



# The DATA CAPTURE Report

Since 1977, the premier management & marketing newsletter of automatic data capture: Bar Coding, RF and related technologies.

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## Special *SCAN: The DATA CAPTURE Report* Reprint

### Datalogic Celebrates 40th Anniversary

**CEO Mauro Sacchetto talks about the past, present, and future of the global AIDC company.**

This year, **Datalogic** is celebrating 40 years of business. Since its founding by Dr. Romano Volta, the company has continued to not only grow but also create one of the most diverse product portfolios of any AIDC vendor. With offerings in wireless mobile computing, automated sortation, self-serve shopping systems, and factory automation—just to name a few—it is now a recognized leader in many of its target markets.



*Mauro Sacchetto,  
CEO, Datalogic.*

In honor of the event, *SCAN/DCR* spoke with Datalogic CEO Mauro Sacchetto. Sacchetto graciously shared his time to give us a full update on what has been going on at the company and where it is headed. Following are the responses to our questions:

**SCAN/DCR:** How do you feel about Datalogic's 40th anniversary?

**Sacchetto:** The key to our overall success and optimum sales growth year-on-year has first and foremost been our reputation for knowing our customers and understanding their needs. Celebrating 40 years in business is testament to this.

Furthermore, the group's significant growth pattern has been achieved through the consolidation of existing markets, expansion in emerging ones and the realization of policies on efficiency, product innovation and research and development. Indeed, Datalogic made R&D investments of over 26 million Euro in 2011 alone.

We see exceptional growth potential for building on our 40 year knowledge base to offer cutting-edge value adding solutions. Furthermore, following recent major acquisitions which instantly doubled Datalogic's presence in the Industrial Automation market, we have substantially increased our raft of end-to-end deliverables.

**SCAN/DCR:** What are the top three target markets for Datalogic?

**Sacchetto:** Datalogic serves all vertical sectors in the field of automatic identification. Our special focus is on the Automatic Data Capture and Industrial Automation markets. In both these sectors we see Retail, Transportation & Logistics and Manufacturing as the three main areas for growth, given their business drivers and the expectations of their

customers.

Retail has been a traditional area for Datalogic's business. We have longstanding relationships with the biggest retailers in the world with, as an example, more than 400 self-shopping installations in Europe alone. But as consumerization of IT continues to grow, consumers expect systems and solutions in-store that match the expectations they have grown used to in their daily lives with smartphones and all manner of digital devices in their pockets. This means the retail industry is poised for operational change, bringing consumer-grade devices and systems into their stores. In many cases they are already doing so and with our strong presence in this space we are well-positioned to respond to this new area of growth.

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**Mauro Sacchetto, CEO, Datalogic.**

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T&L likewise offers significant potential and with our new growth strategy in place, which includes the AccuSort acquisition, we instantly doubled Datalogic's presence in the Industrial Automation market and now lead the market in Industrial Bar Code Scanners, alone. Sub-verticals in this sector where we see ongoing potential are in Automotive and in Postal, particularly in the packets and parcels business. In today's context of global mobility, there are ever-increasing challenges for transportation operators and logistics providers to ensure people and goods travel to and from their destinations safely and efficiently. This means the market is growing with a global demand for reducing the impact, which delays, losses and insufficient tracking measures can have on any business.

In manufacturing, as there is a growing correlation with other vertical sectors, such as retail, where the 'single channel' is an opportunity for bringing the manufacturer to the end-user, there is a need to optimize the supply chain from point of manufacture to the hands of the customer. For example, manufacturers traditionally functioned as the maker of a product and a supplier to the 'retailer' in the broader sense – the seller to the consumer. Conversely manufacturers see retailers as effective distribution outlets for their products. Today, the varied sales channels and data available whether on-line or physical, mean manufacturers, retailers and consumers can buy, sell, monitor and track in an omni-

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- EDI
- Smart cards
- Biometrics
- Application software
- Peripherals or supplies for the above

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directional way. And the answer, again, is through deploying automatic identification technologies in processes, systems and devices with real-time supply chain visibility, as well as significant cost benefits to all actors in the chain.

**SCAN/DCR:** What new technologies are having the greatest influence on AIDC today?

**Sacchetto:** Today, strategies for customers deploying AIDC technologies have gone well beyond traditional bar code implementation. In effect, the bar code has become a commodity, but is still one of the most effective data collection technologies for material handling, traceability, inspection and detection. This is largely driven by the fact that technological innovation has resulted a data explosion with more information being shared and stored by businesses, and therefore creating a need for effective leveraging of data for businesses to drive a competitive edge.

