Yokogawa’s Growth Strategy

Industrial Automation and Control Business

Based on the ideals set forth in its Synaptic Business Automation concept, Yokogawa helps its customers respond to dramatic changes in their business environment and achieve the transformations needed to prevail in today’s highly competitive marketplace. To accomplish this, Yokogawa aims to work with its customers as a trusted partner.

To Be the Most Trusted Partner

Synaptic Business Automation

The Synaptic Business Automation concept is all about creating sustainable value for our customers by linking everything within their organizations. To accomplish this, Yokogawa makes use of both its business and domain knowledge and its digital automation technologies to engage in co-innovation with customers that will drive a transformation in their business processes.

Synaptic is a reference to the synapse, a structure in the nervous system that plays a role in the transfer of signals throughout the body. This indicates our determination to help our customers strengthen their competitiveness by linking everything within their organizations, from knowledge, data, and systems to entire supply chains.

Business Automation refers to a process that goes beyond simple industrial processes to include the automation of all an enterprise’s business processes, and it seeks through their comprehensive optimization to enhance our customers’ corporate value.

Value of Synaptic Business Automation

Based on the Synaptic Business Automation concept, Yokogawa engages with its customers to sustain the creation of value on their behalf. We work closely with them to identify issues that must be addressed to improve profitability, and co-create solutions and services based on the following three elements:

First, we aim for Resilient Operation, namely the achievement of robust operations in the presence of safety, security, and environmental risks that are a threat to business continuity. Second, we aim for optimized production to improve the reliability and productivity of manufacturing operations and thereby optimize both TOTEX* and profitability. And third, we aim for business innovation, which aims through the facilitation of connections with our customers to create further value both for them and their customers and business partners.

Through the co-creation of value, Yokogawa aims to be a trusted business partner that helps its customers improve profitability and sustain growth.

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

Profitable and Sustainable Growth

Comprehensive solutions, from business to operations

Based on the concept of Synaptic Business Automation, Yokogawa offers comprehensive solutions to its customers. From strategic management consulting services for improving customers’ overall management practices to a broad range of automation solutions extending from the executive suite to the plant floor, Yokogawa’s solutions are optimized for every phase of the plant lifecycle.

Yokogawa’s value proposition

Yokogawa’s most important value proposition is our commitment to maximizing customer satisfaction by seeing everything through to a successful completion and keeping our word. The following four points express what makes our delivery of value unique.

1. Long-term partnerships based on a shared vision
Yokogawa is always ready and willing to listen to its customers and propose optimal solutions to whatever issues they may face. We take a long-term perspective based on a shared vision for the future. That is our corporate culture.

2. Best-in-class operating performance & robust technology, from sensor to enterprise
From sensor to enterprise, Yokogawa provides best-in-class solutions that are based on its industrial domain knowledge and robust technology. With comprehensive solutions that ensure safe and stable operations, we help our customers sustain growth and generate profits.

3. Secure system integration based on a solid track record in project management
With a proven workforce of project engineers who have successfully carried out control system projects all over the world, Yokogawa is able to deliver integrated automation solutions of all sizes and complexity levels. Since delivering the first main automation contractor (MAC) project back in 2000, we have become a leading MAC and continue to develop innovative new engineering services.

4. Sustainable support through global reach and local delivery
With its global service network, Yokogawa is able to ensure the stable and reliable delivery of support services to its customers wherever they may be, covering the entire business lifecycle and encompassing the entire value chain. We have a trusted workforce of service engineers all over the world. These are just a few of the reasons why Yokogawa has been able to achieve sustained success over the past century.
Digital Enterprise Business Headquarters

Digital Enterprise Business Headquarters was launched in April 2019 to accelerate the pace of transformation in Yokogawa’s industrial automation and control business. By providing a total solution that optimizes its customers’ value chain and drives collaborative value creation, the new organization helps customers optimize their businesses and maintain growth. Yokogawa also supports its customers’ efforts in transforming their management processes by capitalizing on the domain knowledge, solution proposal capabilities, automation technologies, and cutting-edge digital technologies of Yokogawa and KBC.

Business outlook

Today, the business environment in which our customers operate is undergoing dramatic changes, including intensifying market competition, stakeholders’ expectations for an environmentally responsible management practice, new environmental and safety regulatory requirements, and labor shortages. To better adapt to the evolving business environment, customers are aggressively pursuing initiatives to digitize their management processes and are undertaking company-wide corporate reforms. To meet our customers’ latent needs such as these, we provide a total solution based on our Synaptic Business Automation concept. This approach allows us to organically connect people, systems, data, services, and supply chains, optimize operations, and help our customers realize digital transformation. By capitalizing on Yokogawa’s sophisticated technologies, solution proposal capabilities, automation technologies, and cutting-edge digital technologies cultivated over many years and by bringing together our knowledge of target industries to meet our customers’ needs, we will help expand Yokogawa’s solutions business and achieve the targets of TF2020 plan.

