

Media & Digital Business Unit

What We Aim to Be and Growth Strategy

May 16, 2019

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General Manager, Media & Digital Business Unit

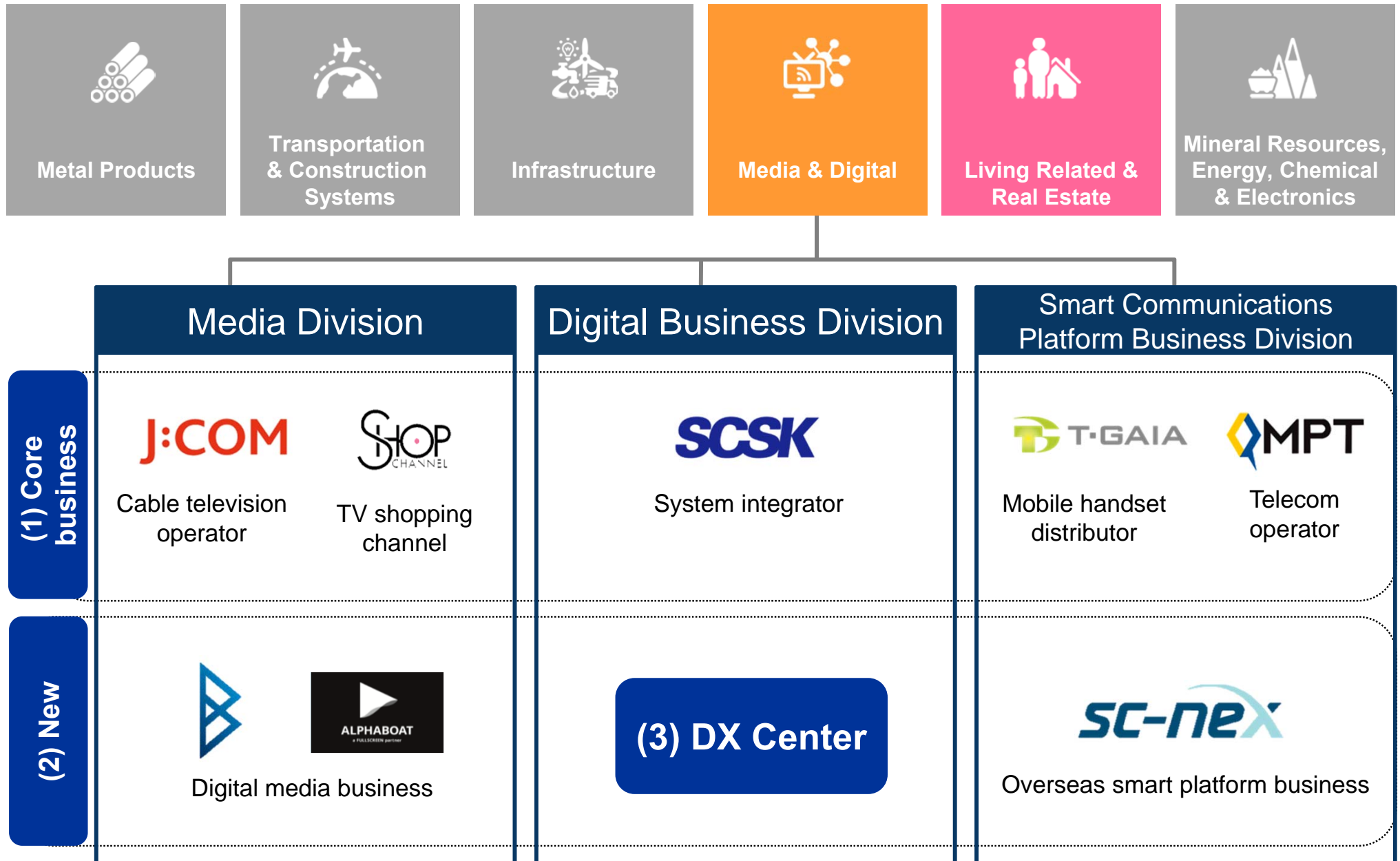
1. Business Unit Overview

2. Business Unit Growth Strategy

3. DX Initiatives

4. Financial Target

Organization



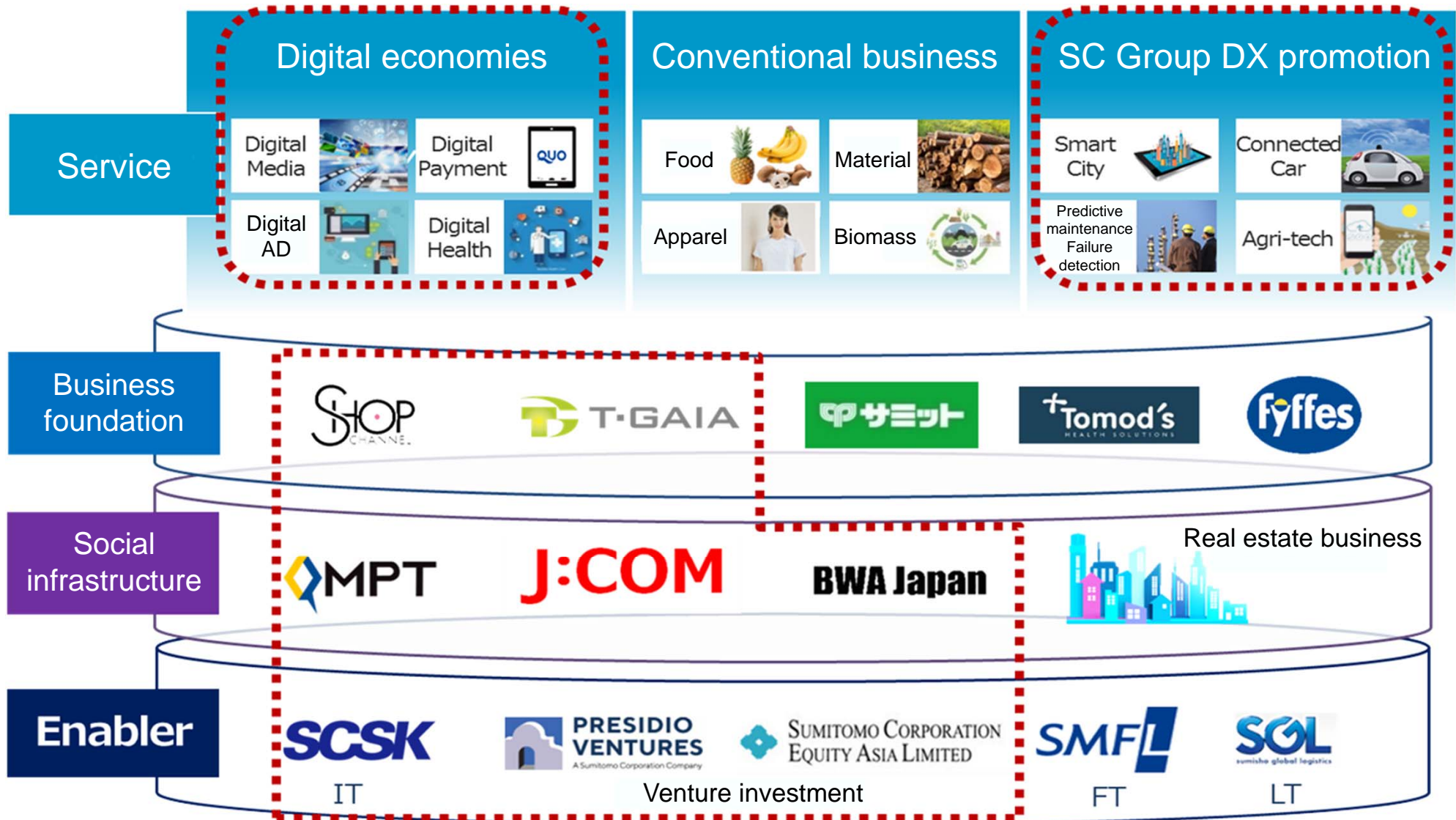
*No. of personnel: Headquarter **460 persons**/Group total **42,000 persons**

<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



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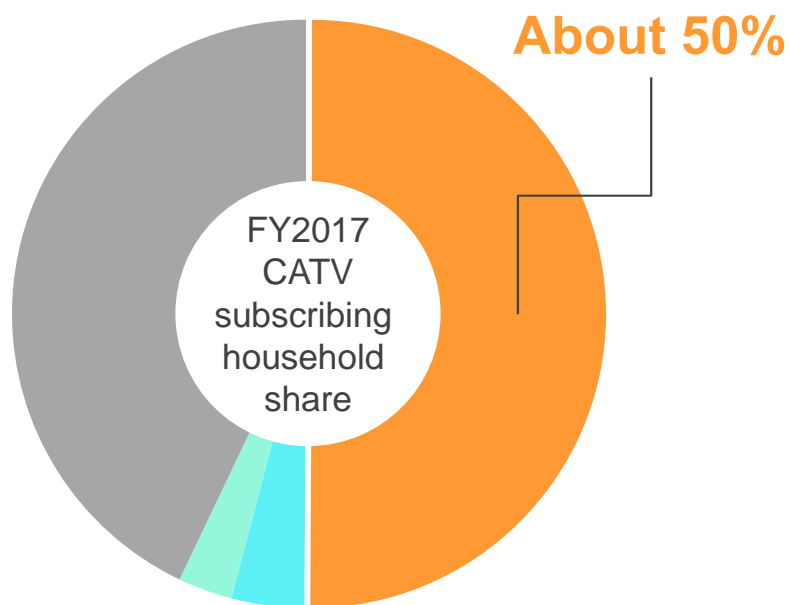
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2-2. Entry into New Fields

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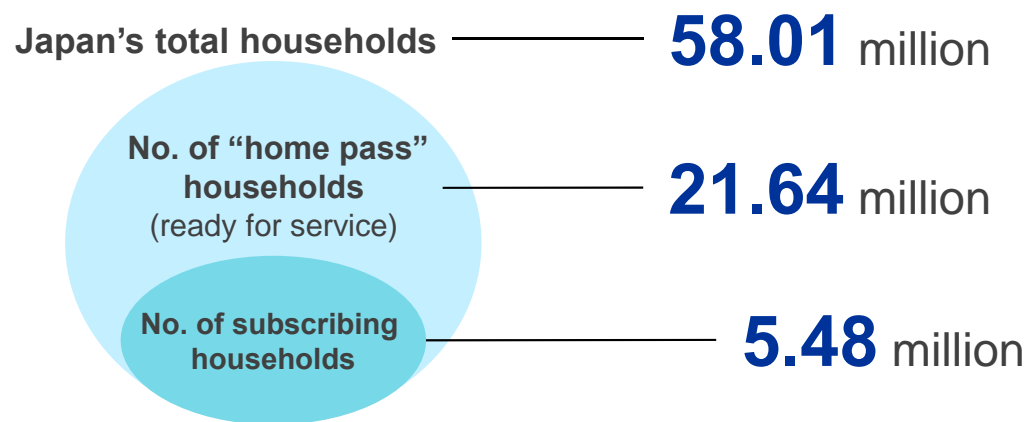
Market share



