

With the acquisition of PSC and recent organizational restructuring, Datalogic has taken firm steps to consolidate its leading position as one of the world's largest producers of barcode readers, mobile computers for data collection, and RFID systems

The name on everyone's lips

Roberto Tunioli,
CEO Datalogic

There was a bestseller a few years back called "Being Digital", a title that perfectly sums up the world we live in today. We used to say, "if it's in the newspaper, it must be true". Then we moved on to saying, "if it's on TV, it must be real".

Today we say, "it's on the web so it must be true."

Barcodes, as well as RFID, represent the link between physical objects and products - most of the world in which we live - and the computer. This link - the role of tech-

nology - is one of the most important enablers of the digitalized world. We will see a much wider diffusion of barcodes and other related auto ID technologies in the future, driven by an intelligent right-sizing of systems, solutions and device performance.

by Sophie B. de la Giroday

This is the vision of Roberto Tuniola, CEO of Datalogic and recent recipient of the E&Y Entrepreneur of the year award. In a sector that struggles to make the profits that shareholders expect, is there still space for a dream and a company to make it real? When Microsoft and Apple first set out in pursuit of achieving global brand recognition, the idea that they would one day be known to all sectors of society - children and housewives included - was greeted with a fair degree of scepticism by the IT industry. Mr. Tuniola has a clear vision of the future: "When people think of the companies that supply terminals they will think of three names at the most, one of which will be Datalogic. If that makes them buy from us, even better. But my dream will already be fulfilled if I know that people think instantly of us."

The value of the barcode

"When a technology company is run by its founder, he is often most proud of the technology and the awards given to the R&D team. There are two things that interest me in business: my bonus and the profit my company makes. And both of these are a result of negotiation. I want both my bonus and my company to be rich and that is what I negotiate and work

for. It always frustrates me to see that top executives in the auto ID industry, especially in the States, are better than me at negotiating their bonus and stock option packages yet do not really seem particularly interested in their company making the profits our industry deserves. As a matter of fact, as representatives of the auto ID industry, we cannot claim to manufacture life-saving products such as heart valves or that we have introduced revolutionary processes such as the pasteurization of milk. However let me tell you a story. I was once asked to give a lesson to a class of high-school students. I asked them if they knew Datalogic. Some of them raised their hand. I then asked how many of them knew who Giorgio Armani was. As nobody raised their hand I asked again and one student said, "Come on, what kind of a question is that? Everyone knows who Armani is." Great. To make my point I then asked how many of them had bought an Armani belt over the last year and how many had had a blood test. None of them had bought Armani clothes or accessories, but practically all of them had had a recent blood test. So I told them how most probably all test tubes used in the tests had a barcode on them, which was read by a terminal produced by one of the three world-leading reader manufacturers in the data collection industry.

The message is that everyone knows of things that they don't really use and everybody uses things without being aware of it. And this is true of all auto ID applications. Nobody gives much credit to the tiny inoffensive barcode label. But try and imagine a Wal-Mart without them, baggage tracking processes in airports before they existed, or any other scenario where we take automatic identification for granted."

The stigma of making "profits"

There are certain benefits to being a leading barcode supplier. The technology is pervasive in many application fields: logistics, retail and healthcare cannot operate anymore without it. It should be obvious that making profit is a matter of harvesting the low-hanging fruits. So why do so many companies complain about their profits?

"The auto ID industry cannot claim to be the direct



Technologies such as RFID and barcodes are essential enablers of the digitalized world, acting as a link between the physical and the virtual worlds

Meet Roberto Tuniola

Roberto Tuniola is vice chairman and CEO of Datalogic, the world's third largest producer and European leader for barcode readers, data collection mobile computers, and RFID technology systems. Tuniola joined Datalogic in 1988 as financial director, before becoming general manager in 1993. He has held the position of CEO since 1995. Under his direct responsibility, Datalogic has increased its sales 10-fold in 13 years, going from estimated revenues of 35 million euro in 1993 to over 380 euro (CAGR 20%) in 2006.

