



## Gorillas in the Mist

### State of the Nation

Let's start by taking a snapshot of the current 3d imaging industry. Here's a few of the highlights:

- There is tremendous opportunity within those 3d imaging markets that have started to adopt the technology; and even far greater opportunity in yet untapped, potential vertical markets
- Service providers are small businesses that are scattered throughout the United States. There is not currently a large national player with multiple locations. Many successful imaging businesses are part of a larger company (i.e. surveyor, or engineering firm). Most service providers are confused. They haven't figured out how to create a recurring revenue stream, leading to sustainable long term profitability. Others struggle to build competent teams because their backlog cycles up and down from project to project.
- The instrument manufacturers fail to have a comprehensive plan for how they are coming to market, and they continue to provide lackluster customer service. They offer great products, but poor implementation plans that meet their client's specific needs.
- Software manufacturers have yet to create an easily understood workflow

that doesn't require hours of product training and can handle multiple applications. They are getting better and have significantly improved their ability to manage large data sets.

Forgive me for pointing out the obvious, but we live in a 3d world that is based upon *measurement* in just about every aspect possible. So, as I see it we have a technology that significantly reduces the

enters the room and begins commanding market share. Let me provide some examples. Remember how many small town hardware stores there were before Home Depot existed? How about corner grocery stores before Wal-Mart came to town. Did you know in the early 1990's there were more than 800 independent equipment rental businesses in the U.S. Today there are about 4 large players who control more than 97% of the market.

“Don't get so caught up in the next best thing that you get out over your skis and wipeout.”

time it takes to measure; can measure in a non-contact means at a great distance; is able of capturing three dimensional data; and the data can be stored digitally. All of that is going to get the attention of some very smart business people who are looking to capitalize on this set of factors.

So what does this all mean? Is that a good thing or not? I think that answer is clear: *it depends*.

### Gorillas!!

I sincerely believe it's a matter of time before the proverbial 800 lb. gorilla

I believe we will see the gorillas beginning to enter the laser scanning market, growing through the acquisition of existing small business, and new "green-field" start-up locations. They'll have the initial funding, the long term financial resources, and most importantly the business acumen to pull it off. The instrument and software manufacturers will do what they can to suck-up to these gorillas and get their business at a greatly reduce rate, but at a cost to the small business owner. The playing field will change for all of us.

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### The Art of War

Tzu's "Art of War" says it best: "Keep your friends close, and your enemies closer".

In the 3d imaging world that's going to mean staying close to the industry trends, technology, and creating partnerships. Align yourself with those you can trust to use as a sounding board, and compass among the changing currents. And embrace the change, because if you don't you'll become obsolete.

### Gorilla Proofing Your Company

Several additional ideas might include:

- Build smart. Don't get so caught up in the next best thing that you get out over your skis and wipeout. Find

your area(s) of specialty and focus on those—not on the next shiny object.

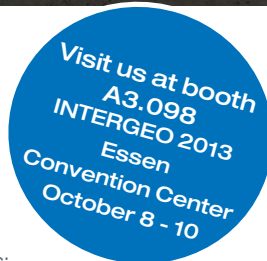
- Create relationships, not only with your clients, but with those that you might compete with on projects. Together we can get a whole lot more done, and usually at a much lower investment...as long as there are clear expectations.
- Build a business that's easily understood and possibly sellable. Perhaps your exit strategy is to be eaten by a gorilla and put your kids through college. That might not be a bad plan.
- Take advantage of the gorilla... customize/personalize your services and deliverables to a select client group. Position your business

to make changes quickly so you can outmaneuver the large company.

Ultimately if you provide fantastic customer service at a fair price you can go a long way.

- If possible, develop your own intellectual property (IP) that you can brand and make your own. This will differentiate you from your competition as well as make you a possible target for acquisition and a liquidity event—which could benefit you. ■

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