



Unlike desktop PCs, portable computers are manufactured by a small handful of companies and simply badged up by the high-street or online retailer. Robert Blincoe profiles Mitac, one of this select band of notebook makers

The rush to get Pentium 4-based laptops onsale in the UK left buyers faced with an 'any colour so long as it's black', kind of choice as at least six of our homegrown PC resellers started advertising strangely similar models. Portable PCs don't vary all that much in any case, but these were identical. Little wonder: they were all made by Taiwanese manufacturer Mitac.

Mitac started out as a PC manufacturer in 1982 and had a worldwide turnover of \$222m in 2001, with forecasts for \$250m in 2002. It designs and builds LCD (liquid crystal display) monitors, laptops, flat-panel TVs, PDAs (personal digital assistants) and network equipment.

As well as manufacturing for a large range of computer suppliers Mitac sells under its own name, though not in the UK. It arrived in Britain at the end of the 1980s

Supplier profile: Mitac

but, by the early 1990s, had realised the advertising and marketing fight to attract businesses and consumers with its own-brand machines was not the best way to make money. Hence the decision to make computers for other companies.

Mitac's UK operation is based in Telford, Shropshire, where it forecasts it will have 400 employees by the end of the year. This would mean more than doubling the 189 staff it had in 2001. It pumped out 100,000 LCD displays to the UK and Europe last year and is looking to exceed 200,000 in 2002. "I don't think doubling sales is going to be a problem for us," says Patrick Lee, Mitac's general manager.

Fly by wire

The company's flat-panel displays are assembled at the Telford site, but its notebooks are assembled in Taiwan and China and shipped to the UK as barebone systems where companies like Evesham and Hi-Grade then add in processors, hard drive, memory and CD-R/DVD drives.

Monitor cases and cables are shipped to the UK by container, but price-sensitive LCD panels are flown in. This is to avoid Mitac losing out if their value crashes

while the goods are on a long sea journey – a serious prospect last year when price drops meant flat-panel monitors looked likely to retail for just £200.

So, price aside, why buy a Mitac display over a Sony, Philips or Samsung one? Lee is confident that Mitac matches any high-price company on quality and service. "Our quality is better than others, our service is much greater than others."

That's exactly what you'd expect a salesman to say, but Lee concedes that if you pay more for another brand it will be of a higher specification. "But," he asks, "do you need that?" Mitac feels the no-brand competition doesn't offer the local support, competing only on price. And with a Sony, Mitac takes the line that you're paying for the finishing touches and good looks.

Class A goods

There are some good reasons why you can believe Lee's line on quality and service. The main one is that all monitor makers who care about their reputation buy from the same handful of flat-panel producers. The quality of a display is down to the panel. Not only does Mitac source from the same suppliers as its big-name rivals

such as Sharp, it also buys Grade A, almost pixel-perfect flat-panels.

Mitac offers three-year warranties on its LCD monitors and almost all the computer sellers who resell Mitac's displays take this service. "They're happy," says Lawrence Lu, Mitac's president. "They can make their money and wash their hands of the service."

Each monitor sold comes with an agreement giving details of the website where you register for your warranty, support phone numbers and warranty cover and conditions. The document doesn't mention Mitac, the website is called www.firsteurosservice.com and Mitac's call centre operatives answer the phone as 'LCD service'. Customers need never know they are dealing with Mitac.



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Mitac has two people handling calls (there were 36 the day before *PC Advisor* visited the company) and four people on repairs. Most problems are due to setup issues and can be resolved over the phone. If this doesn't do the trick replacement units are sent out and the faulty ones collected. Not every supplier does things this way. PC World, for example, prefers to handle product swapouts from its own stores.

Serial connections

Mitac's assembly process is entirely traceable, so the LCD service call centre can trace the manufacturing and sales history of the monitor simply by referring to its service number. The customer can then be advised what they should do next depending on which reseller they bought their monitor from.

Things are different for notebooks: the companies actually selling the machines handle support. The service they offer is one of the ways they can differentiate what they're selling from a competitor who is also punting out Mitac-built products. These companies tend to have their own service centres but can send faulty machines back to Mitac operation if necessary.

Taking a risk

Though Mitac supplies many computer sellers, the fact that it recently furnished six different notebook suppliers with identical-looking notebook models (see *The suppliers' supplier* on page 50) is a little unusual. Manufacturers such as Mitac generally offer several different designs to their trade customers. Very large customers can demand an exclusive design; large businesses might get an exclusive design in just one country or region; the smaller companies get a choice of what's left.

But in the case of the desktop Pentium 4 notebook, Mitac took a chance on being first to market so geared up its production around one design. At a cost of \$100,000 to retool a production line, it's easy to see why the company put all its efforts into one model at first. Its UK customers had to have P4 notebooks in their ranges and so had to have Mitac's machine.

National sales manager, Julian Willis, thinks this situation showed off Mitac's strengths: "We're faster with the technology. We're not the cheapest around but we spend more on research and development. And we're very strong in using desktop CPUs in notebooks."

