



Newly Re-branded Optel Software Lays Down **China Strategy**

Interview by Stephen Las Marias
I-CONNECT007

Optimal Electronics Corp., a provider of smart software solutions for electronics assembly, recently rebranded globally as Optel Software, as it starts its venture in China. In a recent interview with *SMT007 Magazine*, Dr. Ranko Vujosevic, CEO and CTO, updates on the latest developments from the company and discusses their plans in China and Asia this year.

Stephen Las Marias: Dr. Vujosevic, [from the last time we spoke](#), you mentioned a lot of plans in China. How has it been so far?

Dr. Ranko Vujosevic: When we met in August 2017, we were exploring our entrance into the China market to start selling our software solutions that we had been developing for 19 years. I came to Shenzhen to meet potential partners, specifically WKK. We talked about it and they took me to their plant in Dongguan. They showed interest in partnering with us, but they have some preconditions: hire the right

people; translate our software into Chinese; and establish a local presence.

They were reasonable requirements, of course, and we were planning to do all those things anyway. So, we jumped on that opportunity, and we first hired a person who has been in the industry for over 15 years to become our China Sales Manager in December of last year. Then we started the registration of our company in China. As soon as we hired him, we had a lucky break which happens when you are in the right place at the right time. On a hint from a WKK salesman, we learned that a Shenzhen company was looking for a complete MES solution and we were able to close a large deal with that customer that has 26 assembly lines within a few weeks. That was very surprising to me because in the U.S., to close a six-figure deal, it takes six months to a year, sometimes up to two years. We were able to close our first deal in China within two to three weeks.

Then we started preparing for our installation, while at the same time developing the business. We proceeded with the company registration and hired an application engineer with 20 years

of experience in industry. We needed somebody to train customers and provide support locally. At the same time, we hired a marketing company from Houston to do a complete rebranding of our software.

We wanted to have a fresh international start. We already had a good reputation—people know us in the United States, but here, nobody knew us. So, we started with our new logo, brochure in English and Chinese, trade show banner in Chinese, and web site redesign. We attended NEPCON Shanghai in April 2018 as part of the WKK booth and we showcased our new marketing materials there.

We met all the main requirements that WKK wanted us to do and in February of 2018 we signed our formal representative agreement with WKK. We work very closely with WKK and I am extremely happy with our relationships and initial results. WKK is a major factor in our sales efforts, but we are also closing sales on our own.

Las Marias: What was your experience dealing with your first China customer?

Vujosevic: After we hired our China Sales and China Application Managers, I sat down with them and we established our 3 main objectives for success in China: work hard to implement the best and the most complete solution possible, make sure our customers are better businesses after we are done with our project, and deal with customers and partners in the most honest way possible. Our first customer turned out to be an unbelievable positive experience. I did not know what to expect when we started the project, but what we discovered is a group of good and smart people, very hard working, and very open to any suggestions that can make their company better. We worked hard and we worked together to put in place a complex system that improved every operation in their plant. We developed a number of innovative solutions and actually are

working now on applying for a patent together with our customer. The way they took care of us during implementation was outstanding and we are very grateful to them for that. Our staff on the other hand worked extremely hard to justify customer's confidence in us. There is no week when our first customer does not host our prospects and showcases our solutions. That is a significant component in our customer base growth and helping us close sales.

Las Marias: How has the situation been evolving in China?

Vujosevic: The fact that we are able to close deals much faster than in the U.S. is big for us. Because, we can plan our growth better. It is very difficult to sell something new in the United States now. China is the place where people want to try new things. China, and some other countries in South East Asia, are investing in AI and smart factory solutions. I am very excited about how things are developing in China. In my opinion, this is the place to be now for companies like ours. We are able to close large deals much faster than we could have ever done in USA, some of them with large



Dr. Ranko Vujosevic

international corporations with plants in many countries.

Las Marias: Are you limiting your presence in Asia to China only at this point?

Vujosevic: Not at all. We are also partnering with SIP Technology, a manufacturer's representative from Penang, Malaysia, with presence in Thailand, Vietnam, Singapore, and most of South East Asia. With their help, we just closed a large deal to help a company in Vietnam establish a smart factory for manufacturing of smart phones. SIP technology will deliver machines and hardware and Optel Software will deliver smart factory solutions. We will build a plant from "scratch" to be a smart factory. I

am very exciting about that project. We are now working on closing a number of large projects in Vietnam and plan to open a branch office in Hanoi in early Fall of this year.

Las Marias: From Optimal Electronics, you rebranded to Optel Software. What's the rationale behind this?

Vujosevic: Our software's been called Optel for a long time, but Optimal Electronics Corporation was a little bit confusing for people. Some people are thinking we are doing PCB assembly, while some people are thinking bareboard manufacturing—we want to just let people know right away that we are a software company. So, we rebranded ourselves as Optel Software in China and the U.S., so everything now is branded as Optel Software, including our brochures and marketing materials.

