IR day2024 Session 3
「IT Strategy (Enterprise Architecture)」

NIPPON EXPRESS HOLDINGS,INC.
September 13 , 2024

IT Strategy in Support of Management Strategy

- We implement our IT strategy from the same perspective as our management strategy, seeking to achieve our long-term vision as we head toward the 100th anniversary of Nippon Express.
- Our plan includes milestones and rolling updates to respond to changes in the business environment.

Issues From a Management Perspective
Sustainability management
Accelerating growth in global markets
Rebuilding our businesses in Japan

IT Support of Business Operations
Rapidly expanding ESG-related functions
Urgent need for forwarding systems
Siloed systems in each country and company

Integration of IT Strategy
Design a future vision based on management, business, and IT issues

As of September 2024

Strategy From a Business Perspective
Set short- and long-term priorities, focus investments and resources

Consistency With the 2028 Medium-Term Plan
Steady progress toward medium-term plan goals

100th Anniversary in 2037
A logistics company with a strong presence in the global market

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Environment and Issues Surrounding IT

IT Environment

- The business environment is becoming more complex, both internally and externally. The number of matters we must address is increasing at an accelerating pace.
- Leaving IT development to take a back seat will cause a large gap to open up in terms of securing human resources and keeping up with the latest developments.
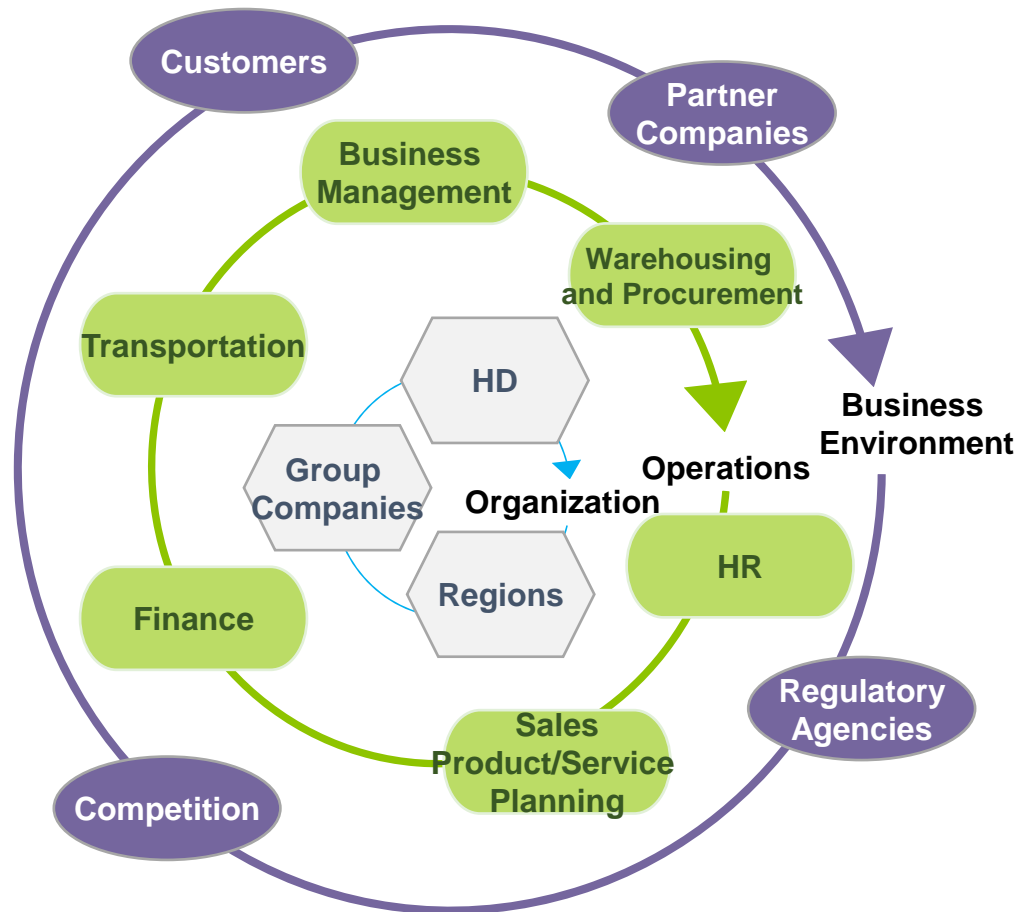
Environmental Changes and IT Trends

