

# ALBERTA WIRELESS AND TELECOMMUNICATIONS INDUSTRY GEARED FOR GROWTH

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Increase Over Next Two Years*

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Technology” – Others Look To “New Markets” (36%) And  
“Industry Collaborations” (34%)*

*But Many Say “Ability To Obtain Funding” (57%) And  
“Attracting And Retaining High Calibre Employees” (47%) Are  
Barriers To Growth*



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## **ALBERTA WIRELESS AND TELECOMMUNICATIONS INDUSTRY GEARED FOR GROWTH**

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Technology” - Others Look To “New Markets” (36%) And “Industry  
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And Retaining High Calibre Employees” (47%) Are Barriers To  
Growth***

Toronto, ON - According to a new Ipsos-Reid/KPMG/WiTec Alberta online survey of 86 executives from businesses that operate in the Wireless and Telecommunications sector in Alberta, the strong majority of these companies (84%) are expecting to expand their workforce over the next two years. Among companies that are planning to expand their workforce in the next two years, four in ten (39%) say they expect a staff increase of more than 30%.

When it comes to the vehicles of growth through which the companies surveyed expect to grow their business, two-thirds (66%) are looking to “new products or technology”, 36% are looking to “new markets”, and 34% are looking to “build effective industry collaborations or alliances”.

And good majorities of these companies say that they are experiencing success when it comes to developing technology (77%), executing sales (71%), recruiting skilled labour (70%) and gaining access to target markets and customer base (70%).

As for their company’s strategies, very strong majorities of respondents point to “customer loyalty growth” (91%), “increasing profitability” (86%), “launching of new products or



services” (84%), and “attracting and retaining high calibre employees” (81%), as priorities for their company.

But while these companies express a bullish and optimistic attitude towards their future growth, they identify some issues as barriers of growth for their company. Specifically, when asked to pick from a list of issues which ones they consider to be barriers of growth for their company: 57% choose “ability to obtain funding”; 47% choose “attracting and retaining high calibre employees”; 31% choose “new markets”; 22% choose “build effective industry collaborations and alliances”; 19% choose “new products or technology”; and 14% choose “growth through mergers and acquisitions”.

Furthermore, when these companies are asked to choose from a list “the single greatest financial barrier to companies” like theirs, the largest portion of them (43%) pick issues surrounding venture capital firms: 23% say “venture capital firms are not responding to investment opportunities in the industry”; 13% choose “access to venture capital firms”, and 7% choose “venture capital firms are not willing to invest enough capital into the company”.

As such, the majority (70%) of respondents say that their company is currently using “company cash flow” as a source of funding. But despite this, two-thirds (67%) of the companies surveyed have had positive cash flow in the most recent fiscal year.

Thinking about the next five years, 97% of companies surveyed say they will either increase (53%) or maintain (44%) their current spending levels on R&D.

When asked an open-ended question as to what one thing they see as essential to ensuring maximum growth and profitability in the Alberta Wireless and Telecommunications industry, 14% of companies point to issues surrounding funding, such as “more government funding”, “easy access to funding”, “venture capital funding”, and “funding or investment” in general. Other commonly mentioned areas that they feel need addressing include:



“consumer acceptance of new telecommunication products” (10%); followed by “tax breaks for Alberta companies from the provincial government” (8%); and “education/funding education” (8%).

But who do they think should be responsible for “developing needed technology-commercialization in Alberta?” Seventy-one percent say “business leaders”, 62% say “private-public partnerships”, 60% say the provincial government”, 30% say the “federal government”, 17% say “municipal government”, and a handful (3%) say “lobby groups”.

*These are the findings of an Ipsos-Reid/ KPMG/WiTec Alberta online survey conducted from November to December, 2004. The survey involved interviews of high-ranking executives from 86 different companies that operate in the Wireless and Telecommunications sector in the province of Alberta.*

***Strong Majority (84%) Of Alberta's Wireless And Telecommunications Companies Expect To Expand Their Workforce Over Next Two Years...***

A strong majority of companies surveyed (84%) expect their workforce to be expanded over the next two years. Only two of the companies surveyed (2%) expect their workforce to be downsized.

One in seven companies surveyed (14%) expect that their workforce will remain unchanged over the next two years.



