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Datwyler Cabling Solutions CEO

« We have benefited enormously from China »»

During the pandemic Datwyler Cabling Solutions was able to benefit from experience gained in China. The business did not suffer much and is now targeted for massive expansion, says CEO Johannes Müller.

→ INTERVIEW: MARK SCHRÖDER, PHOTOS: SAMUEL TRÜMPY

PERSONAL DETAILS

Johannes Müller

has been CEO of Datwyler Cabling Solutions for over 16 years. Earlier in his career he held the position of CEO at the management consultancy Brainforce and was Divisional Head at Cellpack, the cable accessories specialist. Müller launched his career in 1985 as a software engineer at Alcatel Switzerland. Within eleven years there he had worked his way up to Profit Centre Manager. Now 62, he studied electrical engineering at ETH Zurich.

Datwyler has been producing cables in Altdorf for more than 100 years. Datwyler Cabling Solutions, which has now been spun off, remains loyal to the canton of Uri – as well as to cable manufacturing there. But, apart from that, CEO Johannes Müller wants to make big changes. Over the past 16 years he has tried out and rejected some ideas, tested others and found them promising. As he said in the interview with Computerworld, the new Datwyler will no longer only supply cables for IT installations, but will deliver the entire IT infrastructure.

Computerworld: You are in fact repositioning Datwyler Cabling Solutions. Can you give us a preview?

Johannes Müller: I want to look back for a moment and explain what the starting position was like. When I joined Datwyler 16 years ago the "Datwyler Cables" division, as it was then, had just been restructured together with a consultancy. In the process the portfolio had been drastically reduced to four product families: copper data cables, fibre optic cables, safety cables and flat elevator cables. At the time these accounted for around 98 percent of sales. However, we also recorded operating losses. One reason for this was a very bureaucratic organisation with excessive overheads, designed for substantially higher sales, and another was our own small fibre optic plant in western Switzerland, which unfortunately was unprofitable.

Our main activity during the first three years was to effect a turnaround: we had to axe around 100 of the 500 or so jobs on the Altdorf site, and sell the fibre optic plant to minimise losses. By 2006 we were in profit once again, so were at last able to think about a new business strategy.

In the long term we would not have been competitive with cables alone – particularly in the Swiss location. Our mar-

keting strategy had previously emphasised the superior quality of our cables, but ultimately this would not have worked in the light of increasing standardisation. In the end we decided against expanding into new sectors and in favour of gradually expanding the portfolio with "non-cable products" to enable us to offer turnkey solutions. That way we could keep the plants as well as being able to provide a better service to new and existing clients. We estimated that this option was relatively low-risk, but unfortunately this initially turned out to be the wrong conclusion.

CW: That actually sounds like a sound strategy. Why did it not work right away?

Müller: Back in 2009 it occurred to us that in future we should not only supply products, but also comprehensive services to back them up. We pioneered this idea of turnkey projects in the industry. We then bought a smallish company which had taken precisely this approach and also had appropriate projects in the pipeline. One of the first projects was to upgrade the IT infrastructure of all its embassies on behalf of one of the major Gulf States with a global presence in around 120 countries. So we travelled around the world for initial site assessments, defined the standards jointly with the client, and then supplied, installed and documented the new systems for turnkey operation. That was a very demanding project which stretched us to the limit, but which also taught us a lot. Among other things we were not yet well enough organised to provide other products and services in addition to cable sales. In the beginning we lacked the resources for project controlling, global sourcing and project management. As well as that we had to contract out the assessments and installation to local partners by stages – at least in places where we had no branch office.



Johannes Müller has been at the helm of the Datwyler Cabling Solutions business for over 16 years

In the end the project was successfully completed from the client's point of view – only our profitability needed to be improved.

Despite these teething troubles we stuck to the strategy, which ultimately turned out to be the right one. Nowadays when clients build a new data centre they do not want to work with dozens of suppliers. If a supplier can deliver the cables, racks, cooling, power supply plus appropriate services etc. from a single source, it enjoys a much better negotiating position than a pure cable manufacturer.

CW: Did you have more success with the next projects?

Müller: Yes, indeed. As a result of the lessons we learnt from the embassies project we were able to complete the further projects with considerably more success. Whereas in the first instance "elite units" for the most part moved between the different sites, other Datwyler staff and our certified partners subsequently also took on the new challenges. This meant that later on we were able to achieve good profitability across all regions.

CW: Nothing then stood in the way of growth.

