

# Xantrex poised for global growth

BACKED BY AFFLUENT NEW OWNERS AND ARMED WITH A NEW C\$13 MILLION R&D LAB, XANTREX IS LOOKING TO EXPAND WITH AN EMPHASIS ON EXPORTS

WORDS: CRAIG RITCHIE

Fully integrated into the US\$36 billion Schneider Electric conglomerate, Canadian electrical equipment manufacturer Xantrex has embarked on an aggressive growth strategy to build global market share. The Burnaby, British Columbia-based company is forging a two-pronged approach to growth, by continuing to focus on developing existing domestic markets while simultaneously pursuing a new strategy for global expansion. The company has invested significantly in support for this, with an emphasis on quality assurance, new product development, training initiatives and new personnel.

“Xantrex had a very good year in 2013 in our core markets,” says John McMillan, director of sales, Xantrex brand at Schneider Electric. “But we also realise the global market is growing, and we see evidence of that in our operations in South America, Australia, Japan, China and Europe. We feel there is a strong opportunity to grow our business worldwide, so we have developed an aggressive growth strategy to meet that goal.”

Xantrex is a leading manufacturer of electrical system products, including inverters, battery chargers and combination inverter-chargers for both commercial and recreational markets, and a familiar name in the recreational boating, RV and trucking industries. Launched in 1983, Xantrex went public in 2004, then was acquired by Schneider Electric in 2008 in a C\$500 million deal that quite literally changed the firm’s business landscape overnight. “Schneider Electric does business in more than 100 countries and has more than 150,000 employees worldwide,” says McMillan. “We gained an opportunity to leverage that, along with the strength of the Xantrex brand name, and incorporate truly world class R&D. Now that the integration is fully complete, we’re in a unique position with a real opportunity to grow the brand worldwide.”

While Xantrex has been exporting overseas for years, McMillan says the company’s integration



▲ John McMillan says core markets were strong in 2013

under the Schneider corporate umbrella has afforded Xantrex an opportunity to significantly grow both revenues and earnings. “We feel comfortable that exports to Europe, Asia and South America could

potentially attain sales volumes to equal our domestic business,” he says. “We view our global business opportunity as encompassing three different business segments: OEM, dealer-installation, and service. There are immense opportunities within each segment.”

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## LEVERAGING STRENGTHS

The key to growing its OEM business, says McMillan, will be to market unique products that deliver above-average value. One benefit of being owned by Schneider Electric, with its immense financial and technical resources, is an ability to leverage extensive R&D investment. In 2013 Xantrex opened the doors on a C\$13 million quality assurance lab at its headquarters in Burnaby, BC, built around an innovative product testing chamber known as Highly Accelerated Life Testing, or H.A.L.T. This sophisticated torture

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chamber provides a controlled environment where prototypes and individual product components can be subjected to long-term use under extreme thermal and mechanical conditions, in order to identify and correct any subtle design issues early in the development stage. “Our products are used in a wide variety of conditions, from rough seas to extreme climate conditions, so it is important to be able to simulate these environments in controlled conditions, evaluate product performance and make necessary design changes for improved reliability and performance,” says Xantrex marketing manager Mitul Chandrani. “There is nothing else quite like our H.A.L.T., and it allows Xantrex to deliver new products with proven reliability.”

Further to the H.A.L.T. seal of approval, Xantrex’s products are also UL approved, says Chandrani, providing a further point of market differentiation.

“We conceive, design and test our products in house,” explains Spyros Thomas, Xantrex vice president of quality and customer service. “We take product safety and quality extremely seriously and firmly believe that having our own internal quality and safety protocols such as those regimented by H.A.L.T. helps us produce the best, most reliable products for our highly valued customers. We believe our own internal H.A.L.T. gives us a

distinctive edge in the fiercely competitive AC power products market.”