***Among Those Who Plan To Expand Workforce, Four In Ten (39%)  
Look To Increase Staff By More Than 30%...***

Among those companies who expect their workforce to increase over the next two years, a sizable portion (39%) expect their workforce to grow by more than 30%. Fifteen percent expect their workforce to grow between 21-30%, 31% expect their workforce to grow by 11-20%, and 15% expect their workforce to grow by 10% or less.

***How Are These Companies Planning To Grow? Two-Thirds (66%)  
Look To “New Products Or Technology”-- Others Look To “New  
Markets”(36%) And “Industry Collaborations/Alliances”(34%)...***

Given a list of potential vehicles of growth for their business, companies were asked which ones they are currently pursuing or will pursue in the next two years. The companies surveyed offer a range of responses.

Specifically:

- Two-thirds (66%) of the companies surveyed point to “new products or technology”;
- 36% point to “new markets”;
- 34% point to “building effective industry collaborations and alliances”;
- 26% point to “attracting and retaining high calibre employees”;
- 19% point to “growth through mergers and acquisitions”; and
- 19% point to “ability to obtain funding”.



***Majorities Of These Companies Have Found Success When It Comes To Developing Technology (77%), Executing Sales (71%), Access To Target Markets And Customer Base (70%), And Recruiting Skilled Labour (70%)...***

When asked how successful their company as a whole has been in different areas of business, good majorities of the companies surveyed point out success in such things as developing technology (77%), their ability to execute sales (71%), access to target markets and customer base (70%), and recruiting skilled labour (70%).

Broken down into specific responses we see that:

- Three-quarters (77%) of the companies surveyed feel they have been successful when it comes their ability to “develop technology” (38% “very successful”), while only a couple of companies (2%) say they have been unsuccessful in this area. Of the remaining 21% of companies, 16% respond neutrally when asked whether they have found success in this area and a few (5%) say it is “not applicable” to their company.
- Seventy-one percent of the companies surveyed feel that they have been successful when it comes to their “ability to execute sales” (27% “very successful”), while 15% say they have been unsuccessful in this area. The remaining 14% of companies responded neutrally when asked whether they have found success in this area.
- Seven in ten (70%) of the companies surveyed feel that they have been successful when it comes to their ability to “recruit skilled labour” (17% “very successful”), while 10% say they have been unsuccessful in this area. The remaining 20% responded neutrally when asked whether they have found success in this area.
- Another seven in ten (70%) of the companies surveyed feel that they have been successful when it comes to their ability to access “target markets and customer base”



(20% very successful”), while 19% say they have been unsuccessful in this area. The remaining 12% provide a neutral response when it comes to this area.

- Six in ten (63%) note their success in developing “R&D capacity” (27% “very successful”), 30% are neutral about this area, and a couple (2%) have not found success in this area.
- Over half (56%) have experienced success in building “effective industry collaborations and associations” (17% “very successful”), 22% are neutral about this area and 20% have been unsuccessful in this area.

### *They Have A Range Of Company Priorities...*

Good majorities of the companies surveyed point to a range of priorities for their company, but “customer loyalty growth” and “increasing profitability” top the list, as:

- 91% of companies point to “customer loyalty growth” as a priority for their company (66% “major priority”), while a few (8%) say this is either a “minor priority” (7%) or “not a priority at all” (1%). One company (1%) felt this was not applicable to their company.
- 86% of companies point to “increasing profitability” as a priority for their company (63% “major priority”), while 13% say this is a “minor priority” and 1% say this is “not a priority at all”.

Other priorities for these companies include:

- The “launching of new products or services” (84%), with over half (55%) saying this is a “major priority”. Only 15% of the companies say this is only a “minor priority” and one company (1%) said it is “not a priority at all”.



- “Attracting and retaining high calibre employees” (81%), with 42% saying it is a “major priority”. Fifteen percent say this is a “minor priority”, and very few (3%) say this is “not applicable” for their business.
- “Developing alliances and partnerships” (79%), with 36% saying this is a “major priority”. Nineteen percent say this is a “minor priority” and only two (2%) say this is “not applicable” for their business.
- “Expanding the number of markets in which my company does business” (78%), with 47% saying this is a “major priority”. A relatively small proportion (17%) say this is a “minor priority” and a very few (3%) say it is “not a priority at all”. One (1%) company said this is “not applicable” for their business.

***But Many Say That Issues Such As “Ability To Obtain Funding”(57%) And “Attracting And Retaining High Calibre Employees” (47%) Are Barriers To Growth For Their Company...***

But while companies display a bullish and optimistic attitude about future growth, they do identify some issues as things they consider to be barriers of growth for their company.

