

Public Solutions Business

Chikara Nakamata, Executive Vice President



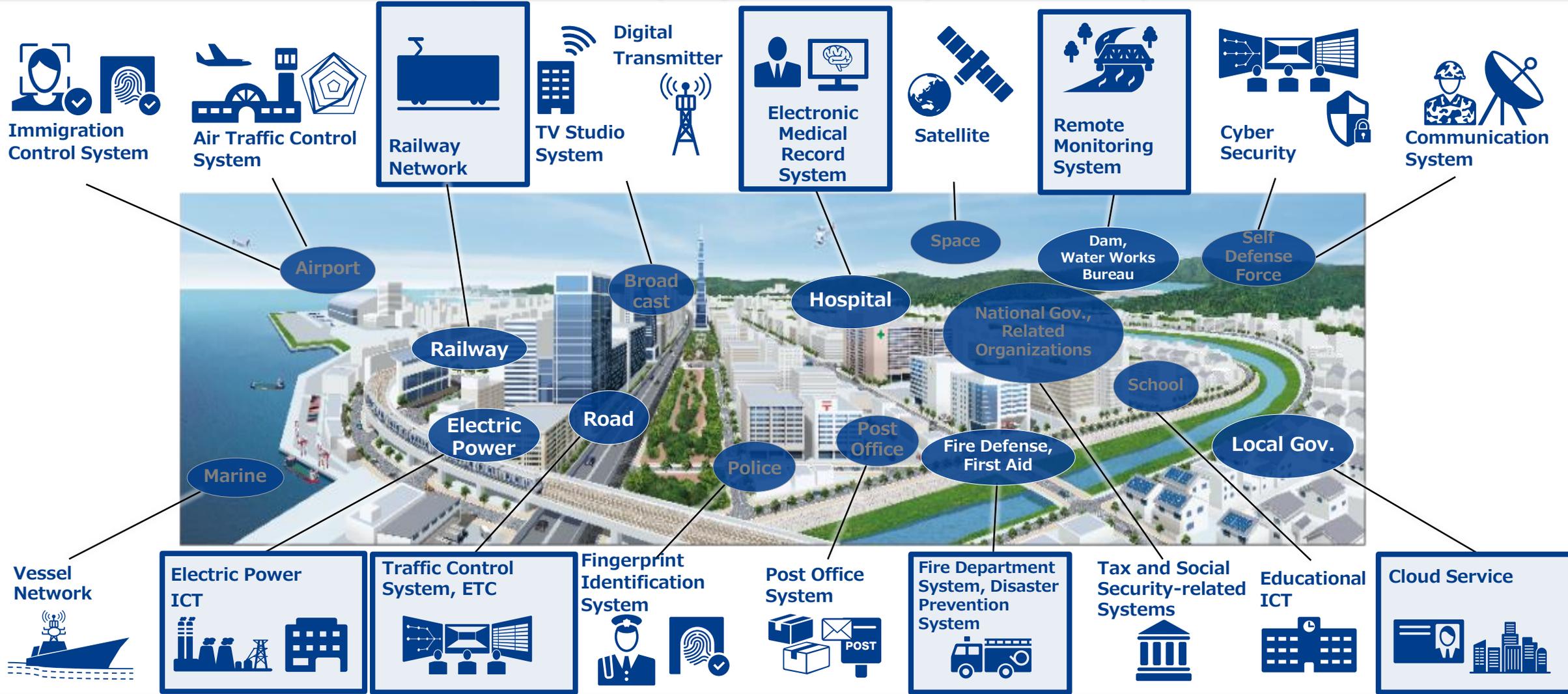
Orchestrating a brighter world

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.

Public Solutions Business Domain

 : Public Solutions Business

Provide solutions for local government, healthcare organizations, transportation company, electric power company, and local private enterprise



Vision of the Public Solutions Business

SDGs



Major Issues for BU to Focus

Reduction of social security spending

Responses to labor shortages

Efforts to enhance regional activity

Smart Transportation

Digital Healthcare

Digital Government

NEC Safer Cities

Public Safety

City Management

Data Coordination Platform

Digitalization



Healthcare organization

National / Local Government

Electronic/ Transportation

Private Company

- Electronic medical record system
- Collaboration with Local healthcare
- Health Promoting Support
- Medical accounting system
- Pathological image analysis

- Resident Information Government info
- Resident infra NW
- Mynumber infra
- Fire department system/wireless
- Disaster prevention system/information cloud
- Firefighting/rescue cloud
- Disaster detection

- Traffic Control
- ETC
- Railway Wireless
- Railway NW

- Sales management
- Inventory management
- Accounting
- Salary
- Member management



Network

Achievements and Targets for the FY20 mid-term plan

In order to achieve the FY20 mid-term plan, aim to further improve earnings while maintaining revenue (excluding special demands for PC); at same time, prepare for the next growth strategy

