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SATURDAY, APRIL 25, 2015

Ambulances in Metro Vancouver are getting to the most life-threatening emergencies faster ... at the expense of thousands with less serious ailments.

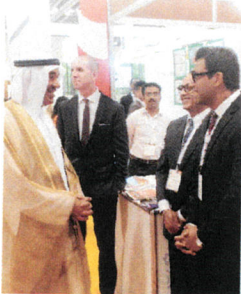


That's according to an exclusive analysis by The Vancouver Sun of more than 600,000 ambulance calls over the past five years in Vancouver, Surrey, Burnaby, Richmond and Langley. » A14-15

BUSINESS

Doing deals in the desert

B.C. entrepreneurs find Middle East is fertile ground for expanding their business. » D1



SPORTS

Once more into Red Sea

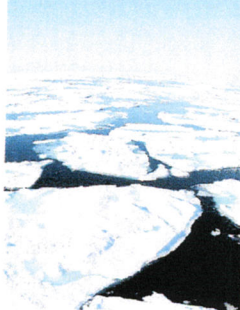
Canucks aim to silence raucous Saddledome crowd and force Game 7. » C1



WEEKEND REVIEW

Climate battleground

Retreating sea ice is forcing the relocation of a remote Alaskan village. » F1



WESTCOAST NEWS

Big win for French schools

Supreme Court ruling could trigger building boom for francophone schools. » A6



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The ninth Earl Spencer is coming to Vancouver. Photo: Jeffery Jordans.ca

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BRIEFINGS INTERNATIONAL TRADE

Mattel game card irks Poland

The Polish government has demanded that toy producer Mattel recall a party game and correct a card that refers to "Nazi Poland," officials said Friday. Poles find such language offensive because Poland was never allied with Germany and was subjected to a brutal occupation in the Second World War. The Polish embassy in Washington has asked Mattel to withdraw Apples to Apples, in which players compare different things. The disputed card is entitled Schindler's List and says: "1993 Steven Spielberg film. Powerful, real-life story of a Catholic businessman who eventually saved over 1,000 Jews in Nazi Poland."

HSBC may move HQ out of U.K.

HSBC Holdings Plc. less than two weeks before Britain's general election, said it's reviewing whether to move its headquarters out of the country because of rising tax and regulatory costs. A move to Hong Kong, viewed by analysts as the bank's most likely destination should it relocate, would unpick a structure that existed since the Hongkong and Shanghai Banking Corp. acquired Britain's Midland Bank Plc in 1992. "The work is underway," chairman Douglas Flint told shareholders Friday at the bank's annual meeting in London.

Comcast spikes Time Warner bid

Comcast is dropping its \$45-billion-US bid for Time Warner Cable after heavy regulatory pushback. The combined company would have put nearly 30 per cent of TV and about 55 per cent of broadband subscribers under one roof, which would give the resulting behemoth unprecedented power over what Americans watch and download. Competitors, consumer groups and politicians have criticized the deal, saying it would lead to higher prices and less choice.

Don Cayo: In my opinion

B.C.'s use of its carbon tax to achieve environmental goals through market forces is falling behind, but still remains one of the best in Canada.



» D3



From left: Hussain Nasser Lottah, director general of the Dubai Municipality, speaks with Muhammad Amir, Mo Amir, and Fareed Amir of SPF Precut Lumber in Dubai, UAE. The Vancouver company has a 70 per cent market share of all B.C. softwood lumber exported to the Middle East.

Vancouver entrepreneurs find fertile ground in Middle East

Region is evolving from oil and gas into diversified business sectors

JENNY LEE

AND ROBERTA

When Kari Yuers' business development manager suggested exporting to the Middle East, the CEO of Kryton International could hardly believe her ears.

"I said, 'Why would we go to the Middle East? We sell concrete waterproofing and that's the desert.'"

As it turned out, groundwater beneath all that sand is a major management challenge.

"There is actually a huge opportunity in the Middle East," Yuers said. Indeed, the area has become one of Kryton's fastest growing regions with 50 per cent sales growth this year contributing to overall corporate growth of 30 per cent year over year.

The Middle East isn't an obvious market to most Canadian entrepreneurs.

"I suspect some would think that Saudi Arabia might be a difficult market to get into due to

There is significant demand in food and beverages, consumer goods, industrial equipment and mining sectors.

SWAMI SUNDARRAJAN

BUSINESS CONSULTANT WITH THE BUSINESS DEVELOPMENT BANK OF CANADA

culture differences, distance, and other perceived barriers," said Axel Christiansen, growth and transition capital managing director at the Business Development Bank of Canada (BDC).

