

THE ONTARIO BUSINESS REPORT

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Ontario's information and communications technologies sector expanding



These are fast-paced and revolutionary times. Nowhere is this more evident than in the world of information and communications technology (ICT). Just look back on the extraordinary strides that have been taken. In 1946 the first general-purpose computer made its appearance. It took up 1,500 square feet and weighed 30 tons. Today it is out-powered by many hand-held devices.

Few are brave enough to guess what the future holds. However, we can safely say that it's a technological world, a highly skilled world, and a competitive world we move toward. And Ontario is a leader in the pack.

In 1999, the ICT sector led Ontario's economic growth. It contributed billions to the economy, and employed more than 300,000 people. Currently, two out of every three new jobs are created in knowledge and technology-based industries. While there have been recent job losses within certain ICT companies, the sector continues to show growth.

"New technologies allow our province to compete aggressively in the global marketplace. They encourage greater productivity and make possible more innovative products and services. They allow us to explore new frontiers," said Al Palladini, Minister of Economic Development and Trade. "The ICT sector contributes enormously to Ontario's economic prosperity and quality of life."

There are six business groupings that comprise the ICT sector, including:

- Telecommunications equipment and services
- Computer hardware, software and services
- Internet/E-business
- Microelectronics

- Digital multimedia
- Call centres

They are all growing with surprising strength. Four industries (computer manufacturing, computer services, telecommunication and electronic manufacturing, and telecommunication services) recorded 22 per cent growth in 1999. Employment in these areas has grown at four times the pace of total employment growth in the province over the past four years.

One key way in which ICT businesses aid their growth and success, is by locating in the same area. This intensifies their network, enables more efficient use of infrastructure and creates great synergy. These "clusters"

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Ontario's information and communications technologies sector expanding

attract skilled employees, support industries and spin-off businesses to the area, often resulting in a local economic boom.

Ontario has three distinct ICT clusters. Ottawa is home to many of Canada's leading telecommunications equipment manufacturers. This has been further enhanced by the recent location of two major international players to the region, Cisco Systems and Nokia. Greater Toronto is home to about 3,100 firms across virtually every segment of the ICT sector, employing about 155,000 people and generating about \$38 billion in revenues. The ICT cluster of Kitchener/Waterloo/Cambridge/Guelph has great strength in software and communications segments. Research in Motion, for instance, is a key international player in the wireless communications industry.

■ In all of the clusters, there are educational institutions preparing skilled employees who will engage in R&D. The ICT sector benefits from the largest amount of private sector investment in R&D of any sector group in Canada. ICT R&D accounted for 47 per cent of total private sector R&D in Canada for the year 2000.

■ New technologies are changing the world. But they mean so much more than superfast computers, handheld devices and wireless instant messaging. They also mean businesses can operate more efficiently, access new markets and increase profits without raising prices.

Ontario's ICT sector is in the centre of this change. Over the past 20 years, it has gained a very strong foundation, both within the province and worldwide. It has also proved itself a fast-paced, dynamic and exciting industry. Since experts now estimate that an "Internet year" lasts roughly three months, the next 20 years will undoubtedly be revolutionary.

Sojourn enjoys double digit growth

"He's serving a customer right now. Can he call you right back?" That's the polite response you'll get if you phone Mike Moran while he's on the sales floor at Sojourn, a consistently successful outdoor store in Barrie, Ontario. Moran and his partner Cheri Doman have a total of 15 people working for them at their 808 sq.m store, but the customer always comes first.

Every retailer is chanting the "service" mantra these days, but Sojourn walks the talk.

The company's emphasis on service, a wide selection of the latest products for the outdoor lifestyle market and a sophisticated marketing program have produced annual sales growth of between 20 and 30 per cent over the past 10 years.

"We're both grads of Seneca College's outdoor recreational technology program," said Moran. "We started in a small strip plaza with 149 sq. m, doubled that, and then moved to this store last year."

The Sojourn store is in a prominent location, visible from busy Highway 400. There's even a small climbing wall for evaluating equipment and keeping children entertained while their parents check out the latest outdoor gear.

"Our primary focus is the outdoor lifestyle market, and we aren't restricted to a season," said Moran. "Hiking, camping, canoeing, snow shoeing, cross country skiing – we have the clothing, equipment, and information anyone needs."

Sojourn publishes a bi-annual newsletter that is delivered to 12,000 area homes, and many more readers. Filled with practical tips and information, the newsletter is less a selling tool than an information resource for their adventurous customers.

In the store, Sojourn also offers the Canadian developed "Navitrack" system. Hikers can get customized topographical maps, which can be printed out on site or downloaded to a portable GPS (Global Positioning System) for use on the trail. Adventure travel enthusiasts can book an expedition at sister company Sojourn Adventures. The company offers outdoor activities that range from kayak tours on Georgian Bay and themed hikes on the Bruce Trail to exotic foreign adventures.



Sojourn owners Mike Moran and Cheri Doman have built a successful outdoor lifestyle business in Barrie.

"Last year we co-sponsored a sea-kayaking tour in Baja, California with Nahanni Wilderness Adventures from Vancouver," said Moran. "Networking is a very important part of the business, on both the supply side and the customer side. We work hard at maintaining our relationships. We do presentations to Boy Scouts and Girl Guide groups on topics like how to dress properly for outdoor activities.

"We're definitely a bricks and mortar business which is also why we've taken a conservative approach to the Internet. We use the Internet to advertise and market the business (www.bconnex.net/~sojourn), rather than as a sales venue. We want people to be right in the store."

