



# New Medium-Term Management Plan “Shift up 2024”

May 30 & June 9, 2022

Yushi Ushijima, President

NEC Networks & System Integration Corporation

(TSE: 1973, NESIC)

**\*Please see [https://www.nesic.co.jp/english/ir/library/kg6ogt0000000106-att/20220510\\_eng01.pdf](https://www.nesic.co.jp/english/ir/library/kg6ogt0000000106-att/20220510_eng01.pdf)  
for the full slides of “Shift up 2004” (Company-total version only)**

## Summary of “Shift up 2024”

# Shift up 2024

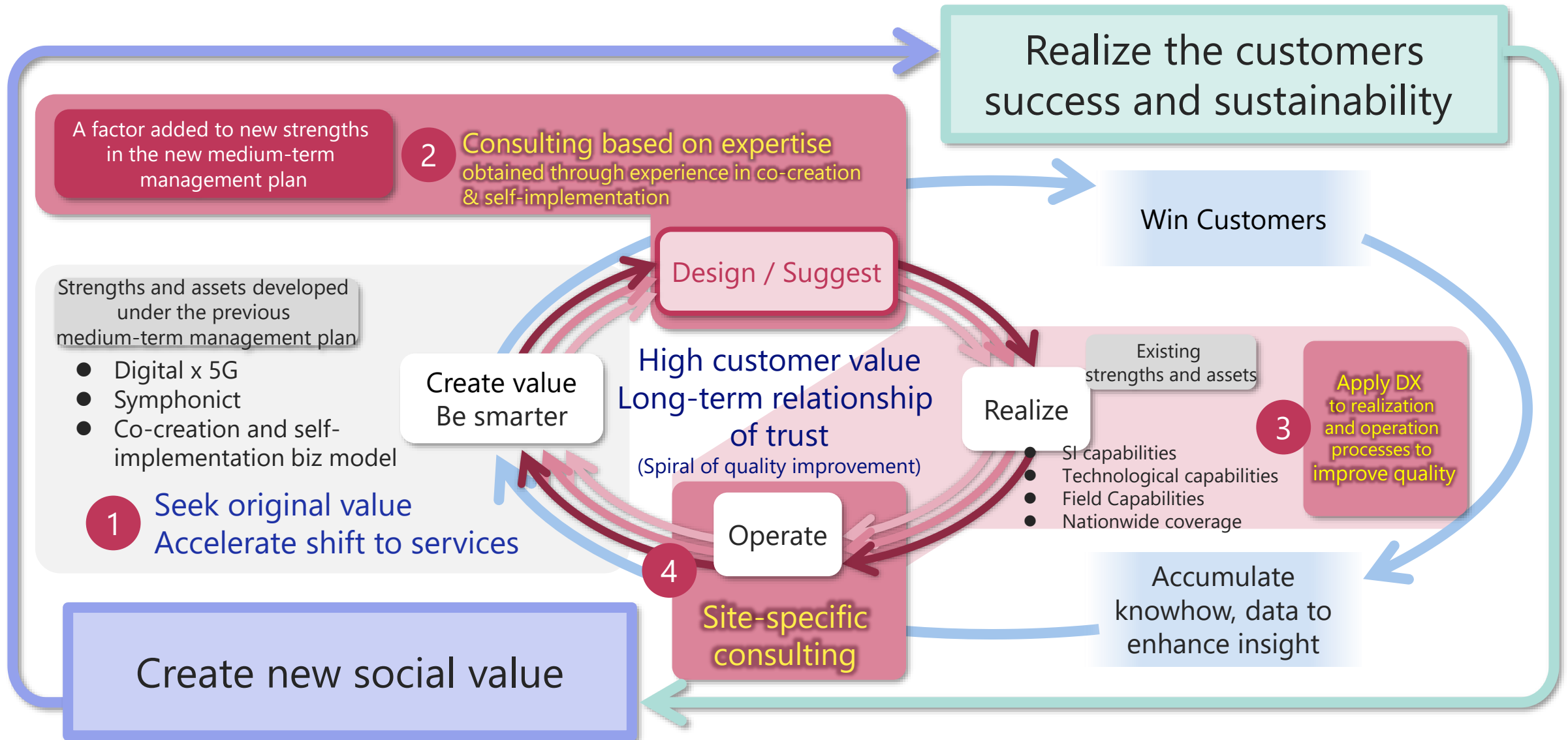
Elevating society

DX and Beyond 5G  
From *demonstration*  
to *realization*

Relationship  
with customers  
From *co-creation*  
to *creation in harmony*

Business model  
From *project-type*  
to *spiral-type*

# Spiral-Type Growth Model: A Recurring Model Based on Consulting



# Basic Strategies

**1**

Accelerating Original Value Creation

**2**

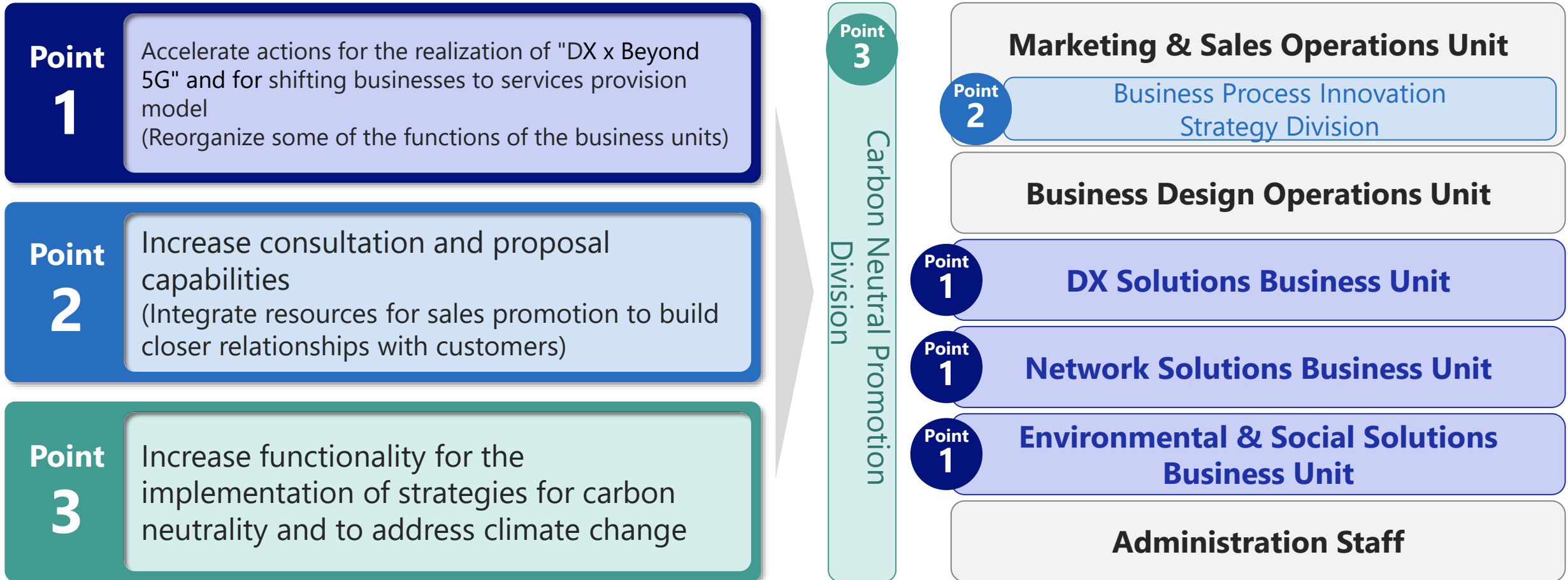
Advancing Solution Capabilities

**3**

Evolve into DX-Native Company

# Organization Strategy

Refine the organization with a view  
toward the realization of DX and Beyond 5G



# Medium-term Financial Targets

(¥ Bn.)	FY2022/3	FY2025/3 target	Record high
Net sales	310.3	370	339.1 (FY2021/3)
Operating income	23.2	34	25.6 (FY2021/3)
(to sales)	7.5%	9.2%	7.5%
ROE	11.6%	13%+	13.5% (FY2021/3)

\*Targets as at May 10

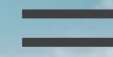


# What We Seek to Achieve in 2030

**DX**



**Beyond 5G**  
(next-generation  
networks)



**Sustainable  
Symphonic  
Society**

Realization of a sustainable  
society with prosperity  
that resonates for all

**Provide services that anticipate  
future changes in society and technologies**

Decarbonization

Energetic  
communities

Smart industry

Work/lifestyles  
with greater freedom

Safety  
and security

Health  
Well-Being





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# Medium-Term Strategy of DX Solutions Business

May 30 & June 9, 2022

Seiji Shiga, Senior Vice President

NEC Networks & System Integration Corporation

(TSE: 1973, NESIC)

