Winter 2022

Industrial Services, Inc. Depends on Hitachi's ZW330-6 to Deliver Reliable Results Seven Days a Week

- Aimed at supporting growth in Latin and North America, Hitachi Ltd. completes a long-planned goal that will result in greater independence and strong initatives
- Gary Merlino Construction Co. depends on the ZW550-6 to tackle heavy civil construction projects across the Puget Sound region
- Industrial Services, Inc. relies on Hitachi's ZW330-6 wheel loader to transport bulk loads from barges on Seattle's Lower Duwamish Waterway
- Achieve exceptional performance without compromising efficiency with Hitachi's ZW330-6 wheel loader, which is designed to excel in a range of applications and environments

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Welcome to our winter edition of *FOCUS magazine*

FOCUS magazine, first published in 2003, was inspired by a team of MVP Sales representatives, dealer personnel, satisfied customers and an eager marketing team who wanted to bring compelling stories, tips and industry news to wheel loader users throughout North America. Nineteen years later, our goals remain the same, our focus renewed with the global vision of Hitachi.

With the goal of working toward achieving long-term plans, Hitachi Ltd. has made strategic corporate moves that is part of Hitachi Construction Machinery's longrange plans to support HCM growth in North America and Latin America. Read about how HCM will have greater independence to chart its own future, including supporting growth initiatives in the United States, Canada and Latin America region on **page 3**.

One of Puget Sound's largest locally owned heavy civil construction contractors, Gary Merlino Construction Co., has high standards for their equipment, which is put to the test daily on airport runway, highway, and interstate projects. Read why Hitachi's **ZW550-6 wheel loader** meets their stringent demands on **page 5**.

Armed with a fleet of wheel loaders, Seattle's Industrial Services, Inc. is ready to unload barges seven days a week and transfer raw materials to storage areas. Read about why they trust the Hitachi **ZW330-6** to get the job done on **page 8**.

When productivity, efficiency, and reliability is the goal, the Hitachi **ZW330-6** is the ideal wheel loader for a range of applications and environments. Without requiring a diesel particulate filter, the **ZW330-6** is able to lower maintenance and operating costs. Read more about how the ZW330-6 delivers versatility in a range of environments on **page 11**.



Hitachi implements next steps in long-term planning process

Hitachi Ltd. executes stock transfer aimed to support growth in the Americas

itachi Ltd. completed a longplanned goal in January, transferring 26 percent of its Hitachi Construction Machinery stocks to Itochu Corp and investment fund Japan Industrial Partners.

The announcement follows other strategic corporate moves.

In August 2021, Hitachi Construction Machinery and John Deere dissolved their 33-year joint venture agreement for the manufacturing and distribution of excavators in North, Central and South America. Following the announcement, Hitachi Ltd. received several sales inquiries from trading companies, large-scale mining distributors and small and medium-sized construction distributors in the Americas.

In October 2021, the company announced a corporate name change from Hitachi Construction Machinery Loaders America to Hitachi Construction Machinery Americas to reflect its organizational changes and plans for growth. HCMA is focused on the sales and service sectors, as the regional headquarters handling all construction machinery products, including wheel loaders, compact and large hydraulic excavators, ultra-large mining excavators, and mining dump trucks.

In November 2021, the company shipped its first hydraulic excavator built in Japan

after the Deere split for the North America market.

And starting in March, Hitachi Construction Machinery Americas will manufacturer all of its construction and mining equipment in Japan and then import the products to North and South America, selling them through its own distribution network.

Hitachi Ltd. will maintain a relationship and retain its shares with the construction equipment unit, as there are synergies with the group's Internet of Things platform, Lumada. In addition,

Hitachi Ltd. will continue to contribute to the Hitachi Group vision of achieving net-zero emissions in the mining market by providing engineless, fully electric dump trucks, which are jointly under development with ABB Ltd.

For Itochu, the deal means an expansion of its overseas sales network. The Japanese trading house sells construction equipment in the U.S., Japan and Indonesia, as well as other markets. It also has a joint venture agreement with Hitachi Construction Machinery in Indonesia to oversee sales and offer financial services.

For Hitachi Construction Machinery and Hitachi Construction Machinery Americas Inc., the announcement offers unprecedented opportunities.

