

# GLOBAL SPECIALIST



**D**ANICA CORPORATION A/S IS AN INTERNATIONAL company with a solid global growth strategy. Headquartered in Denmark and operating in three regions (Europe, Central/North America and South America), the family-owned business has been active in Latin America for more than 40 years. Committed to the commercialization, project design, manufacturing, and construction of turnkey thermal insulation systems,

Danica, which has enjoyed a 43-percent annual growth rate during the last five years, leads the region in thermal insulating systems for a range of industrial sectors.

Steffen Nevermann, president of Danica North America, describes the company's specialty as the construction of thermoinsulated buildings characterized by advanced technology and systems geared to clients' needs. Specific products include clean rooms and thermal insulating panels for roofs, closing, and cold stores. Moreover, Danica offers customers optimal performance at competitive prices.

The company currently distributes units in Brazil, Chile, Peru, Argentina, Mexico, Denmark and Puerto Rico. It manufactures products in five divisions: industrial cold stores, supermarket and commercial cold stores, civil construction, clean rooms and marine and offshore.

But it's more than just a construction organization. According to Nevermann, Danica now specializes in starting up highly auto-

TO PARAPHRASE BOB DYLAN, DANICA CORPORATION KNOWS WHICH WAY THE WIND BLOWS. THE DENMARK-BASED ENTERPRISE ESTABLISHED ITSELF IN LATIN AMERICAN MARKETS BY PROVIDING ADVANCED TECHNOLOGICAL ALTERNATIVES TO THERMOINSULATION SOLUTIONS. NOW THE COMPANY IS LOOKING TOWARD EMERGING MARKET OPPORTUNITIES TO SOLIDIFY A GLOBAL LEADERSHIP POSITION. DAN HARVEY ASSESSES THE FORECAST, AND REVEALS THAT THE FUTURE LOOKS BRIGHT FOR THE AMBITIOUS ENTERPRISE.



mated and low-cost manufacturing plants in emerging markets. At the same time, it seeks opportunities in developed markets. “As an investment company with a global outlook, we look for places where our investments will yield the best returns,” he says.

#### **SOUTH AMERICA – AND THEN THE WORLD**

The company began making such investments in Latin America in 1998, starting with South America, specifically Brazil. “That year, we acquired a small construction business,” relates Nevermann. “Since then, we’ve invested heavily into that company, which evolved from one into 16, all involved in construction.”

After it became a construction-sector leader in Brazil, Danica expanded throughout South America, acquiring leadership positions in its new markets. “Now that we’ve established ourselves in South America, we’re looking to replicate our successful business model in North America and Asia,” reveals Nevermann.

Last year in North America, Danica opened a plant in Toluca, Mexico. In 2009, it will establish itself in Asia by opening a plant in China.

#### **THE MODULAR ALTERNATIVE**

To demonstrate the technological value that Danica provides, Nevermann turns to the pharmaceutical industry as an example. “We’ve been building plants for many major pharmaceutical com-



If you need it cool,  
that's how it's kept.



If you need it warm,  
that's how it's kept.

**DÂNICA. ALWAYS KEEPING THE IDEAL CLIMATE; EVEN IN THE PARTNERSHIP.**



**Congratulations to Dânica on its 35 years in Brazil**

A tribute from Alcoa to the thermo-isolation-systems leader in Latin America, now celebrating three decades and a half of success in our Country.

[www.alcoa.com.br](http://www.alcoa.com.br)



SUSTAINABILITY IS OUR NATURE



Pictured: Danica's modular systems have been particularly popular in the pharmaceutical industry.

panies," he says. "Traditionally, such plants were built with drywall, but we've been transitioning the market toward modular panels."

Danica champions the modular solution, which is particularly vital in the pharmaceutical arena. "There is a higher risk of contamination with drywall," explains Nevermann. "The modular solution is safer and cleaner, and we can sell it at the same price as drywall."

In most places in the world, a modular system would be substantially more expensive than drywall, he reveals. As such, many companies went with the cheaper material. "But with our strategy of setting up low-cost plants in emerging markets, we've been selling modular solutions at the same price as drywall," relates Nevermann. "We tell clients that they can buy the 'Volkswagen' or the 'Mercedes,' both at the same price. Obviously, they go with the 'Mercedes,' or the modular solution."

The strategy is paying off big time: When Danica entered the pharmaceutical market in Brazil in 2002, about 90 percent of plants were made from drywall. Today, 90 percent are modular, and 70 percent of that belongs to Danica. "In essence, we pushed a better product at a lower cost in an emerging market and, in the process, transformed the market demand with our technology," adds Nevermann.

