

Epilog's Software Solutions Target Russia



Sabina Petrov

2014-03-12 00:01 / Finance 50/2014

The warehouse management software provider from Ljubljana is already fully booked for this year.



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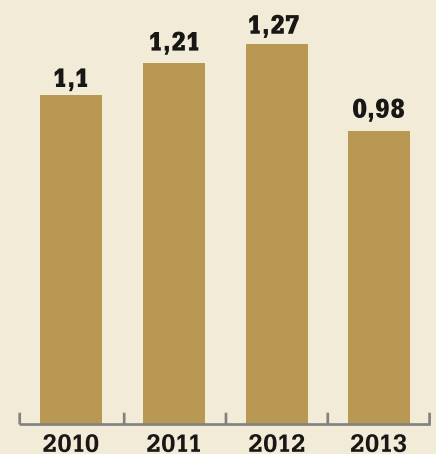
At Epilog, the provider of software solutions and services for warehouse management and internal logistics management in the production process, they are satisfied with last year's performance, despite somewhat lower revenue and profit. They have found a market niche abroad in automated warehouses as well as in steel and metal product distribution warehouses.

According to Damjan Širca, the director and co-owner of Epilog, last year's goal was to maintain the level of operations. He explains that, due to the decrease in prices in the industry, they must do more business in order to maintain revenues at the same level. This year is looking better, as their capacities have already been fully booked until the end of the year. The company has been operating for 22 years and employs 18 people.

Epilog generates the majority of revenue in foreign markets, mostly in Germany and Switzerland, the two countries that traditionally represent their strongest export markets. Their family of software solutions, known as Atlas, has been verified by the German institute Fraunhofer IML in order to facilitate their operation in German-speaking markets. However, Epilog is seeking to further strengthen their exports, and have therefore joined the association of export-oriented IT-companies ZITEX, which operates within the scope of the Slovenian Chamber of Commerce and Industry.

EXPORT TRENDS

► in million EUR



Source: Epilog

Active in Several Areas

In the market for warehouse management IT-systems, Epilog offers its solutions and services in several segments. Their customers are thus offered software and services for the management of manual or automated warehouses in diverse branches, ranging from the food industry and the pharmaceuticals industry to the metalworking industry. Epilog's solutions cover both single-warehouse management and the management of several warehouses in different locations from a single point.

Among the companies using Epilog's software solutions in their warehouses are Ljubljanske Mlekarne, a dairy company; MDM, a company for the distribution of stainless materials and products; and TKK, Srpenica in the Posočje region, a chemical company selling their sealants, adhesives, polyurethane foam, technical sprays and additives for cement and mortar in more than 50 markets around the world.

Epilog's offer also includes an IT solution for the control and optimisation of internal material flow, whereby they coordinate automated transport devices, such as high-rack lifts, conveyor belts, automated guided vehicles (AGV) and robots. They have even developed a system that uses artificial sight to follow the movement of forklifts, following the palette flow without scanning receipt and dispatch locations.

With software and services for warehouses in the metalworking industry, Epilog predominantly focuses on the management of automated and manual warehouses for long products made of steel (bars, pipes, tin), where these materials are also cut and confectioned. "In the global niche of warehouses for the distribution of long steel materials, we do not have a specialised competitor", says Širca.

Customers: Engineering Companies and Users

Epilog's customers include engineering companies constructing warehouses and direct users of software solutions in warehouses, i.e., distribution and manufacturing companies in diverse branches of industry.

Engineering companies are important to Epilog not only because they purchase their software solutions – large projects are worth up to several hundred thousand euros – but also because these companies open the door to new customers.

Internal References are Important

As Širca explains, the distribution and manufacturing companies for which engineering companies construct warehouses are usually members of major international groups operating in several locations and in different markets.

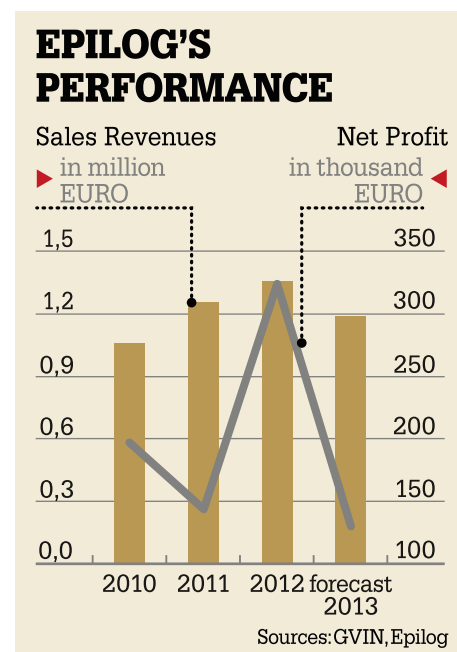
The successfully implemented software and services that Epilog offers to the warehouse manager (such as 24/7 maintenance) also represent an excellent internal reference for other companies in the final customer's group, thus creating an opportunity to gain new business.

It is internal references that open the door to new customers within the same group, who represent an important market segment, explains Širca.

Germany and Switzerland Represent the Largest Share

According to Širca, their software solutions and services for warehouse management (WMS – Warehouse Management System) are being used by some 80 companies, mostly in Western European countries, with Germany and Switzerland representing the largest share. Epilog's software solutions are also often used as external specialised modules for diverse ERP systems (SAP, Baan, Navision, Oracle).

This year, Epilog has also penetrated the Belarus and Israeli markets. For the project in Belarus, the reference from the dairy company Ljubljanske Mlekarne was of utmost importance, because the project there also involves a dairy company. Riko, a Slovene company led by Janez Škrabec, has the main engineering role in this project, and they have invited several Slovene companies to collaborate. As Širca says, Belarus is an excellent point of entry to other markets of former Soviet Union states, in particular Russia.



This year, as a result of higher visibility and breakthrough to new markets, Epilog will, for the first time, exhibit at Tube, the global specialised trade fair in Germany.

Flexibility and Adaptability

The director of Epilog sees their main competitive advantage in the flexibility and adaptability of the software solutions they offer to their customers. “They too are fighting for projects in the market, and with our software solutions adapted to their needs, processes and operations, they are more competitive than and different from their competitors”, explains Širca, commenting on the company’s flexibility and adaptability.

In addition to their experience of managing demanding logistics processes – experience that means a great deal to customers deciding which company they will select for a certain project – another of Epilog’s important sales arguments is the fact that they do not have any failed projects, adds Širca.

Reliability of software operation, as well as maintenance and the elimination of errors, are of crucial importance to software solutions users. One hour of down-time in the operation of a highly productive automated warehouse can incur up to EUR 25,000 of costs to a company, says Širca. If a fault takes even longer to correct, it may lead to a complete standstill in production. This is why system maintenance that prevents such problems in advance, as well as quick response time in the case of down-time, are of paramount importance.

Larger Domestic Sales and Breakthrough to New Markets

Epilog’s business plans include breaking through to the markets of the former Soviet Union, as well as consolidating domestic sales. The warehouse software market in Slovenia is valued at several million euros, of which the company would like to gain a share of at least half a million euros, explains Širca. He also notes that Epilog is talking to foreign partners about joint breakthrough to foreign markets. If these talks come to fruition, Širca adds, Epilog will have to significantly reinforce their staffing.

