

# Media & Digital Business Unit

## What We Aim to Be and Growth Strategy

May 16, 2019

Toshikazu Nambu  
General Manager, Media & Digital Business Unit

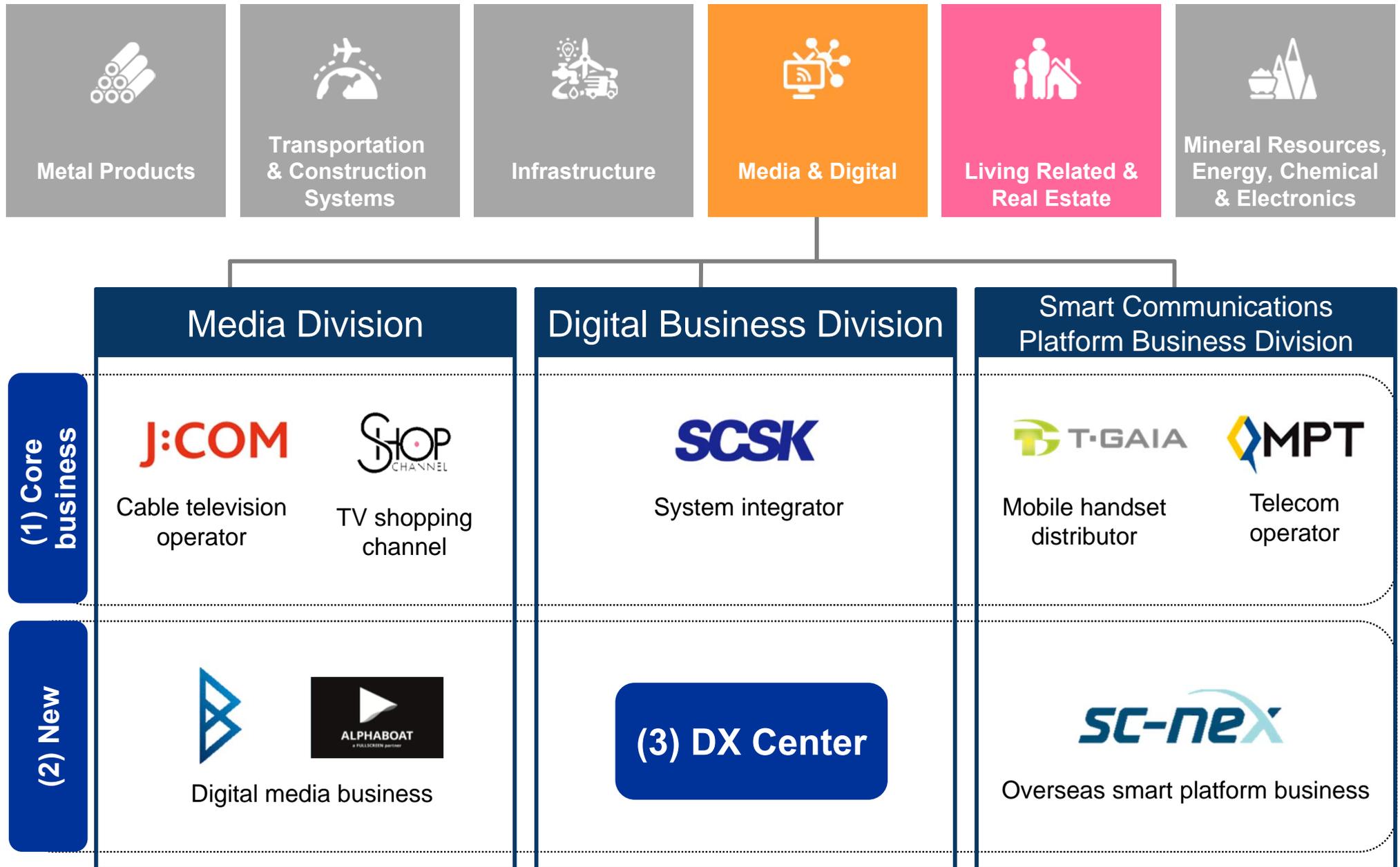
**1. Business Unit Overview**

**2. Business Unit Growth Strategy**

**3. DX Initiatives**

**4. Financial Target**

# Organization



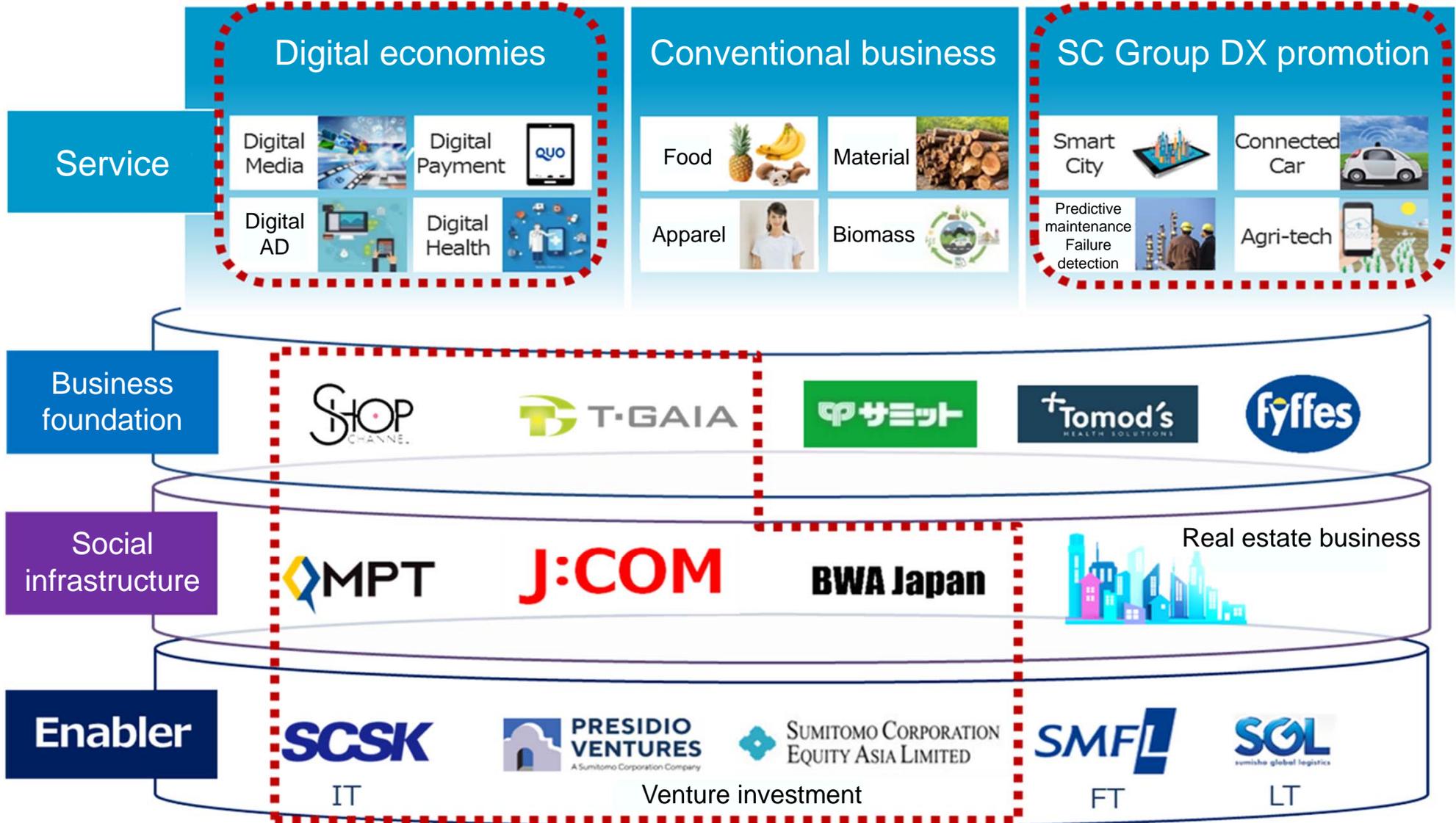
\*No. of personnel: Headquarter 460 persons/Group total 42,000 persons

## <Vision of the Business Unit>

**Contributing to the SC Group's digital transformation (DX) and building the platform of a smart society with enabler functions for innovation by leveraging advanced technologies and by developing human resources with digital expertise.**

# Image of Growth Strategy

## Platform layers



# 1. Business Unit Overview

## 2. Business Unit Growth Strategy

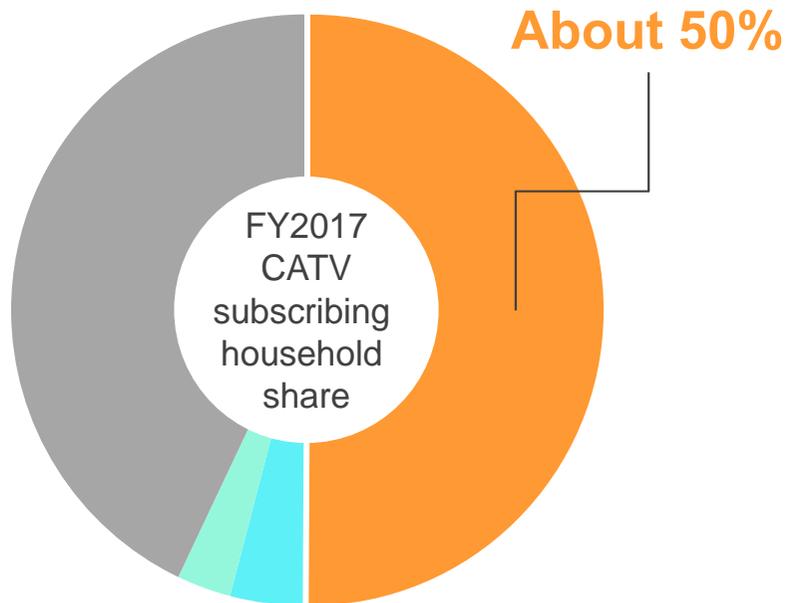
**2-1. Core Business Value Improvement**

**2-2. Entry into New Fields**

## 3. DX Initiatives

## 4. Financial Target

## Market share



■ J:COM 
 ■ Community Network Center 
 ■ iTSCOM 
 ■ Other

## Business foundation

### ■ Size of subscribing households

Japan's total households — **58.01** million

No. of "home pass" households (ready for service) — **21.64** million

No. of subscribing households — **5.48** million

### ■ Customer contact point

Sales & support	3,200 persons	} <b>About 10,000 persons</b>
Service engineers	4,200 persons	
Customer center	3,200 persons	

**Sales of 756.5 billion yen, operating profit of 114.9 billion yen, net profit of 67.6 billion yen**

(as of March 2019)

