



# The DATA CAPTURE Report

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*December 22, 2006*

## Special SCAN: The DATA CAPTURE Report Reprint

### Datalogic Institutes Major Transformation

**CEO Roberto Tunioli says leaner and more autonomous divisions are better able to capture increased market share.**

Just prior to our deadline, we received word that the **Datalogic S.p.A.** board of directors had okayed a restructuring. The goal is to move toward “an autonomous divisional operating structure that supports a product- and market-focused business model.” This means, going forward, the company will operate three separate business divisions: Datalogic Scanning, Datalogic Automation, and Datalogic Mobile.

In a phone interview with **Datalogic Group** CEO Roberto Tunioli, he told *SCAN/DCR* that he preferred to call the move a “transformation” rather than a “reorganization.” “Reorganization sounds like there’s a problem...like something’s not going well,” he stated. “That’s not what is going on here. We simply believe that, by creating divisions with a specific product focus, and by giving the management in the divisions an autonomous operating structure, the overall result will be increased sales and profits. The new



*Roberto Tunioli,  
CEO Datalogic  
Group.*

structure will serve as a ‘bridge’ for our operations for the next three to five years.”

According to a company release that came out the night we interviewed Tunioli, the new breakdown is as follows:

■ **Datalogic Scanning**, headquartered in the USA, will be comprised of two business units—Hand Held Readers, and Stationary Readers/Retail. This results in the consolidation of the two handheld reader product lines of the Group, which will be bonded into a cohesive offering. The current line of stationary readers for retail applications will continue as a core offering.

■ **Datalogic Automation**, headquartered in Italy, will be comprised of three business units—Unattended Scanning Systems/Industrial, Marking, and RFID. This allows Datalogic to leverage its field infrastructure for three businesses which share a common market and customer focus.

■ **Datalogic Mobile**, headquartered in Italy, will be comprised of one business unit—Mobile Computers. This results in the consolidation of the two mobile computing product lines of the Group, which will also be harmonized into a cohesive offering.

In addition to the creation of these strategic operating divisions, the Business Development unit will continue to be chartered with the organic development of new business platforms within the

Group as well as the investigation of merger and acquisition opportunities.

The overriding corporate entity, Datalogic S.p.A., will continue to be headquartered in Bologna, Italy and will be chartered to provide vision and strategy, values, policies, and control of financial assets for the Group and its companies.

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**"As figure skaters win one competition after another, they gain a reputation. The older they get, the more their reputation grows. The problem with RFID is that it is an old technology with not much of a reputation."**

**Roberto Tunioli, CEO,  
Datalogic Group.**

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### **How it will work**

Tunioli said there will be no layoffs at this point, nor will there be any relocating of company personnel. "Employees from our various locations will report to the leaders of each division," he explained. "For example, employees involved in handheld and stationary retail scanning, whether in the United States or Italy, will all report to the head of the Datalogic Scanning division in Eugene, OR."

When we first heard about the transformation, we were a little confused. It sounded like Datalogic was taking away **PSC's** ability to run as a nearly standalone business, and this is contrary to Tunioli's management style. In most previous acquisitions, the Datalogic leader has stressed that he did not intend to interrupt the acquired company's ability to operate on its own. The thought process was: If the company wasn't thriving and showing the ability to grow, we wouldn't have acquired it.

However, after closer examination, and listening to Tunioli's explanation, we began to see that he really hadn't changed his opinions. Actually, he is creating three business units that can operate with a more strategic focus. And, he was creating challenges for each company to prove itself with respect to sales growth and profitability.

"I've said it before," Tunioli told us. "The AIDC industry hasn't always been successful when it comes to profitability. And without profits, you cannot be innovative. There's no money for R&D. By creating these separate divisions, we are encouraging the entrepreneurial spirit. We are letting our managers grow their divisions, identify new product needs, and to develop and take to market the products that fill these needs. And the beauty is, we still have the ability to reap the benefits of all the divisions when we need to tap into each other's technologies."

