

In the vast sea of international markets, **METOCEAN Data Systems Limited** of Dartmouth, Nova Scotia, is like one of its own data-collecting buoys — a small entity occupying an important niche. The 35-employee company produces technology sought after by weather services and oceanographic

that METOCEAN first benefited from the PPP.

"When a small company gets large contracts, it can create cash-flow problems," METOCEAN President Ray Mahr explains. This is particularly true when a company integrates expensive equipment into its products that

Sailing to Japan on CCC tail wind

METOCEAN

research institutes worldwide — most recently in Japan. In fall 1999, having secured a million-dollar contract, but with limited cash flow, the company found a financial tail wind in the **Canadian Commercial Corporation (CCC)** and its **Progress Payment Program (PPP)**.

Since 1985, METOCEAN has been a world leader in the design, development and manufacture of air- and ship-deployed drifting buoys for the collection of meteorological and oceanographic data from severe environments — the ocean and polar ice caps. The data is used to predict weather and global climate change. The company exports more than 90% of its products.

It was in the midst of a \$3-million contract with the U.S. Navy, using CCC's prime contracting services,

must be purchased up front, such as sensors. "With the U.S. Navy contract, CCC was able to go to bat for us and help us with our cash-flow problems."

No sooner had the company paid down its PPP line of credit (PLOC)



Ray Mahr, President, METOCEAN Data Systems Limited

when it received a \$1 million contract in summer 1999 to provide three JAMSTEC Compact Arctic Drifter (JCAD) buoys to the Japan Marine Science and Technology Centre (JAMSTEC), based on a prototype designed the previous year.

Considering the high material content required for each JCAD buoy — the sensors alone account for almost half the cost — and with its previous PLOC paid down, it was logical for METOCEAN to approach CCC for additional assistance with preshipment export financing.

"METOCEAN had already experienced how the PPP worked, and the company's bank [Bank of Nova Scotia] was familiar with both the PPP and the company," explains CCC Project Administrator Matti Edwards. "Because we had a working history with METOCEAN, the new PPP was easier to set up."

SHAPING TRADE SOLUTIONS FOR OUR EXPORTERS



Canadian Commercial Corporation

The Canadian Commercial Corporation (CCC) is an export sales agency of the Government of Canada providing special access to the U.S. defence and aerospace markets and specializing in sales to foreign governments.

Canadian exporters can gain greater access to government and other markets, as well as a competitive advantage, through CCC's contracting expertise and unique government-backed guarantee of contract performance.

CCC can facilitate export sales that often result in the waiving of performance bonds, advanced payment arrangements and generally better project terms.

When requested, CCC acts as prime contractor for government-to-government transactions and provides access to preshipment export financing from commercial sources.

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Easier, but not automatic. The PPP calls for a tripartite agreement between the CCC, the company, and the buyer. In this case, however, the buyer was the company's Japanese agent, Sanko Tsusho Co. Ltd., not JAMSTEC, the end user. "We got special authority internally to go ahead with the deal," explains Edwards, "by having METOCEAN assign the payment over to CCC."

The PLOC for \$580,000 was set up in fall 1999 and paid down in January 2000. "If you have a cash-flow problem, the PPP really helps," says an enthusiastic Mahr. "The higher the material content, the more help the PPP provides."

The PPP assistance has assured METOCEAN of an ongoing client: JAMSTEC has already ordered another JCAD buoy in 2000 and plans to deploy two to four buoys, per year, over the next five to ten years.

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(For the unabridged version, see www.infoexport.gc.ca/canadexport and click on "Export Sales and Contracting!")

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When you're ready to pursue these opportunities, the Canadian Commercial Corporation (www.ccc.ca) can assist you with the interpretation of the U.S. procurement system or ensure that as a Canadian company, you are eligible to participate.