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# Challenged Machine Tool Company

- Short Delivery, Less Working Capital -

DMG MORI SEIKI CO., LTD.  
Production Management Department  
General Manager  
Keiichi OTA

# Corporate Profile

As of Mar. 31, 2013  
Consolidated basis

Company Name	DMG MORI SEIKI CO., LTD.
Business Operations	Manufacture and Sale of Machine Tools
Established	October 26, 1948
Capital	41,100 million yen
Total Assets	186,700 million yen
Personnel	4,526 people
President	Dr. Masahiko Mori
Factories	Iga, Nara, Chiba:(Japan) Le Locle:(Switzerland) Davis:(USA) Tianjin:(China)



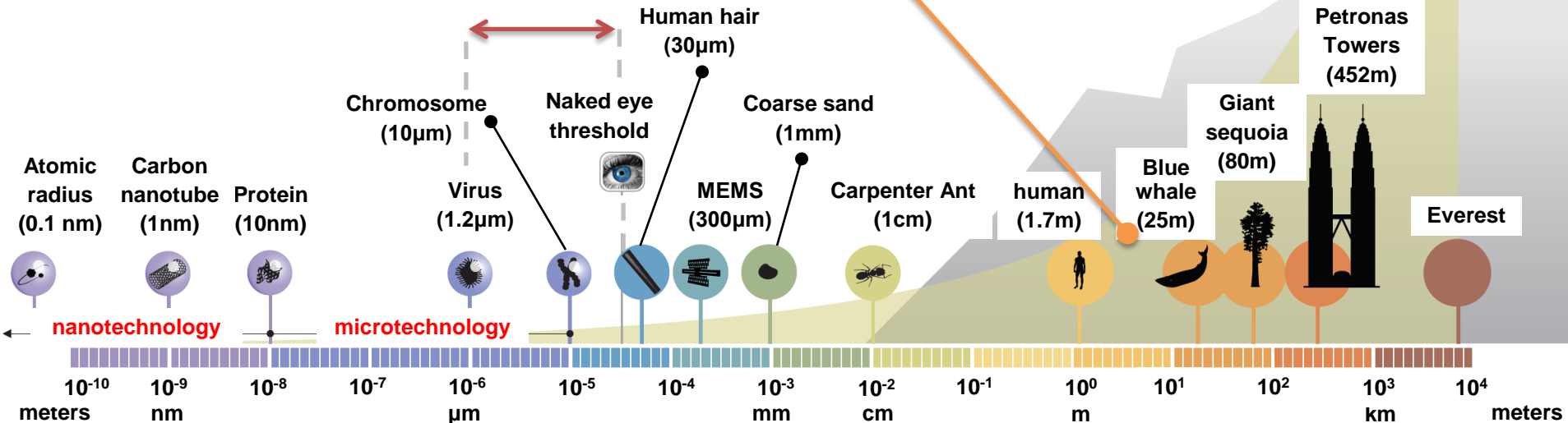
# High-tech Product of Machine Tool

Consists of more than 1000 components



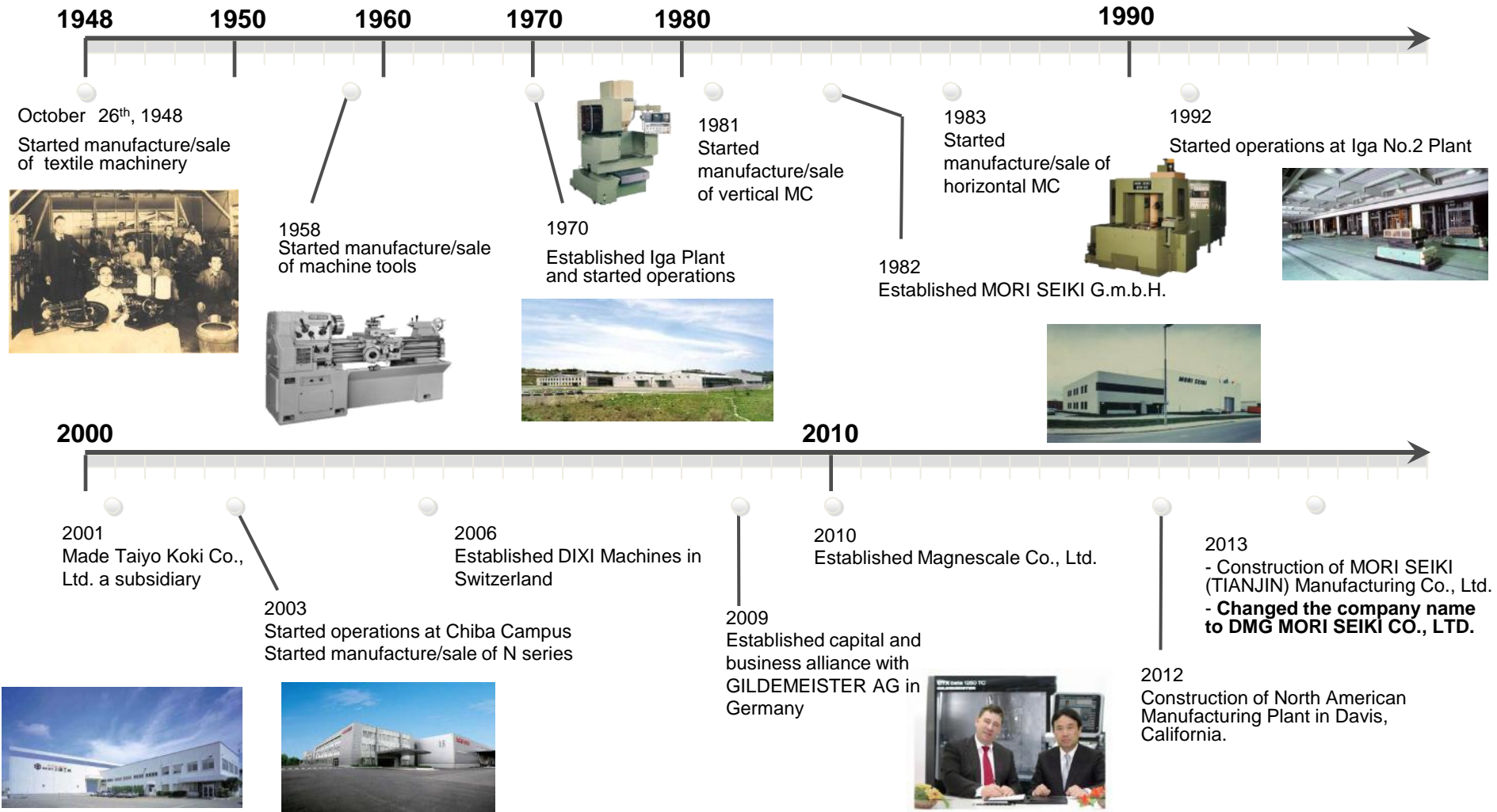
Accuracy of Machine tool

Size of Machine tool



(Ref. The Path of Precision)

