

# The Fujifilm Group's DX Strategy

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March 24, 2023

FUJIFILM Holdings Corporation

**NEVER  
STOP**

**FUJIFILM**  
Value from Innovation

## Today's speakers

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### **Teiichi Goto**

President and CEO, Representative Director,  
FUJIFILM Holdings Corporation



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### **Seigo Sugimoto**

Corporate Vice President, Chief Digital Officer  
and General Manager of ICT Strategy Division,  
FUJIFILM Holdings Corporation



3

### **Makiko Eda**

Director (outside director),  
FUJIFILM Holdings Corporation



# Today's agenda

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1 | Fujifilm Group's future vision and DX

2 | DX promotion structure

3 | Human Resources DX

4 | Operations DX

5 | Products and Services DX

- Offering work styles that help workers improve productivity and apply creativity

- Resolving social issues through Medical Systems business

6 | Assessment by outside directors



## 1. Fujifilm Group's future vision and DX

# Our future vision

The Fujifilm group will use leading-edge, proprietary technologies to provide top-quality products and services, thereby “resolving social issues through business” and contributing to building a sustainable society.

\*The Fujifilm group’s CO2 emission reduction target for FY2030 is 50% compared to the FY2019 level across the entire product lifecycle.

VISION  
2019

**FY2019 results**  
Revenue: ¥2,315.1 billion  
Operating income: ¥186.6 billion

VISION  
2023

**FY2023 medium-term management plan**  
Revenue: ¥2,700.0 billion  
Operating income: ¥260.0 billion

Medium-term management plan formulating a specific action plan for achieving SVP2030 targets

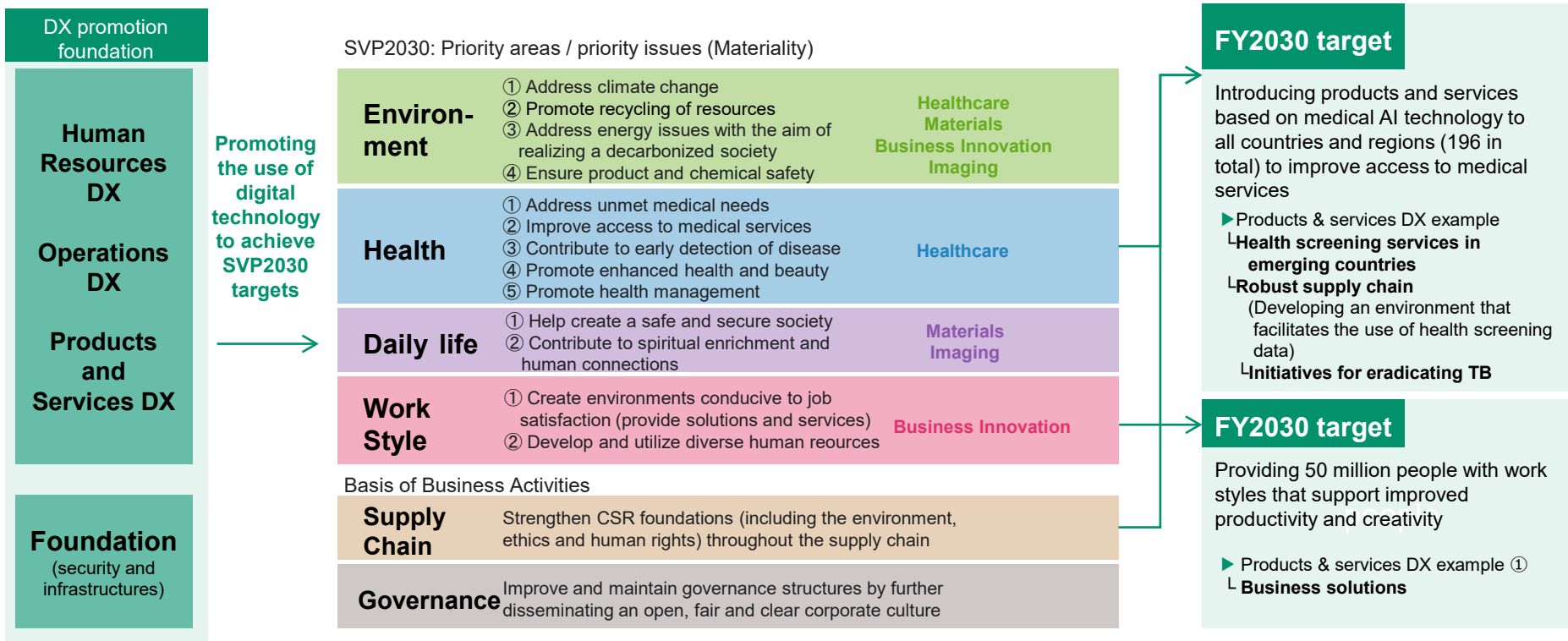
Sustainable  
Value Plan  
2030  
(SVP2030)

**FY2030 targets\***  
Revenue: ¥3,500.0 billion or more  
(including ¥1,750.0 billion or more  
from healthcare business)

Issues and targets are defined in four priority areas of the “environment,” “health,” “daily life” and “work style” as well as the basis of business activities i.e. “supply chain” and “governance” from the perspectives of “resolving social issues through our business activities” and “considering society and the environment in our business processes.

# Priority areas and use of DX for achieving FY2030 targets

Promoting the use of digital technology to solve issues in priority areas listed in the long-term CSR plan “Sustainable Value Plan 2030 (SVP2030),” thereby contributing to building a sustainable society



