

Bellezza.



Each creation is the result of a mediation between the freedom of an idea and the constraint of matter. However, there are materials that create their own shapes. One of these is the biodynamic cement by Italcementi used to build the **Italian Pavilion at Expo 2015**. A structure that evokes a forest made up of very complex elements that only **i.active BIODYNAMIC** with its excellent plasticity could achieve. What Pier Luigi Nervi called **"The most beautiful material that humanity has ever invented"** has demonstrated that matter has its own aesthetics when the designer and the producer accept the ongoing challenge of research and innovation.



 **Italcementi**
Italcementi Group
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Cover - see page 15 for Italian leaders featured

ITALY'S INNOVATION RENAISSANCE

Economic reforms restore confidence and lead to rising investment and exports

After three years of recession, the Italian economy is enjoying a sweet spot in which the combination of a young and reformist Government, depreciation of the euro, falling interest rates, cheaper energy prices, and rising demand from international markets is powering a return to growth. Economic and legal reforms have encouraged Italian companies of all sizes to increase their investments in innovation and international expansion. Business confidence has reached a five-year high and export revenues are rising at a double digit rate. Conditions could not be more auspicious for hosting Expo Milano 2015, which is showcasing Italian innovation to an expected 20 million visitors from around the world.

"We are now witnessing the relaunch of Italy in the global

economy," Carlo Calenda, the country's Deputy Minister of Economic Development, says. "We are on track for a record performance in exports this year. Because of the Government reforms, Italy's economic growth is increasingly geared to innovation and internationalization, and Expo 2015 is playing an important part in making that happen."

It is a strategic priority for the Government of Prime Minister Matteo Renzi, which came to power last year, to help Italian companies invest in innovation and growth and increase their exports. Renzi has chosen not to pursue the aggressive spending cuts and tax hikes of other European countries. Instead, to reactivate economic growth, the 40-year old Prime Minister is taking a scythe to red tape, slashing down a thicket of labour and tax regulations, introducing

more competition into key sectors, and improving the efficiency of the public administration and judicial systems. These reforms are encouraging businesses of all sizes to invest in modernization and expansion. By getting rid of long entrenched obstacles, Renzi's Government is unleashing the potential of Italian businesses to make the most of the country's vast resources of manufacturing expertise, creativity, talent and invention on the global stage.

Italy is the second largest manufacturer in Europe and one of the world's leading exporters and innovators in the industrial machinery sector. "People always associate Italy with fashion, food, design and furniture but industrial equipment and mechanical engineering are also extremely important for us," Calenda says. "As emerging markets

industrialize, we have a fantastic opportunity to export our industrial know-how and expertise."

At Expo 2015 and across the world, Italian multinationals are bringing to new markets the country's legendary flair for design and workmanship in sectors as diverse as aerospace, fashion, food and rail engineering. Italy's share of global exports has increased for the first time since 2007, a trend that looks set to transform the country's position in the world economy.

"If I think about the future of my country for my children, I don't imagine describing Italy as a museum," Renzi told the World Economic Forum in Davos earlier this year. "I prefer the image of my country as an innovation lab. This is an incredible window of opportunity in Italy. For Italy the future is not tomorrow, it is today."

EXPO MILANO 2015 SHOWCASES SMART TECHNOLOGIES

Around the world, Italy is celebrated for the quality of its food and for the art, architecture and culture of its historic cities. Since the beginning of May, Expo Milano 2015 has been showing how Italy is now using innovative technologies to transform its food production, city living and to set new standards for the rest of the world to follow.

In its first month of operations, the Expo site in Rho-Pero in Milan has received 2.7 million visitors from around the world, and some 15 million tickets have already been

“There is a lot of focus in Italy on implementing the digital agenda.”

David Bevilacqua, Vice President Southern Europe, Cisco Systems

sold. 140 countries are participating in the event, and in total 20 million visitors are expected. It is an unparalleled opportunity for Italy to showcase essential innovations that are rising to the critical challenge of feeding the world's growing population and improving their urban living conditions.

“Our theme is Feeding the Planet, Energy for Life,” Giuseppe Sala, Chief Executive Officer of Expo 2015 explains. “We are exploring how new technologies and innovations can be used to increase food production sustainably, and we are showing how Italy is innovating in the agri-food sector to achieve this.”

The fair's aim is to promote a sustainable global food system and to help the fight against hunger. “The Expo is not only a platform for our food products but is also an important way to focus the attention of the international community on the food security and scarcity problem,” Deputy Minister Carlo Calenda says.

Technology is at the forefront of Italy's response to the global food challenge. At Expo 2015, Cisco



Cisco is the IP Networks & Solutions Official Partner of Expo Milan 2015.

Systems is showing how the Italian food industry is implementing Internet of Everything (IoE) sensors all along the food supply chain, to track food production in real time, making sure that consumers know where their food is coming from, and reducing food waste. “We have what we call a ‘from the field to the fork vision’ of improving the sustainability of the food supply chain.”

David Bevilacqua, Cisco's Vice President for South Europe, says. “Most Italian agricultural producers are small family companies, so they are not the most obvious users of information communications technology. IoE is transforming even the most traditional industries in Italy, helping them deliver better services to their customers and improve the supply of food.”

With the Italian Ministry of Agriculture, at Expo 2015 Cisco is presenting its Safety for Food initiative, which uses IoE to trace food production along the entire supply chain. By tracking and analyzing ingredients and production processes in real time, Safety for Food will make it much easier for the public and private sectors to respond to health and safety scares in the food industry. The platform will also help authorities crack down on non-Italian food companies who produce counterfeit Italian-sounding food that has never been near the country. “Food that looks or sounds as if it was Made in Italy has a very high

value,” Bevilacqua explains. “Safety for Food uses IoE technologies at all steps of the supply chain, from the field to the barcode in the store. It can identify the provenance of ingredients, and make it easier to ensure compliance with quality and safety standards.”

Italy is also increasingly turning to IoE technology to wire up its cities and deliver new solutions for today's urban residents. The Expo 2015 site offers a glimpse into this future; Cisco has built a technology platform that delivers services to visitors including digital signage, e-wall technology, interactive information totems and electronic ticketing, as well as managing behind the scenes operations such as energy supply, security, logistics and maintenance. All of the services and solutions provided by event partners rely on the network infrastructure that is managed by Cisco. The first sight that a visitor to Expo encounters are Cisco's 200 digital sign installations which display directions, alerts, advertisements, the agenda of events and security messages.

Cisco is also enabling innovative services such as electric car sharing in large parts of the city of Milan. At various points of the city, Cisco

has built Digital Islands, which offer a wide range of services to residents and visitors. These Digital Islands provide access to the public WiFi network and similar services to those enjoyed by visitors to the Expo, including digital signage. They are also fitted with cameras in order to improve public security.

