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Newsletter – March 2009

ZIMO ELEKTRONIK
Schönbrunner Straße 188, A - 1120 Wien
Tel. 0043 (1) 8131007-0
www.zimo.at

English version

The following is an excerpt from a report (February 2009) that :-

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Pressebüro Roland Kimmich - Danneckerstr. 50 - D-70182 Stuttgart

ferpress@t-online.de / roland-kimmich@t-online.de

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Dramatic financial turndown in German Model Railway Market!

rok (FERPRESS-Report) - It is **not 5 before midnight**, for most Model Railway suppliers it is **already 5 after 12**: Those who do believe that, even after the Märklin insolvency, need only look at the turnover figures for the whole of the model railway market.

No less than a **42 % decrease from 2001 bis 2008** was registered by the German model railway manufacturers from their net sales to the domestic market. In 2006 the net sales were around 205 million euros, 2007 still 190 and then in 2008 still lower with 139 million euros, which makes it harder for the less secure specialist dealers to survive in the market: **A decrease from 2006 to 2008 of around 66 million euros.**

Include in these numbers are the most important small suppliers. In addition to the large manufacturers such as Märklin and Roco, those which are members of 'Model Railway Group' in the "German Federation of the Toy Industry" are included. In addition, others are included - such as Piko and many more - who are not members of this federation, preferring to save the membership fees for other activities.

The dramatic fall in sales cannot be compensated by increasing exports. For example, Märklin themselves had a 30 % export sales, but no more, the US subsidiary has now been closed.

There have been somewhat better results in the last three years for the German model railway accessory suppliers. Only a 10% or so decrease has been recorded with altogether 30 million euros for 2008. This applies to supplies such as Auhagen, Busch, Faller, Kibri, Noch, Viessmann, Vollmer and more.

ZIMO and the Crisis ?

Actually no crisis ...

From the figures of the last few years, no crisis is seen, there are positive operating results, not amazing but nevertheless, year by year, showing improvements. The first quarter of 2009 was better than the year before (the best "Winter Quarter" of all times). The positive development of the last few years is due to the rising popularity of the sound decoder as well as the larger projects with STP and ESTWGJ.

... or nevertheless a Crisis ?

It will not have escaped attentive readers of our Newsletters that many announcements of new products or software versions are often

delivered with some delay. Many service enquiries (especially the more complicated) remain unanswered or are only partly answered, because it would take hours or even days to answer.

No question.....Some ideas were beyond our resources and some projects can be considered as failures.

The ZIMO "Crisis" exists in the lack of staff resources in the technical areas; there are at present 4 full-time employees active in product development - that is probably the second strongest team in the model railway electronics industry, but for the existing requirements, it is still not enough, as existing product need further development, as well as new generations of products. The numerous incompatibility problems of the very fragmented market consume many resources (problem definitions like system manufacturer x with booster manufacturer y, vehicle manufacturer z and ZIMO decoder.....).

Any increase in resources is very difficult in practice, partly due to financial constraints, but also because the model railway electronics industry as an occupation for rising electronics and software experts is not as promising or considered as "sexy" as other industries. Nevertheless, we have set-up an effective team and are prepared for the work of the next few years. See the January and February Newsletters for more information.

We are in the dilemma that old and new products have to be improved at the same time and this exceed the resource available. Existing customers and sale partners (quite legitimately) want the new products to have priority. The problem is that a perfectly functioning "old" product was expensive to buy initially, but may become technically obsolete, and therefore not saleable, which would mean the safe end of ZIMO. The fact that there are a range of suppliers still using 1980's technology in the market is not relevant for ZIMO and a "cheap and easy" strategy was never the ZIMO way.

Therefore, we must put the emphasis on future products. But there are technical reasons, for example (not complete satisfied) for the reliability of decoder updates with the existing products (with MXDECUp and MX31ZL), which is extremely expensive to maintain and only to a limited extent possible. With new products (from base unit to decoder), a good update process can be built-in from the outset (we know how to do it correctly).

This does not mean that the software maintenance for solution of problems the current generation will be abandoned, but some new projects based on the current generation will be abandoned.

How should it go ?

