



Report Webinar

Building NB's Future:

How a Thriving Tech Sector Can Lead the Way

July 23, 2025 | Presented by TechImpact and Jupia Consultants

Research Approach & Intent

➤ Data Scan and Review

- Stats Canada, ICTC data, and more
- Entrevestor Report (2024) including NBIF data
- TechImpact Survey completed by 48 tech companies
- Meetings with Ecosystem players and government including ONB, PETL, ACOA, NBIF, McKenna Institute
- TechImpact member meetings and additional one-on-one meetings

**A thriving New Brunswick
economy fueled by
innovation and technology**

Context

➤ However

NB economy faces challenges with **weak productivity, global competition, limited access to private capital, and slower tech adoption.**

Increased investment in **innovation, research, entrepreneurship and technology is essential.**



Vision for Success

- With coordinated action, the province's IT sector can grow from \$931M in revenue today to \$1.7 billion in tech revenue by 2035, attract and build global brands, and lead in productivity and digital adoption.

Provincial GDP +

\$1.7B

in 2035

Create

15,375

Full Time Jobs

Tax revenue +

\$466M

in 2035

Why This Work Matters Now

➤ We're at an Inflection Point

- 60% of NB tech survey respondents are uncertain about growth in the next decade based on past performance and support.
- Despite past success, local tech adoption, industry visibility and government/private investment is lagging.
- Without action, NB will miss out on this GROWTH opportunity.



Key Findings



➤ Sector Growth and Momentum

NB's tech ecosystem has had steady growth in the past decade now with over 275 tech companies and \$931M; supported by investments and STEM enrollment. Fabulous growth!

➤ Emerging Challenges

Decline in new startups, slower scaling, and increased failures due to economic uncertainty, reduced early-stage funding from sources including angel investors and challenges recruiting for senior talent and specific skills.

➤ Diversity and Inclusion

Diverse founders are excelling but face funding disparities. An inclusive funding landscape is crucial for sustainable growth. Our workforce is growing in diversity through immigration and targeted programming.

Key Findings



➤ Technology Adoption and Productivity

Slow technology adoption in NB hinders productivity, making digital adoption a competitive must, particularly in light of AI's global influence and dominance.

➤ Talent and Immigration

A strong talent pipeline is crucial, requiring strategic immigration, hiring incentives, and AI-focused education to meet workforce demands.

➤ Trade Imbalance

Despite our companies desire to be global and to grow from here, it remains a challenge. Sourcing tech solutions from New Brunswick companies by New Brunswick companies / government is important.

Key Findings

➤ Sentiments from Survey Repondents

Never been a better time to evaluate how we enable more growth - evaluate government policies and double down on support for the sector, entrepreneurship, and the adoption of technology.

Building, scaling and buying NB tech momentum and movement is a must.

There is NO lack of capability and ambition; however, the path to growth requires more coordinated alignment, effort, and belief by others on what is possible.

There is an emphasis on technology and innovation that hasn't existed for many years since the NBTel/McKenna government /digital highway movement. Embrace it ALL!



Context

➤ The New Brunswick Tech Community is Strong

- **275 companies** in the IT sector (June 2024)
- Grew revenue over 70% in past decade to **\$931M** (one-third from local clients and two-thirds from outside the province).
- Over **5,400 people in IT roles**, with an estimated **9,000 working in tech** across all industries
- **\$100 million invested in start-ups** by NBIF in the past decade. Excellent enabler!
- **Increased and record enrollment** in STEM education



IT GDP Is Growing, But Slower Than Other Provinces

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- Weaker economic growth in New Brunswick's IT sector (not at full potential)
 - 2024: Above average GDP growth reported by Statistics Canada is encouraging
 - Past 5- and 10-year GDP growth: Ranked 8th among 10 provinces.
 - Newfoundland and Labrador, PEI, and Nova Scotia saw faster IT sector growth than NB.

Table 2: IT sector GDP growth rates by timeframe and province

	<u>1-year</u>	<u>5-year</u>	<u>10-year</u>
Newfoundland and Labrador	4.20%	41.00%	147.70%
Prince Edward Island	-0.70%	43.40%	82.30%
Nova Scotia	-3.30%	39.00%	67.70%
New Brunswick	3.90%	27.40%	45.40%
Quebec	-1.20%	45.50%	94.50%
Ontario	-1.80%	35.80%	99.70%
Manitoba	-0.50%	44.30%	59.20%
Saskatchewan	4.90%	24.00%	32.10%
Alberta	2.30%	25.80%	27.20%
British Columbia	1.70%	70.90%	125.70%
New Brunswick rank (out of 10)	3	8	8

Source: Statistics Canada Table: 36-10-0402-01

Operating Profits Have Been Relatively Weak

- • Operating profit margins declining in recent years.
- New Brunswick ranks:
 - 8th in one-year and five-year periods
 - 10th (last in country) over 2014-2023 decade
- Software development and data services sectors have negative margins recently.