For these smart city services to work flawlessly, it is essential that they run on top of a world-class communications infrastructure. To this end, Cisco has partnered with Telecom Italia at Expo to build the world's first smart city from the ground up. Telecom Italia has also installed a dedicated data centre for the event.

Away from the Expo, the Government has pledged six billion euros of public funds to upgrade Italy's entire fixed line infrastructure and make it fit for cutting-edge services. At the same time, Telecom Italia is investing heavily across the country in rolling out ultra broadband infrastructure. “Telecom Italia is going to be the main player which enables Smart Cities across

“A city is smarter when it can correlate all its digital information and create something unique.”

Marco Patuano, CEO, Telecom Italia

Italy,” the company's Chief Executive Officer Marco Patuano says. “We are connecting our cities better to make Smart Cities possible. Modernizing our broadband infrastructure is the first step. We are also creating platforms where developers can use our network to create new services and applications for Italian cities and enterprises. Expo 2015 is just the beginning.”

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LAVAZZA, THE FIRST ESPRESSO IN OUTER SPACE.

Innovation and research have been a cornerstone of Lavazza's history since Luigi Lavazza founded the company in 1895.

120 years later, we partnered with a leading aerospace engineering company, Argotec, to develop the first ever system for brewing espresso in the extreme conditions of outer space.

This quintessentially Italian success story is the result of the cooperation between two Turin-based companies, both renowned for their excellence that confirms Lavazza's home town as a world-class capital of innovation.

Thanks to the revolutionary machine ISSpresso, the astronauts in orbit were the first to be able to enjoy authentic Italian espresso.

It has always been Lavazza's dream to provide the perfect coffee experience on earth, and now that dream is a reality, beyond our planet and across the universe.



LAVAZZA

www.lavazza.com

ITALIAN INSPIRATION TAKES TO THE AIR

Five hundred years after Leonardo da Vinci first conceived of a machine capable of vertical flight, Italy is one of the world's leading designers and manufacturers of helicopters and is home to one of Europe's largest aerospace industries. In aviation, architecture, automotive manufacturing and across the economy, the spirit of creativity, invention and design that flourished in the Renaissance is very much alive in Italy today.

“By developing products that are more sophisticated and sustainable we can create more value.”

Carlo Pesenti, CEO, Italcementi

The country's largest high technology company, Finmeccanica, is continuing to lead global innovation in the aerospace sector. “Our role in Italy is to drive the technology sector in the right direction, both in our own manufacturing activities and at all stages of the supply chain,” Chief Executive Officer Mauro Moretti says. The company's latest contribution to cutting-edge aerospace technology is the world's first tilt-rotor aircraft to be available for civil as well as for military use. Produced by AgustaWestland, Moretti says that the AW609 will be a ‘revolution’ for the helicopter industry. The tilt-rotor will be able to fly faster, longer and higher than ordinary helicopters, and operate even in adverse weather conditions. “They take off and land vertically like traditional helicopters, but once in flight they can be used as a fixed-wing turbo-prop airplane at over 7,000 meters high. You will be able to fly from Rome to Paris in two and a half hours.”



The company is also a global leader in the space sector. In two joint ventures, Telespazio and Thales Alenia Space, it plays a key role in a series of space programmes in Europe and further afield. Telespazio manages services for Europe's Copernicus network of environment-monitoring satellites and the Galileo navigation systems. Moretti says that Finmeccanica is well positioned to capture rapid growth in both civil and military applications.

At the same time, Finmeccanica's electronic defence subsidiary, Selex ES, is investing significantly in another high growth area – cyber security. For example, Selex ES continues to develop, implement and support the NATO Computer Incident Response Capability (NCIRC) enhancing information assurance to around 50 NATO sites and headquarters throughout 28 countries.

The strength of Italy's tradition in aerospace has drawn significant levels of foreign investment to the sector. In 2013, GE spent \$4.3 billion to acquire Turin-based parts manufacturer Avio Aero. At a new plant in Cameri, just outside Turin, Avio Aero has installed state-of-the-art technology which allows it in effect to print airplane parts. The plant is the largest in the world for additive manufacturing – the industrial version of 3D printing. Instead of casting titanium blades for use in GE turbines, Avio Aero engineers create the blades by using electron beam melting (EBM) technology, depositing layers of titanium powder following a computer design. “The plant in Cameri is the only production centre for additive manufacturing in the aerospace sector, and one of the most advanced anywhere in the world,” Sandro de Poli, GE's Chief



Italcementi has developed biodynamic cement for the Italy pavilion.

Executive Officer for Italy and Israel says.

As well as GE, industrial giants from Asia are also coming to Italy to access the country's excellence in engineering. Chinese chemical giant ChemChina is currently acquiring Italian tyre maker Pirelli for around \$8 billion, giving it control of one of the world's leading manufacturers of premium tyres for cars and motorbikes. “Our headquarters will remain in Italy and be run by the Italian team,” Marco Tronchetti Provera, Pirelli's Chairman and Chief Executive Officer, says. “For environmental and economic reasons, China needs the kind of tyre technology that we have, tyres that don't need to be changed so often and which reduce emissions from vehicles.”

In recent years, Chinese industrial companies have increasingly looked to Italy for leadership in innovation and design. At the previous Expo in Shanghai in 2010, Italian cement company Italcementi used a revolutionary transparent cement to build the Italian Pavilion, to the astonishment of Chinese visitors. For Expo Milano 2015, at its state-of-the-art plant in nearby Rezzato the company has produced ‘biodynamic’ cement, an environmentally sustainable cement, to create the extraordinary shapes of this year's Italian Pavilion.

Chief Executive Officer Carlo Pesenti has put innovation and

sustainability at the heart of Italcementi's growth strategy, as he aims to add value and sophistication to cement and improve its architectural and environmental performance. On the sustainability side, the company has spent €150 million at Rezzato to slash emissions by 75% and reduce its use of energy and raw materials; further afield, in Egypt, it is building its own wind farm to power its local cement plant.

“We can create synergies between the different industries and regions where we have a presence.”

**Mauro Moretti
CEO, Finmeccanica**

One hundred people, often recruited from universities in the region, work on issues of innovation and sustainability at Italcementi's R&D centre in Bergamo just outside Milan. “Innovation is based on know-how, intelligence, and also a little bit of imagination and fantasy. I am pleased to say that young Italians still have plenty of that,” Pesenti says.

“Italy is known around the world as the homeland of intangible assets such as beauty, talent and creativity,” he adds. “Our job in industry is to use these assets to create very tangible value for Italy and for the world.”