Year of Gear Change

- End of nomination stop*
- Complete structural reform

* Ex: Firefighting digital case

Turnaround Year

- Revert to normal operations
- Establish stable business foundation

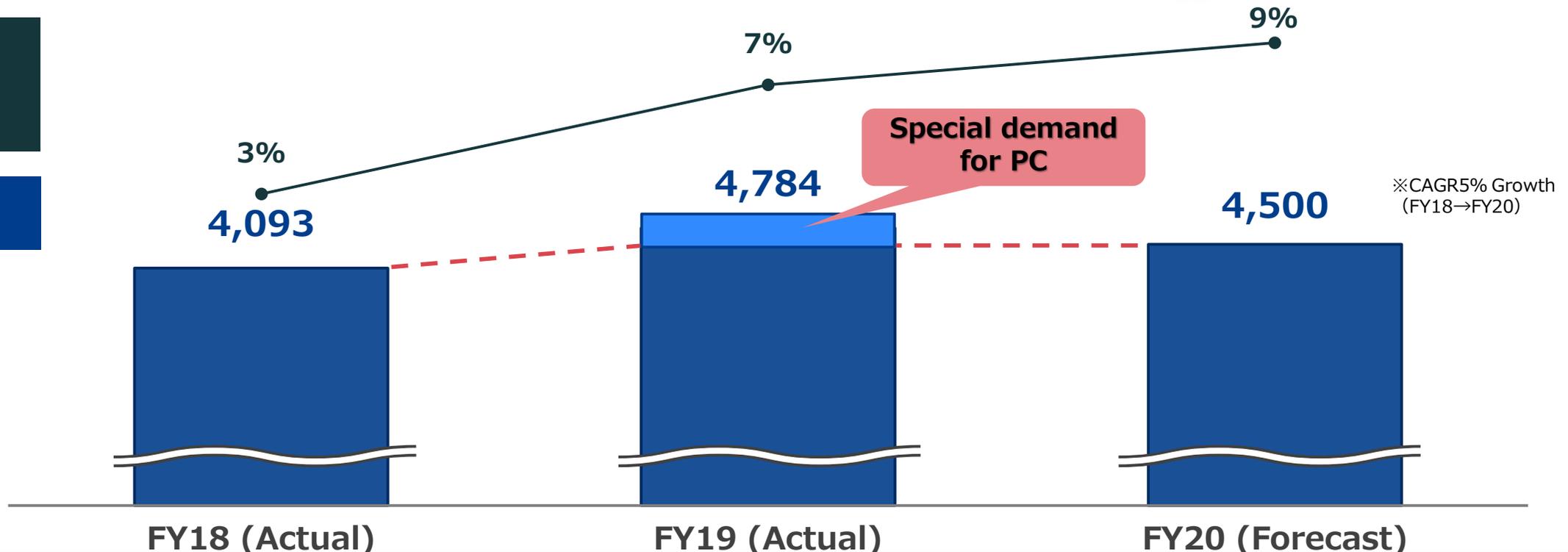
Year on the Offensive

- Achieve FY20 mid-term plan
- Prepare for post-FY20 growth strategy

Adjusted Operating Margin

Revenue

(¥100mn)



