

SPECIAL REPORT: GERMAN UNITY DAY

Staying close to customers, ifm leads in innovation



Michael Marhofer, chairman and managing director of ifm electronic

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While many measure success by how far they have travelled from their origin, the perceptive few choose to remain close to their philosophy despite the distance they have covered.

In the manufacturing industry, these few include ifm electronic, which has earned distinction globally with its development, production and distribution of high-quality industrial sensors and controllers. Directly addressing its customers with its "close to you" slogan, ifm emphasises that its continuing growth and success are built around its core value, which is to serve its customers wherever they are in the world.

"Our slogan reflects not only our advertising strategy, but also our entire work culture and philosophy," says Michael Marhofer, ifm's chairman and managing director. "One of the biggest advantages we have had over the years is our deep understanding of the needs of the customers, their applications and the solutions for these applications, which bring us to our other key to success – innovation."

The company brings both competences in its foray overseas as it evolves into a fully-fledged international enterprise. The company attributes its successful transition to its efficient regional structure. ifm has its own subsidiaries in more than 40 countries

and also has small offices in key industrial regions, and works with exclusive trade partners and agents in about 30 other countries.

"We have grown from being a German company to an international company with a German base, generating more than 70 per cent of our turnover from overseas sales," Marhofer says. "We have nearly 1,000 engineers and sales people worldwide who offer our products, solutions and services directly where the customers are."

The company is also preparing to become more active in Asia, as it intensifies its sales, production, product development and purchasing activities in the increasingly industrial region.

Established as a two-man company in 1969, ifm began as a family-run business with only four products. More than 40 years later, it has become one of the leading companies in the automation sensors and controllers industry.

The company has since expanded its portfolio with more than 24 product lines and 8,000 items, covering position sensors and object recognition, fluid sensors and diagnostic systems, bus system actuator sensor (AS) interface, control systems and identification systems. It has more than 4,100 employees worldwide and achieves more than HK\$5.87 billion in annual sales.

Increasing production activities have also outgrown ifm's facilities in Germany, and are now also carried out in the United States, Sweden and Singapore. All factories implement automated production, which allows ifm to provide the level of quality that German manufacturers are known for while matching the prices of Chinese suppliers and other competitors.

"A fully automated production means consistent high quality and minimised labour costs. We have no problem competing price-wise," Marhofer says.

Cutting-edge products and services

Pioneering innovations since 1969, ifm led the development of inductive sensors and built its portfolio over the years. "We are known worldwide as a market leader because customers prefer big suppliers such as ourselves, that deliver a complete line of products," Marhofer says. "We provide not only single sensors or systems but also a comprehensive range for all the different applications."

The company's flagship product, position sensors, ranges from basic proximity sensors, encoders and optical systems to individual evaluation systems. Fluid sensors and diagnostic systems monitor and analyse liquids, gases, granulates, viscous media and vibration, while the AS-interface performs as an intelligent system for sensor and actuator connections to the control level.

Among ifm's growing products are identification systems, which include radio frequency identification and two-dimensional data matrix code, that reliably track and code manufacturing parts.

Apart from conventional applications in the food and beverage, water treatment, pharmaceutical, and building automation industries, ifm's products are increasingly used in conveying, machine tool, mobile, plastic, robotic and other new and cutting-edge technologies.

The company sees automotive applications, which account for 5 per cent of the company's annual turnover, as a promising area for growth. Amid the rising trend in improved vehicle safety in Europe and other regions, ifm is working on a three-dimensional camera designed for vehicle precrash control.

"We grow through our own innovations for new markets, with more than 10 per cent of our employees dedicated to research and development [R&D]," Marhofer says. "We launch a lot of new products every year, covering almost all areas of sensing and automation."

The company has more than 450 engineers, and is looking for another 100 to boost its R&D capabilities, including software development. It invites engineers from other countries to join the company, noting that one of the reasons it is becoming active overseas is to attract more talent.

The company offers standard and customised products for major original equipment manufacturers (OEMs) and large-scale end users. To help bring down the development costs for customers, it develops solutions that fit a wide range of applications and launches serial products with similar technical specifications for different markets.

Complementing its hardware range, the company also creates software solutions for special applications upon customer request. It extends its support services to more than 70 countries through telephone, online and on-site assistance. It likewise provides product presentations and training at customer locations and in its training centre in Essen, Germany.

Providing services beyond sales and installation, ifm also helps customers as early as the project planning stage. Such advanced involvement allows the client to handle ifm's technology as easily as possible at minimised costs. The company also sends free sample units on request, accepts orders for small quantities and facilitates express delivery through its 24-hour service.

