

equipment primarily to the private sectors and they were usually handling the products of Newbridge's competitors. In most cases, Newbridge was able to displace these competitors. The company's initial entry into the European market was made easier by the fact that all of its competitors were non-European, except at the low end. Newbridge also established national distributors who were well positioned to deal with the various PTTs, like Italtel in Italy.

In anticipation of a more open market resulting from the full implementation of Europe 1992, Newbridge has appointed two pan-European OEM distributors, SEL Alcatel and AT&T Network Systems International, who are suppliers to major PTTs throughout Europe. Its pan-European strategy is distinct from its national strategies. The company was able to establish relationships with a number of the world's largest suppliers and, in doing so, it found that its relatively small size was advantageous in that it presented no threat to the large companies. In several instances, the initial approach came from the large suppliers, who saw Newbridge's products taking an ever greater market share.

### **7.3 Choosing Distributors**

Newbridge participated at trade shows and made contact with distributors of its competitors' products in order to convince these distributors to take on Newbridge products instead. In choosing distributors, the firm found it important to examine who their current customers were, what products they were selling, how well and how quickly they were able to get the necessary approvals, etc.

### **7.4 Sources of Information and Assistance**

In its earlier years, Newbridge made good use of the assistance provided by External Affairs and International Trade Canada, for example, the department's missions and participation at trade shows.

### **7.5 Barriers and Obstacles Encountered**

Newbridge did not encounter any significant barriers, as evidenced by the speed with which it developed its European business.

## **7.6 European Presence**

Newbridge Networks Limited is a wholly owned subsidiary located in the UK. It has manufacturing capability and is responsible for direct selling in the UK.

Operating out of its UK base, Newbridge not only looks like a UK company, it is also able to take advantage of UK trade development programs. Newbridge's status as a UK company was recently confirmed when it received the Queen's Award for Export.

Manufacturing, sales and engineering support for the European operations are maintained in the UK. Newbridge also maintains a 24-hour Network Technical Assistance Center to support customers and distributors who may have technical concerns. Newbridge is a member of various European approvals groups, such as the European Telecommunications Standards Institute.

## **7.7 Some Observations**

Simon Gibson, formerly Assistant Vice President, Public Communications and Corporate Affairs at Newbridge Networks Corporation, who was recently transferred to the company's operations in the UK, thinks it is a mistake to try and sell directly into Europe from a non-European base if the product requires significant support or if the company wishes to benefit from European incentives. It is also his opinion that it is a mistake to try to manage European distributors directly from North America. Mr. Gibson emphasized the importance of choosing a good entry strategy.

He also stressed that considerable thought should be given to the choice of the European base of operations, taking into consideration such factors as the probable main customers, the competition, proximity to other potential markets, etc. The UK is one of the favourite choices for Canadian companies, including Newbridge. Other attractive locations in Europe are the Netherlands, Belgium, Ireland, France and Germany, depending on the company's products and target markets.

Mr. Gibson noted that there are cultural differences among the European countries in the way in which business is approached and carried out. He also thought that more emphasis should be placed on the ability to work in the language of the customer.