Las Marias: While you were on your mission last year, what challenges did you encounter?

Vujosevic: Finding the right people. Even now, where we are growing, finding the right people is the most important thing. It is easy to find a customer and promise solutions, but if we fail because we did not hire the right people and we did not deliver on our promises, we will be out of business very quickly. Sales are going so well for us now that my main focus is to build up our organization in Asia and hire right people. We are hiring three more people in August for our Shenzhen office.

We are not going to oversell and under-deliver; whatever we can sell, we are going to implement successfully, and that will allow us to grow. We cannot have a single, unhappy customer and that is not easy to do. That is the biggest challenge for us. Chinese companies had not been treated well by our competition and there are a lot of unhappy Chinese customers with failed MES projects. We will not leave such customers behind us and we are now trying to educate them that there is a better alternative, there is a company that will work together with them to make them a better business.

Las Marias: So far this year, have you experienced any significant challenges?

Vujosevic: Our Chinese company is wholly owned by our American company, so we are not in partnership, and we do not have to disclose software secrets to anybody. We own our company in China. On the other hand, we will have to protect our IP and we are taking steps in that direction, using patents and trademarks, as much as we can. And we are introducing other types of protection for our software in different customer sites. So we are not seeing any obstacles. The company registration process has been slow, but bureaucracy is slow everywhere.

We are even finding people interested in investing in our company. We will see how much money we are going to need to grow, and we might even get investments from Chinese investors.

Overall, we have had great experience doing business in China. Our customers, prospects, contacts, relationships, Chinese people in general, as well as Sichuan and Hunan cuisines, are highlights of these past seven months. We love it here!

Las Marias: What has changed since our conversation last year, when you mentioned that you considered in the past establishing in China, but at the time you did not pursue it?

Vujosevic: In my opinion, China did not appreciate software 10-15 years ago. China wanted to buy the hardware; the software they thought could get some other ways. And I did not want any part of it. So, I left and did not come back for 12 years or so. Now, things are different. The owner of our first customer company told me, 'I need to reduce overhead by 40% to stay in business because the labor is getting more expensive.' Customers are demanding more cost cuts. Software will allow him to do that and provide better solutions. So, they are willing to invest in software where they were not willing to invest before. They were just throwing more people into any problem. That does not work in China, anymore.

