Chapter 12
Case "Mobile–INTEGRAL"

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ABSTRACT

The case "Integral" is about how a multinational company specializing in machinery goods uses high technology in its field support and mandated safety solutions to migrate its customer relationships into partnerships of growing scope and with new revenue streams. The key technologies are in-situ equipment monitoring and wireless communications. The key management ingredients are top management's understanding and respect for operational issues. The history of the case also illustrates the importance of the strategic choice of the in-house vs. in-sourced nature of the needed technical expertise, and of a gradual deployment compatible with the fast technology evolution.

BACKGROUND OF THE CASE

Multinational industrial company, essentially family controlled, with roots in one part of Europe, and main sites in all of Europe, USA, South America, Canada, Japan (joint venture), Australia, China and most Asian countries. The size of the company is large with over 30,000 employees.

The company Integral produces mostly machinery goods, and related services, based on mechanical, electrical, and hydraulic engineering. Their customers are physical premise owners inclusive of

building management companies, public buildings, and individual houses.

Integral is an almost one hundred years old European company of which the majority is family owned. Today, Integral has over 30,000 employees worldwide (duplicate of sentence above). Its sales are in excess of 4 Billion Euros (approximately 5.2 Billion USD) and Integral has a wide customer base in excess of 200,000 clients. It supplies primarily mechanical and electromechanical machinery sold to owners of physical premises. Integral's machinery is widely deployed in many public, private and industry physical sites with regulated high safety and operational requirements. The regulators mandate

that end users always can get help in an emergency or machinery failure situation. Customers mandate a very small downtime to allow end users to be on those sites.

Integral's roots and traditions are in industrial goods, largely linked to the construction and public works sector. The company culture is one of high trust to employees. Its strict enforcement of a strategy to give a performance edge to its customers is achieved by creating the best user experience with innovative solutions. The corporate culture, inclusive of human resource management and processes, focuses on enablement of operational excellence and cost competitiveness.

On the finance front, long-term value and customer relationships far outweigh short-term reactivity to financial results. This is especially important given the customers are all in cyclical industries.

SETTING THE STAGE

The overall management culture at Integral is one of delegation with consensus building. The roots for this are craftsmanship and the trust mindset by the owning family, far from hierarchical structures of many mechanical industries. However, there have been cases in some recent national subsidiaries where the hierarchical mindset prevails. They are slowly adapting to the corporate culture focused on improving cohesion.

Integral has a centrally-driven technology management process. As such, the company is continuously looking for innovations in the process, resource utilization, social behaviors as they relate to their customers, and advances in technology. In addition, Integral encourages "novelties" in technology when they lead to reduced cost of ownership from the end user perspective. Selected Integral customers are indirectly involved in the technology management process and much of corporate communications are targeting operational people rather than top executives in client firms,

the financial community, or the general public.

Over the past 15 years, Integral had divested itself from a range of products families or generations, in order on one hand to focus on a very innovative new product line introduced only 10 years ago, and also on a very lucrative service business dealing with the installation and maintenance of all its product lines. Another major new product line has been introduced over the last two years.

This case will refer to some widespread technical abbreviations.

- B2B: Business-to-business
- CDMA: Code division multiple access
- D-AMPS: Digital advanced mobile phone system
- ERP: Enterprise resource planning
- GPRS: Global packet radio system
- GSM: Groupe système mobile (also called "2G")
- HSCSD: High speed circuit switched data (also called "4G")
- IT: information technology
- "Leased line": facility and contract granting a user exclusive usage of a fixed communication channel
- LTE: Long term evolution (also called "4G")
- Mobitex: Proprietary mobile packet data communications technology
- NMT: Nordic Mobile technology
- SLA: Service level agreement
- SS7: Signaling system 7
- UMTS: Universal mobile technology standards (also called "3G")
- VPN: Virtual private network

Brief Overview of Wireless Technology

Wireless communications technology allows humans or machines to exchange voice, data and multimedia. Users of this technology typically

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