Table 3: Operating profit margins in the IT industry (IT services)

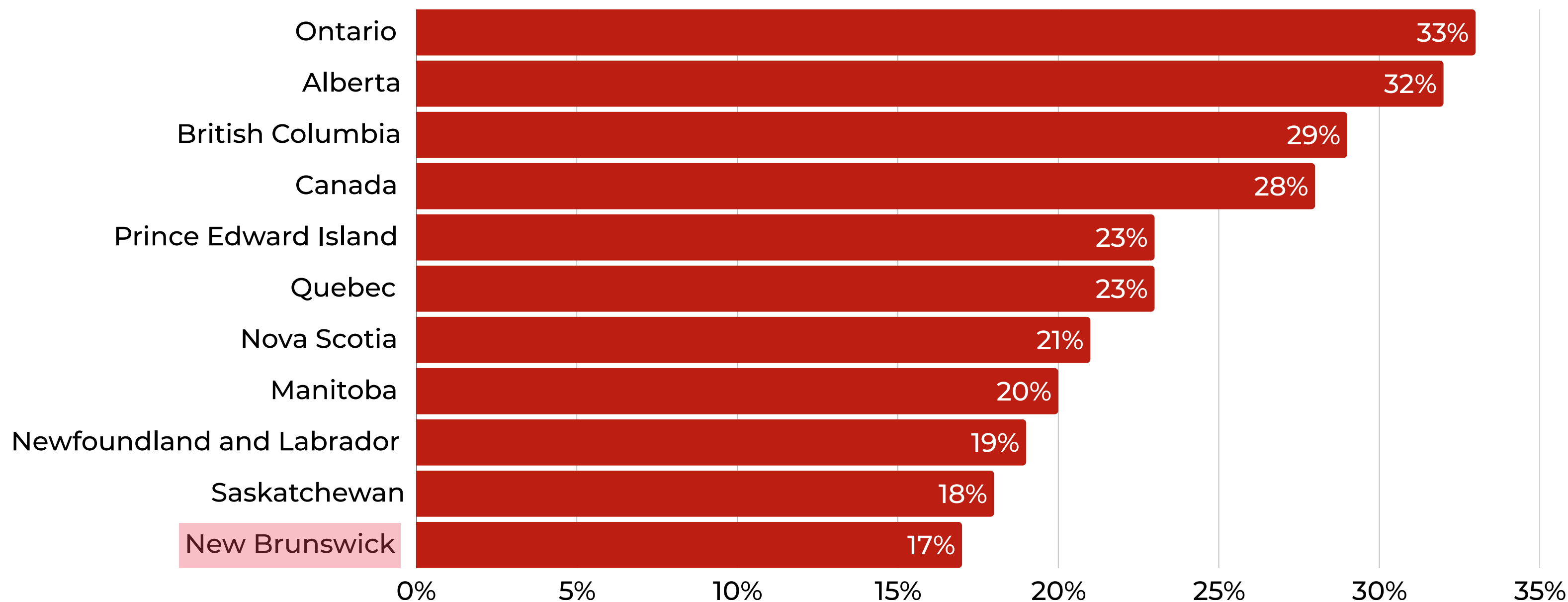
	<u>2023</u>	<u>5-year average</u>	<u>10-year average</u>
Canada	6.30%	8.80%	9.90%
Newfoundland and Labrador	5.10%	8.40%	10.00%
Prince Edward Island	-12.00%	2.90%	6.00%
Nova Scotia	14.40%	9.50%	9.00%
New Brunswick	4.30%	5.10%	5.80%
Quebec	7.00%	9.10%	8.70%
Ontario	7.10%	9.30%	10.40%
Manitoba	5.40%	5.40%	7.80%
Saskatchewan	9.90%	10.30%	11.90%
Alberta	11.70%	13.60%	14.10%
British Columbia	-1.20%	4.20%	7.70%
New Brunswick rank (out of 10)	8	8	10

Source: Statistics Canada Table: 22-10-0087-01.

Addressing the Province's Productivity Challenge

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- IT sector could help productivity, but only **17% of firms see AI as important**, lowest among provinces. (Source: Statistics Canada)
 - Companies **prioritize less on smart tech and manufacturing investments. We need to encourage technology investment across all industries** to boost productivity.
 - **IT industry can drive economic activity** and help other sectors enhance competitiveness via tech investments.
 - **Incentives** have proven to be effective(example, Digital Boost program)

Figure 2: % of firms indicating it is somewhat or very important to invest in A.I. tools*



*From a survey completed in May 2025.
Source: Statistics Canada Table: 33-10-0997-01.