Index

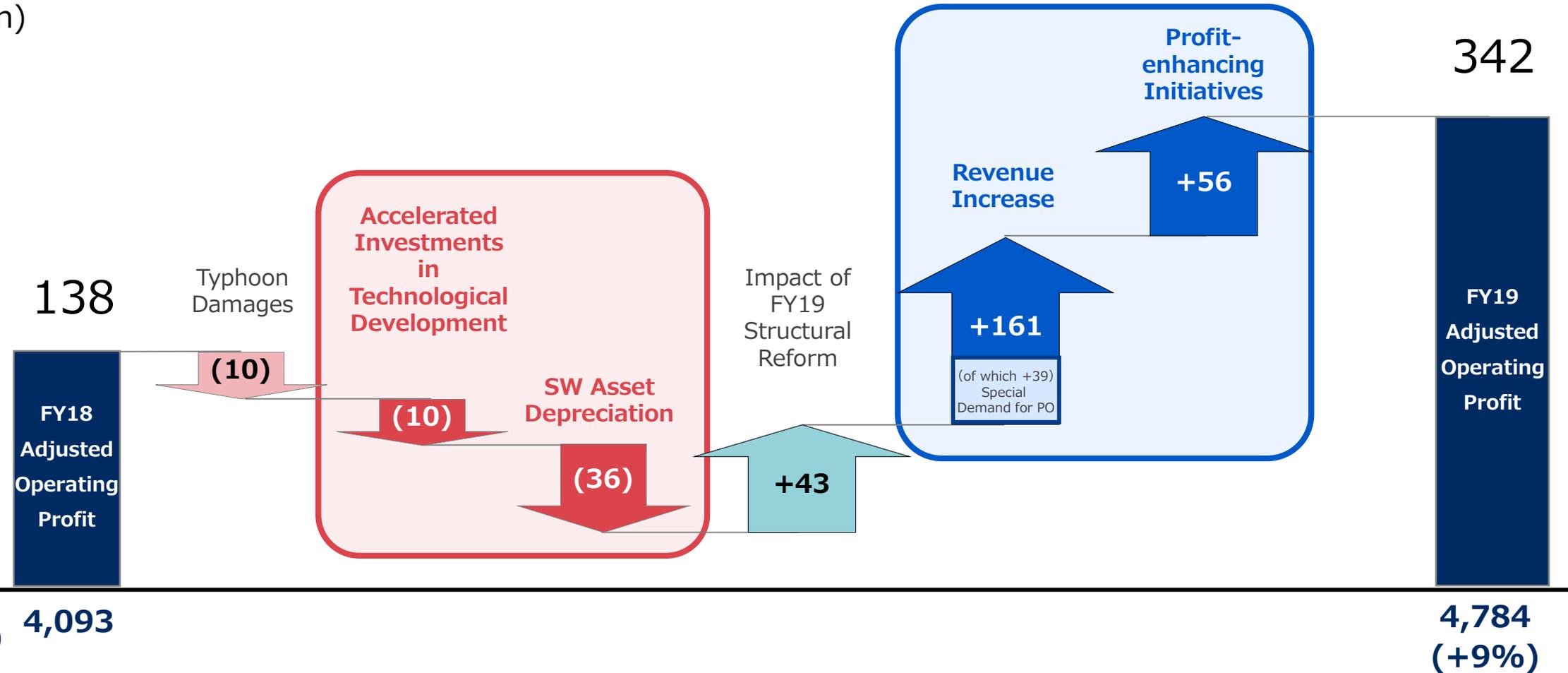
1. FY19 Results
2. FY20 Outlook
3. Mid-to-long term Management Challenges and Countermeasures

1. FY19 Results

FY19 Results

Achieved significant GP improvements through revenue increase and profit-enhancing initiatives

(¥100mn)



Revenue (YoY)

(1) Initiatives for the FY20 mid-term plan

- Acceleration of technology development investments
- Cleanup of assets

(2) Topline growth

- Steady growth in core businesses
- Special demand for PC

Growth rate of individual businesses

Public (Nation, law amendment etc.) 205%
Medical (Electronic medical records etc.) 114%
Local Private enterprise (core systems etc.) 119%

(3) Execution of Profit-enhancing initiatives

- Quality improvement activities across Business Unit

Execution of Profit-enhancing initiatives

Multi-tiered Strengthening of Quality Measures

Dedicated quality team performs:

- (1) Check of entire processes
- (2) Expansion of processes to small-sized projects

Executives across BU performs:

- (3) Mutual check of key projects

Dedicated technical team performs :

- (4) Cross-sectional architecture control

Aimed at launch of new businesses:

- (5) Streamlining of processes focusing on new projects (preparation)

