

A man with a shaved head, wearing a dark blue pinstriped suit jacket over a white button-down shirt, stands in a factory. The background is filled with industrial machinery, including blue metal frames and large mechanical components. The lighting is somewhat dim, with a blueish tint.

***Interview with:
Mr. Stefano Gallucci
SantexRimar Group CEO***

by Oliver Schmidt

“Our customers will have incredible benefits from the synergy of our brands with SMIT”

In November you restructured your business and implemented the transition to the Santex Rimar Group. New structures. Greater integration of the individual companies. A new CI conveying objectivity and clarity. Were these the reasons for implementing the transition or were any other factors involved?

Mr. Galluci: Santex Rimar Group has the ambition to become a landmark for customers and partners in textiles, technical textiles, nonwovens and weaving not only as a supplier of machines, but also as a partner to make their business more profitable and sustainable and to develop new processes and technologies to improve their markets. Santex Rimar Group is daily improving its processes and integration to give customers always the best solution with an outlook on global market and technology trends that only a group with our integration throughout the world can supply.

You state on your website that the individual companies have evolved into a group. How difficult was the integration process and how do the individual companies cooperate with each other today?

Mr. Galluci: Santex Rimar Group is today organized in divisions (Textile finishing, Technical textile, Nonwovens, Weaving and Greentech) and brands (Cavitec, Isotex, Santex, Smit, Sperotto Rimar, Solwa), we have concentrated services that have a strategic importance and are recognized as values by our customers.

For example our Mechatronics and Automation Competence Center is in our Swiss site, developing solutions for the whole Group. ITC are shared using common infrastructures and solutions, this allows to give customers of all the brands access to Service and Logistics info for whatever question they have, wherever they might be.

As a group, you offer a very large portfolio of companies, machinery and services. Last year, you extended this portfolio by investing in startups. Why such a broad spectrum, and what are the advantages for the group as a whole?

Mr. Galluci: SolWa has ready to market solutions now delivering globally through our companies and agents. The approach is welcome by the market. SolWa is now cross fertilizing all Santex Rimar Group with sustainability programs and ideas contributing to innovate our lines.

We have recently awarded another startup related to green technologies with a seed investment and are evaluating other external growth operations. Santex Rimar Group has a strong sustainability tradition, but we welcome ideas coming from fresh minds and we are open to receive more. Our shareholders are the promoters of a startup prize in Italy which has become the biggest prize in Europe for young entrepreneurs: I can easily say our Group is deeply devoted to innovation.

The ITMA in Milan in November was extremely well attended, and your stand attracted a large number of visitors. How would you sum up the event?

Mr. Galluci: The global boost in capital equipment investments seems to continue with new markets opening to renovate their facilities with state of the art technologies.

ITMA Exhibition in Milan was giving an important impulse to the textile machinery industry in general and in particular also for Santex Rimar Group. _

We were able to sell all machines exhibited and furthermore were able to close some substantial orders: 2016 will be definitely a strong year for us.

At 9th. November, shortly before ITMA, you announced that you have started the acquisition of SMIT Textile, one of the world leading manufacturer of looms and weaving machines. Is the takeover complete and what exactly have you taken over? Premises? Brands? Patents and designs? Staff? Please be so kind and tell us more about the details of the deal.

SMIT is now one of our team members and it will be a very strong one. Santex Rimar Group now owns all the rights on know-how, patents and designs. We have hired the same people as they are best of breed and well recognized by customers. Human factor is a key value in Santex Rimar Group.

We have not acquired the premises as we have built new ones, active and producing looms from end of spring 2016. The new premises are state of the art, very well organized using lean production principles.

It is always gratifying for the textile industry when a long-standing company like SMIT manages to survive and find an investor, in this case Santex Rimar Group, which stands for innovation and reliability and is capable of making a difference. What do you find interesting about SMIT and what makes you so sure that the manufacture of weaving machines and SMIT itself are right for your portfolio?

