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From: Bill Hendriks [KCSEngineering@bigpond.com]
Sent: Friday, 29 April 2005 3:55 PM
To: Committee, SCIN (REPS)
Subject: KCS Submission



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Creating Solutions with Plastics

29th April, 2005

The Secretary,
House of Representatives
Standing Committee on Science and Innovation

Dear Sir

KCS has designed and manufactured soft plastic products for over 12 years. In the last 3 years, new generations of thermoplastic elastomers have been developed. These TPE's are often referred to as "supersoft plastics".

Supersoft plastics are widely available but there are limits to their manufacture. Our philosophy is not to take part in an already very competitive market, so we are constantly developing unique processes to successfully manufacture TPE's down to new levels of softness. K.C.S. has also developed world-leading methods to adhere these soft plastics to other polymers and non-plastics, such as metals and wood.

Our future is particularly bright and exciting. Successfully managing our growth will depend on growing all our resources, our people, and our equipment, as well as maintaining our commitment to R & D.

Should members of the Standing Committee seek further information or wish to visit our operations, I would be pleased to accommodate them.

Yours faithfully,

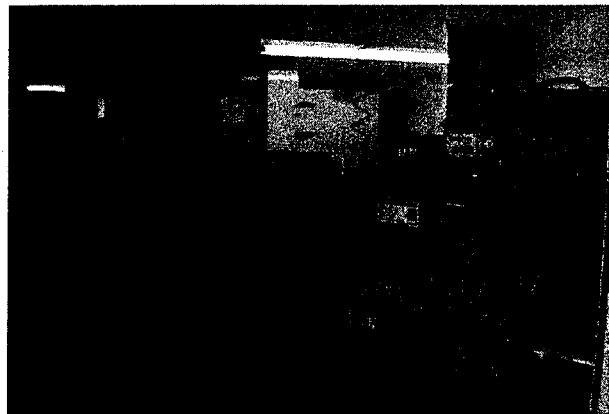
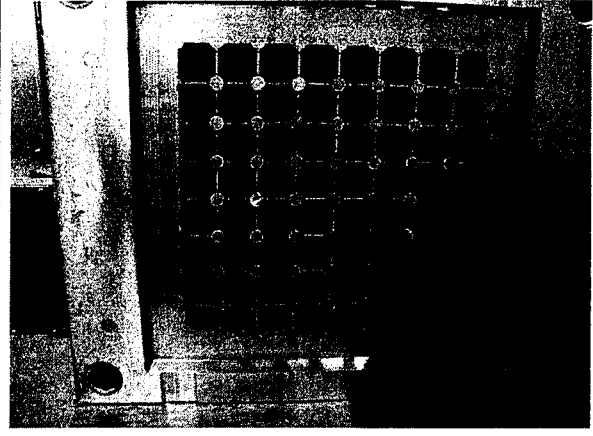
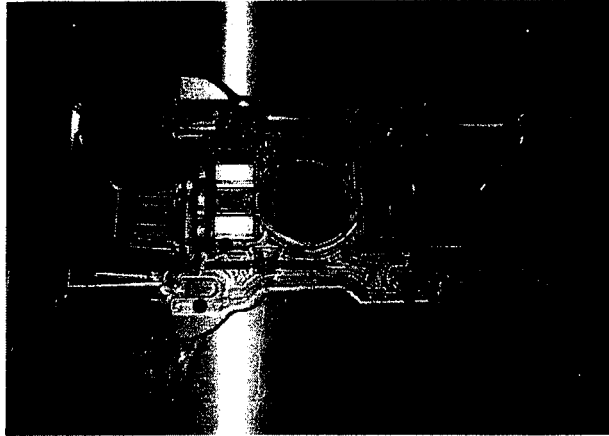
2/05/2005

Kurt Schnepf
MANAGING DIRECTOR

Submission No. 24

KCS PTY LTD

Creating Solutions with Plastics



Submission to:

The House of Representatives
Standing Committee on Science
and Innovation

Inquiry into pathways to
technological innovation

COMPANY PROFILE



Founded by Kurt and Chrystl Schnepf in 1986, KCS has developed into an energetic global market leader in complex tooling, injection and extrusion moulding processes. KCS has maintained its core focus of innovation, integrity and service that drives the business and ensures its international reputation for quality and efficient manufacturing.

