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Blaze To Offer
Mobile PayPass Stickers

1st MiFare IC With Open
Standard Cryptography

Entering A New RFID Phase



Holger Roessner
MD
AdvanIDe

AdvanIDe's GIST

Global
reach

Indepen-
dence

Speed

Trust



For every end-product that ends up in the consumers' hands, the whole cycle of how the product was manufactured - from beginning till the end - it is rarely of any real interest to the end-user. To a vendor in the production chain however, it could be a critical point. Having a reliable and readily available source of materials is essential to ensure that production is unaffected should any unforeseen incidents occur. The silicon industry is no different. The supply & demand for silicon fluctuates according to market forces, thus vendors are sometimes caught in a difficult spot when demand outweighs supply. It is in such situations that a company has found its niche spot and excelled at it. Resourceful, independent and with a global reach, AdvanIDe has build up a solid reputation for being dependable and trustworthy. As the industry needs are constantly evolving, so has the company - expanding its repertoire to best support its customers in every way possible. Find out how this silicon broker is carving its mark in the contactless and RFID industry through the eyes of Holger Roessner, MD of AdvanIDe...

PAN : AdvanIDe emerged from the former ACG Group. How was the contactless business back in those days?

Holger : I remember very well my 1st meeting with ACG's founder back in 1995, where we had a discussion about a transportation project in Brazil. At that time, South America was an emerging market for contactless technologies and after having completed part of a trainee programme at Siemens where I did market research, it was my 1st venture out into the real world of contactless business. Ever since, I have been fascinated by this technology and the opportunities it presents. Seeing my 1st RFID inlay with an etched antenna and an attached IC module at that time was a unique experience that raised my interest, which have not diminished even until today. Back then, contactless access control and e-ID applications were just in the infancy stage and most of the business was driven by electronic tolling and fare collection applications.

The market was not as fragmented as it appears to us today, and the technology - even though it has evolved over the years as far as chip technology is concerned - is still pretty much the same today as it used to be back then when we look at how a transponder is made. The real revolution that we experienced was driven by new applications, which led us to zero in on about 2 dozen vertical markets today, if we were to relate to the use of RFID and contactless technologies. ACG at that time was - and so is AdvanIDe today - a company deeply involved in shaping contactless projects and applications.

PAN : Following the transition from ACG to take over all silicon distribution and sales activities, how much has changed since and why was AdvanIDe established?

Holger : The market is still highly fragmented today. There are specific regional applications that can only be found in certain geographies. For example, you will only find RFID being used in microfinance in India. Another good example would be the application of UHF technology which is only deployed in the US logistical market, which later migrated to e-ID card applications. As a result of such trends, manufacturers began to invest in the facilities needed to keep up with the demand.

In 2007, we saw the vision, and shifted our business model from finished and semi-finished goods to semiconductor components. Back during the ACG days when there were only a handful of manufacturers, we teamed up with them to re-sell their products. Today, we only refer business opportunities to them and instead, focus solely on supplying semiconductors. Feedback from our silicon partners and customers alike eventually made us decide to establish AdvanIDe as the leading brand. Since then, we have become the preferred silicon partner to many small and medium-sized global and regional manufacturers. Cultivating these partnerships has resulted in a diverse variety of projects which led our customers to seek us out as their leading independent semiconductor provider.