As testament to ifm's innovation, the company has been conferred numerous nominations and awards from German and international award bodies, including the German Innovation Prize, Deloitte Asia Award and Hermes Awards. Recognised not only for its products, the

company is also cited consistently as one of the best places to work.

In its expansion in Asia, ifm aims to build a similar reputation for its ingenuity and core values by adopting the same model that has earned it much success in Europe.

Centre of competence in Asia

The company established its first subsidiary in Asia in 1977, less than a decade since it began operations.

Braving the relatively closed market of Japan as its first Asian destination, ifm leveraged its legacy as a family-owned company and ultimately gained a warm reception from the conservative market.

This bold and successful move overseas has since opened more doors, leading it to a broader presence in North and South America, Europe, Africa, Asia and Oceania.

Intensifying its activities in Asia, the company opened a new manufacturing facility in Singapore last June. Measuring 3,000 square metres, the plant has begun manufacturing ifm's product line. It is also slated to become a product development and production hub for ifm's Asian operations in the next few years.

"We see that the biggest growth in the next 10 to 20 years will come from Asia. We have to establish a centre of innovation there to remain a global player," Marhofer says. "We want to have a big centre of competence in Asia to develop the right products for the right applications in the region."

Recognising the differences in customer requirements in Europe, the Americas and Asia, the company aims to adapt its products according to such diverse markets.

It also ensures that its complete product range is available in all of its subsidiaries worldwide to guarantee that its customers, which are mostly international companies, have access to ifm's spare parts and other products.

"You have to offer the whole range of products to all the countries. Otherwise, you cannot deliver good service to the customers," Marhofer says.

The company also plans to set up a purchasing office in Singapore, similar to what it has in Hong Kong and Europe, to ensure reliable and stable supply for the hub's manufacturing requirements.

As it does in all its purchasing offices, ifm will review and audit its suppliers in Singapore to get a good feel of their products.

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Michael Marhofer
Chairman and managing director,
ifm electronic

"Quality is one of the reasons why we decided to go to Singapore as a greater gateway to Asia," Marhofer says. "The country's well-educated people and ideal infrastructure mirror the level of quality and reliability that Germany is known for."

ifm has been sourcing raw materials from Asia for more than 12 years. Seeing the region, particularly the mainland, as a fast-growing market for its products, it also plans to establish a purchasing office in Shanghai in the next couple of years.

The company entered the mainland through a trade partner in the mid-1990s. It intensified its presence in 2005 through direct selling, and has since been growing its local operations by 80 to 100 per cent annually. It has five branches and 14 sales offices throughout the mainland, and has moved to a bigger headquarters in Shanghai to accommodate its growing workforce.

The company's customers on the mainland range from small local businesses to Chinese market leaders and multinational American, European and other Asian manufacturers. It counts key mainland mobile machinery OEMs among its high-profile clients.

"We do not wait for customers to come to us; we proactively pursue target clients that we believe can benefit from our solutions," Marhofer says. "Then we go deeper into the customer base as we prove our reliability and flexibility as a supplier."

The company plans to set up a manufacturing base on the mainland within the next five to 10 years, and apply the same automated operations it has in place in Singapore and its other factories.

"China will become such a big market that it will not make sense to manufacture China-bound products in Germany or elsewhere," Marhofer says. "We will definitely set up a production base there as soon as we have grown our Singapore and US factories."

The company envisions that one-third of its worldwide turnover in the next five years will be coming from Asia, which at present accounts for about 24 per cent of its sales. It also anticipates evolving in the next 10 to 15 years into a more Asia-centric international manufacturer from being a mainly German-oriented company. It takes pride in having local leaders assume responsibility for its subsidiaries overseas.

Outside Asia, the company sees the US, Mexico, Brazil and the rest of South America as other potential growth areas. It forecasts 2 to 3 per cent annual growth for Europe and North America.

ifm electronic



Quality "Made in Germany".



ifm electronic gmbh is one of the world's leading manufacturers in the automation industry. More than 3,500 employees in over 70 countries are competent partners for 96,000 customers. With its own local branches and many exclusive trade partners, ifm has been known for reliability, German engineering and quality on the Asian market since 1976. Over 90 % of ifm's product portfolio is developed and produced in Germany: from position and fluid sensors, object recognition, diagnostic and identification systems to communication and control systems. Benefit from quality "Made in Germany".

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