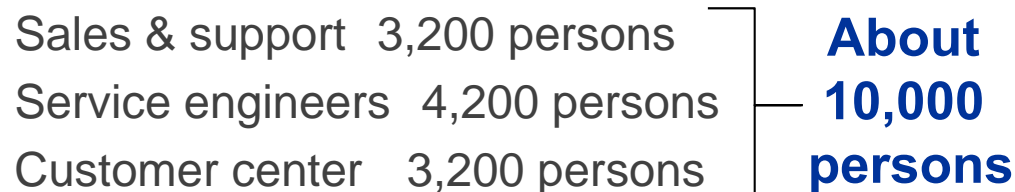
■ J:COM ■ Community Network Center ■ iTSCOM ■ Other

Business foundation

■ Size of subscribing households



■ Customer contact point



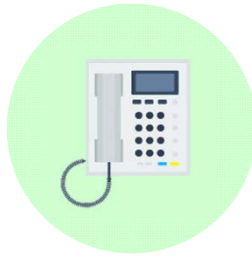
**Sales of 756.5 billion yen, operating profit of 114.9 billion yen,
net profit of 67.6 billion yen**

(as of March 2019)

Upgrade 3 basic services



TV



PHONE

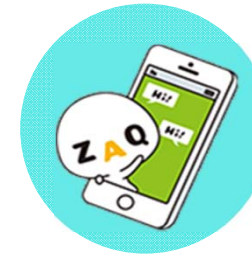


NET

Enhance life infrastructure services



ELECTRICITY



MOBILE



GAS

Future focus

**Meet demands with
sporting events**



2019
Rugby World
Cup



2020
Tokyo Olympic
Games

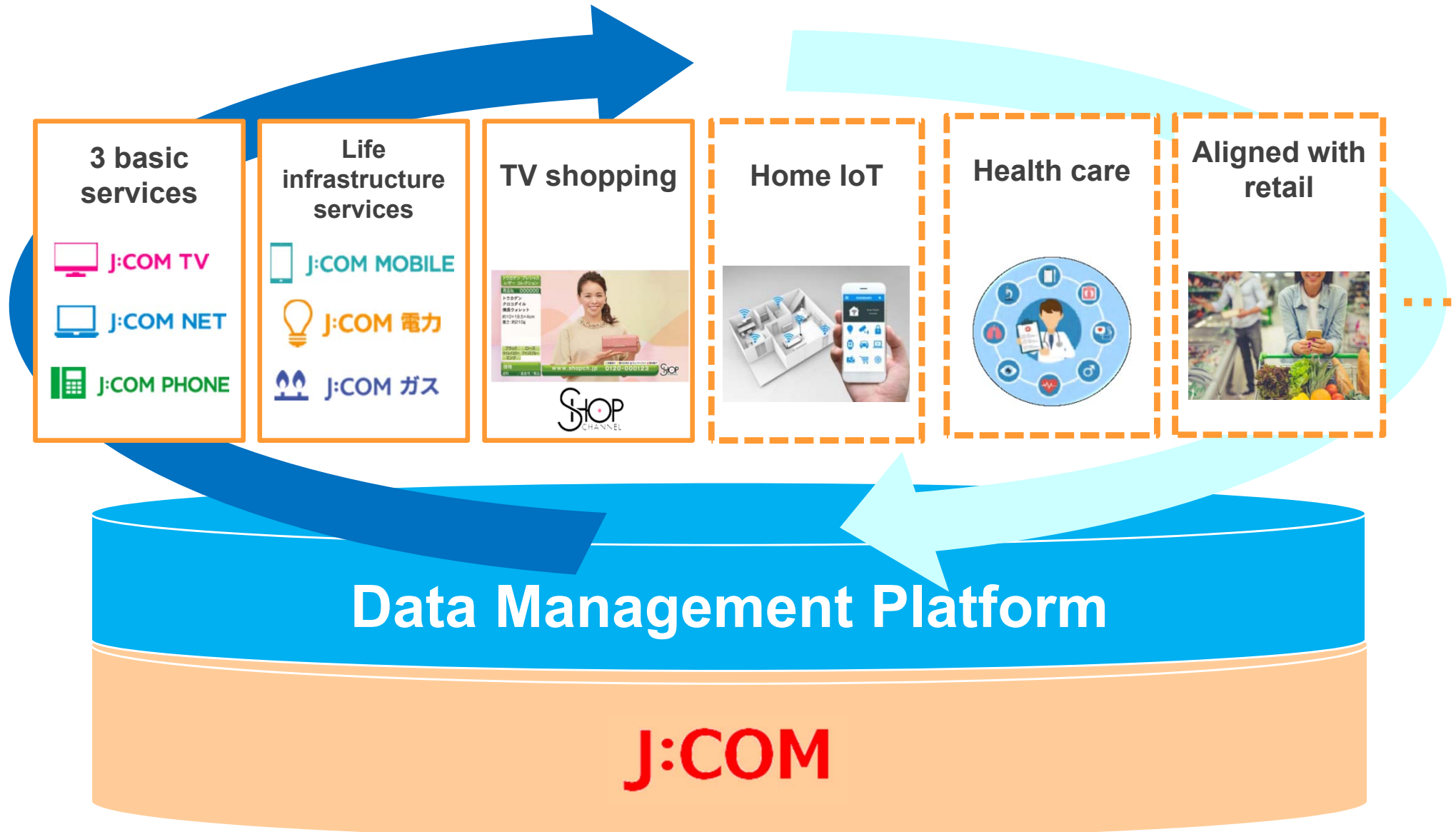
**Expand JCOM
economies**



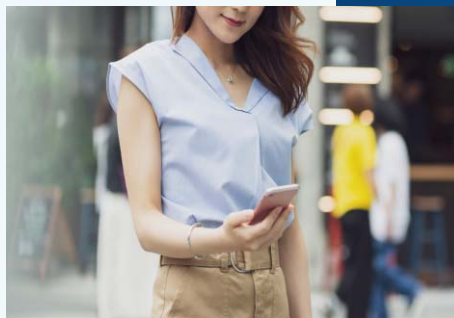
Next-generation set
top box

J:COM Expand businesses on J:COM platform

Expand J:COM economies



Home IoT (service image)



Remote control of
home electronics

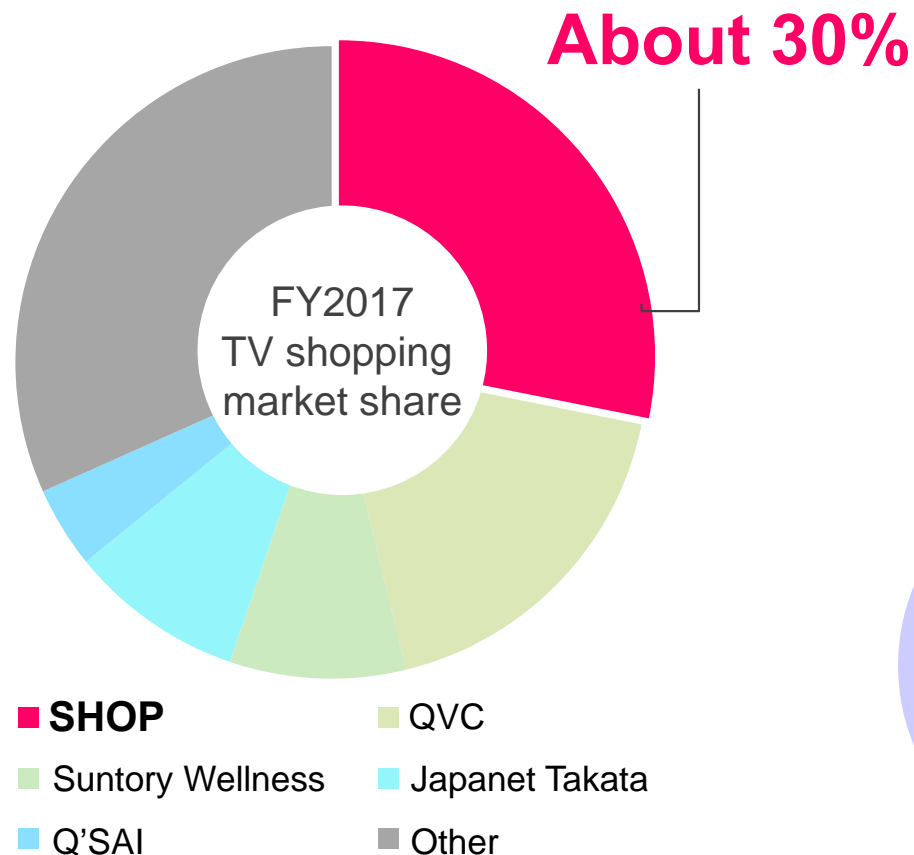


Insurance
consultation



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

(as of March 2019)

