



Italy^{Part I}

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Partners of Excellence



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Coming up next...

Paolo Gentiloni, Minister of Foreign Affairs

“In addition to its unique package of strikingly beautiful and diverse landscapes, unmatched historic and cultural heritage, and world-famous lifestyle, today Italy features a stable and young political leadership that is determined to take it into the next phase.”

Piercarlo Padoan, Minister of Economy and Finance

“After enduring a long and harsh three-year recession, Italy is once again a place where it is enjoyable and convenient to live, work and invest.”

Roberta Pinotti, Minister of Defense

“Italy ranks first in Europe in terms of its participation to foreign missions, first in terms of number of personnel provided to the UN, and second or third in terms of its contribution to NATO operations.”

Graziano Delrio, Minister of Infrastructure and Transport

“Today Italy plays a pivotal role in the handling of economic, transport, logistic and migration flows across Europe and the Mediterranean.”

Marianna Madia, Minister of Public Administration and Simplification

“We are working hard to foster a business environment whereby companies, interested in investing and operating in our country, can finally rely on simple procedures and definite time periods.”

Beatrice Lorenzin, Minister of Health

“EXPO Milan 2015 has conferred Italy’s natural vocation as a global ambassador of a healthy food, wine and gastronomic culture, as well as a universal role model of best food hygiene practices.”

Antonio Patuelli, President of the Italian Banking Association (ABI)

“Despite the severe financial crisis of the last few years, the Italian banking system remains solid, efficient and reliable. Its role as a prime outpost of legality and key social services, is of particular relevance at a time of profound socio-economic transformations like the one we are living in.”



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Sweeping Structural Reforms Start Bearing Fruit

This March, Italy's National Institute for Statistics (ISTAT) certified the country's official exit from recession in 2015 on the back of a 0.8 percent gross domestic product (GDP) growth, a 2.6 percent deficit-to-GDP ratio, a 132.6 percent debt-to-GDP ratio, and a 43.3 percent fiscal deficit drop. These figures represent the first evidence of a cycle upswing since the sovereign debt crisis hit the economy in 2012, and while it may be premature to entirely rule out a relapse, they have prompted a resurgence of optimism among Italians.

However, as the Minister of Economy and Finance, Piercarlo Padoan notes, "Italy is currently facing a double challenge: emerging from the quagmire of the last three years, which has cost us ten points of GDP and one million jobs, and stopping the erosion of our business environment and the overload on public finance, which have hampered our growth and FDI inflows for at least two decades. This dragged out stagnation has born devastating effects on our economy, comparable to those of a war, but we are working hard to steer Italy back on the right track." In this context, ISTAT's report represents a shot in the arm for the continent's fourth largest economy.

Padoan's observations, while accurate, only tell part of the story. Italy has long been stigmatized by international observers as one of Europe's chronically ill patients, due to a unique bundle of endemic structural problems including a daunting national debt, a sluggish public administration, a cumbersome bureaucracy, a convoluted and highly inefficient justice system, widespread

corruption, deteriorating demographics, and one of the weakest competitiveness records in Europe.

Since taking office on February 22, 2014, the government has laid out a large-scale reform package, aimed at modernizing the country by systematically eradicating unnecessary bureaucracy and streamlining processes across the board. Indeed, there is no other way if Italy's economic resurgence and vastly underexploited potential are to be fully unleashed, and if the trust of consumers, enterprises, and investors alike is to be restored.

Italy wishes to move past the trite, but deserved, labels of postcard destination and to take a seat at the table of the world's elite business havens. Padoan asserts, "To those who are thinking of a safe place to relocate their families, operations or investments, I say, Italy is back. Come and try us out, this is the time to do it."

One thing the Mediterranean nation is well known for is its ability to produce a wide range of highly desired products. The Vice Minister of Economic Development, Carlo Calenda underlines that it is not Europe's second top exporter by accident, "In recent years our exports have grown at an average of 1.9 percent per annum, versus Germany's 2.3 percent and France's 0.8 percent. Most people know Italy as 'the three F's exporter', namely food, furniture and fashion, but we are also strong in mechanical production, engineering and scientific research. What everyone agrees on, is that we build quality and are great at innovating." ■

Banca Popolare di Milano

Strong Roots Build Longevity

BPM leads conversion process of Italy's cooperative banks

2015 marked the one-hundred-fiftieth anniversary of Banca Popolare di Milano (BPM), Italy's second-ever and longest-standing cooperative bank. Its Chief Executive Officer Giuseppe Castagna explains in a nutshell the reasons behind its remarkable longevity: "Two key factors stand out from the rest: the extraordinary dedication of our employees to this institution and our indissoluble ties to Lombardy, Italy's wealthiest region."

