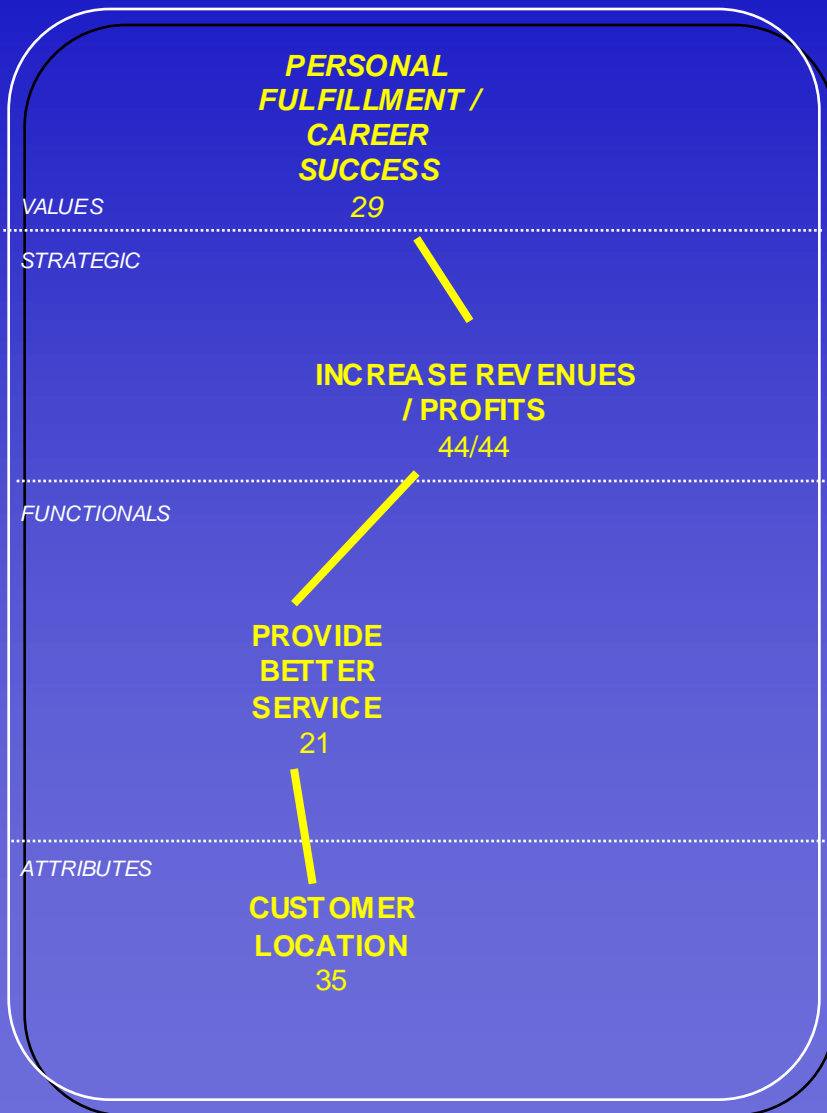
Customer Location
Dominant Path for ICT & Dallas

Score=32





Example 5: Optimized Pathway C – Customer Location



I get a lot of satisfaction from doing this sort of work, so it's very personally very enjoyable

It allows me to further expand our business, to better support these customers, to attract and retain people who are excited about working with these customers, it increases the potential equity value, potentially increases rewards for the employees in our company and potentially increases the valuation of our company

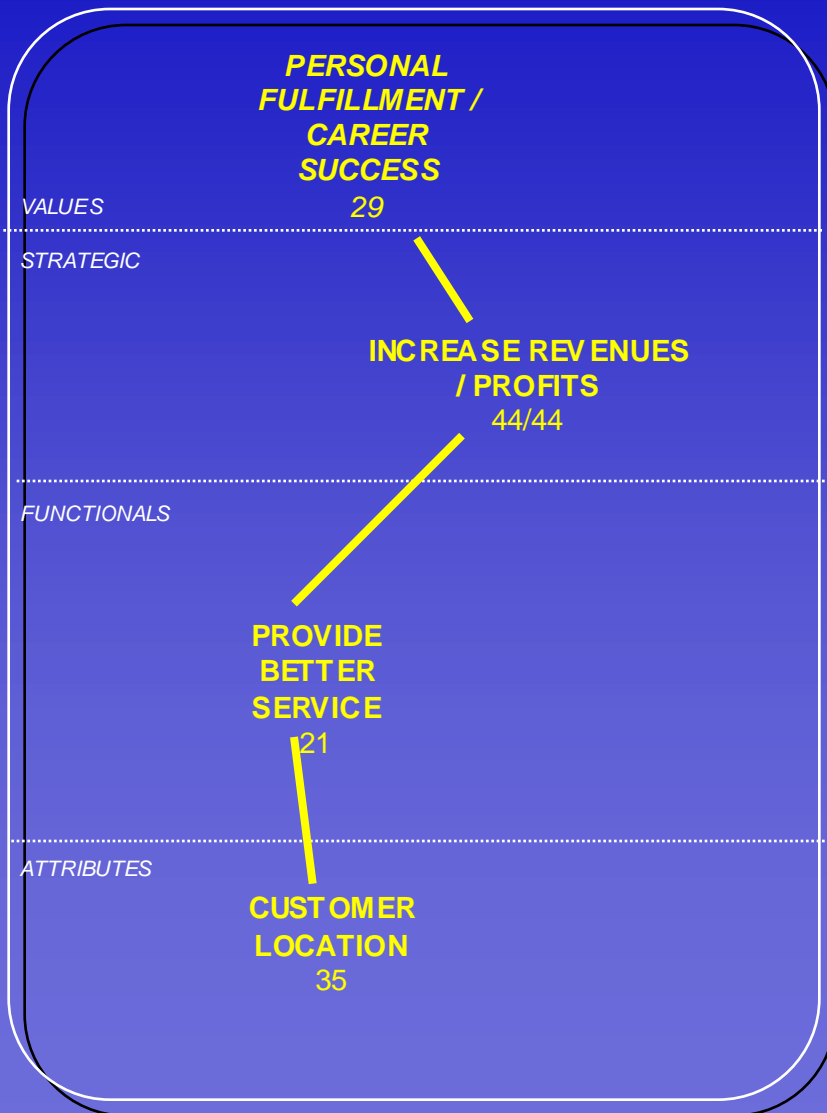
Because we're able to support them better on a global basis, provide competitive differentiation because typically our competitors cannot support them in as many countries as we can

How many customers were in the country





Example 6: Optimized Pathway C – Customer Location



I think I will leave my legacy stamp. I mean, I'm open to four or five more years, banging the scales up and be able to probably look back and say, I was an integral part of that. I think there's certainly some personal satisfaction at being at a company that people recognize has done well in that marketplace.

I think it makes us a stronger company. I want to get rich.

... we would better be suited to be able to delight our customers... What's important for this (when picking a network vendor), service, service, service always pops up. Service is important. ... we'd be able to quickly react to any changes, whether they be hardware or software changes and we'd be able to service that area through the same depot for advance replacements and repair depot and that sort of thing

Existing customers would be the principle reason.



Dominant Pathway C: Customer Location

- **Strong pathway relevant to many respondents, particularly in the ICT Sector**
- **Begins with key equity for Canada – customer location**
- **No obvious barriers for Canada**

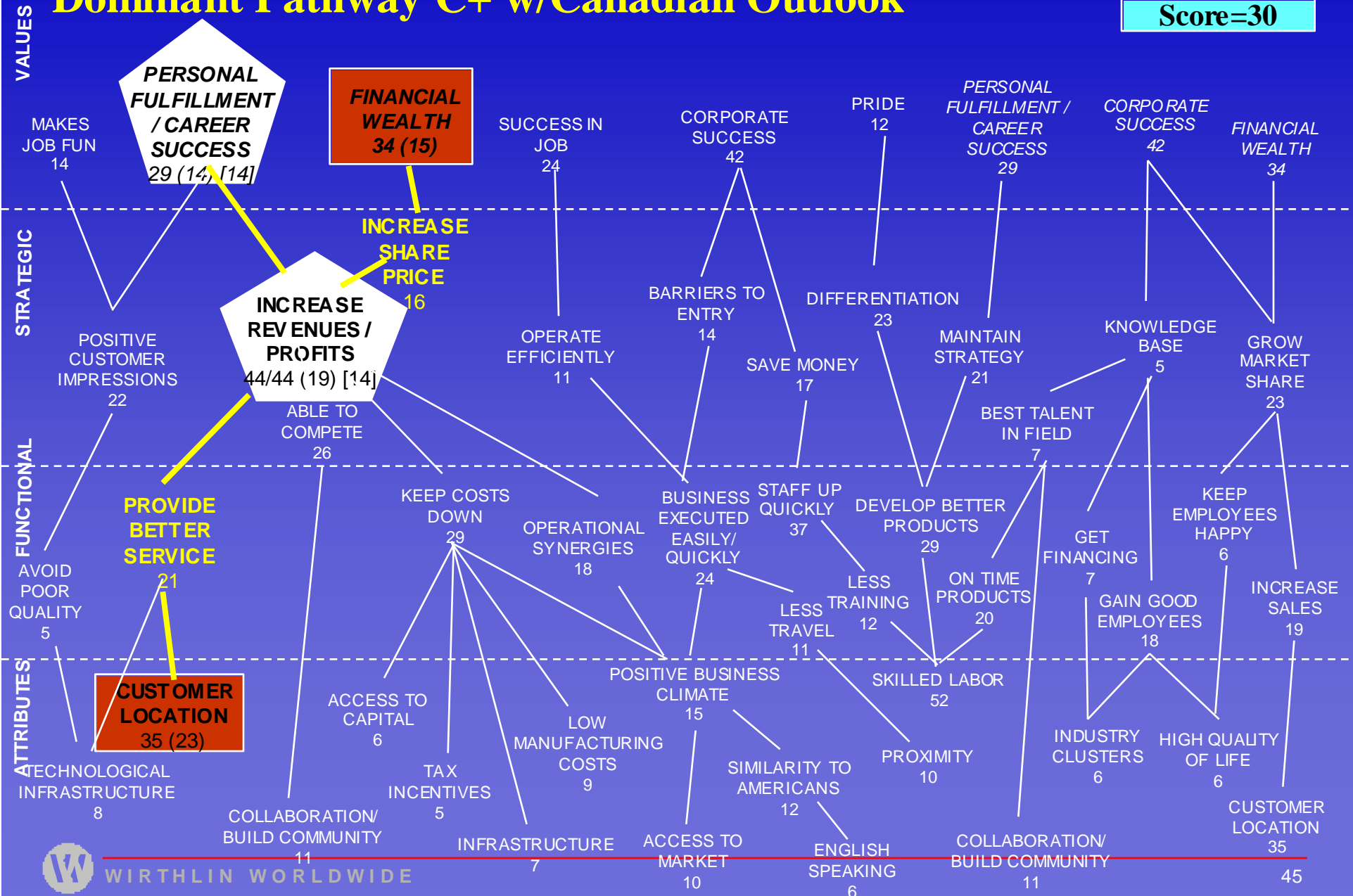


Brand Canada: Positive Overall FDI Map

Dominant Pathway C+ w/Canadian Outlook

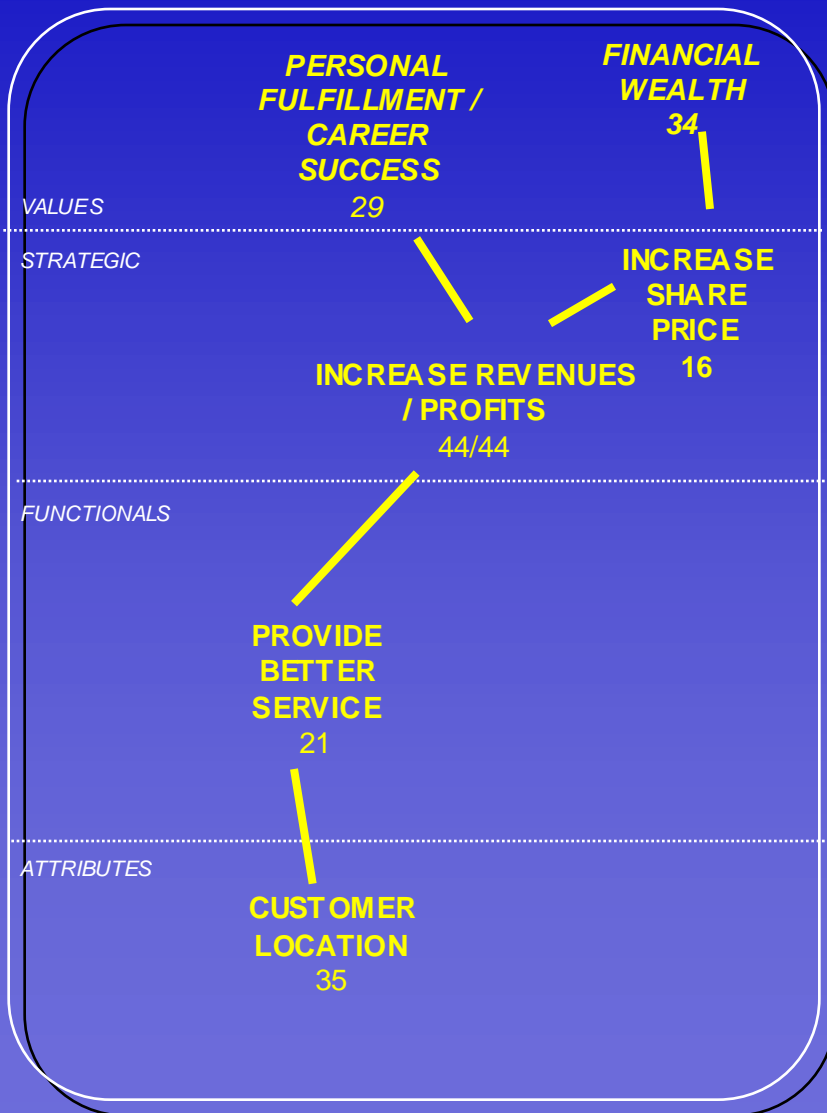
Expanded Customer Location -
2nd best path for ICT/Dallas

Score=30





Example 7: Optimized Pathway C+ – Customer Location



Well, at one level there is the financial rewards of doing that, at another level it is just fun, working in a growing company and things are going well, a lot more fun than one that is not.

Revenue, profit, market share.

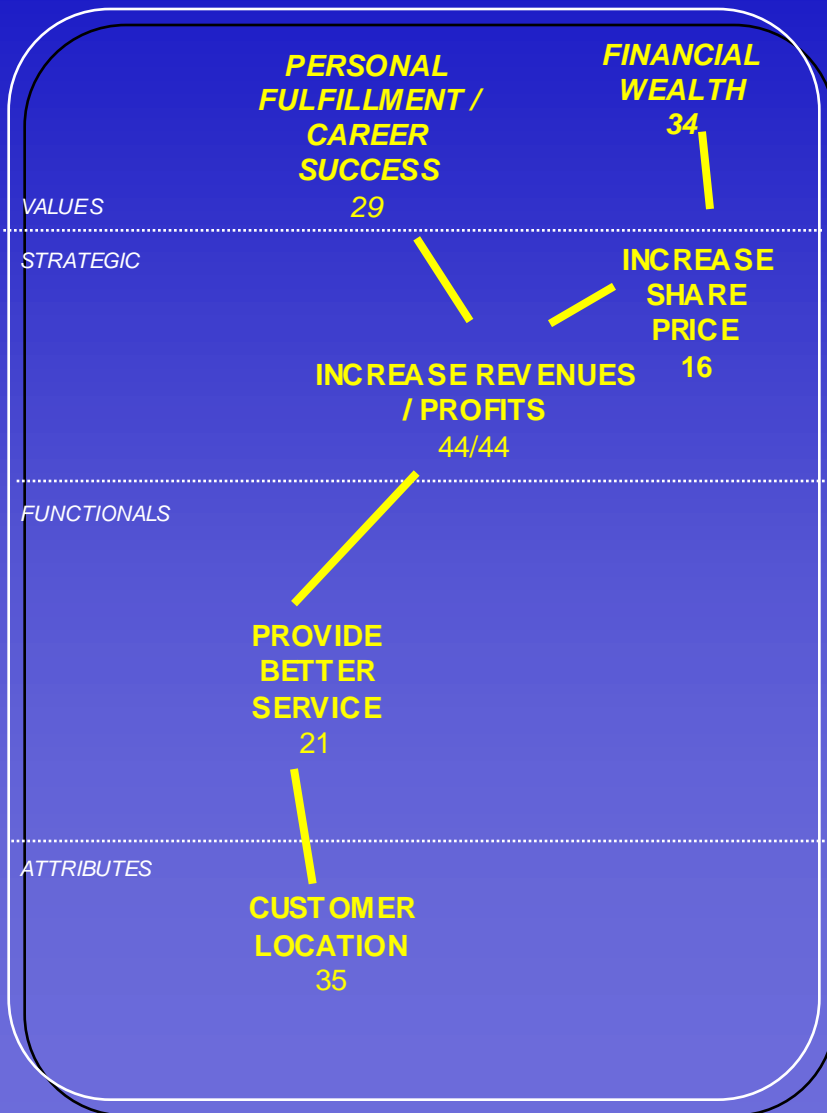
There is an ongoing level of service that we need to provide, whether it be training their new employees on our software, whether it is going in and helping them with new applications, whether it is taking sales calls to get into other groups within that company. There are a lot of reasons to be there, and that is why.

Customers





Example 8: Optimized Pathway C+ – Customer Location



We get personal benefits from that through financial incentives

It would be a reasonable length of time where we would get good business returns from that. It would give us more competitive differentiation

I think we would be able to better support our global customers

The number of global customers there. We have a lot of potential for additional growth in Canada



Dominant Pathway C+ - Customer Location

- Retains much of the overall power of Pathway C, second highest score among ICT respondents
- Incorporates a key value benefit associated with Canada – financial wealth
- *Provides a bridging opportunity to other important pathways ...*

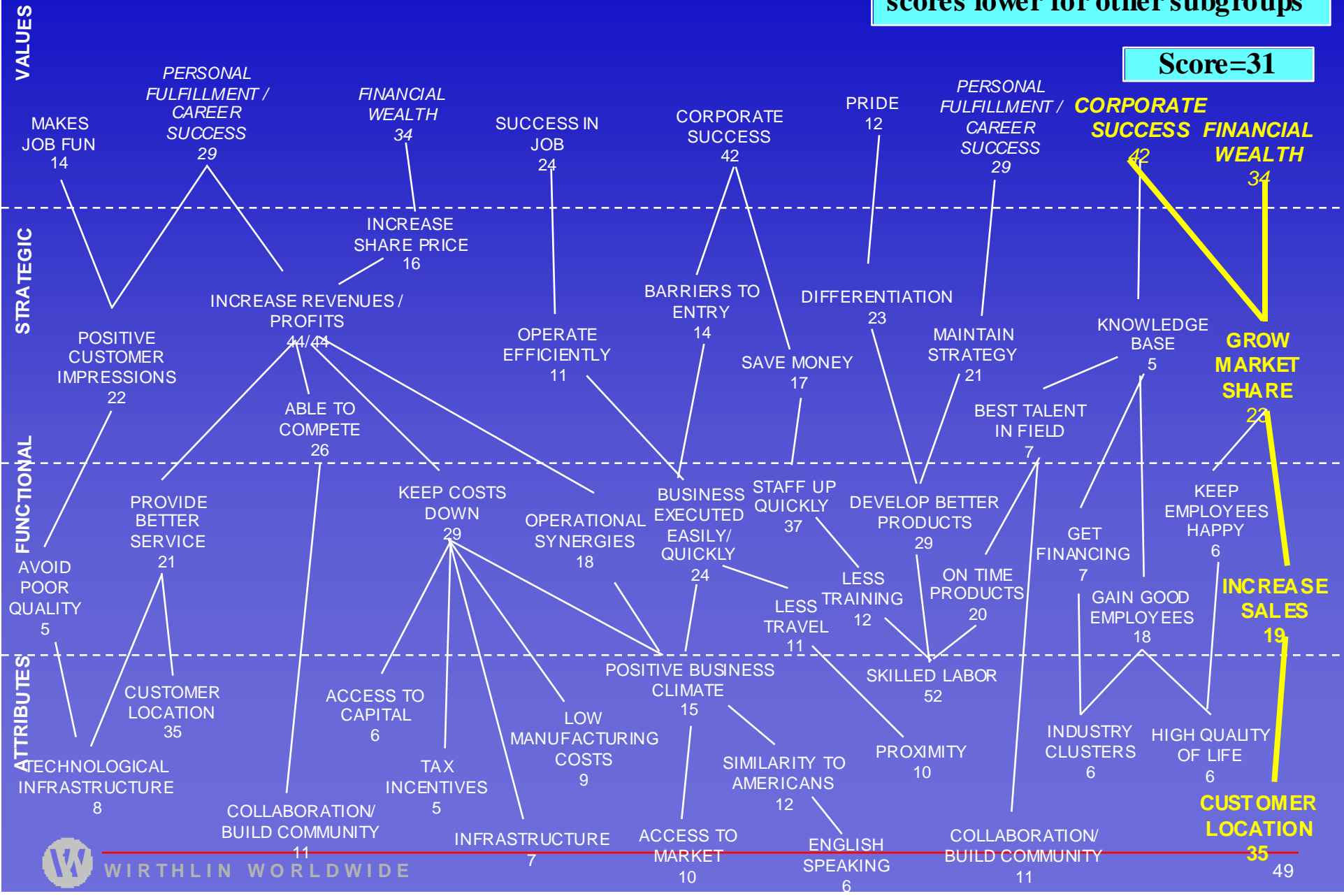


Brand Canada: Positive Overall FDI Map

Dominant Pathway - D

Alternate Customer Location Map --3rd Best score for Boston, scores lower for other subgroups

