

Our TECHNOLOGY should become the **DECISION SUPPORT SYSTEM** for MANUFACTURERS'

"I think it is very important for people not to merely look at cost when it comes to new technology adoption," avers Pradeep Kumar Nair, Director-Sales, Digi M2M Solutions India, during a brief interaction with Sumedha Mahorey. Excerpts...

YOUR SOLUTION OFFERINGS...

Digi International is a 25-year-old US company and a global leader in the field of wireless technology. It has been consistently demonstrating innovation in the field of technological development. The company's services range through different sectors providing products & solutions that work by connecting and securely managing local or remote electronic devices over a network, or via the web. Digi focusses particularly on developing leading edge machine to machine (M2M) technology, which can be used to automate and enhance industry processes, thereby enabling greater operational efficiency and cost savings. In short, we connect devices to networks. Our India operations started after the acquisition of a company called MobiApp about three years back. MobiApp was one of the pioneers in providing vehicle tracking solutions using GPS in India. They have been in this field for almost a decade now and have been selling these solutions not only in India, but in many parts of South East Asia, Middle East and Africa. As far as our present focus in the Indian market is concerned, we are targeting those manufacturing industries where the number of shipments from the plant is very large. For example, a steel company has a shipment of almost 100-150 truck loads everyday.



Image By Sumedha Mahorey

LATEST TECHNOLOGY PORTFOLIO

Digi's products are manufactured mostly in Thailand and the US. We sell these products in India through a network of distributors and also to direct customers. The whole purpose is to connect a remote device through wireless technologies, cellular, zigby and low power RF radios. One of our products is Digi m-Trak, which is a web-based vehicle tracking system that is available in India and certain parts of South East Asia, the Middle East and Africa. It is a mobile asset tracking solution that uses GPS to track a vehicle in real time, thereby providing essential information including location, distance travelled and speed. Through a wireless, web-based application combined with GPS, fleet companies are provided with a consistent and effective system for track assets in transit, anywhere and at any time. The information provided through Digi m-Trak is dynamically updated and can be accessed upon demand. Through the use of an in-vehicle transceiver, essential information is fed back to the Digi m-Trak web application and stored in a database. The data is sent over a GSM or GPRS wireless network and can be used by fleet managers for a range of functions and tasks, including improving driver safety, route management & fuel monitoring and assessing the overall productivity of the fleet. If there is no wireless network available at a given time, the information provided by m-Trak can be stored until a connection is made. The Digi m-Trak is a user-friendly, complete fleet management system that provides asset location, mapping, messaging & alerts and also offers reporting & replay functions. This application can be accessed for replay at any time and Management Information Service (MIS) reports can be generated for analysis of data around fleet performance by vehicle, driver, route, etc. The insight into specific areas of the fleet performance, provided by the m-Trak technology, means managers are better equipped

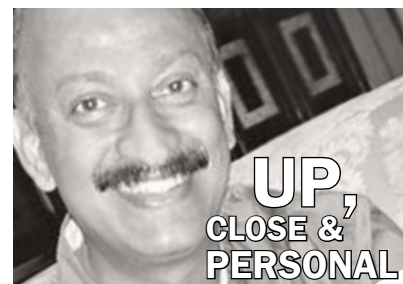
to minimise delays, protect assets and enhance customer service.

TECHNOLOGY ADOPTION IN INDIA

In India, the transportation sector is highly fragmented. If we look at manufacturing, almost 85 per cent of the movement of manufactured goods from plants to warehouses and other distribution nodes is done by hired vehicles sourced through third-party contractors. Presently, in the Indian market, technology is used to make our plant perfect, but a key segment of the supply chain, i.e., transportation has not adopted technology so far.

There exists zero visibility after the goods are loaded from the factory and dispatched to its destination. The manufacturing company does not have control over this fact, neither does it have visibility, and this is the biggest challenge in the Indian market. So, how do we technologically empower the transportation segment to deliver information to the manufacturers regarding their finished goods? With the use of technology, how do we improve efficiency as well as productivity? The answer lies in GPS – a technology, which has been around for nearly a decade in India, but has not yet achieved the kind of penetration required primarily because of the very fragmented nature of the industry.

Track and trace technology has been present in the market for quite some time. The first phase of this technology was when the industry said that they have had it for about five years. The second phase encompassed the functioning of the technology. In the third phase, the industry has started talking about the technology and its workability in the Indian market. They are also increasingly using this technology to leverage on the benefits. It is not enough to have a GPS-based track and trace system, the information, which comes in should be effectively used to make the supply chain more efficient. From this point of view, when we looked at the products



What motivates you?

I have been working in the vehicle tracking domain for quite some time now. When I joined Digi International, I realised that I had come to a company which not only has the foresight to see that this is a long race, but also had the vision and the patience to make long-term investments in this particular market and industry. The company's belief that this industry has a bright future ahead, is what keeps me motivated going forward.

