



Azbil Corporation Recognized for

2021

Customer Value Leadership

Southeast Asia Building
Automation Systems Industry
Excellence in Best Practices

azbil

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Azbil Corporation excels in many of the criteria in the Southeast Asia building automation systems space.

AWARD CRITERIA	
<i>Business Impact</i>	<i>Customer Impact</i>
Financial Performance	Price/Performance Value
Customer Acquisition	Customer Purchase Experience
Operational Efficiency	Customer Ownership Experience
Growth Potential	Customer Service Experience
Human Capital	Brand Equity

Market Overview

Urbanization has become a widespread trend across Southeast Asia, accelerating a large-scale transformation in the region's building automation systems (BAS) market. There is a growing need for workplace optimization and productivity enhancement through innovation and retrofitting in old and new buildings. Governments are mandating new regulations to adopt energy-saving and energy management approaches, pushing the BAS providers to replace traditional solutions with smart solutions. Construction and renovations have also increased due to accelerated urbanization in various countries, thus amplifying demand for innovative BAS and smart buildings.

Employment of Cutting-edge Technologies: Fulfilling Contemporary Market Needs

A leading BAS company in Southeast Asia, Azbil Corporation (Azbil) brings value to its customers through advanced solutions and augmented customer experiences. Taking the industry trends into consideration, Azbil has improved its BAS solutions to augment office comfortability and introduce new advanced building control features required by hospitals, cloud computing centers, and other facilities. For example, the company introduced its virtual power plant technology for energy management, which enhances energy consumption in individual buildings and offers solutions to satisfy energy demand by integrating reusable energy sources. Azbil understands that this innovative technology is crucial for future smart cities. Additionally, there is an amplified demand for carbon footprint reduction through decarbonization to enhance health safety through upgraded ventilation and access control systems.

Azbil is working on solutions such as remote maintenance, cloud services, and a new heating, ventilation, and air conditioning system to cater to this demand.

When buildings' infrastructures age, their asset value declines. To address this problem, almost all BAS providers concentrate on two major areas: improving operation and maintenance costs and minimizing the wear out of building equipment. Azbil has set itself apart by amplifying the asset value for customers for a more extended period and providing its asset life-cycle solutions that focus on reducing operation costs, increasing customer satisfaction, keeping the building up-to-date for a long duration, and contributing to a sustainable society. These solutions are helpful during the construction of new buildings, for ongoing maintenance services, and for retrofitting existing buildings. Additionally, Azbil offers building-specific energy-saving solutions to enhance the efficiency of its services.

As a prominent BAS provider in Southeast Asia, Azbil excels in the following areas:

Retrofitting

Before initiating retrofitting for an old building, Azbil uses the operational data accumulated over time to create a design for the retrofit. This retrofit design highlights energy management, convenience, and safety as primary upgrades. A significant outcome of retrofitting should be an increase in asset value, and Azbil achieves it by leveraging the 'Anything as a service'¹ business model and performance contracting. This practice helps the customer save costs as they do not have to make total payments upfront. It also creates an effortless experience for its customers and improves time management for project completion. Azbil also provides predictive maintenance through remote services to sustain system reliability.

BAS Compatibility

Azbil identifies that most building owners do not want to remain tied to one vendor for their building equipment needs and upgrades throughout the building's lifespan. To address this concern, the company offers its savic-net™G5 building management system, which is compatible with BACnet (a data communication protocol for building automation and control networks²) and delivers interactivity with devices from different manufacturers.

