Message from the Top Management

Leading the Way to the Next Stage as a Co-Creative IT Company

We will accelerate co-creation with empathetic stakeholders and promote the application of digital technology to the resolution of social issues.

Representative Director
President

Takaaki Touma

Summary of the Previous Fiscal Year (first year of the Medium-Term Management Plan)

Review of FY2023

Two years have passed since I assumed the position of president. In that time, I have been committed to an empathetic style of management (Value-Driven Management) not only with executives and employees, but also with many stakeholders as my vision for management. In today's world, in which social issues have become increasingly diverse and complex, it is difficult for any one individual or company to respond to them independently, and I realize that "co-creation," the aim of which is to generate new value through mutual collaboration, is vital.

Moreover, in this era, companies are positioning "digital" at the core of their growth strategies. This indicates dramatic change in society's positioning, expectations, and view of the IT industry itself. It is my strong belief that we are once again being called upon to take on the challenge of resolving social issues by delivering digital technology, which evolves daily, to customers and society in the most appropriate manner, and by creating new value together.

In such an era, looking back over the past year, despite the impact of rising prices due to the sharp increases in energy and raw material prices and the impact of exchange rate trends owing to interest rate fluctuations, the IT services market continues to expand, underpinned by a robust appetite for IT investment across a broad

range of industries. At our company, too, the strong demand for IT investment—centered on our key customers—resulted in better-than-expected business performance. For the 12th consecutive term since the merger in 2011, we were able to complete FY2023 with increases in sales, profit, and dividends.

"Penetration" is the key to implementing the Medium-Term Management Plan

In implementing Grand Design 2030, which lays out the vision for our company, and the second Medium-Term Management Plan (launched in April 2023) for 2030, we considered that gaining the understanding and support of our employees superseded all else in terms of importance. Given this, we have been creating more opportunities to refer to the plan's policies from the fiscal year ended March 31, 2023. Furthermore, at the beginning of the fiscal year ended March 31, 2024, I took part in kick-off meetings for all six business groups. At these meetings, I spoke directly in my own words concerning the implementation of the Medium-Term Management Plan. It was the first time for a president of SCSK to take part in a business group kick-off meeting, but I think it was a good opportunity to speak face-to-face with employees. In addition, we conducted several town hall meetings, dividing 206 department managers into small groups to promote two-way communication and ensure comprehensive understanding of the issues on the part of the managers at the forefront of each business.

We conduct an annual survey to gauge the understanding of the Medium-Term Management Plan, and in its first year, the majority of employees responded that they understood the contents of the plan and kept it in mind while performing their daily duties. We believe we have

communicated the plan well to many employees, and that this has helped to foster a high level of awareness with regard to its implementation. We are only partway through the period of the plan, but based on the positive responses and actions of employees through means such as surveys—as well as the progress made in the plan's first year—I feel that the efforts of the general managers and department managers, who have played a leading role in promoting it, are beginning to bear fruit.

My own experience was the reason I was so particular about gaining understanding of the plan. When I was a young engineer, I didn't immediately understand the perspective of management. I feel we need to adjust the way we communicate and explain things depending on the age and position of the person with whom we are communicating. For this reason, I asked department heads to carefully exchange views with and provide explanation to their members.

We believe that explaining to each member in detail how their own efforts impact the company's performance, customers, and beyond that, industry and society, will lead to higher job motivation of employees and deriving a sense of fulfillment from their work.

Further Growth Based on Core Strategies

To achieve continuous growth

Of the three core strategies set out in the Medium-Term Management Plan, we have established company-wide measures and have been implementing them for a year across all existing businesses under Core Strategy 1 (Decisive Business Shifts – Three Shifts). Each business

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society or deliver services or systems directly to general consumers. It was, in a sense, an indirect contribution to society. The impression people have of the IT industry these days, however, is far stronger than it has ever been. The opportunities for direct societal contributions and to take on the challenge of resolving social issues have also expanded considerably. I sincerely feel that we have finally become such an industry. With this background, when I was appointed director in charge of human resources in 2020, after pleasantness and health and productivity management, I wanted to focus firmly on job satisfaction, so I launched Well-Being internally.

