

1995, however, the computer services firm has enjoyed revenue growth of 5,312% to 1999's tally of \$218 million.

None of it would be possible without the booming U.S. market, which, despite the stock market's dot-com jitters this year, continues its rapid evolution into an information economy. Unremitting U.S. expansion is directly reflected in the performance of Canadian technology companies. Combined sales for the top 80 publicly traded technology firms in Canada have been climbing at an average rate of 34%, year-over-year, for the past seven quarters. Profits for those same companies have been rising at an annualized rate of 50% in the same period. This summer, too, Statistics Canada reported that, in the year to May, electrical and electronic products, telecommunications carriers and computer services grew 21% compared to a 3.8% growth rate for the economy as a whole.

Despite federal fretting that Canadian business in general has been comparatively slow to adopt advanced technology, there are signs that even this is changing. In its first ever study of information and communications technologies and electronic commerce usage, Statistics Canada said in August that, as of 1999, 53% of Canadian companies were actively using the Internet. The leading sectors in Web use: information and cultural industries, such as bookselling, (89.1%); utilities (82.4%); and professional scientific and technical services (77.5%). The big drawback so far? Only 10% of companies actually use the Internet to sell goods and services.

For technology in general and the Internet in particular though, it's the potential that counts. This, more than the admittedly impressive revenue growth many companies have shown, explains why merger and acquisition activity has been so rife in this sector. Predictably, the biggest


deals have drawn the headlines. In February, for example, Alcatel, the Paris-based voice and data communication networks giant, acquired Ottawa's Newbridge Networks Corp., a producer of wide area networking solutions, in a share swap deal worth US\$7.1 billion.

When it comes to acquisitions, the reigning Canadian champ is Nortel, boasting no fewer than 16 major takeovers valued at more than US\$22 billion in less than three years. Still, Nortel is hardly alone in using its soaring market capitalization to fashion a series of equity funded takeovers. The frenetic acquisition pace this year at Vancouver-based semiconductor maker PMC-Sierra, Inc. (No. 43 on last year's Top 50 list) is indicative of the way aggressive high-tech companies are moving fast to buy up as many players as they can in a particular niche. In early March, PMC-Sierra closed a deal to buy semiconductor maker AANetcom, Inc. of Allentown, Penn., for approximately US\$672 million. Barely a month later, it paid \$415 million for another semiconductor firm, Extreme Packet Devices, Inc. of Kanata, Ont. In June, PMC-Sierra struck again by mopping up the remaining shares in two more semiconductor companies that it already had stakes in, Malleable Technologies of San Jose, Calif., for some US\$230 million in stock, and Datum Telegraphic of Burnaby, B.C., for some US\$122 million. As of late August, PMC-Sierra was on the verge of closing yet another deal, this time to buy microprocessor producer Quantum Effect Devices, Inc. of Santa Clara, Calif., for about US\$2.4 billion in stock.

The clear implication is that promising smaller companies should keep an eye on potential acquirers. And some smaller companies are just as aggressive as the giants, says Deloitte & Touche's Foster. "When we talk to CEOs and CFOs, we learn that mergers and acquisitions are definitely on their radar screens," he says.

## CANADIAN SHOOTING STARS

For the first time, this year the Canadian Technology Fast 50 is including a ranking of high-technology companies that are less than five years old. Called "Shooting Stars," these 10 companies all show phenomenal growth from 1997 to 1999



RANK	COMPANY NAME	CITY, PROVINCE	\$ REVENUE 1999	\$ REVENUE 1997	% GROWTH
1	InfoInterActive Inc.	Bedford, N.S.	7,202,673	77,800	9,157.93
2	Uniglobe.com Inc.	Vancouver, B.C.	16,050,478	179,830	8,825.36
3	Big Picture Technologies	Calgary, Alta.	2,060,645	101,793	1,924.35
4	DWL Inc.	Toronto, Ont.	4,033,815	216,502	1,763.18
5	Stratford Internet Technologies Inc.	Vancouver, B.C.	4,653,899	286,514	1,524.32
6	EyeBall.com Network Inc.	West Vancouver, B.C.	3,784,379	262,846	1,339.77
7	PixStream Inc.	Waterloo, Ont.	7,237,390	793,756	811.79
8	Burntsand Inc.	Vancouver, B.C.	38,612,064	4,277,731	802.63
9	Absolute Software Corp.	Vancouver, B.C.	1,129,440	135,031	736.43
10	Quorum Information Systems Inc.	Calgary, Alta.	1,866,035	232,253	703.45