

Schaeffler Japan Co., Ltd. (Mr. Shinzo Yotsumoto)

Schaeffler Japan Co., Ltd. is the Japanese subsidiary of the Schaeffler Group, a global automotive and industrial machinery supplier headquartered in Germany. We interviewed Mr. Shinzo Yotsumoto, Managing Director and Representative Director of Schaeffler Japan to find out about the company's business situation in Japan and future outlook.

Schaeffler Japan Co., Ltd. is the Japanese subsidiary of the Schaeffler Group in Germany and is active in two business areas, the automotive and industrial machinery fields, just like its headquarters in Germany. In the automotive field, the company supplies precision parts for engines, transmissions, chassis and more. On the other hand, in the Industrial Machinery field, it provides its many customers in the industrial machinery world with products such as high-precision and high-durability bearings. We interviewed Mr. Shinzo Yotsumoto, Managing Director and Representative Director of Schaeffler Japan to find out about the company's view on their business in Japan and their future outlook.



Mr. Shinzo Yotsumoto, Managing Director of Schaeffler Japan, and Representative Director

Current business situation in Japan

Schaeffler is an automotive and industrial parts supplier that has three brands – INA (core products: precision parts and needle roller bearings), FAG (core products: high precision bearings) and Luk (core products: clutches and

transmissions). Originally, these three brands used to be three independent companies which entered into a business merger to form the Schaeffler Group in 2003. Also in Japan, INA Bearing Inc. (INA's Japanese subsidiary founded in 1987) and FAG Japan Co., Ltd. (FAG's Japanese subsidiary founded in 1982) were merged to establish Schaeffler Japan Co., Ltd. in 2006. Currently, the company operates its automotive and industrial machinery business in six locations across Japan (Yokohama, Fukuoka, Hiroshima, Osaka, Nagoya and Sendai).

What are the strengths of the Schaeffler Group?

First of all, it is our ability to conduct research and development and business activities based on our medium- to long-term business strategies. The Schaeffler Group is a privately-held family company and has a stable financial base. We can work on and make investments in research and development from a medium- to long-term perspective without focusing on the short-term profits only. We think that this can be applied to a type of corporate culture that many Japanese companies have.

Another strength of our company is our corporate culture that focuses on innovation. The Schaeffler Group continuously invests an amount equal to 5.5% or more of sales into research and development and files about 2500 patent applications every year. Traditionally in Japan, innovative technologies were created by auto manufacturers nurturing parts manufacturers. However, the current auto industry is becoming

more globalized and technologies are becoming more sophisticated, so it is now more important than ever for auto manufacturers and parts manufacturers to start joint development at an early stage. It has been a tradition and culture in Europe that auto manufacturers and parts manufacturers establish a fifty-fifty relationship and jointly conduct development while making proposals for technologies to each other. Our company has a wealth of accumulated know-how on technologies originated in Europe such as those for clutches and bearings, and can make contributions to Japanese auto manufacturers by creating things that have never existed by merging technologies of Japanese auto manufacturers into technologies originated in Europe. We believe this is the role of Schaeffler Japan.

Moreover, our global operational system is another of our strengths. As with the globalization of auto manufacturers, suppliers are required to operate in a global cooperation system. Currently, the whole Schaeffler Group has approximately 82,000 employees working at approximately 170 bases in more than 50 countries, enabling us to support auto manufacturers pushing forward globalization in a well-prepared system.

What are benefits in operating in Japan?

New technologies for the future of the auto industry such as hybrid, electric and fuel-cell vehicles have been born in Japan one after another. The importance of Japan as a place where these innovations are born has been growing. We believe that this is because Japan has global auto manufacturers, high-quality suppliers, and universities and research institutions that excel in basic material and machinery research. Schaeffler Japan is expected to have potential to create innovation for the entire market.

Are there any examples of products/services developed in Japan and sold in the markets of other countries?

Schaeffler has created a lot of “world-first” technologies through its joint research and development activities with Japanese auto manufacturers. The volume of our business with Japanese auto manufacturers tends to keep increasing through these activities. Recently, we engaged in the development of Mazda “Sky Active Engine” parts as a partner to contribute to its productization. Another example of such collaboration projects is dual-clutch technology adopted in the Honda “Fit Hybrid.”

The R&D Center in Japan filed about 60 patent applications last year, but we don’t think this is enough. We are going to get more involved as a development partner of our customers including Japanese auto manufacturers, as well as strengthening our development system with a view to forming alliances with universities and research institutions. Also in the future, we are going to start new approaches such as developing products “originated in Japan” by utilizing new materials and surface processing technology originated in Japan.

How about the roles and position of the Japanese base within the Group?

We have regional controlling bases to delegate the authority from Germany where the head office is located to each region. Furthermore, we divide the controlling functions within each region so that each regional controlling base can utilize their strengths. In the Asia/Pacific region including Japan, South Korea, Southeast Asia and the Pacific Ocean states, the Japanese bases are the core base for research and development, and our Chief Technical Officer (CTO) based in Yokohama controls this region in terms of technology.

Future business development

We are planning to increase the percentage of sales in the Asia/Pacific region within the Schaeffler Group by 2020. In order to expand global cooperation and partnership with Japanese auto manufacturers, we will move our Yokohama head office and open a new research & development center in May 2015. Also, we will strengthen our customer support capability under a policy to “develop products near our customers” by opening a new base in Utsunomiya, and through other means.

Moreover, we will double the number of our

employees by 2020. Currently, engineer hiring is highly competitive and the brand power of a company is an important factor to secure excellent human resources. Last year, we held a technology symposium, which is held once every four years in Germany, for the first time in Japan. Through active information exchange such as this, we would also like to work on increasing recognition of our company in Japan.

(February 2015)

History of company in Japan

- 1883 Friedrich Fischer designed ball grinder and founded FAG
- 1946 INA founded
- 1965 LuK founded (with INA as one investor)
- 1982 FAG's Japanese subsidiary FAG Japan founded
- 1987 INA's Japanese subsidiary INA Bearing founded.
- 2003 INA, FAG and LuK formed “Schaeffler Group”
- 2006 INA Bearing FAG Japan merged to establish Schaeffler Japan

Schaeffler Japan Co., Ltd. (Japanese subsidiary)

Establishment: 2006

Business: Manufacture and sale of auto parts (engine-related parts, chassis-related parts, transmission-related parts, etc.) and industrial machinery parts

Parent company: Schaeffler AG

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URL: <http://www.schaeffler.co.jp/content.schaeffler.jp/en/index.jsp>