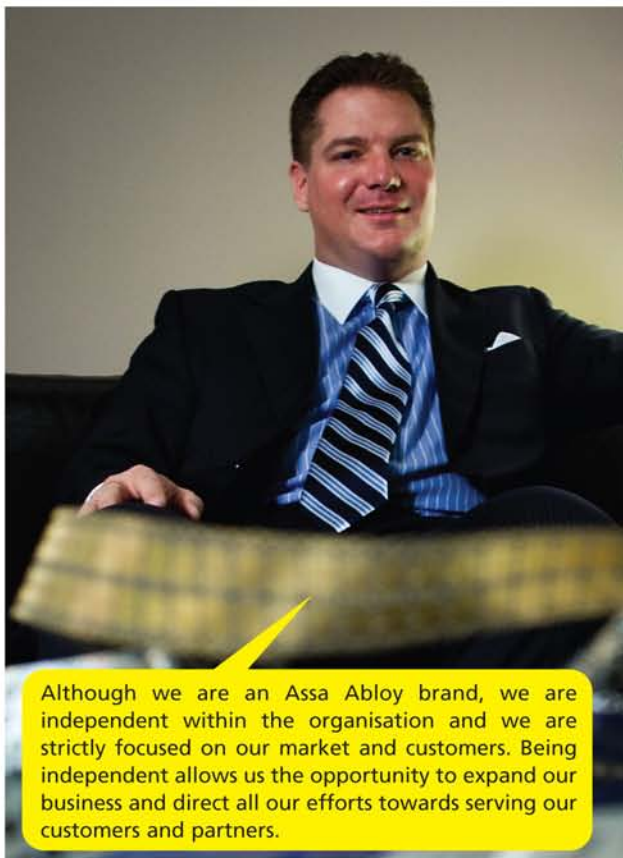
PAN : As an Assa Abloy Group brand, how do you position yourself amongst other umbrella brands? Are there any healthy "sibling rivalry" that pushes you to be better?

Holger : Assa Abloy acquired a large number of brands over the recent years to support its core competencies, which is related to door-opening solutions. Although we are an Assa Abloy brand, we are independent within the organisation and we are strictly focused on our market and customers. Being independent allows us the opportunity to expand our business and direct all our efforts towards serving our customers and partners.

PAN : "To offer our silicon partners the leading platform and organisation to improve their position in each market segment of their identification & chip card business by providing superior support to the distribution customers." How do you apply this mission to your business?

Holger : We are a global organisation headquartered in Asia, but we have a sales network that spans the globe and can support customers around the world. We are the only true global distribution partner which is focused on the provisioning of silicon for chip cards in the identification marketplace. As a result, we can offer our suppliers the ability to operate in off-shore projects around the globe.

We strive to bring benefits to businesses by either adding value in creation activities and/or by identifying new opportunities that will expand their reach. On the customer side, we constantly educate them about trends within the marketplace which will result in the designing and launching of new products and projects. At a later stage, once they have successfully executed the designs or delivered their applications, we further expand these opportunities by



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introducing them into new vertical markets or regions. The microfinance market is a great example of how we have successfully expanded 3 partnerships in India by bringing to our customers new clients who are seeking the same applications for a project in the SEA region.

PAN : What do you hope to achieve with your strong involvement in industry organisations such as SCAFI, ICMA, SCA, Silicon Trust, TTT and so on?

Holger : Part of our success is attributed to our strong network of partnerships, as well as our independent operations. Even in this age of advanced electronic communications, a factory visit, a meeting at a project site or the personal attendance of meetings and gatherings is important to stay in touch with the trends in our industry and the people shaping them. We actively participate in these organisations not only to learn but also to share our experiences and ultimately, to assist the industry to gather momentum in their respective markets. Take SCAFI in India for example, which we have served for many years as an active member lobbying together with other SCAFI members for government mandates on the use of RFID and chip card technology and the harmonisation of locally developed standards for the benefit of interoperability and feasibility of large scale projects. We are committed to actively contribute to industry associations in the years to come.

Increasingly, we also co-operate with equipment suppliers who are further ahead of us in the value chain. Through these partnerships, we are able to expand our network to include these future potential clients, which places us ahead of everyone else. The benefit of this allows us to start projects and support customers up to 12 months prior to the first card or transponder being manufactured on those machines. This gives us the opportunity to establish a relationship with those clients in the very early stages of their business operations, which usually results in a stronger and very long-lasting partnership.

PAN : Few industries are insulated from the current financial turmoil. What are you doing or planning to stay ahead in this difficult period?

Holger : Despite the economic impact in some parts of the semiconductor industry where business is heavily affected by double digit declines in the automotive and consumer electronics segments, the ID and chip card business itself has fared better than most other segments. This may be related to the long-term nature of quite a number of infrastructure and government projects, and also caused by the increased demand for silicon in other verticals such as the telecommunications sector. Increased competition amongst end-users can actually spark new demand for component suppliers as customers are prone to changing SIM cards to optimise their expenses or purchase additional SIM cards to reduce roaming fees.

