

Tracking Service Providers

Sector Review

February 2016

Tracking
Services

Industry
Structure

Industry
Players

Demand
Driver |
Automobile

Demand Driver |
Auto-Finance and
Insurance

Opportunities
and Challenges

About the services

Services defined

These companies provide total visibility and control of mobile assets, using technology of Global Positions system (GPS), Global System for mobile communication (GSM), General Packet Radio Service (GPRS), and satellite communication.

Service Type

The services offered can be generally categorised into

1. **Asset Tracking Solutions**
 - i. Vehicle Tracking solutions
 - ii. Fleet management solutions
 - iii. Personal Tracking
 - iv. Power Generators monitoring, etc
2. **Container Tracking Solutions:** *cargo tracking requirements of commercial and military transporters; tracking and in transit visibility, protection against intrusion or pilferage, and other services.*
3. **Navigation services**

Technology License

License Issued by Pakistan Telecommunication Authority, Government of Pakistan

- **Class Value Added Services License Services (CVAS)**, regulated under Class Value Added Services Licensing and Registration Regulations, 2007
- **License Type: Data CVAS** – non-voice data communication
- Services allowed: Vehicle Tracking Services (VTS)
- Other data services (non-voice telecommunication), in addition to VTS, can be allowed by PTA under the same license;

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Opportunities and Challenges

Industry Structure

Many VTS licenses have been obtained by corporates and logistic companies to meet internal requirements and does not offer services for commercial use. **The industry is Fragmented.**

From 2006 till 2011, VTS licenses of 26 companies were terminated on the back of continuous losses and failure to maintain competitive technology infrastructure.

Total CVAS (Data) licensees	333
Active VTS licensees	111
Tracking Company listed on PSX	1

Demand of tracking services is driven by

- **Automobile sector;** growth picking up
- **Auto Loan and motor Insurance;** growing
- Corporate needs for fleet management: rising trend of outsourcing to tracking companies because of value added services offered by tracking companies
- Disposal income of masses with cellular penetration; improving
- General Law and order situation of the country; though improved YoY, remained a concern which triggers demand for tracking services. Government departments requirements are increasing

Supply is dependent upon:

- **Technology Infrastructure:** Continuous upgradation of technology is the life blood for the industry players survival.
- All industry players import tracking devices; vendors provide application and software. All devices are imported.



Prominent Industry Players – Profile



TPL Trakker Limited – only listed company in Pakistan

- A TPL Holdings company ventured with technology partner, Digicore of South Africa – operates in 60 countries across four continents.
- Vehicle tracking and fleet management solutions, portfolio management, container tracking solutions, navigation, Personal Tracking.
- Tracking Equipment sold constitutes 9% of total cars sold in Pakistan in FY15



United Track Systems (Pvt) Limited – emerging player

- Member company of United International Group.
- Products: Vehicle tracking and fleet management solutions, Personal Tracking, etc.
- Tracking Equipment sold constitutes 5% of total cars sold in Pakistan in FY15



Tracking World (Pvt) Limited

- Joint venture of Webtec Wireless Inc. Canada – operates in 40 countries including UK, USA, America, Europe, central America, UAE, KSA, and Canada.
- Products: Vehicle tracking and fleet management solutions, In-dash navigation, Biometrics, car Accessories, etc



Falcon-i (Pvt) Limited

- Vehicle tracking solutions, and fleet management solutions



City Track (Pvt) Limited

- Sponsors other projects include "International Tours" , City radio Cab", "City Linkers Bus Service", and "Yellow cab Service"
- Vehicle tracking solutions, and fleet management solutions

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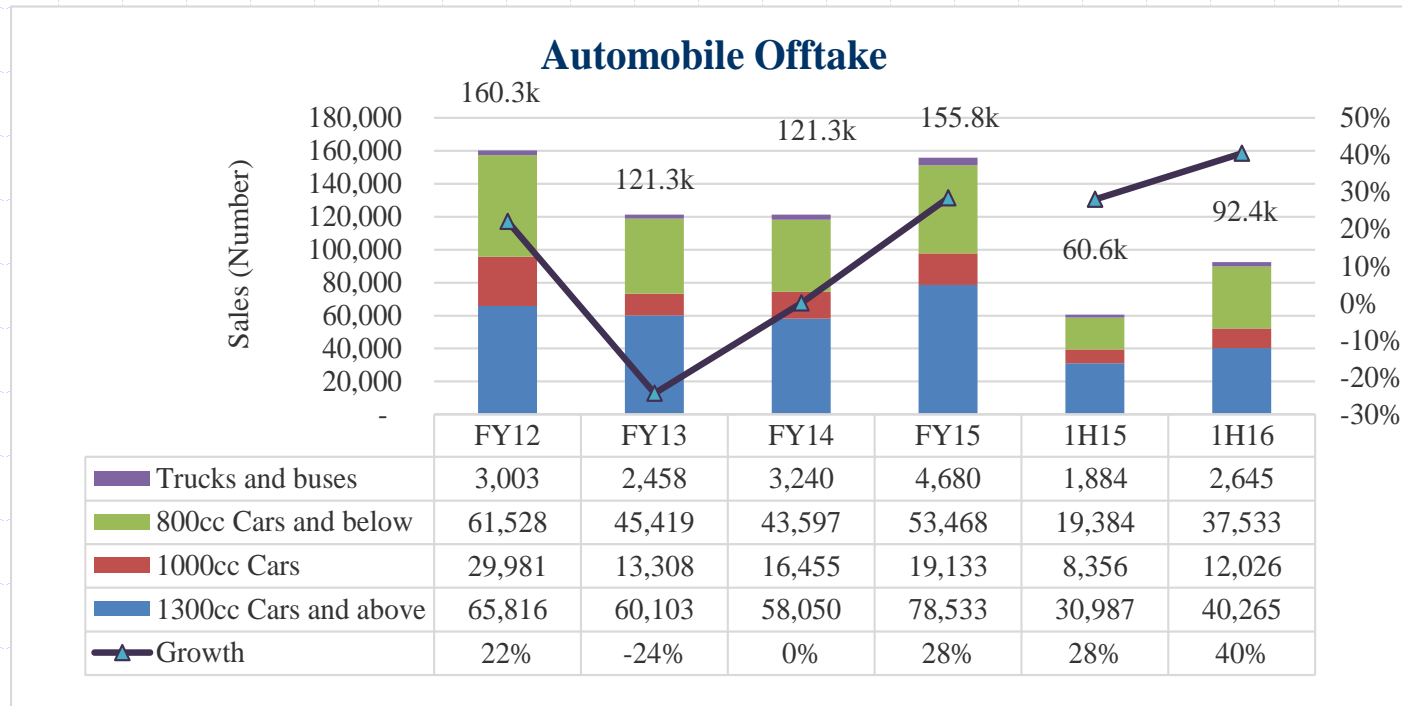
Opportunities and Challenges