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[Editor's note: On the subject of "entrepreneurial spirit," Tunioli recently was designated the national winner of the 10th Italian edition of the **Ernst & Young** Entrepreneur of the Year Award. See sidebar.]

### **A rose by any other name**

With the new structure, the PSC name will go away; model names will be retained. So, for instance, the PSC Magellan will become the Datalogic Magellan. "We are a global company, and we want to maintain a global name," said Tunioli. "But, even though we will capitalize on the Datalogic branding, customers will still be able to recognize the models they are familiar with."

### **Reasoning for change**

Expanding on the need for change, Tunioli explained how different some markets really are. For example, in the retail sector, most of the giants run on standardized systems. "The majority of global retailers use Windows operating systems," said Tunioli. "They use UPC symbolologies. E-commerce issues have been standardized to make the supply chain easier to operate in. But, that's not so in transportation and logistics. I use the term 80/20 to describe the situation. Eighty percent of retailers have standardized systems, while only 20% of transportation and logistics companies have open systems. They're two completely different kinds of business. Now, we'll have two separate divisions to support them."

Continuing, Tunioli further described the "automation" sector as being very fragmented. "Transportation and logistics applications often differ by region," he stated. "Across Europe, there are distinct cultural differences, and these differences affect the way businesses are run. Proprietary systems are the norm. Under our new structure, we will be better able to serve both our U.S. and European customers."

### **Maintaining growth**

Five years ago, Datalogic's total sales were 100 million Euro. For 2006, the company's estimated sales are 380 million Euro. Under the new structure, Tunioli believes Datalogic can keep up the momentum.

"Each division can have its own goals," he told *SCAN/DCR*. "We have a good team in place, so why wouldn't we give them the opportunity to show us what they can do?"

### **RFID—building a reputation**

Tunioli compared RFID to a figure skater. "As figure skaters win one competition after another, they gain a reputation," he stated. "The older they get, the

more their reputation grows. The problem with RFID is that it is an old technology with not much of a reputation.

"RFID sales will grow across the world, but not as easy in Europe and Asia due to regulatory and standards issues. At this point, we've seen more growth in HF than we have in UHF, but that may change. The simple truth is that this is not a competition between technologies. We should offer whatever technology is best for the application. Any of our divisions have the ability to offer RFID."

[Editor's note: Datalogic's **Escort Memory Systems (EMS)** business unit is one of the oldest RFID companies in the industry.]

## **ROBERTO TUNIOLI HONORED AS ITALY'S ENTREPRENEUR OF THE YEAR**

In late November, **Datalogic** announced its CEO, Roberto Tunioli, had been chosen as Italy's Entrepreneur of the Year in the 10th edition of **Ernst & Young's** annual award. The honor is given to business leaders who have distinguished themselves for their talent, initiative, commitment and contribution to the socio-economic growth of their country. The national winner is chosen by the jury for the best strategic use of the opportunities and levers offered by the economy on a national and global level.



**Roberto Tunioli accepts the Italian Entrepreneur Of The Year Award from Ernst & Young representative Pellegrino Libroia.**

Tunioli was chosen as the best example of entrepreneurial excellence for the following reason: "With the acquisition in 2005 of one of the main USA competitors, that represents the pinnacle of a series of acquisitions, the company doubles its sales turnover making it a colossus in the

automated data capture sector, third worldwide and European leader."

Tunioli will now represent Italy at the World Entrepreneur of the Year 2007 competition, organized by Ernst & Young on an international level. There, he will be confronted with the best entrepreneurs from 40 other participating countries, competing for the recognition "best of the best" as the best entrepreneur in the world. **SCAN**

## Closing

Datalogic is making many strides in the industry. Now the number three player in the AIDC sector, the European giant is offering voice recognition systems through an alliance with **Vocollect**, providing small, PDA-styled terminals, and continuing to offer new innovations in imaging technology. But, technology isn't the only focus for Datalogic. "As an industry, we need to provide

value for our customers, not just new technology," Tunioli closed. "By creating our new divisions, we believe we will be able to better serve our customers."

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