

BUSINESS PROFILE

Crescendo Systems Prefers Direct Selling

An exporter from day one, Crescendo Systems first set its sights on the U.S. market. Today, the company's document creation and management systems are used by over 200,000 people around the world and will soon be available on every continent.

As company President Costa Mandilaras explains, Crescendo was successful in the U.S. early on. "We first targeted American hospitals, which not only had a pressing need for systems such as ours but also had the budgets to buy them. This niche therefore quickly became profitable for us."

Crescendo raised its profile by advertising extensively and participating in trade shows. "We grew through recommendations and have since built a solid reputation," continues Mr. Mandilaras. "We owe much of our growth south of the border to word of mouth, and we now have a footprint throughout the U.S."

When it first started out, Crescendo worked with a vast network of distributors. Then, in 2002, the company decided to focus more on direct sales. "We weren't totally happy with some of our American distributors, who didn't invest as much time and money in customer service as we would have liked. Ultimately, we ended up keeping only 10 of the 45 we did business with in 2000. Instead, we hired representatives. Six work out of our Laval head office, generating 80% of our U.S. sales," explains the President.

In keeping with its strategy, which favours direct sales, Crescendo opened a branch in the U.K. in 2003, followed by another in Toronto two years later. An office is slated to open in British Columbia before year-end. "Next on our radar screen are France and Benelux, where the hospital market is preparing to make the leap into the digital age. We're currently conducting a market study and plan to open a branch in Paris within a few months," adds Mr. Mandilaras.

Another market on the horizon is the Middle East, where the medical sector is experiencing an unprecedented boom and where a number



“THERE'S NOTHING NEW IN OUR APPROACH. WE SIMPLY TAKE TO HEART SAYINGS LIKE, 'IT'S EASIER TO KEEP A CUSTOMER THAN TO GET A NEW ONE.'”

COSTA MANDILARAS, PRESIDENT, CRESCENDO SYSTEMS

of countries are poised to become medical technology leaders. While this is a promising market for Crescendo, the approach will be different in that part of the world. As Mr. Mandilaras explains: "Direct selling is impossible over there. We will have to use an intermediary, which is what we did in Australia in 2005. In fact, we have an excellent distributor in that country. We also have distribution agreements in South Africa, China and the Netherlands."

Crescendo expects sales and marketing activities to multiply in the next five years. "We will consolidate our markets by focusing on new segments such as law enforcement, insurance and banking. We also want to diversify our markets by developing new territories. Throughout all this, we will continue to use direct sales wherever possible because we truly believe that customer contact is the key to our success." 📍

Message from the Commissioner

LAVAL TECHNOPOLE EXPORT Celebrates Its 10th Anniversary!



BY VÉRONIQUE PROULX
INTERIM DIRECTOR
LAVAL TECHNOPOLE EXPORT

It's now been 10 years since the export division was created on the initiative of LAVAL TECHNOPOLE's executive committee. Business Services, headed by industrial commissioner Gilbert LeBlanc, was entrusted with setting up the division, which started out with just one employee and concentrated on providing individual support to businesses.

Four years later, with Maude Martin at the helm, the division decided to shift its focus to sensitizing businesses to exporting. A multitude of innovative events have since sprung up, including training sessions, networking missions, and foreign buyer hosting events known as Cap USA and *Cap sur l'Europe*.

LTE today

Today's economic environment is making it increasingly difficult for Quebec companies to export. Because of their need for personalized guidance, LTE will work more closely and one-on-one with its clients in the coming year to better support their international development efforts.

We will also be more available in your workplace to help you penetrate, diversify and consolidate your markets. LAVAL TECHNOPOLE EXPORT: we're here for you. 📍

Signature of Secure Fence Act of 2006

Ever since U.S. customs representatives visited several months ago to certify certain Canadian companies, false rumours have been circulating about the fact that companies will no longer be required to own surveillance cameras or to enclose their land to be C-TPAT certified. This is not entirely true. C-TPAT certification hinges on a risk analysis whose parameters vary depending on the company's sector of activity.

To be C-TPAT certified, a company must comply with the Minimum Security Criteria for C-TPAT Importers or Highway Carriers and complete its Security Profile on the C-TPAT Security Link Internet Web Portal. To create a profile, the applicant must answer questions

about its security infrastructures, more specifically, fences, gates, alarm system and cameras. The company must provide detailed answers to all the questions. For example, indicating "Not applicable" is not acceptable.