FY20 Initiatives

Quality development in upstream processes

Pre-order phase

Risk assessment meeting
Pre-order review meeting

Development phase

Planning review
Process review

Shipment phase

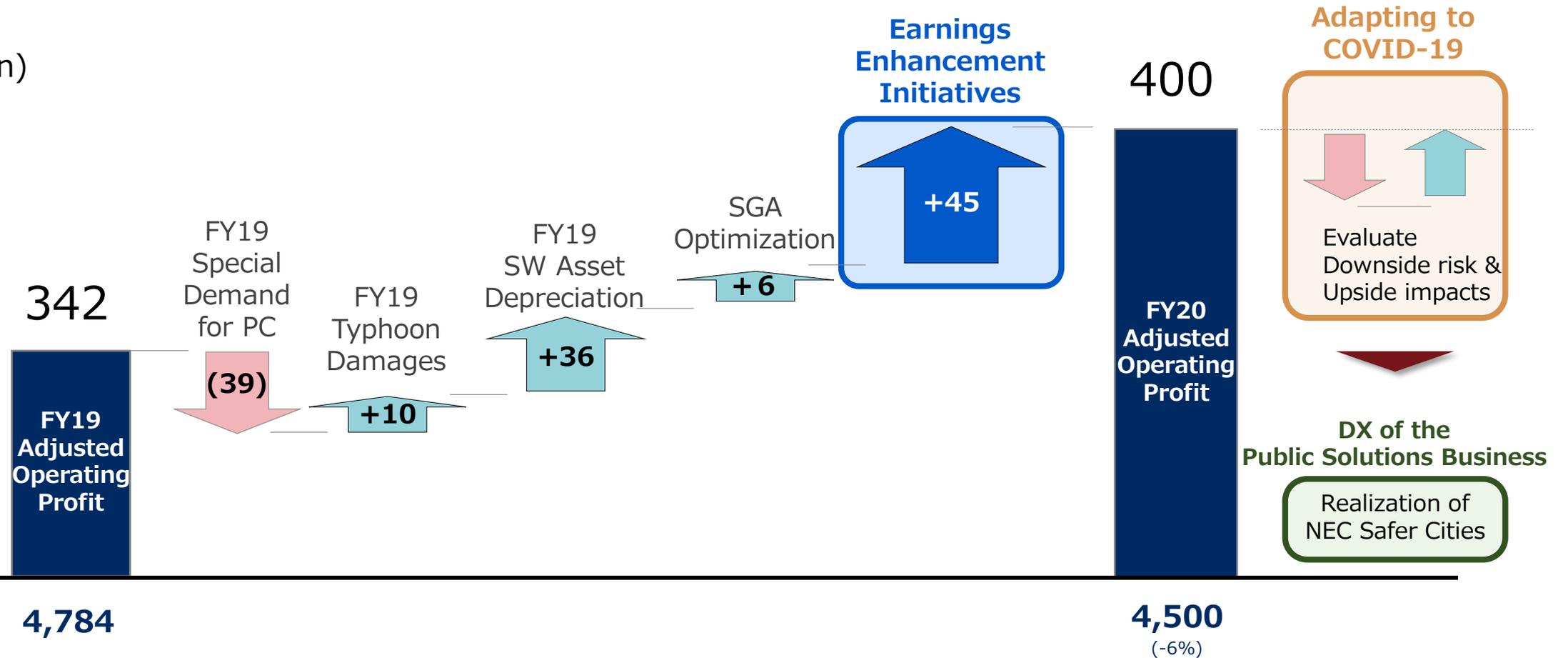
Product release decision

2. FY20 Outlook

FY20 Outlook

Continuing earnings enhancement initiatives are expected to contribute to increasing profit
Adapting to COVID-19 & accelerate digital transformation in the Public Solutions Business

(¥100mn)



Revenue (YoY)

4,784

4,500
(-6%)

(1) Earnings enhancement initiatives

- Earnings improvement through quality improvement activities across BU
- Improve efficiency and reduce cost by supply chain reform
- Strengthen management with focus on profitability

(2) Adapting to COVID-19

- Respond to demands for New Normal solution

(3) DX of the Public Solutions Business

- Digital Government - Digital Healthcare
- City Management/Public Safety

Impact on Q1 Performance

- Limited impact on revenue and profit as of Q1
- Decrease in orders mainly from healthcare and local private enterprise sector

FY20 Outlook

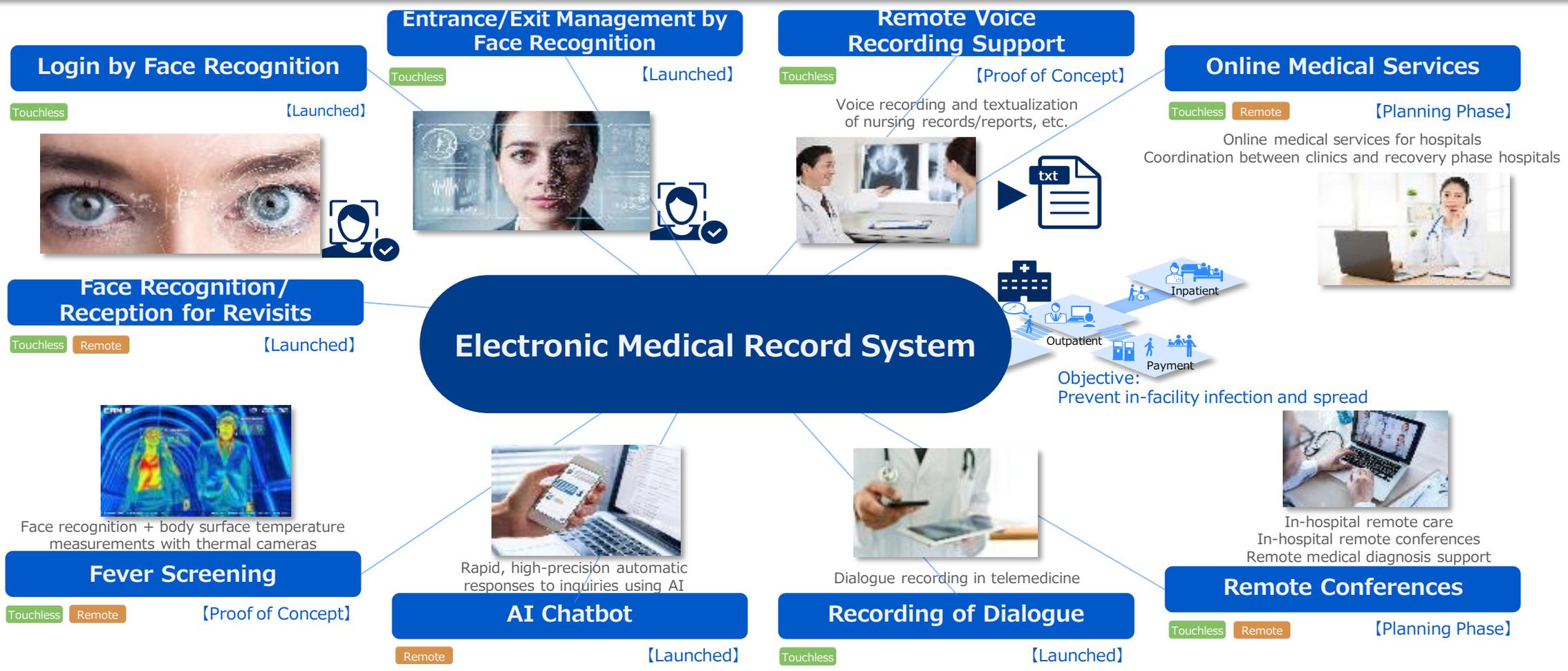
- Potential deferral of investments in healthcare, transportation, and local private enterprise sectors due to continuous impacts of COVID-19
- Increase in demands for New Normal solutions

