



## One Country at a Time

### California-Based Remanufacturer, Printing Technology Inc., Pursuing the World Market

**A**s a native of Budapest, Hungary, and having traveled extensively in Europe, it didn't take long for Peter De Salay to venture into the cartridge remanufacturing industry's international market. In fact, his friendships abroad have opened the world to his Chatsworth, Calif.-based company, Printing Technology Inc. (PTI).

Founded by De Salay in 1990, today approximately 25 percent of PTI's business is generated outside America's borders. With a variety of distribution alliances and partnerships, the company is selling its remanufactured laser and inkjet cartridges to distributors and resellers throughout Europe, Asia and the Middle East.

"We have a very strong presence in Germany, Austria, Hungary and Switzerland," says De Salay, who serves as the company's president. "And we just established in Paris a representative who is handling the market in France."

It appears that no country is too remote for PTI. One of the company's customers, for example, is in Ulaan Baator (you know, the capital of Mongolia). PTI also recently initiated a distribution strategy in Africa, "where we are doing quite well," says De Salay. "We are getting dealer orders from a number of countries there. We've done about \$200,000 in business in 2001-2002."

De Salay credits *Recharger Magazine*



Company President Peter De Salay, in his office at PTI, says it's important that remanufacturers selling internationally carefully consider the text on packaging for laser cartridges. General Manager Jim Liskay is seated, at right.

with helping PTI to establish an alliance with its inkjet cartridge distributor in Israel. The distributor came across several of PTI's products, but had difficulty locating the company. When the distributor finally called, "he said, 'we found your product to be the best on the market, so we wanted to buy from you, but we couldn't find you,'" explains De Salay. The distributor thought to contact *Recharger*, "and you were kind enough to give him our phone, fax and e-mail so that he could get in touch with us."

Is selling internationally as easy as a telephone call? Not really, says De Salay. Any cartridge remanufacturer considering the international market must pro-

ceed cautiously, he advises. "You need to understand the mechanisms of international trading," he says. "I would say that's number one. You have to understand what you are getting into."

The remanufacturer must also understand that it's simply not cost effective to sell products overseas unless the company has a well-established selling strategy, says De Salay. "If you don't have a representative in the country, it's a lot more difficult for a small company," he explains. If someone from overseas visits a remanufacturer's Web site and places an order for a couple of cartridges, "it's impossible to be profitable," he says. "You can't ship two laser printer car-

tridges or two inkjet cartridges with any profit at all.”

How does a remanufacturer go about finding international customers? One of the best sources is trade shows, says De Salay. “I did exhibit in some major shows in Europe and in Asia, which brought me potential customers,” he says. “It’s really essential to attend some trade shows where you can establish some preliminary contacts.”

Once a potential customer has been identified, it is important for the remanufacturer to gain as much knowledge as possible about the customer to properly evaluate their operation, he says. “You need to talk to them to see where you can help, where you can fit into their business,” explains De Salay. “So, understand and build up a friendship and long-term relationship with your potential customer. That’s very important, especially in Europe and Asia where you can make a deal on a handshake, and they stand by it.”

There are also sales and marketing strategies that the remanufacturer will have to consider, he says. The text on the packaging of PTI’s laser cartridges, for example, is trilingual – English, Spanish and German. The company is assessing ways to easily modify package printing as needed to reflect different combinations of languages, such as English, German and French, says De Salay. PTI also hopes to eventu-



De Salay shows how PTI’s laser cartridge packaging is trilingual, with English, Spanish and German.

ally “have a specific language for a specific country on our packages, too,” he says.

Internationally, it is particularly important to use various languages on laser cartridge packaging, he says, to compete against the OEMs. “In Europe, they are strongly suggesting to dealers and end-users that if they buy a cartridge that is remanufactured, it will void the warranty on the printer,” explains De Salay. “We emphasize on our packaging that ‘this cartridge will not void your warranty.’ Again, that’s in English, in Spanish and in German.”

PTI’s laser cartridge packaging also touts the quality of the company’s parts and the remanufacturing process. “It is very educational and informational for the end-user and the dealer.”

The company does not provide the trilingual packaging on its inkjet cartridges, primarily due to the



With 72 employees, PTI is headquartered in Chatsworth, Calif., which De Salay describes as the “world capital of remanufacturing.”



With an ample supply of warehoused product, PTI offers a 98-percent-plus fill rate, and same day shipping for orders placed by 2 p.m.

lack of space on the smaller packaging, notes De Salay. In addition, in the inkjet arena, there is not as much of a need to promote the merits of buying a remanufactured product versus a new product. "With the laser cartridges, it's a lot more important," he says.