Advanced Technologies

The company leverages artificial intelligence (AI) and the Internet of things (IoT) to improve the performance and productivity of its building operations. Due to these technologies' integration, Azbil has reduced workloads for its field workers and escalated performance. For instance, its infrared sensor array system measures infrared emissions to calibrate the number of individuals in a room, solar radiation, and surface temperatures of office automation tools, thus assessing, monitoring, and controlling change in room temperature. This system conveniently provides detailed data on office space utilization, responds to work style improvements, and helps circumvent the practice of Three Cs (closed spaces, crowded places, and close-contact setting), thus ensuring compliance with the social

¹ <https://searchcloudcomputing.techtarget.com/definition/XaaS-anything-as-a-service#:~:text=XaaS%20is%20a%20general%2C%20collective,an%20enterprise.>

² <http://www.bacnet.org/Bibliography/EC-9-97/EC-9-97.html>

distancing rules. Frost & Sullivan applauds Azbil for securing a highly competitive position in the market by employing advanced technologies for its solutions.

To remain ahead of industry trends and needs, Azbil exemplifies flexibility by adapting to industry changes triggered by the COVID-19 pandemic. For example, in 2020, the company introduced its one-of-a-kind Infilex™VN Venturi Valve to transform any standard hospital room into an isolation facility by increasing ventilation and decreasing the room's air pressure to negative. The hospital staff can change the room's atmosphere to 'pandemic mode' with a simple mouse click. It also supports the technology of a facial recognition system equipped with a high-resolution thermographic camera, enabling a zero

contact, secure, and sanitary entry and exit system. Empowered by AI, this facial recognition feature scans the position of an individual's forehead and measures their exact body temperature within 0.5 seconds without physical contact. With this solution, Azbil enables the inception of Airborne Infection Isolation Rooms (AIIR). Owing to this technology, healthcare facilities can instantly transform more hospital rooms into AIIR whenever a pandemic breaks out. This solution also kills any airborne pathogens. Frost & Sullivan applauds Azbil for promptly introducing this BAS during the challenging COVID-19 pandemic, thus enabling it to acquire new customers.

"Frost & Sullivan acknowledges Azbil for its comprehensive and efficient communication system with customers and other shareholders. The company encourages ideas and feedback from customers and builds a strong sense of value and reliability by employing their ideas in its solutions and services."

-Iqra Azam, Best Practices Research Analyst

A Solid Corporate Structure to Evoke Productivity

Azbil is solidifying its corporate structure and magnifying competitiveness by increasing productivity and refining product quality and reliability utilizing the following standardization practices:

Standardizing Development and Design Operations and Integrating Digital Transformation (DX)

The company has established a product life-cycle management system to standardize its development and designing procedures. By assimilating this system with robotic process automation, Azbil has empowered its systems with DX integration, thus decreasing manual labor and increasing operational efficiency.

Utilizing Standards

The company follows international and domestic standards set by the International Organization for Standardization, the International Electrotechnical Commission, and Japanese Industrial Standards for its business operations.

Measurement Standards Management

Azbil takes pride in its calibration skills as they are amongst the best in Japan. The company leverages these skills to boost the quality and reliability of its solutions by capitalizing on high-quality measuring instrumentation.

To further improve its operational efficiency, the company established three new organizations in 2020:

- **IT Solution Department:** This department helps to proliferate Azbil's operations into new areas of automation and escalate its competitiveness by employing information technology (IT).
- **Cloud Operations Center:** Azbil uses this center to focus on IT as a tool to empower business growth.
- **Corporate Sustainability Headquarters:** These headquarters focus on those practices that help Azbil accomplish its Sustainable Development Goals and strengthen its internal control in Japan and other Southeast Asian countries.

A Customer-centric Model for Resilient and Sustainable Business Growth

Azbil persistently concentrates on creating “human-centered automation” by prioritizing human safety, satisfaction, and convenience, while acknowledging the significance of sustainability and resilience in infrastructure. This approach harmonizes with the current industry trend of placing building users as the primary focus for designing, structuring, and operational aspects in BAS. Azbil’s slogan is “Azbil - Going Beyond Automation,” which further highlights its tenacity to provide the best customer experience.

