



LAVAL TECHNOPOLE International Business Centre

INTERNATIONAL NEWSLETTER



SUMMER 2010

CDVI has full control of its exports

CDVI Group, a French company that has operated internationally since 1985, designs and manufactures access control and locking systems using biometric data by incorporating technologies such as smart card and fingerprint readers. In 2005, it decided to set up its CDVI Americas subsidiary in Laval to head up its operations in Canada, the United States and Latin America.

When it was created, CDVI Americas had 4 employees; 17 people now devote themselves to meeting the requirements of customers from throughout North and South America. Despite the economic downturn, the subsidiary saw its sales increase by 30% in 2009. Its president, René Mallandain, has an explanation for this stellar performance: "The construction and renovation market in the United States has been slack for practically the last three years. We therefore invested in growing our presence in emerging countries, rather than focusing on our American neighbours." As a result, 15% of the subsidiary's sales now come from Latin America, an equivalent amount from the United States, and the balance from Canada.

In order to develop its export sales, CDVI chose to make use of manufacturers' agents. Distributors such as ADI, APA, Anixter and Nedco, therefore, look after representing CDVI in Québec and the rest of Canada. The company preferred to use independent distributors for the United States. "We have the staff and the production capacity to serve our distributors' Canadian branches, but we would not have been able to properly take care of their hundreds of U.S. branches," points out Mr. Mallandain. "We thus opted to pursue an orderly growth by developing our market in a few states at a time. We currently have one employee and a number of agents that cover three states." CDVI Americas uses an independent manufacturers' agent in Latin America, since the major international distribution networks do not have representatives there.

The South American market has its share of distinctive characteristics, according to Mr. Mallandain. "It's highly protectionist. For example, for countries that are not members of Mercosur [a South American equivalent of NAFTA], customs duties, taxes and other fees can increase the cost of our products by 50% to 100%! It thus becomes very difficult for a foreign company, at least in the electronics sector, to be competitive." Orders from CDVI's South American customers, therefore, most often flow through Miami, where many small distribution networks have been set up which benefit from links with the continent to the south. This stems from the fact that close to 70%¹ of Miami's population is made up of Latin American immigrants, who have kept up ties with their native countries which are conducive to international trade.

Continued on the following page

A message from the Director



The spring season was certainly an exciting one with three ambitious undertakings: playing host to a major U.S. chain of building supply stores, conducting a trade mission to Mexico, and having the Biotech City take part in BIO, the Biotechnology Industry Organization's international convention. Many benefits are expected as a result of these activities!

Summer is just about here—a time which, in the minds of many, is synonymous with having a break. That can also provide us with an opportunity to take a step back from our day-to-day operations and return from vacation with a fresh overall perspective that's likely to inspire organizational changes.

For its part, the International Business Centre will take advantage of the summer to evaluate various development options for next fall. Right now, China, Brazil and the United States are in our sights. Should you have any international development ideas for the coming season, feel free to come and discuss them with us.

Wishing each and every one of you a wonderful summer!

Véronique Proulx, MBA



Continued from page 1

Another significant feature of Latin American business culture is the necessity of speaking the customer's language, whether Spanish or Brazilian Portuguese. "Latin America is an important market that is rapidly expanding," notes Mr. Mallandain. "If you cannot conduct business in a country's language, you won't find many customers, since they know they will always be able to obtain the products and services you offer in their own language." In fact, Spanish is the third most spoken language in the world, after Mandarin and English. It is also the official language in 23 nations—including in some, like Argentina, Bolivia and Mexico, that are considered emerging economies. As for Brazil, it is already South America's economic leader.

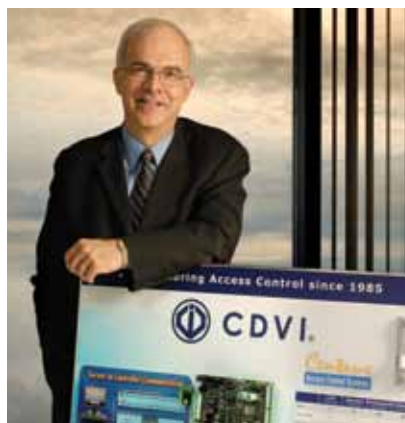
Speaking the appropriate language is therefore at the foundation of any business relationship with Latin American customers. However, it is a requirement that is but part of a wider philosophy in which personal relations rule business relationships. "Doing business, for Latin Americans, involves feelings. The people you deal with have to feel valued, that they are special to you. From that stems the whole game of negotiating," considers Mr. Mallandain. "Because you value your customers so highly, why of course you will grant them certain privileges. In other words, you'll give them a reduced price." It is therefore important to set an initial price that is higher than what you really expect in order to leave room for the inevitable negotiations. What's more, a company that refuses to negotiate will lose its main selling point...

However, CDVI does not lack for those. It is, in fact, preparing to add another to its list, as it is currently at work on the development of a product that has no equivalent in any market whatsoever: an access control system that will also incorporate

building automation features enabling the automatic control of lighting and room temperature according to exits and entries, and thus the number of occupants in an area. At the same time, it is continuing its steady development of the North and South American markets.



To learn more about CDVI Americas, please contact René Mallandain, President, at 450 682-2389, or visit the company's Web site: www.cdvi.ca.



René Mallandain, President of CDVI Americas

¹ U.S. Census Bureau, 2006-2008 American Community Survey.