Müller: Not in theory. But there were repeated unwelcome interruptions during strategy implementation. While the world financial crisis of 2007/2008 did not affect us too badly, the 2011 currency crisis was a major setback. At the time we were generating 60 percent of turnover in the euro-zone. A large hole was made in the profit and loss account when the Swiss franc almost reached parity. We had to act quickly. Within a year parts of production (around 100 jobs) were outsourced so that we could continue to deliver at competitive prices. This meant moving half of our elevator cable production to the Czech Republic and the

other half to China. In 2015 the euro fell against the franc again, whereupon we outsourced the bulk of our logistics from Altdorf to Frankfurt a. M., where we created our European logistics hub.

CHALLENGES IN CHINA

CW: Did Datwyler Cabling Solutions already have a presence in China prior to the financial crisis?

Müller: Yes, back in 1998 we opened two plants in China. Elevator cables for a Swiss client operating in China were assembled in one factory, data cables for the Asian market were produced in the other. The assembly operation flourished, but the manufacturing plant had a problem with profitability from the outset. That was still the situation when I joined Datwyler in 2004.

In parallel to the turnaround here in Switzerland we initially had to contend with a few compliance problems in China. This resulted in major personnel challenges in our production facility, but we were able to resolve these with two interim managers. One listened to the clients and partners, while the other focussed on optimising internal concerns. In the end we were able to save the firm and secure our continued existence in China. Once we had recruited a purely local management of integrity the business began to thrive.

In 2012, however, the Chinese government decided that a service centre should be set up at our site in Pudong, near Shanghai. Our plant had to move. We decided to close the Pudong (production) and Suzhou (assembly) sites and to construct a new plant halfway between the two locations, so as to retain all our employees if possible. The new plant in Taicang became the new Chinese headquarters. →

CW: Were you able to keep the staff?

Müller: No, initially not at all. Although we had successfully built an ultra modern plant to schedule on a greenfield site, we had underestimated the low mobility of the Chinese workforce. Many employees felt that changing location from Shanghai and Suzhou to Taicang was a “downgrade”. They thought that the schools were not as good, that the available medical care and leisure activities were worse as well. So we ended up with only one third of the previous workforce of around 400. This meant that we virtually had to start from scratch at the new production site. Fortunately all this had hardly any negative impact on the market. In the meantime, however, our Chinese subsidiary is running very successfully, and in the Chinese market is ranked among the “Top Brands” of the industry every year and wins awards.

CW: How does China fit into your organisation?

Müller: Once the turnaround and associated restructuring had been achieved we first formed Datwyler Cabling Solutions as a classic, functional organisation.

«Today the workers in cable production are questioning the manufacturing processes.»

Johannes Müller

But this was not the best way of implementing our strategy. We were too sluggish and the decision-making routes were much too long. Our strategy, on the other hand, called for agility, local presence and fast client-based action.

We therefore finally opted for the regionalisation of Datwyler Cabling Solutions. The company was split into four regions: Europe, China, Middle East and Asia Pacific. Each region was given a Managing Director who assumed full responsibility for operational activities in his respective region and had to implement the jointly defined company strategy in an appropriate manner. There were only a very few new global functions - such as sourcing, finance, HR, and myself as CEO. In other words, we eliminated the classic headquarters approach and required more entrepreneurship and accountability from the regions.

This approach worked very well from the outset. In the meantime the regions have developed a healthy rivalry as to which of them is the more successful. This has brought a great deal of dynamism into our organisation.

CW: Congratulations! It looks as if you have done everything right. In the main, however, you continued to sell cabling systems ...

Müller: That’s correct. We still had quite a long way to go to achieve the vision of using our solutions to build IT infrastructures and, for example, equip a complete data centre and provide the relevant services. But we did not lose heart, and deliberately began to employ experts and specialists

from other industries – in Sales, Product Management, as well as in the spheres of Engineering, R&D and Project Management. This approach enabled us to acquire important new skills and provide proof of concept that the new business model actually worked.

CW: How did you also empower the rest of the workforce to design and sell IT infrastructure projects and even manage turnkey projects?

Müller: We are talking here about a challenging transformation process spanning several years and encompassing every function and region. Naturally not all the staff are affected in the same way. People working the cable machinery will continue to produce cables. But, in keeping with the new culture, they will approach their job in a more entrepreneurial spirit, will question and optimise processes and thus make their contribution to the overall success of the company. It is quite a different matter for the sales people, for example. They have to acquire a lot of new knowledge about IT infrastructures and their customer-specific applications. They also have to be in a position to negotiate complex projects at C-level. That is a real challenge.

GOODBYE TO THE “ELITE UNITS”**CW: How did you and your colleagues tackle this transformation process?**

Müller: Well, on the one hand our vision was to build and develop IT infrastructures for our clients, so that they could focus entirely on their core business. On the other hand there was our organisation, which was only partially able to adjust to the new circumstances. So the question was how to bridge the gap between the status quo and the vision.