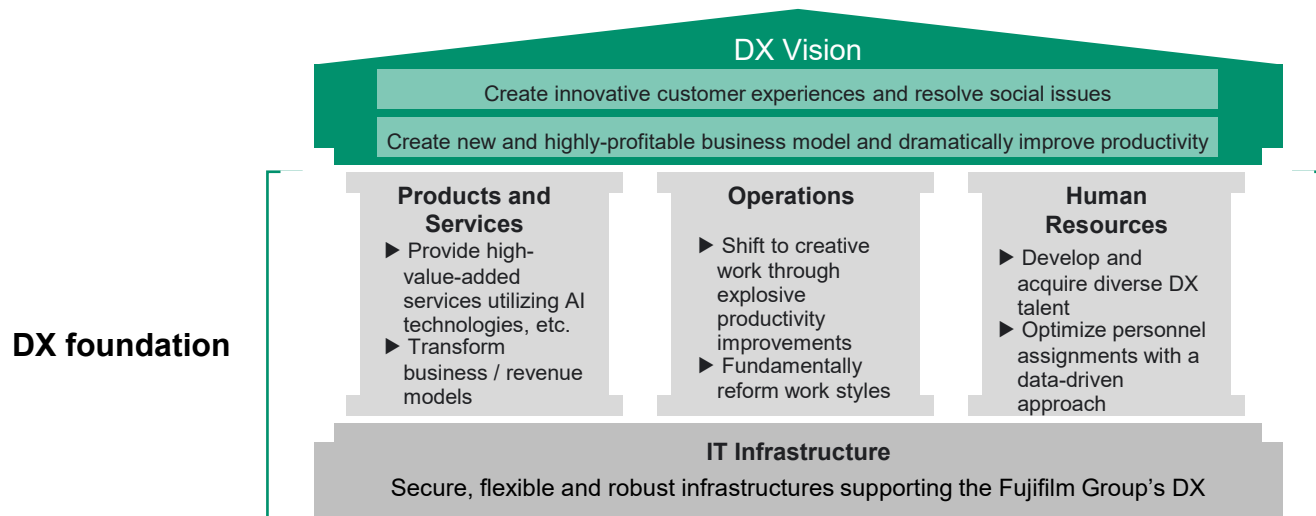


## 2. DX promotion structure

# Fujifilm Group's DX vision and foundation

## Fujifilm Group's DX Vision

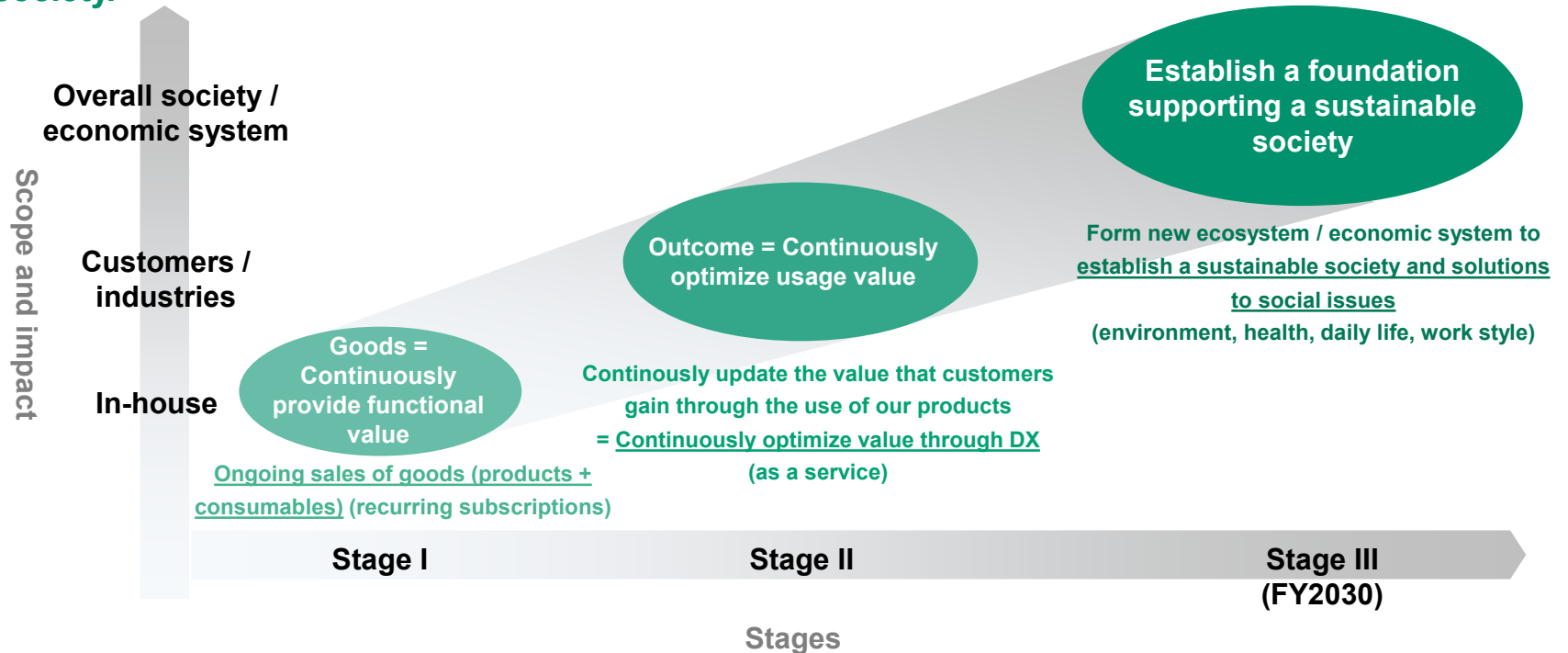
Fujifilm will use digital technology to dramatically increase each employee's productivity and create excellent products and services, through which we will continue to contribute to creating innovative customer experiences and resolving social issues.





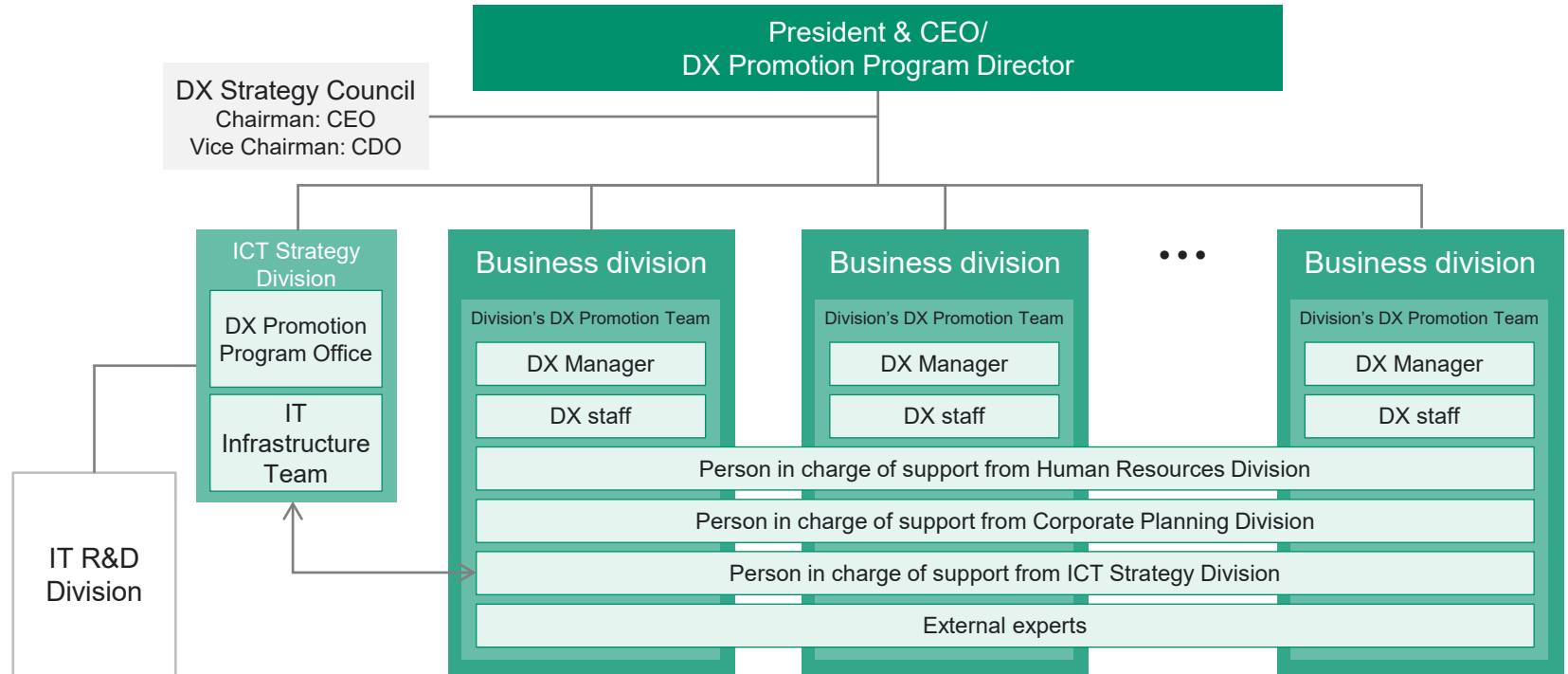
# DX roadmap

The DX Roadmap has been formulated as a Group-wide guideline for promoting DX, with the aim of establishing more DX products and services to lay the foundation for a sustainable society.



