

Value proposition for OEMs is very compelling in current environment

The current uncertainty in the automotive market in India has led to rethinking of growth strategies and revising of targets for most global suppliers. Raw material suppliers have been especially hard hit with OEMs and component suppliers curtailing production. In a freewheeling interview with Auto Monitor, Managing Director, DSM Engineering Plastics India, Nitin Kothari distils the current scenario from systems suppliers' perspective and his strategy for Indian market.

Abhishek Parekh

▶▶ What is the current scenario for automotive and industrial sector?

It has been a realisation that India is not insulated from the global turmoil that we are currently seeing and there is likely to be a major impact on Indian economy. The decoupling the-



Nitin Kothari, Managing Director, DSM Engineering Plastics India

ory does not seem to be really applicable in the current sce-

nario. We are a significant player in the automotive mar-

ket and around 35-40 percent of our turnover emanates from the automotive sector.

Maintaining market share and revenue contribution from various products is a major challenge in the current scenario. For instance, our market share for nylon 6, which is used in the country for various industrial applications, is around 35-40 percent. Our major concern at this point of time is to maintain this share as it might be difficult to have a significant increase from the current level. This will be increasingly difficult as tariff reduction will bring in newer players to the country, who are not currently present here.

▶▶ How are you affected by the automotive sector downturn?

Given the value chain in the automotive sector, we supply to systems suppliers who in turn

supply to the OEMs after getting OEM approval. We also supply to moulders, who in turn supply to system suppliers and in some cases we also deal directly with the OEMs. But the value proposition and its delivery starts with an OEM. The two main objectives that all OEMs are working towards is overall weight and system cost reduction. The third objective, which we also aim to achieve, is part reduction. In order to achieve this, our sales and marketing force are in constant touch with the OEMs directly to apprise them of the newer technology and systems to help them achieve these objectives.

We approach the OEMs to understand the performance parameters of a particular part or a system. After understanding the needs of the OEMs for a particular part we try to look for

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Axcend anticipates greater outsourcing of automation

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Axcend Automation & Software Solutions is hoping to have a deeper role of direct digital manufacturing in the production processes to help enhance the competitiveness of its customers. It follows a hybrid approach to providing solutions to customers' needs drawing from its strength in industrial automation, IT & systems management and manufacturing industry processes to provide value proposition.

'In the times of downturn, the need for an integrated approach among customers is even greater than during more normal times. It is keeping this in mind that we intend to provide a value proposition to our customers,' said Co-founder and Director-Operations, Axcend Automation



Satish Kumar, Co-founder and Director-Operations, Axcend Automation & Software Solutions

& Software Solutions, Satish Kumar in a telephonic chat with Auto Monitor from Bangalore.

The company recently entered into a marketing arrangement with M'ManSys for marketing its taxation product Udyog to Axcend's customers and vice versa which is likely to signifi-

cantly enhance both partners penetration with medium and smaller organisations. 'We essentially target large organisation for our solutions as their IT systems are relatively more complex and there is significant scope for optimisation with newer and legacy systems,' explained Kumar about his target customers.

The key focus areas for Axcend includes system integration at plants including system compliance with machine tools and compatible with exiting systems. Kumar is anticipating increased scope of activities as consolidation in progress in the manufacturing sector is likely to ensure major IT backbone integration work that is likely to be outsourced, especially in cases involving mergers and acquisitions. There is a particularly good scope in the automotive and aerospace segment as these sectors are already well conversant with digital tools and may also be well prepared for adoption of digital manufacturing tools and practices.

His background provides him with substantial understanding of customer's requirements in automation and engineering. He began his career in the field of electrical engineering when he joined Reunion Engineering, where he gained hi-end work exposure included testing and

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a global precedence to ascertain whether any reengineering is required or suitable modification to a part or a process is sufficient to achieve the OEM's objective. OEMs typically expect around 10-20 percent cost reduction in this exercise and weight reduction is a given, while working with a plastic component.

Density of steel is around eight, while that of die cast aluminium is three. The heaviest of plastics has density in the range of 1.5 to 1.6. Weight reduction has to happen while replacing a metal part with plastic. So replacing a die cast component with a plastic one is likely to yield around 50 percent weight reduction, while replacing a metal component with plastic can yield as much as 80 percent weight reduction.

AD Does plastic adhere to the recycling parameters as a part of ELV norms that have been imposed in Europe and which might be enforced in India in the near future?

The concept of end of life vehicle (ELV) implies that materials can be taken out and be reprocessed in order to put it back into the system. In case of metal components, it is only to a certain extent that it can be melted and reused without significant

alterations to its properties. In certain range of products in our offerings, in our nylon range for instance, we actively reprocess the material back to its compound stage to be reused for same or different application.

