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Market Place; Savin's Growth In Copier Field

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IF Xerox is reminded of the old magazine ad about piano lessons - ''They laughed when I sat down to play'' - concerning the Savin Corporation's success in the office copying market, it is understandable.

Savin was founded in 1959 and did not begin to compete seriously for a decade. At that point the dominant company's product was so well established that when people wanted a text copied, they simply said, ''Xerox it.''

It is all the more remarkable, then, that Savin now ranks with I.B.M. as Xerox's chief competitor. Sales in the fiscal year ending in April are expected to reach $450 million, up from $65 million just five years ago.

How this company with no manufacturing facilities of its own managed to achieve such monumental growth at the expense of such giants as Eastman Kodak and the 3M Corporation, in addition to Xerox and I.B.M., is an ''exceptional business'' story, as John Westergaard of Equity Research Associates, an advisory service, sees it. Equity is a division of Ladenburg Thalman.

Obviously a fan, Mr. Westergaard finds impressive the fact that Savin has placed more copiers in the last three years than Xerox and I.B.M. combined.

Savin's success with its Japanese-made copiers is energy-based in part. Its patented, plain paper ''liquid tone transfer,'' or L.T.T., process introduced in 1976 has some shortcomings, but it also has some obvious advantages over xerography. Dry powder copiers were standard when Savin developed its liquid toner.

Unlike dry powder copiers, the Savin toner does not require intense heat nor pressure to affix an image. It thus uses substantially less energy. Obviously, no cooling is required and there are no loose particles to create added wear on the machines. Savin machines thus cost less to build, and, according to Mr. Westergaard, are more reliable.

Savin moved aggressively into the low-end, low-speed segment of the copier market in the mid-1970's, first with small accounts and then with national and government accounts. With larger users, the company stressed the advantage of decentralizing copier activities to save employee time in transit and on copier lines.

There are drawbacks. L.T.T. machines do not copy as well on high rag content bond paper as do dry process copiers, and speed is limited. That is, the hydrocarbon isopars used as an ink carrier create pollution problems in volume use.

Mr. Westergaard says, ''We believe that Savin has largely resolved this problem by substantially reducing the amount of isopars required.

The L.T.T. process is based on the technology of Savin, of Ricoh, the Japanese company that has been the exclusive manufacturer of copiers for Savin, of Kalle Niederlassung der Hoechst A.G. of West Germany, and of the Nashua Corporation in the United States, which supplies the paper. Hunt Chemical produces Savin toner.

A number of disagreements have colored relations among those companies. As a result, Ricoh is not required to provide machines on an exclusive basis for Savin after Sept. 30, 1983. Savin is establishing its own manufacturing facilities and hopes to begin production on some copiers this year.

The money for the plant is to come from several sources. First, Savin received lump-sum royalty payments from Ricoh, Nashua and Kalle of nearly $50 million. Last fall, Savin issued $40 million in subordinated debentures and has also arranged to raise $28 million to round out the financing for its new manufacturing facilities in Valhalla, N.Y., company headquarters.

The plant will produce a third-generation machine to be called the "840" that offers a 50 percent weight reduction and is substantially smaller. These and other improvements, in Mr. Westergaard's view, constitute a technological achievement of "considerable magnitude."

Meanwhile, Savin has sold throughout the world more than 40,000 of its soon-to-be-phased-out electronic impact typewriters called Veritext. Thus, Mr. Westergaard believes that Savin has the marketing ability to introduce successfully a new line of word processing equipment in the spring.

He regards Savin as a "special situation," a company that is "undergoing fundamental change from being primarily a marketing company to becoming a fully integrated manufacturer."

His recommendation is predicated on success in this endeavor and on the theory that success would bring a higher valuation in the stock market. The shares closed yesterday on the New York Stock Exchange at 14 3/8. Earnings are estimated at $1 a share, down from $3.44 last year. The earnings slump reflects enormous costs associated with the restructuring of the company.

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