

Auto-IT flings open window on interface

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NOT many companies can boast of growing from 8 per cent of its market seven years ago to 20 per cent of it today. But that is the record of Auto-IT, a Melbourne-based software company serving the automotive and agricultural machinery trade.

In the process of the growth cycle that chief executive Ken Fife says is still continuing, Auto-IT has risen from being a tiny bottom dweller, placed ninth in its industry, to second place.

"We are now the biggest in Australia and NZ in the agriculture and earth-moving market and second biggest in the automotive market," he said. The No. 1 company, Pentana Solutions, previously known as Reynolds and Reynolds, has about 48 per cent of the Australian car dealer market and is well ahead of Auto-IT; but if Fife has anything to do with it, they will feel the competition.

"We are a small company that came from nowhere," Fife says. "We decided very early on that being No. 9 had no future. We had to be No. 2. Reynolds was so big that we could not seriously contemplate toppling them, but to get to second place was feasible."

Fife also reasoned that export was a key to growth. "The Australian car market is relatively small. If we were to grow, we needed to get offshore; so we put a lot of energy into developing an export market.



"We wrote our new software with plenty of switches so you could take it to any country in the world reasonably easily. We invented a thing called a 'language clone' for our software so when you go to a new country you don't have to touch anything in the database. The new language is handled through translation tables that then populate the user interface."

The other key to growth was a merger in the 1990s with competitor Newmans Information Service. "Martin Newman wanted modern software. His had been written years ago. They were about the same size as us, the merger worked and helped us into second spot."

The company has grown from four employees and 14 clients to a staff of 80 and more than 14,500 software licensees in more than 950 dealer locations. Annual turnover is now about \$11 million.

Most companies offering software solutions in the car market base their systems on Unix and are still essentially "green-screen" systems. Auto-IT started out that way but has since developed a Windows-based solution that Fife believes will give it traction in the growing Asian market.

Young people are conversant with Windows and graphical user interfaces. Green screens turn them off, he says, particularly in Asia.

Auto-IT's Windows system took three years to develop but is now a key advantage, producing notable growth for the company, Fife says.

"Having two divisions - automotive and agriculture - also helps. When agriculture is having a drought, automotive can be going well. This past 12 months has been tough for car dealers, but agriculture has been screaming along," he says

"Standard accounting programs don't do the job in the industries we serve," says Fife, who came to Melbourne from a farming background in New Zealand more than 20 years ago. "Dealerships are complex businesses. An average metropolitan car dealership could be selling \$1 million worth of parts a month, so there has to be logic in the software.

"The dealer doesn't want to run out of parts, but he doesn't want to have the cost of overstocking. The logic has to recognise seasonal trends. And then there is customer relations. When a client drives up, the dealer needs to know his name, his history with the firm, the vehicle history and so on.

"The dealer management system must help the dealer compete at all levels of his business - new cars, used, trade-ins, service, customer service, parts management and it all has to be integrated in real time into an accounting system," Fife says.

Along the way, Auto-IT has picked up a contract covering every John Deere agricultural machinery dealer in North America, and has developed an export business in nine countries, either with its own offices or through channel partners, and is now aiming to expand in Latin America. Winning John Deere's business was a notable coup.

How did it begin? With some software written in 1979 for Toyota by the small computer division of Carlton accountancy firm HID Accounting, a specialist in the oil and car industries.

"I joined the firm in 1987 and formed KGM Management Systems to differentiate it from HID's accounting business," Fife says. "We had 14 clients in 1987; by 2000 we had 200 clients. That year we did our merger with Newmans and, two years later, after three years' development, launched our Windows-based system. Since then we have been growing rapidly."

Fife says most of the growth around the world for companies like his is in the emerging economies where, now, computer skills are very good at graduate level. "They are less turned on by your having a good way to handle a parts business than they are by the technology employed."

This story can be found at:

<http://www.theage.com.au/business/autoit-flings-open-window-on-interface-20100118-mgs7.html>