Finally, there is the issue of payment when dealing with international customers, says De Salay. "If you want to get into the international business, make sure you are on a sound financial basis to make a deal with someone," he explains. "If you don't know the customer, you need to demand a form of payment where there can be no drawback later on." By allowing 30 days before payment is due, for example, "if you do not have a long-term relationship with the customer, you may never get payment."

PTI learned the hard way about the importance of ensuring proper payment. "We had problems with some of our customers where we sold on a credit card, and sometimes the credit card payments were no good," says De Salay. "You really have to be aware of what you are getting into."

### Here at Home

While PTI's international business is increasing, the majority of its sales, of course, remain in the United States. Today, the company has reseller and distributor customers in every state — and

business has never been better. In 2001, says De Salay, PTI's sales increased 42 percent, allowing the company to reach the \$10 million mark for the first time.

PTI's worldwide reach is not the only attribute that sets it apart from many traditional remanufacturers. The majority of the company's revenues, for example, come from the sale of remanufactured inkjet cartridges, rather than remanufactured laser cartridges. In addition, a small percentage of the company's revenues come from the sale of new, compatible supplies for printers, copiers and facsimile machines.

When PTI began its inkjet remanufacturing operation in the summer of 1994, it did so in a small way. The focus was simply on serving existing dealer customers, says De Salay. Eventually, however, the operation grew substantially. "As the remanufacturing process became more refined, we started to increase our production on the inkjet side," he says. "By 1999, our inkjet production was at 10,000 to 15,000 units a month. We increased it to approximately 20,000 to 25,000 in 2000. And, by the end of 2001, we were doing 75,000 to

80,000 a month."

It was in 2001 that PTI's inkjet business surpassed its laser cartridge business. Today, 41 of PTI's 72 employees are dedicated to inkjet cartridge remanufacturing. Approximately 30,000 square feet of PTI's Chatsworth facilities house the inkjet cartridges production area. The company has another 10,000 square feet of production space at a facility in Guadalajara, Mexico.

The market for remanufactured inkjet cartridges "has grown significantly the last couple of years," says De Salay. "They are taking a large share of the OEM market. We see a tremendous opportunity in that area, where our inkjet business will grow quite rapidly. We believe that we will perhaps double our business this year, at least on the inkjets."

Whether laser cartridges or inkjet cartridges, De Salay says he is "very pleased" with the quality of the products his company produces. He credits PTI's vice president and production manager, Eduardo Garcia De Alba, with much of the company's success. "Eduardo's many years of experience in this industry assures PTI's products will be 100 percent compatible and free of defects," he says.

Although he has expectations of increasing PTI's sales of remanufactured cartridges, De Salay is not as optimistic about the growth of the company's smallest product category — com-



patible supplies. Currently, the product niche claims less than 5 percent of PTI's total sales. That percentage is not expected to grow, given the competitive realities of the marketplace. This is especially true with compatible inkjet cartridges, says De Salay. "Some of the Asian companies are selling these products practically at cost; I don't know how they do it," he says. "You cannot compete."

PTI made the decision to sell compatible supplies for a simple reason. "We basically added those on as a convenience to our customers," says PTI General Manager Jim Liskay. "Rather than ordering 50 percent of their order from us and 50 percent from somebody else, they want to get as much as possible from us."

Why? "More than anything, it's because we are a service-oriented company — whether it be a small dealer or a huge dealer, we take care of everybody," says Liskay. "Some people have different requests as far as shipping, paperwork or whatever. We can accommodate all of that. That's the bottom line. Whatever it takes to make the customer satisfied, we do that."



PTI's inkjet cartridge production area at its Chatsworth, Calif., headquarters. The company has another 10,000 square feet of production space in Guadalajara, Mexico.

Liskay is quick to list some of PTI's "whatever-it-takes" services. "PTI's 98 percent-plus fill rate, same day shipping by 2 p.m., private labeling with no minimum order and blind drop ship capabilities enable us to achieve our customer satisfaction goals," he says.

De Salay says the desire to satisfy customers — both domestically and internationally — comes from the quality of PTI's workforce. "There is a saying that 'the people make the company,'" he explains. "That's not right. My philosophy is, 'the right people make the company.' We have the right people at work in every position." **R**



PTI's state-of-the-art inkjet cartridge filling machines allows the company to produce products that De Salay says are "free of defects."

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