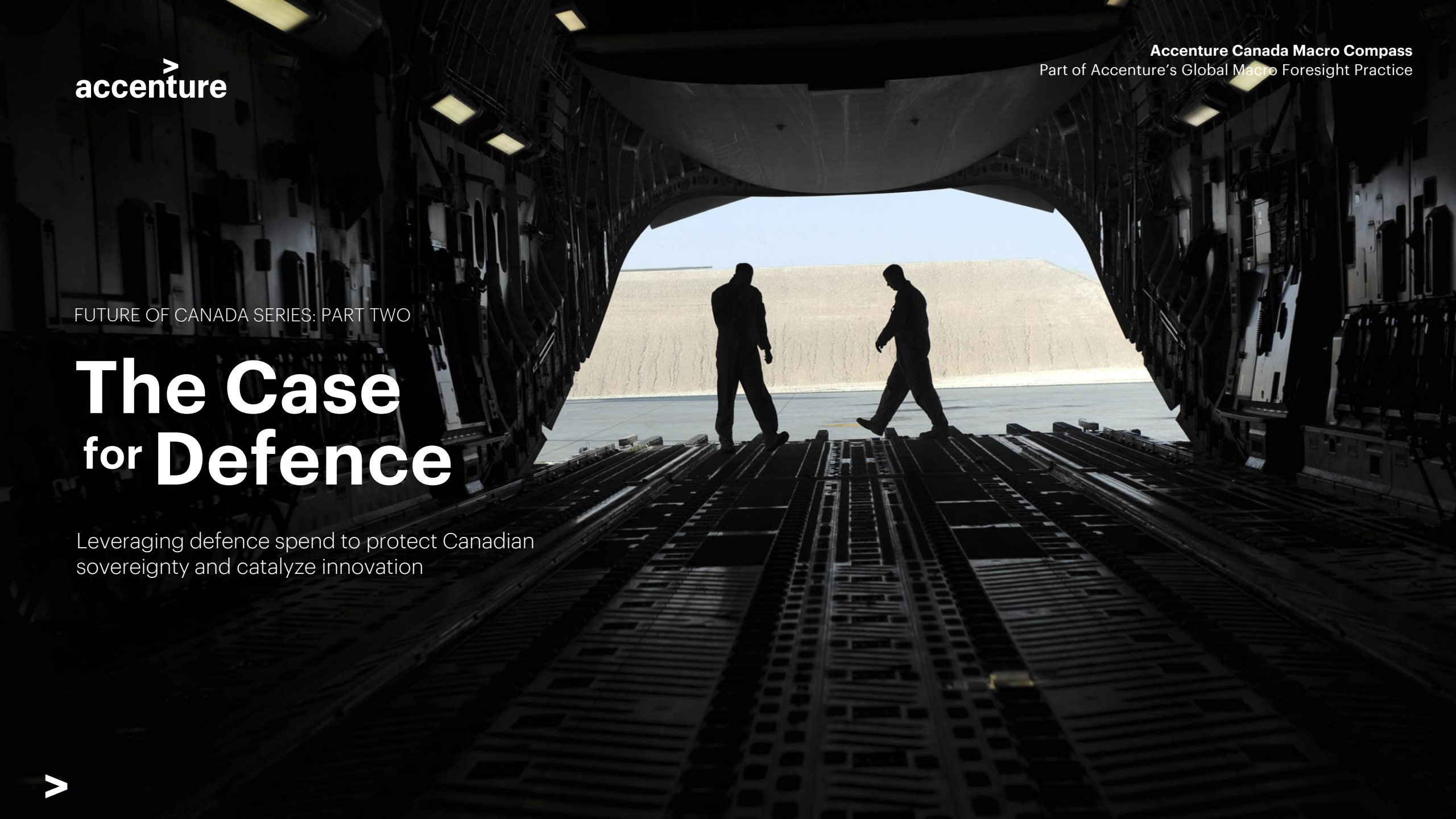

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FUTURE OF CANADA SERIES: PART TWO

The Case for Defence

Leveraging defence spend to protect Canadian sovereignty and catalyze innovation

The Case for Defence

Leveraging defence spend to protect Canadian sovereignty and catalyze innovation

The *Case for Defence* details how Canada's commitment to increased defence spend can enhance global competitiveness and security, with upside for Canadian innovation. For decades, Canada has lagged many of its NATO peers in defence spend as a share of GDP.[1] Escalating geopolitical tensions are intensifying an already volatile security landscape, prompting major powers to prioritize defence as seen with both China's and the U.S.'s spending growth (5% and 2% per annum respectively). [2] Rising tensions are fragmenting multilateralism and straining long-standing alliances, accelerating the development of regional blocs and pressuring middle powers to build strategic autonomy.

Emerging threats, including rising competition in the Indo-Pacific and militarization in the Arctic, are underscoring a need for Canada to reinforce its defence posture. **Canada's commitment to raise defence spending to 5% of GDP by 2035 has marked an inflection point in Canada's path to security and opened the door to large-scale economic benefit fueled by the next wave of innovation.[3, 4]**

While defence spend presents an opportunity to drive reindustrialization, economic growth, and infrastructure development, this perspective focuses on the role defence plays in driving a globally competitive innovation ecosystem.

Canada's opportunity lies in translating its increased defence spending into a launchpad for innovation, leaning on its existing research capabilities, institutional capital, and defence industrial base to drive an increase in aggregate research & development (R&D) spend.[4] Capturing the opportunity ahead has the potential to elevate Canada's global influence, reinforce its strategic autonomy, and secure economic growth.

Consequently, capturing this opportunity can result in 85,000 jobs, lift R&D by ~12% annually, onshore critical supply chains, and expand dual-use manufacturing capacity, raising productivity and IP creation.[4] Expanded surge capacity enables exports of surplus output, deepening Canada's allied industrial base.

The innovation opportunity is twofold. Expanded defence spending will increase R&D, including dual-use applications and defence modernization, will channel more capital to procurement and infrastructure, creating revenue streams that incentivize public-private investment partnerships. As R&D rises, capital allocation will fortify Canada's status as an innovation hub.

The Opportunity Ahead

This analysis positions Canada's defence and innovation future across two scenarios illustrating the scale of this opportunity.[4]

In a scenario where Canada's commitment to defence is realized, reaching 5% of GDP by 2035, Canada would unlock **$10B+ in incremental R&D investment** over the next five years, a ~12% annual lift in R&D investment over that period.

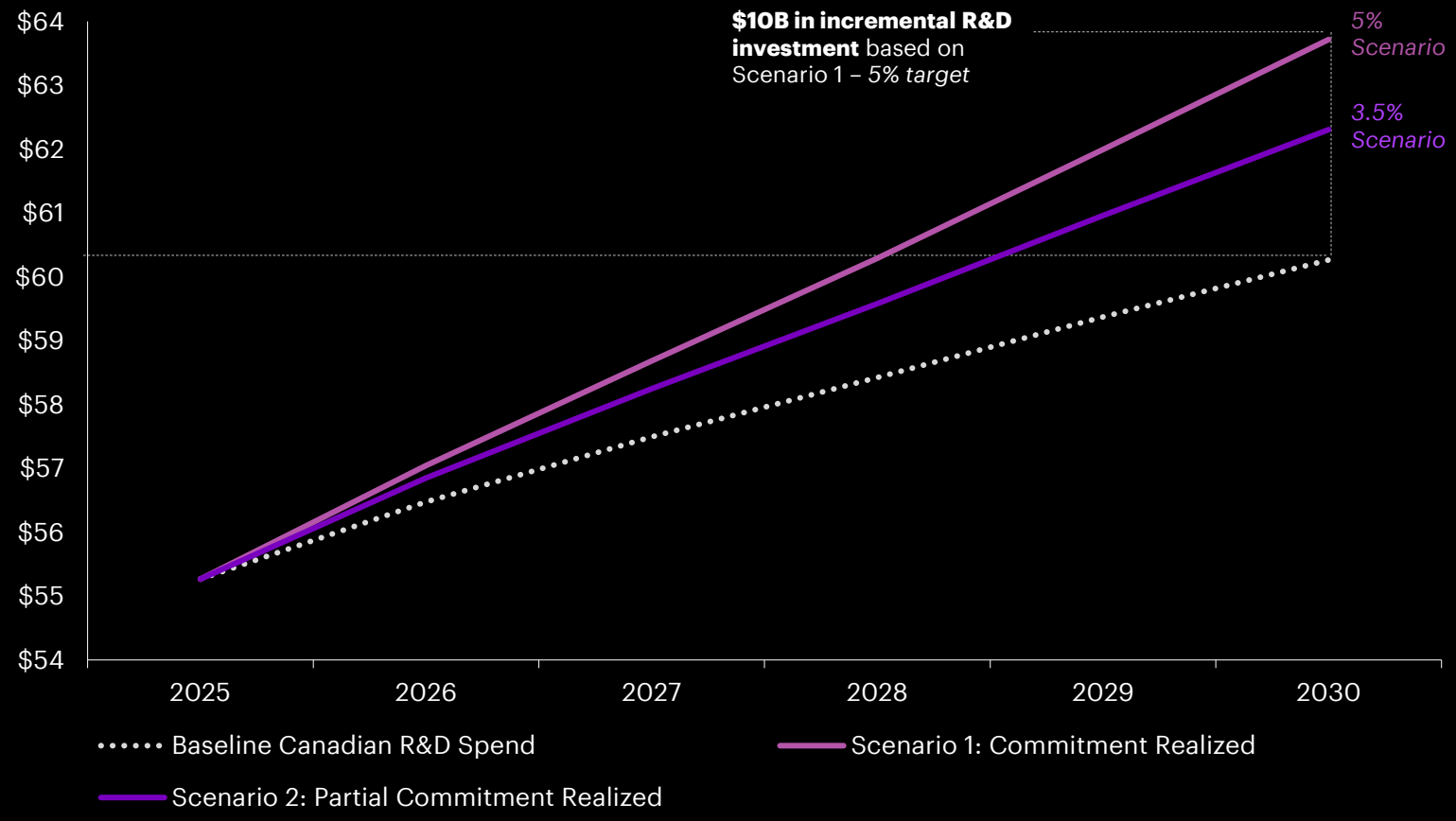
This surge not only modernizes Canada's defence capabilities but also cements the country's position as a leader in the next wave of global innovation. Even if Canada achieves only 70% of the new NATO Defence Investment Pledge, the incremental defence spending would still have lasting impacts, driving over **$6B in incremental R&D investment** over the next five years and generating ~50,000 new jobs.[4]

While Canada stands to gain the most from reaching its full commitment, elevated prioritization of defence and security will still fuel innovation within the defence sector and across the country's broader private sector. Capability modernization, coupled with infrastructure investment, will serve as a springboard for reindustrialization, and dual-use innovation across industries.[4]

The Case for Defence Opportunity

This opportunity could unlock over $10B in incremental R&D investment over the next five years, fueling a ~12% annual lift in R&D investment, while creating 85,000 new jobs in STEM fields.[4]

Aggregate R&D Investment Uplift, billions of Canadian dollars



No-Regret Moves

For Canadian organizations, capitalizing on The Case for Defense means taking intentional actions to revitalize your five-year strategy and starts with the following moves:

Dual-Use Innovation

Lean on defence contracts to develop dual-use technologies and build infrastructure to serve commercial markets beyond military engagements.

Across industries, Canadian firms have an opportunity to use defence programs as a launchpad to pilot innovations that carry both military and commercial applications. Leaders across industries should reevaluate their product mix and look to identify opportunities to innovate or build capabilities that could serve dual markets. Defence contracts allow organizations to leverage the capital to de-risk R&D and broader commercial expansion efforts by providing guaranteed demand.

Public-Private Partnerships

Identify Department of Defence (DND) sponsors, integrate with prime contractors ('primes'), and build relationships with public-private activation enablers.

Effective activation of government-enabled R&D in the private sector hinges on organizations and industry's ability to build the right relationships and co-create on products, workforce, and supply chain. Leaders must deepen relationships with relevant stakeholders to understand the priorities of DND and the broader defence industrial base to best position their organizations to successfully leverage public-private partnership (P3s) opportunities.

Cybersecurity Compliance

Invest in cybersecurity compliance capabilities to achieve defence-grade resilience and position organizations at the forefront of defence procurement.

Defence and government contracts require rigorous cyber and regulatory standards. Organizations looking to capture the surge in defence procurement and infrastructure spending must meet key criteria. Leaders should use this as an opportunity to embed cybersecurity into both operational technology and IT systems and build robust monitoring systems to ensure they remain compliant. By elevating internal cyber resilience now, organizations will go beyond just qualification for defence contracts but strengthen trust with commercial clients as well.

Downstream Partnerships

Form strategic partnerships with downstream prime contractors who hold defence relationships, and research labs, to co-develop products and jointly pursue contracts.