# Self Introduction



## Seiji Shiga

Senior Vice President and Executive General Manager, DX Solutions Business Unit

### Career summary

- Joins the Company in 1986
- Has undertaken a wide range of duties over many years, including system engineering for corporate network systems (voice, data and security), marketing/sales promotion of servers and supercomputers, etc.
- Assumed his current position in 2020

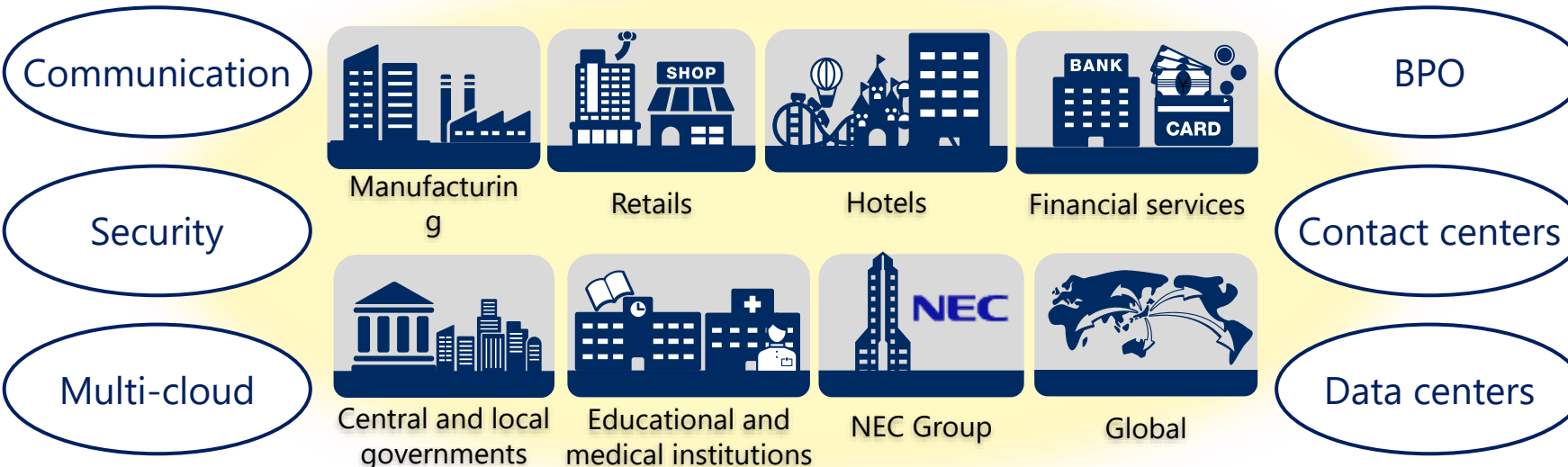
# Overview of DX Solutions (DXS) Business

Serving as a strategic partner that assists customers with management strategies in the ICT area

Offering services, systems integration and construction, operation and maintenance of DX and ICT systems

Business strengths and characteristics

Self-implementation expertise and DX service provision



Relationship with the SDGs



Recent topics

- AI-assisted communication services launched under the Canario brand (Feb. 2022)
- Original services based on Zoom Phone (cloud phone system) released (Dec. 2021)

# Business Strategies in DX Solutions Business

Evolve into the **number one DX service provider** partnering customers  
Operating business with the use of DX services and platform (Symphonict)

Until 2018

ICT systems integration and  
work-style innovation

Carry out EO\*-based work-style  
innovation centering on systems  
integration

Business intended  
mainly for enterprises



Network systems  
integration business



Work-Style  
Innovation



Data center  
business



Security business



Maintenance and  
operation business

2019 to 2021

... and business process  
innovation

Utilize DX to accelerate work-style  
innovation

Expand to enterprises and local  
governments



Increase use of ICT



Process innovation



Use of cloud

Create DX services and platform **Symphonict**



Data centers



Remote work  
Enhance zero  
trust security



BPO of  
maintenance  
and operation

2022 and later

Services partnering customers  
with the use of multiple data

Help customers expand their business with  
the use of data

Offered to enterprises, local governments and  
public-interest companies  
(e.g. electric power, rail transport, education, medical care)



Use of multi-  
cloud



BPO of non-core  
operations  
(Partnering)



Solve customers'  
problems with the use  
of data  
(Digital twins)



Data collection and  
visualization



AI and BI analysis

Data  
utilization  
Recurring

Expand  
markets  
served

\* EO stands for EmpoweredOffice.

# Basic Policies

Accelerate customers' **process innovation**  
by leveraging DX and data utilization cultivated with work-style innovation  
Support customers in business model innovation and sustainability management matched with market changes

**Visualize and analyze working-level issues**

with DX and data use and **offer solutions on Symphonict**

Turn this **cycle** (Recurring) to **run business accompanying** (Advanced ICT operation) **customers**

## Data utilization and recurring

(1) Partner-type smart recurring business

(2) Advanced ICT operation business

Sales target  
for FY March  
2025  
¥30Bn.

## Expand markets served

(3) DX-based industry business

(4) DX-based public business

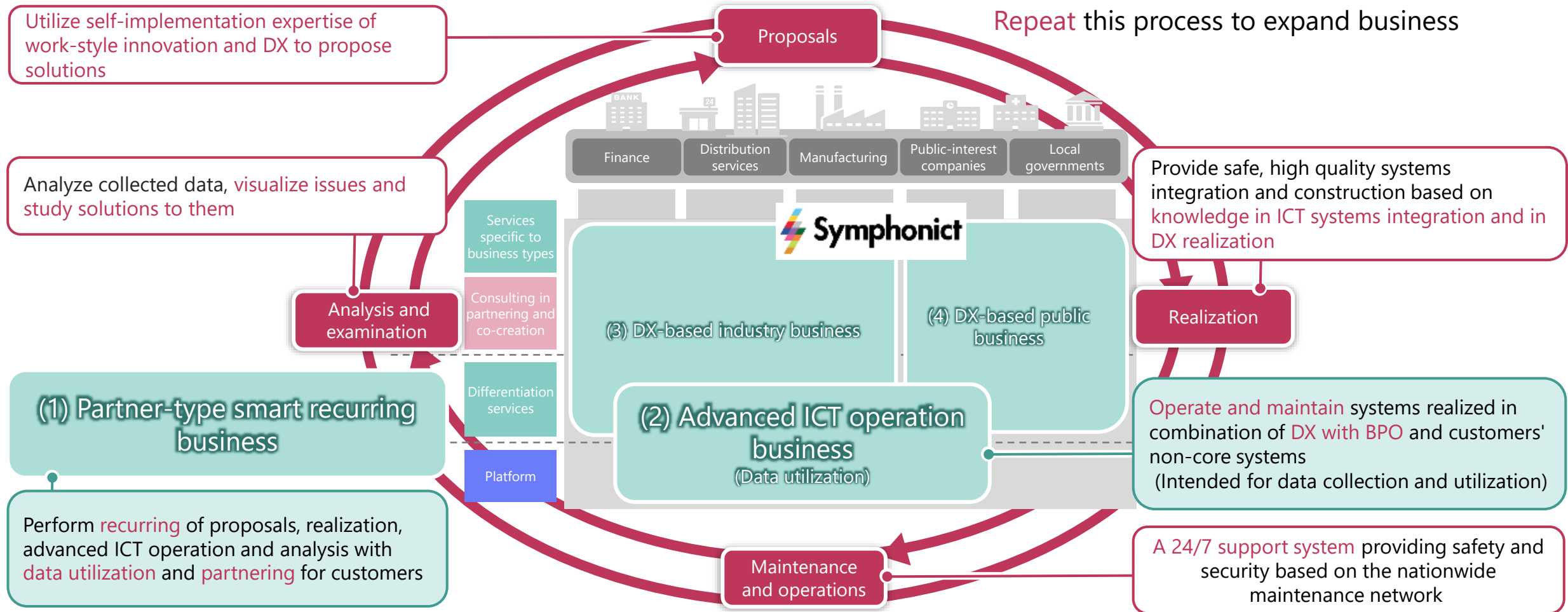
Sales target  
for FY March  
2025  
¥10Bn.