Boosting Productivity


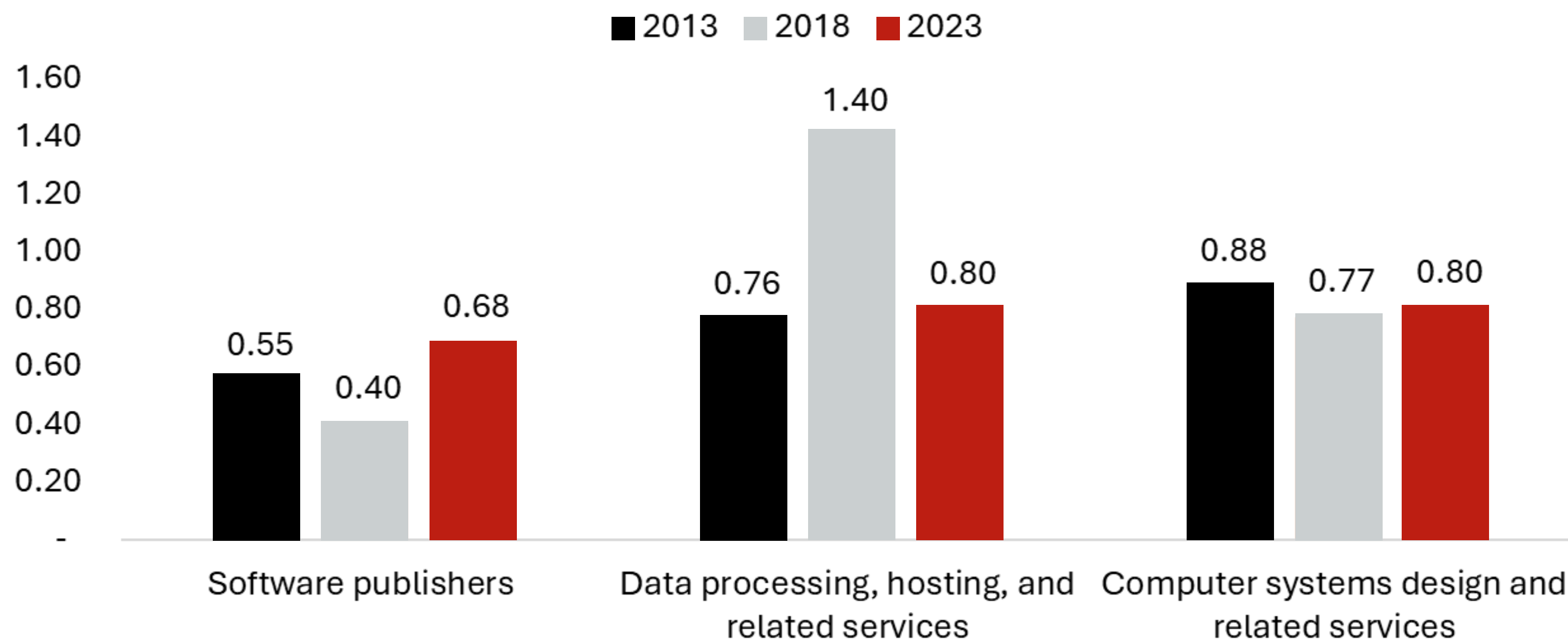

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- Labour productivity in IT sector is lower than the national average.
 - More hours needed to produce the same value-added.
 - IT worker costs rising faster in New Brunswick than nationally.
 - In 2017, IT services compensation was 15% below the national average. By 2023, the gap reduced to 3%.

Figure 9: Labour productivity in New Brunswick's IT sector, index with Canadian productivity level set at 1.00*




*Value added per hour worked. Based on chained (2017) dollars per hour.
Source: Statistics Canada Table: 36-10-0480-01.*

New Brunswick Is Not Seeing as Many New Startup Firms

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- June 2021: 286 IT firms in New Brunswick vs June 2024: 275 firms (**4% decline**).
 - Canada-wide IT firms **increased by 9%** from June 2021 to June 2024.
 - Entrevestor report: 21 fewer firms in New Brunswick over 12 months, nearly 400 workers lost.
 - Scaling challenge: Only 3 firms with 200+ employees in New Brunswick, none with 500+

Developing larger IT firms

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- NB has fewer large IT firms today than a decade ago; past unicorns (Radian6, Q1 Labs) were acquired and later downsized.
 - A strong tech sector needs both startups and scaling firms — but how do we foster more \$50M+ companies or 200+ employee firms?

