

Heading towards a further growth phase

Change of activities in terms of production from VITALIZATION to integration, to be 'One ULVAC'

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Since fiscal 2012, ULVAC Group has been pursuing the 'structural business reform project' with the keyword of VITALIZATION. This has led to strengthened global cooperation with our development, sales and production sections, and increased product competitiveness and profitability, etc. In addition, in order to achieve further solid growth, we have changed a course towards management that embodies the keyword of 'One ULVAC'. With that in mind, the managers of manufacturing department met and held a round-table talk to discuss how we have been attempting to enhance our collective capabilities, based on our development capability and human resources that are the origin of the ULVAC Group's value creation.

Moderator: It certainly seems that through the structural business reform project, the role of the Advanced Manufacturing Division has changed considerably.

Odagi: The role of the Advanced Manufacturing Division has been mainly to support other divisions such as improvement of operational efficiency (e.g. accounting, email systems) through the introduction of

IT, administrative office of the quality and environmental management systems, conducting quality inspections, purchasing parts and support for ensuring safety and protecting the environment before. However, at present we are also responsible for certainly implementing front loading and making systems to create stable profit under the structural business reform project made three years ago. Specifically, it is our main mission now that we actively participate in MONODZUKURI site of divisions and cooperative working group companies, instruct and advise them for improvement depending on the situation, and control the whole Group's MONODZUKURI. So to speak, our role has been changed from supporting divisions to leading them. It confused us a little at first, but now all of us feel a firm sense of mission toward further growth of ULVAC Group.

Moderator: One year has now passed since you assumed the management role of manufacturing. How do you rate the current status of the implementation of front loading and MONODZUKURI systems?

Odagi: Over the last three years, our keyword has been VITALIZATION and I think that by thoroughly implementing front loading, we have

certainly established MONODZUKURI systems that will create profit according to our plan. Although we faced various issues during the course of our activities, but we re-examining our way of conducting business from scratch, and to the entire Group coming together to strive for improvement, rather than being bound by conventional practices. Since the time we introduced front loading, the number of troubles and production budget overruns have actually decreased. Also, as we have started to see improvements come to fruition, our motivation and drive have increased, and exchanges of ideas between departments have become livelier. Furthermore, the efforts of each business division have exhibited synergistic effects so that the entire Group's MONODZUKURI systems and attitude have been vitalized and have been improving exponentially.

Morimoto: At the moment, changes in business conditions are extreme and I think that the amount that can be achieved by making improvements in a single organization or a single division is limited. However, through the whole Group has a common way of thinking and share ideas to conduct initiatives in this manner, we have been developing many new ideas and have been able to raise results and efficiency by several levels. Our mission at the Advanced Manufacturing Division is to constantly promote vitalization while ensuring that we monitor these kinds of initiatives. At present, the results of our front-loading initiatives are gradually improving; however, I would like to see us to promote further vitalization with the aim of ensuring establishment and effective operation at each department and Group-wide implementation.

Moderator: On the point of VITALIZATION, three ULVAC Group Vitalization Programs have been rolled out since fiscal 2014. Please tell us about the background of these initiatives and the activities that they entail.

Odagi: By promoting front loading, we have organized and vitalized our MONODZUKURI systems; however, I think that there is still plenty of room for improvement. The source of the ULVAC Group's value creation is human resources and unless we maximize the abilities and skills of our employees, and leverage the Group's diversity to the maximum extent possible, we will not be able to approach the 'ideal form' that ULVAC is aiming for. In short, we must strengthen both MONODZUKURI systems

and training for the personnel that support them. With that in mind, in fiscal 2014, we globalized the 'Manufacturing Technology Competition' that we had previously conducted, and commenced rolling out the Global Business Improvement Competition and the Skill Challenge for a total of three ULVAC Group Vitalization Programs. (Refer to page 38 for details.)