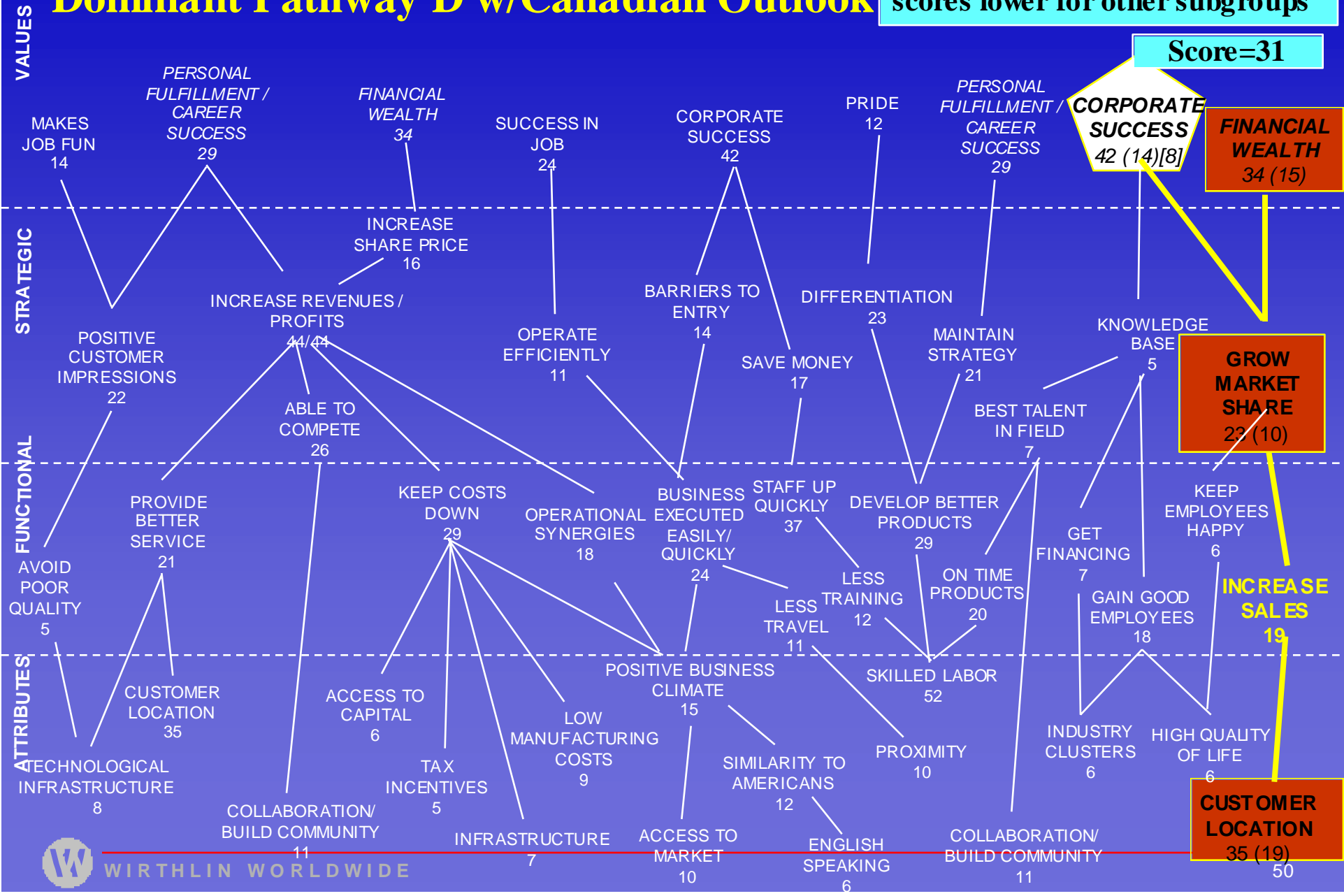
Score=31



Brand Canada: Positive Overall Map

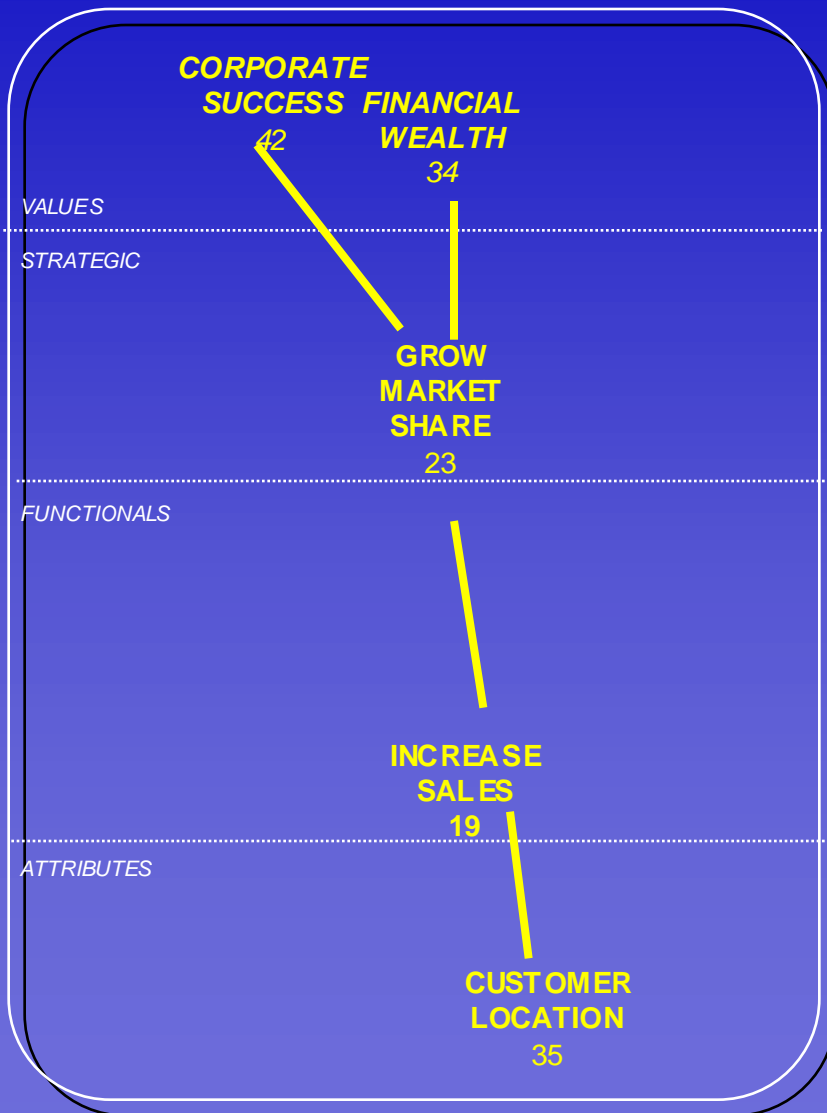
Dominant Pathway D w/Canadian Outlook

Alternate Customer Location Map --3rd Best score for Boston, scores lower for other subgroups





Example 9: Optimized Pathway D – Customer Location



Once again, the more money we can make faster, the more value my ownership in this company. That's what it would mean to me personally. I think that's fair.

The long-term benefit, I think you can get in and penetrate the markets faster. For us, we make products, ... So when you buy our product or begin to use our product, you'll buy more product next week or next month because you need it. Once we've been able to penetrate a market and get hospital happy to use our product, and trained and so on and so forth, we'll sell them product forever.

There's always a lag period in penetration of the market. So the faster you get there, the faster you are going to generate profitable sales.

A few key customers. Large customers that we were able to grow





Example 10: Optimized Pathway D – Customer Location



It benefits the company in the same way that it benefits me personally. We become financially stable and generate a profit

In our business the biggest objective we have is to gain market share and to do that quickly. Anything that can facilitate that is positive.

It is a great relationship, which is great. You don't often get those. The second thing is that there is an economic value to doing business there. We can generate sales.

There are some great customers up there. If you are going to be successful in the marketplace, those are the customers you need to be in with. I feel that those are the right customers.



Dominant Pathway D – Customer Location

- Somewhat less relevant and powerful to respondents at this time...BUT
- Contains many important equities for Canada
- No obvious reason why developing this pathway will undermine the messages of Dominant Pathways C and/or C+

Therefore

- We recommend developing Pathway C+ messages in communications with the ICT sector as a first step
- Then, expanding the customer location message to include message elements on Pathway D, again targeted primarily at the ICT Sector





Potential Pathways

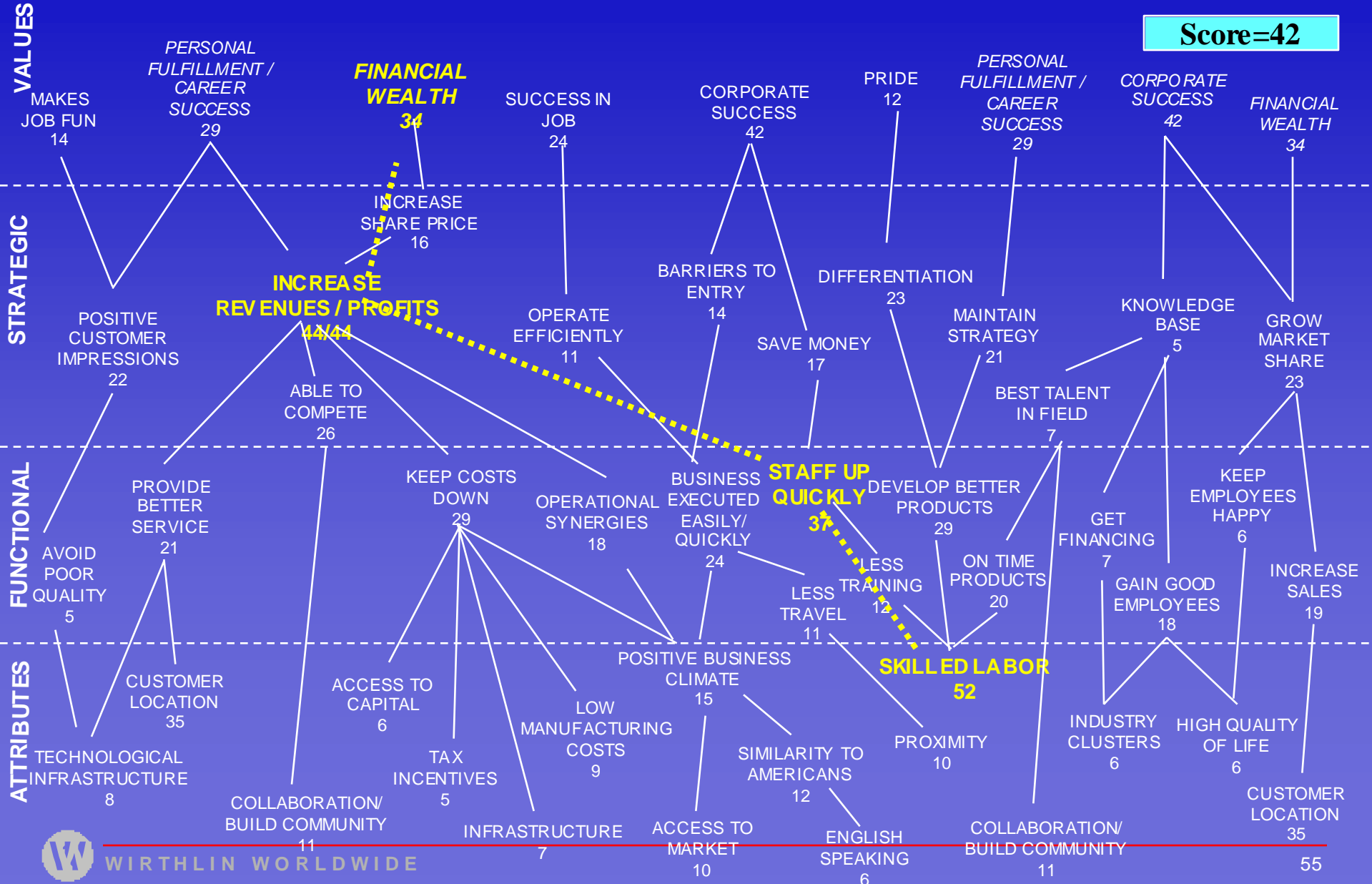


Brand Canada: Positive Overall Map

Potential Pathway A

Potential Skilled Labor Map – note, these linkages currently do not exist

Score=42

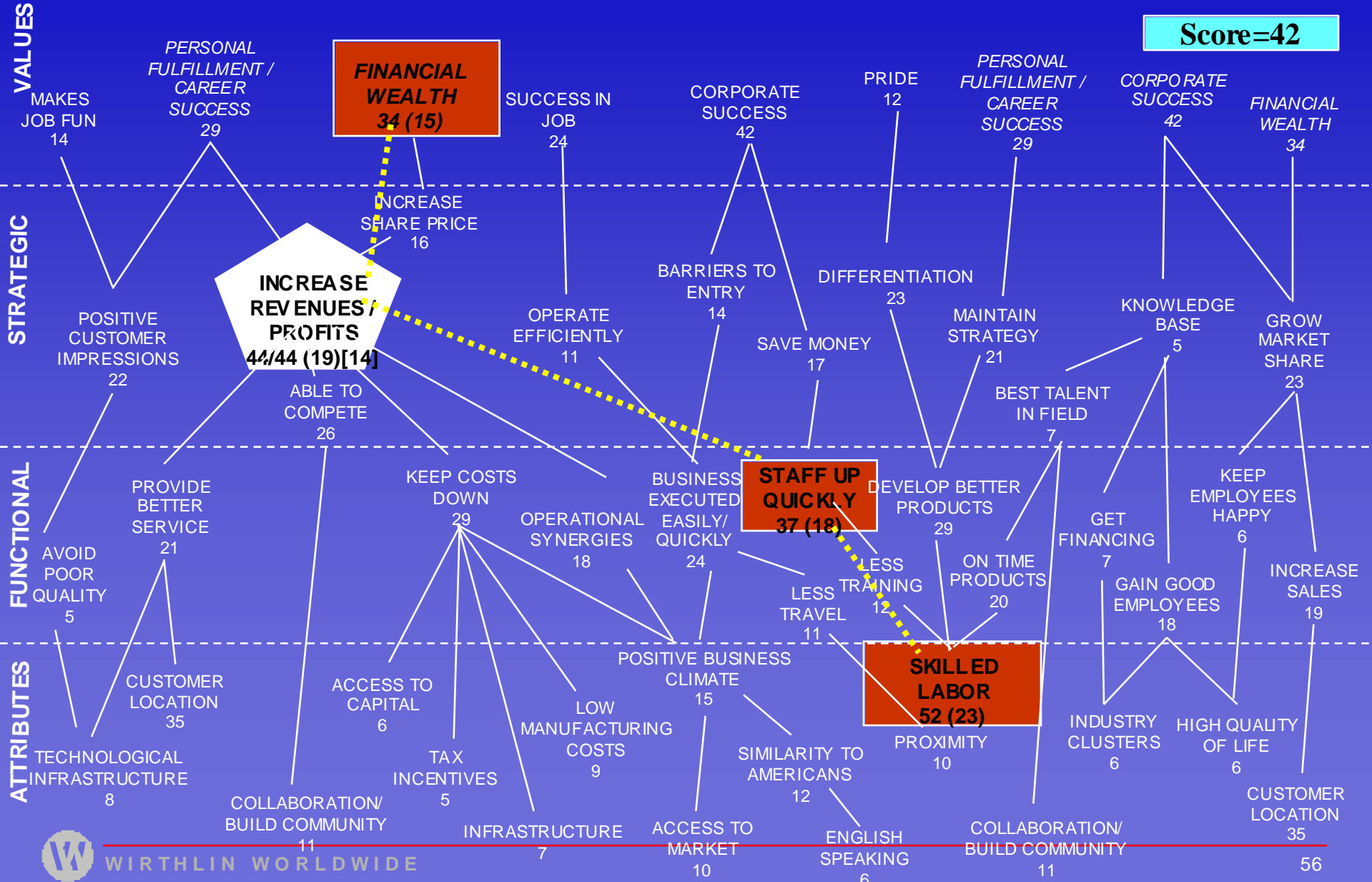


Brand Canada: Positive Overall Map

Potential Pathway A w/Canadian Outlook

Potential Skilled Labor Map – note, these direct linkages currently do not exist

Score=42



Potential Pathway A -

- The pathway offers the highest overall power rating because it incorporates elements relevant to both sectors
- The communication challenge is to create linkages between the elements that do not yet exist, but that are not counter intuitive
- *To Biotech audiences:* Skilled labor is important to you because it allows you to staff up quickly and make quality products which keeps you on strategy and leads to corporate and career success. BUT, it also leads to greater revenues and profits which also enables corporate success and financial wealth
- *TO ICT audiences:* Corporate success and financial wealth come from strong revenue and profits that come from being close to your customers and providing great service to them. But it also comes from employing highly skilled labor that allows you to staff up quickly and maintain product and service quality