Q&A **MAURO MORETTI, CEO, Finmeccanica**

TRANSFORMATION OF A DEFENCE GIANT

Q: You were appointed CEO last year. What is your strategy for the future?

A: In January, I presented Finmeccanica's new five-year plan. We have decided to concentrate all of our resources in the aerospace, defence and security sector, which is why we have sold our transportation businesses. We are focusing on the most technologically advanced business areas and on the sectors where we are most competitive. This year, Finmeccanica is also moving from its previous holding company structure, with interests in lots of sectors, to become one single operating company. We will complete the transition by the end of 2015. It will make us a more flexible and responsive company, with a sharper focus.

Q: What impact will this transition have on innovation at Finmeccanica?

A: The new operating model will make it easier for us to create synergies in Research and Development across the different business units and make our R&D more effective. For example, we are developing world-class capabilities in unmanned vehicles, not only in the air but also on land and on sea, whilst increasing our focus on space and cyber technology. As a single operating company, it will be simpler to focus the R&D activities of those divisions. We will end any fragmentation and overlaps in R&D, generate better returns on our investments and create better products for our customers. It is a big opportunity for us to



The AW609 Tilt Rotor represents the next generation of aircraft transport.

produce the innovations needed for the future.

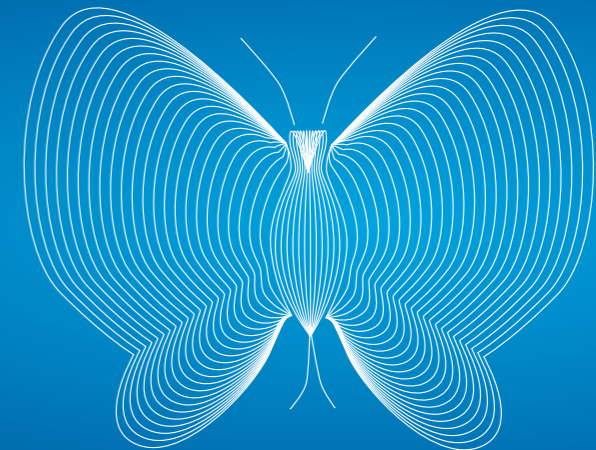
Q: What is the outlook for export growth?

A: The Italian defence market is not very large, so international growth is critical for us. We are a global company and around 75 to 80% of our revenues are international. We have two domestic markets, Italy and the UK, and strategic

operations in Poland and the US. Our aim is to devote more resources to international markets and in particular to create new partnerships in emerging markets. South East Asia is important to us, as are the Middle East, South Africa and Latin America. Ensuring local involvement by means of technology transfer and partnership with local players is a key factor in increasing exports.

WE ARE WORKING FOR A LIGHTER GRID FOR THE ENVIRONMENT

WORKING FOR SUSTAINABLE DEVELOPMENT ALSO MEANS RESPONSIBLY TRANSMITTING ENERGY. THIS IS TERNA'S COMMITMENT.



INTERNO OTTO ROMA

Terna, the largest independent electricity-transmission-grid operator in Europe and sixth in the world in terms of kilometres of lines managed, has a unique and irreplaceable role in the security and continuity of Italy's electricity system which it performs with a sustainable approach to the environment and the territory. The company, a supporter of the United Nations Global Compact and promoter of its human-rights, labour, environment and anti-corruption principles, identifies the right solutions to ensure the country gets the electricity it needs with optimised reliability, cost, and environmental sustainability conditions. As part of its approach to investment in grid development, Terna is committed to listening to the needs expressed by stakeholders and to seeking shared solutions, through a process of voluntary and prior consultation with local institutions and major environmental groups. Terna's sustainability performance in environmental, social and governance terms has been acknowledged through inclusion in leading international sustainability market indices, including the Dow Jones World and Europe Sustainability Indices.

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Terna
T E R N A G R O U P

PIONEERS IN THE SMART POWER REVOLUTION

It is only fitting that the land that gave the world Alessandro Volta and Guglielmo Marconi is at the forefront of the new revolution in energy, making networks more efficient, flexible and sustainable. Italian energy companies are exporting their know-how in smart meters, smart grids, energy storage and energy efficiency to other countries where they operate, bringing Italian leadership in these technologies into new markets.

Italian energy giant Enel was the first utility in the world to install smart meters, and has installed more of them than any other company in Europe. The company has so far rolled out nearly 40 million smart meters in Europe, with 34 million in Italy. By 2018, Enel will add a further 13 million meters in its Spanish operations, while it has begun pilot smart metering

projects in Chile, Brazil and the Philippines. The company has also signed a smart grid deal with State Grid Corporation of China and is working with utilities across Asia.

Smart meters transmit consumption data directly to electricity suppliers, who then no longer need to rely on rough estimates or to send

“We want to spread our sustainable energy innovations to countries where energy demand is increasing rapidly.”

Francesco Starace, CEO, Enel

out technicians to read the meter. The technology also enables consumers to keep track of their energy use almost in real time on their household displays, where they can monitor how much their electricity is costing.



Enel Green Power operates over 700 renewable power plants.

“Because all Italian households now have smart meters we have been able to cut the cost of managing the electricity network,” Enel’s Chief Executive Officer Francesco Starace says. “Smart meters also mean that we can bill our consumers at different prices at different times of day. Italians have been able to shift their consumption to less expensive times and become more energy efficient in their homes.”

Enel installed the first smart meter in Italy in Pisa back in 2001. The technology has advanced since then, and the company is currently preparing to launch a second generation of smart meters, while most European countries have still not completed their roll-outs of the first generation. The new meters will have extra functionalities, such as using Machine to Machine (M2M) communications to ‘talk’ to household devices including washing machines, freezers and fridges. Enel is also engaged in pilot projects for smart meters for gas.

Behind the scenes, the company has become a recognized world leader in the development of smart grids. Italy is the only country in the world which already benefits from a fully digitized low voltage and medium voltage grid. This enables not only traditional flows

of electricity from generation plants to end users but also flows from domestic solar panels and other new sources back to the grid. Because the entire grid is now intelligent, and it can cope with very small and unpredictable inflows from new renewable energy installations, Italy has been able to shut down some of its oil-fired and gas-fired generation plant and improve its environmental performance.

“We are by far the largest storage operator in Europe.”

Matteo del Fante, CEO, Terna

Enel’s investment in renewable generation is also making a major contribution towards sustainability worldwide. Enel Green Power has an installed capacity of 9,819 MW, produced by over 700 plants in 15 countries, with a generation mix that includes wind, solar, hydro, geothermal and biomass. It is one of the world’s largest renewable energy companies, and one of the few to have the ability to deploy multiple generation technologies, often at the same location. In Nevada, it operates the world’s only power plant that uses both solar energy and geothermal power to produce electricity.

