

PREFACE

Challenge to Standardizing Technology and Optimizing Technology

- To contribute to sound development of the automobile society and to expand our business -

Executive Vice President
Yoshiyuki TANAKURA



Japanese car manufacturers have expanded their business, especially with the growth of the markets for hybrid vehicles and small cars against the backdrop of environmental or oil issues. However the car sales / demand in the US, Japan and BRICs shows the car market stands at a turning point. The world urges the automobile industry to make technical efforts to reduce or, possibly, eliminate exhaust emission and/or traffic accidents. At the same time, consumers demand comfort and entertainment in cars and the industry regards this factor to turn the sluggish new car sales around. In order to meet those demands, more electronization is required for cars and FUJITSU TEN LIMITED produces and sells those very electronic devices. Our company and the FUJITSU TEN LIMITED group can benefit now from our ability to contribute to component-based development and systemization of cars.

About 100 ECUs (Electronic Control Units) are built into a vehicle due to electronization of a car. The functions of those individual ECUs are even more sophisticated. Therefore, manufacturers are required to develop very reliable hardware and software effectively, and also to respond to the diversification driven by the globalized car market including the expansion of car markets in BRICs.

What we need is globally "standardizing technology" to overcome a grand set of challenges such as sophistication, component-based development, systematization, high reliability, efficient development, globalization, diversification, etc. of cars. Our company is able to play a leading role in development of the standardizing technology in the growing global market and expand our business by developing products ahead of the competition. However, the standardizing technology accelerates commoditization of the technology. It is a double-edged sword of growth and decline. As mobile phones, personal computers, computers, information equipment, etc. were highly digitalized and dramatically commoditized in parallel, it happened in the

short term that their markets grew quickly and their prices dropped. Winners get the lion ' s share and losers are disappearing. That may happen in the car electronic equipment industry to which our company belongs.

The Japanese car manufacturers are strong. Why is that so? It is said because the Japanese are skillful at "optimizing technology" besides producing high quality products. The optimizing technology means the ability to realize advanced functions within certain restraints, like the ability to develop a high precision product that is light, thin, small and robust. The optimizing technology is a typical advantage that the Japanese have. The AVN, our developed product, is the crown of our optimizing technology and it has served as an engine of our growth. However, as we enter the age of standardizing technology and silicon audio, and products can be created by combining LSIs, we are facing the ever-critical issue: how do we incorporate the optimizing technology into product development?

What do we use the optimizing technology for? We use it to overcome the tough conditions that are peculiar to cars, such as acoustic noise, small space, temperature, vibration, electro-magnetic interference etc. We have developed "next-generation acoustical space control system", which resonates sound even in a small car cabin as if the sound was played in wide space. This system, adopted by a car manufacturer for its cars, was created with the focus on optimization. Another issue for which we can use the optimizing technology is globalization of the car market. We need to optimize products having culture and nationality of each country in mind. This point is essential as we globalize our business.

We FUJITSU TEN LIMITED will promote the standardizing technology in order to contribute to the development of the sound automobile society and will continue to challenge to practice the optimizing technology. Especially from a mid- or long-term viewpoint, it is very important that we accommodate ourselves to technical trends. We are determined to contribute to standardizing technology and will introduce first-ever products to the market by utilizing our advanced optimizing technology effectively.

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Y. Tanakura