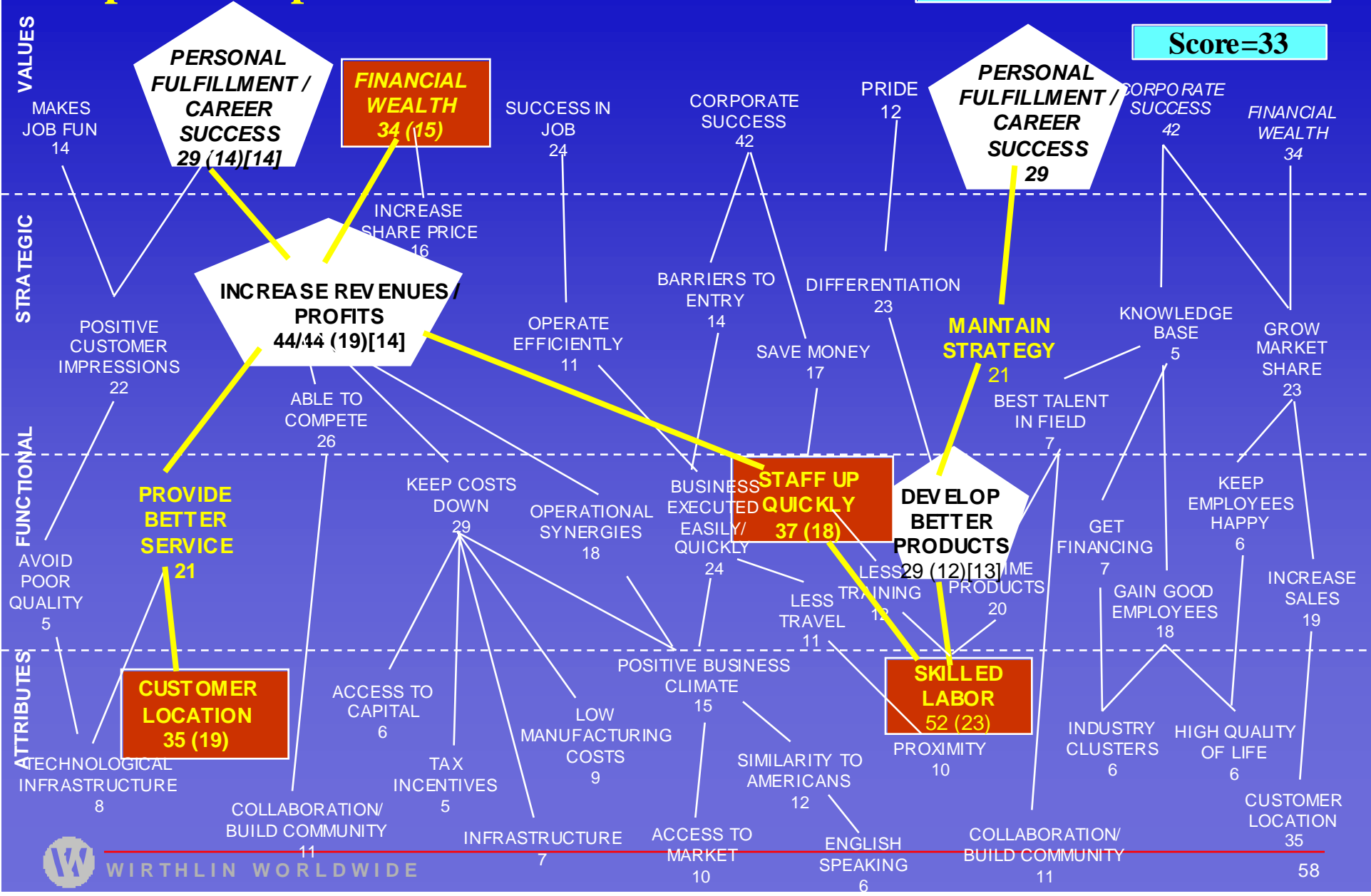


Brand Canada: Positive Overall FDI Map

-Optimal Aspirational w/Canadian Outlook

Optimal Aspirational

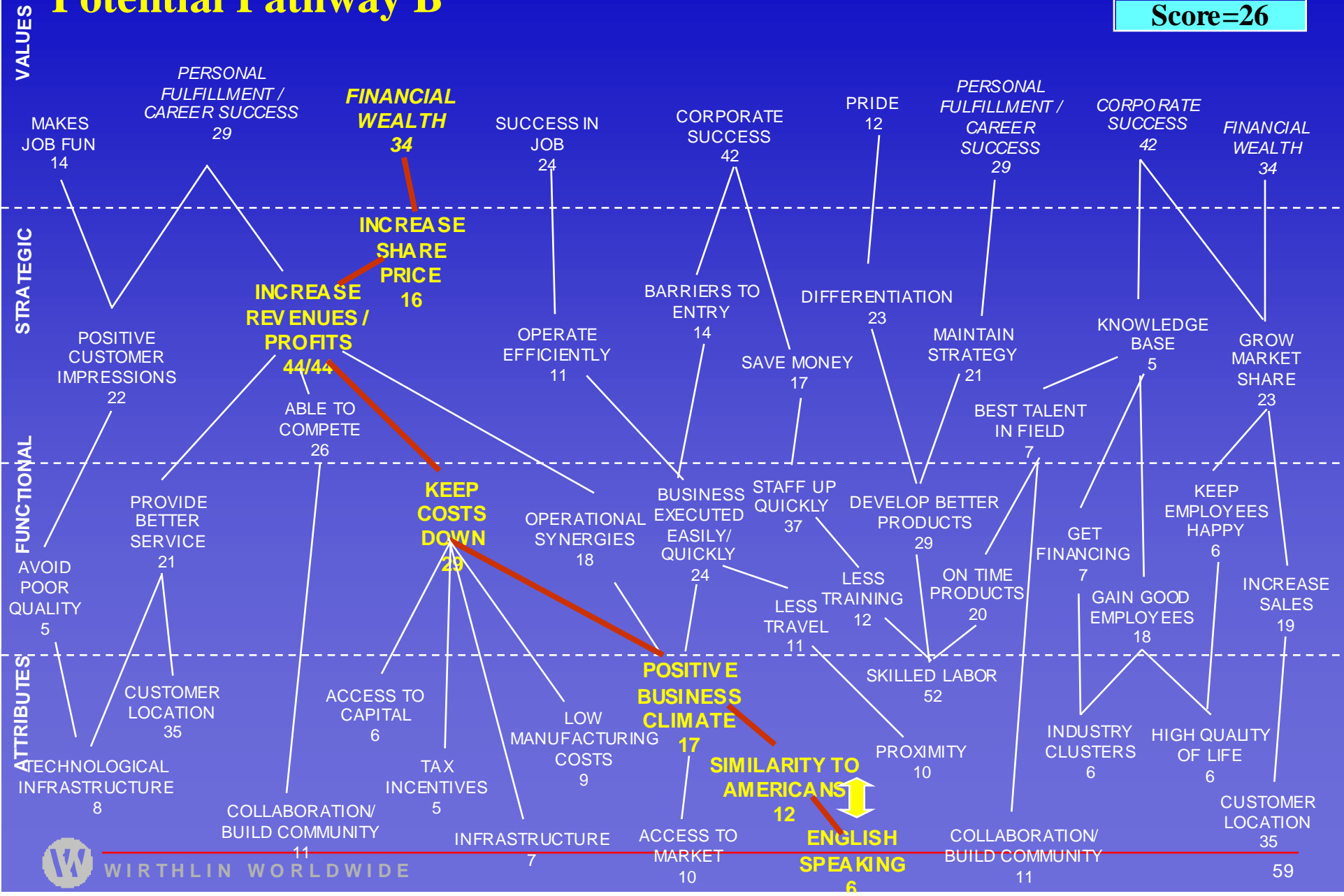
Score=33



Brand Canada: Positive Overall Map Potential Pathway B

**Positive Business Climate Map -
Lower scores for all 4 sub-groups**

Score=26

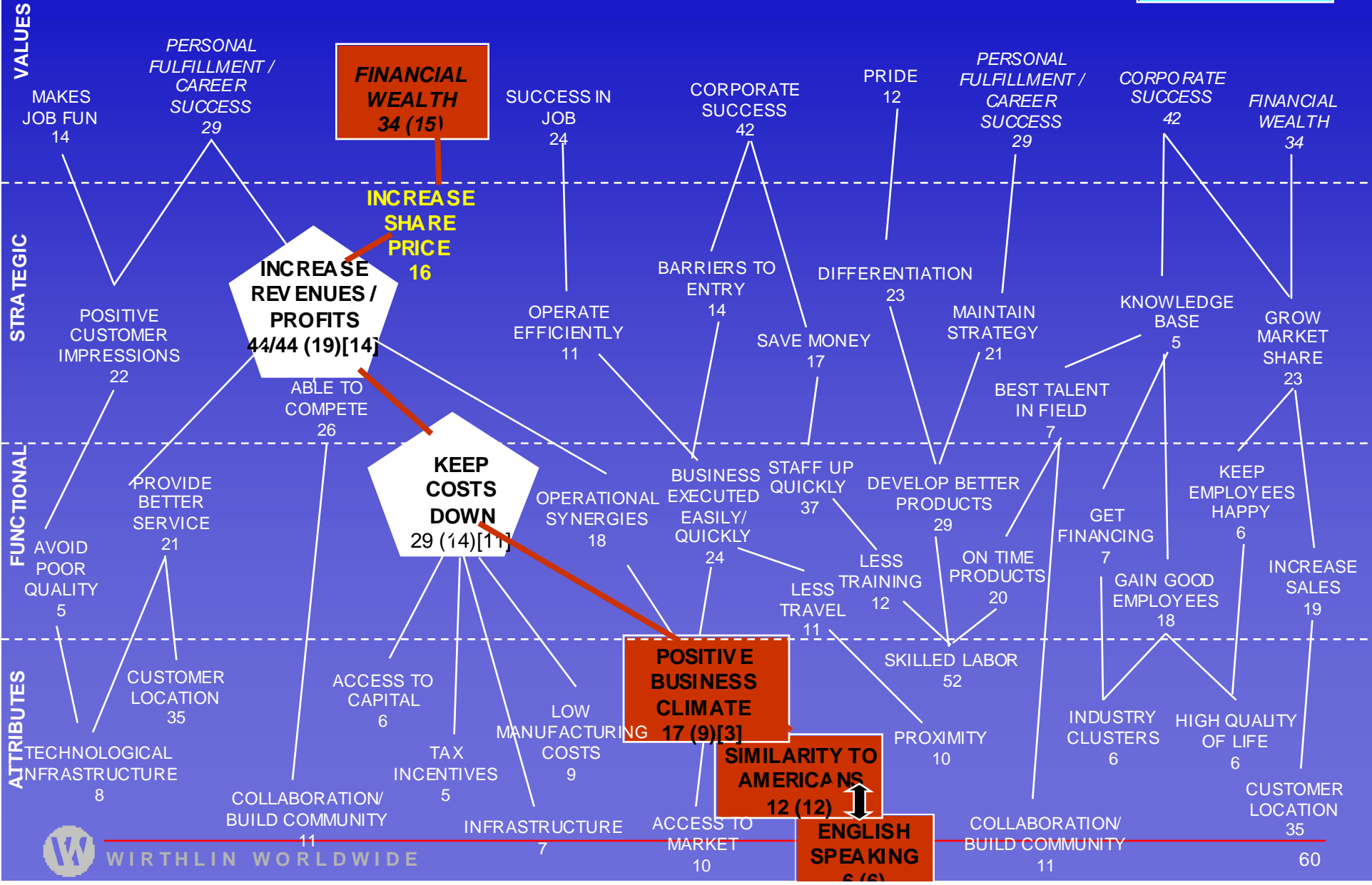


Brand Canada: Positive Overall Map

Potential Pathway B w/Canadian Outlook

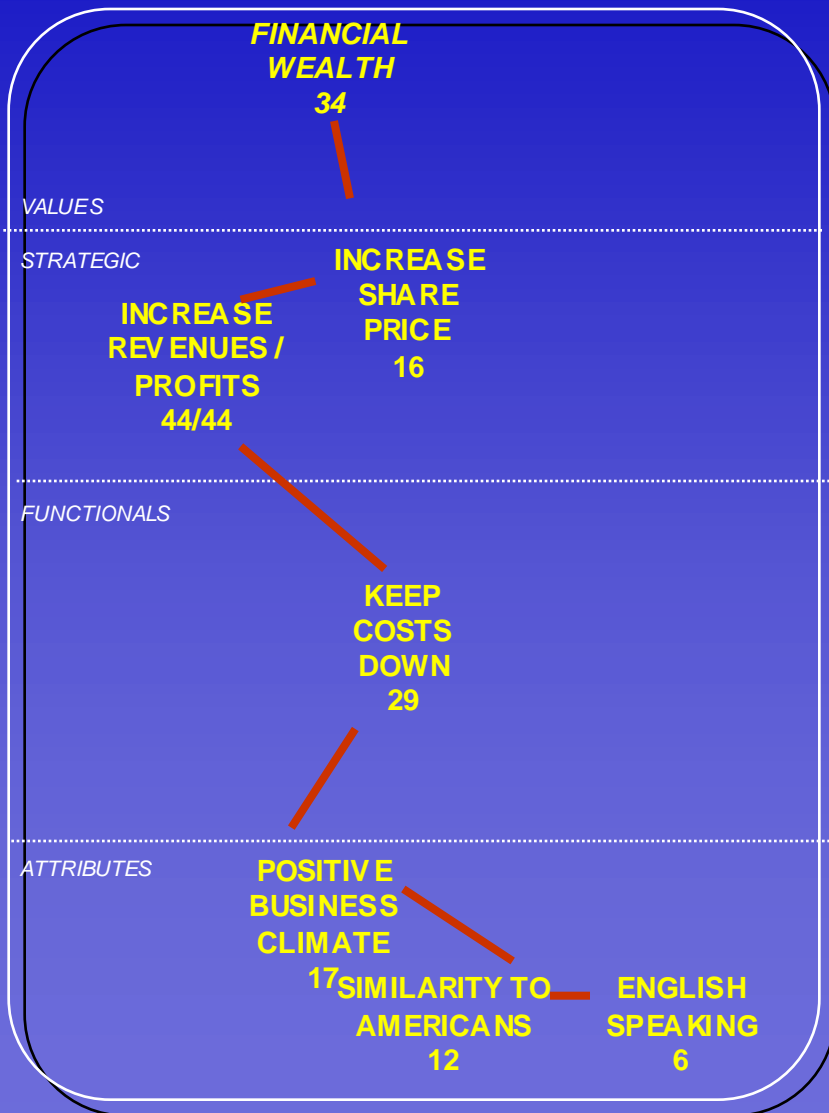
Positive Business Climate Map -
Lower scores for all 4 sub-groups

Score=26





Example 11: Potential Pathway B – Positive Business Climate



Well it helps to establish a more solid customer base. I mean you gain new customers and with new customers comes revenue and profit.

We have stockholders to pay. It is just practical that we have a responsibility to generate profit for the company. That is our obligation we have accepted.

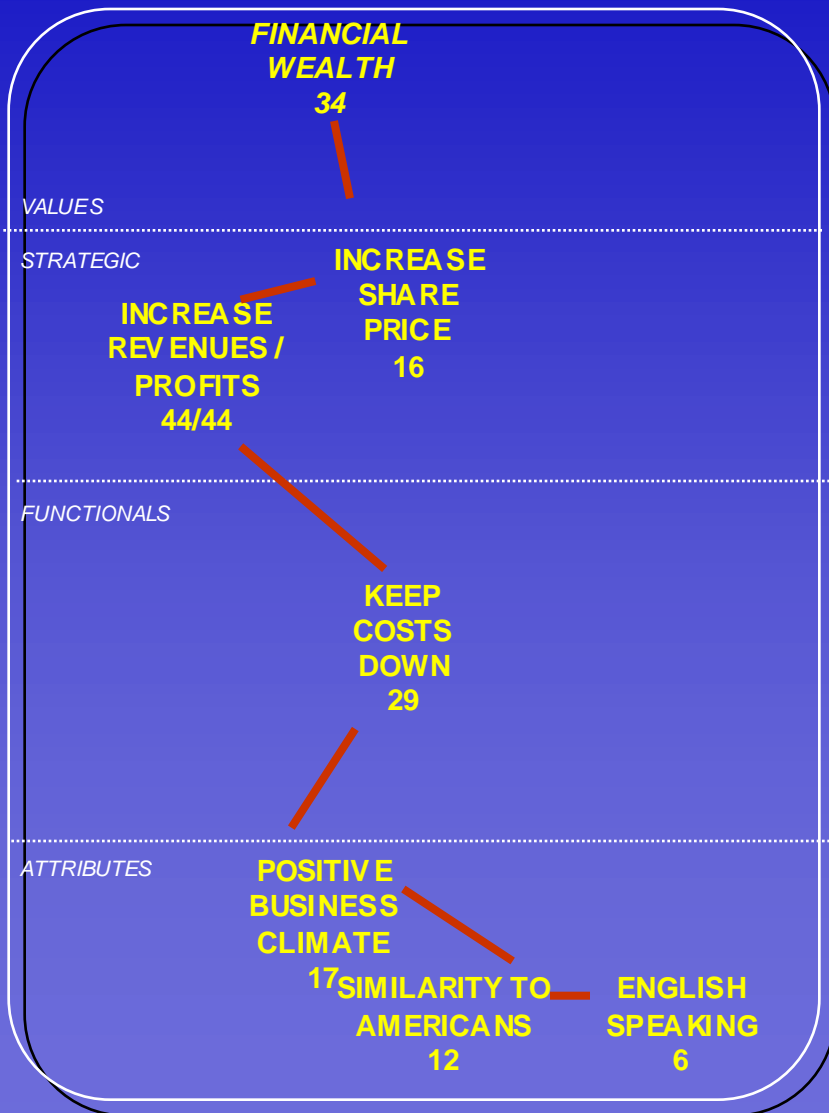
In terms of opening a market, if I were to open Calgary it would be as simple as hiring a rep and then you are up and running. I don't have a lot of manufacturing or infrastructure in my business. As long as I don't have to expend any additional resource to meet some legal requirements or open up offices in different parts of the country it is as simple as hiring people.

Business friendly. I think it is the laws and regulations establishing entities in that country that can be very restrictive versus easier. In general, the business climate is very similar to the US and the corporations and all of the customer base are run similarly. There are not a lot of differences in terms of conducting business in one country versus the other from that perspective.





Example 12: Potential Pathway B – Positive Business Climate



In my job I like to keep a very high level of predictability and a high chance for success for my personal success

It would cause us to not support our customers. It would impact our business returns.

The cost can just be extraordinarily high, and the opportunity cost. People not paying attention to the customer, not paying attention to drawing the business, and instead trying to resolve some local problems in other issues can have a very, very negative effect

There doesn't seem to be a lot of bureaucracy. I haven't personally run into many snags with credit and collection issues or payment issues, or currency issues



Potential Pathway B – Positive Business Climate

- This pathway includes many Canada-specific equities and is, therefore, what differentiates Canada against other investment options
- It is not particularly powerful, however, in terms of motivating investments
- Over time, messages should be crafted reflecting this pathway aimed at both sectors toward elevating the perceived importance of the elements and benefits contained on this pathway

Never leave an equity unused



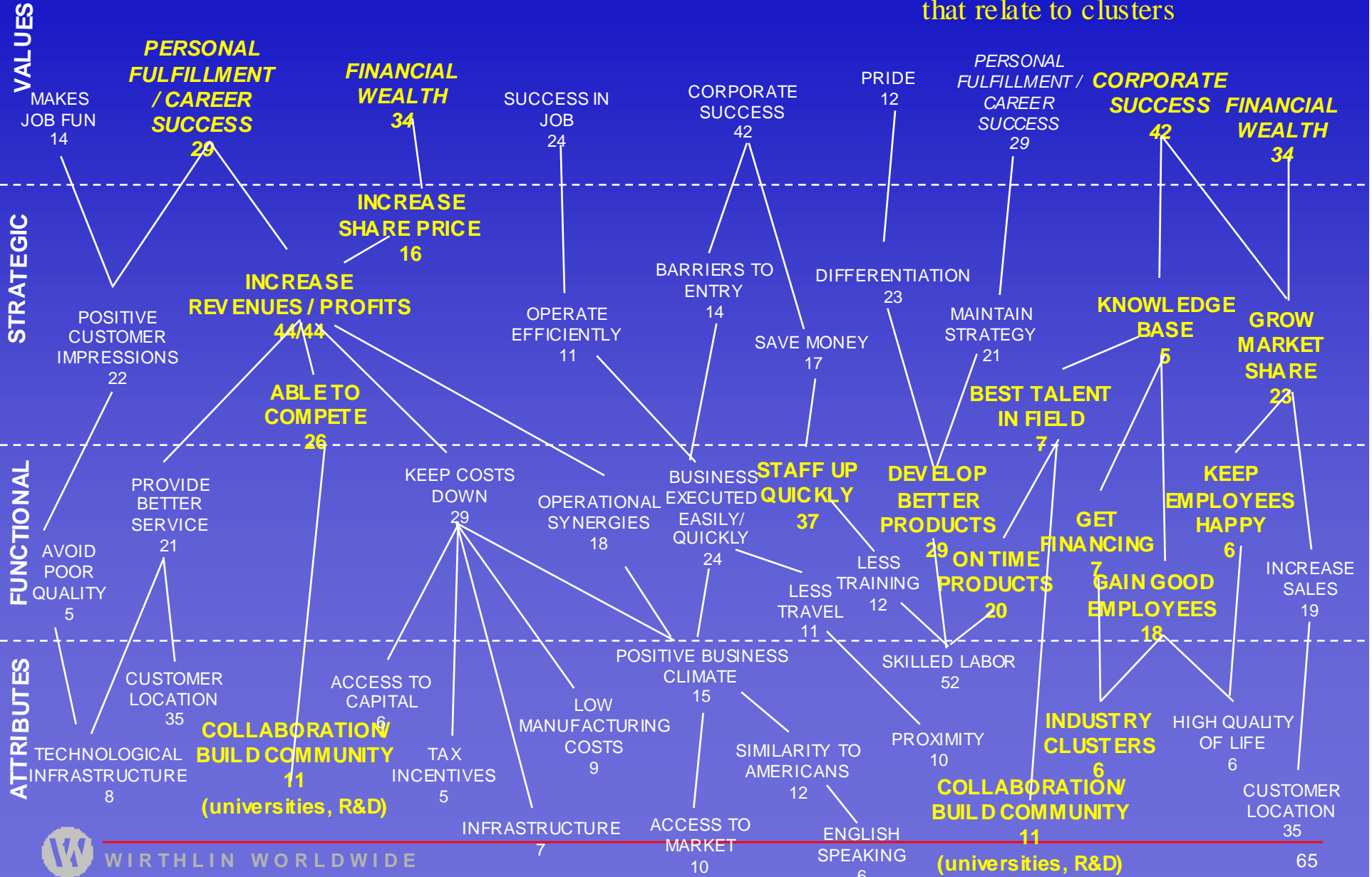


Potential Pathways (continued): Clusters



Brand Canada: Foreign Direct Investment – Clusters - Potential

Yellow highlight – all things that relate to clusters



Potential Pathway Element – Deconstructing Clusters

- “Clusters” as a term – was not mentioned specifically by many respondents
- By deconstructing this term and looking at the elements that make up a cluster such as:
 - ◆ access to quality universities/academic centers,
 - ◆ access to medical/research facilities,
 - ◆ technical centers and
 - ◆ customer access

we find that many more respondents mention these individual elements

- The individual elements mentioned above lead to a functional consequence of collaboration and community building
- Collaboration/community building has the strategic consequence of access to a talented pool of labor/researchers, a knowledge base, ability to compete, develop new products, develop products quicker or on time, and to be up and running faster.
- These strategic consequences lead to the key values of personal, corporate and financial fulfillment/satisfaction
- Tying in collaboration’s attributes with clusters leads us along the optimal aspirational pathway that can satisfy both sectors and markets





Sampling of Comments – Clusters

-among those rating this the most important reason for investment in an ideal location or Canada

Biotech or pharmaceutical companies in the area because that shows that that area is conducive to the kind of companies that we are. I mean other companies have been attracted to that area for a variety of reasons and we would piggyback on their selection criteria. (Boston Biotech - Ideal)

Cluster. Because I see--studying in this area, I see that a high tech company is not going to move someplace where there isn't a presence of other high techs. It is too volatile of a market to do that. If somebody is succeeding in technology in a specific area, well then, it just stands to reason that you have a great chance of succeeding as well. People are very fickle in technology. They like this gadget or this product and then get swayed that something better is right around the corner and they change their mind. (Media - Ideal)

Concentration of manufacturing facilities (Boston ICT – Ideal)

Good cluster of similar companies such as fiber optics. (Media - Canada)

High-tech infrastructure. A high-tech university, a good university base like Boston. And, a lot, not a lot buy several, well a good environment for startups and high tech companies like the Silicon Valley area (Boston ICT – Ideal)

That is probably because we are looking for . . . because that is the phase that my company is in. Trying to access technologies. If you have local lectures that you go to, you meet researchers, they tell you about this, that and the other thing. In other words it develops leads and makes it easier. I guess in some ways it is becoming less important to do the more connected the world is. There is though something to be . . . I know why don't you go talk to my buddy down the hall. It is because we are the phase of really trying to uncover new bits of technology that we can bring to bare on the problems we are trying to solve. Just having them locally makes that easier but it is not impossible if it is not there. (Boston Biotech- Ideal)





Sampling of Additional Comments – Clusters

-among those not rating this the most important reason for investment in an ideal location

The distribution people would be there, you know the hub kind of people with the low-end switches and all the rest of the stuff (Boston ICT)

Cluster of similar companies (Media)

Where there was an area where there was an industrial park or building or an area of companies of like persuasion and aim. (Media)

A large number of start-up companies in the fiber optics business (Dallas ICT)

Area oriented toward investment and technology (Dallas ICT)

General focus on the same technology (Influential Business Leader)

Proximity to other companies working in the same field (Boston Biotech)

Area where you have communications industry (Dallas ICT)

Near biotech center (Boston Biotech)

Multiple facilities in diverse locations (Dallas ICT)

Being close to an internet hub (Dallas ICT)

The facilities that cater to your business (Boston Biotech)

Presence of other technology companies. That seems to play a big role because you can eat off of their labor force (Academic)





Negative Maps - Canada

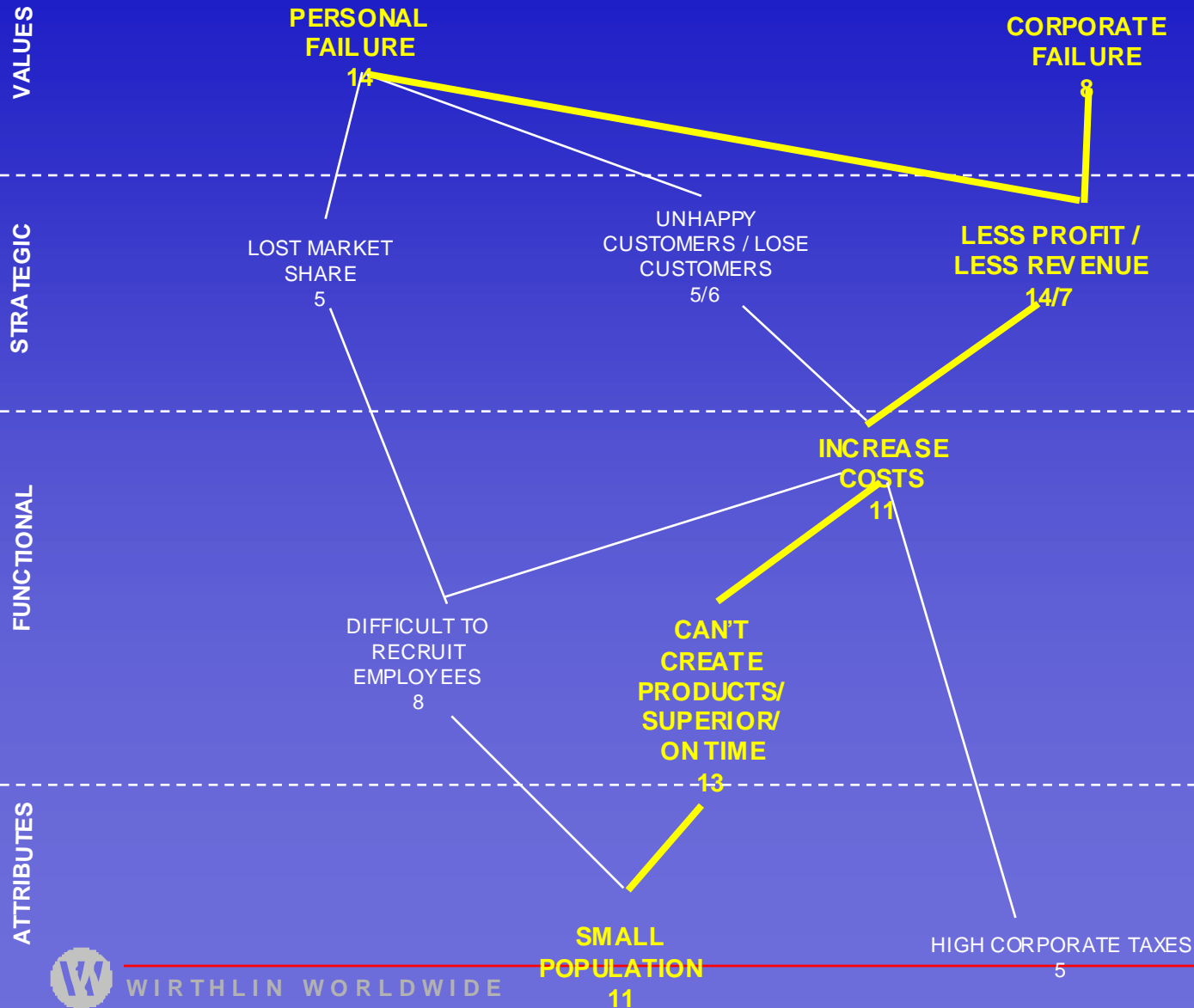


Brand Canada: Negative FDI Map

--Canada A

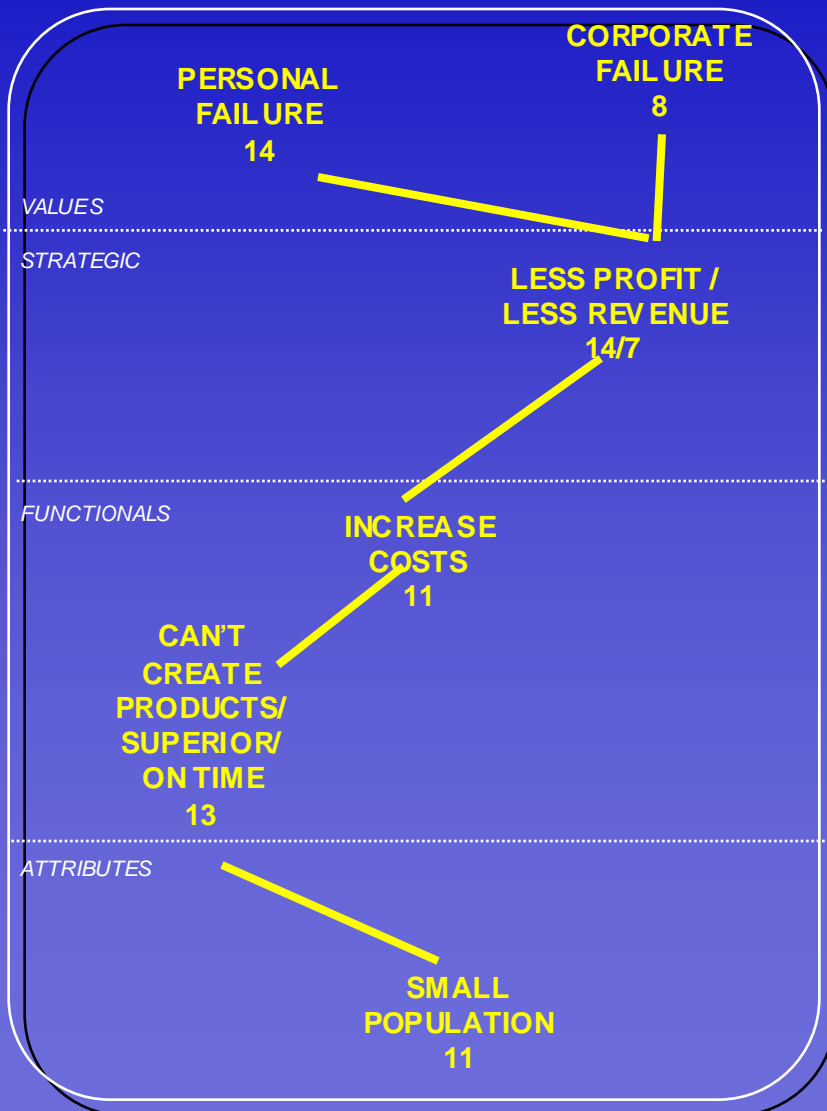
Dominant Negative Pathway

– Small Population (score= 12)





Example 13: Canada Negative Pathway A



I am principally judged on the bottom line of the company here. The way I am viewed and compensated is directly in line with that.

