



SIEMENS

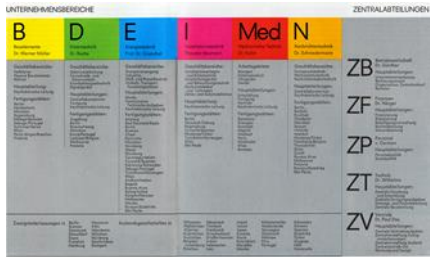
Ingenuity for life

New markets and business lines

1966–1988

Siemens refocused its corporate structure in 1969, to take account of its markets’ increasing globalization and the challenges of technological progress.

The reorganization of the company that began with the founding of Siemens AG in October 1966 and took effect three years later was intended to prepare the electrical equipment company for the future. The new “Corporate Principles” followed the era’s trend toward forming divisions and decentralization, with the aim of enabling the company to respond faster and more flexibly to its customers’ wants and needs amid ever more swiftly globalizing markets. Accordingly, the core areas of operation were restructured into six largely autonomous operating Groups. The Components and Data Systems units were taken over into the new structure almost unchanged. The Power Engineering, Electrical Installations and Telecommunications Groups were new. Siemens-Reiniger-Werke was renamed the Medical Engineering Group. This arrangement was accompanied by five central departments to ensure consistent management of the company. There were also 14 “offices” in Germany and 38 international companies. The Corporate Principles also defined the basic conditions for how all parts of the company would work together.



The new corporate structure – The company could respond more flexibly to customer needs and the challenges of increasingly global competition

A global “facelift” for Siemens – A new Corporate Identity and an international brand

In parallel with the founding of Siemens AG, development began on a new Corporate Identity. The former company marks were



replaced with a single trademark, made up of the previous Siemens word mark plus the S&H monogram that had been in use since 1899 – but now the latter would stand not for Siemens & Halske, but for the "House of Siemens." The new corporate structure and trademark strategy left Siemens well equipped to respond flexibly to customers' needs and the challenges of increasingly global competition.

The company's greater entrepreneurial flexibility and uniform brand were intended first and foremost to maintain its position amid intensifying competition on the world market. In the 1960s, about 45 percent of Siemens products were competing globally; 25 years later, the figure was above 80 percent. Revenue growth during the period likewise showed how right the company had been to focus more strongly on the world market. Where exports accounted for about 41 percent of business in fiscal 1969/70, they represented more than half of the 1985/86 total revenues of 47 million deutschmarks.

Strengthening a global market position – Building up international sites for production and research

But exports and setting up international sales companies weren't enough by themselves to secure a lead position in the world electrical equipment market. So in 1960, Siemens began gradually setting up production facilities outside Germany. The main focus was on Western Europe for the moment, but production sites overseas were soon added. Telecommunications and switchgear technology started producing in South Africa in 1961. Production in India had already started back in 1957, and five years later a large three-phase motor factory began operations in Kalwa. Additional plants followed in South America, Africa and Asia. By 1985 the company had established a total of 154 production sites in 54 countries.

Faced with advancing globalization, Siemens took a step further from 1970 onward, and stopped requiring products to be developed only where corporate headquarters and primary production were located. Research and development work was also gradually built up in other countries. By the early 1980s, Siemens had re-



Motor production in India – Setting up international production sites strengthened Siemens' position in the world market.



search locations in Switzerland, Austria, Scandinavia and the USA. The company was becoming more and more of a global player.

From an electrical company to an electronics company – Data technology becomes a Siemens core activity

The significance of different business lines also shifted. Where the company had been primarily exporting products and solutions in power, communications, installation and data technology to other countries since the late 1960s, electronic data processing gained sharply in importance in the 1980s, ensuring continuous growth. Microelectronics became a key technology at Siemens at an early point. The company gradually evolved from an electrical company to an electronics company. Data technology became a core activity. That entailed more research and development work; research expenses grew from about 600 million deutschmarks in 1968 to more than six billion deutschmarks by the end of the 1980s. Between 1975 and 1984, built up a “thought factory for data technology” in the Munich suburb of Perlach. At a total investment of more than a billion deutschmarks, the new site in the southeastern part of the Bavarian capital became a central research center for microchip development.

Rapid advances in microelectronics expanded Siemens' product portfolio. The ability to digitally process large volumes of data fast had an especially great impact on telecommunications and other forms of communications engineering, and yielded a great many innovations. In 1980, Siemens made its successful debut in digitalizing telephone technology, with its EWSD electronic exchange system. EWSD soon became the world's best-selling land-line switching system. It opened up entirely new prospects in the telephone market, where Siemens became successfully positioned during the 1980s with such products as the HICOM digital communications system, as well as ISDN technology.

As the 1980s drew to a close, 20 years had passed since the last company reorganization – a period during which both markets and the company itself had continued to develop. Globalization advanced relentlessly, and national and international intercon-



Telephone technology goes digital – The HICOM communications system positioned Siemens successfully in the telephone market.



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nections called for increasingly large investments. Siemens AG revenues quadrupled between 1969 and 1987 to more than 51 billion deutschmarks. The addition of Power Plant Construction and Semiconductors had raised the number of operating Groups to eight – and the organization had become too sprawling to manage efficiently. It was time for a reform.

Find out more

[siemens.com/history/1966-1988](https://www.siemens.com/history/1966-1988)