Leaders can ensure their organization are positioned to capture the opportunities ahead by collaborating with downstream primes and broader defence-industrial base organizations to co-create solutions catered to government requirements. Organizations should look to identify key partners with existing government relationships to pursue joint development agreements, reducing capital and execution risks.

Supply Chain Resilience & Agentic AI

Strengthen your supply chain by adopting advanced technologies to perform scenario planning, anticipating disruptions and ensuring operational continuity in volatile markets.

Defence projects increasingly demand resilient and reliable inputs, and global disruptions can derail even established suppliers. Leaders looking to position themselves as trusted, reliable suppliers should invest in digital supply chain tools, agentic AI, and scenario analysis to model risks, simulate disruptions, and test mitigation strategies. By investing in the necessary supply chain upgrades now, organizations can ensure operational continuity and build a reputation of reliability.

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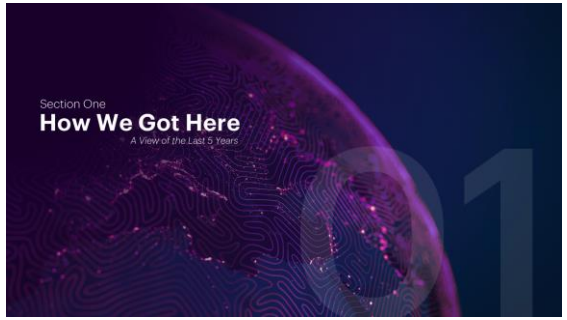

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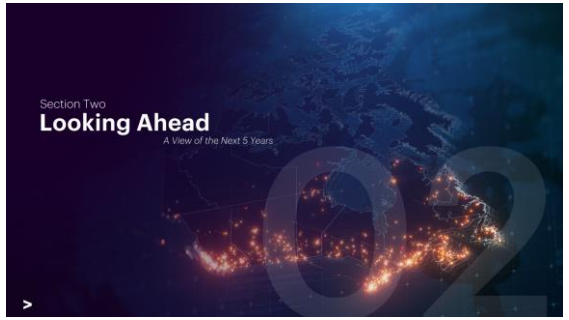

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Canada's Future Unlocked

Canada's commitment to raise defence spending to 5% of GDP by 2035 presents a major opportunity for Canada to strengthen national security and reinforce strategic autonomy, while securing a meaningful role in the emerging global innovation arena.[3]

Emerging threats in strategic regions underscore Canada's need to modernize its defence capabilities. This opportunity stems from increased defence spending, which will act as a launchpad for dual-use R&D, extending far beyond the defence sector. By combining direct defence R&D investment with scaled procurement, manufacturing, technology, and infrastructure projects, Canada can build reliable revenue streams that incentivize private sector innovation, strengthen domestic supply chains, and accelerate commercialization efforts.

Global Innovation Ecosystem

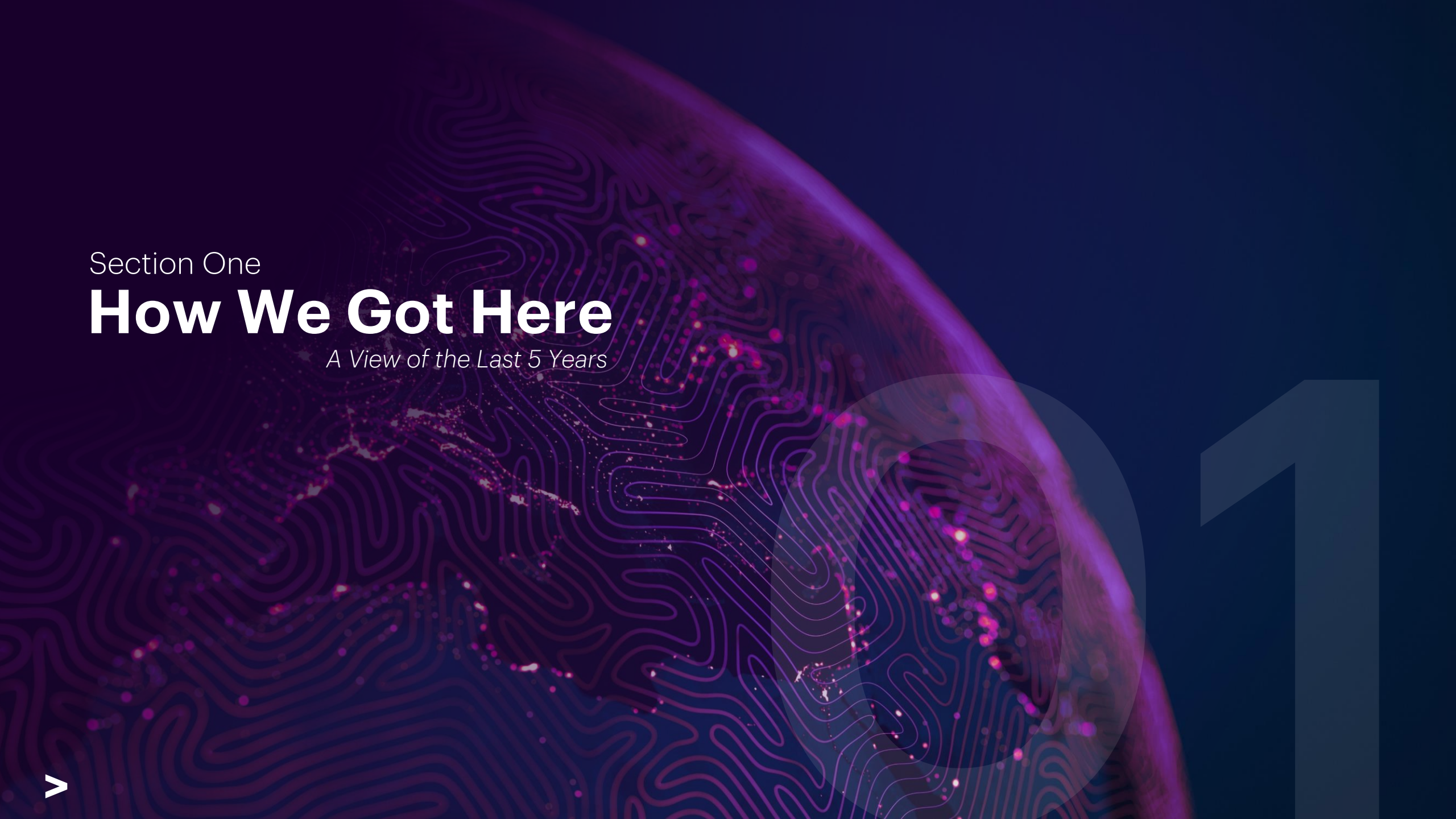
Geopolitical uncertainty is accelerating Canada's buildout of defence infrastructure, directing capital into R&D and accelerating the development of dual-use applications. Advanced defence technologies and secure supply chains are becoming defining vectors of sovereignty, while also positioning innovation as the cornerstone of the national agenda.

This opportunity positions Canada to establish itself as a leader in the global innovation ecosystem, and more broadly in the global security landscape (*the Arena*).

Canada's Competitive Advantage

Canada's scale of spending commitments has the potential to enable long-term planning, attract private investment and anchor domestic supply chains. Backed by government programs that align national security priorities with commercial innovation, this framework can de-risk early R&D, accelerate dual-use technologies, and stimulate regional growth across the country.

Complementing this are Canada's deep pools of institutional capital, a mature defence industrial base, and globally recognized research institutions. Pension funds and leading universities provide the capital, expertise, and infrastructure needed to commercialize innovation at scale (*the Competitive Advantage*). Together, these strengths form a uniquely Canadian innovation engine, one capable of reinforcing sovereignty, advancing allied collaboration, and positioning Canada as a cornerstone of the global security and innovation ecosystem.



Section One

How We Got Here

A View of the Last 5 Years

01

The Global AI Race

Over the past half-decade, AI has shifted from an emerging technology to a decisive instrument that creates economic scale, geopolitical leverage, and defence capability. Breakthroughs in frontier models and autonomous systems have fueled soaring demand for compute, energy, talent, and secure supply chains.[5]

Chips, data centres, and sovereign compute infrastructure are now strategic assets, treated by governments as levers of national security. For Canada, this convergence of AI and great-power competition presents an opportunity via resources and R&D leadership, but also a vulnerability with firms targeted by adversarial cyber and economic pressure.[6]

Defence Tech Acceleration

AI has moved from the margins of experimentation to the core of military capability. Canada's 2024 Defence Policy Update, "Our North, Strong and Free," explicitly ties national security to AI-enabled command-and-control, integrating algorithms into decision-making pipelines across land, sea, air, space, and cyber.[7] NORAD modernization, valued at $38.6B, depends on AI to fuse radar, satellite (e.g., Arctic Over-the-Horizon Radar Project), and cyber inputs into a real-time operational system that can detect and respond to threats at continental scale.[6, 8] Recognizing that reliance on foreign providers was untenable, Ottawa launched the Sovereign AI Compute Infrastructure Program (SCIP) in 2025 to secure domestic access to high-performance computing for both civilian innovators and the defence sector.[9, 10] Together, these steps confirm that AI is the connective tissue of Canada's new defence posture, shaping procurement, doctrine, and interoperability with allies.

Bifurcation of AI Systems

The AI race is increasingly defined by a hardened technological divide between Western-led and Chinese-led ecosystems. Washington's export controls on advanced semiconductors, chipmaking tools, and AI chips, combined with Beijing's restrictions on critical minerals such as gallium and germanium, have fractured the global AI ecosystem.[11] Canada, whose research labs and startups rely heavily on U.S.-sourced compute and cloud services, has been pulled decisively into the Western orbit.[12, 13] Ottawa has tightened security reviews of foreign partnerships to shield universities and labs from entanglement with sanctioned entities.[14] While this raises barriers to talent mobility and cross-border projects, it also reinforces Canada's value as a trusted partner in sensitive AI research and data governance.[15] Critical minerals further deepen this alignment: Ottawa's Critical Minerals Strategy, which identifies 31 essential minerals, positions Canada as a linchpin of allied resilience and a counterweight to Chinese and Russian influence over global supply chains.[16]

Strained Value Chains

The surging demand for AI-enabling inputs has placed unprecedented strain on supply chains, reshaping Canada's strategic calculus. GPU shortages created global bottlenecks, but Canada is leveraging its upstream advantages in energy and critical minerals to position itself as a secure supplier. Ottawa's $3.8B Critical Minerals Strategy has accelerated projects in gallium, lithium, nickel, cobalt, and rare earths, explicitly linking them to semiconductor fabrication, EV batteries, and AI infrastructure; thereby positioning Canada as a secure Western alternative.[16] Quebec's Whabouchi lithium mine and Ontario's Ring of Fire nickel deposits are being reframed as strategic assets for allied resilience.[17, 18] Yet vulnerabilities remain acute; Canadian miners have been targeted by cyber intrusions attributed to state-backed actors, and the overwhelming concentration of global refining in China leaves Canadian exports exposed to external choke points.[19] These risks have pushed Ottawa to prioritize domestic processing capacity, deepen allied industrial coordination, and invest in value-added manufacturing. For Canada, such investments are essential to securing the nation's role in the Western AI value chain.

Geopolitical Security Pressures

Over the past five years, the global security landscape has been reshaped by the intensification of great-power rivalry and the resurgence of multipolar competition. Russia's annexation of Crimea in 2014 and subsequent invasion of Ukraine in 2022, China's assertiveness in the Indo-Pacific and the Arctic, and the United States' intensified focus on strategic competition have blurred the lines between economic policy, national security, and technology. [20]

For Canada, a middle power deeply integrated into Western alliances yet geographically exposed in the Arctic, these dynamics heighten pressure to adapt its defence posture, secure its sovereignty, and contribute credibly to allied burden-sharing. The result is a more demanding security environment where geography, alliances, and resources converge into both opportunities and vulnerabilities.

Multipolar Pressures

The return to multipolarity has forced Canada to recalibrate its place in a fragmented global order. Ottawa's $2.3B 2022 Indo-Pacific Strategy expanded diplomatic, trade, and defence presence across Asia, reflecting an effort to hedge against overreliance on the U.S. while strengthening ties with regional democratic partners such as Japan, South Korea, and India.[21] At the same time, NATO's 2023 adoption of regional defence plans raised expectations for Canada to reinforce eastern Europe (reflected in the standup of Operation UNIFIER to train Ukrainian troops, alongside broader NATO and Ukraine support spend), while NORAD modernization bound Canada more deeply into continental defence.[9, 22, 23] These overlapping demands tighten Canada's strategic optionality. Ottawa cannot completely decouple from shared responsibility with the U.S. for defence of North America, but it also cannot remain absent from multilateral Indo-Pacific and Arctic frameworks. Canada must now balance transatlantic, continental, and Indo-Pacific commitments within a far more contested environment.

