

Social Systems, Solutions and Service Business (SSB)

VISION

Design Next Social Structure – Creating “Social Good” by Organically Linking People and Society through Social Automation

Ideas and Insights Shaping the SF2030 Vision

During the VG2020 period, the Social Systems, Solutions and Service Business integrated the UPS business in 2018 and the environmental business in 2020, aiming to establish a sustainable growth structure, and moreover, worked to solidify the earnings base and create a new growth trajectory based on multiple lines of business. Recognizing “labor shortages” as a social issue in search of a solution, we aimed to secure a firm position in the industry by cultivating the markets addressed by our base business, such as household storage battery systems, automatic fare collection (AFC) systems for railway stations, and payment terminals. We strove to eliminate inconvenience in daily life by offering greater value through solutions, such as the automation of hotel reception operations by means of check-in terminals; cleaning, security, and guidance services by autonomous service robots; and mobility-as-a-service (MaaS) based on mutual aid among residents in a community for regional revitalization. However, in fiscal 2021 we faced unprecedented headwinds, attributable to such factors as the COVID-19 pandemic, delays in the delivery of parts and materials, and exchange rate fluctuations, which highlighted the importance of the ability to effectively respond to change.

As we head toward the year 2030, new social issues will emerge, posing a threat to the security, safety, and comfort of our daily lives, such as more frequent natural disasters in view of global warming and an insufficient labor force owing to the declining birthrate and population aging. The values of people living in such times will continue to diversify. In addition to responding to our customers’ needs, in light of emerging social issues we will consider how social systems should be reset and seek solutions. Together with stakeholders who share our perspectives, we will endeavor to create “next-generation social systems.” Our ideas and insights as well as the processes corresponding to them are expressed by the word “Design” in our SF2030 business vision. We are committed to creating “social good” in the form of aspirational lifestyles and a bright future full of smiles.

Under SF2030, the social issues we will address are “achievement of carbon neutrality” and “realization of a digital society.” Social issues such as increasing CO₂ emissions, accelerating climate change and lack of labor force due to the accelerating decline in the birthrate and population aging could cause various inconveniences and concerns in our daily life. For companies, management issues are becoming more complex in view of the need for business continuity and decisive action on the environmental front. We need to resolve not only on-site issues by providing existing devices and services but also to work with customers, helping them resolve their management issues. We will contribute to the creation of a future society that is safer, securer, and more comfortable. We will aim to realize next-generation social systems through social automation cultivated in the Social Systems, Solutions and Service Business.

We have three goals under SF 1st Stage: firstly, “provision of control systems that stabilize power generation,” secondly, “development of management and service systems that support efficient use of on-site systems,” and thirdly, “enhancement of operational efficiency of the social infrastructure business.” With a view to resolving social issues, we will continue applying our strengths in ways beneficial to society so as to become an indispensable element of society in the runup to SF 2nd Stage (from fiscal 2025 onward).

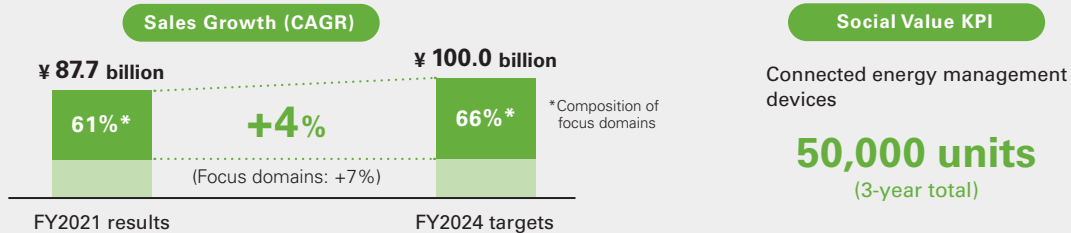


Managing Executive Officer,
President
OMRON SOCIAL SOLUTIONS Co., Ltd.

Toshio Hosoi

About SF 1st Stage

Targets



Focus Domains



Renewable energy control
(residential / industrial / mobility)



Management and services

Major Initiatives

The Social Systems, Solutions and Service Business aims to contribute to “diffusion and efficient use of renewable energy and sustainable infrastructure to support digital society.” So far, we have contributed to the diffusion of solar power generation and storage batteries. Going forward, we will contribute to the further diffusion of renewable energy by eliminating instability in power generation using our advanced energy control technology. In the social infrastructure field, capitalizing on our extensive knowledge of the sites where various equipment and facilities are in use, we have supported operation and maintenance through a nationwide service network. Going forward, by offering management and services that support efficient operation of on-site systems, we will help our customers innovate their maintenance and operation processes.