For consideration:

*Do we attract large national/international firms to invest here? Or focus support on high-potential local firms poised for growth? As we scale, how do we **RETAIN** that growth if the company is acquired? How do we better support pathways to entrepreneurship?*

Barriers to Growth / Scaling

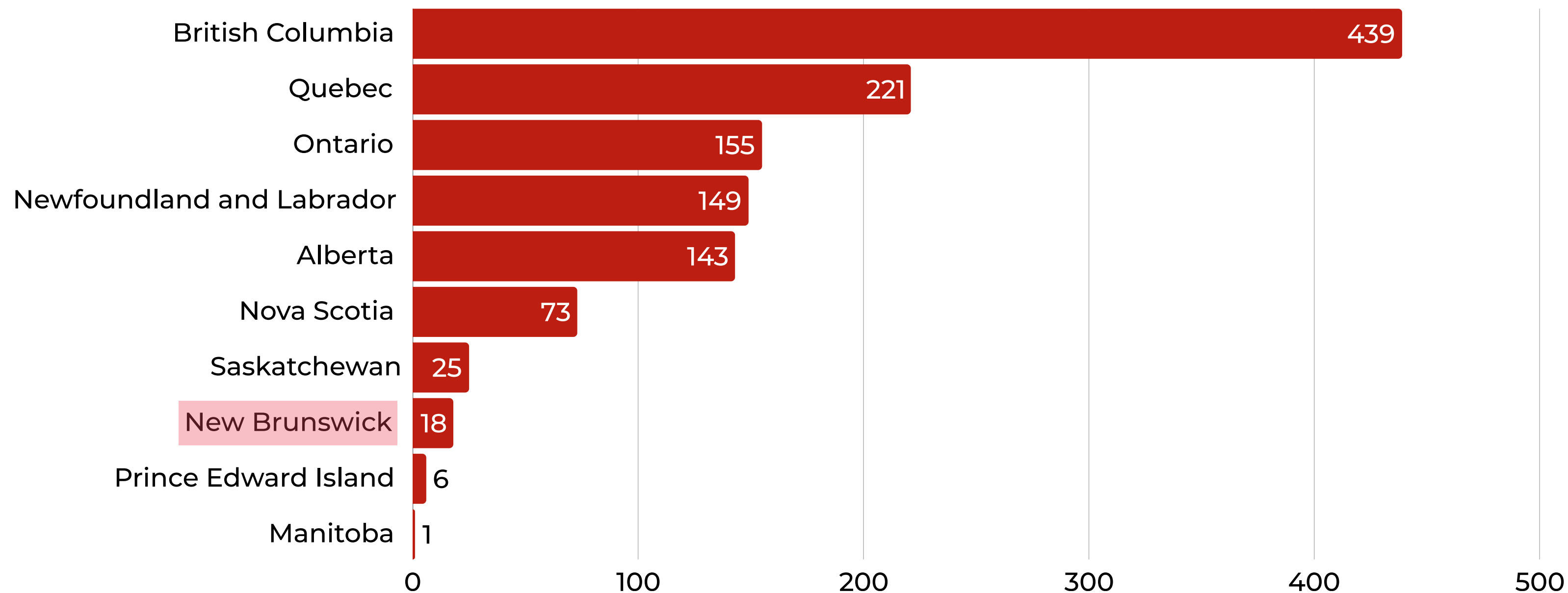
- 1. Competition from large national/global technology companies outside of NB
- 2. Limited access to venture capital and funding support
- 3. Difficulty attracting and retaining skilled technical talent
- 4. Lack of sales success
- 5. Difficulty going to new markets
- 6. Challenges in government procurement making it difficult to sell to GNB

5 of the top 6 barriers were all close in ranking indicating **MULTIPLE FACTORS** that all warrant attention and focus.

