

# 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 implementing digital networks. After five years of activity, it relies on some 1,200 employees, and enjoys a turnover of more than \$100 million.

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*U.K. activities* When the company was founded, it was decided to set up an international structure. This was seen as an essential step in view of the internationalization of the telecommunications industry. By July 1986, the company had opened an office in the United States, and another one in Newport, South Wales.

The U.K. expansion was done in three phases.

- From 1986 to 1988, a sales office assessed the market for Newbridge products.
- In 1988, the company built a 30,000 ft<sup>2</sup> production plant.
- In 1990, it doubled the size of this plant.

Greenfield investment was preferred to acquisition because Newbridge was able to build exactly what it wanted. Greenfield was therefore perceived as a more effective investment.

In addition to this greenfield investment, Newbridge has entered into two OEM agreements with Alcatel NV and AT&T (whereby their names appear on its products). The objective is to gain access and credibility in two markets where the buyers, the PTTs, are very conservative and buy only from well-known suppliers.

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*Lessons to be drawn* **The founder's experience and contacts proved invaluable.** A key factor in Newbridge's success has been the founder's vast experience in the information technology sector, and his knowledge of both the North American and U.K./European environments.

The selection of the U.K. 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 founder had many contacts already living in Wales.

**Hiring experienced U.K. nationals meant reduced involvement of corporate management.** Another essential ingredient in Newbridge's U.K. operations was hiring U.K. nationals with vast experience in the telecommunications industry (people who were working for Mitel U.K.), and who were known and trusted by the corporate management. This allowed for less