Azbil differentiates itself in the Southeast Asian BAS market with a competitive edge, i.e., providing customized Japanese quality products and solutions. Unlike its competitors, who manufacture local products for price-sensitive markets in Southeast Asia or sell products manufactured for global markets without considering local market trends and requirements, Azbil stands out by implementing a hybrid strategy that constitutes both approaches. The company opened its unique Strategic Planning & Development Office (ASPO) for Southeast Asia in Singapore to implement this strategy, enabling the provision of its primary products and services to customers in Southeast Asia. It also ensures that Azbil’s products and services, although manufactured in Japan, are modified to meet the Southeast Asian market’s demands. By adopting this hybrid strategy, instead of aiming for customers from the mass market, Azbil creates a niche market.

Azbil offers a high degree of customer satisfaction by communicating with its customers and helping them accomplish their business goals. To create a strong sense of customer ownership and increase its enterprise value, the company welcomes ideas and comprehensive customer feedback. It helps Azbil to identify improvement areas, driving customer retention. For detailed discussions and brainstorming sessions with customers in Japan, the company uses its Fujisawa Technology Center to discuss potential future technological developments, leading to the co-creation of next-gen products, systems, and solutions. To communicate and collaborate with customers in Southeast Asia, Azbil uses its unique office facility, ASPO, to liaise with its customers in Southeast Asia seamlessly.

The company ensures that customers located outside the major cities also benefit from Azbil’s professional services. Its comprehensive building management service works as a remote monitoring center and oversees customers’ facilities 24/7. A self-diagnostic system helps Azbil gather and analyze information to confirm that systems are functioning accurately and enable prompt recovery in case of an unforeseen problem. It also empowers the company to take preventive measures to improve system reliability.

By providing efficient and profitable solutions and services to customers across Southeast Asia, Azbil builds loyal customer relations. For example, Gaysorn Group in Thailand is a devoted customer that appointed Azbil to install its savic-net™G5 building management system for their Gaysorn Tower project in the Ratchaprasong district. This system offers online and remote engineering. As a part of its services to Gaysorn, Azbil deployed a team of experts available to promptly address any problem that the customer encounters with the system. This practice helped Azbil gain the customer's loyalty, and their relationship strengthened more when Azbil retrofitted Gaysorn's new adjacent commercial building called Gaysorn Village by deploying its advanced solutions.

The company's executive team actively works towards augmenting strong customer relations built over the years by maintaining direct communication with its shareholders and investors. Azbil's Investor Relations (IR) office facilitates correspondence about its business performance, governance, and proposals for business development. Azbil also uses this IR office to conduct the following dialogue with its investors:

Proactive Dialogue by Officers (Financial Briefings)

"As a result of its exceptional customer experience strategies, Azbil's overseas sales increased from 18.1 billion yen in 2010 to 44.8 billion yen in 2020. Frost & Sullivan recognizes Azbil's remarkable ability to sustain a robust customer-centered strategy that helps the company achieve continuous development."

-Iqra Azam, Best Practices Research Analyst

The company shares briefings of its financial performance, where the president and the group chief executive officer give details of Azbil's annual performance and its management plans for the future. They also use this platform to welcome feedback and questions from the investors.

Azbil conducts individual meetings and group conferences with its investors in Japan and other Southeast Asian countries. The upper management and other representatives from the IR office partake in these meetings and conferences. The company uses the opinions and ideas gathered through these

dialogues as the primary source to make better choices for efficient corporate management. For its fiscal year 2019 (ended in March 2020), Azbil engaged with shareholders on more than 250 occasions. Frost & Sullivan acknowledges Azbil for its comprehensive and efficient communication system with customers and other shareholders. The company encourages ideas and feedback from customers and builds a strong sense of value and reliability by employing their ideas in its solutions and services.

As a customer-centered company, Azbil places customer satisfaction as its highest priority, but to ensure that its services also benefit society, the company persistently focuses on environmental sustainability. The company's aim for its customers and communities is "to realize safety, comfort, and fulfillment in people's lives and contribute to global environmental preservation through human-centered automation."³ Thus, Azbil applies four core values to its business operations, namely Safety, Comfort, Fulfillment, and Environment.

