



LAVAL TECHNOPOLE International Business Centre

INTERNATIONAL NEWSLETTER

LAVAL TECHNOPOLE INTERNATIONAL BUSINESS CENTRE

Looking for financing for your international business development project?

By **Bruno Séguin, M.Sc**
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Before starting to look for financing for any international business development project, it is crucial to properly define its marketing strategy and draw up a two-year international business plan. In addition to being required by potential financial partners, this plan will enable you to set a schedule, establish a budget for your project and ensure step-by-step tracking of it. You should always keep in mind that developing a new export market can easily entail an investment of over \$100,000 per year, and that it might take several months, if not several years, before your first export sales translate into real revenue.

Since marketing expenses represent an intangible asset, traditional banks are generally hesitant to finance, for example, new promotional tools or trips abroad. Although not exhaustive, the following table summarizes the main programs available that are designed to offset this shortfall.

<p>Subsidies</p> <ul style="list-style-type: none"> - The Ministère du Développement économique, de l'Innovation et de l'Exportation (MDEIE) offers a non-refundable contribution for export-related pre-marketing initiatives. For example, the MDEIE may subsidize 40% of the cost of conducting a market research study or hiring an export specialist. (www.mdeie.gouv.qc.ca) - The Canadian International Development Agency (CIDA), through its Industrial Cooperation Program (INC), may subsidize a viability (investment project) or feasibility (professional services project) study in an eligible developing country. (www.acdi-cida.gc.ca) 	<p>Loans</p> <ul style="list-style-type: none"> - Under the form of an interest-free loan, Canada Economic Development for Québec Regions may reimburse 50% of the cost of eligible marketing activities. The company does not begin repaying such a loan until the fourth year of the project. (www.dec-ced.gc.ca) - The Business Development Bank of Canada (BDC) provides funding for marketing, mainly in the form of term loans. Its flexible solutions can cover all the expenses related to your foreign market development strategy. (www.bdc.ca)
<p>Guarantees</p> <ul style="list-style-type: none"> - Among other things, Investissement Québec (IQ) and Export Development Canada (EDC) offer several programs that enable banks to reduce their risk and grant financing or letters of guarantee in respect to developing new markets, setting up abroad or fulfilling contracts with foreign customers. (www.investquebec.com / www.edc.ca) 	<p>Venture capital</p> <ul style="list-style-type: none"> - BDC, EDC, the Laval CLD (local development centre) and other public and private organizations can support your growth through various special financial instruments (equity-type loans, share capital, etc.). - (www.cldlaval.com)

Please feel free to contact **Bruno Séguin at 450 978-5956** to discuss your project. We will be able to help you prepare your international business plan and determine your financing needs, as well as provide support in approaching other various stakeholders.

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Tenrox follows its own path

Recognition for some visionaries first comes from abroad. This was the case for Tenrox in 1995, when the company launched the very first version of its project workforce management software. Sold on its Web site at a time when the Internet was taking its first baby steps, Tenrox's software solution initially interested a U.S. company. Success snowballed from there. The small Québec firm thus grew with the Web, attracting more and more customers as Internet penetration within companies increased around the world. Today, Tenrox has some 100 employees and over 800 active customers in 50 countries located on 5 continents.

The Internet was of benefit to the company in getting started and, in subsequent years, capturing a number of markets. "At the beginning, electronic marketing was not very expensive. All you had to do was have a Web site, and the whole world could find out about your products. However, today, what with pay-per-click, good search engine optimization costs a great deal," asserts Ara Israilian, Tenrox co-founder and president.

If Tenrox owes its international development to the Web, it is now seeking growth through other means. The rise in the cost of doing e-business on the one hand and the increase in the number of players on the world stage on the other have led the company to take a new look at traditional marketing methods. Three years ago, therefore, Tenrox enlisted the help of the **LAVAL TECHNOPOLE International Business Centre**, which steered it towards resources that later enabled the company to develop its market in the United Kingdom. Tenrox also works together with resellers and software integrators, as well as attends trade fairs in order to further the popularity of its products.