BPM was created with the mission of facilitating access to credit for industrialists, tradesmen, and small and medium-sized enterprises. Although its area of influence today stretches across northern Italy, 450 of its 700 branches are located in Lombardy.

Listed on the Milan Stock Exchange in 1994, it counts over 100,000 shareholders, nearly half of whom are members, employs 8,000 staff and serves 1.3 million customers.

In compliance with the government's latest dispositions, Castagna has since last year been busy transforming BPM from a cooperative bank into a publicly traded corporation. He notes,



Giuseppe Castagna
CEO of BPM

"Despite being relatively small, we are a highly valued institution, and we are equipped to carry this delicate transformation process out successfully."

Over the past two years, it outperformed all its peers in terms of market capitalization and various other indicators, and in 2015 it recorded net profits of €260 million, a staggering 83 percent increase over the previous year.

Understanding that building critical mass is key to retaining a position as market leader, Castagna has been actively pursuing a merger with another top player. He comments, "The dimensional shift is our biggest challenge going forward, though it is crucial as it would help us bridge the gap with Italy's first two banks."

Colavita

78 Years in the Name of Quality

Multigenerational olive oil producer banks on worldwide reputation to expand its offer

Founded in the late 1930s by siblings Giovanni and Felice Colavita in Molise, Italy's youngest and second smallest region, Colavita is the archetypal saga of the Italian family business that rose from humble beginnings to international acclaim.

Its Chairman Enrico Colavita, who was recently decorated with the prestigious Order of Merit for Labour by Italy's President Sergio Mattarella, recalls, "We began promoting Italian culture and food internationally some forty years ago, that is, long before our cuisine earned a global reputation as the quintessential Mediterranean diet. We were quick at intercepting the interest of the American people for Italian food products, and this early intuition, to this day, is what gives us a lead over our competitors."

A recognized market leader in the 100 percent Italian olive oil segment and now under the leadership of its third generation, Colavita's distribution network covers eighty countries in five continents, and keeps expanding.

It was in 1978, while honeymooning in the States, that Enrico Colavita met his future U.S. partner, John J. Profaci. The two hit it off immediately and cofounded Colavita USA.

The "Colavita Center for Food and Wine," a cooking school located within the premises of the Culinary Institute of

America at Hyde Park, NY, opened in 2001, helped to further consolidate the brand, giving it a strong foothold into the American market. Along with olive oil, today the company produces, imports and distributes a wide range of prime quality Italian foods and beverages, including Perugina Baci and Perugina chocolate products, Cirio tomatoes, Scotti rice and San Benedetto water.

When asked for the recipe for their longevity and success, the Chairman replies, "At Colavita, quality, credibility and brand reputation have always come first. They represent our core values, together with our identity, which has remained firmly rooted in the Italian culture and tradition." He adds, "We are strong supporters of so-called 'Italianism', as we believe the Italian spirit is a concept that transcends one's birth origins." He concludes, "The world is full of people who love our food and lifestyle, and that creates a favorable environment for us to continue broadening our portfolio to other business segments. This is one of our top priorities today and I believe our future strategy will remain oriented in the same direction."

Statistical data confirms Colavita's observations. Both Italian cuisine and his brand do, in fact, continue to draw new enthusiastic fans from every latitude.





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COLAVITA
a trusted family brand



Hotel Napoleon

Hospitality in Grand Style

Alongside the lively gardens of Piazza Vittorio, just a short walk from the Colosseum, the Imperial Fora, Termini train station, the Santa Maria Maggiore and San Giovanni churches, lies, with the unassuming poise and charm of old-timers, the Hotel Napoleon.

Roberto Cioce, its energetic and affable Managing Director, assures visitors that there is more to the deal than just premium location: "We are like a placid oasis in the midst of Rome's bustling traffic. Our seventy-four rooms, all facing inner courtyards, guarantee a level of peacefulness and quiet that is unmatched in this city."

