



# Digital Transformation (DX) Strategies of Functions to Strengthen Intangible Assets

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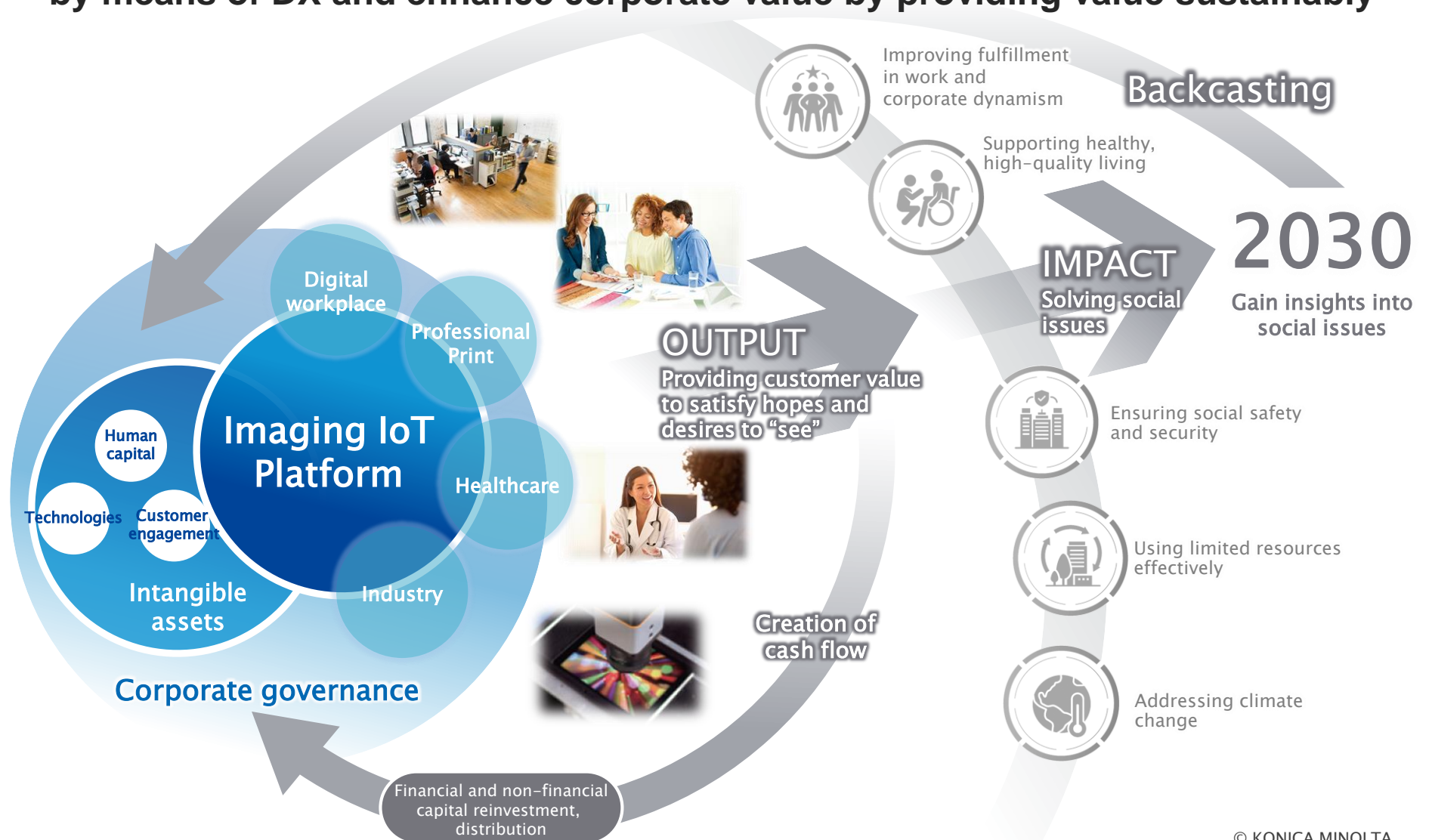
# Value Creation Process in the Konica Minolta Style

Engaging with social issues, strengthen intangible assets and business competitiveness by means of DX and enhance corporate value by providing value sustainably



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# Solving Social and Environmental Issues (Five Material Issues)

We have identified the social and environmental issues that we prioritize. We will provide sustainable value and enhance business value using our unique DX to resolve the major gaps that society faces.