Independent Feature

RISING TO THE ENERGY STORAGE CHALLENGE

Italy is also at the forefront of international efforts to put together the last piece in the sustainable electricity puzzle - energy storage. As the contribution from renewable energy sources increases continuously, it is becoming critical for electricity companies to develop new storage technolo-

“We hold the world record for submarine cables.”

Matteo del Fante, CEO, Terna

gies. These can enable companies to store intermittent energy from wind and solar power and then distribute it when necessary.

Terna, which operates Italy’s high voltage network, is already the largest operator of storage facilities in Europe. On the islands of Sardinia and Sicily, the company

has installed a Storage Lab, where it uses a range of advanced technologies such as lithium-ion batteries to store 16MW of energy for when it is needed by the grid. “It’s a unique project where we are testing the real-world performances and efficiencies of the most promising storage technologies,” Terna Chief Executive Officer Matteo del Fante says. “We are in a leading position, and many other transmission system operators in Europe have come to our lab to look at what we are doing.”

Terna is also investing heavily in building new cables to interconnect with European networks in other countries. These cross-border interconnections serve to diversify the sources of electricity supply within Italy and increase the competitiveness of the electricity market by adding new options for imports. Terna is currently rolling out a new subsea power link to the Balkan country of

Montenegro, which has significant hydroelectric resources. It is also looking at the potential for building a cable to North Africa, between Sicily and Tunisia, which could import renewable energy from the Sahara into Europe. “North Africa could have very efficient wind and solar energy production,” del Fante says. “We have strong support from the Italian Government and from international institutions for this project. It is a very important link from a geopolitical viewpoint.” Not only is Terna in the ideal geographical location for building this energy bridge to Africa, but it also has the credentials in innovation that will be needed; between Sardinia and the Italian mainland it already operates the world’s longest and deepest subsea electric cable.

Italian electricity companies are now increasingly deploying their expertise in global markets. In May, Terna and Enel signed an



Terna manages over 63,500 km of voltage lines. agreement to look together for opportunities overseas, so that they can jointly export Italian know-how in technologies such as smart grids and storage. “The agreement will help us develop additional power grids in countries outside Italy with a shortage of infrastructure, especially in developing countries,” Starace says.

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Finmeccanica: inspired to create a better world





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Independent Feature

MADE IN ITALY REACHES NEW MARKETS

The growth of the middle classes in emerging markets is fuelling new demand for products in industries from food to fashion that are all Made in Italy – the ultimate badge of tradition, quality and innovation.

“In whichever market we set up focus groups, it is amazing to see how many positive attributes are associated with Made in Italy,” says Riccardo Monti, President of the ICE, the Italian Trade Agency (ITA). “When we went to Vietnam, people automatically linked products that are Made in Italy with characteristics such as elegance, style, and reliability. For an Italian, it is an extremely emotional experience to witness the strength of our country brand.”

“The Expo is a fantastic place for Italian companies to show their capabilities to the world.”

**Antonio Baravalle
CEO, Lavazza**

“From 2015 to 2030, some 800 million people will join the middle classes and become new consumers,” Deputy Minister Carlo Calenda says, citing research from Goldman Sachs. “That means that the market for products that are Made in Italy will more or less double. This represents an enormous opportunity for Italian companies.”

Investments in innovation are key to building on the global strength and appeal of the Made in Italy label. In May this year, premium coffee producer Lavazza made it possible for Samantha Cristoforetti, the first Italian woman astronaut, to brew the very first espresso in space. Lavazza designed a special

capsule espresso machine for the International Space Station that is able to operate in zero gravity; the invention sends a very clear message about the company’s commitment to continued research and development.

“Innovation is crucial to strengthening our capability to be a premium product in the market,” Lavazza’s Chief Executive Officer Antonio Baravalle says. “We have doubled our investments in innovation in the last two years, and last year we doubled the number of patent applications that we filed.

Innovation is a key part of our growth strategy and is one of our core values; we invented coffee blending more than a hundred years ago. Furthermore, we were the first company to use vacuum packaging for coffee.”

In keeping with the theme of Expo 2015, sustainability is another major strategic driver for Lavazza. Back on planet Earth, the company has developed a compostable coffee capsule; after using the capsule to make an espresso, consumers can dispose of it with the rest of their domestic organic waste. It is then recycled for compost thus massively reducing the number of coffee pods sent to landfill. The biodegradable product is made from plastic produced out of thistles and is the result of a 5-year research project. Lavazza is also working on a project that is researching ways to re-utilize used coffee grounds both in agriculture and industry.

As the Italian food and drink industry becomes increasingly globalized,

these investments in environmental innovation are ensuring that Italy is seen as a recognised leader in food sustainability, supporting the premium value of Made in Italy around the world. In the coming years, Lavazza expects revenue from international markets will rise to 70%, up from the current 50%, with the Italian market share falling to 30%. Reflecting its strategic focus on increasing exports, in its 120th anniversary year Lavazza is the official coffee provider for the Italy Pavilion at Expo 2015, where it is showcasing its latest developments and its premium

product pipeline. “It is the perfect place to talk about our capabilities of meeting consumer needs worldwide through innovative and differentiated products,” Baravalle explains.

Lavazza has also worked with Italy’s other leading coffee maker, Illy, to fund the DNA sequencing of the genome for Arabica coffee. Baravalle believes the two companies share a common interest in strengthening the brand of Italian espresso worldwide and in finding ways to help coffee farmers improve their quality and productivity.

“Most of the innovations that have allowed the coffee industry to grow in the last century are Italian,” says Andrea Illy, Chairman and CEO of illycaffè. “Although Italy is only a small part of the global coffee market, the



quality of our products means that they are sold all over the world.”

Like most companies in the Italian consumer goods industries, both Lavazza and Illy are family-owned businesses; Lavazza has been owned by the same family for four generations. Baravalle says that this ownership structure can be a source of competitive advantage, by making decision-making procedures simpler and faster than at multinationals with fragmented shareholder bases and complex governance structures.

Giovanni Ferrero, the Chief Executive Officer of Ferrero, the world’s third largest chocolate manufacturer, says that Italian family companies are less focused on short-term earnings than their listed rivals. “We have a long-term view on how to generate value through innovation,” he says. “Other companies cannot financially commit to that vision because they are focused on quarterly reports.”

As its global growth continues, Ferrero expects to sell more than 40% of its iconic spread Nutella

“Italy is known as a country of inventors and of creativity, our products have an image of quality and prestige.”

