

'What the Macro World Needs

Interview with Ola Rollén from Hexagon AB

So far Geoinformatics has had interviews with Hans Hess, former CEO of Leica Geosystems (Geoinformatics 7- 2005), Richard McKay, vice president sales and Sara Upchurch, marketing communications manager with the Geospatial Imaging Division of Leica Geosystems (Geoinformatics 1-2006). Since it is quite clear that we will hear more of Hexagon in the future, we wanted to give you readers an impression of the company and the person leading this organisation.

By Sonja de Bruijn



Ola Rollén, CEO of Hexagon.

Three Business Areas

Hexagon AB, with headquarters in Stockholm, Sweden, offers global technologies and does not really focus on a specific market. The company covers three business areas: Measurement Technologies, Polymers and Engineering, of which the first one represents 75 per cent of Hexagon's business. (45 – 50 per cent before the take-over of Leica Geosystems). Measurement technology headquarters are situated in London, and sales turnover amounts to about 1.5 million USD. The organisation has 7,500 employees in thirty countries, of which about 5,000 are active in measurement technology department.

Since the acquisition of Leica Geosystems Hexagon has been listed on the Stockholm and Zurich stock exchanges

Core Businesses

Five years ago Hexagon was a small Scandinavian company engineering conglomerate with 500 million euros turn over in sales. "When I took over the management of Hexagon I decided to continue to grow rapidly, but to focus on a few strategic core businesses", says Ola Rollén, CEO of Hexagon. In order to increase sales a new strategic plan was formed. Part of this plan was the disposal of Hexagon Automation, representing 37 per cent of sales, and this

took place in the summer of 2005. At the same time Hexagon made a bid for Leica Geosystems.

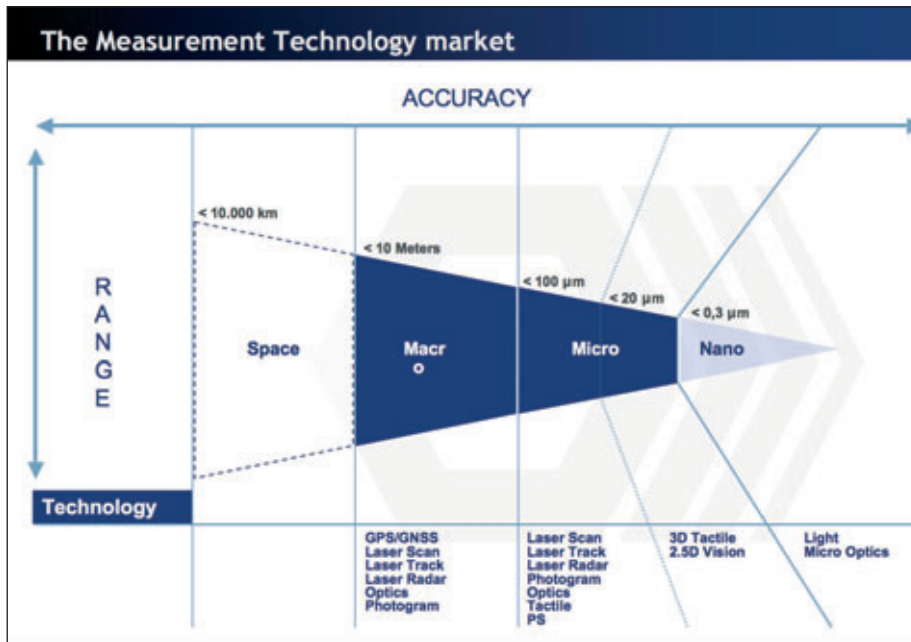
Rollén makes clear that there is a strong emphasis on growing Hexagon's market share; being number three in the market is out of the question. He explains what he thinks makes Hexagon a strong company: "We focus on precision products and these should make a difference for our customers. This means that they should see that they benefit from our products. We regard ourselves as being the innovators and having cost leadership because then you can defend your market share."

