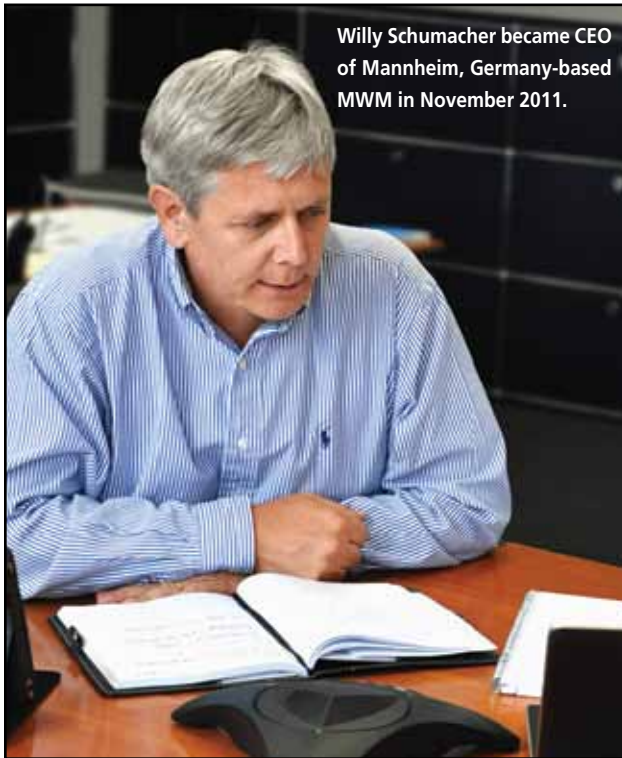


# MWM Integrates With Caterpillar

The CEO of MWM spoke with *Diesel & Gas Turbine Worldwide* about the approach Caterpillar has taken after the acquisition of MWM, and why the road ahead promises to be a win-win for both companies



Willy Schumacher became CEO of Mannheim, Germany-based MWM in November 2011.

Willy Schumacher was appointed the new CEO of Mannheim, Germany-based MWM in November 2011, when the Caterpillar acquisition deal was finally sealed with the approval of EU antitrust authorities.

Schumacher is Switzerland-born and spent 22 years of his professional life at Caterpillar in various countries and work positions, all engine-related. His previous assignment was as head of Cat's Electric Power Business for Europe, Africa, the Middle East and the CIS, and was based in Geneva. Schumacher moved from Switzerland to Mannheim in February 2012.

"Despite its strong industrial background, Mannheim is lively and offers a lot of opportunities from a cultural point of view," Schumacher said, emphasizing that working with MWM brings opportunities, challenges and exciting plans for the future.

The first message that Schumacher wanted to make clear is the careful attitude Cat took with the integration of MWM into the new big family.

"Caterpillar decided to take a very prudent approach with MWM, a strong brand in the gas power market," Schumacher said. "There is a great appreciation for what MWM has accomplished in the gas engine business and there will be great care to protect and nourish this. For this

reason, MWM is seen as a partial integration within Caterpillar rather than a takeover. The Mannheim company and the entire electric power business are kept a bit at arm's length, so to speak."

According to Schumacher, MWM is a good fit for Caterpillar and the group's giant family is a true asset for the further development of the company.

One sure indication of this acquisition path has been the decision to maintain MWM as the brand for gas engines manufactured in Mannheim. Currently, approximately two-thirds of Caterpillar's engines in the total gas business are produced in Mannheim, and Schumacher said he doesn't see any signs that this balance will shift in the future towards other locations.

Meanwhile, it has been confirmed that MWM will be the center of excellence for Caterpillar's Electric Power Gas business. "Cat's CEO, Doug Oberhelman, was here in Mannheim for the grand opening of our new education and training center," Schumacher said, underlining the close cooperation that has brought the Cat and MWM engineering and research and development teams together in Mannheim.

While the same Mannheim-based approach has been taken for the sales group and the service organization, Schumacher said the various teams are truly global and can profit from Cat's footprint in every corner of the world, especially when it comes to its dealer network.

Schumacher stressed that the Caterpillar brand will be used to leverage the engines' distribution in those areas where Cat has a solid base — particularly in North America.

Concerning MWM's performance and expectations, Schumacher reported an enthusiastic rating for 2012. "2012 has been a fantastic year, actually a record year for MWM," Schumacher said. "One of the main reasons for that is the excellent market environment; let's be honest, the world needs the power we are here to deliver.

"Additionally, the market outlook for the gas power business is especially positive, primarily because gas is becoming more and more available globally, with new pipelines being built, shale gas being exploited, and all the renewable type of gases coming along.

"With MWM engines, power can be produced exactly where it is needed using an environmentally clean fuel that is available in abundance."

Schumacher said that whereas the short-term market is much harder to predict — save using a crystal ball — the long-term prospects are very good. For this reason, the company is focused on long-term development with a clear strategy that will be adjusted, if necessary, to cope with unpredictable short-term occurrences.



**Investment in production and other facilities will focus on bridging the gap between the Cat and MWM power ranges.**

The company's product development plans also point to

the long-term perspective with a clear focus on MWM's upper power range.

"The first half of 2012 was spent on developing our product road map," Schumacher said. "MWM's current range of gas engines spans from 400 kW to 4.3 MW, whereas Caterpillar launched a new generator set capable of 10 MW power output with a 20-cylinder gas engine. Our focus is now to bridge the gap across the two sizes, that is between MWM's 4.3 MW and Cat's 10 MW."

Schumacher added that, as far as products are concerned, increasing efficiency is an ongoing exercise at MWM that includes research in the fields of combustion technology, control strategies and materials used.

To effectively carry out this product development strategy, the company needed investment in production and other facilities. Half of the Mannheim headquarters office building has been recently remodeled, while the other half will soon follow suit. Employee recruitment has also been under way, with 250 more people expected to be hired during the course of 2013, mainly in R&D and production.

Schumacher said the most significant investments are being made in manufacturing with new machine centers and equipment — total expenditure in 2012 has been quantified at approximately €24 million, with more projects still under way.

R&D has been another major focus, and Schumacher said investment in research and development in 2013 will be four times what it was in 2012 in order to manage the company's bold plans for future growth. ♡