

# Interview: Marco Ruini CFO & VP LatAm, BOMI Group, Italy

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23.06.2016

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*3PL player BOMI Group went public via an IPO in June 2015. VP & CFO Marco Ruini discusses the reasons behind this Italian family company's decision to go public, as well as its ambitious expansion strategy.*

## **How would you assess the success of the IPO that took place last year?**

This IPO has allowed us to achieve our strategic goals, and thus we are fully satisfied that it was the right decision. Of course, the timing was interesting to say the least, as BOMI went public on June 26<sup>th</sup> 2015; that very evening that Greek prime minister Alexis Tsipras announced the bailout referendum; as such we very quickly became familiar with the turbulence of financial markets and the fact that fluctuations often have little to do with real world performance and the services a business delivers from day to day. Going public has also added a lot of value to our company, as we now have a larger and more diverse board of directors who bring a lot of experience from different industries. The visibility we gained through the IPO is also a significant asset.

At present, we are equipped to sustain our 20 percent growth rate for the next few years, and our biggest concern is that we may be facing a "crisis of growth." • BOMI still has the mentality of a small family company, a mindset that we see mainly as an advantage, but keeping everyone in our organization aligned, engaged and focused as we continue to grow and become a multinational public company is certainly a challenge.

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## **Most of the capital raised in your 2015 IPO has yet to be spent; in broad terms, where and how do you plan to invest this capital?**

Today our business has a strong presence in Latin America and Europe, and for the most part we plan to target our investments to strengthen our position in market we are already in. We have already taken steps in this direction, with the acquisitions of Ritmo BV in the Netherlands and OSALA in Panama. If we look forward to 2020, we'd like to have roughly a third of our global turnover in Latin America, a third in Europe, and the remaining third in other growth markets, including the United States and Asia.

That said, we are looking at various new opportunities, including in Iran. The Iranian market represents a significant growth opportunity for many industries, however there are of course risks that we are very aware of; as such we are prudently assessing the opportunity at present, and will be waiting for further signals that the political situation has stabilized, or at least is not likely to deteriorate, before moving forward. This is perhaps an example of BOMI's new maturity; less pioneering and risk taking, and more deliberate and professional business analysis.

[Featured\_in]

The general plan behind the IPO was to establish a more substantial global footprint over two or three years. This didn't and doesn't exclude the possibility that we may take a second step into financial markets in the future; money is easy to raise, it is coming up with good ideas and following through with good execution that is the challenge. We are also fortunate, and honored to be a part of a stable and healthy market. Healthcare logistics is not about just moving boxes, and can't slow down due to market conditions; every shipment helps to support the health of a patient or human being, and all of our employees know that this could be a relative of theirs one day. We are both proud and honored to be trusted with such responsibility, and as such are fully committed to being a reliable partner, in the good times and the bad.

## **Leading up to the IPO, what were the strengths and weaknesses of the company that you wanted to leverage by going public?**

Last year we celebrated BOMI's 30<sup>th</sup> anniversary, and after thirty years of growth and operations, we still remain focused on the same two principles that my father and his associates founded this company upon. The first is to remain fully focused on our target industry, aiming to provide best-in-class logistics and value added services for that industry; from day one this industry has been medical devices and diagnostic reagents, although in recent years we have diversified towards pharmaceuticals somewhat. Second, for many years we have had the ambition to become an international company, and a part of that vision was to remain a small family company and all that entailed, while providing and building a multinational infrastructure.

In the past, the BOMI mentality was that we were unique, and since there were no other firms like us, there were no potential acquisition targets. However, in reality we came to realize that there is in fact a piece of what BOMI is within many logistics players we have come across, and that in some cases there is some infrastructure, skills and activity out there that BOMI is able to add value to through aggregation and coordination. We work in a fragmented market, but we had and have the conviction that we can create value by consolidating some small pieces, and fitting them into our larger strategy and organization.

This is one area where the IPO has brought us a lot of valuable experience. Finding a potential partner or target for acquisition is difficult, and in the end knowing that the fit is right is a bit like falling in love. Just like in our personal lives, when decisions are based on love and trust alone, sometimes they work out and sometimes they don't. The experienced voices that now sit on our board have

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helped BOMI management to keep our heads cool, and to know that it's important to take our time before rushing into a commitment.

**The healthcare logistics industry is fragmented, but dominated by some multinational giants. How are you finding ways to compete effectively against these larger multinationals? What is your competitive edge?**

First, I will state the obvious in saying that quality and compliance are essential factors for success in healthcare logistics. This is not a differentiator in Europe as much, but we work in some markets in Latin America and Asia where not all logistics providers are fully compliant to global quality standards. Second, our smaller size is in fact a competitive edge, as we are close to our clients, and provide a continuity in management that differentiates us from many larger companies working in logistics; we have people on our management team that have been with BOMI for 30 years, and this has encouraged the fidelity of our customers, some of whom have been with us just as long.

On a more strategic note, we believe our competitive edge lies in being what we call a 3DPL company; a devoted, dynamic, and distinctive third party logistics player. We are devoted to a single industry, and we add value by tailoring thousands of tiny details to fit exactly with the needs of life science and healthcare companies. Second, in a market that changes significantly from one day to the next, with evolving regulations and regular M&A activity, we strive to constantly adapt and change our operating model to support our clients as necessary; we don't seek to make money from our customers, but instead to create value with them. Finally, we are distinctive in everything we do, from our devotion to healthcare, to our dynamic support of our clients, and above all else our commitment to meeting the specific needs of our clients; we will always provide tailor made service and adapt as needed, and will never not meet a customer's needs to protect our P&L figures or due to standardization of our internal processes.

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Moreover, we strive to be distinctive our overall business model, our vertical service offerings, and capabilities. For example, we have made significant efforts to provide home delivery services, we well as add on services like consignment stock management, relabeling, and even acting as a virtual affiliate in some cases. These services go beyond logistics, as its much more about managing information, and communicating with the stakeholders involved. In fact, this focus on information and communication management is a key pillar in our growth and development strategy.

**You mentioned managing information; to jump from information to technology, technology is a big driver of the industries evolution. For BOMI how much of a differentiator have your proprietary platforms, GECOS and LIDIA, been?**

Our investment in our own propriety software platforms are the result of our focus on being devoted and distinctive. Developing our own platforms was absolutely necessary to ensure they were designed to fit the exact needs of our focus industry, and there are two core platforms; LIDIA is our warehouse management system, which is the platform that manages our core internal activities as a business, while GECOS is a real differentiator for us in the market. GECOS is our solution for managing consignment stock for surgical theaters, and seeks to fill a gap in the industry; it primarily deals with managing and relaying information, rather than organizing or executing logistics. GECOS, and other software of this type that we will be developing and implementing in the new future, help to push BOMI into new territory, beyond the doors of hospitals and patients homes, so that we are able to close the circle and bring more value to our clients and patients.

**The "made in Italy" brand has been a key topics in our discussion with Italian pharmaceutical manufactures; as a service provider, how would you say the reputation of**

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## **Italian quality has been a contributing factor for BOMI's success?**

Italy is very well known in areas such as fashion and food, and both of these benefit from Italy's strength in design more generally; this includes the automotive industry as well. Designing solutions is really a part of Italian culture, and there is a lot of design in what we do in logistics as well.

Thus, our Italian heritage has generally been a strength, and Italy's reputation for quality is a distinctive advantage. That said, Italian politics and media coverage have been a detracting factor over the last few years, as political scandals happening at home don't help you to do business abroad. However, the situation has improved recently, and Italy is economically and politically on a positive trend at the moment.

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