KCS ideally works closely with customers from initial concept of a project to best achieve customer product expectations. KCS personnel, knowledgeable in the technologies they produce, and through timely and frequent communication develop strong relationships with key customer personnel. Through this synergy, customer expectations are met and exceeded.

KCS has developed exceptional in-house expertise in detailed design, rapid prototyping, tooling, injection and extrusion moulding that provides a comprehensive consulting and manufacturing capability to meet the demands of the most complex tooling and moulding demands.

KCS designs, develops, manufactures and markets innovative polymer based solutions for international and domestic customers.

KCS has successfully integrated sophisticated toolroom equipment and practices to manufacture complex moulds and dies on the one hand, with developments in injection moulding techniques for new and advanced polymer materials.

We have deliberately positioned ourselves to accept complex and difficult assignments that other toolrooms and moulders are unable to tackle.

Our Mission is to design, develop, manufacture and market innovative polymer based solutions for international and domestic customers. We achieve this through the application of knowledge, sophisticated tooling and developing proprietary manufacturing technologies.

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Established Business

For over a decade KCS has averaged an R&D spend of 10% of turnover. The commitment to R&D has enabled KCS to establish, long term contracts with multi national companies such as:

Clipsal:
BHP Billiton
Detmold Packaging
Norwood Abbey
Glaxco
Scholl
BOC

Each of these multi-nationals insists on reliable delivery and high quality products. KCS has exceeded their requirements to win successful contracts in the food and medical industries where only the highest standards are acceptable.

KCS competes directly with Chinese manufacturers in export markets, particularly the USA. Interestingly, Chinese manufacturers tried unsuccessfully to take the BHP Billiton contract from us. If we all use the same basic equipment we cannot compete because of Chinese labour costs. But our knowledge and experience in tooling and moulding enable us to work smarter, devise better and more cost effective solutions and overcome Chinese labour advantages. We successfully compete against Chinese products in the US market in a range of products.

KCS has designed and manufactured soft plastic products for over 12 years.

KCS INNOVATION: *SUPER SUPERSOFT PLASTICS*

Over the past 3 years, new generation thermoplastic elastomers (TPE's) have been developed and utilised to produce "supersoft plastics". TPE's provide functional performance and properties similar to conventional thermoset rubber products, but can be processed with the speed, efficiency and economy of thermoplastics. They are among the fastest growing plastics materials.

Compounds and manufacturing processes commonly produce products generally measured to Shore A 80. The absolute frontier (as demonstrated at the October K2004 international plastics exhibition held in Dusseldorf) in TPE's globally is about Shore A 30.

Supersoft plastics are widely available but there are limits to their manufacture. Our philosophy is not to compete in an already busy space so we have developed a unique process to successfully manufacture TPE's down to a new level of softness as well as a means to adhere soft plastics to other polymers and non plastics such as metals and wood.

KCS Pty Ltd has developed a unique process to successfully manufacture TPE's down to Shore A 3 and a means to adhere soft plastics to other polymers and non-plastic materials.

The manufacturing process developed by KCS is not an incremental product or service improvement but a real global breakthrough.

The success of the KCS processing capability has seen engineers from Japan, USA and Taiwan seeking information on KCS proprietary process technology. The potential for these technologies is to replace some flexible PVC's and silicone applications with more efficient and cost-effective ever expanding applications in automotive, construction, medical, food and beverage, electrical, appliance, business machine and consumer markets.

KCS unique technology manufactures and packages a range of podiatry products, marketed under the Scholl brand for Australian, Japanese and UK markets. KCS new technologies also over mould soft plastics razor handles for the Gillette company.

Soft plastic products have in the 2003-04 financial year become a major contributor to business revenues. The prospect for further growth is enormous, particularly as the Scholl product base is rolled out across Europe.

KCS holds a significant technology edge with soft plastics manufacturing processes. To maintain its dominant position, KCS will undertake further R&D to develop process for extrusion and foaming of soft plastics.

Technology of itself does not create business growth, rather it is applications of that technology. The potential for soft plastic applications has not been systematically explored, as KCS is currently fully engaged in R&D and manufacturing in response to demand from major international companies.