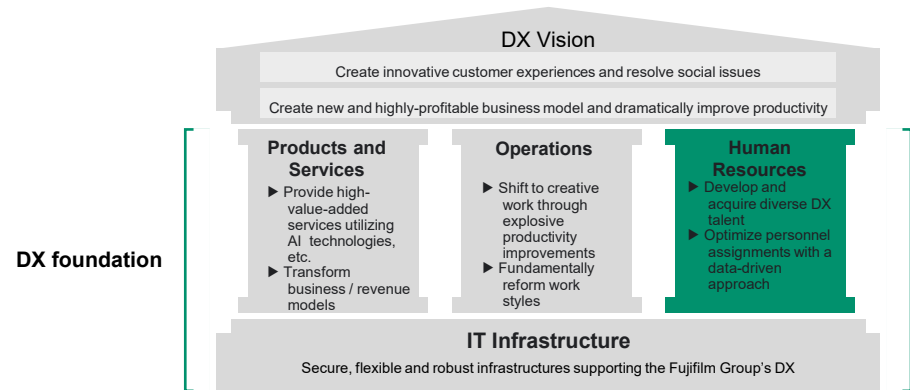
# DX promotion structure / All-Fujifilm DX promotion program

The DX Strategy Council has been established, chaired by the CEO, as the highest decision-making body on DX promotion. The cross-Group structure headed by the CEO implements the All-Fujifilm DX Promotion program.

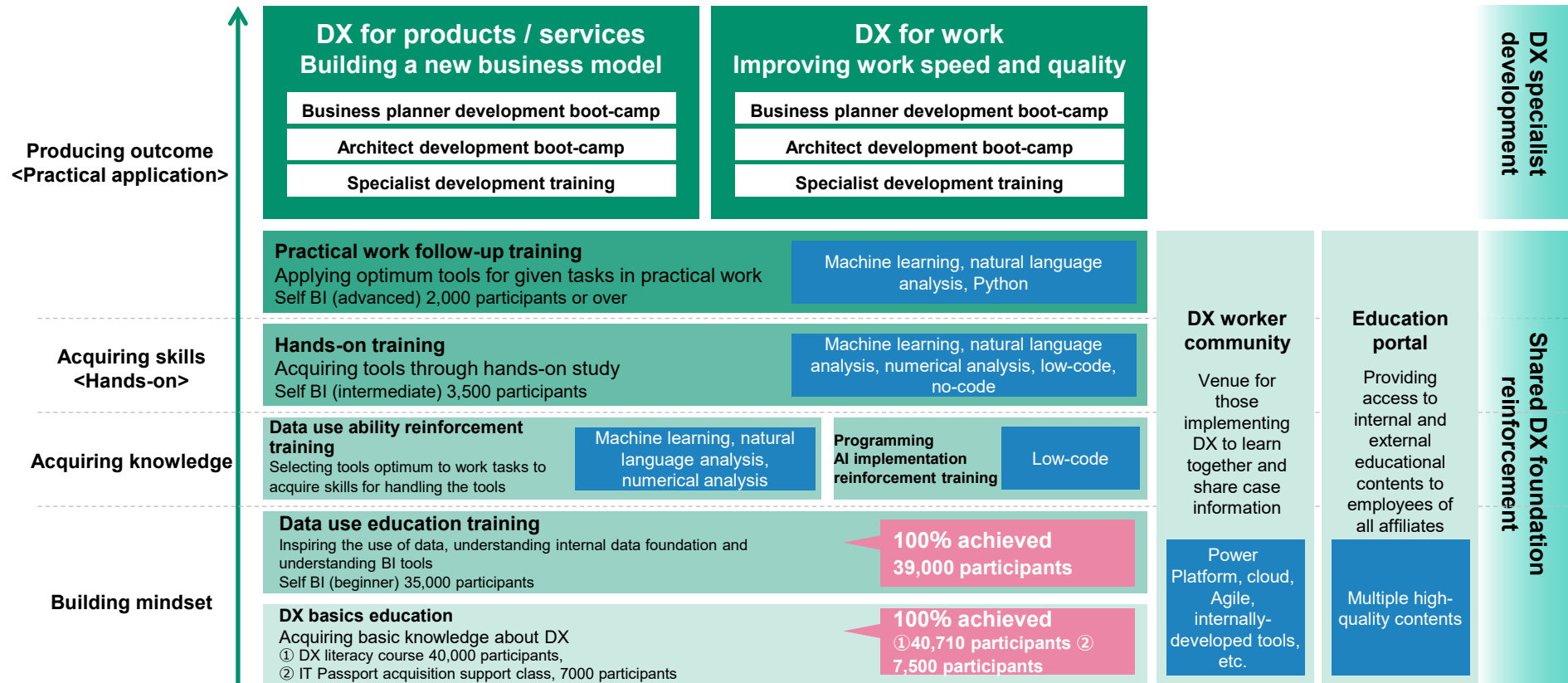


### 3. Human Resources DX

- **Developing and acquiring diverse DX talent**
- **Optimizing personnel assignments with a data-driven approach**



# Human Resources DX - DX human resource development structure

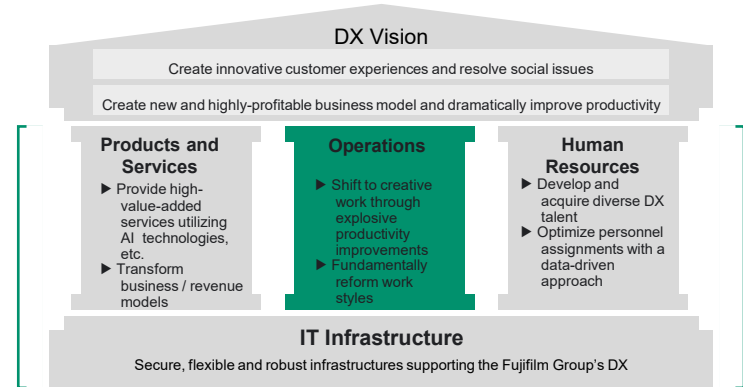


\*Figures shown represent targets, including those in progress and those completed.

## 4. Operations DX

- **Shifting to creative work through explosive productivity improvements**
- **Fundamentally reforming work styles**