External Environment

Response to Evolving Business Risks and Management Vision

- The business and competitive environments are changing rapidly, requiring a flexible IT infrastructure to adapt
- Group-wide governance is necessary to achieve ESG goals and other materiality

IT Environment

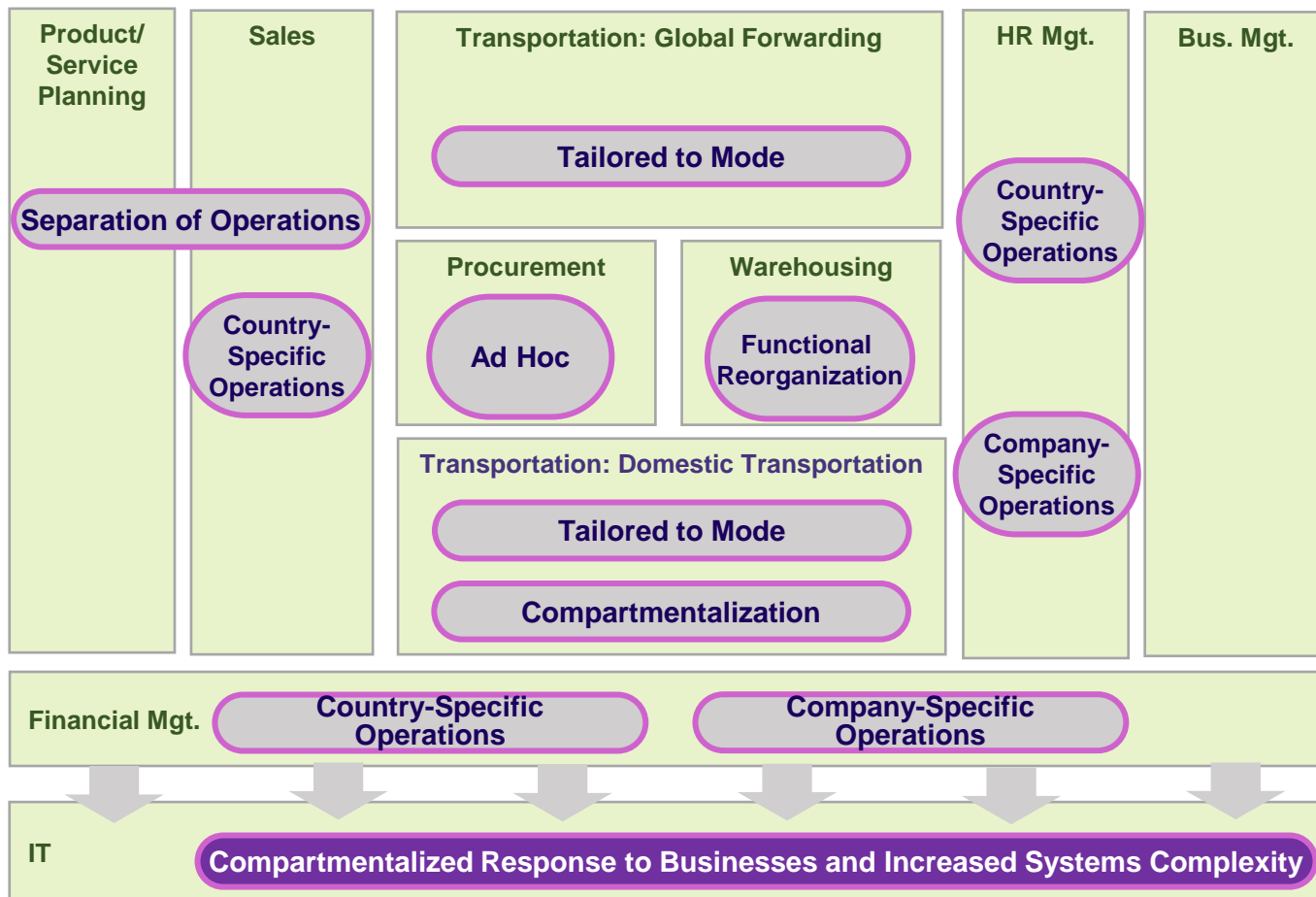**Accelerated Importance of IT, Advancement of Digital Technology**

- Shortened software life cycle, chronic shortage of labor due to enormous vendor upgrade needs
- Urgent need to apply new technologies due to the rise of generative AI and sensor technologies

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To Date, NX Has Tied IT to Business Functions (As-Is)

Current IT
- Maintaining IT at NX has become complex due to a focus on business functions.
- While IT responds to business requests in detail, agility sufficient to follow business strategies has been a weak point.

