

Multi-million dollar CNC manufacturing a 'hobby'

The history of ANCA machine tools is a classic story of Aussie ingenuity. Co-founder and director, **Pat Boland** spoke with *AMM* about his passion.

MAKING CNC grinding machines was not at all what ANCA's founders set out to do when they began experimenting with control systems in the 1970s.

Pat Boland and Pat McCluskey first began building control systems as a hobby, in the belief they could improve upon the systems they were using at the Melbourne munitions factory where they worked.

Boland told *AMM* how he and McCluskey bought their first mini computer; Boland worked on the software and McCluskey did the electronic design, building and wiring.

"At that time control systems tended to be very complicated special purpose designs, whereas our approach was to have computer based wiring and software based products," Boland said.

ANCA was founded in 1974 and experienced a reasonable amount of success making control systems. By the mid-1980s the two Pats started to feel limited by the size of the Australian market. This signalled the beginnings of ANCA as a CNC grinding machine manufacturer, Boland recounted:

"We decided it was too difficult to try and export the controls which were an OEM product that had to be built into another machine. We would be better off looking at a complete product which we could sell to an end user."

ANCA entered the CNC tool grinding machine market and before long was making products far superior to its competitors, reflected in growth rates of 30% each year from 1991 to 1998.

Right from the start, ANCA invested heavily in R&D and Boland believes this



Above: Pat Boland today at ANCA, Baywater. Left: Pat Boland (centre) and Pat McCluskey demonstrate early ANCA control at Hindustan Machine Tools in the mid-1970s.

has been critical to the company's success. Currently over 7% of ANCA's revenue goes into R&D, with a strong focus on customer feedback.

On numerous occasions ANCA's R&D has directly resulted in new markets and profits. To Boland, this was most obviously the case with the iView product, a system which used a CCD camera to measure profile cutting tools in grinding machines.

"Through iView we were the first to make automatic resharpener of cutting tools practical. That got us from being a small Australian company to established in the European and American markets. We had features that were just not available with our competitors," Boland said.

Boland sung the praises of the late 150% tax scheme.

"The 150% tax scheme was very useful to us in the development of our products

through the late 1980s and 1990s. When the market really took off in the 1990s it financed our growth because we were able to work in sort of a tax-free environment as we ran through the tax losses," he said

He is less positive about the 125% tax reduction scheme.

"If I have to justify to our board an R&D project, a 125% tax reduction doesn't carry much weight. But if that same money was coming in the form of a grant of cash flowing in, it would actually carry a lot more weight," Boland said.

Under intense pressure to remain cost-competitive, ANCA this year established its first overseas factory in Thailand. The new plant will do sub-assembly work previously carried out in Bayswater.

Even still, Boland said more than 85% of the content of ANCA's machine tools will continue to be manufactured in ANCA's Australian factories, where recent high-tech machinery investments total \$6 million.

"When you're doing high value adding, Australia is not an expensive place to do business. It's where we are and where we'll be," Boland said.

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