# Key Strategies: (1) Partner-type smart recurring business (2) Advanced ICT operation business

Make active use of data in advanced ICT operation and propose improvements in partner-type smart recurring

Offer DX services for businesses of customers ranging from enterprises to local governments and public-interest companies



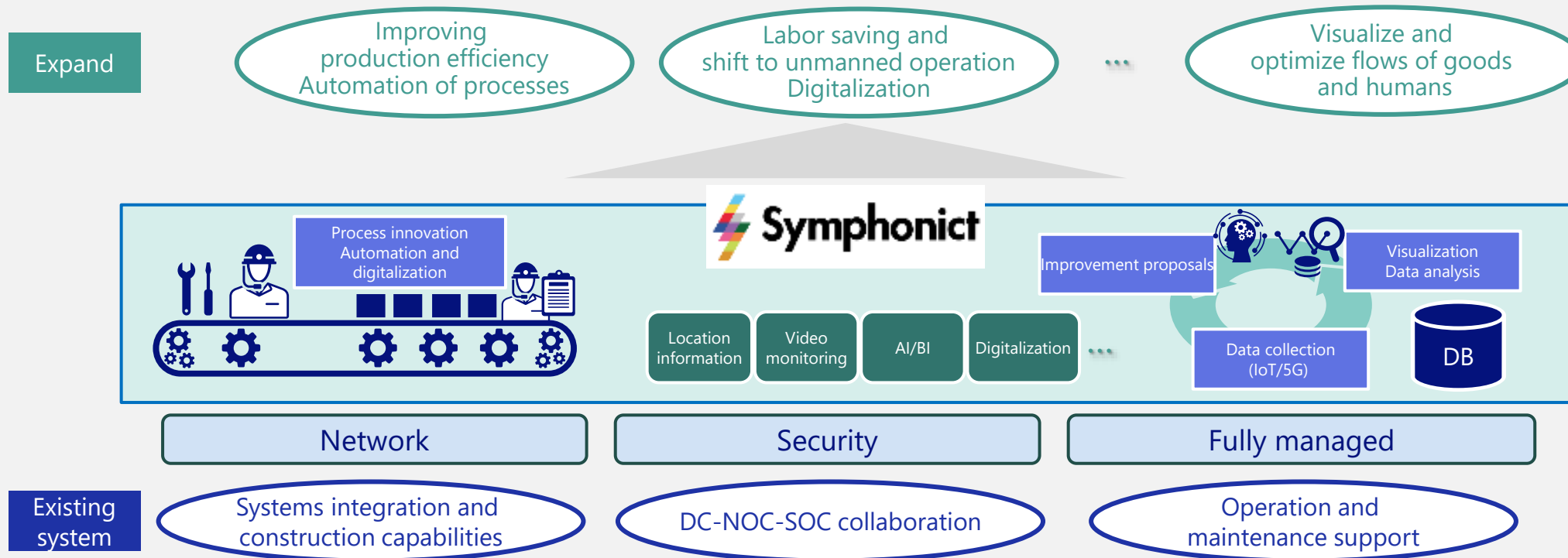
# Key Strategies: (3) DX-based industry business (smart industry)

Spread **work-style innovation and process innovation** to **shop floors in the industry sector**

Utilize DX services cultivated in work-style innovation to enable innovation in shop floor processes and business innovation

## ■ A model of DX on manufacturing shop floors with Symphonict

Start with ICT systems integration, construction, operation and maintenance to expand into innovation and the digitalization of customers' work-styles and processes



Introduced to other business types  
e.g. models for distribution and practical  
operations in stores

# Key Strategies: (4) DX-based public business

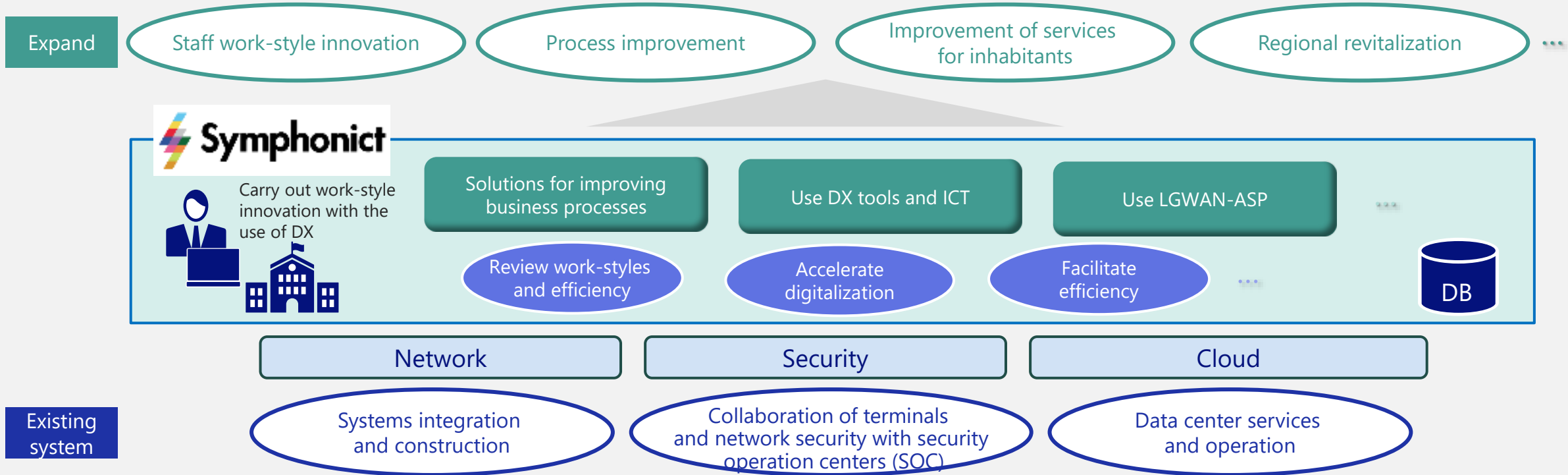
Public: local governments and public-interest companies

Introduce **work-style innovation and process improvements** to the public sector

Use LGWAN-ASP and other DX services for digitalization and for improving staff's workstyles and services for inhabitants

## ■ Public DX model with the use of Symphonict

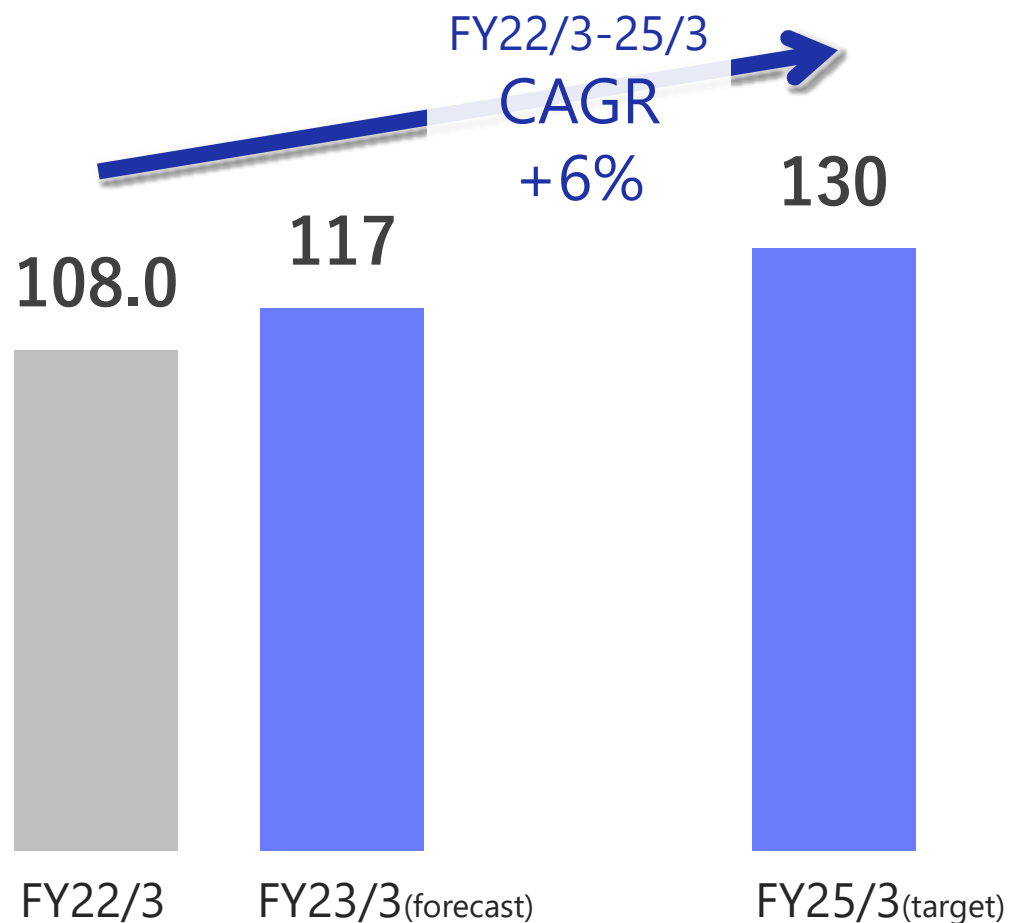
Achieve staff work-style innovation, operational innovation, safe, secure and quick services for inhabitants (digitalization of the public sector) and regional revitalization