But lately Yuers, who's been selling into the area since 2001, has noticed more diversified opportunities in the region. Opportunities are moving beyond oil- and gas-related businesses and it's getting easier to do business overall, she said.

BDC business consultant Swami Sundarajan agreed.

"Middle Eastern economies are looking for partnerships in multiple industry sectors," Sundarajan said. "There is significant demand in food and beverages, consumer goods, industrial equipment and mining sectors."

Mo Amir, general manager at SPF Precut Lumber, ships Canadian softwood to Saudi Arabia, United Arab Emirates, Jordan, Kuwait, Bahrain, Israel, Iraq and Qatar.

The Middle East "is very easy to overlook when you have the U.S. as your next-door neighbour and China a stone's throw away," Amir said.

At about 100 million people, the market isn't especially large, but for a 10-employee company like SPF Precut, "it's perfect," Amir said.

Both the United Arab Emirates and Saudi Arabia are priority emerging markets for Canada.

Merchandise exports to the UAE are growing annually, totalled \$1,755.3 billion in 2014, making it Canada's 18th-largest

merchandise export market, according to Foreign Affairs, Trade and Development Canada. Merchandise exports to Saudi Arabia, Canada's 23rd-largest merchandise export market, totalled \$1,245.8 billion in 2014.

Here are four snapshots of companies that target the Middle East market.

Iplayco

Iplayco's unusual story began when Franco Aquila and Scott Forbes, senior managers with a now-defunct playground manufacturer, left to start their own business.

The indoor playground manufacturer and installer went public in a reverse takeover (TSX Venture: IPC) in 2003. But in 2011, the company was struggling following the 2008 financial crisis. Its 40 employees were on a reduced work week. Sales were \$8 million and declining.

CONTINUED ON D5

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FROM PAGE D1



Iplayco Corporation Ltd. makes playgrounds such as this one in Langley. The Langley-based company has found a lucrative market in Saudi Arabia, where it built the world's largest soft-play centre, accommodating up to 2,500 children. (JENELLE SCHNEIDER/PNG)

Fertile ground in Middle East

That's when Forbes met a Saudi group at a trade show. One job turned into half a dozen with the prospect of 100 more, but the client wanted better payment terms and Iplayco needed the working capital.

Iplayco solved the problem with trade financing from HSBC Bank Canada for its larger contracts, which are insured with Export Development Canada. Iplayco gets up to 90 per cent of the value of financed contracts before shipping, while clients can hold off payment for up to 180 days from shipment. Iplayco also received BDC financing, which helped with working capital for mid-tier customers.

Many customers return repeatedly, with dental chains and fitness clubs buying 100 to 200 playgrounds each. "The last three, four years, churches have been huge. I just estimated two today alone," said Aquila, a former Fernie heavy equipment operator who got into the playground business by chance and never left.

Then last fall, Iplayco's Saudi client, FAS, a large Saudi retail and real estate group and owner of Billy Beez family entertainment centres, not only came back, it bought 51 per cent of Iplayco in a private placement. Iplayco has 80 employees, annual sales over \$17 million, and customers in 50 countries. It received the BC Export Award for Manufactured Products in 2014, and in 2013 set the Guinness world record for building the largest soft-play area in the world. The 25,000-square-foot Billy Beez entertainment centre is in a Saudi Arabian mall and can accommodate 2,500 children at once.

While providing extended credit terms was critical, working in the Middle East has posed other challenges, Iplayco CFO Max Liszkowski said. In 2013, Iplayco had a \$1-million contract to manufacture and install a playground in Mecca, but only Muslims are allowed in the holy city. They needed a crew of two dozen Muslims for eight to 10 weeks. They had only two.

"Our CEO spent some pretty long nights on Skype trying to co-ordinate everything with the crew chief," Liszkowski said. "Our CEO is Italian Catholic, so there was no way he was going there. They couldn't let him in."

Permitting, approvals and high-level decisions tend to move very quickly, Liszkowski said, but working with contractors and labourers can be slow and unpredictable.

Typical work days can stretch well into the night, but crews stop work to pray multiple times a day. Iplayco's learned to build



Left: Absolute Spa Group founder Wendy Lisogar-Cocchia says doing business in Dubai was much like anywhere else, and that there was a market for her high-end skin-care products. Right: Franco Aquila, CEO of Iplayco Corporation Ltd. and CFO Max Liszkowski, shown at their manufacturing facility in Langley, say about half of the company's business is now in the Middle East. (JENELLE SCHNEIDER/PNG)

"a good 10- to 15-point buffer" into the budget.

