

# Bicycle Retailer

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## AND INDUSTRY NEWS

## Thomson considers carbon fiber components

**T**homson has always prided itself on making its precisely machined aluminum seatposts and stems in the United States. The MTB seatpost it launched in 1995 is still for sale with few changes, marketing manager David Parrett said.

But that could soon change. Following Taichung Bike Week, Parrett and company president Brian Thomson plan to tour several Taiwan carbon manufacturing facilities. Their mission is to decide whether to launch a line of carbon fiber handlebars and seatposts.

“We have to recognize that, while we don’t need to change anything about this [pointing to a seatpost], the pace of change for us has to pick up,” Parrett said at the Splendor Hotel, where Thomson is exhibiting products for Taichung Bike Week for the first time.

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## Mayoral address



Taichung Mayor Jason Hu speaks to the crowd at Wednesday night’s industry dinner as a reporter takes notes.

For more photos from the dinner, see Page 5.

## Lezyne plans for future with new Taiwan headquarters

TALI CITY, Taiwan—Construction is nearing the midpoint on Lezyne’s new 5,000-square-meter factory outside Taichung with a move-in date scheduled before the Taipei Cycle show in early March.

The large white warehouse set amid rice fields and taro plantations in Tali City about 20 minutes south of Taichung is meant to support the next five to seven years of growth for the design- and engineering-focused P&A brand, said Catherine Lin, Lezyne’s Taiwan-based sales manager.

Lezyne was founded by Micki Kozuschek in March 2007 three years after he sold Truvativ to SRAM. Since then, San Luis Obispo, California-based Lezyne has swiftly grown into a \$13 million company with 120 individual SKUs including pumps, multi-tools, hydration packs, saddle bags, shop tools, bottle cages and its latest category, lights.

A walk through Lezyne’s current warehouses and office in Tali City shows the need for new digs—a group of workers assembling LED lights is set up temporarily in the back of

one of two large warehouses used to store finished goods as the main production floor is already at capacity with three busy assembly lines reserved for floor pumps and mini-pumps. In the past year, Lezyne has added about 20 or so new production workers to keep up with demand, and employs between 80 and 90 staff in Taiwan, Lin said. Earlier this year, Lezyne closed its research and development office in the Beitun District north of Taichung in anticipation of consolidating both Taichung facilities into a

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## Rotor OEM crankset to be made in Taiwan

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# SRAM presses pause on IPO

**S**RAM has put its plans to go public on the Nasdaq stock exchange on hold until at least next summer while it waits for volatility in the financial market to wane, SRAM chief operating officer Jeff Shupe said Tuesday.

Shupe said waiting would also allow SRAM to project its 2013 earnings at the time of the initial public offering based on supplier orders for the following year's product.

SRAM announced its intentions to go public back in May in order to raise capital to repay anticipated new company debt acquired to pay off the equity assets held by Trilantic Partners, a private equity firm that invested \$234.8 million in SRAM in September 2008.

The following month, SRAM consolidated its debt in a new \$790 million credit facility, of which \$575 million was paid to Trilantic to regain its shares in the company.

SRAM has said it expects the IPO to raise

approximately \$300 million, but it has never issued a specific date to list on the market. At this year's Eurobike trade show, SRAM president Stan Day said going public would lay the financial foundation for future growth and announced his company's intention to become the leader in urban bike drivetrain components in the next five years through internal gear hubs, external drivetrains for trekking and commuter bikes, and a new electric bike drivetrain.

SRAM gave a first look at the e-bike drivetrain to some product managers at Eurobike and is showing the system this week at the Tempus Hotel. SRAM is also releasing a new version of its top-of-the-line Red road group for 2013. The company has not made any public announcement as to whether it will follow in the footsteps of competitors Shimano and Campagnolo with the development of an electronic drivetrain. —Nicole Formosa

# Newcomer Deep Design pushes pedals



# Vee makes value proposition

**J**im Wannamaker spent much of his career as the U.S. face of Kenda, the Taiwan tire maker.

Now he's back on Kenda's home turf—but this time he's trying to take business away from his old company.

Wannamaker, recently named North America sales and marketing director for Vee Rubber, is hoping to attract OEs and aftermarket distributors with a series of new tires.

His pitch is simple: Tires in the Vee line retail for only \$40, compared with some competitors' products that cost nearly a C-note.

But getting the message to OEMs may take some work. Kenda and Maxxis are two big Taiwan tire makers with strong ties to the local bicycle industry, while Vee is headquartered in Bangkok, Thailand.

"We don't know if it's going to work. We're going to try," Wannamaker said. "They're not very receptive to me taking business from them."

Wannamaker left Kenda and joined Vee in March. Since then, he and Vee have launched a dizzying number of new tire models—all notable for the inclusion of a "V" somewhere in the tread design. Vee is exhibiting at Taichung Bike Week for the first time in Room 1629 at the Splendor.

Bicycle tires account for about 25



percent of Vee's production, and the brand is better known in Europe than in the U.S.

