

# Foreign Direct Investment: From Italy, to Better Serve



Successful manufacturers go to great lengths to better serve their customers. Modula USA has gone nearly 4,000 miles—from Italy to Maine—to better serve its customers in North and South America.

An Italy-based manufacturer of vertical lift modules and horizontal carousels, Modula begins its manufacturing presence in the United States this month by opening a state-of-the-art refurbished plant in Lewiston, ME. Miguel Fabra, COO of Modula, says the company invested \$6 million in the facility, which was formerly owned by Diamond Phoenix, a material handling technology supplier and systems integrator. The plant now encompasses 102,000 square feet and employs more than 60 people, including 40 assemblers.

Automated punching and bending machines fabricate some metal parts, according to Fabra. Other parts are three dimensionally cut out of metal with lasers. As for welding, it is done by robots. Screws are installed manually. There is no need for pressing parts or using adhesives.

“With rising costs in Asia, we recognized back in 2009 a trend to source locally in both Europe and North America,” explains Fabra. “The decision (to acquire Diamond Phoenix) aligned us with the evolving needs of U.S. buyers who wanted the support and shorter lead times offered by providers with home-grown

manufacturing capabilities.”

Modula is a division of System Logistics, which is part of the privately owned SYSTEM Group in Fiorano (Modena, Italy). Established in 1970, SYSTEM Group develops innovative solutions for industrial automation in several industries worldwide, including ceramics, logistics and packaging. SYSTEM has an international presence with 34 branches in 25 countries, employing more than 1,400 people worldwide.

From 1987 to 2009, Modula’s main plant was in Fiorano, Italy, where the company manufactured modules and carousels. Since 2009, the company’s main plant is in Salvaterra di Casalgrande, located in the north-central region of Italy (Emilia Romagna region). That plant has practiced lean manufacturing since 2009, and it currently measures 92,000 square feet. However, Fabra says the plant is undergoing significant expansion and will encompass more than 200,000 square feet by the fall of 2016.

The automated modules and carousels made by Modula are used in picking and distribution operations. Fabra says the products help customers save floor space and increase productivity.

Lift modules rely on controlled motion to store trays vertically (up to four inches off the ceiling) and have payload capacities from 500 to 2,200 pounds. The carousels are made of durable structural steel and can be stacked double, triple and quad high without modification to the frame.

Fabra says that working out of Maine provides Modula with talented technicians and good infrastructure to serve customers throughout the United States, Canada and South America. In addition, having “boots on the ground” here lowers the equipment sales price, enabling customers to buy high-quality machines that yield the best productivity.

“One of the best parts of offshoring, for us, is closer proximity to customers,” concludes Fabra. “Tied into this is finding out the way local talent addresses issues and implementing their best practices throughout the rest of our company. Setting up shop here allows us to better tailor make the automated solution the client wants by bringing the factory to them.”