Acceleration of DX Business through Collaboration with ABeam Consulting

Chikara Ishii, Executive Vice President and Chief Digital Officer
Agenda
◇ Introduction of ABeam Consulting
  • Company Overview
  • Growth Trajectory
  • Source of Value Proposition (Human Resource)
  • Future Direction
  • Track Record (Cases)
  • Initiatives to Further Strengthen ABeam’s Operations
◇ NEC Group’s DX Strategy ~ Towards New Normal ~
◇ Advancement of Value Proposition by Combining Business Processes and Technology
◇ Maximizing Group Capabilities with Strengths of ABeam and NEC
◇ Developing Talent to Capture Potential Needs
◇ Case Initiatives Aimed at Synergies between NEC and ABeam
◇ Synergies Aimed by End-to-End Collaboration
◇ Society 5.0 Realized by Collaboration of NEC and ABeam
◇ Summary
Introduction of ABeam Consulting: Company Overview

Contributes to solving managerial issues as a partner to achieve clients’ transformation

**Business Summary**

- **Consolidated Sales:** ¥93.2 bn
- **Employees:** 6,646

*As of FY 3/2020 or April 1, 2020

**Global Network**

- Proprietary network with a focus on Asia
  - 13 countries/regions, 29 offices
  - Allied partners
  - 36 countries/regions, 76 offices

*As of November 1, 2019

**Broad Consulting Capabilities**

- Covers all industries and operation areas
- Supports total DX from strategy to process change, system establishment, and implementation
Introduction of ABeam Consulting: Growth Trajectory

Achieving steady growth as a core NEC Group company

3.4x revenue growth / 8.5% annual growth rate and 3.3x increase in headcount since 2004

Consolidated Sales (¥bn)

¥27.39 bn

2,005 employees

¥93.2 bn
6,646 employees

CAGR 9.1%

Strengths

Capability to install core systems based on solid understanding of business processes
First choice for SAP

Pursuing change /management based on strong commitment for clients
Long Term Real Partner

First Asian global firm which combines the strengths of Japanese and global companies
Global Expansion
Expanding the organization through recruiting and workstyle reforms

**Appeal**  
**Recruiting**  
Attract talent to steadily enhance organizational power

- **Employees (Net Increase)**
  - FY17: +194
  - FY18: +770
  - FY19: +801

**Rankings**

- **Job satisfaction**  
  *1 Open Work  
  **17th**

- **University of Tokyo/Kyoto 2021 graduates**  
  *2 OneCareer  
  **4th**

- **Focus on employee education**  
  *3 Rakuten Minshoku  
  **2nd**

**Workstyle Reform**

Maintain retention rate and improve employee education through rewarding projects and comfortable work environment

- **Improving the Work Environment**
- **Work style “Challenge”**
- **Diverse “Collaboration”**
- **Physical and mental “Condition”**

**Introduction of ABeam Consulting: Source of Value Proposition (Human Resource)**

- **Awareness and efforts aimed at “Contribution”**
- **Healthy Corporations 2020 White 500 METI**
- **“Eruboshi” company (highest certification) MHLW**
## Introduction of ABeam Consulting: Future Direction

Aiming to achieve unique growth with a focus on offering solutions to customer’s issues in DX as a Asia-based global consulting firm

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Coverage</td>
<td>IT consulting firm which transforms Japanese companies’ operations</td>
<td>Integrated consulting firm which supports globalization of Japan-based multinational companies</td>
<td>Transformation partner which helps to achieve DX for growing Japanese and Asian companies</td>
</tr>
<tr>
<td>Solutions</td>
<td>Manufacturing, Consumer goods, Trading, Railways, Leasing Firms</td>
<td>Japan-based multinational companies</td>
<td>Japanese and Asian companies promoting reforms</td>
</tr>
<tr>
<td>Provided Value</td>
<td>Core system installation (ERP)</td>
<td>Change management (IT solutions)</td>
<td>End-to-end DX (digital ecosystems)</td>
</tr>
<tr>
<td></td>
<td>Business process optimization</td>
<td>Globalization and pursuing change</td>
<td>DX partner</td>
</tr>
</tbody>
</table>