Moreover, close to two years ago the company changed the course of its marketing approach: rather than invest in acquiring new markets, it decided to consolidate its position in those it already had. To do this, it established a referral partners program, which remunerates users of its software when they recommend it to other companies. "Who can better talk about our software products than the people who use them every day?" notes Mr. Israilian. Thus, at a time when the Web is an indispensable business tool and an increasing number of companies make it their primary sales channel, Tenrox has made the decision to build on word of mouth. And it works! So well that, year-to-date, the company has paid some \$210,000 in commissions to its various partners.

By basing its marketing on its customers' recommendations, Tenrox must absolutely make sure to offer a highly effective product and unfailing customer support. Its six-module software suite has many competitive advantages. Since it has been developed and continually enhanced over more than 10 years, it includes an exceptionally rich range of functionalities and offers an easy-to-use platform that is available in English, French or Spanish. However, Mr. Israilian points out that language is not the only element that must be modified when it comes to offering its software in other markets. "Each country has its own regulatory

A message from the Director



A very busy fall!

This fall, the International Business Centre has prepared a schedule filled with interesting events.

For one part, three training sessions will be offered. The topics they will focus on will mainly address helping companies innovate in an economic climate characterized by the globalization of markets, a strong Canadian dollar and the U.S. real estate crisis. For the other, a trade mission to the United Arab Emirates, to be held from November 14 to 21, will enable Laval companies to take advantage of many business opportunities, particularly in the construction sector.

Simultaneous with coordinating these events, the International Business Centre has acquired new tools that will be extremely useful for firms that are active internationally. You can now visit the LTIBC's Web site (www.lavaltechnopole.com/ltibc), where you will find two new fact sheets, as well as a directory of services and financial assistance available to companies. Although the latter is currently only in French, an English version will become available in the coming months. As you can see, the International Business Centre is intensifying its efforts in order to support Laval firms' initiatives in the global marketplace.

I would also like to invite you to peruse this issue in order to find out about Tenrox's success in markets abroad and the various financing tools available to you, as well as look at the columns written by our partners and the feature on the globalization of Laval companies.

Enjoy your reading!

Veronique Proulx, MBA

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Close-up on Laval companies' international activities

The globalization of companies is a major phenomenon in respect to the economy of Laval and, to an even greater extent, of Québec as a whole. In fact, many companies in the Laval area export their goods and/or see to their procurement internationally. Following is a brief profile of the region's exports. Our next issue will provide a picture of its international procurement activities.

Export highlights¹

Laval ranks 6th among Québec cities in terms of the number of its exporting companies, with 379. Goods sold on foreign markets represent CAN\$1 billion, which puts Laval in 11th position in terms of merchandise value. The difference between the two rankings is mainly explained by the nature of Laval companies. The biggest exporters are manufacturers, which usually generate more revenue than service companies. Québec-wide, they are responsible for 76% of the total value of exports, in comparison with 59% in the case of Laval.

In relation to the number of people working for its exporting manufacturers, Laval is very close to the Québec average: 95% of such companies have fewer than 200 employees, while the figure for the whole of the province is 94%.

The main markets for our exporters are Europe, Japan, Mexico, South America and, at the top of the list, the United States. The latter is the preferred and sole market for 63% of Laval exporting companies, which makes them particularly vulnerable to fluctuations in that country's economy. Nonetheless, the **LAVAL TECHNOPOLE International Business Centre** works to diversify Laval exporters' markets. Other interesting statistics: 88.5% of such companies export

both to the United States and other markets, while 19% find customers outside the market to the south.

Exports unquestionably energize the Laval economy. Throughout Québec, they account for over 50% of GDP and nearly 30% of jobs. There is every reason to believe that this data is proportionately similar for Laval.