IA Systems and Service Business Headquarters

In the area of platform products supporting the control system, the IA Systems and Service Business Headquarters is focusing on initiatives aimed at enhancing the availability, efficiency, and utilization of the system as a whole to help our customers realize Synaptic Business Automation. New product releases include a server integration solution developed based on PC virtualization technology, a redundancy solution, and a compact field enclosure enabling the distribution of field instruments.

Business outlook

In fiscal year 2018, we had an increase in sales due to signs of bottoming out in the energy industry mainly in the oil and gas sectors, despite the impact of yen appreciation against emerging-market currencies. The expansion of high value-added businesses in the OPEX field is a key strategy identified in TF2020 plan. In this regard, the Japanese market release of our Digital Plant Operation Intelligence, a quality stabilization solution designed to enhance customers’ production quality, received overwhelming response. We are also undertaking unprecedented initiatives that lead directly to solutions of issues facing our customers, such as by starting to offer them Profit-driven Operation, a solution made possible by integrating KBC’s domain knowledge and Yokogawa’s control know-how through digital transformation (DX).

In fiscal year 2019, we can expect a further growth in orders as a result of the recovery in investment particularly among major oil companies and oil and gas producing countries. We will take advantage of this opportunity to not only win new facility construction projects (CAPEX) but also expand our high value-added operation and maintenance businesses for existing plants (OPEX). Meanwhile, tough price competition continues in the CAPEX business environment. We will strive to further enhance our profit levels by streamlining project execution. This will be achieved by means such as remote project execution, which is made possible through digital transformation (DX), and modularization, which is aimed at reusing engineering elements.
The IA Products and Service Business Headquarters is contributing to resolving social and environmental issues as well as challenges facing the industry by delivering products that support the foundation of digital transformation. We will further strengthen our organizational collaboration with related businesses, providing products that help address issues facing our customers and enhance their value, while seeking to further expand our business opportunities. In addition, we will endeavor to expand the portfolio of products that help resolve social issues such as SDGs, which are common global challenges.

**Business outlook**

While some products were impacted by the conditions of semiconductor markets in fiscal year 2018, orders and sales increased in the business as a whole due to a steady increase in orders for field instruments and analyzers, our core products, and a strong market for on-board battery components. By region, businesses related to core products grew overall, particularly in China.

In fiscal year 2019, we will continue to strengthen our efforts to expand product businesses while pursuing initiatives consistent with strategies of TF2020 plan. As we shift our product concept from traditional “sensing” to “sensemaking,” we will focus on initiatives to integrate unique digitalization solutions into sensors used in field instruments by capitalizing on our proprietary technologies and to provide such new sensors to our customers. We will then help our customers further maximize their value by creating new added value through collaboration with other related businesses.

Further, we will work to expand our lineup of products that help resolve social issues including SDGs. While continuing to strengthen our businesses that target the growing on-board battery market, we will contribute to the realization of a sustainable society by launching analyzers and other instruments for environmental measurement and efficient combustion.

**Topics**

**Workshop on the industrial automation and control business held at Yokogawa’s six key locations**

We reviewed the direction of transformations to be achieved in the industrial automation and control business as identified in the Transformation 2020 mid-term business plan, and developed a common understanding of the direction of our strategies including Synaptic Business Automation, a business concept developed for the industrial automation and control business. We then discussed solutions, initiatives, and challenges based on the directions identified. The workshops were attended by members of Yokogawa Solution Service Corporation, a pioneer in the total solution service business, as well as members of KBC Advanced Technologies Limited, which has a highly specialized consulting practice.

**Yokogawa recognized with Frost & Sullivan Global Customer Value Leadership Award in the integrated performance management field**

Yokogawa has received the 2019 Global Customer Value Leadership Award in the integrated performance management field from Frost & Sullivan*, an international market research and consulting firm. The solution for which Yokogawa received the award integrates its DCS technologies and KBC’s domain knowledge and is an innovative initiative that helps customers realize digital transformation.

*Frost & Sullivan* is an international market research and consulting firm. As well as contracted research, information gathering, and consultation, it also conducts proprietary market research and technological analysis. Based in California, Frost & Sullivan has research and sales offices at over 40 sites around the world.