



LAVAL TECHNOPOLE International Business Centre

INTERNATIONAL NEWSLETTER



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Citagenix: A human approach to international business

Citagenix is a private Laval company specializing in the manufacture and distribution of its own patented or licensed medical devices designed for surgeons doing bone or tissue grafts. As such, it markets advanced technologies and biological products for the healthcare sector, particularly within the dental and orthopedic fields. In business since 1997, with a staff that now numbers 18, this SME has a presence in a number of countries thanks to an efficient network of distributors.

Citagenix has a unique history in that it did not start out by targeting a need around which it built a business plan. In 1997, the pharmaceutical company Hoechst Marion Roussel (now sanofi-aventis) decided to divest itself of its dental division. Wanting to save their own jobs and those of their colleagues, the managers of that division decided to take over the business by founding their own. "What is special about us is that we first find people with whom we want to work," explains Nicolas Bourgeois, Vice-President, Finance and Business Development. "We then find them responsibilities that allow them to achieve their full potential and contribute to Citagenix's development at the same time." Human resources requirements, therefore, follow what needs to be done.

Dedication is key to the company's success. "We are very devoted to our employees, and they in turn are extremely appreciative, which is reflected in their relations with customers and suppliers. We take our employees' personal needs into consideration and try to accommodate them. It may be a bit of a cliché, but we really are a small family. Moreover, our staff turnover is practically nil," declares Mr. Bourgeois.

Precisely because its entire staff is highly supportive—or "happy in their jobs," as Mr. Bourgeois would put it—that, beginning in 2000, the company was able to enter the international market with confidence. "Our employees were extremely motivated by the new challenges and ready to put a lot of effort into meeting them." Citagenix first tested the international waters by attending conventions and trade fairs with the idea of allying itself with distributors. The company has also taken part in trade missions, notably in one conducted by the Québec government in South America and the LAVAL TECHNOPOLE International Business Centre's mission to Germany. "Such a step demands a great deal of time," states Mr. Bourgeois. "They provide many networking opportunities, but a relationship of trust subsequently has to be established between the two parties. In order to accomplish that you have to take a personal interest in the way people do business, advise them, stay on top of their needs and provide them with training. In short, you have to be available."

Continued on the following page

A message from the Director



While we await the recovery...

While we all wait for the economy to pick up again, the LAVAL TECHNOPOLE International Business Centre is increasing its efforts and initiatives to search out attractive business opportunities in markets abroad.

Just recently, we offered a seminar on the possibilities for doing business in Spain and Italy. In the very near future, we'll help you make a virtual visit to Brazil, fly to Texas and meet Panamanian and Costa Rican firms right here in Laval. Don't hesitate to regularly consult the International Business Centre's calendar of events, available at www.lavaltechnopole.com/ltibc, to get full details.

Take advantage of this lull before the recovery to develop your international strategy and plan your market development. A number of our partners can provide you with financial products designed for your particular needs that can optimize your efforts. Furthermore, call on the services of the International Business Centre—we have many resources and a host of ideas that can help make your plans materialize.

Have a great summer!

Véronique Proulx, MBA



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In this respect, Mr. Bourgeois notes that the Internet has considerably changed the way business is conducted. The Web enables companies to keep up to date, maintain their visibility, and both exchange and get advice from other exporters—such as on the **International Business Centre** Network’s on-line forum. Various on-line applications also allow better follow-up and—that most important of aspects—availability. In Citagenix’s way of thinking, dedication in establishing contacts is not enough. Dedication to service must be paramount throughout the business relationship, which should be regarded more from its human, rather than simply professional, aspect. “After all, we work in the healthcare field and, in the end, we are dealing with patients’ health,” adds Mr. Bourgeois.

Some of the products distributed by Citagenix: Osprey cancellous and cortical human bone powder, the Osteodisc orthopedic bone mill and MBSP synthetic bone substitute.



Citagenix products are now recognized as the benchmark for surgeons working in the field of musculoskeletal regeneration. The company distributes many of them throughout Canada and some in the United States and certain countries in Europe, Asia and the Middle East. It is also Héma-Québec’s business partner in the commercialization of human tissue. Most recently, it has launched the Osteodisc orthopedic bone mill, a patented device of its own design that can, for example, grind the head of a femur into 1 to 2 mm particles that can be used for bone grafts in orthopedic surgery. This new product has met with a favourable reception. The company continues to develop other markets, making sure, as always, to dedicate itself to maintaining optimal personal relations with all stakeholders.



For further information about Citagenix, please contact Nicolas Bourgeois, Vice-President, Finance and Business Development, at 450 688-8699, extension 233, or visit the company’s Web site at: www.citagenix.com.

Could your organization take advantage of the APS and Lean Six Sigma combination?

During the last few years, companies experiencing success on the international scene have used the Lean Six Sigma or “lean manufacturing” method. This concept identifies areas of “waste” and systematically eliminates them, thereby increasing the percentage of value-added operations. Approaches of this type are usually based on manual methods and tools, and work well for recurring activities in relatively stable environments. However, this becomes a real challenge in environments in which customer demand is extremely volatile and it may be difficult to establish accurate forecasts.

