

Introduction

One of the priority measures in the “Vision 2025” long-term business plan is “the realization of digital transformation.” In FY 2020, the President’s policy is to “establish a foothold for digital transformation, promoted by the YDX Project” and associated activities, as “the first year of YDX (YASKAWA Digital Transformation)” begins in earnest.

On the other hand, the recent social issue of COVID-19 has had a major impact on the global economy and our daily lives. Under these circumstances, we are publishing a special edition of the Yaskawa Group Newsletter W.W.Y. – World Wide YASKAWA – to deliver Mr. Ogasawara’s message to Yaskawa Group employees as well as to introduce our ongoing initiatives of YDX, aiming for a better understanding.



Hiroshi Ogasawara
Representative Director
President,
YASKAWA Electric Corporation

To all employees at the Yaskawa Group

Presently, COVID-19 is rampant all over the world, and I am concerned that you are experiencing some uneasy days, owing to the approaching threat. Moreover, there may be many employees who feel suffocated and stressed in the rapidly changing living environment, being still unstable conditions for convergence. Given the circumstances, I would like to express my heartfelt gratitude to all of you who are working hard to operate the factory carefully but steadily, to those who are facing customers in an unusual environment, and to all of your family members, who support you.

Our Group has faced many difficulties in the past from economic crises such as the oil crisis, the dot-com bubble burst, and the 2008 financial crisis as well as natural disasters such as earthquakes and tsunamis in Japan. They have all had a significant impact not only on the management of the Group but on employees’ lives. However, in each case, our senior managers have gone the extra mile to work together and overcome the hardships. Now, we must work together again to overcome this difficult situation for the future of the Yaskawa Group.

As a Group, we will continue to give top priority to the safety and security of all stakeholders, including our employees, by collecting accurate information and implementing measures based on prompt judgment. Each and every one of you should do what you can for yourself, your family, and society.

After every dark night, a bright day dawns. Similarly, though threatened by the crisis, peaceful days will return. We don’t know when it will happen, but there is no doubt that the crisis will come to an end. Because of various restrictions and the inconvenient environment, now is the time to be patient. At the same time, to change your way of thinking, you can try something challenging to build up your strength. After the threat of COVID-19 is past, to enable the Yaskawa Group to take an all-out offensive, I would appreciate that you work positively on what each of you can do as well as what you can do now to prepare for the future.

Finally, I would like to extend my sincere wishes to all employees of the Yaskawa Group and your families for safety and health.

Linking the World, Connecting People.
Yaskawa Group Newsletter
W.W.Y. - World Wide YASKAWA -

May
2020

No.24

Special Edition

YASKAWA

In the First Year of YDX to Building a Foothold for Digital Transformation

We interviewed President Mr. Ogasawara, who also takes initiative under the ICT strategy promotion division, and Deputy General Manager Mr. Shimoike about YDX (YASKAWA Digital transformation), specifically, "What is YDX?" and "How will YDX change the way we work and our development, sales and production?"

"Code Integration" Is the First Step

Mr. Ogasawara, from the start of your tenure in 2016, you have continually sent the message that "Data will be a global standard language." Could you please expand on this?

Ogasawara: The idea of this message has been in my mind long before I assumed presidency. My first long business trip to South Korea in 1981 led me to think this way. We hardly understood each other, and communicated using pictures and numbers, which are basically "data." This experience made me realize that data—not language—prevail throughout the world.

Please tell us about the background behind the promotion of YDX.

Ogasawara: In the long-term business plan "Vision 2025," Yaskawa group has set a target operating income of more than 100 billion yen. One of the keywords to achieve this is "integration,"

which is also the first step of "i-Mechatronics." We have integrated the sales divisions in Japan by establishing a cross-divisional structure and are preparing the "Yaskawa Technology Center (scheduled to open in FY 2021)" which will serve as an integrated R&D base from basic research to trial mass production.

On the other hand, internal systems and data are not yet integrated. For example, even the recognition of "price" is unsynchronized with "the price at which a product is sold to a customer" or "the price at which a product is sold to an agency" depending on the country or individual. To realize the integration of all the divisions of manufacturing, sales, and technology, it is necessary to begin with the definition of data. For this reason, we have designated this fiscal year as "the First Year of YDX" and will make serious efforts to integrate data.

What exactly do you integrate?

Ogasawara: First, we will accelerate the

integration of data that we have been working on since last fiscal year. The first step is to unify the "code." The code refers to "Products," "Customers," "Items of Account," "Organization," etc.; however, the definitions differ for each department, and each layer is independently created. For example, "Yaskawa Electric Iruma Plant," "Yaskawa Electric Tokyo Plant," and "Yaskawa Electric Motion Control Plant" all refer to the same thing from the outside, but it is not efficient to have multiple customer codes. This process of transferring data among different divisions is time-consuming.

How do you proceed to integrate the code?