Paolo Vitelli, Chairman, Azimut Benetti Group

outside of Europe by 2025. As well as increasing sales in emerging markets, Ferrero and other Italian food and drink companies are stepping up their presence in the US, Italy’s largest export market.



“Globalisation is giving Italian companies unbelievable new opportunities in India, China and the Far East.”

**Luca Cordero di Montezemolo
Chairman, Alitalia**

“In many cultures, Italian food is synonymous with a standard of excellence.”

**Giovanni Ferrero
CEO, Ferrero Group**

“We have an incredible opportunity to grow in our product range and in geographical areas.”

**Diego Della Valle
Chairman, Tod’s**

“The challenge and the opportunity lies in our ability to combine the digital revolution with our physical presence.”

**Francesco Caio
CEO, Poste Italiane**

BRAND STRENGTH DRIVES CAR DEMAND

At the Expo and beyond, Italy’s largest listed companies are building on the international power and cachet that comes with being Made in Italy. “Our Italian brands convey a sense of craftsmanship and prestige that only a car Made in Italy can deliver,” says Alfredo Altavilla, Chief Operating Officer for EMEA at Fiat Chrysler Automobiles (FCA). FCA, the world’s seventh largest carmaker, was formed in 2014 following Fiat’s acquisition of Chrysler and

the subsequent establishment of a new holding company.

In its portfolio, FCA holds a range of car brands from both Italy and the US; its Italian brands include Fiat, Ferrari (pending an Initial Public Offering later this year), Maserati and Alfa Romeo. Altavilla says that the Made in Italy status is increasingly important to the growth of the premium Italian brands, especially in emerging markets. “China is the largest market for Maserati today and it is also one of the countries where being Made in Italy is a key selling feature for cars,” he says. “We

have rebuilt the Maserati brand in the last few years and it is now one of the top luxury brands in the world.”

In June, FCA used the international platform and global exposure of Expo 2015 to relaunch its legendary Alfa Romeo brand for the luxury market. At Expo, the company unveiled the first of eight new Alfa Romeo models planned for the coming years, the Giulia sedan. FCA has handpicked hundreds of its best engineers from across the conglomerate to work on the Alfa Romeo relaunch, and assigned two senior managers from Ferrari to supervise research and development. By 2018, FCA aims to be selling 400,000 Alfa Romeos per year, up from 74,000 in 2013. All the cars will be produced at the Alfa Romeo factory at Cassino, near Rome, and will bring new competition to the German manufacturers that have dominated this segment in recent years.

“From the beginning we have been crystal clear that Alfa Romeo is an Italian brand, so all Alfa Romeos will be designed, engineered and manufactured in Italy,” Altavilla says. “We are incredibly proud that we have the skills and resources in Italy to rebuild the Italian brand into a global player.”

FCA is also increasingly leveraging the expertise of its Italian manufacturing plants as an export platform for car models from a



FCA is the sustainable mobility partner for the Expo.

number of its brands. By 2018, the company expects 80% of production from its Italian factories, including the Cassino plant for Alfa Romeo and the Grugliasco factory near Turin for Maserati, will go to the export market. FCA has embarked on a programme of major investments to modernize its Italian manufacturing plants and

“We believe that innovation is at the heart of our success.”

Alfredo Altavilla, Chief Operating Officer EMEA, FCA

adapt them to its new mission. It has invested more than €1 billion and added 1,500 new jobs in upgrading its factory at Melfi in southern Italy, which now makes the new Fiat 500X and Jeep Renegade models and exports these latest productions from Italy’s auto manufacturing industry to over 100 countries worldwide. At Melfi, workers can easily adapt the vehicles to the consumer demands and regulatory requirements of each different market, ensuring that every car rolls off the production line ready for export to its country of destination.

GEARED TO GLOBAL GROWTH

The increasingly global reach of Made in Italy products is having a significant impact on the country's trade figures. Italian exports to countries outside the European Union were up over 13% in March, more than double the rate of growth for exports to EU member states. As well as increasing trade with emerging markets such as India and the Middle East, where exports rose by over 20%, demand from the US is also contributing to the surge. In

“The internationalization of Italian companies is being driven by their investments in innovation.”

Riccardo Monti, President, ITA

the first quarter of this year, export revenues from the US increased by nearly 40%.

“Last year Italy had a trade surplus of \$25 billion with the USA,” Riccardo Monti, President of the ITA says. “It’s a priority market for us and that is reflected in the funds and resources we have allocated to it. This year, our investment is tenfold compared with the previous year.”

While the depreciation of the euro against the dollar has clearly helped the growth in exports to the US, there are also long-term trends at work in the market that are changing buying patterns and supporting Italian products, especially in the food and



ITA President Monti delivering the Leonardo Prize with the President of the Italian Republic.

drink sector. Antonio Baravalle at Lavazza says that changes in US coffee-drinking habits are benefiting Italian producers. Whereas currently the US accounts for between 3 to 4% of the global espresso market, Baravalle expects that over the course of the next decade this will rise to 10 to 15%. “There is now a cappuccino generation in the US who have grown up with espresso-based beverages,” he says. “We are seeing growth both from the expansion of the food service market in the US and also because of the phenomenon of single serve machines in the home.” In 2014, Lavazza recorded a rise in revenues from the US of more than 27%.

The increasing sales of the Italian food and drink industry in the US are being replicated around the world, as consumers turn to more sophisticated eating habits. “Italy is not the world’s largest producer or exporter of food in terms of volume, but it is the world leader in terms of the quality and diversity of its food,” Monti says. “We have by far the largest number of products which are protected by denomination of origin,

and we have the world’s highest technology food processing and packaging industries. The global market is becoming more sophisticated, and is beginning to understand why Italian food costs more and to appreciate the value of Italian food.”

These secular shifts in global consumption are not only benefitting Italy’s food and drinks exporters. Diego Della Valle, Chairman of luxury shoe and leather goods manufacturer Tod’s, says that being made in Italy is crucial to the success of the company’s products in international markets such as Asia. “Being Made in Italy shows consumers that our products reflect Italian quality and, just as importantly, the Italian lifestyle,” Della Valle says. China currently contributes over 20% of the group’s revenues. “When Chinese



THE EXTRAORDINARY
ITALIAN TASTE

The Made In Italy seal of authenticity.

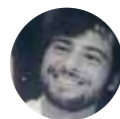
people buy a Tod’s product, they want to buy the best quality possible and a product which clearly has Italian style and elegance.”

