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“We don’t sell products – we sell solutions”

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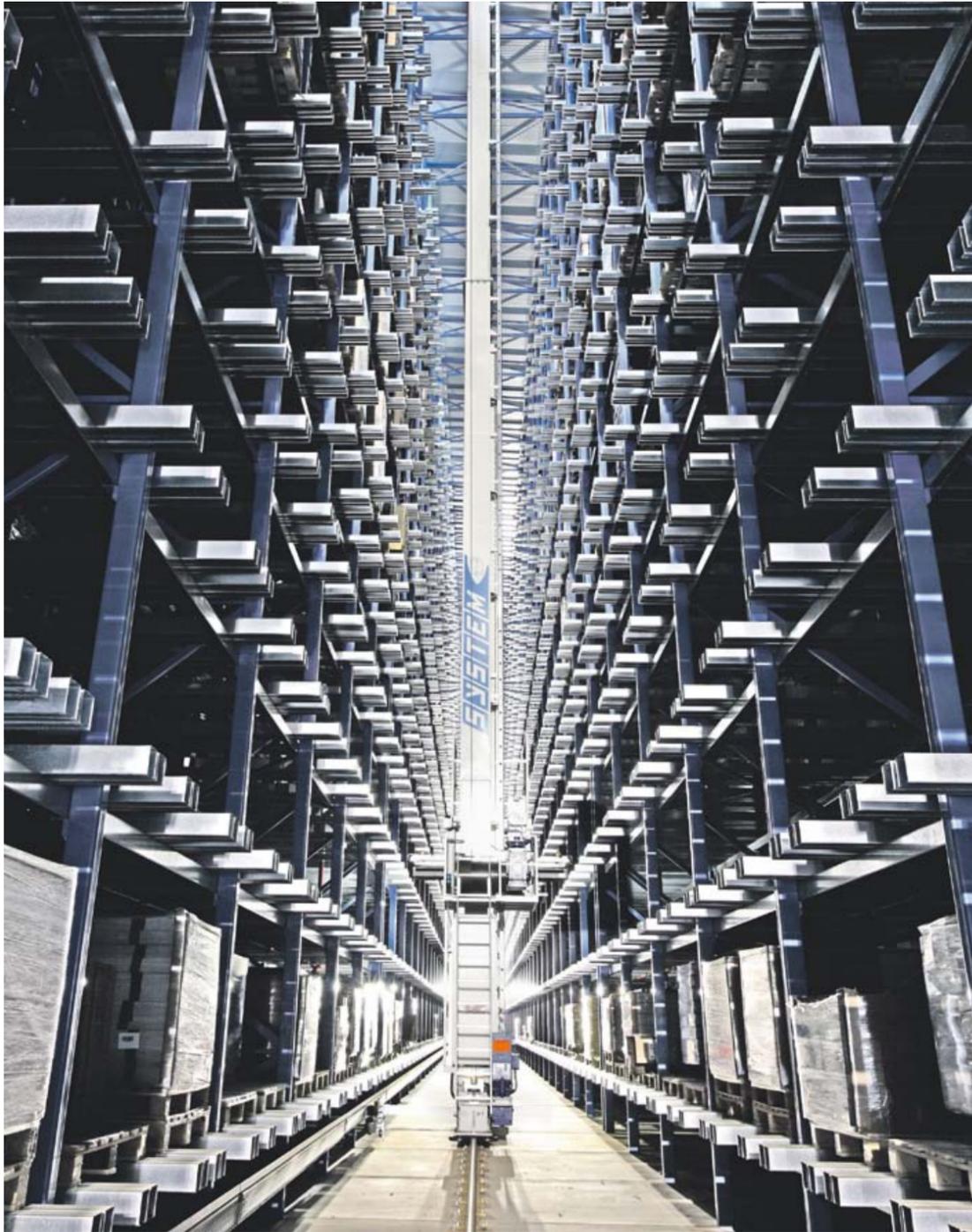
Within a period of five years the Italian logistics service provider System Logistics has quintupled its turnover from some 20 million euros to over 100 million euros. The most strikingly booming area in the northern Italian business is the beverage sector. Although the company only ventured into this industry about six years ago, it was able to create a strong foothold for itself there thanks to some genuine industry veterans in its management team.