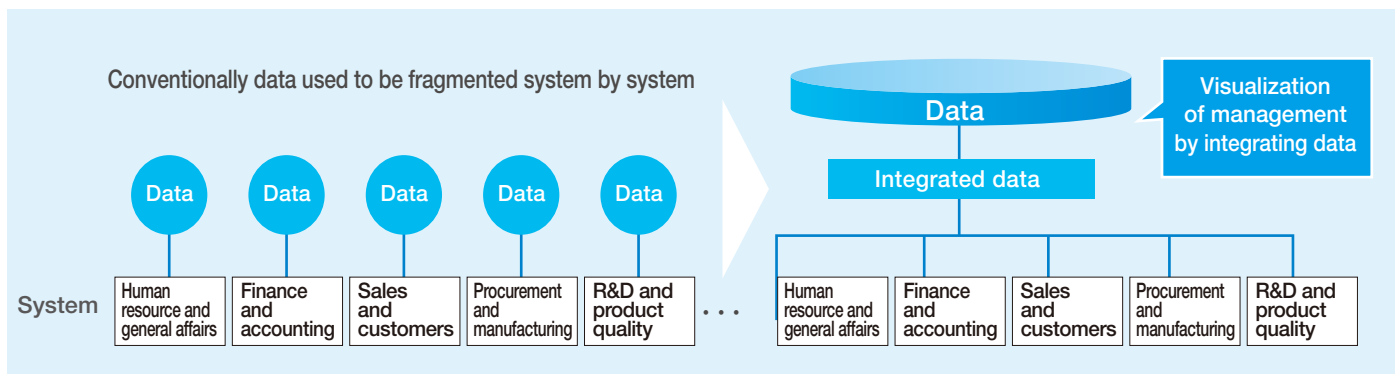
Shimoike: We started the "Global Code Management Group" this fiscal year to accelerate activities up to last fiscal year. Approximately 70 group companies from Japan and overseas countries have appointed contact persons as well as collaborators who take care of each code such as "Products," "Customers," "Items of Account," "Organization," etc. This fiscal year, we will further clarify where to align different layers and definitions of each region and Strategic Business Units across the Group, and accelerate the expansion of this approach to global group companies.

What are the challenges?

Shimoike: For the entire Group to move forward, it is necessary to share a common understanding and a sense of speed in implementation among approximately 70 companies. We sometimes have difficulty



Hiroshi Ogasawara



communicating with overseas group companies due to differences in language and culture, and not only the group companies but we need to reform our operations and awareness. We must solve these challenges one at a time. Presently, we are working to integrate the code and make management information more visible, so that data such as orders and sales are now being updated on a daily basis for almost 40 companies. We hope to accelerate from here. It is important to keep all the data in sync without any loss.

Through meetings with companies implementing similar initiatives, I realized that many of them struggle with governance. However, at our group, President Mr. Ogasawara carries out all initiatives with a clear vision and a top-down approach. This enables us to act with a sense of speed and unity.

"Standardization of Operations" Changes the Way We Work

What is your ultimate goal with YDX?

Ogasawara: The ultimate goal of YDX is to achieve "standardization of operations." To utilize IT is not our purpose, but I believe that the correct approach is to standardize operations so that we utilize IT where it can be effective. Furthermore, when YDX advances, it will be possible to change the perspective of individual optimization to a holistic view of the entire business situation and visualize it in real time. By being able to understand how to achieve overall optimization, appropriate management

decisions can be made.

Will the way we work and our job satisfaction change?

Ogasawara: YDX makes it easier to see how your work and output contributes to the company. For example, how much the product you designed is selling, how much profit the company makes if you sell a certain product, who will benefit from your job if you are working in the general affairs department, etc. When the code is unified, it eliminates redundant work by multiple people and makes it more efficient. In turn, that leads to standardization of work, thereby ensuring less time for handovers. When an employee is transferred to a new department, he/she can begin practical work immediately, which results in enhancing your skills more efficiently.

Furthermore, even in telework, which has been accelerated by the recent outbreak of COVID-19, the separation of work that can and cannot be operated from home is advancing, and various

working ways will become viable. The promotion of YDX will change the way each employee works, which will increase the efficiency of the entire group and lead to profits.

Lastly, what is your message to the employees?

Ogasawara: I want all employees to question anything and everything about their jobs: "What happens when you do this?" "Why should we do that?" etc. Ideally, YDX will be a solution to these problems. "i³-Mechatronics" starts with "Integrated," followed by "Intelligent" and "Innovative". Digital transformation can be realized by taking the steps of "i³-Mechatronics." Let us all work together to make a strong group that can generate profits by standardizing operations through YDX and building the foothold for digital transformation.



Note The Yaskawa group newsletter "W.W.Y." is for internal use only. Please refrain from distributing the copies to third parties.

Yaskawa Group Newsletter W.W.Y. - World Wide YASKAWA - No.24, May 2020 special edition issued on May 15, 2020
 Publisher: Ayumi Hayashida, General Manager, Corporate Communications Div., Yaskawa Electric Corp.
 New Pier Takeshiba South Tower 8F, 16-1 Kaigan 1 Chome, Minato-ku, Tokyo 105-6891, Japan
 Editor: Miho Yokosuka Produced by : Yaskawa Obvious Communications Inc.