

Press Release 8/2/00

A new company structure and orientation is being presented in connection with the publication of Semcon's End of Year Report on the 8 February. The following text is a summary of the company's renewal.

Focus on IT, competence and design to create new competitiveness in Swedish industry

In a period when manufacturing industry is rapidly turning into development industry, people become more important than machines. This is the reason for Semcon's new strategic orientation towards IT, training and design. With better focusing and completely new modes of working, Semcon will improve its own competitiveness and that of Swedish industry.

"1999 was a year of upheaval in Swedish industry. We have never witnessed such major changes and this creates new, positive opportunities for us," says Hans Johansson, Semcon's MD. Technological complexity is increasing, which in turn requires more advanced and specialised knowledge. At the same time more and more client companies want to work with fewer consultancy partners, which requires more integration of competence.

Development tops investment

To gain a clear picture of the market, Semcon commissioned SIFO¹ to chart investment plans in Swedish industry for the next few years. (The investigation was carried out between November 1999 and January 2000.)

Over 60 percent of Sweden's leading industrial companies will be concentrating more on product development this year. Most resources are expected to be invested in IT-related products and systems development. But interest in industrial design is also increasing rapidly. More and more companies see design as a very important competitive tool.

The most interesting thing is that no fewer than three out of four companies will be investing strongly in competence development over the next few years.

"The trend is as clear as crystal. Whatever the sector or orientation, more is being required of competence development," says Hans Johansson.

"Companies choosing to hold back now risk lagging hopelessly behind. Skimping on training will lead to extinction."

Concentration on four areas

- During 1999 Semcon experienced a calmer rate of growth, which has meant that strategic work for the future could proceed at full power at all levels. Our future orientation is now fixed.

"We want to be the strongest driving force in Swedish industry. We are orientating towards developing people, products and IT processes," says Deputy MD Knut Simonsson.

"Progress for Swedish development industry rests on three wealth-creating legs: IT, design and competence," says Knut Simonsson.

During 2000 Semcon activity will be highly concentrated: we'll be undergoing a transformation from being a sales company to becoming a marketing and company with focused competence with the

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Semcon works within four business areas; Semcon Technology Management, Semcon e-Design, Semcon Industrial Design, Semcon Competence Development.

Semcon AB (publ). is listed on the Stockholm Stock Exchange O-list.

emphasis on IT and design. The focus will be on areas where we are already strong or see that we can provide more for the customers,” Knut Simonsson continues.

These prioritised areas are *communication, transportation, medical, industry and sports technology* i.e telecom, automotive and medical technology. Semcon will be taking over extended responsibility for everything from needs analysis and design to the finished product or solution. As close partners with industry Semcon can then contribute to the creation of increased wealth and competitiveness for both the customer and the individual. Integrated competence is the road to progress.

Semcon’s activity is concentrated in the following four business areas: Semcon Technology Management, Semcon e-Design, Semcon Industrial Design, Semcon Competence Development

Investment in IT supported by experience

Semcon combines strategic competence with a profound knowledge of design and IT. With its roots in technological consultancy work on behalf of leading industrial companies, experience is an invaluable asset.

“When the consultancy sector overemphasises IT, we know that Semcon is aware and knows our industrial customers’ needs better than many of our competitors,” says Hans Johansson.

“That’s why we’re strong. It is high time to de-dramatise IT,” Hans Johansson stresses. “For us at Semcon it is one of many tools to speed on developments. We’re far advanced on the Internet side, and developments in web solutions, e-business, e-learning and web-based technological information are already big business. But haven’t been all that good at communicating the fact.”

Top knowledge in project villages

We see our role as close partners of our customers and have thus created a new mode of working in competence villages, creative teams on networks which are composed and controlled and based on the customer’s needs,” Knut Simonsson explains.

There are already competence villages within e.g. LabView and WAP, embedded systems and Bluetooth. “Interest in web-based training, “e-learning”, is enormous and pilot projects are in progress within colleges and universities. Results have been very positive and we are in the process of developing completely new training concepts.

Growth and faith in the future

When Semcon focuses on increased growth in strategic areas, it is so as to be able to accompany industry out into the world, but also because companies with a strong “competence culture” attract qualified staff and increase the inducement for them to stay on and develop within the company.

Semcon celebrates its 20th anniversary this year and the Group Chief Executive Hans Johansson sees a very exciting year ahead. At the same time as new activities are created, continued organic growth will secure the company culture.

“We’re planning to acquire additional specialist companies, both in Sweden and abroad. We also see very great potential in outsourcing,” says Hans Johansson.

“Semcon has unique collective competence and we have the ability to convert it into business. We are prosperous with a sound financial basis. Plus we have a clear view of the future. We have never been in a better situation than today.

For further information or queries, please contact Hans Johansson, MD Semcon, Tel: +46-31-721 08 66; Mobile: +46-705-91 43 34 or Knut Simonsson, Deputy MD Semcon, Tel: +46-31-721 07 17; Mobile: +46-704-47 29 17

1. 1. SIFO = Svenska Institutet för Opinionsundersökningar [The Swedish Institute for Opinion Surveys]

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