It would always be in relationship to potential return. The consequence would be if we have one more dollar to invest it may not be in Canada. It may be in a slightly less expansion friendly country but with a bigger potential.

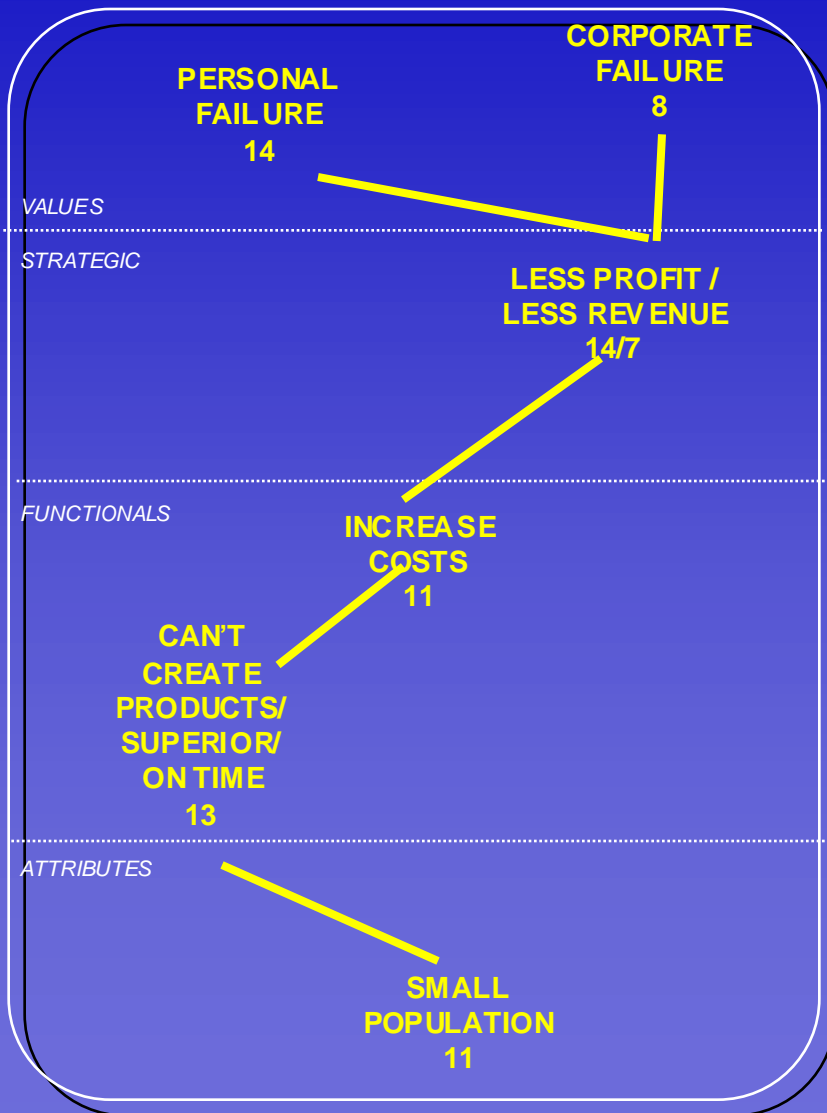
Well, the consequence would be you are always weighing the ease of getting into that country versus the return. You are always looking at a multiplier or leverage on your cost base there. When you study the cost base you want it to be a very efficient cost base for all the reasons I have said. But you can be looking at a much larger cost base coupled with a much bigger market being the better decision to go into.

If it puffed itself up to be the size of either to be comparable to the whole of Europe or to the US. They could never do that. It is going to be always limited in terms of its relative importance to us. Not its geographical size, but its population.





Example 14: Canada Negative Pathway A



Largely because I'm seen as winning when I do an acquisition that lives. So I need it to be competitive. It's not just another notch on my belt for having done another acquisition. We'll have to see the acquisition meets expectations. It's something that I would tend to say is part of why we made the decision going forward. Once we impede that hopefully it does translate into personal compensation.

So we would just have to build into the budget and to the process to get people from Montreal to spend more time in Europe or various parts of the U.S.

I think strategically what it means is that our ability to introduce innovative new products is a bit more complicated and a bit lengthier than if they were to come out of Boston or California.

The short term consequences are that we have to take what comes out of the Canadian operations in terms of new product and spend considerable money, time and effort in selling it elsewhere in the world. And that means more than anything getting people on airplanes and creating new personal relationships.

We would probably want to see a bigger local telecommunications market. Canada is just based on population size and there's a relatively small consumer telecommunications services and equipment. So that's probably a critical area.



Brand Canada: Negative FDI Map

--Canada B

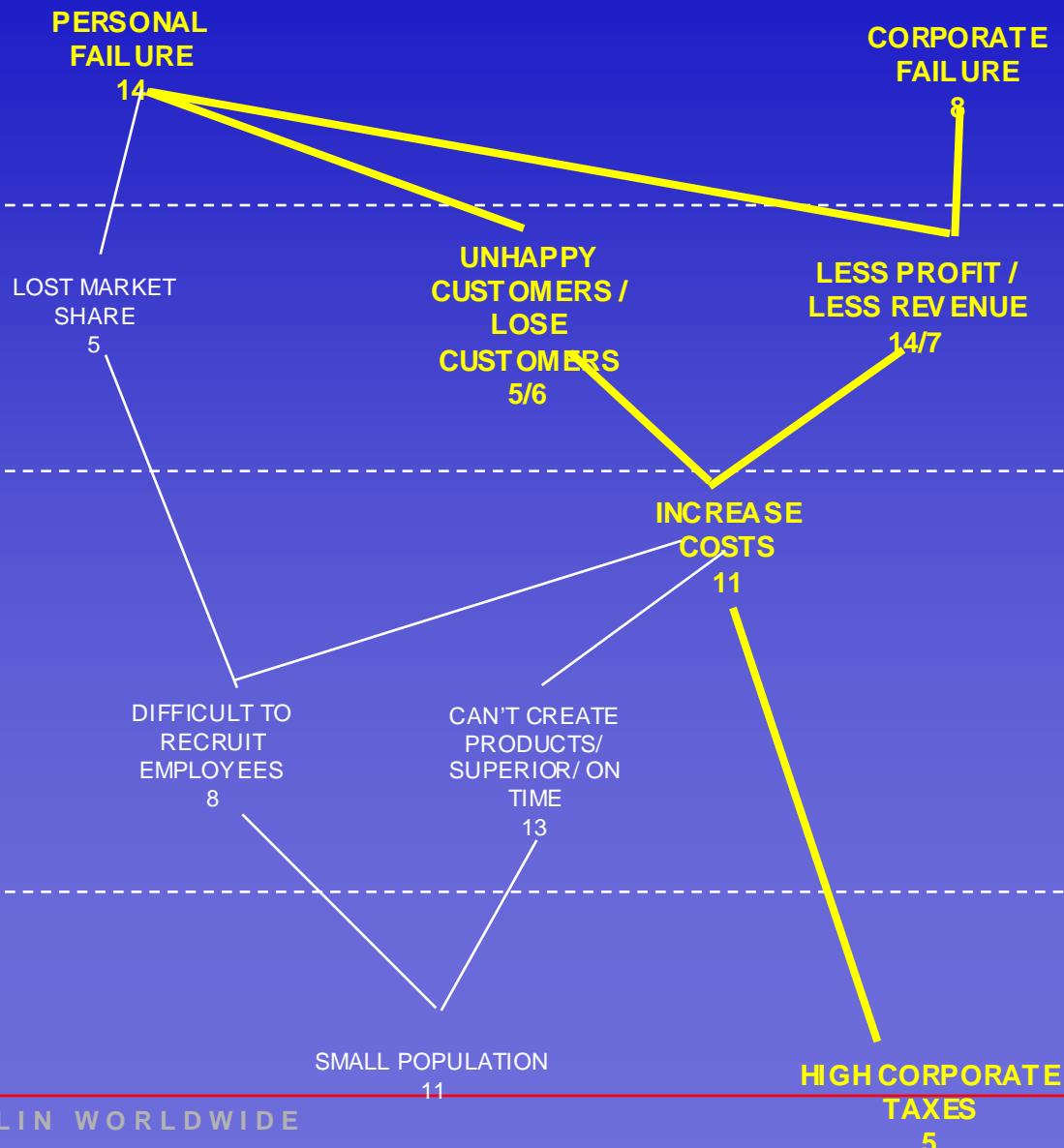
Secondary
Negative Pathway
– High Corporate
Taxes
(score= 11)

VALUES

STRATEGIC

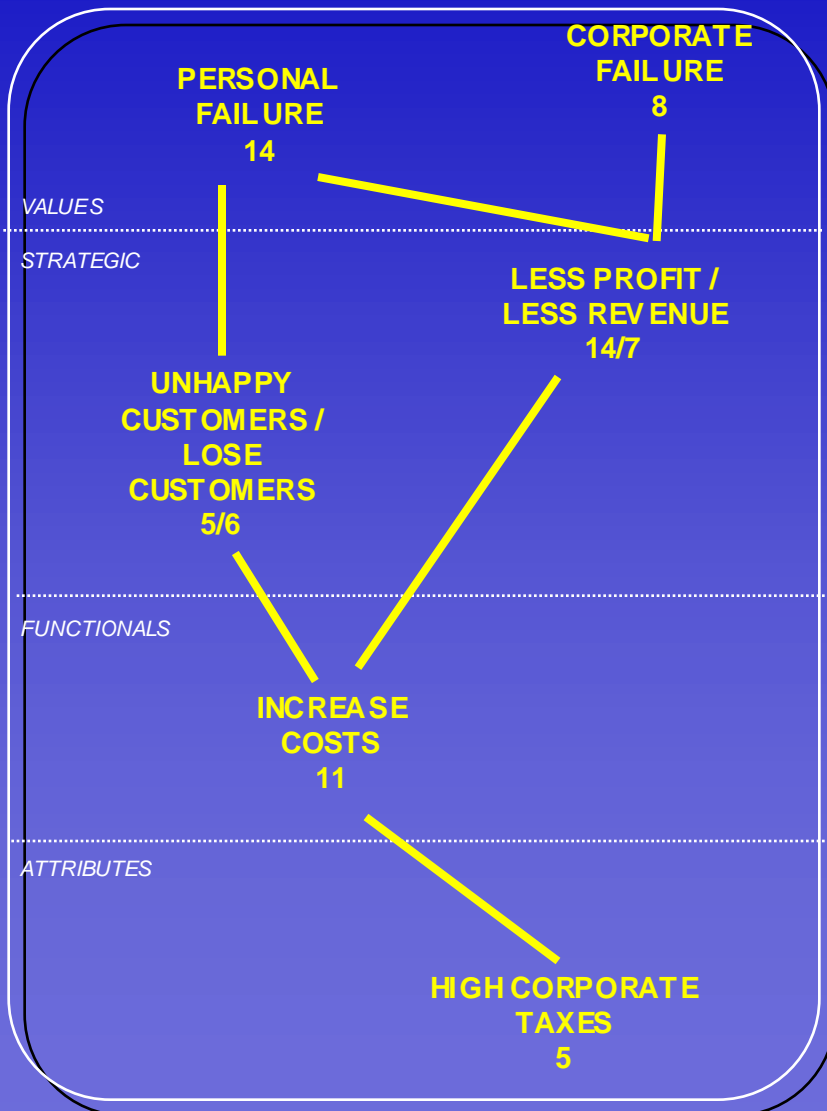
FUNCTIONAL

ATTRIBUTES





Example 15: Canada Negative Pathway B



Well, I am not saying that, there may other things that might off set depending on where the company's primary market was. But all things being equal, the higher taxes cut into the company's profits into their earnings. That means less money that can be pumped back into the company to grow the company and to compete with the other companies in their industry

Lower earnings, I mean basically you're taking money out of their bottom line. So it is lower earnings for the company

I don't know the exact rates but I would think that corporate income tax rates, personal income tax rates could be an issue.



Dealing with Negative Perceptions

- Removing negative perceptions should generally be done through earned media as opposed to paid media
- Both negative pathways focus on the perceived high cost of doing business in Canada, either because of the tight labor pool, or high taxes
- We recommend a two prong communications strategy:
 - ◆ Redefine the tax picture through specific examples of provincial incentive programs and tax structures – the perception is global and amorphous; specificity is the key to undermining its strength
 - ◆ Recast the value of a small, clustered population that is highly trained and motivated through testimonials and biography pieces on similar ICT/Biotech success stories





Additional Findings



Management and financial/ business considerations are the primary influencers of investment decisions

Management (Net) 29%

- Myself 19%
- Senior Management 15%
- CEO, President 12%
- Board of Directors 8%
- CFO 7%

Financial/Business Considerations (Net) 23%

- Available business/market 11%
- Revenue/return on investment 10%
- Business model/plan 6%
- Cost considerations 5%
- The product 5%

Analyst/Business Groups (Net) 17%

- Marketing people 7%
- Business development / industry analysts 6%
- Sales managers/department 5%

Logistics Issues (Net) 13%

- Staffing issues 12%

Tax/Economic Climate (Net) 7%

Customers 5%

Government Issues (Net) 4%

(friendly to new investment, fair trade policies, etc.)

CEO's are more likely to have an influence at Biotech companies

Q: What and who are the primary influencers, internal and external, and the relative weight of each? (verbatim comments in appendix)



Investment decisions are influenced by a range of sources of information (unaided recall)



Networking Professionals (Net)	34%
Other executives* (general)	24%
Bankers/Investment Bankers/ Venture Capitalist	8%
Other (Partners, Real Estate Brokers, Attorneys)	8%



Magazines (Net)	31%
Trade Publications (general)	20%
Publications (general)	6%
Business Week	4%
Barons	3%
Forbes	3%
Magazine articles	2%
Other specific magazines	6%



Internet/Online Resources (general)	16%
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Consulting Groups (Net)	15%
Consultants (general)	9%
Gartner Group	5%
Analyst Groups	3%
Other Specific Consultants	5%



Personal/Company Experience (Net)	15%
Research department	9%
Personal 1 st hand experience	6%
Personal research	2%



Newspapers (Net)	14%
Wall Street Journal	11%
Newspapers (general)	4%
New York Times	2%



Governments (Net)	13%
Foreign governments/embassies	10%
Canada	6%
U.S.	3%

Marketing Research Companies	13%
-------------------------------------	------------

Customers (current, potential)	9%
--------------------------------	----

Trade Organization	7%
--------------------	----

Conferences/Trade Shows	7%
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Universities	6%
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Investors (current, potential)	3%
--------------------------------	----

Biotech are more likely than ICT to rely on conferences and trade journals, whereas ICT are more likely than Biotech to depend on consulting groups. *other execs. includes "people in the industry," "distributors," "business relations," board of investors"

When asked specifically about sources of information, consultants and foreign governments top the list

Source	Total	Specify:	Value:
Consultants (n=48)	48%	Strategy/business development consultants, high tech consultants, market researchers, business management consultants, investment bankers, legal attorneys*	Not asked
Foreign Governments (n=46)	46%	Germany, France, UK, Ireland, Australia, Scotland, Singapore, Netherlands, Mexico, Europe, Belgium, England, China*	4% Extremely valuable 15% Very valuable 37% Somewhat valuable 7% Not at all valuable 37% Not asked / don't know
Canadian Provincial Government (n=19)	19%	Quebec, Ontario, Federal Gov't (respondents interpretation), Alberta, British Columbia, Toronto	11% Extremely valuable 37% Very valuable 21% Somewhat valuable 32% Not asked / don't know

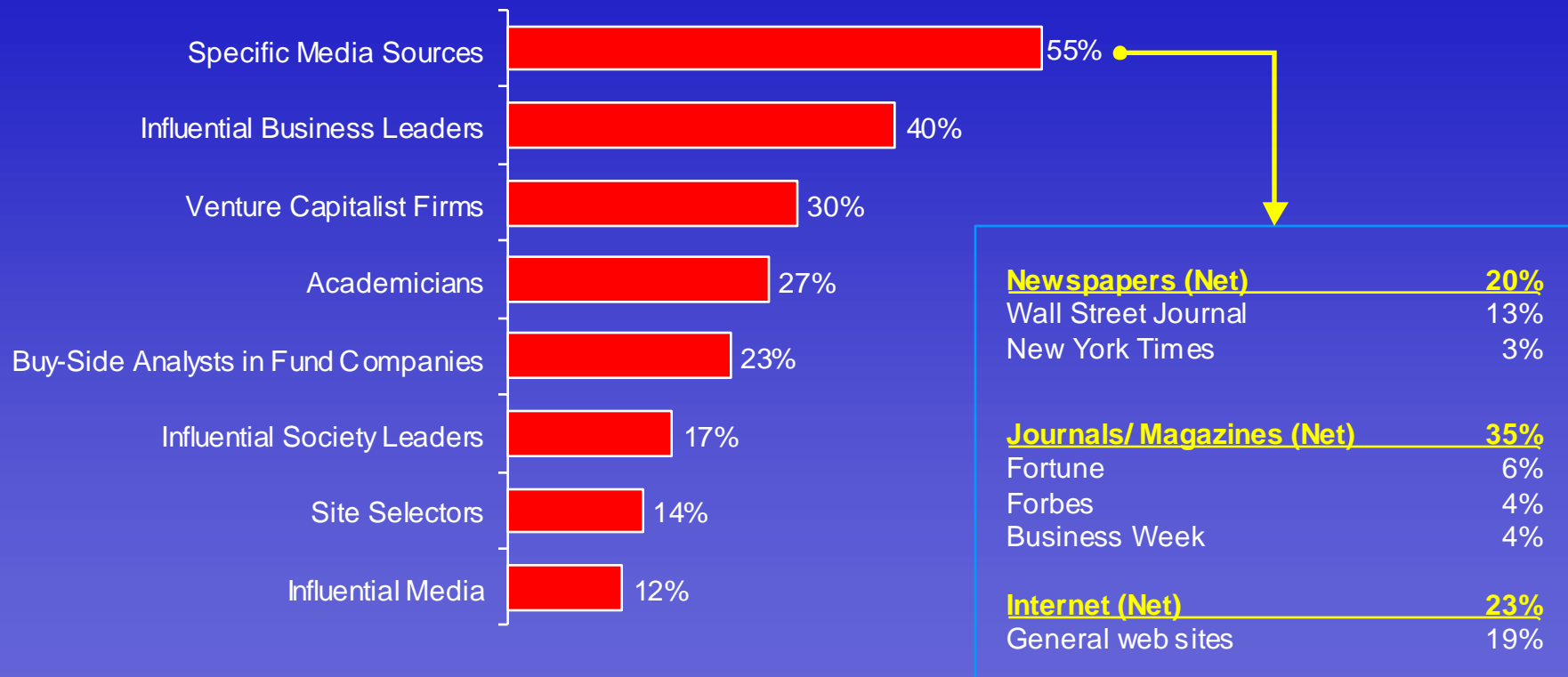
Biotech are more likely to have been solicited by foreign governments and to use strategy/business development consultants.

Q: Now I'm going to ask you about some possible sources. Do you or your company currently get information that influences your investment decisions from any of the following sources?

* Only those with 3% or more are indicated



Other aided sources of information*



Biotech are more likely to have used site selectors whereas ICT are more likely to have used influential media

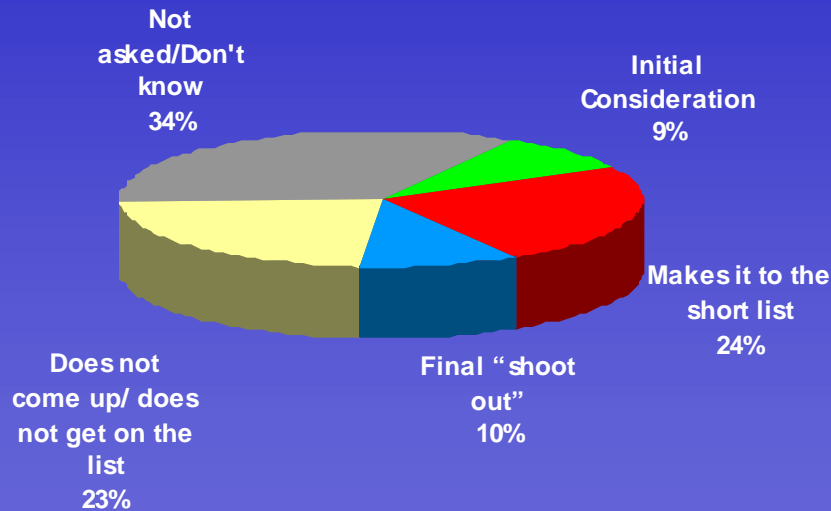
Q: Now I'm going to ask you about some possible sources. Do you or your company currently get information that influences your investment decisions from any of the following sources?