Countermeasures

- Win business relating to “Remote and Touchless”, “Work at Home”, and “Management efficiency (DX)”
- Obtain revised budget*
- Maintain profitability by strengthening cost management

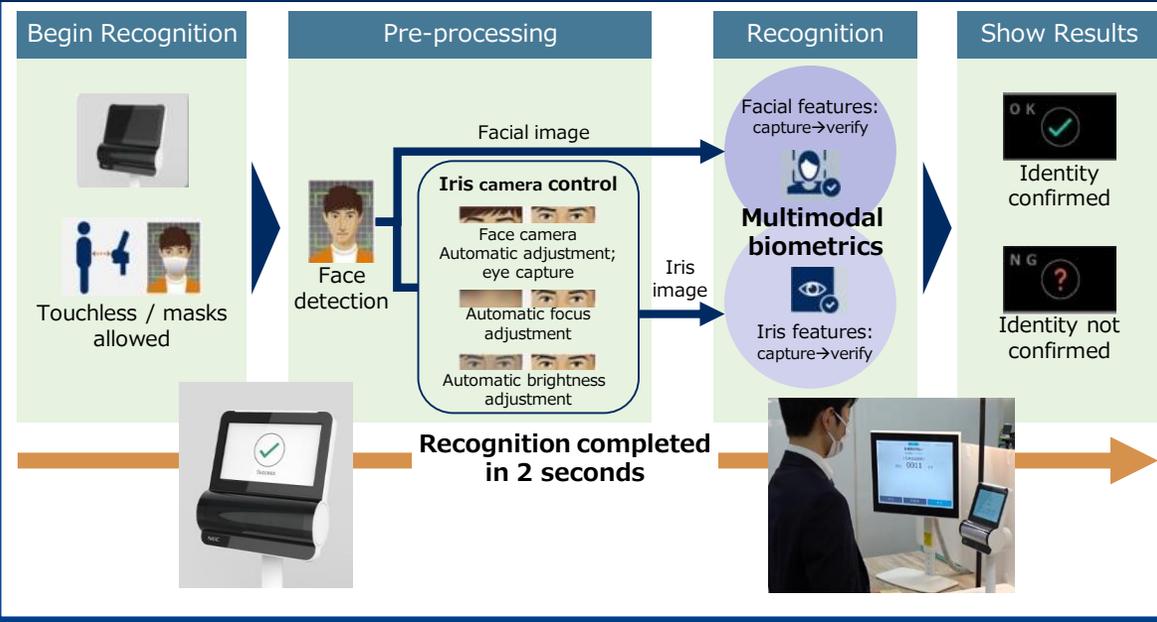
* Non-recurring regional revitalization subsidies for COVID-19 / COVID-19 emergency comprehensive benefits

Leveraging "Remote and Touchless" technology to provide safety and protect healthcare organizations from COVID-19



	Digitalization of Administrative Services	“Cloud by Default”
Customer Needs	<ul style="list-style-type: none"> - Enhance usability of application Procedures - Improve productivity in public and private sector 	<ul style="list-style-type: none"> - Reduce workload of administration - Enhance service levels
Basic Strategy	<p>Expertise x Biometric Recognition</p> <ul style="list-style-type: none"> ● Information linkage to My Number system base (expertise in establishing government systems) ● Biometric Recognition technology  <p>1234 5678 9012</p>	<p>In-house Technology x Partnership</p> <ul style="list-style-type: none"> ● Hybrid cloud through business collaboration depending on application and purpose ● Cyber security technology 
	<p>Rule-Making</p> <p>Inception planning toward planning of administrative services and regulatory reform from users' standpoint and by service design thinking</p>	