Please call us if you have any questions. 🌐

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GROUPE CONSEIL C-TPAT
Certification Experts on C-TPAT



US Market Expert

The value proposition

Economic indicators in the USA point to a particularly challenging environment for Canadian exporters. First, the exchange rate no longer favors Canadian businesses. Second, the US economy is sluggish, with the housing industry in particular slowing dramatically. Finally, energy costs remain high and consume a significant portion of purchasers' budgets.

In such an environment, how can Canadian exporters succeed in the US? By providing clear value to American purchasers.

More and more successful Canadian exporters are implementing business plans that assume the Canadian dollar will trade at par with the US dollar. This removes the temptation to rely upon a price advantage and forces Canadian exporters to focus on other competitive advantages.

The focus on competitive advantages requires Canadian exporters to articulate definite business reasons why an American buyer should purchase its product or service. The need to articulate value is further underscored by economic condi-

tions in the US that compel American buyers to adopt a conservative approach to purchasing.

We have found that successful Canadian exporters are those that approach the US market fully prepared to compete as equals and on demonstrable quality and service. Indeed, in the past two months alone, we have observed two of our clients in diverse industries conclude significant sales to new customers in the US on the basis of their ability to provide quality products and superior service at a fair price – not the *best* price, but a *fair* price.

Success today truly depends upon the exporter's ability to demonstrate value. 🌐

BY PERRY B. NEWMAN
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Fall cocktail




From left to right: Mr Robert A. Dubé, General Manager, LAVAL TECHNOPOLE, Frédérique Thomas, Export Advisor, Véronique Proulx, Interim Director, Sophie Mainville, Assistant, and Bruno Séguin, Export Advisor at LAVAL TECHNOPOLE EXPORT.

On September 19, LAVAL TECHNOPOLE EXPORT (LTE) unveiled its 2006-2007 program during its traditional fall cocktail, held this year at Château Taillefer Lafon. Over 140 partners and business leaders turned out for the event. Interim Director Véronique Proulx made a few announcements during the evening, beginning with the fact that LTE will be offering more individual in-company coaching. She also announced that many more activities will be held to promote export market diversification and that procurement workshops will be added to the training program. Finally, Ms. Proulx talked about the newly created Réseau Laval International advisory committee, whose mandate is to debate international issues and promote business networking.

For more information on LTE's courses and workshops, visit our website at www.lavaltechnopole.com. 


Best business practices workshop C-TPAT: more than a matter of security

For the third time since the launch of the C-TPAT coaching and training program, LTE held a BBP (Best Business Practices) workshop on September 20 entitled *C-TPAT: more than a matter of security*. Offered in conjunction with Canada Economic Development and the Ministère du Développement économique, de l'Innovation et de l'Exportation, this workshop was developed to introduce companies to the C-TPAT program. Several representatives from various companies attended. 

Mornings without borders Liability insurance and work visas

On September 28, LTE held a workshop on manufacturers' liability and U.S. work visas. Aimed at demystifying the legal aspects of doing business beyond our borders, the workshop first discussed the importance of companies protecting themselves and explained manufacturers' liability vis-à-vis consumers. The second part dealt with regulations governing working in the U.S. We would like to thank our two speakers, M^c Micheline Dessureault and M^c Patrice Brunet, as well as our sponsor, National Bank of Canada, and our financial partners, Canada Economic Development and the Ministère du Développement économique, de l'Innovation et de l'Exportation. 

The ABCs of exporting, NAFTA and the certificate of origin

Exporters' Week was held from October 30 to November 3 under the theme *S'allier pour franchir les frontières*. As part of this event organized by the Réseau des commissariats de l'exportation du Québec (RECOMEX), LTE offered a workshop on the ABCs of exporting, NAFTA and the certificate of origin to help companies better meet the expectations of U.S. customs. Some 350 SMEs from across Quebec attended Exporters' Week. 

Export Alliance Construction

6th edition: new and improved!

On January 29, 2007, Export Alliance Construction will welcome **buyers from Western Canada - for the first time ever** - in addition to buyers from the American North-East. This one-day individual networking event will enable Quebec manufacturers in the residential, industrial, commercial, and institutional construction sectors to meet with general contractors, architects, distributors, and manufacturing agents.


This will be an exceptional opportunity to meet with American and Canadian buyers, to hear speakers on the major construction projects in these markets, and to participate in various networking activities.

To register, visit the website of Export Alliance Construction: www.exportalliance.com.