## Upgrade 3 basic services



TV



PHONE



NET

## Enhance life infrastructure services



ELECTRICITY



MOBILE



GAS

## Future focus

Meet demands with sporting events



2019  
Rugby World  
Cup



2020  
Tokyo Olympic  
Games

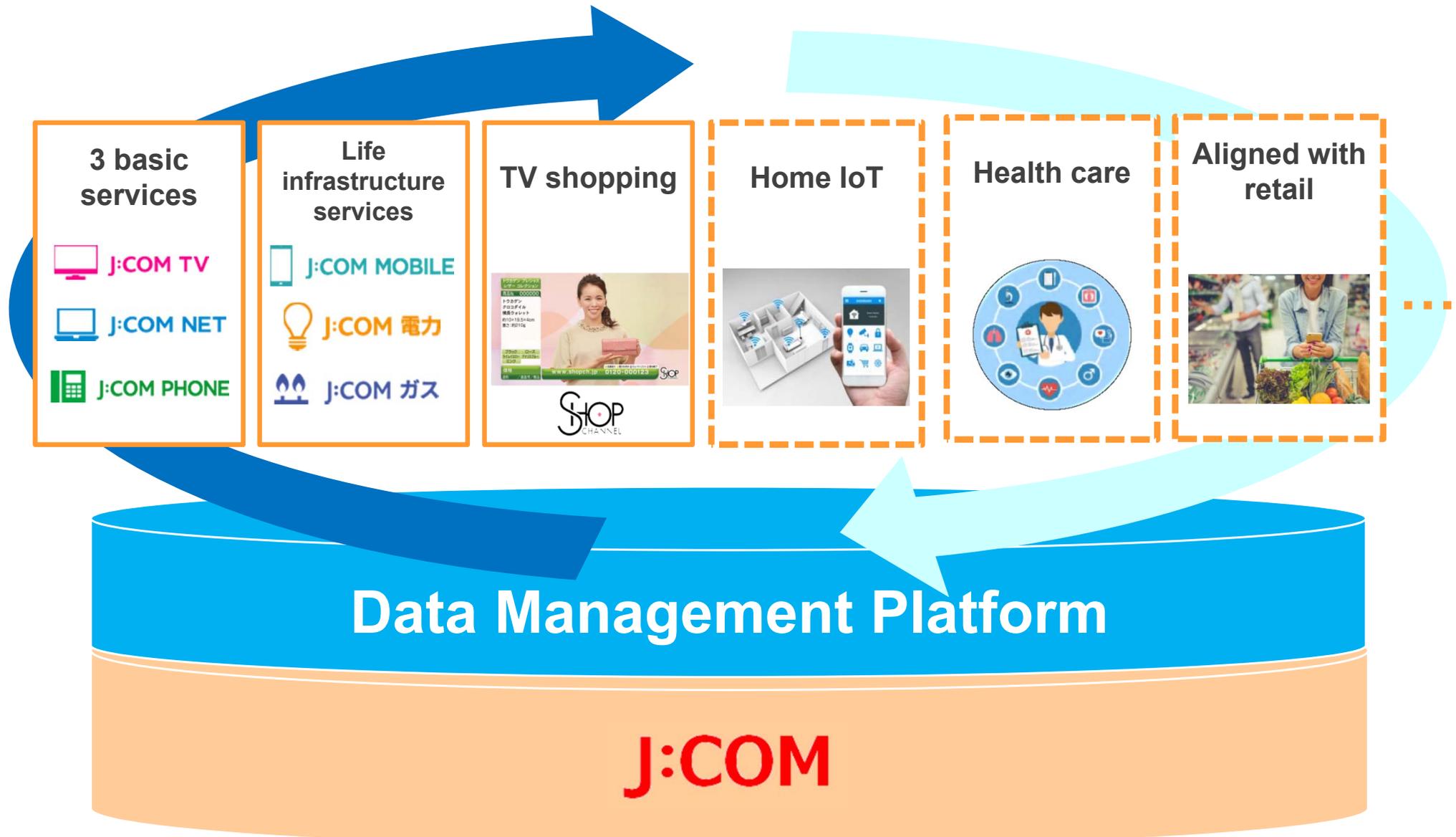
Expand JCOM economies



Next-generation set  
top box

# J:COM Expand businesses on J:COM platform

Expand J:COM economies



## Home IoT (service image)



Remote control of home electronics



Insurance consultation



Light/air conditioning control

IoT home electronics

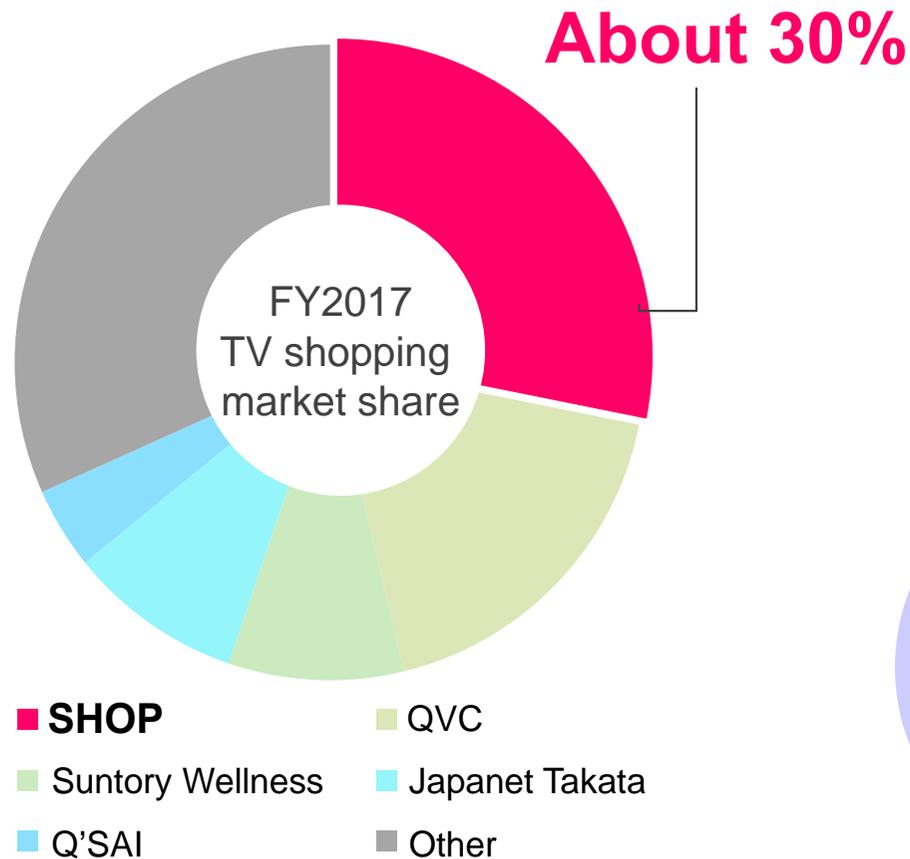
Next-generation STB

Home security

AI speaker

# J:COM

## Market share



## Business foundation



**Sales of 159.3 billion yen, operating profit of 24.8 billion yen, net profit of 17.8 billion yen**

- Increase the customer base
- Enhance sales channels → TV + E-commerce + SNS, etc.
- Sophisticate data marketing
- Develop variety of new products