“You don’t have to explain to us that a carbonated mineral water bottle behaves differently from a non-carbonated one,” says general director Mauro Pellicciari. “We’re familiar with the processes and needs of the beverage industry.” Equipped with extensive industry know-how, Pellicciari and his team are taking on challenges which still intimidate many other logistics service providers. In late 2010 the first fully automated warehouses with automated order processing systems are expected to commence regular operation. The pilot project, which was installed at the company’s headquarters in Modena, includes the delicate picking processes, and it is going very well, says Pellicciari. “This technology totally puts us on top of the game for at least five to ten years,” the manager says confidently. And this technology is meant to create even more growth for the company: Turnover is expected to double again to around 200 million euros over the next five years.

“In former days, warehousing was always seen as a cost factor. Thank goodness that has changed,” says Pellicciari. Changes in consumer behavior, increasing service demands as well as the speed and precision of order processing have driven home to the company the importance of advanced warehouse organization to the course of business. Today, companies regularly invest millions in building and re-building their racked warehouses.

The results are immense - in terms of architectural dimensions, too. Many automated racked warehouses are up to 40 meters high. That’s about as high as the interior of the Milan Cathedral. However, the warehouse height is being used to capacity. And you will find far fewer people there than in the cathedral. The robots which slide back and forth between racks, e.g., in the warehouse of Italian fashion giant Benetton near Treviso, moving between different items in the warehouse and the transportation system, are controlled exclusively by software. They complete their orders according to a bar code system.

“In recent years, the Italian market has demanded an increasing focus on pallet-based logistics,” reports general director Pellicciari. This competency has been provided by the System Group from the very outset in 1970 when it was founded by Franco Stefani in Fiorano Modenese. The company initially set out to work for the ceramics industry, subsequently transferring its logistics know-how to other areas step by step. Thanks to its experience in the ce-



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“TODAY WE MAINLY SPECIALIZE IN BEVERAGES. WE MOVE PALLETS OF BEER, SOFT DRINKS, WATER, FRUIT JUICES AND MILK AND HAVE QUINTUPLED OUR TURNOVER,” COMMENTS GENERAL DIRECTOR MAURO PELLICCIARI

ramics business, the System Group was specialized in handling and moving heavy items. Today the group is comprised of four business units: System Ceramics, System Logistics, System Photonics and System Packaging. About a year and a half ago, System Logistics was spun off, even as it remains fully owned by the Systems Group.

A few years prior to that, the group intensified its focus on working for the beverage industry and breaking into foreign markets. The first major foreign contract arrived in 2005 and turned out to be a real challenge: Setting up the world’s largest automated warehouse for a Coca-Cola bottler. It was built in Seville, Spain, with an ini-

tial configuration of 65,000 pallets and has since been extended. “The project immediately propelled us into great prominence in the world market,” says Pellicciari. Further contracts ensued for System Logistics for a number of Coca-Cola partners in Spain and Italy as well as contracts with fruit juice specialist Maspex in Poland, Corona pro-

ducer Cervceria Modelo in Mexico and an Italian dairy group. “Today we mainly specialize in beverages. We move pallets of beer, soft drinks, water, fruit juices and milk and have quintupled our turnover,” comments Pellicciari with pride. The manager is intending to keep on this growth course. Apart from beverages he also considers the food industry a promising field of business. The general director admits that, compared to such competitors as Dematic, Schäfer and Krones, System Logistics may still be a small company, but it is catching up rapidly, especially with its projects for the beverage sector.

According to Pellicciari, one of the company’s secrets of success is that it became specialized in automating the picking process very early on. “The constantly growing product variety with different materials, shapes, weights and packaging make this sector particularly important. Without automation it is extremely labor- and cost-intensive. This also means that, vice versa, automation offers greater advantages and a higher potential for improvement.”

System Logistics isn’t the only provider of a fully automated system which even integrates the automation of picking, an aspect which is gaining importance due to the growing variety of products. Other companies have also developed automated case order picking systems. “However, our competitors’ systems are based on a different technology and offer a degree of automation of only about 80 percent. Unlike our system, which is nearly 100 percent automated.” Moreover, transport trays, which are widely used in other systems, have been “eliminated by up to 99 percent” by the Italians.

However, one problem with which the company is struggling is the reticence of its business partners to provide information: “Because we produce most of the machinery and software that we implement ourselves, many of our clients don’t perceive us as consultants but merely as producers. Therefore, they sometimes simply don’t talk to us enough.” And this despite the fact that providing a custom-made warehouse is the company’s biggest strength. “No two of our warehouses are the same. They don’t even resemble one another,” says Pellicciari. “But an automated warehouse isn’t a product. It’s a conceptual solution perfectly tailored to fulfill the client’s needs.” A standard solution from a catalog won’t do the job. “We simply don’t offer catalog products,” explains the manager. “We don’t even offer a catalog.” ● (bmg)