

Digital Transformation for Accelerating Value Creation

Message from the CDO

## Sojitz's Value Creation and Digital Transformation Initiatives

**Tomomi Arakawa**  
Executive Officer  
CDO (Chief Digital Officer)

Tomomi Arakawa joined IBM Japan, Ltd., as a system engineer in 1985. After filling roles related to services, hardware, software, and digital technology sales, she became a director at this company in 2014 before being appointed as its first chief digital officer in 2015. Arakawa assumed the role of executive officer and CDO at Sojitz in December 2021, and she has since continued to lead the Group's digital transformation strategies.



### Digital Transformation Strategies for Creating New Value

Sojitz has defined its vision for 2030 as becoming a general trading company that constantly cultivates new businesses and human capital. Data and digital technologies will play an indispensable role toward realizing this vision. We therefore aim to increase our business value and create new value by making digital technologies a common skill in which all employees are proficient and utilizing these technologies to drive business portfolio reforms. This pursuit is one facet of our management strategies. I am confident that advancing such efforts will heighten our profits while also helping Sojitz contribute to a better society. There are two main focal points that I have adopted in advancing these strategies.

The first focal point is the acceleration of data usage and technology implementation in existing businesses for increasing value and creating new value. At Sojitz, the president himself chairs the DX Promotion Committee, and, in this capacity, he actively discusses how to apply digital technologies to our businesses together with the

heads of business and functional divisions in order to achieve swift decision-making.

Utilizing digital technologies in the wide range of business areas we engage in as a general trading company will require us to act based on an understanding of market needs and the customers in each individual business area. One technology I can imagine us using is digital twin, which involves creating a digital copy of a physical environment based on data. There is no limit to the potential ways in which we can create value by installing this technology in various businesses. I also believe digital technologies have the power to form connections that facilitate the collaboration of value in a manner that exceeds the boundaries of business divisions.

The second focal point is the cultivation of DX-Experts. Leading up to 2021, Sojitz implemented entry, basic, and

other digital technology education programs to help make digital technologies a common skill. We later judged that cultivation of employees with skills for practical application of digital technologies was a pressing task for developing co-creative businesses that utilize digital technologies together with internal and external partners. This decision led to our developing new digital technology education programs in July 2022. When surveying the Company to determine the appropriate curriculum for this program, I learned that the number of candidates for becoming DX-Experts who have acquired knowledge on digital technologies was much higher than I imagined. What's more, these candidates could be found in various divisions throughout the Company. This discovery was most pleasing. This is because of how important it is to think about digital technology education from the perspective of both businesses and technologies. I asked some of these

individuals to join me in developing our new education programs, and they were eager to lend a hand. With the new programs, we will accelerate the cultivation of employees with the skills needed for practical application of digital technologies to create value together with partners through the use of this common skill.

Sojitz is a company that takes on new challenges and continually transforms itself. My desire to become a member of Sojitz was sparked by my admiration of this trait. I did not want to simply hop on the digital transformation trend; I wanted to use digital transformation as a tool for shaping tomorrow. This is why I desired to join Sojitz and become a vessel of transformation. The ability to stand up to adversity is a powerful driver of transformation. I therefore hope to see Sojitz unite based on a passion to advance digital transformation strategies.

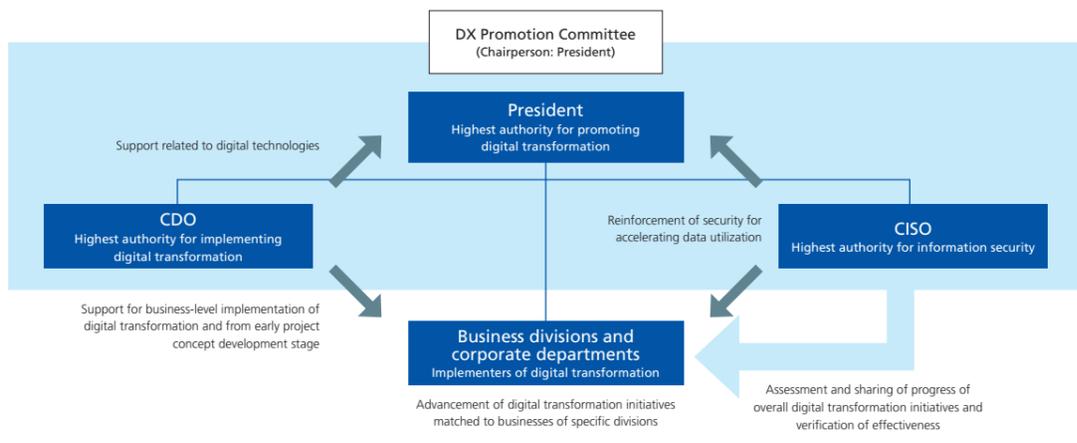
### Road Map for the Development of DX-Experts

Sojitz is cultivating DX-Experts and driving business portfolio reforms in order to raise corporate value in pursuit of its vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital.