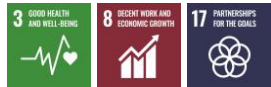
## Improving fulfillment in work and corporate dynamism

Provide an environment that increases the productivity of working people, produces time for creativity and encourages people to thrive



## Supporting healthy, high-quality living

Contribute to healthy, high-quality lifestyles and a more vibrant society



## Ensuring social safety and security

Increase the safety and security of the worksites and living sites of the Company, our customers, and communities, and ensure safe and secure products and services



## Addressing climate change

Reduce our CO<sub>2</sub> emissions and work with our customers and suppliers to reduce the overall CO<sub>2</sub> emissions of society



## Using limited resources effectively

Promote efficient resource usage in the Company's supply chain, and expand the efficient resource usage of our customers and suppliers



# Ensure Competitive Advantage Based on Intangible Assets

Continue to refine our intangible assets (customer engagement, technologies, and human capital), which are our strengths, ensure competitive advantages by evolving them by DX, and enhance business value

## Strengths we have built up thus far

## Further advances

### Customer engagement

- **Digital Workplace Business:** Customer base consisting of 2 million global companies, primarily small- and medium-sized companies, and the sales and service networks that support them (operating in 150 countries)
- **Measurement, inspection and diagnosis business:** Deep, far-reaching relationship with customers in the value chains in each industry (building highly profitable and sustainable businesses with close relationships with key players in the industry)

- Deepen understanding through analysis of customer data, build continuous and high-quality relationships
- Identify inflection points in industry and commerce and preemptively pursue value creation in the value chain overall

### Technologies

- “Visualizing” technologies realized by bringing together our **core technologies** (optics, imaging, nanofabrication and materials) with IoT and AI technologies
- **Manufacturing skills** built up as the manufacturing industry (production technology, quality assurance expertise and global supply chain)

- Provide value rapidly by combining imaging IoT platforms and technologies
- Build a framework that can generate value by breaking down technologies and combining them on site

### Human capital and corporate culture

- Open organization based on Konica Minolta’s **6 Values** (integration with professional employees acquired through external hiring and M&As)
- **Global on-site capabilities** enabled by employees able to work independently at customer engagement and manufacturing (prevalence of TQC and design thinking)

- Increase professional employees who can work with imaging IoT and AI and create value
- Further cultivate a corporate culture in which employees create value autonomously on site

Today's scope

“Business DX” pursued in each business and “Operational DX”, which raises the level across businesses, together lead to higher value

## Create economic value and social value

Create customer value and improve business value

Digital workplace

Healthcare

Professional Print

Industry

### Business DX

(Customer Engagement)

Get an overview of the customer process and industry and visualize the issues, then provide services to solve the issues continuously (pursue in each business)

Orchestration (Harmonization)



Set KPI that indicate progress

### Operational DX

(Employee Engagement)

Reform organizations and processes by combining the on-site capabilities built up already with DX (raise the level across businesses)