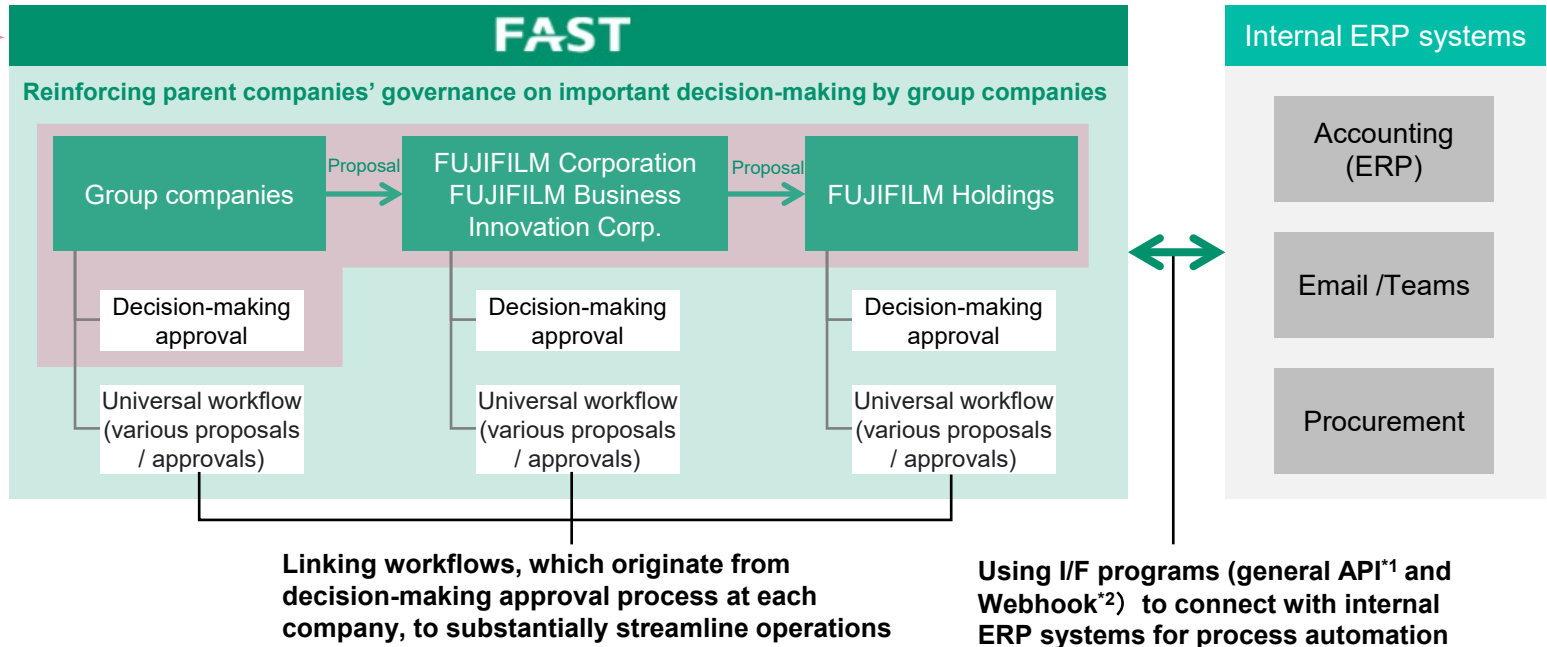
DX foundation



# Operations DX – decision-making system “FAST (FUJIFILM Approval System)”

**Integrating Group-wide approval foundation to achieve a seamless proposal – approval process between parent companies and their subsidiaries to increase the pace of decision-making and reinforce governance**

Reducing the lead time from proposal to decision-making by over **30%**



\*1 Standardized interface program that can be used for data input to and output from FAST

\*2 Standardized interface program that can notify Teams and other systems at the timing of a specific action (approval, completion, etc.) in FAST

# Operations DX – Management information analysis system “One-Data”

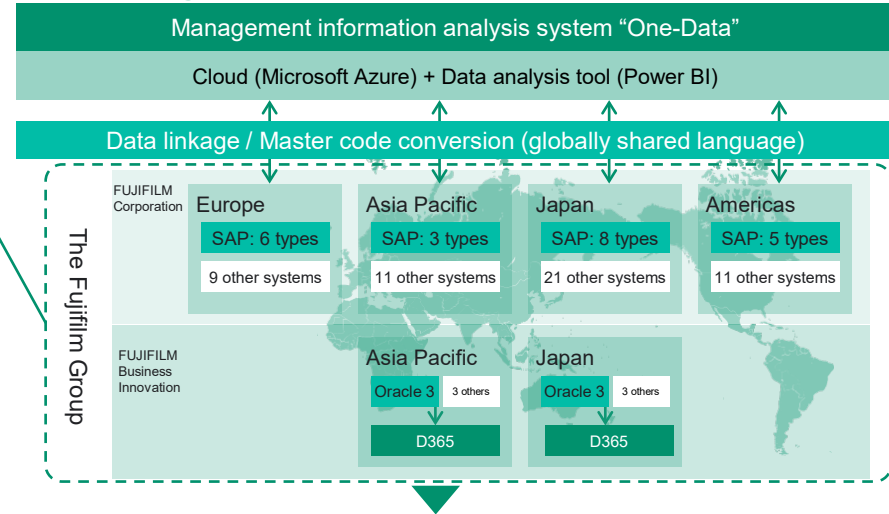
The management information analysis system “One-Data” has been in operation since May 2022, sharing consolidated management KPIs and group companies’ ERP data in the cloud in real time to boost productivity substantially and achieve management KPIs.

## System challenges in consolidated business management

- The Fujifilm group has a variety of systems globally as a result of acquiring diverse businesses through M&A, etc.
- Aiming to maintain flexibility into the future

## Past initiatives

- Implementing a mechanism for visualizing revenues and PSI (production, sales and inventory) information of Fujifilm and its main subsidiaries
  - Using it for identifying and analyzing revenue transition and implementation of measures across the supply chain in a timely fashion
- The new system has been developed to encourage **frontline use of data** while conducting analysis to **identify progress in consolidated management KPIs such as operating income and CCC**, and reinforcing the function of data visualization.



## Improving productivity substantially

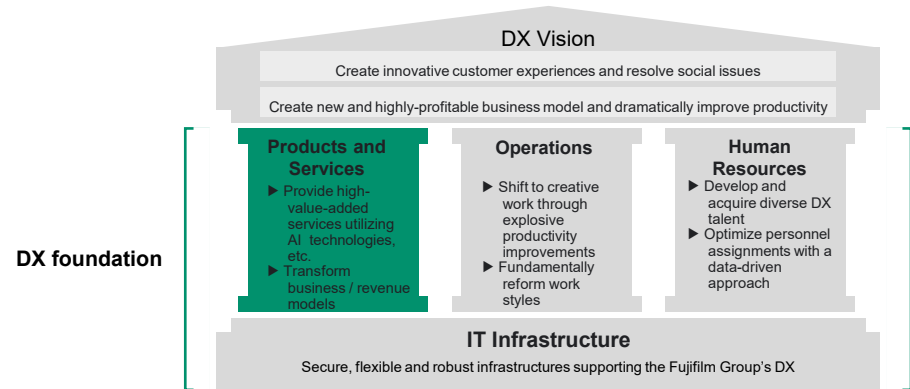
- Delivering obtained data in different formats and coding structures in a format that can be used cross-functionally for analysis in a short time
- Achieving consistent factual recognition cross the entire group

## Achieving targets in consolidated management KPIs

- Profit and loss: PL, expenses, procurement cost reduction
- CF: Inventory, accounts payable, accounts receivable ⇒ CCC, ROIC

## 5. Products and Services DX

- **Providing high-value-added services utilizing AI**
- **Transforming business / revenue models**







## 5. Products and Services DX

- Providing work styles that support workers improve productivity and creativity

## Business Innovation segment

### Business Innovation segment

#### Office solutions (¥499.5 billion)

- Document-related office solutions provided through the sales and maintenance of multifunction devices, printers and consumables with robust security features
- Further promoting recycle-based business



#### Business solutions (¥260.5 billion)\*1

- Solution-oriented document services tailored to various industries and operations, including system integration, cloud services, management of multifunction devices and business process outsourcing, contributing to streamlining / reinforcing customers' operations and reforming work styles

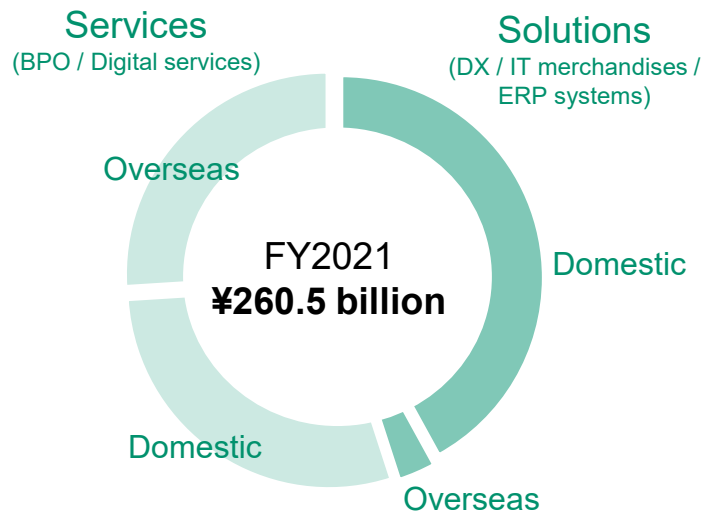


Bridge  
DX Library

Dynamics 365

\*1 The figures shown are for FY2021 (after restatement)

