

DX Strategy

Basic Policy of Our DX Strategy

Konica Minolta has been promoting digital transformation (DX) since fiscal 2024 by establishing the DX Promotion Office, which is under the direct control of the President, with the aim of achieving two objectives: enhancing operational productivity and improving customer value through data and AI utilization. In the area of enhancing operational productivity, we are working on identifying DX opportunities originating from field challenges, with a scope that spans all businesses and corporate divisions, all value chains, and all geographic regions. With respect to improving customer value, we have started providing services that leverage AI and data at customer touchpoints, and are working to identify further opportunities.

In our DX strategy, we emphasize the following three points.

- Standardization of Group-wide DX promotion processes
- Educating talent to drive DX in the field
- Fostering a culture in which all employees actively utilize data and AI

In promoting DX, we place the highest priority on governance including AI ethics, and on cybersecurity measures, and we have established a Group-wide structure that involves the President, the Executive Officer responsible for Technologies, R&D, and the head of IT and Corporate Legal Division, among others.

DX promotion concept

Developing processes

In process development, Konica Minolta focuses on two points: creating mechanisms that produce quality projects and mechanisms that accumulate lessons across the Company.

With regard to the mechanisms that produce quality projects, it is important to review business processes themselves to eliminate waste before planning DX projects, and then design initiatives for the necessary processes. In addition, when planning DX projects, we emphasize calculating return on investment and clarifying the methods for monitoring it, establishing the operational structure after go-live, designing new value-added

operations that arises from improved efficiency, and scaling successful initiatives across the organization.

Regarding mechanisms that accumulate lessons across the Company, we prioritize validating hypotheses through small, inexpensive PoCs on the premise that they are often proven to be incorrect. If a hypothesis is incorrect, we change directions or end the initiative itself, and share the failures experienced during the process with the entire Company to prevent the recurrence of the same mistakes.

Building organizations

In order to effectively promote DX, the key to success is for the management team, the relevant divisions (the field), and the IT division to work in close collaboration to execute DX projects originating from field challenges. The IT division includes a team responsible for IT implementation, a DX promotion team that develops a management structure to accelerate DX and serves as a bridge between the field and the IT division, and a data science team responsible for data analysis and AI model development.

At the same time, in order for DX to be effective, it is important for field staff to formulate daily improvement hypotheses, validate them with data, accelerate efforts when hypotheses are confirmed, and, when proven incorrect, generate and test new ones, thereby repeating this cycle to continuously enhance field activities. To this end, Konica Minolta has been promoting the development of DX specialists active in the field. As of fiscal 2023, more than 1,000 engineers across the Company have been certified as DX Specialists and are playing active roles in their business units.

The DX Promotion Office also plays the role of linking field challenges to DX opportunities in a top-down approach with major business value chains, as well as serving as a repository for DX opportunity identification activities (bottom-up approach) initiated by the field.

Fostering culture

The ultimate goal of our DX strategy is for each employee to utilize data and AI in their daily work to enhance operational productivity and improve customer value. To achieve this, it is essential that top management continuously communicate the importance of promoting DX, but even more important is that success stories are steadily accumulated in the field. The DX Promotion Office emphasizes a bottom-up approach that starts

DX strategy concept



DX Strategy

with field challenges, and by generating results from many initiatives developed in the field, it fosters success stories. In addition, we post good practices, such as the use of generative AI to improve the efficiency of daily administrative tasks, on the intranet and share them at workshops and other events to help disseminate these success stories. We are working to foster a corporate culture that actively utilizes data and AI through efforts from both top and bottom.

Case study of enhanced operational productivity

Among Konica Minolta's major value chains (development, production, sales, service, and business administration), our production divisions have been pioneering the promotion of DX. In addition, for divisions with a large number of employees, where productivity enhancements would therefore have great impact, DX is promoted through a top-down approach with the participation of DX Promotion Office members.