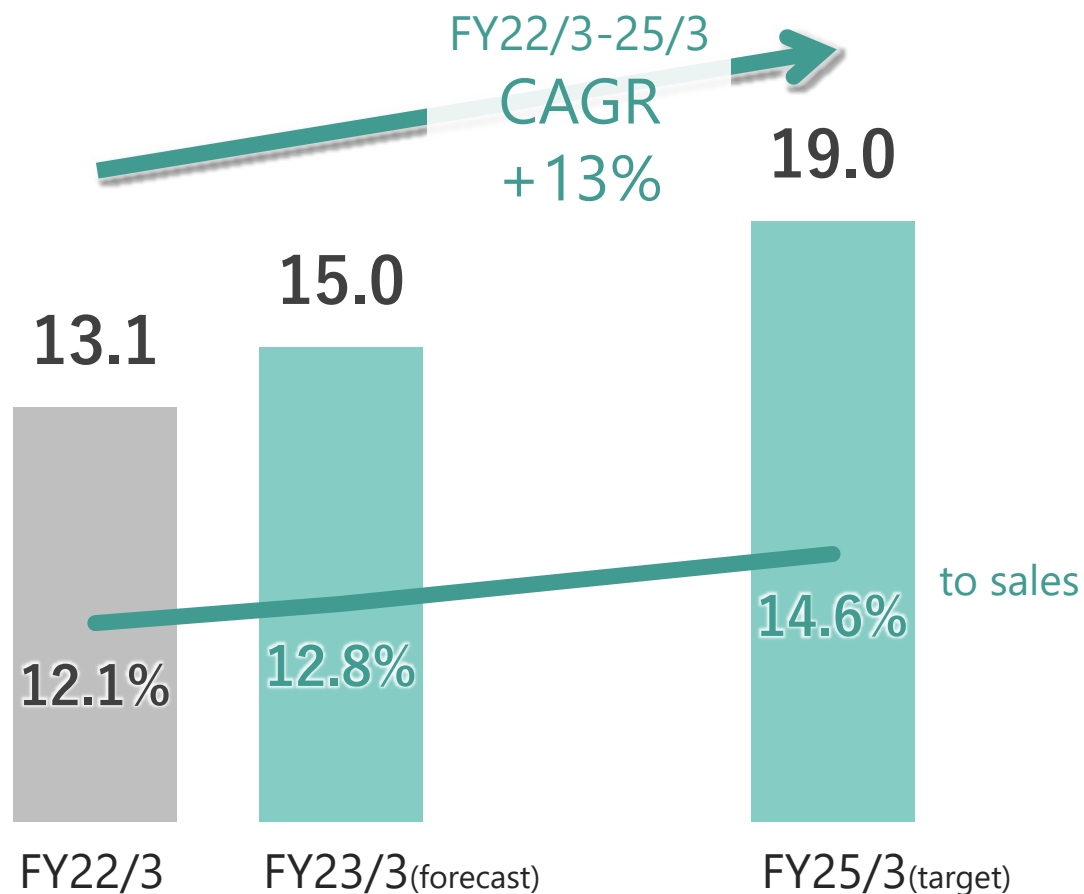
# Medium Range Targets of DSL

¥Bn.

## Net sales



## Operating income



\*FY22/3 figures are numbers for reference by rough reclassification. Audited figures will be disclosed.  
FY23/3 forecasts and FY25/3 targets are as at May 2022.



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# Medium-Term Strategy of Network Solutions Business

May 30 & June 9, 2022

Kazuhiko Takeuchi, Senior Vice President

NEC Networks & System Integration Corporation

(TSE: 1973, NESIC)



# Self Introduction



## Kazuhiko Takeuchi

Senior Vice President, Member of the Board, and  
Executive General Manager,  
Network Solutions Business Unit

### Career summary

- Joins the Company in 1985
- Successively held various responsible posts for sales/marketing, social infrastructure business and support service business.
- Assumed his current position in 2020

# Overview of Network Solutions (NWS) Business

Offering construction services for public network infrastructure that requires the latest technological strengths and a high level of reliability

## Main services

- Construction engineering
- System Integration (SI)
- Maintenance and operation services

## Main customers

- Government and public offices
- Telecom carriers
- Broadcasters

## Business strengths and characteristics

- A rich [customer base](#) and [understanding of their business](#) supporting the public infrastructure
- [Multi-vendor systems integration capabilities](#) acquired from long experience in infrastructure construction
- [Extensive strength in wireless technologies](#) ranging from Wi-Fi to satellite communication

## Carrier business

## Social infrastructure business

## Relationship with the SDGs



## Recent topics

- Demonstration trial of local 5G services at the Showa Base in Antarctica (Feb. 2022)
- An AI solution partnership deal signed with U.S. company Tupl, Inc. (Feb. 2022)

# Business Environment

## Carrier business

- Growing importance of mobile network construction and improvement
  - Actions aimed at realizing the Digital Rural City Nation concept
    - Quick development of 5G environment (to meet population coverage targets of 95% by March 2024 and 97% by March 2026)
    - Accelerate the spread of local 5G (L5G) services
  - Needs for investments in 5G and fee cuts

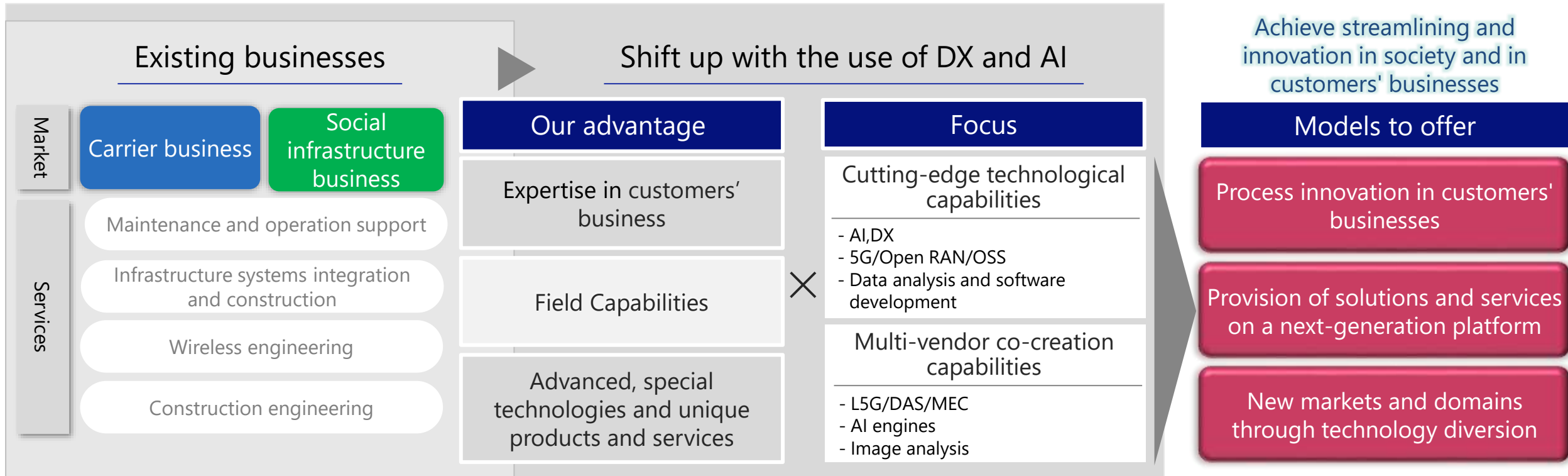
## Social infrastructure business

- Accelerating the construction of social infrastructure to create a sustainable society
  - Expand the use of aerospace in the public and private sectors
  - Strengthen disaster response
  - Mounting demand for clean energy to realize a carbon-free society

# Growth Strategy in the Network Solutions Business

Business vision

We offer advanced technologies with high specialty to connect society from the floor of the ocean to the far reaches of outer space in optimal forms to help realize a digital society with greater security and convenience.



