

GEODESY LTD.

Continuously Developing to Press Down Cost Prices

GeoDesy is part of Horváth Holding Group and is a privately held Hungarian company. It was founded when the state-owned Hungarian Optical Works was privatised in 1995. Its roots, however, go back to the end of the 19th century. GeoDesy manufactures and sells tribrachs, theodolites and surveying accessories. In addition to this they also calibrate theodolites, levels, laser levels and spirit levels.

The history of GeoDesy starts with a small fine-mechanical workshop in Kolozsvár University, Transylvania. In 1884, Nándor Áss, a mechanic at the university, moved to Budapest and organised a government-assisted school. Áss' private company evolved from the vocational training centre of this school. The ownership of the factory changed several times. Since 1938, the factory has been called Hungarian Optical Works (MOM).

The changeover to war production determined the profile of the factory for several years. After the Second World War, the factory gradually returned to its original civil activity. The company profile got increasingly wider with the production of spectacle lenses, water-meters, clocks, industrial optics, laboratory instruments, fibre optics, gas lasers and, later, computer technology, etc.

The political changes that swept through the world at the end of the 1980s did not leave Hungary untouched. Similar to other countries to the east of central Europe, the strict political and economic bond with the former Soviet Union was cut. Hungary changed to the Hungarian Republic. Hungary had to face a challenging market economy. Many old-type, state-owned companies went bankrupt. MOM was also divided into small- and medium-sized private companies. That was when GeoDesy Ltd. came into existence (1995). It moved to a new site and started manufacturing surveying instruments with approximately 150 employees.

GeoDesy's Evolvement

Since its foundation GeoDesy Ltd. continued the surveying profile of MOM. Within this field of activity, it laid special emphasis on the manufacturing and sale of quality tribrachs and other surveying products such as theodolites and accessories, rotating reflector holders and plummets, automatic laser tripod plummets and optical products such as prisms, filters and spherical optical elements (lenses). These items represent a niche in the market.

In addition to producing its own products, GeoDesy welcomes orders for developing new designs and preparing them from the experimental model to serial production.

The company is a supplier to large European and US manufacturing companies. More than 90% of its total output is exported. Nowadays, an ever-increasing part of the company's income originates from domestic trade and from component production for clients.

The company wishes to increase the share of domestic trade while maintaining or even increasing the total output. To facilitate these efforts, GeoDesy opened a retail shop in Budapest in 2002 where imported goods are also available. In 2003, the company launched its audited Calibration Laboratory. This laboratory is authorised to calibrate theodolites, levels, laser levels and spirit levels. The company also lends itself to undertake repair and maintenance of surveying instruments.

Given that external facilities within its reach are not flexible enough or are unable to comply with the quality demands of the instrument industry, GeoDesy installed its own painting facility and established its own optical production department.

GeoDesy Ltd. consists of three manufacturing departments, namely the Engineering, Optical and Assembly Departments. The Quality Control Department helps production activity within the framework of the quality assurance system. The latter was upgraded to the ISO 9001:2001 system in 2004.

The Sales Department analyses changes and trends in the world market and reaches customers both directly and through distributors.

(Inter)national Markets

Hungary joined the European Union (EU) in 2003 and this created a much better basis for trade and building new relationships. From the beginning, the majority of the company's products have been sold abroad, mainly under Original Equipment Manufacturer (OEM) contracts. In 2002–2003, GeoDesy exported its products to more than 18 countries. Recently, GeoDesy launched intensive marketing activity to widen its distribution network and to penetrate into world markets still not exploited by GeoDesy.

The EU created a new situation in Hungary. Hungary has recognised, quality agricultural products. Now, within the frame of the EU, activities are regulated in the EU market. Some imported products are cheaper than domestic ones. In contrast, Hungary enjoys assistance of the community. As for the geomatics industry: Hungary is a small country. It has only two manufacturing companies that produce surveying instruments or accessories. GeoDesy is one of them. Nevertheless, GeoDesy has fame in professional circles all over the world and covers a healthy per cent of the market.

GeoDesy recently opened a Speciality Shop that serves domestic surveyors. It sells many imported articles coming from different sources and intends to sell all the necessary devices, tools, accessories and auxiliary materials required by the profession. The calibration and service functions broaden its sphere of attraction. Besides business-to-business transactions, the company also focuses its business on professionals from the field.

Facing the Future

In spite of the recent recession experienced in Europe, GeoDesy could retain its position in the market. The recession did, however, cause a slow transition in the product structure of the company. Besides producing surveying instruments and accessories, GeoDesy also undertakes manufacturing of other fine-mechanical and optical components and assemblies on the base of incoming orders. With these products the company intends to penetrate into the field of other associated professions as well. This is a result of changes in attitude of the management, whose purpose is to increase product and market flexibility and to bridge fluctuations in surveying markets. Owing to increasing demand for optical components and assemblies, GeoDesy recently installed a new optical production line. The company has also opened a new production site in Budapest for its new automatic engineering production line. This site provides large floor space for further expansions. Although there are plans for different fields as well, intensive R&D activity is being conducted in developing new surveying accessories.

Competition from Asia

Nowadays, the shift in weight of the global economy is palpable. The market is also changing. It seems that the construction industry is increasingly becoming the major consumer on the surveying market. The total output of the construction industry strongly depends on the general condition of the economy. Therefore, the needs of the construction industry fluctuate with the prevailing condition of the economy. If the share, the weight, of this sector is high then the fluctuations (its impacts) on the market are also high. This is what GeoDesy directly experiences in their domestic market. The increasing economic potential and market presence of Asian countries are evident. To retain a competitive position, US and European companies move a part of their manufacturing capacity to these regions. They increasingly use Asian suppliers for their products. In many cases, however, the European market does not always accept the quality of Asian products. Authentic, uniform, high-quality products still represent real value. GeoDesy wishes to produce high-quality products in all fields of activity and maintain or even improve its competitive market positions in the future.

Asian surveying products are available in the market at reasonable prices. GeoDesy (and probably all manufacturers in this region) continuously develops its production technology to press down cost prices.

Continuous increase in the quality of Asian products may be expected. With the increase in quality, however, manufacturers must realise that quality is a costly thing, especially near the top levels. This may push up costs and market prices. As time passes, cost of manpower will probably also increase in these countries. Motions and trends in the global economy and global industry may lead to some kind of balance in these regions.

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