

2. OVERVIEW OF THE EXPERIENCES OF CANADIAN SUPPLIERS

In this section, we give an overview of the collective experiences of nine Canadian telecommunications suppliers in developing their European business. The experiences that we describe show that — with some notable exceptions — you can succeed, given the right approaches and opportunity and a lot of hard work. These experiences should be valuable in helping potential new exporters of telecommunications equipment to Europe to develop their market entry strategies.

2.1 European Sales

In 1989, the Canadian equipment suppliers' share of the western European telecommunications equipment market (\$40 billion) was only about 0.7 per cent, or a total of \$280 million. Sales in Europe represented only five per cent of the Canadian production of \$5.4 billion. (See section 1.2 above.)

The total sales of the nine companies in our survey were \$600 million, or just over ten per cent of Canadian production. Of this amount, \$144 million, or 24 per cent of their total sales, were in Europe. The top five companies in our study, in terms of their European sales as a percentage of the total company

sales, had European sales totalling \$135 million, which represents more than 30 per cent of the total sales of these five companies. Five of the nine companies, including three of the top five companies, are recipients of the Canada Export Award. The experiences described in this report are therefore exceptional.

Exhibit 2-1 shows some of the relevant sales data for these companies, including the levels of their European sales, in absolute terms and as a percentage of their total sales. The company that has been the most successful in Europe in terms of the percentage of its total sales is Consultronics Limited, with 60 per cent of its current sales in Europe. Other companies with more than 30 per cent of their total sales in Europe are: Eicon Technology Corporation, Gennum Corporation, Gandalf Technologies Inc. and Newbridge Networks Corporation. Gandalf had the highest sales in Europe in absolute terms, with \$58 million. One of the remarkable facts we noticed was that many of the companies in our study, including all five of these companies, were founded by European-born entrepreneurs.

Exhibit 2-1				
European Sales for Companies Surveyed				
Company	Annual Sales (\$ millions)	Non-Canadian Sales (%)	European Sales	
			(% of total)	(\$ millions)
Consultronics	8	80	60	5
Eicon	33	90	50	16
Gennum	18	93	44	8
Gandalf	161	70	36	58
Newbridge	149	90	32	48
Nexus	28	90	11	3
Microtronix	2	65	9	less than 1
Glenayre	166	49	3	5
Positron	35	80	1	less than 1

6 Note: Not all of the companies in our study fall into the category of telecommunications equipment suppliers as defined in deriving the figure for the Canadian production of \$5.4 billion above.