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An African high-tech solution



Tellumat Electronic Manufacturing is drawing on its distinguished heritage to offer a full turnkey solution to high end industrial and consumer equipment developers.

Tellumat emerged from the sale of Plessey South Africa to Didata in 1998. Plessey's roots in Cape Town go back to 1963 and since then it has seen a number of transformations. One thing that hasn't changed, however, is that this is a company with a lot of credibility and experience in electronic systems development and manufacturing. It is particularly associated with cutting edge defence systems like radar, navigation and avionics, as well as high end communications products and solutions.

This is specialised stuff, and Tellumat Electronic Manufacturing maintained its 9,000 square metre factory in Cape Town as a centre of excellence for producing the low to medium volume high-tech products required by the defence, aerospace and communications industries in Southern Africa and beyond. About 10 years ago, says managing executive Murison Kotzé, the facility was focused mostly on supporting the systems developed by its parent company, but it was always the intention to optimise its world class skills and facilities by making them available to external customers too. "We made a strategic decision to move into contract manufacturing, and as part of that decided to adopt an organic and acquisition growth strategy."

South Africa may not be the first place one thinks of for outsourcing the production of electronics, or EMS (electronic manufacturing services) as Kotzé prefers to call it. Turn over any item in your house; it's rare to see anything other than 'Made in China'. The same is probably true if you dismantle an aeroplane or a



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car, but Tellumat can tick all the same boxes that international EMS companies do, and quite a few more besides, says Kotzé. "In brief, we have world class product development and manufacturing capabilities here, low labour costs and excellent communications with Europe." In addition to that, South Africa's time zone is close to Europe's, people speak English and there is a robust legal structure. This last item is very important to companies worried about securing their IP in the outsourcing process, he adds.

Tellumat set out on a policy of organic growth and strategic acquisition. In May 2007 it bought Rhomco, a well established, highly respected Cape firm with an impressive customer base, good production capacity, skilled staff and excellent management with experience in contract manufacturing. Rhomco's operations were moved from Diep River to Tellumat's premises in Retreat (Cape Town), increasing at a stroke its customer base, its capacity (by some 40 per cent) and its flexibility.

Following the Rhomco acquisition, Tellumat still felt the need for another piece to be added to the jigsaw for the final picture to emerge. The company was still mostly focused on batch manufacturing of high end electronics for niche customers, largely in defence, telecoms and industrial automation. It wanted to gain some capacity and expertise in volume manufacture. Accordingly, in June 2010, Tellumat purchased the assets of Tedalex Manufacturing from Amalgamated Appliances. Tedalex manufactured its own branded products but crucially had a contract manufacturing relationship with Sony.

This time the plant, a 24,000 square metre factory in Atlantis, an industrial area to the north of Cape Town, was retained. Tellumat subsequently signed a contract with Sony to manufacture its Bravia range of LCD televisions for the local market. "It's a great advantage, when entering the field of consumer electronics, to be associated with a world class brand like Sony," says Kotzé. "Now we have a very close working relationship with Sony, and we have also started producing Tedalex branded TVs again."

Now Kotzé found himself with two rather different, though complementary, production plants under his wing. His next priority was to optimise the strengths of each of them. "The Cape Town factory is basically a high end batch operation, with quality and effective product development at its core, and defence and aerospace industry accreditation in addition to its ISO 9001/2008 rating. The Atlantis plant is an excellent volume operation supported and approved by a world class electronics manufacturer. I got the two management teams together, and it was great to see how well they dovetailed."

The Cape Town team came over to Atlantis to gain more insight into the principles of high volume manufacturing—what Kotzé describes as industrial engineering at its best. Conversely, the Tedalex team benefited from their new colleagues' expertise in quality control processes and the lean manufacturing and continuous improvement programmes that had been implemented in Cape Town. It helped recreate



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Tellumat's Electronic Manufacturing Division as a new entity, capable of engaging with any kind of customer from a defence industry supplier requiring complex low volume product to a consumer electronics company dealing in tens of thousands of units. "There is still a line between the two plants, but it is getting greyer," he says.

At the time of the latest acquisition, Tellumat invested in additional SMT (surface mount technology) automated pick-and-place capacity. If customers need any additional or specialised production equipment, the company will be happy to invest even further, says Kotzé. However, for now, he is ready to go out to the market and plead the case for people to come to South Africa for their EMS requirements. "Whether it is an industrial corporation or a research based developer who wants to get his product to market quickly and effectively, we have the experience and the capacity to take the product from concept to delivery. We have an excellent product development team, the capacity to optimise design for manufacture and of course to do the actual manufacturing. We can then package the product and deliver it to the end customer—you could call it a turnkey solution or a one-stop-shop, but it results in peace of mind for the customer."

The ability to manufacture in quantity opens up new markets. South Africa is on the verge of switching over from analogue to digital TV and recently committed to fund distribution of four million DVB-T2 set-top boxes to poorer households. Tellumat had already developed a DVB-T version before the Department of Communications upgraded its chosen technology, and is in a good position to be chosen as a technology and manufacturing supplier. Once this happens Tellumat will also propose to licence the product and transfer skills to emerging manufacturers, creating jobs in the sector as a whole.

"We are excited by this," says Kotzé. "We are now positioned to attract a lot of new business both within our home region and internationally as a reliable contract manufacturer." It can be intimidating to outsource to a large and faceless manufacturer half way around the globe, he points out. These days a company's IP is its life blood: Tellumat is a safe pair of hands for the technology, the customer has a direct line to the shop floor and it's still a low cost partner compared with any part of Europe.

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