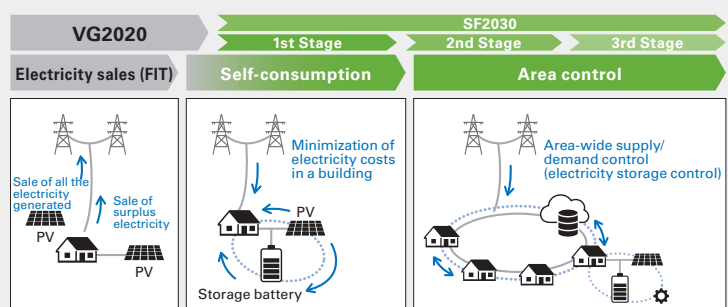
1. Focus domains under SF2030

Under SF2030, we will focus on two businesses: “energy solutions” and “management and services.” Regarding energy solutions, we will eliminate instability in power generation by applying our advanced energy control technology, expand the introduction of remotely controllable energy storage systems, and further promote renewable energy in the residential, industrial, and mobility fields, thereby contributing to the realization of a resilient carbon-neutral society. Regarding management and services, in order to ensure efficient operation of on-site systems for maintaining equipment and systems and supporting operation of customers’ facilities, we will innovate maintenance and operation processes. To create and expand recurring service businesses that leverage customer assets, we will develop management and service systems with the aim of resolving labor shortages.

2. Initiatives for area-wide energy supply/demand control

Under SF 1st Stage, we will work on “renewable energy control” in three major fields: “residential,” “industrial,” and “mobility.” For the residential field, we will connect energy resources through the efficient implementation of energy storage systems in society and adding services with continuous contact points, such as obtaining carbon offset credits under the J-credit scheme. From SF 2nd Stage onward, we aim to realize advanced energy supply/demand control services using peak shifting and market transactions. For the industrial field, we will prepare to secure a position at the forefront of developments in the energy field by combining business verification of the power purchase agreement (PPA) and management and services. PPA involves ownership and management of solar power generation facilities on land and roofs provided by facility owners. For the mobility area, under SF 1st Stage, we will establish component services for EVs and PHEVs in both the residential and industrial markets. And from SF 2nd Stage onward, we aim to provide supply/demand control services. Through these initiatives that transcend conventional fields, we will realize area-wide or regional energy supply/demand control and promote the wider application of renewable energy in society. We will enhance our ability to swiftly create solutions through concurrent activities.

Envisioned power system



From a Field Perspective to a Management Perspective to Support Social Infrastructure with Management and Services

Convenience stores, numbering some 57,000 in Japan, constitute important social infrastructure underpinning daily life. For more than 50 years, OMRON has supported railways, roads, and various other social infrastructure as a provider of equipment and systems as well as on-site services covering maintenance, operation, and engineering. We will present a case study on the solution we provided for a maintenance operations management issue of a nationwide store system, which involved application of expertise we have long cultivated in the field.

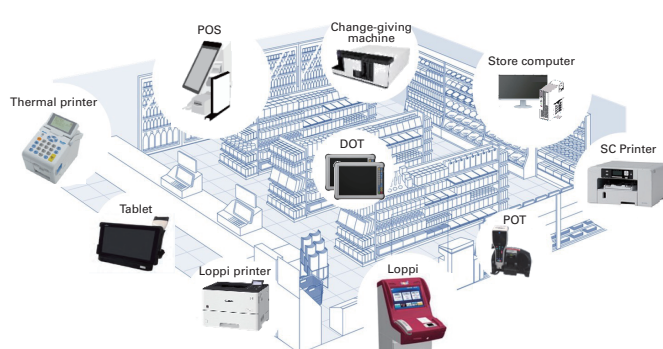
Optimization of the customer's operations through centralized maintenance services

Lawson with 15,000 stores nationwide was experiencing as many as 2,200 equipment failures per month. However, because multiple manufacturers dealt with troubleshooting for different types of equipment, insufficiencies in maintenance operation management, namely, the inability to grasp the current status in real time, utilize accumulated knowledge, and implement store quality control and equipment control, were an issue for Lawson.

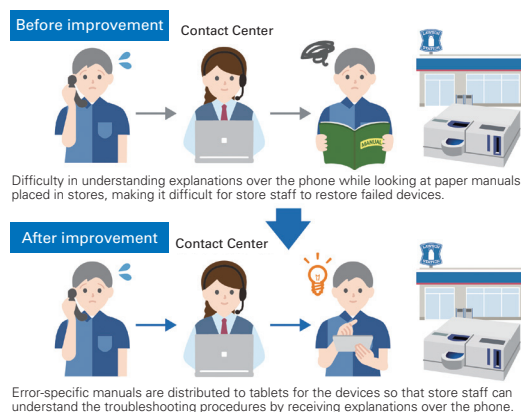
OMRON FIELD ENGINEERING has some 140 bases nationwide and takes pride in its ability to provide uniform services. In order to resolve this issue, the company launched a project team to establish integrated management of all types of equipment from multiple manufacturers. Within as little as eight months, we had swiftly established a nationwide one-stop integrated maintenance system. Moreover, by introducing a system to centrally manage call center operations and troubleshooting at stores, knowledge was accumulated through visualization and analysis of data on trouble. Tablets are used for sharing information with store staff. As a result, the failure resolution rate at stores has increased significantly, and the rate of dispatching service personnel to stores has been reduced by approximately 30%.