Mr. Galluci: SMIT fits in our vision of a single point of reference for our customers: Santex Rimar has now knowledge and potential to help the customer's strategy from the loom to the last finishing station, both in textile finishing and technical textile. SMIT is one of the acknowledged brands, with edge technology very close to customers' specific needs. Our customers will have incredible benefits from the synergy of our brands with SMIT: the integration of activities such as R&D, communication and partnerships with strategic key players are only some of them.

If we are to believe reports in the Italian media, SMIT has had major problems for a very long time. How do you intend to build on SMIT's previous successes and get the company back on track? What makes you think that SMIT has a future?

Mr. Galluci: SMIT presence at ITMA together with Santex Rimar Group was very important. Key customers have come to the show and we shared with them our plans. I have personally started visiting customers from Asia to USA and I shall visit more to let them know how serious we are on this. The reaction of the market to the come back of SMIT backed by a solid group has been very important for us. SMIT is and shall be one of the best weaving machines producers in the world.

In the weaving sector, the competitive situation is even more problematic than in the textile finishing sector; it has to be said that there are some very large, well-known competitors who have launched a significant number of developments in recent years, particularly in the field of technology. How do you intend to help SMIT catch up with these companies given their apparent technological edge?

Mr. Galluci: SMIT was so advanced in products development that its current technology is still better than the competitors'. This is what today customers tell us. Nevertheless we have launched new developments and new research projects to define a new product roadmap. Some of these have been launched together with customers, in the tradition of SMIT and Santex Rimar. We are engaging universities and research institutions to make basic research and are looking at new technologies to integrate the looms in Santex Rimar vision of the industry.

You were very keen to ensure that SMIT was able to showcase its capabilities at its own stand at the ITMA in Milan. How important was it to participate in the trade fair? Were you able to speak to many of SMIT's former customers, and how have they reacted to the takeover?

Mr. Galluci: SMIT presence at ITMA was key to meeting customers, just as it has been to restart the network of agents. Customers know now SMIT has restarted to produce looms and supply spare parts. The volume of orders received for looms and spare parts is impressive, probably also because the textile sector has restarted to invest.

Santex Rimar Group invests around 4% of its annual turnover in R&D, which is undoubtedly one of the keys to success. You have announced that you will also be investing in R&D for SMIT. Will this be to the detriment of the other companies?

Mr. Galluci: SMIT restart has been financed by the Santex Rimar Group, our holding company which is financially very sound and cash positive. We are very determined to make SMIT restart a success but really do not need to use any extraordinary tool as SMIT order backlog is so impressive that we only need to use standard finance.

Over time, SMIT has produced more than 40,000 gripper weaving machines, with many still in operation around the world. How important is the spare part business as a motivation for the acquisition?

Mr. Galluci: Spare parts are important because they show how SMIT is in close contact with customers. Grippers are fundamental, as several customers have custom made ones and several want original SMIT grippers because they last longer and have better results. This shows how SMIT successfully invested in materials research, again a perfect fit with SANTEX RIMAR GROUP.

And what's the situation with regard to machinery installation services? Is there a demand for new machines and, if so, would you be able to satisfy it?

Mr. Galluci: Since ITMA we have received the request of new looms and spare parts, as well as service on existing looms. Operations to manufacture looms have started and the first deliveries are due during the summer, we have already started to manufacture spare parts, especially grippers, and our technicians are traveling to assist customers Worldwide.

You are yourself an expert in corporate development; you studied information technology in Italy and the USA before going on to found numerous startups and make them successful; you've worked in a variety of industries; you joined Santex Rimar in 2008 and have been CEO of the group since August 2011. Startups generally have a unique position in a niche market as well as a technological edge. SMIT is more like the exact opposite. Is this a completely new challenge for you, or does it bear some relation to the work you've done in the past? What is it that appeals to you about this task?

Mr. Galluci: SMIT had a unique position, was technologically very advanced and had the leadership in several markets. My role is now to refocus the team of SMIT eventually complete it with new people and back it with all our Group sound and enthusiasm. We believe people are key to success and we are investing in SMIT people. My personal attitude in re-startups and technologies is only one of the ingredients we will use; people, teamwork, close collaboration with customers, research synergies, communication and a good product roadmap are part of our recipe to success.