## Big sellers at the shop



**Fashion**



**Jewelry**



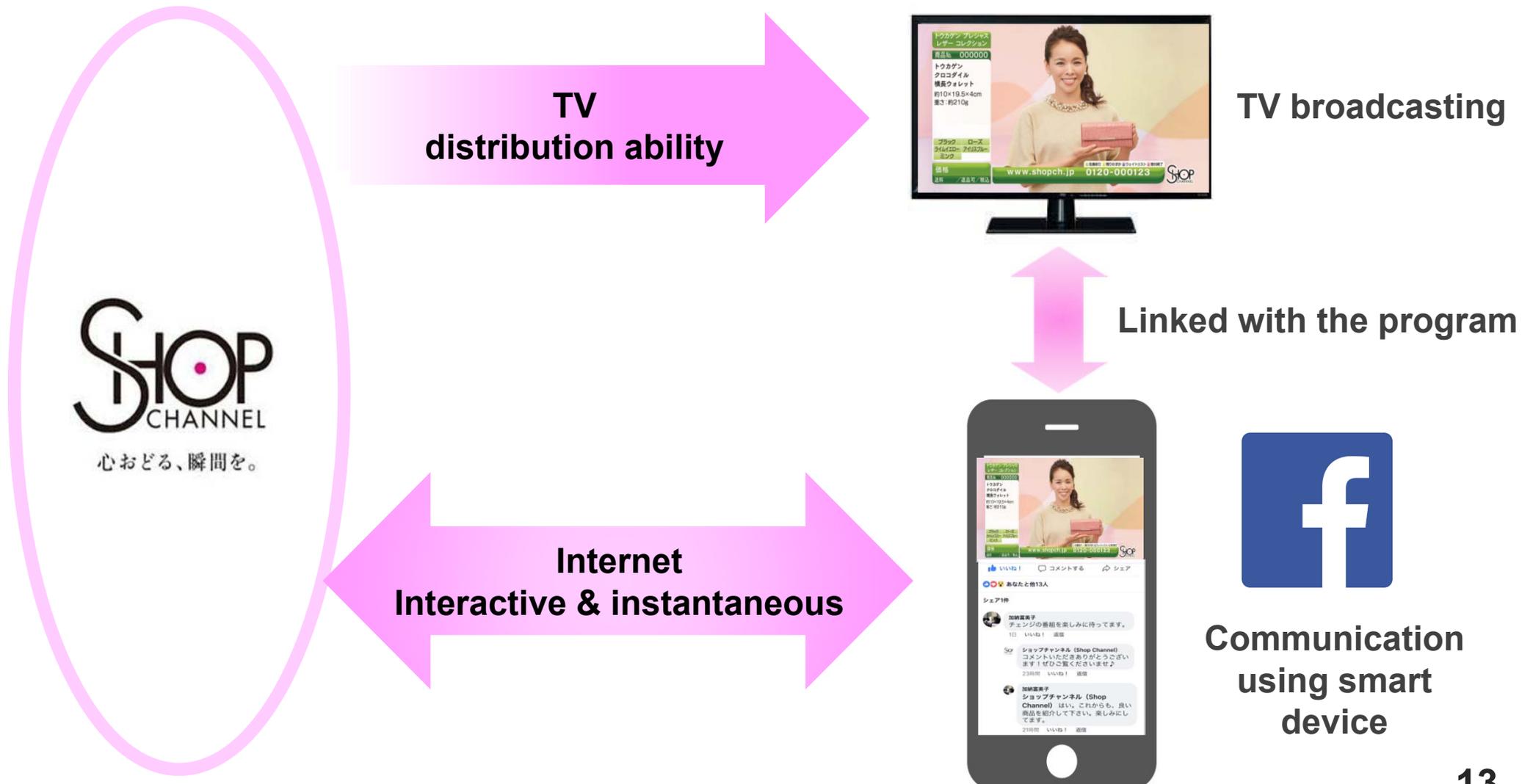
**Cosmetics**

## Smartphone application renewal



## TV & SNS Hybrid live commerce

At 0:00 / 12:00 in June 2019, live simulcast starts for limited-time offers



## Developing variety of new products

### (1) Introducing premium brands

⇒ Improve brand value

**BMW i3**



### (2) From tangible to intangible goods consumption

⇒ Propose high-quality extraordinary travel



## Utilizing data

### Demand forecast using AI



### Explore big sellers



### Improve accuracy of sales plan



### Formulate marketing measures



Magazine



CM



Email magazine/DM



Web AD

## Internal & external data integration, real-time use



Sales plan



Data on viewing



Logistics



Customer inquiry

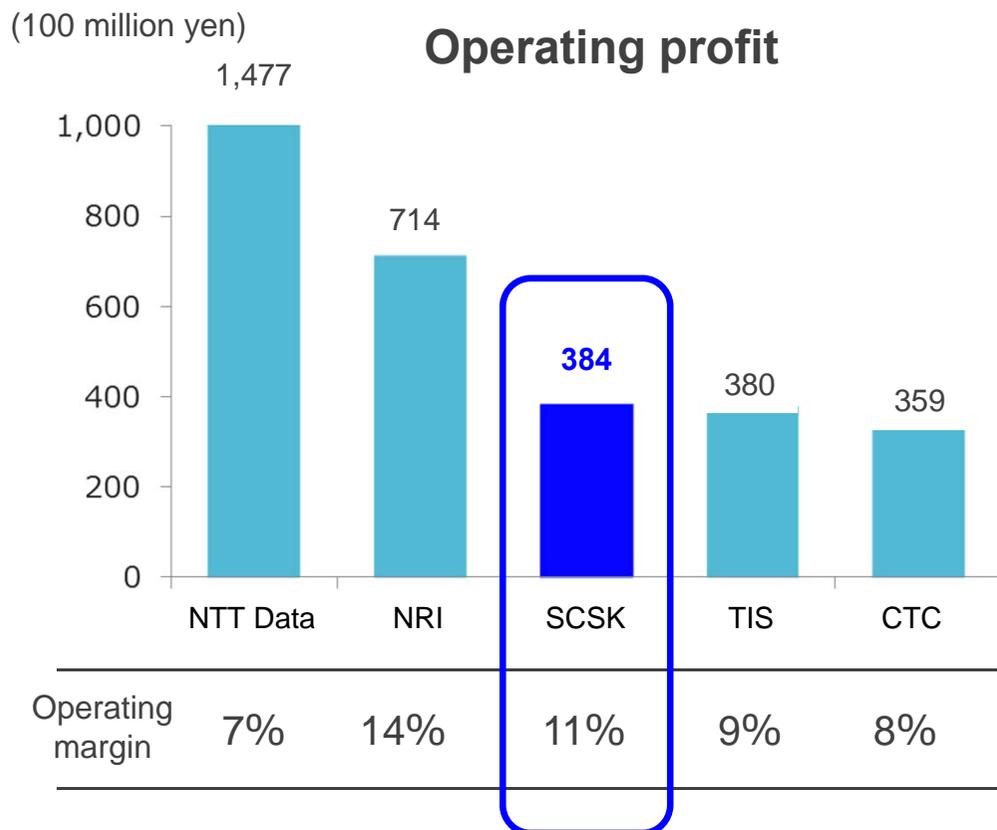


EC

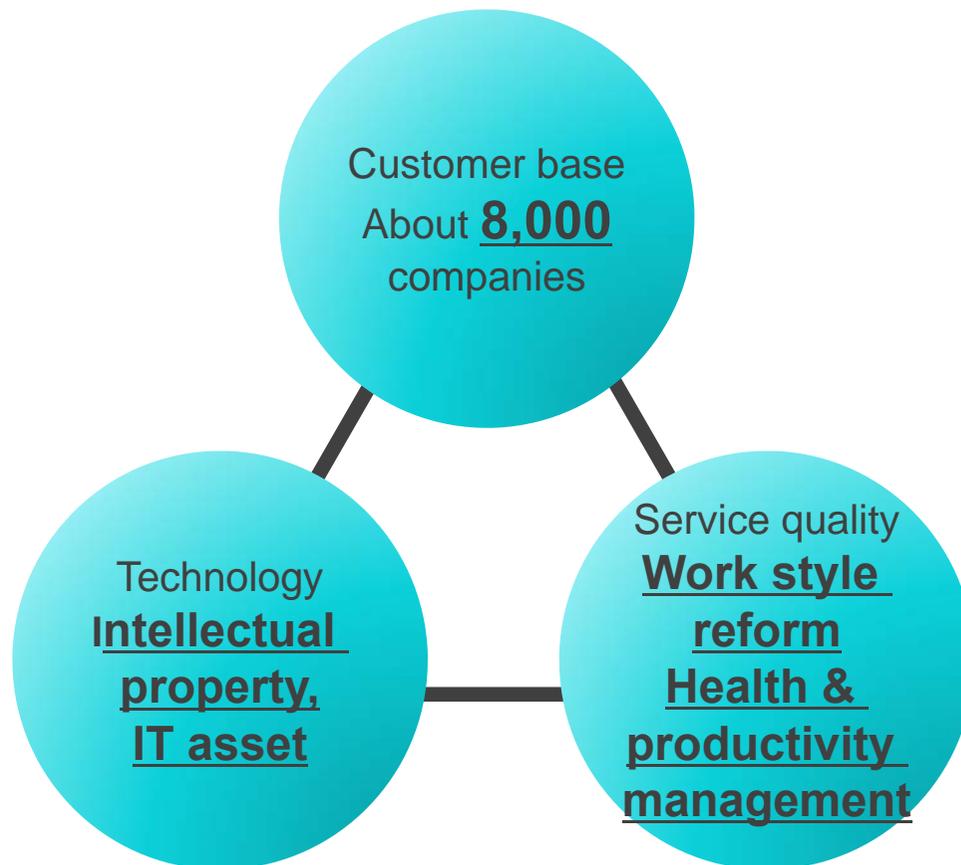
## Enhance One-to-One Marketing



## Position in the industry



## Business foundation



**Sales of 358.7 billion yen, operating profit of 38.4 billion yen, net profit of 27.9 billion yen**

### Service provider business

Enhance services for distribution, financial, and media industries



### Promote strategic business

- In-vehicle system business
- Promotion of business using AI
- DX initiatives



### Upgrade global operation

- More than 200 cases of system introduction in 38 countries, primarily led by sites in U.S.A., U.K., China, and Singapore
- Partnership with the largest IT company in Vietnam, FPT Corporation

# SCSK Expand New Business with DX Initiatives

**Integrate real business and advanced IT  
to co-create the future of customers,  
by taking advantage of integrated corporate strength**



## Build a foothold for global business in Southeast Asia

📍 SCSK site

📍 SC site

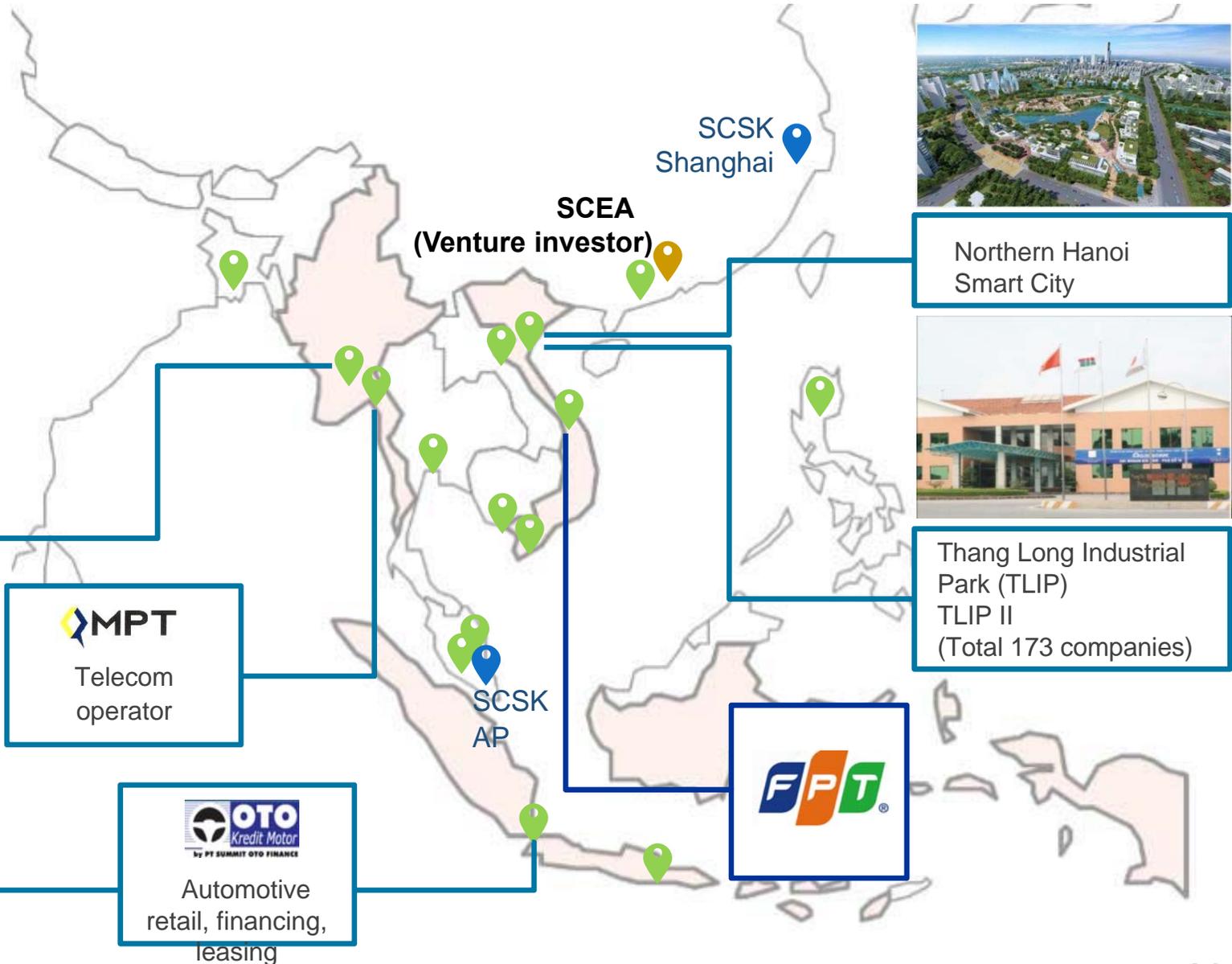
SC subsidiaries, associated companies  
SC development projects



Thilawa Special Economic Zone (81 companies)



East Jakarta Industrial Park (93 companies)



Northern Hanoi Smart City



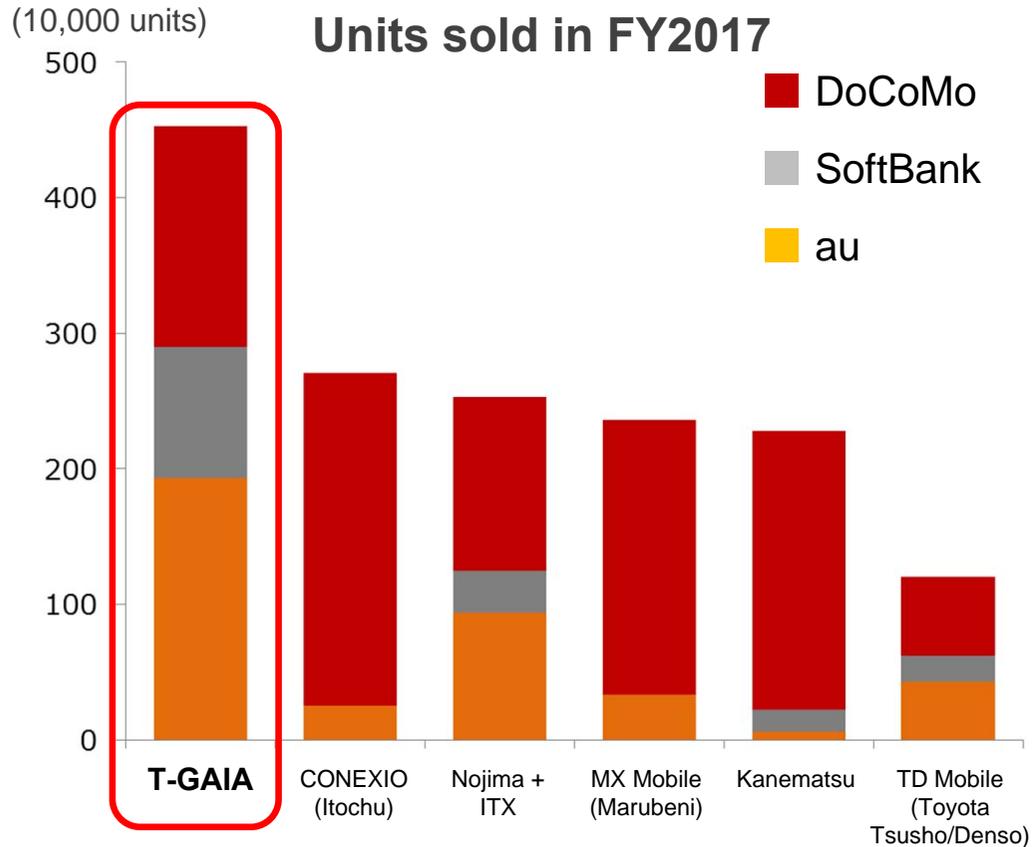
Thang Long Industrial Park (TLIP)  
TLIP II  
(Total 173 companies)