"This shareholder announcement is part of HCM's long-range plans to support HCM growth in North America and Latin America," says Al Quinn, CEO, Hitachi Construction Machinery Americas Inc. "It will not impact HCM's working relationship with Hitachi Limited. But, by adding a solid financial partner in the capital-intensive equipment industry, HCM will have greater independence to chart its own future, including supporting our growth initiatives in the United States, Canada and Latin America region."

Quinn noted the JIP Consortium SPC understands Hitachi Construction Machinery Americas Inc. (HCMA) markets and the needs of dealers and customers. Itochu has distribution networks including land and sea transportation spanning between Japan and the United States, and warehouses, logistics and materials centers in North America. In addition, Itochu and its group company each own companies providing financial services in the United States.

"Over the past several months, our HCMA team has been diligently preparing for March 1st, when Hitachi branded excavator and mining product lines will be consolidated and sold through HCMA's dealer partners," Quinn says. "It's been an exciting process with several major announcements, like this one, along the way. We are staffing up and finalizing our dealer network. We look forward to presenting new Hitachi products and services to the North America and Latin America markets."

TIMELINE: From Execution to Implementation

March 2022

Hitachi Construction Machinery Americas
now manufactures all of its construction and
mining equipment for import to the North
America and Latin America markets, where
the equipment is sold through the company's
own distribution network

November 2021

The company ships the first hydraulic excavator – the ZX210LC-6 – built in Japan for the North American market

October 2021

-

The company announces a corporate name change to Hitachi Construction Machinery Americas to reflect plans for growth, as well as a focus on sales and service sectors

August 2021

Hitachi Construction Machinery and John Deere dissolve 33-year joint venture agreement for the manufacturing and distribution of Hitachi excavators in the North America and Latin America markets



Exacting Standards

Hitachi's well-built, dependable ZW550-6 helps keep heavy civil construction contractor ahead of the competition



f there's a large infrastructure project in the greater Seattle area, chances are Gary Merlino Construction Co. (GMCC) is involved. One of the Puget Sound region's largest locally owned heavy civil construction contractors, GMCC helped create the third runway at Seattle-Tacoma International Airport, rebuilt and expanded portions of major interstates and other key area highways and contributed to the revitalization of Seattle's water-

front by rebuilding the street corridor once overshadowed by the now-demolished Alaskan Way Viaduct. And that's in addition to a large volume of private-sector work for clients such as Boeing and other major regional employers.

"It's that kind of diversity that helps us stay in balance with economic changes," explains Ralph Lo Priore, the company's Fleet Asset Manager. • We've always liked how Hitachi machines have performed. They always use top-quality components, and the engines are bulletproof. The machines don't have to be coddled to stand the test of time. 99

Ralph Lo Priore, Fleet Asset Manager



Ralph Lo Priore, Fleet Asset Manager with Gary Merlino Construction Co., says Hitachi consistently meets the company's stringent standards for well-built equipment.

Such accomplishments would be impressive for any contractor, but even more so for one that, according to company history, began humbly in 1961 with just a wheelbarrow. a few hand tools and the commitment of brothers Gary and Don Merlino to hard work and excellent customer service. Now in their 80s. both brothers remain active in the day-today operations of a firm that boasts approximately 450 employees, a large fleet of trucks and equipment that Lo Priore estimates is worth approximately around \$400 million and the capability to self-perform more than 85% of its projects.

GMCC also supplies aggregate and concrete products to other contractors, the result of its 1985 purchase of longtime Seattle-area ready-mix specialist Stoneway Concrete. Lo Priore says the combined companies generate \$200 million of business annually.

A rigorous evaluation process

Lo Priore, who began his career with the company as a mechanic more than 30 years ago, characterizes himself as "passionate" about construction equipment. Along with being intimately familiar with their operation and capabilities, he firmly believes these assets must be managed wisely throughout their life cycle, beginning with making informed product evaluations and buying decisions.

"We can't afford to continually right-size our fleet," he explains. "That's why we consistently apply what I call the 'Merlino-Stoneway recipe' for identifying equipment."

Rather than focusing solely on size or price, Lo Priore says this approach looks

at the whole picture—what the machine will be doing, the kind of material it'll be moving, the characteristics of jobsites it'll be working at, and so forth.

