

## Innovation Exploring Initiative HQ (IXI)

### Achievements in Fiscal 2023

The Innovation Exploring Initiative HQ (IXI) achieved a strong start in fiscal 2023. Of particular significance was the establishment of the Data Solution Business HQ (DSB), OMRON's fifth business company, originating from IXI. DSB has two missions. One is to accelerate the growth of JMDC Inc., which has joined the OMRON Group. The other is to integrate JMDC Inc.'s data management and solution development capabilities with the vast amount of on-site data obtained from OMRON's devices and components, in order to evolve OMRON's business model and create growth businesses that will help resolve social issues. Collaboration between JMDC Inc. and OMRON, which have different business models and corporate cultures, is rooted in a relationship of trust in which each views the other as the best partner. IXI played a central role in acting promptly and decisively to capitalize on OMRON's unique capabilities, including establishment of the Health & Productivity Management Alliance.

Another milestone is the launch of services—the data utilization solution business and the elderly care solution business—by two in-house startups that IXI incubated and whose business hypotheses it validated. In fiscal 2024, the two businesses were transferred to DSB following its establishment. The data utilization solutions and the Healy Ageing Solutions are experiencing accelerating sales growth, aiming for profitability in fiscal 2025 and fiscal 2026, respectively.

### Evolution of Business Creation Approach

The establishment of DSB has clarified OMRON's strategy to create new businesses and transform business models. All of DSB's focus businesses are based on themes that IXI earmarked for promotion, such as data healthcare and support for achieving carbon neutrality in manufacturing industry. Viewing DSB's focus businesses as "stepping stones," IXI will concentrate on expanding their peripheral businesses by implementing timely measures to accelerate their growth.

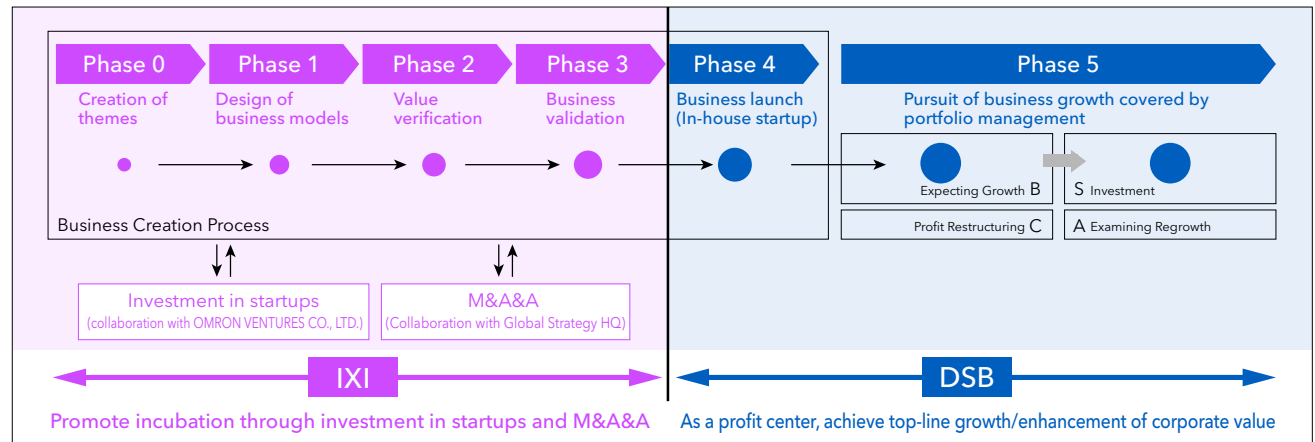
In creating peripheral businesses, we will shift our approach from germinating business seeds based on ideas to achieving progress through open innovation, such as by means of M&A&A (the last A being alliance) and co-creation with startups. We draw up new business concepts from a

medium- to long-term perspective and link them with the business expansion strategies of DSB and other business companies to contribute to OMRON's growth.

