

Electronics Company of the Year 2010

Net Insight's technology guarantees video quality

Net Insight won the battle for Electronics Company of the Year and the prize was awarded at industry magazine Elektronik i Norden's annual Industry Punch event on 18 November. The jury consists of representatives from the Swedish Electronics Trade Association and Elektronik i Norden.

This year, three companies met the criteria set up by the jury. But on closer comparison, Net Insight was the superior choice.

The most important criterion is the company's technological height. But to reward a company that may not exist next year would hardly be meaningful. It is therefore important that the company conduct business that generates money. The jury has reviewed annual reports for several years backwards and woven in future developments on the basis of the data that they have been able to collect.

STARTED BEFORE THE BUBBLE BURST

The jury has traced the development of Net Insight over the course of many years in order to establish that the company has for the last three years generated good profits and has in addition positive development in sales. Our technological height must be considered one of the "sharpest" among Swedish electronics companies.

Net Insight started in 1997, was listed on the stock exchange in 1999 and benefitted from the telecom bubble until the crash came. But unlike many of the other companies that arose in the spirit of the "new economy", Net Insight has not only survived but managed to establish itself as a player in the world market, with products in demand within its segment.

In the beginning, our aim was to sell equipment for urban networks, with Bredbandsbolaget as our first customer. But quite early on, Net Insight went in for video transmission. This proved to be a lucky stroke. Now the company has generated profits during recent years and has a strong balance sheet.

"An important characteristic of our platform is that it is common to video, voice and data," says CEO Fredrik Trägårdh. "Since the system can handle video transmission, it is also good for voice and data transmission. The customers get a common platform to handle the convergence that is taking place in industry, above all driven by ever more video in the networks."

WELL-DEFINED MARKETS

One of the three market segments toward which Net Insight is aligned is networks for handling the production of TV programs and video content. Net Insight has today gained entrance to major media companies in China, Brazil, the USA and most German TV companies, among others. All in all, these are the world's ten biggest in this category.

The next biggest segment is companies for TV distribution, where Net Insight has about 25 major customers, including major telecom operators such as Telia Sonera, Telenor, KPN, Tata and Korea Telecom.

Satellite companies also utilise Net Insight's equipment to optimise and distribute traffic via fibreoptic networks to different terrestrial satellite stations. IP-based cable TV networks are another segment with high market potential, where Net Insight in recent years has won a number of deals.

OWN NICHE

Net Insight was founded by Lars Gauffin, Per Lindgren and Christer Bohm. They developed DTM technology, dynamic synchronous transfer mode, which is still used in parts of Net Insight's system. The technology is transparent to the user, who can connect Net Insight's so-called Nimbra system to all types of networks via an expansion card: SDH/SONET, PDH/E3, black fibre, wavelength multiplexed optofibre (CWDM and DWDM), dark fibre, radio links and IP/Ethernet, in short all types of infrastructure.

"The technology is based on good resource reservation in order to get digitised video to get through without interference. This means that all packets sent reach the addressee at the right time and in the right order," says Per Lindgren.

Fredrik Trägårdh uses a simile:

"Resource reservation can be compared to the traffic flow on a major road artery; at low traffic, all vehicles can pass in a predictable way, but when there is a lot of traffic queues form and certain vehicles do not get through. In networks constructed using our Nimbra platform, different types of traffic are channelled so that all types of traffic arrive at the right time, in the right order and at the right place."

Proof that this actually works was the TV broadcasts from the 2008 Olympic Games in Peking. Net Insight was then responsible for handling all TV transmission from all sports arenas to the TV companies.

"For the first time in history, all video was broadcast in HDTV at the Olympics in Peking. Data traffic was 1.5 Tbit/s. During the 16 days the event lasted, not one packet was dropped," Per Lindgren notes.

"This speaks for the equipment's real strength:

Quality of service (QoS) in transmission is our strongest argument. Our marketing gets great help today from our satisfied customers.

What Net Insight can deliver is a scalable transport solution in the form of a "one box solution" for all types of services transmitted over the network. Providing 100 per cent security (100% QoS) is a critical requirement for the three market segments Net Insight works with: broadcast TV and video media, digital terrestrial TV and cable TV/IPTV.

