



# 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Plan (launched in April 2023) for 2030, we considered that gaining the understanding and support of our employees superseded all else in terms of importance.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.

[P25 Grand Design 2030](#)

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



## Message from the Top Management

has shown concrete progress, and we are beginning to see some results. We hope to continue this progress and make this year, the second year of the plan, one in which we further strengthen the momentum of Core Strategy 1, leading to further implementation.

Going forward, I want our focus to be on two strategies: Core Strategy 2, which will lead the growth of our business, and Core Strategy 3, the aim of which is to develop next-generation digital businesses.



### Lead growth markets

Core Strategy 2 promotes business in three areas: “modernization services for solving social and customer issues,” “innovation services for new value creation,” and “integration services supporting society’s digitalization.”

Looking at “modernization services,” the digital supply chain business in the manufacturing domain in particular is progressing well. Our customer base exceeds 8,000 companies, and of these, 30% of sales are accounted for by transactions with manufacturing industry customers. Buoyed by our strong relationships with manufacturing industry customers, we have been working together to achieve supply chain DX, based on our business

knowledge and the technological capabilities cultivated through our system construction centered on SAP and ERP. This has resulted in us receiving numerous inquiries for large-scale system restructuring—primarily from customers whom we had not previously worked with in the ERP realm—and orders are building up steadily.

Turning now to the second area, “innovation services,” business is performing well, particularly in the mobility business, including areas where advanced digital talent is utilized and in the verification services business, led by subsidiary VeriServe Corporation. The mobility industry is currently undergoing a period of what is said to be once-in-a-century change, and is transitioning from a focus on hardware-centered automotive manufacturing to automobile and service manufacturing centered on software. The Software Defined Vehicle, or SDV, has attracted attention in recent years. Our company also rapidly ascertained this change, and we have been accelerating co-creative endeavors with automotive manufacturing and suppliers with the objective of becoming a co-creative mobility service provider, a leader of the SDV era. One example would be the conclusion of a strategic partnership with Honda Motor Co., Ltd. and the launch of collaborative efforts with Renesas Electronics Corporation and TOYOTA Connected Corporation. Underpinned by our expertise with mobility and IT, we will continue to accelerate our collaborative strategy with the goal of becoming a co-creative mobility service provider spearheading the SDV era.

Finally, with regard to “integration services,” we launched SCSK Security Corporation in August 2023. Until now, we have provided cyber security-related services and leveraged the advanced technologies of product vendors to offer product businesses. Since most Japanese companies employ the best-of-breed approach when it comes to cyber security measures, however, issues such as the occurrence of security holes due to a lack of coordination across products and investments not being optimized owing to functional overlap are becoming apparent. Given these circumstances, we established SCSK Security Corporation with the intent of contributing to solving increasingly complex, sophisticated cyber security issues by merging two businesses that SCSK has cultivated over many years. We will work to reduce companies’ cyber security risks and maximize ROI in the security domain, thereby contributing to the realization of a safe, secure society.

[P36 Medium-Term Management Plan Core Strategy 2](#)

[P81 Establishment of SCSK Security](#)

### Creating Next-Generation digital business

Our aim with Core Strategy 3 is to create “next-generation digital businesses” that leverage the knowledge we have accumulated through our core businesses—as well as our

expertise in business design and the development of new businesses that we have accumulated over the years—to achieve non-linear business growth.

One area we are focusing on is GX. In line with the launch of the Medium-Term Management Plan, we have established the GX Business Div. in Business Design Group, which heads up new business development, and have been working to create new services. We have already released services such as EneTrack and ZEBIT that contribute to society’s decarbonization, and are now moving toward monetization. Societal demand for solutions to the issues in this domain is strong, and the market for them is so vast that it is challenging to grasp. The power of our human resources is vital as we attempt to demonstrate our value in this domain. Many business design personnel in the GX Business Div. are striving to create new services that will contribute to resolving environmental issues society faces, with the assistance of experts in energy-related fields.

Another key factor is the power of the collective; in other words, the creation of an ecosystem. Even if we talk about expanding our business in these areas, it is clear that we will at some point reach our limits on our own. To scale up our business significantly, it will be necessary to establish partnerships with companies that have similar aspirations. There may even be cases in which we need to consider M&A. To achieve this, we first need to make our strengths in this field clear to the outside world, as well as the technical areas in which we excel and the services we offer. Failing that, we cannot expect companies to want to collaborate with SCSK. We will continue to provide services to the world that only SCSK can offer.

[P63 SCSK’s Initiatives in the Climate Change Business](#)

We are also focused on the customer experience (CX) domain.

In this area, we are leveraging digital technology to realize rich customer experiences that correspond to diversifying values and lifestyles. In May 2024, the company decided on a basic policy to reorganize wholly owned subsidiary SCSK PRESCENDO CORPORATION and equity method affiliate Diamond head Co., Ltd. as a new entity by integrating them. The merger is scheduled for October 1, 2024. This integration will serve to consolidate the development resources of the two companies and combine know-how to enhance development efficiency and reinforce the structure for service expansion. In addition to e-commerce (EC) development, through EC site management, fulfillment services, and digital marketing, the new company will also contribute to raising customers’ business performance. We will combine these powerful services to promote an offering-type business model that encompasses everything from upstream consulting to systems development and operation.

[P37 Medium-Term Management Plan Core Strategy 3](#)

## New Initiatives to Deepen Health and Productivity Management and Attract Diverse Human Resources

### Move beyond health and productivity management to Well-Being Management

We undertook work style reforms in 2012, our aim being to achieve ways of working that are more efficient and flexible. We have promoted health and productivity management since 2015, believing that becoming a company healthy in both mind and body would lead to employee happiness and the company’s sustainable growth. With regard to health and productivity management, we have received external recognition, including being the only company to be selected as a Health and Productivity Stock for 10 straight years, since the first year of the recognition program. As the next stage, from 2021 we defined Well-Being Management and are promoting a host of initiatives to evolve into a company that contributes to society through value creation and where employees gain a sense of job satisfaction.

I have spent many years building my career in workplaces, centered on customers in the manufacturing industry. From my time as a project manager, I have been considering how to heighten job satisfaction. To this point, the IT industry has primarily been about constructing and operating systems in customers’ backyards. There have been limited opportunities to contribute directly to





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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.

[P41 Message from the Assistant General Manager, Human Resources](#)

### 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.

[P83 Sustainable Value Chain](#)

## 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.

[P27 Technology Vision 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.

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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.

