

30 Apr Diversification sets engineering company up to take advantage of water industry

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The company's brave approach to switch its focus from traditional manufacturing towards advanced manufacturing and industrial control systems has paved the way for its future.

Adelaide-based engineering company and Water Industry Alliance member organisation, Dematec Automation, has been navigating the new world of advanced manufacturing since it successfully diversified over a decade ago.

Having begun operations in 1990 as a family business, up until the mid-2000s approximately 90% of the company's revenue came from the traditional manufacturing sector.

Dematec chief executive officer, David Hart, recalls how the company's brave approach to switch its focus from traditional manufacturing towards advanced manufacturing and industrial control systems has paved the way for its future.

“We did an evaluation of the business in conjunction with some external advisors and at that point Mitsubishi was closing its operations in Australia, whitegoods manufacturers were closing, so it was becoming evident that the manufacturing landscape in South Australia, and Australia, was changing somewhat,” he said.

“We realised that we needed to diversify the business if we were going to be around for the future and one of the areas that we identified as a stable industry that suited the skills and capabilities we had as an organisation was the water industry. So we made a pretty concerted effort to look to grow the business across a number of sectors but the water sector was certainly one of our major targets.”

Jump to today, Dematec Automation has grown from five to approximately 20 staff and the water industry now represents over 50% of its revenue, with manufacturing now only making up 15-20% and defence, agriculture, resources and a few others making up the remainder.

Dematec's automation and industrial solutions include SCADA, process control systems, remote monitoring and communication systems for equipment and machinery, and control system design and compliance.

Hart says making the decision to diversify the business was a substantial commitment that stood Dematec Automation in good stead.

“That review in 2007 was a tipping point where we were realised that as a business we couldn’t just keep doing the same thing and expect that to hold us steady for the long-term,” he explained.

“The rate of change in industry and technology is ever-increasing, so where technology used to be relatively stable for a five-year period, almost every year now there will be new, smarter devices coming out and different ways of doing things – like cloud computing, internet-of-things and Industry 4.0 – unless we’re in touch with what’s going on and looking to leverage those advances in technology to the benefit of our clients, then we’ll be left behind.

“I think that’s certainly a realisation when you need to be continually looking at how we can leverage those things to add value to our business and add value to our clients as well.

“It’s almost an ongoing evolution of the business, in terms of continually needing to assess the marketplace, assess new technologies, and how we can be continually looking to deliver services and solutions into industries that have a strong future in Australia and potentially internationally.”

Dematec’s foray into the water industry has included delivering the control and communications infrastructure for the \$21.4 million Gawler Water Reuse Scheme which marked the first major deployment of its industrial IoT platform as a system for managing remote assets – an area the company will look to build on in the future.

The company has also delivered intelligent automated systems and worked on automation projects for many established clients, including Philmac, who it collaborated with to design and implement cutting-edge intelligent robotic assembly cells – a substantial project for Dematec as it was pushing the boundaries with the development of robotic systems at the time.

Despite Dematec’s success from its diversification into the water industry, David still sees a challenge in having a stable ongoing domestic workload.

“Over the last few years, with greater involvement in the water industry, I’ve noticed it’s seen as a pie that’s a limited size, with a limited capacity for local growth,” he said. “So, if there is to be substantial growth it may either come from interstate or overseas in terms of greater opportunities.

“Another challenge is that the water industry is perhaps a bit risk averse as well, in terms of adopting new techniques and new technologies.

“There may be opportunities to set-up trials on different ways of doing things that limit the risk and exposure but could add value at a local level and also potentially create opportunities for new techniques and processes that could be exported.

“I think the South Australian water industry has some substantial opportunities to showcase and promote the capability that we have within the state, because for a long time we’ve been water challenged and we’ve had to learn how to manage water resources well so there’s the opportunity to continue to enhance that, but also look at ways that we can turn that know-how and capability into an export industry whether that’s interstate or international – both are viable.”

Having played a role in successfully diversifying Dematec Automation, David’s advice to other companies looking at transitioning from traditional manufacturing to more advanced manufacturing and other sectors is to make use of the business networks and services that are available for SMEs through various industry associations and government agencies and consider the service of an external business advisor to evaluate all aspects of your business and identify future opportunities.

“Getting good external advice is helpful because you only know what you know and sometimes making a contact and leveraging resources that are available through people that have either seen or experienced these things before, can be quite beneficial,” he said.

“Over the journey I’ve been fortunate to be involved with organisations such as the Water Industry Alliance, the Industry Leaders Fund, and Centre for Business Growth that have supported my development both professionally and personally, and have contributed to Dematec’s growth.

As a result of these positive experiences I decided to run for the board of the Water Industry Alliance so that I could provide an SME perspective to its direction and decision making to ensure that WIA continues its excellent track record in representing Australia’s water businesses, from large to small.

Dematec Automation

Dematec Automation helps companies in water, defence and manufacturing to reign supreme, when based in high-cost economies.