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FLSmidth CEO Sees Digital Push Due to Pandemic as Permanent (1)

By Morten Buttler

(Bloomberg) -- FLSmidth A/S's drive to sell digital products has received unexpected help after the coronavirus lockdown forced some customers to drop their skepticism.

Chief Executive Officer Thomas Schulz says the past few months have seen a "digital breakthrough," in an interview. The maker of mining equipment and cement plants had been struggling to get some customers to use its digital solutions for monitoring equipment for maintenance and improving production efficiency.

Now, mining industry clients who previously had been reluctant to share data with FLSmidth are now willing to do so, and signs are that the changes are permanent, the CEO said. As lockdowns cut access to mines and production sites, customers are demanding remote assistance from FLSmidth engineers to adjust output and predict maintenance.

The number of hours FLSmidth spends on digital troubleshooting for clients has doubled since February. After digital skeptics were forced to work through online platforms, software solutions have gotten "more accepted" Schulz said at the company's Copenhagen-based headquarters.

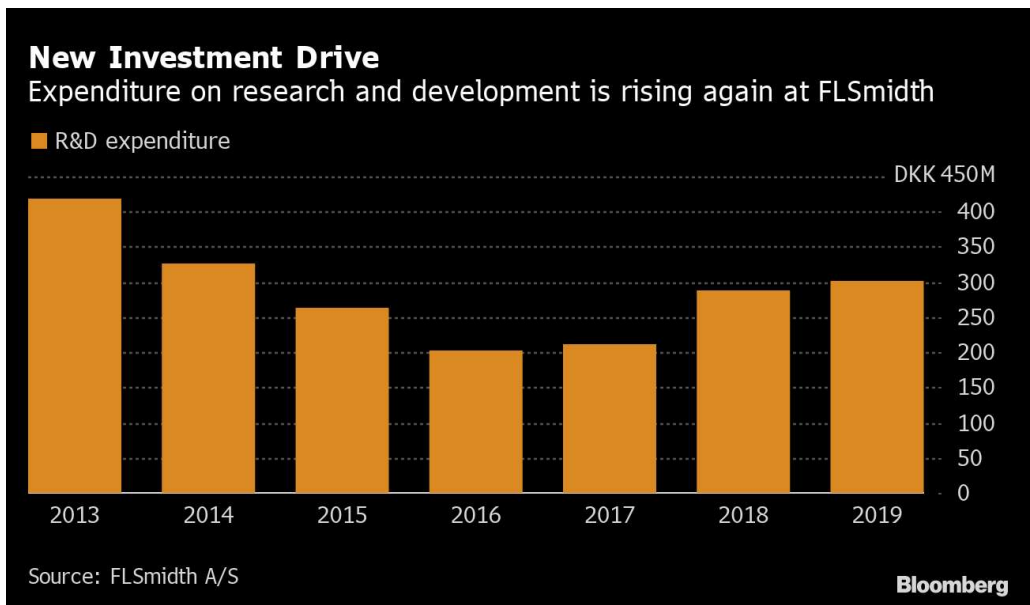
"The digital solutions we've been able to provide together with the customers have suggested a way forward that I think will outlast corona," the CEO said. "We'll see continuous growth of digitalization solutions from us in the industry in the near future."

Schulz has identified digitalization and sustainability as two key parts of the company's long-term growth strategy. In order to deliver results in both areas, Schulz says new technology will be more important than public subsidies. The company has again increased investments in research and development, which accounted for 1.5% of revenue last year.



Thomas Schulz

Source: FLSmidth A/S



FLSmidth earlier this year suspended its 2020 guidance but Schulz said he expects the market for mining and cement to grow as countries prioritize infrastructure investments in stimulus programs.

"Each crisis has a big negative element but the negative element is very often a short-time event," Schulz said. "But each crisis is an opportunity, you can do things faster, better, you get different views."

(Updates with background and chart on R&D investment)

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