

# UTA announces improvements to its auction concept.

An interview with UTA's founding partners, Rainer Busch and Marc Verhaeghen, and its new shareholders, Lawry Rickards and Arie Maan.

**UTA was launched in 2006 and held its first public viewing and auction in 2006. How successful was this debut and what support did UTA receive from the tobacco industry?**

**Busch:** The support was good, although we expected more participation after all the feedback we received during our extensive contacts and visits around the world to promote the benefits of the platform. We had more than 6 million kg of stocks from around the world on the table, represented by samples and cut rag.

**Since that first auction, you have traveled to all the main tobacco growing areas, attended tobacco exhibitions and visited the tobacco manufacturers worldwide. What reception did you receive from the industry?**

**Busch:** The acceptance of our tobacco "mall," where members can enter and access tobacco stocks of all varieties, origins and packing forms under one roof, has been very strong. I believe that a lot of companies acknowledge the benefits UTA offers to the tobacco sector. Some players may not be ready yet to jump on it, since they do not know what will be the consequences on their future working practices. Today, I guess at least one person per family is using the Internet to shop online, and everybody knows that it will hit our sector sooner or later. It will be difficult to keep this development away from our sector, since efficiency, simplicity and neutrality affect shareholder value, profits and compliancy.

**Question: On July 3, 2007, UTA announced important improvements to its auction concept, which obviously came about from your travels and meetings with key players in the marketplace. What are the main changes to your business plan going forward?**

**Busch:** Firstly, we looked at the shareholding and management role. We approached Lawry Rickards and Arie Maan to become shareholders and take an active part in our management. Lawry has held a top management position with Universal Leaf in Africa, and Arie held a top position for Dimon in Turkey.

Secondly, after we reconsidered the entire UTA concept we came up with a structure that we believe will meet the buyers' and sellers' requests and provide a first-class service to all compliant and committed members of the tobacco industry. We want to be accepted as a serious, cost-effective facilitator to the tobacco trade and provide a neutral platform for sales of global uncommitted tobaccos. So, yes, we have taken advice from all interested parties.

**Rickards:** We understand the culture of the tobacco industry; the traditional way of doing business. The importance of delivering the product that was ordered. UTA will deal only with credible, registered members of the tobacco industry. Within this framework, UTA will concentrate on uncommitted stocks.

It is well known that uncommitted stock is expensive to finance, store and get rid of. Having salesmen traveling the globe trying to sell unwanted stocks is not only expensive but also time consuming. One of the main changes to the original UTA concept is that we now have a permanent sample room in Antwerp, Belgium. Members are able to request private viewing there.

**So you cater to both sellers and buyers, and small and large players?**

**Rickards:** Absolutely. Today, there are many small traders who want to source tobacco for their customers. The UTA Web site is a perfect platform to view what is available. The concept applies to all industry players.

**Have you had any negative responses to your concept?**

**Rickards:** Yes, we have. But that has been outweighed by the positive feedback.

**Busch:** Some people have not yet realized the possible benefits of UTA. They see UTA as a competitor rather than an opportunity and service facilitator. The advantage of setting a price, without harming traditional business relationships or [dealing with] other negative effects is suitable for everybody. Neither the seller nor the buyer will know whom he is dealing with until the deal is completed. Participants even have the possibility of remaining anonymous throughout the entire deal.

**What would you say is the main concern among potential customers?**

**Rickards:** As Rainer mentioned before, no one likes to change from what they are accustomed to. The biggest issue is, will I get what I ordered? That's why earlier on in this interview, I stressed that UTA will deal only with credible, registered members who have been accepted by UTA's board—that goes for both potential sellers and buyers.

**Will UTA concentrate on Europe or will it also expand into other regions?**

**Maan:** Once we have received the full support in participation, we will look into other regions and try to get closer to the buyers. The Far East and the United States have already been discussed as targets.

**We have discussed the private viewing concept within the UTA business model. What about the public viewing and auction that will be held biannually?**

**Busch:** I can refer to the Indonesian auction market held in Bremen, Germany, where sellers, brokers and buyers are used to getting together. Most probably more business is done outside the auction, but it was good to get together and receive the latest gossip. Our working environment and business ethics have changed. During the viewing week UTA is renting slot times in order to guarantee visitors complete privacy.

**After its debut in 2006, UTA changed some of its fees and rules. Why?**

**Busch:** We wanted to adjust the fees to what has been custom and practice in the present business. Feedback from members and potential future members told us that the charges needed to be determined by the success of the trade. We think this is fair—that sellers are charged only after a successfully completed deal.

We changed from CIF prices to FOB prices, since this is what buyers are used to. For promotion purposes, we might offer free memberships for a limited period. The membership fee is supposed to cover most of our running costs.