Arctic Sovereignty Challenges

The Arctic has become a focal point of geopolitical competition, with melting sea ice projected to create seasonally-navigable routes by the 2030s.[24] Russia has entrenched its position by expanding military bases, radar networks, and air defence across the Northern Sea Route, while China has declared itself a "near-Arctic state" and invested in dual-use polar research and icebreaking capabilities.[25] For Canada, whose Arctic territory covers nearly half its landmass and contains vast reserves of oil, gas, and minerals, the sovereignty challenge is acute. Ottawa has invested $7.4B in Arctic and Offshore Patrol Ships to compete above the ice, announced procurement plans for the Canadian Patrol Submarine project to compete below, expanded the Canadian Rangers program, and launched the Polar Communications and Weather Satellite Mission.[26, 27] Yet Canada operates only two functional heavy icebreakers, leaving significant capability gaps that undermine its ability to assert control over the North.[7]

Strained Value Chains

Canada has faced a sharp escalation in grey-zone tactics, hostile actions that fall below the threshold of conventional conflict but erode sovereignty and resilience. State-backed and non-state cyber intrusions have repeatedly targeted Canadian mining firms, energy providers, and government departments, with the 2023 breach at Global Affairs Canada highlighting systemic vulnerabilities.[28] Disinformation campaigns have attempted to influence Canadian elections and sow public distrust.[29] Meanwhile, economic coercion has emerged as a strategic lever: China's canola export ban in 2019 and restrictions on critical minerals in 2023 underscored how trade can be weaponized.[30] Ottawa has responded by embedding resilience into both security and economic policy, reframing its Critical Minerals Strategy as national security policy, tightening foreign investment reviews, and deepening NATO and Five Eyes intelligence-sharing.[16, 19] These measures illustrate how grey-zone threats are now as consequential to Canada's security as conventional military risks.

Spending and Strategic Reorientation

The past five years have marked a turning point in Canada's approach to defence spending and capability development. Long criticized within NATO for underinvestment, Canada has pivoted toward greater alignment with alliance targets, driven by Russia's war in Ukraine, renewed U.S. pressure on allies, and recognition that sovereignty cannot be guaranteed without credible military capacity.

This reorientation has been budgetary, but it has also been industrial, technological, and strategic, reshaping the relationship between Canada's defence priorities, its domestic industrial base, and its place in allied planning. From fighter jets to Arctic patrols, NORAD modernization, and AI-enabled cyber capabilities, Canada is repositioning itself as a more reliable ally, and as a nation mobilizing its economy for dual-use innovation.

The Spending Shift

For decades, Canada's defence spending hovered around 1.3% of GDP, far below NATO's 2% target and a persistent source of allied frustration.[31] Russia's 2022 invasion of Ukraine marked a turning point: Ottawa pledged an additional $8B over five years, signaling a willingness to re-engage.[32] The real break came in 2025 when Prime Minister Carney committed to raising defence spending to 2% of GDP by 2025–26, with a path toward 5% by 2035 under NATO's Defence Investment Pledge.[3] This represents the steepest sustained increase in Canadian history. Crucially, spending growth is tied explicitly to NORAD modernization, Arctic surveillance, cyber operations, and AI-enabled command systems, showing that Canada's financial commitments are linked directly to strategic needs. However, historic pledges to allies by the Canadian government to reach spending goals have consistently fallen short, establishing a "free rider" reputation and placing heightened pressure on the government to execute.[33]

Modernization Mandate

Canada's modernization efforts are reshaping procurement priorities around next-generation capabilities. In 2023, Ottawa confirmed the purchase of 88 F-35 fighter jets for $19B, replacing its aging CF-18 fleet with fifth-generation aircraft capable of integrating seamlessly into allied sensor and strike networks.[34] Additional investments include Arctic and Offshore Patrol Ships, new radar and satellite systems, and missile defence under the NORAD modernization package.[35] But modernization is not limited to conventional platforms. The 2024 Defence Policy Update emphasized pan-domain operations, integrating land, sea, air, space, and cyber, with AI as the connective tissue.[36] Ottawa is also broadening its supplier base, pursuing partnerships with European, Japanese, and South Korean firms to broaden resilience and reduce dependence on U.S. defence contractors.[37]

Industrial Mobilization

Defence reorientation is fueling industrial growth across Canada. Procurement contracts are increasingly linked to Industrial and Technological Benefits (ITB), requiring contractors to invest in Canadian firms and supply chains.[38] The National Shipbuilding Strategy has generated billions in contracts for Irving Shipbuilding in Halifax, Seaspan in Vancouver, and Chantier Davie in Levis, expanding both skilled employment and technological expertise.[39, 40] Ottawa's Critical Minerals Strategy has been connected to defence procurement to secure inputs for semiconductors and AI infrastructure.[41] Canadian firms are being positioned not just as resource exporters but as contributors to high-value defence and dual-use technologies. This mobilization blurs the line between security and economic strategy: investments in AI, clean energy, and advanced manufacturing now serve both industrial competitiveness and defence resilience.

Canadian Sovereignty

Over the past five years, sovereignty has re-emerged as the organizing principle of Canada's economic and security strategy. For a Canadian economy closely integrated with resource exports and continental supply chains, this has meant recasting traditional strengths in oil, gas, mining, and manufacturing as resilience levers.

The 2025 U.S. tariff threat on steel, aluminum, and autos highlighted the fragility of reliance on a single trade partner, accelerating investments in domestic processing, trade diversification, and allied industrial integration.[42] Ottawa now treats sovereignty as more than territorial control; it is the ability to withstand external shocks while leveraging Canada's role as a trusted supplier of resources, technology, and defence-industrial capacity within allied frameworks.

The Resource-Security Nexus

Canada's natural resources have been elevated from economic advantage to strategic assets. As global powers sought alternatives to Chinese-controlled supply chains, Canada's role as a secure provider of minerals and energy expanded. When China restricted exports of gallium and germanium in 2023, allied governments turned to Canada and Australia to offset shortages.[43] Ottawa accelerated critical mineral exploration in Québec, the Northwest Territories, and other regions, positioning Canadian firms as strategic partners in allied resilience.[44] Similarly, the $40B LNG Canada project has been recast as an energy-security tool, enabling exports to Asia and Europe that help displace Russian gas.[45] Canada's membership in NATO, NORAD, Five Eyes, the G7, and the Minerals Security Partnership (MSP) consolidates its place as a cornerstone of allied energy, technology, and mineral security.

Rebuilding Domestic Value Chains

The United States' tariff policy underscored the dangers of economic dependence on U.S. markets, catalyzing Ottawa's push to rebuild domestic processing and manufacturing capacity. [46, 47] Federal procurement rules now link defence contracts to Canadian content, ensuring that taxpayer dollars generate domestic jobs and capabilities.[38] At the same time, Canada has accelerated trade diversification, leveraging agreements like CETA with Europe and CPTPP in Asia to broaden export markets.[48] In technology, while Canada lacks domestic semiconductor fabrication, investments in sovereign compute clusters, clean energy–powered data centres, and AI model pipelines represent steps toward greater self-reliance. Together, these moves reflect an effort to shorten supply chains, reduce exposure to external shocks, and reinforce sovereignty by ensuring value-added activities occur inside Canada.

Allied Industrial Integration

Rather than retreat into protectionism, Canada has pursued sovereignty via deeper integration with trusted allies. Ottawa has aligned its industrial and defence strategies with NATO's Defence Innovation Accelerator for the North Atlantic (DIANA), the Five Eyes intelligence alliance, and the G7's Minerals Security Partnership.[49] These frameworks embed Canadian firms in joint procurement, innovation, and supply chains that distribute risk across democratic partners. The 2025 tariff dispute reinforced the urgency of diversification, pushing Canadian mining and aerospace firms into joint ventures with European and Japanese partners.[50, 51] By embedding its industrial base into multilateral frameworks, Canada reduces the leverage of any single partner, especially the U.S., while expanding its influence in shaping standards for AI, critical minerals, and defence innovation. Sovereignty, in this model, flows from collective strength.

Technological Sovereignty and Infrastructure Security

Digital infrastructure has become a frontline of geopolitical competition. State-backed cyber intrusions, U.S.-led export controls on advanced chips, and vulnerabilities in global telecom supply chains have underscored that sovereignty now requires control over compute, networks, and data. For Canada, traditionally reliant on foreign-owned cloud providers, imported chips, and dispersed software ecosystems, these pressures have revealed how interdependence can be weaponized.

The 2025 U.S. tariff shock reinforced this reality, demonstrating how quickly economic ties can become leverage. At the same time, cyberattacks attributed to adversarial actors on Canadian energy firms and universities highlighted domestic exposure.[28] Ottawa has responded by elevating technological sovereignty as a national priority, framing AI, networks, and infrastructure as strategic assets to be protected, hardened, and domestically anchored.

Securing Data and Networks

Canada's decision in 2022 to ban Huawei and ZTE from its 5G networks was a watershed moment, acknowledging the risks of foreign-built telecom infrastructure.[52] Since then, Canadian telecom providers have accelerated deployment of "clean networks" using trusted suppliers such as Ericsson and Nokia.[53] Yet threats extend beyond hardware. State-sponsored cyber campaigns surged in 2024, targeting universities, defence contractors, and utilities, with incidents revealing vulnerabilities in both research and supply chains.[54] Ottawa responded by mandating that sensitive government and defence data be hosted on domestic cloud platforms, investing heavily in secure cloud architecture and cyber resilience programs (e.g., as evident in Canada National Cyber Security Strategy).[54,55] Each of these steps reflects an understanding that control over data and networks is not just an IT issue but a sovereign requirement central to safeguarding national resilience.

Sovereign AI Capacity

At the heart of technological sovereignty lies the ability to train and deploy AI models on infrastructure that Canada controls and can onshore. Recognizing this, Ottawa launched the Sovereign AI Compute Infrastructure Program (SCIP) in 2025, committing billions to build high-performance computing clusters powered by Canadian clean energy.[56] These clusters ensure that both civilian innovators and the Canadian Armed Forces have secure domestic access to compute capacity, reducing single-point dependence on U.S. hyperscale cloud providers. The initiative reflects lessons from U.S. export controls on semiconductors to China, which demonstrated how quickly access to compute can be disrupted.[57] For Canada, sovereign AI infrastructure is not only a hedge against external shocks but also an enabler of domestic innovation pipelines, linking industrial competitiveness directly to national security.

Critical Infrastructure Resilience

As AI proliferates, Canada's physical infrastructure, its energy grids, ports, railways, and pipelines have become inseparable from its digital backbone. Attacks like the 2021 Colonial Pipeline disruption in the U.S. and intrusions into Canadian utilities highlighted how critical infrastructure is now a prime target in grey-zone conflict.[58] Over the past five years, Ottawa has committed significant funding to harden these systems. Federal-provincial programs have invested in modernizing electricity grids for cyber resilience, upgrading ports and rail networks, and establishing redundancy protocols in energy supply chains.[59] These measures treat infrastructure as both economic enablers and strategic shields against disruption. For Canada, resilience in critical infrastructure is foundational to its role as a reliable partner in allied supply chains and as a secure platform for domestic innovation.

Cyber and Next-Generation Conflict

The last five years have shown that cyberspace has become the arena where geopolitics, economics, and security converge. Attacks that once disrupted corporate systems now target critical infrastructure, defence contractors, and research institutions with strategic intent. For Canada, the 2020–2025 period has brought a surge in state-backed intrusions aimed at exploiting vulnerabilities in energy firms, mining companies, and AI research labs.[60]

At the same time, the integration of AI into offensive and defensive cyber operations has magnified the scale and speed of conflict. Governments have reframed cyber as both a digital threat and a pillar of sovereignty, competitiveness, and allied credibility. Robust cyber defences (e.g., Cyber Command) are now essential to Canada's role as a secure supplier in global value chains.[61]

Persistent Cyber Conflict

Canada has moved from episodic cyber disruptions to a reality of persistent conflict. According to the Canadian Centre for Cyber Security, most major incidents since 2020 have been linked to state-sponsored actors.[62] In 2023, a Newfoundland energy provider was paralyzed for days after a targeted intrusion, while in 2024 Canadian universities involved in AI and quantum research were breached in credential-theft campaigns traced to foreign adversaries.[28] These incidents reflect a global trend: cyber campaigns are no longer isolated acts but ongoing, low-cost tools of statecraft. For Canada, this persistence demands continuous readiness, sustained public-private collaboration, and deeper alignment with NATO and Five Eyes intelligence-sharing to ensure resilience against constant pressure.