Attracting Capital Investment

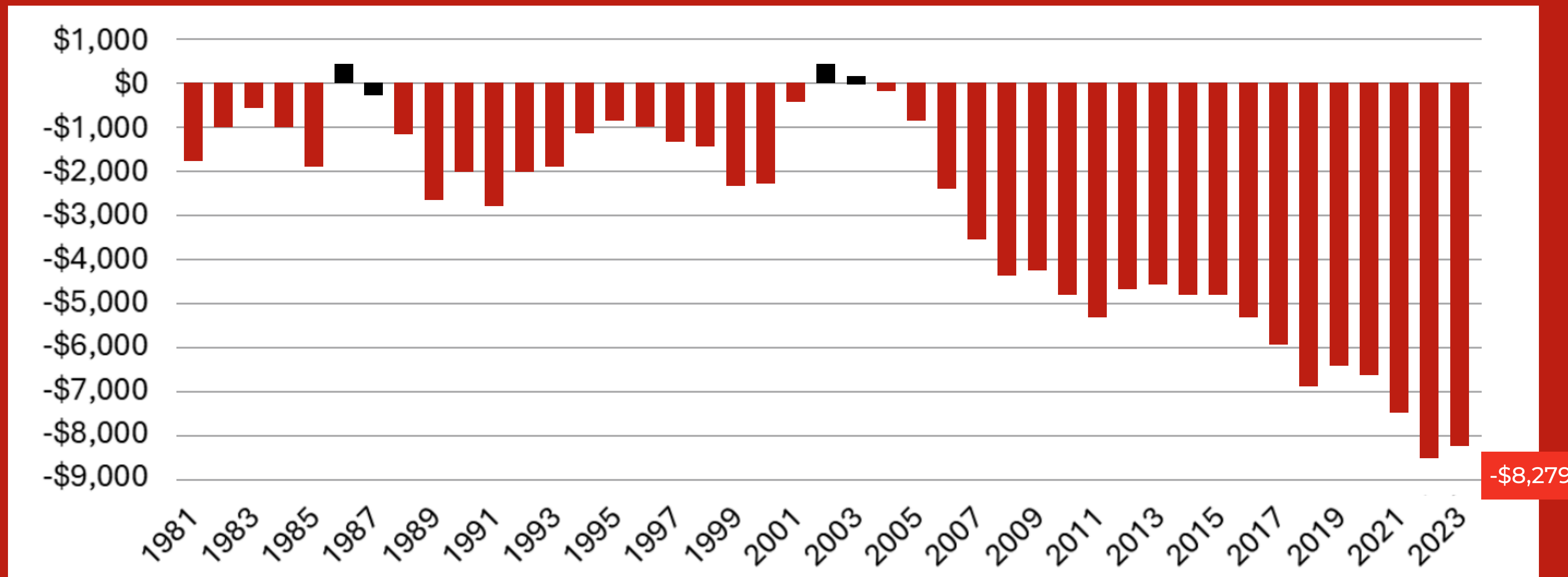
- • Limited venture capital is a significant scaling barrier. Ranked in the top 2 barriers for growth in the TechImpact survey.
- 2024 saw the lowest capital raised since 2020 in Atlantic Canada (*Entrevestor*)
- New Brunswick firms secured \$15 million over 15 deals for an average NB deal size of \$1Million.
- Per capita venture capital was much lower than other provinces.

Figure 7: Venture capital by province on a per capita basis, 2024, \$Millions



Source: CVCA, Statistics Canada.

Figure 6: New Brunswick's trade deficit/surplus by year (1981-2023), \$Millions



As of 2023, New Brunswick was running an \$8.3 billion trade deficit with the rest of the country and the world.

Reversing the Loss of Market Share in our own backyard



- NB has been losing domestic (in-province) market share across all three of these IT subsectors (computer systems design and IT services, data processing, hosting and related services, and custom software design and development).
- In 2021, NB ranked ninth for all three sub-sectors combined with in-province activity accounting for only 20 percent of the total.

Table 4: Share of provincial IT market captured by in-province firms, 2021

	Data processing, hosting, and <u>related</u> <u>services</u>	Custom software design and <u>development</u> <u>services</u>	<u>IT services</u>	<u>Combined</u>
Ontario	70%	32%	76%	61%
Quebec	50%	31%	68%	52%
British Columbia	32%	32%	54%	44%
Prince Edward Island	5%	57%	28%	37%
Nova Scotia	16%	16%	50%	31%
Manitoba	11%	22%	39%	27%
Saskatchewan	33%	11%	31%	25%
Alberta	30%	9%	29%	23%
New Brunswick	20%	12%	24%	20%
Newfoundland and Labrador	9%	2%	14%	10%

