Orange Business Services Delivers Transit-Monitoring Solution

Cotrack: Machine-to-Machine and Internet of Things (IoT) Transit-Monitoring Solution

EXECUTIVE SUMMARY
COMPANY OVERVIEW
• **Customer Name**: Orange
• **Industry**: Telecommunications
• **Location**: Europe, Africa
BUSINESS CHALLENGE/OPPORTUNITY
• Orange wanted to develop and deliver a machine-to-machine and Internet of Things (IoT) transit-monitoring solution in conjunction with its customer Cotecna, which delivers increased goods-in-transit security and enables governments to reduce fraud, raise revenue, and facilitate fair trade.
NETWORK SOLUTION
• A track-and-trace solution tailored for customs transit real-time monitoring across borders based on Orange's machine-to-machine Intelligent Apps Enabler with complete local implementation and network integration (Global System for Mobile communications [GSM], Internet).
BUSINESS RESULTS
• Direct revenue from the initial professional services engagement, as well as additional WAN (Wide Area Network) services. Orange also gains new machine-to-machine subscriptions and helps extend its reach into new business markets.

Overview

Orange has developed a secure track and trace solution called Cotrack for Swiss-headquartered Cotecna, a global trade inspection, security, and certification services company. The solution was designed to improve the customs transit-monitoring process, with the objective of enhancing border control security, reducing fraud, and increasing government customs revenue.

Service Innovation

Cotrack is a transit-monitoring solution that delivers increased goods-in-transit security and enables governments to reduce fraud, raise revenue, and facilitate fair trade. Orange saw a major opportunity in the machine-to-machine (M2M) and Internet of Things (IoT) market with secure transit monitoring. The Orange-Cotecna partnership has been delivering turnkey monitoring solutions since 2011 in Togo, West Africa. It has recently been extended into Burkina Faso and Senegal.

Key issues and challenges that Cotrack addresses are helping to combat illegal transit of goods with loss of government tax and duty revenue, stop bribery by customs and police at illegal checkpoints, cut delays at border checks and customs, and facilitate trade with a reliable and efficient system that tracks containers in isolated areas. Also, Orange wanted to provide a complete global solution with software, hardware, and connectivity. The project with Cotecna not only demonstrates Orange's ability to deliver complex machine-to-machine projects, but it also demonstrates that it can do this in some of the most difficult geographies in the world.

Cotrack is a purpose-built ruggedized track-and-trace solution tailored for customs transit monitoring across borders. The application is based on the Orange machine-to-machine Intelligent Apps Enabler and uses on-board data from goods and vehicle transmissions to the central system with General Packet Radio Service (GPRS) for consolidation using back-office software and full local implementation and network integration (GSM, Internet). There is an ongoing selection and testing of on-board devices and web-based transit-monitoring software for real-time monitoring through the mapping GUI with event and alarm management, and logging, in conjunction with program management and software maintenance.

The solution tracks and monitors all transit operations (vehicles and goods), and it is impossible to bypass the system. Customs receives real-time status updates with location, time, and incident and alarm alerts while delivering enhanced border control security that reduces fraud, increases government revenue, and facilitates fair trade.

Cotecna is able to identify the exact location of each vehicle using the solution. Registration at checkpoints and country borders is speedier, and alerts give details (including time, location, incident type) of any security incident. The solution supports Cotecna's global expansion plans, giving it the ability to deploy the solution in other geographies using Orange's global subscriber identity module (SIM).

Increased customs revenue is collected by avoiding fraud. There is also increased transit business through these border points because more freight companies choose this route over alternatives, recognizing the enhanced security levels and smoother and faster customs processes. The more efficient process means faster customs clearance times, and therefore reduced costs.

> "As a company that prides itself on its flexibility and its ability to provide tailor-made solutions for our clients, the capability of Orange to supply such a comprehensive package of technologies across a global landscape is of utmost importance to Cotecna's expansion."
> **— Pierre-Olivier Pellegrin, Senior Vice President, Security and Inspection Technology, Cotecna**

Opportunities and Challenges

Orange is looking to significantly grow its business in the growing M2M and IoT market. Orange planned to acquire 15 million active M2M connections by the end of 2015. The growth of Orange's M2M connection base has been encouraging. But Orange is not just looking for growth in connections; it is also looking to significantly grow revenues from M2M and IoT services and support. IoT is a key area in Orange's Essentials2020 strategic plan, and the company is hoping to generate €600 million (US$660 million) in revenues from IoT applications by 2018.

Orange has always believed that it is important to look beyond pure connectivity provision in M2M technology towards service management, applications development and solution integration. Even though there are expectations of massive growth in connections, the volume of data transmitted is small for many M2M applications and connectivity average revenue per users (ARPUs) are therefore low. However, there are certainly substantial revenue opportunities in machine-to-machine applications and integration, and these are areas where Orange Business Services has expertise.

More importantly, for Orange Business Services M2M and IoT brings the opportunity for a much closer relationship with enterprise customers. Many M2M projects are about automating businesses processes and developing new ways of doing things. These are just the sort of projects that Orange Business Services looks to win.

Strategic Partnerships

This partnership brings together Cotecna's transit monitoring capability and Orange's expertise in the M2M ecosystem. Cotecna developed Cotrack to combat illegal transit of goods. Cotecna specializes in the development of solutions enabling governments to combat fraud, protect customs revenue, maintain internal security, and facilitate lawful commercial exchanges at national borders. To deliver its full capabilities, it needed a partner that can provide a global, reliable software and hardware tracking and connectivity solution.

Orange developed a purpose-built track-and-trace solution for Cotrack on the Orange M2M Intelligent Apps Enabler. This was not a typical M2M managed connectivity deal. Indeed, in the initial implementation in Togo, Orange did not provide the mobile network connectivity. Its role was as a solution provider and systems integrator. The relationship has since developed further to bring the service to new markets in West Africa and has been extended to include delivery of a hybrid network solution that incorporated satellites to reach remote sites, particularly in Africa.

Monetization

Orange gains revenue from the initial solution delivery, from ongoing usage of the service, from a joint sales approach in new markets, and from a deeper relationship with its customer and partner. Orange and Cotecna can now use this same solution, and enter new markets and generate repeatable business. The partners have since won further deals in Burkina Faso and Senegal in West Africa, where Orange is providing local connectivity. There are clearly opportunities for further growth in Africa and in other regions. The capability is usable worldwide thanks to the Orange global machine-to-machine connectivity coverage. And now Orange has business market credibility. Orange has a substantial presence in consumer mobile services in Africa but this partnership demonstrates its ability to support mobilization of business processes there.

> "Orange Business Services have an excellent global footprint with a specific focus on Africa. Seamless global communication, especially in hard-to-reach locations, is key for us. Furthermore, Orange also met our expectations in regards to being as cost-effective as possible. Their tailored design met all of our needs."
> **— Laurent Vouriot, Head of IT Infrastructure & Operations, Cotecna**

Success Metrics

The initial contract with Cotecna was a professional services deal. As well as revenue from the initial development of the solution, Orange benefits from its share of revenues as deployment grows and where Orange provides managed connectivity. The project has demonstrated Orange's capability to deliver complex projects in difficult geographies. Orange has since won further business with Cotecna. It is providing business VPN services via satellite technologies and Internet access for 53 Cotecna sites in 29 countries across Africa, Asia, and Europe.

For More Information

For more information about Orange, visit www.orange.com/en/home and for Cotecna, visit www.cotecna.com/en/Services/Government-services/Transit-Monitoring.

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