



Create New Business Value Through Enhanced Competitiveness

The Systematic Integration of the Cyber World and the Real World

• Could you touch on the current status of the Global Supply Chain Management (SCM) Division?

Suzuki: The Global SCM Division at our e-Solution Business Headquarters is made up of four groups: marketing, SCM, e-Commerce (eC) and enterprise resource planning (ERP). Through these groups, we are striving to realize our vision of being the best partner for our clients through the development of global supply chain management. As a complement to this, our affiliated company in IT-related business, Toyo Business Engineering Corporation (B-ENG), which has become independent from TEC, provides systems integration services with many types of package solutions to enhance business efficiency; these represent ERP, Business Process Reengineering (BPR), both B-ENG's core competencies. These types of systems seem to epitomize the IT world. At the same time, we strive to create the most appropriate supply chains for our customers. TEC boasts many years of experience managing the flow of goods and information in the real world, and, based on this, the Company takes a very systematic approach to the building of global supply chains. With this as our strength, we function as the bridge between the cyber world and the real world.

Construction as the First Step

• Could you tell us a little more about the Cyber & Real that you just mentioned?

Suzuki: People tend to make the difference as the one between the IT world and the real world. We, however, view the difference in a slightly unusual way. That is to say, we place importance on materializing people's thoughts or concepts in the real world. As an example, in the past, so long as you had a license it was fine to simply go ahead with the construction of a plant. However, thinking about construction alone is just not enough these days. At TEC, we view construction not as the ultimate objective, but rather as the springboard to enter other important areas. In other words, we recognize that it is also essential to consider the facilities and systems necessary under any given business strategy



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that will guarantee the long-term survival of the company. The cyber that I mentioned embodies the concept, where as the main crux of the scenario comes from the real; therefore the materialization of the concept into reality. Although we may have some weaknesses, we are going to work by cooperating with the partner who complements our weak point. This is TEC's strong point as a transnational structure and partnership.

Strengths Through Effective Mix of Capabilities

• Which areas is TEC intending to focus on, considering its extensive customer base?

Suzuki: We have both the Global SCM Department and the Business Development Department at our Business Headquarters. Our Business Development Department focuses on the electric power and public arenas and has recently taken up the challenges of entering new areas of business, namely, in the banking and securities fields. We are planning to concentrate on production and distribution in the Global SCM Department, leveraging our specialized capability of managing large flows of information. An inherent strength of TEC lies in its ability to effectively conduct production and distribution on a global scale. In addition, through close cooperation with B-ENG, we will further apply

our integrated ERP know-how and continue to grow worldwide.

• What potential benefits can customers expect from Global SCM?

Suzuki: Foremost, we will be able to foster the international competitiveness of our clients. Presently, the biggest problem surrounding Japanese companies is that the features that used to set a company apart from its rivals — those unique characteristics that led to the success of one company over another — have virtually disappeared. Regional differences, differences caused by distance, differences in price and knowledge gaps have now reached a state of equilibrium, and as such it is very difficult to create any added value. To counter this, based on our accumulated expertise, we are promoting tie-ups with business consulting firms and looking to restructure the foundations of Japanese companies by advancing Cyber & Real. In other words, we are creating Japanese companies with high added value that are distinguishable from the competition. Previously, it was sufficient to move into a foreign country simply because of the cheap and competitive nature of the labor force. TEC understands it is now necessary to increase competitiveness across the board by optimizing a company to minimize total cost, not by partially reducing its cost. This distinctive approach is designed to further promote TEC as a total solutions provider and to ensure the satisfaction of its clients.