Prince Edward Island

# Table of Contents

- **SUMMARY** 3
- **GEOGRAPHY** 4
  - LOCATION 4
  - FLIGHTS 4
  - WEATHER 4
  - SIZE 4
- **COST SAVINGS** 5
  - SALARIES 5
  - COST OF LIVING 5
  - OPERATIONS 5
  - INCENTIVES 6
- **SYNERGY** 8
- **HUMAN RESOURCES** 9
  - GOOD SUPPLY OF EMPLOYEES 9
  - SCALABLE 9
- **INFRASTRUCTURE** 10
  - NETWORK 10
  - HOSTING 10
- **BENEFITS OF BEING SMALL** 11
  - GOVERNMENT IS A COMMITTED PARTNER 11
- **LOGISTICS** 12
  - SETTING UP A COMPANY IN PEI 12
  - IMMIGRATION 12
  - CONTACT 12
Summary

Setting up a company in PEI is easy, cost effective and smart.

Companies that have located in PEI have done so for various reasons, and most have found it to be one of their lowest cost locations in their organization. Cost savings come in a number of forms and include incentives, operations and infrastructure costs, as well as significant savings in the recruitment and retention of key employees. KPMG routinely reports a 30% cost saving in Advanced Software Development in PEI over most jurisdictions in North America.

Our location is ideal for near shore back end support, and R & D work. Companies with clients in the Pacific and European time zones find PEI an ideal mid point enabling effective operations and customer support.

PEI is investing heavily in attracting companies from the video game, customer support, and financial services sector. FMT has “first-mover” advantage on PEI where it would be the provider of choice for existing and new customers alike. By moving operations to PEI, FMT stands to gain customers through our focus on the technology and customer service sector.

PEI has state of the art infrastructure you would expect in a larger center. But because we are small, your business is more valuable, and you will have easier access to decision makers, less red tape and generally less hassle in establishing and doing business here.

Employees are easy to recruit with the University of PEI and Holland College providing abundant highly trained people. Turnover on PEI is low with employees averaging 8.6 years with their companies, the longest in Canada. People like to work and live in PEI; this is not surprising given a four bedroom family home costs about $250,000. As proof, CGI (IT Consultancy and Outsourcer) recently added over 100 employees in less than a year.
Geography

Location
PEI is an Island off Canada’s East Coast. It is a 2 ½ hour drive to Halifax NS; an hour ½ to Moncton New Brunswick, 11 hour drive to Boston, 15 hour drive to NYC.

Flights
There are daily flights to Halifax, Montreal, Toronto, and Ottawa. In the summer, there is also a direct flight to LaGuardia.

Weather
The climate is quite similar to the US East Coast, with snow arriving in December and ending in March. The summers and fall are quite warm and the waters are fed by the Gulf Stream allowing for comfortable swimming temperatures during the summer. We generally lose just a couple of workdays a year due to the weather.

Size
PEI has a population of 142,000 people but has more amenities than expected for a location of this size due to having full provincial status and being a tourist attraction that draws more than a million visitors a year. PEI features all the box stores, live theatre, 30 golf courses, a Culinary Institute, a full Veterinary College, a National Research Council facility, 6 hospitals, over 40 schools, a full University and several Colleges and beaches are everywhere.
Cost Savings

Salaries
The average IT salary in the province is just under $52,000/year, less than typical salaries of other large Canadian cities and much less than international rates. For example, coders are generally $32,000-75,000 in PEI, a February, 2011 a survey from PayScale.com placed salaries for similar roles (Sr. Software Engineer / Developer / Programmer) in London at £43,962, in New York at $95,634, and in Toronto at $78,312.

The savings increase when considering the full cost of an employee. Employees in PEI stay with their company on average 8.6 years, the highest in Canada. This saves considerable time and expense in recruitments, training and other turnover costs.

Cost of Living
Companies in PEI have successfully attracted employees from around the world. It is particularly appealing for those who have young families and are looking for a place to buy a home (generally less than $250,000), and raise their family in a safe, community minded location.

Operations
KPMG routinely reports a 30% cost saving in Advanced Software Development in PEI over most jurisdictions in North America. Below are the details. From the 2010 KPMG Data, tables below detail expenses from a Shared Service Centre with 145 positions in 22,500 square feet of office space with the Canadian and American currency at par.

<table>
<thead>
<tr>
<th>SHARED SERVICES CENTER 10-Year Average Wage and Facility Expenses (USD $’000)</th>
<th>Charlottetown CA</th>
<th>London UK</th>
<th>Toronto CA</th>
<th>Boston USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and Wages</td>
<td>$ 6,783</td>
<td>$6,676</td>
<td>$ 7,939</td>
<td>$ 7,710</td>
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<tr>
<td>Statutory plans</td>
<td>416</td>
<td>627</td>
<td>611</td>
<td>637</td>
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<tr>
<td>Other benefits</td>
<td>1,554</td>
<td>2,249</td>
<td>1,846</td>
<td>2,332</td>
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<tr>
<td>Total Labour</td>
<td>$ 8,753</td>
<td>$ 9,552</td>
<td>$ 10,396</td>
<td>$ 10,676</td>
</tr>
<tr>
<td>Rank: Salary &amp; Total Labour</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>SHARED SERVICES CENTER</td>
<td>Charlottetown CA</td>
<td>London UK</td>
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<td>Boston USA</td>
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<tr>
<td>------------------------</td>
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<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Facility Lease</td>
<td>415</td>
<td>1,42</td>
<td>819</td>
<td>911</td>
</tr>
</tbody>
</table>

Incentives

Tax Rebate Agreement
- For strategic opportunities that are creating economic benefit, the Province of Prince Edward Island may rebate back the provincial portion of corporate income tax.
- All projects in this program must be approved by Treasury Board but once approved companies will enter into a Tax Rebate Agreement with Innovation PEI.
- The duration of the agreement will not exceed 10 years and is reviewed with rebates paid on an annual basis.

