

# ControlP snapped up for just £260,000

By Gareth Ward

TripleArc is paying £145,000 with up to £115,000 over three years for ControlP, a company valued at almost £24m when it floated on the Alternative Investments market two years ago. It is buying the business and assets, including some intellectual property of what is now a division of Documedia Solutions.

Says TripleArc chief executive Conor O'Brien: "It was a good opportunity for us. They have an existing customer base who are all happy to see ControlP as part of a business where e-procurement is central. There's a

revenue stream and so it makes perfect sense."

TripleArc offers the print catalogue as a system to allow buyers to place purchase orders from a listing of already existing products. ControlP has EditzPrint, a system through which printers can manage the software on their own servers and their customers can upload artwork.

The two applications will fit together well says Mr O'Brien. "We see them serving two market places, the print catalogue for standard stationery items and Edit 2Print for more complex work."

The move comes as TripleArc releases half year figures showing revenue of £2.52m and a pretax loss of £1.91m. Mr O'Brien admits that the take up of the Collaborative Workflow Solution in particular has been slower than hoped for.

"But we are making good progress," he says. "We are confident for the second half of the year." The CWS has been installed at TripleArc's print management arm Gl2, which provides immediate feedback and a perfect beta site for the application.

For Documedia Solutions, the

deal allows it to concentrate on digital print services, with any remaining sums raised by the flotation to fund further investment. However, the association will continue. Executive chairman Warren Taylor says: "Documedia Solutions will act as a reseller of TripleArc's solutions. We are impressed with its intention to invest and broaden its software offering to the printing industry."

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#### In brief

- TripleArc picks up ControlP cheaply
- Knockdown price for £24m firm
- Conor O'Brien confident for future

## Red goes to Hachette

Emap has lost its fight to keep Red, which will become 100% owned by Hachette after a sealed bidding process.

However, the deal gives Emap £17.1m for the title which it is expected to use to launch a rival in the quality women's sector. Meanwhile Hachette considers Red as the cornerstone around which to build its ambitions in the UK publishing market.

## Revenues warning

Printcafe has alerted shareholders to say that its Q3 revenues will be below expectations even though they continue their upward trend.

Losses will continue to shrink, but not at the expected rate. It anticipates revenue of around \$11m-\$11.2m (\$10.7m at Q3 last year) with a per share loss of about \$0.10 against \$0.31 last year. The company says that this is due to the impact of the weak economic environment.

## Banta shake-up

US supply chain management specialist Banta Corp has brought its four print divisions together under a single management team led by Larry Panozzo. The firm operates in book printing, publications, direct marketing and catalogues. The division will have sales of about \$1bn. Mr Panozzo was previously in charge of its commercial printing operations.

## Impatience in Germany

By Gareth Ward

There is growing impatience in Germany about the pace of negotiations which would lead to a merger between Axel Springer and the Swiss print and publishing group Ringier.

The opportunity arises because of the collapse of the Leo Kirch media group which owned 40% of Springer. These shares are now in the hands of Deutsche Bank. Although it seemed certain that they would be sold to Ringier in a complex deal, there appears to be little progress and the bank has said it plans to auction the shares tomorrow (Tuesday).

The deadline is as much to concentrate the Springer-Ringier negotiations as much as anything else. Reports suggest that Deutsche Bank may sell the shares to itself in order to allow it to continue the negotiations.

However, as with everything about the unwinding of Leo Kirch, things may not be quite as they appear. Mr Kirch is reported to be planning to seek an insolvency action for the printing arm, which would prevent the sale. He blames Springer for precipitating uncertainty which led to the collapse of the media empire.

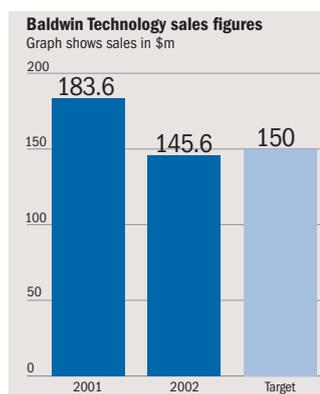
## Baldwin Technology sales fall by 20%

By Alex Grant

Baldwin Technology, the US maker of ancillaries for newspaper presses, has suffered a 20% fall in sales in its 2002 financial year and has made a net loss of nearly \$16m.

