

# 1. INTRODUCTION

## 1.1 Study Objective and Methodology

This study describes the experiences of nine Canadian telecommunications suppliers in Europe. It is the first phase of a two-phased study to assess and recommend various "marketing arrangements" to help Canadian telecommunications suppliers pursue opportunities in the European Community.

We first compiled a list of 15 Canadian companies known to be active in Europe. In compiling this list we tried to include a good cross section of experiences, both successful and unsuccessful, a range of products and a range of company sizes, including some small companies and several medium-sized ones. The dominant Canadian company in this sector, Northern Telecom, was not included, because its experiences may not be directly relevant to the kind of situations that will be encountered by new Canadian exporters to Europe, who will be mainly smaller companies.

The 15 companies were asked to participate in the project and the following nine companies agreed:

Consultronics Limited  
Concord, Ontario

Eicon Technologies Corporation  
Lachine, Quebec

Genum Corporation  
Burlington, Ontario

Gandalf Technologies Inc.  
Nepean, Ontario

Newbridge Networks Corporation  
Kanata, Ontario

Positron Industries Inc.  
Montreal, Quebec

Nexus Engineering Corp.  
Burnaby, B.C.

Microtronix Datacom Ltd.  
London, Ontario

Glenayre Electronics Ltd.  
Vancouver, B.C.

Officers from the first six companies in the list were interviewed face to face and the last three by telephone. In most cases, those interviewed were the presidents or the people responsible for international marketing. All of the interviewees provided good general information about their company's experiences, as well as some valuable insights and advice.

A case study was prepared on each of the nine companies, and each of the completed profiles was cleared with the interviewee. In addition, an overview of their collective experiences was prepared, highlighting some of the more important data, as well as some of the more interesting insights of the interviewees.

## 1.2 Trends in the European Telecommunications Market

In reading the case studies presented in the following sections it should be borne in mind that they represent the experiences of suppliers of telecommunications equipment in a number of discrete telecommunications service markets that were still highly regulated in many cases and, in some cases, controlled by state-owned monopolies.

With the spread into Europe of the worldwide trend towards a more deregulated and competitive services environment and with the introduction of the unified European market in 1992, the dynamics of the European telecommunications market will undergo a number of changes during the coming decade.<sup>1</sup> Among the more significant changes will be a standardization of equipment approvals procedures and an increase in the numbers of service providers. Consequently, there should be a dramatic growth in the European customer base for a wide range of telecommunications products, an explosion in the number and variety of services available, and an increase in the number of organizations providing these new and enhanced services. These changes will translate into greater market opportunities for telecommunications equipment and service suppliers.

The current telecommunications equipment market in Western Europe is approximately \$40 billion and has been forecast to reach about \$100 billion (in 1990 dollars) by the year 2000.<sup>2</sup> Many of the Canadian telecommunications equipment manufacturers are