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Beyond Brexit

In this month's article from the Automated Material Handling Systems Association (AMHSA), Scott Chambers, Managing Director of Mezzanine International Group, encourages firms to keep one step ahead of Brexit through innovation.

Britain voted to leave the European Union in June 2016 and article 50 was triggered in March 2017. These are relatively recent events but so much has happened within British industry and commerce in this short period of time. Many companies have been drawing up plans to mitigate or capitalise on Brexit and industry associations have been trying to steer their members in the right direction. AMHSA, for example, recently held a Brexit 'Round Table' meeting for members, which concluded that Brexit will be a catalyst for change in the automation industry in a number of ways.

Migrant labour

The uncertainty surrounding Brexit is already being felt in the UK labour force. According to Office for National Statistics (ONS) figures for 2015, some 2.8 million EU nationals (excluding Irish citizens) are resident in the UK. If, following the Brexit negotiations, the free movement of labour disappears and more stringent immigration controls are put in place, the flow of migrant labour into the UK workforce will reduce. As the logistics sector relies quite heavily on foreign workers, this will mean labour shortages, leading to wage rises. Some impact has already been felt due to the devaluation of the pound, which has reduced the value of UK wages being sent home to family abroad, encouraging some workers to return to their country of origin.

Trend to automate

The forecast of labour shortages is serving to strengthen the case for automation in the logistics industry, as companies seek to make their operations less labour-intensive. The effect is likely to be pronounced in the European e-commerce sector, which is predicted to experience continued strong growth. Labour shortages will also lead more SMEs to consider



automation and the industry may need to respond to this demand with new marketing solutions such as schemes for system rental or transactional charging.

Real estate

Increasing automation will inevitably change the design of warehouses, distribution centres and manufacturing sites. Automation is suited to multi-level warehouses, designed to combat high land costs. Of course, this is good news for mezzanine solutions providers such as Mezzanine International Group, but suppliers need to be offering the right kind of solution for future needs as they evolve. This is what I mean about being ahead of the game through innovation. A mezzanine structure that has been designed to accommodate

the floor loading for one type of automation may not be suitable for another – more effective – type of automation. Human order pickers working at, say, pick-by-light stations served by an intelligent conveyor system will have a very different floor loading to, for example, a clutch of multi-axis fully automated robots served by automated guided vehicles (AGVs). The more advanced automation could help alleviate labour shortages but would require mezzanine flooring with a higher capacity floor loading.

Future-proofing

Through innovation, Mezzanine International is leading the way. Last year we set up the first dedicated mezzanine R&D centre for Europe and launched the new 'Mezzanine 7' solution, which is seven times stronger than standard mezzanine flooring, as certified by the Steel Construction Institute (SCI). This means that you now no longer need to know what your future use of automation in your logistics operation – and thus your requirements in terms of floor loading – will be. Choosing the most innovative, customised, quality solutions on the market – such as 'Mezzanine 7' – enables you to future-proof your distribution centre.

Organisational change

One rapid effect of the referendum result was the devaluation of the pound, which provided a welcome boost for UK exporters, while firms using imported raw materials experienced increased costs. According to the Chartered Institute of Procurement & Supply (CIPS), businesses here and on the Continent are preparing contingency plans that may sever supply chains between the UK and EU. A recent survey found that 32% of UK businesses that work with suppliers on the Continent are actively looking for alternative suppliers based in the UK, while 45% of EU businesses that work with UK suppliers are in the process of finding replacements locally. This may lead to some organisational changes. For example, we recently opened a subsidiary in Germany. Based in Köln, Mezzanine Europe

GmbH is a sales centre that gives our multinational clients all the practical benefits of dealing directly with a European mezzanine specialist with a local supply chain, combined with access to the resources and additional technical expertise of our experienced UK team. This is how we are future-proofing our own organisation, whatever shape the Brexit negotiations take and whatever the final Brexit scenario looks like.

Global perspective

One final point to make is that we can get rather parochial, even on a European level. ONS figures for 2015 show that the UK imports more from the EU than it exports to the EU, and the share of UK exports to the EU fell from 54% in 2000 to 44% in 2015. In contrast, the UK imports less from non-EU countries than it exports to them. The USA is this country's single largest export market and our fastest-growing export markets from 2005 to 2014 included South Korea, China, Brazil and Mexico. It's a big, wide world and the expansion and growth opportunities are endless for companies that grasp the nettle of innovation.

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