### Promotion of DX throughout the OMRON Group

Since fiscal 2023, OMRON has been tackling companywide business innovation using generative AI, positioning IXI as a Center of Excellence (CoE). In promoting NEXT 2025, companywide business process reform through DX is indispensable, but a strong engine is needed to drive initiatives across the board. By taking maximum advantage of IXI's expertise in value verification of new businesses and business transformation for NEXT 2025, we intend to lead transformation of the entire OMRON Group.

### New Approach for Business Creation



## Implanting a Culture of Innovation throughout OMRON

One of IXI's missions is to "develop human resources," that is, to foster a large number of people who can drive innovation across OMRON. DSB's establishment and DX promotion throughout the OMRON Group, which were achievements of fiscal 2023, were the fruits of our efforts to strengthen the human resource portfolio and human resources development.

IXI has introduced the Employee Experience (EX) Journey, a systematized approach to human resources development. The goal is to have IXI members rapidly unleash their full potential after joining IXI so that they can achieve impactful results. Additionally, the initiative aims to ensure that employees seconded to IXI return to their respective organizations as ambassadors of the culture of innovation. The "employee experience" encompasses every stage, from pre-transfer (or pre-joining), onboarding, and the first day to career development, and even the post-IXI journey. As a result of the introduction of EX Journey, employees with diverse backgrounds drawn from inside and outside the company are able to take on the challenge of creating new businesses and promoting DX for OMRON as a whole while leveraging their respective strengths. An increasing number of employees who have gained experience at IXI are bringing the culture of innovation back to their respective organizations after leaving IXI, driving cultural transformation throughout OMRON. This includes fostering a heightened sense of urgency by stressing speed and promoting value enhancement, with ideas for improvement shared freely, regardless of positions in the corporate hierarchy.

## Toward Further Advancement

IXI underwent a major evolution in fiscal 2023, but its goals remain the same. As an innovation platform for the entire OMRON Group and as an experimental organization that transforms challenges into opportunities for learning, IXI strives to create new businesses, transcending the boundaries of business companies, and contribute to the maximization of OMRON's corporate value.

### Column 1: Establishment of the Health & Productivity Management Alliance

The Health & Productivity Management Alliance is a collaborative framework for companies that share a vision of "revitalizing Japanese companies and securing the sustainability of company-run health insurance societies by promoting employees' well-being." At the initiative of IXI, plans were firmed up and OMRON and eight other leading managing companies created a framework for collaboration with ministries, agencies, and academic institutions, transcending the boundaries of industries, business sectors, and companies. In just over a year since its establishment, the Health & Productivity Management Alliance has expanded to include 424 companies and organizations\*, and has emerged as a platform where members share pioneering initiatives. From fiscal 2024, subcommittee activities will be emphasized to achieve results through collaboration among companies in a more practical manner for further evolution.

\*As of August 29, 2024



 Health & Productivity Management Alliance

### Column 2: Promoting Generative AI Utilization Promotion Project

The "Generative AI Utilization Promotion Project (AIZAQ)" was launched to apply IXI's expertise in value verification for new businesses and business transformation across OMRON. More than 200 people from across OMRON, all with a strong desire to raise productivity and innovate the customer value proposition through the use of generative AI, have joined forces in this project led by IXI. Participants include not only those with generative AI expertise who can provide technical support, but also employees without experience of AI who are eager to improve the efficiency of their daily work and drive meaningful change. A broad spectrum of individuals—ranging from managers to young employees, regardless of position, age, or department—are actively engaged in AIZAQ and are practicing trial & learning. At first, themes were solicited from across the company wherever generative AI could be applied. Personnel were assigned to each theme, goals were set and verification of AI's utilization began. During the first six months of the initiative, issues in utilizing generative AI were identified and concrete results were achieved for some 20 use cases. For example, one use case involved tabulating and analyzing customer questionnaires about products. The desirability of replacing existing tasks with generative AI was verified, and positive results prompted horizontal deployment to other divisions. From fiscal 2024, the goal is to annually develop 50 use cases so as to continually accumulate and share knowledge throughout the company, while achieving further progress through horizontal deployment.