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Meeting Note for the Minister of Artificial Intelligence and Digital Innovation and Minister responsible for the Federal Economic Development Agency for Southern Ontario

Subject: This note is for your review ahead of your meeting with Matt Milton, President of Microsoft Canada.

Purpose: This meeting will provide an opportunity to engage with Microsoft Canada's new President, Matt Milton, and discuss Microsoft's strategic priorities in Canada, including digital innovation, AI adoption, cybersecurity, and responsible data governance. The conversation will also provide a platform to explore collaboration opportunities, particularly around AI skills development, compute infrastructure, and data sovereignty.

Key Issues & Background

Footprint in Canada:

- Microsoft Canada has operated in Canada for over 40 years, contributing to the country's digital transformation and innovation economy. The company employs more than 5,000 people nationwide and works with over 15,000 Canadian partners in the technology ecosystem. Its operations contribute billions annually to GDP and are a key enabler of cloud-based productivity, AI innovation, and secure digital infrastructure.
- In 2016, Microsoft was the first hyperscale cloud provider to open two Azure Datacentre Regions in Canada (Toronto and Quebec City).
- Microsoft Vancouver is Microsoft's Canadian research and development centre, with 2,700 employees working across core development organizations, including Microsoft Research, Azure, Security, and Gaming, creating products such as Teams, Copilot, Defender, and more.
- In 2022, Microsoft launched the Innovation Hub in Toronto, a state-of-the-art facility that empowers their customers to collaborate with Microsoft experts to accelerate business transformation.
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Microsoft Canada Economic and Social Impact Report (2025):

- In partnership with EY, Microsoft Canada published their *Economic and Social Impact Report*, which highlighted that the Microsoft ecosystem generates or sustains CAD\$60 billion in GDP annually, supporting over 426,000 full-time equivalent jobs across Canada.

- Microsoft positions AI as the next general-purpose technology, capable of adding CAD\$187 billion annually to Canada's economy by 2030. The company reports that Canadian businesses using Microsoft AI tools such as Copilot and Azure AI are experiencing a 20–50% increase in productivity.

Microsoft Digital Defense Report (2025):

- Released on October 16, Microsoft's latest *Digital Defense Report* highlights the rising complexity of global cyber threats, including a 200% surge in nation-state cyber operations.
- Microsoft emphasizes that AI is transforming cybersecurity, empowering defenders to act faster while also enabling more sophisticated cyberattacks and misinformation campaigns.
- To build resilience, Microsoft calls for a "secure by design" approach that embedding AI-driven detection, multifactor authentication, and zero-trust principles across digital systems.
- Through its US\$20 billion Secure Future Initiative (SFI), Microsoft invests in AI-powered threat detection, policy collaboration, and threat intelligence sharing, including partnerships with CSE and the Canadian Centre for Cyber Security.
- The report also warns of the growing use of AI-generated misinformation to manipulate elections, urging governments to advance AI safety frameworks, watermarking tools, and responsible AI governance to protect democratic trust.

CLOUD Act & Data Sovereignty

- The Clarifying Lawful Overseas Use of Data Act or CLOUD Act is a United States federal law enacted in 2018. Among other things, it amended the Stored Communications Act to clarify that U.S. federal law enforcement can compel companies that operate in the U.S. via warrant or subpoena to provide requested data stored on servers regardless of whether the data is stored in the U.S. or on foreign soil.
- Canadians are increasingly concerned about their personal information being accessed by potential disclosure orders pursuant to the CLOUD Act. Microsoft stresses that disclosures involving foreign enterprise data are exceedingly rare—representing just 0.008% of all law enforcement requests, with none involving Canadian enterprise or government clients.
- Microsoft indicates that it does not provide any government direct access to customer data, does not weaken or bypass encryption, and challenges nondisclosure orders where possible to maintain transparency with affected customers.

Other Related Initiatives

- AI Skills Development: Launched in Canada in 2024, the Microsoft Elevate Skilling Program aims to train over 100,000 Canadians by 2025 in AI, cybersecurity, and digital literacy, focusing on SMEs, students, and underrepresented groups.
- Indigenous Engagement: Microsoft partners with the First Nations Technology Council to enhance digital equity and AI adoption in Indigenous communities. Funding new projects to develop AI readiness tools for First Nations communities and supports the Actua Indigenous Youth in STEM (InSTEM) program, reaching 40,000 youth annually across 200 communities.

- Microsoft also collaborated with the Government of Nunavut to launch Inuktitut text-to-speech tools and a Naqittaut keyboard, promoting digital inclusion and cultural preservation.

Key Messages:

- The Government welcomes Microsoft's continued investments in Canada's digital economy and its leadership in AI skills, cybersecurity, and responsible AI governance.
- We remain committed to ensuring that Canada's digital infrastructure and AI ecosystem remain sovereign, secure, and competitive.
- Collaboration with major cloud providers like Microsoft will be essential to achieving AI adoption, compute access, and workforce readiness across the country.
- Canada is committed to accelerating the responsible adoption and commercialization of AI. The Government of Canada is leveraging the expertise of partners, including Canada Institute for Advanced Research (CIFAR), the national AI institutes (Vector Institute, MILA and AMII), the Standards Council of Canada, and Canada's Global Innovation Clusters.
- Together, they ensure that Canadian values are embedded across widely used global technology platforms and to promote the responsible development and use of AI, protecting privacy and ensuring fairness for Canadians while driving innovation and economic growth.
- The Government of Canada is advancing the next phase of our AI Strategy through a 30-day National Sprint and new [AI Strategy Task force](#), bringing together experts and leaders in research, entrepreneurs, and industry partners to shape a roadmap for responsible AI adoption, commercialization, and enhancing national competitiveness by the end of 2025.
- We welcome Microsoft's insights and expertise as a global leader in AI infrastructure, responsible innovation, and skills development and welcome their perspective on our [National AI Strategy engagement](#).

Suggested Questions:

1. How is Microsoft supporting Canada's AI adoption goals and ensuring equitable access to compute and AI tools for SMEs?
2. Can you elaborate on how Microsoft's Elevate Skilling initiative aligns with Canada's AI and digital workforce strategy?
3. How does Microsoft safeguard Canadian public sector and enterprise data, and what are the implications of the U.S. CLOUD Act on your Canadian operations?
4. What trends from the 2025 Digital Defense Report should Canada be aware of in shaping AI and cybersecurity policy?
5. What specific insights emerged from the recent AI Tour in Ottawa (and similar events) about Canadian business readiness for AI — what barriers and opportunities did you hear?

Biography

Matt Milton, President, Microsoft Canada



Matt Milton is the President of Microsoft Canada. Matt is responsible for leading a talented team of experts that help our Canadian customers leverage our full suite of capabilities to lead in the era of AI.

With over 20 years of global leadership experience, Matt has led multi-billion-dollar businesses all over the world in senior executive roles at IBM and Kyndryl. Most recently, he served as Senior Vice President of Finance and Strategy at Kyndryl and was the company's first U.S. President.

As a proud Canadian, Matt earned his Bachelor of Economics from the University of Western Ontario.

Matt is an angel investor, providing seed capital and strategic guidance to help early-stage startups accelerate their growth.