Morimoto: I think that the competitive edge and value of the ULVAC Group are its comprehensive capabilities and that it has a diverse range of personnel around the globe. We are now becoming aware of this competitive edge and value once more, and we have created these programs in order to maximize the capabilities of our personnel and achieve vitalization. The important point in this instance is that we have applied these programs to all organizations and divisions, including administration, without limiting ourselves to engineering fields. We aim for employees, who work in a range of divisions, announce their everyday successes and educational skills, etc. and share with each other, while also competing against each other, to achieve global business improvements. And we also aim for a structure where the proposals, original ideas and successes of employees are widely and fairly judged and evaluated while also leveraging the strengths of management.

Moderator: It seems that this has really resonated with the employees.

Hirose: Expanding initiatives that have previously been conducted in individual countries to the entire group has generated a sense of friendly rivalry, which has served as an impetus, and increasing opportunities for communication has resulted in all employees engaging passionately with these initiatives. Actually, the other day we participated in the preliminary in China, which provided an opportunity to showcase the success to the whole group, and I felt that this greatly increased motivation. Also, I heard that the number of employees who wished to engage in further study of engineering in Japan is increasing. I think it is fair to say that one of the results of the current programs is that they have increased the enthusiasm of all employees.

Moderator: Speaking of enhancing engineering capabilities, in fiscal 2015 the Advanced Manufacturing Division established a new Production Training Planning Center, who is now engaged in engineering training.

Odagi: I think that vacuum technology is particularly necessary in growing markets. Until now, we have been dauntlessly challenging ourselves to create new value that is demanded by the times based on our corporate philosophy of 'aiming at contributing to the evolution of industries and sciences by using vacuum technologies.' In recent years, social problems such as global environmental issues have become prominent, and I think that the ULVAC Group's products and technology can contribute, particularly in the fields of energy and IoT. However, those fields require even more difficult technological development than previously, and because stable profit creation during development is essential, speed and efficiency are also required. The most essential thing is technological capability, so gaining new skills and improving technology are important. We established the Production Training Planning Center to devote ourselves even more to engineering training.

Hirose: Until now, employee training has been conducted by the Personnel Department; however, we decided to conduct more professional engineering training at the Advanced Manufacturing Division. At present, the Advanced Manufacturing Division, in conjunction with the Board of Department Managers, determines the ideal form of each department and, based on this, creates training materials to draw out the necessary core techniques and skills. In the future, we will create programs around these training materials, and systematically implement training programs for our engineers.

Morimoto: In the future, I expect that these training programs will lead to further growth of employees and career enhancement. For example, employees who have gained experiences in manufacturing might aim to become manufacturing leaders or managers. Another option would be to leverage the experiences gained through manufacturing and aim for a job in design or engineering. Having a personnel mobility that is not always fixated on the same task vitalizes both organizations and people. Also, improved technological capabilities and results lead to Group-wide growth. I think that this kind of setup is ideal.

Moderator: Finally, I would like to ask about future initiatives. President Obinata has stated that from fiscal 2015, ULVAC will promote management with the keyword of 'One ULVAC.' Please tell us about the future outlook for initiatives aimed at 'One ULVAC' at the Advanced Manufacturing Division.

Odagi: Until now, under the keyword of VITALIZATION, we have been continuously and thoroughly implementing enhancements to our MONODZUKURI systems and development of human resources that support them by thoroughly implementing front loading. From now on, we will be adding the keyword of 'One ULVAC,' so we are aiming for maximum efficiency throughout the entire business, which extends beyond the bounds of individual divisions or companies. I think that this means being able to concentrate on achieving our goal of having a stable business structure by completely eliminating unreasonable, inconsistency and waste, and focusing the energy of all employee in the same direction. This includes the integration of development, sales and manufacturing, as well as the integration of the Group and various organizations. Firstly, we will promote reform for 'One ULVAC,' with a focus on domestic manufacturing systems. We will face many challenges, but to create new value that is demanded by the times, all Group employees must work together and strive to become a corporate group that not only engages in a broad range of industries, but also one that is needed by society.



