

ONE company TWO brands

THE FUTURE OF **TOPCON & SOKKIA**

>> By Marc Cheves, LS



These days it's easy to become discouraged about the state of the land development industry and the effect on surveying. In speaking with surveyors across the country, it seems that transportation stimulus money is going mainly to resurfacing projects rather than work that generates new road construction. We need to deal squarely with the issues and start building America again so surveyors can get back to work! As a reality check on this topic and to learn more about Topcon's acquisition of Sokkia and other current activities, I recently paid another visit to Ray O'Connor, president and CEO of Topcon Positioning Systems (TPS) at its Livermore, California headquarters.

O'Connor is remarkably upbeat about the economy and believes that by October of this year, we should see an increase in work that will benefit surveyors. Case in point, he stated that the annual 2.5 million housing starts over the last several years prior to 2008 was simply not sustainable. On the other hand, he says, the current 500,000 starts will not fulfill the demand, and the ideal number is around 1.1 million.

As for market "positioning," TPS has already taken steps to prepare for the inevitable upturn in the economy, including the creation of five different business units—surveying, construction, agriculture, emerging markets and telematics—each strategically headed by experienced industry veterans. (The survey unit is headed by Denny Welch, a 10-year Sokkia veteran, and Brice Walker, a veteran of TDS, Nikon and Spectra Precision.) This structure will continue to stimulate the growth of TPS, improve customer support, and allow each unit manager to maintain a laser-like focus. And anyone with an eye to the horizon will see new potential in telematics that enable the wireless office. Electronic

 **TOPCON SOKKIA**



data will be fed in both directions from the office to the field people or the machines. TPS is already there, ready with its Topcon Tierra and SiteLink technologies.

Ray Kerwin, a highly respected industry expert who has rejoined Topcon, has been appointed Global Product Manager for the Western Hemisphere. The position was created at the suggestion of the U.S. and European divisions to allow Topcon to benefit from industry experts who are not tied to the P&L of either division, and will aid in communication between Japan and the divisions.

Mick Yamazaki, who O'Connor calls "My right arm and a great operations manager," is now the TPS chief operations officer.

In a previous conversation with O'Connor in 2007, he said that in 1993 Topcon and Sokkia were equal in sales in the U.S. At some point after that, Sokkia sales began to dwindle. And in an interview I conducted with Tak Oda in 2002 (at the time Oda was the CEO of Sokkia) he blamed the downturn in sales on the fact that Sokkia had opened its own dealerships, thereby competing with existing dealers. But O'Connor feels that the reason is because Sokkia had a limited product offering and didn't offer such products as construction lasers, machine control, GIS and laser scanners. The key dealers needed a full line of products to be competitive, and absent these, began to defect. Because Sokkia didn't enter the non-optical markets until

the industry had formed and set its own direction, it was too late.

When I inquired about rumors that the Sokkia name will disappear, O'Connor flatly stated, "Absolutely not. The Sokkia name—a critical brand for optical instruments worldwide—will remain." He added, "Topcon and Sokkia combined is the largest survey instrument company in the world." O'Connor



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says that Sokkia is the dominant brand in SE Asia, and perhaps the largest in Japan (with Topcon right behind), and enjoys a 60 percent market share for optical instruments in Russia as well. O'Connor spoke very highly of Sokkia's reputation for optics and quality total stations. Asia is still primarily an optical market, and GNSS is not widely used.

O'Connor noted that the real synergy between TPS and Sokkia will lie in technology and engineering, and its abil-

ity to leverage manufacturing and costing. He said that common components and the best of both companies will be shared. For example, if one company has a better angle encoder it will be used by both. But he stressed that the user experience will remain the same, that is, the knobs and external parts will remain the same as will the software inside. "The feel of a Sokkia instrument will remain constant, as will the feel of a Topcon instrument," he said.

O'Connor said that dual-distribution will be maintained and with consolidation, there will be better products, faster development, and more price-competitive offerings. O'Connor noted that integration is never easy, but that it's critical to not be reactionary. He lauded the parent corporation for its long-term view, and said it's looking 5-10 years down the road, constantly seeking ways to make a surveyor's life easier, more productive, and most of all, more profitable. And as always, TPS prides itself on listening to customer input to guide its product development.

The truth remains that any industry impacted by technology must move ahead wisely or be left behind. Obvious to anyone who has attended a Topcon Roadshow, consumer education is vital to the most efficient use of quality products and technology applications. Looking ahead, O'Connor encourages surveyors and engineers to stay abreast of technology and use the current economic situation to their best advantage. "It's time to position ourselves for the upturn." *A*