* Note: due to interview length, some respondents were not asked to rate the value of these sources

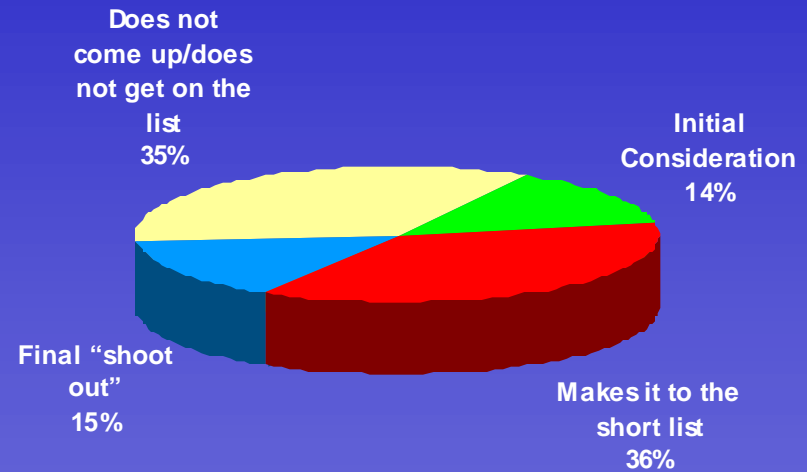


🍁 Canada appears somewhat frequently on the radar screen for a new investment location

Full base (n=100)



Reduced base (n=66)
Among those asked

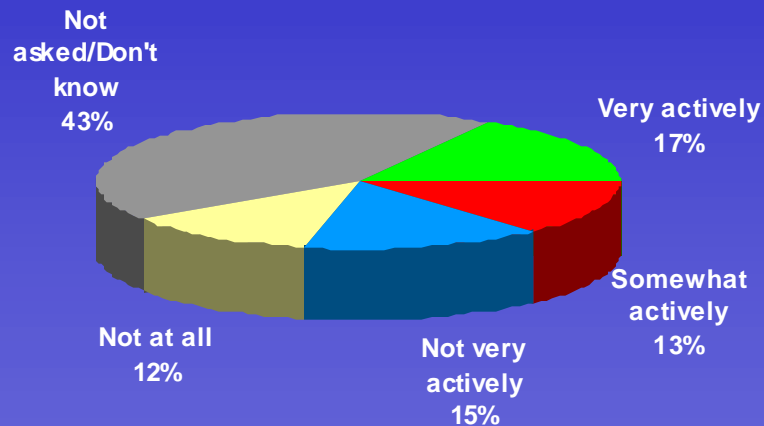


Q: In your current discussions on new investment locations, how far into the discussion does Canada get considered?

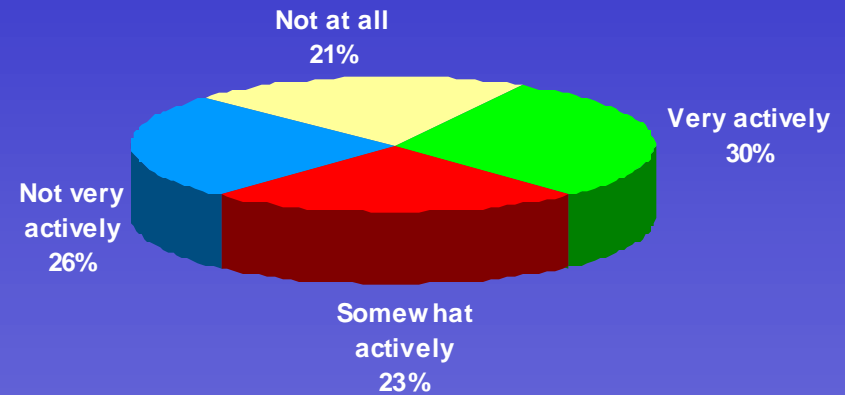


🍁 Most would consider Canada as a strategic investment opportunity

Full base (n=100)



Reduced base (n=57)
Among those asked

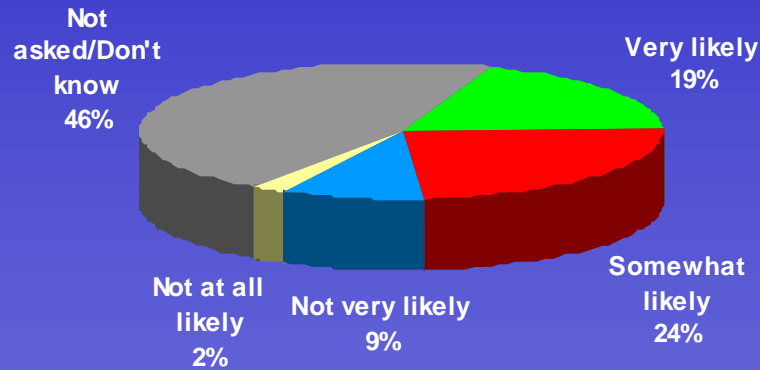


Q: How actively would you say you/your company are considering Canada as a strategic investment opportunity?

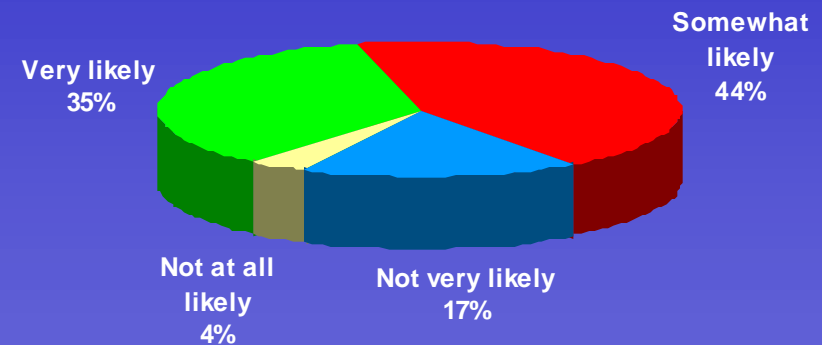


There's a moderate likelihood among those interviewed to invest in Canada in the next few years

Full base (n=100)



Reduced base (n=54)
Among those asked

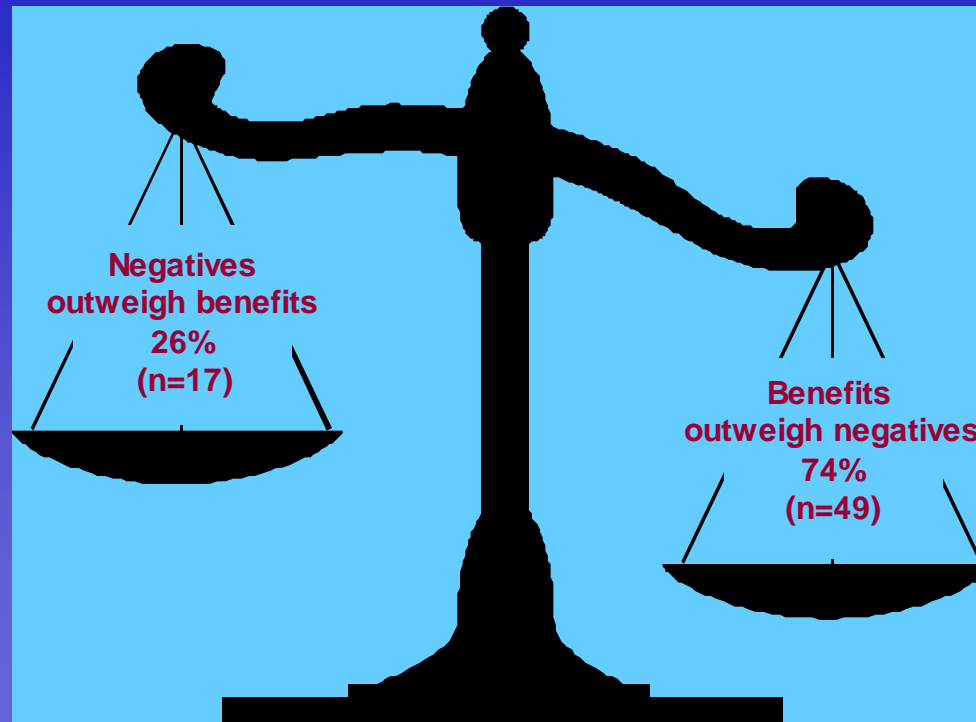


Q: Thinking about investing in Canada, either in terms of expansion, operations or some other way – how likely is your company to do so in the next few years?



🍁 Benefits are perceived to outweigh negatives when considering Canada as a location for investment

-Reduced base (n=66) Among those asked-

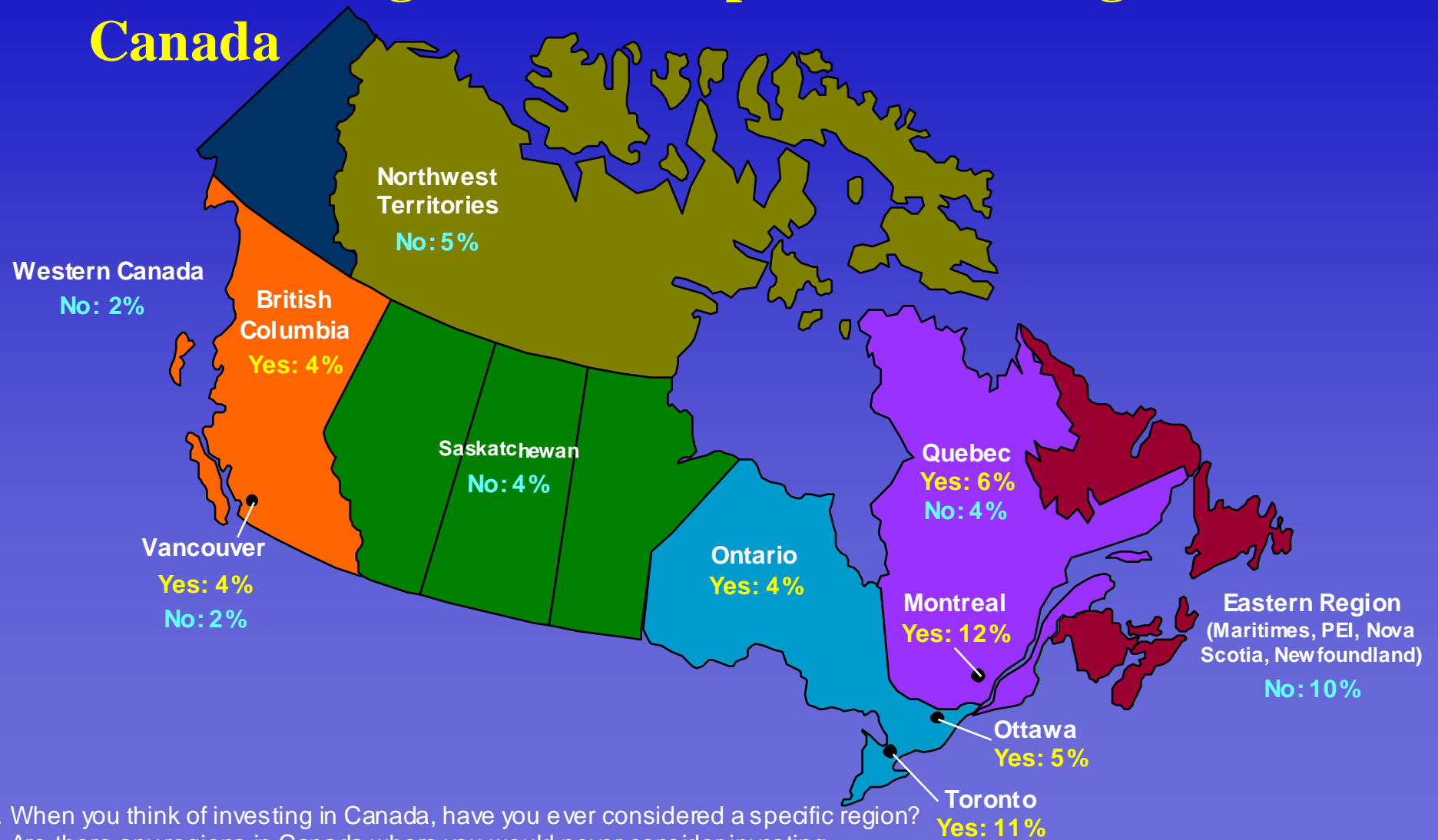


Not Asked/Don't Know
(n=34)

Q: Thinking about Canada as a location for investment, would you say that the benefits or positives currently outweigh the negatives or do the negatives and barriers outweigh the positives and benefits?



Montreal and Toronto are perceived as the most attractive regions with respect to other regions in Canada



Q. When you think of investing in Canada, have you ever considered a specific region?

Q. Are there any regions in Canada where you would never consider investing



Existing relationships, major cities, skilled labor, customers and proximity to universities are also important when selecting a region within Canada

Biotech are more likely to consider regions close to universities or where there is a skilled labor force

Other Attractive Regions

Canada (in general)	12%
Where we have existing business relationships	8%
Close to major cities	6%
Where skilled labor is	4%
Where customers are	4%
Close to universities	3%
Not asked/Don't know	51%

Other Regions Never Consider Investing

Regions without a skilled workforce	6%
Unpopulated areas	5%
Areas with lack of access/not close to airport	5%
Dual-speaking areas/Non-English speaking areas	5%
Isolated/remote regions	4%
No particular region	19%
Not asked/Don't know	49%

Q. When you think of investing in Canada, have you ever considered a specific region?

Q. Are there any regions in Canada where you would never consider investing





Summary of Differences by Market



Summary of Boston (n=65)

More likely than Dallas peers to say...

INFLUENCERS

Marketing people influence their investment decisions (**11%** vs. 0%)

CANADA BARRIERS

Red tape/government intervention is a barrier (**14%** vs. 9%)

SKILLED LABOR

Skilled labor is defined as those with postgraduate degrees (**15%** vs. 0%)
They rate skilled labor in Canada positively due to reputation of universities (**14%** vs. 0%)

UNAIDED SOURCES OF INFORMATION

They use information from foreign governments for investment decisions (**12%** vs. 0%)
They use conferences/tradeshows for information on investment decisions (**9%** vs. 0%)

AIDED SOURCES OF INFORMATION

They have been solicited by foreign governments (**52%** vs. 34%)
They use buy-side analysts for information on investment decisions (26% vs. 17%)
They use the Internet for information on investment decisions (26% vs. 17%)
They have been solicited by UK (17% vs. 6%)



Summary of Dallas (n=35)

More likely than Boston peers to say...

CANADA ATTRACTIONS

Canada is attractive because it has a good infrastructure (general infrastructure, transportation) (**26%** vs. 12%)

Canada is attractive because it is similar to conducting business in US* (**14%** vs. 0%)

Canada is attractive because it has access to customer base (**11%** vs. 2%)

Canada is attractive because it has available technical resources (**9%** vs. 2%)

Canada is attractive because of NAFTA (**9%** vs. 2%)

CANADA BARRIERS

The weather condition is a barrier (**14%** vs. 2%)

The competition in the industry is a barrier (**11%** vs. 0%)

CANADA AS AN INVESTMENT CONSIDERATION

They would not actively consider Canada as a strategic investment opportunity (**26%** vs. 9%)

They are unlikely to expand in Canada in the next few years (**20%** vs. 6%)

REGIONS FOR CONSIDERATION

They tend to think of Canada in general terms (**20%** vs. 8%)

They would consider investing in Montreal (17% vs. 9%)

They would consider investing in Vancouver (**11%** vs. 0%)

They would consider investing in areas close to major cities (**11%** vs. 3%)

They would not consider investing in Quebec (**9%** vs. 2%)

SKILLED LABOR

Skilled labor is defined as those with undergraduate degrees (**34%** vs. 17%)

Skilled labor is defined as those with education in technical fields (**14%** vs. 3%)

Skilled labor is defined as computer programmers, engineers (**14%** vs. 3%)

Skilled labor is defined as computer software designers, developers (**14%** vs. 5%)

Skilled labor is defined as those with marketing skills (marketing people) (**9%** vs. 0%)

They rate skilled labor in Canada positively due to perception of highly educated population (23% vs. 11%)

*Some of the Canadian-US similarities include: banking practices, business regulations, commerce, suppliers/vendors, politics, corporations customer-base are run the same. Others contrast this against Mexico



Summary of Dallas (n=35)

More likely than Boston peers to say...

UNAIDED SOURCES OF INFORMATION

They use the Wall Street Journal for information on investment decisions (17% vs. 8%)
They use general publications for information on investment decisions (**14%** vs. 2%)
They use universities for information on investment decisions (**14%** vs. 0%)
They use real estate brokers for information on investment decisions (**9%** vs. 0%)
They use personal research for information on investment decisions (**6%** vs. 0%)

AIDED SOURCES OF INFORMATION

They use consultants for information on investment decisions (**69%** vs. 37%)
They use influential business leaders for information on investment decisions (**54%** vs. 32%)
They use influential society leaders for information on investment decisions (**34%** vs. 5%)
They use academicians for information on investment decisions (31% vs. 23%)
They use site selectors for information on investment decisions (26% vs. 8%)
They use the Wall Street Journal for information on investment decisions (**23%** vs. 8%)
They use Fortune for information on investment decisions (**14%** vs. 2%)
They use market research consultants for information on investment decisions (**11%** vs. 3%)
They use Business Week for information on investment decisions (**11%** vs. 0%)





Strategic Communication Imperatives



Strategic Communication Imperatives

- The ICT and Biotech sectors look for different attributes, benefits and outcomes from potential direct foreign investment candidates
 - ◆ **Element One** communications should use separate messaging targeted to each sector
 - Biotech – skilled labor that helps you staff up quickly and make quality products that keep you on strategy toward corporate and career success
 - Thought of as post-graduate degree holders, medical/biotech experience and from reputable universities
 - ICT – Easy access to your customers helps you serve markets well leading to higher profits toward corporate a success and personal wealth
 - Accentuate scale of marketplace

