

## LEAD

### Promoting a solutions-oriented business model to offer society “reassurance,” “reliability” and “emotion”

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Let me begin by saying thank you to all of our TOA shareholders and investors, without whose extraordinary support we would not be where we are today.

At TOA we have embraced “Smiles for the Public” as a key corporate value. Toward achieving this value we are taking advantage of our “audio notification capabilities” to bring reassurance, reliabilities, and emotion to society. Now, aiming to achieve further growth and sustained corporate value improvement, we have announced our next Medium-Term Management Plan, which will be in effect from March 2019 through March 2021. And in order to express more clearly the value that



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TOA intends to offer to society, we have revised our mission along the lines of three new business domains: “Public Safety,” “Public Communication” and “Public Space Design.” Our intention is to accelerate a “solutions-oriented” business model in each of these domains, and to use them to create new value that will be recognized by our customers. And, by continuing to offer such value, we aim also to hasten our business cycle toward a more profitable business style.

### Performance for the Previous Period

- Can you give us an overview of TOA's business performance during the previous period through March 2018?

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In fiscal 2017, in Japan we released new products in both the security and disaster reduction and prevention markets. Overseas we've not only accelerated the promotion of "local production and local consumption," but also made efforts to expand sales networks in growing markets. As a result, we've increased year-on-year sales and profits for the fiscal year ending March 2018.

The present term is the first year of our current mid-term management plan (hereinafter "mid-term plan"). Toward achieving our corporate value of "Smiles for the Public," this mid-term plan aims to establish us as a "one and only" company among our customers. We're strengthening marketing functions among our five world regions, and by accelerating the development of new products to meet specific needs in each market, and also by expanding sales channels, we aim to cultivate operational independence among our "5 TOAs in the world." We also continue our efforts to "become a company with strong brand power," in other words, a company that customers can continuously put reliance on. Regarding the consolidated performance forecast for the year ending March 2019, we expect we will record increased sales and profits.

### The Medium-Term Management Plan

- The new medium-term management plan shifts TOA's business domains to include "Public Safety," "Public Communication" and "Public Space Design." What are the goals in this?

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To enhance TOA's "Smiles for the Public" corporate value, I decided to revise our business domains to embrace these three general realms, with the ultimate goal of bringing "reassurance," "reliability" and "emotion" to spaces where people gather.

Perhaps most importantly, we're moving away from the conventional manufacturer focus on physical products. We're heading instead toward the idea of developing products and offering proposals to customers based on envisioning concrete scenes where our products will elicit smiles because of the real "reassurance," "reliability" and "emotion" they bring.

For example, in early July 2018 heavy rains caused major damage in western Japan and going forward we expect various verifications to be carried out to further reinforce measures related to disaster reduction and prevention. Regarding TOA's disaster prevention solutions, too, we must not only verify that voice evacuation broadcasts provided over our speakers can

reach over long distances and be clearly heard, but we must also study the best ways to enable people to evacuate quickly and safely. If we fail to do this, it does not necessarily mean that we've delivered "reassurance."

That might mean thinking through the specific content of notification messages, or sensing conditions and generating real-time video as part of the evacuation procedure—in other words, we have to think about how we can combine all the technologies at our disposal to offer optimum solutions.

### **CORE COMPETENCE: "AUDIO NOTIFICATION CAPABILITIES"**

- "Audio notification capabilities" is noted as one of TOA's most important core competencies. Can you talk a little more specifically about the meaning of "audio" in this case? Also, please tell us something about our use of video in security equipment and other applications.

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"Audio" in this case means being able to convey the same information to large numbers of people at the same time. Since our founding we've been delivering the sound people need in various situations, originally in the form of public address equipment and sound systems. This "audio notification capabilities" will remain a core competence for us, but we have to keep refining and polishing it to meet the changing needs and environments of the times.

The role of sound is actually quite complex, and thinking the real roles that sound can play offers hints that will guide our future product development.