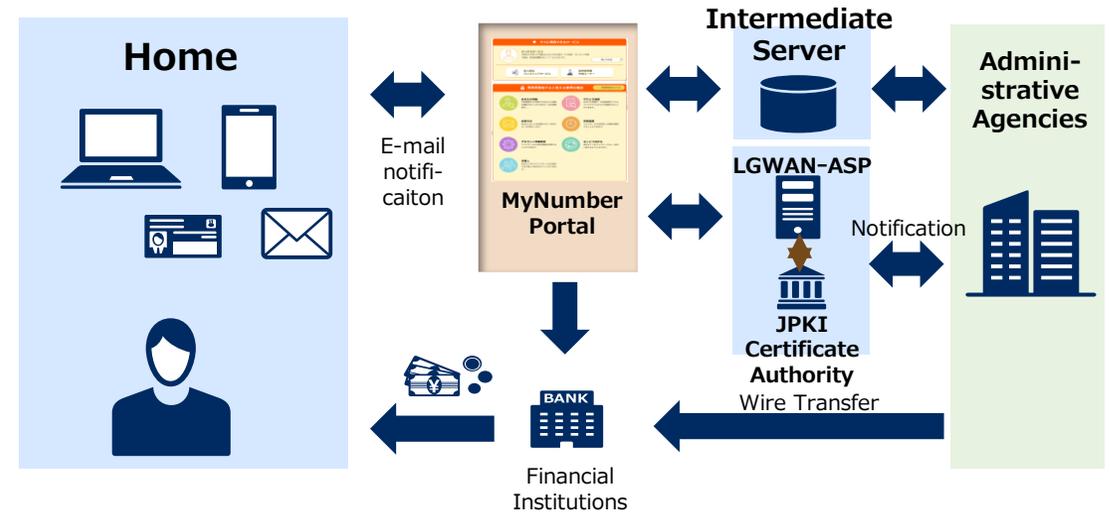
MyNumber Card and Biometrics



Impact

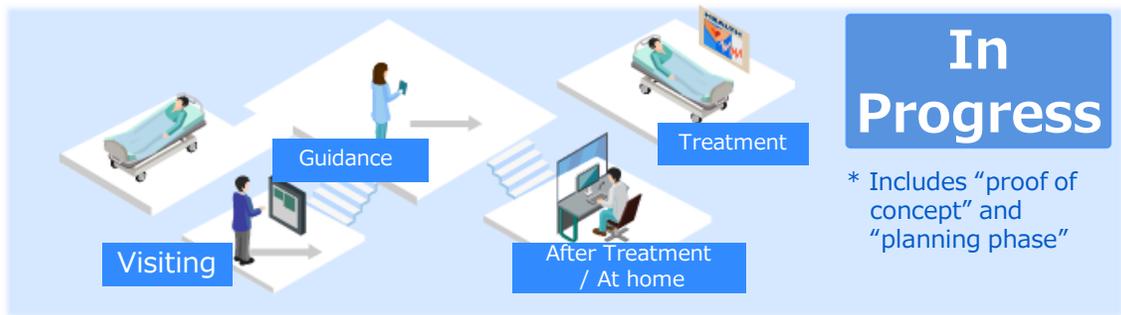
- No need to manage passwords, significantly enhance user experience and prevent fraudulent use

Pre-registration of "Benefits Account" using MyNumber Portal



Impact

- Expand possibilities of MyNumber use
- No need for paper filings, significantly enhancing user experience



Visiting

~Mitigate risks beforehand~

Check beforehand the body surface temperatures of patients and workers, manage workers' physical condition based on working time

Face recognition gate

Thermo gate

Fever screening

Stress analysis

In Hospital

~No touch, No wait, No gather~

Guidance
 Support international people with signage display and apps

Treatment, Hospitalization, Nursing
 Support touchless usage and input of medical record, support for remote medical treatment

Reception by face recognition

Voice record AI

Electronic medical record

AI chat bot + Apps

Face recognition login

Online medical treatment

After Treatment / At home

~Information sharing for safety~

Share medical history across institutions when necessary, follow after discharge from hospital