**MPT**  
Telecom operator

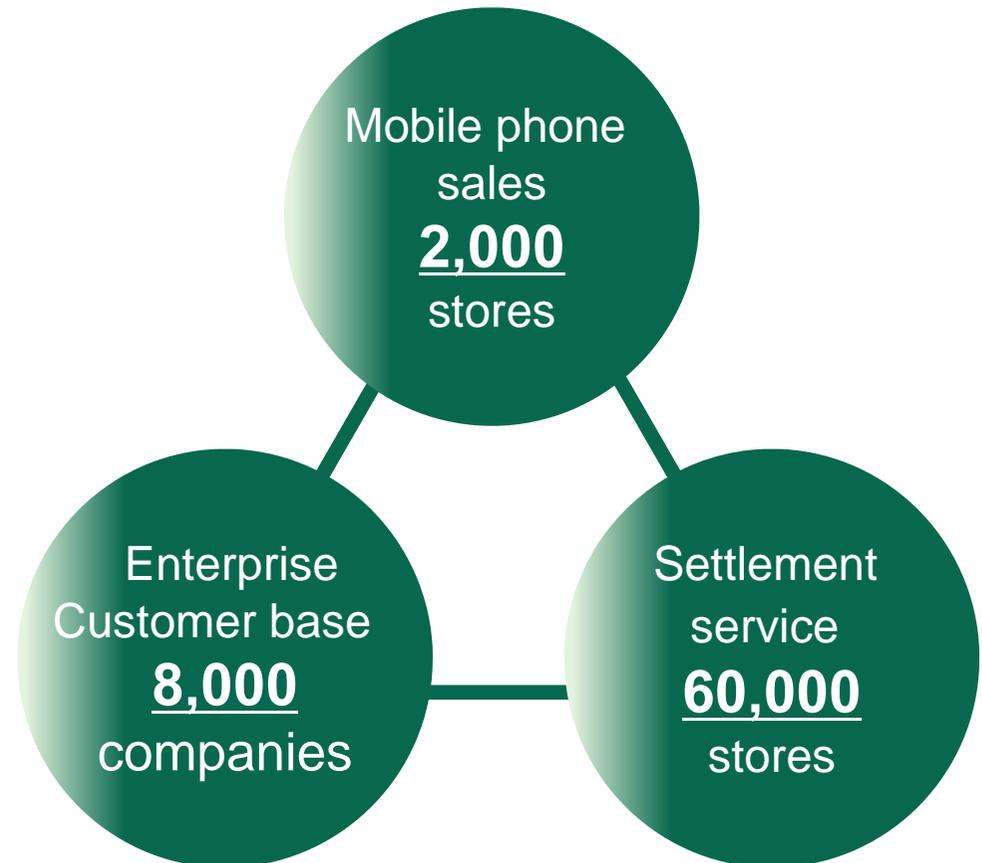
**OTO Kredit Motor**  
by PT SUMMIT OTO FINANCE  
Automotive retail, financing, leasing

**FPT**

## Market share



## Business foundation



Sales of 526.9 billion yen, operating profit of 15.5 billion yen, net profit of 10.8 billion yen

## Strengthen and reform business foundation

### Measures taking advantage of No. 1 share in mobile phone sales

- Strategic partnership with telecommunication carriers
- Reform for a comprehensive ICT provider
- Create new business using store network

## Strengthen mobile solutions

### Introduce IoT and smart devices



## Enhance settlement business

### Digitize QUO card

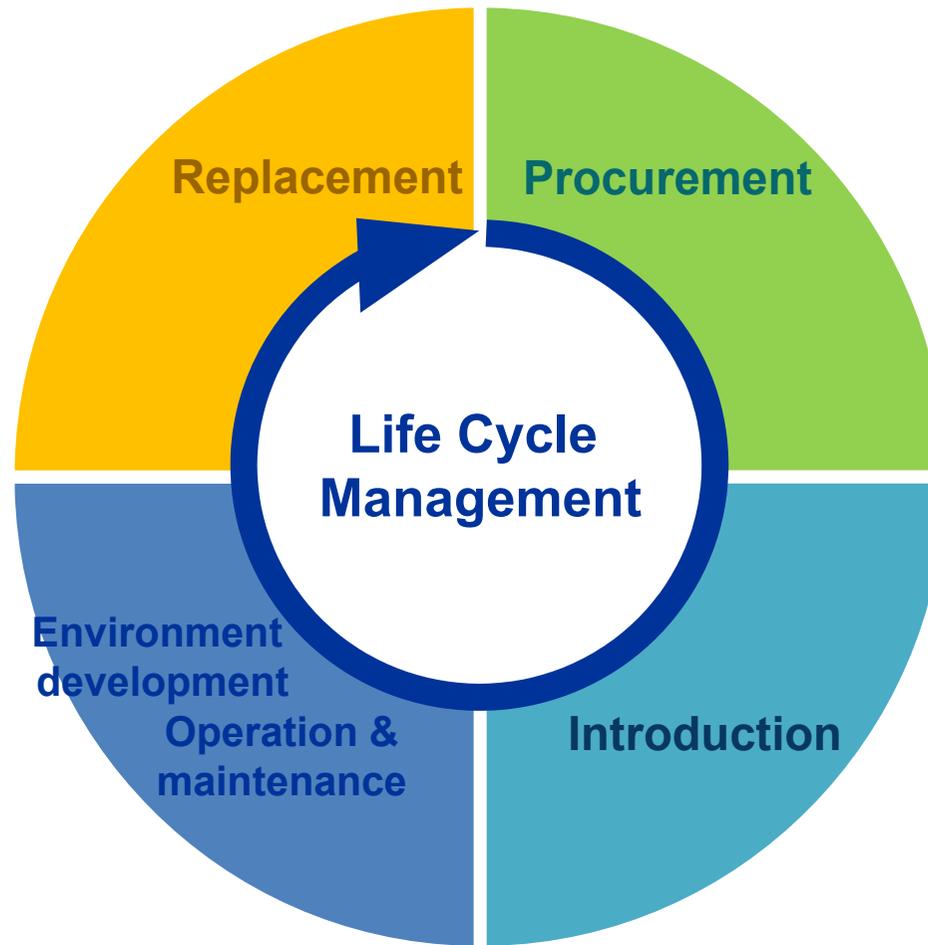


User recognition: 92.3%  
The "QUO Card" is now available as a convenient digital gift.

## One-stop support, from procurement to replacement



Terminal change



Security solution



Tablet solution



## Easy, convenient, 3-step digital gift



Send the URL of QUO Card Pay to a smartphone.

You can easily and speedily send it anytime, using email, SNS, or any other tool that can send a URL.



Just open the URL to receive QUO Card Pay.

When the recipient opens the URL and the amount appears on the screen, the delivery process is complete. A dedicated application that facilitates the use is also available.

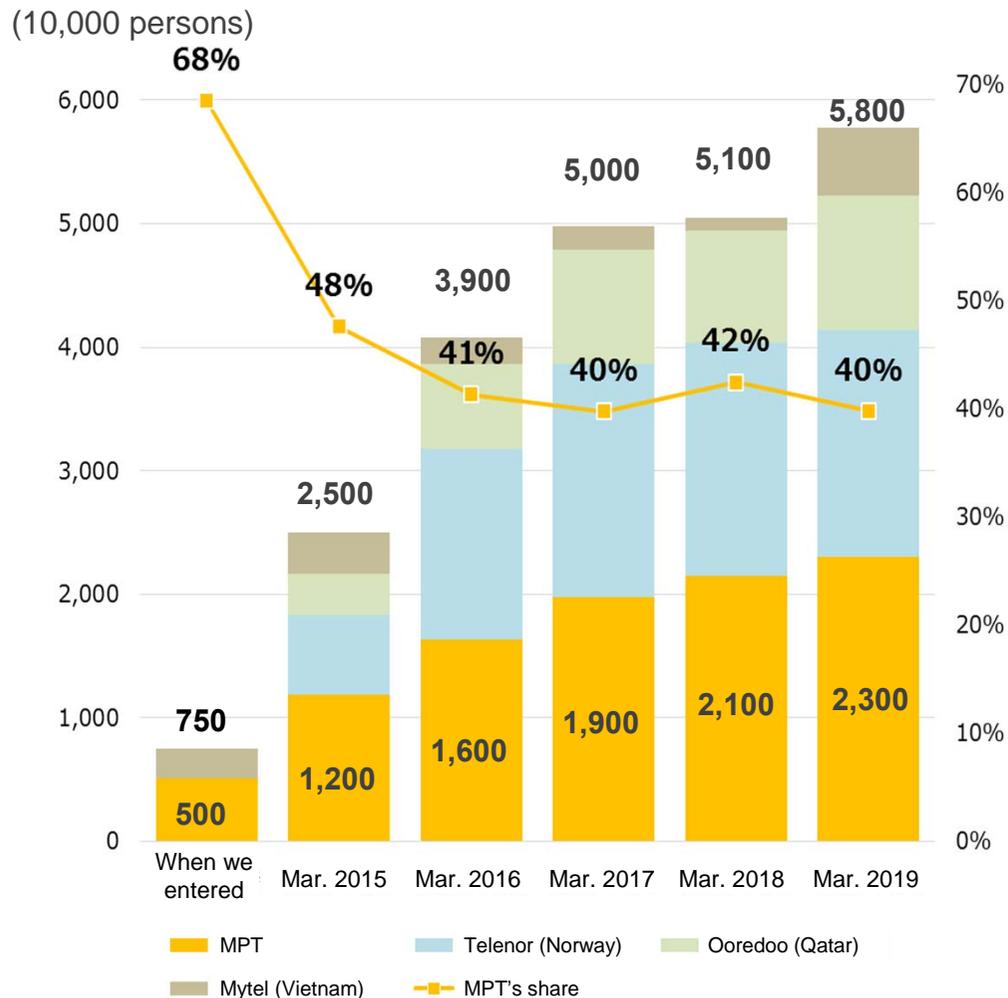


Show it at a store.  
No signature or ID is required.

