

Advanced Solutions to Achieve Our Growth Strategy

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1. Introduction

Mitsubishi Electric's growth strategy has consisted of two main aspects since 2003: the VI (Victory) strategy which is intended "to make strong businesses stronger," and the AD (Advance) strategy which is intended "to reinforce the solutions business centered on strong areas." These two strategies are one of our management approaches to identify "the optimum direction for a general electric manufacturer with specialized business."

It is generally said that general manufacturers lag behind in terms of concentration and selection and are inferior in competitive position in individual business segments compared to specialized manufacturers. However, if a great store of market information and technical information, gathered from multiple business segments, can be analyzed satisfactorily, the general manufacturer can also make good use of this information for its business development. The measure to take for this dilemma is a combination of the VI strategy and AD strategy. That is to say, the objective is to encourage new business development that can be done only by a general manufacturer through the AD strategy, while maintaining the superior competitiveness to the specialized manufacturer through the VI strategy.

2. AD Strategy Classification and Advanced Solutions

Figure 1 shows the classification of the VI strategy and AD strategy. The independent business type classified as the VI strategy pursues growth through each business unit making full use of its advantage. The AD strategy focusing on the linkage among business units is roughly classified into three types: customer-linked cross sales type, business-linked market development type, and new business development type.

The customer-linked cross sales type responds to the needs of our important customers with the collective strength, and mainly includes activities such as sales collaboration centered on the sales department in charge of the customer. The business-linked market development type offers a total proposal with the related product groups combined and strengthens business operations in the market across multiple business units such as security, energy conservation, display solutions, etc. as a project. The new business development type focuses on an advance activity for a business whose market has not yet materialized.

3. Introduction to Advanced Solutions

3.1 Total security solution

Mitsubishi Electric is highly regarded for each of its products in the physical security industry such as access control systems and surveillance cameras, and in the information security industry using its proprietary encryption and information management technologies.

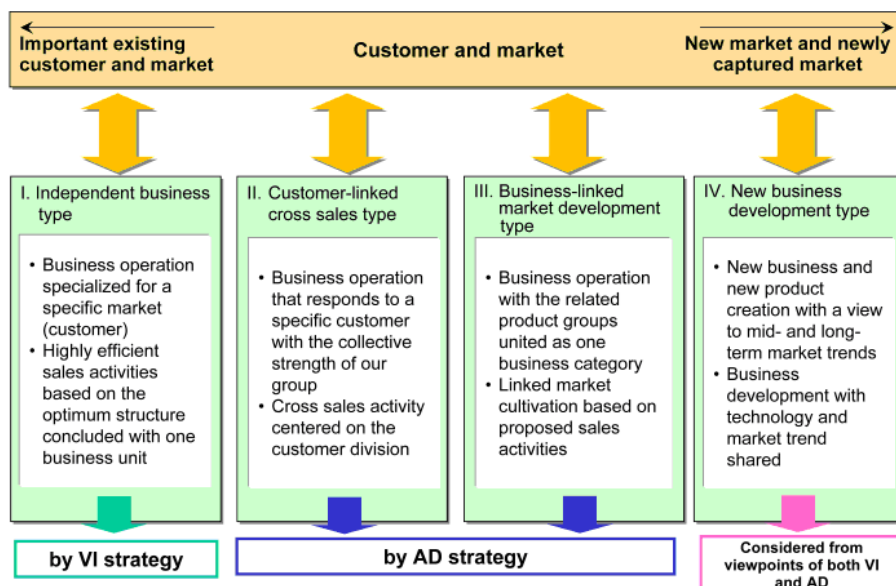


Fig. 1 Classification of VI strategy and AD strategy

Recently, security needs have become more diverse and advanced, and there has been a growing demand for combining multiple security systems and linking them with maintenance and service. We have therefore developed the "DIGUARD-NET" platform for operating multiple security appliances and systems in combination.

3.2 Display solution

Mitsubishi Electric is highly regarded for large type video display systems such as those for athletic facilities and large surveillance systems, etc.

Recently, the digital signage market has grown rapidly where various video display systems are connected via networks to transmit informations at large commercial facilities, etc. We have proposed a system that combines our outstanding large video display devices with liquid crystal monitors to deliver video contents in various formats collectively over high-speed IP networks.

3.3 Global warming countermeasures

As efforts to prevent global warming gather momentum worldwide, Mitsubishi Electric announced in October 2007 its "Environmental Vision 2021" which sets the target year of 2021, the 100th anniversary of the founding of the company.