The 1st Global Manufacturing Technology Competition



The 1st Global Business Improvement Competition



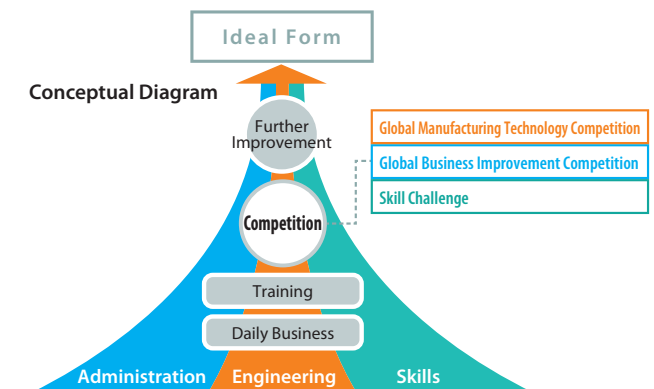
The 1st ULVAC Group Skill Challenge

Global Production

Diversity (having human resources with different ways of thinking and from different cultures) stimulates and vitalizes organizations. We continue developing ULVAC Group vitalization program and enhancing its value chain as integrated group in order to ascertain what our strength in MONODZUKURI is, to enhance it more and to make up for deficiencies.

ULVAC Group Vitalization Program

Employees, who work for ULVAC in departments such as engineering, manufacturing, administrative, sales, common and head office, compete by their skills and their results that they usually cultivate through their work. These activities allow us to utilize their proposals and ideas in our management, to appreciate, and to widely share and making use of the original ideas and the fruits of their efforts, by continuing these programs globally.



Gold Winners' Comments

1 Global Manufacturing Technology Competition*1

ULVAC Group hold a 2 step competition, which is a preliminary competition with regard to specified theme related to manufacturing technology in each region and its qualifiers' finals. We aim at quality improvement, and sharing and utilizing their results in the entire Group.



Akihiro Okura
Section 2, Power Supply
Engineering Department
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MONODZUKURI IN DC POWER SUPPLY PRODUCTION

It was the good and rare experience for me that I made the presentation in front of a large audience. Furthermore, it was great publicity as we were able to let them know about the new DC power supply, and how we produce it at Chigasaki Plant in conjunction with various departments. I'm sure that I will be able to make use of my experiences at this competition, including interactions with other presenters, in my work in the future.

2 Global Business Improvement Competition*1

Presentations with the theme of "KAIZEN" for the future" were given by Group companies, who have been implementing improvement activities and 5S activities in each department, including administrative, sales, common and head office departments. And the achievements were shared and utilized with ULVAC Group.



Tomo Nakao
Health Promotion Office,
Personnel Department
ULVAC Inc.

DEVELOPMENT OF A WEB-BASED QUESTIONNAIRE USING A DATABASE APPLICATION TO CONNECT INDIRECT DEPARTMENTS WITH EMPLOYEES

As an employee who has been working hard every day in a back-office department, I have been thinking it would be nice if I were able to have this kind of opportunity, so I jumped at the chance to participate in this plan, and I was very happy to get the good evaluation. Also, through this competition, I found that many people work hard in the head office and back-office departments, and it gave me a real sense of the future growth that can be expected from the company. I would like to continue working wholeheartedly and supporting the business behind the scenes.

3 Skill Challenge*2

As we realized again the importance of on-site skills in our MONODZUKURI, we not only aim for further improvement of the individual skill, but also transmit and share skills throughout the Group by competing in all ULVAC for the skills cultivated through daily work.



Yasutomo Saito
Shiga CS Center
Kinki Group 1
Sakai Center, Sakai Headquarters
FOS Division
ULVAC Human Relations, Ltd.

PUMP OVERHAUL OF SERVICE AND MAINTENANCE CATEGORY

Through this Skill Challenge, I experienced the feeling of tension that I was not usually able to experience in my work and an even greater sense of achievement. Furthermore, this competition made me aware that I have company who are involved in pump maintenance all over the world. I am very proud that my name is associated with the momentous first-ever Skill Challenge. I hope that Skill Challenges will be held in a variety of fields in the future, and that these Skill Challenges will vitalize the whole ULVAC Group.

*1: On this occasion, 14 companies from 6 countries participated in 18 themes.

*2: On this occasion, 6 people from 5 companies in 5 countries participated.