While North American customers will spend weeks on contract wording and liability issues, "the Saudis are not too fussed about what's in your contract — this is what I want to pay for it and this is what I want to get and just get working on it," Liszkowski said.

Half of Iplayco's business is now in the Middle East.

SPF Precut Lumber

This 25-year-old family business — "It was founded in a basement in North Vancouver by my father" — needed to find a way to compete against European competitors. Although Canadian softwood has advantages such as density and consistency, Europe is closer to the Middle East.

"In order to be successful, we've had to develop an inventory and logistics model that allows us to ship even faster than the Europeans in spite of their geographic advantages," said Mo Amir, who handles logistics for the 10-employee company that contracts out everything from inventory to trucking.

SPF carries a large inventory so it can put an order on the water within 10 days.

"It sounds pretty simple. Amir said, but involves "huge" inventory risk and very strategic buying. It's only possible because SPF has 20 markets and overlapping product. "We are still a family business. We work on low margins."

Another key has been offering flexible payment terms and

flexible weekly shipments that cater to the end-users' cash flow. A container ship takes 40 to 45 days to get to the Middle East from Vancouver. Meanwhile, mills shipping product to SPF can ask for payment within 10 days. "It requires a very good CFO to manage our cash flow."

In general, the Middle East favours a respectful, formal business style, Amir said. Emails are always addressed "Dear Mr." or "Dear Ms." Family businesses are respected, Amir said.

Challenges are many. A year ago, specification codes for prefabricated homes throughout the Gulf region changed to favour steel over lumber and SPF lost a large market.

European competitors have gained ground in lumber sales to pallet manufacturers as their currency has devalued. The EU also has a more economical workforce and logging practices "less focused on sustainability than ours," Amir said.

Nevertheless, SPF has a 70 per cent market share of all B.C. softwood exported to the Middle East. It shipped 200 million board feet of lumber to 20 countries in the Middle East, South Asia and Southeast Asia.

"The investments we've made in terms of time, energy and money certainly have paid off."

Kryton International

Kari Yuers took over her father's concrete waterproofing business in 2011, years after he'd fired her — times were tough and he was realistic. She promptly



fired her mom: "My mom did five people's jobs, but she was not a delegator," Yuers said, with the hint of a smile.

Kryton's key product is a waterproofing additive (Krystol Internal Membrane or KIM) that is added to concrete as it is mixed. Recent projects include the 45-storey Juma Al Majid tower in Dubai and Singapore's architecturally eccentric Marina Bay Sands.

In the Middle East, fees and paperwork can be a challenge, Yuers said.

"The Emirates reminds me of a big company that's going through growing pains and trying to make sure they have systems and processes and authorities, and you can get caught up in that as a company," she said.

"We recently moved from one trade zone to another and each piece of paper has to be stamped by the UAE embassy, which is in Ottawa, and that cost me about \$1,000 a page."

Bureaucratic instructions can change rapidly. It's important to have a lot of patience, visit the region in person and "not let your preconceptions limit you," Yuers said.

There's absolutely no reason for women entrepreneurs to avoid doing business in the Middle East, she said.

Expect, however, to be "a little congenial" with Saudi social etiquette, where women may be required to use a different entrance, Yuers said. "I haven't had any difficulty travelling regularly to the UAE. Don't wear tank tops and short shorts, but

you can easily wear Western clothes. You're not required to cover your face."

Yuers is much more concerned about port and rail disruptions.

Kryton has 50 employees in Vancouver and 35 internationally, and sells to 48 countries, with 90 per cent of sales outside of Canada.

Soluzione Spa Products

Spa entrepreneur Wendy Lisogar-Cocchia explored exporting her skin care products to Middle Eastern hotel spas by chance. While planning a Dubai holiday, she thought she might as well look into opportunities. To her surprise, the market looked ripe for her high-end products.

"There's so many five-, six-, seven-star hotels," she said. "I didn't realize the scope of business that was available over there for these products."

Lisogar-Cocchia found a distributor in Dubai selling into hotel spas. Her Spa BINGE Naturals and Y-SPA Men's grooming products should be in Dubai hotels by this summer.

She found that doing business in Dubai was much like anywhere else. "We didn't really find anything that was out of the ordinary. There's a lot of details like making sure your product is going to be fine if it's sitting on the tarmac in the heat."

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See video with this story at vancouver.sun.com