Communication engineering business

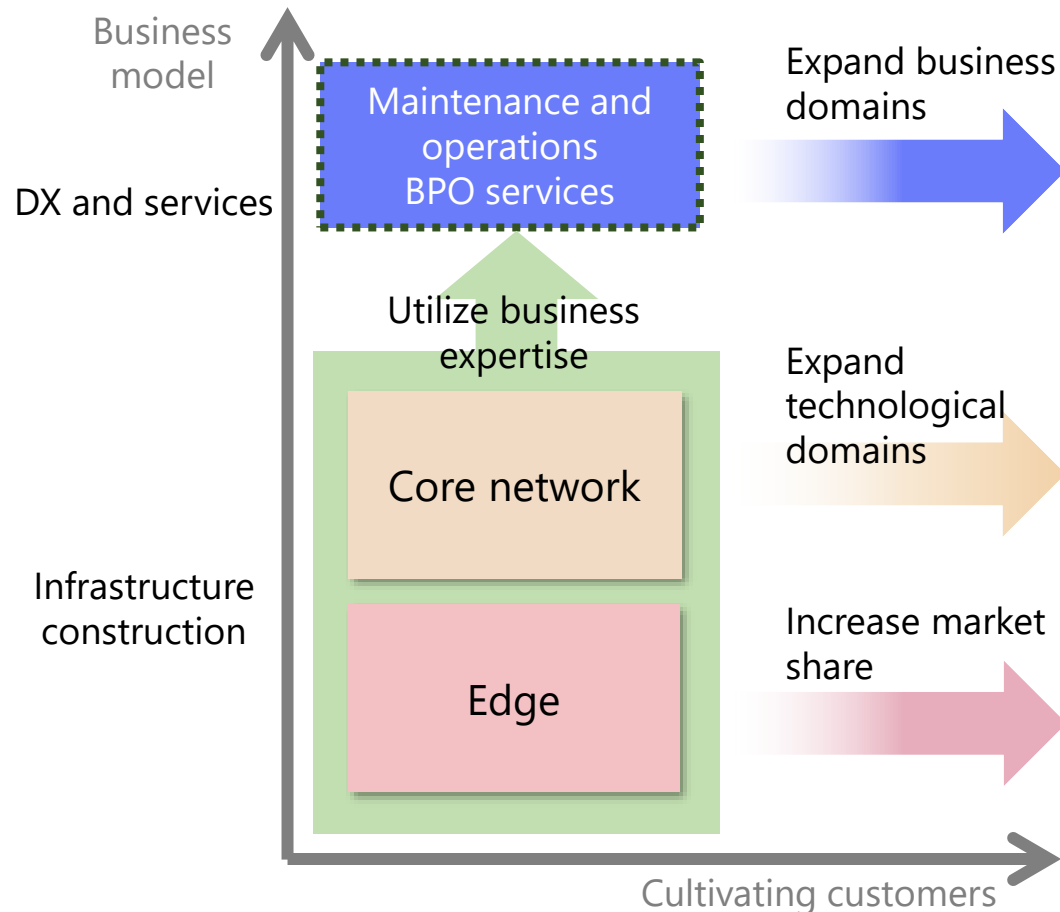
2021

Digital integration business

2024

# Individual Strategies (Carrier Business)

Aim to evolve from an engineering business into a top player in open network domains



## BPO services (operation data with AI)

- Offer OPEX reduction solutions and BPO services by combining business expertise, operation and maintenance data and the utilization of AI

## Core network (open network)

- Expand the solutions business through next-generation network technologies and co-creation with open vendors

No. 1

## Edge (business expertise with DX)

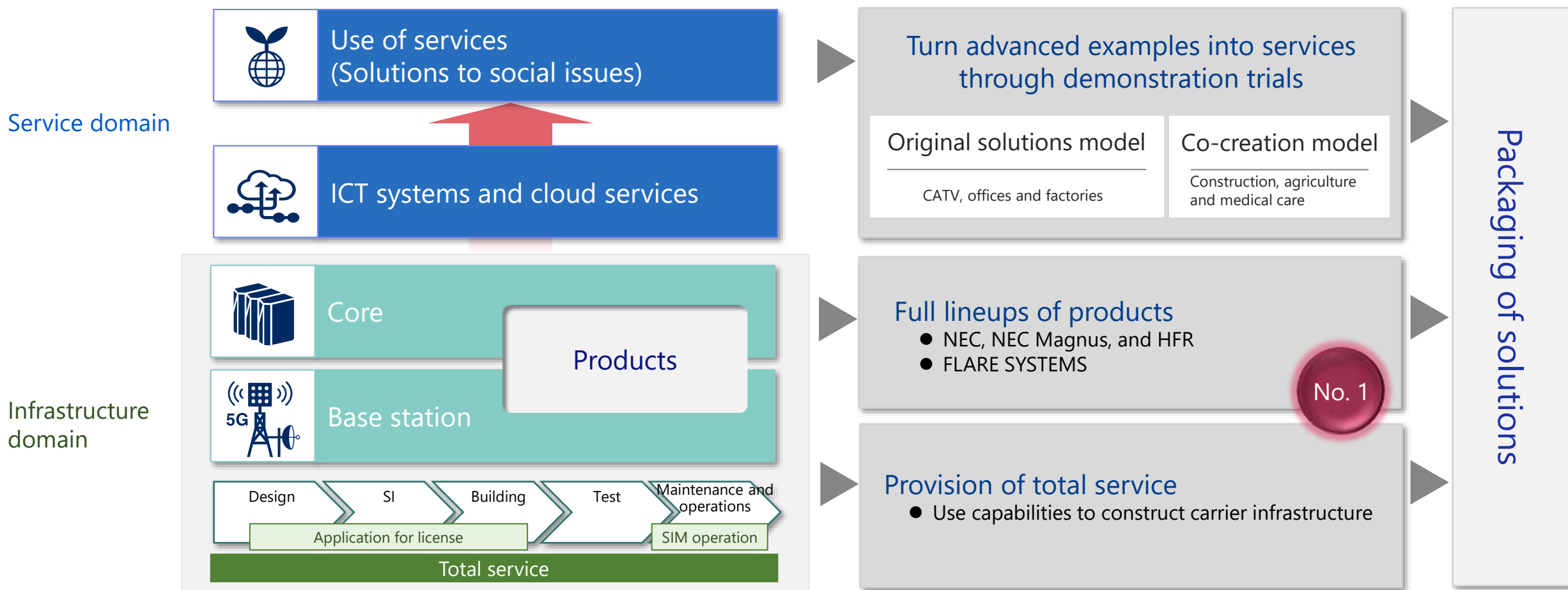
- Increase profitability by streamlining through DX and secure the largest market share
- Apply the process DX implemented by ourselves to customers' processes

No. 1

# Individual Strategies (Carrier Business)

Multi-connectivity sales  
for FY March 2025  
¥10Bn.

Introduce solutions developed using expertise of carrier business to other markets (L5G model)

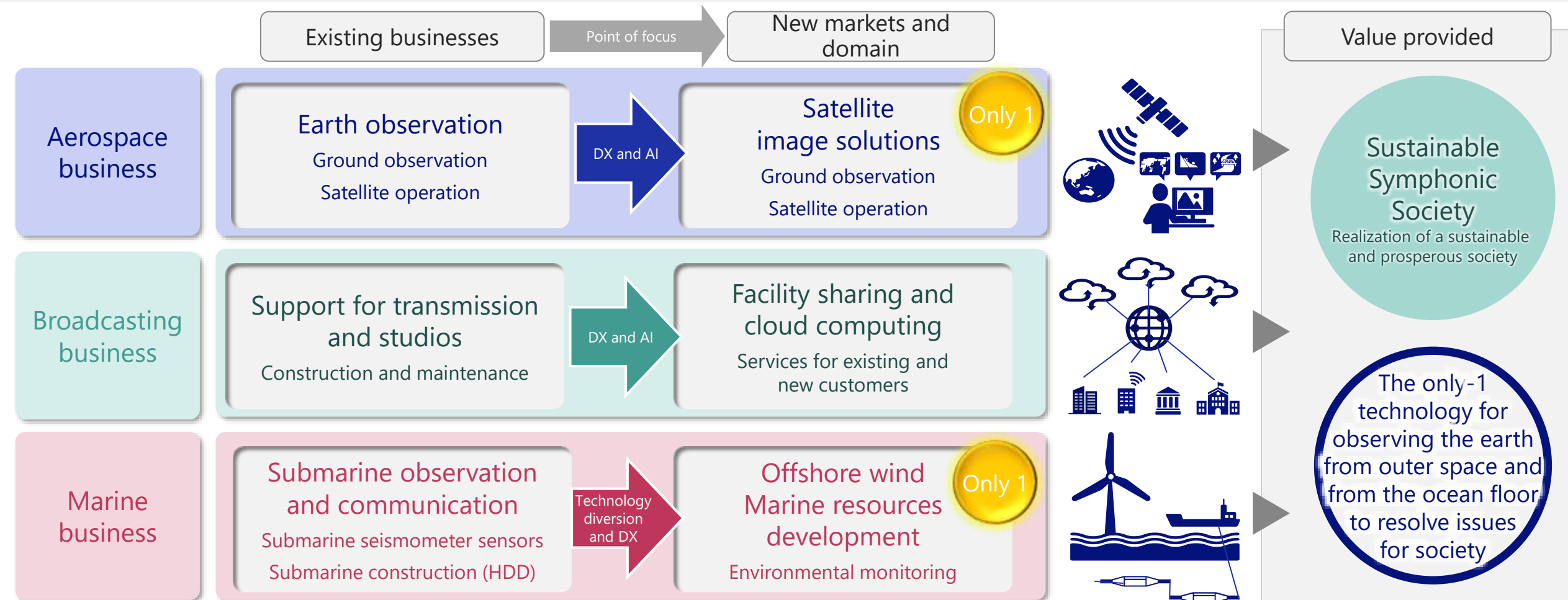




# Individual Strategies (Social Infrastructure Business)

Social infrastructure business  
sales for FY March 2025  
¥25Bn.