Enclosed, you will find a Newsletter (Jan-Feb) which had limited distribution in Nuremburg and on the website. It was not shipped generally as because of too much uncertainty about the new MX32 controller. Meanwhile we are further forward with the development of the MX32; housing patterns exist and an experimental version of the software runs on an evaluation board, the wiring diagram is locked, and the PCB layout just before the handover to prototype manufacturing. We can now plan the transition from the MX31 to the MX32 and other components of the new generation are in active preparation.

New MX32 and MX32FU:

The new MX32 controller can be expected to be first publicly presented at the Dortmund Model Railway Exhibition (21 April 2009). General availability should be during the first half of 2009 and the radio version, the MX32FU should also be delivered in the same period. The MX32 will work with the existing MX1 range of equipment, as well as with future generations. For some technical information, see the Jan/Feb Newsletters, more will be available soon.

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New "Small Base Station" MX10:

This is a new device class, at a much lower price than the previous MX1EC, but at the cutting edge of technology with USB interface, SD card slot, included RailCom Global detector, wireless base module and decoder update device. Output current probably 5 or 6 A, of course, stable and adjustable voltage (12-24 V). Availability is planned to June 2009.

New "Large Base Station" MX100:

Like previously (MX1EC, MX1, MX1HS) this will have 3 versions, which in terms of equipment, especially in technical terms, and output current (scheduled between $2 \times 5 = 10$ A and $4 \times 5 = 20$ A) will differ. Planned availability will be announced within the a few weeks' time.

Introduction of RailCom in previous systems (MX1, MX31, ..):

Unfortunately (... see previous section) we have to cancel the development of the planned Global MX1RCG detector and the new software for the basic units MX1, MX1EC, MX1HS. The software of the basic units, because of the numerous modifications in the last 10 years (range still back on the MX1-Series' multi-protocol "and MX1" compact"), is no longer sufficiently adaptable to such profound extensions.

This means that there is likely no RailCom Global detector to be incorporated into the base units of the MX1 generation, but on an external CAN bus connected detector, which is based on the new "small base unit" the MX10. Railcom addition, features such as automatic notification of vehicles and equipment items (switches, ..) is not consistent with MX1, but only in the new system generation (MX10, MX100, MX32) are available. These are unquestionably disadvantages for using existing equipment.

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But even before the MX64 series replacement !

Extract from article in the Jan/Feb Newsletters (above link):

Due to strong demand a series of MX64 decoders MX64 are available, ie MX64, MX64R, MX64F, MX64H from mid-April are available again, price as 2008, ie both MX63 and MX64 are final until the expiration of both types to the current low price for the MX64 available!

The production of the new MX630 is dependent on the completion of our new production facility (see also Newsletter JAN/FEB), probably in May 2009! Perhaps it is because of numerous requests, another type - MX630E - in this family type, which will be like the MX64 with components on one side, and thus a particularly flat design would result. Whether this is really necessary, is not certain because of the "normal" MX630 - though both with components on both sides - is fairly flat.

Addendum to the Nürnberger Toy Fair

Aus *MODELLEISENBAHNER 4/2009*

PARAMESSE

Zimo-Beispiel macht Schule

Einem Versuchsballon heißt Rolf Ziegler steigen, als er in diesem Jahr aus Verärgerung über die Nürnberger Spielwarenmesse den Rücken kehrte und mit seiner Firma Zimo im Nürnberger Ofenwerk seine eigene Messe veranstaltete. Diese an drei Tagen, parallel zur Spielwarenmesse laufende Aktion war so überaus erfolgreich, dass sich inzwischen ein ganzer Kreis von Modellbahn- und -zubehörherstellern ernsthaft mit einer künftigen Paramesse abseits der angedachten Nürnberger Leitmesse befasst. Die Veranstaltung wird vom 4. bis 7. Februar 2010 in der denkmalgeschützten Ex-Produktionshalle für Ofen unter dem Namen Innovationsmesse Modellbau stattfinden.

Mit freundlichen Grüßen

P.Ziegler

ZIMO ELEKTRONIK

Tel +43(1)8131007

Fax +43(1)81310078

www.zimo.at