Not every company has understood yet that we are facilitating an opportunity for the tobacco sector. One from which everybody can benefit. The more support



we receive, the quicker the benefits will arrive to our members. Most opportunity purchases are concluded based on one offer sample and later redrawn samples or inspections at origin. UTA is no different.

**UTA offers a live, online catalog that displays, anonymously, the sellers' grades to all potential interested members. How easy is the catalog to operate and what changes have been made?**

**Verhaeghen:** Accessing the catalog and searching for any grade online is very straightforward; it is like any other catalog on the Internet. We have made it easier and faster to get new tobacco offered in the catalog. We have dramatically reduced the amount of information required. It takes just a couple of minutes to get a new lot online. If desired, we can also key in a seller's inventory free of charge. Buyers can already make bids and close deals today, but it is still based on an e-mail procedure. In September bidding and closing deals will be simplified and automated and fully online. It will cut out a lot of paperwork.

**Will the UTA Web site and online catalog become a useful daily tool to members? What advantages will there be?**

**Verhaeghen:** How much time will a buyer save when he is looking for a particular grade and he can find it in seconds, by looking at a global catalog, holding most of the uncommitted tobaccos available in the market? What is easier than getting an e-mail or voice message telling you a bid has just come in for one of your grades? A seller would then simply log on to the UTA catalog and accept or reject the deal, or make a counter offer. All it takes to close a deal are a few keystrokes! To follow up on bids and contracts, seller and buyer get a simple screen showing the status of their offers, bids and contracts.

**Busch:** Yes, members of UTA will have many advantages. If you are a seller, trader or manufacturer, you can access a lot of unsold tobaccos within seconds. With the selection criteria you will have a complete offer of your required tobaccos in front of you by the time you would still be discussing the weather and the most recent soccer game results in a more traditional deal. You can ask for samples or you can first make your bid at a price that you are comfortable with—without having to justify your decisions.

Buyers have the opportunity to enter their purchase requests in a separate catalog, and I am sure that anyone who has tobaccos for sale would not mind checking every morning whether somebody happens to be looking for tobaccos he could offer. UTA is not changing the traditional business but wants to reach the point where each seller will forward representative samples of any unsold tobaccos to UTA Antwerp. Buyers, on the other hand, can visit UTA's showroom at any time, look at stocks from around the world under one roof and then select the desired samples after smoking and evaluating the quality.

**Once the grades have been chosen, the buyer will request samples. Who pays for the shipping of samples?**

**Busch:** This is the seller's responsibility, but he will have saved money through the public and private viewings, which have presented his tobacco to many potential buyers. These buyers all look at the same sample before ordering more. An order for additional samples is a promising sign, because the bidder is already aware of your indication prices, he has seen the sample and smoked the tobacco at the viewing. How much money and time do leaf merchants normally spend on client acquisition? UTA is doing it for them by expanding its membership to the maximum possible.

**Recently, UTA announced a cooperation agreement with Tobaccopeople. What exactly does this mean?**

**Verhaeghen:** Tobaccopeople has developed a service tool for the tobacco sector, which UTA is part of. Tobaccopeople is developing a platform to get parties together to communicate and exchange information over the Internet. This is similar to what UTA is doing, but Tobaccopeople is providing this on a broader basis, including tobacco machinery, supplies and other services. Both companies have much in common and our understanding of the business is very similar. We are making a great team and we are ready to make use of the benefits the Internet is providing today.

**Is there anything else you want to share with our readers?**

**Busch:** UTA would like to thank its current members for their support. For companies that have not joined the club yet, we hope to welcome you as a UTA member soon.

## Uncommitted Tobacco Auction



[www.uta-web.com](http://www.uta-web.com)

UTA's mission is to be accepted as a serious, cost effective facilitator to the Tobacco Trade. UTA aims to provide to all compliant and committed members of the tobacco industry a first class service that will prove beneficial to all parties concerned.

UTA offers a neutral, on-line sales platform for global Uncommitted Tobaccos featuring:

- A permanent online Catalogue giving free access to worldwide tobaccos.
- Simple trading online.
- Private viewings for interested Buyers at any time at UTA show rooms in Antwerp.
- BI-annual mass viewings followed by an online auction.
- Buyer Request Forms.

UTA is a unique opportunity for the tobacco sector to complete a trade undisclosed, in keeping with its traditions but at the highest efficiency thanks to being "online".

UTA cooperates with TobaccoPeople, the first comprehensive online business platform for the Industry.

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PEOPLE  
COMPANIES  
PRODUCTS  
MARKETS  
*Business cannot wait.*

TOBACCO  
People