Operate a business of solving issues confronting society  
by combining existing technologies with DX and AI



# Strengthening of Business Foundations

Personnel supporting businesses, safety and quality, and productivity improvements

## Develop DX and next-generation network engineers

- DX personnel that use AI, IT and data to solve variety of problems

Human  
resource  
development

## Improve safety and quality

- Safety and quality based on the use of DX (data utilization, remote management and AI determination)

Safety and  
quality  
Realize Safety 2.0

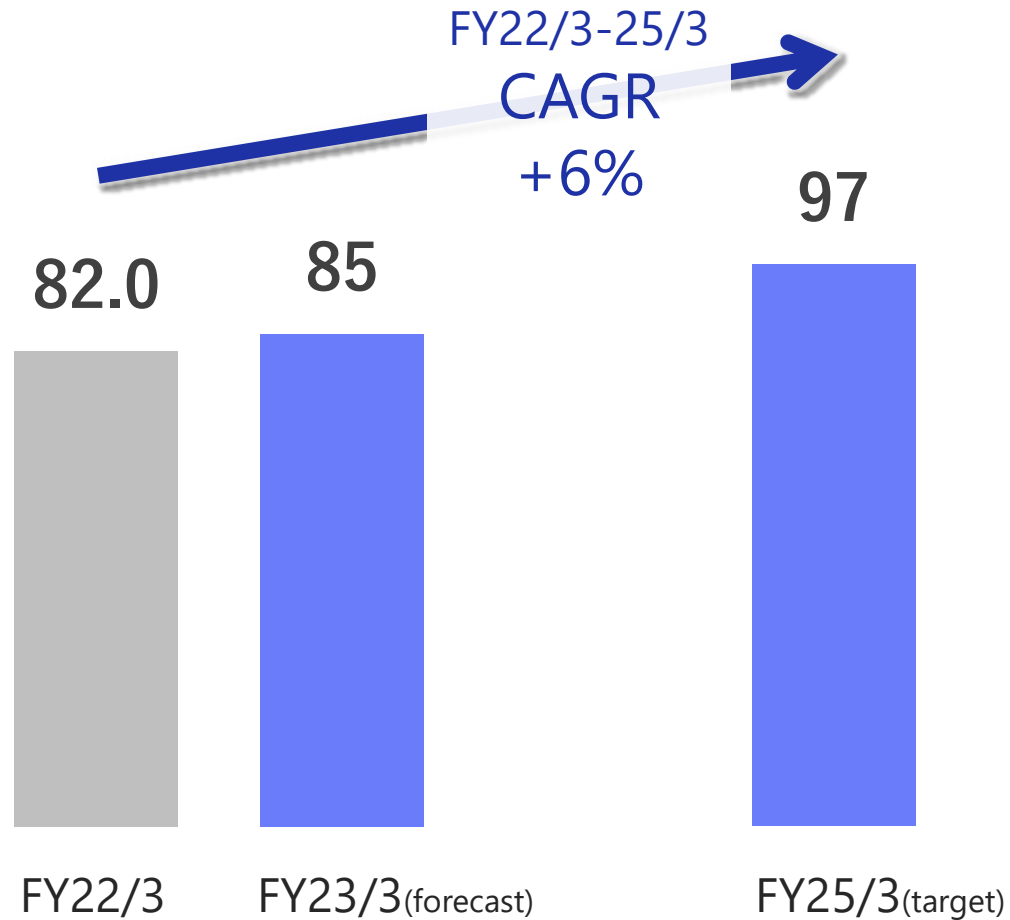
Productivity  
improvement

## Accelerate streamlining with the use of DX

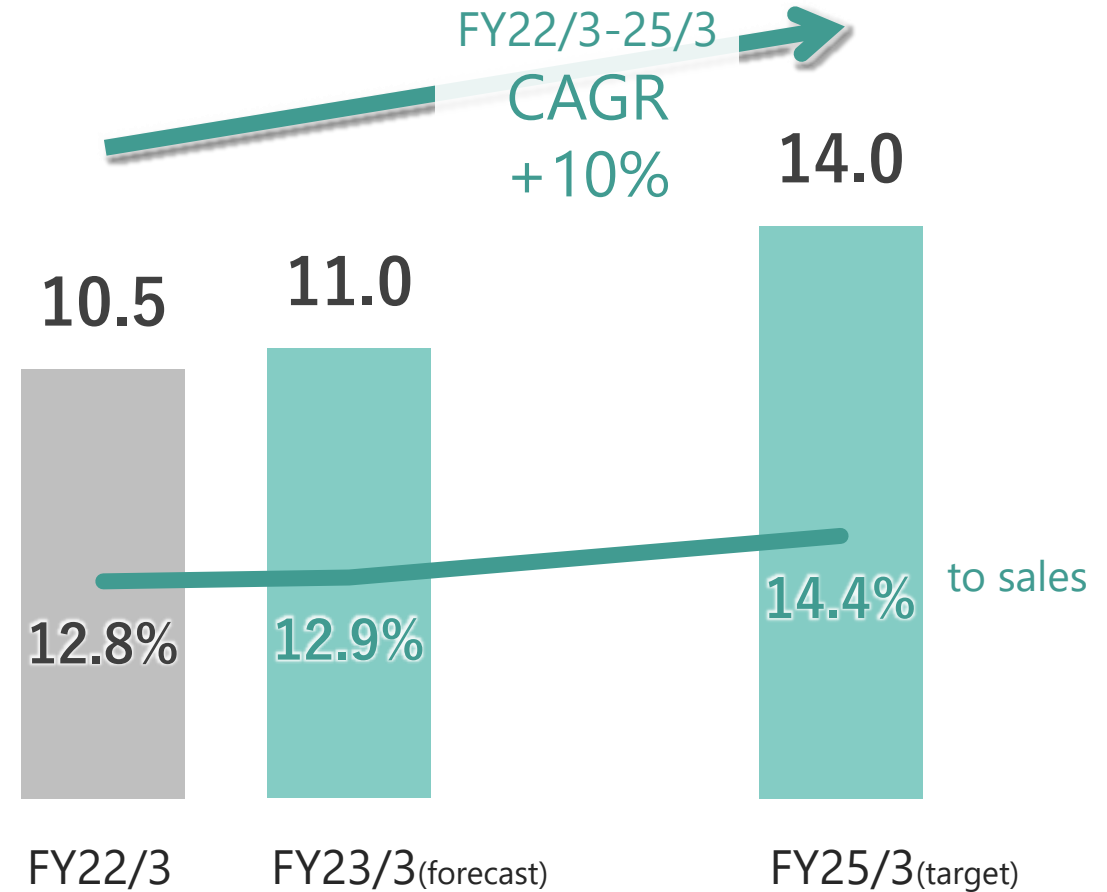
- Streamline business with AI and automation
- Improve digital literacy to develop personnel into strategic staff

# Medium Range Targets of NWS

## Net sales



## Operating income



\*FY22/3 figures are numbers for reference by rough reclassification. Audited figures will be disclosed.  
FY23/3 forecasts and FY25/3 targets are as at May 2022.



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# Medium-Term Strategy of Environmental & Social Solutions Business

May 30 & June 9, 2022

Hiroshi Nagao, Senior Vice President

NEC Networks & System Integration Corporation

(TSE: 1973, NESIC)

# Self Introduction



## Hiroshi Nagao

Senior Vice President and Executive General Manager,  
Environmental & Social Solutions Business Unit

### Career summary

- Joins the Company in 1982  
Engages in construction, design, maintenance and operation in Japan
- 2013 General Manager, Nishinohon Systems Division
- 2016 Assistant Senior Vice President
- Assumed his current position in 2020



# Overview of Environmental & Social Solutions (ESS) Business

Operating businesses ranging from design and systems integration to support for social public infrastructure in Japan and beyond

## Main services

- Networks (construction and maintenance)
- Safety (disaster prevention and disaster response)
- Energy solutions
- Smart buildings

## Main customers

- |                              |   |
|------------------------------|---|
| Fire and disaster prevention | Electric power and new common carrier (NCC) |
| Governments                  | CATV  |
| Local governments            | General companies                           |

## Business strengths and characteristics

- One of Japan's largest resources for nationwide resources for construction
- Nationwide support service system
- Three divisions area management system to cover entire Japan

## Relationship with the SDGs



## Recent topics

- Comprehensive collaboration agreements signed with a local government seeking zero carbon (May 2022)
- Power consumption of container-type data centers cut by 43% with liquid cooling of servers (Mar. 2022)
- Full-scale launch of urban development-related services based on digital technologies and local strengths (Jul. 2021)

# Basic Strategy on Environmental & Social Solutions

Stay close to local communities, work with customers and enhance practical and highly efficient DX services

<2024 Vision>

An area ICT orchestrator that serves regional markets in Japan and overseas

## Urban development DX x Beyond 5G

1

Promote digital town business

2

Step up actions  
towards a green society

3

Shift to advanced construction  
and maintenance platforms

# Growth Strategy

## 2030 Vision

A business operator for creating and developing safe and secure communities where people want to continue living, harnessing strengths in engineering and support, while serving local communities in harmony with the recycling society in Japan and abroad

