

LEAD

Returning to Our Origins as a Specialist Manufacturer to Deliver Products Meeting Customer Needs



In FY2011, TOA continued opening new domestic demand through further innovating in some of the new product lines we have long proposed, and as a result our performance has continued to surpass initial projections. This success can be attributed to the value the market has recognized in products that combine our core competencies: the sound technology we've cultivated since our founding in 1934, the video technology we've acquired through our security business, and communications technologies including wireless transmission and IP.

In Asia, the factories and sales companies we've established in the various countries and areas have shown remarkable growth, and "close localization" is developing even more quickly than expected, from product planning and development functions, to manufacturing, sales, and service. We have been making steady and significant progress toward our vision of "an alliance of five companies each closely tied to its region," as set forth in our current 6-year medium-term management plan (FY2009 – FY2014).

But despite such progress, to continue this momentum and truly achieve the vision of the midterm plan, it will still be necessary to continue expanding sales in overseas markets. With that in mind, we're about to embark upon a bold rethinking of our marketing methods in each of the various regions concerned. Product needs differ and vary depending on local cultures, customs, and lifestyles. Our intention is to use our finely tuned focus and deft "on-the-ground" footwork to turn real needs into real products, quickly and efficiently—in essence returning to our very origins as a "specialist" manufacturer—and thereby expand our business opportunities.

井谷憲次
K. Iwano

Recent Performance

Domestic sales gaining traction

What can you tell us about the recent changes in TOA's performance?

Domestic sales are good. To be quite frank, in the aftermath of the Great East Japan Earthquake, we were resolved to endure a major setback in sales, but in fact business has turned out to be far better than we anticipated. Stepping back to look at the source of these favorable results, we realized that it had to do with the fact that many of the seeds we'd planted earlier had finally come to fruition. Among the strongest contributors were our security-related products. The fair amount of energy we'd put into networking our products has led to growth in sales of products like digital video recorders and cameras. In this highly competitive market with short product life spans, we've been able to win through early investment in the commercialization and marketing of products our competitors don't have. Our wall-mounted digital recorders are one very good example of that. Other products that have been steadily gaining recognition are notification systems that use IP

networking to transmit voiced emergency and disaster information between municipalities and their component regions. Such systems are useful not only because they broadcast evacuation instructions in the event of an earthquake, but also because they can be used for post-evacuation instructions, or simply for everyday broadcasting. This is one type of product into which we really tried to integrate customer voices at the development stage.



How is TOA Group doing in overseas markets?

The Asia-Pacific region has really taken off, largely as a result of the expanding networks we've developed by setting up sales companies in places like Indonesia and Thailand. China & East Asia region are following in turn, including good sales in China of a mid-range-priced emergency broadcast system developed specifically for China.

Progress in Europe has varied from country to country. Economic crisis has made things understandably slow in southern Europe, but sales in Germany, France, England, Russia, Poland, and the Middle East have been relatively good, so overall the Europe & Russia region has seen both increasing sales and profits.



Midterm Plan Year Three — Asian Markets

Local Bases Gathering Strength in Asia

Is TOA on track as it approaches the halfway point according to its 6-year medium-term management plan (FY2009 – FY2014)?

If we were hiking up Mt. Fuji, I'd say we're somewhere just passed Station Five, which is about halfway. If we're ahead of our original schedule in some areas, we're also a little behind in others. One area that's going very much according to plan is the preparation of development systems and

sales networks in the Asia-Pacific region. Our sales network in Southeast Asia is rapidly expanding, and we're also steadily developing our local product development capabilities there. Confidence in the TOA brand is increasing in the various countries included, and our product maintenance infrastructure is being filled out nicely as well. All of these improvements have had a synergistic effect. Still, the range of locally developed products remains relatively narrow, and we realize we need to "cultivate the soil" now in order to ensure that we'll be able to continue building robust development capacities over the long term.

In both China & East Asia, our efforts to localize product planning, development, production, sales, and service are starting to come to fruition, meaning that we're getting closer to the TOA Group's midterm plan vision of "an alliance of five companies each closely tied to its region."



Midterm Plan Year Three — The United States

Developing Solid Marketing in U.S. Markets

What's going on in regions besides Asia?

The first thing to mention is that we're committed to pursuing the American market pretty aggressively. In the past we've taken our time to do the right marketing in the United States and been rewarded with some hit products.

The needs of our customers vary from region to region. Only by establishing good communication with local people can we arrive at the right point of departure. We'll send people with a strong sense of mission to that country and have them fully immerse themselves in it to find out what the people there want, and then use that information to create the right products. If we succeed in this, our customers will reward us by wanting to use our products, by feeling that we've understood their needs, and by being satisfied and happy with what we've offered them. That's essentially what meeting and interacting with people is all about, and I think it's the same all over, no matter where you go in the world.



Midterm Plan Year Three — Domestic Markets

Finely Tuned Focus & Deft Footwork

How about here in Japan? How is TOA engaging with its domestic markets?

We've been putting a lot of energy into promoting our "Integrated Communication System" products for railway operations. These offer IP network-based two-way video and audio communication, and include such applications as ticket vending locations and platform cameras and microphones, all designed to improve the quality of communication between railway operators and passengers. They improve service while ensuring better safety and security.

For example, even if there are no station staff nearby, a passenger having trouble with an automatic ticket gate will be able to speak face-to-face with someone to solve the problem, and this is the sort of service that will allow people to use such station facilities with greater confidence.

We've already introduced such systems in several railway facilities. It's a new genre of product, but we think one that holds great promise.

In the field of crime prevention, we have our "On-Street Security Camera" products. Recently we installed these for the Osaka Police Department in Osaka's busiest downtown areas, and apparently they've been of use in reducing crime there.



Those are all rather original products...

A specialist manufacturer can't expect to compete on scale alone with the largest general electronics manufacturers. Instead, we leverage our ability to move quickly in meeting specific customer needs with specific concrete products. Now is the time for us to return to that original mindset. Both here in Japan and in our markets abroad, I'd like to continue cultivating the kind of finely tuned focus and deft footwork, which is one of our strengths as a specialist manufacturer.

Speaking Freely

Positive Reaction to Megaphone Donations in Disaster-Stricken Areas

Tell us about your social contribution efforts in the wake of last year's earthquake.

Very soon after the quake we donated about 700 megaphones to the affected areas, to help support response efforts. In many areas the tsunami had damaged communications infrastructures, so we figured that megaphones would be useful in helping responders get their voices heard at a distance more easily, thereby facilitating communications. As it turned out, they were a big success and

very much appreciated by people in the stricken areas, and I'm proud to say it was something that we, as a specialist in such sound products, were in a good position to offer.

Besides that, we've donated wireless amplifiers to non-profit organizations who are working on recovery support efforts through art and culture activities. In the future we'll be continuing with sustained support efforts, including a variety of recovery-oriented proposals by our own industry, through sound and communications, which is our primary area of expertise.



TOA has also been involved in supporting the NHK television's epic period drama Taira no Kiyomori...

Yes, we've installed TOA equipment in the main facilities being used for the Kobe city-sponsored "KOBE de Kiyomori (Kiyomori in Kobe)" campaign, and we're involved in the sound production for that. I myself received a lapel pin given to participants in that campaign. Kobe is a city that is famous for its association with Taira no Kiyomori, so it's natural for a Kobe-based company to be helping out with the PR efforts. And yes, I've been enjoying watching the show, too!

* Taira no Kiyomori was a military leader of the late Heian period of Japan. He established the first samurai-dominated administrative government in the history of Japan.