Sojourn marked its 10th anniversary a couple of months ago with yet another expansion, this time to the nearby resort community of Collingwood. The company took over an existing retail store, which Moran described as "not having quite the right product mix." With Sojourn's mix of products, service, and marketing applied to the booming Collingwood market, the new location will likely achieve the same success as the Barrie store.

embraces technology to advance its future

Technology has few limits and no borders; therefore one of the challenges for the information and communication technologies (ICT) sector is to expand across Ontario. The people at e-sudbury.com (www.e-sudbury.com) the "Smart Region," recognize this and are working to make the vision of a dynamic, technologically advanced Ontario a reality.



A mining technician directs operations using joysticks and a computer monitor.

An initiative of the former Sudbury Regional Development Corporation, e-sudbury.com has a mandate to promote and develop IT strategies aimed at sustaining and enhancing the economic development of the region.

Traditionally, the region's main economic sector was mining. The two largest nickel-mining companies, INCO and Falconbridge, have both been in Sudbury for over 100 years. While in 1971/72 there were approximately 25,000 employed through INCO and Falconbridge, today that number has fallen to about 6,000. As a result, the community has had to substantially shift its economic focus.

The mining industry realized that the ICT sector held the key to helping secure Sudbury's future. Today, some of the world's most advanced technological innovations in mining are being developed in Sudbury.

Remote mining is a new technology where miners don't even have to go underground. All of their work is carried out on the surface using joysticks and a computer monitor to

operate a scoop-tram or a drill inside the mine. This is being done through INCO's Telemining department with community partners from the private and public sector. INCO, with assistance from the partners, has created its own proprietary network underground, which resembles a wireless grid system connected to a fibre optic network. INCO's technology has attracted a great deal of interest from potential customers around the world.

Bestech, founded by a group of engineers and software programmers has taken advantage of technology in the mining sector by producing a program that monitors emissions from refineries. Bestech has won a 2000 Business Excellence Innovation Award, and a Northern Ontario Business Award for excellence in engineering.

Clearly, high-tech mining and its associated R&D have significantly contributed to the development of the ICT sector in the area. When coupled with Sudbury's approximately 2,500 km of fibre optic cables, one of Canada's most extensively integrated fibre optic networks, this provides a positive infrastructure for future development.

As Jody Cameron, e-Sudbury's Information Technology Specialist for Marketing and Community Initiatives explains, "One of our telecommunications carriers is our local hydro company. They have approximately 450 km of fibre optic cables that link every single area within the city. That was done through a collaborative effort of the Ontario and federal governments and the City of Sudbury. Once that was in place, that essentially laid the foundation."

Cameron notes that, "After mining, the next major sector is the call centre sector. Because of our telecommunications infrastructure, there are now three major call centres located in Sudbury. They currently employ roughly 2,500 people which has had a major impact on employment in the area.

By embracing the potential of the information and communication technologies sector, Sudbury is building a more diverse economy and harnessing the economic benefits technology offers all of Ontario.

VIEWPOINT



The world's economy is constantly changing. Every day brings new economic challenges and opportunities. That's why our government has taken all the necessary steps to protect the gains we have made and stay competitive with the rest of the world.

Over the past five years, we have reduced taxes, cut red tape and regulation, balanced the budget and encouraged business investment, domestic and foreign.

These factors have made Ontario the leader among the G-7 nations in economic growth. They have also helped ensure that Ontario is able to move forward into 2001 with a great deal of momentum.

In this issue of the *Ontario Business Report*, we look at the growth and momentum evident in three sectors: the information and communication technologies (ICT) sector, the retail sector and the cultural sector.

ICT, which covers areas from telecommunications to digital media to call centres, is the province's fastest growing sector. The ICT sector has a very solid foundation in Ontario and many of our communities have benefited from high levels of investment, realizing economic growth and new jobs. We congratulate all businesses that have embraced the new opportunities of the technological world. Together, we are ensuring that Ontario becomes a key location in this dynamic area.

The retail sector in Ontario is equally healthy, strong and competitive. From the independent retailer to the national chains, retailers are typically the first ones to benefit from our government's tax cuts. Over the past few years, people have entered stores in record numbers. Shoppers are also increasingly taking advantage of e-tail operations. There's a lot of good news on the retail front as experts predict continued growth in 2001.

The cultural sector is the third area we focus on. In areas of film and television, book and magazine publishing, sound recording, commercial theatre and digital media industries, Ontario is making a name for itself at home and abroad. Certainly, the high level of expertise and sophistication that is evident in so many of its cultural products is giving Ontario a huge advantage in this highly competitive sector.

These three sectors are thriving in the pro-growth atmosphere of Ontario. Other sectors are flying equally as high. Our government is committed to protecting their gains and to ensuring that conditions are in place for all Ontario businesses to prosper throughout 2001 – and beyond.

Al Palladini
Minister of Economic Development and Trade



Northern Digital measures up

In the information and communication technologies (ICT) sector, cooperation is often a key to success. For Waterloo, Ontario's Northern Digital Inc., which specializes in advanced spatial measurement solutions, working closely with the University of Waterloo has been a major factor in making it a world leader.

Northern Digital was founded, as President David Crouch describes, as a spin-off from the University of Waterloo. The company was engaged in custom engineering work, and one of its projects was a motion measurement system for a professor at the University of Waterloo who wanted to track upper limb motion and correlate that to brain activity. The company's response was to create its first motion measurement device.

Crouch, who was then with Northern Digital as a University of Waterloo co-op student recalls, "We did that project as just one of several custom developments that we were doing at the time, but the completion of the project and the delivery coincided with a meeting of the International Society of Biomechanics at the university. Like a proud father with a newborn, the professor demonstrated this new technology that he had, and that rapidly translated into several more orders for the company."