To draw on this "Environmental Vision 2021" to both strengthen corporate management and gain business opportunities, we have launched a global warming countermeasure as a company-wide project. In addition to reinforcing the renewable energy business in the global market of photovoltaic generation business, etc., this project also includes activities conducted since 2004 to expand the sale of energy-saving equipment such as for factories and buildings in Japan.

3.4 City development solution

Mitsubishi Electric has long been involved in the city redevelopment business which has been our advantage, so far.

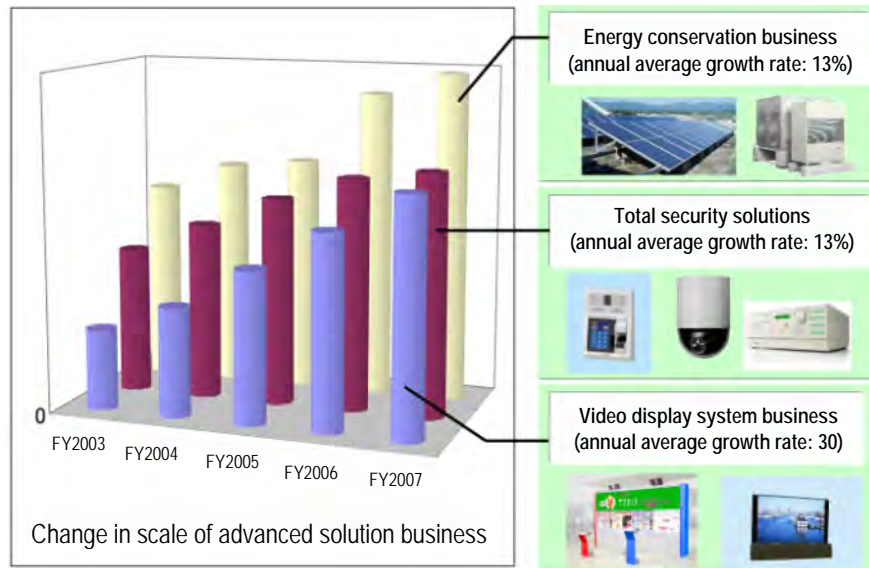


Fig. 2 Result of advanced solution business

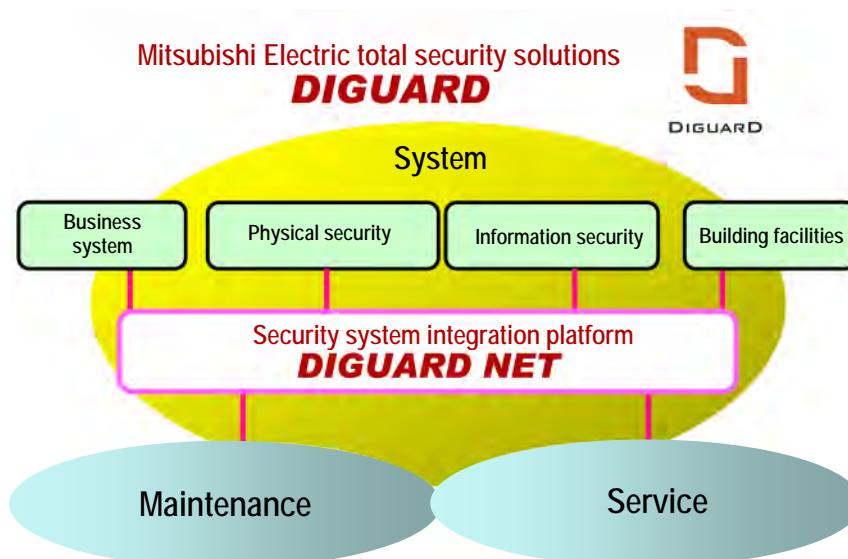


Fig. 3 Total security solution

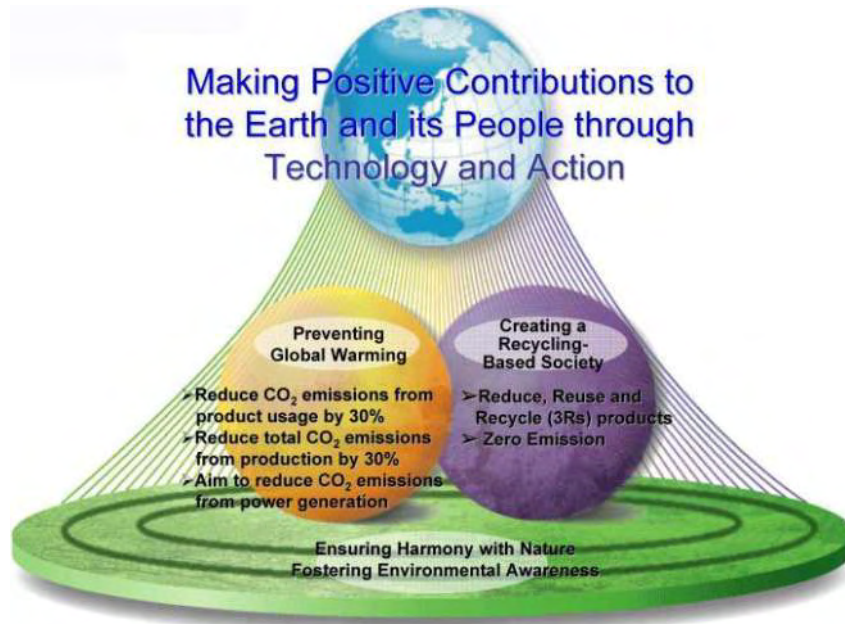


Fig. 4 Mitsubishi Electric Group “Environmental Vision 2021”

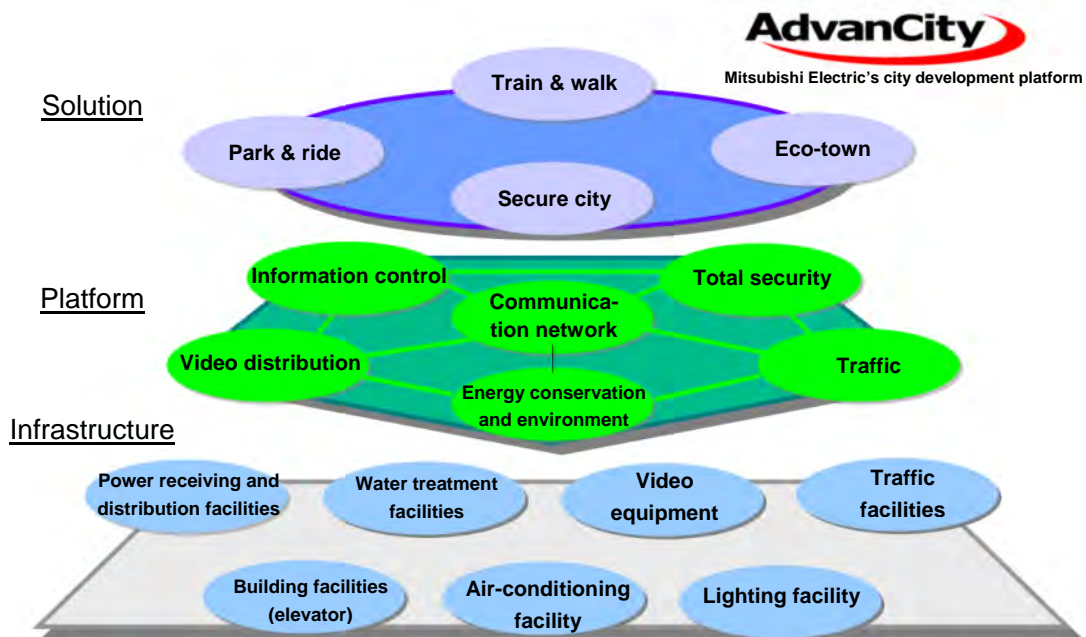


Fig. 5 City redevelopment platform AdvanCity

Our outstanding solutions have been further tied and linked to launch the business concept of “Advan-City,” a platform for developing more attractive cities and strengthening proposals for major projects throughout Japan.

4. Future Outlook of AD Strategy

General electric manufacturers have the know-how to manage many businesses that vary greatly over time, from development to commercialization, as well as business scale, profitability, investment scale, product and system life, quality criteria, sales channel, and maintenance concept. Mitsubishi Electric’s AD strategy

capitalizes on this know-how to integrate strong business areas and continue expanding new values.

5. Conclusion

In this “ADVANCE” Technical Report, feature articles enter into details about the specific technical aspects of individual solutions. We hope this paper clarifies the essential part of growth strategy of Mitsubishi Electric.