This event is organized by the World Trade Centre Montréal in partnership with the Ministère du Développement économique, de l'Innovation et de l'Exportation and the Société d'Habitation du Québec.

Do you manufacture an innovative product?

Earn the exclusive opportunity to present your product to all the buyers during a special activity on the evening preceding the event.

For more information, contact us at: nmonnette@cmm.qc.ca or 514 871-4002, local 6218 




Export Financing

Whether you're an exporter or outsourcer of components destined for export, when you land a big contract, you have to be able to honour your obligations.

For many companies, the expense associated with hiring more employees, improving infrastructures, buying new equipment or travelling abroad will become part of the direct costs associated with the contract. And more often than not, additional financial support will be necessary.

Fortunately, a broad range of export financing solutions exists to help businesses execute their contracts or finance the acquisition of a foreign company or asset. They can take various forms, from an operating line of credit

or a term loan to debt and foreign currency exchange management.

The National Bank, in conjunction with Export Development Canada (EDC), can help you. 

To find out more about the different financing programs available, please contact us.

BY JEAN EMMANUEL ALFRED
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Legal


International contract with a European commercial agent

One way to sell your products on the European market is to mandate an agent who will prospect and conduct business in your name and on your behalf. If you choose to go this route, you will have to sign an international contract with the agent.

As an independent entity, the commercial agent has no tied links with the exporter. This allows the exporter to build a less costly sales force on the foreign territory without having to hire personnel. However, there are disadvantages to dealing with a commercial agent, notably, the possibility of the agent “stealing” the exporter’s clientele and the fact that the agent is entitled to a break-up fee, depending on whether the contract is for a fixed or unfixed term. In practice, the break-up fee equals two years’ commission, plus certain fees incurred by the agent.

Exporters who think they’ll be able to invoke Quebec law to refuse paying the break-up fee can forget the idea. The

agent’s right to a break-up fee in the European Union cannot be excluded from the contract.

Therefore, in order to avoid legal disputes, make sure your lawyer drafts a detailed contract containing specific objectives for the agent, a non-compete clause and the amount of the break-up fee. 

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Selling is good. Getting paid is even better!

Sales are exploding and you must deal with new orders? The credit limits are now at their maximum? What should you do? Turn down the new revenues and the profits that go with it? Take more risks and gamble on the survival of your company?

Don't panic! Credit insurance can help you safely increase your sales. Insurers will perform

their own analysis and inform you about the financial status of your clients. They will indemnify you if your customer can't pay. You will be able to grow your sales safely to credit worthy clients and let the other buyers to someone else.

Is it profitable? Here is a quick way to determine it:

	Example	Your company
A. Projected annual sales	\$10 M	— \$
B. Average cost of credit insurance (%)	0.30%	0.30 %
C. Estimated cost of credit insurance [A X B]	\$30,000	— \$
D. Gross margin	25 %	— %
E. Incremental annual revenue required to recapture cost of credit insurance [C / D]	\$120,000	— \$
F. Incremental annual revenue required (%) [E / A]	1.20%	— %

In our example, if the company generates additional sales equal to 1.20% of the projected sales (line F), the cost of the credit risk insurance program will be recaptured. Any additional sales generated will drop directly to the company's bottom line. The protection would be provided at a true net zero (\$0) cost to. Is it profitable? Of course it is. 🌐



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International News

News on Brazil

With 180 million people, Brazil is the fifth most populated country in the world and the largest economy in South America. Boasting a highly diversified economy, the country has rich natural resources and a vast labour pool, making it an economic powerhouse in the region. Brazil is also a must for Canadian exporters because it is an access point to MERCOSUR, an economic organization that includes such Latin American countries as Argentina, Paraguay and Uruguay.

Brazil offers a multitude of business opportunities to Canadian exporters in oil and gas production, hydroelectric production and distribu-

tion, infrastructure modernization, ecotechnology, semi-conductors, software, pharmaceutical and medical products, and capital equipment.

According to exportsource.ca, it is important to ensure that Brazil's recent financial stability continues to support the growth the country needs. However, the signs are encouraging. In fact, the country has emerged from the 2000-2003 crises intact.

For more information on business opportunities in Brazil, call us at 450 978-5959.

News on China Identifying credit risk in the Chinese private sector

In industrialized countries, it's easy to find credit ratings and reliable reports that give a fair idea of how a company is doing. However, it's quite a different story when doing business in developing countries, most of which have no financial regulations or rule of law. Finding out the history of a local company is a challenge and determining whether they are reliable is next to impossible.

