



The founders of notebook specialist AJP are passionate about the technology in their products, which makes AJP's business model slightly different from those of its rivals, explains Robert Blincoe

Walk into your local notebook retailer or visit a reseller's website and you'll be faced with a choice between differently branded but essentially similar models. Very few of those firms running the UK's notebook businesses are heavily into the technology they sell, leaving it up to the chassis manufacturers in Taiwan and Korea to build and design the actual notebooks. Local resellers then simply have to market and sell the end product.

To companies that follow this model the product is a commodity. They believe their customers are actually buying the brand, service and reputation of the manufacturer. At certain times UK system builders even offer notebooks with identical chassis – for example, when a new processor is released all the UK notebook firms will want to launch models based around it as soon as is humanly possible. This makes it

Supplier profile: AJP

especially hard for notebook resellers to differentiate what they're selling from what the competition is offering.

However, this one-size-fits-all computer branding provides an opportunity for those businesses actually interested in the technology. AJP, for example, believes computers are still developing fast enough for it to offer something different to customers who want to buy the latest specification, ahead of giants such as Dell that will safely follow several months later.

It takes two

AJP was founded in 1986 by twin brothers Peter and John Ioannou. The pair had completed degrees in electrical engineering and were studying for Master degrees in computer science at London's South Bank University at the time. The Ioannou brothers got interested in the emerging networking technology being produced by Novell and, with the confidence of youth, decided to pitch for a contract to install a network for carpet king Harris Queensway.

AJP's technical director, John Ioannou, still remembers proudly, and with a touch of surprise, how his fledgling

business got the job. "When we went to pitch for the business, all the tier-one operators at the time put forward a proposal. But we'd invested months and months in it, hours of programming, and we didn't give a proposal; we simply said this is your solution."

His surprise is that "anybody would give us the business", a couple of 26-year-olds with no track record against HP and IBM. However, the pair's interest in PC technology soon directed AJP's future away from system integration and into PC assembly. As the computer market became overcrowded in the 90s, AJP decided to concentrate on notebooks and has only recently returned to PCs with its integrated LCD (liquid crystal display) units.

Both brothers acknowledge that staying with networking could have been more lucrative, but it wasn't where their passions lay. Sales and marketing director, Peter Ioannou, says: "We've done well out of hardware. We're pleased how it's grown."

Eastern alliances

Like all businesses selling notebooks, AJP sources its machines from the Far East. It is through AJP's relationship

with its suppliers that the company strays from the norm. Most of AJP's product comes from Taiwanese firms Clevo and Mitac (see August 02's Supplier profile). It has worked with Clevo for more than eight years and with Mitac for the last four. This is in stark contrast with many other companies, who simply pop over to Taiwan once a year to order models from an assembler they don't know and can't be sure will be trading in a year's time.

"When you're working closely with manufacturers, you can suggest ideas

swapped out for all of the above or a second battery.

"We offer a higher specification than the first-tier manufacturers," says John Ioannou, who believes that because AJP is small and flexible it can sell designs that the major players would like more market testing on.

"Dell has to be conservative and produce solid working machines. We don't sell as many but this gives us an edge. In the past we've offered specifications you will see with everybody else nine months later."

"We don't sell as many [notebooks as Dell], but this gives us an edge. In the past we've offered specifications you will see with everybody else nine months later"

John Ioannou, technical director, AJP



Ioannou, believe they can offer groundbreaking designs and technology before the competition

Ahead of the field

One magazine clipping AJP is particularly proud of – and which the Ioannou brothers think exemplifies their approach to technology and their advantage over bigger players – dates back to when they introduced a 15.1in TFT screen-based notebook. This was back in 1997 and, though 15in screens are now standard, back then AJP's competition didn't think much of them.

The article carries a quote from Dell that dismisses the product as 'niche' and suggests that machines with that size of screen were 'borderline' when it came to the classification of notebook systems. A Toshiba representative went as far as saying it "sounds more like a luggage than a notebook".

AJP's relationship with Clevo extends to regularly having the Taiwanese manufacturer's engineers onsite to offer training and support. It's this rare position that makes AJP the main laptop supplier for other UK computer sellers, as other firms don't have the resources or relationships to deal with the Far East directly. AJP supplies notebooks to Mesh, Pico Systems and has also sold to Dan Technology (now in administration and up for sale).