In the financial sector however, we have experienced a slowdown, where silicon is used in the manufacturing of credit cards for the banking industry. Banks are scrutinising their customer base and credit risks more than ever, which in turn causes them to charge a premium when they request clients to return their cards and to pay off their debt. One would not expect a growing number of cardholders, as what we have observed in the US, for example. Overall, the market at the moment seems to have stabilised and judging from the increase in lead-times of semiconductor and higher load factors of the factories than what we had about 2 months ago, we are cautiously forecasting a slow rebound by the end of Q2 as far as ID and chip card silicon is concerned.

PAN : What would you say are your top competitive advantages that separate you from the rest of the competition in this contactless industry?

Holger : Global reach, independence, speed and trust are what really make the difference in our business compared to our competitors. This means people can speak to us from anywhere in the world, on any silicon product, from almost any manufacturer - around the clock with a short response time. Size does matter and despite our global setup, we have managed to maintain a lean and competitive team, which is of additional benefit to us and our customers, particularly during this crisis time.

PAN : You have a diverse interest in various market segments for your product offerings. Break down your involvement in each segment and share some insights with us.

Holger : The number of segments that we are active in is just too big to be completely covered here. This shows how diverse and crisis-safe our engagements are. By focusing on the main applications, we are able to make strong inroads into e-Governance projects such as e-ID cards, e-Documents such as domestic travel IDs, health cards or licences of all sorts. The e-Passport business will see a wave of localisation in the years to come where state printers will climb down the value chain or where local OSEs are mandated (eg. SCOSTA-CL in India). Another vertical market that is showing tremendous growth opportunities is the proprietary contactless microfinance and prepaid cards. They may, but not necessarily include, automated fare collection applications, which are usually multiapplication cards combined with an e-Purse. In such projects, we are typically involved in the very early stages of project definition where the semiconductor technology is being selected and surrounding products such as OSEs or antennas are being defined. Our network of partners is usually able to support the other aspects of the value-added services besides the semiconductor, which are naturally not covered by AdvanIDe.

PAN : AdvanIDe has an optimised semiconductor supply chain which guarantees manufacturers of smart cards, RFID transponders and readers the most efficient access to the latest semiconductors. Do tell us more of your extended reach in the semiconductor supply chain for the RFID industry.

Holger : Being an independent supplier means that we have no special preference for any silicon vendor other than the one that best suits our client's interests in terms of partnership, technology and product offering. This is why it is important to have a large number of partners available at the inception of the project. Furthermore, it is important to know them and their products in depth to be able to fully utilise their strengths and assist them in some of the challenges that may arise. Lastly, having volume supply agreements in place ensures our partners with competitive advantages in terms of costs and the timely delivery of products.

In other circumstances, we sometimes reverse or change the supply chain in cases where some of our customers seek our support in helping them to offload excess inventory, which might be leftovers from concluded or expired projects or from inventory which is approaching the end of its shelf life. This service is where we truly believe we are able to differentiate ourselves from other competitors by offering a mutual, bi-directional business partnership.

PAN : How do you maintain your 4 global distribution centres to give the best service to your customers worldwide?

Holger : Our distribution centres are located close to major markets that we are serving. For Asia, we have 2 facilities - one dedicated distribution centre in Hong Kong which delivers products to the Chinese market, while our Singapore facility provides components to the rest of Asia. Our clients are in a fast-moving environment where the immediate availability of products could mean the difference between losing or winning a large tender, or having a long-term customer being forced to buy from a competitor or to stick with his supplier. Our distribution centres are virtually part of our customer's supply chain in which we forecast the upcoming demands in close co-operation with our silicon vendors, which allows us to cut lead-times and to allocate wafer production slots.

PAN : From your long track record as an independent supplier, how satisfied are your customers with your after-sales service, and in what other areas do you want/intend to improve it? Give us a scenario of how you conduct such service.

Holger : A supplier can particularly show his strengths in times when things do not go as planned. This could be due to quality issues arising out of process changes or handling related incidents, or in case further technical support is required to assist in the production and personalisation process of ICs after they have been delivered. If, for example, customers report a problem in the supply chain, we try to take full ownership of the issue. We have access to laboratories and other partner and in-house facilities to provide failure analysis and report services to find the root-cause of any problem that may occur. In other cases, after-sales service can also mean that we assist our client in re-selling inventory that he might have in excess. We truly value the partnerships with our clients and product support. That does not end after the product is shipped and we are constantly looking for ways to improve our customer support.





