
An Irish trade mission will visit the major economic centre of Toronto and the oil and gas capital Calgary this November. In advance, **Marguerite Bourke** highlights some hot opportunities and provides a list of do's and don'ts for doing business in Canada. Interviews by **Viraj Desai**

FOLLOW THE NORTHERN LIGHTS

It has the second biggest crude oil reserves in the world, the world's best banking system, an open economy, which escaped the global downturn relatively unscathed...yet Canada is still a relatively untapped market for Irish companies.

Canada has always been overshadowed by its powerful neighbour, but Canada is on a steep growth curve and is beginning to emerge as a model for other economies. Despite being the second largest country in the world, Canada is a tight, less fragmented market than the US. Its three major economic centres focus around Toronto, Quebec and the Western Provinces. So where are the opportunities?



NATURAL RESOURCES

Alberta is the centre for oil and gas activities in Canada. It is a big and mature industry, with a 30-year build-out plan. Clark Grue the CEO of Rainmaker Global Business Development, which is based in Calgary, advises that companies evaluate where their products fit into the oil sands market chain and “talk to the smaller guys; the engineering companies and fabricators, not just the majors such as Shell and Exxon Mobil.” He suggests that companies should be willing to deliver turnkey solutions to the Alberta market and to supply the manpower to implement them.

FINANCIAL SERVICES

The Canadian market emerged from the global downturn in pretty good shape; its financial institutions are well capitalised, well regulated and continue to invest. There are six big Canadian banks, and they are all headquartered in Toronto. Philip McAuliffe of BMO Capital Markets, one of the largest Canadian banks notes: “The banks talk to each other, with the result that they have many common platforms and solutions.” The buying cycle for banks is November to January, and, for insurance/credit unions, it’s January – March, but you need to be talking to buyers well in advance.

TELECOMS

The Canadian telecoms market is worth \$17 billion, having grown by 8% in 2011. Once solely dominated by three giants – Rogers (35%), Bell (29%), Telus (28%) – the market was recently deregulated and now boasts four rapidly growing entrants: (Wind Mobile, Mobilicity, Videotron and Public Mobile), providing new prospects for suppliers. Enterprise Ireland has identified opportunities in rural telecoms, WiFi Offload, network optimisation, LTE, M2M, and CapEx-OpEx reductions.

SO WHAT ARE THE CAN-DOS AND CAN-DONTS, WHEN APPROACHING THE MARKET?

Do not treat Canada as the 51st State | The first rule of thumb is to never mistake a Canadian for an American in business or otherwise! Canadians expect that you do your homework, know the major players in your sector and legal frameworks, which can be quite different to the US. Corvil, which supplies front-office trading infrastructure to banks and foreign exchanges, learnt this firsthand when the company approached Canada from its US headquarters in

New York. Neil Boyd, Head of Sales, advises, “It is critical that customers understand that Canada is an important part of your strategy: they do not want to be the “step child of New York”.

Do cite European reference sites | Canada has a close affinity with Europe, and similar models of doing business. Gabriel McCaffrey, an advisory board member of International Enterprise Partners, who has been based in Canada for 20+ years, explains: “European reference sites have more resonance in Canada than in the US. Once you have built up your Canadian reference sites, use them to enter the US market.”

Canada can be a more manageable market for Irish companies to approach as their first foray out of Europe, and it has paid dividends for Dublin Company, Mapflow, which provides location-intelligent software solutions for property and casualty services. Mapflow initially approached the US and Canadian markets simultaneously in 2009 but quickly learnt that tackling both proved a daunting task. Bill McCarthy, CEO explains: “The key lesson learnt was that the US proposition needed more work before putting people on the ground, and we have since retrenched.” Mapflow found that the Canadian insurance and regulatory frameworks were more similar to Europe and that many of the Canadian global insurance players have significant presences in the UK. McCarthy says the company’s UK reference sites are “more meaningful in Canada” and ultimately led to Mapflow winning its first reference customer in Canada. Mapflow has since hired a Sales Director in Toronto and engaged with a partner in Canada.

Don’t rush the relationship | As an American approaching the Canadian financial services market, Neil Boyd of Corvil was struck by the more ‘local’ approach to doing business north of the border. “In the financial services sector, Canada feels like a small community, and, as such, we found relationships to be key for business development there. In fact, I would say relationship building would be ten times more important than anything else in Canada,” he commented.