Take China for example. Ever since it joined the World Trade Organization in 2001, exporters have been beating a path to its door. But what can you

find out about Chinese companies? In about 85% of cases, some financial information is available through Shanghai's Administration Bureau for Industry and Commerce.

For tips on how to examine the accounts of Chinese private-sector companies, see the article entitled "Figuring out the credit risk of companies in China on Export Development Canada's website: www.edc.ca/english/publications_11702.htm

Reader's corner

Fact sheet on manufacturers' agents



This fact sheet tells companies all they need to know about using a manufacturers' agent to develop a foreign market. Topics include how to build an agent profile, how to choose the right person and get the most out of the arrangement, as well as how to evaluate his performance and make the necessary adjustments.

Fact sheet on taxation



This new fact sheet prepared with the help of Raymond Chabot Grant Thornton explains, in seven points, what every Canadian company should know about taxation before venturing abroad. Ranging from how to choose the right corporate structure to sending employees overseas, this fact sheet discusses all the key points of international taxation.

For more information or to obtain a copy of these fact sheets, please call 450 978-5959.

News in brief

GRUPE CLASSIQUE

Based in Laval for the past 30 years, Groupe Classique is a designer, manufacturer and installer of office furniture that is preparing to consolidate sales to the U.S. The company makes 50% of its sales in Quebec and 25% in Ontario. Ten percent of its production heads to the U.S., primarily New York and New Jersey. Company president Brian Birenbaum plans to double this percentage by 2008. **LAVAL TECHNOPOLE EXPORT** has spent the last few months helping the company prepare a U.S. market development plan and a well-defined strategy. With this plan in hand, the company was able to secure financing from Canada Economic Development (CED). 🌐

Continued on back...

*LAVAL TECHNOPOLE EXPORT
receives financial support from*



Développement économique Canada

Canada Economic Development

Canada

Développement économique, Innovation et Exportation

Québec

Export markets and investment portfolios: the same rules apply

One of the golden rules of financial investments is portfolio diversification. As any seasoned investor will tell you, it's not a good idea to put all your money in a single stock or in stocks in a single sector because should the stock or sector plunge, your entire investment could be wiped out. Diversification minimizes this risk since a drop in one stock can be offset by an increase in another.

The same reasoning applies to exporting. The more diversified your markets, the less you'll be affected by economic fluctuations in the countries where they are located. And consequently, the company's financial health runs less risk of being compromised. If one market's economy takes a turn for the worse, you can shift your efforts to other countries where you are present until the market in question rebounds.

Exporting to the U.S.

About 80% of Laval companies do business with the U.S., and for 30% of them, the U.S. is their only export market. The economic slowdown south of the border and the rising Canadian dollar have made this strategy increasingly risky.

However, there are other places worth investigating. Many emerging countries offer attractive business and growth opportunities for exporters. For example, Mexico, Brazil, Russia, India and China are all countries that have shifted to a market economy and that do business with Canada. These nations have all

the ingredients to ensure exporting success: encouraging economic growth, a market economy, relative economic and political stability, rising purchasing power and a vast pool of consumers, among others.

Mexico: a promising market

According to a study conducted in September 2006 by Guilbault et Associés for LAVAL TECHNOPOLE EXPORT, only 13.3% of Laval companies export to Mexico. Yet Mexico offers excellent business opportunities for Canadian companies. According to the monthly newsletter, Canadexport, published by International Trade Canada, relations between Canada and Mexico are not just about the North American Free Trade Agreement (NAFTA). In fact, thanks to the Security and Prosperity Partnership (SPP) and the Canada-Mexico Partnership (CMP), the two countries have forged closer ties and a solid, lasting relationship that bodes well for the future.

Mexico represents a market of 106.2 million consumers. At 3.3% in 2005, its GDP is expected to rise to 4.3% in 2006. Inflation, which fell 9% in 2000, was 3% in 2005. The peso is strong and stable. Lastly, the Mexican economy enjoys a high credit rating.

By 2030, the country's population will be about 130 million. Fuelled primarily by urban centres, this growth will exert tremendous pressure on infrastructures and urban services and drive up demand in the areas of housing, urban planning, agrifood and con-



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sumer goods. So far this year, Canadian exports to Mexico have jumped more than 42%. The most promising sectors are construction and construction materials, oil and gas, information and communication technologies, agrifood, environment, forestry, and high technology.

