



Asia-Pacific
Economic Cooperation

WINSON LAN – ENTREPRENEUR

“Why don’t you sign up for the program?” asked Angeline as she and her husband Winson left the preview session of the Asian Institute of Management’s Master in Entrepreneurship program sometime in February 2002. “It may give you the opportunity to see whether your ideas and business development plans stand the test of a structured academic program. The mentorship of the professor will also give you a platform to test your ideas at the same time.”

Winson Lan, 43 years old, successful entrepreneur, wondered whether going through a rigorous 18-month program would make him a better manager of the enterprises that he now ran. A&P Coordinator Pte Ltd (APCPL) had just gone through a few tough years as the economy slowed down. Spending on print media products in which the company specialized fell. Meanwhile, his initiatives in new products and services appeared to have hit a wall in terms of below projected levels of market demand.

Winson Lan was generally recognised in Singapore as an entrepreneur, that comparatively rare breed of individuals who had taken the plunge to start their own businesses. Initially without any experience in the industry, he worked for two years with a small print operation and then established and developed APCPL as a major player in that industry.

Nominated as one of the ten finalists for the Netpreneur of the Year 2000, Winson had also been a finalist for the Phoenix Award, given annually to businessmen who had successfully weathered the storm of failure only to return more successful than before. In addition, he was also recognised as the only Singaporean to have made investments in two Japanese small medium enterprises (SMEs) that were subsequently listed on stock exchanges in Japan.

This case was written by Prof. Derek K. Liew of the Asian Institute of Management (Philippines) as a contribution to the Project entitled “Innovation in Entrepreneur Development in APEC”, conducted under the Asia Pacific Economic Cooperation (APEC) Human Resources Development – Capacity Building Network (CBN). The case was developed with the cooperation of Mr. Winson Lan solely for the purpose of class discussion. The cases are neither designed nor intended to illustrate the correct or incorrect management of the situation or issues contained in the case. No part of this case can be reproduced, stored or used without the written permission of the author(s) and the Asia Pacific Economic Cooperation.

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The Young Winson Lan

Born in 1959, the year in which Singapore received self-government status from its former British colonial masters, Winson speaks nostalgically of a wonderful childhood. His family was relatively poor compared to the families of some of the classmates he met when he started primary school in 1965. Although there was no money to spare, this *kampung*¹ boy enjoyed his childhood, mixing with children from a variety of backgrounds and cultures. School, however, was never his inclination, preferring to spend what time he could in generating some extra pocket money through money making activities like running a *rojak*² stall, and selling ice-cream in the neighbourhood.

At age 15, having failed a number of subjects in his final exams, he dropped out of school feeling that he had nothing to learn from regular school. He then went into his first job, working in a pawnshop owned by his uncle. His duties as a “gofer” (ranging from preparing pawn tokens to cleaning the floor) were not onerous but he found time to annoy his uncle and employer so much that before the year was out, he was told to leave.

He then joined a nightclub as a bar boy but again it was not long before he was told to leave.

At 17, Winson was called up to do national service in the Singapore Army and there, he began to show some of the other signs that made him different from his contemporaries. Well built and tall, Winson was selected to join the elite Guards unit of the Army. With pride, he recounts that he was awarded the Best Young Shooter Award. He did not, however, rise above the rank of private as he usually managed to find time to engage in the sport of boxing on an inter-company level (soldiers who were active sportsmen were usually exempted from the more mundane duties of an army not at war).

At the age of 20, having completed his army service, Winson found a job with the Shangri-la Hotel as a bar boy. Faced with the challenge of working under strict rules and regulations in this premier 5-star Singapore hotel, Winson did not take long to annoy and upset his supervisors resulting in his dismissal within a very short time.

He then got involved with various restaurants, finally becoming Assistant Manager for the Prawn World Restaurant, but was again fired when he chose to tell off another employee who turned out to be the brother of the lady boss. He tried again, selling wines, but although he was the only salesman who performed well, he managed to upset his boss again and was told to leave. He spent a short time selling insurance policies, and even acted as a property broker, without any conspicuous success. More conscious of his lack of formal education, he spent time during this period taking classes in various aspects of business including English, marketing, accounting, and computing.

¹ *Kampung* is the Bahasa Melayu word for a rural village. In the Singapore context, it refers to the enclave where one lived, usually in the period before the 1970s when such villages still existed.

² *Rojak* is a local salad using fruit, vegetables, soya bean products, in a paste made from fermented prawn paste, tamarind juice, sugar, and crushed peanuts

It was at this point that he entered the print industry. He joined Denko Press Pte Ltd, a small family-run printing operation, as a salesman. Appointed print salesman, he received a salary including transport allowance of SGD700. He quickly proved his ability to sell print services, principally the printing of name cards and letterheads. He was promoted within three months, and at the end of 12 months had become Senior Sales Manager with a basic monthly compensation package of around SGD2,000 with a 2% commission on sales. He was to stay with this company for two years, eventually generating annual sales of SGD1,400,000 representing 70% of company turnover. By then, the company was operating at three times the level from the time he joined. In other words, all the increased turnover was generated by him.

While reporting to a Managing Director who was himself a traditional local printer who had risen from production ranks, and running old printing presses, Winson took the opportunity to understand all aspects of the print production process. In 1985, he resigned, and was told to leave immediately when he turned down an invitation to join the firm as a partner. He recounts that the machines were old, and he had generated all the additional sales, and would be paying a premium for goodwill that he himself had generated.

With a payoff of around SGD20,000 representing unpaid salaries and commissions, he set up a joint venture with a lady partner to engage in printing activities. With only one printing press, it was never going to be a highly profitable venture. But the opportunity arose for the venture to pursue a contract to supply PE bags to Japan that would earn substantial profits because of the size of the order, despite the relatively low margin. With this one time contract, however, it became clear to Winson that this operation was not the right vehicle for him. The partners decided to break up, sharing around SGD240,000 (after investing SGD20,000 to set up the venture).

The Young Family Man

It was at this point that Winson and Angeline, a former schoolmate, married. Winson had maintained contact with Angeline, who had stayed in school and had continued with her education. Having graduated with a degree in engineering, Angeline was working with a multinational, travelling throughout the region as a trouble shooter. Despite the objections of her family, Winson prevailed with his courtship. Even now, he sometimes talks about the small wedding party that was all he could afford at the time.

Now married, with Angeline continuing to work at her job, Winson's next venture was into *clay-pot* rice, a one-dish meal cooked in a traditional clay-pot over charcoal fire that was quite popular locally. Setting up stalls in Orchard Road and *Lau Pasat* (Old Market – a location in the Central Business District), he was successful but was often distracted by old customers who continued to come to him to place their print order requirements.

An attempt to franchise his clay-pot rice business did not take off. Winson also spent time dealing in food supplies. Whenever he was distracted with other ideas, the basic business suffered. He admitted that in some ways, Angeline's continued employment brought home more than sufficient money to take care of their

simple needs. Comforted by the fact that he would not go hungry while trying other ventures, Winson finally took the plunge into setting up his own business.

