

# SMOOTH CONNECTIONS



*The message coming out of RACOM, a technologically-leading manufacturer of radio modems, 3G routers and microwave links, is quite clear – don't underestimate the quality of technology coming out of countries such as the Czech Republic. "We distribute globally but we would be able to penetrate more markets if some countries outside of Europe knew where the Czech Republic was!" smiled Deputy CEO Martin Lácha, almost ruefully. Daniel Barnes reports.*

## INFLUENCED BY THE VELVET REVOLUTION



Having come a long way since the company was set up just before the fall of communism in the former Czechoslovakia, RACOM is now one of the industry's leading manufacturers of top of the range radio modems, cellular routers and microwave links.

In the years following the Velvet Revolution, RACOM evolved from a producer of radio-ham products for radio amateurs in its homeland, first by expanding into the wireless data transmission market in 1990 with radio modems, then in 2005, responding to the significant developments seen in the GPRS networking market and establishing a cellular routers product line, to finally entering the microwave links market in 2009.

Today, the company has more than 100 employees spread across three locations. RACOM's headquarters in Nové Město na Moravě and its technological centre for SMT and hybrid assembly in Blansko are both a relatively short drive north of the Czech Republic's second largest city, Brno, while the third RACOM location is situated across the border in the western Slovakian town of Partizánske.

### Reaching a Ton-Up of Exports

To date, the company is steadily heading towards another big milestone; achieving installations in 100 countries. "We started exporting to Slovakia, Austria and Germany," recalled Mr Lácha. "Very soon we started exporting to Norway and other European countries. But nowadays, we are exporting globally with a presence in 85 countries, with the main markets being Latin America, South East Asia and Gulf countries, due to the saturated nature of the European market."

RACOM's equipment is typically part of complex supervisory control and data acquisition (SCADA) networks, resulting in the company's traditional customers not being end users but system integrators. And the company has an extensive







network of international sales representatives, exclusive distributors and authorised dealers, all responsible for increasing sales and geographic coverage. The end users for this type of technology are extremely widespread, as the company's reference list on its website testifies. From supplying RipEX radio modems to Russia's oil and gas giant LUKOIL and Mexican electricity distributor CFE, to installing microwave links for Vodafone, and providing radio data networks to ship fleets (Telenor Norway), train networks (Metro do Porto, Portugal) and even the Czech police force, the company's products can be found in governments, big global companies, local corporate companies and utility distributors in all four corners of the globe.

"We can say that we are one of the leaders in the radio modem market, one of the top four or five in the world," stated Mr Lácha proudly; who has just cause to be

proud, considering he is in fact one of the founders and owners of the company. "We started from nothing in 1989 and have developed the same and even better products than much older and bigger companies. We have been able to keep this position for many years and are developing new products every one or two years in all our market segments."

### Keeping Matters In-House

As a primary producer, RACOM is responsible for its own research and development, for both the hardware and software of all its products, relying on the best quality, heavy duty industrial components from some of the world's biggest technology powerhouses. Mr Lácha said his company has very stringent procedures to ensure RACOM buys directly from the big technology conglomerates or from certified dealers to

prevent buying copycat products, which is becoming a huge industry in itself in countries such as China. "This market is very difficult," he said. "Some copied components may have all the marks of an original but may create problems after a few years, so we have very strict quality controls in place."

With regards to production, RACOM also places the maximum possible emphasis and focus on quality. All elements of a product undergo several levels of inspection and testing and every assembled unit passes a full-scale functionality test in a climatic chamber before undergoing detailed output quality checking.

To keep up with production demand, over the past 12 months, RACOM has invested more than €1 million. This outlay has been split between research and development and production expansion, and includes the extension of the com-

pany's SMT assembly centre, acquiring new mechanical production technology and building a new mechanical workshop at the Nové Město na Moravě HQ.

"Our policy is to do maximum in-house capabilities so we have everything under our control," stated Mr Lácha. "We assemble the PCB boards with the components ourselves and we have almost doubled our production in this segment with these investments. We are currently capable of providing on short delivery times even if the required quantities for our products are continuously growing."

For a company that is expanding production and selling its products into an increasing number of countries, it is no surprise to see the company's end of year figures constantly improve year after year. "Our turnover is growing 10 per cent a year. We are entering more

markets, our equipment is very good, and we see some companies move from our competitors to RACOM products."

### Quality First, Quantity Second

But Mr Lácha declared there are still many challenges to overcome. "We are sure that our equipment, especially our radio modems, is at the top from a technical point of view, but it is difficult to convince all users that your equipment is the best on the market. For example, if a company is using equipment it is fairly happy with, our challenge is to inform the company that it could get a better one from RACOM for the same price.

"It is also difficult to compete with US producers for the US market. To penetrate the US market is one of the challenges we have now. From my point of view, the US is a closed market, preferring local producers.



A lot of people in America wouldn't know where the Czech Republic is, so don't trust products from there.

"Our main challenge now is to be at the top in the quantity of units which are sold worldwide. First we developed the products, and when you have the high-end products, you can occupy or penetrate the market and get a bigger and bigger portion of the market." This is where RACOM currently finds itself. ■