

RETURN TO: [Home](#) > [Our Services](#) > [Research](#)[PRINTABLE VERSION](#) [EMAIL](#)**Movers & Shakers Interview with Mr. Wong Yiu Chu, Denny Chairman and CEO of Advanced Card Systems Ltd****Date Published:** 22 Dec 2009*By: Navin Rajendra, Senior Research Analyst Smart Cards and Auto ID, APAC*Mr. Wong Yiu Chu,
Denny**Could you please elaborate on some of the changes that Advanced Card Systems Ltd (ACS) has incorporated over the years?**

Denny: The principles of ACS will never change. We have never deviated from our emphasis on developing state-of-the-art technologies for smart card readers and smart card operating systems. Our culture of keeping commitments and being reasonable to others has been unvarying. Ensuring product quality has always been one of our most fundamental goals and we have taken the world to be our target market since day one of our business.

What we have changed in the past is the strategy in the choice of products to develop. There were four main stages:

1. We focused on developing one single type of product, the PC-linked reader for the world market and we followed the industry standards closely, such as the PC/SC, EMV and CCID standards. These readers are standard products and are thus required by a large number of customers from varying fields. For a particularly prominent project requiring a significant number of readers, the competition on price is usually keen.
2. In order to shorten a product's time-to-market, and thus to control the cost of development, we started to develop products based on the specifications of our customers. These specifications are usually proprietary, and in our experience, they allow our customers to meet their needs but usually do not generate much subsequent business for us. Nevertheless, we learned new technologies and built good relationships with our customers in the process.
3. We then re-emphasized on developing standard products again whilst still continuing to develop customized products.
4. We have been talking about offering a smart card based solution. However, we want to avoid competing with our own customers who are usually solution providers using our readers and cards. Thus we want to be very selective in offering a solution. We entered into the business of providing automatic fare collections using contactless cards particularly for buses.

In your opinion, what do you think are some of the key concerns of your clients and how has ACS managed to address them?

Denny: The usual concerns of a customer on a supplier are whether the supplier can deliver the products on time and in good quality. A customer acting as a distributor will have the concern that its own customers will go direct to the manufacturer and by-pass itself as a distributor. Our company culture certainly addresses all these issues. Our cultural statements are shown on our home page. Here are the statements:

Keep Our Promise

We deliver our commitments to our business partners and to one another in our company simply because we practice in our company how we should behave in our daily life.

Be reasonable

When we deal with our business partners, something may happen beyond what either party anticipates. No contract will be good enough to deal with all unexpected situations. We want to work with business partners with mutual trusts and enter into simple business contracts with them. In the event that a contract turns out to be in our favor but not fair to our partner, we would not take advantage of our partner.

Emphasize on quality

Based on the annual customer satisfaction survey, feedbacks from customers regarding ACS products and services have been excellent. We are not satisfied, however. We realize that in order to gain the same level of trust from our customers on quality as our western counterparts, our products must be superior. Generally speaking, Asia has no advantage over Europe and USA in the image of quality it portrays.

Respect and develop employees

We are in a business reliant on knowledge workers. Their voices must be heard. Employees

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with insufficient relevant experience should be trained, guided and provided with a lot of opportunities to learn and develop, rather than be simply instructed.

Our protection of the interests of our distributors is in line with our culture as we want to be more than fair to our business partners.

Could you tell us about some of the key challenges that your company has faced over the last 2 – 3 years? How has ACS been able to meet those challenges?

Denny: We have built a range of smart card reader and smart card operating systems and we have amassed a big network of customers in over 100 countries in the world. Many business opportunities and prospects are emerging. It is essential for us to reinforce our workforce. We need more people to develop new products or customize existing products for our customers. We need to strengthen our sales and marketing team to better promote our products and serve our customers. In short, we need a bigger work force. However, finding the right people is a challenge especially in a place like Hong Kong where a lot of engineering graduates end up in the finance and service sector.

ACS took the opportunity of the economic downturn and absorbed a number of talented people. We more than doubled our headcount from 83 people at December 31 2007 to 170 people at October 31, 2009. Getting into the fourth quarter of 2009, the supply of talents appears to be tighter, possibly owing to an economic recovery in the world. We are still endeavoring to enroll many more people.

In which market is ACS having the highest growth today?

Denny: The contactless smart card readers. We introduced the world's first NFC reader compliant to CCID (Chip Card Interface Device) standard by Microsoft. It is our ACR122 reader. It supports ISO14443 type A, B and C cards, NFC phones and many RF tags. We recently also launched ACR122 in token form. Since we were ahead of others, many customers all over the world have developed applications using our ACR122 and other models of our contactless readers. This market is growing rapidly for us.

Geographic wise, which are some of the markets which ACS sees as having a high potential in the next 2 – 3 years?