- 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



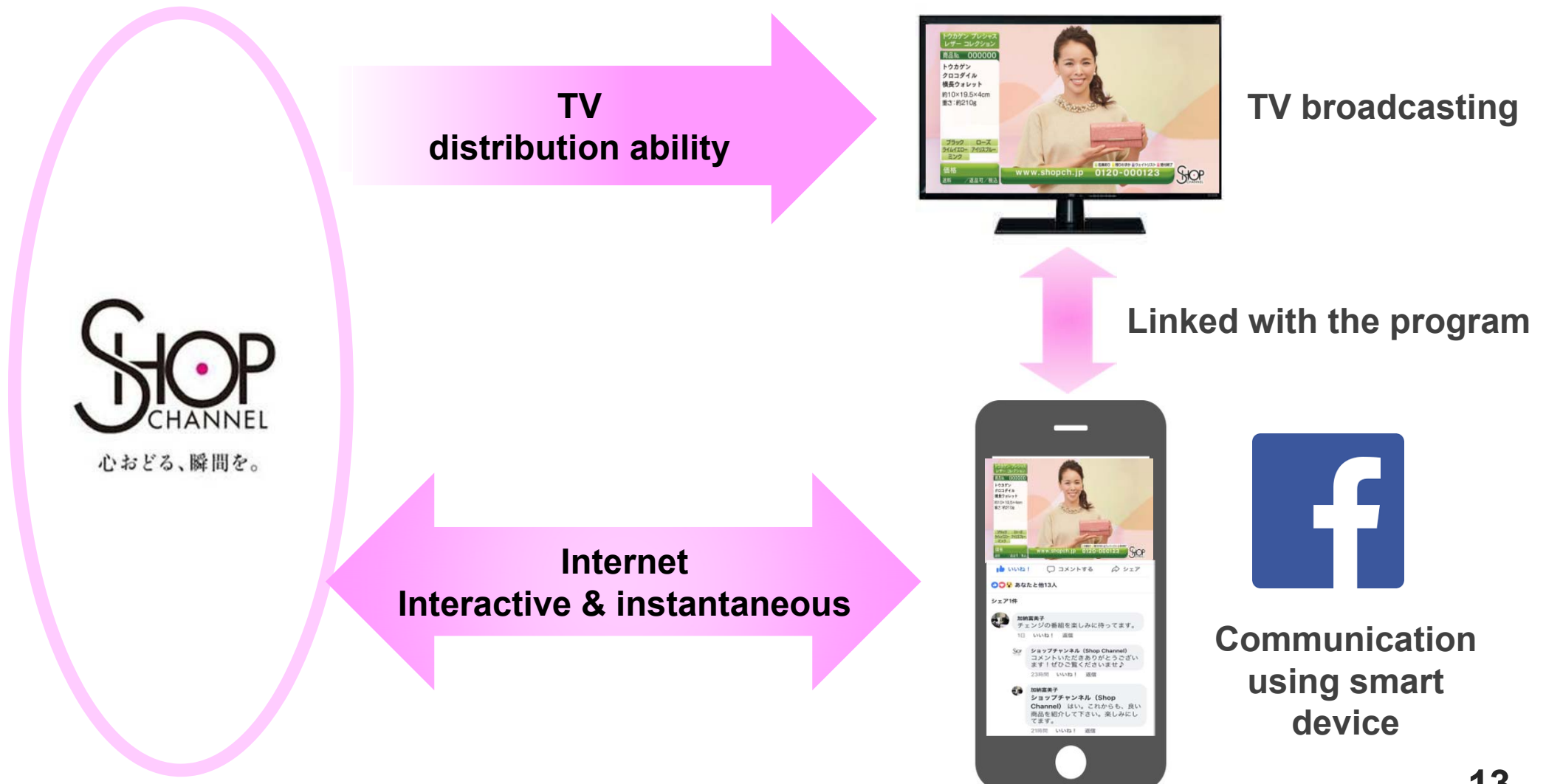
Cosmetics

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

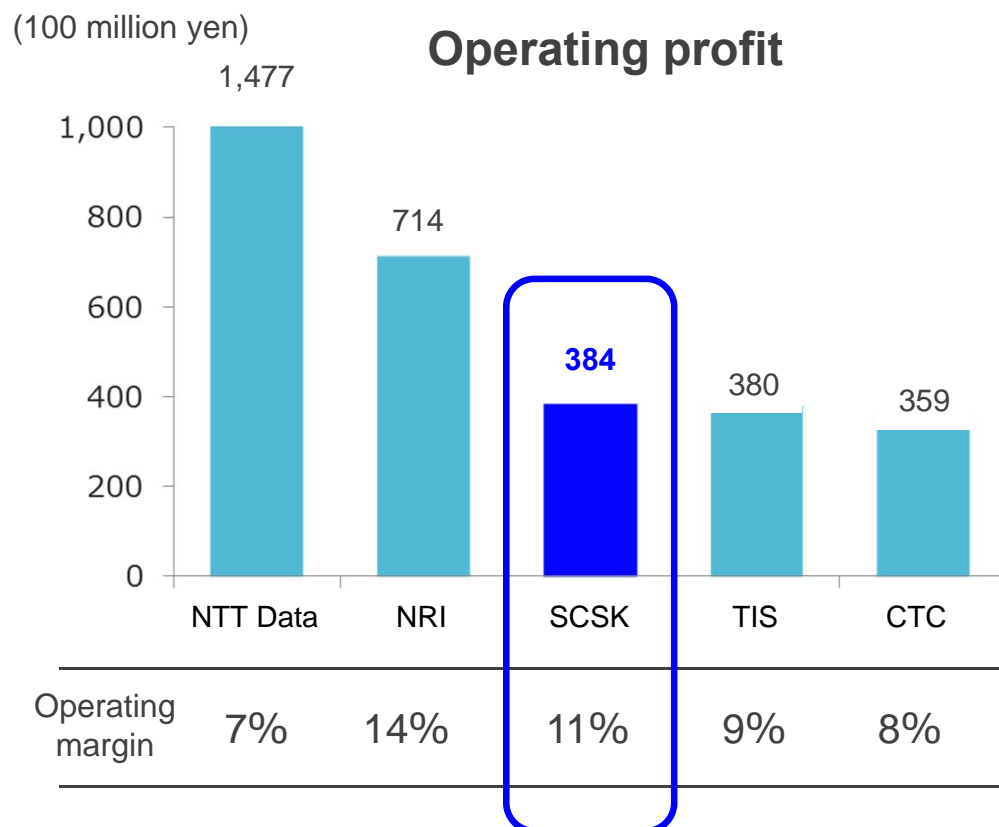


EC

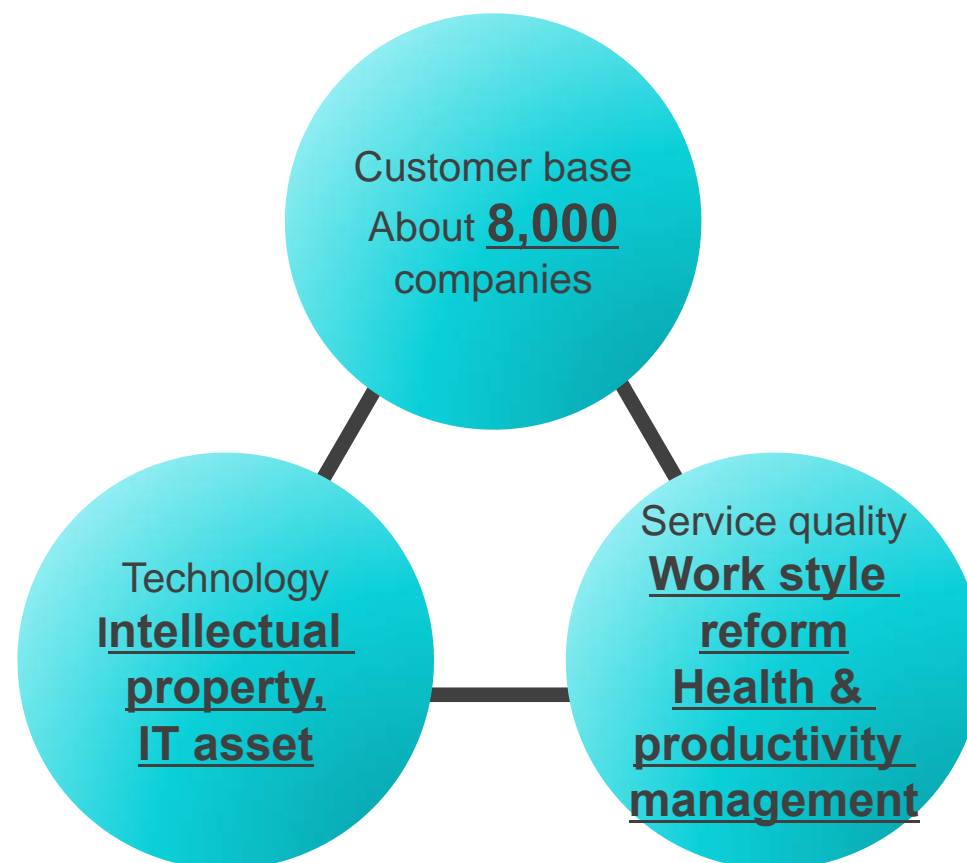
Enhance One-to-One Marketing



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**

(as of March 2019)

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)



Telecom operator



Automotive retail, financing, leasing

SCEA
(Venture investor)

