



## Memorandum

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**Subject:** YAMATAKE (YTK) Business Development in Greece – Cooperation with TEVEX (TVX)  
**From:** Alexandros Sarafides  
**To:** Regis Houllier  
**C.C.:** Tetsuya Kurasawa

Date: 20.10.03

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### Objectives

Following targets are estimated for the next 2 years.

- F.Y. 2004                      75,000 EURO
- F.Y. 2005                      125,000 EURO

The estimation is based on:

1. The below proposed policies and actions including in the first place the pricing policy.
2. The rate of Quotations that TEVEX (TVX) prepare per year and the number of Clients they serve.
3. The actual potential of Greek Clients.
4. The number of projects and the degree of involvement we have.
5. The high quality of YAMATAKE's (YTK) products.
6. The fact that YTK is not known in the Greek Market and they are not listed in the Vendors List of any of the major Greek Process Industries.
7. The narrow range of products which TVX will promote (Pressure and Temperature Instruments, Magnetic Flow Meters)



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## The Growth Sources

The turnover is expected to come from two different sources:

1. Retrofitting, Revamping or Small Scale Project business, where YTK's products will replace client's usual Supplier Products – especially in those Clients who know either TVX or HONEYWELL.
2. Projects (from the end of 2004 and in 2005)

## The Strategy

The decisive factors for the success of above targets are:

- ✓ Reactive approach to the market conditions (price, delivery, approvals etc.).
- ✓ Professional Promotion of YTK's image as one of the World Leader in Process Control Products.
- ✓ Strong both pre- and after-sales Service Support.
- ✓ Selection of First Priority Target Accounts (FPTA) i.e. Clients who have a certain potential and at the same time are flexible to accept a new Supplier.
- ✓ Timely involvement in Projects on high management + decision making levels.

## Competition

All major Instrumentation Companies are present in the Greek market although with different targets and different success. The most important competitors are:

**YEW,** YOKOGAWA – through Representative.

Products: DCS, Field Instruments, FieldBus, Positioners (often offered with MASONEILAN Valves).

Clients: present in the complete range of the market.

Very strong and very aggressive discounts/policies in the Petrochemical / Refinery / Gas business.

**EME.** Emerson (ex FISHER – ROSEMOUNT) through Representative.

Products: DCS, Field Instruments, Analyzers, FieldBus, Valves and Positioners.

Clients: They dominated the pressure – temperature market for years and therefore they have a large installed basis. They are also specified as “sole vendor” in a number of Clients. They loose market due to price and rigid policy.

**HWL,** HONEYWELL – through Representative.

Products: DCS, Field instruments. Mostly present in the Refineries.

Clients: They are strong when complete projects are considered especially when a DCS System is involved. Their prices are good but they do not pursue efficiently smaller scale business.



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- SIE,** SIEMENS – Loca Daughter Company also production Plant in Thessaloniki.  
Products: DCS, PLC, Field Instruments, Analyzers  
Clients: Power Plants and Food Industry.  
They take advantage of their involvement as Contractors / Engineers in larger scale projects. Strong relations.
- ABB** Local Office  
Products: DCS, Field Instruments, Analyzers, Valves.  
Clients: The complete range of the Market. They take advantage of their involvement as Contractors / Engineers in larger scale projects. Strong relations same as SIEMENS.
- E+H,** ENDRESS+HAUSER through representative  
Products: Field Instruments, Analyzers  
Clients: Water + Waste Water, Food Industry, Medium Scale Industry. They have placed themselves strongly in their business sectors.
- FOX,** FOXBORRO – Representative  
Products: DCS, Field, Analyzers  
Clients: Complete Market. Not very successful the last 4-5 years.

### Pricing and related issues

The above Companies can be divided in two categories in respect to their price level. The differences are as much as +/-20% between same products of the various suppliers in the same category but can differ as much as 50-60% between categories.

First category are those ones who offer high quality products, complete lines and they have a strong quality and reliability reputation. Such companies are: YEW, EME, HWL.

The other category includes people who offer as standard (or can offer as alternative) cheap solutions for the less demanding applications. Such companies are: ABB, E+H, SIE and FOX.

Based on the available price list YTK can be placed only in the first category.

Typically a Differential Pressure Transmitter would cost (list):

YTK STD920-E-1-H-00000-X-D7-E5-E9: €980 FOB Japan or €1,078 Free in EE/Greece

EME 1151DP €950 Free in EE/Greece

HWL: STD924 €860 Free in EE/Greece

YEW: EJA110A €870 Free in EE/Greece

The low-end Pressure transmitters (PTG72G) appear more or less the same picture while the temperature transmitters (ATT60-H-1-2-X-S-U-0) are priced much higher than EME's 644, HWL's STT25H and YEW's YTA110.



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### **Proposed Policy:**

TVX could give 20% standard discount from our margin which would place the STD920 on € 865.00 which is comparable to HWL and better than the others. YTK should grant 40% flat discount for the complete range of products.

Other problems to be addressed:

- PED has not been included in above calculations. PED is a standard for EME, HWL and YEW in their offering in Greece. As PED is a MUST for EU the only possibility is to zero the cost of this option.
- Calibration in the desired range also has not been included. Calibration could be done by TEVEX free of charge at our office.
- Cost of different material options is too high (Hastelloy, Tantalum).
- Finally ATEX I.S. is not available- this could cause problems.

Based on the above YTK+TVX would review the quotation situation (lost/won, reasons etc.) within 3 months from the beginning of the co-operation and re-decide the pricing policy.

For larger projects and FPTA decisions have to be made case by case.

### **Sales and Other Activities**

1. Development and Circulation of a bi-monthly circular e-mail /fax message with updates in new products and information in our activities and developments.
2. Distribution of YTK's CD (product catalog) to all major Clients.
3. Scheduled visits of all main accounts in the first semester of 2004. In each site the people who have to be addressed are: Project Managers, Instrument Engineers, Purchasing Managers. Reports (summaries) on the results of the visits will be prepared. Demo equipment (Pressure, Magnetic Flow Meter) should be presented to all basic Clients.
4. Meeting in Greece and combined visits to the above mentioned FPTA (suggested April 2004)
5. Meeting with YTK at the end of the first semester (June 2004) to review the total situation and the efficiency of the followed policies. TVX/YTK to review the situation, analyze competition, and decide specific strategies to improve market penetration.



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## Training

Although Product Training is not of first priority it would be good if we could organize a sales training where the main selling points should be discussed (quality, YTK's strength, competition, future plans etc.) along with an analysis of the price List (selection options etc.). This training could last for 1 or 2 days and can be held either in Greece or France/Belgium. It can also be combined with one of the above mentioned scheduled visits of YTK's specialists to see our Clients.

## Support

1. CD-catalogs, brochures.
2. Combined visits as described above.
3. Training as described above.
4. Process support (projects)
5. Support in international projects.

## Conclusion

The market situation in Greece although slow in 2002 and 2003 has given signs of acceleration from the beginning of 2004.

Although there are difficulties to introduce a new Supplier in a rather saturated market, there are possibilities to get a market portion as high as 4-5% in the first two years if the high quality of the products will be combined with good price and strong sales support.

The Strategy described above, strong and efficient co-operation between YTK and TVX for the understanding of the market conditions along with TVX's experience and excellent knowledge of Products will allow faster improvements and finally will allow us to catch the first targets and place the Company into the Market.