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Canadian telecommunications alliance has formed to expand an already formidable presence in that market.

The two partners, Newbridge Networks Corporation of Kanata, Ontario, and Siemens AG of Germany, have signed a far-reaching agreement under which they will cooperate in the development and deployment of high-speed networks for the Internet, World Wide Web and multimedia applications. The partners will also work together to exploit new opportunities opened up by worldwide telecommunications deregulation.

The two companies will focus in particular on Asynchronous Transfer Mode (ATM) switching systems, the technology best suited for delivering network multimedia services and for linking business networks with public networks. ATM has already emerged as the networking technology of the future, and industry analysts expect the market for these systems to grow into billions of dollars over the next five years.

Newbridge leads the pack in development of these systems: in 1994,

Newbridge switches accounted for more than half of all ATM switch installations in the world, making it the global leader in this technology.

Commenting on the agreement, Terence Matthews, Newbridge Chairman and CEO, said: "We have had a very successful relationship with Siemens over the past five years — this alliance greatly extends it." Speaking for Siemens, Thomas Rambold, President of Siemens' Broadband Networks Division, agrees. "Our products are truly complementary," he says. "This arrangement will allow Siemens and Newbridge to add more value to the 230 carriers we already serve world-wide."

Claude Haw, Newbridge's Vice-President for Fast Packet Networks, says the two companies are a good fit

Newbridge's
Vice-President for
Fast Packet Networks
Claude Haw



at many levels. "Siemens has been focusing on ATM switches for very large installations. Our traditional strength has been in giving service providers what they need to deploy new services quickly and at

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low cost. In terms of market, too, we're a good match. In this technology, Newbridge brings a strong U.S. presence to the table, while Siemens contributes solid European market strengths." ♦

Newbridge Networks: flourishing in a climate friendly to innovation

In its alliance with Newbridge Networks, Siemens has found a partner in an environment which has produced more than its share of telecommunications success stories. In Ottawa's "Silicon Valley

North" where Newbridge first took root in 1986, the list of global contenders includes Mitel, Corel and Systemhouse; to

say nothing of longer-established Nortel (and its R&D arm, Bell-Northern Research) and Digital Equipment of Canada.

What aspects of the Canadian environment have fostered this success in an industry driven by innovation?

Claude Haw believes geography and demographics are important contributors. "This is a big country with a small population. We have become strong in communications because we had to be. Innovation in this field is part of our national story — from Alexander Graham Bell to ATM.

"This is reflected today in the strong emphasis on communications in Canadian universities and colleges. That provides the human resource core for the strong telecommunications companies you find in Canada.

"Another positive factor, highly relevant to innovation, is a tax system that is friendly to research and development. As a result, the cost of doing R&D is relatively low compared with other countries — in the case of the U.S. for example, many tens of percent lower."