SCSK
Shanghai

SCSK
AP

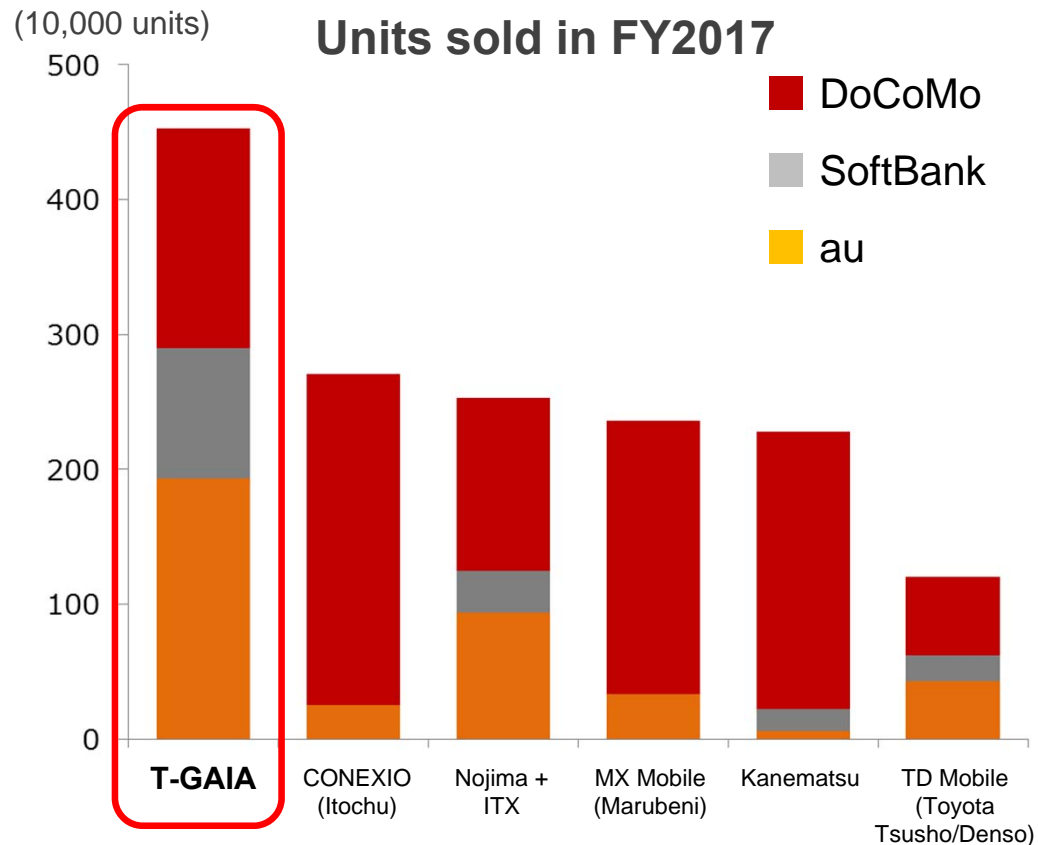


Northern Hanoi Smart City

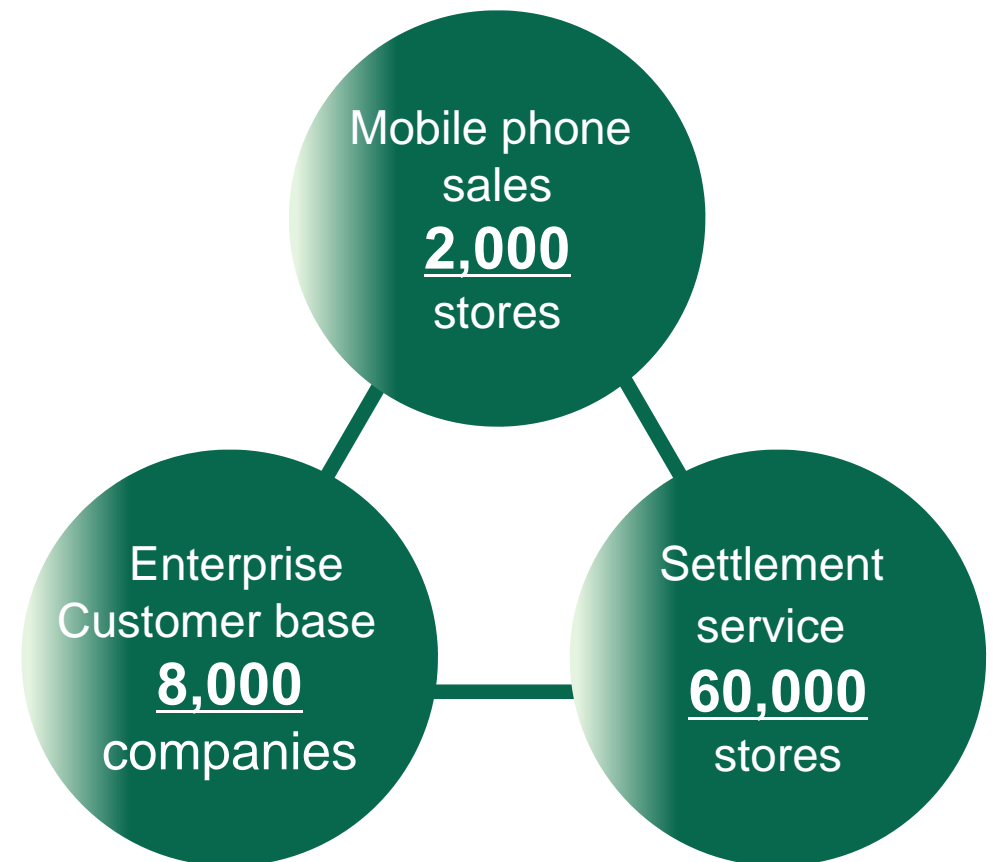


Thang Long Industrial Park (TLIP)
TLIP II
(Total 173 companies)

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

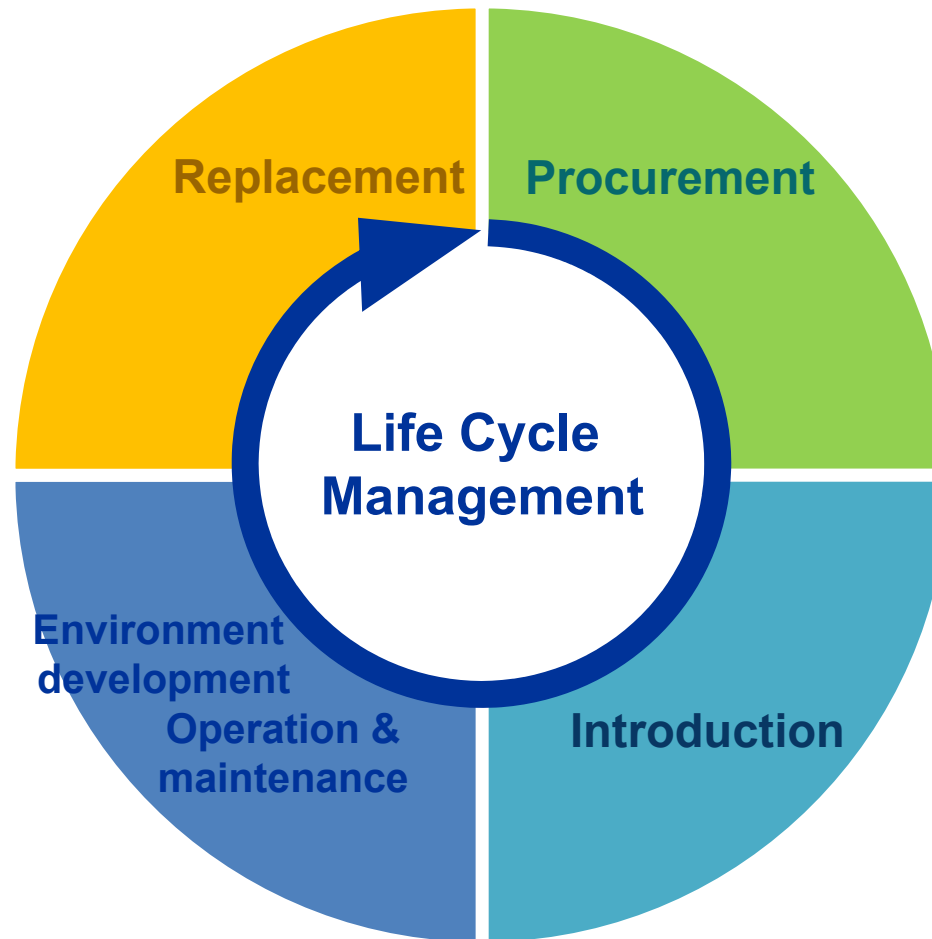


User recognition: 92.3%
The “QUO Card” is now available as a convenient digital gift.

One-stop support, from procurement to replacement



Terminal change



Security solution



Tablet solution



Easy, convenient, 3-step digital gift



1

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.



2

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.



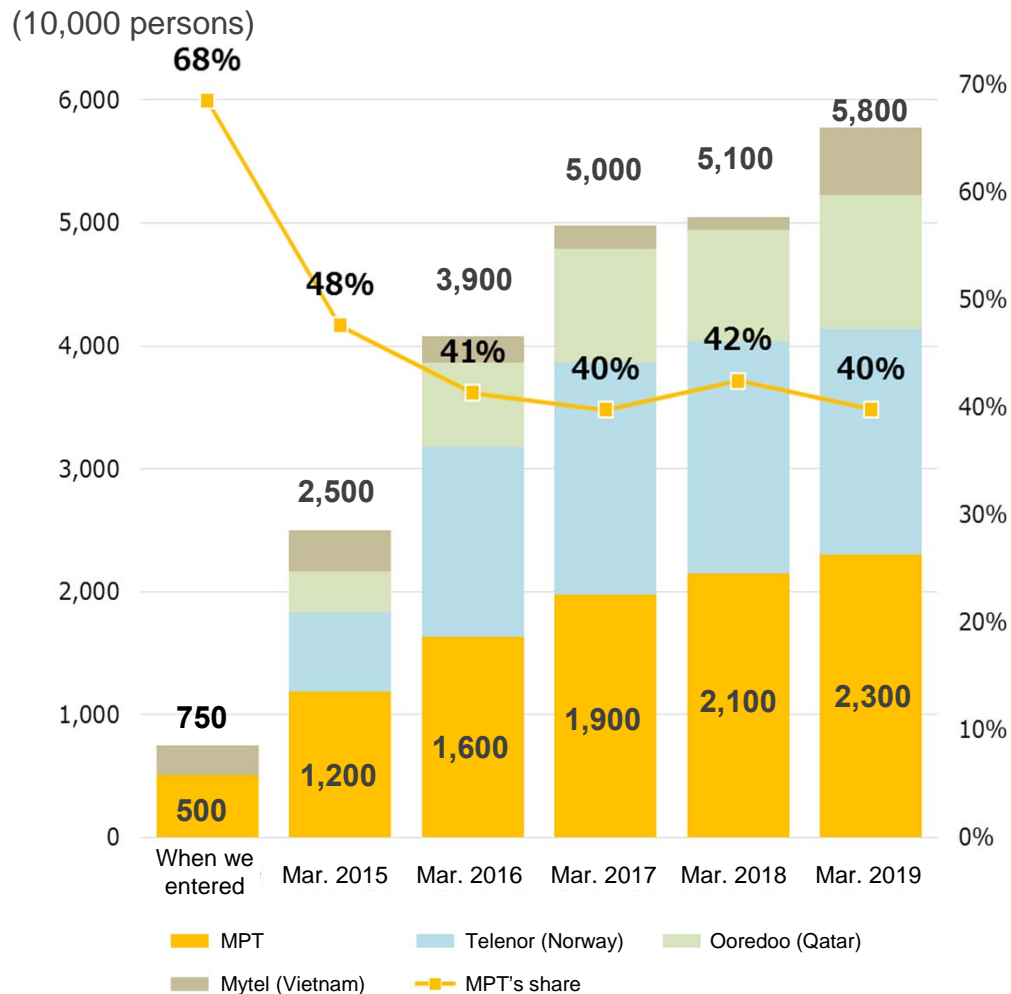
3

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

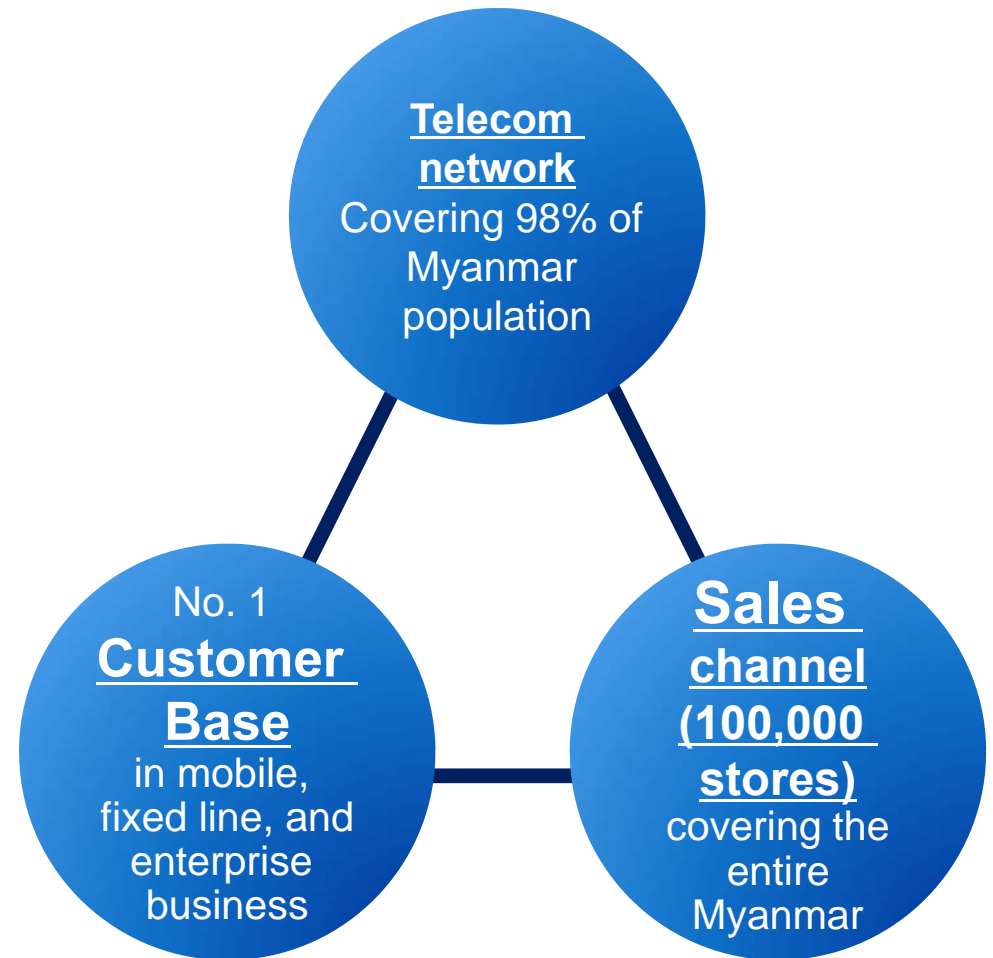
Settlement at a store only requires barcode reading. The recipient can repeatedly use the QUO Card Pay as long as the balance is available, and can use it with cash.