Scott Cunningham, who represents Columbia Western Machinery in the state of Washington, says there are other factors contractors like GMCC have to consider. "We deal with a lot of rain and mud nine months out of the year, so it is important that we equip machines with safety features that accommodate for that," he says. "There is also a lot of ground rock, so it's important that machines are fitted with the right bucket based on area conditions."

Digging deeper

Then there are the specific needs of GMCC and Stoneway, which Lo Priore says differ from those of their peer competitors, both in the type of projects and materials being moved and in the skill of the company operators.

"There's a big difference in ownership costs and operating costs, which is often dependent on who's at the controls," he explains. "I've seen plenty of examples of a machine put to work on an application it's not designed for. That will have an effect on time, cost and productivity, as well as the machine's ultimate resale value."

The same principle holds true for maintenance, as machine applications, operator habits and any number of other factors can affect the timing of everything from fluid changes to resale and replacement.

"Machines 'age out,' but they don't always 'hour-out," Lo Priore says. "You're taking a big risk if you simply go 'by the book' and rely solely on standard maintenance schedules, because they don't always reflect reality. I'd much rather periodically analyze a machine's engine oil sample, for example, than just wait for a certain number of hours to tick by."

Telematics can be a valuable source of information for fleet management, Lo Priore adds, but only if one truly digs into the numbers and what they mean. "When you rely too much on technology, you have no idea if something bad is on the verge of happening," Lo Priore says. Using that technology to identify trends and patterns, however, can be very helpful. For example, telematics data was instrumental in identifying an operator who was riding the brake on a machine, a habit that was sure to cause premature wear to the brakes and differential.

"Instead, we helped the operator correct how he ran the machine, which benefitted him as well as the company," he says.

Lo Priore's approach may sound strict, but it's one that he says helps safeguard the Merlino organization's operational budgets and ability to reliably serve customers.

"Anyone can get the work done, but how often do they have to come back and correct mistakes?" he asks. "Customers rely on us to meet cost and schedule estimates, so we need to know that the machines will be there and perform as expected. So when I buy, I'm confident it will do what we want."

Putting machines to the test

Hitachi is among the equipment brands that Lo Priore says has consistently met GMCC and Stoneway's exacting standards for several decades.

"There's obviously a lot of well-built equipment out there, but we've always liked how Hitachi machines have performed," he says. "They always use top-quality components, and the engines are bulletproof. The machines don't have to be coddled to stand the test of time."

Even with the long, positive experience with Hitachi equipment, Lo Priore put the Merlino organization's latest purchase, a ZW550-6 wheel loader from Columbia Western, through its paces.

"I ran the data and learned everything about it—cost, capacity, productivity, maintenance and so forth," Lo Priore says of the ZW550, which he describes as a "tweener" size machine that offers the advantage of easy mobility and fuel economy. We put a guy who'd never run a 550 in the cab, and he was up to speed in a few hours," Lo Priore says. "The platform is very simple to understand, making it easy to be successful as an operator.

Ralph Lo Priore, Fleet Asset Manager

Lo Priore also praises Hitachi's "dependable platform" that offers helpful features without overwhelming operators with options. "Sometimes, manufacturers put too much emphasis on technology," he explains, adding that a more basic platform is often better suited for helping operators learn how to get the most from a machine.

"We put a guy who'd never run a 550 in the cab, and he was up to speed in a few hours," Lo Priore says. "The platform is very simple to understand, making it easy to be successful as an operator."

To complement his familiarity with the GMCC and Stoneway fleet, Lo Priore has welcomed the support from Columbia Western, which opened in 2019. "I've known the owners for a long time and was happy when they told me they were going to be a Hitachi dealer," he says. "They'll try to help us out with issues over the phone rather than make us wait for a service call."

Cunningham says the fact that the com-

pany's owners are construction industry veterans provides a deeper appreciation of the kind of support customers need.

"We ask a lot of our customers to trust a new company and trust our product when they decide to use it," Cunningham says. "In turn, we strive to provide the prompt service when it's needed it in order to keep their machines and businesses running smoothly."