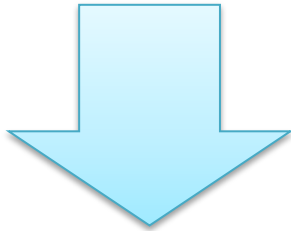
# Corporate History



# Business Alliance with GILDEMEISTER

▶ March 23, 2009

Established capital and business alliance with GILDEMEISTER AG(:DMG) in Germany



▶ October 1, 2013

Both companies has changed the each company name to DMG MORI SEIKI

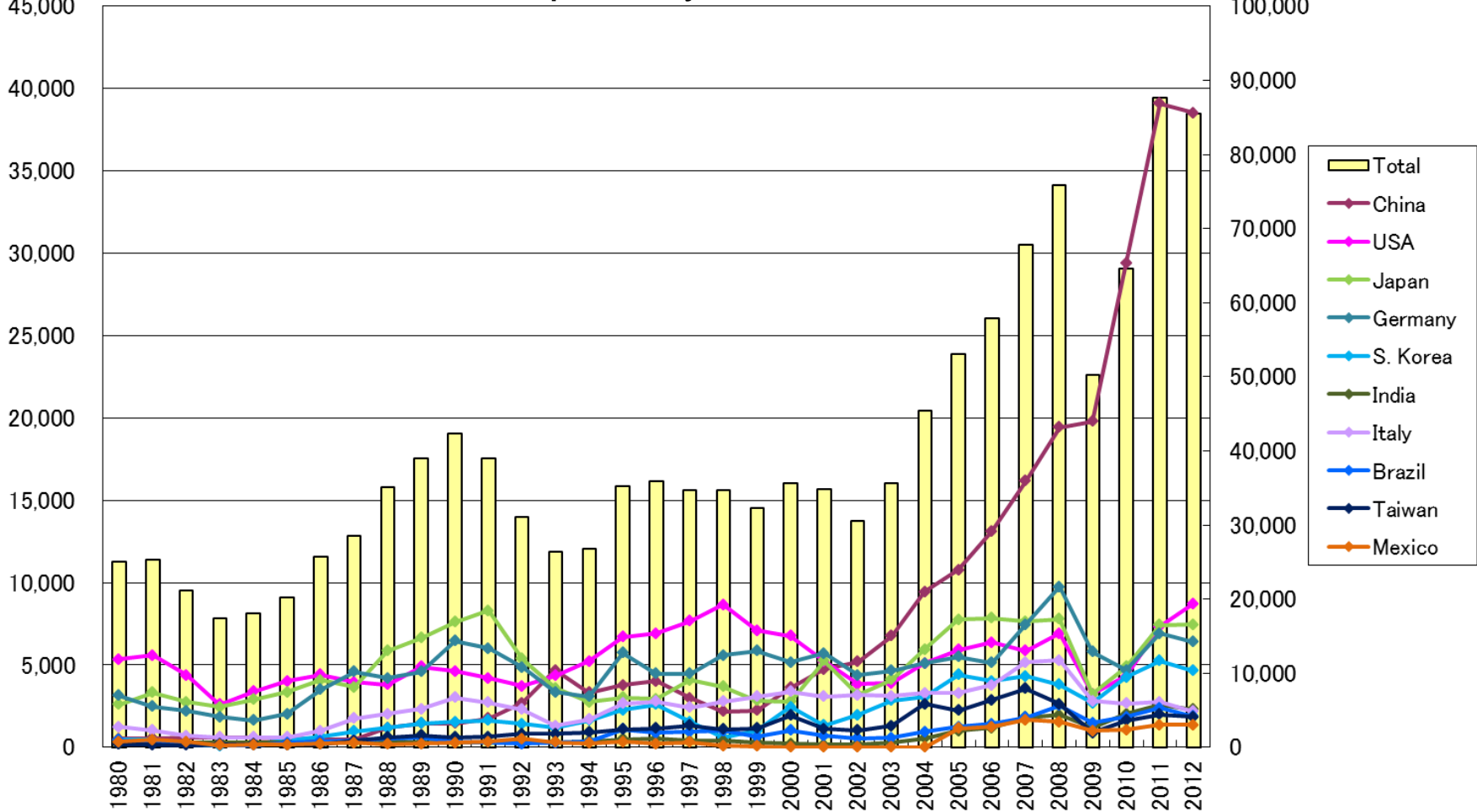


# Machine Tool Market

by countries  
USD Mill  
45,000

## Machine tool consumption by countries

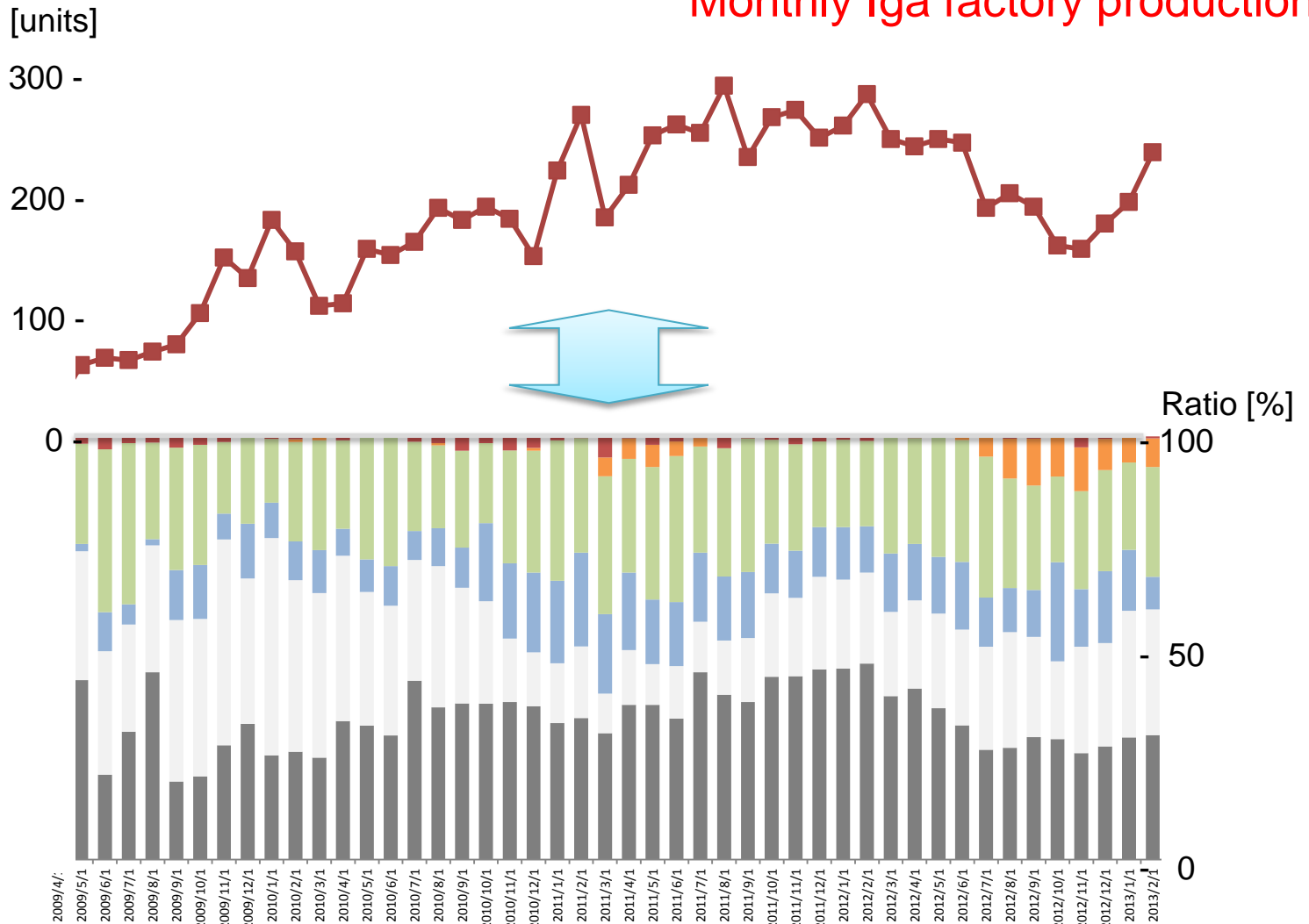
USD Mill total  
100,000



Ref. Gardner Publications Inc.

