

# Leverage

Topcon buys Sokkia, and the two giants of the surveying and positioning world join forces to compete from Japan with the rest of the globe. This most recent announcement by the two Tokyo-based companies neither raised many eyebrows nor got many pencils scribbling in survey land.

Maybe that's because it lies in the expected run of business. Size and financial strength being the twin main factors in ability to compete, both Topcon and Sokkia must have realised their companies were too small separately to compete with the two biggest in the United States and Europe, Trimble and Leica.

Topcon and Sokkia saw their global market for surveying instruments, machine-control systems, total stations and lasers was so highly competitive that they had no option but to look to each other. Serious competition comes not only from the Americans and Europeans; there are more and more manufacturers within Asia itself competing against Topcon and Sokkia (and the rest) on the surveying and positioning markets. And the new Asian competition features advancing technology and low costs.

In GIM International we have always placed special emphasis on the importance of ongoing investment in R&D among manufacturers of surveying and positioning instruments. Because it is this that lays the foundation for the future of a company, rather than standing still and focusing on servicing existing products. So it's good to see that one of the reasons for the Sokkia/Topcon team-up is a (renewed) focus on R&D. The respective management teams felt, not unjustifiably, to be honest, concerned at Japanese companies lagging behind in developing new techniques.

This may be down to the small size of the country, but don't forget too that the Japanese economy has only just begun recovering from a long period of recession. In such situations R&D is always the loser, despite every theory on anti-cyclical investment. Leveraging one of the traditional strengths of Japanese companies, inventiveness, in a buoyant Far Eastern economic climate has to be the right answer.

This new business combo is bound to succeed because the partners stem from the same tradition. They will experience none of the difficulties arising from colliding management styles, even abroad, because the culture in both companies is still very much Japanese. Topcon and Sokkia headquarters remain in Tokyo. A renewed and strong Japanese competitor puts the surveying world back where it once was: the Japanese have always played a lead role and this merger clearly shows its intention of continuing to do so. Good luck!

P.S. Speaking of the Far East, we recently launched our Chinese website [www.gim-international.com.cn](http://www.gim-international.com.cn), proof that there are plenty of developments in the East right now. Thousands of visitors have already paid a visit to the website, which is entirely in Mandarin and devoted to updating the Chinese Geomatics worlds on global news and developments.

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