The company is now taking that strategy into North America, starting at its Mexico operation. "At the time we entered that market, Abbott Laboratories, one of the biggest names in the pharmaceutical industry, was building a Mexican plant, constructing everything with drywall. When we gave them our proposal, they immediately halted production and went with our product. Since then, we've seen that again and again with the big pharmaceutical plants in Mexico."

The company is penetrating deeper into North America, apply-





**TECTEXIL**  
EMBALAGENS

**TECTEXIL**  
20 years  
100 percent Brazil

**We are very proud to have  
Dânica as a partner.**

Rua Capitão José Pinto Siqueira, 285 - Distrito Industrial Unileste - Piracicaba-SP - Brazil  
Phone/Fax: (55 19) 3424-1611 - [www.tectextil.com.br](http://www.tectextil.com.br)

The complex block features a white background with a blue header and footer. The central text is in bold blue and black. Below the text is a collage of images: a Brazilian flag, a close-up of a purple cylindrical object with the word "ORDEN" visible, and an industrial facility with large white storage tanks.

#### ALCOA

Alcoa is the world leader in the production and management of primary aluminum, fabricated aluminum and alumina combined, through its active and growing participation in all major aspects of the industry.

Alcoa ([www.alcoa.com](http://www.alcoa.com)) serves the aerospace, automotive, packaging, building and construction, commercial transportation and industrial markets, bringing design, engineering, production and other capabilities of Alcoa's businesses to customers.

In addition to aluminum products and components including flat-rolled products, hard alloy extrusions, and forgings, Alcoa also markets Alcoa® wheels, fastening systems, precision and investment castings, and building systems.

The company has 97,000 employees in 34 countries and was named one of the top most sustainable corporations in the world at the World Economic Forum in Davos, Switzerland.

ing the same strategy with the United States, beginning with Puerto Rico. “A lot of the medicine consumed by Americans is made there,” Nevermann points out.

**LOCAL PRODUCTION ADVANTAGE**

However, the same strategy doesn’t apply to all of its divisions. For instance, in its supermarket and cold stores division, Danica penetrated South America by offering customers products manufactured locally – all of its walls, ceilings, doors, or whatever a client might need. “We tell them that instead of buying their walls from someplace in South America and their doors from someplace in the United States, they should let us build for them everything they need in Brazil,” says Nevermann. “One of our biggest clients down there is Wal-Mart, and we can provide it with everything needed to construct one of its supercenters.”

Indeed, in the past four years, Danica has built 90 percent of all Wal-Mart investments in South America. The company’s objective now is to likewise serve Wal Mart as a preferred supplier in North America using the same value proposition.

“It’s our aim to become the preferred low-cost global supplier, and that goes back to our specialization in setting up highly automated, low-cost manufacturing plants in emerging markets – serving those markets but with an eye on opportunities in developed markets,” says Nevermann.

**SEIZING GLOBAL LEADERSHIP**

By targeting emerging markets, Danica is essentially securing its future. The company is looking down the road to 2035, when it is anticipated that the top five emerging markets will achieve the same size as current developed markets. Eventually, the emerging markets will overtake the developed markets. “That means that global leadership requires gaining top positions in current and future emerging global markets,” explains Nevermann. “If you don’t achieve such a position, you won’t be a global leader in the future. That’s the direction we’ve pointed ourselves toward.”

To gain leadership in current emerging markets, companies need to produce locally, as price is critical in construction – and everything Danica does relates to construction. “If you don’t produce locally, and at a competitive price, someone else will come in and take over the market,” warns Nevermann.

Fueling the growth in these emerging markets, he adds, is people rising up to the middle class. “As they move out of the poor end of the population, they start buying more meats and medicine. It has been demonstrated that that is what people do,” says Nevermann. “We’ve seen this kind of shift in China, Mexico, Brazil and Russia. Increased demand for food and medicine translates into increased growth for Danica, as the products our divisions produce are geared toward those areas.”

The key conclusion, he says, is that if the global macro-economic scheme significantly shifts in 2030 and 2040, the first wave of growth will involve the food and medicine sector. “So, we need to prepare today to capitalize on what will happen in the future.”

How correct is this projection? Nevermann says that Goldman Sachs, which made the macro-economic forecast, performed a similar projection, using the same methodology, in 1960 on how 2000 would look. That projection proved 91 percent correct. Subsequently, Goldman Sachs made another macro-economic model projection in 2000 to predict up to 2050, on a year-by-year basis. So far, they have been 96 percent correct. Thus, Danica has strong reasons to believe the projections, and to be optimistic about its future.



Pictured: One of Danica’s biggest retail clients is WalMart – the company has built 90 percent of all WalMarts in South America.