Technology can help companies optimize the use of their resources (labour, equipment, products, materials, etc.) to meet customer requirements—no matter where the customer is located—by aiming for the best delivery times, highest quality of service, and lowest cost possible. In fact, eliminating the limitations associated with manual planning methods can help an organization stand out from its competitors and better position itself in international markets by ensuring its customers’ complete satisfaction at the lowest cost.

Our team of columnists:





Canadian businesses providing services in the United States: Be aware of the tax implications of the Fifth Protocol

On December 15, 2008, the Fifth Protocol to the *Canada-United States Income Tax Convention* came into effect. This protocol modifies the tax treaty between the two countries, instituting major changes in terms of cross-border taxation.

One significant measure for companies doing business in the United States involves the widening of the notion of "permanent establishment."

As of January 1, 2010, any company that supplies services to the United States will be considered as having a "permanent establishment" there:

1. if the services are provided in the United States by an individual during one or more periods totalling 183 days or more (within a 12-month period, not necessarily within the calendar year) and if more than 50% of this company's revenue is derived from services rendered by this individual in the United States; or
2. if the services are provided during a total period of 183 days or more during any 12-month period with respect to the same project or to a related project for clients who are resident in the United States or who themselves have a permanent establishment there.

In both circumstances, the Canadian company will no longer be able to take advantage of an exemption from U.S. federal tax. It will now be necessary to file the 1120-F income tax return with the Internal Revenue Service (IRS), without the possibility of attaching the 8833 Treaty-Based Return Position Disclosure form.

It must be clarified that the company will only have a permanent establishment with regard to the services provided, which will be recognized as being provided by the said permanent establishment. Consequently, other types of income generated in the United States, such as the sale of goods, will not be targeted by these new amendments. Such other types of income can, however, be taxable by virtue of other provisions.

It should be noted that construction companies are not affected by this Protocol and will continue to be subject to the rule according to which only construction jobs that continue for more than 12 months in the United States constitute permanent establishments for Canadian companies, subject to the other cases set out in the current laws.

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What is advanced planning and scheduling (APS) used for?

Advanced planning and scheduling uses advanced mathematical algorithms to facilitate decision making, carry out optimization or simulation activities based on finite capacity scheduling, plan the use of resources, and synchronize resources and material or other constraints. APS solutions are mainly used in the following sectors:

- logistics and transportation
- workforce scheduling
- manufacturing

A successful APS implementation generally results in a number of benefits:

- significant improvements in delivery times
- increased flexibility that makes adapting to the changes many exporting companies face easier

- reduced operational costs through more effective use of equipment and labour, less overtime, fewer non-value added activities, less work-in-process inventory and shorter set-up times in the manufacturing sector

Could the APS and Lean Six Sigma duo transform your business?
To learn more, read the detailed article available at:
www.westmonroepartners.com/content/view/534/255.



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Panama: A small country with big potential

By Bruno Séguin, M.Sc.
Advisor, LAVAL TECHNOPOLE International Business Centre

During a worldwide economic recession, it becomes increasingly difficult for Canadian companies to find markets that are both growing and relatively accessible. However, in a context where traditional export markets all seem to be at a standstill, some small, lesser known markets can present excellent business opportunities.

With an anticipated growth rate of (according to the U.S. Commercial Service) between 4% and 6% in 2009, Panama's economy stands out from others in the world in that it has built on the momentum it established prior to the crisis, its GDP growth rate notably reaching a peak of 11.5% in 2007. The US\$5.25 billion project to widen the Panama Canal that was launched in 2007, following its 2006 ratification by referendum, is behind this growth. This project gives rise to a multitude of side benefits, including investments in infrastructure that should, according to Panama's Ministry of Economy and Finance, total approximately US\$29.6 billion over the next five years. This is a rather impressive figure for a small country of only 3.3 million inhabitants, whose GDP was only US\$17.7 billion in 2006!

Again according to the U.S. Commercial Service, however, Panama has not completely escaped from the credit crisis, which in particular is threatening certain residential, tourism, commercial and industrial megaprojects, such as the construction of a US\$12 billion refinery. Nevertheless, a number of capital projects are still moving ahead, which will create opportunities in the following sectors: electric power generation, healthcare services, port services, land development, road construction, water treatment and distribution, telecommunications and tourism.

Because of its very central geographic location and its access to two oceans, Panama has always played a vital role in trans-American trade. The construction of the canal, the creation of the Colon Free Zone (CFZ)—the second largest in the world after Hong Kong—and the recent efforts to privatize and liberalize trade have reinforced the importance of this small country in world trade.

This openness to trade could represent a double-edged sword, however, not only placing Panama among the most open, but also most competitive Latin American countries. Panama's consumers and businesses are very open to foreign products, particularly those from the U.S., which represent approximately 30% of imports. Several construction projects are also being managed by companies from countries already well established in Panama, such as the United States, Germany, Spain, France, Costa Rica, Colombia, Argentina, Mexico and Guatemala. A Laval exporter will therefore have to persevere and offer very competitive prices in order to carve out a share of this market, which has such great potential.

Attention to those who would like to find out more about this market: the International Business Centre intends to hold a lunchtime conference on business opportunities in Panama and Costa Rica's construction sector in the very near future.

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