

# NEWBRIDGE NETWORKS

## The International Entrepreneurial Company

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### *Canadian operations*

Newbridge Networks Corporation, based in Kanata, Ontario, was founded in March 1986 by one of Mitel's co-founders. The company designs and manufactures a wide range of equipment solutions for the implementation of digital networks. After 4 years of activity, it relies on some 1,200 employees, and enjoys a turnover of over C\$ 100 million.

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### *Overseas activities*

At the time of the foundation of the company, it was decided to set up an international structure. This was seen as an essential step in view of the internationalisation of the telecoms industry. By July 1986, the company had opened an office in the USA, and another one in Newport, South Wales.

The UK expansion was done in 3 phases:

- From 1986 to 1988, through a sales office with the objective of assessing the market for their products.
- In 1988, they built a 30,000 sq. ft production plant.
- In 1990, they doubled the size of this plant.

Greenfield investment was preferred to the acquisition route because it allowed Newbridge to build exactly what they wanted, and was therefore perceived as a more effective investment.

In addition to this greenfield investment, Newbridge has entered into 2 OEM agreements with Alcatel NV and ATT (whereby these clients name appears on its products). The objective is to gain access and credibility in 2 markets where the buyers, the PTTs, are very conservative, and only buys from well-known suppliers.

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### *Lessons to be drawn*

A key success factor in Newbridge's story has been the founder's vast experience in the IT sector, and his knowledge of both the North American and UK/European environments.

The selection of the UK location was influenced by the availability of grants provided by the Welsh Development Agency and other local government bodies. Other factors were the transport and communications facilities in this area, and the fact that many contacts of the founder were already living in Wales.