To augment this, vision systems and imaging technologies are emerging as the next wave that is driving change in all sectors as digital technologies take hold. This brings opportunities for differentiating and adding value to the entire tracking and logistics process.

**SCAN/DCR:** Being a global company, how do you cater your sales programs to the needs of various geographical markets?

**Sacchetto:** Datalogic has a strong legacy in catering at this level, having come to the international stage early on in our 40 years history. Since its early days starting with a big vision focused on optical sensors for the automation industry, Datalogic grew rapidly and in just a few years was already a presence in the international market with subsidiaries across Europe. Then, with its sights set on the latest frontier of bar code technology the company soon became the European leader in industrial applications.

Today we have a direct presence in 30 countries, with seven manufacturing sites and 10 R&D centers—and selling to more than 100 countries. This means we can sell to and service our customers in, to coin a phrase, a ‘glocal’ way, but as with any global company, we need to ensure our staff, partners and distributors are fully in the fold - motivated, successful and committed. So communication is key.

Geographically speaking, every region has its own challenges and needs. In our developed world markets, we need to monitor trends in our customers’ marketplaces, so much of the effort surrounds innovation and strategies for efficiency. In emerging or developing countries, we need to work with the people on the ground. There are also ‘greenfield’

economies, which lie untapped in terms of potential for AIDC and much of our work entails assessment, education and collaboration at high levels to form strategic alliances and joint ventures with local partners, serving both the public and private sector.

This is another reason why we have 10 R&D centers strategically stationed around the world. They not only come up with solutions pertinent to their local or regional markets, there is also considerable cross-pollination and cooperation with other centers in other regions, where ideas and innovations that come from one region can be leveraged on by another.

This to me is the essence of innovation, and also results in efficiency and flexibility. We see this in our ADC division, for example, which, through its new architecture of global-level operations, has seen the expansion of our Vietnam plant generating new active product lines and high levels of industrial productivity.

**SCAN/DCR:** What are the top three challenges facing AIDC vendors today?

**Sacchetto:** Apart from the opportunities offered by Brazi, Russia, India, and China (BRIC), there are sleeping markets where AIDC vendors can make a huge difference to economies, societies and simultaneously grow their own business. Turkey is one example of a country which is under-served by AIDC technology, but that has considerable potential. The challenge is to educate, inform and build relations on many levels in order to realize this potential.

Secondly, the challenge of breaking down barriers in order to optimize the omni-directional supply chain and sales channel referred to earlier, is one which our industry needs to take seriously. In order to ensure existing and potential customers understand the inevitable ‘new order’ that is coming—and embrace it, solutions need to be in place to bring added value to the entire supply chain process—and significantly improve operations.

Thirdly, in many sectors, new levels of automation are necessary to capture data to reduce cost, increase productivity, become more competitive and grow the market. Widespread adoption of new technologies, the internalization of markets, higher intensity of competition, extended service level and quality requirements, as well as the individualization of demand, are challenges significantly impacting business models. This results in a call to action for the AIDC industry to develop and support the necessary solutions.

**SCAN/DCR:** Describe your goals for Datalogic and what role you can play in making them happen.

**Sacchetto:** Our vision for the future is to continue the group's significant growth pattern, which has been achieved through the consolidation of existing markets, expansion in emerging ones and in implementing policies on efficiency, product innovation and research and development. We made R&D investments of over 26 million Euro in 2011 alone.

We also aim to expand into other verticals such as government, healthcare and pharma, which have high growth potential. In terms of geographic reach, our sights are set on developing market share in large, under-served regions and countries. Our focus on particular target industries within the verticals, is turned on Factory Automation, expanding T&L further and gaining additional market share in handheld scanning, for example, in North America and Asia Pacific, as well as emerging countries.

There are many factors that come into play to make this happen. We cannot sit still and, internally, we must apply the same philosophy for ourselves as we do for our customers and markets. An example of this is our new integrated supply chain, which contributes to reduce costs. Everyone has a supply chain and in our industry, with Datalogic in particular, we must continue to practice what we preach.

**SCAN/DCR:** Do you see any specific trends or ongoing transformation in the market scenario?

**Sacchetto:** The constant trend I see and which I have alluded to in this interview as an over-arching evolution in our industry is consumerization. It is transforming the AIDC market and impacting organizations' need for end-to-end system and device management solutions. This is true in highly regulated industries such as healthcare and financial services where mobile technology is becoming widespread, as much as in the key verticals already discussed. I believe consumerization is driving differentiation and commodization and this is something on which we need to focus our future growth strategies.