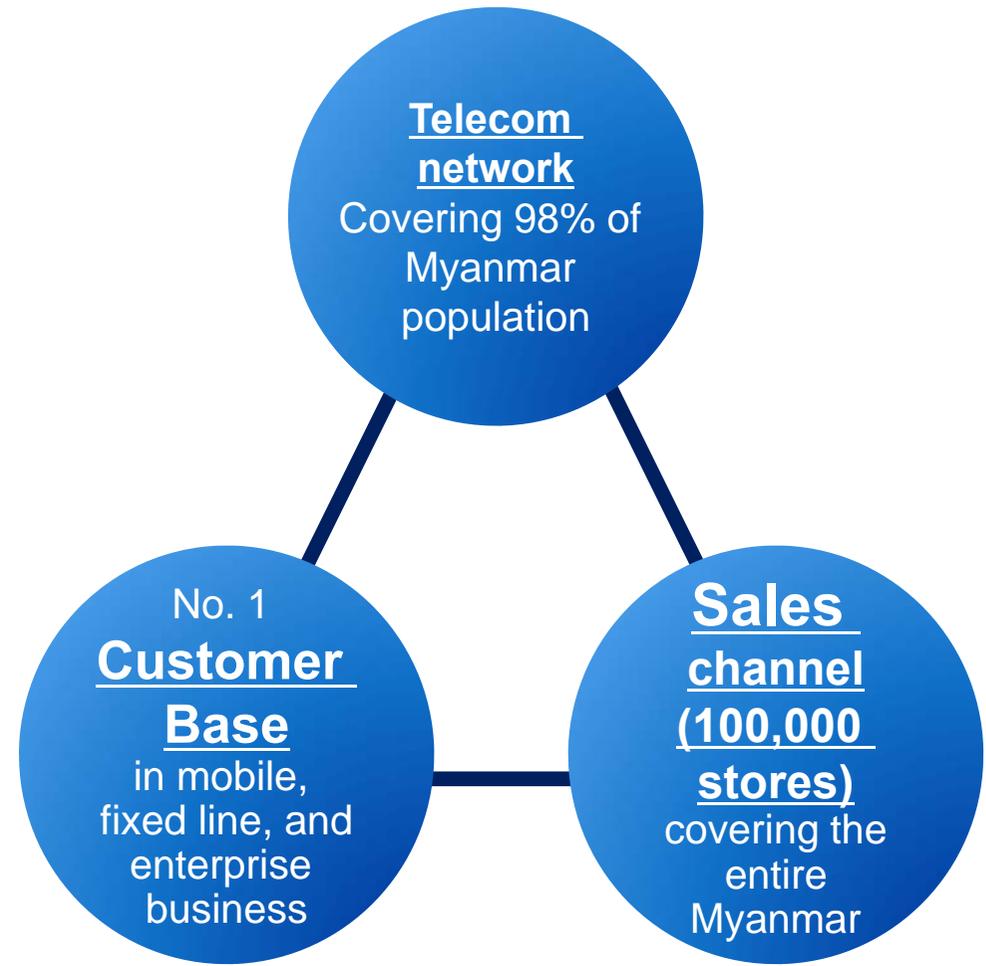
Settlement at a store only requires barcode reading. The recipient can repeatedly use the QUO Card Pay as long as the balance is available, and can use it with cash.

## Market share

### Mobile subscribers in Myanmar (90-day active) and share



## Business foundation



## Enhance business foundation

- Enhance 4th-generation mobile network
- Increase income from data

## Expand the customer base

- Enhance mobile sales agent network
- Increase enterprise transactions (including fixed line)

## Build MPT economies

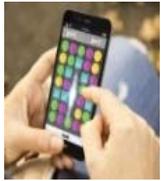
- Expand content business (e-book, music, video, game)
- Provide value as life platforms (e.g., finance, off-grid power, healthcare)



## MPT economies

### Closest Life Platformer

Digital content



Mobile money



Micro finance



Off-grid power generation



## Digital content initiatives

E-book



Music distribution



Video distribution



Game



Service

Infrastructure

## Myanmar



23 million mobile subscribers

## Co-create the future of Myanmar



Financial support for Myanmar  
National League  
Youth development



Support for Japan-Myanmar student  
exchange program

# 1. Business Unit Overview

# 2. Business Unit Growth Strategy

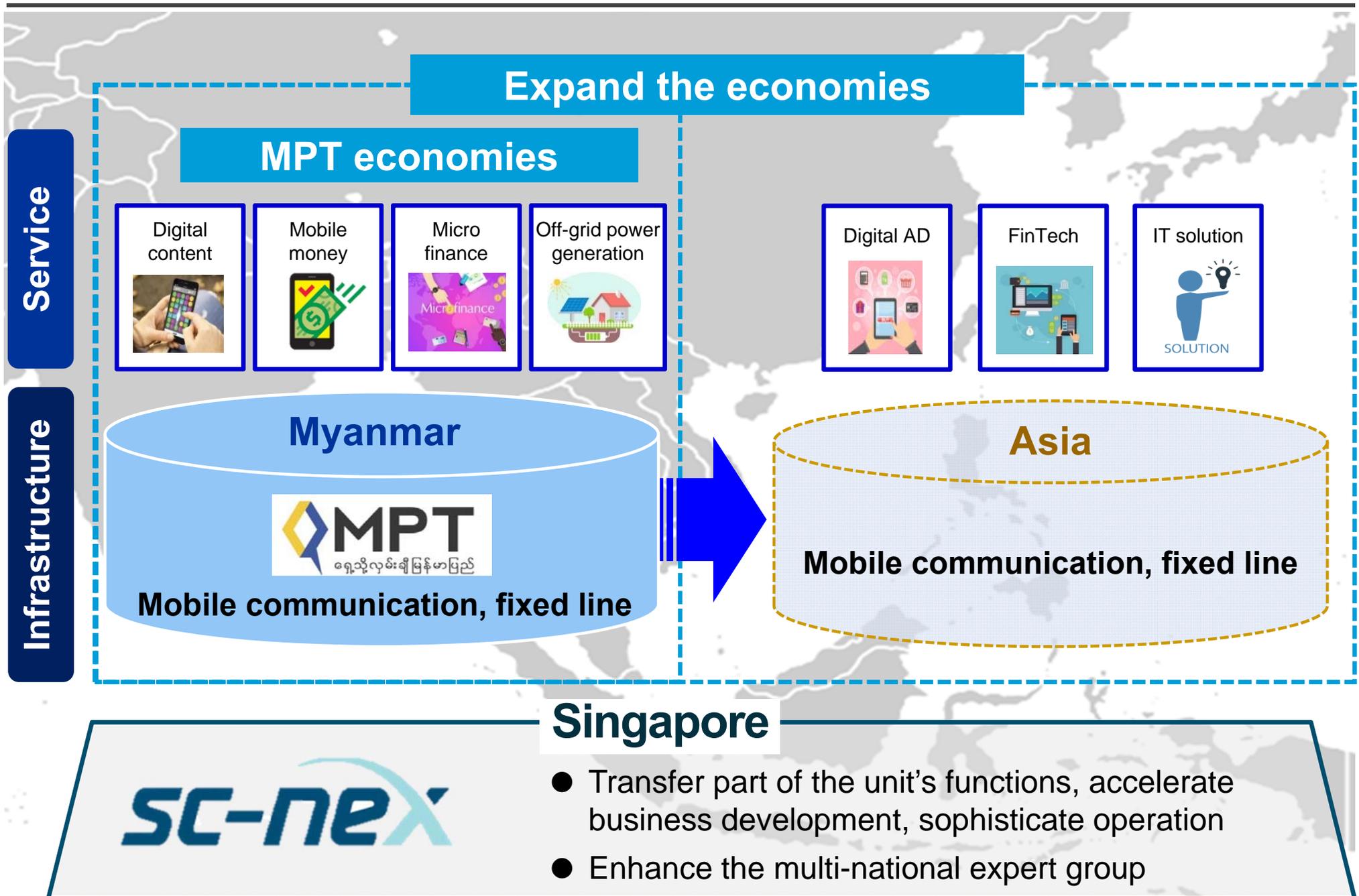
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# Smart Platform Strategy in Asia (1)



# Smart Platform Strategy in Asia (2)

The slide features a map of Asia with several mobile operators marked: multinet, Ncell, Dialog, robī, PAND (an axiata company), celcom, Smart, and XL axiata. A red-bordered box highlights four smart platform strategy components: Digital AD, Micro finance, Digital content, and IoT. Below this box, a pink banner displays 'axiata' and '150 million mobile subscribers'. A callout for Malaysia shows the 'axiata' logo. A callout for Singapore shows the 'SC-nEX' logo and a list of strategic actions.

Digital AD

Micro finance

Digital content

IoT

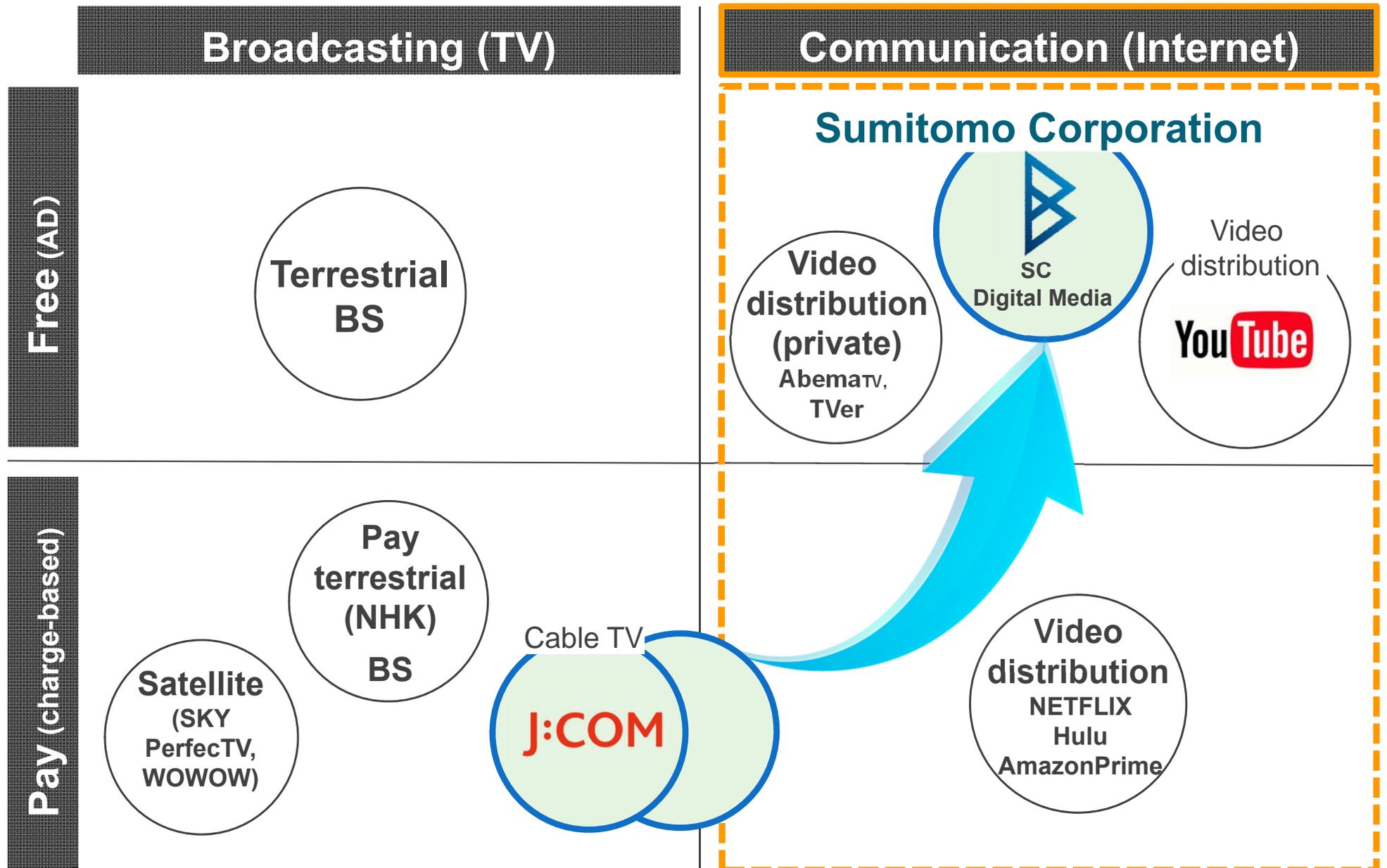
**axiata**  
150 million mobile subscribers