Denny: The mainland of China (hereafter referred to as "China"). We established an office in China five years ago. Our business from China was very small but in the fourth quarter, 2009 the Chinese business began to take off. Since most of our main products are developed based on international standards and China does not follow international standard closely, we were somehow less successful in the initial years of doing business in China. Two main reasons allowed us to finally secure interesting orders. Firstly, we allocated more resources to develop products more suited to Chinese standards, and secondly, some Chinese customers have begun to adopt international standards.

Could you tell us about some of your company's flagship products?

Denny: The company's flagship products are the following:

(i) The flagship product in our PC-linked Reader family is the ACR38U reader, a reliable contact smart card reader that is PC/SC compliant and EMV Level 1 certified. In line with our goal to follow international standards, the drivers for this product are WHQL certified and we offer a CCID version of ACR38. It also complies with industry standards such as CE, FCC and RoHS. Millions of ACR38U have been supplied to the market.

(ii) Our ACR122 range of products are developed based on 13.56 MHz RFID technology and are compliant with ISO/IEC 18092 NFC standards, supporting not only Mifare and ISO 14443 Type A and B cards but also FeliCa and NFC tags. ACR122U is the world's first CCID-compliant NFC reader and is PC/SC-compliant, allowing interoperability across different applications and platforms. Since the ACR122 was introduced to the market very early, it gradually gained the confidence of many customers, especially in terms of its compatibility, quality and reliability. Orders in the magnitude of 100K per project have been received, demonstrating the emerging higher demand of PC-linked contactless readers.

(iii) Our PC-Linked Reader with Mass Storage, the ACR100, combines a smart card reader with a flash drive. The ACR100 earned ACS the Ducot'y Product Innovation Award in Telecommunications (2006), demonstrating the commitment of ACS in introducing highly innovative products to the market. The ACR100 enables zero-footprint applications and other highly secured smart card solutions, and it also allows users to store sensitive data in the device with great security. These devices are ordered in the quantity up to tens of thousands per order.

(iv) Our ACOS3 range of products are based on a COS (card operating system) with triple DES encryption. We launched our first COS as early as 1996. For more than a decade we developed many models of COS based on the ACOS3 core to satisfy the demands by a variety of customers. It has the characteristics of offering high security and great user-friendliness – the two characteristics that are often in conflict in COS offered by other suppliers. Many millions of cards with ACOS3 have been supplied to the market for a large variety of applications such as casinos, taxation, customer loyalty, education, identity, health and electronic purse.

What are some of the best practices adopted by ACS today and what are some of the special initiatives taken to improve awareness among end-users?

Denny: There are three principles we have emphasized since the establishment of the company. Firstly, we place a great emphasis on developing technologies in the smart card and reader areas. Secondly, we constantly attempt to attract, retain and develop our staff

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members. Thirdly, we treasure the long term relationships with our customers and other business partners.

Our target customers are usually system integrators and software houses rather than end-users. We want to make ourselves known to these companies that are experts in their respective fields. We attend trade shows regularly all over the world. By staying within the promotion expense budget, we set up only very small booths. We received a lot of visitors even though our booths are small because we have a lot of old, and newer friends who want our booth as the annual meeting venue. We treasure our long-termed relationships with customers and so have been enlarging our customer base.

What are some of the significant industry trends that you see in your market today?

Denny: Asia, as a market of smart cards, readers and applications, is growing rapidly. Since a demand of smart cards has much to do with the size of a population, the two biggest countries in Asia, namely, China and India represent two big markets with very high potentials. China is not only an important market, but is also becoming a manufacturing base for smart cards and smart card products for the world market. India is very competitive in building IT solutions including smart card based solutions. The significance of these two countries will surely increase, not only in their domestic markets but also in the world.

Could you please list some ACS's future growth plans?

Denny: ACS's strategic plan in the next three years will be to continue to offer state-of-the-art smart cards and readers to the industry and provide superior services to our customers. We will continue to have our products certified against the international industry standards. Furthermore, we will have more of them certified against regional standards, such as the European Common Criteria, the FIPS standard primarily for USA and the PBOC standard primarily for China.

ACS is known to be a supplier of smart card readers and to a lesser extent a supplier of smart cards. Several years ago, we started preparing for the offer of one 'killer' application. ACS has chosen to offer solutions in Automatic Fare Collection (AFC).

We are now shipping our smart cards and readers to over 100 countries in the world. By the end of 2009, AFC solutions will be launched. In building our AFC solutions, we are making good use of the smart card technologies and knowledge we have acquired in the last decade, such as those of smart card operating systems, in readers, in cryptography and in software.

We shall work closely with our business partners, to further explore their local markets with AFC solutions, particularly for buses. After all, playing a role in the public transportation industry is in line with our vision to build a green IT business as public transportation represents a more environmentally friendly way for people to commute than private cars.

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