We have already started doing the reprocessing of material in a small way in India even though current regulation do

The major concern in adopting plastics for customers is precedence of use for different parts and solutions

not require us to do so purely out of economics of the process. But we have to ensure that the material meets the quality specification of the raw material we demand for manufacturing components and the process should meet all the environmental standards concerning restricted substances. For commercial reasons, we do not share the technology with any third party and do inform the manufacturer of our capability to recycle the material.

However, not all types of

plastics can be recycled and our approach is to convert the polymer to monomer and then reprocess into desired components.

AD What is the demand scenario for auto components from OEM customers?

The current scenario indicates that most auto components or systems suppliers are unwilling to forecast their requirements, as they are unable to predict demand from OEMs. It could be termed as a rather uncertain environment. But there is a major opportunity for us in the current scenario of uncertainty. Most OEMs in a bid to cut cost are getting far more receptive to listen and consider any opportunity to reduce the overall cost of the system or any cost saving derived from reworking materials and processes.

Once the customers get the comfort level of working with us, the opportunity to grow our business is tremendous as it is unlikely for them to go back to metals after having seen the benefits of using plastics. Their major concern in most instances is precedence.

We are planning to set up

an automotive design centre in India to cater to the growing demand of the automotive companies here. The centre will actively participate with customers in their product development effort through extensive application of CAE/CAD modelling. We will also establish testing centre to enable the customers to test their products at the design centre.

AD Are you revising the production targets for India and China given the economic uncertainty?

The fact that India and China are at the cusp of long-term growth is well known, so our commitment to both the countries remain. We may have a re-look at the investment amounts for both countries or whether to expand in phases. In any case the approval process for most parts takes a fair amount of time like a year or couple of years and we need to have that process in motion in anticipation of pick up in the market. Most automotive companies are on schedule in terms of vehicle or platform development plans and there is unlikely to be a cut down or reduction to that. We are in the process of rolling out new material and also upgrading the customer to newer materials as we bid to provide higher performance and helping cut down or optimise costs. **AD**

Axcend anticipates...

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commissioning of electrical systems of petrochemical and power projects. He later joined the Reliance group in 1996 in the engineering, operation and maintenance services. He was involved in the implementation of electrical and instrumentation systems for improvement of plant efficiency and productivity.

During his tenure in Reliance he obtained hands on experience in process plant automation systems and practices. He subsequently moved to the Middle-East to join Al Hassan Engineering in Muscat concentrating on oil, gas and power sector. He later joined Uma Balakrishnan in 2001, to transform Tachitomatation – a start-up into a corporate entity and co-founded EISS – a quality establishment that provided industrial information management and industrial automation products and services.

Axcend Automation & Software Solutions operates in the manufacturing, IT and industrial automation space with requisite skill sets and domain expertise. Established in 2001, the company has emerged as a manufacturing solutions provider helping organisations achieve optimisation, enhance work-flow and peak productivity with ERP, automation and PLM services. Axcend is a subsidiary of the leading North American group called Acrodex. **AD**

Nuance lends a voice to electronic...

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demand and provide specific inputs on the segmentation and scale of services to be offered, it is up to the suppliers to integrate our systems into their product development,' said Rao. At the same time, supreme portability and scalability allows PND manufacturers to protect their map IPR through the process of integration, as in the case of Garmin, which employs speech back-ups designed by Nuance on a stand alone basis.

Unique Indian Issues

With the advent of Nuance India in the mobility domain, product development at indigenous PND makers and EVA suppliers is likely to get the much required boost as India with its scores of languages, ever changing street names and emerging infrastructure environment presents a unique user-compatibility issues. 'Our teams are well poised to take on the challenges of language and dynamics of an emerging markets,' said General Manager, Automotive and Embedded Mobile and Consumer Services Division, Nuance Communications, Arnd Weil.

The essence of speech-based platforms lies in integrating the modules with local languages, an area Nuance claims to have accumulated expertise in, thanks to its presence in markets across the globe. 'For starters, in India we are technologically capable of offering key languages compatible to OEMs and PND makers' requirements. Hinglish or the Indian version of English

is one of them,' added Rao.