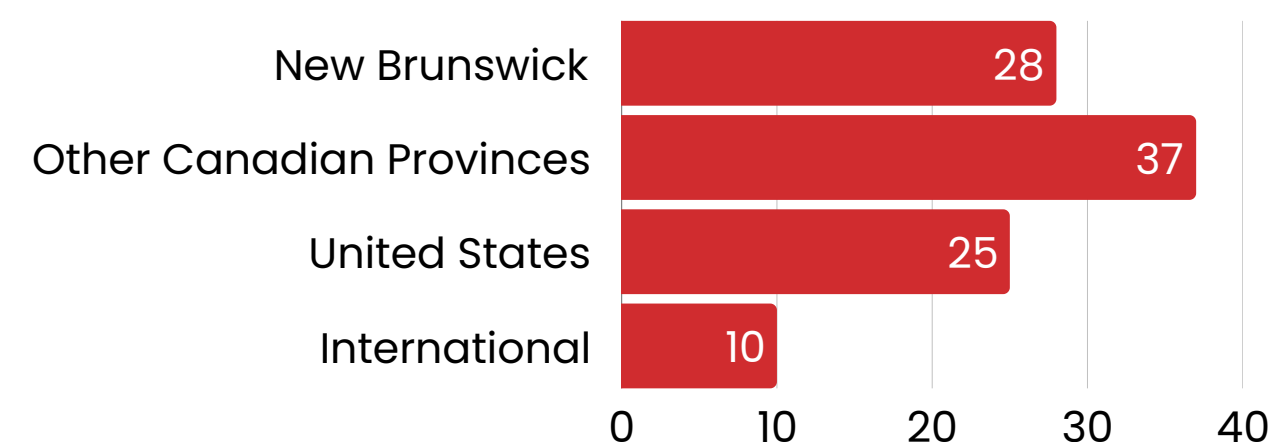
Source: Jupia Consultants Inc. Derived from Statistics Canada Table: 12-10-0101-01.

Market Share in our own backyard

➤ TechImpact Survey Respondents estimate:

- **28%** within NB
- **37%** from **other Canadian provinces**
- **25%** from the **U.S. market**, showing strong cross-border trade
- **10%** comes from **international markets beyond North America**

Based on your best estimate, what percentage of your revenue comes in each of the following geographic areas?



Source: 2025 TechImpact New Brunswick IT Survey

Growing Our IT Export Markets

- • NB IT firms are growing markets outside of New Brunswick and this is essential for growth.
- The domestic market has been increasingly captured by firms outside of NB.
- We remain at an IT Trade deficit of \$362 Million as our imports were much higher than exports.
- This is a significant revenue opportunity **NOW - Buy your tech from NB companies.**

IT-related trade by year, New Brunswick (\$Millions)

<u>Year</u>	<u>Exports</u>	<u>Imports</u>	<u>Balance</u>	<u>Exports per \$1.00 imports</u>
2010	\$192.60	\$354.10	-\$161.50	\$0.54
2011	\$232.30	\$389.70	-\$161.50	\$0.60
2012	\$226.40	\$422.90	-\$196.50	\$0.54
2013	\$189.10	\$446.60	-\$257.40	\$0.42
2014	\$238.10	\$531.90	-\$293.80	\$0.45
2015	\$224.60	\$558.90	-\$334.30	\$0.40
2016	\$321.10	\$659.90	-\$338.80	\$0.49
2017	\$349.80	\$674.20	-\$324.40	\$0.52
2018	\$385.50	\$705.70	-\$320.20	\$0.55
2019	\$431.10	\$783.30	-\$352.20	\$0.55
2020	\$469.30	\$847.20	-\$377.90	\$0.55
2021	\$599.30	\$961.30	-\$362.00	\$0.62

Growing Our IT Export Markets

➤ To combat this trade deficit, the IT industry can help in 3 ways:

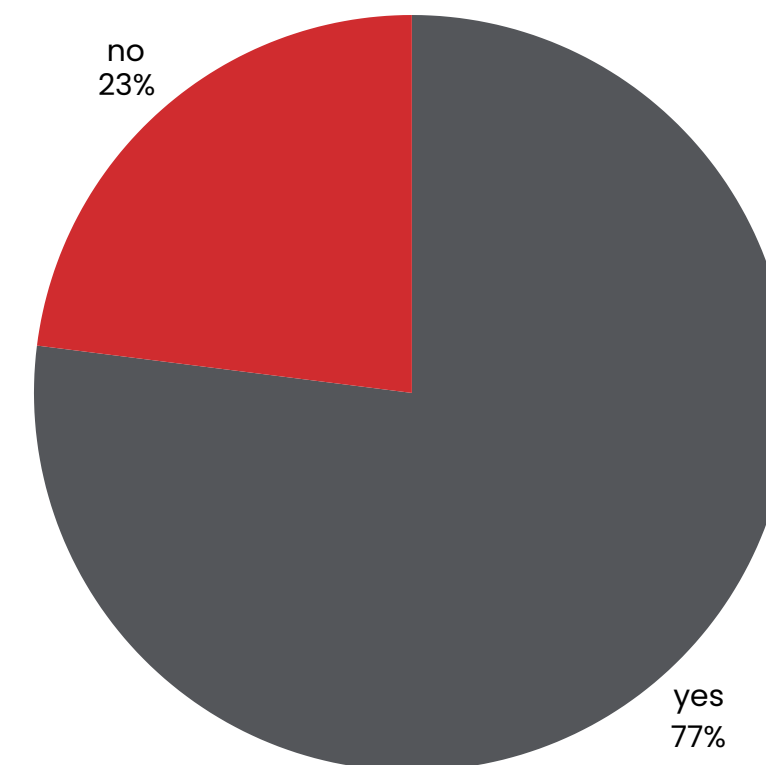
1. **GROW our IT export revenue** - New Brunswick's IT industry is export-focused, generating at least \$600 million in export revenue in 2021 (latest available data).
2. **SELL More in NB** - The industry could capture more of the \$1 billion domestic market for IT goods and services in the province.
3. **DRIVE digital adoption** - By collaborating with New Brunswick exporters, the IT industry could enhance their competitiveness and support their export growth.