Intangible assets

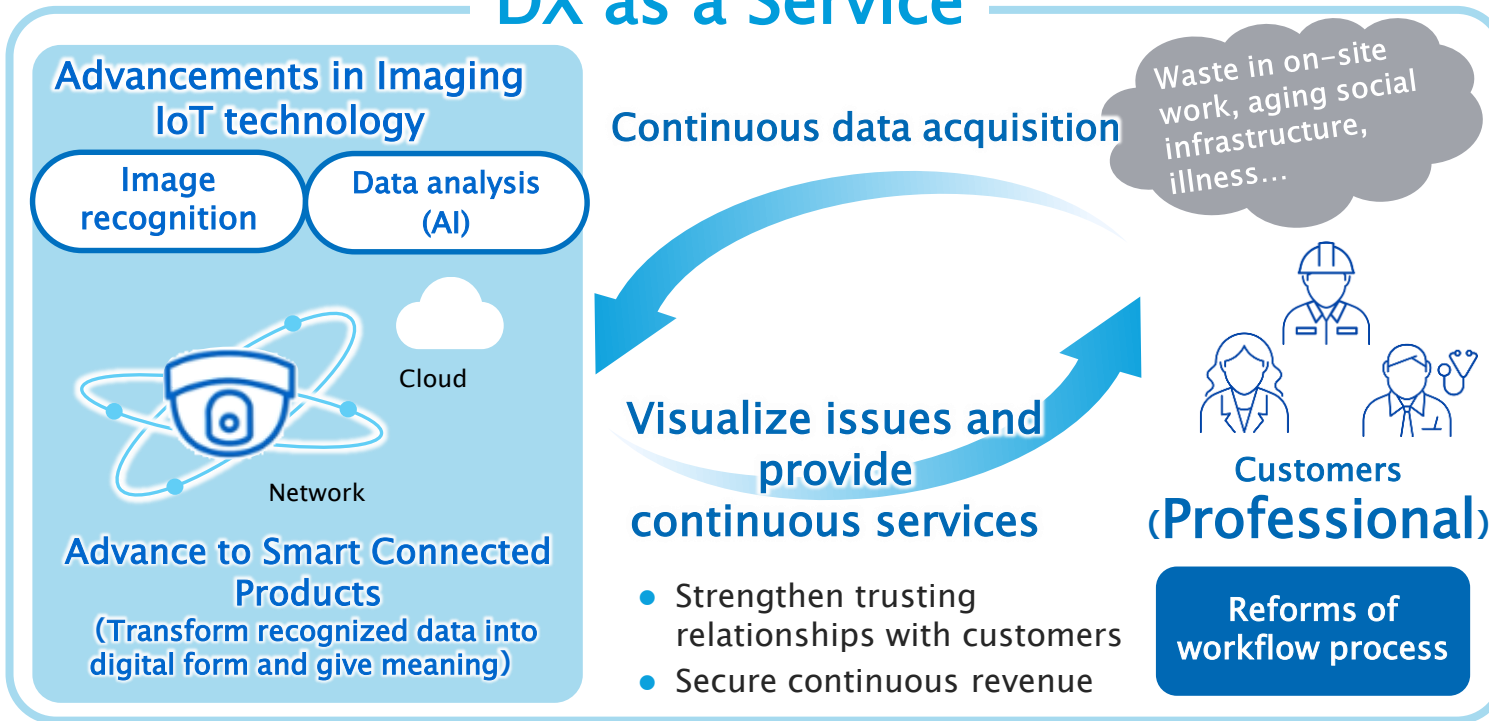
Customer engagement

Technologies

Human capital

Get an overview of the customer process, and visualize issues that even customers haven't noticed, and **co-create** optimal solutions. Provide services continuously (**lifetime value**) which help the customer and the people in the society to pursue their own purpose and solve social issues.

## DX as a Service



Help environmental and social issues

**P**lanet



People to pursue their own purpose and well-being

**P**erson

Intangible assets

Customer engagement

Technologies

Human capital

# Ability to Break into Markets Fostered through Genre-top Strategy = Customer Base

## Resolving professional issues on site

## Results

### Digital workplace

MFPs + IT services

#### Showing details



- Analysis of printed documents and print jobs
- Identification of workflow inefficiencies and improper handling