Monti forecasts that Italy will comfortably meet its target of exceeding exports of €500 billion this year for the first time. The Government and Italian industry are also very excited by the prospects for the proposed Transatlantic Trade and Investment Partnership (TTIP) between the US and the EU. As well as opening up the US market further to Italian products, the TTIP will give stronger protection to traditional Italian products such as Parma ham and Parmigiano cheese from counterfeit products boasting the Made in Italy label without being produced anywhere near the country. “Within Europe we expect that Italy will be the country to benefit the most from the TTIP with the US,” Monti says. “We expect to see huge benefits in our textile, food and luxury goods sectors.”

“When the US concludes the TTIP with Europe as well as the Trans-Pacific Partnership, and the EU completes its free trade agreements in Asia, there will be a de facto free trade area representing 63% of world trade,” Deputy Minister for Economic Development Carlo Calenda says. “There is going to be a whole chain of free trade agreements linking fast growing markets to Italy. This will provide new opportunities for Italian companies of all sizes and all sectors to internationalize their sales and increase their exports.”

Q&A MR. ANDREA NAPOLETANO Chief Economic Adviser of Deputy Minister Calenda and Director of FDI Department

Q: What is the Renzi Administration doing to make it easier for foreign companies to invest in Italy?



A: The Government’s objective is to make Italy a more attractive economy to invest in. It has approved a series of actions to increase the overall attractiveness of the country, in areas such as labour legislation, tax, oil and gas resources, real estate, and disputes with foreign

investors. The Government has identified 50 measures that can enhance Italy’s competitiveness and attract foreign capital. Of those measures, 65% have already been approved.

Q: What are Italy’s main competitive advantages for foreign investors?

A: Italy has many competitive advantages for investors in a wide range of industries. First and fore-

most, it is the second largest manufacturer in Europe and the seventh in the world. Italy also represents a strategic gateway to 500 million consumers across the European Union and to 270 million in North Africa and the Middle East. Furthermore, investing in Italy means having access to a unique know-how in sectors such as machinery, automation, fashion, design, and food. Our workforce is skilled and cost com-

petitive. Finally, the ‘Made in Italy’ factor makes every brand unique and attractive.

Q: What impact have foreign investors had on Italian businesses?

A: Foreign capital has helped to change the productive structure of Italian firms, which can be too small to compete in global markets. When foreign firms do take the reins, Italian companies usually increase their sales and become more productive.

Independent Feature

DOING BUSINESS IN ITALY: Investment guide unlocks opportunities

As well as carrying out legislative reforms in a number of sectors, Italy has changed the governance of how it attracts foreign investment. The Government wants to improve coordination between the central and regional levels of the public administration and to provide foreign investors with one single contact, the ICE-Agency (the Italian Trade Agency – ITA).

As part of these welcome changes, the ITA has set up a new Foreign Investment Department, which acts as a one-stop shop that provides foreign investors with complete, free and confidential assistance

“Our Government is committed to making Italy the ideal destination for investors, entrepreneurs and foreign companies”

Carlo Calenda, Deputy Minister for Economic Development

with each and every phase of their investment project. The ITA is also working closely with authorities in the Italian regions and in the diplomatic service to promote investment opportunities in Italy worldwide.



GE’s centre of excellence in Brindisi.

To fulfil its mission, earlier this year the ITA published a fully comprehensive guide in English that aims to help potential foreign investors understand how to do business in Italy and take advantage of these opportunities. As the guide explains, the Government has significantly streamlined and simplified the procedures required to start and operate a business in Italy. In particular, it has reduced both the minimum capital requirement and the paid-in minimum capital requirement and it has made registration procedures more straightforward.

The Government has also carried out a major overhaul of Italian labour regulations, removing obstacles to hiring employees and creating incentives for employers. The Jobs Act approved by the

Renzi Government in December 2014 introduced a new form of permanent employment contract, reshaped temporary contracts, established new rules on dismissals and redesigned unemployment benefits. Furthermore, the 2015 Stability Act provides for a three-year cut in employers’ social contributions (up to €8,060 a year per employee), and removes the costs of a local tax surcharge for newly hired permanent workers.

The Government has made several changes to tax laws that affect foreign companies and it has introduced a new tax credit for R&D. For the tax years ranging from 2015 to 2019, companies resident in Italy will be able to benefit from a tax credit of up to 25% on qualifying R&D expenditure, or up to 50% for projects with universities and research centres, up to a total of €5 million per year.

Meanwhile, a new Development Contract provides grants and/or soft loans for investments in manufacturing, food processing, tourism and certain environmental and energy projects. The scale of these financial incentives depends on the size of the

company and the location of its project; in the southern regions, large companies are eligible to receive a maximum amount of 25% of the total investment, while medium enterprises can receive up to 35% and small companies up to 45%. The investment projects must total more than €20 million, or at least €7.5 million in the food processing sector.

To encourage R&D, the Government has also introduced a so-called Patent Box regime, which reduces the taxation of revenues derived from licensing intellectual property that has been developed in Italy. The Patent Box will play an important part in improving the returns on R&D investment in the country, and will consequently help attract foreign investors looking to tap into Italy’s expertise in commercial and industrial innovation.



Investment Guide 2015.

10 REASONS TO INVEST IN ITALY

- ▶ ONE OF THE WORLD’S LEADING ECONOMIES** With a GDP of more than \$2.1 trillion, Italy is the 3rd largest economy in the eurozone and the 8th in the world.
- ▶ STRATEGIC LOGISTIC HUB** Italy is a strategic gateway to 500 million consumers across the EU and to 270 million in northern Africa and the Middle East. It is the main thoroughfare linking southern Europe to central and eastern Europe.
- ▶ KEY WORLD PLAYER IN MANUFACTURING AND TRADE** For over 30 years, Italy has been the 2nd largest manufacturing economy in Europe.
- ▶ GLOBAL COMPETITIVENESS IN MACHINERY AND ‘MADE IN ITALY’ SECTORS** Investing in Italy means having access to unique know-how in leading sectors, such as machinery, automation, fashion, design, and food.
- ▶ COMPETITIVE & SKILLED WORKFORCE** Italian hourly labour costs are below the Eurozone average.
- ▶ EXCELLENCE IN R&D & INNOVATION** Research and innovation are widely integrated into industrial processes, with a long tradition of excellence.
- ▶ UNPARALLELED QUALITY OF LIFE AND CULTURAL OFFER** Italy’s heritage, culture, art, music and food inspire passion and interest all over the world.
- ▶ TAX MEASURES AND INCENTIVES TO IMPROVE COMPETITIVENESS** Tax credit schemes are helping companies improve their competitiveness and invest in R&D.
- ▶ ON GOING REFORMS: PRO-BUSINESS AND PRO-GROWTH** A fast and comprehensive reform strategy is building a more friendly business climate and simplifying bureaucracy.
- ▶ OPEN TO FOREIGN INVESTMENT: RIGHT PLACE, RIGHT TIME** In 2014, Italy had the highest growth rate among European countries for inward greenfield FDI projects.