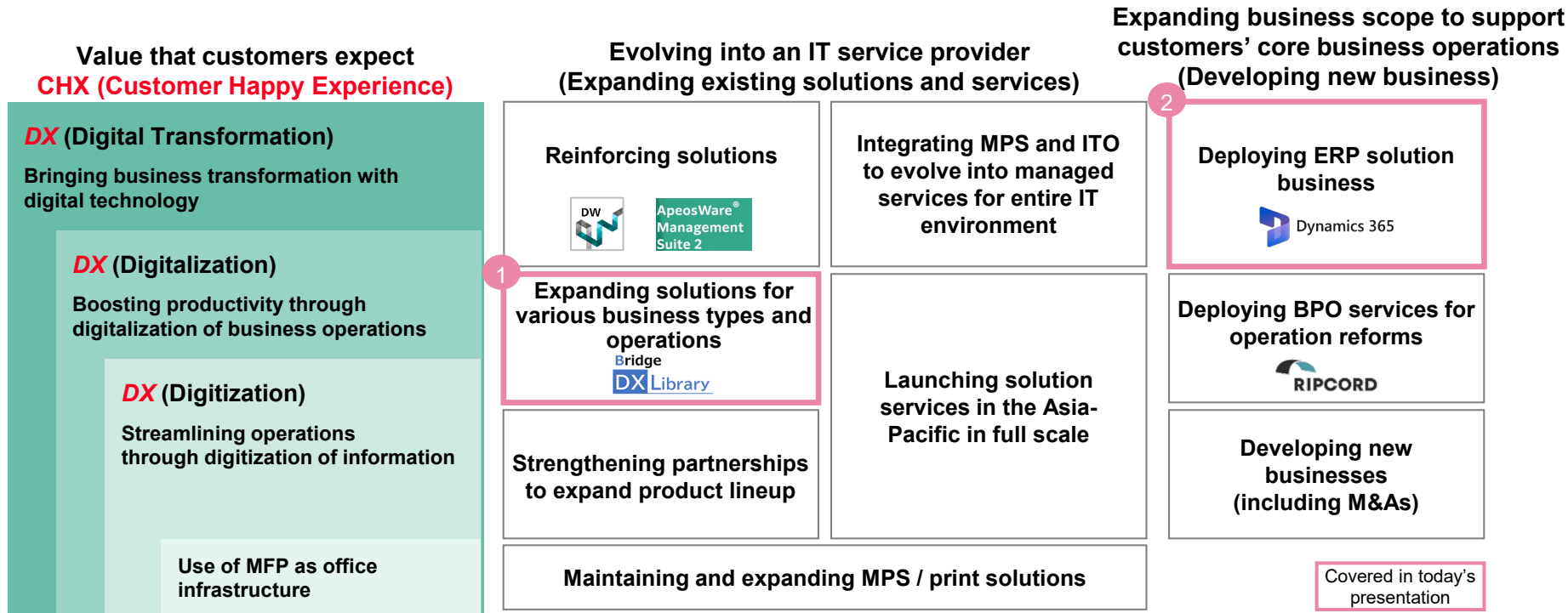
### Business solutions revenue breakdown



- **BPO (Business Process Outsourcing):**  
Core business process outsourcing services for local governments, public organizations and private enterprises
- **Digital services:**  
Customer communication support services using digital channels, e.g. email- and SMS-based messaging distribution

## Mid-term growth scenario for business solutions (future vision)

Offering one-stop DX services to help customers succeed and gain CHX (Customer Happy Experience), thus becoming their business innovation partner.



\*MPS (Managed Print Service): Optimizing the data output environment at offices to maintain and reinforce cost management, security and governance

ITO (IT Outsourcing): Drawing up IT strategy for clients and assisting the introduction, administration and management of the IT environment based on the strategy

BPO (Business Process Outsourcing): Offering outsourcing service of core work processes to local governments, public organizations and private enterprises FUJIFILM Holdings Corporation 19

## Case ① Bridge DX Library

Bridge DX Library offers solutions tailored to four industries, including construction and manufacturing, as well as solutions for business issues common to all industries, such as facilitating compliance with the Electronic Books Preservation Act, support for the invoicing system and enhancement of security, thereby becoming a bridge that guides customers to a success.

### Bridge

### DX Library

### Examples of values offer to each of the industries



#### Construction

- Centrally managing construction information such as surveying, quantification and quality control data to streamline construction management
- Digitizing internal and external information linkage to improve the pace and efficiency of construction management



#### Manufacturing

- Protecting technical information such as design and CAD data from malware
- Using image recognition system to achieve IoT with existing production facilities



#### Healthcare

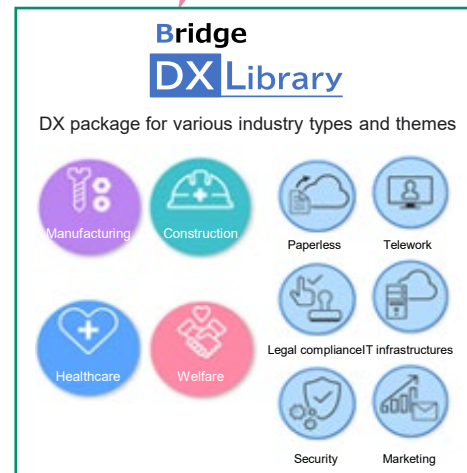
- Checking medical fee breakdown data to reduce the rate of medical fee review
- Improving the quality and efficiency of online meetings at medical sites



#### Welfare services

- Protecting users from randomware targeting welfare service businesses
- Streamlining contract-related operations and eliminating the use of paper

Current lineup:  
103 types of solutions

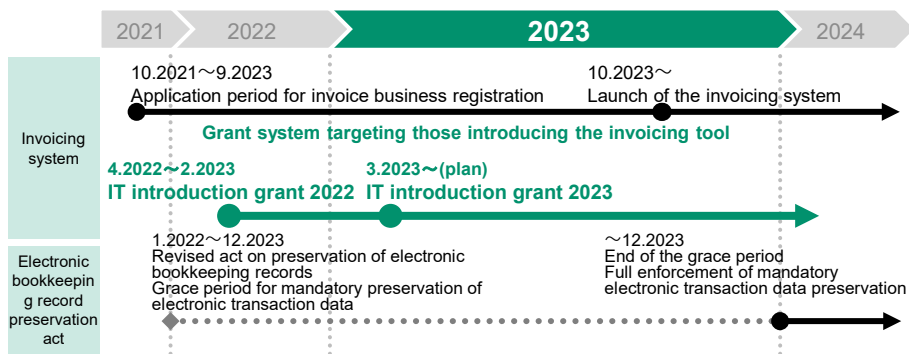


## Case ① Bridge DX Library

Offering solutions that facilitate compliance with the Electronic Record Preservation Act and the invoicing system to customers.