# Dynamic Market Trend

Monthly Iga factory production



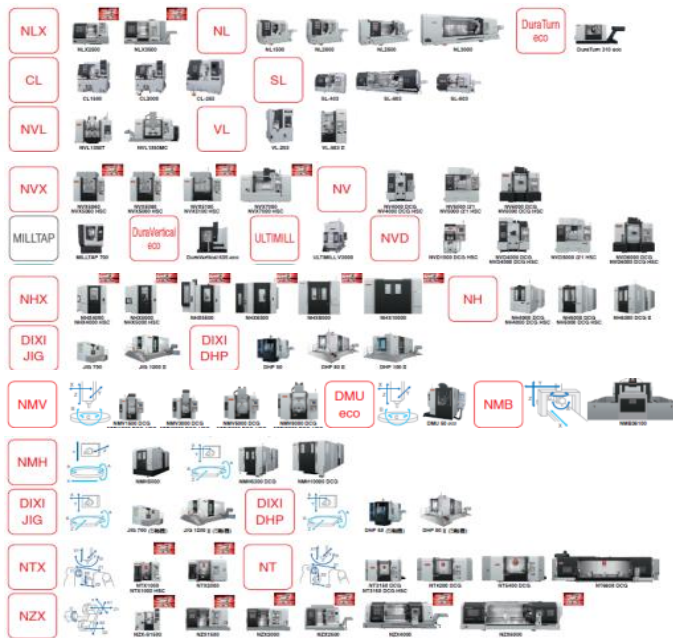
Amount trend

Ratio by models

# High-mix Low-volume

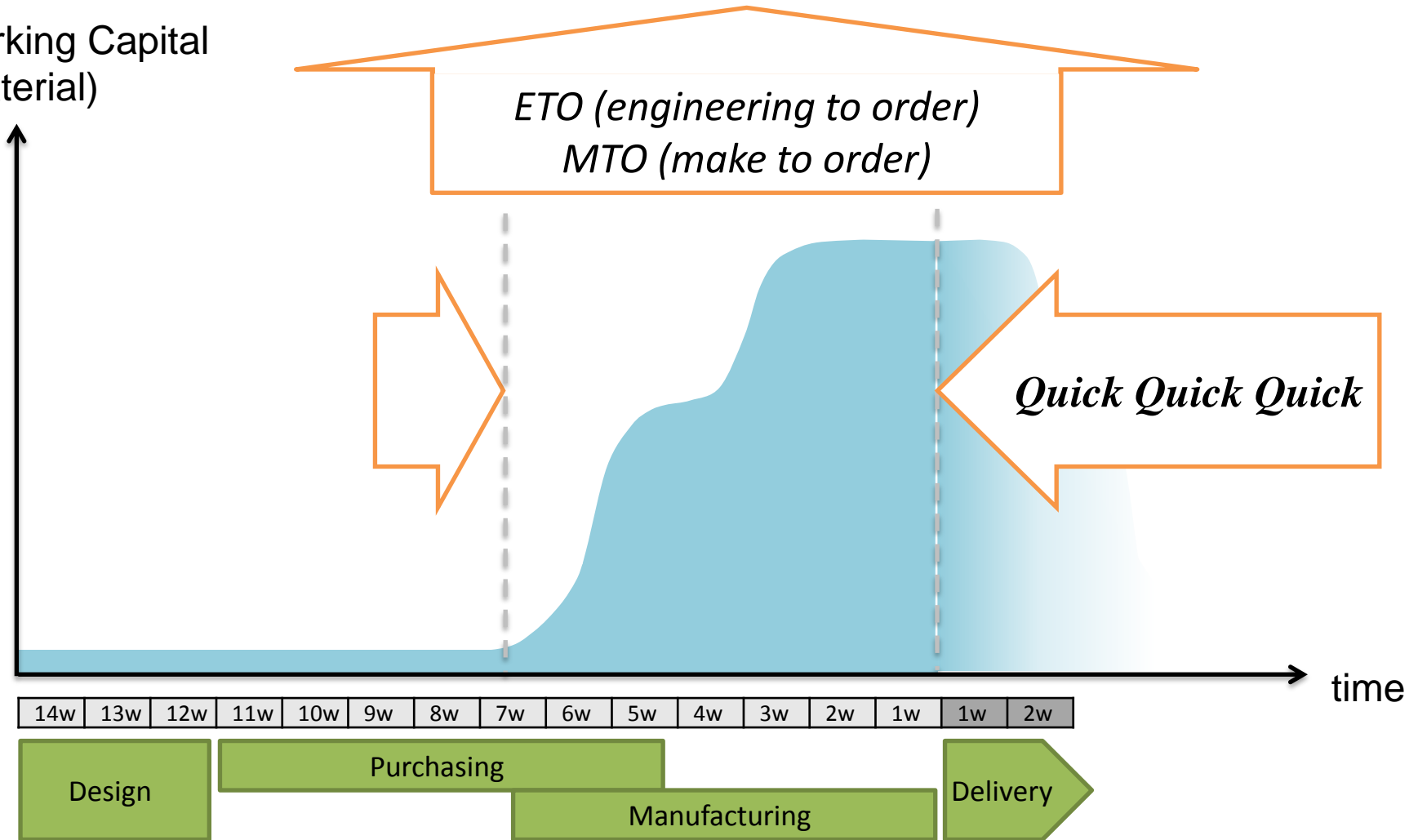
A variety of machines for many kinds of industries

- ✓ More than **500** specification varieties per machine
- ✓ More than **50%** of customer design



# For Short Delivery and Less Working Capital

Working Capital  
(Material)

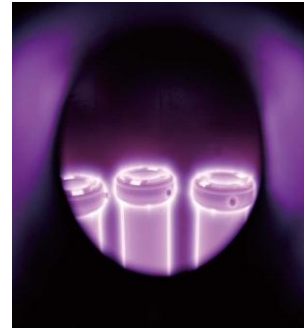


# In-house Production

## Plants for in-house production

- Heat treatment plant (2005)
- Casting plant (2006)
- Sheet Metal Plant (2006)
- Magnescape Co., Ltd. (scale) (2011)

⋮



## Result (ex. Heat treatment)

	Outsource		In-house
Carburizing	8.9 days	➔	3 days
Ion-nitriding	7 days		3 days
High-frequency induction hardening	4.6 days		1 day