Five years down the line...

I am looking at this industry which is tagged non-technological. In whatever small way I can, I would like to contribute to make it more technologically able. I would like vehicles to be smart vehicles.

Message to competitors

The prime message that I would like to give is that there is enough room in this market for all, and all of us together should make sure that the education of the industry happens. Reducing productivity losses should be our prime focus.

that we wanted to release in India, we were keen to bring in products that are tailor made to meet the needs of the manufacturing industry. But what could these products be?

The Indian manufacturing industry uses third-party vehicles, and so, we thought about products that could work on a trip basis. Thus, we have come out with a battery-powered device. The idea behind this product is that it can be fit on the vehicle and can be removed at the destination and reused for the next trip. This also gives that particular consignment visibility.

Another benefit is that the company does not need to invest in capital expenditure of owning those devices. Instead, we manage it for them and charge only for the service to deliver.

TRAINING AT THE OPERATIONAL LEVEL

We believe that the onus of training lies with us. At the CEO level, everybody understands the importance of technology, but as we go down to the operational level, some amount of hand holding is important initially, especially when using this type of technology for transportation activity. We also hold reviews and refresher courses to make sure that, at the operational level, the technology has been completely adopted.

TECHNOLOGY INVESTMENT

I think it is very important for people not to merely look at cost when it comes to new technology adoption. The simple mandate of reducing cost is not going to work in the long run. A cost-benefit analysis needs to be done for the supply chain. If a company is paying for something, it needs to focus on aspects like what kind of benefit it is getting and how it is leveraging on these benefits to ensure a sustained increase in its bottom line.

COMPETITION AND YOU

What we provide is not just the technology, but the complete end-to-end application. At the same time, there are a number of system integrators in the market and large IT companies like Wipro and Infosys, which provide a whole suite of solutions to manufacturing companies. Our product is a small part of that technology. The information about location of the vehicle can become a plug in the total system. We are open to even do business in this way, as we have a wide range of products, which provide the full end-to-end application and solutions where we have the hardware to meet the specific needs of a customer.

INDIAN MARKET & ENTRY BARRIERS

One of the biggest entry barriers in the Indian market is the nature of the transportation industry. There is resistance to change and implementing any new technology happens only when the person who is implementing it sees some real tangible benefits arising from it. In the kind of business that we are into, the corporate tends to see the benefit first, while the transporter sees it later on.

Another barrier is the adoption of this technology by transporters. From their point of view, cost becomes very important. In today's world, a cheap device becomes something to look forward to. We have a got number of instances where people have imported a number of devices from China, at a cheap rate, tried, failed and again come back to look at companies which provides more durable solutions. Also, unless the benefits come in, this just becomes a conceptual exercise. If the technology is termed as an additional advantage, lesser priority is given to it. Having it thus is not enough. Using the technology, leveraging on it and getting the benefit out of it, is actually an entry barrier. Thus, our role is to make sure that people are educated about it. Our technology should become the decision support system for manufacturers.

DEMAND TRENDS IN LOGISTICS

Our product is based on derived demand. Simply stated, the number of vehicles plying on the road decides the demand for this kind of technology. In India, the commercial vehicles population as per the RTS statistics is about 4.5-5 million. So, logically speaking, all those 5 million vehicles should be our target market. But, of course, this cannot be covered as we have short haul vehicles – some of which are operating in different sectors. Primarily speaking, we are looking at long distance movements as being the first target market, which can benefit from this technology. Since the manufacturing segment is one such

market where road is the preferred mode of transportation, we have identified and targeted this segment.

TECHNOLOGY FOR RURAL MARKET

In any industry, most companies tend to first penetrate into the urban markets and then move into the rural markets. So is the case with us. In fact, our first priority was to be able to achieve the same. In the present situation, we have managed sufficient penetration into the main market. And with the government taking major initiatives to develop special industrial zones in rural areas, we too are focussing in those areas.

MANUFACTURING CAPACITY OF DIGI

Digi is one company which does everything. We do not buy out devices, but instead design them at our Bangalore headquarters. We also have a complete R&D Division there. Our devices are designed in-house and manufactured in Indonesia at present. From India, we service markets in India, South East Asia, the Middle East and Africa.

KEY ATTRACTION TO ENTER INDIA

China and India are the two countries, which have been labelled as the fastest growing economies. China is ahead, but for Digi, India has been chosen as the primary market. We have identified India, China and Brazil as the three focus markets as we feel that the potential to grow here is immense.

TECHNOLOGY-ENABLED SERVICES

I think it will take a long time in the Indian logistics and supply chain arena because of the industry's fragmented, labour intensive nature and the status of the people who matter (like drivers, etc.). I think technology will be adopted, but the speed will be slower because there will always be a human element that will be required to handhold and bring this industry up to the level where it can use technology to actually improve productivity. ■

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