Another reason to use Net Insight's Nimbra platform is that it can deliver video, voice and data at 50 per cent lower operational cost and with three times more efficient utilization of bandwidth in converging transport networks.

PARTNERSHIP

Fredrik Trägårdh tells that part of the company's strategy is to expand with the help of partners. Instead of building up lots of different sales offices around the world, associations are formed with local partners who work in the areas that may benefit from Net Insight's network solutions.

"Some of our partners are much bigger than we are ourselves and can offer the end client a complete end-to-end system plus local support. Without these partners, we wouldn't be able to expand with such success. You have to have a local profile, a distinct presence and some technological development at the location to succeed."

RAPID EXPANSION

Developments have been gratifying: Five years ago, Net Insight was represented in 10 countries. The figure today is 50!

Net Insight has 40 partners in total throughout the world. These are primarily of two types:

- * System integrators

- * Major telecom providers. Net Insight can deliver to them a transport solution that is hard to beat.

"We have a unique solution for guaranteeing 100 per cent QoS," says Fredrik Trägårdh. Ericsson and Nokia Siemens are two important telecom providers with global operations. Major telecom providers represent a quarter of indirect sales from Net Insight.

Sixty per cent of sales have taken place within Europe hitherto.

"Our strategy is to grow via indirect sales outside of Europe."

PRESTIGIOUS ORDER

The Olympics in China was a prestigious order.

“It was also good business,” says Fredrik Trägårdh. “It gave us the opportunity to strike deals with Chinese companies. Many companies in Southeast Asia will be conducting major procurements, such as the roll-out of digital TV. And we are well positioned.”

Another prestigious order is that the company has delivered equipment for the world's first completely IP-based digital TV network using the new DVB-T2 standard, Teracom's, which premiered 1 November. This new standard enables HDTV (but forces us to get yet another box and remote control) because bandwidth can be reduced to half. Teracom also plans to utilise Net Insight's world-unique Time Transfer in order to become GPS-independent.

“Instead of with GPS, synchronisation takes place via the network. We developed the technology at the customer's request.”

Not being dependent on the GPS system for the distribution of terrestrial TV is a great and interesting advantage for many countries. The USA can turn off or reduce the precision of GPS in crisis situations in the world, which makes all users vulnerable. And the system can of course suffer from faults.

“Because of this, we have won several procurements,” says Fredrik Trägårdh.

PURE IP NETWORKS

The DVB-T2 network for Teracom is another milestone for Net Insight. All communications take place via a pure IP network, in other words Ethernet. The network is the first of its kind in the world!

Another major order is for a terrestrial digital TV network in Poland. The order was received on 16 July this year in partnership with Ericsson. The network means a sixth order within the course of six months for networks for terrestrial digital TV.

Net Insight has today a total of 140 employees. Personnel are based in Västberga in Stockholm in addition to a few offices abroad.

The number of developers employed has increased every year since 2006 by 10-15 per cent.

“We have been able to offer jobs at a time when many were cutting back on personnel during the economic slump,” says Trägårdh.

Calculated as the number of development hours for hardware and software, about the same proportions apply as for Ericsson: 30 per cent hardware and 70 per cent software.

All manufacture is carried out in Sweden by the EMS companies Kitron and Flextronic.

Gunnar Lilliesköld

The jury and its grounds for judgement

The jury consists of representatives from the Swedish Electronics Trade Association and Elektronik i Norden.

In summary, judgement is made according to the following criteria:

Technology:

- * Level (technological height, ingeniousness, how “clever” is the technology?), position compared to the competitors
- * The product’s intrinsic value/final product
- * News value
- * Own developed product

Financial:

- * Profitability/potential for future growth
- * Market potential, position compared to the competitors
- * Development of turnover
- * Export

Other:

- * Ownership structure (Swedish/Nordic ownership and production have priority)
- * Leadership (the entrepreneur in the background) / enthusiasm
- * Job opportunities in Sweden
- * Environment and ethics