Coping with an uncertain future

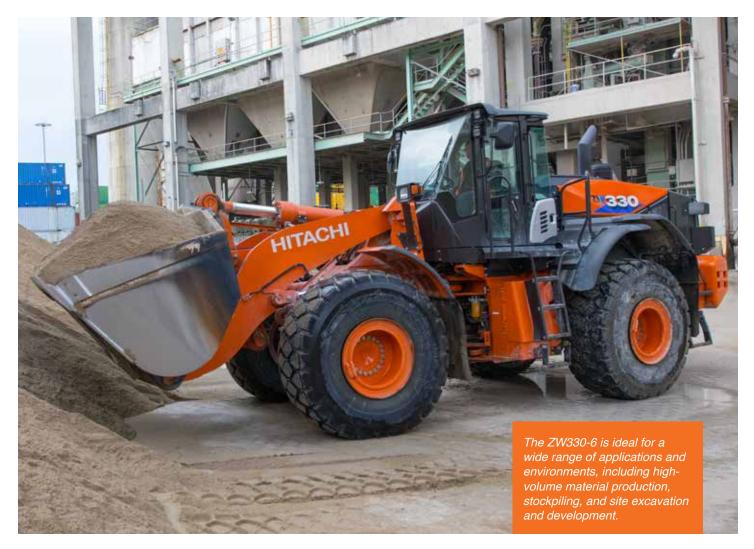
While the Merlino organization's stringent demands for equipment are by no means new, they have never been more important. As the Merlino brothers chart the course of their companies' future for the next 20 years, they need to be sure they can capitalize on the Seattle market's bounty of promising opportunities while also staying ahead of what is sure to be more intense competition. There's also the prospect of new state and federal regulations to supplement the recent evolution to Tier 4 emissions standards.

And as with most other firms in the construction industry, the pool of experienced help to do those jobs continues to shrink. Along with equipment operators and tradespeople, workers skilled in equipment maintenance are also becoming hard to find.

Lo Priore worries that the current workforce lacks the mechanical aptitude that earlier generations possessed. "You don't always need a master mechanic to fix things," he says, "but it's helpful to at least know the basics of how machines function in certain applications and how to care for them. The challenge for us is to try and help make people think about equipment the same way we do."

Relying on fundamentals such as the "Merlino-Stoneway recipe" will help the companies stay in the forefront of Seattle's construction industry.

"We may ask for a lot from our fleet," Lo Priore says, "but we've reached a point where customers expect a lot from us. We're not about to let them down."



RIVERSIDE RELIABILITY

Hitachi's ZW330-6 wheel loader delivers dependable results for seven-day-per-week service

uiet times are rare on Seattle's Lower Duwamish Waterway, the centerpiece of a bustling industrial corridor that plays a critical role in the Puget Sound area's economy. Bordered by a wide variety of manufacturing plants and support operations, the Duwamish serves as a marine "main street" for barges delivering bulk loads of raw materials from around the world. And as

each shipment arrives, the plants' tightly timed production and supply processes demand that the materials be unloaded as quickly and efficiently as possible.

That's where Industrial Services, Inc. (ISI) comes in. Armed with a fleet of wheel loaders, excavators and other equipment, ISI works under contract to several companies along the Duwamish to transfer the bulk materials—everything from limestone and gypsum to blast furnace slag and scrap steel—off the barges and on to landside storage areas. The company also stages the materials for pickup and performs other services as needed.

ISI's owner, Greg DeHaan, says that while the work is largely routine, no two

assignments are treated alike.

"It's a unique business to be sure, and one that very few people can do," says DeHaan, who was the first employee hired when ISI was formed in the early 1980s with an initial focus on material recycling. "We've been doing most of these kinds of jobs for quite a while, and it's a point of pride that we're always ready to help when our customers need us."

ISI had been operating for about a decade before the company's founders decided to spin off the marine operations as a separate business with DeHaan in charge and, eventually, gaining full ownership. Today, ISI has 12 full-time employees with additional workers brought in as needed for larger jobs. Most of the material transfer work takes place at five ramp-equipped berths located along the waterway. And despite Seattle's reputation for long stretches of rainy days, ISI's crews work in all kinds of weather.

"Almost every day, we're unloading a barge somewhere," DeHaan says. "Each ramp site is a little different depending on the size of the barge, the material and the customer. Most vessels have a capacity of 8,000 to 10,000 tons. Depending on the type of material, we can move 500 to 800 tons in an hour."

Earlier this year, the company transferred a massive 14,000-ton bargeload of road salt to be used by the Washington State Department of Transportation. Depending on the severity and amount of wintertime precipitation, ISI has to be prepared to handle follow-up shipments so that an adequate supply is available to keep the state's roadways safe.