#### A3 color MFPs

Large market share (No. 1 or 2) in about **40** countries around the world



### Professional Print

Production Print

#### Showing possibilities



- Unrivaled color reproducibility
- Workflows not dependent on worker skills

#### Digital color printers

Large market share (No. 1 or 2) in about **40** countries around the world



### Industry

Measurement instruments

#### Showing quality



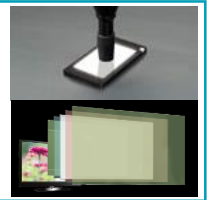
- Evaluations based on human senses (gloss and color of vehicle paint, etc.)
- Defects and flaws that were difficult to detect on high-speed manufacturing lines

#### Light source color measuring instruments

Share of global display market of **over 50%**

#### VA-TAC film

**Large share** of market for LCD TV applications

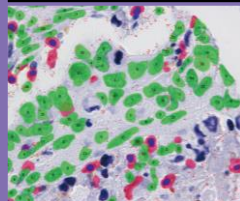
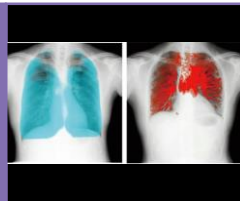


### Healthcare

Diagnostic imaging

Precision medicine

#### Showing medical diagnoses



- Diagnosis for hard-to-see places, prevention against overlooking lesions
- Visualization of invisible areas in the body which has been assessed by individual experience

- Hereditary risks of cancer and other diseases
- Specifying cells/tissues to target for treatment, estimate drug efficiency

#### Cassette-type DRs

(Digital X-ray projection equipment)