- Solutions
  - Core system installation (ERP)
  - Change management (IT solutions)
  - Globalization and pursuing change
  - End-to-end DX (digital ecosystems)

- Provided Value
  - Business process optimization

- Core Coverage
  - Manufacturing, Consumer goods, Trading, Railways, Leasing Firms
  - Japan-based multinational companies
  - Japanese and Asian companies promoting reforms

- 2025
  - Transformation partner which helps to achieve DX for growing Japanese and Asian companies

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Has biggest number of Certified Consultant in Japan. More than double than the 2\textsuperscript{nd}.

\textbf{Number of SAP Certified Consultant by Partner}

\textbf{No.1 in Japan}
ABeam Consulting 3,920

As of 2020/7
Source: SAP Japan
Promoting co-creation within the ABeam ecosystem and digital management in addition to its traditional strengths in process-based global management platform.

**Core System Installation & Change Management**

**Global Management Foundation**
Business optimization and introduction and deployment of group & global management.

**Ecosystem Creation towards DX**

- **Co-creation with Startups**
  Expediting insurance payments through data analysis such as satellite images / SNS and AI.

**Data-driven Management**

- **Digital x ESG**
  Enhancing company value by "visualizing non-financial data".

**Partners**

- MITSUI & CO.
- SAP Gold Partner
- 東京海上日動
- Eisai
Introduction of ABeam Consulting: Initiatives to Further Strengthen ABeam’s Operations

**Promote end-to-end DX**

**Expand ABeam DX Ecosystem**

- Expand solution services through co-creation and capital tie up with leading IT companies and research institutes
- Strengthen solutions design and architect

**Support a new global model**

**Achieve Differentiation as an Asia-based Global Consulting Firm**

- Support the globalization of Japan-based multinational companies
- Strengthen capacity to support the globalization of emerging Asian companies

**Enhance quality and scope of value proposition**

**Diversify Consultant Portfolio**

- Increase and educate consultants who have business strategy + IT expertise
- Train and recruit talents with diverse capabilities which can expand solutions provided
NEC Group’s DX Strategy ~ Towards New Normal ~

**Personal Changes**
Change to a new life style for safety and security
- The need for transportation and face-to-face meeting is being questioned
- Identify a different set of values from the past
- Renew lifestyle and life plan based on own values

**Societal Changes**
Change to a society with more focus on sustainability
- Division of labor between human and machine accelerates so that people can exercise their full potential
- Need for safe and fair social services stronger than ever
- Achieve overall optimization by enhancing visualization of all things

**Digital connection which transcends physical boundaries**
- Increase in digital consumption
- 49% increase in internet traffic
- More than 300 million participants in online conferences

**Digital shift in various settings**
- Lifestyle
- Business style
- Workstyle

**5 Themes aimed at achieving DX for change**
- **Remote**
  Workstyle changes by integrating real and digital
- **Online**
  Provide services and experiences not constrained by time or place, through digital contact
- **Touchless**
  Sanitary and safe lifestyle
- **Automation**
  Streamlining/automation for people to live up to their true potential
- **Transparency/Trust**
  Use of digital technology which has transparency and trust in the society
NEC Group’s DX Strategy: Initiatives to Further Accelerate DX

Value Proposition based on Social Challenges

Adapting to New Normal

Value Proposition

Solutions Provided

NEC Safer Cities

NEC Value Chain Innovation

Realize safe, secure, fair, and efficient society

NEC Smart Connectivity

NEConeWISE

Bio-IDiom

Cyber Security

End-to-End Capabilities

Consulting

Implementation

Operation

Starting Point: Social Challenges in Shifting Towards New Normal (examples)

Remote

Online

Touchless

Automation

Transparency/Trust

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NEC Group’s DX Strategy: Strengths to Further Accelerate DX

Toward digital shift in New Normal era

- Consultations predicting a future where society has a vastly different New Normal
- Enhancing the DX Strategy
  - Upstream Approach/Structure
- Linking technology from value proposition to customers / Achieve DX with a sense of speed
- Establishment of DX Offerings
- One platform linking the world / Laboratory technology
- NEC Digital Platform