A transfer strategy for protecting intellectual assets

Regardless which industry you are involved in, as a manufacturer you no doubt have intellectual property that is worth a very great deal, whether it consists of copyrights, patents, trademarks, industrial designs, or proprietary expertise.

But have you ever considered putting such intellectual assets beyond the reach of creditors by transferring them to a management or sister company that would ensure you would continue to control those valuable assets should you be faced with a major problem, such as having to pay a very expensive settlement

as a result of exporting defective products to the U.S.? Obviously, it would be better to hang on to such precious assets, rather than see a competitor snatch them up for a song from a receiver.

A certain number of factors must be taken into consideration to ensure an effective and successful transfer of intellectual property between related companies. First, current intellectual assets will have to be transferred to the management company in order for it to become their owner; these transfers will then have to be registered with the intellectual property offices of the

Our team
of columnists:





Outsourcing your logistics: something to think about!

Just recently, I had the pleasure of running into a childhood friend of mine. He told me that managing his drivers and shipping fleet—even though it wasn't particularly big—was taking up way too much of his time, especially as one problem only seemed to follow another. In fact, given the amount of energy he had to devote to solving his logistics issues, he wasn't able to do his "real" job.

Administrative expenses, not getting maximum value from improperly used assets, opportunity costs, business objectives not being achieved, the waste of time... all these provided me with an excuse to launch into a dissertation on the advantages of outsourcing.

Outsourcing: a fancy word that nonetheless refers to a very simple concept. Outsourcing is a way to restore control over one of your most important assets—TIME! We are all desperately in need of time to do our jobs and focus on achieving our business objectives. Now, we all know companies (our own often among them) that must execute their business plans more effectively and cost efficiently.

"Time is money." That old saying has never rung so true as today, and I am sure that, just like me, you have noticed that the value of time has increased exponentially in comparison with the past.

That is why logistics outsourcing has become a premium solution, since it allows managers to devote their valuable time to their real duties, that is, achieving objectives, strategic planning, reducing expenses, increasing productivity, and so on. Moreover, through the addition of in-depth expertise in a highly specialized field, it provides a means of dealing with the

glaring lack of logistics resources. Unfortunately, very few schools nowadays offer training programs in logistics, which itself is an indication of young people's lack of interest in this major sector.

To sum up, the challenges faced by my friend reflect the experience of many, and can only get worse in the next few years! Just as I did for him, I would ask you to take the time to assess the benefits of logistics outsourcing in relation to your company's operational and financial performance.

Only a few decades ago, companies handled the processing of their own payroll. Do you know one that continues to do so today? There are none, for the same reasons that have prompted companies to think about outsourcing their logistics activities.



Richard Martel
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Sotech Nitram is a Laval company that will celebrate its 30 years in business in 2011. Working as a partner with its clients, Sotech Nitram aims to help them become more effective in terms of logistics and thus be able to offer quality products on time and for less. Simply dial 1 866 6NITRAM (1 866 664-8726) to speak to one of our logistics specialists and learn more.

countries in which you have already seen to their protection. You will also have to draw up a user agreement or licence for each type of intellectual property related to your products that will enable the operating company its unhindered use within its business activities.

Normally, you will have to establish the royalties to be paid by the company holding such a licence. The type of licence (whether exclusive or not) granted to the operating company also has to be determined.

Should your intellectual property rights be violated by third parties, be aware that it is usually the owner of the rights, not the operating company, that is entitled to sue to terminate the infringement and obtain damages. Nevertheless, the owner of a licence, whether it is exclusive or not, can initiate legal

proceedings in cases of patent violation. Moreover, the owner of an exclusive copyright can seek damages for its infringement. In both such cases, however, the company actually owning the rights must be a party to any proceedings.

At a time when technological innovation is indicative of a company's economic health, such a strategy for protecting intellectual assets is worthy of very careful consideration.

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Blogger's corner

More about China...

Have you had a good experience trying to establish business ties in China, or were you so frustrated with the process that you no longer believe such a thing is possible?

Chinese suppliers and partners have changed a great deal in that they have learned to better respond to North American needs and requirements. So much so that those whose previous efforts in developing this market have been unsuccessful should think about giving it another shot. Furthermore, those who haven't yet considered entering this market as a way of rounding out their product lines or reducing their production costs would also do well to explore that huge country, which is brimming with opportunities. If you already have a presence in China, think about expanding your network in order to benchmark your practices and experiences, as well as capitalize on continuous innovation.

The LAVAL TECHNOPOLE International Business Centre is now studying the possibility of conducting a trade mission to China this fall to help Laval companies:

- Identify and evaluate potential partners for complete or partial sourcing;
- Find competitive suppliers for the materials, accessories and components they need;
- Investigate and acquire new technologies or tools;
- Ascertain which Chinese products could expand or complete their current product line;
- Conduct technology intelligence and benchmarking; and
- Understand how this market works and identify opportunities for their products or services.

Since our missions are tailored to businesses' needs, the number of companies that can take part is limited, and prior preparation is necessary to ensure the mission's success. During the trip, participants meet only with representatives of companies that have been thoroughly vetted, and are provided with support services and local interpreters.

If you would like to find out more about taking part in a trade mission organized by the LAVAL TECHNOPOLE International Business Centre, please contact Samir Naoum at 450 978-0991 or samir.naoum@lavaltechnopole.com.

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