AI-enhanced Cyber Capabilities

The convergence of AI and cyber operations has amplified both offensive and defensive power. Generative AI tools now automate phishing campaigns, malware generation, and evasion techniques at unprecedented scale, overwhelming traditional defences. In 2024, Canadian energy companies were hit with AI-generated spear-phishing attacks that bypassed detection systems, highlighting how adversaries exploit automation.[63] At the same time, AI is strengthening defence. Ottawa has directed new resources to AI-enabled anomaly detection, predictive modelling of vulnerabilities, and automated threat-hunting across government and industry networks. Canada's defence policy update explicitly earmarked investments in cyber commands that integrate AI, mirroring NATO's approach to digital superiority.[7] The cyber arms race has become a defining feature of next-generation conflict.

Economic-Security Linkage

Cybersecurity is now inseparable from economic resilience. For a Canadian economy built on energy, critical minerals, and advanced industries, disruptions carry direct implications for sovereignty. In 2023, cyberattacks on Canadian ports temporarily froze shipping schedules, illustrating how logistical vulnerabilities ripple through global supply chains.[64] Ransomware campaigns against mining SMEs further revealed how smaller firms, central to critical mineral production, can become choke points. Ottawa has reframed cybersecurity as an economic imperative, allocating budget support to strengthen SME defences and incentivize cyber resilience across supply chains.[65] This framing positions cybersecurity not just as a protective measure but as a source of competitive advantage, ensuring that Canada remains a trusted supplier in the Western AI and defence ecosystem.

Section Two

Looking Ahead

A View of the Next 5 Years

Looking Ahead

The next five years could see Canada reinforce its sovereignty and fuel innovation

Canada's progress on defence and security is driven by volatility in the global security landscape. Ottawa actively reprioritizes capital allocation based on the current geopolitical environment, its strategic alignment with multilateral organizations, domestic policy direction, and economic and strategic priorities.[4]

While Canada's elevated defence posture is expected to stimulate domestic industrial capacity, it will continue to depend on strategic partnerships with allied nations to bridge technological gaps, such as those exemplified by the Canadian Patrol Submarine project.[27]

DND priorities are tightly aligned with R&D initiatives, therefore an increase in defence spending leads to a direct increase in defence R&D. Investment made by DND has a follow-on spillover effect into private sector R&D investment as the result of increased procurement and infrastructure spend creating new reliable revenue for upstream suppliers.[4]

Additionally, R&D investment has extensive downstream benefits – creating new jobs, driving incremental VC investment into Canadian startups, and improving Canada's position as a global innovation hub.[66, 67]

Canada's defence future will hinge on Ottawa's willingness to prioritize sustained defence spending against competing fiscal demands.

While Canada has pledged to reach NATO's new defence spending target of 5% of GDP by 2035, there is no guarantee that Ottawa will reach that target.[3]

Consequently, the path forward is uncertain, and two divergent scenarios illustrate how Canada's choices could shape both its security posture and its innovation ecosystem.

Each scenario presents unique benefits and risks, but both underscore how defence spending acts as a catalyst for domestic R&D, industrial resilience, and Canada's broader economic trajectory.

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Scenario 1: Commitment Realized

The global security landscape remains structurally volatile, characterized by rising geopolitical tensions, fragmented multilateralism, and the erosion of long-standing alliances. This volatility accelerates the development of regional blocs and intensifies pressure on middle powers. Sustained geopolitical tensions across strategic regions, including competition in the Indo-Pacific and increasing militarization in the Arctic are driving political consensus for Canada to reinforce its national defence posture.

As a result, **Canada has adopted an ambitious fiscal and strategic commitment to spend 5% of GDP on defence by 2035.**[3, 4] Canada's commitment reflects an emergent priority for Ottawa to reinforce its strategic autonomy and further establish itself as an influential voice in NATO. Ottawa's focus has increasingly shifted toward multilateral diversification and deepening trade and defence ties with the EU and allies in Asia, while maintaining core bilateral commitments with the U.S. (e.g., NORAD). As a result of bolstering Canadian defence and extending international relationships, Canada is well positioned to expand its influence in the Indo-Pacific and Arctic regions.

Ottawa's strategic commitments are reflecting an evolving view that Canadian sovereignty is both an economic and security imperative.

The convergence of AI infrastructure, energy systems, and defence manufacturing has elevated domestic industrial capacity and ownership of critical supply chains to key strategic levers for supporting national security and sovereignty. Efforts to strengthen domestic value chains are underway to build resilience against external shocks (e.g., Chinese mineral export restrictions and U.S. tariff threats). The Department of National Defence (DND) continues to prioritize procurement from domestic suppliers as it scales capital deployment in line with Ottawa's defence spending commitment.

The rise of defence and national security as critical priorities for Canada will reinforce Canadian sovereignty, protect economic growth, and lay the foundation for the next wave of Canadian innovation, fueled by major downstream spending in R&D.

Innovation has historically underpinned economic success for global powers. Aggregate R&D investment is an established vector of global innovation competitiveness for advanced economies.

Over the next five years, Canada can unlock over $10B in incremental R&D investment, repositioning itself as an innovation leader by accelerating defence objectives to meet the committed 5% NATO target. The resulting impact is a ~12% increase in annual aggregate R&D investment by 2030.[4] The outcome is driven by both (A) a direct increase in Defence R&D spend and (B) spillover private sector investment.[4]

(A) Through a direct increase in federally funded defence R&D, Canada can accelerate the development of strategic technologies across AI, advanced manufacturing, and cyber capabilities.

B) Heightened defence activity will drive private sector investment, propelling innovation in defence-tied industries *(Tier 1 procurement*, see Figures 2 & 3).[4] This creates a broader opportunity, driven by expanding defence procurement.

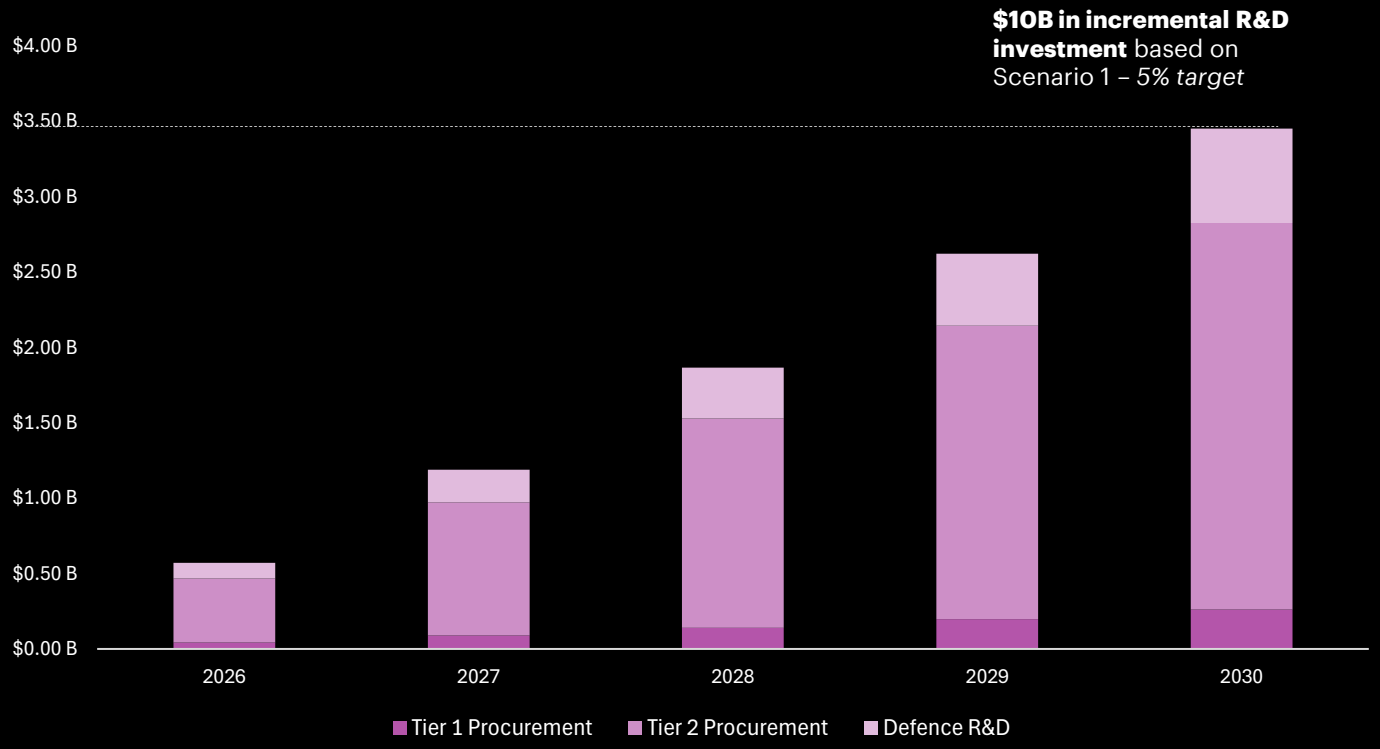
Defence-tied firms, inclusive of those in the *aerospace, shipbuilding, technology, construction, space, textiles,* and *auto* industries will experience increased revenue flows, enabling reinvestment into R&D.[4] Sustained government demand via procurement improves cash flow and reduces risk, enabling firms to scale innovation pipelines with greater confidence.

While some benefit from R&D is realized by the defence-tied industries mentioned above, this will also extend upstream to defence suppliers *(Tier 2 procurement,* see Figure 2 & 3*),* such as *semiconductors & electronics, and metals & advanced materials* providers, who will also drive increased R&D.[4] Industries that prioritize dual-use applications stand to gain the most from the infrastructure and capital unlocked by defence spend.

Figure 2: Breakdown of Increased Aggregate R&D Spend

Incremental R&D Spend driven by higher defence budgets, including direct DND-linked R&D and spillover downstream investment across defencetied industries (Tier 1) and their suppliers (Tier 2)

Aggregate R&D Investment Uplift (Scenario 1), Canadian Dollars (billions)

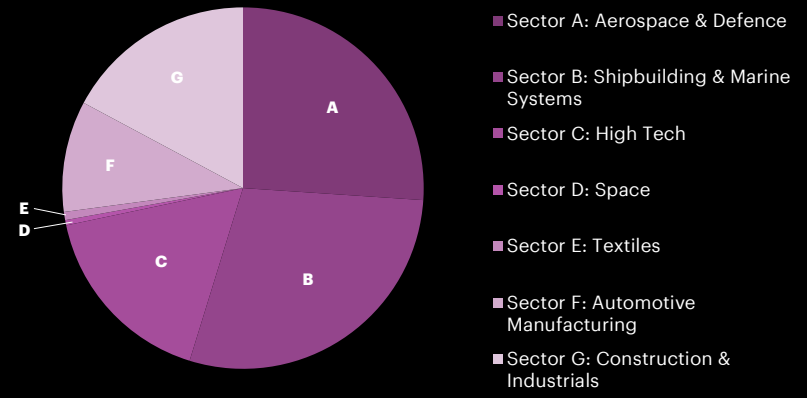


Source: Accenture analysis[4]

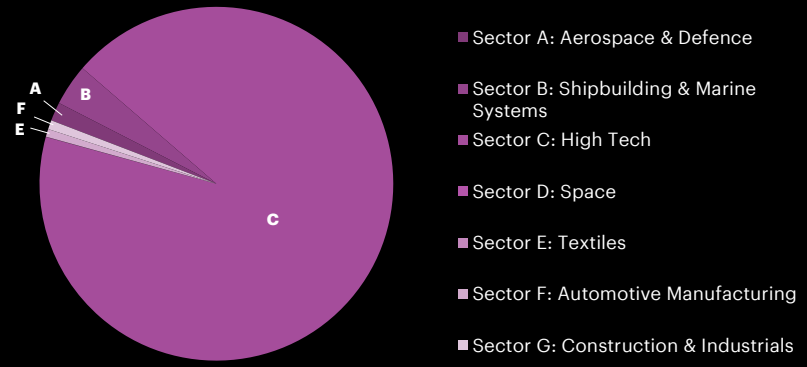
Figure 3: Projected Industry R&D Uplift Breakdown

Spillover investment in 2030, across defence-tied industries (Tier 1) and their suppliers (Tier 2), based on Scenario 1

Tier 1 Procurement (Defence-Tied Industries)



Tier 2 Procurement (Defence Suppliers)



As Canadian R&D investment scales in the defence sector and adjacent industries, the downstream effects on the innovation ecosystem will reinforce Canada's competitiveness in the global innovation landscape, which has seen Canada drop to 17th in the global innovation index.[68] Defence presents an opportunity to accelerate this competitiveness. Canada's potential $10B R&D opportunity can drive over 85,000 new jobs across STEM fields (see Figure 4).