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



Myanmar



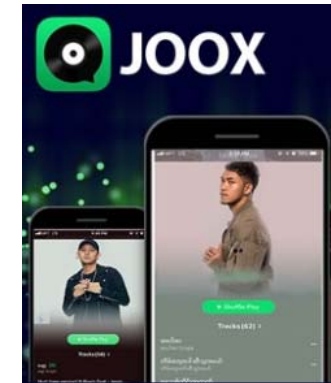
23 million mobile subscribers

Digital content initiatives

E-book



Music distribution



Video distribution



Game



Co-create the future of Myanmar



Financial support for Myanmar
National League
Youth development



Support for Japan-Myanmar student
exchange program

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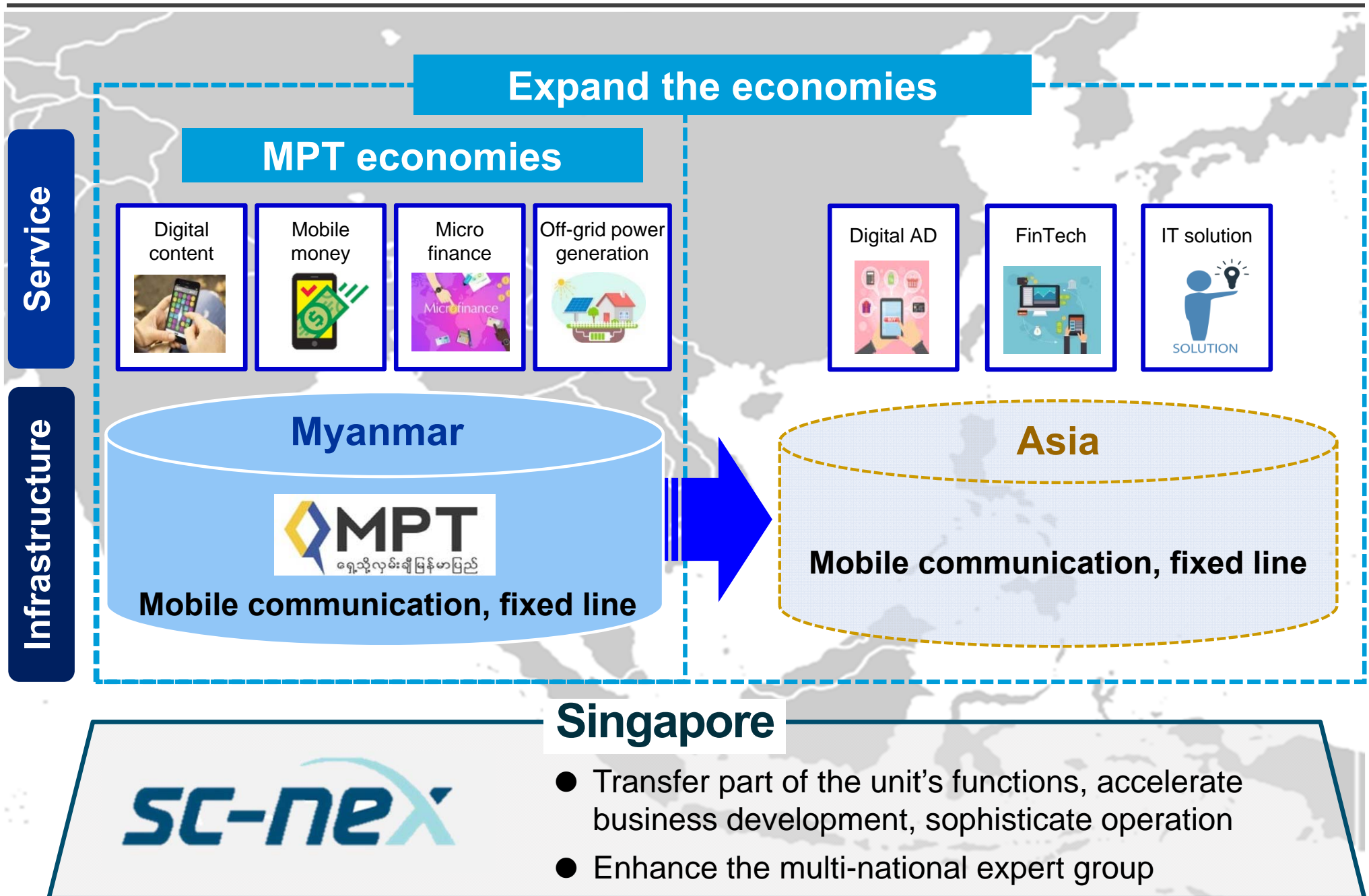
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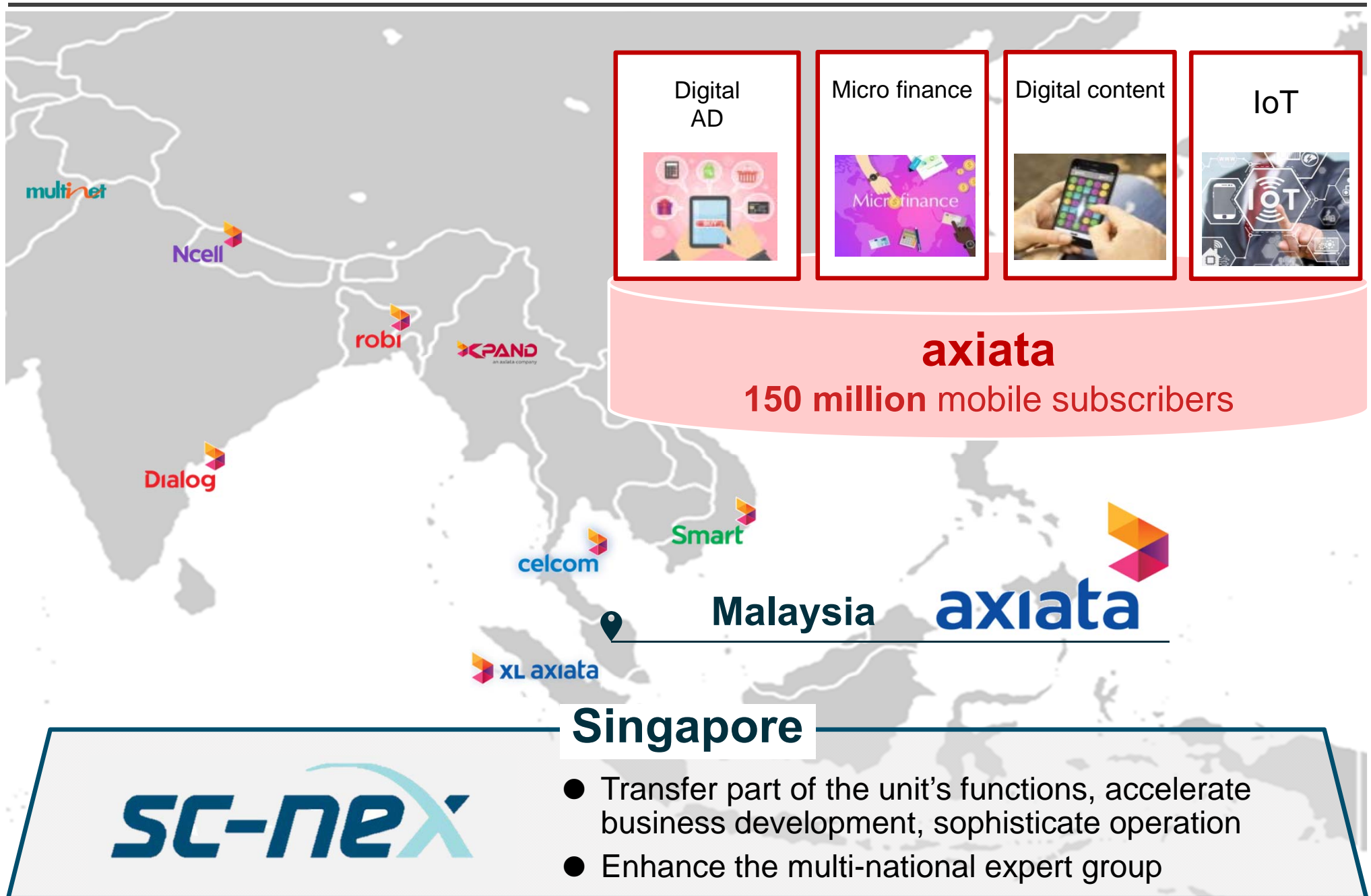
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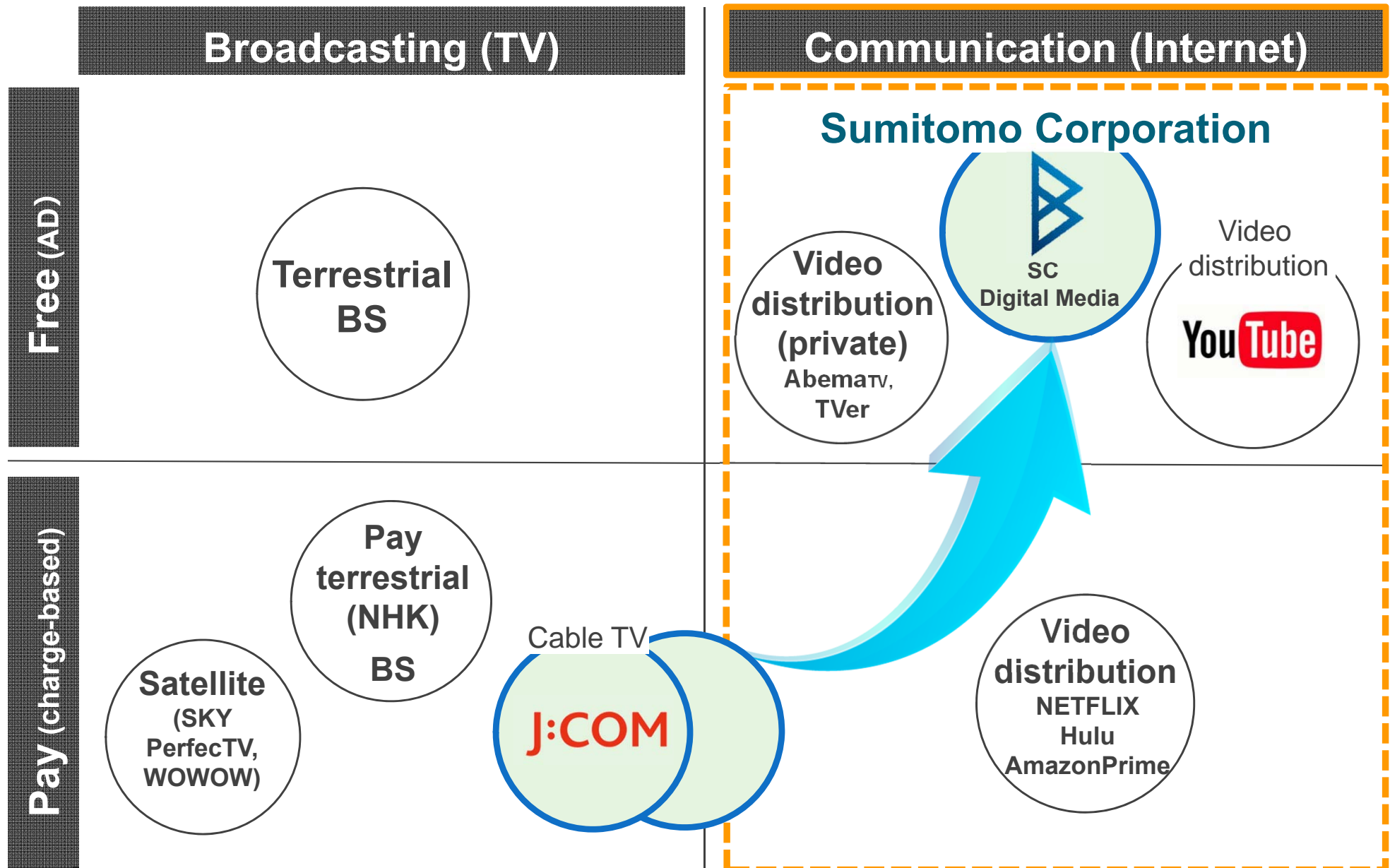
Smart Platform Strategy in Asia (1)