Independent Feature

LEADING THE WAY BY RAIL AND ROAD

One of the undisputable highlights of Expo 2015 has been the birth of a new Italian icon, a symbol of Italy's excellence in industrial design and engineering; the Frecciarossa 1000, the fastest, best looking train in Europe.

Manufactured locally in Italy by Bombardier in partnership with former Finmeccanica subsidiary AnsaldoBreda, the Frecciarossa 1000 is set to revolutionize high-speed travel in Italy and beyond. It has given a tangible boost to the morale and self-confidence of Italian businesses and consumers alike; with a top commercial speed of up to 360 km/h, the Frecciarossa 1000, the gleaming vehicle whose name translates as Red Arrow, is the fastest and most advanced train on the continent of Europe. During test runs the train has reached speeds in excess of 400 km/h.

“Our trains can take you from the Expo to the most beautiful cities in Italy in just two or three hours.”

Michele Mario Elia
CEO, Ferrovie dello Stato Italiane

“We have the best technology in the world for high speed trains,” says Michele Mario Elia, the Chief Executive Officer of Italian railways company Ferrovie dello Stato Italiane, which is taking delivery of fifty Frecciarossa 1000 trains at a cost of 1.6 billion euros. “The Frecciarossa 1000 is going to change the way in which Italians move across the country. It will significantly reduce the travel times between all cities serviced by the high speed rail network, boosting the competitiveness of the train versus planes, buses and cars.”

The train's elegant and aerodynamic design, in keeping with the best traditions of Italian workmanship, is seen as a game changer for the European railway industry.



The Frecciarossa 1000 is now Europe's fastest train.

As well as the train's excellent technical performances in areas such as acceleration, adherence, braking and safety, Ferrovie dello Stato will also ensure the highest levels of passenger comfort, with large, ergonomic seats, wide corridors, individual LED lighting and spacious, soundproofed carriages that eliminate almost all vibration.

The first route of the Frecciarossa 1000 is the Milan-Rome journey, running eight times a day from Italy's business centre and the home of Expo 2015, to the political capital and back. The train can carry over 450 passengers, and it is making the journey in just two hours and twenty minutes, down from nearly three hours before.

For those passengers on other routes, Ferrovie dello Stato has been careful to add significant amounts of new capacity for the Expo, including extra trains from France and Switzerland. The railway company is an official partner of the Expo and it is playing a major part in getting millions of visitors in and out of the Expo site on time and in comfort.

The company is also investing in improving services and buying new regional trains for routes in other areas of the country. In total, the company is investing 24 billion euros in delivering Italy with the latest designs of rolling stock and

with new rail infrastructure. For its part, flag carrier Alitalia is adding international flight capacity from Italy to high growth markets and global hubs, including a daily route from Milan to Abu Dhabi and direct flights from Rome to Seoul and Beijing. “The opening of new flight routes to China and Abu Dhabi is going to be crucial for the economy and for tourists,” the Chairman of Alitalia, Luca Cordero di Montezemolo, says.

On its national road network, Italy is also a global pioneer in the deployment of telematics for cars. Ever increasing numbers of Italian drivers are installing telematics devices in their cars, a so-called black box, that measure how much they drive and how well they drive. The black boxes then send this information back to the

“Telematics represents the future of the insurance business, and Italy is in the lead.”

Philippe Donnet
CEO, Generali Italia

insurance company. By using Big Data technology to analyse this information, insurers can better assess the car insurance risk of each individual and can lower the cost of the insurance premiums paid by the driver accordingly. It's a technology

that has been slow to catch on in much of Europe, but one in which Italian insurance giant Generali has taken the lead. “Italy is the most advanced country in Europe for telematics,” says Philippe Donnet, Chief Executive Officer of the Italian operations of insurance giant Generali, the insurance partner for the Expo. “It is changing the way we carry out insurance.”

Generali currently has around 600,000 customers with a black box in their car. Donnet expects this number to rise to around one million by the end of the year as drivers catch on to the savings they can make. Premiums for car insurance in Italy tend to be higher than elsewhere, so the savings can be significant for drivers willing to install a black box.

It is not only financial factors that are giving Italy its edge in telematics. The use of the black boxes also enables insurers such as Generali to give drivers advice on their performance and help prevent accidents. In the event of an accident, the black box can communicate with emergency services in real time. Information direct from the device also makes the subsequent claims management process more straightforward.

Generali is now planning to expand telematics-based insurance to other sectors of the insurance industry, including home insurance and even medical insurance, providing insurance products that are based on a person's behaviour and that reward healthy lifestyles. Generali is also exporting its telematics know-how outside of Italy and into other European markets.

“We are taking the telematics expertise that we have developed in Generali in Italy in motor insurance and are leveraging it in other areas,” Donnet says. “Many other countries in Europe will soon be able to benefit from Italy's know-how in telematics.”



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A CULTURE OF LEARNING

The cities of Italy have been recognised centres of learning and science for nearly one thousand years; the oldest university in the world still in operation is the University of Bologna in the north of the country. Now, Italy's academic institutions and research centres are adding a new class of student, as international business executives

“We offer Italian expertise in specific sectors to international managers from around the world.”

Prof. Massimo Bergami
Dean of Bologna Business School

come from afar to learn from the country's age-old expertise in arts such as fashion, food and design.

“What we are doing today is teaching Italian excellence. We have a long tradition of people coming

from around the world to study in Bologna”, says Professor Massimo Bergami, Dean of the Bologna Business School, which the University of Bologna opened in 2000.

Bologna Business School runs a number of programmes in English, with over 90% of its students coming from abroad in some courses. After completing their course, they tend to find employment within six months, often with Italian companies in Italy or in their home countries, in sectors such as luxury goods, food and wine and mechanical technology. One of the strategic aims of the innovative business school is to support the international growth of small and medium-sized Italian companies by providing a pool of managerial talent from abroad, managers who understand the specifics of the Italian business culture. “It is important for us to contribute to



Italy is home to the world's oldest university.

the global development of Italian companies,” Bergami says.

At the same time, the business school is also exporting Italian know-how in the sectors where the country is a world leader. “This is the main competitive advantage of the Bologna Business School,” Bergami says. “Our international students can learn how Italian companies operate, how they develop their offer and about the company's passion for their products. They also learn about the Italian culture of excellence, which goes back for centuries.”