This does not mean, however, that we will be able to advance a cause just by ordering people to fall in line. Given our experience to date, we believe that achieving widespread adoption requires the accurate assessment of the current situation and continuous improvement. Based on our belief that employee awareness would not improve without this, in 2024 we established a proprietary indicator, the SCSK Well-Being Score, and began working on fixed-point observation and rotating the improvement cycle.

Toward an SCSK that attracts talent

Thanks to our various initiatives—including work style reforms—we have become a company to which many new graduates are applying. Meanwhile, with regard to mid-career recruiting—in which we expect to secure experienced, capable personnel—the competition to acquire human resources is continuing to intensify, not only in the IT industry, but also to the point that customers are involved.

With the aim of creating a company that attracts talent and where people can play active roles, in April 2024, we established a new Talent Strategy Div. and began working on establishing a structure. To create a company where a diverse range of versatile people can gather and contribute, we hope to reform our personnel system—including compensation—to make it more clear-cut, and to create an open and transparent environment in which people and organizations are able to fully demonstrate their capabilities .

Moreover, this approach to creating this environment cannot exclusively be carried out internally. We must also engender empathy and support from partner companies responsible for day-to-day operations. It is essential to work closely with partner companies to continue delivering high-quality services to our customers. We will share with our partner companies the measures and systems we have implemented to enhance quality and productivity, as well as our numerous initiatives in work style reforms, health and productivity management, and

Well-Being, with our partner companies. By doing so, we hope to grow together as leaders in efforts to promote the digitalization of customers and society.

Business Transformation Driven by Technology Vision 2030

Issues that have emerged

What I have felt over the past year or two is that we need to transform our business in accordance with the external environment. In the case of SCSK, we need to utilize advanced technology to change our business model.

SCSK ServiceWare Corporation, for instance, which is engaged in the BPO services business, has been employing chatbots to respond to inquiries at its call center. The advent of generative AI, however, is further advancing the sophistication of their use. New technologies emerging and conventional ones evolving can impact existing businesses. We also feel that we need to change constantly without resting on our laurels. With the aim of showing the direction in which we will incorporate advanced technologies into our business going forward, we formulated and, in July 2024, announced the SCSK Group technology strategy Technology Vision 2030.

Technology Vision 2030

By maximizing the use of advanced digital technology, creating and utilizing technological IP, and co-creating with a diverse range of stakeholders, the vision aims to transform us into a digital offering group.

To respond to rapid societal change and the business environment and meet our customers' diverse needs, we will promote the use of digital technology and intellectual property to create new value and develop new businesses. Furthermore, we will bolster our co-creative efforts with research institutions and startup companies, and work to augment our digital capabilities by cultivating and acquiring advanced digital talent and collaborating with partners in the digital technology domain. We will continue, through these initiatives, to work toward achieving the three goals we have established for 2030.

To Stakeholders

Our goal is to become a Co-Creative IT Company

We have opened branding base SCSK LINK SQUARE, which we have positioned as a place to foster new co-creative efforts, in Tokyo Midtown Yaesu. The purpose and concept of this base was to create a place where customers can partake in the value created through the SCSK Group's business, where people can experience new ways of working through the live office, and where people can co-create, verify, demonstrate, and disseminate advanced technologies and initiatives across industry boundaries. SCSK LINK SQUARE affords us the opportunity to introduce our latest solutions to visitors and for them to experience cutting-edge digital technology, while promoting the SCSK brand.

We stipulate in Grand Design 2030 that we aim to become a Co-Creative IT Company in 2030. Toward achieving this goal, we are striving to make dramatic improvements to our comprehensive corporate value. Comprehensive corporate value is the value that our group aims to realize as its fundamental corporate strength to practice sustainability management as a growth strategy and to become a Co-Creative IT Company in 2030. In concrete terms, it refers to corporate value that encompasses non-financial factors such as economic, social, and human capital value. Enhancing our comprehensive corporate value will empower us to create an SCSK Group that attracts and is chosen by people including customers, development partners, product vendors, operational partners, students, and current IT engineers. We believe that this, in turn, will lead to the realization of a Co-Creative IT Company. At the same time, we will raise the market value of each individual employee, implement human capital management, and heighten the job satisfaction of our executives and employees.

We look forward to continued support and guidance from our stakeholders as we at SCSK continue to take on the challenge of transformation.