Export markets	Number of exporting companies
United States	239
Europe	85
South America	21
Japan	12
Mexico	12
Others	93

¹ Export data comes from the Institut de la statistique du Québec and is for 2005.

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framework that imposes adjustments in terms of programming. For example, in the case of France, the fact that there is a 35-hour work week must be taken into consideration."

Nonetheless, according to Mr. Israilian, Tenrox's success is entirely due to its human resources. "The people behind the software are the basis of everything," states the company's president. "In order that they can give their best, we have to offer them the very best working conditions. More than 80 people work in our offices in Laval; we think that it is important to provide them with a healthy and pleasant environment. For that reason, we have set up a 325-square-metre gym, among other things." Such is Tenrox's response to the shortage of workers that is increasingly being felt in the computer sector. Always on the lookout

for talented, dynamic professionals, the company does everything in its power to foster the retention of its staff, without whom there would be no business.



To learn more about Tenrox, please contact Ara Israilian, President, at 450 688-3444, extension 4400, or visit the company's Web site: www.tenrox.com.

Watch for our next columns:



Thanks to Euler Hermes, exporting can be worry-free

Do you think about increasing your market share in a particular country, but its unstable political climate gives you pause? Would you like to increase the value of your sales among your current and potential customers, but you fear for their solvency? Trade credit insurance may provide the solution to such dilemmas. By minimizing commercial risk, it enables exporters to continue channelling their efforts on business development, rather than on the administrative annoyances related to account management.

In business for 85 years, Euler Hermes, a world leader in trade credit insurance, has joined with the Réseau des commissariats à l'exportation du Québec (RECOMEX), its members and associates as a sponsor and partner in offering its Multi-Markets trade credit insurance policy to exporters. This policy protects accounts receivable against non-payment, slow payment and insolvency caused by losses related to commercial or political events, whether at home or abroad. Present in 51 countries around the world, its analysts remain on the lookout for any change that might affect your current or potential customers' solvency and so help provide support for the decisions you must make concerning credit.

The Multi-Markets policy offers several advantages: direct on-line access, no monthly sales report to submit and, most importantly, a flat rate, regardless of your sales or the number of countries in which you do business. Since it also provides protection for your creditors, trade credit insurance will enable you to secure better financing terms and more working capital from financial institutions.

All that remains is for you to analyse the cost-benefit of a minimal investment that can ensure priceless peace of mind in today's unstable economic environment...



To learn more about Euler Hermes Canada's Multi-Markets policy, please contact Patrick Dowd, agent, at 450 965-9114, or send an e-mail to patrick.dowd@eulerhermes.com.

A world of opportunities for those who stand out

A number of Québec exporting companies whose marketing strategies have basically relied on a price advantage have seen their sales volumes and profit margins drop, mainly because of the strength of the Canadian dollar. This strategy is hardly viable in the current context of a global economy. In order to regain their competitiveness, many firms turn to improving their productivity.

However, its improvement depends upon a thorough review of company processes. In the long run, such a review—combined with creativity and daring—will make it possible to produce better products, develop competitive advantages or optimize operations. In other words, in order to achieve success in the international market, exporters must offer innovative solutions and adapt their goods to meet customer expectations, while at the same time maintain product quality and comply with the importing country's requirements. By creating a unique, hard-to-match product, a company will boost the recognition of its offer throughout the world, and thereby increase its business opportunities.

To provide an example, at each stage of its most successful operations, an exporting company should offer finished or unfinished products or components that provide solutions for its customers' own production processes.

Then, because of its expertise and innovation, the products it has been able to develop will have a competitive edge.

The competitive advantages most often looked for are:

- savings in labour costs
- reduced energy costs
- optimization of manufacturing operations
- energy-efficient, recyclable packaging
- maximization of shipments

For world-class companies, achieving excellence is an essential—and irresistible—challenge!

BIENVENUE STRATÉGIES CONSEILS

For further information about improving productivity, please contact Édith Bienvenue, President, at 450 446-6382, or send an e-mail to bsc@videotron.ca.