In measurement technology there are three markets where Hexagon has the intention of becoming a leading player: the macro, micro and nano market.

Micro Market

By the end of 2005 Hexagon acquired Leica Geosystems. What differences and similarities are there between the two companies? "We offer our customers technology to position and measure objects and functional accuracy and range", is Rollén's answer. "The market Leica Geosystems is active in has traditionally been a 2D world but it is moving to 3D. 'Our' market, the micro market, has always been in 3D so we are specialist in creating software products and measurement technology in three dimensions."

To make things clear Rollén compares measuring the Mount Everest and a silicon waver. "The accuracy might not be that precise when measuring a big object like a mountain, but that is not really important. However if you want to measure a silicon waver the measurement range might be two centimetres and the accuracy needed might be below a micron of a millimetre. The thing is that you use the same mathematical algorithm to determine what it looks like and the same basic technology to measure it." "Traditionally the macro market was all about measuring the distance and the angle. Now with 3D you really get an idea of what the object looks like in the real world. Images are captured from the air in 3D, then laser scanning is applied to compare the data. Accordingly three-dimensional software will interpret all this and create a very



detailed 3D image of the real world which can be used in areas like construction, machine automation, and surveying. 3D modelling will enable construction people to have a sensible communication with architects, one of the big problems in construction. This is the future of the macro world and the way the micro world already works.” Handheld laser robots, large sophisticated systems to measure for example intercontinental strategic missiles, total stations, aeroplanes, software to capture and interpret the data, all these hi-tech systems can be used to measure objects. Operators need to be trained and software upgraded which according to Rollén ‘creates a nice aftermarket for Hexagon’.

Real World

Rollén is convinced the macro field will become as sophisticated as the micro field. He mentions the automotive industry: “The early adopter of new technologies often is this industry, who really needs new technology to be able to reduce costs. This need and understanding is spreading to other indus-

tries. Just have a look at the building construction market. If the automotive industry would work in the same way, it would take years to build a car. There is much pressure, very high accuracy is needed. Furthermore the price of a car has gone down. How do you deal with this as a car manufacturer? In construction many mistakes appear; things don’t fit et cetera. 3D is spreading in the construction and geoinformatics world because there is a developing need for it in the market. Increasing the quality is becoming more essential.”

He continues: “Manufacturing costs need to be decreased and this requires more precision in measurements, plus more sophisticated models and software systems. This is already happening when you look at scanning technologies and GPS systems. Hexagon has been working like this for twenty years and we see that we are further ahead when it comes to integration with sophisticated CAD systems, and referencing and extracting useful information out of the huge information flow from for example a point cloud.”

Joint Projects

On the other hand the micro world needs the development of laser scanners from the macro world. Hexagon Metrology and Leica are currently working on this in five joint developing projects. Rollén: “We are aiming at two things: introducing our software and services into the macro world and introducing the laser sensor technology into the micro world. Four years ago we started looking at this development and have been following Topcon, Trimble, Sokkia and Leica since that time. The first two were highly valued on the stock market, Sokkia had a weaker position. In Leica we found a strong merger with Hexagon Metrology. Now we want to grow Leica’s presence in the macro area. We expect to have 18 per cent market share in the macro market in 2008 and we would like that to grow. Leica has had a weaker position in its distribution in North America compared to Europe so we are aiming at strengthening this position in North America.”

Rollén further explains that as a company Leica Geosystems will not change as such. “The Hexagon- Leica Geosystems relationship is more of an R&D collaboration in order to launch new products both in the macro and in the micro world. What does need to be changed is its position in the micro world, where Leica Geosystems is quite unknown.” Rollén also wants to make clear that most of the cost issues in geospatial imaging division have been addressed. “What we want is the platform to become better, get it back on track, since it is the growth area for the future. Nowadays it is all about 3D software for referencing, interpreting, and capturing data. It is my belief that airborne 2D and 3D images and the land-based measurement market will eventually converge. They go hand in hand, and new systems that combine these will emerge. It is a market in which we only want to grow.”

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