

Exhibit 2-2
Initial Sales in Europe

Company	Year Founded	Country of First European Sale	Year of First European Sale
Consultronics	1974	Italy	1975
Eicon	1984	Finland	1986
Gennum	1973	Austria	1975
Gandalf	1971	UK	1974
Newbridge	1986	UK	1987
Nexus	1982	Norway	1986
Microtronix	1987	Netherlands	1988
Glenayre	1963	UK	1985
Positron	1970	UK	1987

Two of the companies, Nexus Engineering Corp. and Microtronix Datacom Ltd., have achieved more modest market penetration, with approximately ten per cent of their sales in Europe; and one company, Glenayre Electronics Ltd., is rapidly increasing its European business. The final company, Positron Industries Inc., has not had any degree of success in penetrating any of the markets in Europe, despite its considerable efforts in several of the major countries.

A composite of the nine companies interviewed gives an interesting picture of Canadian experiences in Europe. On the basis of the median values of the data they provided, the composite company would have total annual sales of \$33 million, of which 80 per cent would be outside of Canada, with sales in Europe of \$5 million, representing 32 per cent of total sales.

2.2 Entry Strategy

A few of the companies approached the European market in a systematic and planned way, selecting one or two target markets. The initial European sales for many of the companies in our survey, however, appear to have resulted from the identification and pursuit of specific business opportunities as they arose. Nevertheless, one piece of advice offered by some of the most successful companies was that any company planning to enter the European market should spend some time gathering information about the markets of interest to it and then determining its entry strategy for Europe.

The first element of the entry strategy should be the choice of country (or countries) through which to enter the European market. For each of the companies surveyed, the country and the year in which the initial European sale was made is shown in Exhibit 2-2.

One of the favourite entry points was the UK. Factors that contribute to the attractiveness of the UK include its language, cultural similarity to Canada, the openness of the market, a partially deregulated telecommunications services environment with relatively low-cost telecommunications, and its relatively straightforward (though stringent) regulatory approval procedures.

In continental Europe, the largest markets may not necessarily be the best choice for the initial efforts of a new exporter. A smaller country with good market potential for the company's products, relatively simple procedures for type approvals, and no strong domestic competitors for the product may be the best choice. None of the companies surveyed made its initial European sales in either France or Germany.

Most companies emphasized the need to be patient and not to expect results too quickly. The time and capital investment required to develop the various markets in Europe can be quite substantial. It is interesting to note that the majority of the companies made their initial sales in Europe very shortly after the company was founded. Three of the first four companies in the list have been in Europe for over a decade and a half.