Formulation of Digital Transformation strategy

Innovation
Creativity

Customer
Contact Reform

Business Reform

Human Talent & Platform

One stop from upstream to offerings
Coordinate end-to-end operational capabilities based on ABeam’s consulting expertise to enhance leverage in themes (businesses) of NEC and ABeam

Maximized coordination / leverage to create value starting from consulting

Identify managerial challenges
Formulate concept/strategy
Establish ecosystem

Design future value

Large-scale project management in system architecture

Operations to advance value

One NEC
ABeam Consulting
(NEC Solution Innovators, NEC Fielding, ...)
Maximizing Group Capabilities with Strengths of ABeam and NEC

Maximize our value proposition by mutually supplementing both ABeam and NEC’s capability and strength, such as, ABeam’s consulting strength & methodology of developing talented consultants, and NEC’s capability and strength of technology, large-scale SI, support and BPO.

- **Consulting ~ overall design ~ determination of area of digitalization**
  - Strategic consultants (organizers)
  - Designers
  - Data scientists

- **Technology design ~ implementation ~ operation**
  - Technologists
  - Engineers

ABeam’s consulting strength (Approx. 6,000 consultants)
(Strategy, Industry, Process, Technology)

- Consulting strength
- Power and methodology to develop consultants
- Technical strength
- Large-scale SI Capability
- Support, BPO strength

NEC Group’s abundant capability to perform End-to-End business and implementation
- about 20,000 SEs, (including about 3,000 DX professionals, expected to increase to about 5,000 by the end of FY2022)
- Approx. 23,000
- Back officers Approx. 2,600
Developing Talent to Capture Potential Needs

Acquire and accelerate to develop talent specialized in business producing
Who can find out customers’ and societal issues and tackle these issues together → Aim to become the first choice for customers in DX era

Consulting Services
- Knowledge in specialized area
- Analytical Skill
- Project management
- Providing resources

Transformation Partner
- Conventional Consulting Services
  - Business produce
  - Technology differentiated from others
  - Outsourcing for data utilization
  - Sharing of business achievements

Develop talent to capture potential needs

Find out theme for change from Potential issues
Try & Error for finding solutions
Implement Solutions
Achieve
Continuously try to find out related issues
Case Initiatives Aimed at Synergies between NEC and ABeam: Seven Eleven Japan

From creation of the DX concept for store operations to design, implementation, and operation

Optimization/DX

Contribute to establishing platform to focus on advanced business operations

Improve business process by digitalization from paper-based operation

Achieved reductions in man-hours and paperless

By monitoring fixtures

Supported to provide Safe and Tasty Products
Synergies Aimed by End-to-End Collaboration

Expand business in selective area where NEC and ABeam can maximize the offering values by leveraging both strengths

Biz. Scale

Focus Points

Expansion and training of human resources with strategic consulting capabilities

Value Proposition

· Business conceptualization
· Operational change
· Process change

· Asset management
· Operation management
· Control system management

· Research/Execution/Protection
· Operation services
· Contact center

Focus Segment

CVS
Tele-communication Operator
Broad casting
Establish ecosystem to support sustainable society in New Normal Era

Organize collaboration scheme
Promote innovation for more activation

Implement urban operating system
Launch new services with data sharing

DX Grand Design / system establishment
Process Innovation
Change Management

Networking
Computing
Security

Establish new local ecosystem
Optimize urban management

Disasters
Population aging
Declining birth rates
Local transportation
Industrial development

Realize Society 5.0
Summary

Maximize the Group’s capability to provide end-to-end solutions to societal and corporate challenges in the new normal era, from conceptualization to implementation and standardization.

Combining ABeam’s DX upstream assets and NEC’s digital technology to achieve digital process innovation.

Proactively invest in diverse human talent in order to maximize client value.

Group-wide HR synergies and proactive investments in recruiting and talent development.

Strengthen competitiveness and expand globally by contributing to the realization of Society 5.0.

Disseminate social solutions from Asia to the world as the first case in Japan.
Orchestrating a brighter world

NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.