"In some ways, winter is a busier season for us," DeHaan says.

When load size or waterway traffic requires vessels to remain anchored in nearby Elliot Bay, ISI brings its transfer equipment to the shipment.

"We put everything on barges and offload the ship in the Bay," DeHaan says. "We After more than a year, the ZW330-6 has more than exceeded DeHaan's expectations, particularly as it spends much of its time at the site of ISI's biggest customer—a major cement manufacturer where the company provides seven-day-aweek support over two shifts.

manage the whole operation, including using the ship's crane to swing the loader aboard."

Always on call

The common element underscoring all of ISI's assignments is the need to provide reliable, seven-day-a-week service. When a barge shipment is scheduled to arrive, customers are counting on De-Haan's team to be there. Given that the Duwamish is a tidal waterway, DeHaan must synchronize the work with Mother Nature, as well as the customer and shipping operator.

"I'm always watching the tides," he says. "Whenever everything lines up, we have to be ready to move, regardless of the time of day."

That includes working holidays and taking the controls of the machinery himself when needed.

"We almost got Thanksgiving Day off," De-Haan says with a laugh. "But a shipment was set to come in that morning, and we had to call in a few people to work."

Small wonder, then that ISI requires re-

liable equipment to serve its customers. Scott Cunningham, who represents Columbia Western Machinery in the state of Washington, says that as with so many other customers in Pacific Northwest, "much of what ISI does requires specific machine sizes in weight and capabilities. We customize each machine from a base model to those specific needs."

Machine discovery

Having owned and operated various brands of machinery through his career, DeHaan has an eye for quality and value, both for his team and his customers. So when DeHaan learned in early 2020 that Columbia Western was offering Hitachi's ZW330-6 wheel loader, he was eager to see the machine for himself.

Along with already having a ZX240-5G in ISI's fleet, DeHaan had several years' worth of good experiences with frontend loaders manufactured by Kawasaki, which Hitachi acquired in 2015.

"Everything I read about the new series looked good, so I visited Columbia Western to take a look," he says.

As it turned out, that "look" was all De-Haan needed to be sold on the ZW330-6. "I knew right way that I was buying it," he says, adding that some enjoyable spins around Columbia Western's lot reinforced his decision. "There was no 'maybe' about it."

It wasn't just that the ZW330-6 is well-suited to perform in ISI's wide range of applications and environments, DeHaan says. A number of "little things" impressed him as well.

"Hitachi doesn't overcomplicate things," he explains. "There are so many operator-friendly features that make the machine easy to run, yet adapt to different conditions. Routine maintenance is also easy, with everything easy to access."

Proven performance

After more than a year, the ZW330-6 has more than exceeded DeHaan's expectations, particularly as it spends much of its time at the site of ISI's biggest customer—a major cement manufacturer where the company provides seven-day-a-week support over two shifts.

"We use it a lot, yet it's been flawless," DeHaan says. "The first crew fires it up at 5:00 a.m., and we go from there."

Hitachi's real-time fleet telematics has also been instrumental in helping Columbia Western keep the ZW330-6 in top condition and ready for use.

"I like that the mechanic can pull up the data, alert us to any issue that we may not know about, and come by with everything needed to correct it," says DeHaan, who has telematics on other machines in ISI's fleet. "It's one less thing we have to worry about. I tell the dealer, 'you just take care of it and give it what it needs, and we'll just run it and put hours on it."

DeHaan also calls Columbia Western's support "outstanding"—high praise indeed for a dealership that opened just months before the pandemic upended the construction industry and pretty much everything else.

"We ask a lot of our customers to trust a new company and trust our product when they decide to use it," Cunningham adds.

Eyes on the horizon

DeHaan expects to use telematics with his future equipment purchases, including a Hitachi ZX245 currently on order from Columbia Western. And when it's time to add another wheel loader, "I'll definitely be looking at another ZW330."

As with other owners of industrial busi-

nesses, DeHaan's immediate concerns are finding enough labor to keep up with demands on ISI's services. "To do the kind of work we do on barges, you do need a fair amount of experience," he says. "It's a tough labor field, but I have a lot of guys who've been with me for more than 10 years, and some who've been here 20 years. So I've been fairly fortunate. I try to take care of them, and they take care of me."