The quality assurance lab is a busy place these days, as Xantrex focuses on building business worldwide with a number of new product launches. First out the gate, in April, was a 230Vac/50Hz Freedom SW combination inverter, battery charger and transfer switch designed to provide fully automatic electrical power management for boats of all sizes. Available in two models (2,500 watts with 65 amp charging, and 3,400 watts with 90 amp charging), it meets CE (Europe), RCM (Australia), and EN 62040-2 regulatory and environmental compliance. “We are extremely proud to offer the Freedom series products for international mobile applications. Our customers would see the difference and benefit from a proven platform that has powered tens of thousands of boats and RVs in North America,” says Chandrani.

Simply coming to market with new product is enough to spark interest in the entire product line, says Chris McClellan, director for Brisbane-based Enerdrive, a distributor of Xantrex branded products in Australia. “For them to bring out new products geared to the global market is very exciting. People always ask the same thing: what’s new, what’s

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▲ Xantrex’s facility comprises a C\$13 million quality assurance lab to test all of its product launches

coming,” says McClellan. “New product development is the only way forward for a business, and they’re doing that with their R&D investment. That, to me, is very exciting. With their size and their R&D capability, there’s a real opportunity for Xantrex to take huge steps forward in the marketplace.”

Stefan Eldh, vice director at AWIMEX International, also a Xantrex distributor in Sweden, feels the company’s product development capability will secure Xantrex’s position as a favoured supplier among OEMs. “OEM is the best way to grow stable market presence and recognition, and this is where I feel Xantrex suits best,” says Eldh. “My belief is that Xantrex products should apply to high quality boat brands,” he says.

**TEAM BUILDING**

While OEM will always be a pillar in Xantrex’s business plan, the company is wisely adopting a balanced approach to business development with equal emphasis on growing its dealer-installed and service components. “People are looking very closely at their alternative revenue streams, and how to make more money,” notes John McMillan. “They might take a boat that doesn’t have an onboard power system and add one. It brings value all the way down the line; adding value to future service work and adding value to future resale business because when that boat owner upgrades to a new one, the used boat carries more value with the power system installed. So it adds value throughout the chain.”

The company supports its commitment to working with dealers for both installation and service business with new merchandising programs, a dealer-only hotline for improved customer service and technical support, and a variety of dealer training material, including online videos under the Tech Doctor branding. Written and presented by Xantrex sales

engineer Don Wilson, the series covers a wide range of topics related to product selection, installation and service in an informal, approachable format. Xantrex further encourages its partners worldwide to use material in the series as customer education tools. Tech Doctor videos are available in English, Spanish and French on the Xantrex YouTube channel.

To further support its dealers, Xantrex has also added staff, beginning with five new sales personnel to support its North American and export operations. "These new appointments have energised the sales force and the benefit will be felt not only by our direct partners but also by their customers and end-users," says Richard Gaudet, vice president of Xantrex branded business at Schneider Electric. "Although

way we do. And of course the strength of being part of Schneider Electric and the amount we spend on R&D puts us on the right path."

At present, approximately 75% of Xantrex's revenues come from domestic sales within North America, and the majority of those in the US. But with the company's existing export business to Europe, Australia, South America and plans to grow from there, the company's aggressive growth strategy could soon see export sales accounting for up to half of its revenues. That, says McMillan, would suit just fine. **IBI**



▲ Xantrex Freedom SW inverter-charger at test

we are all operating in challenging economic times, we firmly believe that the lifeline and health of any business is intrinsically tied to its people, products and how companies support their customers. This combination and our efforts in these areas, we believe, will propel long-term success for both Xantrex and the customers we serve."

Perhaps the greatest challenge facing the company right now is one of education; engaging new customers and emphasising Xantrex's key points of differentiation. "We obviously have some strong competitors in the market, who build good products and offer good service," admits McMillan. "So our job is to be better than that. Xantrex has been around a long time, its been through cycles in the market, and that is a strength. Historically, the marine and RV industries were early adapters of inverter technology. We have a long legacy with the product line in these industries, and that also means a lot. There aren't many companies in the industry today who have the depth of experience serving both OEM and aftermarket segments in multiple industries the

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