Smart Platform Strategy in Asia (2)



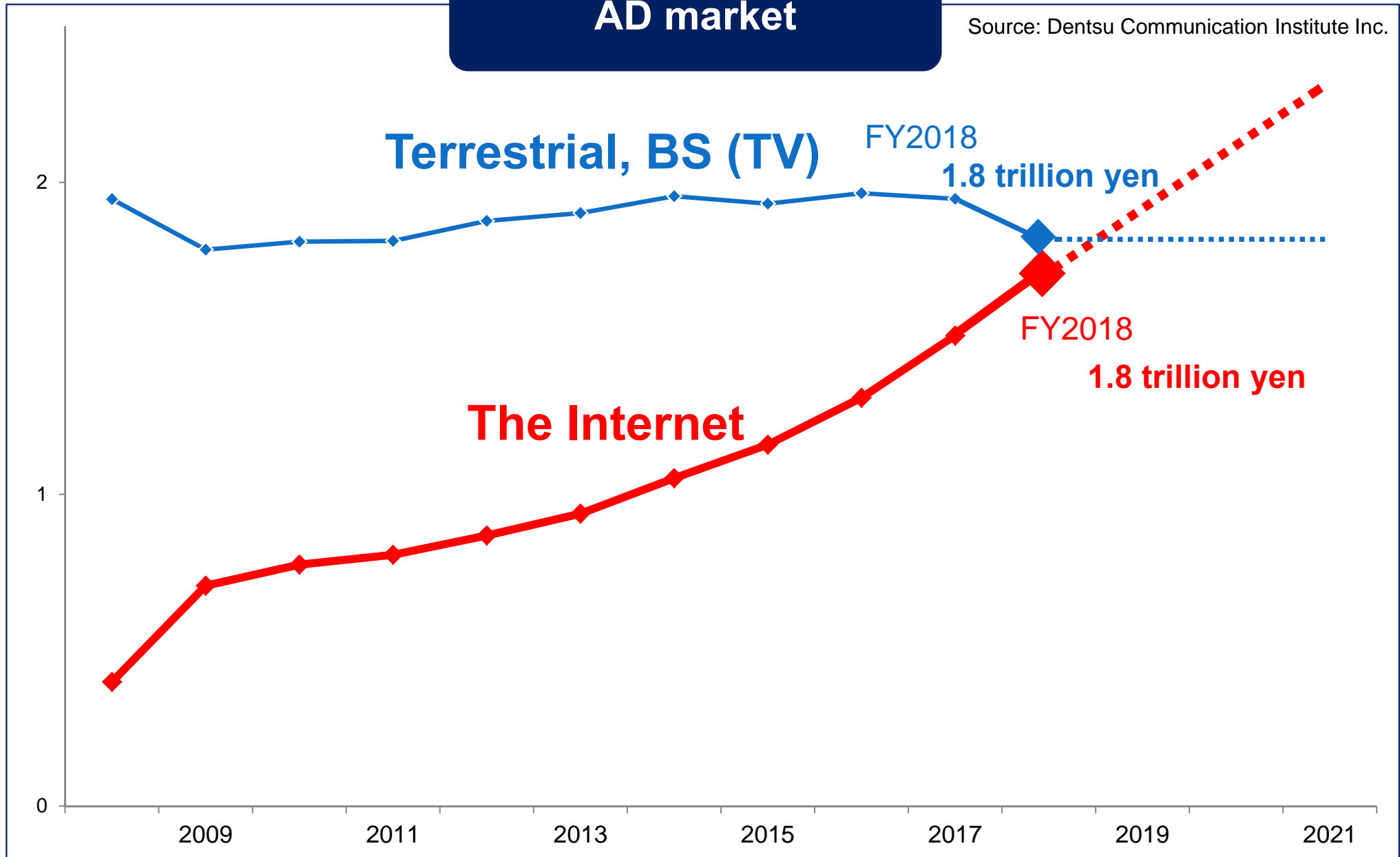
Digital Media Strategy (1)



Digital Media Strategy (1)

AD market

Source: Dentsu Communication Institute Inc.



Digital Media Strategy (2)

Partner



Advertiser



Platform



Creator



Digital Media Strategy (3)





