Our business model provides the framework whereby we deliver value to customers and society and sustainably enhance corporate value through our business activities.

Key Industry Challenges
Changing market conditions and transformation in how Yokogawa does business

To help its customers respond to a changing business environment and address critical issues, Yokogawa is moving beyond the traditional role of automation supplier to become a trusted partner. Through co-innovation, an approach for the co-creation of value with customers, the Company will support the digitalization of their operations and continuously create value through the offering of comprehensive solutions that cover not only production processes but also entire businesses, including the supply chain.

Our customers must deal with an increasingly uncertain global economic outlook, keep up with rapid changes in their business environments and the latest innovations in digital technology, take part in initiatives that aim to realize sustainability on a global scale, and meet ever evolving requirements for the enhancement of productivity. Yokogawa must respond in kind by providing comprehensive solutions that add high value by enhancing safety and productivity, and by supporting environmentally responsible business activities.

Trends impacting our customers’ businesses

- Digital transformation
- Supply chain visualization and optimization
- Emphasis on highly profitable operations
- Societal, political, and economic change
- Sustainability and circular economy
- Changing workforce

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From automation supplier to trusted partner

Automation Supplier
- Product-oriented (products are the starting point)
- Clearly defined issues and needs
- Based on invitation to bid and request for quotation/proposal
- Focused on CAPEX
- Technology development for control applications
- Products and services centered on process control

Trusted Partner
- Customer-oriented (customer value is the starting point)
- Issues and needs not clearly defined
- No invitation to bid and no request for quotation/proposal
- Focused on TOTEX* (Total expenditure throughout the business lifecycle; this is the sum of capital expenditure (CAPEX) and operating expenses (OPEX))
- Co-creation of value with customers
- Comprehensive solutions/services for process optimization and business performance improvement

*Total expenditure throughout the business lifecycle; this is the sum of capital expenditure (CAPEX) and operating expenses (OPEX).
Value Proposition

In-depth business development and creation of new business opportunities made possible by digitalization

Yokogawa offers its customers a one-stop service covering the entire plant lifecycle and all levels of a company’s operations, from the executive suite to the plant floor. The Company’s expansive array of technologies and solutions are the product of long years of experience in the industrial automation and control business, and are critical assets for the Company’s future business. Through the digitalization of business processes, Yokogawa will endeavor to further develop its customers’ businesses and generate new opportunities based on existing business areas. Further, the Company will pursue digital transformation (DX) with the ultimate goal of helping its customers digitalize their management practices. Yokogawa will provide complete solutions that drive these changes.

Yokogawa will help create new value for its customers by visualizing issues wherever they may occur in their business processes (their entire value chain, including the supply chain) and implement optimizations that will assist them in their effort to achieve a speedy and flexible management process.
Value Creation (for both CAPEX and OPEX)
Achieving sustainable growth with a good balance of CAPEX and OPEX business

Yokogawa provides solutions over the entire lifecycle of plants that can remain in use for as long as 30 years or more, starting with the capital investments (CAPEX) that are made for the construction of new facilities and extending to operational expenditures (OPEX) for existing facilities in which the focus is on the identification and resolution of issues to improve productivity and the provision of maintenance services.

Our business is thus premised on taking a long-term perspective, and it is therefore crucial that we earn the trust of the personnel who are working at our customers’ facilities. Customer trust is the foundation on which Yokogawa will realize sustained growth as it targets and strives to achieve a balance between the CAPEX and OPEX businesses.

Yokogawa seeks to analyze all of its customers’ business activities to identify hidden issues, and then designs and implements optimum solutions that ensure safe and stable operations and sustain and improve performance. By combining cutting-edge information technology (IT) with the strengths in operational technology (OT) that the Company has cultivated over the years, we help to automate and optimize processes, manage risks, and improve efficiency throughout the value chain, including the supply chain.

Yokogawa’s acquisition of KBC Advanced Technologies, a company with sophisticated strategic consulting expertise, simulation technology, and domain knowledge, has strengthened our capabilities for the identification of issues. With an all-encompassing perspective that is unrivaled in the industry, Yokogawa has the ability to propose solutions that extend to every level of the organization, from the plant floor to the executive suite.

Based on the extensive knowledge and know-how of plant operations that Yokogawa has acquired through its long years in this business, the Company is able to integrate and visualize the vast amounts of data that are extracted from its customers’ plant facilities so that they can make the most effective use of it. The Company will also help them obtain cloud, IoT, AI, and other data analysis technologies needed to make the most effective use of their digital technology.
Business Model

Creating business opportunities and value for customers through digital transformation (DX)

The OPEX business is cumulative, providing solutions over the entire lifecycle of customers’ plant facilities. Through DX, Yokogawa generates new business opportunities that make use of its strengths, and provides comprehensive solutions for both OPEX and CAPEX requirements. Customers’ efforts toward DX and sustainability will open up new opportunities for Yokogawa to expand its business.

Yokogawa strengths that support sustainable growth

Expertise and know-how in a diverse range of industries

A broad range of industries
- Oil, petrochemicals, LNG, chemicals
- Pharmaceuticals and foods
- Bioeconomy (in early stages)

Resolve social issues

Sustainability goals for 2050 (“Three goals”)
- Net-zero Emissions
- Circular Economy
- Well-being

Large installed base
- Global business expansion Approx. 60 years
- Net sales ratio outside Japan Approx. 70%

Even geographical distribution unmatched by competitors

*FY2018

(default)