Identifying market opportunities is a most difficult exercise for a technology company. The dilemma the company faces is to target potential customers when those customers are unaware of the functions and characteristics of the materials KCS can manufacture. More critically, those customers do not know where to find that information.

Appropriate recognition and promotion for all companies in a similar situation to KCS - with unique and real global breakthroughs - requires a knowledge dispersal process similar in effect to a technology diffusion process. Knowledge dispersal is an issue larger than a single small enterprise can contemplate because there is not a specific targeting focus. Currently KCS is focusing on the medical and safety industries, but the most significant markets might well be unidentified.

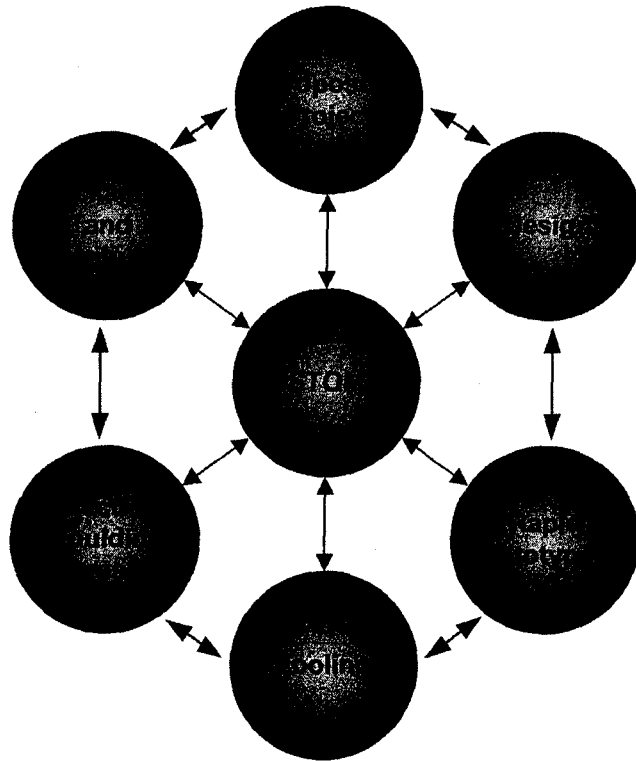
A notable technology champion would greatly assist this process.

What is the KCS competitive advantage?

KCS maintains its competitive advantage through the application of high quality equipment and constant communication and exchange of ideas between skilled and experienced staff with an innovative flair in both toolmaking and injection moulding. Importantly, KCS can provide a complete turnkey solution – from concept to consumer.

KCS is able to respond immediately to change in new developments, initiated either by the customer or by the limitations of technology, as an integrated toolroom/moulding activity. Communication and co-operation between projects, functions and disciplines within the company is responsible for the very strong relationship that exists between the different, yet related, technologies of the product and of the process.

KCS boasts the design skills, computer aided and handcrafts to meet customer requirements.



The combination of skills, processes and knowledge in what are generally two distinct industry sectors is the driver to enable KCS to undertake new developments with a minimum development time.

Maintaining a competitive edge.

The key drivers of our business success are:

- KCS continues to invest up to 10% of annual turnover in an ongoing applied R&D. R&D is clearly focused on potential market opportunities. KCS is firmly committed to achieving both a technical success and a business success.
- Our philosophy is not to compete in an already busy space so we have developed a unique process to successfully manufacture TPE's down to a new level of softness as well as a means to adhere soft plastics to other polymers and non-plastics such as metals and wood. No one has yet equalled the levels of softness we have achieved.
- Through identifying the convergence of technology opportunity and business opportunity the company is able to develop appropriate risk management and minimisation strategies.
- Ongoing and active staff training and personnel policies enable the company to maintain and keep its most important asset – the collective knowledge and experience of its people. Maintaining a critical mass of knowledge, experience and independent and flexible thought is essential for the business.
- A strategic approach to technology management is important. Technology is strategically linked to the business and decisions to make/buy a particular asset are business decisions and not purely technical ones. KCS boasts unique equipment that supports our business leadership strategy along with more standard equipment that every player in the industry must have to operate.
- Our technology is an important strategic business issue.
- KCS recognises and develops its inherent strengths and overcomes its weaknesses by acquiring appropriate expertise to assist in moving the business forward successfully.