Systems Deployment by Business at NX

Product/ Service Planning	Sales	Transportation: Global Forwarding		HR Mgt.	Bus. Mgt.
		Tailored to Mode			
Separation of Operations		**Procurement**	**Warehousing**	*Country-Specific Operations*	
	Country-Specific Operations	*Ad Hoc*	*Functional Reorganization*		
		Transportation: Domestic Transportation		*Company-Specific Operations*	
		Tailored to Mode			
		Compartmentalization			

Financial Mgt. — *Country-Specific Operations* — *Company-Specific Operations*

IT — **Compartmentalized Response to Businesses and Increased Systems Complexity**

Cost Reduction Issues

- **Siloed:** NX systems have been built for each business; **no standard business and system functions**
- **Decentralized/custom systems:** Siloed systems led to a lack of applicable technologies and business scope, etc., leading to **cases of duplication**

Sales Contribution Issues

- **End-to-end services:** Urgent need to improve service quality and simplify **systems integration** for rapid product launches
- **Expanding the top line:** Urgent need to improve group and global **operational infrastructure** for priority customers and priority businesses

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Enterprise Architecture (EA) Combining Overall Optimization and Strategic Compartmentalized Optimization

EA at NX	• Optimize holistically while retaining competitive edge • Competitive advantage of a growing top line ensures flexibility for differentiation • Standardize and centralize for optimal allocation of management resources and reduced costs

Grow top line to ensure competitive advantage

Focus on business competitiveness Strategic compartmentalized optimization

- **Leverage the NX sales force   Sales Enablement**
- **Extend product and service lines   Differentiate warehouse systems**
- **Roll out global forwarding across multiple countries**
- **Achieve modal combination**

Standardize and consolidate for cost reductions

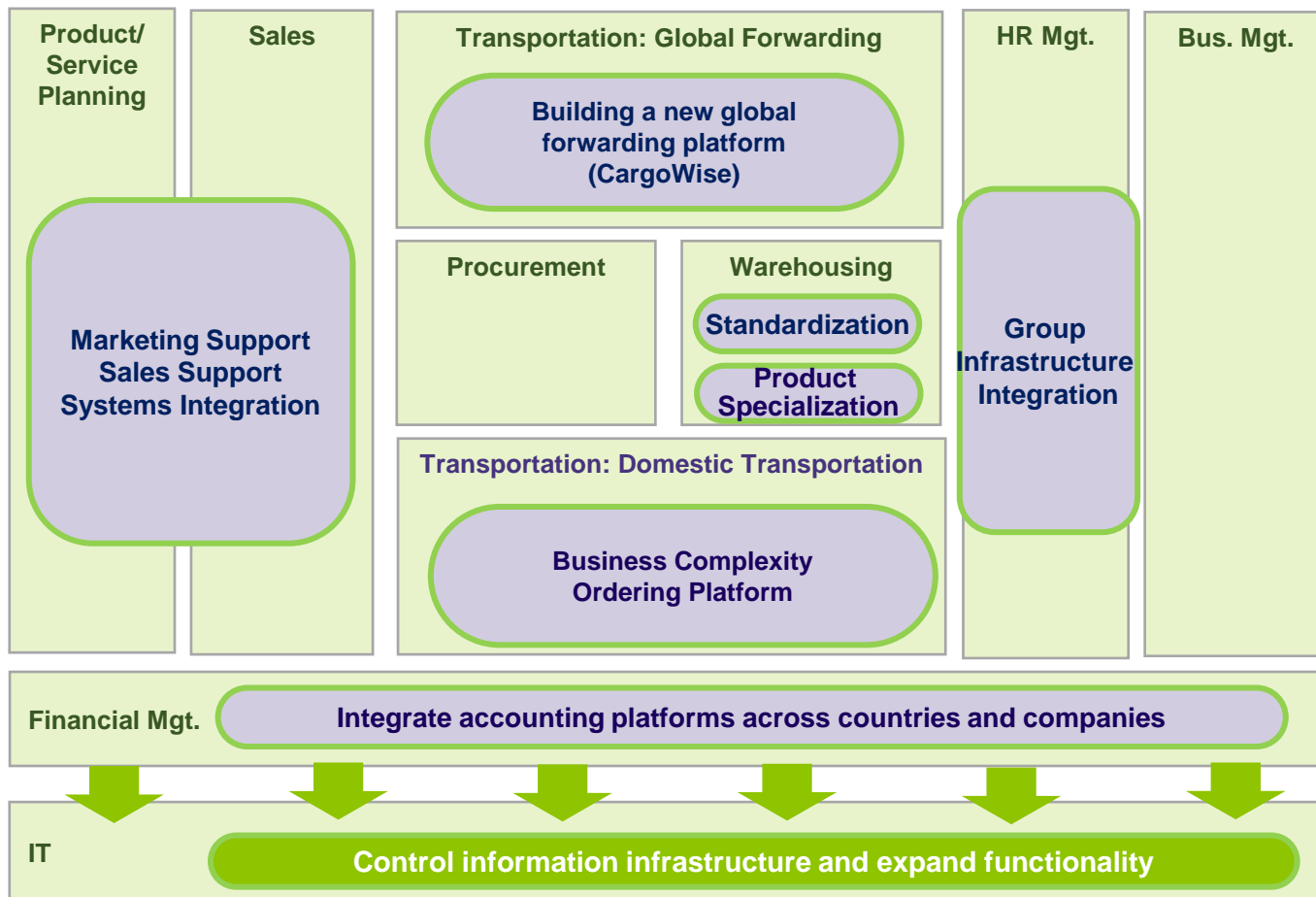**Emphasize overall consistency Overall optimization**