Malaysia **axiata**

Singapore

- Transfer part of the unit's functions, accelerate business development, sophisticate operation
- Enhance the multi-national expert group

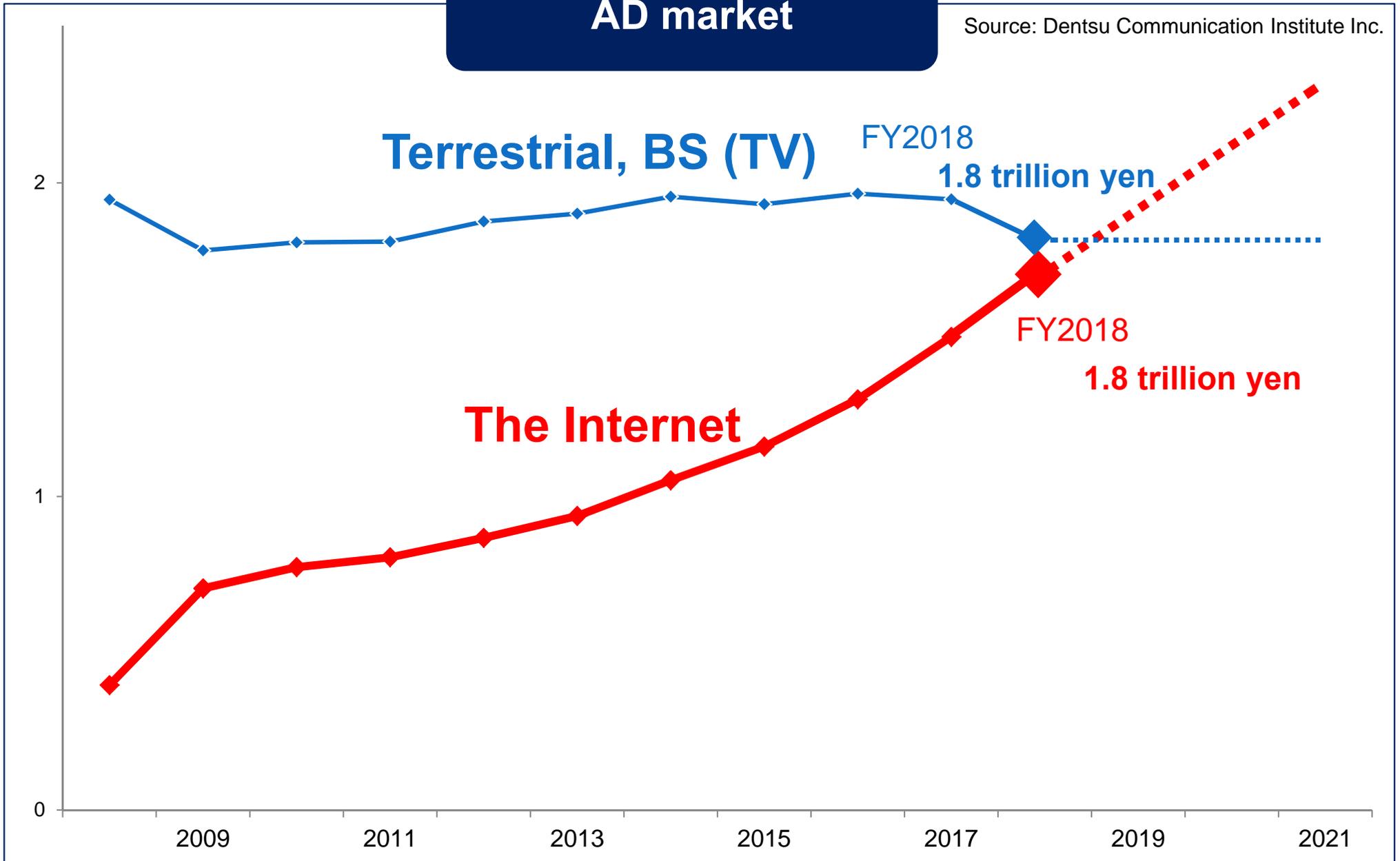
# Digital Media Strategy (1)



# Digital Media Strategy (1)

## AD market

Source: Dentsu Communication Institute Inc.



