

# Pixology looks to stock market

By Alex Grant

Pixology, the photo imaging and digital print management company, may float on the Stock Exchange later this year.

The flotation, which could be worth up to £50m, would be one of the first of its kind for some time and follows several printing sector companies backing away from a public listing.

Pixology has decided to float ahead of steep growth it anticipates in the next few years. It has recently devised new software, called Iris, which it claims will eliminate the problem of red eye photographs taken with a flash.

The system should be available from the third quarter of 2002 and could greatly increase the number of digital camera images that are printed: currently, many

images are not printed as red eye is apparent. Although digital camera sales are growing by 40% a year, digital printing of images taken by the cameras is not growing so fast for this reason.

Founded in 1987, Pixology is based in Guildford and has 35 staff. It has no digital presses on site and outsources printing to a third party, Standard Photographic in Leamington Spa, which prints images on Fuji Frontier digital photo printers.

A spokeswoman says that an "in principle" decision had been made for the company to float, but that there was no timescale fixed as yet. The stock would probably be quoted on the AIM.

Pixology is currently backed by 31 and a specialist venture capitalist company Young Associates.

The latter is run by Lord Young, former chairman of Cable & Wireless and a Conservative Trade & Industry secretary in the 1980s, who has a 35% stake in Pixology and is its chairman.

Pixology struck a lucrative deal with msn.co.uk, the Mirror Group's photo library, last year to make all its images available through the Internet, and has a similar deal with *The Sun*.

Pixology has struck a deal with Hewlett Packard to print hard copies of digital images for users of the websites of Jessops, Memory Gold, BT OpenWorld and Jenoptik Expressfoto.

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#### In brief

- Pixology may float this year
- Anticipates a steep growth
- Product banishes red eye

## Sunday People sale mooted

Trinity Mirror has finally put the *Sunday People* up for sale, according to press reports. A sales memorandum circulated in late January valued the paper at £50m, although TM still officially maintains that its national newspaper strategy remains under wraps until the end of February.

Richard Desmond's Express Newspapers has long been known to be interested in the publication to support its weekday tabloid the *Daily Star*.

However, if TM wants to hang on to the printing contract for the *Sunday People* – produced at Mirror Colour Print in Watford – then Express Newspapers could balk at the £50m price tag. Express Newspapers is making no official comment.

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#### In brief

- *Sunday People* up for sale
- Valued at £50, by TM
- No comment until end of month

## AVT's big fall

AVT, the Israeli manufacturer of press inspection systems, suffered a big fall in sales and profits in 2001, and has cancelled its planned expansion into web offset systems to focus on flexo and gravure printing of labels and packaging. Turnover fell from \$12.04m to \$9.3m year-on-year, and losses deepened from \$1.7m to \$7.4m.

## Back in profit

Danka Business Systems, the printer and copier maker, is finally back in profit. Danka made a profit of £300,000 in the three months to December 31 2001. In the same period the year before, the company had made a loss of £7.8m. However, sales from continuing operations were down 5.8% to £277.2m.

## EC bestows blessing

Hewlett Packard says that Q1 earnings may be higher than forecast and has finally won European Commission approval for its merger with Compaq. HP says it is consumer spending, rather than production printer sales, which shows signs of growth. Meanwhile, HP's row with William Hewlett, son of its co-founder, rumbles on.

## Enron firm does well

Enron, the bankrupt US energy giant, bought an American print and paper dotcom which had been founded by chairman Kenneth Lay's son, Mark Lay, despite the protests of a group of shareholders.

The online trading firm, called the Paper and Print Management Corporation, did not have a single customer when it was acquired by Enron in 1996, the New York Times has claimed.

Although Enron did not pay anything for the company, Mark Lay and his partners had three-year, \$1m pay deals. The company generated about \$18m in operating profits within 18 months, Mr Lay is reported as saying.

The deal was only one of several business transactions that Enron's critics say amounted to "self-dealing" between Enron and close relatives of its chairman.

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#### In brief

- Enron bought a dotcom
- Paid nothing for the company
- It made \$18m in 18 months

## Creo cuts its 2001 losses

Creo saw sales fall but has cut its losses in the last three months of 2001, the first results it has issued since it dropped the CreoScitex name last month.