**SCAN/DCR:** Your three-year plan has been just presented. How do you view this path and what challenge for Datalogic exist in the next three years?

**Sacchetto:** The 2012-2014 business plan is a rolling plan that confirms the growth drivers of the plan approved in June 2011 and extends the time horizon to 2014. The plan is based on strengthening the Group's competitiveness on its reference markets—Automatic Data Capture (ADC) and Industrial Automation (IA)—as well as growth in emerging countries and an ongoing improvement in industrial efficiency and productivity. It takes into account the change in the economic environment, for which the

main independent research companies within the sector forecast a slowdown in market growth in 2012 and a recovery from next year.

The objective in the ADC sector is to grow at a faster pace than the market (2011-2014 CAGR of approximately 12% versus the market's 5.7%), leveraging on the optimized offer of products and technological solutions, and the strengthened distribution structure resulting from the integration of **Datalogic Scanning** and **Datalogic Mobile** into the new **Datalogic ADC** division, operational since January 2012.

In the highly-fragmented Industrial Automation (IA) market, which has great growth potential in sectors currently not covered by Group products, Datalogic plans to grow at a faster pace than the market, 2011-2014 CAGR +28% compared with +5.4% for the available market (approximately +7% like-for-like versus +5.3% for the market excluding the postal sector), leveraging on the complete integration of the acquired companies into Datalogic Automation and on the new organization by market, Factory Automation (FA) and Transportation and Logistics (T&L).

Datalogic Automation will also be able to attack the promising machine vision technology sector, following the acquisition of PPT Vision, which already offers some significant synergies within the Factory Automation (FA) sector.

With regard to international expansion, the Datalogic Industrial Automation division intends to grow in mature areas such as North America and Europe, thanks to the expertise acquired in solutions positioned at the upper end of the range in the T&L sector, with growth expected to be particularly strong in Turkey, South America and Asia—mainly in China and South Korea.

Datalogic will continue with the constant product and process innovation that has made it the recognized global leader in its reference sectors. Annual R&D investment will be more than 7% of revenues, and will be focused in particular on new Imaging and Vision technologies. Moreover, the strategic activities of Research and Development have been incorporated into the new company Datalogic IP Tech Srl, which will also manage the Group's patent portfolio, a valuable strategic asset necessary for the Group to maintain a leading role on the market.

Datalogic will continue to invest in the development of self-checkout technologies to optimize front-end functions in the retail market and extend the range of mobile computers, for which the Group will in particular design new platforms for the promising Asian markets.

Within Industrial Automation, Datalogic will continue to invest in the development of imaging solutions, machine vision technology and miniaturized technology for sensors.

Investments to improve efficiency and increase productivity will also continue. The adoption of the new Supply Chain, which integrated all operations processes (production and logistics) of the ADC division in 2011 has begun to bear fruit this year.

This new operations architecture at international level allows a higher level of industrial productivity, and will enable the Group to seize all growth opportunities, upgrading the plant in Vietnam, which now employs around 600 people, in a country undergoing significant development and one that represents a strategic point for the whole Asia region, where the market is registering extremely rapid growth.

Based on these lines of development, the Datalogic Group forecasts that in 2014, it will register consolidated revenues of between 600 million and 620 million, with a 2011-2014 CAGR of 13% (approximately 7% like-for-like).

### **Final words**

As we neared the end of our interview, we asked Sacchetto for his final words. He told us Datalogic is a multinational company that is like a tree. Its roots are in Italy and its branches reach out all across the globe.

“Datalogic is not a work in process company,” Sacchetto told SCAN/DCR. “We are a people in

progress company. We know we’re not the largest vendor in our market, but we want to be the best in what we provide. It’s all about pride.

“As we see the consumerization of our products taking place, we must take a wide view of the market,” he continued. “That said, we also must be capable of delivering products on a need-by-need basis for each geographical area. The needs of the Asian market are not the same as those in Europe or the USA. We have to customize our offering for each customer. I am very proud of the diverse product portfolio we have created through our many acquisitions and our internal engineering. We intend to meet the needs of the market niche by niche, vertical by vertical.

“There is a lot of opportunity for growth. We see vision systems coming more into play. For instance, in the pharmaceutical sector, vision systems could be used to identify pills. My goal is to keep Datalogic moving forward with sustainable growth.”

*Comment: We want to wish Sacchetto and the Datalogic team sincere congratulations on their milestone. For those of our readers who may be new to the industry, Datalogic was not only a pioneer itself, it has acquired some of the most visionary company that helped make the industry what it is today—**PSC, Spectra-Physics, Accu-Sort**. We hope the company will continue to thrive in its next 40 years.*

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