Today, Mexico is Canada's fifth largest trading partner, with bilateral trade reaching \$17.8 billion in 2005. However, this figure could rise in the near future since a five-year trade strategy has been implemented to boost bilateral trade by 50% between the two countries and double investments.

All this to say that Laval companies should consider exporting to Mexico and getting their share of the ever-growing pie. Participating in the Mexico trade mission organized by LAVAL TECHNOPOLE EXPORT and DEL Export from March 25 to 31, 2007 would be a good first step. 🌐

The whole team at LAVAL TECHNOPOLE EXPORT wishes a Happy New Year to all its readers!

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WHY NOT THE WORLD?



Why not, indeed ? LAVAL TECHNOPOLE EXPORT offers local companies all the support, ideas, contacts and training required to put the global market within their reach.

- A centre providing export support and assistance in conjunction with government institutions ;
- Export consulting services and strategies ;
- Training and market discovery ;
- Hosting of international buyers ;
- Foreign market development missions ;
- Information on financial assistance programs ;
- Practical guides and useful documentation.

Conquering the world takes preparation... and the LAVAL TECHNOPOLE EXPORT team is the partner of choice for your endeavour.



Phone : 450 978-5959
www.lavaltechnopole.com

UPCOMING ACTIVITIES

LAVAL TECHNOPOLE EXPORT

JANUARY

- 9 C-TPAT training and coaching **A**
31 Canada-Mexico Virtual Mission – Practice **R**

FEBRUARY

- 7 Canada-Mexico Virtual Mission **R**
16 Mornings Without Borders: "Doing Business with the United Arab Emirates" **A**
23 Seminar – Preparation for Mexico Mission **R**

MARCH

- 16 Mornings Without Borders: "Doing Business with the Western United States" **A**
20 Rendez-vous des PME / International Portion. Invited Speaker : Clément Gignac **A**
22 Seminar - Preparation for Mexico Mission **R**
25 - 31 Multi-Sector Mexico Mission
Cities: Mexico, Monterrey (to be confirmed) **R**

APRIL

- 17 Mornings Without Borders: "Doing Business with Eastern Europe" **A**
18 Awarding of *Les MercadOr* **A**

MAY

- 10 Cocktail – LAVAL TECHNOPOLE EXPORT's 10th Anniversary **A**
17 Mornings Without Borders: "Doing Business with China" **A**

For more information, visit our website at www.lavaltechnopole.com

LEGEND

- N** Novice (is beginning to or is interested in exporting)
I Intermediate (exports to one country)
E Experienced (exports to more than one country)
A For all
R Reserved for a specific group

News in brief (continued)

PLANNISOFT

A Laval software development firm, PlannSoft has been marketing its equipment maintenance management software, PlannExpert, for several years. To reposition itself in a market approaching maturity, PlannSoft called on **LAVAL TECHNOPOLE EXPORT** to conduct an exhaustive study of the North-American market. The MDEIE helped fund this study, which revealed highly promising new niches for the company and helped it clarify its strategic positioning for the coming years. Now PlannSoft will be able to better orient its R&D efforts, adjust its service offer to meet new market requirements and re-launch its growth. 🌐

A SUPPLY CHAIN SECTOR COUNCIL

The Canadian Supply Chain Sector Council (CSCSC) was created following an Industry Canada study conducted in 2005. Like all sector councils, the CSCSC is mandated to establish standards in its sector of activity that will be used as a foundation for developing school programs that meet its needs. It is also a source of expertise for the field.

The Council is currently involved in two projects that should be completed by March 31, 2007. The first is a survey that will provide information on the type of labour the industry needs. The second involves setting up an education and certification program. 🌐

NEGATIVE REPERCUSSIONS OF THE U.S. EMBARGO ON CUBA

The U.S. embargo on Cuba is having negative effects on some Canadian entrepreneurs. In fact, Canadian law prohibits the sale of U.S. products to Cuba unless these products were substantially transformed. As such, the embargo applies as soon as a product contains more than 10% American content.

All exporters must know and comply with the regulations of their products' destination country. It's a matter of civil liability. Contravening these regulations can be very costly. For example, penalties can reach millions of dollars for the U.S. supplier and the offending Canadian company could end up blacklisted in the U.S.

For more information, visit the Department of Foreign Affairs at: www.dfait-maeci.gc.ca 🌐