³ <https://www.azbil.com/corporate/vision/index.html>

To implement and promote Corporate Social Responsibility, the company consistently practices these core values and exhibits compliance with laws and regulations. It remains prepared for disasters through risk management and ensures seamless internal control through a structured and transparent control system. It also provides environment-friendly products, implements energy management, and reduces the ecological footprint of its services and solutions. Azbil offers safe and healthy workplaces to its employees. It encourages the staff to work more competently, hence boosting the company's relations with customers. Azbil administers consultations with its customers to decide which BAS, control equipment, energy-saving solutions, and products best suit their business requirements. Its field engineers leverage expertise and knowledge of the solutions to meet customers' on-site engineering requirements and deliver safety, excellence, and cost management during the entire construction and installation process.

To further enhance its customer experience, Azbil focuses on addressing the BAS' market trends. For instance, the company noticed an increased demand for the precise temperature control function in the overseas BAS markets, so it capitalized on its extensive knowledge to tailor its services and solutions that satisfy this demand. As a result of its exceptional customer experience strategies, Azbil's overseas sales increased from 18.1 billion yen in 2010 to 44.8 billion yen in 2020. Frost & Sullivan recognizes Azbil's remarkable ability to sustain a robust customer-centered strategy that helps the company achieve continuous development.

Azbil has secured its leading position in the market by employing a knowledge-intensive services model. This model allows the company to create and offer solutions based on its wide-ranging data and experience over the years. Using innovative technology and knowledge accessible only by experts in control and management, the company has structured a system that helps anticipate potential issues and take necessary measures to prevent them. Azbil designs service tools that help increase the productivity of on-site checkups. These tools also empower off-site checkups through remote data collection and remote event analysis, confirming that automatic control systems are adequately maintained. For remote and ceaseless monitoring services, Azbil has established its Building Operator Support Service (BOSS-24). This service runs through the company's Building Operator Support Service (BOSS) Center. BOSS-24 comprises remote monitoring service, on-site surveillance, disaster response, and on-site staff and maintenance services. Azbil uses a private network at the BOSS Center to collect necessary data from customers' buildings, identifies errors, and enables the operators to control the building whenever required remotely. In case of an emergency, customers can use BOSS-24's alarm system that sends a notification to the BOSS center from where the company dispatches its emergency service staff. Azbil has two BOSS centers in Japan. By leveraging this system's efficiency, the company has deployed its solutions in approximately 600 buildings all over Japan in the last 35 years.

Conclusion

Azbil Corporation (Azbil) distinguishes itself as an outstanding provider of exceptional building automation systems (BAS) services, products, and solutions in Southeast Asia. The company reinforces its position in the market with its state-of-the-art, human-centered, and reliable solutions and a persistent focus on customer satisfaction. Azbil has also set itself apart by emphasizing environmental sustainability and transforming its customer experience approach from labor-intensive to knowledge-intensive by implementing IoT and AI technologies. It has sustained excellence in customer experience by precisely concentrating on improving the asset value, which has resulted in customer retention. Azbil has truly secured a leading position in the market by offering solutions tailored according to the market trends. An applaud-worthy example is its ‘pandemic mode’ solution specially designed to curb the challenges driven by the COVID-19 pandemic in the BAS market in Southeast Asia.

With its strong overall performance, Azbil Corporation earns Frost & Sullivan’s 2021 Southeast Asia Customer Value Leadership Award in the BAS industry.

What You Need to Know about the Customer Value Leadership Recognition

Frost & Sullivan's Customer Value Leadership Award recognizes the company that offers products or services customers find superior for the overall price, performance, and quality.

Best Practices Award Analysis

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

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Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™. [Learn more.](#)

Key Impacts:

- **Growth Pipeline:** Continuous flow of Growth opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our six analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