- ✓ Earn confidence through engineering  
<Retain the trust of local communities>

- ✓ Cordial support  
<Stay in harmony with local communities>

- ✓ Provision of value to society
- ✓ Develop an organization where employees can take initiative

1

Establish companywide common platforms for the construction and maintenance business

- Cultivate and expand regional markets in Japan

2

Community development  
DX x Beyond 5G

- Promote digital town business
- Actions towards a green society
- Shift to advanced construction and maintenance platforms

3

Innovate business models and achieve growth

- Carry out business operation for co-creation of society  
Digital solutions and operation for communities
- Secure a leading position in Japan among general system integrators in the area of communications infrastructure construction and maintenance

4

Realize the 2030 Vision

- Establish a solid position as a business operator
- The only systems integrator to provide one-stop services based on its strengths in construction and maintenance

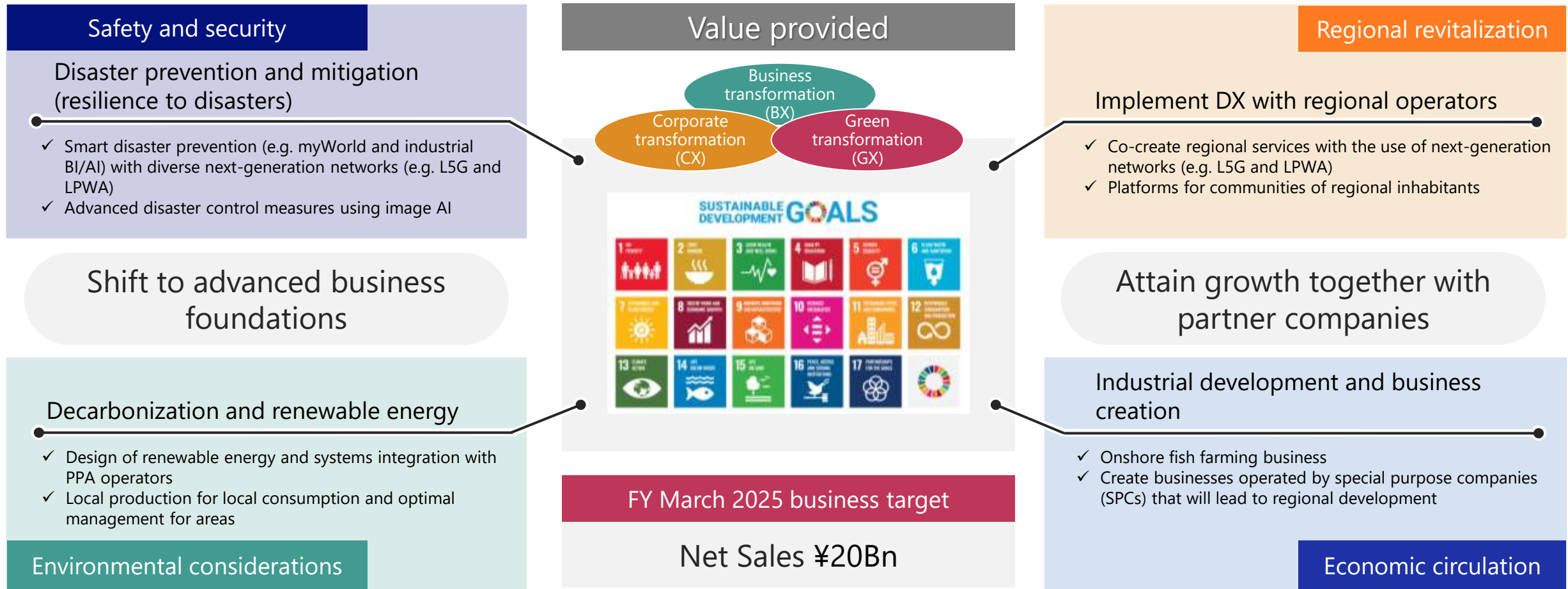
SUSTAINABLE DEVELOPMENT GOALS





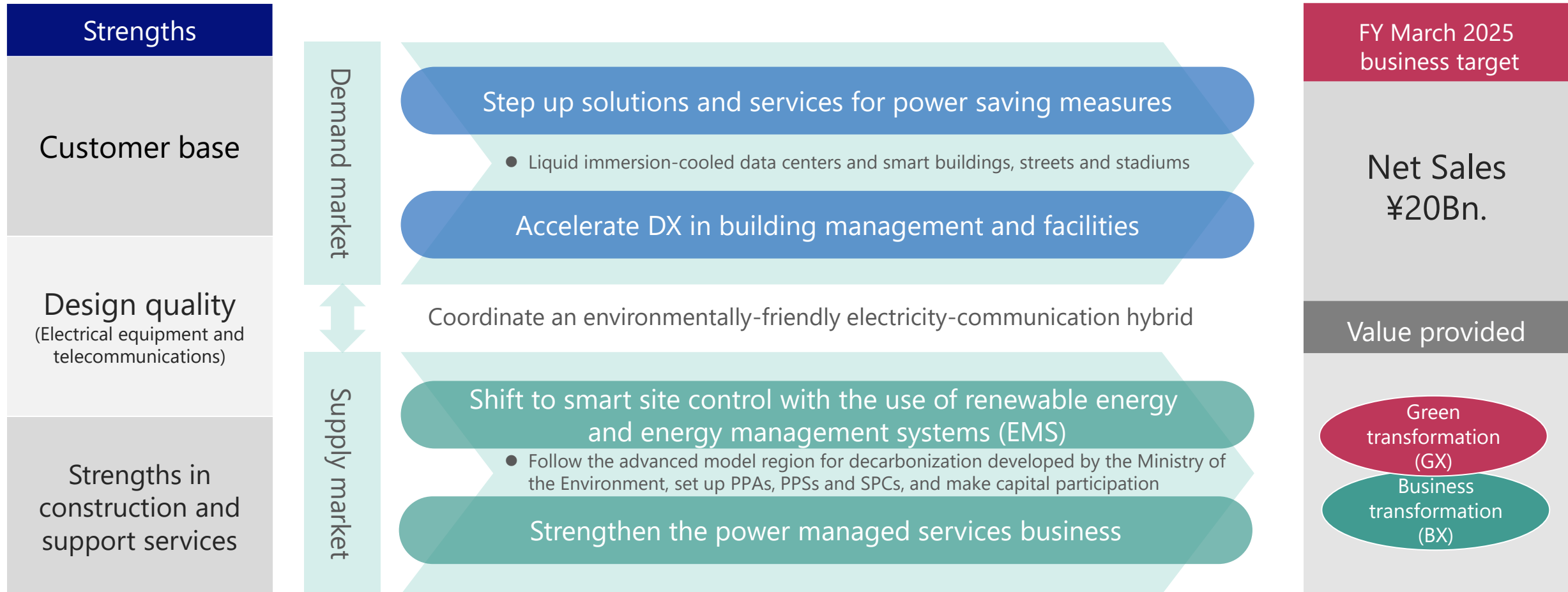
# Key Strategy 1: Promote digital town business

Together with local customers, create smart communities that are safe and secure and that are places where people want to keep living



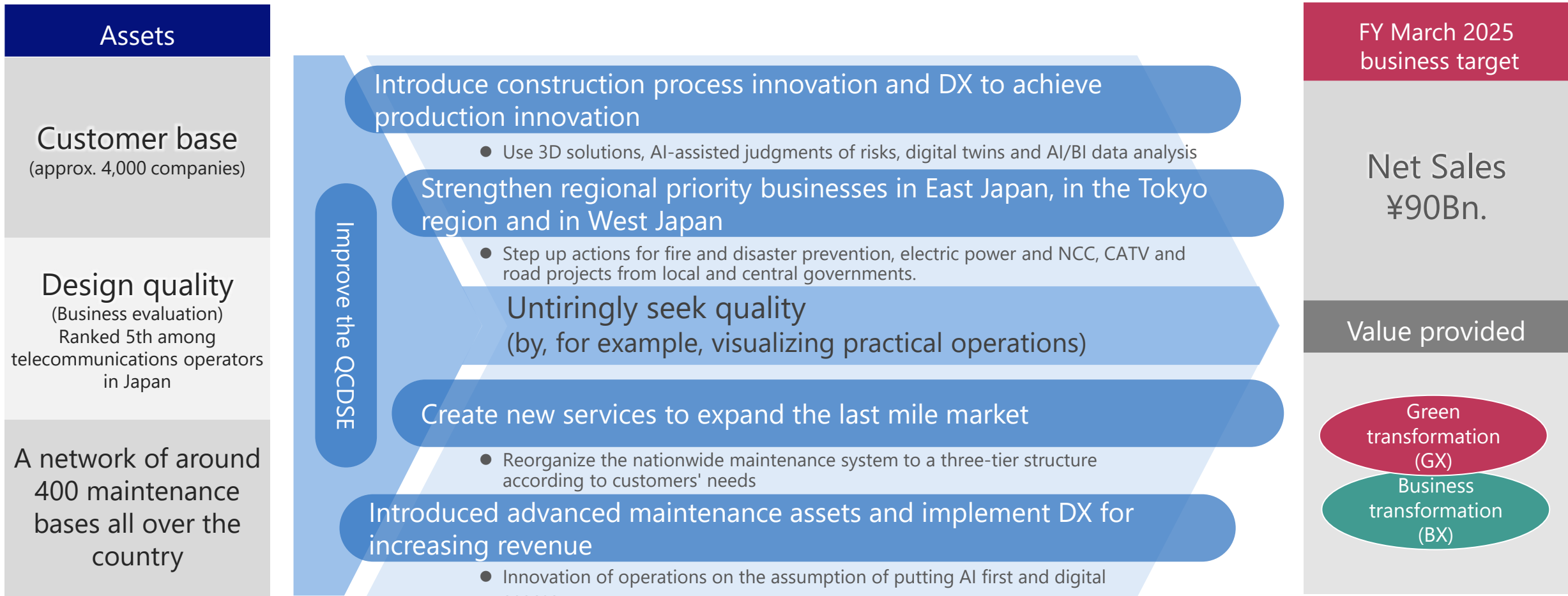
# Key Strategy 2: Step Up Actions towards Green Society

