

# Constant focus on emerging applications and product design

Interview with Richard Mack, Principal Consultant, CRU Group



*Richard Mack is a principal consultant at CRU and one of the world's leading authorities on wire and cable market analysis. He has been involved in fibre optics since 1981 and is currently the editor of CRU's "Optical Fibre and Cable Monitor". He also is on the team of analysts that writes CRU's "Telecom Cables Market Outlook". Richard Mack has a BA from the University of Delaware and an MS from Boston University and worked on several high-tech trade magazines before working as an industry analyst and consultant.*

**Konrad Dengler from NIEHOFF Magazine talked with Richard Mack on current issues concerning the wire and cable industry**

**NIEHOFF Magazine:** Mr. Mack, CRU is a well-known supplier of information on the global wire and cable markets. How does CRU acquire the information?

**Rich Mack:** We maintain a close relationship with suppliers and customers of wire and cable and constantly monitor company press releases and financial reports, in addition to documents from government and industry organizations, and many other business and financial information sources. CRU has also an economics team that compiles and analyzes statistics on indicators such as GDP, industrial production, housing starts, and vehicle

production. Our copper team provides data on wire rod production and copper raw materials. CRU has examined its data on wire and cable consumption in previous years to see how it correlates with these economic indicators to develop forecasts of wire and cable demand. CRU also collects data on trends in other industries, such as electric power utility construction programs, renewable energy projects, telecom traffic requirements and network investments, construction industry developments, and vehicle production statistics.

**NIEHOFF Magazine:** What are some of the challenges associated with gathering and interpreting this information?

**Rich Mack:** The conductor tonne is a critical measurement unit for

quantifying wire and cable markets, when doing both assessments and forecasts. However many useful sources, such as trade statistics, economic indicators, and corporate financial reports, provide data in dollars or other currencies. Some industrial statistics use other metrics. CRU has developed conversion factors and statistical models for using these sources to estimate conductor tonnes in specific markets or application segments.

**NIEHOFF Magazine:** CRU has observed the activities of the wire and cable markets for a long time. How have they changed over time?

**Rich Mack:** The most significant change over the past two decades has been the rapid industrialization in China which has caused big surges in both demand and supply of wire and cable in China. Other big changes have included: The emergence of renewable energy sources, the development of information industries, which has stimulated investment in data centres and telecom networks, increasing emphasis on sustainability, "green" materials, improvements in manufacturing processes to take advantage of computer controls, increased automation, and more efficient

equipment. Social, demographic, and economic forces are driving changes in transportation, smart cities and smart buildings, telecommuting, and more Internet connections

**NIEHOFF Magazine:** Which challenges are cable manufacturers facing and what can they do to cope with these challenges?

**Rich Mack:** Two major challenges for cable makers are low growth rates and low operating margins which, however, have existed for many years. To cope with these challenges, cable makers have pursued innovation in manufacturing processes and product design. Another strategy is to develop products for more profitable niches. This is not new, but it means constant focus on emerging applications and product design.

Newer challenges include more stringent standards for cable performance such as the construction products regulation (CPR) which means additional testing and certification, leading to additional costs. The "Internet of Things" may drive demand for new data-plus-power cables, such as used Power over Ethernet (POE) applications. The implementation of 5G mobile networks may require more indoor

antennas, which will affect premises wiring-structured cabling networks. Longer-term shifts to more electric vehicles may require more cabling for charging stations and in the vehicles' on-board wiring harnesses.

**NIEHOFF Magazine:** Do you foresee increased consolidation in the cable market?

**Rich Mack:** Over many years, there has been consolidation among cable makers in some application, product, or geographic markets. On the other hand, there are still markets where companies are investing in new cable factories. In fibre optic, undersea, HV and EHV cables, for example, there have been multiple new factories started in recent years.

In lower growth applications, there have been examples where companies merge or acquire another company where they see some synergy in manufacturing, marketing, R&D, procurement, or geographic coverage. This type of consolidation will continue. In addition, some companies may close factories or exit a specific geographic or product market, shifting production to other companies or locations. China, for example, may have a surfeit of cable makers in some product areas.

**NIEHOFF Magazine:** In July CRU organized in Munich its 11<sup>th</sup> Wire & Cable Conference. Have your expectations been met?

**Rich Mack:** Germany is among world leaders in R&D in such areas as electric power generation and transmission, electric vehicles and advanced transportation, ICT networks and applications, cable-making materials and equipment, and advanced manufacturing processes. At the conference which opened with shared plenary sessions and then split into streams that focus on the separate energy cable and communication cable, we brought together the entire supply chain from across global wire and cable industry. The speakers gave a good look at world markets, advanced technologies, and promising application areas\*.

**NIEHOFF Magazine:** Mr. Mack, thank you very much for taking the time to talk to us. You have given us and our readers plenty of valuable information. We wish you and your team continued success for the future.

*CRU founded in 1969 is a supplier of information on the international wire and cable markets. In addition to its conferences and consulting work, CRU has four published services: "CRU Wire and Cable News", "Wire and Cable Market Outlook", "Telecom Cables Market Outlook", and "Optical Fibre and Cable Monitor".*

*Besides these markets CRU analyzes the mining, metals and fertilizers markets, employs over 250 experts and has more than ten offices around the world.*



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\* Konrad Dengler: Growth in all aspects. Review on the 11th CRU Wire & Cable Conference in July 2017 in Munich, Germany. Wire & Cable Technology International, Sept.-Oct 2017, pages 50, 52