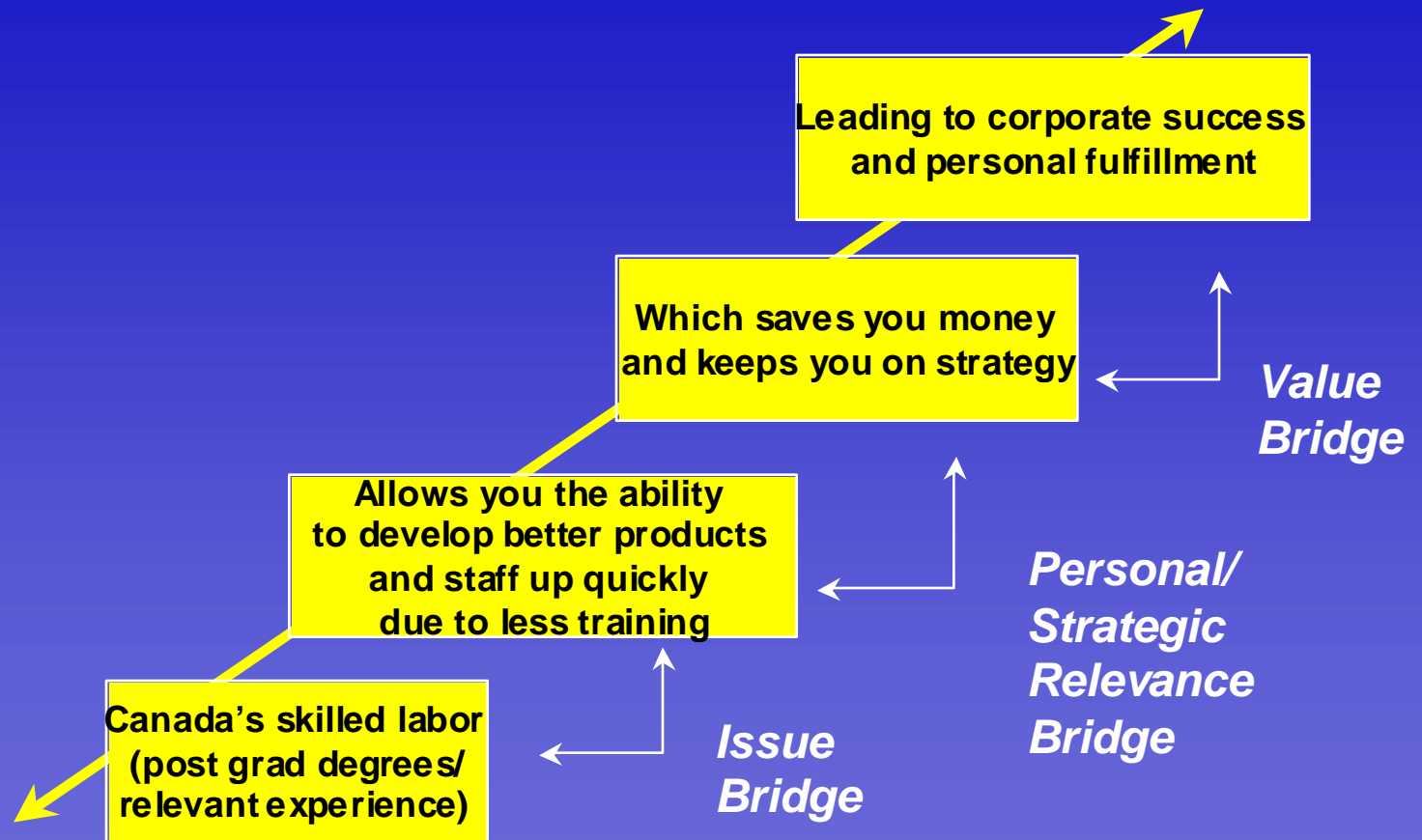




Message Chain: Skilled Labor

Element One - Biotech

Business/Self



Canada for Investment Purposes

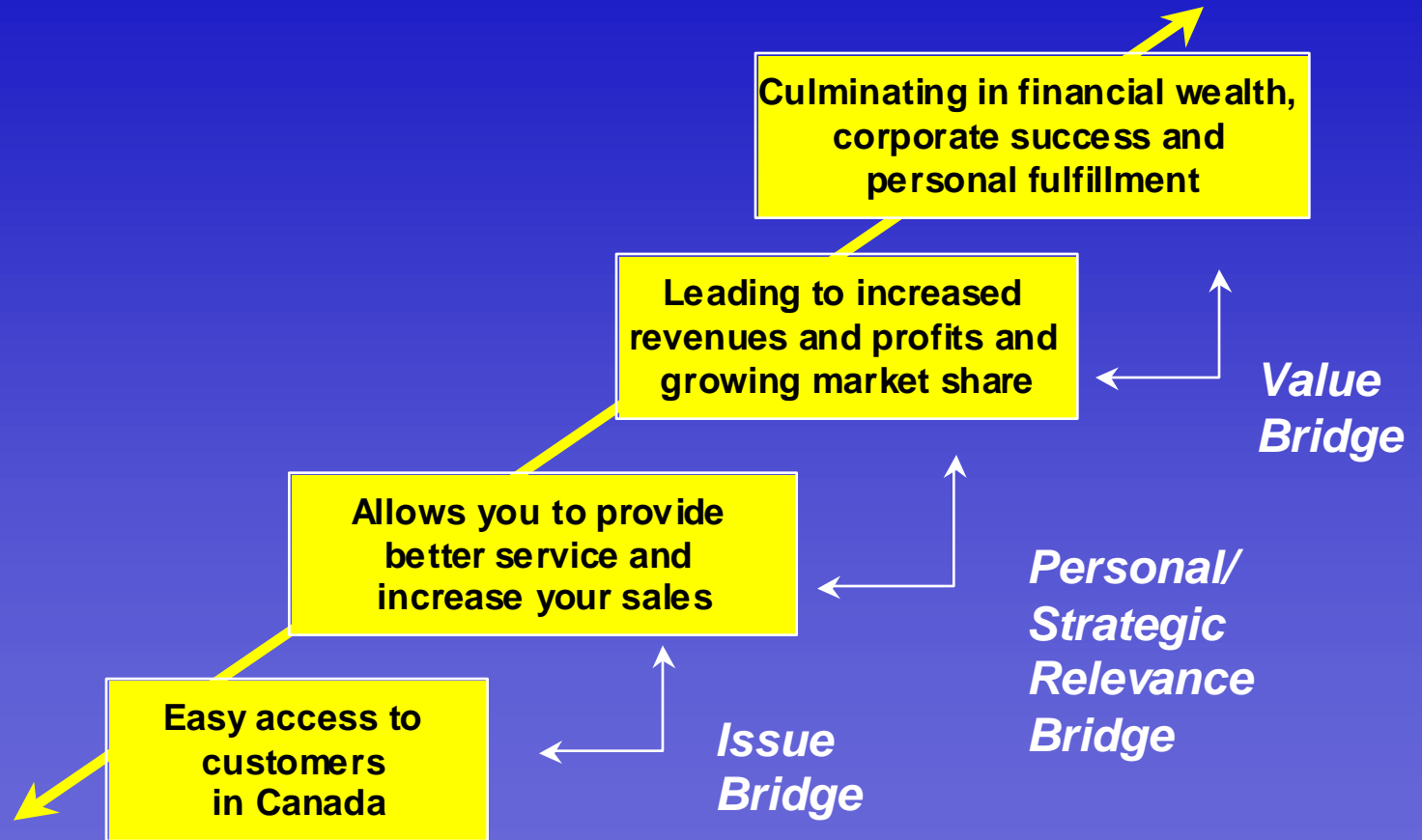




Message Chain: Customer Location

Element One - ICT

Business/Self



Canada for Investment Purposes



Strategic Communication Imperatives

- There exists the opportunity to bridge communications between both sectors creating a unified message for Canada, and a secondary proof of performance for each sector
 - ◆ Element Two communication should seek to link skilled labor to increasing profits toward greater corporate success and financial wealth
 - Biotech is given a second important benefit for skilled labor, which they already value highly and associate strongly with Canada
 - ICT is given a second means of accomplishing the primary goals of increasing revenue and profits toward corporate success and financial wealth
- Emphasizing clusters/success stories will be important since clusters contain many of the individual elements (labor concentration, customer concentration, universities/R&D, economies of scale) that are inherent to linking both of these message pathways

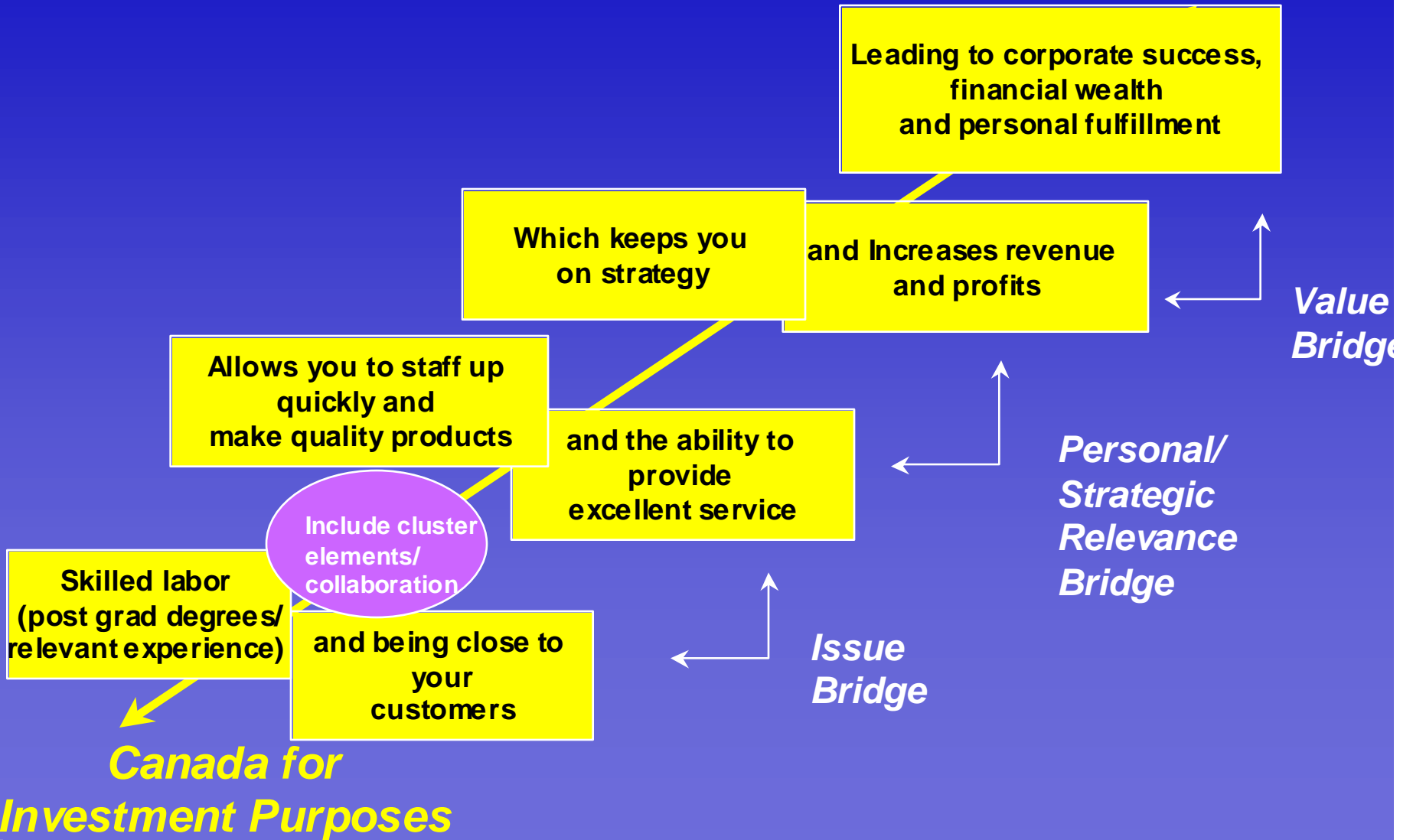




Message Chain: Potential (linked) Pathway

Element Two

Business/Self



Strategic Communication Imperatives

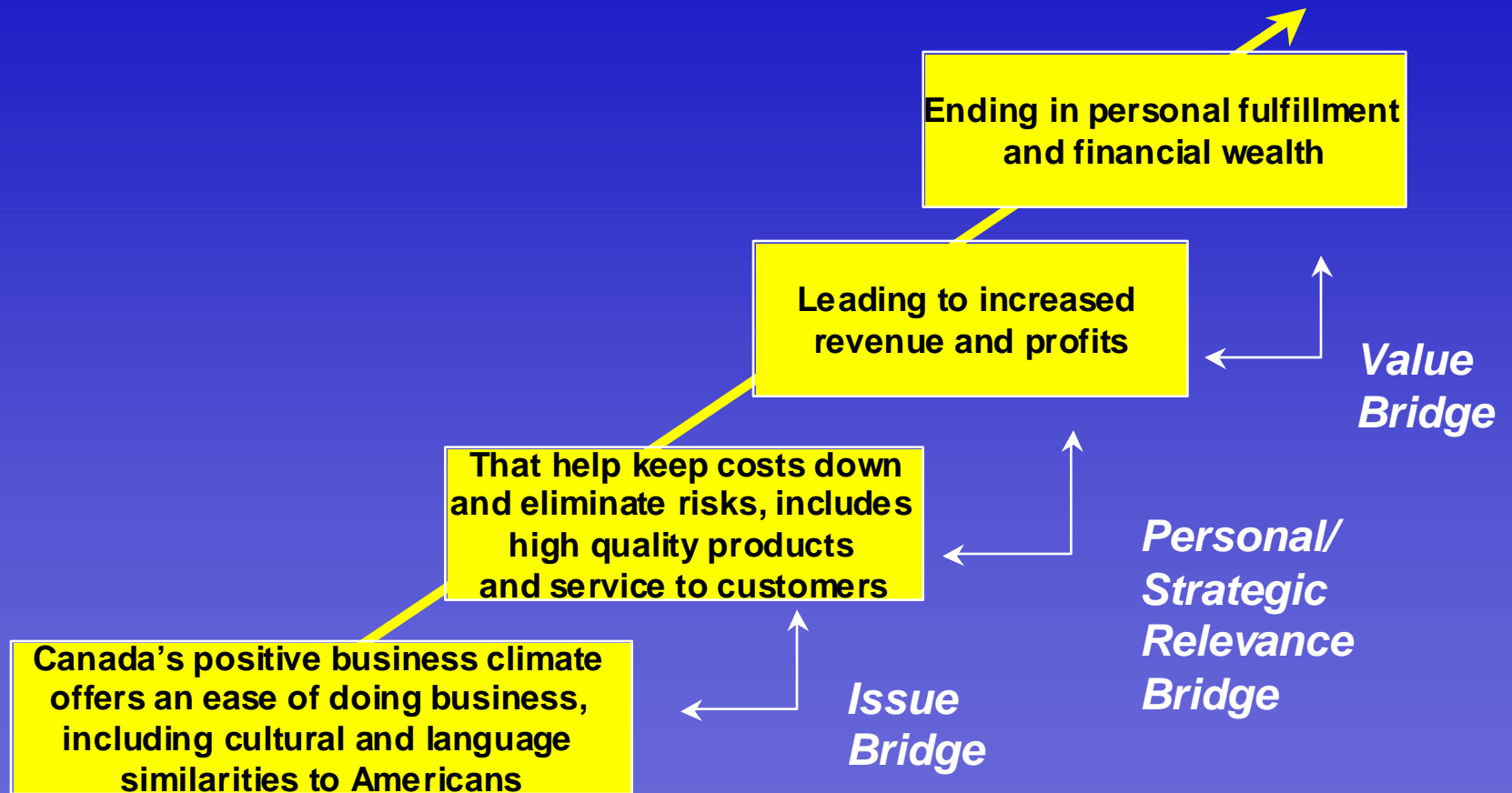
- Recasting the importance of Canada's unique strengths will provide additional and differentiating motivation to choose Canada
 - ◆ Element Three communications should embellish the importance of Canada's similarities with the United States relative to language, culture and business environment
 - ◆ These similarities should be cast as an element of security for U.S. investors (reduction of risk) that will enable smoother operations, higher quality products and better customer service leading to higher revenue/profits and, ultimately, to corporate success and financial wealth





Message Chain: Unique Equities Element Three

Business/Self



*Canada for
Investment Purposes*



Strategic Communication Imperatives

- Redefining current perceptual negatives will help Canada remove barriers to foreign direct investment
 - ◆ Element Four communications should focus on earned media to redefine:
 - Small population as highly skilled, well trained and clustered through testimonials and success stories
 - Perceived higher tax rates should be combated using specific provincial incentive programs through sector-specific success stories





Appendix A: Additional Findings – Supporting Slides



Reasons for Rating Canada Positively - Verbatim

Workforce 36%

- ◆ “There is a higher concentration of good talent up in Canada.”
- ◆ “I would say that you do have an educated workforce. I have never heard anyone say that they could not get the type of employees they needed.”
- ◆ “We visited these people and understand the skills that exist.”
- ◆ “The people are hard working and there is a good attitude and a good work ethic.”
- ◆ “A lot of technical people or technical-capable people.”

Positive Business Environment 26%

- ◆ “They are very easy to work with and amenable to US companies and having collaborations.”
- ◆ “It’s not a saturated competitive market in our particular market – that allows us to better support global accounts.”
- ◆ “I would say NAFTA has removed trade barriers to make it easy to do that.”
- ◆ “The relationship between the two countries.”

Location/proximity 25%

- ◆ “Being physically close to our home office [in Massachusetts] would be a huge advantage.”
- ◆ “They are easily accessible from the US so it would be easy for the parent company to stay involved in what is going on up there.”

Infrastructure 18%

- ◆ “I do know that you guys have one of the fastest internet backbones in the world.”
- ◆ “The highways look good and I know there is a good transportation system.”

Q: What is the main reason you give Canada a score of ...?



Reasons for Rating Canada Positively - Verbatim

Advanced education/university 17%

- ◆ “I think Canada has a quality educational system in place. It starts in grade school up through the college system.”
- ◆ “McGill has a very, very good reputation for rolling out high quality chemists specifically.”

Access to customer/market 16%

- ◆ “Potential customer base. I mean good customers.”
- ◆ “There are large customers.”

Economics 12%

- ◆ “I know it’s extremely inexpensive to have facilities up there.”
- ◆ “Canadian dollar to American at this point is pretty good.”

Clusters 7%

- ◆ “There are research parks by the universities in Montreal, Ottawa, and Edmonton.”
- ◆ “You have Nortel and the Alcatel New Bridge location up there...a good number of fiber optic start ups. So, there seems to be a good developing cluster up there.”

Culture similar to the US 5%

- ◆ “It has the tremendous advantage of being culturally similar to the US.”

Biotech companies are more likely to rate Canada positively because of its advanced education system and R&D; ICT are more likely to rate Canada positively because of access to customer base and an available engineering workforce.

Q: What is the main reason you give Canada a score of ...?



Reasons for Rating Canada Negatively -Verbatim

Small population size 12%

- ◆ “Canada has a small population.”
- ◆ “No people, small population.”

Negative tax issues 6%

- ◆ “When I realize what kind of extra [corporate] tax they put on you, I go nuts. The tax can be frightening. It’s one tax after another one. It’s tax after tax .”
- ◆ “The personal taxation rate in Canada is very high.”
- ◆ “I don’t understand the tax incentives or what the development initiatives are.”

Language barriers 4%

- ◆ “They are more concerned about staying true to speaking French than to learning English so they can be competitive. Some won’t even talk to you if you call and speak English. They will only speak French.”
- ◆ “Language is the barrier”
- ◆ “The language complication is a little bit of an issue”

Biotech companies are more likely to rate Canada negatively because of perceived government intervention/red tape and a lack of similar companies in Canada.

Q: What is the main reason you give Canada a score of ...?





Top Reasons for Country Rating Score

– Comparison by Country– (In descending order of mentions)

<u>Ireland (n=4)</u> Mean Rating 7.3	<u>USA (n=7)</u> Mean Rating 7.0	<u>France (n=11)</u> Mean Rating 6.8	<u>Italy (n=6)</u> Mean Rating 6.5
<ol style="list-style-type: none"> 1. Workforce (+) <ul style="list-style-type: none"> • Available • Expertise/Education • Low cost 2. Tax Advantages (+) 3. Government / Economic Incentives (+) 4. Access to Other Markets (+) 	<ol style="list-style-type: none"> 1. Business Environment (+) <ul style="list-style-type: none"> • Marketplace for industry/products • Access to customers • Industry clusters • Established presence 2. Location (+) <ul style="list-style-type: none"> • Easy travel • Proximity to customers & manufacturing 3. Workforce (+) <ul style="list-style-type: none"> • Available • Educated • Technical 	<ol style="list-style-type: none"> 1. Business Environment (+) <ul style="list-style-type: none"> • Marketplace for products • Access to other markets • Access to customers • Government/economic incentives 2. Workforce (+) <ul style="list-style-type: none"> • Technical engineers & scientists • Low cost 3. Available Technology (+) <ul style="list-style-type: none"> • Advanced education / university system • R&D capabilities • Medical/biotech advancement 	<ol style="list-style-type: none"> 1. Marketplace for Product/Industry (+) 2. Available Technology (+) <ul style="list-style-type: none"> • Technical resources • Wireless data network • Advanced education/ university system

Q: What is the main reason you gave (country) a score of...?





Top Reasons for Country Rating Score

– Comparison by Country– (In descending order of mentions)

<u>Germany (n=22)</u> Mean Rating 6.4	<u>England/GB/UK/ Scotland (n=37)</u> Mean Rating 6.3	<u>Australia (n=13)</u> Mean Rating 6.2	<u>China (n=13)</u> Mean Rating 6.2
<ol style="list-style-type: none"> 1. Business Environment (-) <ul style="list-style-type: none"> • Gov't intervention / red tape • Difficult to do business there 2. University system (+) 3. Marketplace for product/industry (+) 4. Government Incentives (+) 5. Tax Advantage (+) 6. Language Barriers (-) 	<ol style="list-style-type: none"> 1. Business Environment (+) <ul style="list-style-type: none"> • Marketplace for industry/products • Access to other markets • Less restrictive regulations • Good business relationship w ith country 2. Workforce (+) <ul style="list-style-type: none"> • Available • Educated 3. Technology (+) <ul style="list-style-type: none"> • University system • Medical/biotech advancements 4. No Language Barrier (+) 5. Government Intervention / Red Tape (-) 6. Distance (-) 	<ol style="list-style-type: none"> 1. Business Environment (+) <ul style="list-style-type: none"> • Marketplace for industry/products • Access to markets 2. Technology (+) <ul style="list-style-type: none"> • Available technical resources • University system • Broadband 3. No Language Barriers (+) 4. Low Population (-) 	<ol style="list-style-type: none"> 1. Workforce (+) <ul style="list-style-type: none"> • Educated • Available 2. The Country (-) <ul style="list-style-type: none"> • No patent protection • Political unrest • Cultural barriers 3. Language Barriers (-) 4. Marketplace for Industry/Products (+) 5. Government Intervention / Red Tape (-)

Q: What is the main reason you gave (country) a score of...?





Top Reasons for Country Rating Score

– Comparison by Country– (In descending order of mentions)

<u>Mexico (n=13)</u> Mean Rating 6.2	<u>India (n=8)</u> Mean Rating 6.1	<u>Japan (n=17)</u> Mean Rating 6.1	<u>Brazil (n=13)</u> Mean Rating 6.0
<ol style="list-style-type: none"> 1. Workforce (+) <ul style="list-style-type: none"> • Available • Low cost 2. Business Environment (+) <ul style="list-style-type: none"> • Marketplace for industry/products • Good business relationship with country • Industry clusters 3. Available Technology Resources (+) 4. Good Infrastructure (general) (+) 	<ol style="list-style-type: none"> 1. Workforce (+) <ul style="list-style-type: none"> • Available • Educated • Low cost 2. Cultural Barriers (-) 3. Distance (-) 4. Marketplace for Industry/Products (+) 	<ol style="list-style-type: none"> 1. The Country (-) <ul style="list-style-type: none"> • Cultural barriers • No patent protection • Not familiar with country 2. Business Environment (+) <ul style="list-style-type: none"> • Marketplace for industry/products • Access to other markets 3. Technology (+) <ul style="list-style-type: none"> • Advanced education/university system • Medical/biotech advancement 4. Educated Workforce (+) 5. Language Barriers (-) 	<ol style="list-style-type: none"> 1. Business Environment (+) <ul style="list-style-type: none"> • Marketplace for industry/products • Access to customer base 2. Workforce (+) <ul style="list-style-type: none"> • Educated • Available 3. The Country (-) <ul style="list-style-type: none"> • Political unrest • Unstable 4. Available Technical Resources (-)

Q: What is the main reason you gave (country) a score of...?



Primary Influencers – Verbatim Comments

Management (Net) 29%

- Myself 19%
 - ◆ “My role is to essentially seek out early opportunities, do presentations, talk to customers and make decisions for the company for what directions we should go in.”
 - ◆ “I’m the vice president of human resources. I also am responsible for facilities worldwide, so you know, as a member of that senior team.”

 - Senior Management 15%
 - ◆ “We have a vice president of business development who drives the merger and acquisition space, so his recommendations drive a little extra weight in terms of M and A.”
 - ◆ “Senior managers which are the business unit managers, myself, the vice-president of sales, so it’s the leaders of those respective business units and the folks who provide what I call services wide to the division.”

 - CEO, President 12%
 - ◆ “Our internal influences... I would say our primary guidance comes from our CEO.”
 - ◆ “The company will not make any move without the CEO as a direct move for the company.”

 - Board of Directors 8%
 - ◆ “The board has the ultimate decision whether or not to approve an acquisition because they answer to the stockholders. So, ultimately they have that ultimate say so.”
-

Q: What and who are the primary influencers, internal and external, and the relative weight of each?



Primary Influencers – Verbatim Comments

Financial/Business Considerations (Net) 23%

- Available business/market 11%
 - ◆ “If there wasn’t a continuing stream of business coming from a new area, given that we’ve already got several offices in the States, then we wouldn’t consider a new location.”

 - Revenue/return on investment 10%
 - ◆ “Number two then realistically was financial and looking at revenues. What is it that we want to accomplish from a revenue standpoint? You know if we need to be a \$30 million company next year or \$50 million or \$100 million or whatever that is, then the only way you can do that is grow revenues.”

 - Business model/plan 6%
 - ◆ “It would be how that particular company had been thought in relationship to our longer-term business plan and how it relates to our home business in the United States.”

 - Cost considerations 5%
 - ◆ “Thirdly is just the cost associated with it. That is, can we afford to buy a company or can we afford to organically grow an organization?”
-

Q: What and who are the primary influencers, internal and external, and the relative weight of each?



Primary Influencers – Verbatim Comments

Analyst/Business Groups (Net)

17%

- Marketing people

7%

- ◆ “The marketing people who do the research because we base our decisions on what they are reporting. People we rely on to help us make these assessments would then be influencers in the sense that what they have taken into account and given what they report makes business sense to go forward. They tend to be marketing consultants.”
-

- Business development/industry analysts

6%

- ◆ “From industry analyst. I think it would start there and then we would start to make a formal analysis and that is when you start to look into the new industry and start talking to experts in that field.”
-

- Sales managers/department

5%

- ◆ “Sales people would play a very large role in assessing this because they would need to be able to market and sell these products.”
-

Q: What and who are the primary influencers, internal and external, and the relative weight of each?



