

# INVEST QUÉBEC

E X P R E S S

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**IQ** Investissement  
Québec  
GROWING JUST GOT EASIER

## FUNCOM OPENS A STUDIO IN MONTRÉAL

The Norwegian firm Funcom recently announced the opening of a Montréal studio specializing in the development and publishing of massively multiplayer online (MMO) games. Funcom plans to hire 100 to 150 employees over the next 18 months, including 20 for its research and development team. Approached by Investissement Québec three years ago, Funcom's directors decided to open a studio in Québec because of the quality of the workforce and the vitality of the video game industry, which boasts one of the highest growth rates in the world.

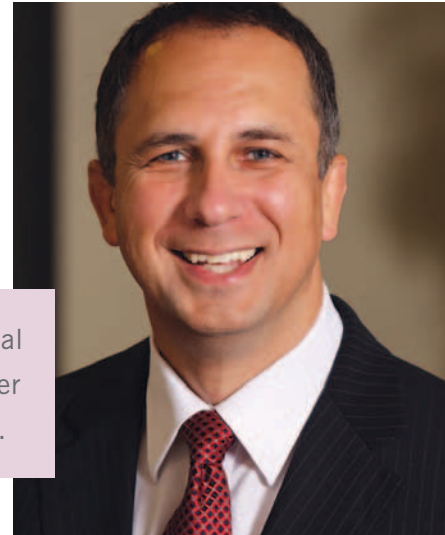
"Montréal has established itself as one of the world's most important locations for video game production, and we're looking forward to taking part in that success," says Funcom CEO Trond Arne Aas. "In addition to strengthening our North American presence, the new studio will take advantage of the great incentive programs offered by the Québec region, incentives that make Montréal one of the most cost-effective locations in the world for developing MMO games." The company currently employs more than 320 people at its offices in Norway, China, Switzerland and the US.

## A KOREAN COMPANY SETS UP SHOP IN GATINEAU

MtekVision, which develops multimedia processors and software for the electronics and mobile phone market, relocated its Canadian subsidiary to Gatineau this past spring. Headquartered in South Korea, the company plans to invest more than \$23 million in its new facility in Québec over the next three years. MtekVision Canada, which employs about 40 technicians, will conduct primarily research and development activities at the new facility.

# EMPOWERED BY AUTONOMY

When international subsidiaries are given operational autonomy by their parent companies, they can either sit in the nest or fly. Ultra Electronics chose to soar.



"A large part of our success can be attributed to the fact that we have the latitude to develop our business and competitive strategies the way we see fit. We've earned the trust of our parent company since we know our niche market best," says Iwan Jemczyk, President of Ultra Electronics Tactical Communication Systems (Ultra-TCS), which supplies sophisticated radio relay equipment used in military communications, and is a prime contractor for the US Department of Defense.

"We have a small head office, so our local management team is given full rein. For example, we put together our own five-year strategic plan, annual budget and organizational plan which is very empowering for our team. Of course, there are high expectations from head office that we'll deliver results," explains Jemczyk. Based in Montréal, Ultra-TCS is one of 25 specialist businesses in the Ultra Electronics Group, which designs, manufactures and supports systems and products for defence, security and aerospace applications worldwide. The group employs more than 3,500 people in the UK and North America.

To earn confidence from parent companies, Jemczyk believes that subsidiaries like his have to pull out all the stops. "You have to show that you think innovatively and that you're always looking for ways to develop your business and win new customers. You have to stand out from the crowd," says Jemczyk. For example, his R&D-focused company has established close relationships with universities such as École de technologie supérieure to tap into fresh and innovative talent. In fact, last year the company received a Synergy Award for Innovation from the Natural Sciences and Engineering Research Council of Canada, which highlights successful Canadian university-industry partnerships.

Ultra-TCS has developed a strong relationship with its parent and sister companies through strong communications. "Monthly meetings are one thing but you can't underestimate the importance of more informal communication channels such as

conferences. That face-to-face time definitely builds a level of trust," asserts Jemczyk. The company also looks for ways to share best business practices with sister companies. "We look for opportunities to pool resources and bid for contracts together, as well."