At some point, DeHaan hopes to give his son a larger role in the business so he can gradually step back and watch ISI's progress from the sidelines. For now, there are tides to watch, barges to unload and schedules to keep.

"The work is routine in many respects," he says, "but it's always interesting, and we're always busy. And it's still amazing to see what comes up this river."



ZW330-6 DELIVERS UNCOMPROMISING PERFORMANCE, RELIABILITY

When productivity is the goal, Hitachi's ZW330-6 wheel loader delivers exceptional performance without compromising efficiency.

Powered by a Cummins QSL9 Certified Tier 4 Final engine, the ZW330-6 does not require a diesel particulate filter, reducing maintenance costs and improving fuel efficiency. Eliminating the DPF is an important feature for customers, says Dallas McMann, general manager of Amarillo Machinery. "That's an item eliminated that could have potentially caused problems or become a cost item down the road."

Reliable versatility

The ZW330-6 is an excellent choice for a variety of applications and jobsite environments, including site excavation and development, high-volume material production, and much more thanks to an impressive full-turn 39,300-pound tipping load and 6.3 cubic-yard bucket capacity.

Designed with low operating costs in mind, the no-DPF engine combined with the lockup transmission enhances fuel efficiency while traveling, and further boosts machine speed during hill climbing.

The ZW330-6 also features unmatched durability, with robust materials and components. High quality aluminum radiators improve corrosion resistance, and heavy-duty structural features ensure reliable performance. The wheel loader has Z-link boom arms designed to improve reach and clearance as well as a box section frame, base mounted boom cylinder, and heavy-duty center pin.

Maintenance is streamlined in a number of ways. Engine covers open fully to allow easy and convenient access to the engine, and fluids and filters have ground-level access. Combined with extended hydraulic and oil change intervals, these features ensure a reduction in downtime as well as a simplified routine machine management program. For total cost of ownership management, Hitachi's ConSite remote intelligent monitoring and managing application goes beyond telematics to manage performance and productivity. From idle and operating time to fuel efficiency, location services and managing maintenance schedules, ConSite provides in-depth insights into machine performance.

We were looking for reliability and productivity, and the power and efficiency of the ZW330-6 exceeds expectations. 99

Charles Harvey, mine manager, Big Creek Sand & Gravel,

Singular comfort and safety

Engineered with market-leading technology, the ZW330-6 is one of the safest wheel loaders in its class. Particular attention was paid to visibility, which is second-to-none thanks to the spacious cab's 360-degree panoramic view, a curved engine hood, and an in-dash rear-view camera. The wheel loader's visibility is enhanced further by thoughtful details such as muffler and air intake positioning.

Operator comfort has become increasingly important, and Hitachi worked to ensure a quieter, more comfortable working environment when designing the ZW330-6. Improved sound insulation reduces noise levels in the cab, and the standard ride control feature minimizes pitching via the movement of lift art cylinders for a smooth driving experience no matter the terrain. Operators can also look forward to a standard heated air suspension seat and an adjustable side console for a comfortable and customizable work environment.

Exceptional features

The ZW330-6 is well-equipped to enable operators to achieve high levels of productivity. The standard E-Stick Joystick Steering System provides exceptional control, and a multifunctional LCD monitor allows the operator to view vital machine operation at a glance. A quick power switch increases engine output to deliver more power when required, or for when hill climbing.

Intuitive, intelligent features adjust performance to match the application and the jobsite environment based on inputs from the machine. Efficient digging is ensured through simultaneous bucket and lift arm movement, while efficient loading is ensured through improved traction force – up to a 25 percent improvement compared to the previous model.

Charles Harvey, mine manager at Borger, Texas-based Big Creek Sand & Gravel, recommended the company purchase ZW330-6s after reviewing the specs. "We were looking for reliability and productivity, and the power and efficiency of the ZW330-6 exceeds expectations," he says.

The company, which has a six-day-perweek digging operation that produces sand and gravel for highway construction work, requires powerful, efficient equipment. "Performance is everything for a company that handles our scope of work," Harvey says.



To view Big Creek Sand & Gravel's ZW330-6 in action, scan the QR code. **Hitachi Construction Machinery Americas Inc.** 60 Amlajack Blvd. Newnan, GA 30265

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