Some of the most popular courses at Bologna Business School give international students a unique level of exposure to Italy's leading industries, such as the MBA in Design, Fashion and Luxury Goods and the unique MBA in Food and Wine. “Students doing the MBA in Food and Wine often end up managing Italian food businesses abroad, helping to grow the Italian agri-food industry and bringing Italian excellence in food and wine

to new markets,” Bergami explains. At Expo 2015, Italy is showing the world that it is writing a new chapter in its age-old story of creativity and craftsmanship. A reformist Government is purging the country of the bureaucracy and vested interests that had stifled the spirit of innovation and invention in recent years. Spurred on by these reforms, Italian businesses are investing enthusiastically in research, development and design, winning new customers around the world for products that have no equal for quality and attention to detail. “For too long Italy has been like Sleeping Beauty in the woods, as if the best was already behind us,” Prime Minister Renzi told the students of Georgetown University in April. “We are here to wake her up, to show her the way to the future. There is no going back on our reforms. For twenty years we were too scared to see the opportunities of globalization, but the world needs Italy and now Italy is back!”

COVER IMAGE

Leaders of The Italian Innovation Renaissance

Carlo Calenda, Deputy Minister for Economic Development • Marco Tronchetti Provera, Chairman, Pirelli • Mauro Moretti, CEO, Finmeccanica • Riccardo Monti, President, IFA • Francesco Starace, CEO, Enel • Matteo Del Fante, CEO, Terna • Alberto Bombassei, Chairman, Brembo • Sandro De Poli, Chairman, G.E. • Paolo Vitelli, Chairman, Azimut Benetton Group • Vincenzo Petrone, Chairman, Fincantieri • Carlo Pesenti, CEO, Italcementi Group • Federico Ghizzoni, CEO, UniCredit • Carlo Messina, CEO, Intesa Sanpaolo • Federico Marchetti, CEO, Yoox Group • Diego Della Valle, President, Tod's • Antonio Baravalle, CEO, Lavazza • Giovanni Ferrero, CEO, Ferrero Group • Prof. Massimo Bergami, Dean, Bologna Business School • Marco Patuano, CEO, Telecom Italia • Francesco Caio, CEO, Poste Italiane • Luca Cordero di Montezemolo, Chairman, Alitalia • Giuseppe Sala, CEO, Expo Milano 2015 • Roberto Maroni, President, Regione Lombardia • Giuliano Pisapia, Mayor of Milan • Andrea Illy, CEO, illycaffè • Michele Mario Elia, CEO, Ferrovie dello Stato • Philippe Donnet, CEO, Generali Italia • David Bevilacqua, V.P. of South Europe, Cisco Systems • Alfredo Altavilla, COO, FCA Group

Independent Feature

studios&comunicazione




Bologna Business School

Taking Italian Excellence Global

Our Global MBA

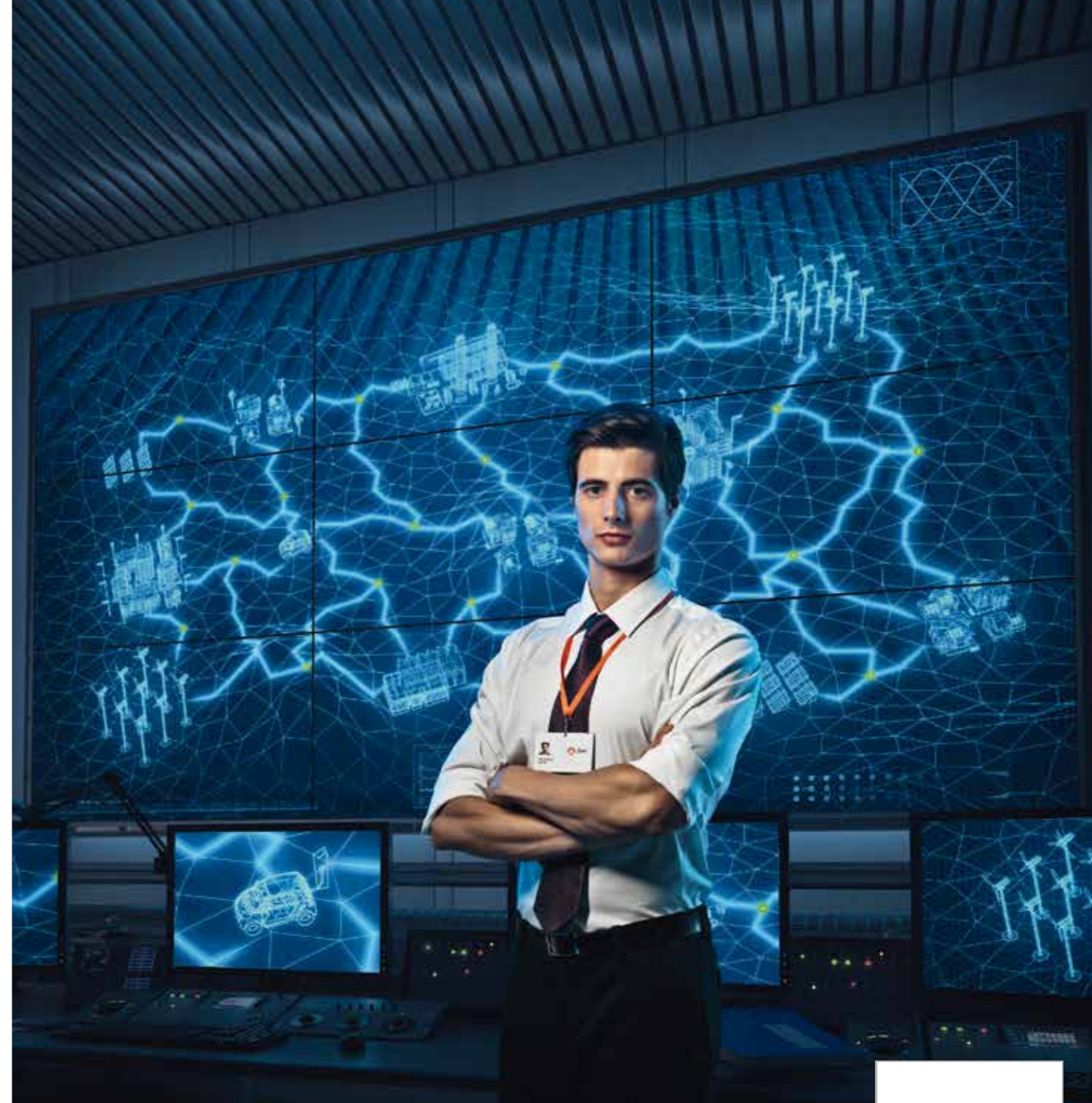
- Design, Fashion and Luxury Goods
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- Innovation Management
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