

VIGILANCE

—A YOKOGAWA COMMITMENT TO INDUSTRY—

Vigilance Campaign Office *

The Vigilance campaign is roughly one year old as of this writing, and we are pleased to note that this initiative has been well accepted by the global Yokogawa network. For any brand promise to work, it must first and foremost click with the very people who work day and night to create and uphold the values implied. Especially so when the concept is anchored in the very identity of the organization, as is the case with Yokogawa Vigilance. Our friends and colleagues around the world have embraced the Vigilance theme with great enthusiasm, recognizing it as a symbol of the Yokogawa way of life.

To reiterate the underlying message of Vigilance, it is a Yokogawa commitment to all the customers we serve through our Industrial Automation business. It has long been the hallmark of the Yokogawa approach to be attentive and committed to the long-term success of our users. Yokogawa people share a tendency to go the extra mile to do things right, often well beyond the immediate call of duty. This Yokogawa mindset and behavior of doing it 150% derives from a set of common values shared within the organization, centered around the pride and joy of delivering solutions that withstand the test of time in the harsh conditions of actual field applications. Hence the motto of the campaign: *Commitment means building the future to last.*

Since Vigilance is anchored in our identity, it permeates everything we do; it is not really a new concept, we have always been vigilant and always will be. Still, Yokogawa has traditionally been more or less reticent about this unique identity.

Back when our clientele was mostly restricted to companies in our home market, Yokogawa Vigilance was almost taken for granted. It is still that way in Japan and parts of the Asia Pacific. And now, as our business becomes increasingly global, we are beginning to discover more and more customers outside of Japan whose values resonate with ours. Such customers are still a minority outside the Asia Pacific, but they are steadily increasing in number.

Though we do not pursue growth for growth's sake, if there are customers out there who have a set of hitherto unmet needs that Yokogawa Vigilance can help satisfy, we consider it our duty to do so. Though reticence and modesty are considered to be fundamental virtues in the Japanese culture, it is our responsibility to make it easy for our potential customers to find us and our solutions. That is why we have decided to start communicating who we are in a unified voice world over, to help potential customers discover Yokogawa and Yokogawa Vigilance.

In order to communicate the essence of the Yokogawa value proposition deriving from the Vigilance core, we have selected three key words for the campaign: Quality, Innovation, and Foresight. Together these three words embody the fundamental value proposition of Yokogawa Industrial Automation.

First of all, Yokogawa Vigilance manifests itself in the Quality of our products and services. It brings the cost of ownership down throughout our customers' business cycle.

We are aware that these days every supplier talks about "best quality," making the very phrase sound rather cheap. We also recognize that quality is in the eyes of the beholder, just as beauty is. Any self-respecting marketer knows that it is rather difficult to differentiate an offering by simply making a statement as to its quality.

Still, the way we uphold the quality of our products and services is unique, and our users know the difference. A pulp & paper user from North America told us once: "*The nice thing about Yokogawa is you install it and forget it!*" That was definitely one of the best compliments we have ever received. Our solutions are built to last, to perform flawlessly in the field as a robust and interruption-free nervous system controlling mission-critical production facilities. To cite an example, the pair & spare CPU redundancy technology that is now part of the compact FFCS features the same "seven 9's" availability that is the hallmark of all systems in the CENTUM CS / CS 3000 family. We consider it a privilege to help our users worldwide ensure uninterrupted around-the-clock operations of their key production facilities, thereby enabling them to keep their own commitments to end users.

*International Business Headquarters

The second key aspect of Yokogawa Vigilance is Innovation. At 8%, Yokogawa's R&D investment to annual sales ratio is the highest among the major automation suppliers. This R&D investment is poured into those initiatives that will enable our users' businesses through the provision of new insights and capabilities.

Yes, Innovation is another rather over-used word in our industry. Every supplier tries to position itself as an innovator. Once you look closer, however, how many of these self-appointed innovators can point to a 90-year track record of consistently developing new automation solutions?

Again, the voice of an actual user says it all. A pharmaceutical customer from the Asia Pacific noted: *"We are very, very happy working with Yokogawa, to a point where we have continued to rely on Yokogawa to help us to develop and design new systems for very important expansion projects."* This deep trust comes from the fact that we *listen*. We listen to the actual users of our automation solutions—the operators, the design engineers, the site engineers, all the people whom our products and services are designed to help. Unlike some of the more aggressive suppliers of automation, we do not make our innovations sound larger than life. Rather, we make our innovations work, delivering tools that help our users do their jobs more effectively and efficiently. As an example, the new ADMAG-AXF magnetic flowmeter comes with a unique dual-frequency excitation technology and a built-in adhesion diagnostics mechanism. These innovations make stable and accurate measurement of process fluids possible in a number of very challenging applications that have traditionally been impervious to effective flow measurement.

The third and final key element of Yokogawa Vigilance is Foresight. It is about thinking ahead and long-term, helping users secure a lifetime of plant efficiency. Born and raised in the Japanese culture, Yokogawa treats every business transaction as a long-term investment. The return comes from the ongoing relationship, and it is second nature for us to plan and prepare for an extended partnership that spans multiple generations of both people and technologies.

When we say Foresight, it is not just about the future; it is about the past, the present, and the future of our users' businesses and the solutions we provide. Bringing new solutions to satisfy new and/or unmet needs is certainly part of the Foresight we value. Even more important for us, however, is to make sure past

inventions continue to work side by side with new ones, and to always secure flexible future evolution paths in the solutions we provide today.

That is why more and more customers are turning to Yokogawa for a long-term partnership. Once again, let us listen to the voice of an actual customer. An oil & gas customer from Europe who is executing a decades-long, multi-phase, multi-location renovation project reflected: *"We know from the first phase of the project that Yokogawa's products are reliable and robust, and I am sure that Yokogawa, as a strategic business partner, can meet our expectations for the second phase as well."* The very nature of such an ambitious and long-term project dictates that the automation supplier works with the user in an ongoing partnership, applying new technologies as they become available without wasting past investments. Again, the user knows that Yokogawa is the one vendor who can be relied upon for such consistency. In the words of another key person from the same oil and gas user: *"I appreciate the long term support of Yokogawa very much. The backward compatibility, the long term software support, and the online upgrades allow us to reduce the Total Cost of Ownership and decrease our operational expenses."*

Again, Vigilance is our commitment, and delivering Quality, Innovation, and Foresight is our ongoing promise. As both users and suppliers of automation continue to embrace emerging open technologies, some suppliers seem to be forcing users to accept painful disruptions in the name of progress. Their past investments are no longer supported. Present investments incur additional costs and require frequent upgrades to realize the advertised benefits. Supposedly open technology is used to actually limit choice. It pains us when we see users of automation being more or less resigned to accepting such non-vigilant business practices.

We believe it is our duty to let the users of automation know that they have a choice—that there is a vigilant automation supplier which takes responsibility for the past, present, and future of the solutions that it provides. The automation technologies you find in this Technical Report are only a fraction of Yokogawa's ongoing R&D initiatives. We will continue to push the Vigilance envelope further, to enable users to enjoy all the benefits of the cutting-edge technologies without compromising the past, the present, or the future of their business. Because here at Yokogawa, *commitment means building the future to last.*