In 1987, shortly after his marriage, Winson set up A&P Coordinator Enterprise as a sole proprietorship. His first machine, a second hand Heidelberg offset press, cost SGD50,000 but was financed 70% on hire purchase terms by Hong Leong Finance. Within a year he had purchased two other second hand offset printing presses, locating all of these in an 800 sq. ft. shop house in the Geylang district of Singapore. He had a staff of only six, one of whom, Stephanie Koh, still works for Winson as Senior Vice President for HR and Administration at APCPL (see below). But his company reported profits of around SGD200,000 at the end of its first year of operations.

The Growth of A&P Coordinator Pte. Ltd. (APCPL)

APCPL was incorporated on September 22, 1989 as the successor to A&P Coordinator Enterprise. Its primary purpose was the provision of offset printing services. His days with Denko and his first joint venture had shown Winson that there was little margin and opportunity to become successful in running a general print business. From the very start, he positioned A&P to service the high end of the print business. He figured that if he wished to be different, he should choose to be different by targeting the customers with the biggest budget. He even named the company A&P to draw attention to “advertising and promotion”, and pushed for sales with the advertising agencies. From the very start, whenever he had to buy a new machine, Winson chose to spend a little more for top of the line multi-colour presses. Recognising that he had to provide other services to complement the printing services, he started a graphic design service department in 1990.

By 1992, the company had outgrown its small shop-house facility in Geylang and moved to the nearby Aljunied area where the lease of a much larger area enabled the purchase of new pre-press and finishing equipment. In pursuit of the quality image, APCPL needed to acquire ISO certification, and Winson also saw the need to eventually have a much higher computer linkage for the print business.

It was then that Winson decided to persuade Angeline, now pregnant with their third child, to join APCPL as Vice President who would take care of these twin objectives. He succeeded in persuading her because the 200,000 to 300,000 air-miles of travel she was accumulating each year meant that she did not spend enough time with their first two children. With Angeline taking the lead, APCPL received ISO 9002 certification in 1993, and ISO 9001 certification by 1995. The first relates to quality assurance in production, installation and servicing, while the latter certification relates to quality assurance in design, development, production, installation and servicing.

Winson also gave Angeline much of the credit for keeping his employees happy and willing to continue working for him for a very long time. From a peak payroll of 120 persons in 2000 (not including 50 in Tokyo), APCPL as a group of companies had shrunk to 95 people in 2003. But the bulk of the 95 employees, particularly those from the print production units, had worked with APCPL for more than eight years.

By the end of 1997, the group had a turnover of SGD24.5 million (by then equivalent to about USD17 million) trading off assets of around SGD8.0 million. Its major customers were Saatchi & Saatchi, Ogilvy & Mather, Ad-Grand Advertising, Wavemaker Designs, Carlson, and Batey Ads, among others. Through these agencies, APCPL became well known for its printing and promotional and display materials used by VISA, American Express, Singapore Airlines, British Airways, Hewlett Packard, Sony, Motorola, Nokia, Ericsson and the largest Singapore based real estate agents, ERA.

To manage his expanded group, Winson brought in Jepakash Rai (Jaya), a *Hokien*-speaking ethnic Indian, in 1992 by enticing him from another printing company where he was Sales Manager. By 1994, Jaya had been promoted to General Manager; in 1997 he became Vice-President for operations; and in 1998 he was appointed President of APCPL. It should be noted that Jaya was one of the very few ethnic Indians in an industry where the players were dominated by ethnic Chinese Singaporeans – certainly he was the only senior manager in a Chinese owned print related company. Like other senior and long serving employees, Jaya owned equity in the Group.

Diversifying out of Print

With Jaya running the printing operations – principally leading the sales team – and with other long time employees running the production – and with Angeline keeping an eye on things in the office and at home with the children, Winson started to feel restless again. He spent four years starting in 1997 exploring business prospects in the international arena. Typically, he flew economy class and stayed at inexpensive hotels, while he explored the establishment of international tie-ups and looked at business opportunities.

Entry into Japan

In 1991, he acquired the rights for APCPL to produce a colour chart from Focoltone International Limited, a British company based in Cardiff, Wales. In 1993, he purchased the company. Focoltone had the rights and patents over a colour processing system using the four basic colours used in four-colour printing (CMYK, i.e. Cyan, Magenta, Yellow, and Black). It competed mainly with Pantone, an ink mix system that permitted the replication of the shade of the desired colour, but often required the use of a printing press that could handle more than the four basic colours.

Prior to the purchase of Focoltone, APCPL had engaged a subsidiary of Yaohan International to conduct a survey in Japan regarding the market prospects for its products. Costing SGD20,000, the study was to be followed by the taking up of the agency rights by another Yaohan associate, but this did not take place. Takayuki Fujii, who was then Marketing Manager for Yaohan Singapore, had been the contact person who entered into this arrangement with Winson. Shocked by the behaviour of his employers, Fujii requested a transfer back to Japan where he resigned and offered to set up a joint venture with Winson to develop the Focoltone product idea for Japan.

A&P Coordinator Japan Limited (later re-named Design Exchange Ltd, or DEX) was established for SGD220,000 (Yen15 million) in 1993 with APCPL taking 70%, and three Japanese individuals (including Fujii) taking 10% each. Within five (5) months, DEX required the injection of an additional SGD220,000, and in 1995 the issued share capital doubled again to Yen60 million. By this time, APCPL had invested about SGD600,000 for a 70% share of equity. Prior to the listing of DEX, APCPL subscribed another SGD2.4 million.

Selling Focoltone products proved to be very difficult especially because it was difficult to persuade the principal customers, the advertising agencies, of the products' superiority for their specific usage. A competitor provided a similar product free to the market. The outlook changed once it was discovered that DEX could develop and sell clip-art that had a major market demand. On the back of increased sales, DEX had two rounds of fund-raising. The first, in 1996, saw a Yen 60 million investment by JAFCO, a leading Japanese venture capital group, for a 20% interest. In the second round of fund raising, JAFCO subscribed again, together with Fuji Bank and Daiwa.

In October 2000, DEX received a listing on the Mothers Board of the Tokyo Stock Exchange, the board for technology firms. Oversubscribed by 18 times, the issue price of Yen900,000 per share translated to a total market capitalisation of about SGD74 million at the time of listing. APCPL was looking at a value of around SGD27 million for its SGD3 million investment. DEX's share price halved on the first day of trading, and by March 2003, it had fallen to Yen78,000 or a market capitalization of around SGD7 million. Winson believed that the timing of the listing of DEX was opportune in respect of raising funds for the company, but was unfortunately timed just before the collapse of the dot.com companies on NASDAQ. DEX was not a very profitable operation and this listing demonstrated Winson's willingness to make decisions that were opportunistic and timely. Little of the SGD20 million raised in the IPO has been spent as the business outlook eased. Since the listing date, APCPL has sold about two-thirds of its original equity interest and currently retains about 20% interest.