Beyond job creation, the surge in private sector R&D investment will improve the investment profile of Canadian firms, attracting greater venture capital interest - *our analysis on the relationship between a country's aggregate R&D spend as a % of GDP and cumulative venture-capital deployment suggests a strong correlation*.[4] The transformation of defence spending will strengthen Canada's global innovation competitiveness and increase Canada's ability to shape the innovation ecosystem.

The outcome of a scenario where Canada meets spending targets presents a transformative opportunity for industries adjacent to defence. The influx of procurement activity and long-term contracts, coupled with Ottawa's priority to support domestic suppliers creates an opportunity for firms to capture a growing addressable market.

Industries will leverage new growth to propel commercialization efforts and build capability moats in domestic and international markets (see Figures 2 & 3).

The broader Canadian defence industry stands to gain the most from the surge in procurement activity as contracts set to be awarded will modernize Canada's defence capabilities. As the key buyer, the government plays a critical role in ensuring that defence industry participants are incentivized to invest in next-generation technologies. In parallel, the federal push to expand defence infrastructure, notably by extending presence in the North, will create opportunities for firms operating in Canada's energy and utilities sector.

Modernization will require access to reliable energy in the form of renewables, microgrids, and advanced energy storage solutions. Ottawa will increasingly seek secure access across the defence value chain beyond private networks to sovereign cloud and zero-trust cybersecurity.

DND will look upstream to expand secure supply chains for critical inputs and advanced materials. This heightened focus on secure supply networks opens the door for Canadian resources and industrials firms to meet increasing demand with reliable, domestic access to these inputs.

While the committed pathway over the next five years promises a sizeable market for defence industry organizations, the benefits extend beyond direct government contracts, creating opportunities for a wide range of industries in Canada. Among these opportunities lies a strategic imperative to capitalize on increased defence spend to drive investment into R&D and accelerate commercialization efforts across markets.

Scenario 2: Partial Commitment Realized

The United States, China, and other major economies negotiate the de-escalation of existing conflicts and establish preventative measures to limit future tensions. The U.S. and EU, alongside strategic allies, lead a shift in the global security architecture.[69, 70, 71] While results do not emerge quickly, momentum tilts toward stability. The result of successful negotiation is a slightly reduced prioritization of defence investment over other fiscal priorities.

Canada faces a reduced threat to its sovereignty and refocuses on supply chain ownership, instead of footprint expansion and large-scale infrastructure buildout.

Ottawa's relationship with Washington improves. As a result, Canada slows its current rapid expansion of multilateral relationships and deeper investment in the EU industrial value chain, making broader expansion less critical for sovereignty. The downstream result of de-escalation is continued reliance on existing procurement and planning practices rather than new opportunities. The opportunity cost of building complex, expensive domestic capabilities outweighs benefits versus maintaining alignment with U.S. resources, therefore domestic supply chain modernization moderates.

The result is a renewed focus on U.S. firms that are central to Canadian defence development, deepening ties with Washington's security and technological objectives. Ottawa's shift away from defence is underpinned by rising social-spending pressures and equity concerns. The shift from prioritization of defence spending toward other fiscal priorities, reduces Canada's ability to meet 2035 defence commitments and lowers the ceiling on innovation across the public and private sectors.

Even as Canada falls short of its commitment to allocate 5% of GDP to defence spending, Ottawa's mobilization of capital toward sovereignty and security enables DND to deliver 70% of the pledge. The impact over the next five years is an increase of ~$6B in incremental R&D investment (see Figure 4).[3,4] This outcome is driven by both (A) limited but growing defence R&D spend and (B) spillover private-sector investment.

(A) Weaker DND R&D spend moderately constrains the ability of government investment to spur domestic innovation in areas such as AI, quantum computing, and advanced manufacturing.

(B) A reduced budget limits procurement and infrastructure investment, as Ottawa seeks to prioritize maintenance and modernization efforts over capability expansion. Upstream private-sector contractors absorb the brunt, constraining R&D within capital-allocation plans. Contractors may pursue more work outside Canada, reducing domestic value capture due to location-based content clauses.

While direct contractors and primes feel the sharpest impact, upstream Canadian suppliers also suffer as Ottawa prioritizes U.S. imports, limiting opportunities for domestic firms. Defence contracts are resource-intensive, so scaling down at the prime and contractor level has outsized effects on input demand versus other sectors.

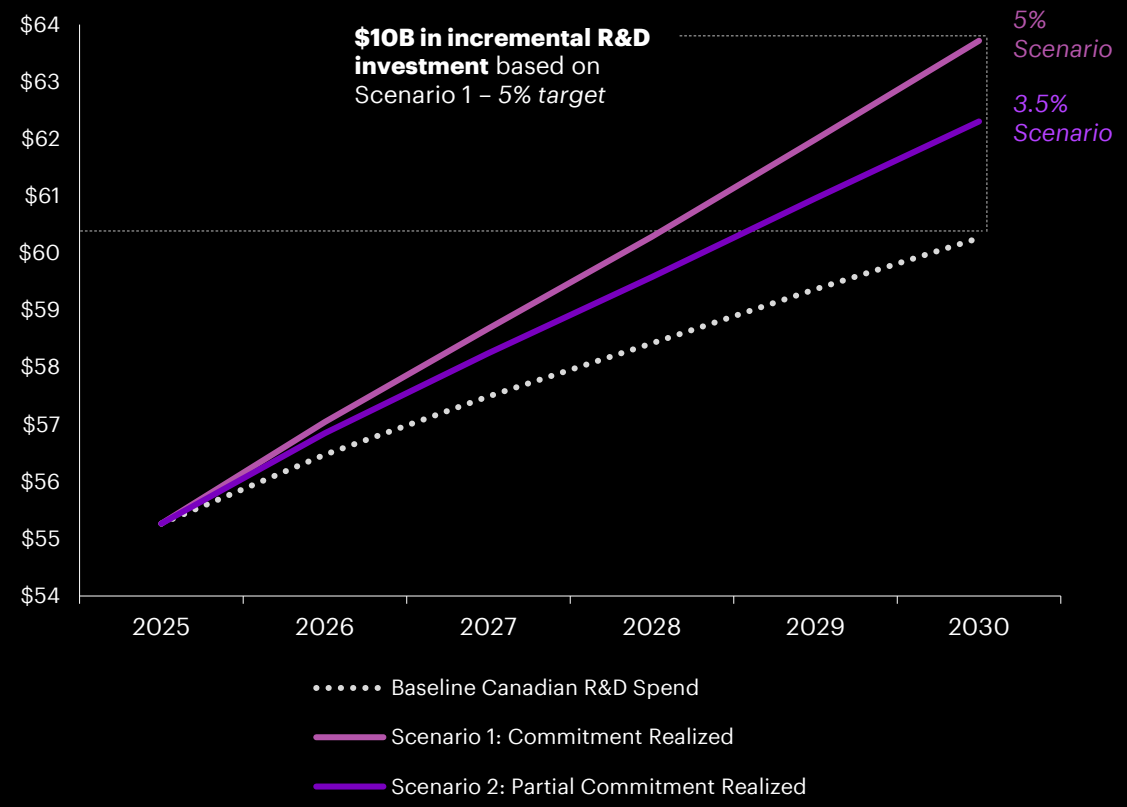
These headwinds modestly limit Canada's ability to advance its position as a global innovation leader. Canada will experience slowed progression up the Global Innovation Index, dampening venture and institutional investment into new Canadian businesses, and to a lesser extent, talent development. We expect Canada's position of 17th on the GII to shift only marginally, and while several other factors influence aggregate venture investment, innovation ties directly to the growth potential VCs evaluate.[4, 68]

As a result, Canadian firms are less attractive than foreign peers for capital. However, the ~$6B incremental R&D opportunity still yields benefits, creating ~50,000 new STEM jobs.[4]

Figure 4: The Case For Defence Opportunity

This opportunity could unlock over $10B in incremental R&D investment over the next five years, driving a ~12% annual lift in R&D investment while creating 85,000 new jobs in STEM fields[4]

Aggregate R&D Investment Uplift, Canadian Dollars (billions)



Section Three

Canada in 2040

Foresight Into Possible 15-Year Futures

Canada's Competitive Advantage

Historic trends and short-term forecasts validate an increasingly uncertain macro environment for public and private entities. Canada's opportunity to unlock competitiveness and innovation rests on a renewed defence focus and the ability to scale domestic value chains.

An increasingly uncertain macro environment has redefined security as economic adaptability and technological self-reliance. Canada's path to growth will hinge on its ability to capitalize on transformational opportunities using its unique set of competitive advantages to compete in a rapidly evolving global economy, drive sustainable economic growth, and lead the next wave of innovation.

Path To Global Competitiveness & Security

Global competitiveness and security are rapidly becoming strategic priorities for middle-powers seeking to find a stable position in an increasingly volatile economic and geopolitical environment. Current instability and uncertainty will reorganize the global order, propelling new nations into positions of strength and unlocking new competitive advantages.

A nation's ability to compete centres on its capacity to influence global security forums, build supply chains that enable the defence industrial base, and create advanced outputs commanding pricing power in trade and diplomatic negotiations.

Canada will be challenged to leverage its unique competitive advantages to shape multilateral policy and deepen relationships with current and future allies. Canada's ability to link NATO's strategic objectives with its resources and energy inputs is a key lever to building geostrategic advantages.

As trade routes evolve, the Arctic and the Northwest Passage will become choke points, as nations and organizations seek to bypass the Panama Canal when organizing logistics between the Atlantic and the Pacific. Canada controls ~40% of the Arctic coastline; preserving sovereignty over internal Arctic waters is critical to national security and to building geopolitical leverage.[72]

Whoever sets the surveillance and operating rules will realize gain influence over global security. Adversaries have weaponized supply chains; as seen with Russia's supply restrictions on natural gas exports to heavily dependent countries in Europe,[73] driving allies to seek extended support from adjacent middle powers in a bid to reduce economic pressures.

Allies and firms look to partners like Canada with the resource and industrial bases to support growth and security ambitions. Canada's position as a trusted ally amplifies its ability to use geography and resources as leverage, a dynamic that will deepen as Ottawa broadens multilateral security and trade ties.

Global competitiveness and security resilience are anchored in the ownership and advancement of deep value chains, while concurrently limiting reliance on foreign suppliers. Renewed focus on defence spend and the R&D it catalyzes drives advancement of Canadian supply chains. Value can be realized in improving existing capabilities and expanding capacity across downstream stages.

Capital is the key lever in extending Canada's industrial engine, and a renewed focus on meeting NATO spending targets is the ideal vector to ensure long-tail investments from public and private entities. Proper allocation of investment can allow Canada to self-fund a security renaissance, limiting overreliance on exports and reducing exposure to market and geopolitical volatility.

Canada will realize second-order benefits from value chain ownership, as global partners increase import volume of Canadian products. Reliance on Canada for imports extends soft-power influence and positions Canada to negotiate more favorable trade agreements and create an attractive investment environment.

Return To Sustained Economic Growth

Canada stands at a crossroads where a return to economic growth hinges on its ability to secure a meaningful role in the future global AI economy and navigate an increasingly complex geopolitical environment. In the preceding perspective – *The Resource Nexus* – an argument was made that Canada can unlock sustained economic growth through its command of the upstream AI value chain.[74]

While capturing this opportunity can return Canada to economic growth in line with or surpassing OECD peers, it does not guarantee durable prosperity. Canada's ability to successfully drive continuous economic growth goes beyond capitalizing on emerging global opportunities and depends on its ability to convert broad-based innovation into domestic productivity and output.

For years, Canada has trailed many of its OECD peers in productivity growth and economic performance. This lag is heavily influenced by insufficient R&D investment (e.g., Canada currently ranks only 18th in the OECD for the share of GDP spending on R&D), low technology adoption, and persistent talent attrition.[75]

Canada's ability to improve its productivity growth hinges on scaling its innovation ecosystem and translating fiscal commitments into widespread innovation across sectors.

By unlocking a new wave of innovation-led growth, Canada can shift the risk profiles of organizations across sectors, removing barriers to innovation and promoting long-term investment. Sustained economic growth will be built on near-term decisions with long-term implications. Canadian organizations require incentives to invest in the distant future and propel the next flywheel of innovation as a step toward that opportunity.

Canada's reinforced focus on defence and security position it to unlock innovation via direct increases in R&D and spillover investment from defence-linked and upstream industries.

Driving Next-Generation of Innovation

Driving Canada's next flywheel of innovation requires more than a step-up in aggregate R&D investment. Through recognizing that defence spending can influence next-generation R&D, Canada can position itself to stimulate broader innovation ecosystems and improve its competitiveness on the global stage (see Figure 5). [4]

Despite its strong foundation, Canada has faced challenges translating innovation inputs into tangible outcomes. While Canada remains among the top 20 global economies (see Figure 6) in the Global Innovation Index, much of this is driven by its market sophistication (8th) and human capital and research (10th), but it remains constrained by weak infrastructure and creative outputs (24th).[76] This gap illustrates an urgency for Canada to better leverage domestic capabilities to accelerate commercialized technologies and the development of intellectual property in sectors of national strategic interest.

