

# Tracking Service Providers

## Sector Review

February 2017

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.*

## 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;

Tracking Services

Industry Structure

Industry Players

Demand Driver | Automobile

Demand Driver | Auto-Finance and Insurance

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.

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

## 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

- Vehicle tracking and fleet management solutions, portfolio management, container tracking solutions, navigation, Personal Tracking
- Tracking Equipment sold constitutes approx. 9% of total cars sold in Pakistan



## 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 approx. 5% of total cars sold in Pakistan



## 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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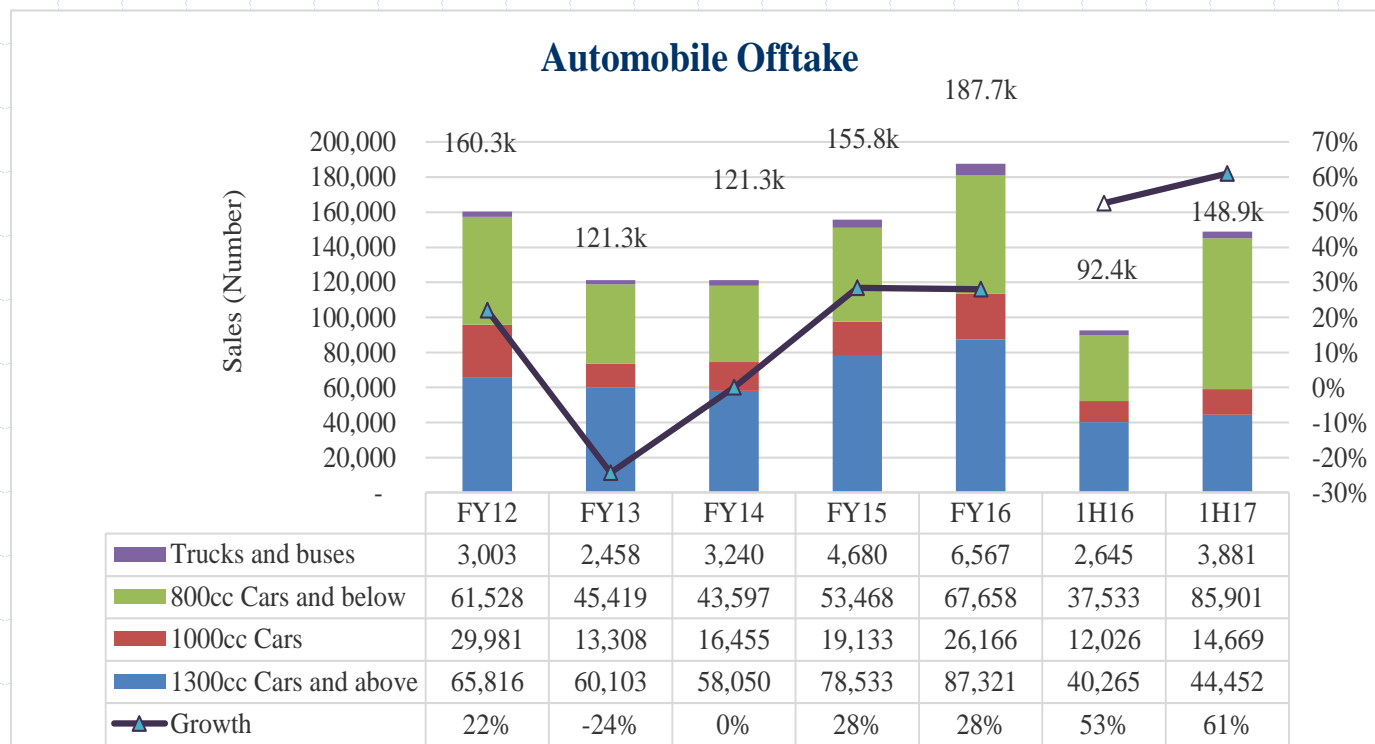
Demand Driver | Auto-Finance and Insurance

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.