In 1998, DEX had a small interior design operation that took care of renovation work, specializing in sushi bars and similar food establishments. Another Japanese friend Kouta Matsuda, who had acquired the Tully's Coffee franchise for Japan from the Seattle based principal, engaged this DEX operation to take care of the renovation of his first shop in Ginza, a prime shopping district in Tokyo. When completed, Matsuda gave DEX the alternative of waiting for payment, or acquiring a 25% interest in the operation for the value of the renovation contract (about SGD300,000). Winson Lan, majority shareholder of DEX, did not flinch and immediately opted to take up this interest for DEX. Daiwa Investment put in 25%. Matsuda retained a 25% interest, while Tully's Coffee subscribed 15% .

With Winson's decision to proceed with this exchange, Tully's moved quickly to establish its second branch, this time in busy Roponggi district. The branch quickly grew. Three rounds of venture capital were raised before Tully's Coffee was quoted on the second board of the Osaka Stock Exchange in July 2001. Listed with a market capitalization of JPY3.779 billion, the price doubled on its first day of trading, and doubled again by the end of its first week on the Exchange. At its very peak, this

investment rose to five (5) times the listing price of Yen160,000. In the quieter markets that have prevailed since then, Tully has fallen back to the same value as when it was listed. An original investment of SGD300,000 had risen to more than SGD12 million at its peak. DEX did dispose of some, but not all of its interest in Tully Japan.

It is interesting to note that Winson was able to raise about SGD1.5 million in venture capital funds from N M Rothschild's Singapore based operations in 1993. The proceeds of this fund raising was used for its investment in DEX and repaid in 1997 out of operating profits earned in its Singapore operations. In 1999, Standard Chartered Group provided SGD3 million, SGD2.4 million of which was used for the pre-IPO subscription in DEX by APCPL.

By 1999, the Group had invested in both Europe and in Japan, and had substantially increased total group turnover which was now represented by the following products and geographical spread:

By Activity		
Printing	SGD	11.7 million
Digital Visual content and software		16.1 million
Design, planning and others		3.8 million
By Geographical Location		
Singapore	SGD	11.7 million
Japan		19.9 million

Using Government Support Systems

Winson made it clear that he was never averse to using the support systems that the Singapore Government provided. He has used the LEFS scheme since 1992. LEFS, or Local Enterprise Financing Scheme, offers subsidised interest rates for equipment upgrading. He has, in the past, and is currently, using LETAS or the Local Enterprise Technical Assistance Scheme. LETAS provides the company with grants to cover up to 50% of the cost of engaging consultants to upgrade business capability. On April 1, 2003, Winson had three new employees under the TEC-UP scheme, a Singapore Government scheme for technical upgrading whereby up to 70% of the compensation package of the technical experts (assigned full time to the participating company in research & development) is provided by the government agency concerned.

The Way Ahead

Winson Lan remains adamant that the future of the print industry in Asia Pacific is dependent on the ability of the players to upgrade not only their equipment but also the method by which customers access their printers. The case writer discussed with him a recent situation where a customer, with operations in more than 40 Asia-Pacific locations had to print new business cards for their employees following an acquisition. While the base templates were the same, there were different employees in different locations using different script and language. Only a

digital press with the right computer programs has the capability of converting the information into SGD200,000 worth of printed name cards. The ordinary printer around the corner is not able to handle this type of assignment.

At the principal end of his business, with regard to the printing of material for the advertising and promotion needs of major end users in Singapore and the region, APCPL has few peers. One of the difficulties with the industry has been the willingness of competition to bid lower than APCPL, yet it has most of the business of the customers that it has chosen. But few, if any, of its competitors can deliver the quality, on time, that APCPL can. In the difficult trading conditions prevailing in the first few years of the 21st century, APCPL has seen its turnover reduced, but after a couple of years it appears that some of the customers are returning, recognising that APCPL is delivering products with quality that its competitors are unable to match.

Between 1999 and 2001, APCPL spent more than SGD3,000,000 on the development of an Application Service Provider (ASP) software services targeted at Sales Promotion and Print Management applications. The retail industry, however, has been slow to adopt the ASP/outsourcing business model. Despite APCPL's close relationship with the advertising and promotion industry and with the design agencies, convincing them to use the Print Manager has proved to be difficult.

Attached in Appendix I is a draft report written on the A&P Group that was prepared by an international print magazine. The report gives a good description of where the group is at in early 2003.

But Winson continues to explore. He made a SGD500,000 investment in NexusEdge Technologies Pte Ltd in 2001, a company that is at the leading edge of JAVA based technology with some of the best engineers in that field in Asia. Despite making sales, it still has a high burn rate, and he cannot see it providing financial returns in the next two years of operations.

In 2002, Winson conceptualised CMM or Channel Marketing Management as a specific product to be offered to MNCs. Typical of his personality, he was happy to disclose full details of this product to his competitors during his presentation to the Forum of Asian Graphic Arts Technology Conference held in Singapore in November 2002. This speech is attached as Appendix II of this case. Recognising that multinationals, especially American MNCs, have difficulty managing print requirements for its Asia Pacific operations, having to contend with the region's six major languages, Winson believed that he had the software capability of enabling consistent quality control even without APCPL printing the end product. He was confident that this system, which has received warm preliminary response from some major MNCs headquartered in Singapore, could be a big seller. More importantly, this operation would not require further hardware investment by APCPL as it would move the company more into the intermediary function rather than continue to function as a printer.

Winson Lan – The Man

The case-writer had interviewed Stephanie Koh, currently Senior Vice President for HR and Administration for the Group, and the longest serving employee in the Group. He asked whether she has found any change in the person that she has worked for in the past 14 years. Stephanie reflects that Winson has become more aggressive and impatient over the years, but is now much more aware of the different functional areas of management. Where he previously did not care too much about how the accounts or budgets were drawn up, he is now fully aware of how these statements assist him with the management of the company and group. But he remains committed to his business, never believing in spending on himself or conserving the profits, preferring to plough them back into expanding the business. She comments favorably about his excellent and very long memory, but rather less favourably about Winson's penchant for sometimes bad and vulgar language that permeates so many of the management meetings in this group. He demonstrates a great deal of care for his employees, and has wrestled with his conscience over imposing salary cut-backs since the economic downturn had hit the company hard since 2001.

Winson also gives generously of his time. He used to participate in the CEO Round-table, and is a regular contact for the various government agencies regarding entrepreneurship, and printing, to raise market awareness and to improve the competitiveness of the industry. He was called by the Economic Development Board to become a Phoenix Mentor under its scheme to assist new start ups by linking each of them to an experienced entrepreneur who could "hold the hands" of these new start ups through their growing pains.

**EXHIBIT 1
FINANCIAL HIGHLIGHTS
A&P COORDINATOR PTE LTD GROUP**

Financial Year ended Dec 31 <u>1999^b</u> (Figures in SGD 000's)	<u>1991</u>	<u>1995^a</u>
Group Turnover	3,725	24,389
31,518		
Net Profit before income tax and Exceptional items	223	414
4,441		
Net Profit attributable to group	<u>156</u>	<u>529</u>
<u>2,259</u>		
Balance Sheet		
Fixed Assets	1,194	3,869
8,965		
Intangible Assets	30	969
64		
Unquoted Investments	-	13
247		
Current Assets	1,336	6,736
19,243		
Current Liabilities	<u>1,342</u>	<u>5,278</u>
<u>12,648</u>		
Net current Assets	(5)	1,459
6,595		
Long Term Liabilities	<u>577</u>	<u>1,455</u>
<u>4,728</u>		
Net Assets	<u>642</u>	<u>4,855</u>
<u>11,143</u>		
Represented by		
Shareholders' Interests	631	3,147
6,851		
Debenture	-	1,500
Minority Interests	<u>11</u>	<u>208</u>
<u>4,292</u>		
	<u>642</u>	<u>4,855</u>
<u>11,143</u>		

Notes:

- (a) Although DEX was already incorporated and operating as a subsidiary, its financial figures are not consolidated in the 1995 accounts.
- (b) This is a pro-forma consolidation of all of the companies within the A&P Group, by then renamed Kikuze Holdings Pte Limited.