As critical telematic information and on-board entertainment and connectivity assume a significant priority, suppliers such as Delphi and Continental are sprucing up their offerings with relevant sensors and interfaces. OEMs however are bound by cost constraints and are sceptical of rushing to the market with sophisticated electronic modules in emerging economies. However, research suggests that the shift to electronics and at a later stage, speech-based devices is a fair evolution of the over driver experience. That it offers safety and security dividends is merely an added bonus. Besides, modularisation of key electronic interfaces in the long run (as volumes look up) are likely to accrue substantial savings to carmakers feel experts. Above all, which OEM would resist a positioning such as that of an OEM that cares for drivers and road safety?

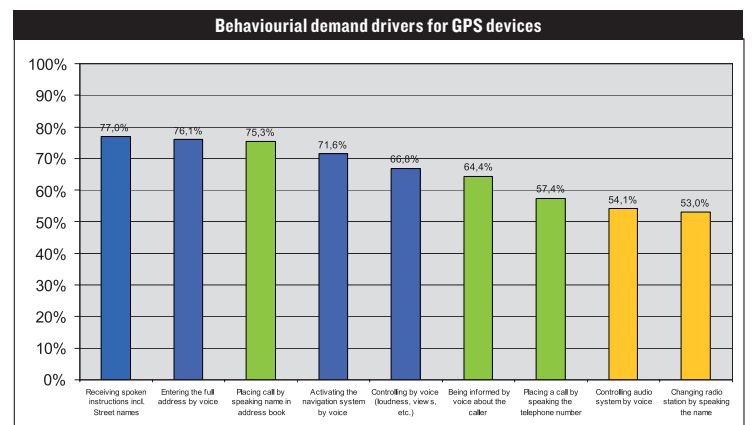
According to an end-user survey conducted by Nuance on over 900 drivers in the US, Germany and Japan and buyers of new cars from different segments, over 76 percent felt that speech-based technology makes navigators more interactive and user friendly. Over 71 percent of the respondents contended that voice inputs allow them to focus on roads better and enhance safety in the process. According to a White paper titled 'Speech finds its way into navigation' authored by Philippe Jeanrenaud of Nuance Communications, navigation solutions running on dedicated devices have become

the most popular option, with approximately 15 million units (out of a total of 20 million) as of 2006. However, this trend will inevitably shift up he says, as navigation solutions become more readily available on smart phones. In fact, by 2010, smart phones are expected to account for roughly 20 million of the 70 million projected shipments of navigation solutions.

Home Grown Solutions

In that context, home-grown maker of economy utility vehicles Mahindra & Mahindra is reported to be working with Delphi on a driver information system for its new offering — the Xylo. Similarly, Fiat India already offers on its neo-retro supermini — the 500 a Nuance and Microsoft collaborated solution called Blue&Me. The Blue&Me hands-free system uses what Fiat calls an exclusive universal voice-recognition technology, which obeys a voice input regardless of the user, without throwing any undesirable results. On pairing a Bluetooth device to it, and by downloading its phonebook, one can make and receive phone calls simply by speaking out the name of the intended contact. Up to five different mobile phones can be paired with this system and should more than one paired phone be present in the car at the same time, Blue&Me connects with the last phone used besides reading out test messages and playing music of your choice.

Obviously, incremental costs are a primary impediment to the growth drivers of a thriving mar-



ket of onboard electronics and just how essential it is for regulatory framework to penalise motorists that undermine road safety is evident in the spiralling instances of accidents as a result of lack of concentration. The Road Traffic Organisation of Maharashtra for instance, has banned the use of cell phones while driving. Similarly, traffic regulators across the country are coming to terms with overloaded goods carriers, often damaging precious road infrastructure and practicing unsafe haulage, in turn gradually penalising those responsible.

'There is however a long way to go before legislation is enforced, charges pressed and relevant devices to curb unsafe practices, made mandatory on board at the OEM level,' felt an automotive analyst, who did not wish to sound off a wrong note with the administration and hence preferred not to be identified.

Earlier in an exclusive interaction with Auto Monitor, General Manager, Commercial Vehicle and Aftermarket, Continental

Automotive Components India, Hemal Shah said that Tata Motors hopes to do away with mechanical consoles and gradually replace them with electronics in its new range of CVs starting with the World Truck programme. When asked whether Nuance is looking forward to work with CV and two-wheeler makers, Rao responded in positive. Two-wheelers again are a critical business area thanks to their popularity in the local market and the criticality as riders cannot afford to engage in any peripheral activity beyond riding.

Then again, are we going to see any of this speech-tech based gadgetry any sooner? 'The answer to that is yes and no,' said Rao. Yes, in about two years you may expect to hear from your car and quite literally so. If Rao gets his way with the OEMs, 'SMS readability' and 'Music playback' is not far from execution. The technology he said is already here. 'It's just a matter of embedding it within the on-board electronics.' **AD**