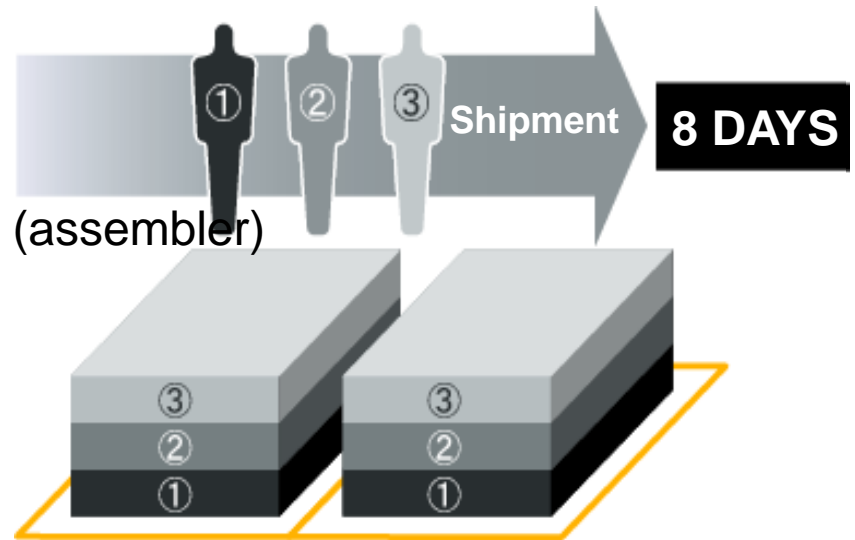
# Cell Production

## ◇ Conventional systems

Each process done by a different engineer (assembler)

①Process → ②Process → ③Process

※ Time loss between processes

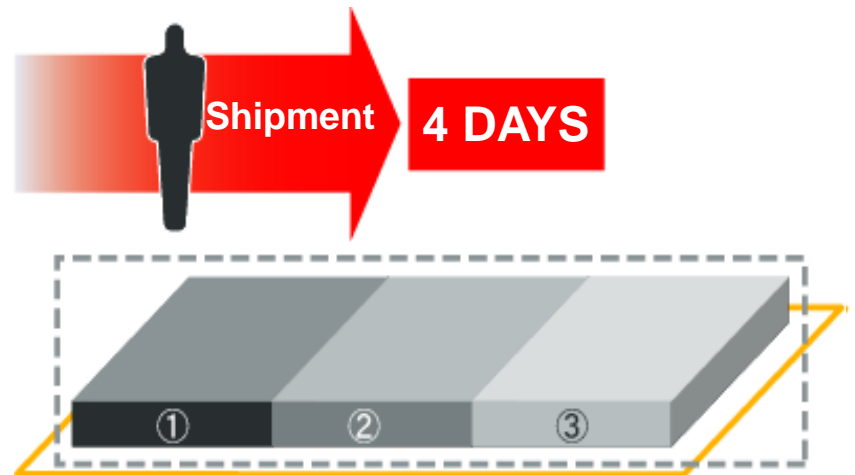


## ◇ Cell production

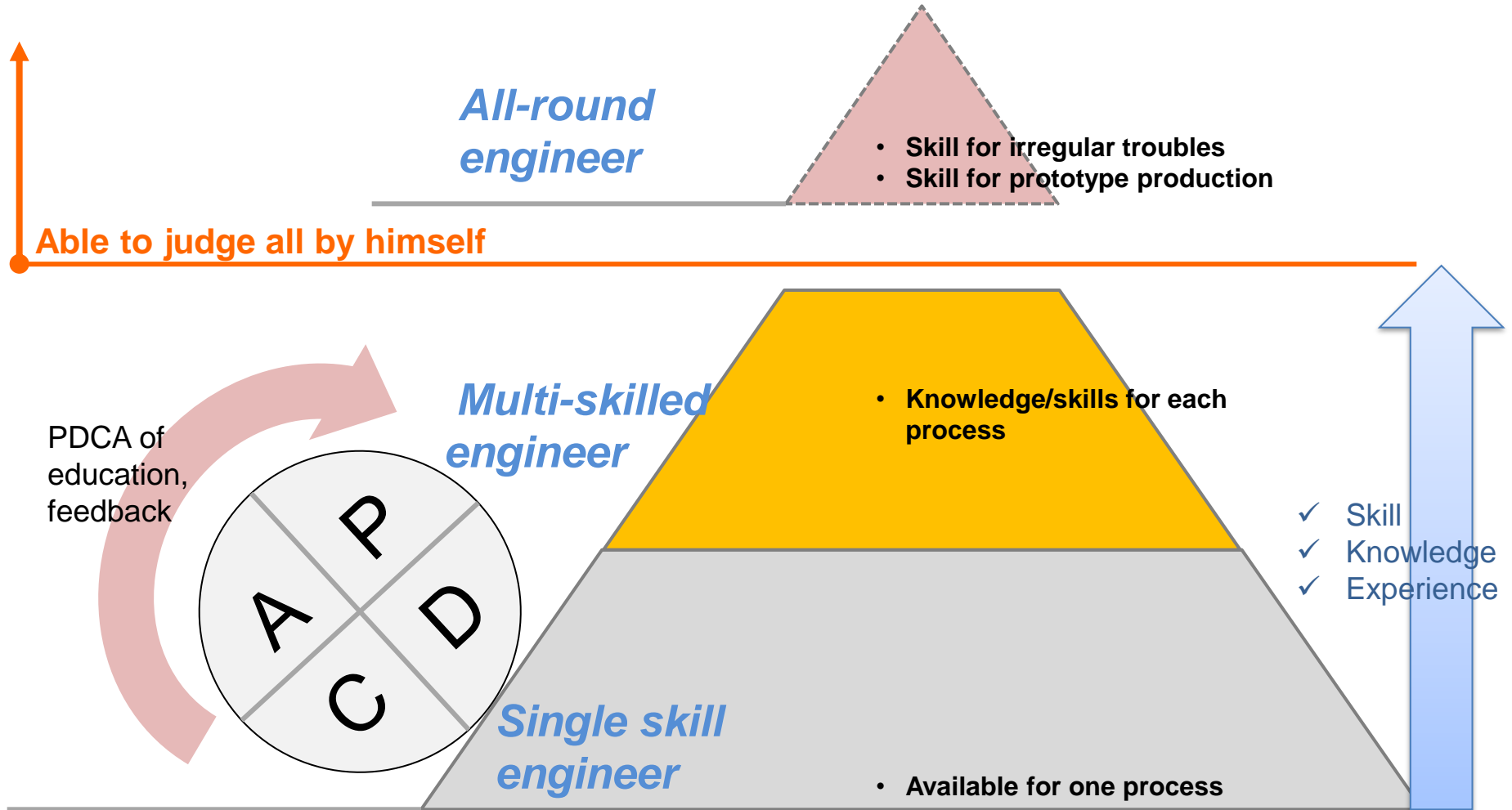
All done by an engineer (assembler)