APPENDIX I

Draft Magazine Article on A&P Coordinator Pte. Ltd.

Printing On Demand – And Many More Visions

When the 5th TOP Symposium of PrintCom Asia in March 2003 was held in Singapore, we met the Honorary Treasurer of the Print & Media Association of Singapore, Winson Lan. When we asked him about his business, we discovered that Kikuze Holdings were engaged in different activities. But after having a closer look, what was essentially a printing company, had branched into software applications as a vertical integration strategy and uses this to fill his offset and digital presses. Focusing on marketing, developed software to be an Application Service Provider.

When we went to the A&P Coordinator Pte. Ltd. printing plant in Singapore we came to a four level industrial building with a full printing operations, with prepress, offset printing, digital printing and binding division. Winson Lan took us in his presentation room and gave us a long overview about the many activities of his Kikuze Holdings. The holdings is split up in three major companies: A & P Co-ordinator, Kikuze Solutions and Design EXchange.

DesignEXchange Co. Ltd.

DesignEXchange publish & distributes CD-Rom in Tokyo, Japan. Developing design contents such as clip-art, photographic images, fonts & design templates. It is very beneficial for many businesses usage because graphic arts design is very expensive in Japan. The templates offer many varieties for retail & general business applications. Winson Lan considers this as a successful business. Enjoying a 34% market share in the graphic arts and visual content industry in Japan. DesignEXchange was successfully listed on the Tokyo Stock Exchange in Oct 2000.

A & P Co-ordinator Pte. Ltd.

Equipped with true entrepreneurial grit, Winson started his printing business in 1989. And now counts U.S. multinationals and the "big boys" in the advertising industry as its clients, such as Saatchi & Saatchi, Leo Burnett and the WWP Group, including Ogilvy & Mather.

A & P stands for Advertising and Promotion, and this explains the two major business areas of the printing company. More than 75% of the company's production is done for large and highly demanding local and global advertising agencies representing the most prestigious clients. A & P Coordinator helps their clients to fulfill the entire range of promotional materials usually required for advertising & marketing campaigns such as posters, flyers, brochures, corporate identity kits and display products like pop-up prints.

Lee Chee Siong, Senior VP of A & P gave us a tour of the printing plant with 75 employees separated into two offset and digital printing divisions.

The prepress department has a Screen 8060 drum scanner and a Cézanne flatbed scanner for image input. With six Mac and PC workstations the digital pages are produced and output is imposed onto an 8-up image-setter from Screen.

The pressroom has four Heidelberg offset presses, a 4-color SM 74, a 6-color SM 74 for UV printing, a 4-color and a 5-color SM 102 CD.

The binding department has cutters, folders, an automated saddle-stitcher and a perfect binder to allow the complete binding of the printed products.

Success in digital printing

Two years ago, A & P had already invested in a Xeikon press, and had built up a base of clients who are keen to get fast and oversized digital prints for their promotion needs. Unfortunately laser toner printing is not very consistent under the weather conditions in Singapore: due to high humidity and high temperature in the tropical country.

Winson Lan has therefore decided after careful evaluations to invest in HP Indigo presses, because they use liquid ink which is much more reliable in this climate. We saw the HP Indigo 1000, a 4-color A3-sheet fed press which prints 1000 A3 per hour in full color or 4000 A3 in b/w, in best printing quality. While this press was installed in January this year, the installation for a second digital press, the HP Indigo 3000 was in the final stage during our visit. It is also an A3 press, but with six colors and the doubled production of 2000 full color A3 or 8000 b/w prints per hour.

Lee Chee Siong introduces us to Bernard Cheong, the Manager of Cyber Pte. Limited, which is the distributor of HP Indigo Presses in Singapore & Malaysia. Cyber has just received orders for two more presses from A&P, one hp Indigo s2000, previously called Omnius Multistream, which is an A3 sheet press which prints in six colors on material like PVC, polyester and polycarbonate. The second press is a ws2000, a similar press but for web printing. These presses are added to the four presses that Indigo had sold in Singapore before Cyber Limited became their distributor.

Kikuze Solutions Pte Ltd - Print Manager

It is the software and retail arm that develops IT solutions for print and also manage the retail print on demand shops to bring printing closer to its customers.

During the past three years Kikuze Solutions has developed “Print Manager,” an innovative web-based application that enables companies to efficiently manage their print procurement, standardizing and streamlining their entire print procurement operation.

The Print Manager resides on a SUN Solaris Web Server with an Oracle Database, protected by a firewall, but accessible to all licensed users over the internet, independent of their respective location. Print Manager is Asia-Pacific first print management Application Service Provider (ASP), allowing regional or multinational enterprises to facilitate their print buying process without investment and without compromising on their freedom of choice concerning design and printing partners.

Print Manager allows a company to archive all digital files centrally for all print promotion jobs at their secured part of the server. All members of a company can have password protected access to their files, edit those files, and order prints from one of several selected print partners.

Print Manager allows the print buyers of a company to order print jobs over the web by selecting the appropriate print file, sending it to a printing company with a purchase order determining the amount of prints, delivery time, price and shipping instructions.

The production of the print files, the selection of the printers and the price for a specific print job are evaluated the traditional way, by personal contact face to face, or by phone. Whether it may be business cards, flyers, posters, banners, brochures or price cards, every print product may have a printer which has been pre-selected to commit to this web-based printing service and to the pre-negotiated pricing. Once a company has entered these products, partners and prices into their database, the print buying process becomes much easier, faster and error free.

A company can collaborate with their advertising agencies, graphic designers and print vendors in real time, view and confirm job specifications and changes. Kikuze makes it easy to own and use the Print Manager. After signing up with Kikuze, a company gets going in a matter of days, without needing IT resources, other than an internet access with internet browser. All it will cost is a predictable monthly subscription, based on the number of users and jobs.

Behind Print Manager

Print Manager is developed entirely on Java and XML technology “Facado,” a transactional engine and platform that deliver personalized and interactive service over the Internet and Intranet. Print Manager is unlimited and scalable and can be sold to multinational enterprises to serve their internal and external sales and purchasing business on a global level. Winson Lan claims that Print Manager is the only management and procurement system designed to function in all countries of the Asia Pacific region. It is programmed in Unicode and therefore can handle up to 10 languages in non-latin type, in up to 15 countries and up to 15 currencies.

