



Stellar performance and low costs trigger new Hewlett-Packard Canada expansion

Hewlett-Packard (Canada) Ltd., corporate offspring of the U.S. computer multinational, has recently moved its PANACOM Automation Division in Waterloo, Ontario, into a new 75,000 square foot plant. The move marks the latest milestone in one of Canada's most successful high-tech investment stories.

Hewlett-Packard launched PANACOM in 1984, assigning it a global mandate to develop, market and build network "X" stations — remote terminals that technical designers use to massage graphic material. Since then, PANACOM's revenues have multiplied almost 100 times, while its staff has grown from 35 to 130.

In 1992, 1993 and 1994, computer industry analysts ranked PANACOM as the world's number one supplier of X-stations. In 1995, according to ZONA Research Inc., a U.S. firm that tracks computer industry performance, PANACOM did it again, coming in first in both revenues and volume.

Rick Schwartz, Hewlett-Packard's Business Development Director for Canada, credits the company's decision to locate and then to expand in Waterloo, to two typically Canadian advantages: low R&D costs and an excellent education system. "On an after-tax basis, we've found that R&D costs about half what it does in the U.S.

"Partly this is due to Canada's system of R&D tax credits and the currency exchange rate. Another factor is compensation: we have found that engineering talent is about 35% less expensive in Canada than the U.S., says Mr. Schwartz.

"And these are among the world's best-trained candidates. We know

that Canada's top 10 engineering schools are as good as the top 25 in the United States.

"That's based on studies by an independent research firm, National Educational Standards, of Los Angeles. When you consider that there are 30 such institutions in Canada and several hundred in the U.S., that's a very strong testimonial."

Drawn by these advantages, Hewlett-Packard established PANACOM as its first Canadian R&D/manufacturing operation in 1984. Since then, the company has opened four more divisions in Canada, each with a world mandate to develop and manufacture specific product lines.

The network now includes plants in Vancouver, B.C.; Calgary and Edmonton, Alberta; and North York, Ontario; and a testing laboratory in Montreal, Quebec.

Winning profile

Discussing the advantages of Waterloo in particular, Larry Maki, PANACOM's Marketing Planning Manager, says: "When Hewlett Packard is considering sites for new R&D and production facilities, it looks for certain key characteristics.

"One is the presence of a major university with a great technical reputation, as a centre for co-operative research and a source of

qualified candidates. The University of Waterloo certainly fills that bill.

"We also look for a site with good transportation links for products and people. In Waterloo we are handy to Highway 401 (a major autoroute leading to the U.S. border) and just 45 minutes by road from Toronto International Airport.

"Waterloo also fits the community profile we think we need to attract and keep good people," says Mr. Maki. "We prefer to be in a medium-sized, stable or growing community, one that offers a thriving entertainment and cultural sector. We have those things too — including a



Hewlett-Packard Ltd.'s PANACOM division will develop, market and build "X" computer stations like those pictured here. The stations simplify routine computing tasks for users.

symphony orchestra here in town and a healthy theatre community.

"In this setting we have achieved a genuine Canadian success story, from product concept to market leadership. In 1995 we supplied more than 25% of a US\$648 million world market for X-Stations. And we're confident that the best is still to come." ♦