Canadians by their nature are more risk-averse and conservative buyers, so for them, getting the ‘people-fit’ right is as important as the product or service you are selling them. The sales cycle can be slow, up to 18 to 24 months in the financial services industry as investment data management specialists, Moneymate have learnt. Conor Smyth, SVP, advises companies not to be

DID YOU KNOW?

- Canada’s national sport is lacrosse, the official animal is the beaver and food of choice is poutine (mélange of chips, gravy & cheese)
- 80% of Canadians live within 160km of US border
- The Greater Toronto Area (GTA) represents nearly 50% of Ontario’s economic activity and is the fourth largest metropolitan area in North America
- Ireland is the fourth largest receiver of Canadian Foreign Direct Investment



FIND OUT MORE

Canada is a buoyant market, and companies who have reference sites in Europe can excel here. Do your research, engage local partners and consultants, be here regularly, and talk to EI and other business networks.

Enterprise Ireland, Canada will be hosting a Trade Mission to Toronto and Calgary in November 2012, with ample opportunities for networking and business development. The primary sectors we will be focusing on are financial services, telecoms software and natural resources (Calgary). For more information visit: www.enterprise-ireland.com/canadatrademission



naïve: “It is not realistic to expect that hopping on a plane to Toronto a couple of times a year is enough. Canadians want to see you here more frequently to ensure you are properly committing to the market.”

Meanwhile, John O’Hare from the telecommunications company Azotel says that it’s also to provide reassurance that you can support Canadians remotely: “Make the effort to be physically present at critical meetings and respond to queries quickly; act as if you are a local company,” he advises.

Kieran Daly of Shimmer Research, suppliers of wearable sensors for research and medical devices, has experienced fast and direct sales cycles in the US. But he too warns Irish companies should not expect the same in Canada. “In contrast, there appears to be a more considered approach taken in Canada – potential customers like to meet a few times to get a sense of who you are; the decision-making process is more collaborative with input sought from a wider team.”

Multiple decision-makers make the buying-cycle longer, but ultimately you get more buy in across the organisation, Daly agrees: “Once a relationship is built, it is deeper and longer lasting.”

Do have a Canadian address | Over 55 Irish companies have a presence in Canada, and Enterprise Ireland expects that between 10 and 15 Irish companies will establish here in 2012.

Companies need to demonstrate a commitment to this market through some sort of local presence, whether that is through a local office or a partner.

“Local people with a built-up network, who understand the business culture,” is the kind of representation McCaffrey recommends. “It’s more crucial to secure someone with segment expertise as opposed to being a product expert,” he believes.

To find the perfect partner, companies should look at complimentary suppliers who have an established presence in Canada and ensure their end-customers fit into their own customer sweet spot.

The collections’ software supplier Expert Revenue Systems (XRS) identified a Canadian partner that was selling into its target market – financial services companies – by looking at Vendors of Record lists. Head of Sales and Marketing Tony Kelly cautions that companies should formalise relations with their partner: “setting strategic milestones and being prepared

to put in the work”.

“Jointly set expectations in detail – down to roles and responsibilities, targets, and milestones to be achieved,” he adds. And while it’s important to work collaboratively with your partner, don’t expect them to take the lead on sales: that is your job.

Don’t forget Quebec | There are specific opportunities in Quebec, particularly in digital media and gaming. Dublin-based Keywords International provides localisation testing of video games and has hired 25 staff in Canada one year after winning contracts with tier 1 multinational video games companies.

A local partner can be even more critical for success in understanding the vast cultural and language differences in this part of Canada. However, Paul Loftus, an intercultural consultant in Montreal, advises that the language barrier is “not a deal breaker” as most international businesses are bilingual.

Keywords International CEO Andrew Day attributes his company’s success to its commitment to the market. “Without having a local presence in Quebec, we would probably not have won these deals. The industry cluster is tight-knit, and, in order to take advantage of tax credits on offer and to get closer to potential customers in the province, and North America as a whole, setting up here was definitely advantageous.”

Do feel their pain | When pitching to Canadian companies, don’t give them the marketing spiel: this is a common mistake. Instead focus on their point of pain. Know your target company inside out and aim to impress.

Enterprise Ireland’s in-market contacts advise that companies should prepare a 15-minute pitch and hit them with hard cold stats. For example: “By implementing our technology, within one-year, your operating costs will reduce by 30%.”

John O’Hare of Azotel comments: “Make sure to research ahead of time and tailor the platform or product to address the Canadian format including ‘look and feel’. To overcome the hesitancy of potential customers to go with an overseas company, demonstrate your flexibility to customise; listen and respond to their demands and use examples of adaptations made when you entered other countries.”

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