Results for the year to June 30 show that sales are down from \$183.6m to \$145.6m, below the target figure of \$150m, although losses have been reduced from \$18.1m to \$15.984m.

Baldwin has been hit by one-off charges related to its sale of its roll-handling and print-on-demand business. It now also plans to sell Baldwin Kansa, its



inserter business, to Vektak shortly and is planning to "amplify its cost-cutting and workforce

reductions around the world. "Despite a lowering of our cost base, we were unable to achieve profitability at lower volumes," says John Heald, president and chief executive.

He says: "We continue to see very difficult markets ahead industry-wide, but are somewhat more encouraged by our order activity." Fourth quarter orders have risen slightly from \$31.1m to \$32.2m.

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#### In brief

- Baldwin Technology sales fall
- Net loss of nearly \$16m made
- Q4 orders have risen slightly

## Happy Emap bucks trend

By Alex Grant

Bucking the magazine trend, Emap says that sales are up 5% in the six months to September 30, mainly due to a 7% rise in circulations but also helped by a 2% rise in advertising volumes.

Profits, due out on November 12, should be above last year's level of £55m, which was wiped out by losses in the US.

Despite the encouraging figures, Emap is pressing on with a

cost-saving reduction in the number of printers it uses, having already cut repro houses from 17 to seven. "We're looking at prices at the moment and will make our minds up in the next few weeks," says an Emap spokeswoman.

Jarrod in Norwich, which was hit by the closure of the *Financial Times'* Saturday supplement *The Business* in July, is one early beneficiary, picking up new title *Closer*

having already printed three Emap bestsellers: *Mojo*, *Q* and *Sneak*.

All of Emap's coldset print, the *Anglian Times*, *Garden News* and *Motorcycling News*, is produced at Peterboro Web, which has a contract that has another three or four years to run.

This is unlikely to be affected by any shake-up of the company's printers.

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## MW closes two works

MeadWestvaco is to close two factories in Springfield, Massachusetts, merging them into one in Enfield, Connecticut which will now serve as a manufacturing base for the whole of the north-east US. The two works, making envelopes and flexible packaging, employ 375 staff between them, of whom about 130 will lose their jobs. Restructuring will cost MeadWestvaco about \$4m in the third quarter.

"These plants share a common customer base and by serving them out of a single north-eastern site, equipped with the best machinery, we'll be able to deliver products faster and more efficiently," says John Taylor, general manager for envelope products. [agrant@cmpinformaton.com](mailto:agrant@cmpinformaton.com)

## Heidelberg bright on its profitability

By Gareth Ward

Despite heavy charges to bring its operating costs down, Heidelberg will still return a profit this year claims finance director Herbert Meyer.

Speaking to *Borsen Zeitung*, a leading financial paper, the chief financial officer said: "Below the line we will still make a decent profit." This is despite a 10% fall in sales from the €5bn posted last year, a drop of between €500-600m.

Just as chief executive Bernhard Schreier declared in Chicago at the beginning of September last year on the eve of Print 01, the US market remains key to Heidelberg's fortunes.

Any chance of recovery last year swiftly disappeared, leaving the company to state on the eve of the GraphExpo show at the same location that the US recovery is important.

Mr Meyer said: "This fair will be an important indicator about our business in the US."

The company continues to stress that expansion in finishing systems and digital print remain the plan, despite figures suggesting that the market for digital printing is becoming swamped. [gward@cmpinformaton.com](mailto:gward@cmpinformaton.com)

### In brief

- Heidelberg to report profit
- Finance chief's upbeat statement
- Plans for future still on course

## Legal notices

### Compulsory winding up

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

● **Pin Print Publishing Ltd** Units 7-8 The Parade, 147 Wareham Road, Corfe Mullen, Wimborne, Dorset BH21 3LA on October 16 at 10.30am. Petition by ET Heron & Co Ltd

The following case is due to be heard at Manchester County Court, 184 Deansgate, Manchester

● **E-Red Publishing Ltd** Prospect House, 2 Athenaeum Road, London N20 9YU on September 30. Petition by Guardian Media Group

### Appointment of liquidators

● **U4Print Services Ltd** Finisher/printer. Liquidator: J Taylor, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG

● **Pioneer Graphic Machinery Ltd** Sale of used printing equipment. Liquidator: CM Iacovides, Jeffreys Henry Jacobs, Fergusson House, 124-128 City Road, London EC1V 2NJ