Bridge

DX Library



### Approach of FUJIFILM Business Innovation Corp.'s solutions

- Accounting** When requiring accounting process compatible with the invoicing system, such as account allocation by taxation category and tax calculation on purchased goods
- Billing** When requiring changes to be made on issued invoices and tax rate calculations
- Electronic recording** When requiring prevention of record alteration / deletion and instant searchability associated with mandatory electronic preservation of transaction data

### Case Solution for compliance with the Electronic Record Preservation Act



Eliminating paper use in sales order operations to reduce cost and comply with the electronic bookkeeping record preservation act

Example of the metal processing wholesaler A (50 employees)



**DocuWorks 9 + Document information entry**

- Email
- Download
- Paperless fax

Efficiently tagging keywords for searching while flipping through records on the screen

**Cloud storage**

- Visibility
- Authentic
- BCP

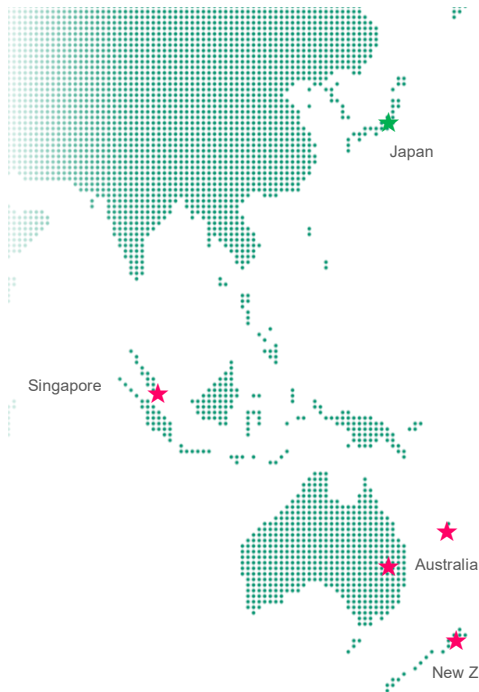
**Working Folder**  
Evidence management option

**JIIMA certified**

※These certification logos are licensed by the Japan Image and Information Management Association

## Case ② Entering into and expanding ERP DX solution business

Deploying ERP DX solutions built on a group of cloud-based applications including Microsoft Dynamics 365. Acquiring the Australian company Microchannel Services to launch full-scale global expansion of ERP DX business, targeting mid-tier and small to mid-sized enterprises.



**FUJIFILM**  
FUJIFILM Digital Solutions Co., Ltd.  
**Japan and Thailand**  
(January 1, 2022~)



**MicroChannel Services**  
**Australia · New Zealand**  
**Singapore**  
(March 1, 2023~)

M&A for new market expansion

Including Microsoft Dynamics365, SAP, Sage and other globally-deployed ERP system packages

**Supporting the sales and introduction of main ERP systems**

One-stop support from introduction to administration, allowing all users to handle operations digitally

**End-to-End service delivery**

**Award history**  
**100+**

Microsoft Solution Partner (previously Microsoft Dynamics 365 Gold Partner)  
SAP Partner of The Year - ANZ, Excellence Award ANZ - Sage Intacct etc.



**Strengths: Proven track records in marketing and supporting the introduction of various ERP systems, well-established customer base and IT human resources with advanced technological expertise**

## Case ② Entering into and expanding ERP DX solution business

**Offering end-to-end operations DX from customer's perspective, backed by in-depth knowledge, experiences and skills in business operation processes,**

### ERP system replacement (ultra-short introduction of Dynamics365) within FUJIFILM Digital Solutions

Advanced technological expertise and transformation know-how, fostered through ERP introduction to FUJIFILM Digital Solutions

Gold  
Microsoft Partner



ERP system replacement was carried out over 6 months by Microsoft-certified staff belonging to Fujifilm Digital Solutions. This is also to be performed within FUJIFILM Business Innovation in stages. DX know-how, substantiated by practical experiences, will be utilized.

### Fit-to-Standard approach to BPaaS\* delivery

\*Business Process as a Service

Speedy introduction through the use of templates, which incorporate know-how



**FUJIFILM Business Innovation's solid customer base (Japan / APAC)**

**Combination of operation know-how and office solutions, nurtured by FUJIFILM Business Innovation over many years**

**Growing the business solution business to ¥400.0 billion level by FY2027**



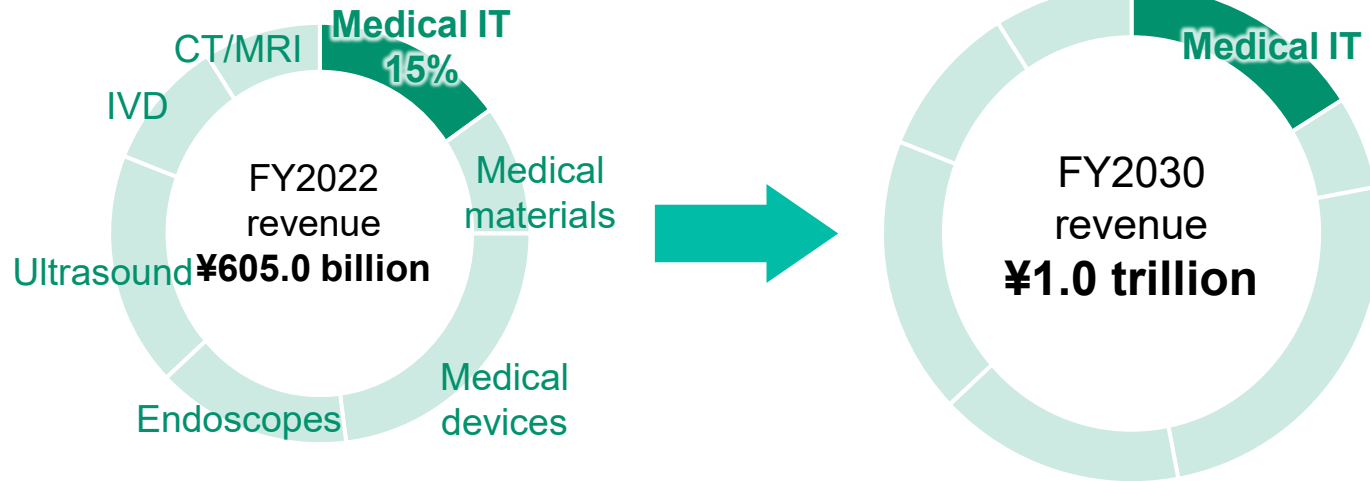
## 5. Products and Services DX

- Resolving social issues through medical systems business



# Products and Services DX – Resolving social issues through medical systems business

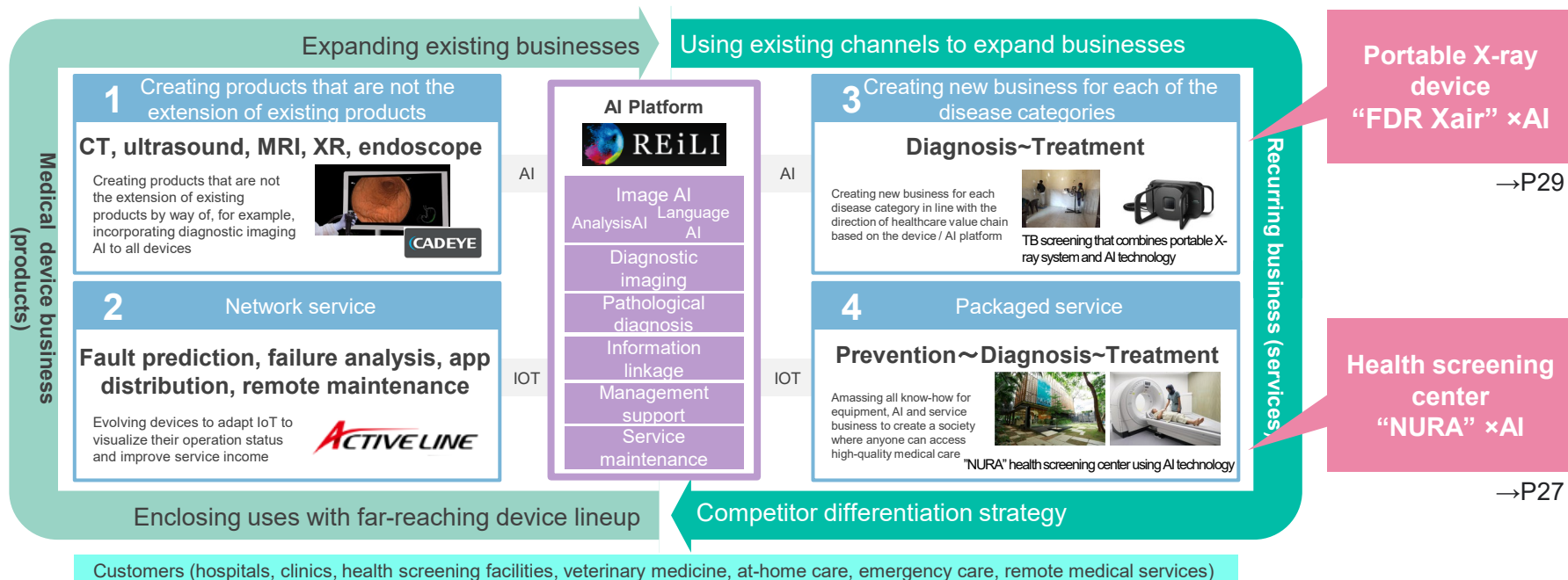
Deploying products and services, built with medical IT and based on our medical-use picture archiving and communication system (PACS) that boasts the world's top market share; Making full-scale entry into digital pathological business through M&A to further accelerate business growth