- **Robust and integrated accounting system**
- **Optimize IT assets by consolidating similar functions**
- **Aggregate information necessary for sustainability management**
- **Integrate existing IT products and systems, build expertise**
- **Practice governance (group and region initiatives)**

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Look to the Future of Operations While Hastening Initiatives in Progress (To-Be)

IT Strategy Essentials
- Embarked on comprehensive platforming and standardization to respond quickly to the business environment
- Aiming to achieve business measures as quickly as possible to continue IT as a support for sales growth

Systems Deployment by Business at NX

Product/Service Planning

Sales

Marketing Support
Sales Support
Systems Integration

Transportation: Global Forwarding

Building a new global forwarding platform (CargoWise)

Procurement

Warehousing

Standardization

Product Specialization

Transportation: Domestic Transportation

Business Complexity Ordering Platform

HR Mgt.

Group Infrastructure Integration

Bus. Mgt.

Financial Mgt. — Integrate accounting platforms across countries and companies

IT — Control information infrastructure and expand functionality

Expand End-to-End Services

- **Integrate business structurefor systematic sales strategies**
- **Upgrade operations via new global forwarding system**
- **Improve sales, operations, and profitability based on a platform for domestic transportation orders**
- **Reduce costs via product line expansion and standardized warehouse operations**

Business Standardization and Group Synergies

- **Consolidate businesses and roll out integrated accounting infrastructure**
- **Create a human capital infrastructure and pursue talent discovery**