OMRON FIELD
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Equipment subject to maintenance management at Lawson stores



From resolution of field issues to resolution of management issues

With our comprehensive integrated maintenance services launched in 2019, considering the labor- and manpower-saving needs of Lawson's management, we provide services, including receiving equipment failure reports, on-site work such as maintenance and installation, logistics, kitting, and reporting agency services. In addition, we are now actively involved in initiatives to reduce environmental impacts and address the SDGs through reduction of waste and losses by promoting repair and reuse of in-store equipment, reduction of the frequency of dispatching of service personnel, and reduction of CO₂ emissions by optimizing the method of equipment transportation.

We will continue our efforts to optimize Lawson's operations by asking ourselves "What value can we provide?" and contribute to the realization of Lawson's vision of a "Hub of refreshment in every community."

We are grateful to OMRON FIELD ENGINEERING for establishing a system for visualization of operation and maintenance of various types of equipment from multiple manufacturers by organizing the infrastructure for it. Every aspect of store status nationwide can now be grasped in real time, including on-site operation and maintenance work, inventory control, and improvement of inefficient operations.

As a "change-responsive business," Lawson has responded to the changing needs of society and customers and continually created new products and services. As a "Hub of refreshment in every community," to be true to our three promises, "Superior taste," "Human kindness," and "Environmental (Machi) friendliness," we will continue to take on the challenge of serving society and the community. We would like to promote various initiatives with our strategic partner OMRON FIELD ENGINEERING and build a win-win relationship so as to achieve further benefits from the perspective of the SDGs.

Project Promotion Department, IT Solutions Headquarters, Lawson, Inc. **Kazuyuki Tokuhira**

LAWSON



Fiscal 2021 Business Highlights

In fiscal 2021, our Energy Solutions Business saw significant growth in sales of storage battery systems as we endeavored to secure components to meet the growing demand for carbon-neutral businesses and disaster prevention and mitigation. On the other hand, the Public Transportation System Business experienced the impact of ongoing restrained investment by major customers owing to the prolonged effects of the COVID-19 pandemic. As a result, net sales were lower year on year. Operating income rose significantly year on year, despite the impact of lower net sales, owing to efforts to control fixed costs and increase added value. As a result, net sales for fiscal 2021 totaled ¥87.7 billion, a decrease of 8.3% compared with the previous fiscal year, and operating income totaled ¥6.5 billion, an increase of 14.3% compared with the previous fiscal year.

Sales Composition by Business Domains



Strengths of the Social Systems, Solutions and Service Business (SSB)

- A number of unique automation technologies and innovations created since the establishment of the company, including the world's first "electronic auto-sensitive traffic light" and "unmanned station system"
- Position as an industry opinion leader with No. 1 or No. 2 market shares for a wide range of social systems, including in the railway, mobility, and energy sectors
- Provision of one-stop solutions from manufacturing to software and comprehensive services for maintenance and operation to solve on-site issues

INPUT

- R&D cost: Total ¥3.5 billion
- Capital expenditure: Total ¥2.8 billion (Results for FY2021)
- Sales network with some 140 bases nationwide offering comprehensive services
- Concluded two collaboration agreements with local governments to resolve social issues faced by regions (FY2021)
- PoC for creation of new services, such as stabilization of new regional electric power, utilization of EVs and PHEVs, and linkage of robots with building facilities

OUTPUT

- Net sales: ¥87.7 billion (-8.3% YoY)
Operating income: ¥6.5 billion (+14.3% YoY)
- Cumulative shipped capacity of solar power systems: 10.8 GW
Cumulative shipped capacity of storage battery systems: 0.9 GWh
- Started providing long-term stable operation services for solar power generation to promote renewable energy
- Launched a service to collect and utilize private consumption of electricity produced by solar power generation as environmental value through the J-Credit Scheme
- Started providing a river monitoring system for heavy rainfall and MaaS based on mutual aid among residents of communities in the regions
- Started providing a data utilization platform service for facility management in view of increasingly acute labor shortages

OUTCOME

Contributed to realization of a better society in which people around the world can continue to live in a safer, more secure and comfortable society by expanding renewable energy and providing people-friendly next-generation systems