Demand Driver | Automobile

More than 90% revenue of the Tracking sector is generated through vehicle tracking, automobile offtake directly impacts the sector dynamics. This also includes increased demand from large businesses using extensive transportation fleets.

Automobile is witnessing growth in recent years. The growth is spurred by

- ‘Apna Rozgar scheme’ by the Government of Pakistan 50,000 cars
- New generation Toyota Corolla

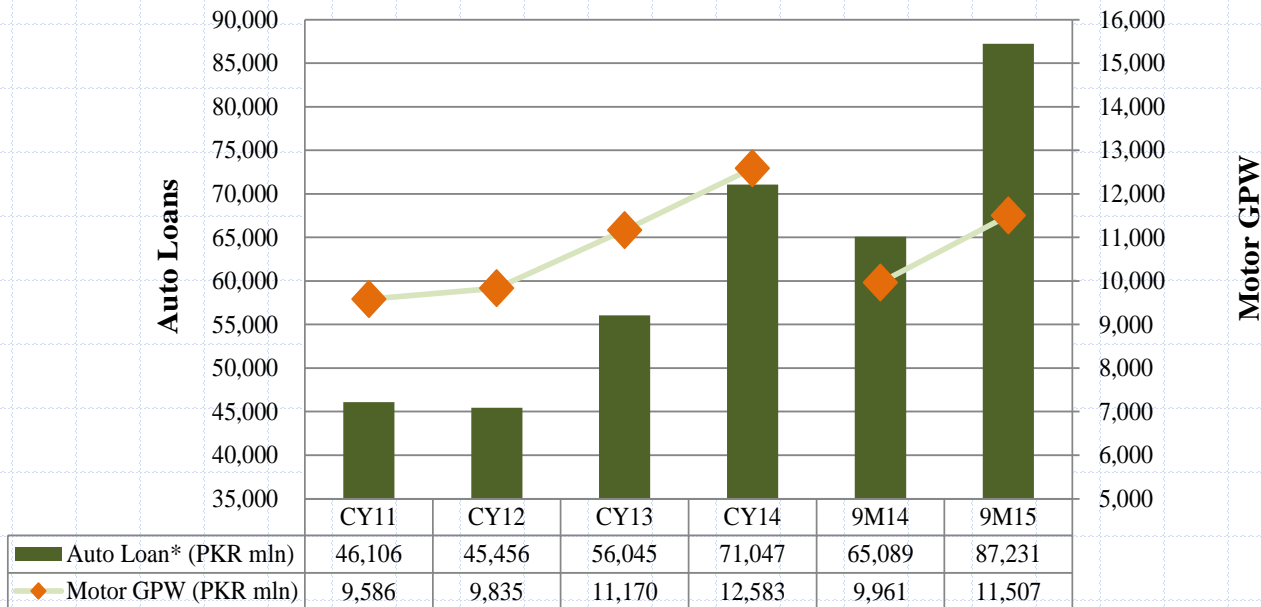


Demand Driver | Auto Financing and Insurance

Leasing of vehicles by Banks, makes insurance mandatory, which in turn trigger vehicle tracking business.

- Low interest rate environment in the country has induced growth in Auto Loan.
- Motor Insurance business is growing. Use of tracking services by insurance companies is increasing at a rapid pace. Approx. 80% of insured vehicles have installed trackers at end-Dec15.

Motor Insurance Growth | Auto Loan



**Auto loan by commercial banks; outstanding balance at year end*

This is mandatory for all banks to ensure, while providing Auto-finance, to get insurance of the underlying vehicle to protect the risk of the bank. And the insurance company in turn, manage their risk of loss of vehicle, through hiring vehicle tracking services. These two directly influences vehicle tracking business.



Opportunities and Challenges

- + With growth in Auto-financing by banks, increased offtakes in Auto sector and insurance, the tracking business is benefitting
 - + Low penetration in retail market provides huge growth potential
 - + Amidst competition, large players are diversifying in more innovative solutions
 - + Technical collaboration of large players with global partners has enabled the industry to provide innovative solutions with superior technology
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- Technology intensive industry requiring continuous capex to remain competitive with evolving customer needs.
 - Inclusion of cheaper tracking devices hampers quality services by small players and, hence, low recovery ratio; confidence of customers goes down. Also recovery strategy needs improvement in case of small players.
 - Upkeep of good Customer services require high cost – call center and large HR require to respond to customer queries



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