①Process → ②Process → ③Process

※ No time lost between processes



# Training for Multi-skilled Engineer



# Challenge for Higher Step

Working Capital  
(Material)

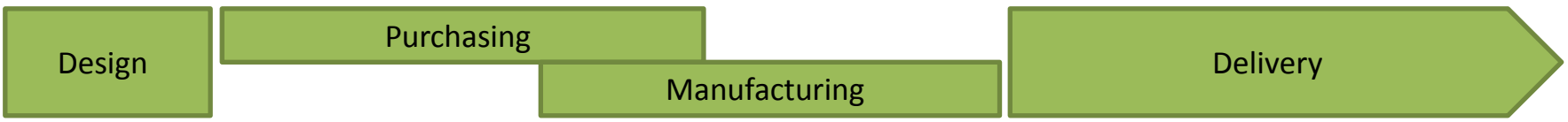
Pressure to shorten delivery time  
(Especially for intercontinental distribution)

Ex-factory

Pressure to reduce manufacturing cost  
(by bargaining & less variation)

time

14w 13w 12w 11w 10w 9w 8w 7w 6w 5w 4w 3w 2w 1w 1w 2w 3w 4w 5w 6w 7w 8w



# One Brand for the World

DMG MORI SEIKI from 1 October 2013:  
Two Partners. One Brand.

