Q: The term, “i³-Mechatronics (i-cube mechatronics)”, appears often in Yaskawa’s new mid-term business plan, “Challenge 25”. What is the status of initiatives for i³-Mechatronics? How can i³-Mechatronics contribute to the future performance of the company?

A: i³-Mechatronics promotes the automation of manufacturing and helps to solve customers’ management challenges by offering digital data solutions to the cells at production sites. We automated production using data at the production site through implementation of i³-Mechatronics at the YASKAWA Solution Factory, a next-generation production plant, where the Sigma-7 Series AC servo drives are produced. As a result, productivity has increased threefold. We are planning to accelerate the implementation of i³-Mechatronics at our overseas plants and establish business models for customers in Japan.

In Japan, we have already achieved some results in the sales of i³-Mechatronics to several major manufacturers. We plan to promote sales to about 100 companies during the period of the current mid-term business plan and expand this to about 1,000 companies during the next mid-term business plan, “Realize 25”.

Regarding the effect of sales expansion by “i³-Mechatronics”, it is difficult to disclose quantitative prospects at present. However, we expect to expand the sales of key components such as YRM controller (provisional name).

Q: Strengthened production capacity in China greatly contributed to company performance in 2017. How will Yaskawa approach production in China from now under this changing global situation, including intensified trade friction between China and the U.S.?

A: Yaskawa sets up production plants based on the idea of production at demand areas. We need to watch changes in demand in China carefully. We will prepare for the eventuality that a new production plant can be built if areas of demand change significantly.
Q: Yaskawa maintains the long-term vision that it will become the global top manufacturer of robots. Specifically what would define being No.1?
A: We know that it will be a difficult challenge but our aim is to take the top share of the global market. Robots are now being used in areas other than automobile-related industries. We will get an accurate picture of the market share in Japan, Europe, Asia, and the Americas and then develop specific business strategies to achieve this goal.

Q: What measures Yaskawa will implement to expand its robot business to the degree that exceeds market growth?
A: We will focus on the automobile, 3C (digital communication devices and consumer electronics, etc.), and semiconductor market and expand sales by making the best use of the technological advantages offered by Yaskawa’s robots and in consideration of collaboration with partner companies.

Q: When will i3-Mechatronics be implemented at other Yaskawa Group production plants? How can profitability be increased by improving production efficiency?
A: We plan to introduce i3-Mechatronics to each plant based on an examination on returns to capital investment. e.g. when a new product is released. With improved production efficiency, operating costs (including manufacturing man-hours) and indirect costs can be reduced to about one-third.

Q: What are your business strategies for robots and AC servo drives in China?
A: For robots, we want to collaborate, not compete, with local manufacturers as partners to whom we provide with electrical products used in robot joints. As for AC servo drives, customers in China have a strong tendency to seek better product performance. We aim to lead the AC servo drive market with products that fully use our technological capability.

Q: System engineering has finally made a profit but the margin is lower than that for other segments and this low margin is expected to continue. What is the reason for this?
A: System engineering is labor-intensive and a so-called turnkey business. We enjoy high profitability in the applications we excel at, however, it is difficult to make a profit in the areas where competition is intense. We are planning to accelerate selection and concentration, improve profit margins, and reduce costs by transferring the functions of existing business to subsidiaries.

Q: According to the new mid-term business plan, Yaskawa has set target net sales for 2021 higher than that in 2018. The figure may presuppose an upturn in demand. Can your plan improve profitability even if demand does not change for the better and net sales do not increase?
A: We have a plan for operation that can improve profitability in such an environment. Specifically, in production, we will suppress the cost for our products with i3-Mechatronics. In sales, we plan to improve profitability by achieving sales with high added-value using “digital data solutions”.

Q: Can this digital management improve accuracy in demand forecast and enable efficient inventory management?

A: It would be best if the accuracy in demand forecast could be improved by visualizing product lead times and other measures. We, however, think that this will be difficult because changes in the market environment where we are engaged in business are drastic.

On the other hand, we believe that we can strengthen our corporate foundation further if we can obtain real-time figures on profitability from Yaskawa Group companies, including subsidiaries in and outside of Japan, by making global management more efficient with the use of unified customer and product codes.

Q: What is the sales plan for AC servo drives and AC drives to achieve the net sales target for the motion control business segment?

A: For three years from 2018 to 2021, we foresee the same level of growth in both businesses. We expect stable growth in net sales for AC drives over these three years. For AC servo drives, we expect net sales to decrease between 2018 and 2019 and increase between 2019 and 2021 as a result of 5G-related demand.

Q: Full-scale production started at the new robot plant in Europe (Slovenia). What is the situation with the supply chain?

A: We will supply knock-down parts from Japan for a period of time. We plan to increase the rate of local procurement gradually according to increases in production volume.