Hosted in a nineteenth-century palace, this stately yet cozy four-star establishment combines scrupulously preserved elegance and tradition with contemporary efficiency. The roomy, classy lounge area features enveloping sofas and armchairs, surrounded by an art collection that could rival that of a small museum. "We are a traditional Roman hotel, but make no mistake," Cioce points out, "We have one of the fastest fiber-optic internet connections in town."

A few more elements of distinction, according to Cioce, place his property in a league of its own. Besides the twenty-four-hour concierge desk, an almost outdated yet invaluable service in a city as densely packed with attractions as Rome, he cites the in-house dining facilities, gym, laundry room, and advanced security system. "As a multigenerational family business," he explains, "we are well aware of our guests' ever-changing and diverse needs. We understand that, in order to earn their loyalty, we need to make sure the service we deliver is worth their money and, whenever possible, even exceeds their expectations. Making our patrons feel at home is not a mere slogan, it is second nature to us."

He continues, "From day one, the backbone of this establishment has been our staff and we consider them part of our family, just like our clients. Having a stable workforce has guaranteed us a steady flow of repeat business, as our customers have enjoyed the same personable touch and familiar atmosphere throughout the years," he concludes. ■



Hotel Napoleon's impressive neoclassical lobby area
www.napoleon.it

Poste Italiane

Helping Italy Make the Digital Quantum Leap

Can the boot-shaped nation pass the test of its coveted digital revolution? Francesco Caio, Poste Italiane's Chief Executive Officer, outlines how his company can contribute

As the country's leading provider of integrated postal, logistics, e-commerce, financial, insurance, mobile telephone, and digital communications services, Poste Italiane plays a crucial role in securing Italy's place among the elite economies of the world.

A national pillar because of its sheer size and socioeconomic influence, the company boasts an impressive network of 13,200 post offices and 142,000 employees, handles around 50 million transactions a day for 33 million customers nationwide, generates annual revenues in the neighborhood of €30 billion, and holds around €470 billion in postal savings deposits.

"The widespread coverage of the country and the close proximity that we are able to guarantee our customers, thanks to our infrastructure and our 28,000 mail carriers, represents a formidable asset for Poste Italiane, even in the digital age, as it contributes to building trust, and trust is our core business," explains Francesco Caio, Poste's dynamic and outspoken Chief Executive Officer. "Our further ability to integrate all of this with state-of-the-art logistics and digital services turns us into a powerful catalyst of transformation, as well as a key propeller for the simplification of public services," he adds. This latter is particularly important, having been identified by the government as a major hurdle to attracting fresh foreign direct investments.

A consummated and highly accomplished veteran of the telecommunications industry, Caio makes no mystery of the challenge his teams faces: "Our medium-term business plan is all geared towards positioning us as Italy's ultimate driver of innovation and inclusive socioeconomic development; two areas of vital importance for our country's overall competitiveness," he says. And continues, "It is both a monumental task and a huge responsibility, but after the slump of these past three years, Italy is once again back on its feet and Poste Italiane is determined to help it regain center stage in Europe."

Caio, who has sat at the helm of the company since May 2014, has been entrusted with the task of accelerating the country's digital agenda and guiding Poste Italiane through its eagerly awaited initial public offering. Billed as Italy's largest privatization in over fifteen years, it became a reality on October 27, 2015. Caio describes it as "a goal and a starting point at the same time."



Francesco Caio, CEO of Poste Italiane

And while assessing its contribution to reducing Italy's massive public debt may be premature, the move epitomizes the government's unwavering determination to push forward its ambitious economic reform plan. Indeed, it plays trailblazer to the privatizations of FS Italiane and ENAC, two other highly prized assets in the government's coffers, both of which are in the pipeline and just waiting for the green light.

Caio's take on the subject is razor-sharp: "The privatization of Poste Italiane represents not just the accomplishment of a financial goal but, also and foremost, a strategic one. At a time when the company's effort to reposition itself as a leader and a role model of innovation is met with the cutting of public funds, the only way to guarantee its sustainability was to open it up to the market."

The postal needs of citizens are changing everywhere, and Italy is no exception. The progressive drop in demand for traditional mail services in recent years—prompted by the expansion of Internet-based communication—has been partially offset by a pronounced hike in the parcels and e-commerce segment. In response to such unequivocal market alerts, Caio highlights, "Going forward our sustainability will be largely based on our ability to offer a logistic platform that can handle, promptly and efficiently, the payments of goods purchased online and their delivery to either home or a postal office." To that effect, the company is pursuing further investments in the upgrading of its infrastructure and logistics network, confident that it will further improve the quality of its services and promote significant levels of growth.

