



Roughing

Panasonic's top government executive on how ruggedized products are gaining in popularity

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Drop them, kick them, bring them to the desert, to a fire or even to a flood—new “ruggedized” computers can take it. These types of computers are not new—the military has been using them for years—but they are becoming increasingly ubiquitous.

One such computer is Panasonic's Toughbook. This line of computers, the marquee product of top government vendor Secaucus, N.J.-based Panasonic Computer Solutions, has emerged as a cable news star these days, given that Toughbook has served as the technology of choice for the U.S. military. It's also popular with EMS, police and fire departments. Toughbook is the industry leader when it comes to the hot trend of “ruggedized” computer products—technology that can not only absorb physical assault and still perform, but can withstand intrusions, such as sand, dirt, water and whatever else that a computer out in the field is subjected to. For Panasonic, success overseas has inspired more success: At FOSE 2003, the company won Best in Show for its Toughbook 18, which is a rugged tablet and laptop computer combined.

At the forefront of the company's government growth is Jan O'Hara, director of federal sales for Panasonic. While Chantilly, Va.-based GTSI remains Panasonic's leading VAR partner, the vendor works with many other VAR partners on a variety of federal, state and local government projects, and anticipates opportunities for VAR partners large and small to widely expand at all levels of the government sector. Why? Well, for starters, government sales at Panasonic are growing at a remarkable 40 percent clip—far outpacing the industry standard of roughly 15 percent. Overall, federal sales totaled more than \$100 million last year, or one-third of Panasonic's overall revenue.

In 1997, Panasonic established a Federal Region unit, where O'Hara oversees the sales, engineering and services support to federal customers. She brings a quarter-century of federal-sector experience to the position, having joined Panasonic in 1997 as a district sales manager. Recently, O'Hara spoke extensively about Panasonic's high-profile and future expansion—and what that all means to VARs. >>



Read technology editor David Strom's review of Toughbooks at www.varbusiness.com.



JAN O'HARA says
Panasonic is selective
in its partnerships.

VB: Simply stated, what are the biggest changes you've seen in the government customer in recent years?

O'Hara: I was with Compaq when laptops came out more than 13 years ago. Back then, everybody wanted something cheap. The Army says it has a very limited amount of money, and it figured it's not really going to go anywhere where the computer is going to get very dirty anyway, right? Well, today, these computers have to go out in the field in Iraq, Afghanistan and Bosnia, and they're not only going to get dirty, but they're also going to get roughed up. This is where our ruggedized computer line comes in. We've been the pioneers in this. These laptops are needed in the field, where someone could be using one to pinpoint bomb locations. Can you imagine what would happen to your mission if your computer failed because it wasn't tough enough to endure war conditions? It simply wouldn't work, and the federal customer is getting smarter about all of this. Many of those Special Forces guys who parachuted into Iraq had our laptops with them. One parachutist's Panasonic laptop took a few bullets—it saved his life. And it kept on working. We heard another story where a guy jumped out of the plane and had a rough landing. He broke his leg. But the laptop was still in perfect working order.

The Toughbook 18, which won Best in Show at FOSE, is fully ruggedized. You can drive a Hummer over it and it still works. And, believe me, those military people really do drive Hummers over their computers in the heat of combat.

So, the mentality is now 180 degrees from, "How can I buy a lot for as little money as possible?" to, "What's the best solution out there that will allow me to perform my task?" That's because the world, really, is so different now.

VB: And we're not just talking about military customers, right?

O'Hara: No, not at all. This mentality is spreading across the board, at all levels of government, because more and more, all agencies are getting out in the field. At the state/local level, we put these laptops in police cars and, yes, they drive right over them, too. They may be at a crime scene and, if a suspect flees, they leave the laptops behind and they get run over. But they need the laptops to work after that abuse, and they do. The police cars vibrate a lot as well, so the computers that are mounted inside need to withstand that.

It's not just military and law enforcement, either. We're doing a solution with Engineering Systems Services where they take our laptop products and combine them with a software application to develop a data collection interface for the U.S. Department of Agriculture. The agency's at-the-scene fresh produce inspectors need this on the job. What we're doing is providing solutions that affect everyone, really, in every phase of [their] lives.

VB: How has all of this impacted your needs regarding VARs?

O'Hara: We don't [sell] directly, so we're at the mercy of our resellers. Fortunately, we have some great ones. They're much more solutions-oriented these days. GTSI and our other resellers have solutions that make a difference. This kind of integration demands a great VAR to take it to market and make sure that the government customer is happy with it. We are also working with General Dynamics on an Army transformation solution to move legacy systems to new light and mobile platforms. This solution, called the Deployable Combat Services Support, converts a \$30,000 system that took four men to carry to a \$5,000 system that one man can carry, and makes the Army more agile in battle.

VB: What is a VAR's biggest challenge in trying to work with your team?

O'Hara: I'm not going to sugarcoat this: We're very selective about whom we do business with. We're not out there saying, "Hi! We're in the ruggedized market. How many do you want?" Everybody wants to jump into our wagon and push the lowest price. We don't do business like that. We prefer to grow our reseller partnerships incrementally. We want a VAR to come in and not talk about price, but a new solution that government customers need. Once that happens, we'll do all we can to support it. We don't want to just sell

boxes. We want to discover new solutions that are exciting and cutting-edge and pursue those.

VB: What, in return, do you do for the VAR?

