

# MIRCOM GROUP OF COMPANIES: CONFIDENTLY EXPANDING INTO NEW MARKETS AND CHANNELS, WHEREVER THEY HAPPEN TO BE

Canadian technology company Mircom discovered the true value of credit insurance goes well beyond that of claims coverage alone.

Years in Business: 28  
Years with Euler Hermes: 8

Region:



Canada

Sector:



Building Safety Solutions

Challenge:



Risk mitigation in unknown markets

Policy Benefits:



More business with current clients



Expansion into new international markets



Heavier investment in inventory to support growth



Case-by-case flexibility in coverage

## THE CHALLENGE

“In the growing market for ‘The Industrial Internet of Things in Safety and Security,’ we’ve really exceeded our expectations for growth as a Canadian technology company,” said Mircom President Mark Falbo.

The Mircom Group of Companies manufactures and distributes products and solutions that make buildings smarter, safer, and more livable. The Vaughan, Ontario headquartered company has experienced steady growth since its inception in the early 1990s and now conducts operations in 85 countries across the globe. And yet, it wasn’t that many years ago that Mircom’s business was largely confined to North America.

“We knew we had a wonderful opportunity to provide Canadian-made technology to global markets,” Falbo said.

Pursuing the opportunity renewed Mircom’s interest in another move the company had been contemplating: obtaining credit insurance for its receivables.

Falbo said, "When we hit our stride internationally in the size and sophistication of the business we took on, risk became more prominent in our thinking."

Entering an unknown marketplace often meant working with new customers on a cash-in-advance or letter-of-credit basis, cumbersome and growth-limiting ways of conducting business. No matter the country, reliable customers want credit terms that reflect the trust they have earned.

Mircom CFO Ed Mattei said, "We like to help small companies grow. Credit is one component they use. But credit is not something Mircom wanted to take on from a risk perspective."

And yet, the risk still had to be coped with. Flexible credit would allow Mircom to grow its business, and its customers to grow theirs.

Falbo said, "The last thing we wanted to do was to limit our growth and our customers' growth by reason of cash flow. The idea that we could protect ours through receivables insurance is something we had thought about."

## THE SOLUTION

Euler Hermes was immediately under consideration. At a previous company, Mattei had worked with Euler Hermes on a bad-debt problem.

"What stuck with me was how Euler Hermes came to the table right away. A lot of insurance companies will drag things on. But Euler Hermes was right on top of it. They understood the issue needed to be resolved immediately."

– Ed Mattei, Mircom CFO

Mircom chose Euler Hermes and began to appreciate firsthand that the value of having an attentive, credit insurer partner went well beyond protection against a potential claim. And not only for its export business. For its domestic business, too.

Everywhere Mircom does business, it grows two ways: by doing more business with current clients and by geographically expanding into new markets and channels. The company's partnership with Euler Hermes has been key to both efforts. It's been especially telling when Mircom has faced the unknown.

"Where Euler Hermes really shines," Falbo said, "is when we go into a new market where there's an opportunity to supply our products and solutions but we're not necessarily familiar with the market risks."

With Euler Hermes at Mircom's side, the company has had the confidence to attack new domestic and overseas markets

aggressively. The results have been greater speed to market and the growth to show for it.

"Our current growth in export markets well exceeds normal GDP growth. It exceeds industry growth. So we're really gaining share and profile in those markets through the partnership with Euler Hermes."

## THE OUTCOME

From C-suite to frontline staff, Mircom has found working with Euler Hermes to be expeditious. Falbo described the process as painless.

"We provide information. We interact closely with their staff. We advise them on our business plans and growth. And market results. On the occasions we need special consideration, a little extra coverage, we've found Euler Hermes to be very responsive, proactive, and helpful in resolving the situation."

The partnership collaboration has been so thorough in vetting potential new clients and monitoring the financial status of current ones that Mircom has never had to file a bad-debt claim.

"We've got a very good client base with a lot of integrity and their intention is always to pay their bills. There are rare occasions where a client struggles to meet their obligation to us. Having Euler Hermes in the background communicating with them gives us all that greater comfort to continue to do business with the client."

Mattei added, "It's very much a business partnership on the credit risk side, focused on case-by-case credit insurance."

Credit insurance has strengthened Mircom's entire balance sheet. With financial partners at home willing to grant more credit, Mircom has acted on domestic opportunities—in new markets, in new clients, in new channels—wherever they have appeared.

Falbo said, "True entrepreneurship, in our view, leads us to think confidently as we expand throughout Canada, throughout the United States, and into global markets."

Whatever a given company does, Falbo believes it shouldn't add to its challenges. "Business is hard. It's hard to create products, it's hard to gain market share, it's hard to execute sales. So minimize the day-to-day risks in the basic fundamental of working capital. For a relatively small cost, you can engage a partner like Euler Hermes to minimize your risks, and create focus on the things that are important to your business—products, solutions, growth."

That's good advice from a successful and steadily growing technology company.

### For more information you can:

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