Retail Print On Demand

During the past years Kikuze has become well known to many retailers or retail chains in Singapore, because they offer a wide choice of printed retail promotion material in two locations in Singapore. Retailers can easily purchase point-of-purchase (POP) accessories like pre-printed POP cards, hanging mobiles, wobblers holders, banner stands, card holders, easel stands, poster holders picture frames and many more. They also can select from a graphics and template library that contains thousands of pictures, and ready-made design templates to create their own promotional materials. And they can simply output their designs with the printing service provided by Kikuze for large-format posters, banners, light box displays, hanging mobiles, POP cards etc. Of course the printed products would match the above mentioned POP accessories such as banner stands, card holders and light boxes.

Kikuze has also an excellent reputation with young couples for their “Wedding in Style” service, because Kikuze offers a series of pre-designed wedding invitation sets. Each set consists of an invitation card, the RSVP card, the place card and the Thank You card, every card personalized for every invited guest. This personalized printing service is highly appreciated by the young couples and their guests – and highly automated in Winson Lan’s A & P printing company.

Sales Promotion Manager

As another Print application Kikuze offers the “Sales Promotion Manager.” This online application allows retailers to order theme designs, pre-designed price cards or any other self-designed price cards over the internet and to receive it in a short time printed from Kikuze. Corporate subscribers with many retail stores can manage with a headquarter administrator whom is responsible for the promotions, and gives access to all branches of their company. With up to 5000 outlets or branches the sales promotion manager is literally unlimited & scalable. Not necessary to say that all print orders are printed at A&P.

Focoltone Digital – Intelligent Color Calibration System (ICCS)

Some years ago Winson Lan had purchased the color patents and company, “Focoltone International Limited” in U.K. He had further developed Focoltone Digital ICCS to calibrate digital color equipment to print colors that can be matched to offset process colors. This system is based on an offset printed color chart containing carefully selected color patches in one, two, three and four colors combinations. A digital file that he delivers to his licensees to be printed on a color laser printer and can be visually compared to the standard offset printed chart. Kikuze’s color specialists then calibrate the color laser printer to visually match the offset printed chart, which then has become a calibrated digital proof printer. A monthly re-calibration service assures the customer that his laser printer has not drifted away, maintaining the highly accurate digital proofing standard instead of the conventional color separation proof. Further ensuring confident and color accuracy in digital or offset printing on his presses.

On the right track

Winson Lan’s achievements in the print industry in only 14 years are quite remarkable. When we left the building some hours later, we understood that this plant was only the fulfillment of Winson’s various marketing activities. His enormous investment in software solutions and product development related to print has fulfilled what industry experts recommended since some years ago: to marry the benefits of the internet with the capability of variable data printing.

Riding on this window of opportunity, he is now expanding the user base of his products and services to multinational companies operating in the Asia Pacific region which are most likely to benefit from his comprehensive print solutions. But while he is doing his sales job on that, he is already benefiting with the Sales Promotion Manager linked to his Print on Demand service to Singapore’s retailers.

While the printing presses produced the income of A&P Coordinator Pte. Ltd., it is his marketing that makes the presses running. Winson Lan has heavily invested in the future of printing, and we have no doubt that he will harvest the results very soon.

Kurt K. Wolf

Editor

Deutscher Drucker Verlag (German Printing Magazine)

APPENDIX II

The Future of the Print and Graphic Communications Industry

SPEECH DELIVERED BY WINSON LAN
AT THE FORUM OF ASIAN GRAPHIC ARTS TECHNOLOGY CONFERENCE
IN SINGAPORE on November 19, 2002

At this same conference last year, my colleague, Mr. Toon Santen, Managing Director of Intergrafica Print & Pack (Singapore) Pte Ltd presented his views on the future of the printing and graphic communications industry.

Well, my job is to continue from where he left off last year on the future of the industry. However, for the benefit of those who did not attend last year's conference and also as a recap, I will just do a short summary on his presentation to refresh all our memories. Also, this will help to ease us more easily into today's subject.

My apologies to Mr. Santen if I am not able to capture all his salient points accurately.

1A. The Growth Of Digital Printing

- Digital printing, which includes variable data digital printing is the fastest growing segment in the worldwide print industry.
- Within digital printing, customisation and personalisation on print materials presents the most attractive proposition to print buyers. Variable data digital printing fulfils the demand for the objective of marketing to the audience of one. This technology is extremely relevant to marketers who are increasing their focus on Customer Relationship Management (CRM). CRM recognises unique individual preferences and the need of customised solutions to meet those preferences.
- There is no question that the future of the printed page lies in variable data digital printing which produces highly customised print materials specially tailored for every individual.
- As improvements are made to digital printing presses, such as those from Xeikon, Xerox, Canon, Heidelberg and Indigo, the quality and costs of digital printing may eventually approach those of conventional lithography, even for medium and long runs.

1B. The Advances Of Print Technology

- The adoption of digital workflow in the entire print production process will lead to printers who are more technology savvy, thus leading to greater productivity in the entire print industry.

- The adoption of computer to plate technology has brought about greater efficiency and productivity and of course, savings in labour and materials. With advances in new technology, we can reduce the steps and processes in the entire print process for better productivity and returns.
- The use of colour management and calibration tools will ensure consistent colour output in the print production process, whether it is for offset or digital printing. A more sophisticated and user-friendly tool that controls colour calibration for both offset and digital printing is needed.

1C. The Advances Of Information Technology

- The proliferation of the internet will change the way we printers do business forever. It allows us to get closer to our clients.
- The internet and electronic mail enable us printers to receive orders and quotations electronically, communicate with clients 24 hours a day for job monitoring and allow clients to retrieve their digital assets and manage their data anywhere in the world via the worldwide web.

Mr. Toon Santen had warned of the ongoing reduction in the number of printing establishments and more mergers, alliances and joint ventures among printers and suppliers. In this digital age, there is no moving back to the analog way of printing. As printers, we HAVE to embrace new digital and information technologies in our business. To paraphrase Mr. Toon Santen, we do not want to go the way of the extinct dinosaur! But I want to point out a major difference. Dinosaurs are extinct because of a natural world phenomenon beyond their control. If you become extinct as a printer, it is your fault, because you have not adapted to the changing times.

Now, let me share with you where the future of print is moving towards. And you can decide if you want to be part of the future or a dying dinosaur.

Only a few years ago, we printers keep and update files for clients. Because only we in the industry can handle Post Script. Desktop publishing was a professional role. And today? My secretary can work with PageMaker and Photoshop on her personal computer!

The introduction of PDF serves as a great standard for communication between designers, printers and clients. But it is also a threat to us as PDF files can be sent directly to print without the use of Post Script.

ID. What do print buyers want now?

Print buyers are smarter than us printers and they want better solutions from us.

- They want to request for quotations and award jobs online.
- They want to be able to access their digital assets at will and assign any print job to any vendor they want without too much hassle.
- They want quick and accurate digital proofing.
- They want to know who prints what, when, where and how much.
- They want speed, reliability and up-to-date tracking of all their print jobs.
- They want print on demand. Not more. Not less. Just enough when they need it.
- They do not want the traditional method of distributing print materials, which is to print from a central facility and then incur expensive freight and courier costs to send these printed stuff all over the world.
- Most of all, they want convenience, centralised control, accountability, self-service automation with the least possible miscommunication and errors for their print jobs.