“

The auto ID industry is doing much worse than it could do, and much worse than it deserves

”

In April Datalogic was restructured into three new companies - Datalogic Scanning, Datalogic Mobile, and Datalogic Automation



source of citizens, patients, consumers or travelers' wellbeing, but the auto ID component is indeed a key element in innumerable applications where it provides

an immense added value that can be perceived at the very moment you think you can do without it, just like with other empowering things like electricity. Nevertheless, when speaking with several other top executives in our industry about "profit" you can see how this is a really embarrassing topic, one they try hard to avoid. Aside from Zebra and a few others, the industry is doing much worse than it could, and much worse than it deserves. In fact we negotiate poorly with our end users and thus do not get what we deserve but rather what we manage to negotiate. We could do so much better if we made them appreciate how if we were in a position to invest in R&D as a result of a prosperous business, they could soon reap the advantages of what we develop for them. Think of the healthcare industry: we would like to give empowering instruments to the entire value chain, from individual professionals, doctors and paramedics, to public and private hospitals, and healthcare institutions. It is

absolutely necessary that these end users of our technology are aware that we want to provide them with the means to decrease costs and - most of all - increase the security of all processes, containing risks that could arise in their working environment."

Organizational change

We had been told that Roberto Tunioli organizes his legions in autonomous yet not fully independent units according to the successful organizational schemes of the Roman Empire, which held military supremacy over the ancient world. In order to achieve results a clear vision is not enough. The ability to shape and steer an organization towards achieving a common goal is important as well.

"It is difficult for a person to memorize the name and profile of a hundred people. It is impossible to have a one-to-one relationship with more than a hundred. Roman centurions led one hundred people and their destinies, and these one hundred would die for them as they felt a strong affinity with their leaders who not only knew their names but often also those of their wives and children. In fact Rome was not just a headquarters for its centurions but a rallying set of values and objectives

they could more easily transmit and share with the soldiers they had such a strong grip on."

April 2nd saw Datalogic divide up into three distinct divisions. What was the thinking behind such a major organizational change? How will it open up new business opportunities for the company?

"The goal of the transformation project was to create the highest possible technological, production and distribution synergies in the Datalogic Group's business units, keeping in mind Datalogic's acquisition of the American company, PSC. This operation was therefore developed for industrial reasons, not financial ones. We aim to rationalize the business areas of the Group, which is now organized into 3 new companies - Datalogic Scanning, Datalogic Mobile and Datalogic Automation - each with a specific mission focusing on the product and, above all, on the most important market segments.

This model makes the most of our new geographical, technological and economic dimensions as well as their progressive extension. We must also keep in mind that Datalogic operates in a competitive and mature market, where the relationships between supplier and customer are essential elements of the

company's competitiveness. This can only be made possible by guaranteeing more internal autonomy. At the same time, the new structure also maintains one of Datalogic's key success factors: the ability to provide solutions to both large multinational companies and small manufacturing or logistics companies spread across the territory. Activity segmentation by specialization and the further strengthening of relationships with system integrators and distributors fall into this strategy, which combines scale economy and resource optimization; a high level approach that applies to large and small businesses alike."

Sizing up the acquisition of PSC

Eighteen months down the line, what effect has the acquisition of PSC had on Datalogic's turnover? Has the logic behind the acquisition been borne out by results? How have the two companies been integrated?

"Two important milestones are confirmation that the right decisions were made regarding this strategic plan, which has guided us during the acquisition and integration of PSC: the closing of

fiscal year 2006 with consolidated sales revenues of 381.6 million euro, up 85% compared to 2005; and the record results of the first quarter of 2007, with 104.1 million euro registered in consolidated sales revenues, an 9.3% increase with respect to the first quarter of 2006. The most notable performance however was the 20% rise attained by the two business units that are now part of Datalogic Mobile, our new company specialized in rugged mobile computers.

Datalogic and PSC's business activities were completely separated from the time of PSC's acquisition and throughout 2006. They were two separate companies on paper and in the market and were actually competitors, even though they belonged to the same Group. We used this time to learn from each other and get to know each other better. It gave us the opportunity to understand our strengths and synergies, as well as define a transformation plan that would maximize the value of all our resources.

The new structure we have today is the result of the transformation project realized in the first quarter of 2007. The exceptional results during this substantial trans-



formation represent true organizational innovation in our industry and confirm the trust our customers and partners placed in us during this development project."

Barcode technology is pervasive in many application fields such as logistics, retail and healthcare, yet many companies supplying the technologies complain about their profits

“

Nobody gives much credit to the inoffensive barcode label. But try and imagine a Wal-Mart without them, or baggage tracking processes in airports before they existed

”



THE 6TH ID WORLD INTERNATIONAL CONGRESS

Meet Roberto Tunioli

at ID WORLD 2007



The Annual World Summit
on Automatic Identification

Milan, Italy, 26-28 November 2007
www.idworldonline.com

CONFERENCE • EXHIBITION • NETWORKING EVENTS • PRESS MEETINGS