Sales were down from \$143.2m to \$139.5m year-on-year, but adjusted losses were down from \$5.7m to \$2.3m, following \$5.6m-worth of cost savings, including a 5% cut in staff and wage reductions.

"We are pleased that cost control measures have improved our

results despite the continued weakness in the economy," says chief executive Amos Michelson, who adds that there were signs of "increased sales activity" in the second quarter, January-March.

The quarter will show a one-off charge of \$15m because of Creo's repayment of research and development grants from the Israeli Government.

Creo has also extended another \$23.6m in secured long-term debt to Printcafe. Mark Dance,

previously CreoScitex chief operating officer and president, will also become chief financial officer of the renamed Creo from April 30, replacing Michael Graydon.

Judi Hess, a corporate vice-president responsible for workflow, takes over as president. agrant@cmpinformation.com

#### In brief

- Creo sees sales fall
- However, losses have been cut
- Signs of increased activity noted

## Make flexibility your friend says HSBC

Success in business in the current economic climate depends on flexibility of thought says a report from high street bank HSBC and the British Chambers of Commerce.

Change and continuous innovation are key to beating the slowdown claim 80% of the manufacturers covered, with 73% planning to introduce new products and services in the next

year. While the report does not say as much, this should provide a pull through for print in terms of new marketing material.

Fulfilling customer expectations, which are increasingly demanding, is a priority for this year according to three-quarters of the 14,200 businesses covered.

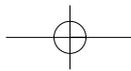
Steve Bottomley, head of HSBC Invoice Finance, says:

"Not all businesses have been affected in the same way during this economic slowdown and the survey does suggest there is some ray of hope.

"Innovation, entering new markets, developing new products and keeping customers satisfied all point to the need for a proactive approach to succeed in the current climate."

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**UPM sees weak start**  
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# Slide at Quebecor

By Alex Grant

Quebecor World, which is cutting 10% of the workforce at its Corby web offset operations, made a net loss of more than \$150m in the last three months of 2001 because of an earlier round of job cuts in the aftermath of September 11.

Quebecor, the world's largest printing group, announced that it was closing seven sites and cutting 2,400 jobs last October, and has since increased the number of job cuts to 3,000.

Even before the \$270m cost of these cuts is taken into account, Quebecor found that profits in North America were down by

more than 25%, from \$187m to \$137m, in the quarter.

After restructuring costs, Quebecor's quarterly loss of \$154m contrasts with a profit of \$106m a year ago.

"In 2001, magazine ad pages in the US took their worst drop in ten years," says president and chief executive Charles Cavell.

"We reduce costs on an ongoing basis but we can't restructure our business overnight when hit by a catastrophic event."

Sales in Europe were up slightly year-on-year, from \$236.3m to \$239.4m, but profits were down from \$18.9m to \$15.1m.

In Corby, print runs have fallen and many magazines have changed to a smaller format, says managing director Andrew Parker (*Printing World*, last week), although the slowdown in France is said to be even worse.

Total sales were down from \$1.7bn to \$1.6bn, and operating profit is down from \$216m to \$149m.

Recovery in the US market is not expected before the second half of 2002.

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## In brief

- Quebecor World Q4 loss
- US advertising down
- September 11 blamed

## Legal notices

### Compulsory winding up

The following cases are due to be heard at the Royal Courts of Justice, Strand, London WC2A 2LL

- **Traxdata Professional Products Ltd** Nigel & Jones & Co, 26-28 James Street, Cardiff, South Glamorgan CF10 5EX on February 20. Petition by Customs & Excise
- **Generation Publications Ltd** 164 Stamford Hill, London N16 6OX on February 20 at 10.30am. Petition by Customs & Excise

- **Dicker & Dunster Printers Ltd** Melbury House, 34 Southborough Road, Bromley, BR1 2EB on February 20 at 10.30am. Petition by AXA UK Pension Trustees Corporation

- **Evolution Print Services Ltd** Temple House, 20 Holywell Row, London EC2A 4XH on February 20 at 10.30am. Petition by Paul Netts

### Appointment of liquidators

- **Rapid Visual Ltd** Trading name: Quantum Technologies (Manchester) Liquidators: JP Oddie and GM Weisgard, Mitchell Charlesworth, Brasenose House West, Brasenose Street, Manchester M2 4FE

