

# TRANSPORTING ECONOMIC GROWTH

## Trucks are a vital part of Malaysia's infrastructure network and MAN trucks is a vital part of that industry

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Unless you have a keen interest in trucks and the transportation industry, the name MAN wouldn't really ring a bell. You may have seen it emblazoned on a passing prime mover or bus before but for Malaysians at least, very little comes to mind when the brand is mentioned.

Well, would you be surprised to learn that MAN is the oldest industrial company in Germany? A country that spawned the modern car industry and countless other industrial suppliers actually got its first taste of corporatisation when three ironworks in the Ruhr region decided to join forces back in 1808. The modern incarnation of MAN can trace its roots back to 1840 and in 1859 it was awarded a contract to build a railway bridge over the Rhine at the city of Mainz.

Throughout its long history, the engineers and entrepreneurs who led MAN have always been open to innovation and embracing new technologies. The company is credited with inventing the rotary printing press in 1893 and was instrumental in collaborating with Rudolph Diesel to build the very first diesel engine.

Fast forward to the present and MAN Truck & Bus has just celebrated a century of truck production. They're still very much an industry leader due to their innovations and since June 2012 the company has been taken over by Volkswagen AG. Ironically, it also means that MAN is now linked to one of their biggest rivals, Scania, as the Swedish truck maker is also owned by Volkswagen.

In a Malaysian context, MAN Truck & Bus Malaysia (MTBM) is a partnership between MAN Truck & Bus AG and local conglomerate Mbf Holdings Bhd. They officially commenced operations on 2 May 2001 and are currently ranked number two in terms of sales volume amongst European truck brands. To get a better understanding of the transportation industry landscape here and to better appreciate the role MTBM plays we recently spoke to Hartmut Mueller, managing director of MTBM, to ask his opinion.

**Give us a brief overview of the Malaysia truck market.** Trucks are vital to the growth of industry in Malaysia because the country is dependent on them to transport goods and services. This is because there is no other infrastructure to transport heavy loads like a comprehensive rail network or inland canals so factories and ports here have to depend on trucks and the road network to get freight transported. When I say trucks I don't just mean prime movers but I also include small trucks that help move cargo from warehouses to distribution centres and directly to end users.

**What about the overall size of Malaysia's truck market? How many trucks are sold and how many units does MTBM sell a year?**

The prime mover market in Malaysia is worth about 3,000-4,000 units per year and European brands account for

only 1,500 units of that total. Of this total MTBM currently accounts for about 300 units, which as you know puts us second in the country. We're also ranked second in terms of bus sales but that's a separate industry from trucks.

Malaysia's truck market is very different from markets in Europe. There is a lot of competition here from Asian brands, especially those from Japan and China and we find that buyers traditionally buy their trucks based on the selling price. We are however seeing a change in this attitude. MTBM is working hard to educate transportation companies about the entire system costs involved when running a truck. So while we can never match the selling price of some rivals, we can demonstrate how our trucks are cheaper to run over their entire service life because of the high-tech engines, quality components and technologies we deploy to lower running costs.

The market is also changing as more international companies build a bigger presence in Malaysia. They help influence the transportation industry by demanding a certain level of quality in their transportation supply chain, which can only be achieved with trucks offered by MTBM and other European brands.

**How comprehensive is the range of trucks offered by MAN?**

Actually we have up to 3,000 different solutions for prime movers. I don't mean models but if you take the amount of axles, cabin sizes, technologies, bodies and trailers we have you could conceivably come up with that many unique variations.

**What do you see as the main catalyst to help grow MTBM's business in Malaysia?**

Well, the fuel quality is now not an issue as Euro 5 is becoming increasingly widely available. Customers too are getting better educated and understand the benefits of buying an MAN truck as opposed to something cheaper so the next step for us has to come from legislation. In Europe for example, tail pipe emissions are measured to ensure that only low emissions trucks are allowed into cities and other populated areas, so if Malaysia were to take a similar stand it would provide a big boost to MTBM and other European brands. Of course another benefit is also cleaner air in the cities, which is a direct result of lower emissions.

**You mentioned system costs earlier. Are Malaysian customers getting more aware of these factors and are they asking for transport solutions rather than just buying a truck?**

As markets develop, we find that customers become more aware about all the costs that go into various facets of their business. Increasingly, we're finding customers come to us and ask for a full end-to-end solution from transport to servicing to even warehousing so that they can get an



accurate picture of what their cost per unit is. So, aside from selling them high quality products, MTBM can plan a service schedule for them where we can calculate what future costs and down time will be and incorporate that into their work cycles. We also offer training for their drivers using our certified trainers because there are massive savings that can be made depending on the way a truck is driven so we teach how best to use the technologies present in their MAN truck to make a difference to their bottom line.

**What does the future hold for the truck industry?**

Firstly, I'd like to say that everybody who works for MAN is proud to work for a company that delivers high quality products that make a real difference in so many aspects of economic life. Having said that MAN is still heavily investing in the future and for us, we view electricity as the power source of the future, not just for cars but even for trucks as well.

For trucks, our biggest cost is fuel so if that can be lowered by using electricity then there is huge potential in the future. Of course the cost of power generation, storage and the time it takes to charge batteries all need to be accounted for but the wave of the future is electricity. In fact, MAN will unveil a fully electric transport solution as early as 2020, which is a tough target to meet because there are so many new aspects of the technology to consider and that even includes servicing due to the danger of the high voltage involved.

**How do you overcome the issue of charging for electric mobility?**

There are various solutions available. For buses, some companies have depots where the batteries can be swapped and recharged when the buses come in while for trucks there could be quick charging solutions in the future. Battery technology is developing quickly but in the near future a combination of solutions where quick charging, swappable batteries and even using multiple trucks will probably form a hybrid solution for a fully electric truck network. ■■■■■



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