



## PRESS RELEASE

Tellumat  
September 17, 2009  
Page 1 of 3

### **Agile competitors can resist recession by spotting export gaps**

Tellumat outlines global collaborative opportunities in emerging nations

Market volatility, the cash crunch and the uncertainty about when exactly we'll hit bottom – there are so many negative aspects about the recession that most companies wouldn't even consider growing. But when export opportunities abound, and the means exist to capitalise on these, few would say no.

Tellumat, the South African technology group, is in just such an enviable position: it has built up an impressive order book that provides some insulation from the effects of the recession. Meanwhile it is maximising opportunities which exist despite the recession.

Already three-quarters of Tellumat's defence business is global, and 40% of Tellumat's overall revenues originate in export markets. One objective is to drive down the company's cost base, using a well-developed partnering philosophy, comments Rasheed Hargey, Group CEO. "Within five years, our goal is to capitalise on these and other strengths to bring export revenue up to at least half of total turnover."

#### **Many strengths**

The company also boasts innovative products in the defence and wireless communications arenas. Combining them with some truly disruptive offerings from a range of leading global vendors, Tellumat has built up a niche portfolio that resonates with markets in Southern and North Africa, the Middle East, Eastern Europe, South America and the subcontinent.

Add to this a skilled engineering- and project-centric workforce and a full turnkey offering (design & development, manufacturing, import/export & logistics, implementation, maintenance, support and repairs), and you have a company that has much value to offer customers and partners at any stage of the product life cycle, anywhere in the world.

#### **South African advantage**

But what counts perhaps most in Tellumat's favour is that it's big enough to take advantage of current opportunities and small enough to care, as well as being privately owned and South African. "Being South African is something of an advantage with our trading partners in emerging economies," says Marc Anderson, managing executive of Tellumat Defence.

Anderson says South African engineering capabilities, though at an acute shortage domestically, are of global quality and moreover competitively priced.

Viewed from a different angle, South Africa is in a position to offer its partners self-sufficiency, whereas developed nations are often not. "Industrialised nations often impose restrictions on developing nations regarding the sophistication and type of military technologies they're willing to offer them," says Anderson. "In general, South Africa is sought after as an independent source of technology and this has stood Tellumat in good stead throughout our territories," he says.

"Companies willing to supply leading technology and share their knowledge of the product as well as its development and customisation, hold the key to surviving in tough trading conditions. The need out there



## PRESS RELEASE

Tellumat  
September 17, 2009  
Page 2 of 3

is for co-development, knowledge-sharing and other forms of collaborative strategic partnership," Anderson adds.

Anderson concedes that for Tellumat, collaboration is a necessity. "We are having to manage our own growth and find that we can't do everything ourselves, so passing on the knowledge needed to develop and deploy products and solutions assists in providing that growth space, using the skills of our partners in a complementary way. Of course, we are most happy partnering with companies that subscribe to this collaborative ethos too, enabling skills transfer to flow both ways."

Colin Meintjes, managing executive of Tellumat Radar, agrees that bi-directional value only ever accrues with strong input from both sides. "We are fortunate in that we have a dynamic agent in one of our international markets. What began as a good servicing opportunity there for our radar technology has now resulted in referral business [benefiting Tellumat's agent] back in South Africa."

The emerging territories, while currently representing a smaller opportunity than developed markets, have big advantages beyond a yearning for independence, Hargey continues.

"Since the markets are smaller and their requirement often different from that of the bigger powers, they are suited to a new, agile breed of competitor. For that reason Tellumat can stand its ground against dominant global defence companies.

"You may not be able to sell them super-platforms, but complete systems, sub-systems and components do well. New solutions may be harder to market than maintenance services. And you definitely have to be open to counter-trade obligations and knowledge sharing partnerships."

In all these instances, Tellumat is well positioned to enter into partnerships in several emerging territories. So how will it respond to the opportunity?

### **Growth plans**

In its medium-term future, the company is building on its current capabilities and cementing relationships by:

- Continuing to move from product-focused to solutions-based business
- Developing multi-platform systems, customising where necessary;
- Building partnerships in existing and new markets regions;
- Introducing new technologies, and finding cross-domain application for existing technologies.

Together amounting to a step up in the value chain and a broadening of Tellumat's reach, all these strategies are being executed in the midst of a worldwide recession. Clearly, this is a South African company to watch.

Ends.

### **About Tellumat**

*Tellumat is an innovative, black empowered, South African technology company that has achieved a BBBEE Status Level 4 rating, defined as "Superior Contributor to BEE" in terms of the DTI's Codes of Good*



## PRESS RELEASE

Tellumat  
September 17, 2009  
Page 3 of 3

*Practice. It consists of three major trading divisions; Communications, Defence and Contract Manufacturing, and three partly owned companies; SIA Solutions (Pty) Ltd, Encee Engineering (Pty) Ltd and SIMpill (Pty) Ltd. Tellumat services three primary market areas, namely wireless voice and data communications, defence communication systems and high precision electronic and mechanical manufacturing. Tellumat is a world-class business focused on innovation, offering our customers dynamic and competitive technology products and services. We focus on understanding our customers' needs and forming long-term strategic alliances with likeminded enterprises worldwide.*

[www.tellumat.com](http://www.tellumat.com)