Connectors

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Becoming a global niche top connector manufacturer

— Please explain the characteristics of each of the connector businesses integrated in 2023.

Kashio: Honda Tsushin Kogyo has expanded its business in the area of connectors for telecommunications equipment, and boasts a 90-year history. With strengths in miniaturization, robustness, and reliability, we have expanded into the machine tool and automotive industries, and are proud of our 14-16% share of the automotive camera market. We also have a wide variety of products and a large share of the market for optical communication connectors, which will be in high demand for high-speed communications in the future. However, despite having the technology, there were issues with sales capabilities, especially overseas sales channels.

Ebihara: Minebea Connect started as a domestic distributor of Tyco Electronics AMP and later began manufacturing and selling its own products in Japan. It shifted away from a focus primarily on consumer connector products due to a deteriorating business environment, and instead expanded its business centered on customized products for the automotive market. Given that these products draw on strengths with respect to insert molding, which requires advanced molding and pressing technology, Minebea Connect has recently been working with larger components. However, it also found itself contending with the issue of cost competitiveness.

Tago: The connectors of the Precision Components BU, whose parent company was formerly MITSUMI, are mainly for automotive and consumer applications. The automotive connectors are for high-speed transmission. Those for consumer use such as Type-C and SD card connectors are characterized by mass production. They are manufactured mainly at the Cebu Plant. We have strong price competitiveness, leveraging our cost competitiveness achieved through vertical integration. However, it is difficult to be optimistic about the future of both consumer- and automotive-use connectors. We believe it is necessary to expand the scope of our business. The integration of the three companies has the great advantage of them complementing each other.

— Please tell us about PMI's current progress.

Kashio: The three companies have their respective strengths. Honda Tsushin Kogyo is strong in customized production of a wide variety of products in small quantities for telecommunications, industrial machinery, and automotive applications; Minebea Connect in composite formation of customized large connectors for automotive use; and MinebeaMitsumi in worldwide mass production of standardized products. After the business integration, development technologies have been gathered on one floor of the Tokyo X Tech Garden to start INTEGRATION activities. Minebea Connect's LED lights, turbocharger parts, and other large molded products have a great deal of potential for INTEGRATION of the three companies' technologies. With MinebeaMitsumi, we are improving production to increase competitiveness, expanding overseas sales channels, and jointly conducting sales and marketing activities. There are also many business opportunities within the Group. For example, we are talking to each business unit to have them use connectors we have jointly developed. The business integration has enabled us to do various things that we would have given up on if we had gone at it alone. So it has increased the motivation of our employees.

Tago: A concrete result of the three companies' integration is the development of water- and oil-resistant Mini-FAKRA connectors for automotive use. We are now able to coordinate various technologies within the Tokyo X Tech Garden.

Ebihara: Mr. Kashio spoke about the INTEGRATION of technologies. The three companies are also working together on sales activities. Meanwhile, the Company has been approached with a number of potential non-automotive projects associated with its commercial expansion following the business integration. We have waterproof connectors for consumer use, such as those used in warm-water washing toilet seats. But we have not been able to market our technology to other industries on our own. After the business integration, we are now moving to sell our products to other industries.

— Please tell us about your future prospects.

Kashio: We will press ahead with the development of new products capitalizing on the INTEGRATION of strengths of our technologies, cross-selling of the three companies' products with different strengths, and productivity improvement. We had some issues with productivity at Honda Tsushin Kogyo, but with the help of MinebeaMitsumi's production engineering unit, we have been able to identify the issues onsite. To achieve our performance target of 50 billion yen in sales for the fiscal year ending March 31, 2029, we will advance our product development to become a global niche top manufacturer through INTEGRATION activities, focusing on growth areas such as high-speed transmission connectors and cameras in the automotive market, sales expansion in the overseas motorcycle market, and sensors for industrial machinery. We are also working on issues such as the establishment of a manufacturing system with a view to local production for local consumption in the midst of increasing geopolitical risks.

Tago: The weight of automotive components poses a risk. A heavy reliance on one industry can lead to large fluctuations in performance, as in the case of the recent IC shortage. We will work together with the other two companies to broaden the scope of applications of automotive components, while expanding into other areas such as consumer and industrial machinery sectors.