Sounds like a tall order?

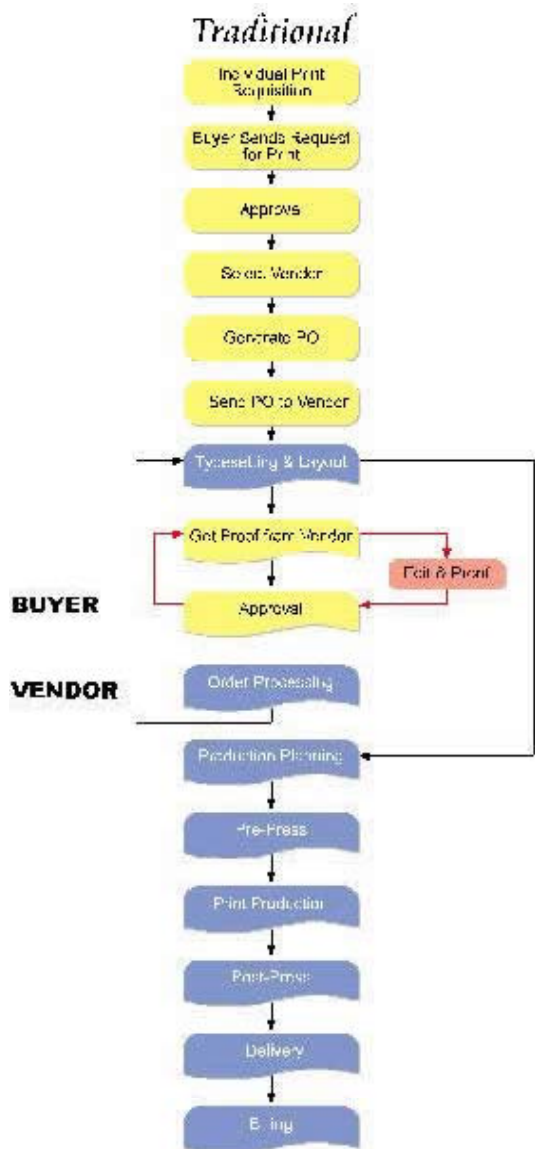
Revising the entire print procurement process

2A. Current print procurement process

This is the traditional method of buying print which is mostly paper-based.

Current Pain

- * Process lacks transparency - no central collection of data on who prints what
- * Miscommunication and errors accepted as the norm
- * Turnaround time often compromised
- * Unstructured filing of digital assets
- * No proper control and tracking system



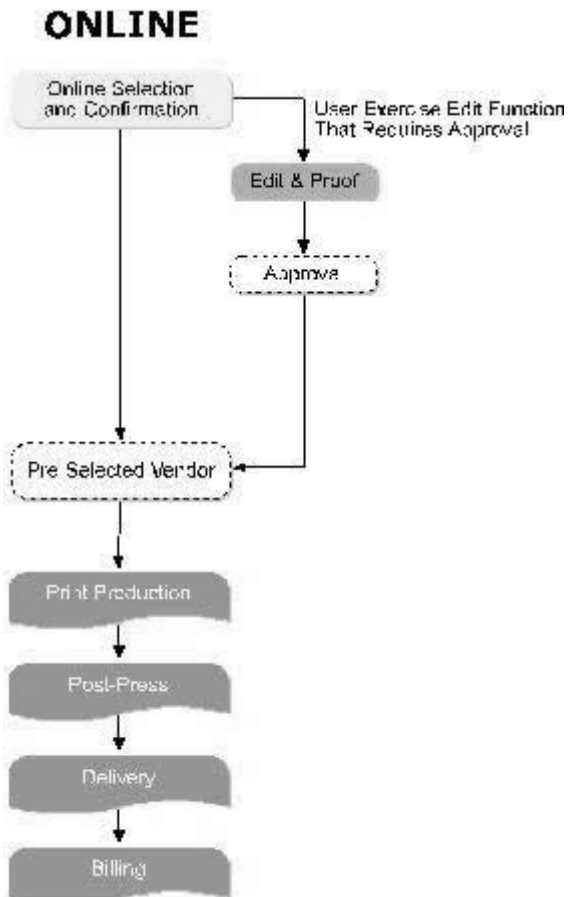
- a) The print buyer requisites for a print order from management.
- b) Approval is given by management.
- c) The print buyer requisites for a print order from management.
- d) Approval is given by management.
- e) Print buyer request for quotes from several vendors and select based on pricing, quality, speed and other considerations.
- f) A purchase order is generated and sent to the vendor.
- g) The print buyer engages in typesetting and layout.
- h) The final artwork is passed to the vendor for submission of proofs.
- i) Further editing and proofing may be required prior to approval for printing.
- j) The print vendor processes the order and plans for production.
- k) The next steps are pre-press, actual printing, post-press and finally delivery.
- l) Then billing to the customer.

Now, let me show you how an online platform can greatly simplify this whole procurement process.

2B. Online e-procurement solution

Value Proposition

- * Streamlining of entire print procurement operation
- * Cost savings and greater efficiency
- * Minimize miscommunication and errors



- *Faster turnaround time with online automated buying process
- *Centralised archiving and retrieval of digital assets
- *Total control - decentralized purchasing, centralized control
- *Total control -centralized purchasing, centralized control
- *Closing the loop between buyers and vendors
- *Ease of integration into current system

- a) The print buyer can simply request for standardised quotations from several possible vendors online.
- b) Select and confirm the most suitable vendor conveniently.
- c) Edit and proof the materials online by interacting with several parties in real-time.
- d) Obtain approval and send materials cum job order to the pre-selected vendor immediately.
- e) The print buyer engages in typesetting and layout.
- f) The final artwork is passed to the vendor for submission of proofs.
- g) Further editing and proofing may be required prior to approval for printing.
- h) The print vendor processes the order and plans for production.
- i) The next steps are pre-press, actual printing, post-press and finally delivery.
- j) Then billing to the customer.

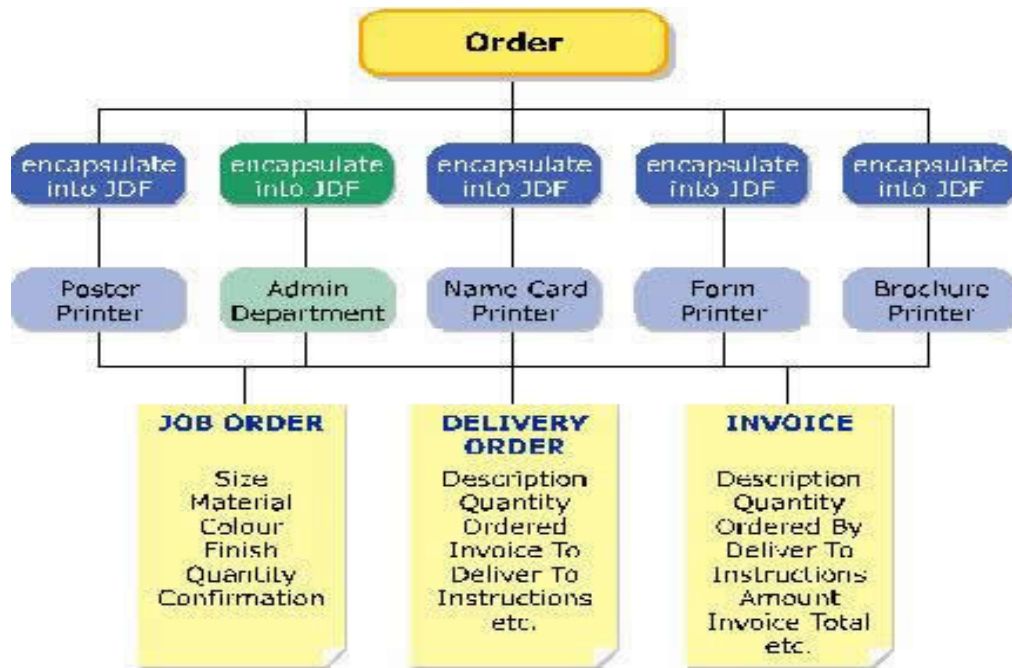
Now, let me show you how an online platform can greatly simplify this whole process.