**Large share** in Japanese clinic market



#### Congenital hereditary genetic diagnosis

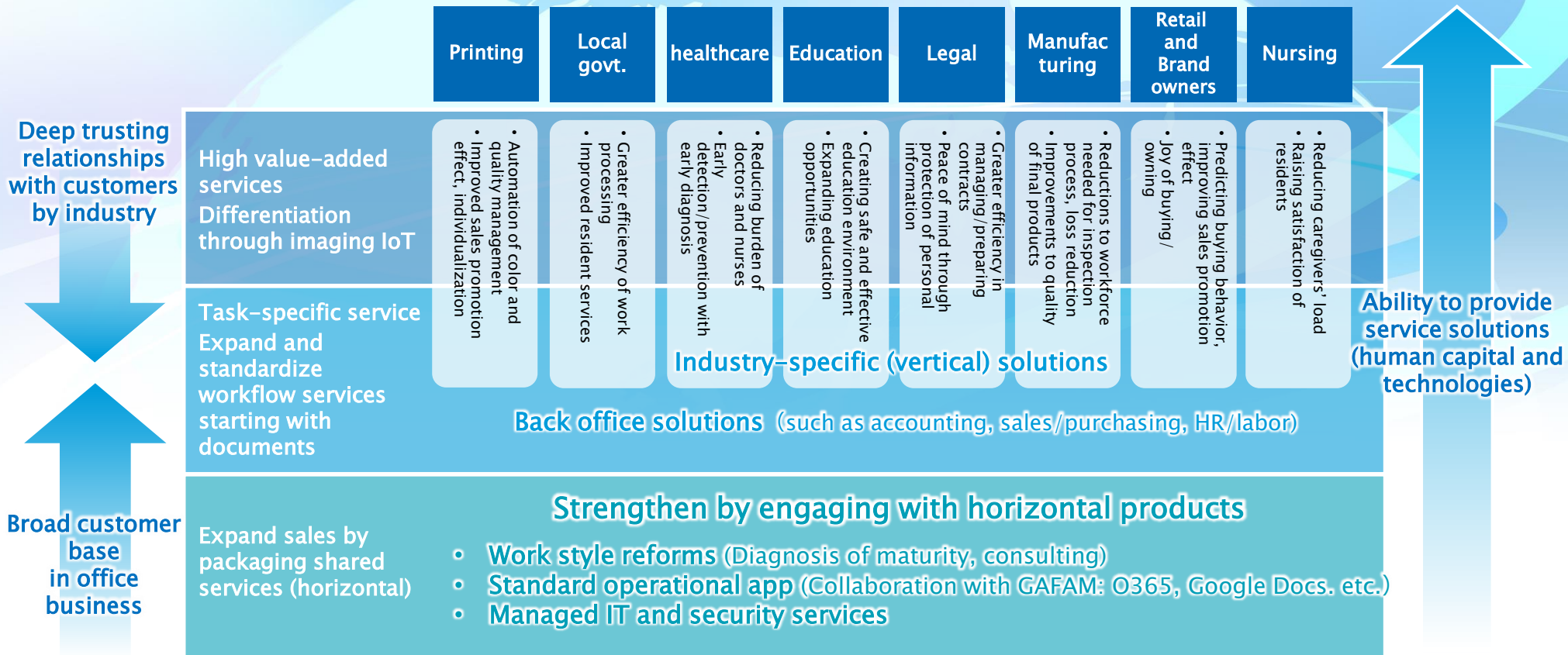
**Large share** in the US





# Strengthening Customer Engagement Utilizing Customer Base

Reinforce value provided to each region and industry/business by utilizing the office business's broad and strong customer base, built up through our genre-top strategy, and deep industry-specific customer relationships in the professional print, healthcare and industry businesses, as well as the ability to provide solutions acquired in acquisitions



Realize reforms of organization and processes and improve financial results by DX, which multiplies the on-site strengths built up already with digital technology

## Strengthen customer engagement

- Build continuous relationships by improving the customer experience through customer data analysis
- Improve productivity by making various activities with customers (sales, marketing, services) remote and/or digital

## Accelerate innovation

- Create value with agility and close to customers
- Develop services efficiently with the Imaging IoT platform
- Continue to generate themes with breaking down core technologies and combining these technologies

## Strengthen manufacturing skills

- Curb loss and waste extensively with more sophisticated use of data
- Raise efficiency through digital collaboration in the supply chain

## Raise efficiency of administrative overhead

- Establish an environment in which data can be analyzed rapidly and simply, and accelerate and refine decision-making
- Raise productivity through operational reforms and the use of digital technology (use of RPA, etc.)

## Reforms to work-styles

Utilize working from home as much as possible and maximize output through individual autonomous value creation and co-creation as teams

- Work style that is not dependent on place or time
- Promote internal and external collaboration
- Employee safety and health

## Operational DX

## On-site strengths

Processes, expertise and corporate culture built up already

## Digital

Use of digital technology and data

Intangible assets

Customer engagement

Technologies

Human capital

“Employee practice and experiences” × “provision of value to solve customer issues” × “maximizing the customer experience”

**Make maturity level visible using unique DX indicators, and accelerate building of DX foundation through orchestration**

	Indicators for DX promotion	Measures being promoted	
Customer DX (Customer experience)	1. Are DX experiences provided to customers?	<ul style="list-style-type: none"> <li>• Launch DX solutions as a service</li> <li>• Expand diverse sales formats</li> <li>• Improve NPS, retention rate, and yield rate of customers</li> </ul>	
Business DX	2. What is the degree of customer satisfaction as a result of the DX provided?	<ul style="list-style-type: none"> <li>• Expand application of platforms to partners</li> <li>• Shift R&amp;D costs to key businesses and DX technology</li> <li>• Develop and shift to DX human capital and Imaging IoT human capital</li> <li>• Introduce incentives corresponding to definition of DX human capital</li> </ul>	
Employee experience	3. What is the number of global partners to provide DX?		
	4. Do we have the capability to provide DX experiences to customers?	<ul style="list-style-type: none"> <li>• Monitor employees’ understanding of DX and their actions through a Global Employee Survey and make improvements</li> <li>• Convert business portfolio and reallocate human capital</li> <li>• Establish internal infrastructure that supports DX and reform operational processes</li> </ul>	
	5. Are employee incentives for DX promotion sufficient?		
	6. Have enough initiatives been implemented to strengthen employee engagement relative to DX promotion?		
	Operational DX	7. Is the organization structured so that DX can be pursued in both businesses and the Company itself?	
		8. Has a DX culture been cultivated via the Company’s own practice?	



