

# Operations Review

During the year, we undertook a Work Process Improvement exercise to review and reorganize our marketing efforts.

This was particularly relevant as the media scene saw mega mergers among international advertising agencies as well as acquisitions of local advertising agencies by these international outfits. Major international agencies are also centralizing their regional media buying houses.

The year under review was volatile. We had looked forward to a good performance as the Colorliners went operational in September 1997.

Advertising volume was to go up with increased production capacity while unrestricted availability of full colour and second colour advertising would spawn many creative ad campaigns. The revamp of The Straits Times, Lianhe Zaobao and other newspapers would support our marketing efforts. This was not to be.

Though we started the year well, the adverse effects of the regional crisis began to tell on businesses here.

Recruitment advertising went down sharply and quickly as companies downsized.

Advertising volume for high-end retail, cars, property and office equipment fell significantly as budgets were cut because of lower anticipated consumer spending.

Our market share of the National Advertising Expenditure based on published and broadcast volume remained at around half of the total. But total advertising revenue declined sharply for the first time since the last recession in 1985 and the Gulf War in 1991.

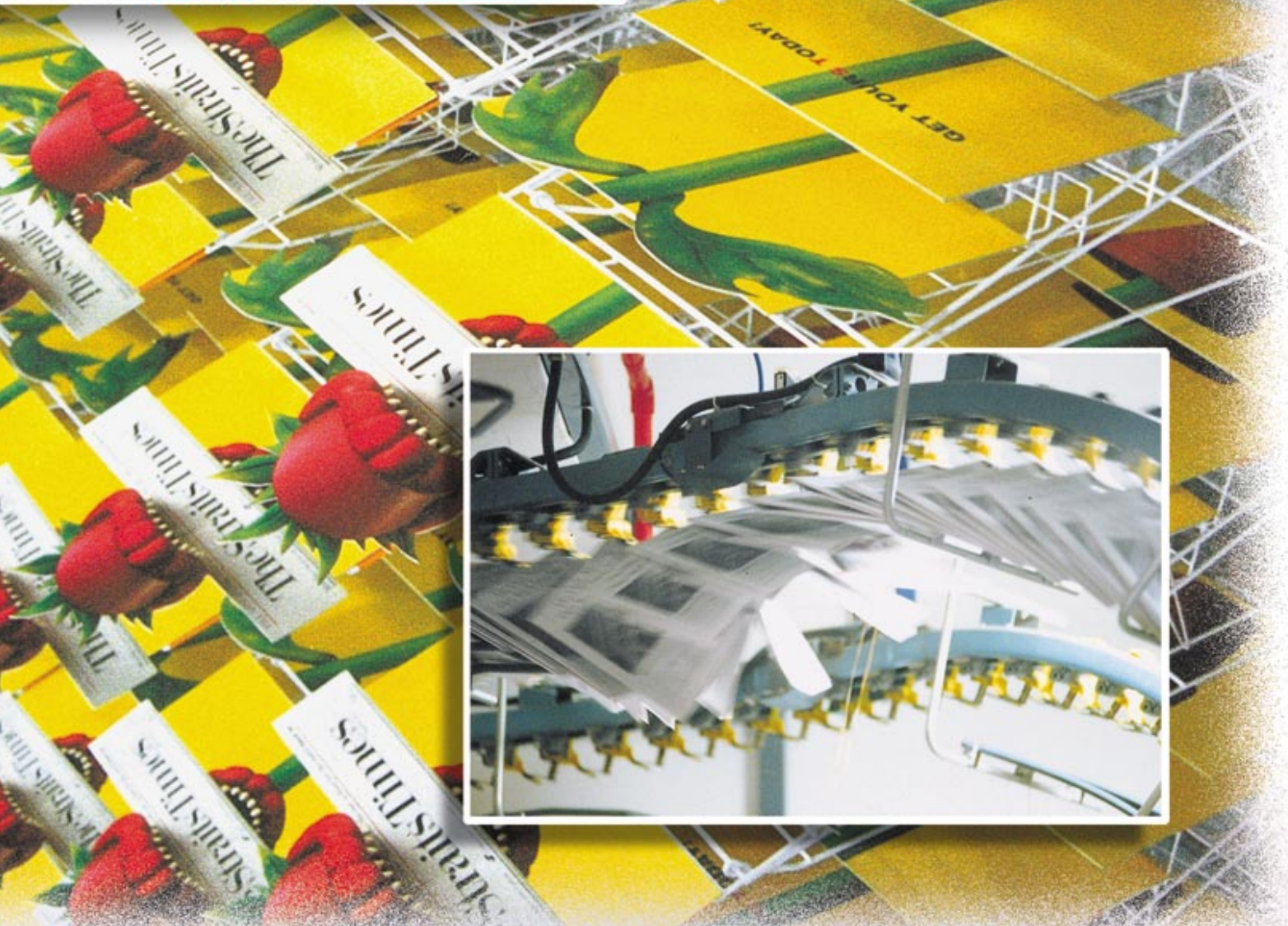
However, it was an exciting year for journalism and newspaper sales.