Primary Influencers – Verbatim Comments

Logistics Issues (Net) 13%

- ◆ “And some weight given to the ability, you know, can it get started quickly. This is a very personal thing but do we know people in that area that we can hire quickly to form the basis of the management team or can we get to those people, get to qualified individuals quickly so that our staff-up time is reduced?”

Tax/Economic Climate (Net) 7%

- ◆ “What the taxation might look like relative to the effect that it has on the potential return on the investment.”

Customers 5%

- ◆ “I would say from outside customers. They ask for certain products or certain technology and that is certainly a big deal. I would say the customer is the ultimate decision maker.”

Government Issues (Net) 4%

- ◆ “I would say government policies. Well openness is a fair trade kind of mindset and going in that direction. For example, India has policies that make it impossible to bring products in and compete with local companies. They always give the local companies an advantage. That would be a huge factor. They are very internally focused and very, very protective of work that is done outside of India.”

Q: What and who are the primary influencers, internal and external, and the relative weight of each?



Negative Perception Toward Eastern Region – Verbatim Comments

- *Not enough business there*
- *PEI, Nova Scotia, not real metropolitan areas*
- *The eastern seaboard – Nova Scotia, Newfoundland are economically depressed*
- *I have done clinical trials there but I would never build anything manufacturing wise there*
 - ◆ *Education is lower*
 - ◆ *Income level, mostly fisherman and that kind of thing*
 - ◆ *Almost poverty level there*
 - ◆ *Our product just wouldn't fit there*
 - ◆ *Even though it's beautiful, there wouldn't be anybody to choose from to work there*
- *Newfoundland is hard to get to*

Q, Are there any regions in Canada where you would never consider investing?



Summary of Biotech (n=33)

More likely than ICT peers to say...

INFLUENCERS

CEO's influence their investment decisions (**21%** vs. 7%)
Current investors influence their investment decisions (**12%** vs. 0%)
Marketing people influence their investment decisions (12% vs. 4%)

CANADA BARRIERS

Red tape/government intervention is a barrier (**24%** vs. 7%)

CANADA ATTRACTIONS

Advanced education system in Canada is attractive (**18%** vs. 4%)
Canada's tax advantage is attractive (**12%** vs. 2%)

CANADA AS AN INVESTMENT CONSIDERATION

Canada gets initial consideration in discussions on new investment locations (**15%** vs. 4%)
Actively considering Canada as a strategic investment opportunity (39% vs. 30%)
Perceive benefits to outweigh negatives in Canada (58% vs. 46%)

They would not consider investing in Canada where there no skilled labor (**9%** vs. 0%)

SKILLED LABOR

Skilled labor is defined as those with postgraduate degrees (**21%** vs. 2%)
Skilled labor is defined as medical/biotech research personnel (**15%** vs. 2%)
They rate skilled labor in Canada positively due to reputation of universities (12% vs. 6%)



Summary of Biotech (n=33)

More likely than ICT peers to say...

UNAIDED SOURCES OF INFORMATION

They use trade journals for information on investment decisions (**36%** vs. 15%)
They use other executives for information on investment decisions (30% vs. 19%)
They use conferences/tradeshows for information on investment decisions (**18%** vs. 2%)

AIDED SOURCES OF INFORMATION

They have been solicited by Canadian provincial government (**30%** vs. 13%)
They have been solicited by foreign governments (**61%** vs. 37%)
They have been solicited by Germany (**15%** vs. 2%)
They have been solicited by UK (21% vs. 9%)
They use academicians for information on investment decisions (30% vs. 17%)
They use strategy consultants for information on investment decisions (**18%** vs. 4%)
They use site selectors for information on investment decisions (15% vs. 7%)



Summary of ICT (n=54)

More likely than Biotech peers to say...

INFLUENCERS

Available businesses/markets influence their investment decision (17% vs. 6%)

CANADA AS IN INVESTMENT CONSIDERATION

Canada is rated higher as a possible location for investment (**7.0** vs. 5.9)
Canada gets considered on the short list for investment decisions (31% vs. 21%)

CANADA ATTRACTIONS

Canada is attractive because it is easy to get to (20% vs. 9%)
Canada is attractive because it is a big marketplace (13% vs. 6%)
Canada is attractive because it has available engineering workforce (**11%** vs. 0%)

SKILLED LABOR

Skilled labor is defined as those with computer/technology skills (**46%** vs. 12%)
Skilled labor is defined as those with undergraduate degrees (**26%** vs. 6%)
Skilled labor is defined as those with business orientation/experience (**19%** vs. 3%)
They rated skilled labor in Canada positively due to skilled labor (15% vs. 9%)
They rated skilled labor in Canada positively due to personal experience (13% vs. 6%)
They rated skilled labor in Canada positively due to perception of good work ethics (**11%** vs. 0%)

UNAIDED SOURCES OF INFORMATION

They use consulting groups for information on investment decisions (**22%** vs. 6%)
They use customers for information on investment decisions (**15%** vs. 3%)

AIDED SOURCES OF INFORMATION

They use business leaders for information on investment decisions (48% vs. 30%)
They use venture capitalists for information on investment decisions (39% vs. 24%)
They use influential media for information on investment decisions (**20%** vs. 3%)
They use society leaders for information on investment decisions (**20%** vs. 6%)
They use the Wall Street Journal for information on investment decisions (17% vs. 6%)





Appendix B: Verbatim Comments





Verbatim – Positive Attributes





Sampling of Comments – Positive Canadian Attributes

SKILLED LABOR

I think the education and the way that we in our IT sector find people in Canada are very strong, well organized, with strong approaches and hard workers, committed and flexible.

Canada has a very talented pool – they have McGill University, which rolls out mega-super-scientists.

We need these well-trained people with experience in both computer science and biology. Canada has well-known universities where we can get these people.

Because the type of business that we are in...high technology and software development, we have to have highly trained personnel that understand software and up to date techniques on how you engineer and program software.

I would say the most compelling reason is that we could find scientifically trained staff and that we would be able to retain them more than we can be here where there is much more competition.

Educated work force. I think Canada has both high level scientific researchers as well as entry level lab support and manufacturing expertise. Educated in a way that can be utilized in the industry.

Somebody that has experience in developing telecommunication products domestically for the United States and North American carriers and also experience in developing products and services for the international carriers.

We need these well-trained people with experience in both computer science and biology. Canada has well-known universities where we can get these people.

We discussed that, there are definitely technically qualified people. There are a lot of people up there that I know, that I've dealt with in my industry that are very, very security savvy people. And overall, just generally good people.

The skilled labor, I think well educated people. People that have had exposure to high quality education systems and a place where education is highly valued.

It would be definitely access to research and researchers. That is why we almost did it a few years ago in Vancouver. They had things there that if it had worked would have made sense to have had a laboratory there working directly with the researcher who was permanently based in Vancouver.





Sampling of Comments – Positive Canadian Attributes

SIMILARITY TO AMERICANS

The location and their similarity to the US are Canada's strongest reasons for getting high scores.

I think that the ties to the US and the orientation toward working with folks in the US is quite good. It is a very easy market to reach.

They do business a lot like Americans do.

When you go to Canada you are going to rent the car and it's a car you know. It's going to be on the right side of the road and they are going to speak your language. You will have directions in English and you are going to have people that dress the same way.

Canada is a similar culture and it would be very simple for us, I think, to move into that area. It's the same cultural background and diversity mix. I think that it would be much easier to go that direction than Mexico.

When you add [expertise in certain areas] to the cultural similarities that could be a real powerful factor that makes it easier to assimilate all these new ideas and stuff into the mainstream of the corporate. You can become an integral part of the organization easier and that means that your ideas get accepted. You work as a team better. The whole operations goes smoother.

A lot of people think of Canada as just a continuation of the West, particularly from here. I think Canada is maybe a little bit better on international business than we are, to be honest. There is an affinity felt somewhat to the Canadians. Well you want to go do business where you feel comfortable and where the opportunities lie. Shared background, some sharing of culture. Canadians are - is just another - oh, this is just another state in the country.

They [Canadians] are going to speak your language, you are going to have directions in English, you are going to have people that look and dress the same way. It's going to be a city that looks like any other city. It's not going to look like a place in Brazil which can look really different...The laws are published and predictable. There's not that sense of jitteriness. That you don't really have a grip of what's going on there. We think, for better, for worse, we know exactly what Canada is.





Sampling of Comments – Positive Canadian Attributes

PROXIMITY

It is a lot easier for us to go into Canada and do work, just time wise. That is very important. The line between the countries is really invisible.

Proximity is a huge issue. It's easy to get to and from the Toronto area. It's an hour and ten minute flight versus going overnight.

I think the ease of getting there and the ease of having my staff being transported there.

Just access to the United States. We can manufacture in Canada and sell in the States without too much trouble. Easier to have your manufacturing close to your product development.

Proximity and relatively, not having to get a visa and make sure your employees' passports are up to date. You need to get the two teams together and have a meeting up there. Getting engineers that don't travel that often and make sure that they all have passports and visas which you do when they are all going over to Amsterdam for meetings.

When we are taking a look at location, we want to make sure that we can get to the location and have a six hour meeting and still come home in the same day, whether that is in the car or airplane.

We are a service company--we perform services and being that we are a total solution provider, it is a lot easier for us to go into Canada and to do work in a hospital or in a factory--just time wise, than it would be to gather everything together and to manage an office say in the UK. That is very important. A lot of your services--the line between the countries is really invisible.





Sampling of Comments – Positive Canadian Attributes

CUSTOMER LOCATION

Because I'm going to do all my R&D outside and the only reason I'm going to go there is to do marketing and sales. And I'm only going to go there if it has an attractive market. I'm not going to set up an R&D outfit in Nigeria because there's no market there.

Because there is a lot of opportunity there in the telecommunications market or the enterprise side, which is basically not the public telco but on the business / commercial side. There is a lot of opportunity through one of our customers who is a multi-national company and go out and do some maintenance work for them out there and that is on an ongoing basis.

Density of businesses using your type of communications infrastructure.

Existing customers would be the principle reason.

if Cisco or Nortel or Lucent said you need to be in Canada because that's where I'm going to put a base of operations, that's why we would consider it. That would be the sole reason.

The influence that our corporate partner has on us. They are headquartered in Toronto.

There are some great customers up there. If you are going to be successful in the marketplace, those are the customers you need to be in with. I feel that those are the right customers.

Major customer there.

A few key customers. Large customers that we were able to grow





Sampling of Comments – Positive Canadian Attributes

ENGLISH-SPEAKING

I think that the people are similar enough, it's the same language. In Mexico the number of people that speak English are not as many as there are in Canada.

They speak English. They are "our neighbors". I didn't have to learn a new language and learn how to do business there. Well, when we got over there we discovered we did have to. But when you first think of it, however, it's much more comfortable for the decision makers.

I would say, English speaking, computer-literate workforce is probably the most important.

English speaking and the currency is like the US.

POSITIVE BUSINESS CLIMATE

Business friendly. I think it is the laws and regulations establishing entities in that country that can be very restrictive versus easier. I assess sales and markets and where we would like to do business and then other people can figure out whether that makes sense. In general, the business climate is very similar to the US and the corporations and all of the customer base are run similarly. There are not a lot of differences in terms of conducting business in one country versus the other from that perspective.

Canada is an easy place to do business. It's friendly, NAFTA, lot of red tape dropped in recent years, it's a good place.

Now those requirements are very similar to the U.S. requirements and they are administered in a very similar manner and they are administered politically very similar to the way they are administered in the United States. So, it is not an onerous burden on the part of the company to go meet those standards and be able to place your equipment in Canada.

We don't need to do studies, for example, for over the counter medications. We just give them a number and we're all set to go.





Verbatim – Positive Functional Consequences





Sampling of Comments – Positive Canadian Functional Consequences

BUSINESS
EXECUTED
EASILY/QUICKLY

Basically, I told you I'm running the whole rest of the world right now. They don't have a lot of time and energy to put into managing a bunch of crises. Crises that come up in manufacturing or otherwise. They have to feel like they can manage this without a bunch or unexpected things happening, that are like bad news coming up. And the more it looks and acts like the US the more they are going to feel - whether it's true or not - that they have a sense of control. And I know that was a big reason for the decision to locate our plant in Canada.

Although we do a lot of communication electronically, we still like to get together for meetings and strategy sessions, etc, and proximity certainly makes that easier.

Because we have too many other things to worry about that we don't want to have to spend time worrying about the stuff that is really not going to help our business but can tend to hinder our ability to get things done quickly. And probably because we are American and I don't want to have to--the more that we can eliminate in terms of the regulatory hassle in dealing in an international environment the better off we are going to be.

It strengthens the communication channels between us and particularly when we're trying to, for example, secure a purchase order from someone, it's so much easier when you can just walk across the street and ask people for it. You don't have to either fly in or use the telephone.

The short-term benefit is that you can do immediate business with a much lesser degree of planning. You don't have to worry about losing your assets like when you are dealing with third world nations. You have to spend a lot of time planning your financing and protecting your investment with no guarantees. It forces you to work through local citizens. Whereas, when you are dealing with a friendly country and stable government you can deal directly.

The ability to transfer samples and data back and forth would be extremely important to us. That is very important to us that there be a lot of interaction between our facility and many other facilities if we do go outside the US and we would want an easy flow.

The immediate benefit would be that we could have some like if we set up our New York office we would have, what am I trying to say, immediate access. And it would all be within the same time zone. It would just be a matter of us getting something set up there, it could hook in very simply.





Sampling of Comments – Positive Canadian Functional Consequences

STAFF UP QUICKLY

When we find the right people, we benefit through the speed at which we can build the facility. We have to be sure that we put it somewhere where we have the people to operate it.

Getting those people in the doors as quickly as possible and having a lower salary means you can hire more people and get more done.

We can get people up and running faster so that we can actually improve our business quicker.

A very quick start up operation.

I would say if you are a brand new start up and you are trying to get your first 100 employees, I would have to believe that all of the things being equal, you will be able to do that much more quickly in greater Toronto than you could in Philadelphia or Arkansas.

It would probably be the fact that you could recruit people easier.

Short-term benefits are I can send people from here to there and I don't have a huge investment in having to retrain them for the culture. I don't have to teach them the language. I don't have to be as concerned about making social or business mistakes and if I'm trying to bring local individuals up to take over management roles as I invest in that country, I'm not having to teach them my language and go through that entire process.

Short-term is that you can get up to speed much quicker. You can become integrated in the company missions much more rapidly.

Three months until they have staff up locally. Most people that are in this company, they've got their home or families or what have you. I can't send them for very few I can send for an extended period of time. 90 days with two trips back to homeland is easy to do and if it's Canada it's so easy to send them back every week.

Would be that we can get people up and running faster so that we can actually improve our business quicker. We don't have to train them.





Sampling of Comments – Positive Canadian Functional Consequences

ON TIME PRODUCTS

As far as facility goes, it might be more cost efficient to have a newer building, may be able to hire more employees to get your productivity up faster, it can be cheaper to ship your product.

I just think that you can move quickly and execute your plan quickly because you have got access to the people who can carry out your work.

It would accelerate our new product development efforts which would drive sales earlier than expected.

Long haul is that we can build a more competitive product line faster. And that tends to be on market issues than price.

Time to market. Speed up set-up. Speed of, I guess set-up is the right word. Minimize the start-up time and produce high quality products quickly and meet market window.

Quicker response to problems. It shortens the time required to get a product out the door and fix problems in the manufacturing process.

Would accelerate the development of whatever program you have.

You can speed up the transportation of your finished product.





Sampling of Comments – Positive/Neutral Canadian Functional Consequences

DEVELOP BETTER PRODUCTS

The sooner you can recruit them [trained scientists] and get them on board, the better the quality of work.

You can have a great product and if you have stupid people or people that are not skilled and are just reacting rather than knowing and having done it before, you can fail.

The people who work here is what my business is. We are a research and development company and without talent, without bright people we don't have anything. We have a technology and a test tube that isn't going anywhere.

We have much better products at a lower cost when we have personnel of this sort.

KEEP COSTS DOWN

High labor costs (time off, administrative costs) impact competitiveness and you don't invest and go forward – so not as forthright or aggressive.

Our product is outrageously expensive. If we can't get the price down in order to make a profit, we could go out of business.

We wouldn't have to change our software in order to service the customers there. Changing software and maintaining multiple versions of software is very expensive. So, it allows us to leverage our assets over a broader customer base without incurring those costs.

As far as facility goes, it might be more cost efficient to have a newer building, may be able to hire more employees to get your productivity up faster, it can be cheaper to ship your product.

It's conserving capital, right, in the stage that we are at today. Now five years from now that will be different but you know today it is conserving capital.





Sampling of Comments – Neutral Canadian Functional Consequences



OPERATIONAL
SYNERGIES

Our most advanced products are going into Canada right now. Much of the products, many of the products that we are developing are being sold in Canada in large numbers to enhance the infrastructure in Canada, so it represents a unique opportunity not only to take advantage of the available market place but also in terms of doing work in Canada and subcontracting work out of Canada, but we're selling products into Canada.

I also know that where there's a large customer base and there's a need for a facility, and that there are good and qualified people that can move in and help operate the facility and help build the business in that area, that's an immediate payback. So if there is a high demand, there is very likely, at least this has been my experience over the years as a consultant, where there is a high demand, there is very likely qualified individuals.

I think it represents continual opportunities for us to compete in that market. To provide our goods and services.

The timing aspect I think. It could be done without significant duty costs on the base business in the US. It is an aspect of the return on the investment compared to Canada that would be higher than even in the UK because of its distance. You would have to set up an entirely separate company there. Whereas really we would view Canada as a satellite move to the US. That would be an addition. Large part of the commercialization of product is directly analogous, directly expandable to how you would do it in Canada as well. So you are not duplicating effort or the resources or evening thinking. You can actually expand it directly into that territory and get a return from it.

Creates opportunities for technology - we can draw on other's technology.





Verbatim – Positive Strategic Consequences





Sampling of Comments – Positive Canadian Strategic Consequences

POSITIVE CUSTOMER IMPRESSIONS

Because it gives you the perception in the marketplace of being a leader and being a leader that's where customers come first when they are looking for a solution in your field.

I think the movement into more and more areas that are directly clinical will create opportunities for us to prove our technology and provide a more immediate response to clients that we wouldn't have otherwise.

Increased revenue, customer loyalty, you know the flip side is if we don't provide that service, they are likely to find another vendor that does.

it means repeat business.

I could say to my customers for Nortel has some divisions in my territory and I could say I have people on this end that can assist you in your buying and your decision making and in where you are leading your company and I have somebody there. So we can all work together as one big team.

Provides a value to our customer's customers or help save them money. So it is somehow creating value or helping them save money in their delivery of the internet.

We could portray that we had good quality which is important in our mind, but if you could buy it from us for 10% lower than you could buy it from the competition, and we could put some marketing clout behind that so that message went out, I think that would be important.

Well it helps to establish a more solid customer base. I mean you gain new customers and with new customers comes revenue and profit.





Sampling of Comments – Positive Canadian Strategic Consequences

ABLE TO
COMPETE/BUILD
&/OR SUSTAIN
BUSINESS

We have to have products in a market, it's what we do and we don't do anything else. So, if we don't have that, then we have nothing to do.

It could be an insurmountable barrier. If you could not do your work and couldn't get a license, you would have to switch your business plan.

It is access to a market that potentially can grow and is going to want our products and services.

It would also give us a presence in Canada. It builds and grows reputation of the company. It creates other opportunities because we have a presence there. It would open the door for us to become a single service provider for the company that we are working for out there.

Probably the expansion to the facility. We can expand our business quicker.

Strategically if we had a bigger reimbursement level it would create a much more competitive environment where we could essentially sell our products competitively with other companies, both United States and Canadian.

The ability to sustain business there. I don't see Canada being any different for the ability to sustain the business which means making investments, opening offices, setting up an infrastructure I feel would have a return on investment.





Sampling of Comments – Positive Canadian Strategic Consequences

DIFFERENTIATION/ INNOVATION

Again we have to innovate faster than the next guy and every dimension of our business has to move. We have to be very flexible and fast moving. Things change very quickly in our marketplace. We need a regulatory environment that is going to be responsive to that.

I think over the long term that kind of head start and these ongoing benefits of this language and cultural kind of ties really kind of permeate to a much deeper... it becomes much easier to be a citizen of that community. That means it is easier to keep the people and ideas coming. You have a real chance to make this a kind of viable and dynamic place.

It would give us more competitive differentiation.

We have a fresh supply of new tools and technologies with which to grow our business.

We are able to offer more competitive pricing to our customers. Studies that might not be achievable--might not be practical to undertake because they would be so costly become that bit more practical.





Sampling of Comments – Positive Canadian Strategic Consequences

GROW MARKET
SHARE/ BUILD
MARKET

Expand the customer base, and get more revenue from the customers that I already have and I'd like to get more customers.

In our business the biggest objective we have is to gain market share and to do that quickly. Anything that can facilitate that is positive.

It helps us to growing, it helps us to keep growing. Developing new products and gaining market share. They help us make more money.

It is access to a market that potentially can grow and is going to want our products and services.

Sustain growth. Continuing to have an educated work force that is focused on the needs of the industry ensures existing companies and companies coming in that you can absorb their demand.

The long-term benefit, I think you can get in and penetrate the markets faster. Once we've been able to penetrate a market and get hospital happy to use our product, and trained and so on and so forth, we'll sell them the product forever.





Sampling of Comments – Neutral Canadian Strategic Consequences

INCREASE
REVENUES/
PROFIT

I go back to the financial reward first. Again, we're in business, not just to provide security but to build a business which requires revenue.

I have to look for good opportunities where I can get started quickly and generate net income.

It helps us to growing, it helps us to keep growing. Developing new products and gaining market share. They help us make more money.

It increases out shareholder's stake in the company. It would generate enormous revenue for the company.

Well, better training and more people understanding the company policies and procedures better because we operate more efficiently and again, hopefully make more money

I can send staff to a region then they are billable from day one which means it helps the companies grow in profitability.

Increase profit and operation simplicity, which would result in increased profits, so the bottom line is increased profits.

It's important to me because it's important to help people and making money. So we want to be able to sell these things and make sure the profits, that's the purpose, that's how we keep score.

SAVE MONEY

I don't have a lot of costs. If it doesn't work out, I didn't put a lot of cost in to it and turn around and loose. If I do long term, if it does work out for me, I don't have a lot of costs in it again, so I get more return in the long term.

Long term is that we have much better products at a lower cost when we have personnel of that sort.

Of course, it makes it cheaper for you to run your business.

It would cut down on our costs.





Verbatim – Positive Values



Sampling of Comments – Positive Values

FINANCIAL WEALTH

We can build the company and will have products and make sales and make money.

It ensures that revenues will go up.

We have to make money. That's why people are in business, to make money.

We might make some money in the process.

It benefits the company in the same way that it benefits me personally. We become financially stable and generate a profit.

We get personal benefits from that through financial incentives.