Buy NB Tech

- • 77% of the IT companies said they would participate in a **Buy NB Tech initiative** (marketing, sales, trade shows, trade missions)
- Financial incentives, such as tax credits or rebates for companies that choose NB vendors was suggested, government procurement programs for NB companies, and early adopter or pilot programs such as Digital Boost.


Would you participate in a 'Buy NB Tech' initiative?

Meaning, campaigns and programs to get NB businesses and government to be aware of and buy your technology solutions with the goal to increase your customers and revenue?



Source: 2025 TechImpact New Brunswick IT Survey

Talent Management

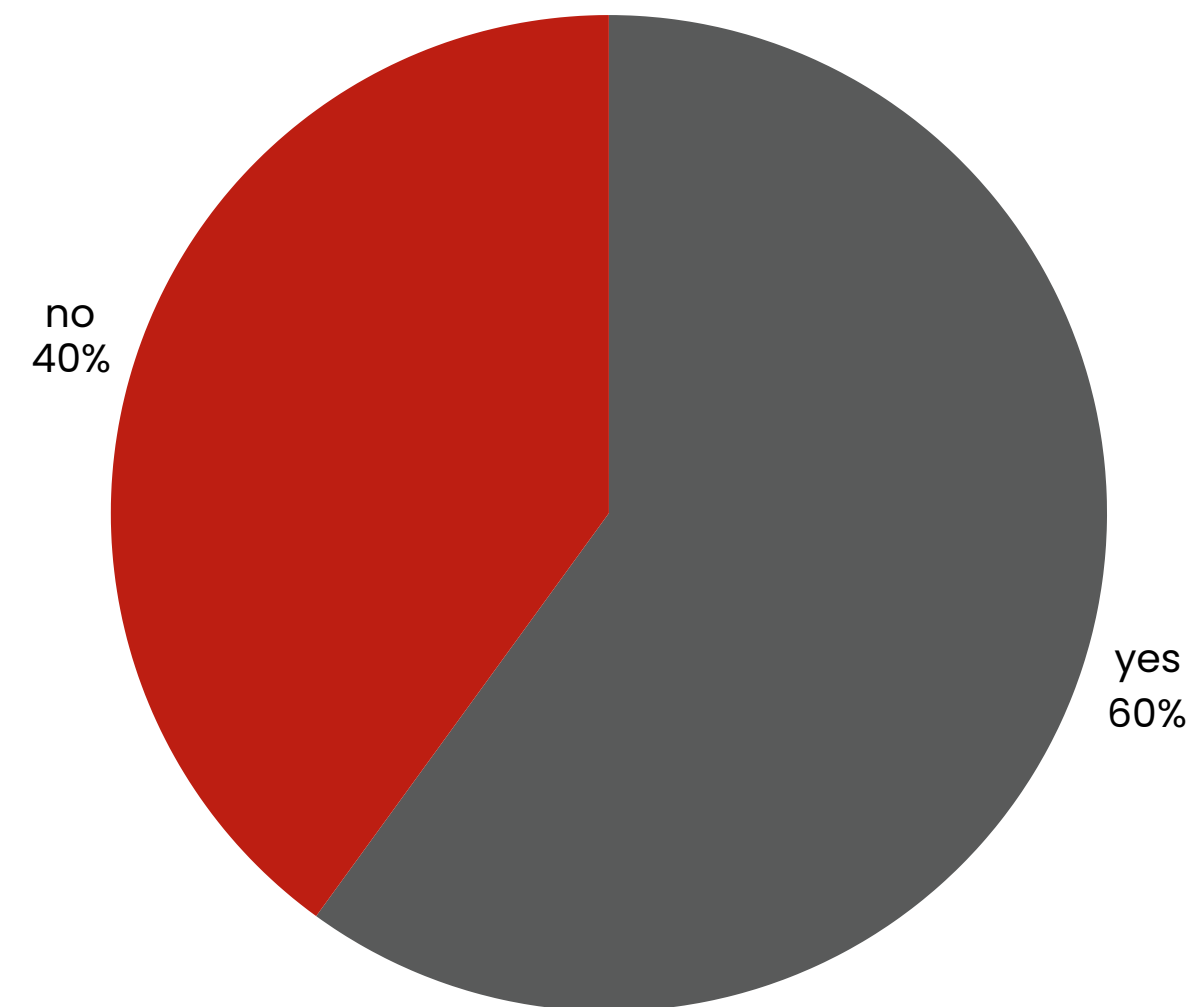
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- A strong talent pipeline is vital for IT success.
 - Efforts have boosted enrolment and attracted IT-educated immigrants.
 - Skills shortages exist in intermediate and senior positions in technical, sales, marketing, and product roles (TI Survey)
 - Abundance of junior talent looking for opportunities while employers are looking for experienced hires.
 - Many companies lacking internal IT talent for their operations which may be holding them back in deploying tech solutions
 - AI is changing the talent landscape NOW