Two years ago we carried out a situation analysis together with Professor Seán Meehan of the IMD in Lausanne and six of his MBA graduates. The aim of the project was to scrutinise our vision internally and externally, to adjust it if necessary, and then look for a way to achieve the goals with the existing organisation.

CW: What conclusion did the experts reach?

Müller: The vision was seen as promising both internally and externally. But there were three main challenges ahead: firstly brand perception, in other words Datwyler had to manage things so that it was no longer perceived as a pure cabling firm by the market as well as its own workforce. Secondly, the vision had to be shared by every employee. It was not enough for the vision to be pursued by an “elite unit” or management alone. And, thirdly and finally, experts had to be recruited and developed internally in order to be successful in the new business.

On the basis of these requirements we collaborated with the IMD specialists in developing a three-year transformation programme with six parallel workstreams, which is currently being implemented.

One of the workstreams is called “Marketing”. This relates not only to brand perception, but also to our presence on social media and studies on current topics in which we can demonstrate our expertise. Together with an agency we have developed a Messaging House to communicate with our clients and partners worldwide. The aim is for all of them to receive messages which are uniform and consistent.

Another workstream is called "Internal Communication": here we also use the Messaging House mentioned above as a basis for communication in labour relations. Communication itself takes place via our globally available Intranet. In addition we regularly organise roundtables, workshops and town hall meetings in order to target various stakeholder groups more directly.

CW: Does staff training rank higher, or is it a workstream as well?

Müller: The systematic training of our staff is generally deeply rooted in the Datwyler DNA. Even so, we have attached special importance to the subject of training in the "Capabilities" workstream. We organise both internal training courses and workshops, and have introduced e-learning. We also recruit new staff from other industries. They bring fresh ways of looking at things, with the focus not solely on IT networks but, for example, on data centres, including cooling and the power supply. These experts attract other specialists, who contribute yet different perspectives and expand our capabilities beyond our own limitations.

LESSONS FROM THE LOCKDOWN

CW: In general skilled workers seem difficult to find. What is Datwyler doing about this?

Müller: Every year Datwyler trains between 50 and 60 apprentices for the production site in Switzerland. Once the course has finished we always try to take on as many as possible who have passed. In addition to this we work with the universities in Lausanne and Zurich to recruit graduates there. Employer branding has also become an important consideration lately. We actively communicate the fact that we have attractive jobs and further training opportunities on offer. Having sites in locations other than Switzerland is a major advantage for us. It simplifies recruitment, particularly of experienced specialists. Thus in Europe, China, the Middle East and in Asia Pacific we were able to employ outstanding people who would not necessarily have moved to a new area for a job. This has another advantage for Datwyler and our clients, as it is our guarantee that the requisite skills to implement strategy are available on the spot.

CW: Let us just stay with personnel for a moment: the Datwyler Group is introducing SuccessFactors and SAP S/4Hana. Does this apply to Datwyler Cabling Solutions as well?

Müller: Yes, we are also using the Group's IT applications. This includes SuccessFactors. I am very satisfied with the solution. Especially for the needs of a decentralised organisation it provides many useful functions which make our work much easier. We also employ cutting-edge tools for communication and collaboration: SharePoint, Skype for Business, Microsoft Teams and sometimes Zoom.

CW: Did the IT infrastructure help when you had to work from home from one day to the next because of the coronavirus pandemic?

Müller: Yes, the decentralised IT and digital tools were a great help in reacting quickly to this situation. More important from my point of view, however, were the changes to what was previously "routine" business: as a matter of course I would have flown to China last week and made a



Johannes Müller has launched a transformation program at Datwyler Cabling Solutions

short stop in the Emirates on the return journey. This week I was to have travelled to IMD Lausanne and flown to the Czech Republic for a meeting. Thanks to the excellent IT infrastructure I was still able to take part in all the meetings – even though I had a sports accident at the start of the lockdown. But during that time we all became very aware of how much we now depend on an efficient, high-performance IT infrastructure.

CW: In the lockdown China had a "head start" so to speak. Was the Swiss organisation able to benefit from the lessons learnt?

Müller: In the middle of January, before the Chinese New Year, I was on site in Shanghai and Taicang for several client visits, a town hall meeting and a workshop. I only found out about coronavirus after the flight home. From then on everything happened very quickly.