Prince Edward Island Innovation Fund
- Funding mechanism to support high growth, market driven, late stage companies either based in or expanding to Prince Edward Island, Canada;
- Gov’t matches funds from approved private sector venture funds in PEI based companies under the same equity investment terms and conditions
- $1.0M - $3.0M investments

From Innovation PEI
- Labour rebates paid out quarterly are available on most staff. We offer a one year rebate of 37.5% or can spread it out over three years. Percentages vary depending on the length of the term in which you would prefer to receive access to this program.
- Specialized Labour Tax Incentive to help attract talent to PEI
- Innovation grants to help fund new IP or technology development through the IPS programs ($25,000-100,000 to help seed innovative projects)
- Marketing and Capital grants (up to $16,000 each per year)

From the Atlantic Canada Opportunities Agency
- Business Development loans (unsecured, zero interest and up to $500,000)
- Key Hire grants up to $35,000
- Atlantic Innovation Fund (competitive peer reviewed process) that provides 75% funding on innovative projects over $1,000,000
From National Research Council
- Grants to assist with new R and D projects, up to 100% funding on labour for those working full time on the project
- Free market and technical information related to the project
Synergy

On-line gaming, game rental, tournaments and in game payments (think iPhone), combined with increased regulatory oversight all point to an explosion in demand for sophisticated payment and reporting services like FMT.

FMT stands to gain customers through PEI’s heavy investment in attracting companies from the video game, customer support, and financial services sector. Below are just a few companies that have chosen to take advantage of what we have to offer by locating all of some of their operations in PEI;

- Customer Service
  - CGI
  - Ceridian
  - OnLine

- Gaming
  - Other Ocean Interactive
  - Bight games
  - Telos Entertainment
  - Sculpin QA
  - Taris Studios

FMT has “first-mover” advantage on PEI where it would be the provider of choice for existing and new customers alike. Of course your local partners would help, and provide whatever support required ensuring all Island businesses thrive.
Human Resources

Good Supply of Employees
Finding employees is relatively inexpensive as well. The University of PEI and Holland College both have computer software programs; as well Holland College has a number of art related programs ranging from Interactive Marketing to Video Game Art.

Holland College
http://www.hollandcollege.com/admissions/full_time_programs/computer_information_systems/

UPEI
http://www.upe.ca/registrar/3_csit

Scalable
PEI draws people from around the world and nearby with over 2 million people and 16 universities within a 2-½ hour drive. Companies like CGI were able to go from 0 to 100 employees in less than a year.
Infrastructure

Network
PEI has high quality infrastructure in place today to support modern businesses. The province has multiple high quality carriers (Eastlink, Bell) offering fast, scalable networks services. Bell recently installed a full fiber network scalable in 1Mbps increments with fully redundant links on and off the Island. Both Bell and Eastlink networks are highly responsive, with low latencies required to deliver excellent performance.

Fifteen contact centers providing both in and outbound multichannel (email, chat, phone, fax, web) operate from PEI.

Hosting
Hosting space is available immediately, and in the long term via several flexible arrangements. The Atlantic Technology Centre (ATC) is a robust data center with immediate availability. In the longer term, the Fitzroy data center offers an ideal space for a fully customizable solution at a very reasonable cost. As a former Bell network data center, the location already has security, infrastructure, backup power, cooling and many other high costs items already in place. This blank slate would make a cost effective home for a customized solution uniquely capable of meeting FMT’s needs.
Benefits of Being Small

Government is a Committed Partner
When you are looking at locating a business in PEI, the process is streamlined. Provincial and Federal Government officials work together and meetings can be pulled together very quickly so you get a coordinated response.

Being a smaller jurisdiction means you don’t get lost in the bureaucracy. All of our employers are important to us. We take a partnership approach and invest in companies beyond our original agreement. We also work with our Federal Government partners to help you access other Federal rebate or incentive programs.
Logistics

Setting up a Company in PEI
You will have to incorporate in PEI or Federally. The cost is generally around $2,000 (including lawyer’s fees) depending on the complexity of your organization. Most companies set up a subsidiary of the parent and flow revenue and costs through an off-shore operation (i.e. US), limiting the tax implications in Canada.

Immigration
Companies can easily transfer employees from another operation to a Canadian subsidiary through an Inter Company transfer. You can hire others to locate in PEI providing you are paying comparable salaries to those in Canada. It takes roughly 6 weeks from start to finish for a person to be approved to locate in Canada.

Contact
For more information or begin a dialogue about PEI’s ICT community and opportunities, contact John Eden Sr. Investment Officer for ICT and IM (Gaming). iceden@gov.pe.ca 1-902-368-5775