

Report Number - B281  
Report Name - European Medium and Large UPS Market  
Analysts - Colin O'Hanlon & Anne-Corinne Barbier  
Company Name - Riello Ellettronica

## **Award Category: Growth Strategy Leadership Award**

### **Award Description**

The Frost & Sullivan Award for Growth Strategy Leadership is given each year to the company that has demonstrated an exceptional growth strategy within their industry.

### **Research Methodology**

A recipient is chosen to receive the Growth Strategy Leadership Award based on specific criteria. Through primary and secondary research methods, all companies' market revenues are tracked and those exhibiting significant growth are noted for their strategy implementation. Revenues are then compared year to year to monitor growth patterns. When a company continues to show high growth rates, it is a candidate for the Frost & Sullivan Growth Strategy Leadership Award.

### **Measurement Criteria**

This award is given to the company that has bolstered their position in the market during the base year, and whose strategy will have a lasting impact on the market. The award criteria is based on the following:

- Ability to grow in a saturated or maturing market
- Strategic mergers, acquisitions, or joint ventures to penetrate new markets

### **Award Recipient: Riello Ellettronica**

The 2004 Frost & Sullivan Growth Strategy Leadership award for the European UPS market goes to Riello Elettronica with its four main brands: Riello UPS, Aros, Inovatec and Converex. Riello has demonstrated excellent rates of sales expansion at a time when the majority of the other major market players have suffered from stagnant or declining sales. This is an outstanding performance in a market that has reached its maturity stage and is the result of a well elaborated growth strategy.

The Riello Group features exceptional expansion in the maturing UPS market with double-digit revenue growth in Italy, Spain and France, and a predicted high revenue growth in Germany for 2004.

One of the principle reasons for Riello's success has been its strategy of targeting UPS sales opportunities in the 10 to 200 kVA power range. This is contrasted with the other major UPS market players, which have focused on sales of large UPS units during the 2000-2001 Internet and Telecom boom. While most manufacturers invested into manufacturing facilities dedicated to producing large units in order to feed the fast growing communications industry, Riello focused on the traditional end-user segments that had been somewhat neglected by their usual suppliers. As a result of targeting the right segment at the right time, Riello was not affected by the ensuing downturn in the same way as many of the other competitors and was able to win market share in an increasingly price focused market.

As for the coming two years, Riello is expected to benefit further from its strategic positioning. The medium-sized UPS segment is indeed expected to experience substantial growth, fuelled by demand from public and industrial applications that currently invest into more decentralised architectures.

Besides this strategic focus on the below 200kVA market segment, the Riello Group followed an impressive expansion strategy into Western Europe based on acquisitions.

Riello's expansion strategies followed two main routes. Firstly, it acquired the smaller UPS manufacturers Aros in 2000, Inovatec and Converex both in 2001, allowing it to increase its production capacity to meet growing demand. Secondly, it acquired distributors in foreign markets where it had not previously been present. More specifically, in 2000 it acquired Aros Vertriebs in Germany and Martek Power's UPS activities, in France. In 2002 it acquired the Spanish company Enerdata and in 2003 it continued its acquisition strategy with Advance Galatrek in the UK. As a result, it was able to massively expand its sales channels. This is reflected in the German and French markets where the Riello Group expects to increase its sales by 50% in 2004.

With the help of its aggressive growth strategy, Riello achieved outstanding penetration outside its domestic market. In the meantime, the group has consolidated its sales in Italy where it is now the number one supplier of above 10kVA UPS units. It has captured market share from the other major players and its Italian sales grew by around 10% in 2003. Overall Riello's UPS revenues demonstrated double-digit growth between 2002 and 2003. This contrasts with the total market, which expanded by just 2.5 percent, highlighting how quickly the company has been winning share.