



# HITACHI

## THE HITACHI SPIRIT

**The transition is complete. Hitachi Construction Machinery Loaders America Inc. (HCMA) is now the name of a comprehensive line of wheel loaders in North America. But who is Hitachi, and what value does the company bring to this market?**

Hitachi's roots in mining go back more than a century to a machine repair shop at Kuhara Mining Company in Hitachi City, Ibaraki Prefecture, Japan. The corporate credo under which Namihei Odaira founded the company remains relevant today: "Contribute to society through the development of superior, original technology and products." Among the "firsts" achieved were the first cable-operated power shovel, the U05, in 1949, and the first hydraulic excavator, the UH03, developed with Japanese technology in 1965.

Hitachi brought "superior, original technology and products" to a wide variety of markets. The nearly \$100 billion annual revenue the company now receives is divided among a variety of markets including social infrastructure and industrial systems, information and telecommunications systems, automotive systems and financial services. Hitachi Construction Machinery

(HCM) was established as a subsidiary of Hitachi Limited in 1970. It is the third largest construction equipment manufacturer in the world and accounts for about 10 percent of all Hitachi Limited's revenue. In turn, Hitachi Construction Machinery Loaders America Inc. is a subsidiary of HCM. It is one of 864 companies under the Hitachi Ltd. umbrella. Besides wheel loaders, other products in the HCM stable include crawler and wheel-type excavators, mini excavators and road construction machinery.

Hitachi entered the North American market in the early 1980s with the introduction of the Hitachi excavator. HCM later acquired the Euclid truck line from Volvo; those trucks are now sold under the Hitachi brand name.

### **Moving into wheel loaders**

HCM entered the wheel loader market in the late 1980s with the acquisition of the Furukawa line. The LX70 was introduced in 1988 and was the first wheel loader bearing the Hitachi brand. Features included hydrostatic drive, a "light-touch electrically-operated travel control lever," inboard wet disc brakes, sealed bucket linkage pins and O-ring sealed connectors to "ensure hydraulic/electric line reliability."

In the mid-1990s, HCM broadened their offerings by acquiring the TCM loader line. The ZW line of Hitachi wheel loaders was then launched in 2006 with the release of the ZW-1 series as a global model. The current line consists of 12 machines, from the 45.7-horsepower ZW50 to the 509-horsepower ZW550. This wide range of models serves every market in which wheel loaders are used, from landscaping and residential construction to quarries and waste management to steel mills and coal mines.

The next step was the phased acquisition of the Kawasaki line of loaders. In 2010 Hitachi Construction Machinery Group entered a joint venture with Kawasaki Heavy Industries to develop the global scope of the wheel loader line, which was finalized in 2015. In 2016 HCM bought all KCM Corporation stock and transitioned to KCMA Corporation. The final step in the process was taken in 2018 when HCM transitioned KCMA Corporation to Hitachi Construction Machinery Loaders America Inc.

Working with Kawasaki was deemed the best strategy for bringing Hitachi wheel loaders to the North American market. Gary Bell, who served as HCM vice president for over 36 years, says a well-considered strategy was essential. “As the largest wheel loader market in the world outside of China, the North American market is where every competitor focuses. One of the biggest challenges here is the sheer number of competitors, and they all bring their A game to this market.” The Kawasaki presence in this market went back to 1978. Since the completion of the acquisition of Kawasaki loaders by HCM, Kawasaki no longer offers wheel loaders in North America.



With the acquisitions of the Furukawa, TCM and Kawasaki lines, HCM received not just products and technology, but knowledge and experience going back to the early 1960s. Hitachi wheel loaders are now produced in Ryugasaki and Banshu, Japan and in Newnan, Georgia. HCM has 39 manufacturing and 37 sales locations globally, employing nearly 24,000 workers.