Caio concludes, "Poste Italiane is a company that straddles tradition and innovation simultaneously, acting as a sort of bridge between analogue and digital, between physical and immaterial. I am a firm supporter of a hybrid model, that is, one that leaves our customers free to choose which of our plethora of services to use and how." ■

Elettronica

Niche Defense Player Gains Momentum

As the world grapples with new and increasing security threats, electronic defense may provide the most effective solution at hand

Established in 1951, just as Italy was rising from the ashes of World War II, Elettronica stands today as one of Europe's top manufacturers of electronic defense and security equipment. A sort of one-stop-shop within the realm of electronic protection, it supplies the armed forces of twenty-eight nations in five continents, with a product line embracing the entire spectrum of electronic warfare, including the design, development and manufacturing of passive electronic warfare (EW) equipment for search, detection, analysis, identification and location of electromagnetic emissions, electronic countermeasure equipment, and radar warning receivers. With 60 percent of its 700 employees holding a technical degree, the company is considered an interlocutor of choice in its fields of expertise.

Thanks to a number of successful international partnerships with leading platform manufacturers and global players, Elettronica has implemented highly sophisticated systems, like the EW suite for consortia and international programs, such as Typhoon, Horizon Frigates, Tornado, EH101, AMX, NH-90 and Mirage2000.

Elettronica's President and Managing Director, Enzo Benigni guides us through a deeper understanding of his company: "Although our sector is by nature a niche sector, we think and act much like any big company would. Ever since we made our debut in the Italian defense industry, we fought hard to preserve our core identity and the spirit of our mission intact. We never aspired, nor tried, to broaden our niche to other segments, and that has enabled us to consistently strengthen our know-how and expertise in our fields of interest, while at the same time optimizing our efficiency. Eventually, our niche has expanded anyway, but without altering who we are, nor our business approach." He adds, "Not being listed allows us to concentrate all our attention on vital, value-adding activities for a company like Elettronica, such as research and innovation. That has enabled us to develop our engineering capabilities to a greater extent that we could have done, had our main focus been on our financials. Ultimately,

this strategy has also paid off in terms of our results, and today we have an order book with a time span of at least four years, with a clear medium-term vision."

He continues, "The ever-changing economic and geopolitical scenarios around the world require that we keep flexible and agile, and adopt a tactical approach rather than a strategic one. Technology changes constantly, and so do the relationships with our clients. Surviving in such a fluid environment requires the ability to offer a winning package; nowadays, companies must be closely integrated with their clients."

Elettronica GmbH, the company's German subsidiary since 1978, has recently been focusing on system integration, simulation and test and manufacturing. It has earned growing attention from Middle Eastern countries and North Atlantic Treaty Organization members and has signed agreements with leading telecommunications players Alcatel and Huawei.

In its on-going effort to keep abreast of its competitors, the company created a joint venture named Cy4Gate S.r.l. with Expert System S.p.A., a renowned developer of semantic software for the management of information and big data. Cy4Gate S.r.l. offers a plethora of cyber solutions to intelligence agencies, law enforcement organizations, and EW commands. A highly promising and rapidly growing niche, the cyber security industry recorded investments in excess of \$75 billion in 2014, and by 2019 they are expected to double. Clearly, being a niche player does not prevent Elettronica from exploring other areas and widening its scope of action.

Enzo Benigni

President of ELETTRONICA

When asked about the company's core strengths today, Benigni's reply is direct: "Engineers constitute our principal asset, no doubt. Being the only private EW player in Italy though, forces us to either recruit directly from universities and train them in-house, or to import them from abroad. Both activities come at a considerable cost, but they are necessary to retain our competitive edge."

Looking into the future, the head of Elettronica predicts further consolidation and underlines, "Our sustainability lies in our swiftness in anticipating today what the market will need five years from now and plan accordingly." He concludes, "In a world where defense budgets are constantly downsized, a company's survival depends on its ability to finance its own research and development activities autonomously. We reinvest 10 percent of our turnover in R&D, and that gives you a measure of our commitment to excellence." ■



WE ARE THE CHANGE.

Our life is made up of changes.
Sometimes radical, sometimes almost imperceptible.
Yet every day, we change. Because changing is the best way to grow.
That's true for everyone, including Poste Italiane. And we are changing
alongside you to make Italy a faster, easier and better place.

Posteitaliane