**DMG MORI**

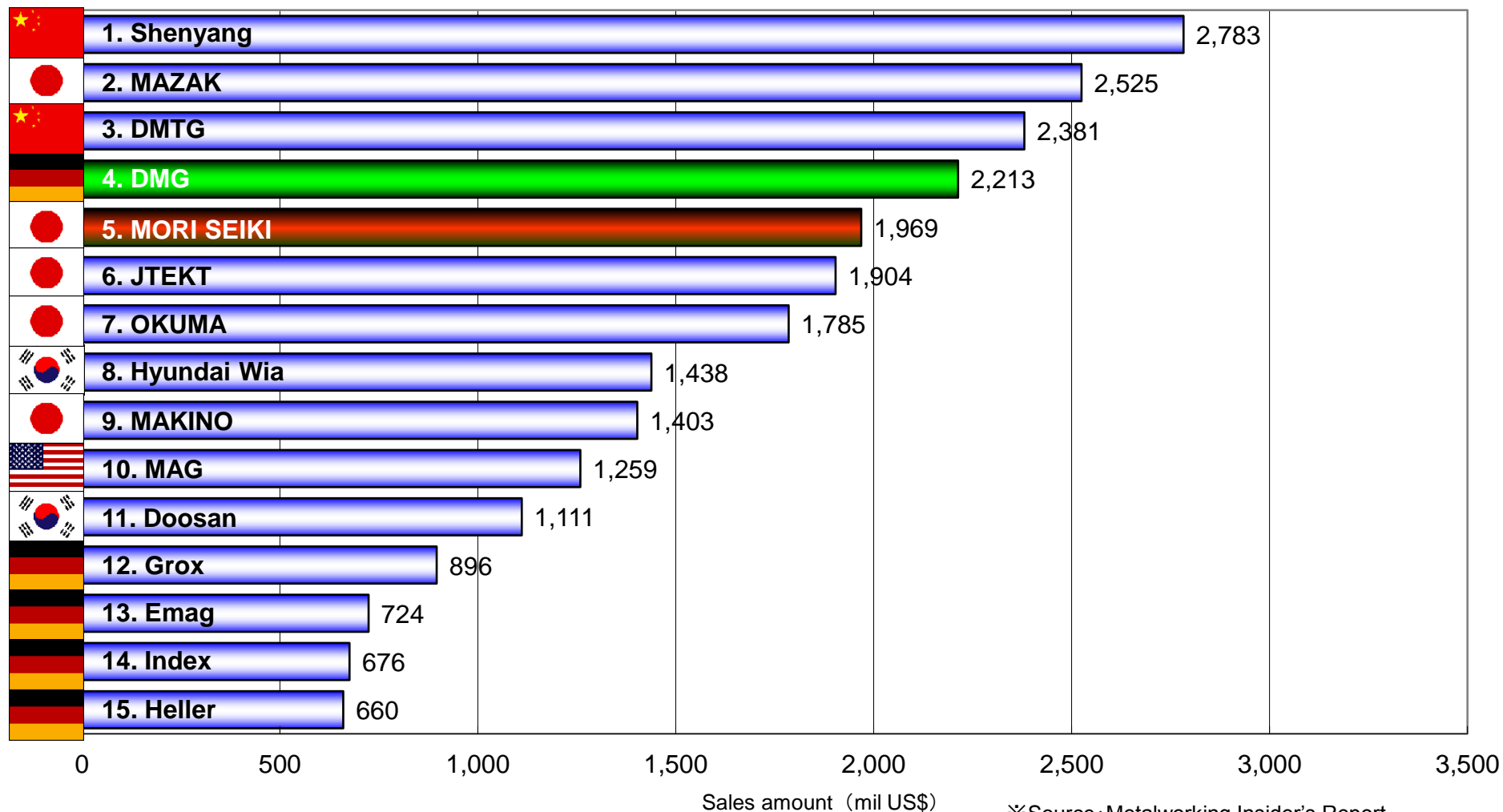


**One Brand**  
*for the World.*

- » Standardisation of the name
- » On 1 October
  - \_ GILDEMEISTER AG will become DMG MORI SEIKI AG
  - \_ MORI SEIKI CO., LTD. will become DMG MORI SEIKI CO., LTD.

**DMG MORI SEIKI**

# Scoreboard of Machine Tool Company



※Source: Metalworking Insider's Report,  
Machine Tool Scoreboard 2013/1/22

# Taking Advantage of Alliance

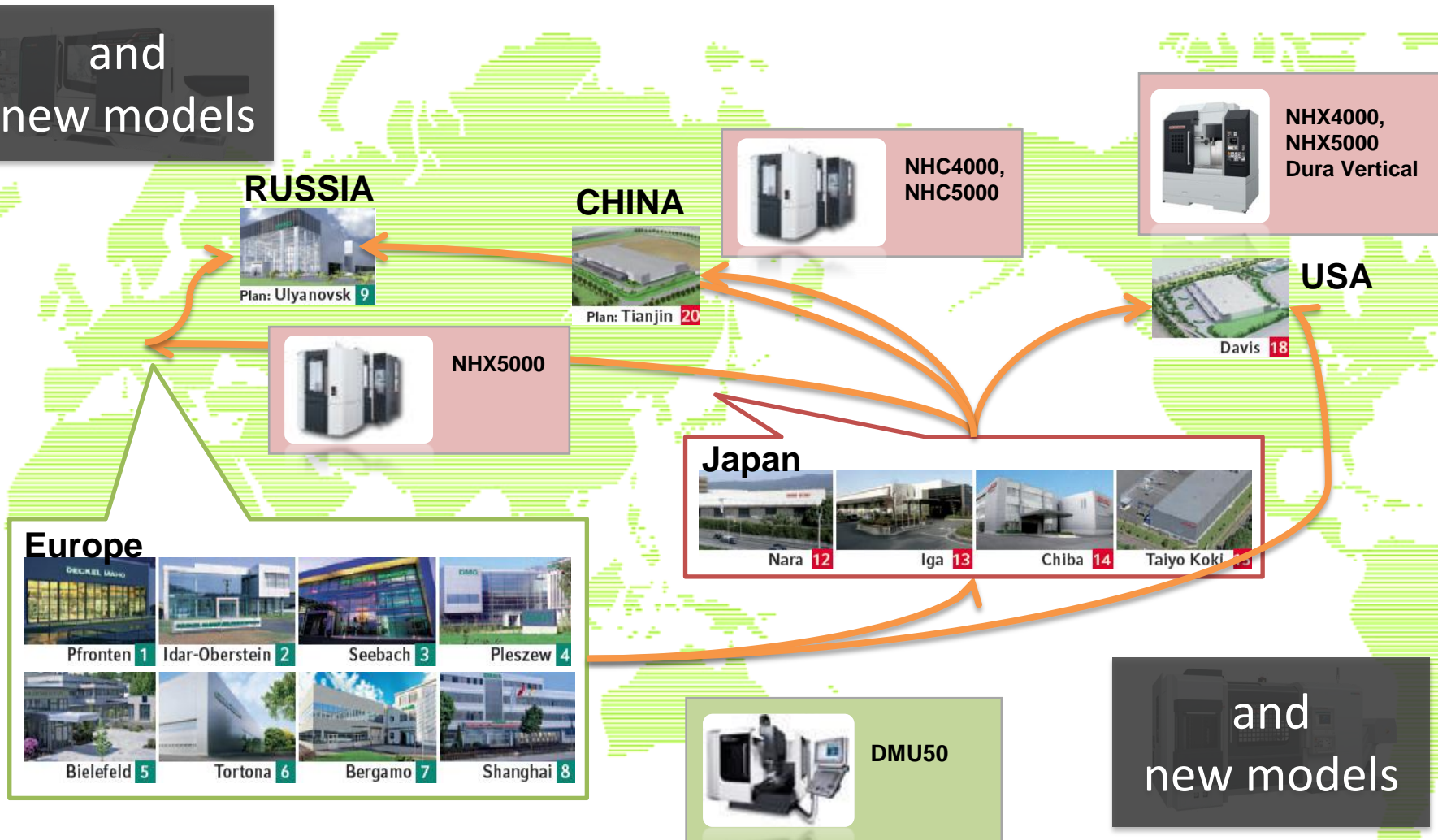
Outstanding QCD (quality, cost, delivery)  
with global distribution & scale advantage