"We're on the march to make some noise next year," Wannamaker said. —Doug McClellan

**A** small company of bike designers hopes to make Taiwan as notable for its design sensibility as it is for its manufacturing prowess.

"We have many factories with very good CNC skills and very good manufacturing abilities. But they don't have very good design abilities," said Ralf Wang, one of three designers who created the company Deep Design.

"What we're trying to do is help these manufacturers with our own designs," Wang said. Deep Design is exhibiting on the third floor of the Evergreen Hotel in the Peony Ballroom.

Deep Design's first foray into components is a line of distinctive road and mountain bike pedals, which are currently sold in Taiwan and China.

The shapely CNC'd pedals incorporate needle and sealed bearings. Some use titanium spindles.

Deep's road bike offering is a platform pedal with a distinctive scalloped surface for grip. Wang said it is designed for older riders who want the appearance of clipless without the perceived insecurity of actual clipless systems.

The pedals have been a tough sell, Wang said, because Deep Design's products are relatively expensive. They retail for about \$120 to \$150 on local markets.

Deep Design started with pedals but will branch out into other components as well.

"We want to let people see our design ability, and help get more people involved to work with us," Wang said.

—Doug McClellan

# Edco pairs Swiss precision with Taiwanese carbon rims

**F**our years ago, TSG Group, a Dutch engineering and design firm, purchased the Swiss bicycle component brand Edco from Sapim, a Belgian manufacturer of spokes.

After a few years of design work the company relaunched hub production at the old Edco factory in Jura canton in Switzerland, an area known for watchmaking. The company is showing in Room 322 in the Evergreen.

“The Edco brand and product line was sold to Sapim in 2001, but the parent company’s business continued, making medical instruments and other things,” said Pascal Hermes, Edco’s product manager.

“So when we asked them to produce our hubs there were employees still working in the factory who had worked on the bike line. They were familiar with the hubs,” he added.

Hermes admits that the strength of the Swiss franc makes selling a Swiss-produced hub in any market outside Switzerland unlikely. But Edco hubs in combination with high-end ceramic-coated carbon rims from Taiwan’s Brainco is a different deal.

“As wheelsets we are competitively priced. We are not as expensive as wheels like Lightweight, but then we use regular

spokes so maintenance and repair is possible,” he said.

Brainco’s ceramic brake track coating not only keeps wet and dry braking performance similar, but regular brake shoes can be used. And the ceramic brake track significantly lowers rim temperatures by a few hundred degrees. High brake heat can cause carbon clincher sidewalls to soften, compromising safety.

The Edco hubs are not simply remakes of the originals. The entire hub is machined at one time and it never leaves the fixture until it is complete, allowing for precise bearing alignment. Cassette barrels are splined with its patented Multisys design. One cassette spline pattern works with Shimano or Campagnolo cassettes.

Wheelsets sell for 1,200 to 1,700 euros, with the range-topping Vue des Alpes Light and Neggia Light selling for a bit more. The company is looking for a North American distributor and expects retail pricing to be between \$1,300 and \$2,000.

The wheelsets are branded Edco/Oseous in Europe and North America and Oseous/Edco in Asia. Oseous is Brainco’s brand name for its carbon rims. —Matt Wiebe



Edco owner Rob van Hoek with his patented Multisys cassette design

# Toyo Taichung strives to balance quality, low cost with frames



Toyo's 29er with 3D curved seatstay for comfort

**T**oyo knows it will never price its steel frames to compete with volume builders, but it opened its Taiwan factory a few years ago to offer more competitively priced low-volume frames.

“Our Osaka factory builds mostly for the Japanese market. The strength of the yen and the high-quality building we do there pushes the price up,” said Jerry Chien, Toyo Taichung’s sales manager.

“Here in Taiwan our frames are still priced higher than most builders, but they are quite a bit cheaper than what we can produce in Japan. Knowing that we cannot offer low prices, we focus on offering a high level of quality for the money,” he said.

At Bike Week, Toyo is showing a new internal lug design that allows for a lugged bike with smooth transitions at the joints. Its frames and components are on display in Room 320 at the Evergreen.

“The smooth joint looks like fillet brazing. It’s a very popular look in Asia,” Chien noted.

Toyo offers steel frames out of Columbus, Reynolds and Kaisei tubing in a variety of styles. It has everything from a chromed mixte to a TIG’d BMX frame on display.

The Taichung factory currently supplies OEM frames to Wabi Cycles and Raleigh in North America.

“For a lugged bike order, a 50-frame run in three sizes is our minimum. For TIG-welded bikes, a 100-frame run is needed,” Chien added.

Toyo also is showing a growing line of components, including a variety of forks, handlebars, handlebar stem combinations and pedals. And in collaboration with Sobdeall, the company offers a leather saddle and accessory line to match its simple steel frame aesthetic. —Matt Wiebe

Continued from cover

# Thomson

“We probably need a carbon fiber version of the Thomson seatpost. We need a road bike version of the seatpost. We just need to show a little more pace of change,” he added.