...Average cost associated with generating a purchase order is US\$150. Assuming that this cost can be reduced to US\$30 using a comprehensive automated purchasing solution, a company that generates 10,000 purchase orders per year can expect to save US\$1.2 million in processing costs alone.

The National Association of Purchasing Management (USA)

2C. Why do we need to move this entire print procurement process online?

- i. Cost savings and greater efficiency is the No. 1 benefit not just to the customer, but also to you, the vendor.



A ready-to-print job order is sent in a JDF file to the vendor. This eliminates numerous process procedures between buyers and print vendors and results in a speedier turnaround time.

It automates the entire back-end processes from requisitions, purchase order, approval, delivery to transaction reporting, eliminating the need for inefficient and error-prone paper-based process.

ii. Minimize miscommunication and errors

- The online process allows for corporate stationery, e.g., business cards and letterheads, and promotional collateral, e.g., brochures and flyers, to be digitised.

A database link feature allows employee data and customer data to be stored in the system. Linking the data from the database to the digitised stationery seamlessly eliminates errors. Print data is encapsulated into PDF and sent to the vendor to minimize communication errors.

- The PDF files is sent together with a detailed print purchase order to the vendor. This print order contains all specifications in a standardised JDF format. JDF is an international document printing standard that embeds printing information. This format eliminates routine communication on paper type, number of pages, number of colours, finishing, lamination, etc. in the print coordination process.

iii. Centralized archiving and retrieval of clients digital assets

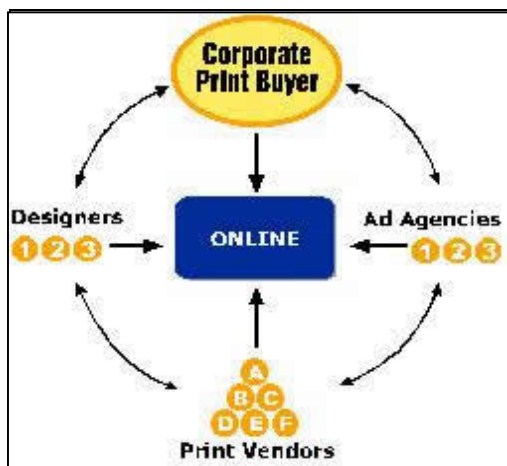
- The client only needs to create the template once in the software and can use it repeatedly. This eliminates repetitive effort, reproduction costs and loss of quality.
- Digital files are archived for easy access and job reprints. Digital assets are ensured and kept within the organization.

iv. 24/7 access and sharing of information

As the online workflow is hosted on the internet, the client gets instant, remote access to their personalised account and can order print items, view artwork, update profiles and database, revise print requirements and share files with the print vendor and agency anytime, anywhere!

v. Total control

- Each company's unique procurement business policies are applied and enforced.
- Decentralised purchasing while retaining centralised control.
- The system is database driven with individual ID and password access.
- Seamless backend integration and personalised user interfaces that give employees convenient access to the exact functionality they require.
- Enables the generation of audit trail reports for analysis and tracking of usage patterns, detailing who buys what, when, where and how.



vi. Closing the loop

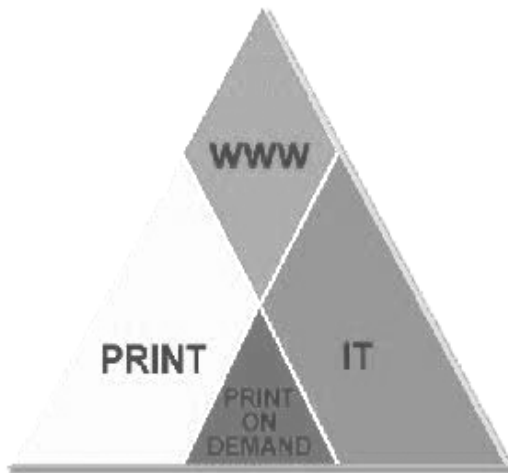
- This process provides a common interactive platform for the client with their advertising agencies, graphic designers and print vendors.
- All parties can communicate in real time to confirm on the design and job specifications.

vii. Ease of integration

The system is platform independent and can be easily integrated with practically any system, whether it is

2D. Opportunities and threats

Now, does the online process offer you opportunities or do you view it as a threat?



The adoption of this new approach to an old process requires an entire change in mindset by both clients and print vendors like you.

Be afraid. Be very afraid.

The online workflow is threatening your business interests.

Now I am going to show you how this integrated process will work for a multinational corporation in the following case study.

Why is it called distribute-and-print technology?

- Because it empowers the client to distribute print files using the internet and then print at multiple locations, whichever is most accessible to the user.

Let us look at the client's objective.

"To build up a structure to organise, perform, monitor and control the local advertising and direct marketing support for resellers of the MNC's products in the Asia Pacific sales region."

3A. Background Information

- Challenges - 15 countries, 15 currencies and 10 languages.
- Operating out of Singapore, the MNC manages thousands of resellers of their products in the Asia Pacific region.
- The resellers are managed by an Area Manager in charge of a designated territory.
- The MNC has a Marketing Support Fund (MSF) for resellers to assist in producing their co-branded promotional materials such as brochures and advertisements.
- The MSF subsidises a percentage of the resellers cost in producing these promotional materials which must follow corporate guidelines.
- The Area Manager will approve the use of the MSF for the resellers marketing efforts.

- Currently, the local reseller seeks approval for subsidy from the Area Manager for MSF support in his marketing program.
- After approval, the reseller then proceeds with customisation of his logos and promotional message on the artwork.
- The materials are printed after approval of artwork by both the reseller and the Area Manager.
- The printed promotional materials are then distributed regionally and locally.
- The print vendor then bills the reseller the total cost.
- The reseller then submits a claim for the MSF subsidy.
- The current paper-based process of seeking approval from the Marketing Support Fund to the processing of the claim takes at least 4 weeks.