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Data Utilization to Maximize the Value of Applications
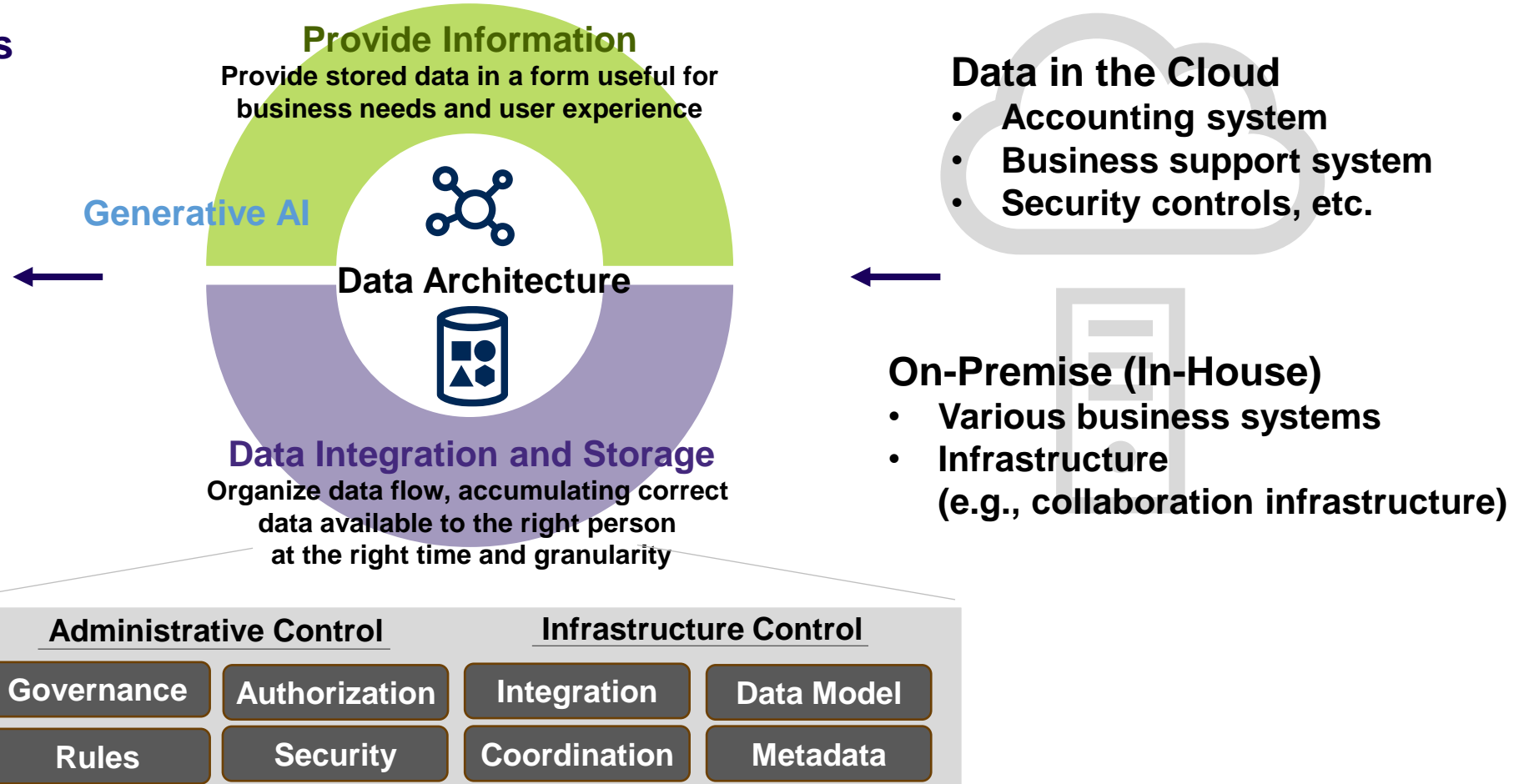
Data Maintenance Policy	• We are developing the NX Data Station as a shared global data platform • Our data architecture activities will lead to DX that incorporates advanced technology made possible by data integration and an expanded scope of utilization

Responding to Business Needs

- **Achieve operational measures**
- **Meet analytical needs**
- **Provide cross-system information**

Ensuring User Convenience

- **Location is standardized, providing access to consistent information**
- **Access to necessary information under appropriate authorization management**

Provide Information
Provide stored data in a form useful for business needs and user experience

Generative AI

Data Architecture

Data Integration and Storage
Organize data flow, accumulating correct data available to the right person at the right time and granularity

Data in the Cloud
- **Accounting system**
- **Business support system**
- **Security controls, etc.**

On-Premise (In-House)
- **Various business systems**
- **Infrastructure (e.g., collaboration infrastructure)**

Administrative Control

Governance	Authorization
Rules	Security

Infrastructure Control

Integration	Data Model
Coordination	Metadata

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Optimize Operations and IT Through Plan Integration and Implementation Via EA

The Ultimate Aim of EA

- Continue optimization through EA to achieve IT supporting the cycle of cost reductions and profit contribution
- Implement proactive IT by creating extra capacity and system standardization through lean-ness (waste elimination)

Plan Integration and Implementation Via EA

Cost Reductions

- **Comprehensive platform building**
  - Control expenditures by consolidating licenses
  - Reduce IT assets through function consolidate and optimal allocation
- **Process review triggered by system redesign**
  - Support shared services and business consolidation
  - Pursue ROI through operations standardization

Support for Business Growth

- **Boost sales growth in transportation operations**
  - Integrate business infrastructure and strengthen sales support functions
  - Offer end-to-end services for sales, transportation, and warehousing
- **Support for business integration in anticipation of M&A**
  - Pursue IT that can drive group synergies and collaborations with other companies

September 13, 2024 IR day

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