

### 3. SELECTING A EUROPEAN PARTNER

#### 3.1 Europe and the Rest of the World

As we move towards 1992 and unity in Europe, the European market is expanding twice as fast as the North American market. And in 1990 many software and hardware vendors published results showing close to zero growth in the North American market and a significant growth in European revenue. International revenue has become crucial to the survival of most North American vendors and can no longer be considered as easy money from a market not taken too seriously from a support point of view. Effective planning of European market penetration becomes paramount in importance because the European IT market becomes larger than the North American market after unification in 1992. The table below shows the development in geographic revenue distribution of the 100 largest IT vendors in the world.

#### 3.2 "Do Your Homework!"

Before entering any European market the preparations of a potential Canadian joint venture partner are of great importance. This includes efforts to obtain information about trends in technology, local pricing, local industrial organizations, and

cultural and political trends. In other words, all available information must be studied very carefully. The fierce battle for the attention of the quality European distribution channels has begun, and a high level of knowledge is expected of any Canadian software publisher wishing to export. Knowledge of local language issues and legal demands are essential when planning translation and localization. Most of this preparation is not necessarily very costly; one might, for example, subscribe to European IT industry magazines. We especially recommend a subscription to:

Computer Reseller Europe  
2 place de Vosges, Cedex 65  
92051 Paris La Défence  
France  
Phone: (33) 1-49.04.79.00

The subscription agency for Canada and the US is:

Edition Gosselin Inc.  
228 La Colline  
Aylmer (Québec)  
Canada J9J 1T8  
Phone: (819) 684-7885

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	1987	1988 (CDN\$ in billions)	1989
US	94.9	103.8	108.6
Europe	71.3	82.9	89.0
Asia/Pacific	51.7	66.5	71.5
Other	13.1	15.8	17.7
<b>Total</b>	<b>231.0</b>	<b>269.0</b>	<b>286.8</b>

Revenue growth in per cent vs previous year:

	1987	1988 (Per cent)	1989
US	9.1	9.3	4.7
Europe	27.2	6.3	7.4
Asia/Pacific	5.3	28.8	7.6
Other	16.0	21.0	11.7
<b>Total</b>	<b>199.7</b>	<b>232.7</b>	<b>248.1</b>