Payment SL by face recognition

SL supporting medical drugs

Sharing medical record

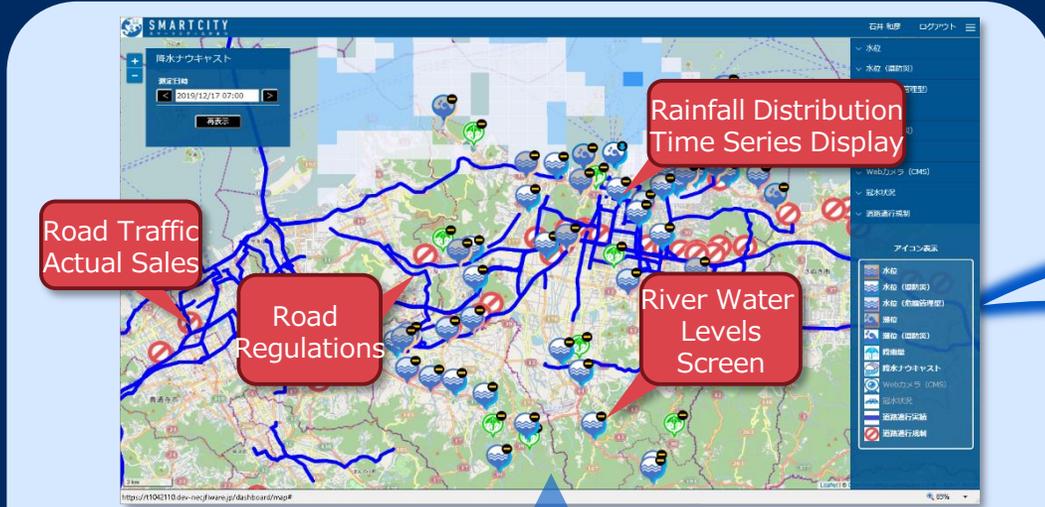
AR, VR

Remote conference

Online medical treatment

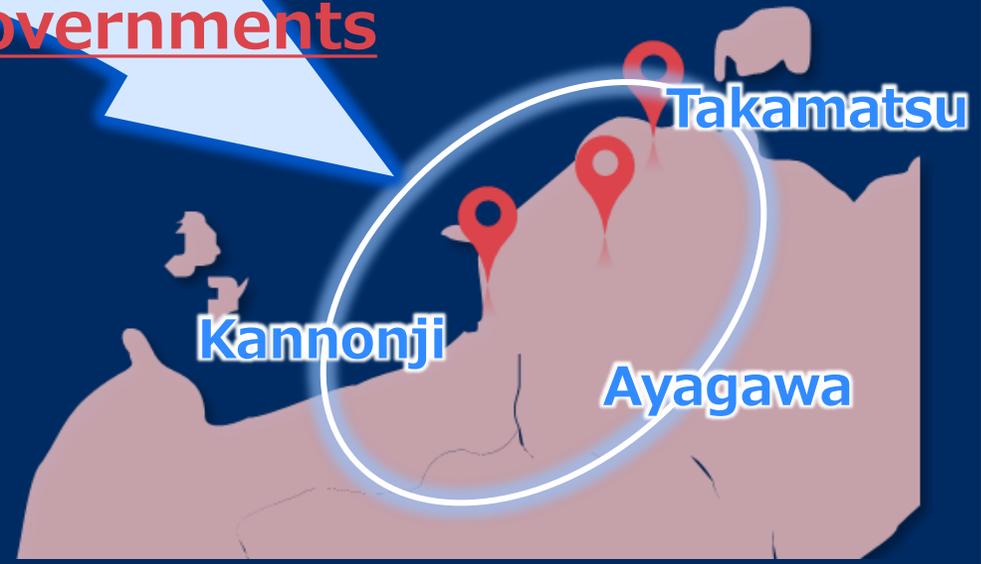
Area Disaster Prevention - Takamatsu to neighboring local governments -

Integrate disaster prevention data with data connectivity, supporting decision making through comprehensive situation analysis



Shared use of data connection platform

link to neighboring local governments



FIWARE Area Disaster Prevention
Open APIs for Open Minds Data connection and utilization platform

