

LOOKING FOR THE NEW ANTON AND GERARD PHILIPS

So far, the Brainport region has been quite a success story. It is an impressive high tech ecosystem of major companies and SMEs. Hit hard by the crisis, it has come out stronger than ever before. But what does the future look like? Lead by chairman William Smit, director of DBSC Consulting, eight executives of suppliers working in high mix, high complexity technology share their vision for Brainport 2020. Simon Bambach (VDL ETG), Stijn Berden (Yacht), Henny van Doorne (CCM), Hans Duisters (Sioux), Marc Hendrikse (NTS-Group), Gery Morssinkhof (Aegide), Henk Tappel (Frencken Europe), Edward Voncken (KMWE) have differing views on their region's future.

by Wouter Klein Ikkink
Photos: Bart van Overbeeke

Two years ago, Link Magazine organised a round table discussion for the same companies represented at this table. Back then, the crisis was at its worst, says Voncken: 'I think it's fair to say that the crisis made us all stronger. There are more market opportunities, now that some players are gone and others changed their strategy. In the current market, demand is high and there is more than enough room for suppliers to do more than just supply components.' The economic crisis also sped up developments that were already taking place, says Hendrikse: 'Many vertically integrated OEMs were hit hard in 2009. These companies are now looking to outsource parts of their production. This presents suppliers with an excellent opportunity to expand and diversify their activities.'

CREATIVITY

The Dutch manufacturing industry is getting quite a number of customers, says Van Doorne, despite not being the cheapest option in the world: 'People come to us not just because of the money, but because of our competences.' Hendrikse: 'They do, but make no mistake: when it comes to machining, the Nether-

lands are among the most cost efficient countries in the world.' Many suppliers in the Brainport region have become system integrators, says Hendrikse: 'The high mix, low volume, high complexity ecosystem that is Brainport is unique in the world. The crisis showed the region's strength: I know of other regions with one major company that survived by taking work off the market, which lead to problems for its smaller suppliers.' Suppliers in the Brainport region are knowledge intensive,

to look not only for new ways to make a product, but for ways to create new kinds of business. If we succeed in that, we are indeed a successful region.' However, says Tappel, that requires a sense of urgency: 'In Silicon Valley, starting entrepreneurs lock themselves in a garage and work around the clock. That entrepreneurial spirit is lacking in the Netherlands. People want to work nine to five and have a four week holiday.' That is true, says Duisters, but it is also changing: 'More and more people

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says Morssinkhof: 'It is about knowledge, enabling a certain kind of creativity. That is why customers come back to us. And it is about diversity. Three companies in one region do not make a viable ecosystem.' Being and staying successful is about identifying opportunities, says Duisters: 'Knowledge intensive spin offs and start ups like for instance MuTracx can create an enormous amount of added value and synergy. We have

are willing to work hard for a new enterprise.' It is not just start-ups that need to be on their toes, Duisters adds: 'For high-tech suppliers like those at this table, it is very convenient to just keep supplying components to for instance ASML or FEI Company and getting a steady income. But that is a dangerous way to think.' Tappel concurs: 'ASML and FEI both have their very own niche. For them, it is a nice place to be: they have very specific exper-





Jans Duisters, Gery Morssinkhof, Henny van Doorne, Simon Bambach, William Smit, Edward Voncken, Marc Hendrikse, Henk Tappel and Stijn Berden

ise and no competitors nearby. However, many of the components they need, are not needed by any other company in any other industry. For a supplier, it is a bit dangerous to rely on that one customer.'

MOVING

One of the things to keep in mind when strengthening the region, is that companies that primarily look at shareholder value will go to the cheapest region, says Duisters: 'One of the reasons for companies to settle in Brainport, is that local and national governments facilitate them. If we stop doing that, it will have an impact.' Tappel: 'That is true. However, when you are developing DVD players, you can take your r&d elsewhere. When you are developing chip machines, you can't just pack up and leave.' That might be too optimistic, says Bambach: 'Look at what happens when China wants to invest in wind energy: it gets the biggest OEMs to settle in China and the suppliers follow. A few years

later, all of a sudden there is a Chinese company with all the knowledge and expertise needed to successfully develop wind energy solutions.' Voncken: 'Countries like China, Singapore or Taiwan have plenty of money. If they want to invest in a certain technology, they will buy the market leaders and build competences and a supply chain around it.' Berden doubts that: 'A company like ASML may move to another country, but the people will not follow that easily. When TNO moved its automotive activities from Delft to Helmond, it was a problem for many people. And that is just a ninety minute drive. Besides, you don't build up ASML's kind of very specific knowledge and expertise in a few years. It will probably take you twenty years.' Competences are just an enabler, says Bambach: 'They can be gone before you know it. Look for instance at Ohio, which once had a prospering steel industry. Today, there is nothing left. And I am sure that their captains of industry were sitting around a table at some point, telling each other that they had more expertise and knowledge on steel than any other region in the world. In the end it is the business that makes the difference, not the specific competences that are available.'

CIGARS AND TEXTILES

The strength of a region is determined by people's motives, says Duisters: 'The founder of ARM Processors in Cambridge, England, has done a lot for that region. Anton and Gerard Philips also had a bond with the Eindhoven region. We need these kind of people, successful entrepreneurs that are willing to

strengthen the region.' Hendrikse: 'Actually, we are those people.' And there was another way in which the region benefited from Philips, says Van Doorne: 'Philips used to spawn small, promising companies. We need to get that back and somehow become fertile ground again for start-ups that create their own products.'

A region that focuses on one kind of industry will disappear sooner or later, says Bambach: 'Our cigar industry is gone. Our textile industry is gone. That is what happens to industries. Why should I focus on the high tech industry in Brainport if it may pack up and leave for Taiwan tomorrow? I think we should focus on how we do business and how we adapt if the circumstances change.' Hendrikse: 'You can use the fact that you are in Brainport as an asset. We not only have a lot of knowledge, we also attract other knowledge intensive companies. Foreign OEMs come to Brainport for specific expertise.'

Currently, the biggest challenge for the manufacturing industry is the lack of manpower, says Tappel: 'For every two employees that will retire in the near future, there is one replacement.' How will Brainport manage that? Every company represented at the table puts much effort into promoting itself among job seekers. Voncken: 'But the industry cannot solve the country's employment problem. We will probably get employees from abroad.' Duisters: 'We have a joint responsibility to create role models for the next generation of workers. We are working on that and it is starting to pay off. But we still have a long way to go.' ●