Our Chinese colleagues are used to following government instructions immediately and to the letter. If they are told to wear a mask on public transport, all the Chinese wear a mask. And if everyone is told to stay at home, everyone stays at home. Full stop. Anything else would have serious consequences there – possibly in the private sphere as well. The advantage of such discipline in the lockdown was that all our staff strictly observed the instructions. Admittedly nothing much was going on in the plant in February, but nor was anyone put at unnecessary risk. We did not have a single corona infection. This meant that by the end of March we were almost back at full production and were also concluding new business. Since April the plant has been operating normally again.

The experience gained in China was of tremendous benefit to us at our three sites in Europe – Altdorf, Děčín (Czech Republic) and Frankfurt am Main. In all the branches we also created Pandemic Teams, introduced social distancing rules and the compulsory wearing of masks, and wherever possible had some of our colleagues work from home. Unfortunately we had a couple of mild infections despite these precautions. However the Pandemic Team did a fantastic job, which meant that the situation was under control at all times. But the business held up relatively well during the crisis.

CW: During lockdown Datwyler also benefitted from the Cloud – hosted partly in Swiss data centres. Did you equip the facilities yourselves if necessary? →

COMPANY DETAILS

Datwyler Cabling Solutions

A former division of the listed company Dätwyler Holding, it has been an independent business owned by Pema Holding since the end of 2012 (Pema stands for Peter and Max Dätwyler). What began in 1915 with the manufacture of aluminium electric conductors is today a modern production facility for copper and fibre optic cables, safety cables and elevator cables. In the meantime Datwyler has expanded its portfolio, supplying end-to-end solutions for IT infrastructures and data centres. A workforce of around 1000 is employed at the head office in Altdorf (UR) as well as at subsidiaries in China, the EU, the Middle East and Southeast Asia.

www.cabbling.datwyler.com

Müller: We use large data centres and benefit from Cloud services worldwide. On the other hand, we do not necessarily focus on the operators of very large data centres as potential clients. Of course we supply components such as the cabling systems.

Our target group for turnkey projects tends to be relatively small data centres belonging to commercial or government-related organisations, preferably with a lot of sites including international ones. Here we can specifically provide our clients with individual project solutions, from planning, delivery, installation through to maintenance.

DATA CENTRES FOR EDGE COMPUTING

CW: Edge computing is another growth market for Datwyler. What projects have you implemented?

Müller: Most of our current projects are international. For example, we are implementing a new IT infrastructure, including data centres, for a major Chinese travel agency. The company operates its own large data centre at the head office. We have upgraded the systems there. At the moment we are just preparing for the rollout of the mini data centres in the travel agency's 100 and more branches on the Chinese mainland and some abroad.

In the Middle East, for example, we have installed a "digital cow". A sultanate's state-owned milk processor operates a huge livestock farm. The installation is highly digitised – from feeding through stall monitoring to quality control of the dairy products. There again Datwyler has built up the infrastructure with a central data centre and several mini data centres throughout the area.

CW: Is there a project in Switzerland as well?

Müller: Yes, of course. We are working on various projects of this type, even at Datwyler Cabling Solutions itself. Together with a Swiss telecommunications provider we have launched a pilot setup for "Industry 4.0". To this end we have networked several of our production facilities and are continually collecting live data on production. Micro and mini data centres are installed at the sites in Altdorf – likewise in Taicang – and these process and store the information locally in real time. On the one hand the data can be used for analysis, but it can also be applied to the proactive maintenance of machinery. If a system deviates from the tolerance range it should of course not continue producing for even one minute longer, otherwise these cables would push up our reject rate.

The production machinery and the mini data centres are networked via 5G mobile communication. "Network slicing" guarantees us a high bandwidth and short latency times – both inside the plants as well as outside when connecting to the Cloud. But even if the connection to the Cloud is not stable for some reason, the data can continue to be evaluated in the local mini data centres and operating safety can be ensured.

CW: The turnaround and transformation projects like the one currently at Datwyler Cabling Solutions are a recurring feature in your CV, that of a Swiss Institute of Technology (ETH) engineer. Is this a pet project of yours?

Müller: First of all, I think that turnaround projects are frequently only viewed in one way. It is not only about break-



Datwyler Cabling Solutions CEO Johannes Müller wants to expand the portfolio by adding edge computing

ing up existing structures and reforming the organisation, generally in association with cutting costs and shedding staff. For me a turnaround is also closely linked to the sustainable realignment which can assure the company's future. It becomes challenging whenever promising potential coupled with new structures also need to be explored and discovered for existing or even new businesses. I have always particularly enjoyed this part of a turnaround, and especially the trusting working relationship with people. In the case of Datwyler Cabling Solutions I saw the potential early on, and together with my management team put all my energy and passion into realising it. So far I have never regretted it! ←

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