ALPHABOAT

a FULLSCREEN partner

Video

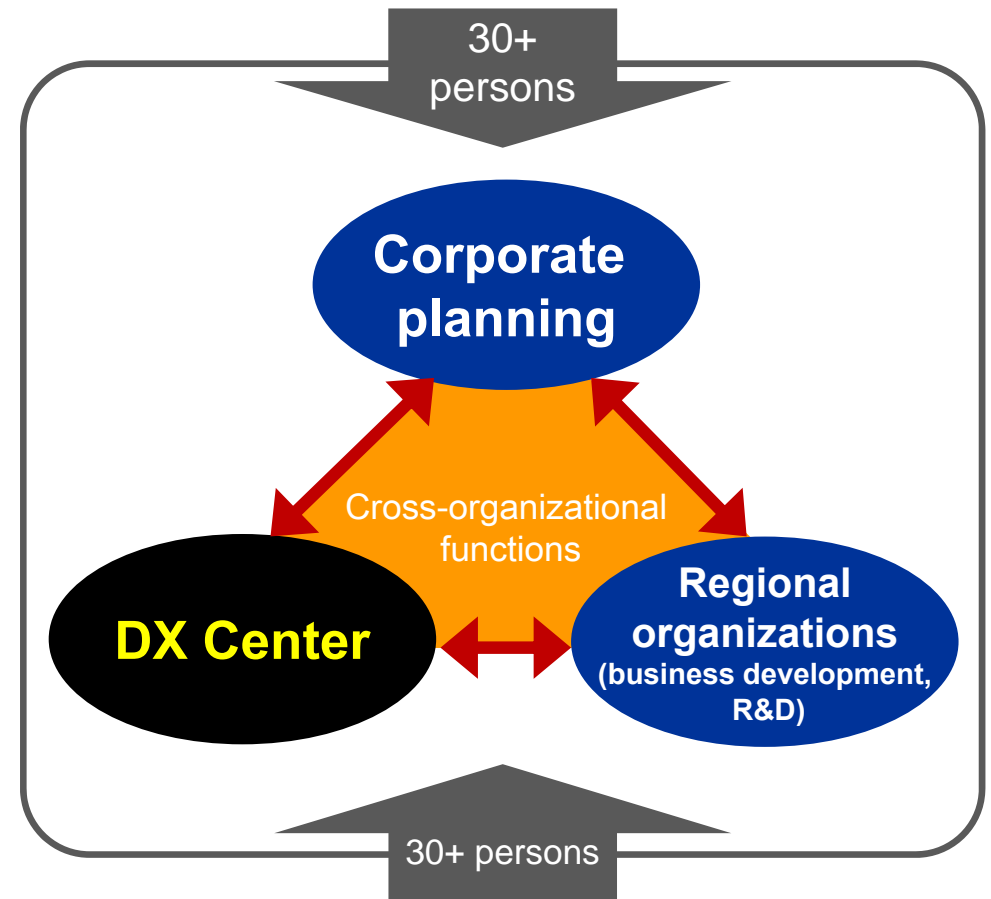
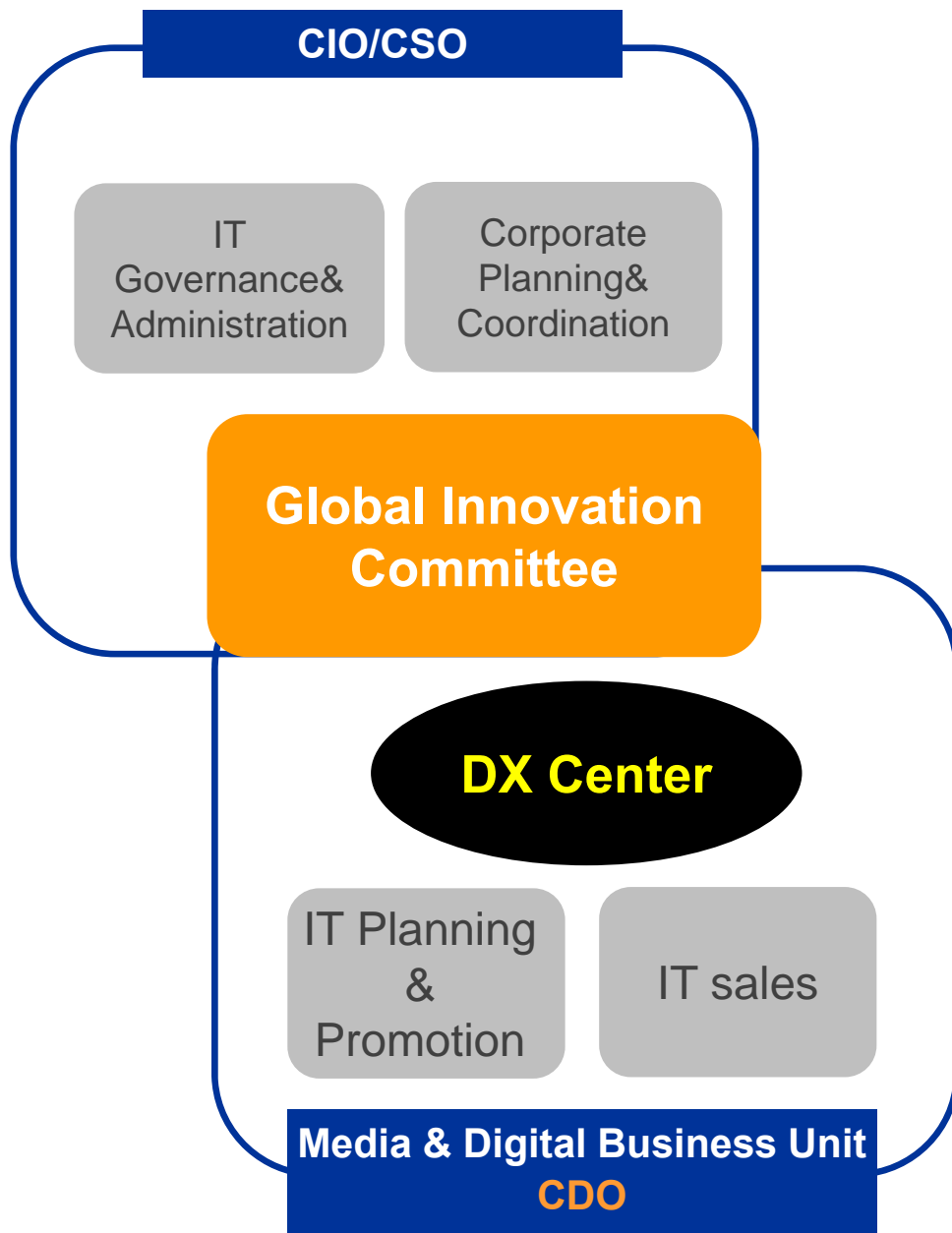
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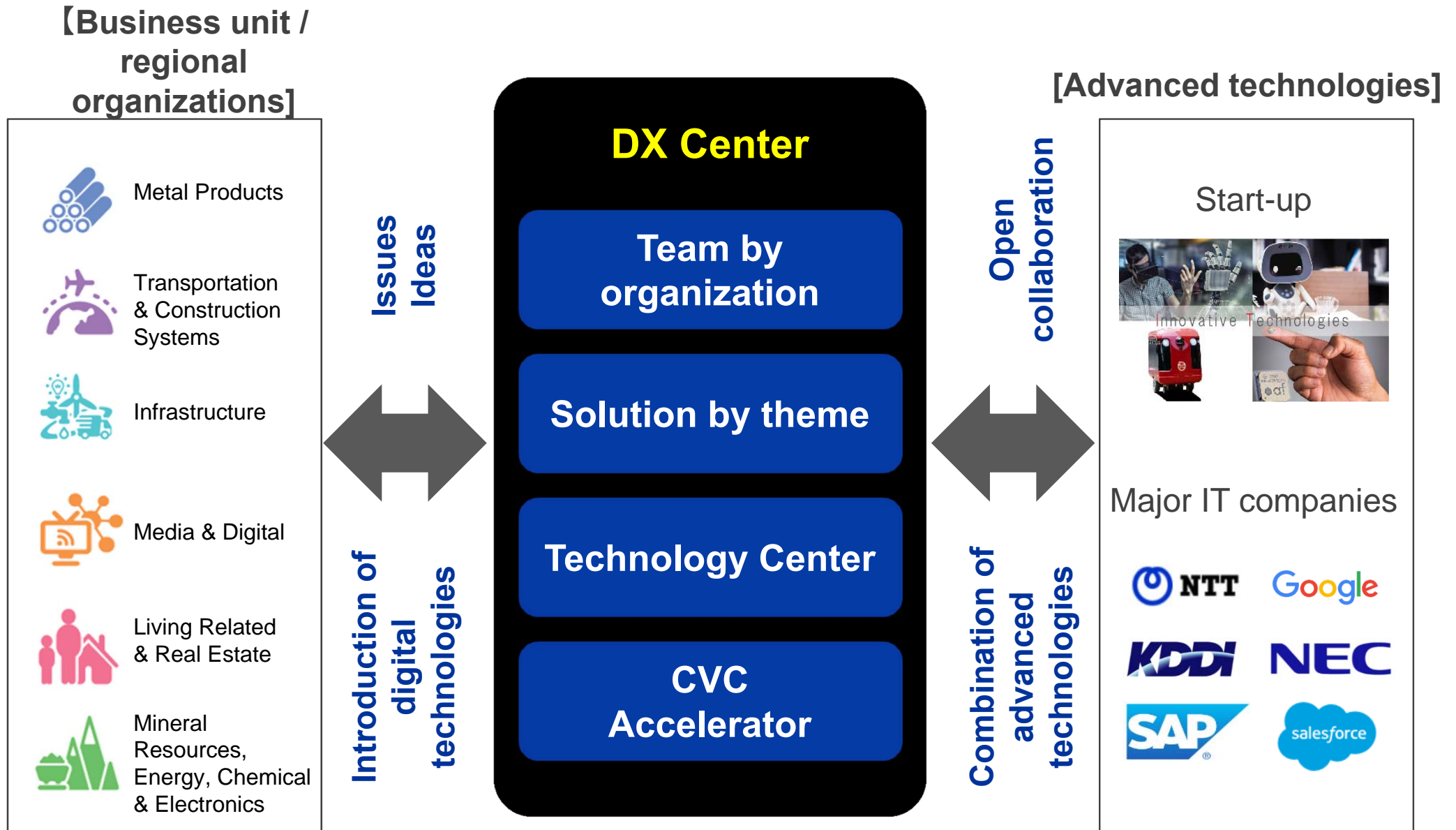
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The Organization

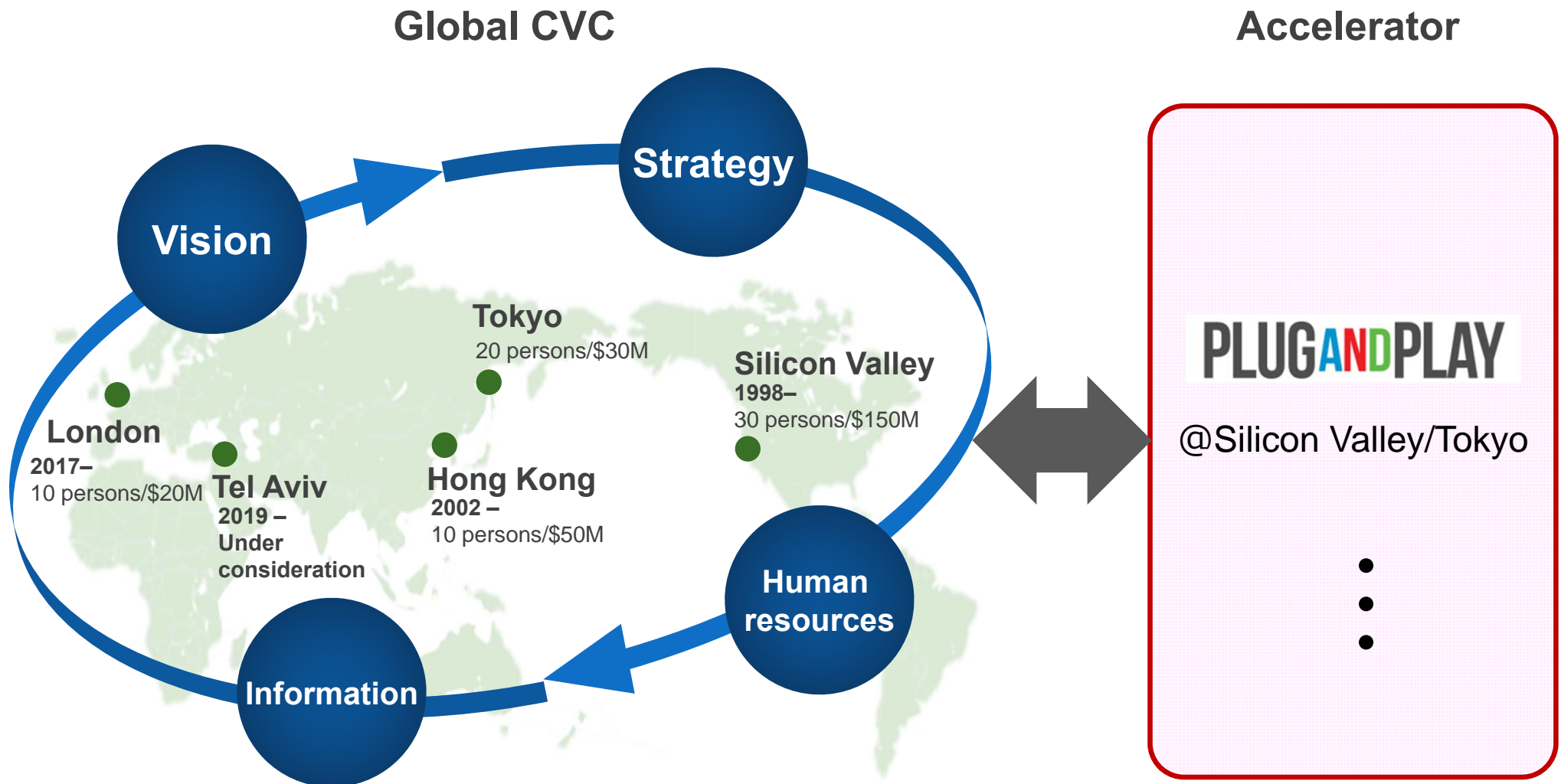


SCSK + **External experts**
(mid-career hire, consultant)

