

4. EICON TECHNOLOGY CORPORATION

Products/services:	Communications products for personal computers
Annual sales (1990):	\$33 million
Non-Canadian sales:	90 per cent
European sales:	50 per cent (\$16 million)
European markets:	France, UK, Germany, Switzerland, Finland
Sales vehicles:	Distributors
European presence:	Sales support office in the UK
Year founded:	1984
Entry into Europe:	Finland, 1986

Eicon Technology Corporation designs and manufactures high performance communications products for personal computers. It is among the world leaders in the X.25 connectivity market. With more than 60,000 units installed, Eicon has a 20 to 30 per cent share of the PC connectivity market. Its products include the EiconCard, which allows IBM PCs and similar computers to connect to host computers in local or remote environments.

Eicon's sales last year were \$33 million, of which over 90 per cent came from exports. Eicon received the Canada Export Award in 1989.

4.1 Markets

Eicon's sales in Europe are now over \$16 million, or 50 per cent of its total sales. Eicon has succeeded in providing connectivity solutions to the financial and travel industries and other large users of computer networks throughout most of Europe. One of the main reasons for Eicon's early success in Europe was that its products had no real competitors.

Eicon was founded in 1984, and began its international marketing activities early in 1986. By November of that year, Eicon's products were in use in a system installed for the Union Bank of Finland. Eicon provided 600 LAN gateways, for a total value of approximately \$1 million. Following quickly on this accomplishment, in 1987 Eicon teamed up with IBM France to provide a system for a large French insurance company. France is now Eicon's largest market. Not all sales happened as quickly; for example, a sale to the Union Bank of Switzerland took three years to conclude.

4.2 Market Development Approaches

Eicon's products are now sold in Europe mainly through two channels: distributors and large systems integrators.

Two years ago, Eicon moved from the use of exclusive distributors to multiple distributors in major markets such as the UK and Germany. Exclusive distributors played a very useful role in the initial introduction and promotion of Eicon's products, but multiple distributors made more sense in extending the reach of its products.

This change was made at the same time the company opened a European sales support office (see below). The effect was immediate and dramatic; Eicon's sales in Europe doubled in one year, with about half the growth attributable to each of the changes.

4.3 Choosing Distributors

Eicon looks for distributors that understand its products thoroughly and are able to support them. It has been company policy to sign exclusive agreements with distributors for up to three years. Eicon's first European distributors, in Finland and in France, were found at a trade show in Atlanta, Georgia.

4.4 Barriers and Obstacles Encountered

One of the bigger obstacles that Eicon faced was getting approvals to use its devices on the public telephone and data networks. In the earlier years, Eicon was helped by its distributors, but now looks after all certification from Canada. The approval process can be viewed as a barrier or a blessing,