Continue offering eco-friendly designs, products and services, make efforts on zero carbon and tackle climate change for stepping up actions for solving regional issues



# Key Strategy 3: Shift to Advanced Construction and Maintenance Platforms

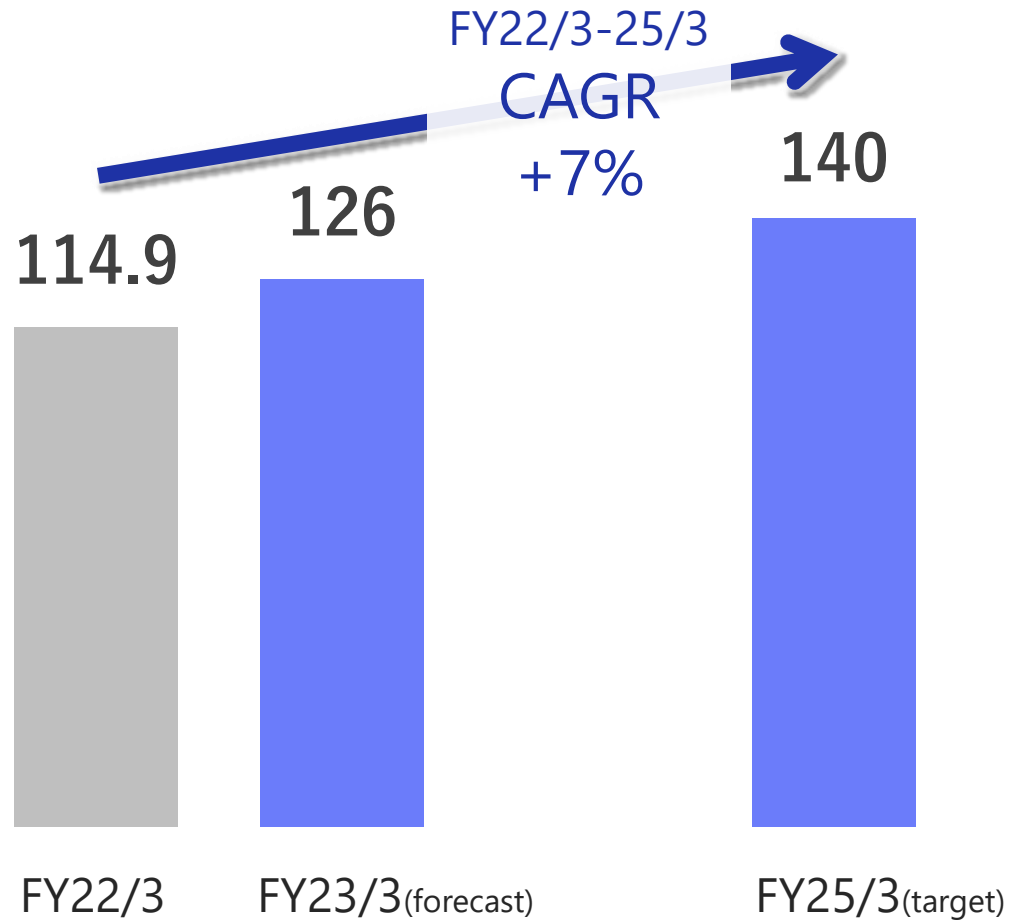
Continue internal practice to evolve nationwide foundations to an advanced level.  
Implement digital technologies supporting realization of growth strategies in society  
to serve local communities.



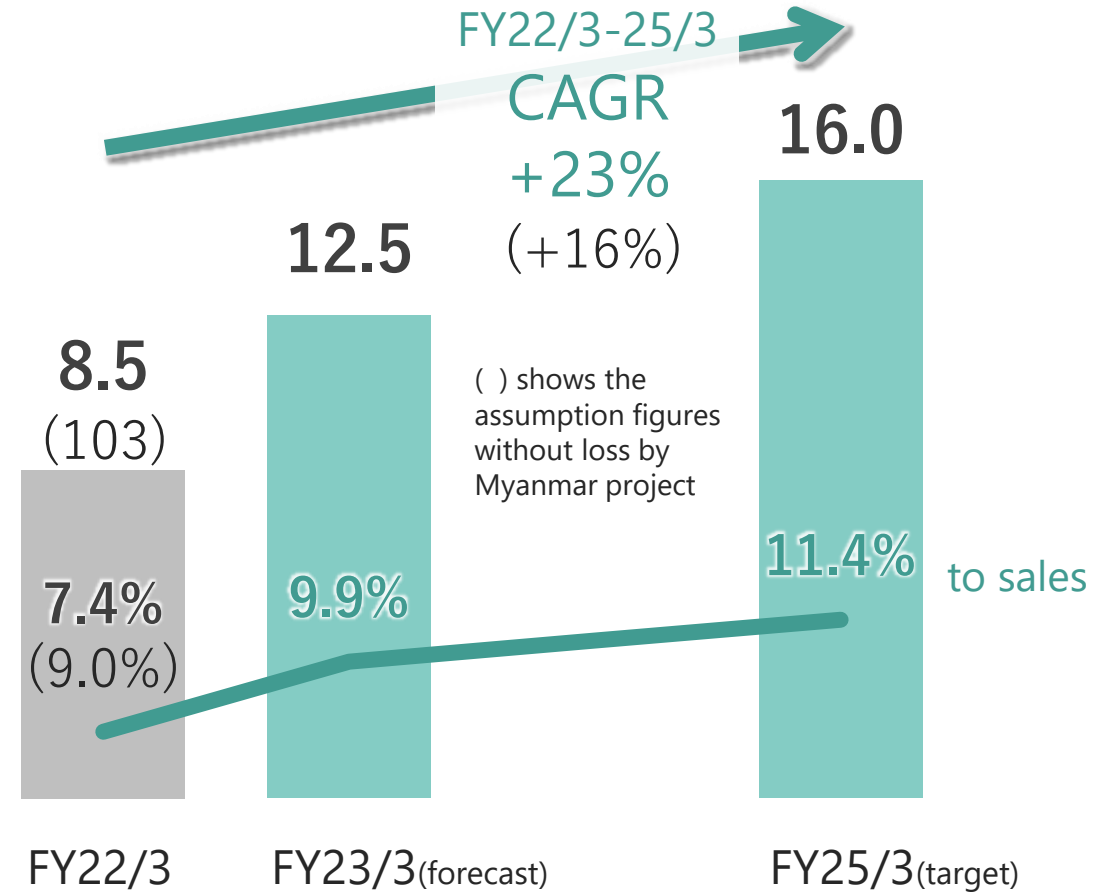
\* QCDSE stands for Quality, Cost, Delivery, Safety and the Environment.

# Medium Range Targets of ESS

## Net sales



## Operating income



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# Cautionary Statement

Forecasts and targets of results mentioned in this document are future estimates and are thus inclusive of risks and uncertain factors since they are not based on definite facts. Please be aware that a variety of factors could cause actual results to differ significantly from those projected. The major factors affecting actual results include the economic climate and social trends surrounding the business of this Company's group, consumer trends vis-a-vis systems and services provided by this Company's group, as well as pressure to lower prices and ability to cope with the market in response to intensified competition.

Factors affecting results are not limited to the ones mentioned above.

There will be some change in our business segment according to a refine in our organization in April 2022. The new segment figures shown in these slides are numbers for reference by rough reclassification.