



Will Canada Ever Be a Tech Powerhouse?

Description

When manufacturing sector and exports hit a point of saturation, countries must turn to other sectors to drive growth in national output. Canada's manufacturing sector has been steadily declining since the Second World War, which was offset by oil, banking, and real estate. Now, after the decline in oil and the saturation of finance, Canada must turn to the ultimate saviour of economic growth: technology.

Technology's ability to reinvigorate and diversify the economy is apparent from the success of our southern neighbors since the 2008 financial crisis. Tech now accounts for 12% of America's annual economic output and supports over 18.2 million jobs. Tech giants now represent the country's largest companies by market value.

Can Canada create a similar economic miracle? I believe three factors will determine the country's potential future as a technology powerhouse.

Immigration

The technology industry faces a talent shortage on a global scale. According to recruitment firm Korn Ferry, the global technology industry will face a shortage of 85 million people, which could result in \$8.5 trillion in unrealized annual revenues by 2030. In other words, the tech talent gap could be as wide as the world's second-largest economy.

Savvy countries like Australia and Singapore recognize this shortage and have streamlined the process of immigration to attract talent from overseas. Recent changes to the Canadian migration system are in line with this trend.

For example, Ontario conducted its first Tech Draw on July 12, which resulted in 1,623 Express Entry being accepted. Meanwhile, Toronto is the fastest-growing market for tech jobs in North America. On the immigration front, Canada seems to be doing everything right.

Funding

Even if the talent shortage is solved, Canada won't produce a technology leader unless innovative startups get funded. On this front, the government has been rather proactive. According to PwC, technology startups in Canada have over \$20 billion in government resources available to them.

Meanwhile, the Toronto Venture exchange and growing number of angel networks and startup incubators across the country make it one of the best places in the world to get a tech idea funded.

Data

The final piece of the puzzle is something Canada seems destined to struggle with for the foreseeable future. Access to data is a critical element of creating artificial intelligence-driven platforms like the ones global tech giants currently offer.

American companies have access to immense personal data through the ubiquity of their consumer devices and digital platforms. Meanwhile, China is rapidly gathering and using data it collects on its own citizens. Canada, however, has access to neither citizen data on a granular level nor consumer data through a global tech company.

Privacy concerns and the lack of economies of scale will always hinder Canadian technology companies in their race to global dominance. However, companies like **Open Text**, **Shopify**, and **Telus** seem to be solving this issue by focusing on enterprise and healthcare data through initiatives like [Magellan](#) and [Telus Health](#).

Bottom line

Canada has managed to attract top tech talent and created resources that help them get their ideas funded. However, the Achilles heel of Canada's tech sector is the lack of data. Canada doesn't have a streaming giant, smartphone maker, or social media platform with access to the personal data of billions of people.

Nevertheless, Canadian tech giants can solve this issue by focusing on niche verticals and enterprise data. Over time, this could power the country's rise as a technology powerhouse.

Investors should monitor the rise of the technology industry and add some exposure to the sector to propel performance over the long term.

CATEGORY

1. Investing
2. Tech Stocks

PARTNER-FEEDS

1. Msn

2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/07/27

Date Created

2019/07/18

Author

vraisinghani

default watermark

default watermark