

BUSINESS

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War over the photocopier

By Peter Koenig

A DISPUTE over leased photocopiers between Canon, the Japanese giant with UK sales of £500m a year, and Addenbrooke's, the Cambridge-based hospital trust, is under review by the Department of Trade, the Office of Fair Trading, and the Department of Health.

"I am disappointed that a company of such a high reputation as Canon has taken so long to resolve this matter," Addenbrooke's chief executive John Ashbourne said, discussing the referral of the trust's complaints to Minister for Consumer Affairs, Nigel Griffiths, on 2 June.

"We are disappointed that Addenbrooke's has refused to talk to the dealer involved," replied a Canon spokesman. "We believe there is a misunderstanding, and are ready to mediate."

The dispute, over the terms under which Addenbrooke's leased 59 Canon photocopying machines for five years, casts doubt on OFT claims that photocopier selling practices have improved since the results of the its investigation into the industry were published five years ago.

In a letter to Canon last February Addenbrooke's assistant finance director, Adrian Goodchild, complained that the hospital trust was paying 1.92 pence per copy for the use of

Canon photocopiers, compared with 1 pence for a photocopier supplied by Minolta, and that it faced a penalty of £317,500 if it terminated its contract early.

Canon and the authorised dealer involved in the dispute, Hertfordshire-based Vision (Office) Automation, maintain that the hospital trust entered into the 11 separate contracts signed in 1997 with its eyes open. Both Canon and Vision claim that Addenbrooke's could have fine-tuned its contract without going to the Government.

The dispute illustrates the complexity of deals where manufacturers, their dealers and finance companies split the profits from sales of leased office equipment, while customers lease rather than buy office equipment to minimise up-front costs and exploit tax breaks.

Canon and Vision suggest that the dispute has been made worse by Copywatch, a cost-reduction consultant brought in by Addenbrooke's to assist in renegotiating the contract. Company executives charge that in encouraging Addenbrooke's to take its complaints to the Government, it was pursuing its own interest.

Huw Williams, of Copywatch, said: "We stand behind every bit of information we have supplied Addenbrooke's."