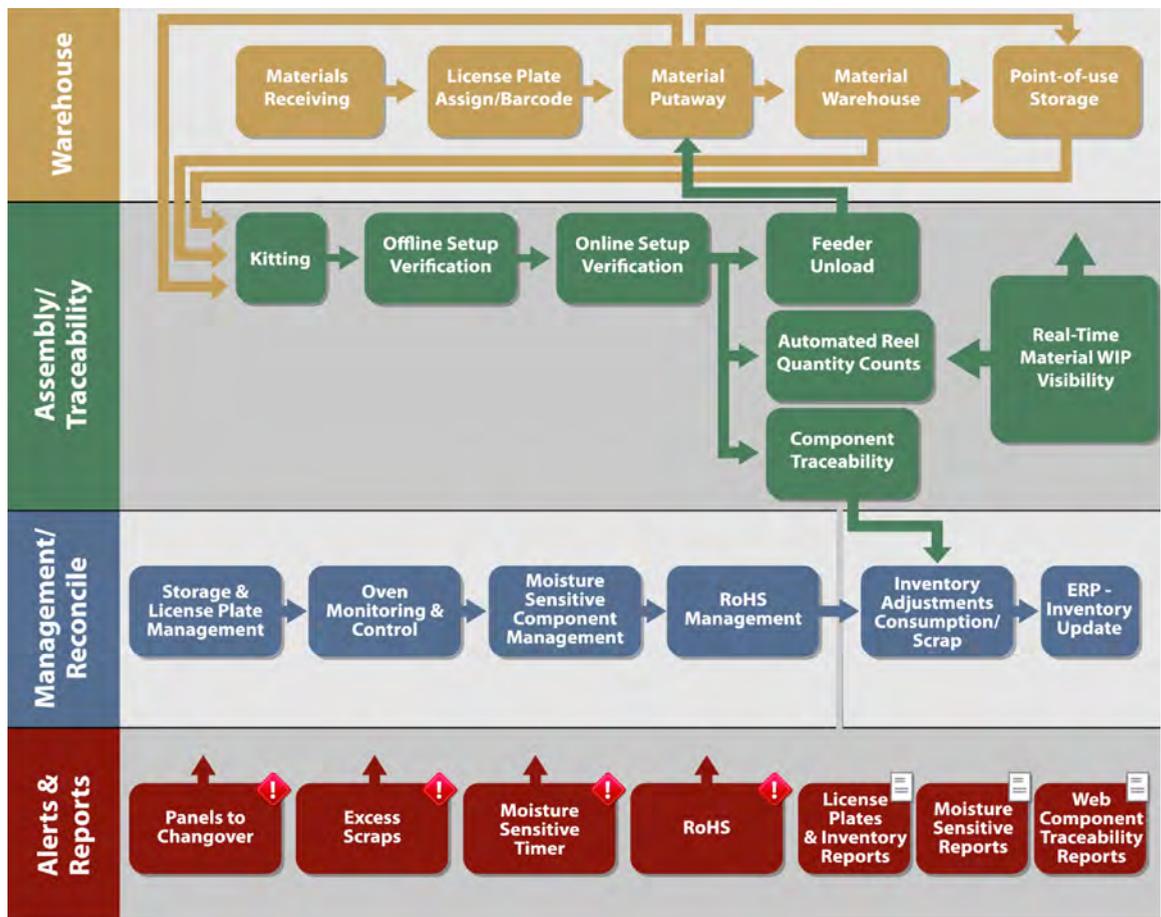


Figure 1: Optel's Materials Storage Management system provides a more granular control over materials inventory prior to the production process.

Las Marias: Last year, we talked about the lights-out electronics assembly facility. This year, we are seeing an increasing push towards Industry 4.0 and smart factories. Where is the industry now on this front?

Vujosevic: We have some big players that are investing in these technologies, such as Koh Young and ASM Assembly Systems, to name a few. We continue working on smart solutions. Our focus right now is in three directions: (1) intelligent production scheduling and real time performance monitoring; (2) self-correcting automated assembly lines with an intelligent process control, that will be able to self-correct process parameters before defects or down times actually occur; and (3) automated material delivery based on our intelligent scheduling and using latest in material storage, robots and automated guided vehicles. Our Vietnam projects will have all of these three solutions.

You can say that we are pretty much following the blueprint I described in my “Lights Out Electronics Assembly” paper.

But, globally, it is still the same situation as last year. The pick-and-place systems are not there yet. They still need to have operators, and everything else can be pretty much automated. Until they solve that component placement problem, we will not have a completely automated line. But things can be done—not only to eliminate the operators, but to take them out of the decision-making loop if they must be present.

Las Marias: What other issues do you think needed ironing out for this smart-factory vision?

Vujosevic: Everything will start and finish with the software. The two components, in my opinion, are the pick-and-place equipment and the software. Pick-and-place equipment, if we

are still doing with the reels and feeders, that is not going to be automated anytime soon. But the software is also the problem. I am not a big believer that AI will create some emerging groundbreaking solutions in electronics manufacturing. I believe in human intelligence more than I believe in AI. Humans will develop better software, but fundamental science and better designs are needed, not gimmicks. For pick-and-place vendors, to completely redesign everything is a major undertaking on their side. I do not know if they are willing to do that. And I do not know if they have ideas how to do that. Without them doing that, we are not going to get to a completely automated line.

Las Marias: How are you helping companies begin their journey towards smarter manufacturing?

Vujosevic: That is what we are trying to provide globally—smart factory software solutions.

For example, we just developed a vision-based system for receiving materials, where there is no operator typing in and scanning the date code, lot code, etc., to create the material label. We just let cameras scan everything, then create and print the label, without the possibility for error. Our customers report that just at the receiving side, there are a lot of mislabeling issues that are happening. They are placing the wrong parts. We are eliminating that using a vision-based labeling system.

We also put in production an interface with SAP that allows us to download a finished goods BOM with all data and dependencies to be able to collect and report traceability data on multi work order level in SMT and backend operations. We can now model the largest electronics assembly operations and allow our customers to meet the toughest traceability requirements. Two themes that we hear over and over in our sales meetings from our prospects: help us reduce material and overhead cost, and help us meet traceability requirements.

And we will also continue to use AI solutions everywhere.

Everything we are doing has one goal: help our customers be better businesses.

Las Marias: What are some of the market trends that will drive the growth of the electronics manufacturing industry here in the region?

Vujosevic: Last year, we talked about the absence of new products. This year, there are still no new products. We are just recycling cellphones. We need some new electronics products, something that will make people excited, that will make people go out and buy. I have a phone that is five years old, and I am not going to change it because it works fine for me.

People want to be part of something exciting. And we do not have anything exciting now unless you include flying toys, or drones. What else is exciting these days? Maybe going to Mars will be exciting because it will involve a lot of electronics, but not on an enough large scale. I am not going to live long enough to see that. But, if there is a sign up list to go to Mars tomorrow, even if it is a one way trip, I would sign up. People want to be inspired. People want to be part of something big. But something extraordinary that will excite people to go out and buy more electronic products, that will drive the electronics manufacturing growth - we do not have much these days.

Las Marias: What about autonomous vehicles?

Vujosevic: That is going to eliminate drivers, but we will see what impact that will have on growth of the electronics manufacturing industry. It is going to be a long time to get to that point, especially with some of its drawbacks. But that is expected with anything new. There is an infrastructure that is needed for that to be in place, in addition to the cars.

Las Marias: Alright, thank you very much, Dr. Vujosevic. It was great speaking with you again.

Vujosevic: Thank you very much. **SMT007**