# Goal Setting: Business Portfolio Conversion (Business Composition)

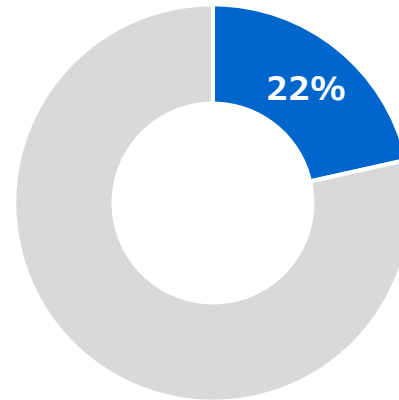
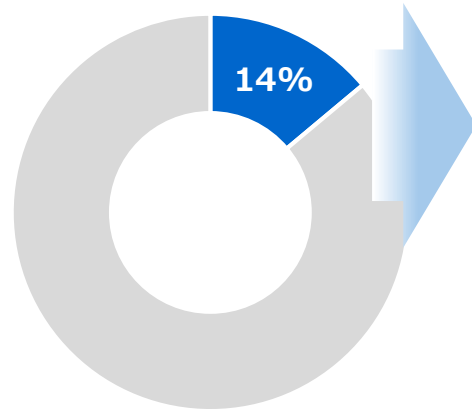
While expanding sales in strategic new business to shift to highly profitable businesses, reduce dependence on the Digital Workplace Business, which made up half of operating profit in FY2019.

FY2019 results

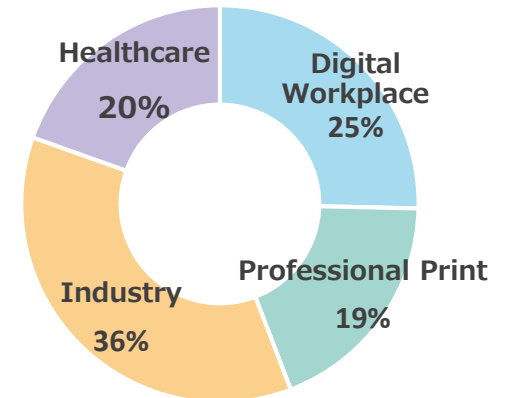
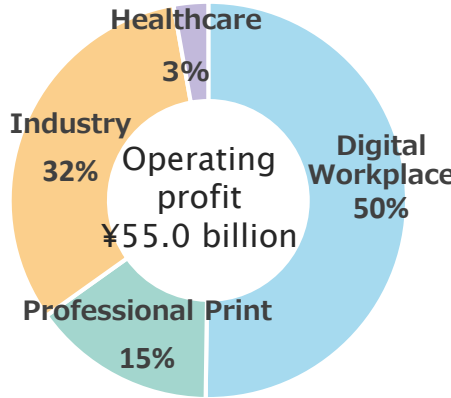
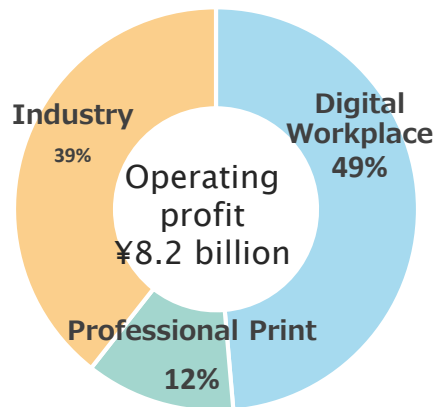
FY2022

FY202x

\*Ratio of strategic new business (revenue)