Specifically, when asked to pick from a list, which ones they consider to be barriers of growth for their company:

- 57% choose “ability to obtain funding”;
- 47% choose “attracting and retaining high calibre employees”
- 31% choose “new markets”;
- 22% choose “build effective industry collaborations and alliances”;
- 19% choose “new products or technology”; and





- 14% choose “growth through mergers and acquisitions”.

\* Responses mentioned by fewer than 5% of companies are not listed.

A handful of companies (6%) look to some “other” issue as a barrier to growth for their company, and one company (1%) did not identify any barriers.

### ***Four In Ten (43%) Companies Believe Lack Of Responsiveness From Venture Capital Firms Is The Top Financial Barrier To Their Growth...***

When the companies surveyed are asked to choose from a list “what is the single greatest financial barrier to companies” like theirs, the largest portion of them (43%) list issues surrounding venture capital firms: Nearly one-quarter (23%) say “venture capital firms are not responding to investment opportunities in the industry”, 13% choose “access to venture capital firms”, and 7% choose “venture capital firms are not willing to invest enough capital into the company” as the single greatest financial barriers to their company.

Other financial barriers mentioned by the companies surveyed are:

- “Access to public debt markets” (15%);
- “Access to public equity markets” (6%);
- “Market growth/penetration” (5%); and
- “Receiving capital from banking institutions” (5%).

\* Responses mentioned by fewer than 5% of companies are not listed.

One in ten (12%) of these companies choose some “other” financial barrier, a handful (5%) do not provide a barrier, and a very few (3%) “don’t know” which are barriers to their company’s growth.



### ***As Such, Seventy Percent Use Their Own Cash Flow To Fund Company...***

Seven in ten (70%) companies say that they are currently using “company cash flow” as a source of funding for their company, 40% say they have used this source in the past, 42% say they are not planning to use this source of funding in the next five years, and 1% have no plans to use this source of funding.

### ***But Two-Thirds Had Positive Cash-Flow Over The Most Recent Fiscal Year...***

Two-thirds of companies (67%) of the companies surveyed have had positive cash flow in the most recent fiscal year, 33% have not.

### ***Nearly All Companies (97%) Will Either Increase (53%) or Maintain Their Current Spending Levels On R&D...***

Thinking about the next five years, 97% of companies surveyed say they will either increase (53%) or maintain (44%) their current spending levels on R&D. Only two of the companies plan to decrease this spending.

### ***According To Plurality Of Respondents (14%): Better Funding Is Key To The Growth And Profitability Of The Alberta Wireless And Telecommunications Industry...***

When asked an open-ended question as to “what one thing needs to be done in order to maximize growth and profitability in the Alberta Wireless and Telecommunications industry” one in seven (14%) of the companies surveyed cite issues involving funding. Specifically, 5% of these companies believe that there needs to be “more government funding/investment”, 3% mention “easy access to funding”, 3% mention “venture capital funding”, and 2% mention “funding or investment” in general.

“Consumer acceptance of new telecommunication products” is the next most commonly mentioned issue, with 10% of companies surveyed saying this needs to be done in order to



maximize growth and profitability in the Alberta Wireless and Telecommunications industry. This is followed by:

- “Tax breaks for Alberta companies from the provincial government” (8%);
- “Education/funding education” (8%);
- “Collaboration between everybody in Alberta telecommunications industry” (6%);
- “Encourage a more competitive marketplace” (6%);
- “Improved marketing” (5%); and
- “Continue to support research and development” (5%).

\* Responses mentioned by fewer than 5% of companies are not listed.

Of the remaining companies surveyed, 14% think some “other” issue must be addressed in order to maximize the growth and profitability of the Alberta Wireless and Telecommunications industry, and a few (5%) “don’t know” what needs to be done.

***Who Should Be Responsible For Building Technology Infrastructure In Alberta? Strong Majorities Say “Business Leaders” (71%), “Private-Public Partnerships” (62%), And “Provincial Government” (60%)...***

When asked to choose from a list who they feel “should be responsible for developing needed technology-commercialization in Alberta”, 71% say “business leaders”; 62% say “Private-public partnerships”, 60% say the “provincial government”, 30% say the “federal government”, 17% say “municipal government”, and a few (3%) say “lobby groups”. Two companies (2%) say none of these groups should be responsible.



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