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PAN : You certainly have an impressive list of partners - Atmel, NXP, LEGIC, Texas Instruments, Infineon and etc. What were the nature and objectives of these partnerships? Even "AdvanIDe" itself is an acronym for your commitment to your partners!

Holger : "Achieving Distribution Value and ID Excellence" is certainly something that we strive for day by day. We have a wide network of partners and will continue to expand by either adding new partners, or by venturing into new vertical markets or geographical regions with existing partners. There is also room for growth in adding new products that existing partners may provide to us at a more mature stage of our business relationship. The key element in selecting a partner is to find mutual benefits. We continuously ask ourselves - "How can we add value to our partner and where does this partner contribute to our customer's success?"

PAN : What opportunities do you see ahead in & for the Asian RFID market?

Holger : The RFID market in Asia is dominated by the presence of a large number of manufacturers who are based in the region and are serving their home territories and overseas venture such as Europe and the US. Low manufacturing costs have been the main competitive advantage thus far. Beyond that, we see an increased demand for innovative product design, faster development cycles, shorter lead time-to-market and the need for customisation of products, to give end-users more options which are tailored to their own branding and application. The latter area has gained much momentum, especially where the Asian RFID suppliers can leverage from in the future, which will in turn provide excellent opportunities for them.

PAN : What have you planned in the pipeline to expand your global presence further in the contactless industry?

Holger : For the benefit of our customers, we have been and will remain a lean and swift-acting organisation. We have divided our sales regions into 5 major areas which are managed by local teams who are responsible for sales and operations. They are centrally supported by our line-management and field application engineering team as

well as our finance and admin support functions. The regional offices are close to the markets they serve and are expanding their presence through a variety of measures. First of all, we plan to not only add internal sales resources in growing markets such as India and China, but also to establish a network of Value-Added Resellers in other regions. For instance, we recently entered into agreements with 2 partners in Europe to cover certain vertical market segments and geographical regions where we want to improve our position. Lastly, we closely align ourselves with our customers to understand and serve geographical white spots or new application segments through them, by providing leads, contacts and know-how so that they can successfully enter those markets.

PAN : You started your career at Siemens Semiconductor (now Infineon), moved to Siemens Automation and then founded ACG in Asia, before finally establishing AdvanIDe and running it globally, what kind of experience have you obtained throughout your career?

Holger : Having been in this industry for 12 years, the most rewarding experience to me has been the opportunity to work with people who are dedicated to this industry in the long run. The ID business comprises plenty of vertical markets which open new opportunities and give you a reason to acquire new skills and knowledge to successfully serve them. This makes the job a neverending journey of exciting experiences and success stories which are all very rewarding. Through the large diversification of end-user applications, the opportunities to gather new experiences and knowledge are virtually unlimited.

PAN : Where do you get your daily motivation and constant inspiration to continue steering the company to greater heights?

Holger : Being a sales and service company, our most valuable assets can be found in our people. These employees have extensive experience within the industry and collaborate with a number of partners to bring our customers the best-in-class products. My greatest inspiration is that through them, our partners and customers are all working together as one. A truly motivational experience!

PAN : Throughout your whole working career, any particular incident that you found it most fulfilling, and why?

Holger : If I could answer this question, it would probably be time for me to retire from the job as there is no one single most fulfilling incident that has ever occurred to me, and will probably never occur to me. I look at this career as a constant journey, where the level of fulfilment and my expectation of what heights I want to achieve, are constantly growing.

PAN : In your opinion, how will the RFID industry develop throughout the next 5 years and how do you plan for AdvanIDe to leverage on the industry trends?

Holger : As the RFID industry is highly diverse, there is no one single 5-year plan for AdvanIDe, but a strategy to participate in the most promising segments. e-Government, financial inclusion/microfinance applications and the adoption of contactless technology in the healthcare and medical sectors are some of the trends that will keep this industry growing in the future, and we will be a part of them. At AdvanIDe, we are constantly exploring new partnerships with system integrators and manufacturers of cards, transponders and readers to find new applications, all of which are uncharted territories where you will see and feel our presence growing.