Ebihara: We will strengthen our ability to grasp our customers' issues. We are still working with a team of experienced sales and technical staff, but the lack of capacity to process the orders we were receiving had been a challenge. We are taking steps to improve our sales capability, centered around Mr. Kashio, the head of the business. When it comes to expansion in the area of general-purpose products, we have also been working on several initiatives. This includes complying with standards to expand our overseas business and promoting in-house production of equipment aimed at reducing costs. We have also been deploying products within the Group through our INTEGRATION initiatives. We are all working as one to solve these issues, through business integration.

Access Solutions

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Deputy Chief of Access Solutions
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Towards establishing a Tier-1 supplier position and further expanding our customer base

— Could you explain the background details of business integration with Minebea AccessSolutions (MAS) and your expectations in that regard?

Kawakami: Although MinebeaMitsumi's access products business features an extensive product line of devices, I feel its weak point has been that it has been unable to comprehend concerns of OEM manufacturers who serve as its ultimate customers, given its Tier-2 position within the automotive industry. However, this business integration has solidified our position as a Tier-1 manufacturer. I think it has further enhanced our ability to gather requests from OEM manufacturers and to propose products and technologies.

Saito: As OEM manufacturers move toward electrification, components suppliers are also required to change their business models. The business integration was realized because we found that the combination of MinebeaMitsumi's ultra-precision machining technology and mass production technology could generate considerable synergies which could lead to new products in the future in areas other than the automotive field. We also have many products that are highly likely to complement each other with U-Shin's products. Furthermore, we have the advantage of serving not only the automotive business but also the motorcycle business. We can maximize integration synergies by complementing the technologies, customer bases, and regions of operation of the both companies. Also, it is now possible to consider expanding local business in Europe and China while pursuing efficiency and balance in production.

Kawakami: For example, in Mexico, U-Shin and MAS have plants that are within about an hour's travel of each other for OEMs who are major customers. In Mexico, China, and elsewhere, we can expect to reduce the burden on our factories and improve their operation rates by sharing product shipments and supply chain systems.

— Please tell us more about your PMI activities.

Kawakami: We are seeing a great response with the expansion of our product lineup. Since the announcement of the business integration, an OEM manufacturer has inquired about MAS' sensors, and discussions are underway towards the manufacturer adopting them. In addition, U-Shin and MAS have been working together to address the shortage of semiconductors at OEM manufacturers. We are also aiming to put forward some unprecedented proposals for sensor-related and other devices through INTEGRATION of the two companies' product lines. On the production front, we are considering complementing each other at each location. In order to maximize synergies, a strategy team was set up. Based on MinebeaMitsumi's management strategy, the team began to consider strengthening the product lines and production capacity of the two companies.

Saito: Before the announcement of the integration, we had already established integration preparation committees with MinebeaMitsumi in respective regions. However, in some regions, discussions did not proceed smoothly from a compliance perspective. Efforts to create synergies began in full swing on January 27 after the announcement of the integration, and we are now six months into the process. With the establishment of the strategy team, specific studies were started on development, manufacturing, and sales. Furthermore, studies are underway to improve the efficiency of development bases and to curb outsourcing costs by complementing production lines among manufacturing bases.

Kawakami: The strategy team consists of members mainly from MinebeaMitsumi. The engineers are gathering at the Tokyo X Tech Garden to start discussions on how to proceed with advanced product development. It is possible for U-Shin and MAS to discuss efficiency improvements between plants. However, I think that we may find it difficult to establish a systematic development and production system, taking into account various changes which may occur going forward in the business environment. Based upon discussions at Tokyo X Tech Garden, led by the strategy team, a systematic, adaptable development and production system can be considered in a systematic manner, and advanced product development can be carried out.

— What is your outlook for the future of PMI activities?

Kawakami: As the electrification of access products accelerates, I think it is important to spend time discussing how to create high value-added products by utilizing MinebeaMitsumi's electric device technology, how to create products that only we can make. For example, on development, the strategy team is considering the possibility of cars without door handles using a motorized door latch activated by a smartphone. This kind of thinking is only possible because we have been able to build a broad product and technology base through the business integration, something that was not possible with the previous U-Shin and MAS.

Saito: In addition to door handles, we are also considering integrating automotive antennas with door mirrors through "INTEGRATION" of the production and technical capabilities of the group. U-Shin and MAS will work together to develop, propose, and build a production line to sell the product by utilizing MinebeaMitsumi's technology. We would be happy if OEM manufacturers recognize our ability to propose such next-generation products as a unique strength.