**Further accelerating the development of AI- and IT-based products and services to bring the total revenue of medical systems business to ¥1 trillion by FY2030**

# Medical IT strategy of the medical systems business

Using the AI technology brand “REiLI” as strategic foundation to shift our focus from “products” to “products plus services” in delivering value



Forming the “one and only healthcare value chain” that only Fujifilm is capable of offering

# “NURA” health screening center for early detection of cancer and lifestyle diseases

**【Target in the Health area】 Introducing products and services utilizing medical AI technology to all 196 countries and regions of the world by FY2030 to improve access to healthcare**

## Challenge in emerging countries

- Insufficient health screening system
- Importance of establishing awareness about receiving health screening for prevention and early detection

## Cancers in India

- No cancer screening system in India
- **Five-year survival rate** for cancer patients: **30%**  
(compared to **70%** in Japan, where health screening services are widely available)



**Deploying health screening services to contribute to boosting healthcare access in emerging countries**

## NURA



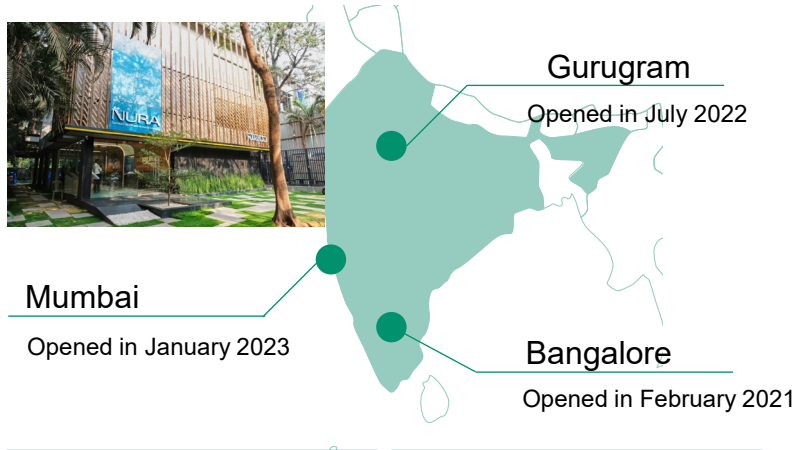
- Offering high-quality Japanese-style health screening services at reasonable prices (just over 20,000 yen)
- Using our medical devices and AI technology to contribute to early detection of cancer and lifestyle diseases

**120 minutes** to finish all tests and receive results

AI use to **substantially reduce** CT radiation dose

## “NURA” health screening centers for early detection of cancer and lifestyle diseases

### Establishing NURA sites



Cumulative number of people who have received screening as at the end of February 2023

**Approx. 7,500**

Target number of centers by FY2030

**100**

### Using NURA health screening data

- Selected as an Asia Digital Transformation Promotion Project by the Ministry of Economy, Trade and Industry (METI) of Japan
- Selected to participate in the Program for Supply Chain Resilience in the Indo-Pacific Region by the METI; Verifying the mechanism for utilizing user-consented anonymous health screening data under a secure environment

### Further expanding health screening services

To further expand health screening in emerging countries, it is important to not only increasing the number of screening centers but also build a mechanism for making effective use of screening data.

\*Analyzing health screening data to predict disease risks and encourage improving lifestyles

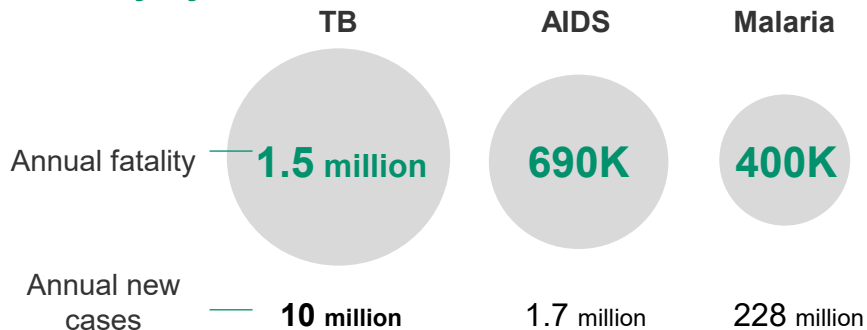
**By FY2030, the health screening service business is to be grown to about 20.0 billion yen level globally.**

## Portable X-ray system coupled with AI technology to eradicate tuberculosis

### Tuberculosis (TB) is an infectious disease causing largest fatality

- Potentially fatal disease that spreads through the air
- Infectious disease that can be cured through diagnosis and treatment
- Most new cases are reported in developing nations

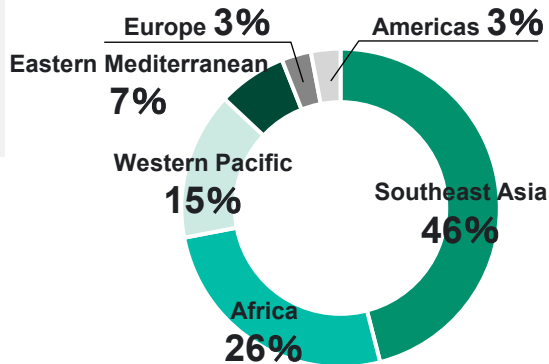
### Fatality by infectious diseases



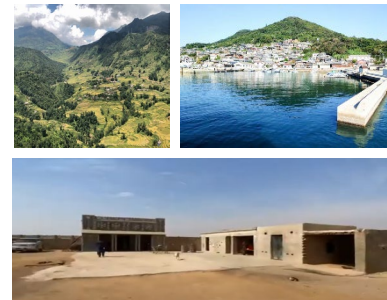
Source: "WHO Global Tuberculosis Report 2019," "Global HIV & AIDS Statistics – Fact Sheet" by UNAIDS and "WHO World Malaria Report 2019"

Of 10 million new TB cases reported, 4 million did not receive timely diagnosis and treatment.