Problems with current process

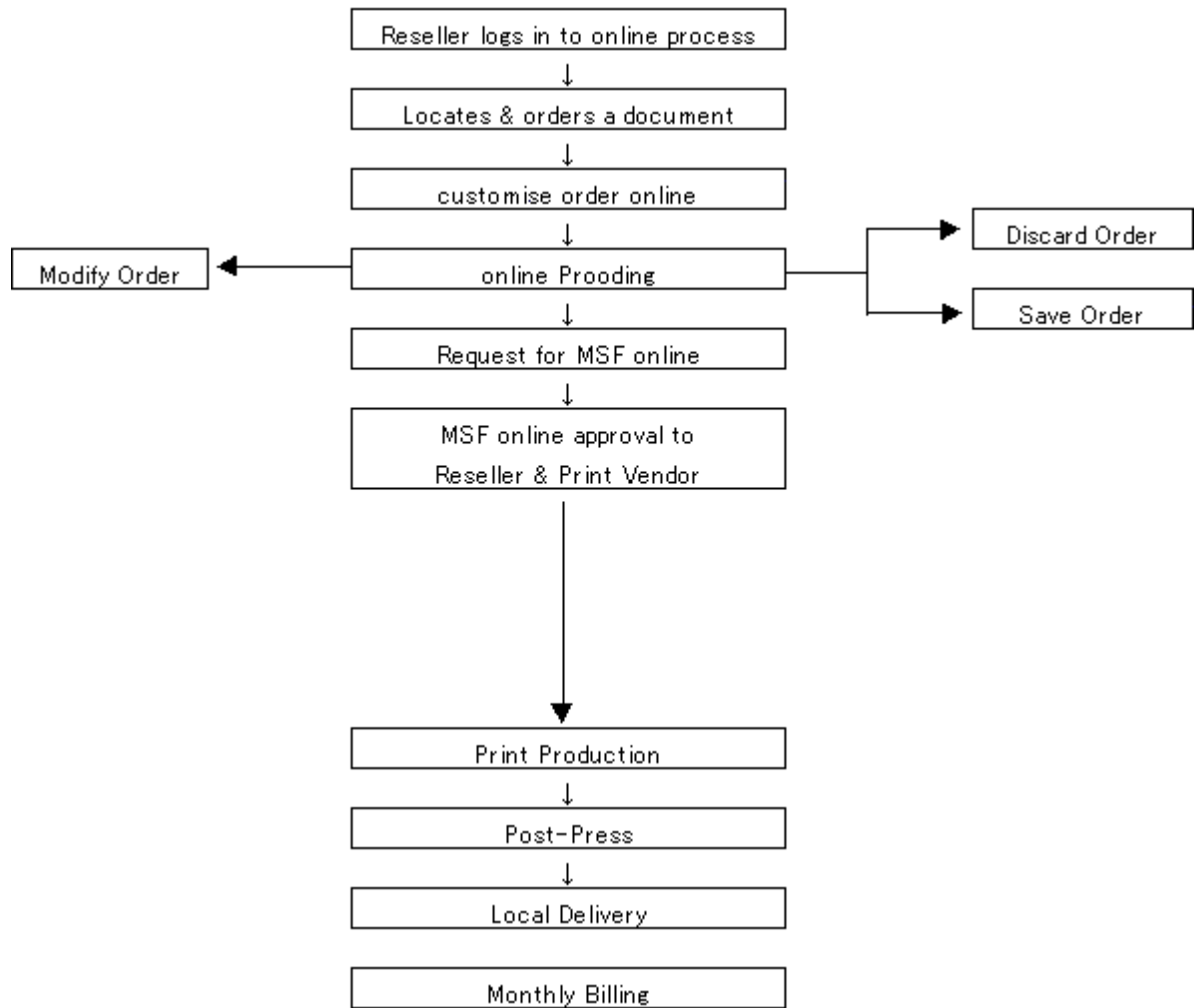
- Co-branded materials may not follow corporate guidelines.
- Area Managers deal with thousands of such claims every month.
- Lack of systematic tracking of budget, usage and claims.
- Large amount of administrative time and resources spent managing this process manually
- Current process open to abuse.

3B. An online solution for the MNC

Features

- The online server will host digitised templates of all approved co-branded designs by the MNC.
- Reseller data and logos and language of usage will be incorporated into their user profiles.
- Management profiles for the approval process will also be mapped.
- Budget allocation as per Area Manager is designated.

New online process



An online workflow

- Reseller logs onto the network with the appropriate language platform.
- Reseller customises a pre-loaded design template with his logo and a suitable promotional message.
- Reseller requests for quote from pre-selected vendor.
- Reseller submits quote and promotional material online to the Area Manager for approval of a MSF subsidy.
- Area Manager gives online approval to both reseller and print vendor to proceed with job.
- Data is automatically entered into the budget that has been pre-set into the online solution.
- MNC is able to monitor budget and usage patterns of the Marketing Support Fund.
- Print vendor submits monthly billing to the reseller and the Area Manager, thereby greatly reducing the number of claims to process.
- This new online workflow cuts down the entire process to only one week!

3C. How will the new online solution benefit the MNC client?

- Access and storage of digital assets online
- Database management online
- Digital proofing online
- Request for quotations and award jobs online
- Distribute corporate material from central control but print at remote locations
- Print on demand with an international network of print partners all over the region
- Speed, reliability and up-to-date tracking
- Budget accountability and expense control
- Convenience with self-service automation
- Centralised control with decentralised usage

This is only the tip of the iceberg. I believe there are many organisations which will recognise and adopt this new online process to increase their efficiency and competitive advantage.

Conclusion

It is no longer sufficient to be a printer concentrating purely on putting ink on paper. You have to move up the value chain by investing in methods and technologies that make it much easier for customers to get hold of the end product.

Because the future lies in providing comprehensive print solutions for customers to manage the entire print procurement process from sourcing to final delivery. Therefore, you have to be a total print solutions provider and not just a printer.

However, this is easier said than done. The development cost is prohibitive for any one company or country to develop such a technology on its own.

Due to our good transport and communications infrastructure, Singapore is privileged to play host to the regional headquarters of hundreds of MNCs, especially for the Asia Pacific region. There is strong governmental support, especially financially, for research and development in industrial competency. As a regional hub, Singapore used to print a lot of materials and distribute to the Asia Pacific countries where the MNCs also operate in.

However, with the advent of the internet, they are moving away from the 'print-and-distribute' methodology by employing 'distribute-and-print' technology. Our comfort zone as printers is no longer so comfortable. Since we can't beat the technology, we have to join it!

Printers in Asia Pacific need to build up an alliance. We can create a pan-Asia printing network comprising of printers from every country. Linked by the internet and the growing use of English as a business language, communication barriers will cease to exist.

There are many multinationals operating in Asia Pacific, with regional headquarters in Singapore, Korea, Japan, China, Malaysia etc. These MNCs will eventually migrate their procurement system to an online platform. Now is the time for us printers to decide how we want to be a part of their future online solutions.

FAGAT is a great event for you to network. Build some friendships during your stay in Singapore. Or even form an alliance. And let's see if we can have a regional network by the next FAGAT.

I hope that you have the vision, creativity and courage to grab hold of these new opportunities presented in this electronic age and turn them into growth and profitability for you.