

Mid-sized Companies as Driving Force of digitalization

Mid-sized companies in the online trade of used machinery

In the last 20 years in Europe digitalization of the used machinery market has been driven specially by medium-sized companies. Since its foundation in 1999, the online auction house surplex has been significantly involved in the digital development of the market in Germany and Europe, especially in the wood and metal sector. In later years the used machinery market received a further boost from start-ups such as the meta search engine TradeMachines or online classified ads markets like Machinio.

Digitalization promotes the international communication between sellers and buyers

Trade has always had a highly individual and national character, especially when it comes to used machinery market. Sellers and buyers rely on their long-standing contacts. Most of them come from the same or one of the neighboring countries as the dealers. However, as a result of digitalization, the market has become highly international.

"It is quite common for us to sell a machining centre from a German furniture factory to India or Ukraine," says Ulrich Stalter, commenting on the trend. "In addition, African countries are more likely to request conventional machines because of the frequent power outages and fluctuations. No computer-operated machine could survive something like that today", adds Stalter. Together with Michael Werker, he is the owner and managing director of surplex.

Digitalization leads to more transparency, especially in terms of price

Before the Internet, the used machinery market was lacking in transparency. Not having a real market awareness, sellers didn't exactly know how much their machine was worth and how many of the same type were available on the market. Buyers shared the same difficulty, since they couldn't determine the comparative value. In addition, the search for the right machine was very time-consuming. Transparent pricing of available used machines through online auctions is particularly noteworthy. This was, in fact, the most important leverage for the growth of online used machinery trade.

"Our revenue has increased continuously in recent years. We recorded a significant growth reaching 84 million euros in the fiscal year 2017 compared

with 64 million euros in the previous year. Over the past 10 years we have also increased tenfold the number of our employees. We are now about 180 employees at 10 locations in Europe," Michael Werker from surplex comments on the growth in recent years.

The used machinery market worldwide: a volume of 380 billion euro

The global used machinery market can't be analyzed very accurately yet. The reason is that there are many different sellers. Used machines are offered by manufacturers, industry, insolvency administrators and dealers, to name but a few. surplex currently assumes a worldwide trading volume of around 380 billion euros*. However, the market is growing: the increased transparency reduces the duration of the investment planning and improves the sale of the warehouse inventory. Machines change owners more frequently while the scrapping decreases. Many machine owners are only now realizing how many valuable products were left to "gather dust".

The used machinery market is on the move: mergers and investors

The market is currently on the move, as the recent mergers and investments show. While surplex increases its stake in TradeMachines, the Auctio Group recently announced the merger with mid-sized Troostwijk. The online dealer Gindumac, on the other hand, has found a major investor in Krauss Maffei, a machine and plant manufacturer.

*Based on the market analyses of market participants listed on the stock exchange (Ritchie and Liquidity Services) and the availability visible on used machinery search engines such as [TradeMachines](#).

Press release:

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About surplex

surplex (www.surplex.com) is the European market leader for online industrial auctions of used woodworking and metalworking machinery. *The business model of this mid-sized company has been digital since its foundation nearly 20 years ago. Founded as a start-up in 1999 in the dotcom era, the managing directors Ulrich Stalter and Michael Werker restructured surplex in 2009.*

They focused the auction business on their areas of expertise, used woodworking and metalworking machinery, and expanded the customer service. Customer service means concretely:

surplex provides the goods mostly free on truck. The company also takes care of dismantling and handling, including all transport and customs documents on behalf of the customer. The latter must only organise the transport, which is not a matter of course for other industrial auction houses.

Sellers benefit from surplex market knowledge in the evaluation of their machinery. The online auction house either purchases the assets from the seller or markets them via surplex.com on behalf of the seller. As for the marketing, surplex can give a revenue guarantee. If an entire factory hall comes under the hammer, a swept clean handover takes place.

surplex expands

In 10 years, the management duo Werker und Stalter has increased tenfold the number of employees and the revenue. Today, 180 employees from 18 nations work at the location in Düsseldorf and in nine European branch offices: Italy, Spain, France, Benelux, UK, Poland, Romania, Denmark and Switzerland.

This mid-sized company achieved a revenue of 84 million euros in the fiscal year 2017, compared with 64 million euros in 2016.

The website <https://www.surplex.com> is available in 18 languages and has an average of 500,000 visitors per month. *In 2017, around 60,000 articles were sold via surplex.com.*