

# News Release

IMMEDIATE RELEASE

## **PoC Field Trial of Shared Factory (Smart Factory) Project in Thailand Gains Certification as a Project for Nurturing New Industries in ASEAN and Japan**

—Studying the commercial feasibility of the shared factory business as part of the full value chain business—

Tokyo, Japan, October 31, 2017—Hitachi High-Technologies Corporation (TSE: 8036, Hitachi High-Tech) announced that its Field Trial of Shared Factory (Smart Factory) in Thailand project (“the Proof of Concept (PoC) Field Trial Project”) has been certified as a Project for Nurturing New Industries in ASEAN and Japan by the Japan External Trade Organization (JETRO). The PoC Field Trial Project will study the commercial feasibility of the shared factory business designed to support Japanese small- and medium-sized enterprises (SMEs) expanding overseas. Hitachi High-Tech commenced the PoC Field Trial Project in October 2017.

In recent years, the Japanese market has been contracting due to the impact of a declining population and other factors. In response, many Japanese companies have been taking steps to expand business targeting overseas markets, along with boosting production overseas. Many of Japan’s SMEs serve as the business partners of Japanese companies that have expanded overseas. In the process, these SMEs face challenges such as cost increases associated with overseas manufacturing facilities, personnel and other factors, securing funding and personnel locally and conducting local production and quality management. Therefore, despite having advanced technologies, many Japanese SMEs find it difficult to enter overseas markets smoothly.

In this PoC Field Trial Project, Hitachi High-Tech will establish a “shared factory” that will provide a well-developed environment in terms of factory infrastructure, procurement of materials, recruitment and development of human resources and other factors necessary for overseas production. Hitachi High-Tech will verify whether sharing production facilities and human resources among multiple Japanese SMEs will minimize the resources necessary to enter overseas markets.

With regard to production and quality management at the shared factory, Hitachi High-Tech will enable remote monitoring from Japan by deploying cutting-edge IoT technology, such as the latest multiple viewpoint cameras and advanced image compression systems. This will make it possible to perform various tasks in real time from Japan, including viewing of production conditions and inspection data, and issuing instructions to local personnel. As a result, Hitachi High-Tech will enable local production with the same level of quality as in Japan, with the aim of locally producing cost competitive products. Hitachi High-Tech will also provide local peripheral services such as sales, in addition to local procurement of materials.

As globalization advances, companies expanding abroad have a stronger need to procure high-quality materials overseas. In this environment, building more competitive supply chains has become a crucial priority. Hitachi High-Tech will act strategically to supply a full value chain (FVC) that combines the functions of a specialist trading company in the field of globally resilient materials with planning, development, procurement, manufacturing, sales, and service, leveraging the sales and procurement capabilities it has developed up to this point.

Through this PoC Field Trial Project, Hitachi High-Tech will study the commercial viability of the shared factory business as part of FVC services, with the goal of commercializing this business from FY2018. Concurrently, Hitachi High-Tech aims to contribute to Japan-ASEAN economic cooperation and development.



Shared factory



Inside of shared factory

### 【Project for Nurturing New Industries in ASEAN and Japan】

This PoC Field Trial Project was publicly solicited by JETRO at the request of the Ministry of Economy, Trade and Industry (METI) and the Association for Overseas Technical Cooperation and Sustainable Partnerships, following the signing in June 2017 of a Memorandum of Intent on Eastern Economic Corridor (EEC) and Cooperation on Upgrading Industrial Infrastructure by METI and the Ministry of Industry of Thailand. The memorandum of intent was signed with the goal of upgrading industrial infrastructure based on the concept of “Connected Industries.” As the first step in an international initiative to realize the Connected Industries concept, Japanese companies and local Thai companies will collaboratively conduct field trials in strategic fields indicated in Growth Strategy 2017, which was approved by the Cabinet of Japan in June 2017. These field trials seek to pave the way for the development of a foundation for setting international standards. At the same time, the field trials aim to encourage cross-border business collaboration between Japanese and local ASEAN companies and to help Japanese middle-tier companies, SMEs, and other enterprises capture business in overseas markets.

#### ◆Reference

JETRO “Project for Nurturing New Industries in ASEAN and Japan”

<https://www.jetro.go.jp/jetro/activities/support/aseanjapan.html>

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