

# **EDITORIAL – Visteon sharpens R&D focus on core business strategy**

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**Company's position as supplier of cockpit electronics in line with industry focusing on being on the cutting edge with smaller product portfolios**



Automotive electronics supplier Visteon has narrowed and sharpened its research and development (R&D) focus on five emerging technology areas – cybersecurity, driver monitoring systems, vehicle to infrastructure (V2I) data links for autonomous vehicles, gesture control and other user interface, and electronic control units (ECUs) for infotainment, reports *Automotive News*. According to the US-based supplier, each of these five areas is a high priority for the entire automotive industry, not just of one or two customers.

Suppliers becoming more focused on their core businesses, investing in R&D to ensure that they're on cutting edge with smaller product portfolios. Many are now systematically looking at each product offering one by one and making a decision whether to continue, close or sell the business based on performance. Last year, Visteon completed the sale of 70% stake in climate control business managed by Halla Visteon Climate Control (HVCC), now Hanon Systems, in order to focus on core business of automotive electronics. Even in automotive electronics, the company was competing with rivals such as Denso and Continental, which were spending substantially higher amount in R&D. Suppliers know that developing expertise in a key area will keep them ahead of increasingly specialised competition.

Sachin Lawande, who joined Visteon as CEO in June 2015, decided to overhaul the company's R&D operations, through narrowing its focus. At the time Lawande took over, the US supplier was working on 30 different research projects. The new CEO, who is also serving as chief technology officer (CTO), has trimmed the company's focus to the five aforementioned areas. "When you lack a clear strategy, you wind up relying on your organisation to create mini-strategies for each customer," Lawande told *Automotive News*.

Visteon continued to streamline its business even after the company emerged from Chapter 11 bankruptcy in 2010. The continued reorganisation resulted in the US supplier divesting its global lighting business to India-based Varroc in 2012. Later, Visteon sold its automotive interior business in parts as it could not find a single buyer for the entire business. The company sold its share in automotive interior joint-venture (JV) in China and South Korea to local partners Yanfeng Automotive and Duckyang Industry respectively. Visteon sold the rest of its interior business to Reydel Automotive Holdings an affiliate of private investment company Cerberus Capital. And in 2015, Visteon sold its climate business to Hahn & Company and Hankook Tire.

The company is now left with one business line of automotive electronics where it is focusing mainly on cabin electronics. Visteon is positioning itself as software-savvy supplier of cockpit electronics. The supplier, who spent USD294 million on R&D in 2015, does not plan any big change in overall spending this year. However, Lawande is planning limited expansion of his R&D staff, which has around 100 engineers. The company will hire 10-15 engineers and scientists to work on cybersecurity. Visteon is also considering recruiting a similar number of engineers and scientists to work in the area of autonomous driving. The company is also planning to hire a full-time CTO to look after its R&D activities. According to Lawande, his dual role as CEO and CTO is too much work for one executive. In addition, Visteon is planning to set up a technical centre in Silicon Valley.

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