Equally critical to driving innovation is Canada's ability to retain and attract top talent. Defence-led innovation offers a unique opportunity to spur the growth of high-impact roles across industries.

Much of Canada's future will depend on its ability to foster a vibrant ecosystem where researchers, engineers, and entrepreneurs can thrive. However, Canada faces a disconnect between educational capability and economic performance. Currently, Canada is the most educated country in the OECD – *63% of adults possess post-secondary credentials* – but productivity growth has stagnated (drop from 88% to 71% of U.S. levels).[77]

Additionally, Canada's population ranks 2nd in the OECD for overqualification (10.6% of Canadian born workers are employed below their education level). The result is mass 'brain drain'; research shows 25% of STEM graduates from top universities leave Canada.[78] As technology and talent improve exponentially, Canada must address its glaring talent crisis to maintain or improve its ability to innovate on a global scale.

Effective activation of R&D capital will be among the first steps toward righting the ship. Using investment to improve wage conditions, and advance programs and research capabilities will be essential in securing Canada's ability to attract, build, and retain talent.

In the next five years, Canada is uniquely positioned to kickstart a new era of innovation-driven economic expansion anchored in its strategic pivot toward national defence.

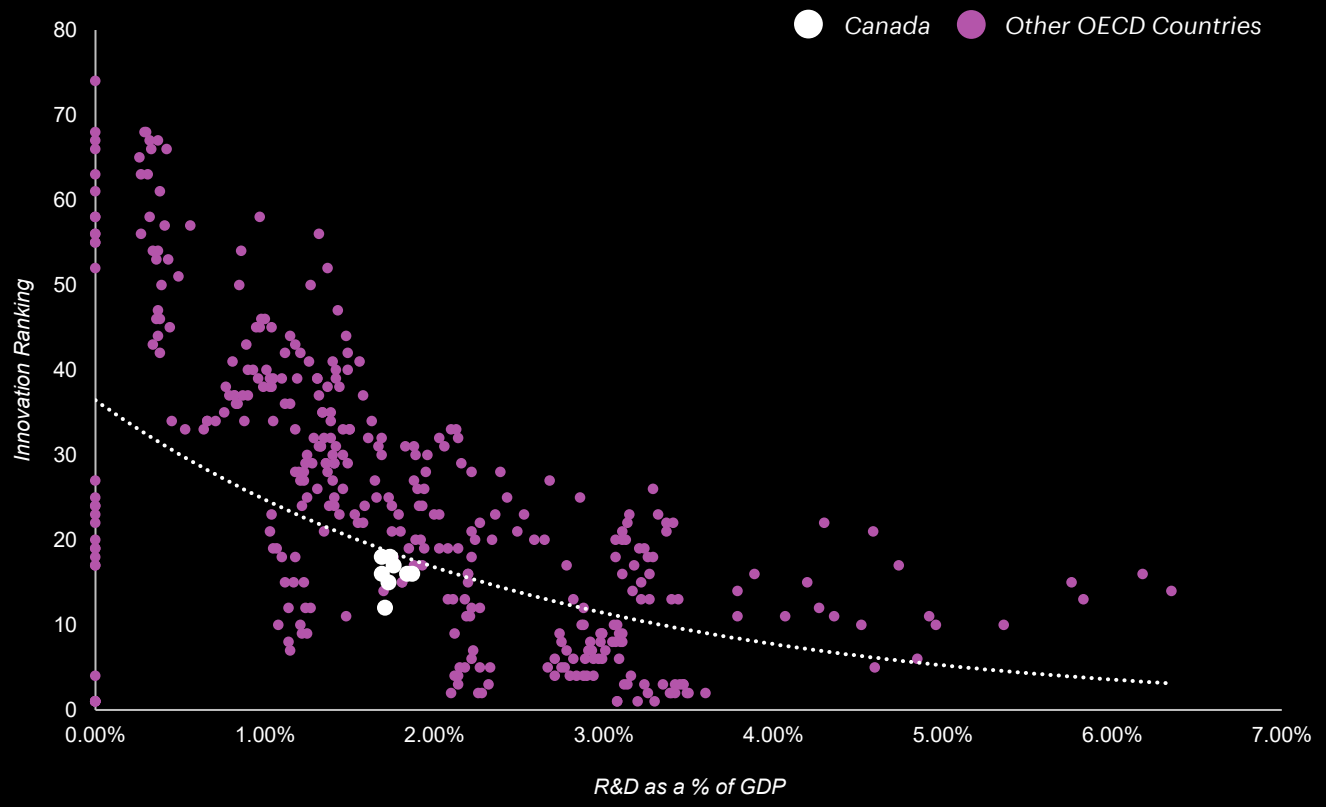
Thus far, this perspective has argued that the federal government's increased fiscal commitment to defence will act as a powerful stimulant for aggregate R&D investment, unlocking latent potential across both public and private sectors.

In the past, defence spending has served as a launchpad for technological progression and industrial growth, and Canada can now replicate that growth at scale.[79]

This perspective has positioned future outcomes along a spectrum of two potential macro scenarios. The following foresight explores how these scenarios may diverge further over the next 10-15 years, and what they could mean for Canada's long-term global competitiveness, economic resilience, and capacity for widespread innovation.

Figure 5: Global Innovation Competitiveness

Aggregate Research & Development (R&D) spend as a share of GDP (OECD countries only), plotted against each country's Global Innovation Index from 2014 to 2023

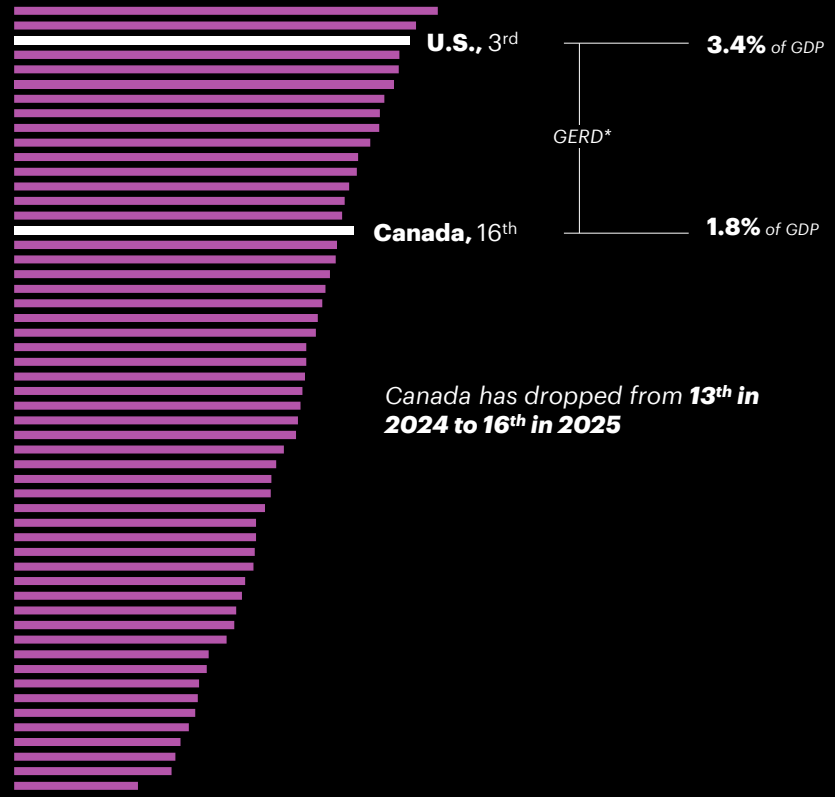


Source: Accenture Strategy analysis[4]

Note: *GERD – General Expenditure of Research & Development

Figure 6: Global Innovation Index (GII) – Score & Ranking 2025

Canada currently ranks 17th overall and 16th among high-income countries, according to WIPO



Source: WIPO[68], OECD[75]

Scenario 1: *Commitment Realized*

As global security volatility persists, the geopolitical landscape continues to fragment, accelerating the formation of regional blocs and heightening pressure on middle powers to solidify strategic autonomy. **Canada realizes its long-term commitment to scale defence spending to 5% of GDP by 2035,** turning it into a foundational economic and strategic lever. Canada has solidified itself as a sovereign innovation power, with defence-led R&D forming the backbone of major industrial growth.[3] As a result, R&D investment has fueled a decade of dual-use technology innovation, transforming Canada's technology ecosystem with domestic firms leading the development of frontier technologies across sectors.

The convergence of defence, energy, and digital infrastructure has elevated Canada's domestic industrial capacity into a strategic asset, where control over critical supply chains both insulates against trade weaponization and positions Canada as a reliable partner to allies across NATO and the Indo-Pacific. Ottawa's increased focus on building industrial strength and domestic supply chain control strengthens Canada's economic security, enhancing resilience to global trade shocks.

In a world defined by persistent instability and shifting power centres, Canada secures its role as an innovation-centred economy.

While innovation has historically been a critical component of Canada's economy, it now sits at the core of Canada's national strategy. Canada has emerged as a top 10 innovation leader, no longer defined by its resource legacy alone but by its influential role in the global innovation ecosystem. Beyond innovation alone, Canada's renewed defence posture expands its capacity to contribute meaningfully to allied initiatives and reinforces its position as a secure and capable middle power.

Path To Global Competitiveness & Security

Canada's modernized military has become a strategic advantage in global competitiveness and security. In an era where middle powers must assert influence through specialized capabilities or strategic importance, Canada has positioned itself to lead with deepened influence in strategic regions and greater control over critical supply chains. Canada's defence transformation enables it to shape major global security priorities and gain leverage in multilateral negotiations. Reliable access to critical inputs makes Canada a sought-after ally for those de-risking from geopolitically distant partners.

At the same time, Canada's new defence strength improves its ability to assert control in strategic regions, such as the Northwest Passage, which remains a focus for adversaries. As nations navigate a fragmented global economy and seek to insulate from tensions, Canada has become a reliable partner for many global powers.

Return To Sustained Economic Growth

As a result of a surge in innovation, Canada unlocks a new wave of productivity across private and public sectors. The defence sector's demand for advanced systems and push for new technology drives spillover investment in upstream industries, accelerating technology adoption and reducing barriers to long-term capital deployment.

Risk profiles have shifted for Canadian firms, encouraging investment in future-focused technologies. As a result, Canadian innovation is reinforcing its role in the global AI economy. Ownership is shifting beyond the command of the upstream value chain to the build-out of enterprise applications and a rise in AI-native digital SMEs.

Drive The Next Generation of Innovation

Following a surge in R&D investment across Canada's defence sector and spillover investment into upstream industries, Canada has accelerated IP creation.

Canada's position as an innovation-leader in NATO has led to an acceleration of commercialization through the expansion of DIANA and IDEaS programs.[80] Canada's positioning in NATO priority technology areas – *AI, quantum, biotechnology, and manufacturing* – has allowed Canada to pursue targeted innovation. The Centre for Ocean Ventures & Entrepreneurship (COVE) is an example of successful commercialization of dual-use innovations. COVE leads development of manufacturing expertise in the naval sector, tackling lead-times, obsolete parts, and complex supply chains.[80] Ottawa's prioritization of retaining IP and reversing brain drain has led to new partnerships with research centres and incentives to strengthen talent pipelines.

Stable government contracts coupled with new federal incentives have reduced the risk for private sector firms to expand R&D and invest alongside a booming Canadian VC environment. Canadian firms have capitalized on the extended innovation ecosystem by expanding CVC capital deployed domestically, further expanding Canada's incubator landscape and creating an environment for talent to thrive.

Scenario 2: *Partial Commitment Realized*

Opposing regional powers and economic and security blocs quickly identified that long-term global stability depends on sustained peacekeeping and co-operative efforts. The result reduces pressure on middle states to build sovereign military industrial complexes, prompting reliance on trusted partners with distinct competitive advantages to fill capability gaps. In turn, Canada's attention shifts toward social programs and domestic priorities, as wealth disparity, inflation, and an increasingly strained health system present a greater threat to the Canadian national interest.

Funding reallocation limits Ottawa's ability to focus on defence, **resulting in Canada achieving only ~70% of the pledged 5% of GDP.** While less than the committed 5%, Canada reaches a contribution of 3.5% of GDP, notably higher than the 1.4% spent in the early 2020s.[81] Dual use R&D ecosystems continue to mature, but Canada is limited in its ability to capture the full flywheel effects of a scaled defence-led industrial base. Resulting spillover effects do remain meaningful, as limited access to capital forces innovators to have increased consideration for civilian applications.