For Jemczyk, it's important to take full advantage of being part of a large organization. "If you need funding to make an acquisition to grow your business, then you know you have that option." For example, as part of its growth strategy, the company acquired Telmus, which specializes in the manufacture of integrated surveillance, reconnaissance and countermeasure systems. "As a subsidiary, we've truly leveraged the benefits of working in a multinational business environment. We always have that added support," says Jemczyk. ■

**Ultra-TCS can trace its roots to the Canadian Marconi Company when it started supplying tactical radio relay equipment to the US army in the 1960s. The defence communications division of Canadian Marconi was sold to CMC Electronics, and then to Ultra Electronics in 2002.**

### BEENOX PURSUES ITS GROWTH IN QUÉBEC CITY

The Québec subsidiary of the US company Activision has just moved into a new studio in Québec City. With a workforce that has grown from 80 to 319 employees in the past two years, Beenox was in desperate need of space. It now occupies a huge, fully renovated facility that required an investment of several million dollars. The company, which recently released its newest game in the "Guitar Hero" series, intends to pursue its growth, recruiting more than 80 people for its quality assurance team.

### EXPANSION AT SOPREMA

Soprema, a company specializing in the manufacture of waterproofing membranes and products, inaugurated its new Drummondville plant this past July. Purchased and completely renovated at a cost of \$11 million, the 18,600 m<sup>2</sup> manufacturing facility is twice the size of Soprema's previous plant and features an enormous state-of-the-art laboratory, designed to be the company's centre of excellence. According to Richard Voyer, Manager of the Drummondville plant, the facility should double its sales over the next five years.

### SEMINAR FOR BUSINESSES IN THE ESTRIE

Investissement Québec will be holding a seminar on October 14, 2009, in cooperation with its regional partners, for heads of subsidiaries located in the Estrie. This regional seminar, the first in a series, will discuss proven strategies for obtaining world mandates and include several testimonials by companies. To register, please call Elly Poulin, from the CLD in the RCM of Memphrémagog at 819 843-8273, extension 222, or write to her at epoulin@cldmemphremagog.com.

Comments or suggestions:  
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# FOREIGN INVESTMENT EXPECTED TO RISE IN 2010

According to a survey by the United Nations Conference on Trade and Development (UNCTAD), 2010 will see a gradual resumption of foreign direct investment (FDI), a trend expected to gain momentum in 2011. The organization's World Investment Prospects Survey 2009–2011, which is based on responses from some 240 companies, revealed that the worldwide economic and financial crisis had a devastating effect on the FDI programs of multinationals in 2009.

Fully 85% of the companies surveyed in 2009—has compared to just 40% in 2008—reported that they had been severely affected by the economic slowdown, which has compromised their investment plans. In addition, 58% of the multinationals that responded to the survey said they intended to reduce their FDI in 2009.

However, the persistent trend towards internationalization is expected to bring about a significant rebound in international investment by 2011, with half the respondents forecasting that their FDI expenditures in 2011 would be above their 2008 levels.

An analysis of multinationals by home region shows the differing effects of the crisis. Multinationals from the developing world, especially Asia, were more optimistic about investment prospects than the average. In the developed world, sentiment was mixed: companies in Japan and Europe were less optimistic than their American counterparts. Finally, the survey showed that the trend is towards more globalization, with multinationals focusing increasingly on other world regions in their investment strategies. (www.unctad.org) ■

**IQ's  
TEAM  
OF EXPERTS**

## TAKE ADVANTAGE OF OUR CUSTOMIZED SUPPORT

Like a dozen of her colleagues at Investissement Québec's International Affairs Division, Nathalie Rivard works exclusively with subsidiaries of foreign companies located in Québec. As a result, she has a keen understanding of their concerns and a detailed knowledge of the services available to ensure their growth. "I'm here to help my clients distinguish themselves from their sister subsidiaries and to support them when they present investment proposals to their parent company," explains Rivard. "Being in regular contact with the heads of the companies I'm responsible for allows me to offer customized support before, during and after these projects."



Rivard is very attentive to her clients, with whom she develops a relationship of trust. "The people at Ultra Electronics, for example, tend to call me when they have a project," says Rivard. "But I do more than just propose Investissement Québec's financial solutions. I also have a thorough knowledge of the products and services available to subsidiaries through the various government departments and agencies as well as regional and sector-based associations."

"Moreover, I can act as an intermediary between the company and all those organizations," adds Rivard. "That's what I did a few weeks ago for the head of a subsidiary who had been advised to contact Investissement Québec before submitting a proposal to his parent company." After talking with the client, Rivard concluded that the subsidiary could benefit from one of the programs offered by the Ministère du Développement économique, de l'Innovation et de l'Exportation (MDEIE). She immediately arranged a meeting between the subsidiary and department which proved to be conclusive. Thanks to Rivard's timely action, the subsidiary was able to strengthen its proposal to its parent company by adding the MDEIE's assistance.

Nathalie Rivard is Director, Subsidiaries, for Europe. She is in charge of British and Scandinavian companies. Tel.: 514 873-1490. ■