



CIC Secure – Key security systems

This case study explores a niche security system manufacturer based in Canberra – CIC Secure. It highlights the company's planned business model used to expand both nationally and internationally.

Case Study

Carol Cooke, Co-Director, saw a business opportunity for CIC when she and her partner started as a sales and marketing consulting firm. They wanted to sell a solid product and found a small manufacturing company that was quite good at manufacturing product but had no experience in sales. Their initial market research identified a gap in the key security market and they had an idea to fill that gap. So the Cookes started business in electronic key security systems.

CIC specialises in manufacturing, sales and marketing of electronic key security systems world-wide. The Cookes used the sales from the original product to finance their new business and prepare a very succinct business plan which enabled both directors to understand how they were going to move forward.

They structured CIC with three arms: the CIC Consulting arm for the administration; CIC Secure for sales; and CIC Technology for product research, development and intellectual property (IP).

IP is very important for CIC and the Cookes followed legal and accounting advice for its protection. CIC used the Madrid Protocol to register the name world-wide and the IP is covered through its global software IP. The directors also decided to keep ahead of competitors and copycats with continual research and development.

The Australian market size is restrictive, so CIC planned for global growth. The Cookes found that the Australian market was ideal to test their product, as well as set up procedures and policies locally before taking them across the world. The CIC directors firstly built a solid base for the business in Australia and used those sales to fund their export opportunities, which can be expensive and time consuming.

The Cookes now give a lot of thought to their market selection criteria: people who do business in a similar manner, have a similar legal background, speak English and have few issues with corruption.

They entered the market progressively because of limited resources and the need to understand export processes. After the first 12 months they used an Austrade trade mission to try New Zealand and then went into Asia, concentrating mostly on casinos in Macau, their growth area. They have now gone into the European Union, the

United Kingdom, Canada and the USA. CIC clients need to securely manage multiple numbers of keys, regardless of where the business is situated.

Carol Cooke has learnt to refuse offers not identified in the business plan as ideal for the product, but she goes where research shows the best market to be. CIC took up the very first offer it had – to do a trade mission to New Zealand. This was a waste of resources because New Zealand businesses were not resourced to purchase CIC product at the time.

The CIC directors also went to China, but the Chinese business culture was too different and its legal structure could not ensure their IP security.

CIC chose its market entry strategy to suit the technical nature of the product. The Cookes identified distributors with some very unique qualifications that could not only sell and market the product, but also install and maintain them – very similar to CIC Secure in their set up. They did look at joint venture but no opportunities have interested them and they are keen to maintain their independence.

In order to find customers the Cookes go to international trade shows and the CIC website attracts attention. They spend a lot of time on the website to ensure they attract the appropriate people.

CIC products have been adapted for the European Union and the United States, for example different power, lead-free products and French for the French-Canadian Market.

The CIC directors gained their market information by using Austrade trade missions. They investigated problems faced by the potential product users and whether CIC products would solve those problems. They use formal market research to understand what the market requires and to adapt products to suit those needs.

CIC is in a unique market where there are only two competitors, from the United States and the United Kingdom. The Cookes understand competitors' products, monitor what they are doing and not doing and therefore remain one step ahead. CIC is a manufacturer which also sells to the security industry. It keeps ahead of the competition by adopting new technology and having a very proactive research and development program whereas competitors simply sell their products.

As an exporter CIC does have day to day issues, such as volatile exchange rates making it difficult to manage cash flow. Shipping is very expensive so it can be difficult to quote on some prices. Getting the appropriate staff has also been an issue in Australia and bureaucratic issues can take time and resources.

Relationships with distributors are important for CIC. The Cookes get to know the directors to find somebody with similar ethics and values before they begin the business side of the relationship. They then train the distributors in sales and marketing as well as the technical side.

CIC has had a number of enquiries from unknown distributors, but the directors were unsure whether they were genuine and or fitted the CIC business criteria. So they used

Austrade to visit the distributor and assess the business in a report, which helped them decide whether to move forward with the distributor or not.

Carol Cooke believes that it is really important to make things happen. The Cookes don't wait. They investigate opportunities but don't let these distract them from the business plan and vision.

Visit the web site at www.cicgroup.com.au

Links

- IP Australia services are available at www.ipaustralia.gov.au
- Austrade has a video clip about IP protection at www.austrade.gov.au/studentcentre
- Austrade advice on getting financial assistance at www.austrade.gov.au/Getting-financial-assistance/default.aspx