The university-based project rapidly developed into Watsmart, Northern Digital's first highly successful product. The product found a receptive audience among researchers and it was also used worldwide in many biomechanic applications. Building on the success of Watsmart, Northern Digital created a new and more advanced optical measuring product in 1990 called the Optotrak system.

Crouch notes, "Looking at the market with the Watsmart system there were some inherent limitations in the technology that limited the accuracy and usability. We saw that there were many applications outside of the area that the Watsmart was being principally sold into, and we developed the Optotrak system really understanding the needs and requirements of those other market segments."

In 1994, Northern Digital's management took an important strategic step. While continuing to support the university research market, which Crouch acknowledges is "very important to understanding a future strategic vision for the company," it chose to also focus on companies that "had a use for measurement technology but would incorporate it into their own applications and products and that way we would leverage off of their knowledge and we'd also leverage off of their sales and marketing expertise."

"We first went into the medical field with the Optotrak system, and the feedback from that market was it needs to be lighter, it needs to be smaller, and it needs to be less expensive. And those are the three main areas that we focused on in the development of the Polaris system." Polaris, the company's third optical measurement system has also been highly successful. From the creation of Watsmart and the evolution to Optotrak and then Polaris, Northern Digital had rapidly become a leader in its field.

Today, Northern Digital's products are being used in a wide variety of environments including applications in the automotive industry, robotics, and aeronautics. The products are also used in what the company

describes as "Human Performance" with their tracking and measuring systems finding a role in rehabilitation therapies, biomechanics and ergonomics. Northern Digital's products are even used in the entertainment industry, allowing actual human movements and actions to be precisely tracked and translated to computer-assisted animation. The facial expressions of the monster Godzilla, in the recent remake of the film, were achieved using the company's systems.

In the medical field the products are helping to save lives by effectively linking technological innovation with surgical procedures.

Continued involvement in research and development in the field brought the company to its first joint venture, with the Swiss company Mednetix AG, which has led to the introduction of the Aurora system.

"We were attending a computer-assisted radiology conference in Tokyo, and one of the principle inventors of the Mednetix technology was presenting a paper. We got together and started talking and we rapidly identified that there were some really unique characteristics of the work that they had done, that really fit well with the requirements that we had laid out. So we moved very rapidly from being in that meeting to an agreement by the end of the year."

The Aurora system marks a clear departure for the company in that it is not an optical but rather a magnetic measuring technology, using a magnetic coil instead of optical markers. Aurora is yet a further evolution of the company's expertise, and offers real-time measurement that is flexible, accurate and reliable.

Today, Northern Digital is a world leader in its field. In 1999 the company moved into its current facility in Waterloo to accommodate its growth. At that time there were 45 employees; today, they have more than 90 and the company keeps on growing with plans to add an addition to the current site by year's end.

Northern Digital clients include Boeing and NASA. Crouch says "One of the jokes we have around here is that we do everything from rocket science to brain surgery."



David Crouch, President (left) and Vice-President, Paul Clausen (right) are seen with Northern Digital's advanced optical measuring product, the OPTOTRAK system.

Tundra products connect the globe

Technology has always represented a combination of vision and innovation. A good example of an innovative company with vision is Ottawa's Tundra Semiconductor Corp. (www.tundra.com)

Today, when a person sends an e-mail or makes a telephone call through a landline using a PBX system or a cellular network, that communication is passing through Tundra products around the globe.

Originally a semiconductor manufacturing division of Newbridge Corporation, Tundra's stand-alone existence was the product and foresight of CEO Dr. Adam Chowaniec and President Jim Roche. They recognized that Tundra's future lay not in being part of a telecommunications company, but in being a significant player in the semiconductor market. The two shared a unique vision for the future of their industry and the potential to play a revolutionary role not only in designing and manufacturing chips, but also in how their entire sector evolves.

In forming their company, the two men translated their vision into several key points. They gathered together an outstanding workforce – one that worked within a strong corporate culture. They developed corporate partnerships, as well as partnerships with developers, distributors and customers. They also clearly focused on one technological area with enormous market potential.

Today, Tundra has been recognized by *Profit* magazine as one of the best-managed companies in Canada, and Chowaniec was named 1999 Business Person of the Year by the Ottawa Board of Trade.

Its vision is shared with 150 employees in Ottawa, along with 50 other staff at the company's facilities in Maine, California and the U.K.

In making Tundra a relevant and effective partner for their customers, Roche and Chowaniec's vision included the creation of the "Lead Customer Model" which acknowledges that their biggest competitors are home grown solutions. They work closely with customers that might otherwise seek to



Tundra's President, Jim Roche.
Worldwide communications are made possible through Tundra semiconductors.

create their own chips, demonstrating that it's much wiser to partner with Tundra rather than investing precious in-house resources doing something Tundra already does so well.

It's also their vision and belief in partnerships that has encouraged Tundra to participate with the Ontario government in programs designed to improve skills training. The goal of the government's Strategic Skills Investment program is to increase the number of highly-skilled workers to meet the growing needs of employers. Working together with the government, Tundra and other players in the information and communication technologies sector across the province are ensuring that their sector continues to offer the province growth and stability.

Tundra's products operate on a number of existing and evolving architectures. In the course of its early product design and development it developed an approach to the role and use of its products called System Interconnect. The term refers to the technology used to connect components and sub-systems in almost any embedded system. System Interconnect may have once been

Tundra's proprietary name, but as the company's vision has become a reality it is increasingly becoming the term for all work done in the field of semi conductors.

The company is so successful that two recent advances in the industry are closely associated with Tundra. The first is the dawn of PCI-X, an evolution based on the existing PCI architecture, in which Compaq chose Tundra to be the very first partner in its new "Gold Master Program."

