

Adaptable and Agile

Aqeri is serving the defence and civil industries with cutting-edge technology and strong strategic partnerships.

Images by Johan Jeppsson

For more than 20 years, Aqeri Holding AB has been supplying computer and communications equipment for extreme conditions to clients across the defence and civil sectors. With a wealth of expertise and knowledge to draw on, Aqeri is identifying and adapting to market trends to maintain its impressive growth.

Manne K A Koerfer has been the president and CEO of Aqeri since March 2012 and a member of the board of directors since May 2011. With a degree in mechanical engineering and a strong background in the navy, Manne is used to leading diverse and challenging teams.

The CEO Magazine Europe sat down with Manne to discuss how he turned Aqeri around, the agile nature of the company, and the interesting future ahead for the industry and Aqeri.

The CEO Magazine Europe:
What led you to join Aqeri in 2011?

Manne: I've been working within the armed forces and defence industry my entire life. After leaving the largest Swedish defence company, Saab, I helped out a smaller consultancy in the defence sector and was headhunted to join the board of Aqeri at the same time in the winter of 2010.

I was formally elected director of the board at the AGM in May 2011. At the time, the company was going through quite a troubling time and, pursuing my normal modus operandi, I asked a lot of questions during our board meetings in the summer of 2011. Eventually, in September 2011, the chairman pointed to me and said, "Since you have so many good ideas and questions, we would like you to take over."

I sat him down and said that I had the deepest of respect for the task lying ahead and would accept the challenge and be very honoured to take over as CEO. I was appointed acting CEO in November 2011 and I was the permanent CEO in March 2012.

Looking back on your career, how have you utilised your expertise and knowledge in the defence industry to aid you in your role at Aqeri?

To put it simply, hopefully everybody gains some experience over time throughout their career with different assignments and levels of responsibility. I have been fortunate to be part of two worlds: the world of the armed forces in general, and navy in particular, with its good leadership and charismatic personalities, where you get a lot of freedom but also a lot of responsibility; and the world of the academic and the industrial >



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where it is less charismatic but faster-paced and even more international. I've always been able to merge those two worlds and draw upon the different entities which are of importance from both those sectors of my life.

It's good to have a general knowledge of technology. It's good to be able to communicate the understanding of systems and systems integration across the cultural diversities throughout the business world. I think this is vital. Products are becoming more and more streamlined. If you look at cars nowadays, they all basically look the same. I think in today's and tomorrow's business what will make a difference is that you're willing to go the extra mile to develop a personal relationship. It's all about trust and confidence, and business will increasingly be done between individuals first, then your company, and lastly, your country.

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What would you pinpoint as your greatest success as CEO of Aqeri?

Well, the obvious success has been a financial one. The company had a number of loss-making years prior to my appointment. I've been able to carry out the classic turnaround, returning cashflow, and getting the business back on its feet. In 2012, we had a loss of 13.6 million Swedish krona. We're awaiting the final numbers for 2013, but it looks like we'll break even or perhaps even a little bit better. That is a major financial achievement.

Then, if you look at our people, products, and business models, you'd need to look at it from a long-term achievement perspective. There, the achievement is to have understood what the most professional entities of the company are in terms of technology, market drivers, and

experience, and to implement that in a longer business-model plan to actually be profitable over time. I think that is of equal or maybe even more importance than the financial result.

You've previously described Aqeri as small, mean, and agile. How have you retained those traits and shaped the company culture?

I'm a seaman and a commander, so I'm used to running a ship. If you're running a ship, you've got a crew, cargo, sails, a course, a speed, a target or harbour to go to, and shipping owners that are your investors. You can't cry out for help all the time; you need to work with the things you have on board. That's my philosophy.

Basically, yes, you had to make people redundant, because that was burning up a lot of resources. That was a hard start. Then you



had to pick out the crew members that would actually fit on this new journey. That's a tough process, but once you do that, you can then motivate people to perform beyond their own expectations. Most people can do more than they ever imagined.

If you can implement a feeling that you are contributing not only to the general good but also to yourself as an individual then you'll eventually be in a position where you have a happy ship.

With clients in both the civil and defence industries, how do you meet their needs?

This is, in itself, a paradox, because the civil market harbours many operators, the volumes are high, the margins are low, and the business is predictable to a certain degree. The defence market is characterised by fewer and larger operators, it's highly political, very volatile, and often hard to predict.

These are two extremes, so the good thing for Aqeri is that we can blend 80 per cent of our volatile and highly lucrative business with 20 per cent more 'bread and butter' with the objective to increase the former by taking on

more and more large defence contracts with carefully selected system houses in a few countries.

How do you work with key strategic partners and suppliers to meet your clients' needs?

We are working very closely with our supplier base. Even though we are kind of a small operation, we have a very good supply network based in three areas: the Netherlands, where a lot of our Asian suppliers have their European base; Asia, where they're basically in Hong Kong and Taiwan; and of course, the United States, as we rely heavily on Cisco products.

We keep in very close contact with our main suppliers. We are important because we have more than 20 years of experience, so we can actually get extremely good conditions, which previous business contracts have shown. Much to our own surprise, we have often equal, or even better, conditions than larger corporations.

Where do you see Aqeri and the industry going in the future?

Many countries are downsizing their defence budgets, even

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though defence is becoming increasingly political. I see two trends when it comes to products in our area. One trend is the need for communication. This need is vital on all levels, but seems particularly important on the front line. The need to have accurate email information, picture information, target information, and situation awareness, and to display all this on a PDA is vital. It's becoming more and more battery-powered, intranet-connected, and connected to other units.

This need for communication seems to be almost endless. I think it is driven by political reasons because even though governments and politicians may say that they can't afford big defence programs, we can never afford not to equip our soldiers with communication equipment. Nobody would stand up in parliament and say that we had soldiers killed because they didn't have the necessary communication equipment. That would be political suicide. I think that is the main driver for one aspect.

The other aspect, technology wise, is connected to the first aspect because it's the need for secure information. Even if you have information, it's not valuable unless you can protect it. I think encryption devices are one end of that aspect. The other end of that aspect is actually disguise. Some people think that it's enough to have an encryption device, but you also need to disguise or protect your equipment from being detected.

In terms of Aqeri, I think the identification of these trends will help us position ourselves better with our product development. I think we will continue to grow, both financially and in staff numbers. I think the most logical exit would be for one of the larger companies to acquire Aqeri and to get the access, market entry, and centre of excellency for the rugged equipment that we offer. •

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