- Distributed production of high volume machines
- Global sourcing and logistics
- Standardization and integration of models and components



# Global Production Distribution

and new models



and new models

# Multi-plant Production



DMG MORI SEIKI AG Seebach



DMU50



DMG MORI SEIKI CO.,LTD. Iga

## Assembly time

	Prototype 1	Prototype 2
Process 1	176%	88%
Process 2	99%	59%
Process 3	201%	89%
Process 4	214%	100%
Process 5	328%	133%
Process 6	113%	101%
Process 7	362%	241%
<b>Total</b>	<b>177%</b>	<b>101%</b>

- ✓ Equivalent productivity
- ✓ Vertical start-up

2 months delivery compression  
for Japan market

# Fusion of Different Culture

- ✓ Horizontally divided production system
- ✓ Competition between plant

- ✓ Vertically integrated production system
- ✓ Total optimization



CTX alpha 450 TC



NTX1000

# Global Purchasing, Logistics

## Joint Procurement



Cast metal  
made in china



Standardized Control  
board



Returnable  
packaging



Returnable  
packaging

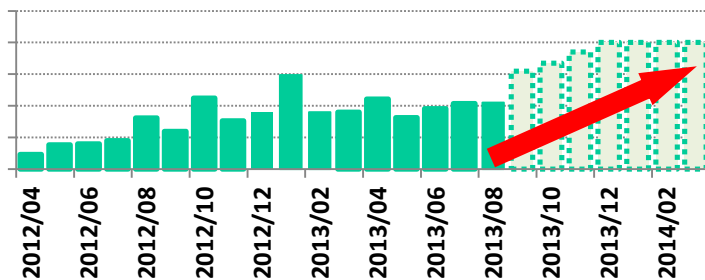


Returnable  
packaging



Returnable  
packaging

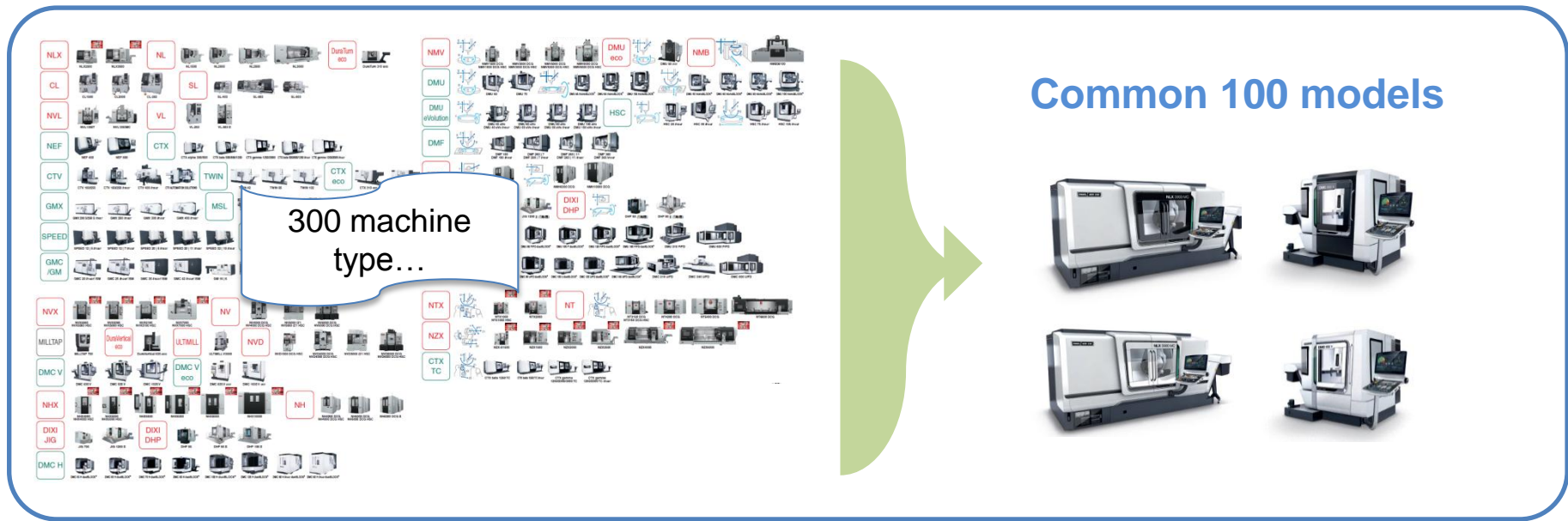
## Global Sourcing



Europe - Japan - China - USA  
Efficient Logistics network

- Optimization of purchasing, logistics
- Currency risk hedge

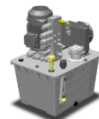
# Standardization / Integration



Standardization of major modules, parts



Spindle



Hydraulic unit



Cooling fan

Total cost of parts and inventory reduction

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# **DMG MORI**

**Thank you for your attention!**