One impetus is the desire to nab more OE business, which is a little harder to do when Thomson has to ship all products from its U.S. factory in Georgia to Taiwan bike makers. About two years ago, Thomson hit a sweet spot among bike brands with its X4 mountain stem and inched up its OEM business to about 30 to 35 percent of overall sales. The company never wanted to go beyond that number, Parrett said, but it has since fallen and he would like to see the numbers rebound.

Another motivating factor is a recognition that the industry is changing. Thomson products carry premium prices and are popular with fixies, the handmade crowd and certain segments of the mountain biking community.

“We can’t be painted into a box where all that people want from us is CNC-machined aluminum, because at some point they wouldn’t even buy that anymore,” Parrett said. “I don’t want people to be very, very fond of Thomson but be unable to put it on their bikes.”

Bike components have never been Thomson’s core business. It also sup-



David Parrett

plies airplane makers like Gulfstream and Cessna. Its major customer is Boeing, for which Thomson machines big pieces of carbon fiber for the new 787 Dreamliner passenger jet.

Parrett said Thomson is still a ways from deciding whether to proceed with carbon. Any new bike products would not be available until at least the 2014 model year. And, he said, the company could decide not to do anything.

“We may not do it. At the end of the day, we may just go, ‘You know what, we’re not going to do handlebars.’” —Doug McClellan

Continued from cover

# Lezyne



Lezyne Taichung sales staff (from left) Tina Lu, Perry Hung, Stacey Ho and Catherine Lin pose in the company’s new warehouse in Tali City.

central location.

The new warehouse, which is owned by Lezyne on leased land, is double the size with ample space for production, warehousing of finished goods, and loft offices for sales, purchasing, research and development, financial and HR staff.

Once finished, the new space should allow for future growth as Lezyne expands its offering in the light category with blinkies and high-powered racing lights. The company expects 50 percent growth in sales next year, bringing revenue up to \$18 million, said Patrick Ribera-McKay, Lezyne’s worldwide marketing manager. —Nicole Formosa

Taipei International Cycle Show 

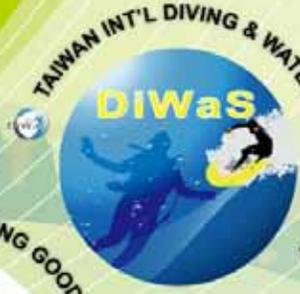
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# Photos from the industry dinner



Steve Fenton is one of the volunteer organizers of Taichung Bike Week.



Taichung Mayor Jason Hu toasts the crowd, accompanied by Michael Tseng of Merida and Stella Yu of Velo.



A musician plays traditional music for the audience.

## Rotor OEM crankset to be made in Taiwan

**S**panish manufacturer Rotor Bike Components will outsource production of its most popular OEM crankset to a third-party factory in Taichung as part of a broader effort to improve delivery next year.

The 3DF road and mountain crankset will be made in Taiwan by an established components factory already making parts for several well-known brands, said Phillip Lucas, the company's sales manager. The cranksets have been in the OEM market for a year, but will launch to the aftermarket next year. Rotor will also outsource a portion of its bottom brackets to Taichung, Lucas added. The Madrid-based company also makes stems, bars, seatposts and its signature Q-Ring oval chainrings.

Along with situating Rotor closer to its customers, the move East also relieves some of the pressure from Rotor's Madrid factory to increase capacity for its in-demand 3D+ and 3D cranksets. Rotor will drop the Agilis cranks from its line to make way for more popular products. Agilis was a "pimp my bike" upgrade for riders, and although it saw some success, it makes sense

for Rotor to concentrate on the more mainstream 3D+ and 3D lines.

"The aim is not to overload any one production facility, which was the case last year," Lucas said, referring to capacity issues that resulted in limited availability to aftermarket distributors.

Rotor has also reduced its investment in pro tour teams from five to two in a move to free up more product for the end consumer. That decision is a result from a difficult lesson learned this year when a significant portion of product went to sponsored teams, leaving distributors shorthanded.

"We made significant leaps forward to guarantee our shops, if they invest in wall space on our product, they get the ROI on that space. We realized last year, if a shop dedicated space to our product they might not have gotten that ROI," Lucas said.

Rotor may eventually shift more production to Taiwan, but the Q-Ring CNC'd oval chainrings will stay in Madrid indefinitely in order to protect intellectual property, and due to the product's technical complexity. In the long term, Lucas foresees Taiwan becoming the manufacturing source for Rotor's volume cranks and components while the "Made in Spain" stamp will be reserved for cutting-edge products.

To further cement its commitment to Taiwan, Rotor has brought over sales and operations manager Antoine Berte to staff a full-time quality control, logistics and market research office in Taichung. Berte will start off solo with the goal to grow in the future.

"It'll become a whole new office, a satellite of Rotor," he said. —Nicole Formosa

## Bicycle Retailer AND INDUSTRY NEWS

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