Restricted capital flows have caused institutional investors to recognize Canada's innovation capacity as second-tier. Canada is still a global partner for scaling technology but has limited presence as an originator of breakthroughs. Without a full industrial complex, Canada maintains its reliance on U.S.-support while expanding ties with allies and leans into specific competitive advantages: critical minerals, Arctic security, cybersecurity, and peace initiatives.

Innovation remains notable but insufficiently differentiating in the Canadian economy, tied tightly to targeted initiatives and existing competitive advantages. Canada remains a top-20 nation in innovation, but without the capital required to reinvent its industrial base, growth beyond the current position is limited.

Canada remains a middle-power, more reactive to decisions of stronger allies and adversaries, while seeking niche leverage where applicable. Resources and raw materials outputs remain at the centre of the economy, but the lack of downstream investment limits Canada's ability to build out globally meaningful supply chains.

Path To Global Competitiveness & Security

A failure to effectively allocate and leverage capital positions Canada to only partially carve a path to greater global competitiveness and security. A limited sovereign defence industrial base results in a lack of influence over global security decisions outside of key power plays in the Arctic Circle, where allied support still positions Canada for strength. Meanwhile, Canada's ability to own more stage gates along critical supply chains and prioritizing domestic industrial success is limited to that of other global actors who seized the opportunity presented by increased defence spend. Ultimately, this has reduced Canada's ability to increase demand and competitiveness.

Return To Sustained Economic Growth

While Canada continues to invest into upstream infrastructure to extend its resource and energy capabilities, with particular emphasis on oil and gas, minerals and utilities advantages, a failure to translate new capital into investment and R&D caps Canada's capacity to sustain rebounded growth. Instead of R&D and upstream investment acting as a flywheel, it stands still as an injection that results in limited long-term value creation.

Initial productivity and Foreign Direct Investment (FDI) benefits are realized, with institutional investors seeing potential in Canada, however a long-term outlook with limited upside and administrative difficulty ensures benefits are short-lived.

The Next Generation of Innovation

The next-wave of global innovation is defined by the inflow and effective use of capital. While there is a strong domestic knowledge base and pipeline for integrating talent into the workforce, there is little action taken to retain and build talent. The result is a workforce that sees Canada as a steppingstone toward other economies such as the United States that reward ability with greater compensation and better opportunity for entrepreneurs to drive global change. "Brain drain," reinforces a negative feedback loop, as foreign and domestic investors are less likely to invest in a workforce they have less confidence in. Risk remains high and ultimately puts a hard ceiling on the innovation potential Canada can realize.

Section Four

Impacts Across Industries & No-Regret Moves

What It All Means For Canadian Organizations

Public Sector & Defence

Canada's public sector, including Crown corporations, and the Department of National Defence, sit at the centre of national security, functioning as architects of sovereignty and innovation. Canadian public sector institutions can convert pledged spend and planned goals into deployable outcomes across NORAD and NATO, while stewarding pathways that connect defence capabilities to commercial and civilian products. The public sector underpins sovereignty by projecting and enabling Canada's military and industrial presence geographically and across value chains.

Additionally, the public sector stands as a springboard for innovation, advancing both mission-led and dual-use applications to maximize value for Canada and its people. The increase in project volume unlocks opportunities across domains tied to national security and nation building major projects. Canada will seek to expand presence and ability across land, sea and air, while enhancing positions in space. Effective activation of these domains depends on a resilient workforce with proficiencies that protect the industrial base over the long term. Canada's ability to transform defence capital into broader innovation and modernization is predicated on the public sector's ability to activate and mobilize effectively.

Lean on Dual-Use Innovation as a Central Driver of Organizational Modernization

The convergence of defence and civilian technology markets presents a unique opportunity for public sector organizations to institutionalize dual-use innovation. Defence-driven demand acts as a stable anchor, lowering the cost of capital and de-risking investments in advanced capabilities (e.g., next-generation networks, AI).

For public sector organizations, moving beyond procuring isolated pilot projects, embedding dual-use innovation into the core operating model, and maintaining clear lines of sight for future projects can accelerate modernization and signal persistent demand to private sector partners. This approach not only improves an organization's productivity but also positions Canada more broadly as a key player in allied innovation ecosystems, ensuring that public investments yield broad and durable value.

Treat Cybersecurity and Data Governance as Strategic Pillars of Risk Management

Cybersecurity and data governance have evolved from compliance requirements to strategic determinants of operational continuity and financial health.

In an environment marked by persistent cyber threats and tightening standards for sensitive information, treating cyber resilience as a capital allocation priority is critical. Public sector organizations should build security into all systems and routines so that protection is a default component of institution design. This elevates credibility with citizens and partners while preserving strategic flexibility as standards and threats continue to evolve.

Build Supply Chain Reliability as a Core Organizational Asset

The increasing frequency and complexity of supply chain disruptions, whether from weaponized choke points (e.g., port closures, rail disruptions), energy constraints, or cyber attacks, have elevated supply chain reliability as a central concern for public sector organizations.

As supply networks become increasingly data-rich and interconnected, the ability to understand, anticipate, and manage risks is emerging as a key differentiator. Defining reliability as an organizational asset asserts its connection to measuring service continuity, informing capital allocation decisions, and demonstrating the value of resilient investments to stakeholders.

Digital transformation can be a critical avenue to enhance visibility and responsiveness within supply chains and align them to broader strategic goals.

Accelerate Capability and Innovation Through Outcome-Based Partnerships

Canada's modernization agenda is too ambitious to be funded by public resources alone. The optimal strategy is to support partnership models that mobilize private capital, research expertise, and industrial capacity through long-term engagements focused on outcomes (i.e., availability, uptime, security thresholds) rather than narrow inputs (hours, headcount, unit production).

By articulating clear, standards-based objectives, public entities can attract partners willing to share risk and accelerate capability development. This reframes procurement and partnership as instruments of macro strategy, enabling faster build-out of critical infrastructure, strengthening domestic ecosystems, and increasing Canada's influence.

Industrials

Industrials is the hard power behind the defence and broader military complex. Organizations in the space build the machines, advanced materials, and industrial mechanisms that are critical to scale value chains. Munitions, platforms (land, sea and air), and sustainment are all now explicitly funded in Canada's defence refresh as it prioritizes modernization and Arctic domain awareness.

Industrials organizations are tied directly to national sovereignty as their ability to supply, build, and repair within Canadian borders ensures more resilient, secure, and adaptable supply chains. As access to capital becomes easier, industrials organizations will benefit from a broader environment of play, underpinned by predictable contracting and project demand. Beyond a broader demand surge from industrial primes and prioritization of domestic suppliers, opportunities to extend current Canadian competitive advantages beyond its borders position many organizations to succeed. Those who can design, procure, assemble and advance capabilities while focusing on advancing Canadian tech will reap the greatest set of benefits.

Anticipate Sustained Demand for Advanced Manufacturing

Canada's commitment to increased defence spending is not just a policy shift, it's a market signal for industrials organizations. Executives should recognize that defence procurement cycles are multi-year but enable sustained demand for complex manufacturing, precision engineering, and high-value components.

This means greater visibility for production planning, opportunities to scale capacity, and justification for capital investments in automation and digitization. Firms positioned to meet defence specifications (i.e., quality, traceability, compliance), will be better positioned to capture long-term contracts and anchor their growth in a more predictable demand environment.

Strengthen Supply Chain Security and Prioritize Domestic Inputs

As procurement preferences emphasize secure, traceable, and domestic supply chains, "secure by design" is becoming default for supply chain operations. Reliability, provenance, and domestic content are now elevated value levers that influence how organizations approach supplier relationships, risk, and cost structures. These shifts could have implications for pricing power, working capital, and long-term competitiveness.

AI and Data Infrastructure as Foundations for Industrial Performance

The rapid advancement of AI, simulation, and digital twin technologies is transforming the operational landscape for industrial firms. These tools are increasingly central to managing capacity, quality, compliance, and risk in complex manufacturing environments.

The ability to harness data-driven insights for predictive maintenance, process optimization, and outcome measurement is emerging as a key differentiator. The economic implications are significant: improvements in operational efficiency, margin stability, and access to innovative financing models are reshaping how industrials compete and deliver value, while also aligning with the rising expectations of defence and infrastructure customers.

Outcome-Based Partnerships and Lifecycle Value Creation

Shifts in procurement and contracting practices are placing greater emphasis on measurable outcomes, such as reliability, availability, and long-term performance, rather than simply the delivery of goods or services.

For industrial firms, this trend is encouraging new ways of thinking about collaboration, risk-sharing, and the integration of capabilities across different organizations. The broader economic context suggests that as expectations evolve, the distribution of value and margins within supply chains may change, potentially affecting how firms approach investment, partnership, and market participation, with value migrating to sustainment and support over the life of the asset. This development highlights the importance of adaptability and strategic awareness as organizations navigate a landscape where long-term results and ecosystem relationships are increasingly valued.

Energy & Utilities

Canada's commitment to raise defence spending goes beyond the build-out of military hardware and will drive a surge in demand for energy resilience, secure low-carbon power, and advanced energy technologies. The Canadian energy and utility (E&U) sectors will act as the backbone to all military modernization initiatives and faces an opportunity to accelerate energy research and subsequent commercialization. Efforts to modernize bases, major capital projects in the north, and the build out of critical infrastructure will require private microgrids, and on-site energy generation and storage solutions, creating an opportunity for Canadian energy and utilities firms to innovate at scale.

Canadian E&U firms have an opportunity to capitalize on military engagements to pilot the deployment of next-gen solutions to validate the technology and unlock future downstream commercial opportunities. As DND scales the expansion of critical defence infrastructure, there will be major opportunity for firms to go beyond capturing the available market opportunity (i.e., long-tail, low-risk government contracts) alone but for firms to accelerate research efforts and streamline the build out of next-generation energy infrastructure backed by federally committed capital and incentives. Canadian firms that are quick to capture the opportunity will do so by aligning their R&D strategy with Ottawa's committed priorities.

Leverage Defence Contracts as a Launchpad for Innovation

As the defence sector turns to the energy and utilities sectors for increased access to reliable and secure energy, it will equally prioritize the usage of next-generation solutions to modernize existing infrastructure. The defence sector will drive a surge in demand for several emerging energy solutions from improving asset efficiency across oil, gas and renewables in line with DND's commitment to reach net-zero by 2050 to the development of new off-grid and microgrid solutions for remote infrastructure. This opportunity lends itself well to E&U firms who can use defence-contracted projects as a springboard for broader market adoption, using them as a pilot to prove technology feasibility and accelerate commercialization efforts.

Capitalize on the Northern Infrastructure Surge

While several initiatives are already underway to modernize and expand energy infrastructure in northern locations, Ottawa has doubled down on expanding its presence in the Arctic, as evident with the Polar Max project.[82] This comes at a time when it has become increasingly critical for Canada to secure strategic autonomy of the Arctic. As this takes place, Ottawa will look to the Canadian energy sector to support the build-out of northern infrastructure. Firms that can scale advanced solutions in the north stand to benefit hugely from the surge in investment expected to support build-out.

Invest Now in the Emerging Growth Areas

Canada's defence buildout is creating a testing ground for new energy markets, from microgrids and off-grid solutions to transportable small modular reactors (SMRs). These emerging growth areas are high-value strategic segments where early movers can play a role in shaping standards and ultimately earning long-term contracts. Early investment into emerging segments will position leading firms well to capture both federal and commercial follow-on opportunities. Firms looking to capture this growing opportunity should look to prioritize innovations that are commercially scalable and meet defence requirements. First movers in these spaces will delay the risk of lost opportunity and shape the standards for the industry broadly.

Partner with Defence Primes to Forge Joint Bids

Canada's defence infrastructure expansion will generate large and complex energy contracts, many of which will require collaboration with defence contractors. Prime contractors are already embedded in long-term contracts for Canada's modernization efforts. Energy and utilities firms that form strategic partnerships with primes can embed their solutions directly into major projects to secure a role in the infrastructure buildout. Strategic partnerships with defence primes can act as a shortcut to scale and credibility for energy and utilities firms.

Make Cybersecurity a Competitive Advantage

As defence infrastructure expands, energy systems will become high-risk targets for cyberattacks. Energy and utilities firms that embed robust Operational Technology (OT) cybersecurity into their solutions can differentiate themselves in the race to secure federal contracts. Defence projects already demand rigorous cyber standards with the emergence of advanced cyberwarfare only accelerating the prevalence of these standards. Leading firms that can guarantee cyber resilience stand to gain a clear edge when it comes to meeting defence requirements but also in deploying across commercial markets.

Natural Resources & Chemicals

Ottawa's increasing prioritization of defence and sovereign technology capabilities continues to highlight a strategic imperative to build secure, resilient supply chains for critical minerals. Our last perspective – *The Resource Nexus* – highlighted the opportunity that lies ahead for the Canadian resource sector to supply critical inputs for the rapid expansion of compute capacity for AI.[74] While this perspective mainly tied demand to the infrastructure build in commercial applications, much of the opportunity lives with Ottawa's prioritization of sovereign technology capabilities.

