PRESS RELEASE

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A Paperless Society – A Distant Dream?

Only 12 in 100 companies in Singapore says paper consumption dropping, almost 90% have no guidelines on paper use.

Rising Paper Consumption among Singapore Companies

Despite the proliferation of documental management technologies and increasing public awareness of the environmental costs of de-forestation, paper consumption in Asia is rising at a steady pace. Within the next five years, this region is expected to account for one-third of global consumption[1].

A recently survey of 100 companies in Singapore conducted in May-June 05 by Spire Research and Consulting, the leader in Asia-Pacific strategic market intelligence, found that:

- Only 12 percent of offices noticed a drop in their paper consumption in the last two years
- 37 percent noticed that paper consumption had remained at the same level during this period
- 51 percent noticed that paper consumption had increased during this period

The sample consisted of 37 companies with staff strength less than 30, 31 companies with staff strength between 30 to 100 and 32 companies with staff strength of above 100. Survey respondents consisted of executives with knowledge of and/or responsibility for paper purchasing patterns in each company.

The survey also revealed that paper purchasing behavior is similar irrespective of the size of the organization. Individual departments, each with up to 25-30 personnel, order paper independently. Rarely do paper-conservation initiatives seriously impact ordering behavior.

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[1]John Young, Director-Great Southern Plantation, Australia, 9th April 2001

No Guidelines on Paper Use enforced in most Singapore Companies

In spite of the increasing attention given to document management in large corporations:

- 88 percent of the companies surveyed said that they had no existing policies or guidelines governing the use of paper - employees were free to use as much as they needed.

- Out of the 12 percent of offices that had guidelines:

  - Only 3 percent of respondents had measurable, concretely enforced guidelines such as limits on paper consumption per employee.
  - 4 percent of the companies had specific guidelines for paper conservation but did not practice any monitoring mechanisms.
  - The remaining 5 percent limited their paper conservation policies to mere encouragement and voluntary efforts.

Companies with paper conserving measures in place were typically motivated by ISO standards or were Multi-nationals implementing directions on paper conservation from overseas head offices.

27 percent of offices in Spire's survey cited finance and accounting record-keeping to be the largest consumer of paper. This is likely to be a function of what many companies see as the legal requirement that hard copies of accounting records be kept for as long as seven years. In most contexts, government departments and courts still recognize only hard copies and "wet signatures", or at least are seen to do so.

Corporate Sector a Key Driver of Singapore Paper Consumption

Singapore's total imports of paper fell in 2003 by 26 percent, but recovered to a 2 percent growth in 2004[2]. A senior marketing manager with a leading paper company in Singapore explained that the numbers were low because of the slowdown in the country's corporate sector.

However as the Singapore economy picks up, demand for paper is expected to rise again. Paper companies in general are maintaining an optimistic view about their sales in Asia.

Asia-Pacific Set To Be Key Market for Paper

The consumption of paper is linked not only to the GDP per capita of a country but more so to IT penetration. Typically paper consumption sees a jump with the advent of mass computerization and office automation, but then slows down to a stable, single digit growth rate as a result of increasing awareness of cost issues and environmental concerns.

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[2] Trade Statistics, IE Singapore

For example, in 2001, the United States of America, with the highest annual consumption of paper at 324 kg per capita, had an Internet penetration of 58 percent. In Europe the average consumption was 220 Kg with an Internet penetration of 38 percent[3]. In contrast, Malaysia used 75 kg per capita with an Internet penetration of 25 percent and Thailand used 31kg per capita with 4 percent Internet penetration[4]. The numbers in India and China are even smaller - 4kg per capita and 27 kg per capita per person, with Internet penetration rates at 0.67 percent and 2.08 percent respectively.

Country	2001 – Annual Paper Consumption (kg per person)[5]	2001 - Internet Penetration (percent of countries population)[6]
USA	324	58
Europe	220	38[7]
Singapore	191	49
Korea	159	46
Malaysia	75	25
Thailand	31	4[8]
China	27	2
Indonesia	21	1
India	4	0.7

Asia offers great potential for the paper industry, given the economic development in the region and the growth of computerization in China, India and Indonesia. More paper, printing equipment and consumables will be used for work and leisure. A strong growth in the education sector and urbanization are also factors driving demand in these countries.

Conclusion – drive towards paperless-ness needs to be realistic

Technologies like the digitization of content, document management software and sophisticated printer/copier management systems have held out the promise of a less paper-intensive environment.

However in reality, paper consumption in most offices has been increasing. While computers and digitization provide alternatives to hard copies, the same forces ironically drive up printing and consumption of paper. This is because IT and digitization have led to the generation of increasing quantities of data, while legal requirements for record-keeping and deeply-rooted cultural habits ensure that much of this information is used in hard copy form. Hence digitization and paper consumption are growing in tandem, feeding off each other rather than acting in opposition.

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[3] Press Release Europe Information Technology, Feb '02.
[4] UNDP, HDI, UNESCO-2001.
[5] http://earthtrends.wri.org.com, Country Reports on Energy and Resources- 2003
[6] NUA Internet Surveys 2001
[7] Press Release Europe Information Technology, Feb '02.
[8] UNDP, HDI, UNESCO-2001.

While legal and business practices may one day catch up with technology and allow soft copy documents to be used, the cultural motivations for paper usage will not change in the short-term. Most people have a deep-seated familiarity with processing information in paper form. As such, any drive towards complete "paperless-ness" should perhaps be reconsidered, in favor of policies promoting sensible recycling of paper and sustainable paper production.

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About Spire Research and Consulting

Spire Research and Consulting is Asia's leading strategic market intelligence consultancy. Spire's competitive advantage lies in its ability to deliver to its clients actionable intelligence on the external business environment in support of their strategic decision-making in marketing and business development. Spire is one of the few companies in its industry to be headquartered in Asia. Spire's clients include over 20 Fortune 500 organizations as well as Government agencies in nine countries. For more information, visit us at www.spireresearch.com.

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