O'Hara: We have a worldwide warranty, to begin with, that's fairly unique. And we're the only manufacturer that builds its own product and is flexible enough to adapt to the government customers' various needs. We just built a couple thousand units in black for the Marines. Our usual color is silver. But they didn't want that color because they thought it may make them stand out more. So, we did what they needed and made the computers black. That's unheard of when it comes to customer service. There was another one that wanted the computers to be yellow, so we did it.

We'll provide training as well. We go out to the sites of our larger resellers and provide the product demonstration units and the road map to the customer.

Most important, when you come to us with an opportunity that we establish together, we are loyal to the end. Bring us to the dance, and we'll only dance with you. We won't bring in others to the party.

VB: How did Panasonic and its ruggedized computer line evolve, anyway? What's the back story?

O'Hara: We have been manufacturing this since the late 1980s for what was known as Grid Systems at that time. It was



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Venture Development forecasts that worldwide shipments for "fully rugged" mobile computers, a

subset of the overall rugged PC market, will grow to more than \$972 million in 2007.

huge in the federal market. Grid was bought by Tandy. Panasonic decided to come out with the ruggedized products because we owned the technologies. We started all of this in 1992. We built most of the components, too: the floppy drives, CD-ROM drives, active-matrix screens and batteries, among other things. It was very specialized. Everybody—Gateway, Dell and others—has been trying to do this for years. It's not for the foolhardy, believe me.

Six years ago, we did very little with the federal market, mostly with the Air Force, which used the fully rugged units for flight-line maintenance applications. We now have semi-rugged models that start at \$2,000 and go up to \$4,000 for fully rugged units with options such as integrated wireless and GPS. And we have plenty of customers who won't deal with anything that's less than top-shelf ruggedized, like the Marines. The war demonstrated to everyone that sand is a huge issue now. Our products are sealed so that sand, dust and water can't get in. That's mission-critical now, when before it wasn't.

We used to have to find and hunt down customers who needed this level of protection. We'd go get the geological-survey kind of guy, or the customs-agent kind of guy. But when laptops started failing at a rate of 25 percent, customers started looking at getting away from buying cheap laptops. Laptops are now a necessity. You can't get your job done without them.

VB: GTSI's MASH unit solution has also gotten big headlines. What is that all about, and how can that expand?

O'Hara: It is called GTSI Agility and was developed by GTSI using Panasonic notebooks. It started with the Navy using it for its on-the-scene MASH units. If they have a wounded soldier in the tent there, they can access his or her entire medical history, thanks to the protected databases. Our computers are among the prime cornerstones of the solution, of course, but it's just one piece. You can send e-mail and make phone calls, for example, with GTSI Agility. This fits our marketplace perfectly, after all, because a MASH tent is never clean. You're going to have to clean the mud and blood off of the technology equipment, sterilize it even, and it's still going to have to work. And it does.

But this demonstrates that if a VAR has an innovative solution, we're going to listen to what they have to say. And the market can expand for such a solution. With Agility, for example, GTSI is taking it outside the Navy and going to customers like the Federal Emergency Management Agency (FEMA). If FEMA crews need to race out to a disaster situation, they can set up Agility right there in the parking lot.

VB: Where else do you see expanded opportunities for VARs?

O'Hara: The tablet market is getting very big with the federal customer. Two or three years ago, everyone was buying PDAs. If you dropped it on the ground and it broke, it only cost \$400, but

you also lost all your data. The government customer is discovering these are too limited due to small screen size, operating system and the fact that they don't hold up to the elements.

The tablet is heavier than a PDA. You can work with it with heavy gloves and even chemical gear. Everybody wants to see it. They don't want to carry two or three different computers. They want one that can handle a lot of different tasks and withstand getting dirty and knocked around. VARs are going to play a big role in all of this with us since Panasonic is not a systems integrator. GTSI is our prime distributor, but we're going to also need VARs for this. If they have a customer set to sell this to—if their customer set is saying we need tablets—that would be a great match for us.

"The Toughbook 18 is fully ruggedized. You can drive a Hummer over it and it still works."



—Jan O'Hara,
Panasonic

VB: A tiny local contract for you demonstrates how all government technologies are coming together: Blue Bell, Pa.-based Unisys will deliver 165 mobile Panasonic laptops as part of a mobile data communications system to the Jefferson County, Ala., Sheriff's Department. This system will link that small department to all the federal, state and local criminal information data-

bases. You're doing this nationwide. How does this speak to your stake in the federal, state and local information-sharing mandates?

O'Hara: It says a lot, because we're right in the thick of it. We're doing the NYPD and Fairfax County, Va., too. We have our products in up to 20,000 police cars right now. We're doing this kind of work for state and local, and federal public-safety customers. Before, local police didn't share information with top federal agencies. Now they do. Much of this business is going through smaller VARs, too. We'll have one with a police specialty. We'll have another with an EMT specialty. And now all of this is exponentially exploding. The first responders are coming in with a demand for this, as well as the homeland-security customers, which involves the DEA, border agents and all kinds of other agencies.

VB: Are you seeing any action yet with regard to the states being able to purchase off the GSA Schedule?

O'Hara: Not a tremendous amount of activity now, but all of this is a very positive development. I can tell you that state-purchasing authorities are looking forward to this. Once we get past the objections over fees and potential abuse, it's really going to take off. That's for certain. ★

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