Tundra is playing a revolutionary role in another recent advance. Motorola has joined forces with Tundra to develop the next generation of high-speed communications known as RapidIO. "One of our goals was to be architecturally significant, and to play a role not just making products according to existing standards, but to be a part of the process of creating the standards," said Jim Roche. "With RapidIO, we are at the table because it is acknowledged that our being there significantly aids progress."

This development is yet another sign that people in the sector have embraced the vision of Tundra's founders. Roche notes, "By involving us in creating the standards, we allow companies like Motorola and Cisco to concentrate on their core competency, while we develop the perfect products to complement theirs."

The company's founders are pleased that they have helped to develop the ICT cluster in Ottawa. Part of their vision was motivated by what Roche proudly labels patriotism. He says "On a personal level, I am a patriot, I love Canada, my roots are here and I want to stay here. As far as Tundra is concerned, we are playing a role in creating the semiconductor industry in the country, and that industry drives the market growth for the whole communications sector. It certainly would have been easier to do this in Silicon

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The Ontario government working with the information and communication technologies sector

The Ontario government has recognized the growing role the information and communication technologies (ICT) sector plays in securing Ontario's economic growth and stability. To meet the changing needs of this sector, the government has introduced many programs that support the sector including:

ATOP (Access to Opportunities Program)

– aims to double the available number of spaces for computer science, engineering and technology graduates from Ontario's post-secondary institutions. It has already exceeded its intended goal with the creation of 17,000 new spaces.

www.edu.gov.on.ca:80/eng/general/postsec/atop/info.html

Telecommunications Access Partnerships (TAP)

– announced in the 1996 Ontario Budget, to improve access to telecommunications networks in rural and small communities. Helped by TAP funding, several rural communities in the province have a level of access to the information highway comparable to that found in large urban centres.

www.networks-ontario.com/tap/e-telecom-access.html

ORION – a five-year, \$57 million initiative, providing a next generation optical research network. The network will allow researchers from different institutions across Ontario, and the public and private sectors, to work together around the world on collaborative research and development projects using new research tools and technologies.

www.est.gov.on.ca

Connect Ontario – an \$82 million, five-year initiative to create a high-tech network of 50 connected smart communities across Ontario by 2005. The focus is on information technology applications and equipment, providing assistance for the development of new electronic information services and transactional capabilities for community partners, including local governments, to be accessible over the Internet.

www.est.gov.on.ca/english/Connect/index.htm

The Ontario Research and Development Challenge Fund – a ten year, \$500 million program to promote research excellence in the province by increasing the R&D

capacity of Ontario universities and other research institutions through private and public sector partnerships.

www.ontariochallengefund.com/english/

The Ontario Innovation Trust – provides matching funding of up to 40 per cent of the costs of labs, high-tech equipment and other research infrastructure in universities, colleges, hospitals and research institutes.

www.premier.gov.on.ca/english/news/Sheridan100200_bd1.htm

The Interactive Digital Media Small Business Growth Fund (the IDM Growth Fund)

– invests in strategic initiatives and activities that will spur the growth of, and increase the number of jobs in, small IDM firms and the overall IDM industry in Ontario. Projects proposed for funding must have commitments of resources from business partners, the support and involvement of small IDM firms and must demonstrate they can deliver real industry-wide benefits.

www.est.gov.on.ca/english/st/st_digit.html

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Tundra products connect the globe

Valley, but this is our home and it was worth the effort.”

The company's commitment to its home has recently manifested itself in yet another visionary project. Recently, Tundra announced plans to develop roughly 28 acres in Ottawa as a 21st century community. This would include not only the company's world headquarters but also residential housing, retail space, parks and recreation, in effect, a thriving modern community. The project's emphasis is on quality of life.

One cannot help but wonder at a semiconductor manufacturer providing the leading vision in an area more traditionally regarded

as urban planning and community building. But for Tundra it's all in keeping with its overall approach.

The idea is the outgrowth of the company's recruitment program. Roche says, “recruitment comes from three sources: you attract people from other companies, you attract highly skilled immigrants, and grow people through the educational system. But, wherever people come from, making them want to work here and choose to remain is the challenge. Money is something you can always provide; it's easy to find ways to match the money offered by others. You can also provide a career opportunity. However, quality of life and quality of the working environment is an

enormous hook for recruiting. People working in steel and glass buildings surrounded by concrete parking lots don't find that a particularly challenging or stimulating environment. People like attractive and interesting communities, they like workspaces with windows and natural light, so why not build them?”

In creating a new community, Tundra is not planning to become a property developer or landscape gardening company. Instead, it sees its role as providing leadership in creating this vision of a community and being the primary facilitator. All of this is made possible because of Tundra's proven ability to create meaningful partnerships.

Ontario's cultural industries blaze new trails

Talent, creativity, entertainment and ideas. They're in abundance in Ontario's cultural industries. In the areas of film and television, book and magazine publishing, sound recording, commercial theatre and digital media industries, Ontario is making a name for itself at home and abroad. And the high level of expertise and sophistication that is evident in so many of its cultural products is giving Ontario an advantage in this highly competitive industry.

"Ontario's cultural industries not only help us exchange ideas, images, stories and experiences that are uniquely Canadian, but they also play a vital role in our economy," said Helen Johns, Minister of Citizenship, Culture and Recreation.

In 1994/95, cultural industries in Ontario provided over 60,000 jobs and more than \$5 billion annually in revenues. Since then, the sectors have developed dramatically in quality of product, range of expertise and international profile.

Commercial theatre:

- Ontario's commercial theatre sector is estimated to generate \$400 million per year in tourism and employs about 4,200 people annually. Toronto is one of the largest theatre centres in North America.