Strengthen DX Center

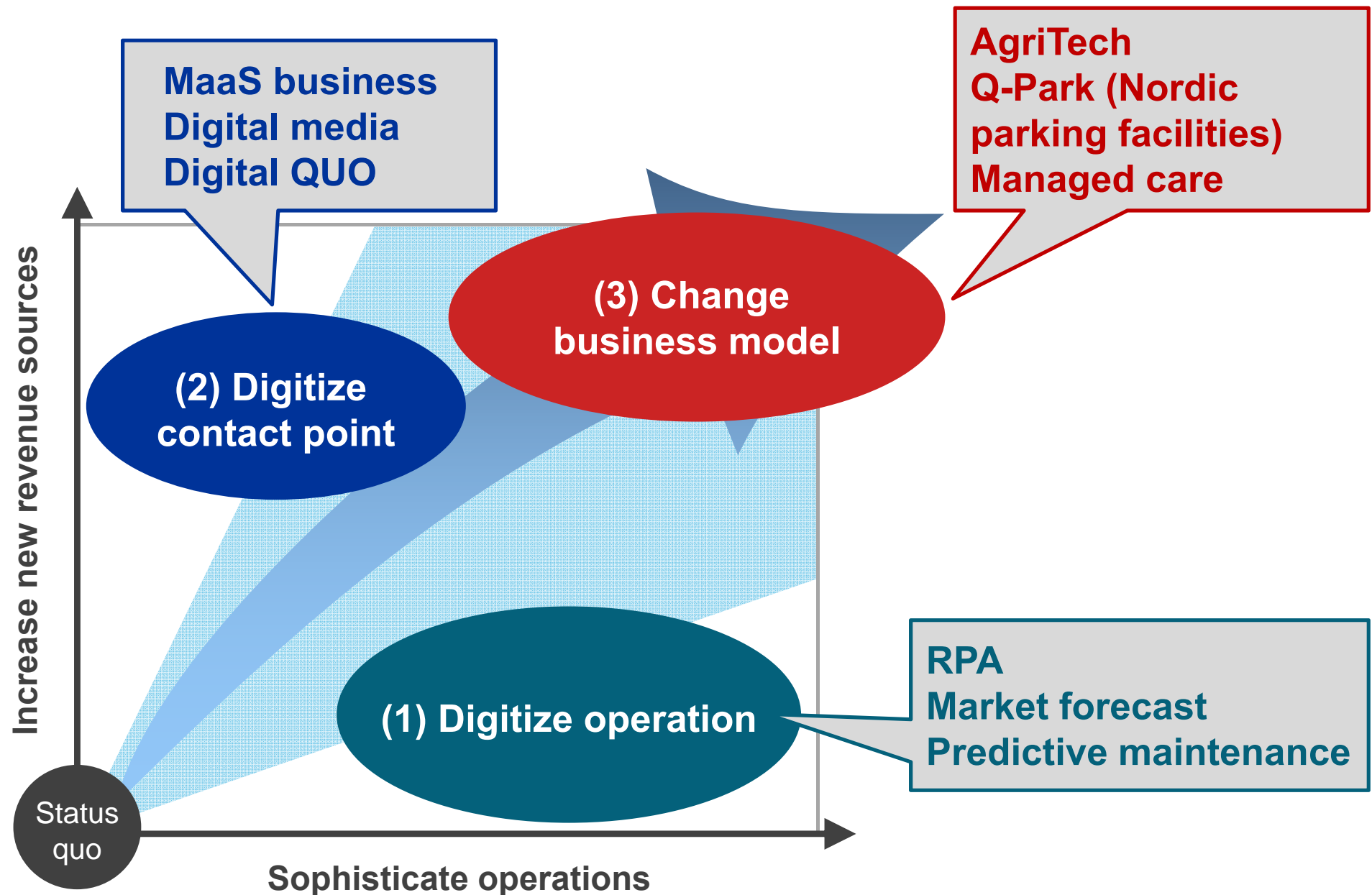


Co-create with Start-ups



(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	<div> <div>3</div> <div>2</div> <div>5</div> </div>
Metal Products	11	<div> <div>20</div> <div>2</div> <div>1</div> <div>23</div> </div>
Transportation & Construction Systems	20	<div> <div>20</div> <div>8</div> <div>2</div> <div>4</div> <div>34</div> </div>
Infrastructure	5	<div> <div>25</div> <div>6</div> <div>31</div> </div>
Media & Digital	3	<div> <div>9</div> <div>5</div> <div>6</div> <div>8</div> <div>28</div> </div>
Living Related & Real Estate	4	<div> <div>23</div> <div>8</div> <div>2</div> <div>3</div> <div>36</div> </div>
Mineral Resources, Energy, Chemical & Electronics	15	<div> <div>11</div> <div>2</div> <div>1</div> <div>14</div> </div>

■ Planning/examining DX
■ Demonstration experiment
■ Preparing
■ Executing

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

Organization, human resources

- Vertically divided organization
- Fixed staffing, uneven distribution of knowledge
- Difficulty in creating business beyond industrial borders

- Build cross-organizational system
- “Business x Digital thinking” human resources
- Diversity & Inclusion (Appoint external experts, build partnership)

Corporate culture

- PL-oriented yearly management
- Manufacturer/product-oriented
- Appreciation of unfailing excellence
- Bottom-up

- Value creation management from the mid- to long term perspective
- Design thinking (customer perspective-oriented)
- Start small, fail fast
- Top-down

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Promote Diversity & Inclusion

Digital marketing
professional



Global information &
communication expert



Accelerate
innovation

DX Tech
Center

Data scientist
AI engineer

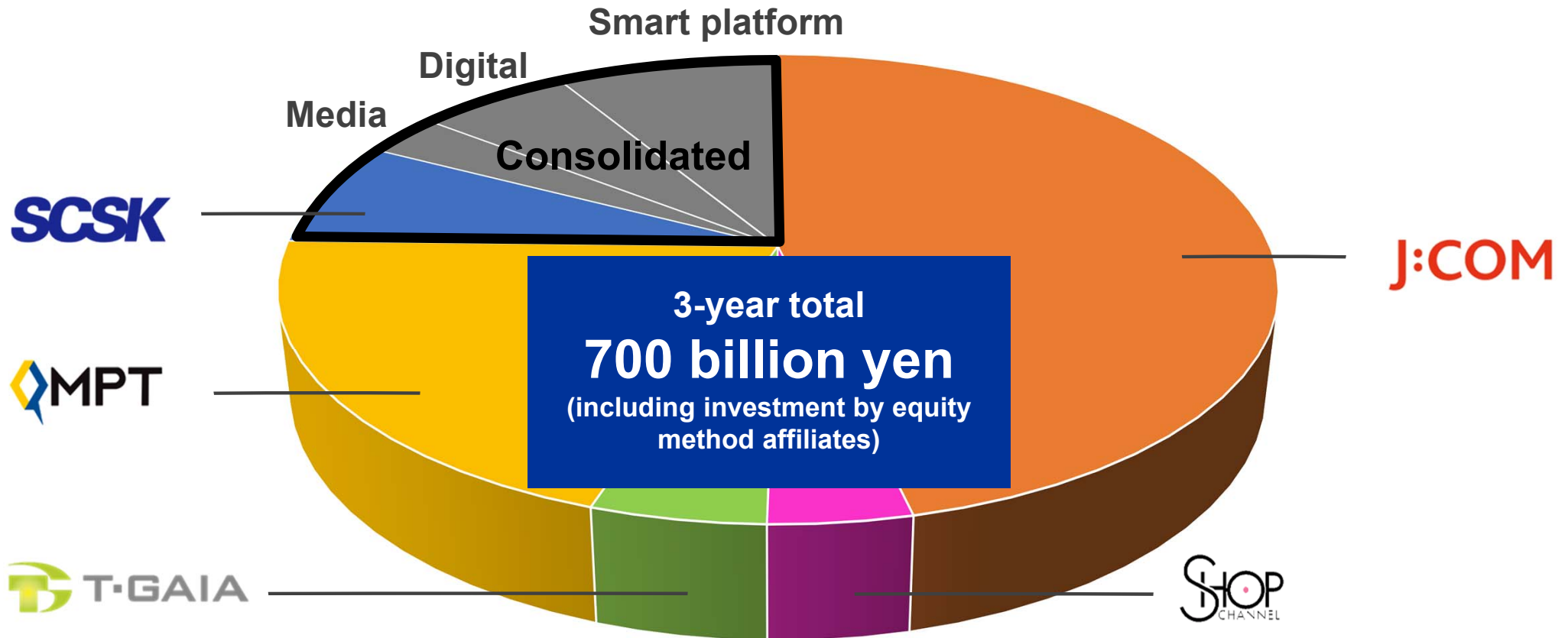
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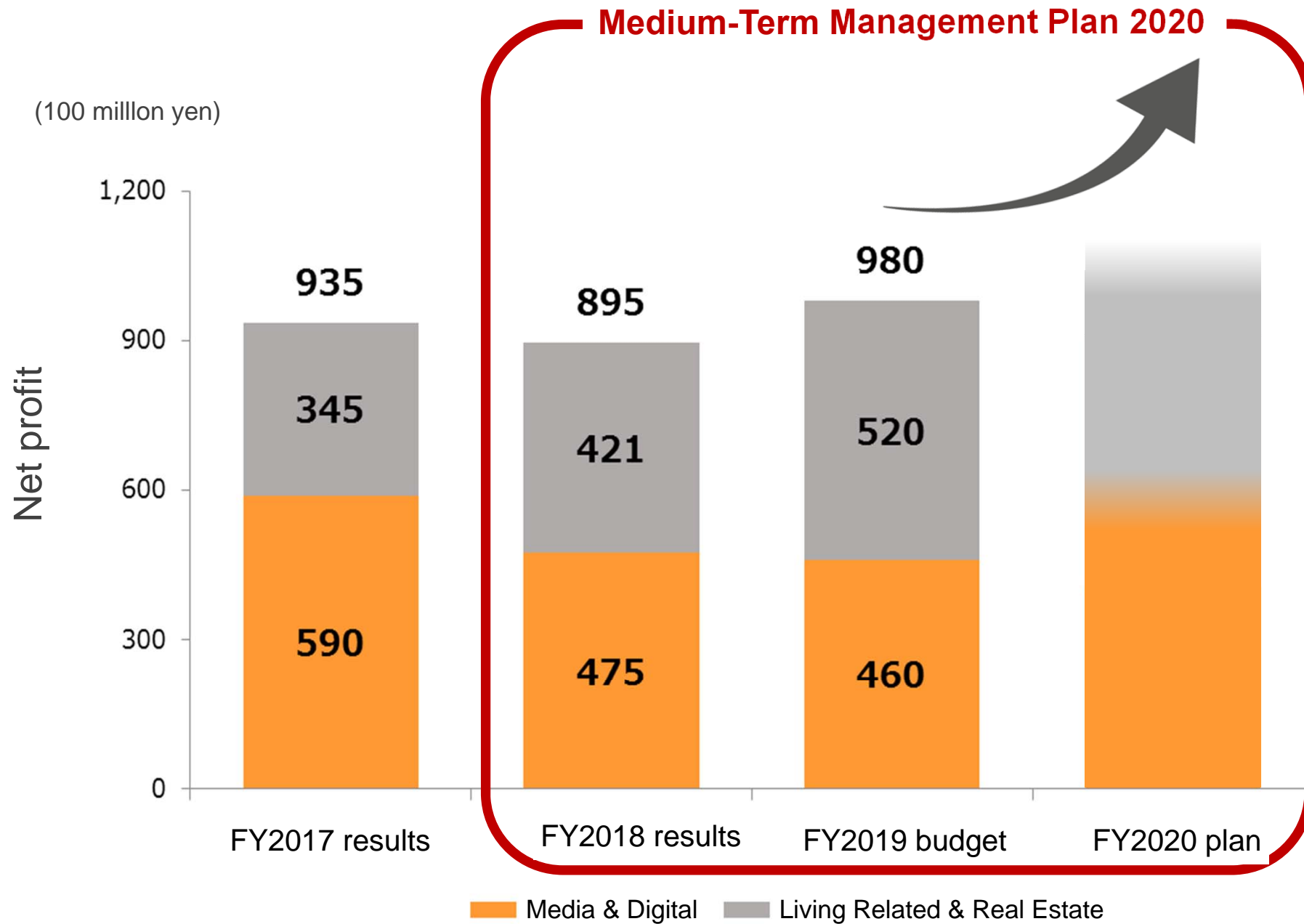
Investment Plan (3-Year Total)



**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





Thank you!

Media & Digital Business Unit

Communication partner robot “unibo”