## Together

HCM’s 2020 Vision will poise HCM as a “close and reliable partner” anywhere on Earth, using the best solutions applied through Kenkijin Spirit. “This Kenkijin Spirit originally derived from the founding concepts of Hitachi, Ltd., which are harmony, sincerity and a pioneering spirit,” says Kotaro Hirano, president, CEO and director. “We still stick to the ideology of the 3Cs – Challenge, Customer and Communication. We face challenges without fear of failure. We always listen sincerely to the voice of our customers and the public. And we take the initiative on communication with reporting and consulting.”

The 2020 Vision is the culmination of three plans of similar themes. “Go Together 2013” was the mid-term management plan for 2011-2013 and had as its theme “Let all of us Challenge with Kenkijin Spirit.” Next came “Grow Together 2016,” which introduced the three C’s of challenge, customers and communication. HCM’s current mid-term management plan is “Connect Together 2019.” The three core principles of Connect Together 2019 are interactive after-sales, expansion of the wheel loader and dump truck business and innovative information and communication technology (ICT) and solutions using the internet of things (IoT).

Part of the objective in interactive after-sales is to rebalance the ratio between new machinery sales and value chain revenue. Value chain is defined as everything outside of new equipment sales and includes service, parts, rental, sales of used machines, parts remanufacturing and finance. The current revenue ratio is 5/8 new machinery and 3/8 value chain. The goal is a 50/50 balance. The benefit to the customer is that HCMA becomes a single source for all matters related to owning and operating wheel loaders. In growing the value chain, HCM is focused

on improving safety and productivity and reducing life cycle costs for customers.

Expansion of wheel loader and dump truck business will rely on the application of principles that led to expanded excavator sales. Those principles created a nearly 25 percent increase in excavator sales for fiscal year 2017 over FY 2016.

The ICT/IoT solutions directly address customer needs for greater safety and productivity and reduction of life cycle cost. An autonomous haulage system (AHS) relies on a permission control technique borrowed from the rail industry to allow the use of fully autonomous trucks at mines. Mining is also the market for Wenco fleet management systems, which has been part of HCM since 2009. For over 30 years, Wenco has been providing technology tools to address asset health, collision avoidance, mining business analytics and high-precision machine guidance. Fleet management solutions, which streamline equipment assignment, payload control and dispatch, are in that package of offerings. Continued expansion of both these mine-specific products is part of Connect Together 2019.

ICT solutions for i-Construction is built on the back of cloud-based Trimble Connect software. The purpose is to drive fast, efficient file and information sharing between the customer's offices, worksites and equipment operators. This includes 3D data required for measurement, design and construction planning, construction, inspection, maintenance and upgrade. Hitachi Construction Machinery's business partners will be able to retrieve and use information anywhere, anytime from their smartphones and tablets via the Internet. Part of this project will be the development of platforms to integrate HCM information technology with that of other equipment manufacturers on a site. ICT solutions for i-Construction will be developed for Japan and promoted in select other markets.

The final part of Connect Together 2019 is ConSite, a consolidated solution for linking the customer to the worksite. ConSite delivers in-depth information in a monthly report on each Hitachi machine a customer owns. Using a data filter, ConSite also sends alerts for out-of-range conditions and indicates the urgency of a required response. ConSite is a global product.



#### Hitachi Spirit

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ConSite was explained in detail in the first quarter 2018 *FOCUS* Magazine. ConSite OIL enables 24-hour oil monitoring to assist with preventive maintenance scheduling and the prevention of catastrophic failure.

To further enhance value chain revenue, HCM is working in cooperation with Bradken to expand sales of Bradken's undercarriage parts and ground-engaging tools. HCM is also establishing an operating base for parts remanufacturing with H-E Parts in Chile.

It's an exciting time for HCM overall and an exciting time for HCM to be expanding their presence in North America by way of Hitachi-branded wheel loaders. The company still seeks to “contribute to society through the development of superior, original technology and products” while simultaneously enhancing the value offered to customers. ■