● **I&S Ltd** Design and print services. Liquidator: IN Millington, 12-14 Macon Court, Crewe, CW1 6EA

● **The 4 Print Services Co Ltd** Printing. Liquidator: CA Sefton, Capital Insolvency Services Ltd, Regents Park House, Regent Street, Leeds LS2 7QJ

● **JP Charles (Binding Systems) Ltd** Manufacturer of paper/stationery. Liquidator: JS French, Redhead French, 43-45 Butts Green Road, Hornchurch, Essex RM11 2JX

● **Graphic Technical Origami Ltd** Resale of printing machinery. Liquidators: DP Hudson and NR Ailyan, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG

● **Five Star Stationers & Printers Ltd** Selling of wholesale stationery. Liquidator: ST Bennett, Berg Kaprow Lewis, 35 Ballards Lane, London N3 1XW

● **Smartprint On-Line Ltd** Printing and packaging machinery. Liquidator: GAM Simmonds, Crown House, 217 Higher Hillgate, Stockport, Cheshire SK1 3RB

● **Dowling & Co (London) Ltd** Printer. Liquidator: J Kelmanson, The Kelmanson Partnership, Avco House, 6 Albert Road, Barnet, Hertfordshire EN4 9SH

● **Caspian Graphics Ltd** Previous

company name: **Governbeam Ltd** Printer. Liquidators: J Taylor, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG and ME Cork, 1 Snow Hill, London EC1A 2EN

### Meetings of creditors

● **The Colour Works Ltd** at The Thistle Hotel, The Quay, Poole, Dorset BH15 1HD on October 3

● **Publications Direct Ltd** at Rochester House, 29 Chorley Old Road, Bolton BL1 3AD on October 11 at 10.30am

● **The Wickford Press Ltd** at The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG on September 25

● **Hyway Printing Services Ltd** at Holiday Inn, Bugsby's Way, Greenwich SE10 0GD on October 9 at 10am

● **Manton Press Ltd** at Regent House, 24-25 Nutford Place, London W1H 5YN on October 7 at 1.30pm

### Notices to creditors

● **Mailshot Marketing Ltd** Creditors to send claims to L Gibson, Park Court, Pyrford Road, West Byfleet, Surrey KT14 6SD

## Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

### DUE DILIGENCE

There is a great deal of reference to 'Due Diligence' in the world of acquisitions. Could you explain in more detail.

A broad definition of 'due diligence' is:-

"An investigation into the financial and/or operating activities of a business in connection with a proposed acquisition or disposal of an interest in that business" Source: KPMG

The 'due diligence' process is key to any proposed acquisition. It includes the gathering, analysis and interpretation of financial, commercial and legal information.

In the case of an acquisition, 'due diligence' is the process by which the prospective purchaser gathers information about the business being acquired. This will be largely obtained from the vendor and his representatives but the onus is on the purchaser to ask the right questions and to verify information received.

Buying a company is an important move - and can be a time of considerable risk. It must be carried out with care and attention. Although 'due diligence' can add to fee costs, it is vitally important and, if effectively completed, is excellent value for money - it can save you from making expensive mistakes, which could even threaten the existing stable business.

Completing an acquisition is likely to be an emotional experience. Often those closest to the deal fail to recognise risks and downsides. It's too late for regrets after the event, so a balanced and fully informed view taken at the right time is vital. High quality independent advice should be sourced from someone with the experience and ability to see 'the big picture'. Don't be tempted to do it all yourself, it is too complex.

It is essential that the purchaser employs the services of professional accountants and solicitors with knowledge and expertise in acquisitions. However there are limitations to their advice and it is therefore equally important to retain the services of a company or individual with in-depth knowledge of the printing industry itself to help and support you with their experience of the industry and company acquisitions within it. This person will guide you through the whole process and will monitor performance of the accountants/solicitors challenging any assumptions made by them to ensure 'due diligence' is robust and to clearly identify grey areas.

Never entrust 'due diligence' to your legal/financial advisor alone. A separate specialist advisor will ask all the right questions. This is especially important where your legal/financial advisors are being paid on a 'contingent' basis as they can stand to lose all this fee if the deal does not go through.

Finally 'due diligence' is just as important in the world of strategic alliances and joint ventures - a point often overlooked and with disastrous consequences.

Be careful out there!!

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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