



Heimatec's Karl Moessmer (left) and Dirk Hund (right).

HEIMATEC DISCUSSES MARKET OPPORTUNITIES, CHALLENGES AND STRATEGIES

Karl Moessmer, regional manager for Singapore, and Dirk Hund, sales manager, at Heimatec, speak with Asia Pacific Metalworking Equipment News (APMEN) about the opportunities in the market, the challenges they are seeing, and strategies to navigate these issues. Interview by **Stephen Las Marias**.

Established in 1987, Heimatec GmbH manufactures precision tools for turning and milling centres. The company is headquartered in Renchen, Germany, and has subsidiaries in Moscow, Russia; Chicago, Illinois, USA; and Pune, India; and has a representative office in Singapore.

At the recent MTA Vietnam 2019 event in Ho Chi Minh, Karl Moessmer, regional manager for Singapore, and Dirk Hund, sales manager, at Heimatec, speaks with Asia Pacific Metalworking Equipment News (APMEN) about the opportunities in the market, the challenges they are seeing, and their strategies to navigate these issues.

FOR THOSE WHO MAY NOT BE FAMILIAR, PLEASE GIVE US A QUICK BACKGROUND ON HEIMATEC.

Karl Moessmer (KM): Heimatec manufactures static and live tools for turning and milling centres, as well as machine centres. Static tools are the most basic kind of additional accessories for machine tools, whereas live tools give manufacturers a greater flexibility to manufacture, let's say, more complex components. In this sector, we face substantial competition from Europe, especially, Italy and Germany, and to a certain extent, from Japan. Our participation in this show underscores our focus on the Asia Pacific market. And we have Vietnam in mind as we can see more and more foreign direct

investments flowing into the country. That means more sophisticated machineries are being placed in various industries in the region.

WHAT OPPORTUNITIES ARE YOU SEEING?

KM: The number of machineries—machine tools, turning centres, machining centres—is increasing. And with it, the demand for the tools. Of course, Vietnam might be at the early stage for this kind of industrialisation, but it will grow like any other country did in the past. We don't want to step in when all the positions are occupied already. We want to be part of it from the very beginning. This is where we see an opportunity.

Dirk Hund (DH): I agree with Karl. I am in close contact with him about the market situation here in Southeast Asia, and not every country has this big potential. But we definitely see one in Vietnam, Thailand, Philippines, and South Korea. These are the main regions we are looking at.

WHAT ARE THE INDUSTRY DRIVERS IN THE MARKETS YOU ARE INVOLVED IN?

DH: Investments. Government regulations or government programmes supporting various industries drive the region and investments. And for sure, bigger brands, bigger companies, when they come to the country and they start a production facility, they need to get third party suppliers. Those who will manufacture parts for those companies are potential customers for us, as long as they have such types of machines.

KM: The investment is also driven by whoever is supporting it—for instance, car manufacturing. We see a lot of potential in this area, but car manufacturing has been shifting all over the place. Right now, maybe the biggest chance remains in Thailand. But we also see part of production in this area shifting to the Philippines.

We always have to be on our toes to follow where the market is. The market is changing, depending on how strong the government is supporting a certain industry. Maybe around 5 to 10 years ago, it was disk drive manufacturing, they are using a lot of machine tools. But this production has been shifting all over the Asia Pacific. We have to open our eyes and travel a lot so that we can get first-hand information from the market. And in exhibitions like this, the feedback we receive will tell us how to change our attitude toward the market potential.

WHAT ABOUT CHALLENGES?

KM: The biggest challenge is the different types of language. It is not enough that you can say 'Hello' or 'Good morning'; you have to be able to explain the technical product.

DH: Finding the right partner. Not everybody, or not every company, can afford to open up their own facility here, or sales or service department. I believe it's necessary to be successful in the country. If it is Vietnam, or Thailand, or whatever, you need to have good partners. And as Karl said, language is another barrier. It's hard to find people who can speak English, even at least a few words.

Also, while one challenge is the technical part, which Karl described, the other one is the economic part. If you want to become successful in this market, you have to follow a strategy. In Europe, we use a lot of time just to think about how we can approach our customers, and follow a specific route just to have a clear picture about the country or market, find out where the business clusters are, like automotive, medical device businesses—maybe Hanoi is automotive, and Ho Chi Minh is aerospace—and you need to follow up once you find the machine tool builders.

You have to contact them, try to find possibilities to get in there, and then identify your customers. And do it like a sniper. This is sometimes hard to explain to some partners here in Asia, if you have found one. Sometimes, it's difficult to deliver the message.

KM: One technical aspect to consider is that all the advanced machine tools require advanced and stable power supply. In the instance there are brownouts, when you don't have a stable supply of power, you are in big trouble when you have highly advanced machineries—enormous damage can be caused when there are power interruptions. Therefore, the infrastructure is also important.

Also, when it comes to shipment of goods. For instance, when you ship a machine tool to Singapore, within the next couple of hours, it is already in the factory. But when you ship to other places, there might be flooded roads when it rains, and all the while the machine is hanging somewhere. Infrastructures must be stabilised and properly developed.

WHAT ARE YOUR GOALS AND OUTLOOK IN THE SOUTHEAST ASIAN MARKET?

DH: For the next two years, to have a solid base and partnerships here in Vietnam. Whatever the outlook will be, for sure, we want to grow with the market. We know we have to invest a lot of time and patience to develop it the right way, and every single euro we can make as a turnover will be perfect.

As long as we can do some turnover in the region, I can support our management back home, to be patient and do this more in the region. Because it has a potential. The challenge also is for the management of companies to stay focused on the Southeast Asian region. It has different cultures, different nationalities, different behaviours, and all these doesn't make it easy.

FINALLY, WHAT WOULD BE YOUR ADVICE TO CUSTOMERS WHEN IT COMES TO THEIR TOOL SELECTION?

KM: My advice is not to focus on the initial price offer primarily, but to look at quality, reliability and durability. Cheap products come at a cheap price. Some investors have this sort of a twisted concept: they buy a machine costing half a million dollars, and then try to save money on the tool on the lower end of investment. This is where they try to save. What if the tool does not perform? Then the whole machine will be idle just to change an endmill—on which they saved a dollar.

This is a big challenge in some of the markets. When you buy cheap machines, you buy cheap tooling, cheap cutting tools, and then you save on the materials, but then you want to produce a top-class product... How can it be? If you want to sell to markets that are able and willing to pay a good price, then you have to supply top quality products. These products cannot be produced with cheap machines, cheap tools, and cheap materials. ❖



EDITORIAL

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