For example, at production sites there are many cases in which skilled workers rely on the sounds they can hear to detect abnormalities of various kinds; but if we can develop an AI-based technology to analyze sounds in a similar manner, then we can possibly integrate such "skills" into new TOA products. The world of sound goes very deep, so we can't just wait around for needs to come to us. We have to be more proactive and keep a constant watch on the movements of the world, including actually visiting our customers' facilities to see if we, with our distinct TOA viewpoint, can identify any real issues and offer solution proposals accordingly.

For cameras and other security equipment, we can merge video technology with audio notification capabilities to offer even more value in the form of "remote viewing service," which is something I think TOA is well suited to do. Already there is one application in which cameras are used as sensors and coupled with an AI that can identify when someone has fallen down on the factory floor and automatically sound an alarm. Another example of the utilization of such sensing technologies is reading meter indication values from remote locations, and I think we'll probably be seeing a great many more applications of such sensing technologies in the future. From now on, we'll be very active in efforts to develop products in the field of video.

# FOSTERING ONGOING CONNECTIONS WITH CUSTOMERS

## - What impact do you think our efforts to stay connected with customers will have on business?

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In the past we've followed what you might call a "sale-and-done" approach, just selling our products to customers once and then waiting for them to come to us again whenever they need to replace, upgrade or increase units. But that's rather a waste to let such relationships we've taken the trouble to cultivate become distant again; instead, we should be finding ways to generate new business that attaches importance to connections with customers.

We can use after-sales maintenance operation and repairs as points of contact to maintain ongoing connections with customers. These offer regular opportunities to see for ourselves their actual locations and situations, to better understand what problems they have. And having identified and solved these, we can then create and offer the most ideal solutions-oriented business model.

We can also use such ongoing connections to collect information on the condition of equipment, let the customer know immediately about any issues we detect, and this becomes yet another means of reinforcing connection. Throughout this process we're fostering an environment in which customers feel reassured that they can continue using our TOA products with confidence.



Buildings where large numbers of people congregate are required to have voice evacuation systems. But these voice evacuation systems can also be used in a more general purpose way, and here we have an opportunity to build services that take advantage of information networks, offering new proposals that are yet another way to build lasting connections with clients.

Building connections in this way also leads to expanding business. And if customers can come to know TOA products directly, then we will naturally "become a company with strong brand power," which is one of the goals stated in the current mid-term plan.

## Active Investment

- The new mid-term plan calls for fairly aggressive investment even from its very first year. Can you give us some of the details about this?

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We've been promoting the building of IT infrastructures for product development, production and sales, including improving the information systems needed to support our transition toward a more solutions-oriented business model. We're also upgrading our manufacturing facilities, including adding robots and other measures, with the goal of improving productivity.

Also, our new Business Creation Site in Takarazuka, Hyogo prefecture, scheduled for December 2020 completion and which we've named "Knowledge Square," will serve as a place where not only our developers, but also end-users, customers, collaborating companies, and other diverse interested parties can all come together to share their knowledge and understanding. The Takarazuka



R&D Center has long been our main development base, and this new Business Creation Site will transform it into a "place of co-creation" that gives birth to connections among diverse people and allows new values to be created together.

Additionally, we are investing aggressively in human resources, hiring all kinds of people, from recent graduates to those in mid-career. We're also promoting the human resource education and training and considering programs that generate new ways of thinking capable of meeting the needs of the changing times.

## Free Talk

- It's been one year now since you took the helm as TOA's President & CEO. Has anything changed for you personally over that time?

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The changes to my daily routine give me a lot less opportunity to walk around, so I know I haven't been getting enough exercise. Whenever I play golf, which these days is about two or three times a month, I can tell my legs have gotten weaker. I've started doing more squats at home, and paying more attention to doing them with correct form, as instructed. I think it's probably time I start going to the gym, too!

