



The drive to transform City e-Solutions Ltd 'ces' into a global hospitality solutions industry is being spearheaded by SWAN, a 'ces' 85%-owned subsidiary, which is rapidly establishing a global brand name for itself. Based in Denver, Colorado, SWAN is not starting out anew; rather, it is building upon an established and proven business which has vast potential to expand under the vision of 'ces'.

The decision to target the hospitality sector was driven by a few structural changes occurring in the industry. First, there is a growing dominance of the major hotel brands. The gap in the deployment and application of technology by the major hotel chains is causing an erosion of market share for the independent hotels and small to mid-sized chains. Consequently, there is strong interest in solutions enabling these parties to compete on a more level playing field with the major brands. Second, the advent of the Internet is revolutionizing hotel distribution channels, in turn creating new interest in distribution opportunities. Third, the hospitality industry lags behind other industries in terms of the application of new technology. Consequently, the hospitality industry's current use of information technology involves legacy systems that result in inefficient communications and data accessibility. The need to overhaul current systems in the industry creates significant opportunities for us.

The mission of the new management is to develop SWAN into an integrated business and technology solutions provider that specializes in services ranging from property, yield and risk management to sales and marketing, reservations, back-office systems, training, procurement and technical services.

**We take an integrated approach to enhance the client's business; we ask ourselves where the incremental efficiencies can come from, be it online or off-line. They could be from improving existing business practices or they could be from migrating certain functions online.**

SWAN intends to provide state-of-the-art technology along with proven systems to the hospitality industry and making the application of technology user-friendly for practitioners with strong technical support and training from us. It is not enough just to own good technology. One must know how to employ it effectively. There are numerous hotels out there that are not harnessing technology to compete with the big chains. Yet, there are a significant number of hotels that have the technology but are using a mere fraction of the capability of the solution. Our goal is to enable customers to employ the right technology and to truly maximize the potential of their hospitality technology solutions.

# CEO's Statement

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SWAN will draw on the complete resources of two existing and three new hospitality business units.

Under a re-organization completed by 'ces' last year to provide an existing business foundation for SWAN, Sceptre Hospitality Resources (Sceptre) and the business of Richfield Hospitality Services (Richfield), which were previously owned by Millennium & Copthorne plc, were injected into SWAN.

**Richfield** is an established independent hotel management company with management contracts for 21 hotels at the end of 2000. With three decades of experience, it provides a full complement of management services to over 250 hotels from limited-service to full-service and resort hotels. This depth and reach allows Richfield to serve as a core platform for SWAN to be an integrated hospitality solutions provider.

**Sceptre** currently provides representation and reservation services to 102 hotels with real-time connectivity to the major global distribution systems in the industry. Sceptre also offers Internet distribution, static database management, channel management and electronic marketing consulting. Under SWAN, Sceptre is enhancing its services on a new technology platform, which will link with SWAN's other product offerings to offer hotels integrated solutions.

Some of the other new services, which SWAN is offering or will be offering, include:

**Shield: An Integrated Online Risk Management Service.**

This will allow our clients to obtain lower pricing from bulk purchase of insurance and, through online programmes, reduce claims. The web-based risk management system will also cut administrative costs whilst keeping 'best practices' and better records.

**Source: A Bulk Purchasing and e-Procurement Enabler.**

SWAN will extend to its existing and new clients the bulk purchasing discounts it currently enjoys in the U.S. and offer hotels access to an e-procurement engine through its technology partnership. These services will help reduce administrative and purchasing costs and inventory. The e-procurement engine will also enable hotels to secure much better

management information to control 'rogue purchasing' and enhance the purchasing workflow. In Asia, 'ces' is actively seeking high-quality manufacturers in low-cost producing countries to be partners in the purchasing programme.

**Solve: A Hospitality Application Service Provider.**

Partnerships with hosting partners and software vendors will enable SWAN to offer 'best-of-breed' software solutions to hotels through the Internet by charging a monthly fee. This offering obviates the need for hotels to commit to high upfront costs in securing new software, as well as allowing for ease of deployment.

A key component of SWAN's expansion is to ensure that there is widespread adoption of our products and services within our client's organization. Hence, training and the service elements of our business are essential. A crucial element that has been inculcated in the organization is that of customer retention. It is widely recognized that customer acquisition cost is far greater than keeping an existing customer.

We are encouraged by the industry's interest in our current and future product offerings. We believe that through our extensive hospitality networks, deep industry domain knowledge and strong management, we can be a major force in the hospitality industry.



**Vincent Yeo Wee Eng**

Executive Director and Chief Executive Officer  
20 March, 2001