Book publishing:

- The book publishing sector is made up of 229 companies, including publishers and exclusive agents. Ontario publishers had total book sales of \$1.4 billion in 1996-97. The sector provides 4,800 full-time jobs in Ontario with many more people working in the industry on a freelance basis.

Magazine publishing:

- The magazine industry is a vital part of the cultural sector, with 772 periodicals published in Ontario, generating revenues of \$613 million and providing 3,800 jobs. (1997 figures)

Sound Recording:

- The sound recording industry contributes \$945 million and 10,000 jobs to the

Ontario economy. This includes 90 Canadian-owned companies, with five multinational companies being principal contributors. (1997 figures)

Digital media:

- This is a new growth industry based on digital technology and the Internet. It includes interactive media, animation and Web design. There are about 400 digital media companies in Ontario, employing approximately 8,000 people.

Film and television:

- Ontario's film and television industry contributed \$1.4 billion to the provincial economy in 1999. This sector employs about 20,000 people across the province.

The Ontario government has long been a supporter of the province's cultural life. The Ontario Film Development Corporation (OFDC) for example, was established to help stimulate the growth of Ontario's film, television and digital media sector. Its success in promoting Ontario's world-class talent and crews, the low Canadian dollar and location promotions services, is evident in the number of film and TV crews that regularly shoot in cities and towns across the province.

In the last Ontario budget, Finance Minister Ernie Eves announced that a new Ontario Media Development Corporation (OMDC) would be created. This corporation will blend the functions of the OFDC with an expanded mandate that will include all the cultural media industries in the province. It will promote the use of new

technology, research needs, and promotional and partnership ideas to further enhance Ontario's cultural sector.

Eves announced that \$30 million over five years would be invested in the new OMDC. He also announced further tax credits to help foster the growth of the cultural media industries.

Culture is an inseparable part of community. By building on the talent and ingenuity that is evident all across Ontario, these industries will continue to create new opportunities, new jobs, and be valuable contributors to the economic growth of this province. They will also continue to establish Ontario as a vibrant and sophisticated cultural centre recognized for its excellence around the world.



Interactive media is a Snap

(www.snapmedia.com)

It's a far cry from being a law school student and part time computer designer to managing 30 employees and a stellar client roster, but in five years Raja Khanna has taken Snap Media of Toronto to exciting interactive heights. What began as a modest one man Web hosting business slowly grew into Web site design and ultimately into specialized interactive media with key Canadian entertainers, television hosts and producers as clients.

The award winning digital media content developer, producer and licensor has steadily built a comfortable niche with an innovative integration of television with new media. When sister Roma, an entertainment lawyer, joined her brother at Snap in 1999, the client list grew more aggressively, focusing specifically on entertainment properties. Snap's impressive client list boasts some of the top names in Canada's cultural community including Céline Dion, Open Mike with Mike Bullard, Teletoon, Nelvana, and Savoir Faire Productions.

Focusing his direction on this sector was an obvious choice for Raja who has a keen interest in the entertainment field. One of Snap's first clients was Epitome Pictures, producers of the TV show "Riverdale." Snap developed the show's Web site and with funding from the Bell New Media Fund, created an extension of the TV soap with an online video-based soap opera story line as well.

Passionate about narrative storytelling, the company made a corporate decision on which artistic direction to follow. "We could have gone full service, but we chose to focus on what we did best – creative services," said Roma. "The Riverdale project helped launch us in a particular direction and started us thinking about video and interactive narratives."

Around the same time, Snap picked up TD Bank as a client. After developing an online advertising campaign complete with Flash animation and rich content, Snap added a marketing and advertising slant to its repertoire.

Raja, Roma and fellow "Snappers" continue to pursue business opportunities where their

creativity will shine. "Michael Prini, producer of Savoir Faire and the show's host Nik Manojlovich have been terrific partners for us, letting us get experimental with their content," said Roma. As a result, savoirfaire.ca has grown in popularity, garnering the first-ever Gemini award for a Web site.

As a content developer and designer, Snap has created interactive games and executables to fit the existing Teletoon Web site, increasing "sticky" traffic to the site with content that attracts and retains users, adding value for Teletoon's online community of "tweens" (eight to 12 year-olds). "Edgy Wedgy" and its successor "Edgy Wedgy 2" continue to draw giggles and chuckles from the Web site's steady stream of young visitors.

Its work with producer Nelvana, creator of the popular children's series "Franklin the Turtle" demonstrates Snap's ability to produce original content from scratch. "We've produced five sites for them over the last year. One has been the Franklin site that houses Franklin's Woodland Adventure, an interactive narrative experience for children and parents. It's more like a CD-Rom than a Web site. It's a much deeper experience," explains Roma.

Snap enjoys working for clients who support Canada's young online market. "The youth market is completely wired – to them it's like reading. There is real value to providing a