# Digital Media Strategy (2)

Partner



Advertiser



Platform



Creator



KIDSLINE

Toshi

soel / FCL

# Digital Media Strategy (3)



# Digital Media Strategy (3)

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**ALPHABOAT**

a FULLSCREEN partner

**Video**

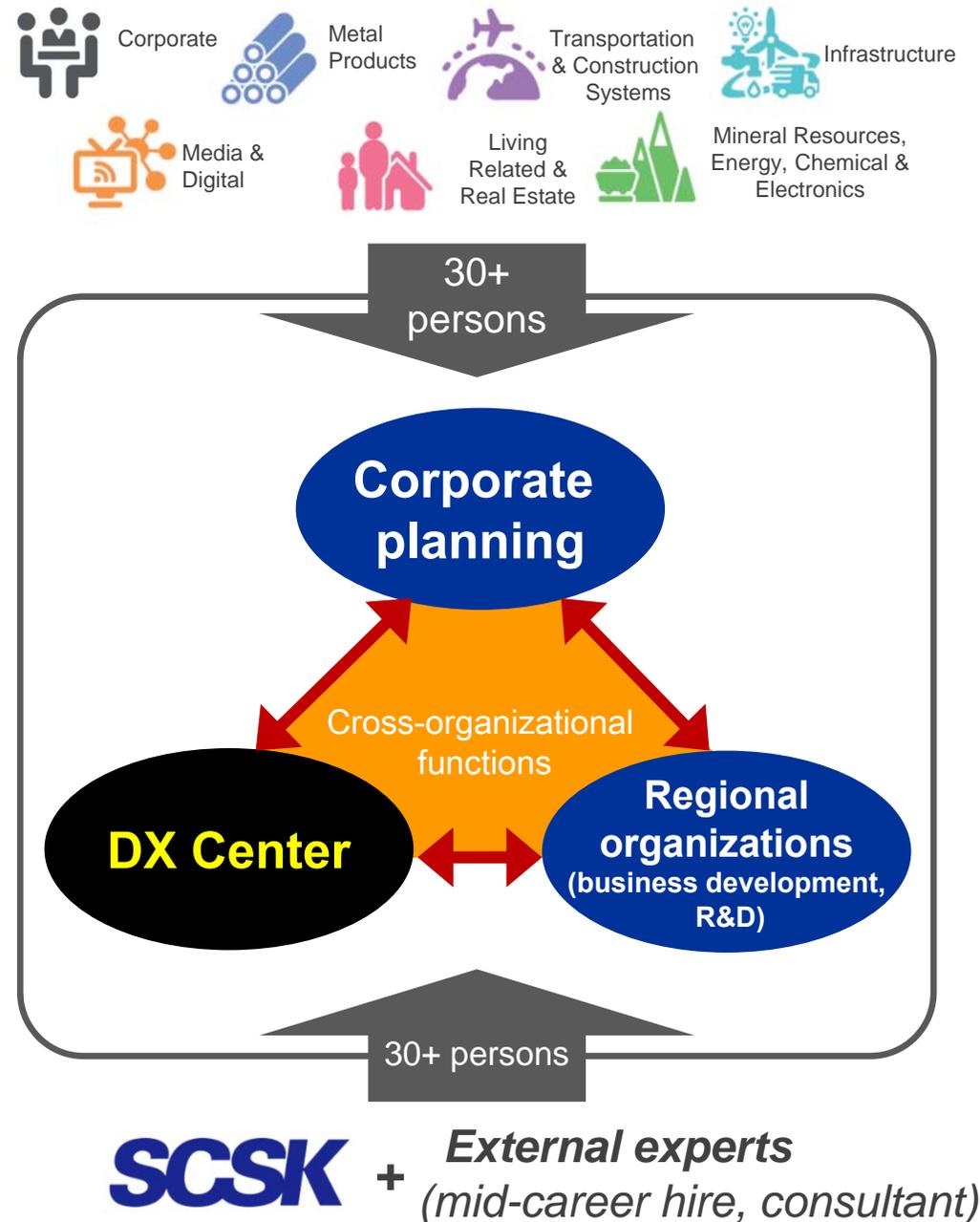
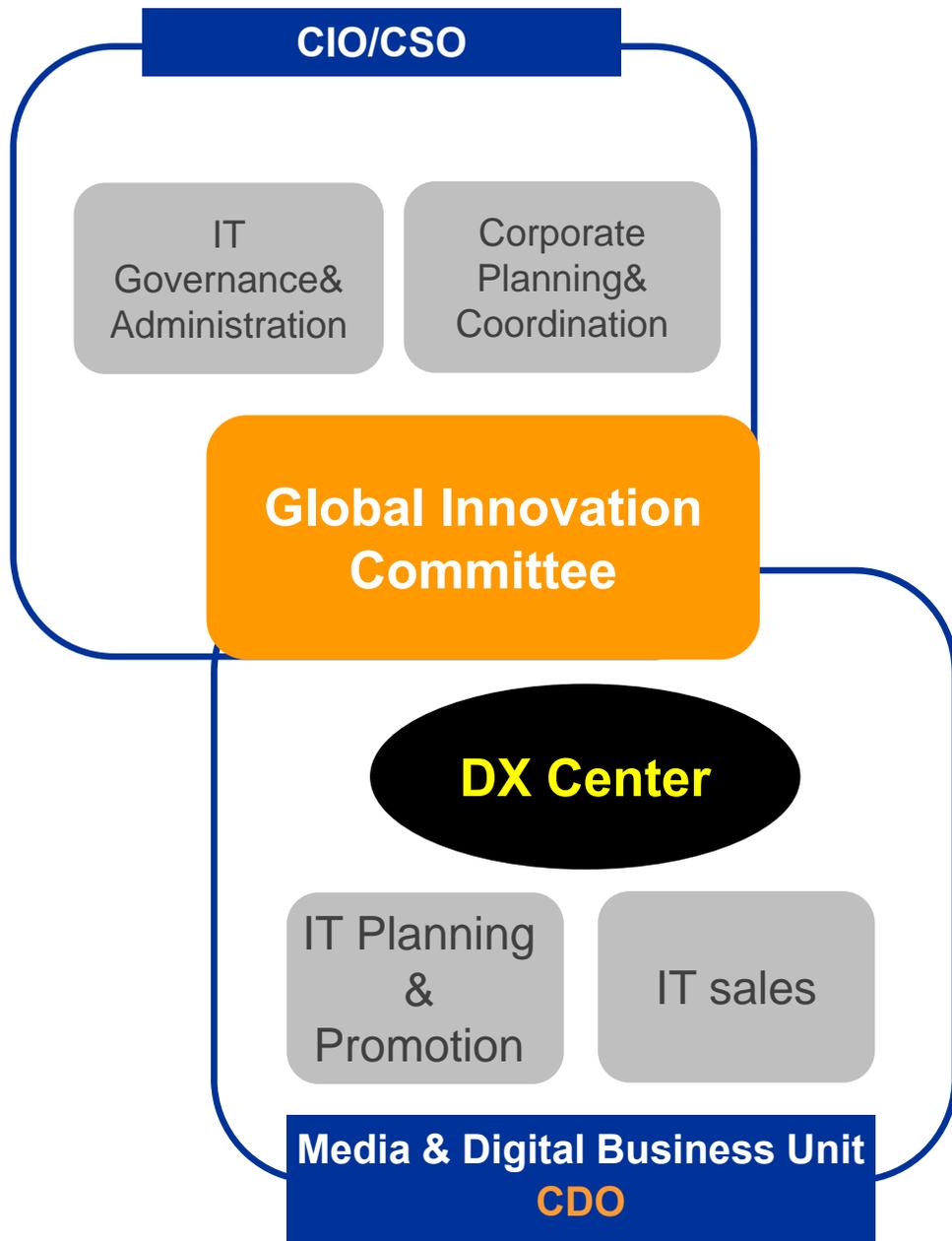
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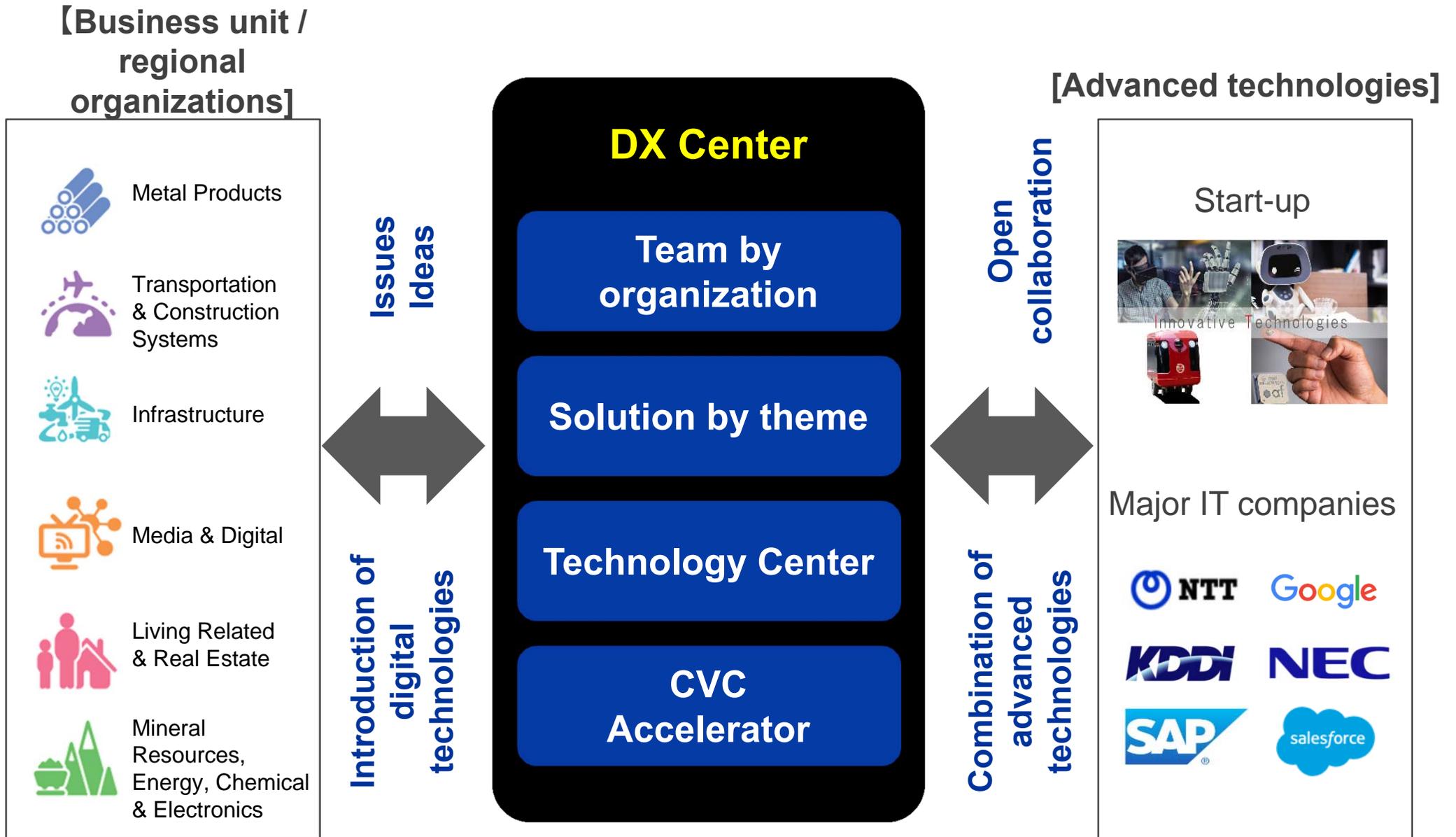
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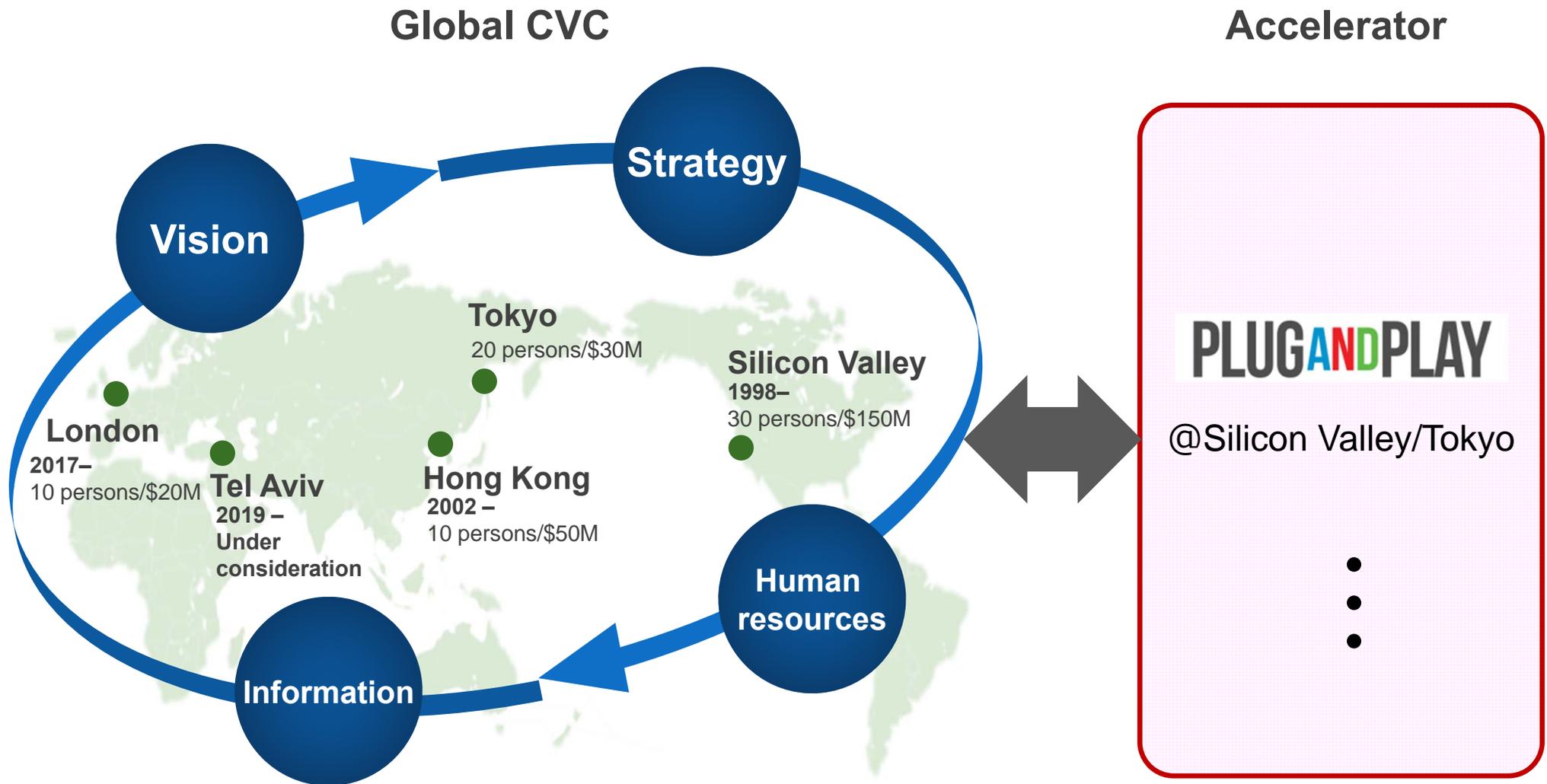
# The Organization



# Strengthen DX Center

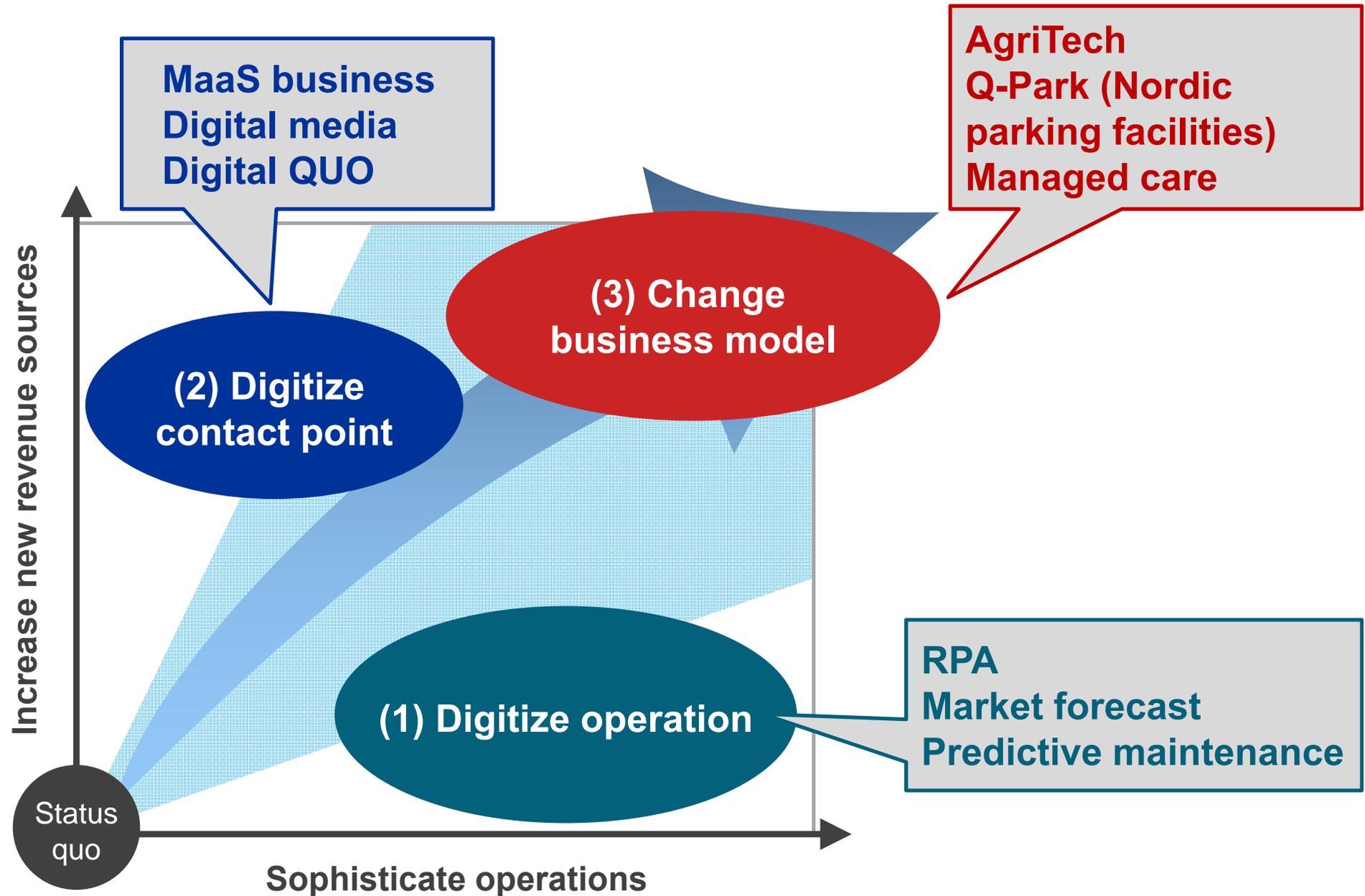


# Co-create with Start-ups



(1) Find/apply new technologies, (2) keep ahead of industrial structural change, (3) incubation

