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## Keane Canada IT Firm Says Halifax Office is Key

In these difficult economic times, Keane, an international leader in information-technology services, expects to maintain its client base served from its Canadian headquarters in Halifax, Nova Scotia. First established in 1997, the Halifax office has grown significantly in recent years: the number of employees has doubled since 2002 and now stands at 440. According to John Gillis, Director of Service Delivery for Keane Canada, the key to weathering these tough conditions is all about nearshoring.

"Nearshoring is when companies choose to do some of their work in a location that's relatively close – both geographically and culturally – to the parent firm," says Gillis. "For many firms based in the United States, Canada is a great option; for those based in the Eastern seaboard, Halifax is just about perfect."

Keane maintains its corporate headquarters in San Francisco, California and employs a total of approximately 13,000 people in 12 countries. With a client list that includes a host of Fortune 500 companies, the firm provides a broad range of IT services: from system design, maintenance and management to user support and solution development. One of Keane's key competitive differentiators is its ability to integrate the economic advantages of offshore and nearshore delivery with onsite consultancy teams.

### The nearshore advantage

"Consider, for example, IT architecture and development – a service we provide to many customers. The salary of a capable IT architect varies quite a bit by location – it's less expensive to hire one in India than in the United States, for instance. But salary is only one of many factors that influence cost and efficiency; it's also important to consider language, infrastructure and intellectual-property laws, among other things."



**John Gillis**

These factors help explain why the vast majority of clients served from Keane Canada's Halifax office are based in the Northeastern states. New York and Boston are only a short flight

away, for instance, and Halifax conveniently lies mid-way between Europe and California. Along with these geographic advantages, Halifax is also blessed with strong IT infrastructure: the city is an important hub for the transatlantic fibre-optic cable network that connects Europe and North America.

"It's no accident that Canada and the United States enjoy the largest trade relationship in the world," says Gillis. "We speak the same language and share the same corporate culture. American clients are comfortable trusting Keane Canada with their intellectual property and sensitive data."

The company's clients also benefit from a well-educated and motivated workforce: per capita, Halifax boasts one of the largest numbers of post-secondary graduates of any city in Canada. In addition, the relatively low cost of living and exceptionally high quality of life help make the city a destination of choice for many of the best and brightest in IT.

Tax credits and government incentives also influenced Keane Canada's decision to keep the majority of its work in the Halifax operation. The Government of Canada offers a generous research and development credit, while the province of Nova Scotia helps fund training programs.



## Innovate, incubate, replicate

Keane's business model is informed not only by the advantages available through regional offices, but also by the cycle of IT development. The cycle's first step is innovation: the conception of a new idea, process or system likely to increase efficiency or improve performance. The idea must then be developed, through a process commonly known as incubation. Incubation entails engineering, testing and refinement, followed by implementation. Should the innovation prove to be marketable, it is then replicated and reproduced in large quantities at a relatively low per-unit cost.

In the modern era, few IT companies develop, refine and manufacture products from a single, centralized location. Globalization and communications technologies enable companies to maximize efficiency by subcontracting various aspects of development and manufacturing to other locations. In general, work of the greatest value (innovation) tends to be done within the parent company, while work that adds less value – such as mass manufacturing – is assigned to subcontractors offshore, where labour costs can be much lower.

"The iPhone is a great example. On the back it says designed in the USA," Gillis says. "The idea for the device came from Apple's head office, but most of the components are manufactured and assembled in Asia." For most of its

clients, Keane Canada occupies the space between these two extremes.

"Our job is to gain a deep understanding of a customer's business, and then figure out ways to improve their business with technology," Gillis says. "I tell staff that we're problem solvers rather than just programmers or developers. It's a different mindset."

## A commitment to training and education

Keane's ability to consistently deliver high value-added services flows from a corporate commitment to training and education. The company conducts a significant amount of training in-house and offers its employees financial incentives to study independently.

"Again, Halifax has a big advantage, because there are so many excellent post-secondary institutions nearby," says Gillis. "We maintain an active relationship with local universities and colleges both to recruit graduates and to keep them informed about changes within the industry."

Two factors demonstrate the success of Keane Canada's business model: the first is that repeat customers account for fully 90 percent of the company's business; the second is that Keane regularly earns awards as a top employer in Canada.

"Halifax is a great place for Keane Canada," Gillis says. "I fully expect we can capitalize on the 'natural' advantages here to

sustain our current client base and continue the growth trend once the economy begins to recover."

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