- **Government sponsored schemes is helping the motor segment**
- CY15: GoPb's Apna Rozgar Taxi scheme – 50,000 taxis
- CY13: Green tractor scheme 20,000 tractors for farmers by GoPb
- CY12: Yellow cab scheme 20,000 taxis – GoPb



Tracking Services

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**Demand Driver | Automobile**

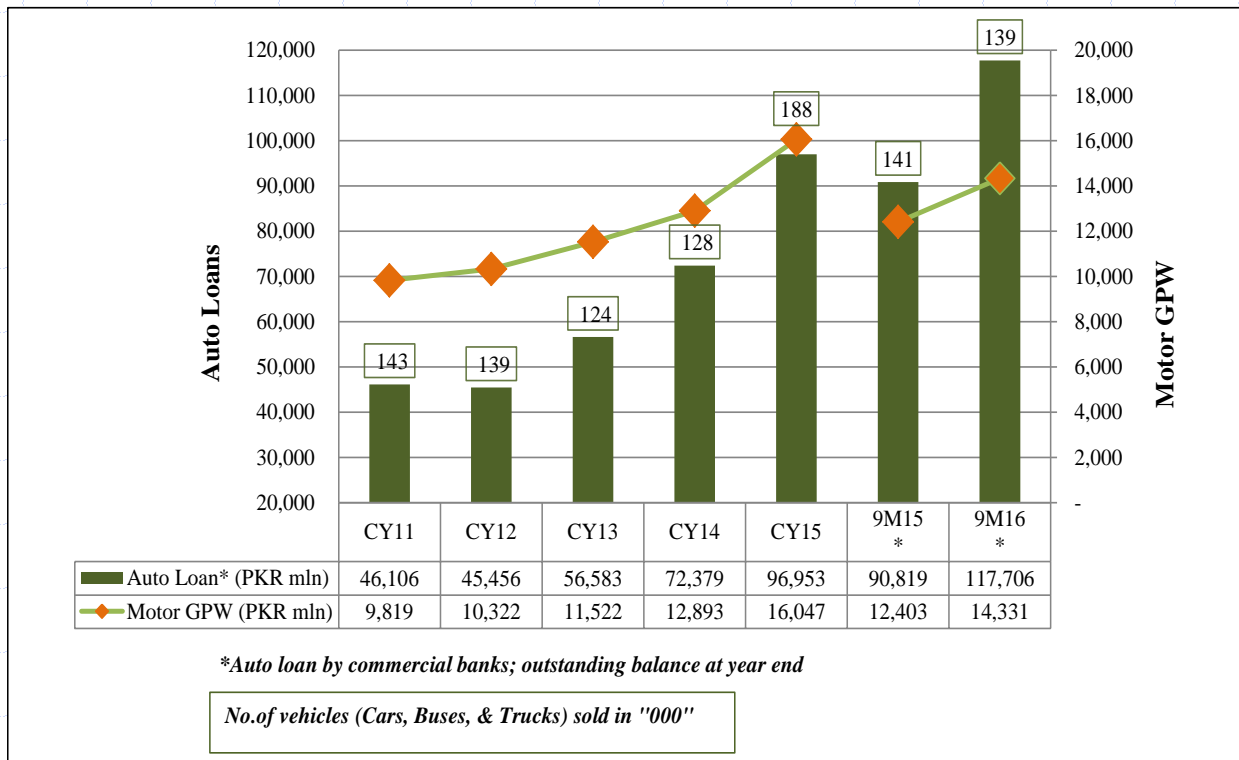
Demand Driver | Auto-Finance and Insurance

Opportunities and Challenges

# Demand Driver | Auto Financing and Insurance

Leasing of vehicles by Banks, makes insurance mandatory, which in turn triggers vehicle tracking requirement.

- 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-Dec16.



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
- Though gross margins are strong, high promotional expenses amidst tough competition, keeps operating margins thin
- 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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