# Direction in DX Initiatives



# Progress of DX Initiatives

## Create a momentum for DX

Medium-term Management Plan Presentation (top management, company-wide, business unit, local organization)  
 Management Council, Division General Managers' Meeting, GM Meeting, Subsidiary Top Meeting  
 DX seminar (basic/application/management versions)  
 DX presentation for sales unit/subsidiaries, Idea Creation Workshop

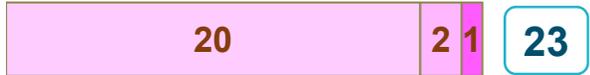
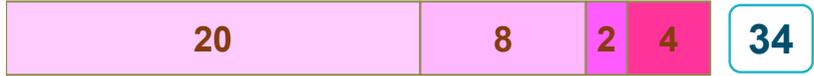
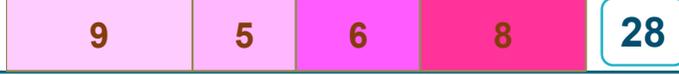
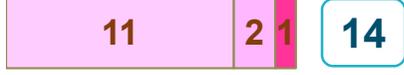
**Total 3,000 persons**

**Total 500 persons**

**Total 2,000 persons**

**More than 20 times**

## Promote DX projects

Progress	RPA: 80 organizations	DX: 171 projects
Corporate	22	 <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: #f8cbad; border: 1px solid #ccc; margin-right: 5px;"></span> Planning/examining DX</li> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: #fce4d6; border: 1px solid #ccc; margin-right: 5px;"></span> Demonstration experiment</li> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: #f4cccc; border: 1px solid #ccc; margin-right: 5px;"></span> Preparing</li> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: #e91e63; border: 1px solid #ccc; margin-right: 5px;"></span> Executing</li> </ul>
Metal Products	11	
Transportation & Construction Systems	20	
Infrastructure	5	
Media & Digital	3	
Living Related & Real Estate	4	
Mineral Resources, Energy, Chemical & Electronics	15	

# DX case

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**DX case video**

# Management Reform by Sumitomo Corporation DX

## Environmental changes

Integration of industries with social digitization, rapid changes in the market, diversifying needs

### Issues

### Reforms

	Issues	Reforms
Organization, human resources	<ul style="list-style-type: none"> <li>● Vertically divided organization</li> <li>● Fixed staffing, uneven distribution of knowledge</li> <li>● Difficulty in creating business beyond industrial borders</li> </ul>	<ul style="list-style-type: none"> <li>● Build cross-organizational system</li> <li>● “Business x Digital thinking” human resources</li> <li>● Diversity &amp; Inclusion (Appoint external experts, build partnership)</li> </ul>
Corporate culture	<ul style="list-style-type: none"> <li>● PL-oriented yearly management</li> <li>● Manufacturer/product-oriented</li> <li>● Appreciation of unflinching excellence</li> <li>● Bottom-up</li> </ul>	<ul style="list-style-type: none"> <li>● Value creation management from the mid- to long term perspective</li> <li>● Design thinking (customer perspective-oriented)</li> <li>● Start small, fail fast</li> <li>● Top-down</li> </ul>

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# Promote Diversity & Inclusion

Digital marketing professional



Global information & communication expert



Accelerate innovation

DX Tech Center

Data scientist  
AI engineer

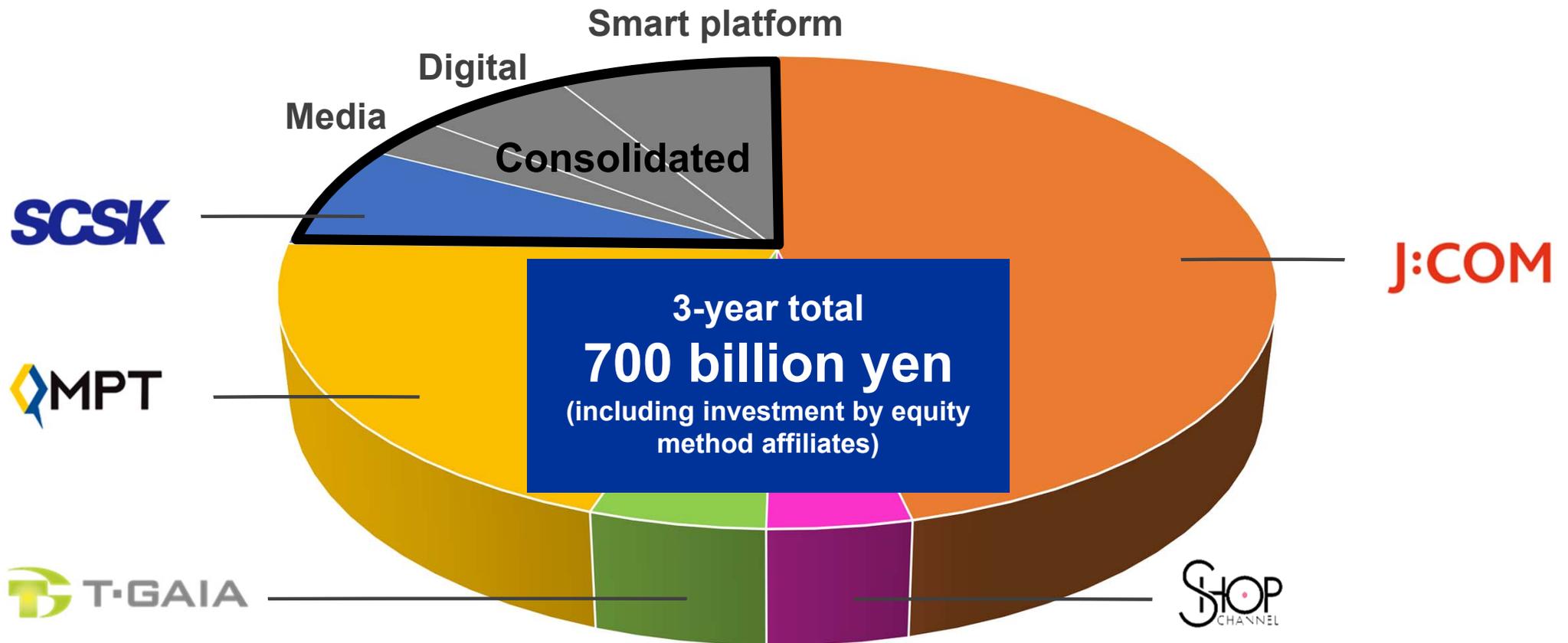
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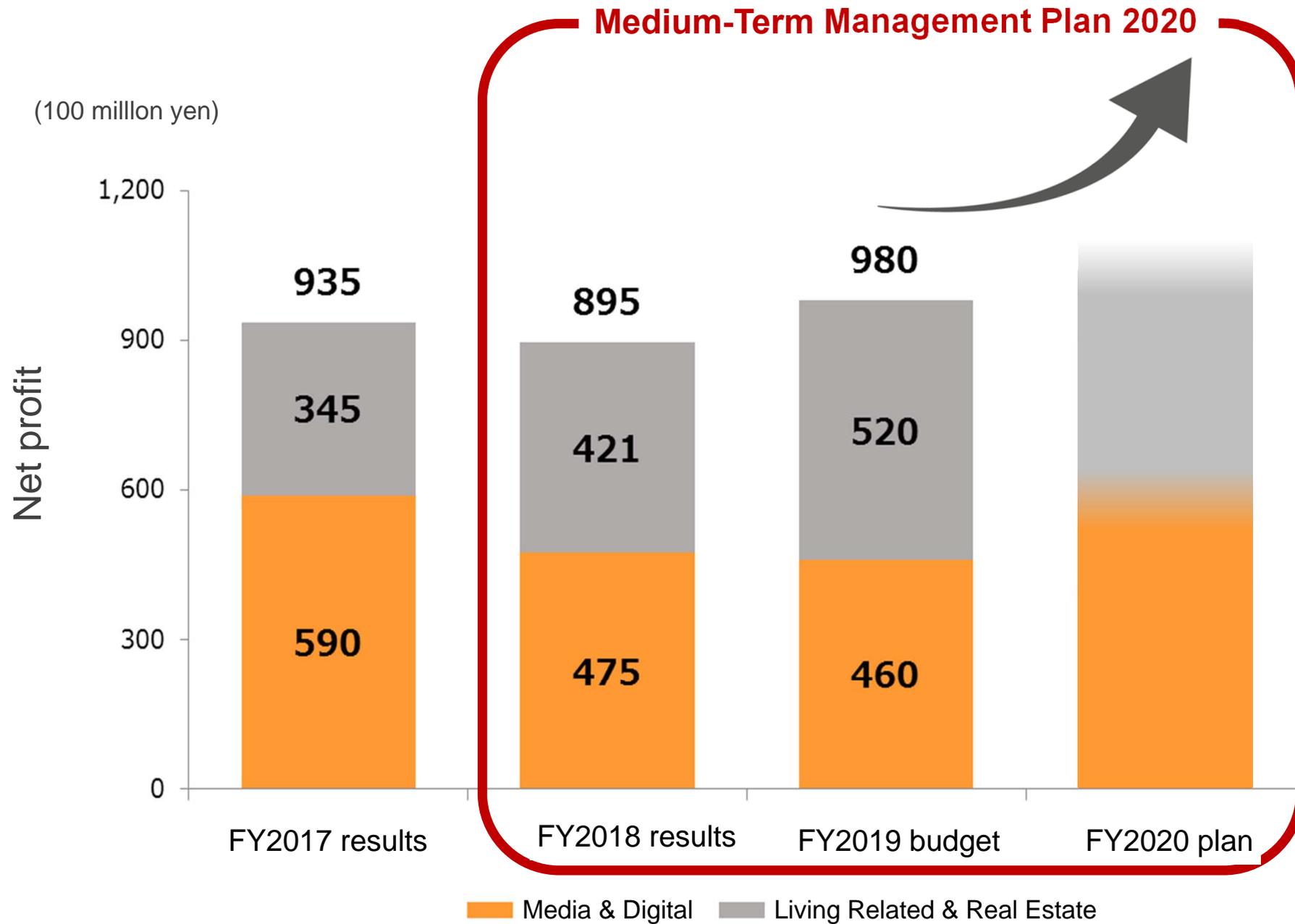
# Investment Plan (3-Year Total)



**Total asset size including equity method:  
2 trillion yen**

(Headquarter and subsidiaries' total asset of 1 trillion yen  
+ equity method total asset of 1 trillion yen)

# Net Profit



A small, white and blue robot named Unibo is sitting on a wooden desk. It has a large, rounded head with a dark screen for a face, showing a white oval and a white curved line. The robot's body is white with blue accents and a hexagonal pattern on its chest. It is holding a white pen in its right hand. In the background, there is a blurred bookshelf and a glass of water on the desk.

**Thank you!**

**Media & Digital Business Unit**

**Communication partner robot “unibo”**