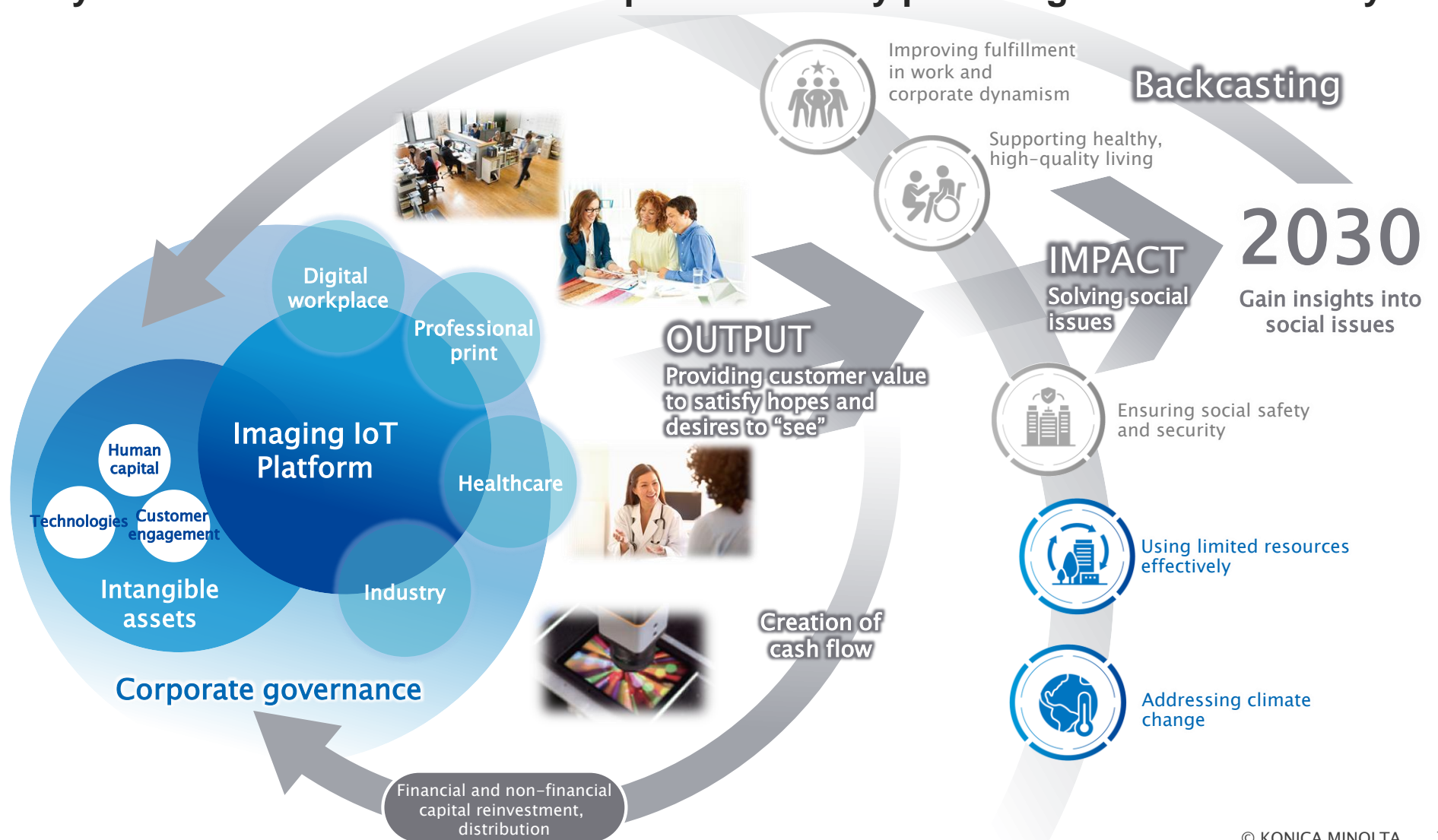
Segment-specific composition ratio (operating profit)



\*Strategic new businesses: Precision medicine, Imaging IoT solutions, Workplace Hub/IT Services, Industrial print

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**KONICA MINOLTA**