Talent Management - is it difficult to hire talent (technical sales, marketing, product) you need in NB?

➤ 40% said not difficult because of successful practices include flexible work models, strong post secondary partnerships, and internal training pipelines.

Companies citing difficulties (60%) said challenges were:

- Sales and marketing SME's
- Individuals with technical/business knowledge
- Roles in AI, machine learning, analytics, and cybersecurity



Role of Government

- Government support and leadership is an essential element for growth. With the provincial and federal elections behind us, there is early optimism on the tech and innovation focus of both governments.

Governments are buyers, investors, funders, collaborators, administrators and users of technology. They play an important role.

We see two essential opportunities:

Opportunity #1

➡ Fine tuning the “**Government Toolkit**” to create the best business conditions for start-ups and businesses (established, new, and expanded satellite offices) to thrive including capital, incentives, tax regimes, and funding programs:

- More Digital Boost 3.0 type programs for technology adoption
- More venture capital funds for start-ups and scaling needs
- More funding for BAI's, innovation and research (Innovation Fund)
- Evaluation and evolution of the SBITC and other investment policies
- More incentives for buying NB tech and hiring NB Talent
- Strong business incentives to attract and retain companies

Opportunity #2

- Government as an **early adopter** focused on **buying more New Brunswick technology** solutions and promoting the tech companies and talent that exists today:
- Fund a build, promote, and buy NB tech solutions movement
 - Be an early adopter/pilot project customer
 - Be deliberate in procurement that includes NB tech software, hardware, and services

4 Recommendations

Renewing & Surpassing Previous IT Sector Growth: Summary Recommendations

➤ **Develop a 10-Year Tech Industry**

Collaborate across public and private sectors to create an ambitious, long-term roadmap for growing New Brunswick's tech industry. This plan will drive economic growth, transformation and digital leadership and would include:

- **Expanding exports** to reduce the province's trade imbalance
- **Leveraging existing strengths and assets**, including ecosystem partners (McKenna Institute, NBIF, RPC, Propel, Research NB, Canadian Institute for Cybersecurity, TechImpact, and many more)
- **Incentivizing innovation** through targeted financial supports for business investment, technology adoption, and hiring local talent

Renewing & Surpassing Previous IT Sector Growth: Summary Recommendations

➤ **Strengthen Capital Access and Invest in Innovation**

- Expand venture capital and angel investor networks with targeted incentives
- Increase investment in research, innovation, and new company formation to 3-4% of GDP over 10 years (currently under 1.8%)
- Prioritize and seek out solutions that address global challenges and align with NB priorities in healthcare, housing, and education and solutions to help companies scale from here

Renewing & Surpassing Previous IT Sector Growth: Summary Recommendations

➤ Build an AI Strategy and embrace responsible AI for all Sectors

- Build a cross-sector AI adoption strategy to boost productivity, innovation, and resilience
- Expand support programs like **Digital Boost 3.0 for AI, data, and cybersecurity** implementation
- Build a strong AI workforce and talent pipeline that includes establishing AI training as a core skill for all post-secondary graduates to future-proof the workforce



**DIGITAL
BOOST^{3.0}**

Renewing & Surpassing Previous IT Sector Growth: Summary Recommendations

➤ **Position Government as an Early Adopter, Technology Leader, and influencer to drive sector growth**

- Position government as an early adopter of emerging and proven technologies so they can lead by example to drive innovation and adoption
- Strengthen public–private collaboration to prioritize that NB-built solutions are actively evaluated and prioritized where they can deliver value and impact in accelerating the public sector’s digital strategy
- Review the Government “Toolkit” for attraction, growth, and retention of companies and ensure business conditions are optimized

Open Discussion



Thank You

➡ **Full report will be available to TechImpact Members and upon request.**

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