It makes my company more valuable if I can produce more cheaply. It will ultimately benefit all shareholders and not only me.

SUCCESS IN JOB

Again, as the HR person, I'm responsible for recruiting and retention. So, as the company grows, it's my responsibility to find ways to regroup. Obviously as an expansion or a move into a particular reason that has a strong labor pool helps me accomplish that objective.

I probably can have a little bit more time, think about the more important issues, or working and talking about the vision and that. I know that a lot of the leaders in the business market see that they always review their vision, to make sure their vision is correct.

It's an acknowledgement to me that I've done my job or the company has separated itself from the pack and they recognize that having an operation in another country is not negative.

On a personal basis the primary issue with me is just being seen as being able to make a very significant contribution to the company by concluding an acquisition or investment.

I really would be fulfilling my end of the contribution here.

Just my personal satisfaction out of the job that I do.





Sampling of Comments – Neutral Values



Being a part of something that is successful and that is going to be more successful and that has an opportunity to grow in the future to be a force to be reckoned with in the industry.

In the short and long term, top talented professionals are what is going to make our company grow and prosper.

Because it has got to be an important factor in whether the company is successful. I mean basically success for the company would mean success for me in terms of being able to build a successful company.

That's more proof of our ability to provide the service that would sell to our customers. So from a support, strategic support position, it would be a great thing. If we market our successes, certainly we do not want to market our failure.

I'm a major holder in the company itself so anything that keeps our business running and makes us successful is a major factor in my life.

Well again it represents long-term, viable growth and expansion for the company. It represents benefit to our stockholders, to our customers, to those long-term relationships and an opportunity for me to continue to provide leadership to the company.

PRIDE

I feel very proud that I see everybody else in the company responding in an appropriate way to many opportunities that have to excel each day, to think that their thinking may be influenced by sort of, we demonstrated in terms of some of these issues.

From personal excitement point of view I'd love to stand up and say we're working for 14 cabinet level departments of the federal government in 8 different countries.

I mean other than personal pride it brings financial benefits obviously.

We take a lot of pride in our personnel as an organization. I guess it is somewhat of an emotional and ego thing for all of us to feel as though we work in an organization that has highly intelligent, fast moving people.





Sampling of Comments – Neutral Values

PERSONAL
FULFILLMENT/
CAREER
SUCCESS

I get satisfaction from helping people and in trying to promote good products.

That's my job, I have to do that in order to do my job.

My job depends on it. That is what I'm hired to do...clearly, success makes you feel better.

That's my job satisfaction, getting this products to as many people as I can that need it.

I guess it is somewhat of an emotional and ego thing for all of us to feel as though we work in an organization that has highly intelligent, fast moving people. We want to work with people of that sort.

In my job I like to keep a very high level of predictability and a high chance for success for my personal success.

It gives me a sense of satisfaction and I enjoy the game, it's just like you work hard all your life, you work on something and you see it come to reality and you look back and say, hey, that's good. I'm read to do another one.

It would bring satisfaction because you are achieving your strategic goals.

More success, you can keep on top of things more.

Personal satisfaction. I have accomplished my goal of growing the company.

Personally leading the company or being in charge of a program. I actually could tell you that I have run two to six facilities and I was in charge of all of them. The feeling that you belong together and all that and it makes a big difference in morale and motivation of people.

Pride and winning and the satisfaction that is going to come with building a company that will last.





Verbatim – Negative Comments





Sample of Negative Canadian Comments

TAXATION

I perceive that tax rates are higher in Canada than in the US.

I have been following the recent changes to the tax system in Canada. They are starting to address it, but it is all pretty weak as far as I am concerned.

Uncertainty about the taxation rate for corporations in Can. The conventional wisdom is that the tax structure in Canada is oppressive.

Significantly higher personal taxes in Canada. We'd have to offset for any employee transferred.

If you consider all of the taxes and fees paid by businesses in Canada, there's about a 9 percent difference between Canada and the US, and that 9 percent is significant. Sometimes that means the difference between being successful and not being successful. For the business it's really more the corporate taxes. The personal taxes do have an impact based on the people that we have to hire to run the business, and people we try to retain in running the business, so the personal impacts the workforce whereas the corporate impacts the bottom line.

The tax can be frightening. It's one tax after another one. In the United States there are a lot of incentives for you to treat your employee nice because government actually gives you tax breaks for that. I don't see that in Canada. It's tax after tax. You just stay in the hotel and it depends on which city you stayed but when you look at the bottom of the bill the tax will amaze you. Not only do you have hotel tax but you have the sales tax.

The tax rate there for us. I am not clear on how the tax rate would affect us there and the skilled labor. I believe we can find it there but I don't know in what abundance. It depends on how hard it would be to recruit the personnel we need. Opportunity is the one that is taking it up to a seven. It would basically be the labor supply and the taxes there. It would be our tax burdens there.

I don't know the exact rates but I would think that corporate income tax rates, personal income tax rates could be an issue.





Sample of Negative Canadian Comments

SMALL POPULATION

Biggest barrier to investing in Canada was the population wasn't dense enough to make it worthwhile.

Canada would generally be lower on the scale because it doesn't have a very big market for our product. It is probably 1-2 percent of the worldwide market for our products.

I think for us we would probably want to see a bigger local telecommunications market. Canada is just based on population size and there's a relatively small consumer telecommunications services and equipment. So that's probably a critical area.

If it puffed itself up to be the size of either to be comparable to the whole of Europe or to the US. They could never do that. It is going to be always limited in terms of its relative importance to us. Not its geographical size, but its population. It has a natural feeling in terms of its potential.

Rating Canada the way I did is because of the market opportunity and Canada is the size of California in terms of market for me. At some point I can only get so big there because it is just not the business there. I have a long way to go in terms of growing that market but in terms of expansion.

DIFFICULT TO RECRUIT EMPLOYEES

One potential short term consequence, not having as many people available to recruit from.

There wouldn't be the willingness of academicians to join the biotech company as there is in the United States.

You cannot recruit the PhD level folks that you need to do the type of research you are in. I mean if we couldn't we wouldn't survive. You know our employees are essentially our lifeblood. They are the ones that are doing the product development work.

You don't have your workforce is the real problem. They don't believe the quality of life is going to be as good. It's a one-horse town. If that company does bad, the whole town does bad. So, getting your skilled workforce to go to work there means I have to pay them more or I have to find other ways to compensate them and it becomes a challenge.





Sample of Negative Canadian Comments

CAN'T CREATE PRODUCTS/ SUPERIOR/ ON TIME

I don't think we would be able to develop the drug in a timely fashion.

I think strategically what it means is that our ability to introduce innovative new products is a bit more complicated and a bit lengthier than if they were to come out of Boston or California.

Very long learning curve associated with bringing products into production. It could be a major deterrent to being able to grow our company

So, without a market dynamic of competition there is no real motivation to change to this next generation architecture, which is where our product is used.

And the short-term consequences of that would be the delay taking five months rather than sixty days and submitting paperwork but not having always a quick response or a definitive turn around time?

Again, slower in Canada in terms of decision-making, speed is an issue. In Canada, more cogitation than in the United States. The consequence is that we are in business to sell our services. The downside is if you wait too long, we're liable to miss the edge. We might not be able to position them if they waited too long. And that reflects on us. We can't say "we told you so". Canada shuffles it's feet.

INCREASE COSTS

Multiple locations that serve the same market are costly. We've got to play the margin games. We think we have technology that has leading edge now. I think we're smart enough to realize that it won't be leading edge forever. And that the cost and the margin game is going to be important and part of that is, there is going to take a fair amount of investment to do this any place. And to do it someplace where it is somewhat redundant would be something we would try to avoid.

The tax burden dramatically affects our bottom line. I would have to look at what the margin would be because we have minimum requirements for margins. If the tax burden there reduced our margin below our goal, then we wouldn't take on the project. We have to look at how much of a margin we are making on that job.

The short term consequences are that we have to take what comes out of the Canadian operations in terms of new product and spend considerable money, time and effort in selling it elsewhere in the world. And that means more than anything getting people on airplanes and creating new personal relationships.





Sample of Negative Canadian Comments

LOST MARKET SHARE

Well, I am not saying that, there may other things that might offset depending on where the company's primary market was. But all things being equal, the higher taxes cut into the company's profits into their earnings. That means less money that can be pumped back into the company to grow the company and to compete with the other companies in their industry.

Why should I do that when I can spend my money and effort in the United States cultivating a business where I don't have those kinds of restraints. I've found that it's much more productive to focus my resources on expanding my US market than it is to deal with these restrictions that are put in place to control cost. They [the Canadian government] choose not to pay for them, they choose not to approve them because then they have to pay for them.

LESS PROFIT/ LESS REVENUE

If Canada is deregulated and allowed American fiber providers to lay fiber throughout Canada so it was competitive and the cost of hosting a web site and putting our servers was cheaper, we might consider putting our West coast and East Coast locations in Canada.

Right now they eat into my margin, they delay the time it takes to get my products reliably to the customer, it weakens the customer's business case in terms of going to his customer which in the end could result in the end, a net decrease in revenues, of revenues into Canada, into the Canadian economy. It's a problem, and I guess that's a problem as much for my customer as it is for me.

UNHAPPY CUSTOMERS/ LOSE CUSTOMERS

It would have a major impact on your client satisfaction. We've got one situation right now where we're having a problem getting the product service because we are short on the talent that it takes. What it does is put it all behind. And we have to go back to the client and apologize why we haven't got it done in time. Major impact in that respect.

I remember back a number of years ago when the separatist thing in Montreal first hit and I know a lot of companies moved their headquarters from Montreal over to Toronto or some place to get away from Quebec and that was very destabilizing and I don't know, but I wonder if this thing could have the same kind of effect so it would not be too good to go in there, set up an office for this customer and then have them a couple months later pick up and move somewhere else. That would be very disruptive.





Sample of Negative Canadian Comments

PERSONAL FAILURE

May have to close down that office and if we may have employees up there that would not want to relocate, that makes it tough on them, makes it tough on moving an office over to some place else and getting new people in there. Well, terrible, our most important asset are the people we have.

Means that we failed in what we thought we could do when we opened it.

That's the way we measure performance and I would feel I wasn't doing as good a job.

The whole issue of my own personal credibility and job security. I think that is also has to do with what kind of company we are running here.

CORPORATE FAILURE

The lack of investment capital means we failed. It means we have to sell our company and when you have to sell your company in biotech, because most biotech companies don't have profits, you essentially sell pennies on the dollar. So, everyone loses. The investors lose, the employees lose, and generally you get bought for assets which means the product you are working on and the whole thing goes under.

That's our future. We're a company based on developing, remaining the best, continually outdoing ourselves and adding to our exceptional product line.





Sample of Negative Canadian Comments (not on maps)

BORDER ISSUES

We have a specialized products and it could get hung up in customs, which is a problem because if it's not delivered on time, it is no longer of use.

There's a lot of paperwork involved and you think it should be easy, but that's not always the case.

On several occasions when I was working for a company in Montreal we had clients grilled on what they were doing and why coming etc (in passport control). If a choice (between Canada and US city) and not having to go through passport control and possibly being detained & questioned, you chose the latter.

QUEBEC SEPARATISM

Frankly, the ongoing threat of separatism, which Montreal and Que. claim is not a problem but I think it would be a significant impact on business if it were – harder to recruit staff, less likely American companies would want to expand their businesses they set up in Montreal.

Any time you have a region of a country that talks about secession of any sort, that scares businesses as to what that means long term.

The culture, because what I heard, Quebec always wanted to be independent from Canada, right? And I know the issue, and they have the popular vote to see which way they want to go, it's so close



Inclination to Invest in Different Regions of Canada by Sector and Market



Inclination to Invest in Different Regions of Canada by Sector and Market

REGION	EVER CONSIDER?	BIOTECH	ICT	OTHER	BOSTON	DALLAS
Montreal (n=12)	YES	4	4	4	6	6
Toronto (n=11)	YES	4	4	3	6	5
Ottawa (n=5)	YES	2	3		5	
Quebec (n=6)	YES	1	3	2	3	3
Quebec (n=4)	NO		3	1	1	3
Ontario (n=4)	YES		3	1	4	
NWT (n=5)	NO	2	3		4	1

Q. When you think of investing in Canada, have you ever considered a specific region?

Q. Are there any regions in Canada where you would never consider investing



Inclination to Invest in Different Regions of Canada by Sector and Market

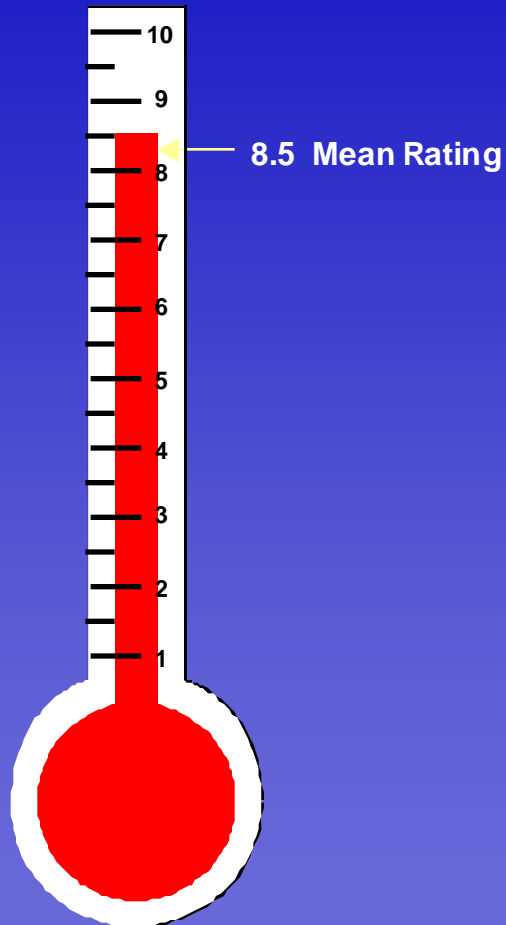
REGION	EVER CONSIDER ?	BIOTECH	ICT	OTHER	BOSTON	DALLAS
British Columbia (n=4)	YES		3	1	3	1
Vancouver (n=4)	YES		3	1	4	
Vancouver (n=2)	NO	1	1		1	1
Saskatchewan (n=4)	NO	3	1		3	1
Western Can. (n=2)	NO	1		1	2	
Eastern Region (n=10)	NO	2	7	1	7	3

Q. When you think of investing in Canada, have you ever considered a specific region?

Q. Are there any regions in Canada where you would never consider investing



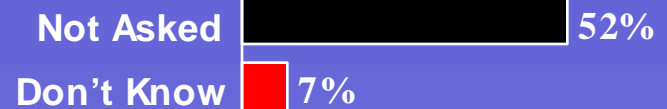
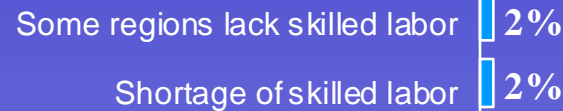
Canada's skilled labor is perceived very positively



Positive Reasons



Negative Reasons

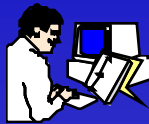






Q: On a scale of 1 through 10 (1=lowest, 10-highest), how would you rate Canada in terms of skilled labor (n=52 not asked to rate)?


Q: Please tell me why you gave the rating you did?



In general, what is considered skilled labor?

	Total	Biotech	ICT
 Computer/technology-based personnel (programmers, software engineers, software designers, IT people, engineering people, manufacturing talent)	36%	12%	46%
 Undergraduate degree holders (degrees in computer science, engineering, technology field)	23%	6%	26%
 Business-oriented personnel (work experience, experience in industry, international experience, marketing experience)	12%	3%	19%
 Postgraduate degree holders	10%	21%	2%
 Medical/Pharmaceutical Scientists	8%	15%	2%
Not Asked	42%	61%	39%

The ICT sector is more likely to consider skilled labor as those having computer technology , those with undergraduate degrees, or those with job experience. By contrast, the Biotech sector is more likely to consider skilled labor as those with postgraduate degrees or scientists/medical researchers.

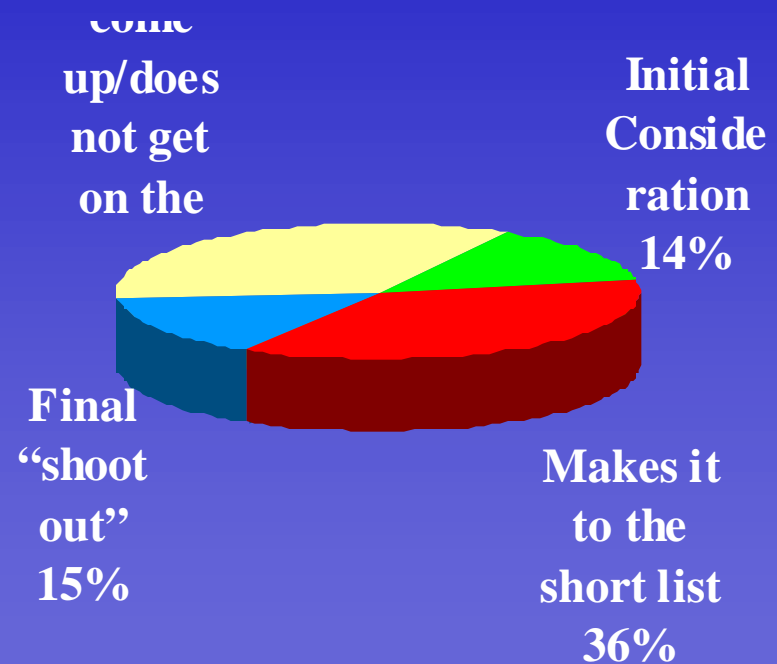
Q: What do you consider skilled labor in your industry?  = Indicates significant difference

Canada on the Radar Screen

Full base (n=100*)



Reduced base (n=66)
Among those asked

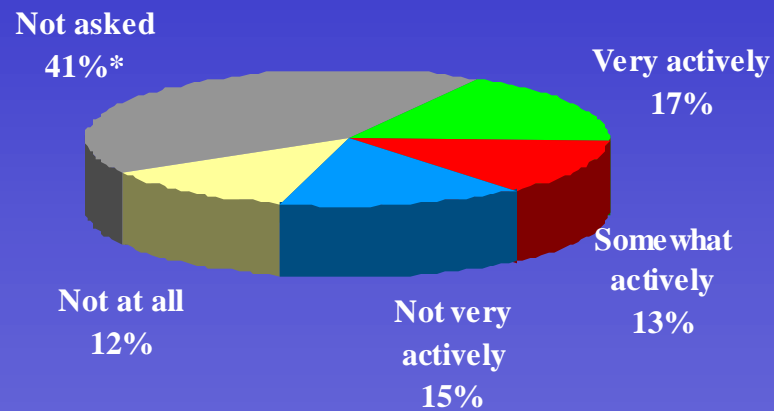


Q: In your current discussions on new investment locations, how far into the discussion does Canada get considered?
*1% don't know

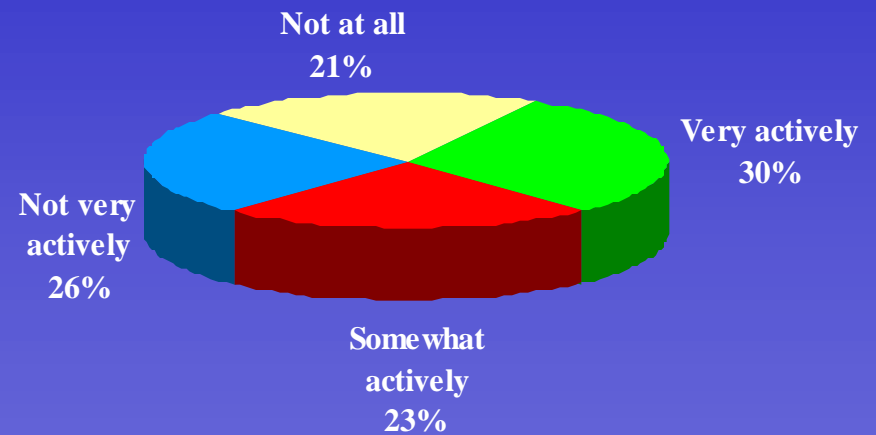


🍁 Canada as a Strategic Investment Opportunity

Full base (n=100)



Reduced base (n=57)
Among those asked



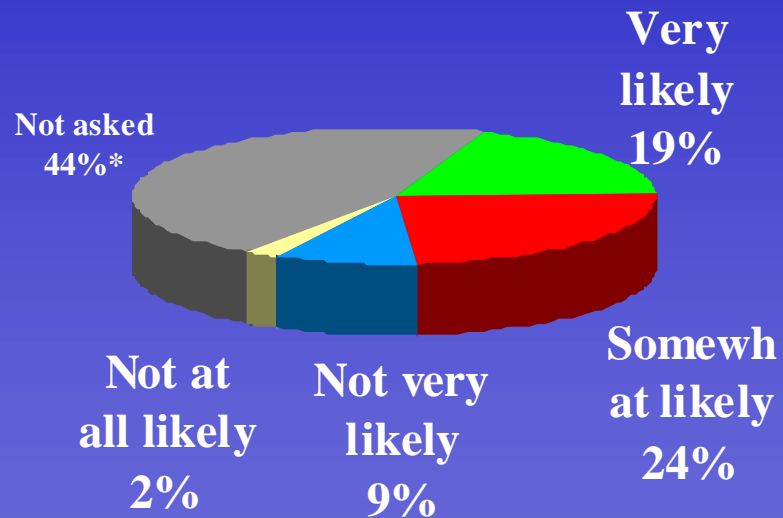
Q: How actively would you say you/your company are considering Canada as a strategic investment opportunity?

*an additional 2% answered "Don't know"

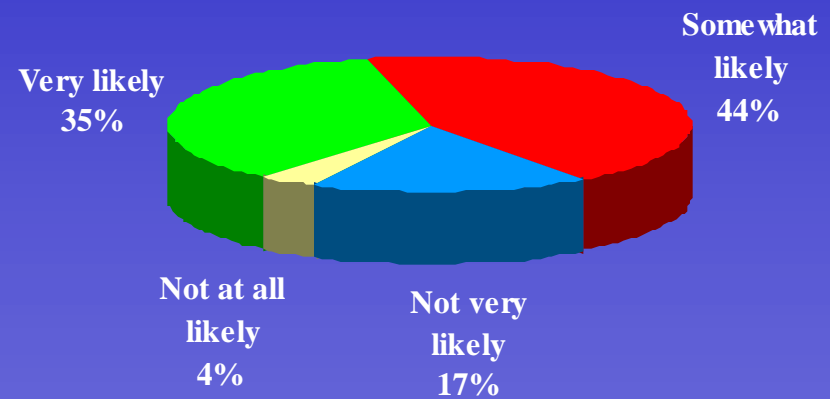


Likelihood to Invest in Canada

Full base (n=100)



**Reduced base (n=54)
Among those asked**



Q: Thinking about investing in Canada, either in terms of expansion, operations or some other way – how likely is your company to do so in the next few years?

(*an additional 2% responded “Don’t know”)