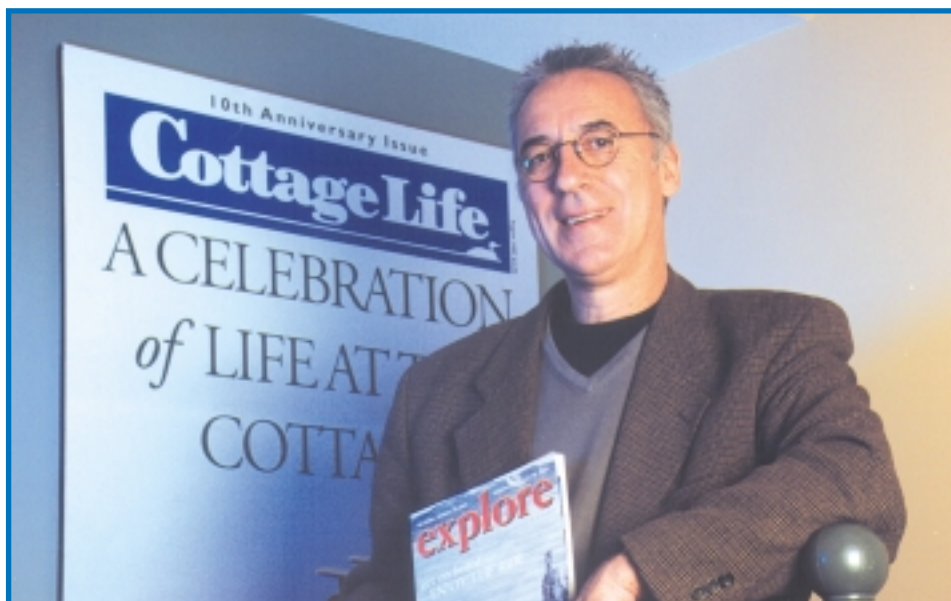
Snap Media's specialty is developing interactive media with key Canadian entertainers, television hosts and producers as clients.

service to them online. You know they are going to use [the site] if it's good. Companies that cater to children understand this and want to do fun and cutting edge stuff," said Roma.

That's not to say that adults can't nurture active online communities, too. Savoir Faire and Open Mike are two examples of Web sites with loyal online visitors.

With an aggressive business plan to double to 60 employees by 2001 year end, and a future U.S. expansion in the works, expect Snap Media to snap to it!

Cottage Life is creating a passion for the lifestyle



CEO Al Zikovitz, heads up Cottage Life a multi-media company in the publishing, television and consumer show business.

You've just bought your dream cottage on a quiet lake in Northern Ontario. You're eager to relax with friends and family, build a storehouse of fond memories and escape the pace of city life. You have a million practical questions: How do I build stairs down to the dock? What kind of boat should I buy? How do I prepare the cottage for severe weather? How do I remove porcupine quills from the dog?

Al Zikovitz, CEO of the multi-media company Cottage Life and a proud cottage owner since 1985, posed these questions and many more. "When my wife and I first bought our cottage, we had a thousand questions and no answers. There was no single source of information and we figured if we were having this problem it was likely others were as well," said Zikovitz. "So I did a lot of homework, bought a computer and we came up with about five years of story ideas for a cottage magazine."

The end result was *Cottage Life*. For the past twelve years, this award-winning magazine has been a standard feature in Ontario cottages. It examines all aspects of cottage living from renovations and repairs, water sports and entertaining, to recipes and the environment. "Our philosophy is to enhance and yet

preserve the quality of cottage living," said Zikovitz. "We want to help people have fun, to make things a little easier, and to help ensure that nothing ruins what is a special experience for anyone else."

The company is headquartered in Toronto, and the magazine is specifically geared to the Ontario cottager. "When we had the initial concept, we thought about going national but ultimately decided to focus on Ontario," said Zikovitz. "Cottagers are very passionate about their area. They like to read about their own region and their own concerns, and there are different concerns out west or in PEI than there are in Ontario. The Ontario market is a big market. We have concentrated on it."

Cottage Life is published six times a year, with one special issue on boating. Circulation is 70,000 with more than 400,000 estimated readers of each issue. While the Ontario market is the principal market, there are subscribers across Canada and the U.S. who have also come to appreciate the solid information provided.

Zikovitz is quick to credit the hard work of *Cottage Life*'s 30 employees, 17 of whom work exclusively on the magazine. Each *Cottage Life* employee is a cottager. "When I hire

staff, particularly in editorial and the art departments, I need them to have a full understanding of what cottagers want, as well as understand the passion that people have for their cottages," he says.

This passion has also encouraged Zikovitz to use other mediums to address cottagers' interests.

- Cottage Life Television, entering its ninth year, is a half hour program that airs daily on Home and Garden Television. It is researched, written, filmed and edited exclusively by Cottage Life.
- Cottage Life Books and Videos concentrate on areas such as cottage water systems, docks and specific projects, and how to buy a cottage.
- The Cottage Life Show, held annually in Toronto, has become one of the largest three-day consumer shows in Canada. It attracts more than 400 cottage-related exhibitors, and is attended by approximately 35,000 people.

Zikovitz says that the interests of cottagers have changed over time. "One of the major causes of change is the cost of cottage property. When people spend a significant amount on land, they want a decent cottage, usually winterized so they can use it year round," he says. "Also, increasingly, people are retiring to their cottage. This brings new demands that vary from needing access to medical assistance, to better roads, to enjoying the cultural events of the city which aren't readily available in cottage country."

Certainly, these changes and others are a continuing source of material for *Cottage Life*. Zikovitz is proud of the reputation *Cottage Life* has built and will continue to use the many mediums available to communicate with cottagers. As he says, "The interest is there. The need for information is there. The passion for the subject is there."

"Why else would so many people spend three hours in traffic every Friday and Sunday evening," said Zikovitz. "You wouldn't do that unless there was something at the other end that you really loved." www.cottagelife.com

Canadian Tire is building the brand

Canada's retail sector has been dominated by large companies with long, colourful histories. While several national retailers have closed their doors or restructured in recent years, the legendary Canadian Tire is growing as never before. In a competitive age of online retail and the big box invasion, the company's carefully executed expansion strategy is working very well.

"We've changed the face of Canadian Tire," said Scott Bonikowsky, the company's VP of Corporate Affairs. "We're opening 220 brand new stores over five years.

"We've broadened our product base. We offer several 'stores within a store', and a lot of new brands that have expanded choice for our customers."

Founders John and Alfred Billes chose the name "Canadian Tire" in 1927 because it sounded big. Their optimism was well-founded. A garage in Toronto's east end has grown to a national retail giant with 438 stores and 38,000 employees.