A word in your shell-like

Notebooks are more complex and expensive to make than desktops, so the two markets have evolved differently. The hard bit is designing a basic notebook shell which is compact, light and can have components slotted into it. The production lines are heavily automated and expensive and the design work is highly skilled.

Desktop cases are unsophisticated bits of kit and can be made to look different reasonably simply and cheaply by sticking on alternative fascias. Low-paid assembly lines in any western country can then

Mitac at a glance

- Founded **1982**
- Turnover **\$222m in 2001; forecasts \$250m in 2002.**
- Mix of business **Sells flat-panel LCD monitors and notebooks to third-party computer suppliers. Sold 100,000 LCD displays across Europe in 2001, and expects to double this in 2002. It sells 5,000 notebooks a month in the UK. Worldwide shipments are projected to be 1.5 million units.**
- Key customers **Dixons, Sharp, Compaq, NEC/Packard Bell, Time Computers, Evesham.com, Rock Direct, Hi-Grade.**
- Address **Mitac House, Nedge Hill Telford, Shropshire TF3 3AH**
- Telephone **01952 207 200**
- Website **www.mitacuk.com**

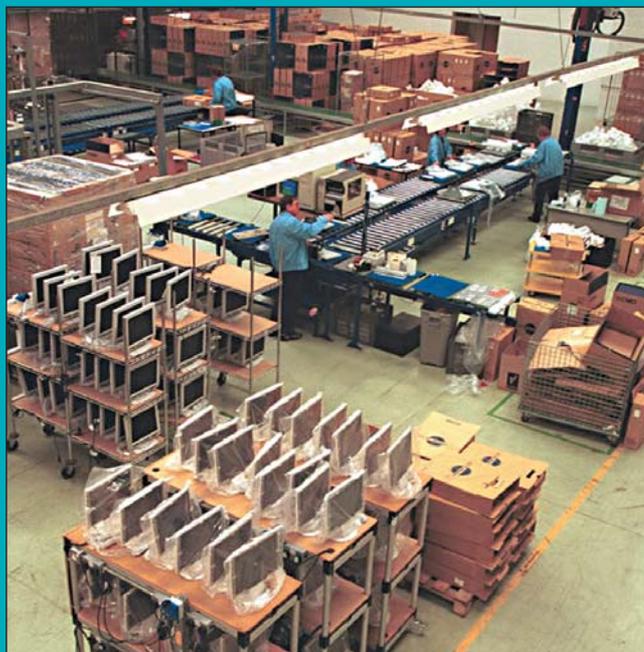
The suppliers' supplier

Even if you don't own one of Mitac's products you'll probably have seen its goods in another supplier's shops or in advertisements. As we've already seen, Mitac specialises in making portable PCs for other computer resellers and has made a success of doing so. This culminated in its manufacturing identikit Pentium 4-based laptops for at least six different UK resellers.

You might well think that all laptops look pretty similar anyway, but these machines even had the same case. The spec, price and badge on the front might have varied but there was no mistaking they'd come from the same manufacturer. Rock Direct, Evesham.com, the Dixons Group (PC World, Dixons, Currys and The Link) with its Advent own-brand, Hi-Grade, AJP and Pico all beat a path to the same door.

Another big customer of Mitac is Tiny Computers. If you bought a notebook from Tiny, or a flat-panel LCD (liquid crystal display) monitor, check the underside of the casing and you'll probably find Mitac's sticker there. The company also supplies Time, Tiny's new owner, with AMD-based notebooks.

Mitac's flat-panel LCD monitors are also sold as part of some Evesham.com, Viglen and Elonex systems. PC World's promotion of Mitac's 15EX6 15in LCD display has resulted in that particular model grabbing five percent of the UK flat-panel retail market. PC World didn't want the flat-panel monitors badged as Mitac products but, if you look closely at the price tag, you will see Mitac's name on that. If that's not enough,



the company assembles 15in LCDs for Sharp (using Sharp's own panels as the main component) as well as laptops. It has sold notebooks to NEC Europe/Packard Bell and was behind the design and manufacture of the Compaq Presario 800.

build the machine by slotting in all the relevant components.

The assembly lines can also add the configurable elements of a notebook, which usually ship from the manufacturer without processor, hard drive, memory or CD-R/DVD drives. Prices for these components can change quickly, and notebooks are shipped by boat, so it would be crazy to include them.

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Strong position

At any one time there are about 20 companies building and selling laptops in Taiwan. The top four, which supply Compaq, Dell, Sony, IBM and Toshiba, require minimum order volumes of around 20,000 notebooks, therefore only the big players are going to buy from them. Everybody else wants to buy from the remaining top 10 businesses as these have a decent trading history and financial stability. The companies in the top 10 are also of a sufficient size to be able to order components and not leave their customers stranded when TFT (thin film transistor) notebook screens or motherboards suddenly fall into short supply. At the tail end of the 20, businesses go bust quite regularly. Mitac is firmly in the top 10. ■



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