General trading companies engage in a diverse range of businesses capitalizing on vast base networks that spread across the globe, which can make it unrealistic to advance digital transformation based on a single uniform approach. It therefore is crucial for a large number of employees to exercise the skills and perspectives necessary for utilizing data and digital technologies in their everyday work. With this in mind, we have formulated systematic programs for developing such DX-Experts. The programs comprise five levels: entry (all employees), basic (all career track employees), experienced (300 employees), expert (40 employees), and thought leader (small number of employees). The experienced, expert, and thought leader levels are considered practical application levels. We have also defined two fields for additional practical application-level programs: data analysis, which entails employing data analyses when making business decisions and automating decision-making processes, and business design, which involves executing the ideas and developing the prototypes needed to create new businesses. Through these programs, Sojitz seeks to heighten the specialized skills of its workforce.

Skill Level		Expected Role / Position
Practical Application	Level 5: Thought Leader	Guidance and oversight of experts and leadership in transforming organizations and businesses with data and digital technologies
	Level 4: Expert	Resolution of issues, creation of businesses, and improvement of value as leaders in the use of data and digital technologies
	Level 3: Experienced	Support for analyzing data and developing applications under the guidance of experts
Level 2: Basic		Examination of application of IT to business activities using basic knowledge (IT literacy, digital marketing, data science, information security)
Level 1: Entry		Action based on the entry-level knowledge required of all employees that deal with IT (acquisition of national IT Passport certification)
Practical Application-Level Skill Areas	Data Analysis	Resolution of issues through data analysis
	Business Design	Improvement of value of existing businesses and creation of new businesses through use of digital technologies

### Digital Transformation Promotion System



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## Creation of Better Customer Experiences with Digital Technologies

**Arakawa** ♦ We are currently working together with business divisions to implement digital technologies in existing and new businesses. The Automotive Division is developing a business that puts it especially close to end-users when compared to other Sojitz divisions. I understand that this division was swift to begin utilizing digital technologies from a market-oriented perspective, and that these efforts have been producing results.

**Kanetake** ♦ That is true. One example of these efforts can be seen in our dealership business. In this business, we are using digital technologies to improve convenience and purchasing experiences for customers. When dealing in secondhand vehicles, for example, it is important for buyers to be able to gather information on the condition of the specific vehicle they are looking to purchase as every secondhand vehicle is unique. This is why it is common for people to make purchases after inspecting the actual vehicle. We, however, are looking to develop a new business model that uses digital technologies to allow buyers to acquire the same level of information as is gained from

looking at a vehicle in person, if not more, without having to actually go see the vehicle. This business model entails using digital twin technology. We use apparatuses that can scan an entire vehicle, inside and out, to create a digital twin in a matter of minutes. This digital twin can then be inspected by prospective buyers from a variety of angles to look for any scratches or dents or even areas where the paint has been touched up that might be difficult to see with the naked eye.

**Arakawa** ♦ You mean to say that this system will make it possible for conditions that would be difficult to assess if one is not a professional secondhand vehicle appraiser to be presented as data to be viewed via a PC or some other device. That is something quite new. This would constitute a new purchasing experience of making decisions based on a digitized version of a physical item. It might even eliminate the need to go to a dealership.

**Kanetake** ♦ In addition to benefiting customers, this technology also has the potential to transform the secondhand automobile dealership industry. The flow of business for secondhand automobile dealerships involves buying cars at auctions, photographing them after delivery, and uploading these photographs to the internet to commence sales activities. This is a burdensome and time-consuming process. Our digital twin technology, meanwhile, makes it possible for dealerships to bid on vehicles based on digital twin data and to then start

sales activities by uploading the digital twin data immediately after the car has been purchased from the auction. This approach involves less time and fewer costs while also contributing to higher inventory turnover rates.

**Arakawa** ♦ Improving purchasing experiences from the eye of the customer is certainly a market-oriented initiative. This initiative is definitely a prime example of implementing digital technologies to lead industry-wide transformation. I hear that the Automotive Division is also using augmented reality and VR technologies to allow for vehicles to be experienced and negotiations to be made in a virtual space. I believe that this is an initiative targeting sales of new automobiles.

**Kanetake** ♦ Starting a new car dealership requires a massive investment that includes acquiring a large plot of land, building or renovating showrooms, and procuring vehicles to be displayed and sold. The VR showrooms we are proposing make it possible to open a dealership in a small location, such as in an urban area or shopping center. When VR headsets become more widely owned, people could even visit stores virtually from their homes just by connecting to the internet.

**Arakawa** ♦ Another important aspect of these initiatives is the ability to collect data for better understanding customers. Going back to your secondhand vehicle initiative, if we can collect and use data on the type of things that consumers focus on when making purchasing decisions, it will be possible to apply that data to new business fields. These initiatives could also be used as an avenue for transforming our business portfolio to become a general trading company that constantly cultivates new businesses and human capital. I look forward to working together with business divisions to use data and digital technologies in Sojitz's wide-ranging businesses in order to create value and grow businesses that will support the future of the Company.



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Automotive Division



Consumers shopping for secondhand vehicles using digital twins