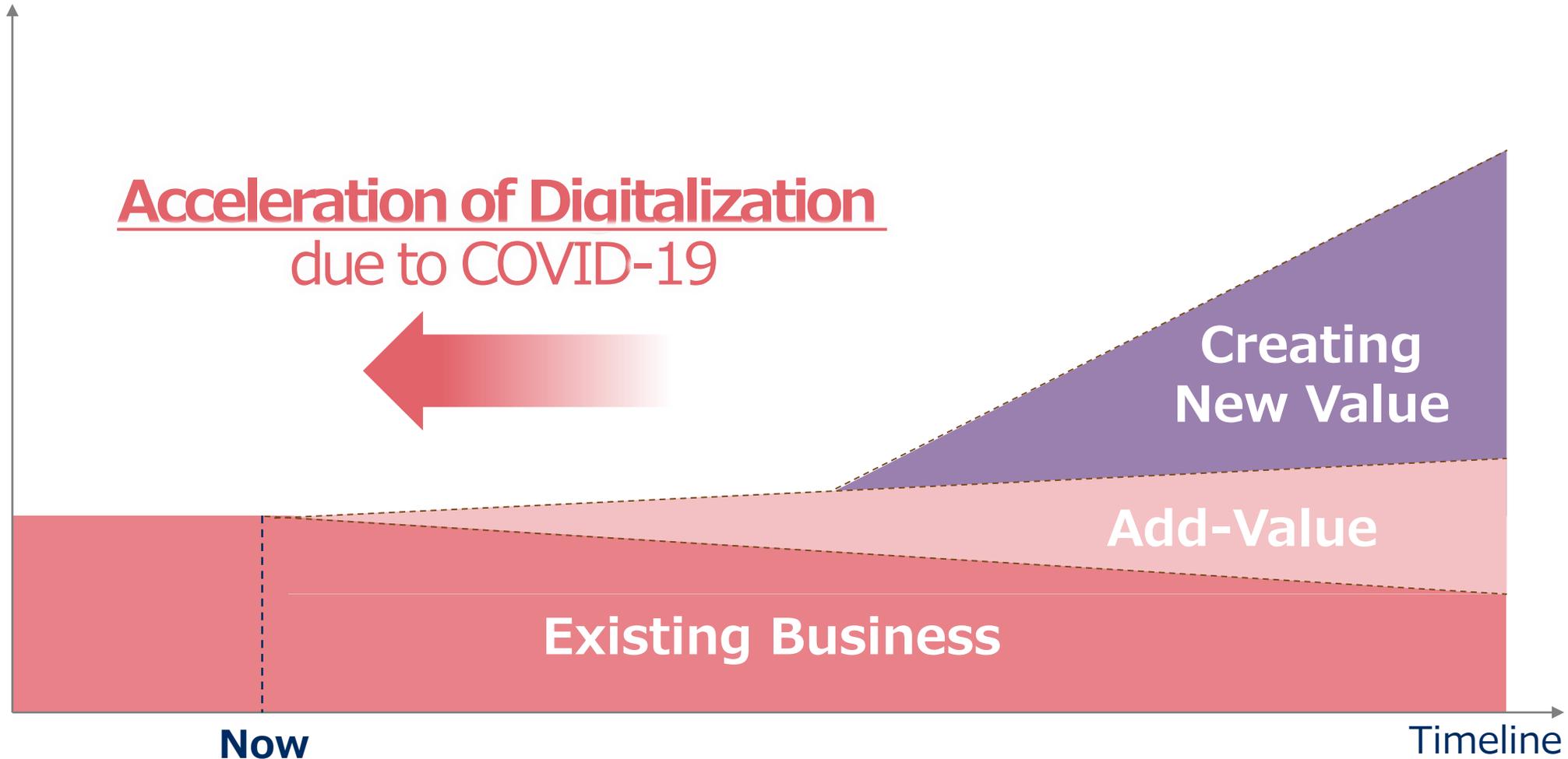
- Road
- Weather
- River Water Levels
- Tide Marks

Various critical data are displayed on the Shared Screen
-> Real-time Situational Recognition

3. Mid-to-long term Management Challenges and Countermeasures

Mid-to-long term Goals

Realization of "Portfolio Transformation" of the Public Solutions Business



Mid-to-long term Management Challenges and Countermeasures

Key Management Challenges

Portfolio Transformation



- Launch new businesses in a short run & establish them as profitable businesses

Establish business structure in response to DX demands



- Establish data sharing infrastructure
- Train and acquire DX specialists (including external resources)

Strengthen sales force



- Integrated management with business department
- Establish hybrid sales force (Integration of Digital x Real)

Realization of NEC Safer Cities

Government Policy ≡ Our Vision

"Basic Policy on Economic and Fiscal Management and Reform 2020 - overcoming crisis towards a new future-" (Basic Policy 2020)

Chapter 3: Realization of "New Normal"

1. Establishment of environment and focused investment and implementation for digitalization to drive the creation of the "New Normal" (Digital New Deal)

(1) Powerful promotion of next-generation administrative services : **Spanning of digital government**

2. Regional revitalization realizing the "New Normal"

(1) From Tokyo-centric approach to multi-hub nation building

1) **Acceleration of social implementation of smart cities**

"Data Health Reform Promotion Plan"

1. Summary

Material

As Japan engages in resolving the issues of a super-aging society ahead of the rest of the world, it will be necessary to consider "a vision for the country concerning health, medical and nursing care" and identify "services truly required by patients and the people." In addition, based on such a philosophy and vision, we must organize and **thoroughly collect and analyze the enormous volume of data on health, medical, and nursing care, rebuild ICT infrastructure to shift the perception of utilization of ICT from health, healthcare and nursing care** from a supplier perspective to a the perspective of patients, people and users, and realize a paradigm shift in health, medical and nursing care policy.

Vision for Public Business



Summary

Business Positioning

Support social infrastructure and contribute to regional sustainable growth

FY19 Results

Realize profit growth through topline revenue expansion and execution of measures to improve profitability

FY20 Initiatives

Achieve target profit by continuing & strengthening measures to improve profitability and assessment of / recovery from the impact of COVID-19

Future Market Trends

Acceleration of digitalization as a result of the COVID-19 crisis

Mid-term Business Goal

Immediate launch of new business domains and establish business structure to secure stable profit



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.