Along with the new stores and the new brands, the company also has a new president and CEO. Appointed last August, Wayne Sales is a 30-year retail veteran and a graduate of Harvard's Advanced Management Program. Sales has spent the past 10 years at Canadian Tire, playing a key role in developing the company's new format stores, the cornerstone of a five-year strategic growth plan.

The company now competes on three retail fronts (automotive, home products, and sports and leisure) under one roof. Consumer reach is impressive; nine out of 10 adult Canadians shop at Canadian Tire at least twice a year, with 40 per cent shopping every week.

"Canadian Tire enjoys a special bond and relationship with Canadians," said Sales. "It's an exciting time for retail, and we have tremendous opportunity to maintain that trust and extend our growth into the future."

Sales' claim of a special bond isn't really exaggerated. For many Canadians, Canadian Tire evokes memories of their first bicycle or hockey stick, camping gear, teenaged do-it-yourself auto repair, and the usual life progres-



Canadian Tire's new President and CEO Wayne Sales believes the company enjoys a special bond and relationship with Canadians.

sion of home renovations and repairs. Canadian Tire money remains the country's most successful customer loyalty program.

Unlike some other retailers who squandered their historical relationship with Canadian consumers, Canadian Tire continues to build on its extraordinary brand presence. The company's recent entry into e-tail offers a perfect example of the strategy at work.

Retail analysts who questioned Canadian Tire's relatively late move to electronic commerce were proven wrong by the immediate and overwhelming success of www.canadiantire.ca, launched late last year.

"We think our timing was ideal," said Bonikowsky. "There's no other company online with our brand presence. Companies like ours are legitimizing the online sales channel."

The company's strategy and strong brand presence produced fast results online. Two weeks after it opened, the Web site immediately vaulted into the top five e-commerce sites in Canada, according to a Nielsen/Net

Ratings report. By year end, the site had received 500,000 first-time visits and 700,000 total visits.

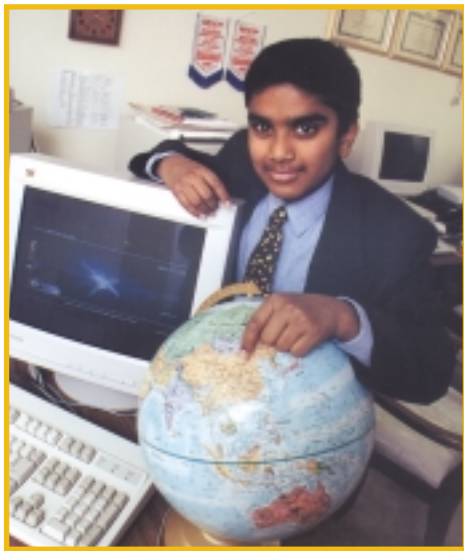
"We see the Web site as a complementary channel, and just another way for the customer to shop at Canadian Tire," said Bonikowsky. "We're taking a balanced approach to e-tail. The U.S. experience has shown that four to five per cent of sales will be online, which in our case will mean about \$200 million in sales at full maturity."

Bonikowsky emphasized that the real story at Canadian Tire is the company's new stores, expanded product lines (with the addition of both national and house brand products) and a strong focus on customer service. Sales recently created the new corporate position of Vice President, Customer Values, reporting directly to him.

"There have been a lot of changes in retail, but service is still number one," said Bonikowsky. "Whether it's in a store or online, the customer's experience is what determines your success."



BUSINESS BRIEFS



Keith Peiris, President and CEO of Cyberteks Design, is travelling to China with the Premier and Prime Minister on a Team Canada trade mission.

Cyberteks to join Team Canada mission

What do a 12 year-old computer whiz and 350 senior business executives, entrepreneurs and educators have in common? In February, they'll all be travelling with the Prime Minister, Premier Harris and Team Canada 2001 to China.

As President and CEO of Cyberteks Design, an award winning London, Ontario Web design company formed in June 1999, 12 year old Keith Peiris and his father, Deepal will join the nine-day trade mission that stops over in Beijing, Shanghai and Hong Kong.

Keith has been sharpening his computer skills since the age of three when his father bought him his first computer. Progressing from online games to more advanced creative interests, Keith came across some sites that were created in Macromedia Flash, a sound and graphics animation tool. He thought it was a great technology to use and proceeded to learn the world of Flash animation firsthand. Today, he enjoys the chance to express himself through art. "Doing this job is really fun."

Keith's dad, who handles the marketing and business end of Cyberteks, focuses on growing the company's international client base and

expanding its offices across North America. Fulltime Grade 7 student Keith prefers to concentrate on the creative and design side of the business. Although homework always comes first, Keith will work overtime when a deadline approaches. During peak times, five part-time designers and programmers pitch in to help.

The Cyberteks Web site (www.cyberteks.net) has attracted over a quarter million hits since 1999. Prospects find the site in media publications and on bulletin boards on the Web. Deepal has also helped his son with the nuances of search engine marketing with the site being listed in the top 20 of most major engines.

Cyberteks boasts an impressive client list of both Flash and static sites. New York-based Intercep, the largest radio advertising agency in the U.S. contracted Keith and Cyberteks to design its Flash Web site. Intercep is also sponsoring a good part of Keith's China trip. Double D Truck Specialties of Florida, and Rogers TV's noprlicelikehome.com, an online interactive real estate game show site, are two others.

Cyberteks has also developed an e-commerce site for Kewl Threads, a hockey clothing firm founded by Darcy Tucker and Shane Corson of the Toronto Maple Leafs.