### Regional distribution of new TB cases



### Regions that are left behind

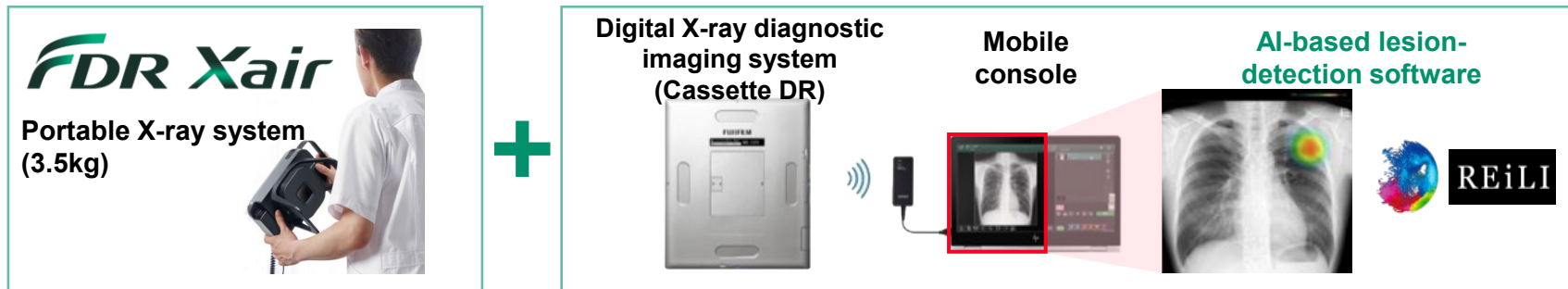


- This is a serious issue particularly in developing nations where medical system is underdeveloped. Many new cases live in regional areas that suffer from lack of sufficient medical facilities.
- "Sputum test" is the primary testing option in developing countries.
- The global goal is to eradicate TB by 2030 (SDGs).

Providing access to "screening" first to reduce TB fatality

# Portable X-ray system coupled with AI technology to eradicate tuberculosis

## ▶ Fujifilm's TB diagnostic solutions



**Compact, lightweight and not requiring power supplies**  
**Portability for testing anywhere**



## ▶ FDR Xair system to become a global standard

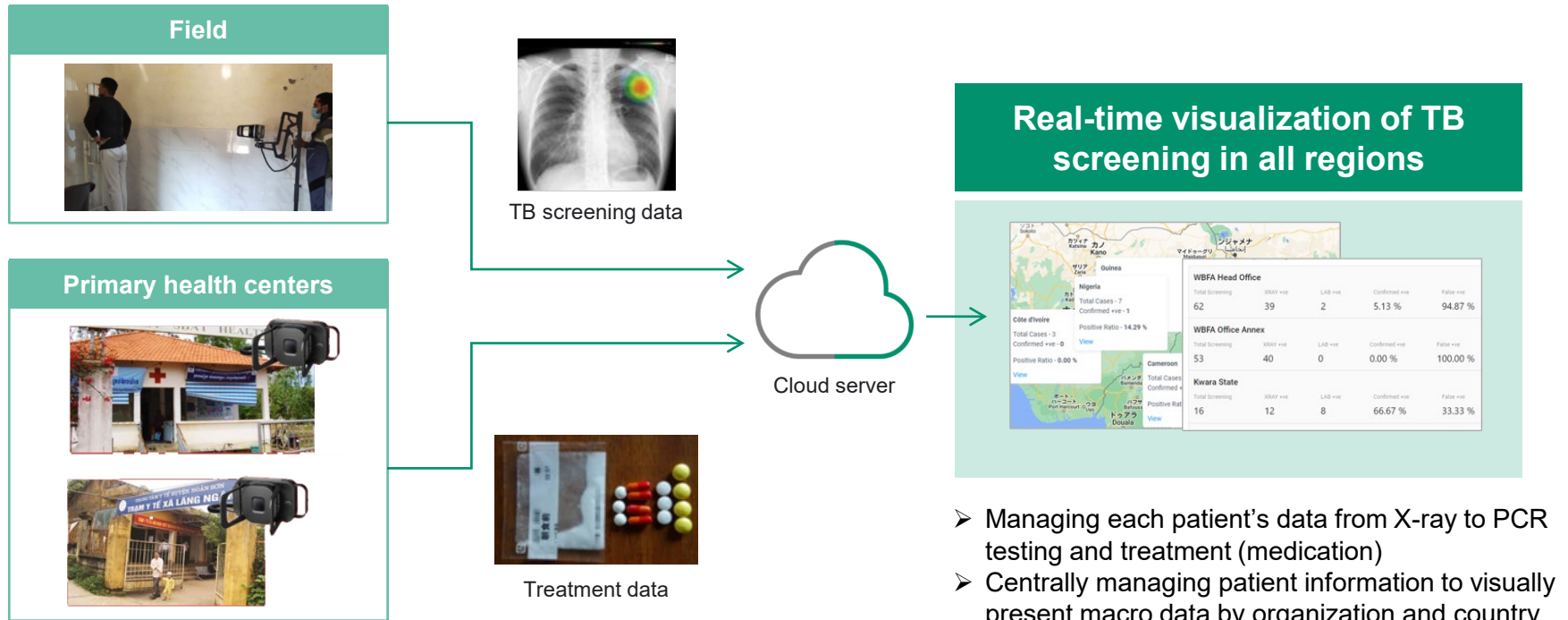
- **WHO has revised its guidelines**, recommending screening with chest X-ray image combined with AI support
- Long-term supply agreement signed with UNOPS\*
- Deployed to **30 countries**

**Shifting the global standard from sputum testing to X-ray screening**

\*UN Office for Project Services, specializing in infrastructure construction and other projects for facilitating the procurement and supply of products and services including pharmaceuticals, medical devices and vehicles

# Portable X-ray system coupled with AI technology to eradicate tuberculosis

The Fujifilm Group's future vision: Aiming to centrally manage data from TB screening tests and treatments conducted around the world  
Establishing Fujifilm's solutions as the foundation for supporting a sustainable society (Stage III)



- Managing each patient's data from X-ray to PCR testing and treatment (medication)
- Centrally managing patient information to visually present macro data by organization and country

## Further initiatives for resolving social issues

### Medical structure in developing countries

- Chronic concentration of patients to high-level hospitals, impacting treatment
- Primary health centers (PHCs) suffering from lack of diagnostic devices, human resources and stable power supplies

Central hospitals

Specialized medical care

State / County hospitals

Promoting treatment, prevention and health

Primary health centers (PHC)

Primary healthcare



2 million PHCs in developing countries

### Working toward solving issues

- Developing primary health functions to cater to day-to-day healthcare needs in each of the regions
- Providing simplified healthcare consultation at PHCs to determine whether to escalate each case to higher-level hospitals or keep them in observation

### Portable X-ray system x AI

*FDR Xair*



Limbs



Stomach



- Can be used at existing rooms; No additional investment required
- Battery-operated so that it can work in places with instable power supplies
- Simple and easy operations and advanced safety (WHO/IAEA-recommended specifications)
- Using AI to assist diagnosis and identify lesions immediately
- Using FDR Xair to enable screening for various conditions and areas of the body





## 6. Assessment by outside directors

## Assessment by outside director

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Fujifilm outside director

### **Makiko Eda**

Chief Representative Officer of World  
Economic Forum Japan  
Outside Director of Tokyo Electron Ltd.



October 2013: Representative Director and  
President of Intel K.K.

April 2018: Chief Representative Officer of World  
Economic Forum Japan

June 2018: Outside Director of FUJIFILM Holdings

- 
- Handling marketing for overseas markets for many years before becoming the Representative Director and President of Intel K.K.; Exerting powerful leadership to create new markets and foster global human resources
  - Currently working as the Chief Representative Officer of World Economic Forum Japan, collaborating with leaders of various sectors to take on issues in a variety of regions and industries and bring improvement on the global scale

1

### **Requirement for successful DX - Leadership understanding of digital technology**

→ Having CEO as the leader in DX promotion

2

### **Working on the premise that external environment and businesses will “change”**

→ Mechanism for adapting to changes

Effective use of information brought in through HR development

3

### **Innovative solutions for contribution to wellbeing**

→ Resolving healthcare gaps globally

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