



# The DATA CAPTURE Report

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## Special SCAN: The DATA CAPTURE Report Reprint

### Datalogic CEO Looks Back At Company Transformation

It's now been over a year since **Datalogic SpA** completed an internal restructuring that essentially divided the company into four separate business entities—**Datalogic Group**, **Datalogic Scanning**, **Datalogic Mobile**, and **Datalogic Automation** [see *SCAN/DCR* 4/13/07]. In a nutshell, the thought process of Roberto Tunioli, Datalogic CEO/vice chairman, was that, as individual entities, it would be easier to maintain focus on that business unit's area of expertise. It was also hoped that, running autonomously, they could get a better handle on business issues such as operating costs, sales growth, profits, etc.

Last year, when we interviewed Tunioli shortly after Datalogic's transformation [*as he liked to call it, feeling that "restructuring had negative connotations"*], he couldn't have been happier about what was taking place. Of course the question remained—could the new model stand the test of time? In a recent conversation with the well-known leader, Tunioli reaffirmed that the new operating structure is working great.

"The transformation was time consuming and costly," he told us candidly. "But, the benefits have been great, and our model is showing itself to be



*Roberto Tunioli,  
CEO/vice chairman,  
Datalogic SpA.*

worth the trouble. Our customers like the changes, and my various teams can now focus on their real niche in the market. We have removed many of the complexities of running an 'all-in-one' model and empowered our individual businesses to support their own products. The beauty of this is that our different groups can still call upon each other for support if a customer asks for a complete solution. We are not missing out on any cross-deal opportunities.

"In reality, the cross dealing occurs at the channel level anyway," Tunioli continued. "Our long-term strategy is to push as many sales as possible through the reseller channel. Let them be the 'one stop' for customers. If each of our businesses can be experts at what they do, and we can rely on the channel to co-sell our products, our model will continue to reap the benefits we've seen in the past year."

#### **A good argument**

Continuing, the Datalogic leader explained more about why he chose to take this path for the company. "If you look at our horizontal divisions, you'll see that they have one technology, one market, and one channel," said Tunioli. "For instance, Datalogic Scanning is only looking at

scanning opportunities and being the best provider in that niche. Many companies start with one technology then grow by getting into adjacent markets. But, as a company diversifies, the complexities of running so many individual businesses under one roof grow also.

"We let our divisions own their own businesses and subsequently, their markets. Each division is responsible for reaching its own profitability goals."

### **Is bigger better?**

There's been a lot of industry consolidation going on lately, most of which has been covered extensively in the pages of *SCAN/DCR*. But the truth is that consolidation may not be the right word [*although we all use it*]. We're not seeing a lot of AIDC companies consolidate. Instead, we're seeing worldwide giants like **Motorola, Honeywell, Lockheed Martin, General Dynamics, Danaher, and Dover** buying up our businesses. In most cases, leaders of the companies being acquired think it's a good move. Bigger companies can offer more R&D money, a more global outreach, better branding, and increased marketing opportunities. But, is all this true? Not necessarily, according to Tunioli.

"Big companies can sometimes lose focus," he told *SCAN/DCR*. "Are these companies as flexible when it comes to changes in the market, or do they have added levels in the management chain? Are they still able to meet customer needs? Entrepreneurial spirit has always guided our industry, and this is what we need today...not a long chain of command. The longer the chain...the more opportunities there are for vetoes. If a company's decision-making process is too long, it slows the ability to get new products to market. It's not how big you are, it's how fast you are. **Zebra** is an excellent model, as far as I am concerned. It is very focused; it constantly leads in its market; it's very responsive to its customers. And, it's consistently profitable."

### **Worldwide markets**

Datalogic is definitely a global player, so we asked Tunioli to comment on some of the various geographic markets. "The economy in the United States is very bleak," Tunioli replied. "In general, Europe is showing low-level growth. But, Germany is strong and has a 3% GDP. Although Asia has been showing big growth, I have a feeling a sharp slow-down could come."

"Our Q1 sales were soft...not as strong as expected," he continued. "But, in the past two months, we've done much better."

### **Technologies**

From a technology standpoint, Tunioli sees some exciting things happening—and some not so exciting. "On a good note, RFID is finally past the hype stage," said Tunioli. "This isn't real big news. I think most of the industry agrees. As far as growth, RFID will see normal adoption but not explosive. Closed-loop systems are leading the way in sales."

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Portable shopping solutions are also becoming a big market for Datalogic. Tunioli said that, in stores

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