The revamp of The Straits Times, The Sunday Times and Lianhe Zaobao made these newspapers more reader-friendly and more appealing to younger Singaporeans.

This was timely as we had to compete aggressively with other regional newspapers, radio and broadcast and television for headline news in the coverage of major local, regional and world events which made world headlines.

The Internet versions of The Straits Times, Lianhe Zaobao and The Business Times attracted more hits than ever from regional and overseas Internet users.







We achieved significant increases in newspaper circulation of nearly all newspapers.

The Business Times circulation, however, dropped slightly because of reduced orders from hotels and airlines.

We published seven Sunday issues of The New Paper during the World Cup. Average circulation was 62,000 with a high of 82,353 copies.

The improved performance of the Colorliners enabled printing to be completed before 4 am.

This helped improve distribution to homes and outlets. Three more satellite drop-points were added for faster receipt by newspaper vendors.

For casual buyers we established links with direct outlet chains such as 7-Eleven, NTUC Fairprice, petrol kiosks, Tops, Shop N Save, Borders Bookstore and Carrefour. Our newspapers are now available at 446 retail outlets, 19 Stop Press kiosks and 12 newspaper vending machines.

Production's top priority was the efficiency of the Colorliner presses. Working with Goss specialists, our engineering and operations staff improved operating procedures and maintenance programmes. Printers

were given intensive training and hands-on experience. We expect to improve the performance of the Colorliner presses further.

As the presses improved, other new equipment systems such as Ferag mailroom and the FMC Automatic Guided Vehicle systems were further fine-tuned.

In the Prepress area, workflow was reorganized and improved to cope with the increased colour pages and to establish sharper colour reproduction. In addition, a digital proofing system was implemented.

We are adding more printing couples to the presses to increase the printing of more pages in one press run. By mid-1999, the press will be able to print 80 pages with 52 full colour pages compared with the current capacity of 64 pages with 40 colour pages.

## Information Technology

With rapid changes in technology and the growth of the Internet, current systems have to evolve or be replaced by newer IT platforms. Re-engineering IT systems and Y2K compliance were therefore priorities for SPH.

The corporate network was upgraded. A&N advertisements and classified artwork can now be sent electronically to SPH. Our

Advertising Network (AdNet) was upgraded to a new SPH Intranet Services to provide closer communication with the advertising industry.

Picture handling in the newsroom also went digital and Lotus Notes was implemented.

Y2K conversion is in progress and all mission critical systems are expected to be compliant by early 1999. The cost involved is not expected to be material.

## Corporate Relations

Our sponsorships spanned a wide field.

In drama, we supported the Singapore Dramatist Awards to encourage more budding writers to write plays.

For schools and sport, the SPH Touch Rugby Programme succeeded in getting more schools to play the game. One hundred and fifty-six teams participated in the competition.



At Singapore Zoological Gardens, the new SPH Conservation Centre which houses extremely rare and endangered animals in the world was opened.

And in music, we financed the SPH Auditorium at Young Musicians' Society Arts Centre at Waterloo Street.

### Human Resources

We further refined our flexi wage system to keep fixed increases low while paying competitive salary packages that include bonuses pegged to company and individual performances.

We conducted an outplacement exercise in 1998 to enable employees who had reached a plateau in their jobs in SPH to start a second career elsewhere.

Harmonious industrial relations with our two house unions facilitated implementation of policies that need to change continually.

We are working out a base-up wage system and a managed healthcare system to address the needs of older workers as retirement age is raised from 60 years to 62 years from January 1, 1999.

The need for good and well-trained staff is critical to the company's success. To this end, we continue to invest in scholarships and staff development programmes to ensure a continual stream of talented and well-trained people.

### Finance

SAP went live in July 1998. This will be enhanced for the full potential of the SAP, and form the backbone of Finance systems.

This division is participating in the Work Process Improvement programme to keep abreast of the rapid changes in the financial world.

### Internal Audit

A special unit within IA Division was set up to facilitate Work Process Improvement programmes throughout the company.

Joint audits with internal auditors of our joint venture partners were



carried out at MobileOne and Singapore CableVision.

The department also worked with IT Division to enhance user awareness of IT security and the Y2K project issue.

### Administration

In speeding up support services, Administration Division installed new equipment such as the telelift, automated intelligent mailing, electronic access security, on-line purchasing and payment systems and a common PABX platform with centralized telephonist system.

All this resulted in higher productivity.