Beyond AI alone, critical materials underpin the success of Ottawa's defence modernization efforts, as they are found in most defence assets: advanced weaponry, microelectronics, high-performance alloys, batteries, and energy storage. As global competition for these inputs intensifies, Canada's resource sector is uniquely positioned to capture value upstream, from extraction to refinement. A major opportunity exists for Canadian firms that leverage existing control of upstream inputs to invest in processing and become key enablers of Canada's defence-industrial ecosystem.

Secure and reliable access to critical inputs and advanced processing will be strategic levers for national security and commercial growth. Canadian firms that capture the opportunity will expand across the resource value chain (e.g., invest in downstream processing) and advance industry innovation.

Map Outputs to National Priorities

In Canada's pursuit for economic sovereignty and security, it has developed a Critical Minerals Strategy outlining priority materials to support its efforts.[83] This strategy outlines critical inputs (e.g., lithium, REEs) needed to support defence and industrial priorities. Firms in Canada's resource sector should use this as a means of identifying where they already contribute to these areas and where they can play a role in national and allied defence supply chains.

Shift Beyond Extraction to Secure the Value Chain

Ottawa continues to place an emphasis on the importance of building secure supply chains for critical inputs to support defence priorities, but also more broadly to support economic growth in private sectors. To build strategic relevance, firms can invest in downstream refining and advanced processing capabilities to move down the value chain and insulate themselves from global competition.

Lean on Defence Contracts to Build Lasting Capacity

As rapid demand from the defence industry creates a major expanded market for resource sector firms, those awarded government contracts have an opportunity to extend their benefits. Resource firms who capture defence-linked capital and procurement contracts present an opportunity to accelerate the buildout of new processing plants and pilot facilities with dual-use in mind. While the focus remains on meeting the immediate needs of the contract, the defence funding can be fuel to build infrastructure that drives commercial growth beyond the length of the contract.

Build New Partnerships with Downstream Users

While demand for key materials will continue to accelerate, namely as a product of federal capital deployment, it does not guarantee all resource firms a role to play. Proactive firms will look to co-invest in processing capacity or tailored material outputs with downstream users that have existing ties to the defence sector. Organizations have an opportunity to de-risk capital-intensive projects, partnering with key defence-tied organizations (e.g., energy storage companies, high-tech manufacturers) and designing with end-user technical requirements in mind.

Translate Security into a Competitive Advantage

As Canada scales its prioritization of defence, resilience is as valuable as innovation. Ottawa continues to prioritize reliable partners in an increasingly unstable global supply environment. Organizations that can ensure security of supply can market it as a competitive differentiator. By ensuring reliable delivery of key inputs, firms position themselves as indispensable partners to an industry that cannot afford disruption.

Case Study: Lynas Rare Earth Defence-Led Value Chain Expansion

Lynas Rare Earths (REEs) started as a pure-play rare earth mining company in Australia and eventually became a source of light rare earth elements. Over time, the firm began a shift to support downstream processing of REEs outside of China.[84]

Lynas initiated a strategic pivot to deepen their downstream processing operations, leaning on the U.S. DoD to co-develop a new light rare earths separation plant and later a heavy rare earths separation facility. This decision allowed Lynas to position itself as a secure player in western rare earth supply networks, meeting the growing demand from the U.S. and NATO as they aimed to diversify and secure their supply chains for critical inputs.[84, 85, 86, 87]

Communications, Media, & Technology

Communications and High-Tech capabilities form the connective tissue of modern defence capabilities: secure networks, AI, and cyber resilience have become as critical as heavy industry. These sectors are the spine of C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance), which underpin success across every domain of defence activity. Data and networks are now a strategic asset tied to Canadian sovereignty, as military, government, and private sector push for Sovereign AI and Sovereign Cloud in a bid to keep and protect assets in Canadian borders. Demand for "defence-grade security," in all networks grows as cyber threats proliferate & broader advanced tech solutions present new challenges and weak points.

Enabling enhanced cyber security, monitoring, detection and response systems, and identifying how AI fits into Canada's desire to have the decision and knowledge advantage, will unlock new opportunities for organizations. Network innovations have broader reaching benefits, tied to civilian application. As governmental and societal priorities shift, firms who can quickly identify, plan, and implement dual-use reactivity to these opportunities within their core strategy are positioned to yield the greatest benefits.

Become Sovereign-by-Design

Buyers will favour partners who can handle Canadians' data responsibly and keep essential services trustworthy. It will be key to build locally stationed products and networks so data can be stored and processed, with clear controls on access. Security must be a core build tenant from the start, not an add-on. Maintaining sovereignty is not achieved through a one-time investment, it is sustained by planning for future standards and identifying risks in architecture in advance of disruption.

Build Resilience and Continuity into Networks and Platforms

Customers now judge providers on whether services stay online during disruptions and recover quickly when something breaks. It is critical for organizations to treat resilience like any other core capability. Winners plan for failures and build redundancies to limit downtime. Institutionalizing resiliency must extend across functional domains, as it is just as necessary to preserve critical assets (e.g., fibre networks), as internal domains and tools. Resilience extends beyond an organization's own operations. It is important to only engage partners who meet the same standards. This approach reduces downtime, limits unexpected costs, and makes services dependable.

Embrace Open Systems

Open systems and interfaces makes it easier for organizations to connect with new APIs, replace inputs and parts, and add features without large system overhaul. Open systems can be enhanced by a shift in mindset from monolithic investments toward modular and highly iterative upgrades. This allows organizations to maintain agility even as they scale, and rapidly "test and fail" versus facing the risk of larger system downtime.

Identify how to "Build, Buy, and Partner," to support the Sovereign AI Strategy

Organizations should evaluate what they must control and where they can move faster with others. Leverage internal advantages and experience to build the architecture to handle Canadian data security and IP. Buy proven components where ability to differentiate is low (e.g., infrastructure, tools) to reduce time and risk. Partner with Canadian cloud, research institutions, and vendors to close competitive gaps and improve service delivery.

Compete Through Outcomes

Buyers are moving away from one-off deliveries and towards partners and relationships who deliver reliable results over time.

Agree on outcomes in plain terms early in the relationship, emphasizing terms such as "availability," and "response time," and agree on an easy to measure set of KPIs. Downstream of contracting, align pricing and renewals to performance that can be clearly monitored over the course of a service's or an asset's lifetime. Meanwhile, enhance outcomes by aligning buyers with technology and service updates and refreshes, so systems are both prepared and current. This approach ensures transparency in value buyers and rewards thresholds for providers.

Prioritize Capital Toward Dual-Use Applications

Civilian and private sector applications remain the core of the business, but organizations should attempt to show a clear path to public sector use. Prioritizing features that are valuable to both markets – security, reliability, scalability, modernization – will unlock resilient returns. This approach extends to how organizations assess the "defence readiness" of their products. The federal government's positioning of sovereignty and defence at the centre of fiscal policy creates avenues to secure contracts with long-term commitments.

Key Opportunities | No-Regret Moves

For Canadian organizations, capitalizing on opportunities means taking intentional actions to revitalize your 5-year strategy and starts with the following moves:

Dual-Use Innovations

Lean on defence contracts to develop dual-use technologies and build infrastructure to serve commercial markets beyond military engagements.

Across industries, Canadian firms have an opportunity to use defence programs as a launchpad to pilot innovations that carry both military and commercial applications. Leaders across industries should reevaluate their product mix and look to identify opportunities to innovate or build capabilities that could serve dual markets. Defence contracts allow organizations to leverage the capital to de-risk R&D and broader commercial expansion efforts by providing guaranteed demand.

Private-Public Partnerships

Identify Department of Defence (DND) sponsors, integrate with prime contractors ('primes'), and build relationships with public-private activation enablers.

Effective activation of government-enabled R&D in the private sector hinges on organizations and industry's ability to build the right relationships and co-create on products, workforce, and supply chain. Leaders must deepen relationships with relevant stakeholders to understand the priorities of DND and the broader defence industrial base to best position their organizations to successfully leverage public-private partnership (P3s) opportunities.

Cybersecurity & Compliance

Invest in cybersecurity compliance capabilities to achieve defence-grade resilience and position organizations at the forefront of defence procurement.

Defence and government contracts require rigorous cyber and regulatory standards. Organizations looking to capture the surge in defence procurement and infrastructure spending must meet key criteria. Leaders should use this as an opportunity to embed cybersecurity into both operational technology and IT systems and build robust monitoring systems to ensure they remain compliant. By elevating internal cyber resilience now, organizations will go beyond just qualification for defence contracts but strengthen trust with commercial clients as well.

Downstream Partnerships

Form strategic partnerships with downstream prime contractors who hold defence relationships, and research labs, to co-develop products and jointly pursue contracts.

Leaders can ensure their organization are positioned to capture the opportunities ahead by collaborating with downstream primes and broader defence-industrial base organizations to co-create solutions catered to government requirements. Organizations should look to identify key partners with existing government relationships to pursue joint development agreements, reducing capital and execution risks.

Supply Chain Resiliency & Agentic AI

Strengthen your supply chain by adopting advanced technologies to perform scenario planning, anticipating disruptions and ensuring operational continuity in volatile markets.

Defence projects increasingly demand resilient and reliable inputs, and global disruptions can derail even established suppliers. Leaders looking to position themselves as trusted, reliable suppliers should invest in digital supply chain tools, agentic AI, and scenario analysis to model risks, simulate disruptions, and test mitigation strategies. By investing in the necessary supply chain upgrades now, organizations can ensure operational continuity and build a reputation of reliability.

Model Methodologies

The Case For Defence Opportunity

This opportunity could unlock over $10B in incremental R&D investment over the next five years, driving a ~12% annual lift in R&D investment while creating 85,000 new jobs in STEM fields

To quantify the increase in aggregate R&D as a product of Canada's defence modernization efforts – *commitment to reach the NATO Investment Pledge of 5% of GDP by 2035*. The model forecasted defence spend on population-driven GDP growth as well as a slight resource-sector-led increase in GDP as outlined in previous Accenture Research.

To forecast Canada's defence spend, the model uses committed spend targets outlined by Ottawa and assumed a linear scaling toward those targets. In the second scenario where Ottawa fails to meet the committed pledge, the model assumes Canada will fail to meet the target by the same margin that it has to date with the previous 2% target.

Beyond the defence target itself, the model assumes a constant allocation of defence spend, to buckets defined by NATO, in line with what has been proposed to date by the Department of Defence (DND) and historic spend patterns.

The model simplifies spend groupings for the purpose of identifying how much spend will be allocated to "Procurement & Infrastructure". The R&D forecast uses Canadian defence industry breakdowns and planned DND-led initiatives to determine how procurement spend will be allocated across primary industries.

The model relies on benchmarks of the average R&D spend as a percentage of revenue across each industry. These benchmarks are used to determine the downstream impact that increased procurement spend and in turn increased revenue will have on each industry aggregate R&D spend. The model goes a step further to forecast the R&D spend increase associated with industries further downstream to the defence-tied industries.

Global Innovation Competitiveness

Aggregate Research & Development (R&D) spend as a percentage of a country's (exclusively OECD countries) GDP measured against its Global Innovation Ranking, *measured over time (2014-2023)*

The analysis conducted to isolate general expenditure on research and development (GERD) as a percentage of GDP in the GII rankings sources data from the World Intellectual Property Organization. This analysis is intended to show the degree of impact that R&D investment in isolation has on Global Innovation Competitiveness and is not representative of the entire index itself. Figure 6 has been sourced directly from the World Intellectual Property Organization to illustrate the current GII rankings as of 2025.

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About Accenture Canada Macro Compass

Accenture Canada's Macro Compass capability helps corporations, investors, and governments navigate the major forces reshaping Canada and the global economy. We partner with leading organizations to anticipate change, build resilience, and seize opportunity, translating global uncertainty into strategic advantage. Our work spans strategic foresight, scenario planning, economic and geopolitical intelligence, market assessments, and executive education, delivering clear, actionable strategies that enable leaders to make confident decisions amid complexity. With a nationwide presence and access to Accenture's global network in over 120 countries, the Macro Compass team brings together economists, macro strategists, and industry experts with experience spanning governments, and multinational corporations.

About Accenture

Accenture is a leading global professional services company that helps the world's leading businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services—creating tangible value at speed and scale. We are a talent and innovation led company with 780,000 people serving clients in more than 120 countries. Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology with unmatched industry experience, functional expertise and global delivery capability. We are uniquely able to deliver tangible outcomes because of our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Accenture Song. These capabilities, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients succeed and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, each other, our shareholders, partners and communities. Visit us at www.accenture.com.

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