- **Creative Media Magazines Ltd** Publication of journals and periodicals. Liquidator: M Newman, Smith & Williamson, Holbrook House, 72 Bank Street, Maidstone, Kent ME14 1SN

- **Waterfront Printers Ltd** Trade printing company. Liquidator: T Papanicola, Langley & Partners, Langley House, Park Road, East Finchley, London N2 8LX

- **Ambassador House Publications** Publishing books. Liquidator: P Gotham, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex

### Appointment of receivers

- **Flair Press Ltd** Printing. Receivers: I Best and A Wolstenholme, Andersen, Four Brindley Place, Birmingham B1 2HZ
- **Envelopes Direct Ltd** Manufacturer of envelopes. Receivers: SJ Michaels and R Hocking, 8 Baker Street, London W1U 3LL

### Meetings of creditors

- **Powerhouse Graphics Ltd** at 43-45 Butts Green Road, Hornchurch, Essex RM11 2JX on February 5
- **Superprints Pictures Ltd** at The Old Exchange, 234 Southchurch

Road, Southend-on-Sea, Essex SS1 2EG on February 13 at 10.15am

- **L&N Print Finishers Ltd** at Wesley House, Huddersfield Road, Birstall, Batley, West Yorkshire WF17 9EJ on February 8

- **Graphic Partners (Manchester) Ltd** at 27 The Downs, Altrincham, Cheshire WA14 2QD on February 21 at 11.30am
- **Excel Digital Repro Ltd** at Essex County Hotel, Aerodrome Way, Southend on Sea, Essex SS2 6UN on February 13 at 2pm

### Notices to creditors

- **Overthorpe Printing Co Ltd** Creditors to send claims to C Everitt, Shaw & Co, 195 Banbury Road, Oxford OX2 7AR by April 18
- **St Annes Paper & Paperboard Developments Ltd** Creditors to send claims to JW Lewis, JW Lewis & Co, 62 High Street, Hanham, Bristol BS15 3DR by March 8
- **Chirk Printers Ltd** Creditors to send claims to RM Rutherford, Parkin S Booth & Co, 24 Trinity Square, Llandudno LL30 2RH by March 4
- **Ashley Graphics Ltd** Creditors to send claims to A Andronikou and L Horan, Hacker Young & Partners, St Alphage House, 2 Fore Street, London EC2Y 5DH by April 5

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## Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

### MANAGING BUSINESS RISK

**In the current economic climate and with recent events should we be thinking about threats and risks to the business? Is there a structured way of doing this?**

Business risk must be understood if it is to be recognised. Managing risk is a vital activity and not just a case of putting in controls to minimise risk. Risk management helps businesses gain competitive advantage by actually encouraging risk in a measured way!

There are several categories of risk.

External risk arising from factors outside the organisation such as:-

- Price wars
- Economic downturn
- Natural hazards such as floods or winter storms
- Changes in public opinion e.g. towards flying
- Government legislation

Internal risks such as:-

- Products or services supplied by the business disputed
- Employees (e.g. unfair dismissal)
- Computer systems
- Dependency on one or two individuals
- Customer dependency
- Supplier power
- Bad debts

The good news is that there is a good structured way of assessing risk and it is best carried out together with an external and experienced facilitator. Having an external person to bounce things off is immensely helpful.

First list all the risks facing the business in a 'what if' group session with your senior and middle management. Try not to let it worry you (or them) too much! See it as a positive.

Next divide the risks identified into 4 groups using the matrix illustrated below.

#### Possibility of occurrence

		High	Low
Seriousness	High	1	2
	Low	3	4

Then decide upon steps to combat such risks. Contingency plans should be put in place for those issues in box 1.

Don't worry too much about meteorites hitting the planet earth! (Box 2)

Issues in box 3 should be covered by establishing key controls (e.g. company car accidents).

Finally box 4 issues can generally be ignored (e.g. petty cash stolen)

See this as a positive action and you will be able to cope with life's challenges better than your competitors.

Having contingency plans really takes most of the worry away and helps you concentrate on commercial aspects.

Good luck!

The author accepts no legal responsibility for the advice given. Comments and advice given in this column do not necessarily represent the views of Printing World.

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