For example, in our development divisions, we aim to reduce man-hours spent asking people or searching for information sources via e-mail or in person and man-hours spent resolving defects during software development by training generative AI on past product specifications and defect information. As for the sales divisions, we measure customer loyalty and use the resulting scores as a barometer for AI to automatically send e-mails to customers, instruct sales staff to make visits, and suggest opportunities for cross-selling. Service divisions are attempting to prevent unnecessary dispatch of service engineers by having AI provide optimal responses to customer inquiries.

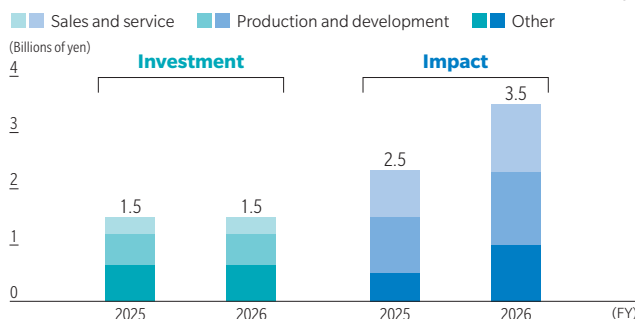
Return on investment from enhanced operational productivity

With regard to enhancing operational productivity, as a result of our efforts to identify opportunities originating from the field, more than 200 projects are in progress across the Group, and we expect to achieve a return on investment of ¥2.5 billion in fiscal 2025 and ¥3.5 billion in fiscal 2026, compared to investments of ¥1.5 billion each in fiscal 2025 and fiscal 2026. Furthermore, we aim to accumulate new projects in fiscal 2025, with a total impact of ¥5 billion in fiscal 2026.

For these projects, we are committed to carrying out inexpensive and fast PoCs with the premise that the hypotheses are often proven to be incorrect. For example, at a U.S. sales subsidiary, we selected 11 of 22 projects in fiscal 2024, all of which have proven to provide a sufficiently high return on investment.

We have also confirmed that the use of generative AI has resulted in users saving an average of 30 minutes per day, or approximately 10 hours of work per month. We aim to accelerate this individual use of generative AI to generate further impact.

Return on investment from enhanced operational productivity



Case study of improved customer value

For example, in our monitoring system for elderly care facilities, we enable data-driven care. By utilizing the visualization tool Care Loupe, caregivers can detect from elderly's movement data when the effects of medication are wearing off, enabling them to provide effective care such as administering medication earlier if necessary.

We also provide knowledge management support services, such as a service that uses AI to automatically generate manuals used in convenience stores, and a service that builds an environment at schools for students to study using generative AI.

Related information: Konica Minolta's internal DX promotion

<https://img-insight.konicaminolta.com/blog/354/>

Voice Sales division DX promotion



Ken Demura
Director, General Manager of Business
Technologies Sales Division
Konica Minolta Japan, Inc.

Data democratization activities to implement data-driven management through DX

At Konica Minolta Japan's Business Technologies Sales Division, we are promoting "data democratization activities," in which sales representatives, management, and internal sales supervision and administrative staff take the initiative in identifying business challenges and advance data-driven management by utilizing digital tools.

For example, in sales activities, customer data had been stored across multiple systems, and each sales representative had to draw on their own skills to figure out a way to collect and analyze information in preparation for business negotiations. In this way, while a sales style supported by individual knowledge and experience had been the mainstream, there was room for improvement in terms of greater efficiency and the strengthening of organizational sales capabilities. Therefore, to make it easy for anyone to collect and analyze data, we have centralized data and developed functions that enable the use of dashboards and generative AI. As a result, not only have routine work hours been reduced, information sharing within the team has been facilitated, and decision-making has been accelerated, but the quality and quantity of strategic planning have been dramatically improved by visualizing the challenges and changes for each customer.

In order to improve these data utilization skills and awareness across the organization, we have been conducting training and workshops, as well as sharing best practices and success stories through our internal portal site, and data is now being effectively utilized in a variety of operations. Going forward, we would like to expand these initiatives to other divisions and the entire Group, leading to Group-wide operational reforms and the creation of new customer value.