Close contacts

Some of these relationships are quite convenient. AJP is located at the foot of the M1 on the edge of a retail park in north-west London. Mesh is housed about a five minute walk around the corner while Dan Technology is five minutes drive



around the North Circular. (As a brief aside, to show how small and incestuous the UK system builder community is, John and Peter Ioannou are childhood friends of Hi-Grade founder, Ori Yiassoumis. The twins claim it's just a coincidence they ended up in the same business.)

AJP's premises house every aspect of their business: sales, assembly, support,

AJP at a glance

- Founded in 1986 by twin brothers Peter and John Ioannou, while studying at London's South Bank University. A third partner left early on in the company's history. The Ioannou brothers own the firm and its North London premises outright.
- Employees 65
- Turnover £15m in 2001, generating profits of £900,000.
- Mix of business The majority of sales are to the Soho market; 25 percent of business is to SMEs; 20 percent is down to supplying other computer sellers, including Dan, Mesh and Pico Systems. AJP also has some corporate and university accounts.
- Address 152-154 Coles Green Road, London NW2 7HD
- Telephone 020 8208 9700
- Website www.ajp.co.uk

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Peter Ioannou, sales and marketing director, AJP

marketing and a showroom. “We believe in doing it ourselves,” says John. “That way we can control the quality.”



All-party insurance

At present the company offers a two-year return-to-base warranty with its machines. The first year is parts and labour, the second is labour only, but the company is working on including parts into the second year. Peter Ioannou says AJP has got the hard drive, processor, chassis and motherboard manufacturers to agree to two-year warranties on parts, and are just waiting for the LCD suppliers to come into line. Until everyone agrees to the same warranty terms AJP will hold off on offering the deal because it feels the situation would be too confusing.

“People don’t want to have to read their warranty five times before they understand what they’ve got,” says Peter.

The Ioannou brother goes on to say, “It’s a fine issue balancing customer satisfaction, but we expect our customers to recommend us to their friends and buy their second and third machines from us, so we’ll offer a service that gives value for money.”

Though AJP offers a range of notebooks aimed at satisfying entry-level buyers and corporates, it is with the fully loaded higher-end machines that the Ioannou brothers are most pleased.

And they like to attract the customers who like this kind of approach.

“People who understand about technology are prepared to go with technology. We’re specialists and people like buying from specialists,” says John. “If people want sophisticated, state-of-the-art products they should consider us,” adds Peter. ■



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Made in Taiwan

A small number of Taiwanese and Korean manufacturers make most of the world’s notebooks. When you investigate who makes what for whom, you discover a very incestuous business in which the same names crop up time and again. Taiwanese manufacturers make about 60 percent of the world’s notebooks and around 90 percent of Compaq and Dell’s machines. They also made most of HP’s and Apple’s machines last year.

According to market research firm Dataquest, 27.1 million notebooks were shipped in 2001. The giant of Taiwanese laptop building, Quanta, shipped 4.3 million, of which 1.9 million were for Dell. Quanta expects to make 5.6 million machines in 2002, and Dell orders should easily account for half. Compaq, HP, Sony, Fujitsu/Siemens and Apple all buy from Quanta.

Quanta’s rival Compal shipped about 2.3 million notebooks in 2001, and expects to reach 3.5 million in 2002. Dell, HP and Toshiba are its three main customers, but Fujitsu/Siemens also buys from it which means occasionally the similarity between notebooks on the market hints of a shared parentage.

It costs \$100,000 to retool a production line, so it’s easy to see why this can happen. But the big brands consider unique

design to be vital to their success, so although they might use the same manufacturers, they all claim they did the design work themselves. In reality, the Taiwanese manufacturer plays a big part in design and often work alongside a local design team from the branded supplier.

At any one time there are about 20 companies building laptops in Taiwan. The top four require minimum order volumes of around 20,000 notebooks so only the big players get to buy from them. Everybody else wants to buy from the remaining top 10 firms as these have a trading history, financial stability and are of a sufficient size to be able to order high volumes of components as insurance against them falling into short supply.

Taiwan exposed

And it’s not just in notebooks where Taiwan plays the role of the West’s offshore outsourced computer factory. Dismantle any PC and you will see the extent to which Taiwanese companies contribute to the production of the computers we buy in Europe. So next month in *PC Advisor*, we will be lifting the lid with a special report on the technologies, companies and economics behind the label Made in Taiwan.