Serious and articulate beyond his years, Keith is taking his landmark excursion in stride. "It feels great. It's a huge honour to be part of it. [The idea] started when we were talking to some of the Canadian consulates and from my local M.P. and went on to (then) Minister of Industry John Manley."

While in China, Keith will be involved in his company's business presentations and he's excited about writing his own speeches. He is clear about the reasons for this trip, too.

"Of course we need to sell our company. Just like any other businessperson on this trip, we hope to close some deals," he states confidently. Although Keith admits to not knowing too many companies in China, he is optimistic about the potential for business opportunities. "It's an economy that's waiting to happen."

Keith's creativeness, diplomacy and business skills are sure to serve him well on this trip and in the future.

Ontario sees investment growth

Here are some of the major investments in Ontario that have been announced recently:

Hemosol Incorporated

\$60 million for a new manufacturing facility in Mississauga. Approximately 200 new jobs will be created in technology, manufacturing, research and administration.

Dupont Canada

\$51 million to expand its nylon manufacturing operations in Kingston. Will employ an additional 45 people.

Inco Limited

\$46 million to develop a high-grade nickel deposit at its McCreedy East Mine near Sudbury.

Aventis Pasteur Limited

\$40 million for a new building and the expansion and upgrading of several existing buildings in Toronto, plus the addition of new research and development facilities and equipment.

Denso Manufacturing Canada, Inc.

\$33 million to open a new plant in Guelph to build automotive air conditioning systems. Number of employees is approximately 150.

Casco Incorporated

\$30 million for four major capital projects at its London facility, producing corn-derived food ingredients and industrial materials.

Cognos Incorporated

\$30 million for a new facility in Ottawa. Plans to double the number of staff to 2000 over the next three to four years.

GSI Lumonics

Will increase its Nepean optics unit staff from 75 to as many as 200 employees.

Stream International

To open a site in Belleville for its first Customer Interaction Centre in Canada. It is expected to create at least 700 new customer service and technical support jobs.

Retail growth continues following “stellar” year

Ontario's retail sector continued its strong performance in 2000, and is poised for continued but slower growth in 2001. That's the consensus of retailers and industry experts looking at last year's results and trends for 2001. A year-end survey by the Retail Council of Canada (RCC) shows that a majority of Canadian retailers had a good holiday sales season, with sales equal to or exceeding the previous year's. Ontario's sales mirrored the national results.

After what one consultant called a “stellar” 1999, retail observers weren't quite sure what to expect as the 2000 sales season ended. The survey of 432 companies found two-thirds of larger retailers and online merchants reporting sales gains over the 1999 holiday season. Forty-four per cent of independent retailers reported a rise in sales and another 18 per cent reported sales similar to those of “stellar” 1999.

“We knew it would be a challenge for retailers to match 1999's exceptional sales performance,” said Diane J. Brisebois, RCC President. “Some retailers reported a slow start to their holiday season, but the final week before Christmas was particularly strong, and that pushed many retailers' sales for the season over the top.”

Brisebois noted that while the survey was national, she and her RCC staff have also been in touch with a variety of Ontario retailers, and the province's retail picture remains bright.

“We spoke to a lot of Ontario retailers, both independents and chains, and the view is that Ontario sales have generally continued to be strong,” she said. “All the research shows that retail gets quick, positive benefits from tax cuts, and it's happened in Ontario.”

Multi-channel trend

Industry experts have identified several emerging trends for Ontario's retail sector, including the continued growth of “multi-channel” retailers.

“More and more consumers expect retailers to have both a physical presence and an on-line presence,” said Patricia Cosgrove, Senior Advisor in MEDT's Sector Competitiveness Branch. “E-tailing alone is experiencing growing pains in some areas, but many companies are seeing the benefits of being multi-channel retailers.”

Larger retailers such as Sears and Canadian Tire (see separate story) are already well-established as multi-channel retailers, leveraging their established brand presence online.

A growing number of Ontario's independent retailers are joining the multi-channel club.

“We have some outstanding independent retailers in Ontario,” said retail consultant Wendy Evans, of Evans and Company in Toronto. “Those who weathered the storms of the early 1990s are leaner and meaner, and the buying public is showing a strong demand for their products and services.”

Many independent retailers are establishing relatively modest e-tail operations to supplement their traditional retail outlets.

“It's a trend for many smaller operations,” she said. “Some have found a small niche, where they get online without taking their company public or taking on heavy debt. Efficient operations can do very well with this.”

Healthy sector

There's no secret to creating a healthy retail sector, according to Brisebois.

“You need three things. Number one, good employment numbers. Number two, a political message that's positive, with a government that's empathetic to the retail sector. And third, you need strong consumer confidence. We have all three in Ontario.”

Brisebois noted that the RCC survey also showed that most retailers expect healthy first and second quarters in 2001. She emphasized however, that the old retail maxims still apply: much depends on the weather, and continued economic growth is a pre-requisite for robust retail.

“Our numbers are much stronger than those in the U.S.,” said Brisebois. “I've been talking to a lot of retailers who are part of U.S.-based chains, and they're telling me that their sales here are much stronger than in the U.S. for last year. Our sales growth here may have been slower than that in the U.S., but we have been able to sustain it.”

All told, Ontario's retailers are coming out of a once-in-a-lifetime sales boom in very good shape. Competition remained intense during the past few years, for both independent retailers and the large chains. The result is a healthy retail sector that is well-positioned for the future.

“Everyone benefits from the healthy, competitive retail environment we now have in Ontario,” said Cosgrove. “We can't expect to continue the dramatic year-over-year growth we've had since 1997 indefinitely, but the long-range outlook remains positive, with lower taxes, reduced inflation and a lower rate of unemployment.”

THE ONTARIO BUSINESS REPORT

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