

ICT accelerating value creation



Promoting DX in all business and functional divisions of the Group and driving business transformation

"Information and Communication Technology (ICT) accelerating value creation" is one of the organizational capabilities for innovation under the Long-Term Management Vision Kirin Group Vision 2027 (KV2027). We are working on business transformation in all areas throughout the Group, including the review of business processes using digital technology.



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Director and General Manager of TAIWAN KIRIN COMPANY in 2010; Executive Officer and General Manager, Planning Department of Mercian Corporation in 2013; Executive Officer and General Manager, Planning Department of Kirin Beverage Company in 2015; Executive Officer and General Manager, Planning Department of Kirin Brewery Company in 2018; Executive Officer and General Manager, Corporate Strategy Department of Kirin Holdings Company in 2019; and current position from Spring 2022.

Riding the wave of digitalization in society

In recent years, digitalization and technological advancements have been accelerating. New devices and services are appearing one after another. There is a risk of losing to the competition if business processes are still based on the same thinking, methods, and technologies that are an extension of the IT trend that has been advancing since around 2000. On the other hand, the touch points between makers and customers are expanding digitally, and we recognize that this opens up the possibility of providing products and services with high customer satisfaction through a more detailed understanding of market changes and the diversification of tastes and preferences. In the Health Science domain, for example, we can now tailor our services to individual customers, such as utilizing data obtained from personalized test kits and wearable devices.

The Kirin Group has been promoting the use of IT to date, but we believe continuous promotion of DX is necessary to create lasting business transformation in an ever-changing society through the penetration and deepening of digital technology.

Achieving "business process transformation," "value enhancement of existing businesses," and "acceleration and development of new businesses" through the promotion of DX

In business process transformation, we will pursue productivity improvement throughout the value chain by utilizing data and digital solutions across departments and domains, such as efficient product development using AI and optimization of production and logistics systems through simulations. On the other hand, in the areas of value enhancement of existing businesses and acceleration and development of new businesses, we are aggressively developing Tap Marché in the Food & Beverages domain and direct-to-consumer (DtC) business in the Health Science domain. We will first build on small wins, and then these success stories will form the basis for Group-wide initiatives, which will eventually lead to the creation of discontinuous value that creates competitive advantage.

It is also important to design DX strategies with a holistic view so that these initiatives do not become stand-alone efforts. Each initiative is evaluated and managed with an emphasis on ROI, confirming the investment for transformation and the return on that investment, as well as the potential and challenge of creating new businesses. This will promote DX throughout the Group through full coordination.

Organizational capabilities to promote DX

Currently many initiatives have been launched in the Kirin Group. Yet the key to further accelerating DX is to develop the planning and conceptualization skills to envision what the issues should be and to promote DX on the front lines proactively rather than being driven by digital ICT departments. To implement these two points, it is necessary to build an organizational structure and develop the talent that will be responsible for leading it.

On the organizational front, in 2021, we established the Group DX Promotion Committee, which is composed of DX promotion staff from each operating company and division. This structure seeks to share information and resolve issues across the Kirin Group and its domains. In addition, the Group has begun to promote DX on the front lines, such as by spreading the initiatives of the Kirin Group and best practices to each company and division.

Meanwhile, under talent initiatives, we have established a new "Digital Strategy Course" to secure digital ICT talent in new graduate recruitment starting in 2021. We also conduct career recruitment throughout the year, seeking talent who can face diverse issues from different perspectives. In addition, we opened the "Kirin DX Dojo" as an internal talent development program.

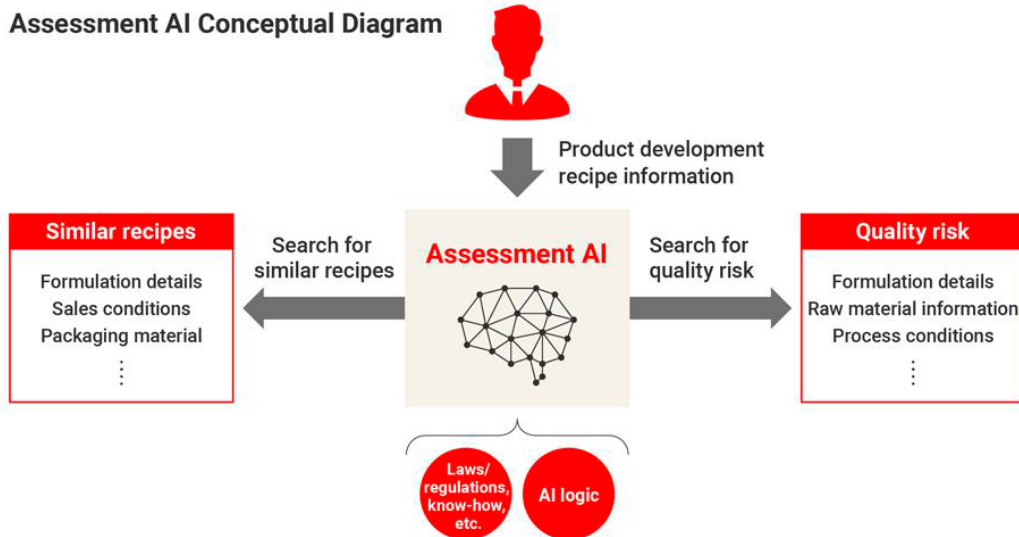
In the future, we will further emphasize collaboration with external companies to obtain novel ideas and additional momentum and thus build a structure that can continuously expand and deepen DX in an ever-changing world.

Continuing to create new value by promoting self-directed DX

DX is a management strategy itself, a never-ending effort. Based on this awareness, we will review and restructure problematic processes in all areas of the Group to thoroughly improve efficiency by fiscal 2024, the final year of the 2022 Medium-Term Business Plan. Our aim is to achieve a state where "all business and functional divisions are able to autonomously utilize digital technology to transform processes and create business." Furthermore, each operating company will strengthen its competitiveness by developing new business ideas, including the use of digital technology and actively applying cutting-edge technology to existing businesses to understand the needs of individual customers. Please look forward to the Kirin Group's efforts to create new value.

DX case 1: Using "Assessment AI" at Kirin Beverage to efficiently develop high-quality beverages

In product development in the Food & Beverages domain, we have successfully developed a dedicated tool, Assessment AI, based on the thinking patterns of skilled developers and began pilot operations in April 2022. Assessment AI is built on a database of past development recipes and know-how and the thought patterns of skilled developers. It has a similar recipe search function that enables systematic and efficient searching of past recipes and a quality risk search function that examines rules such as laws/regulations and the possibility of quality risks. The introduction of this system will improve the efficiency of operations that used to take an enormous amount of time depending on the experience of the developer. It will also accelerate the development of new products of higher quality by allowing the developer time to approach recipe development using all five senses.



DX case 2: Custom-made supplements recommended for each customer

As a new business in the Health Science domain, from 2021 we started a proof of concept for GOLD EXPERIENCE, a personalized supplement business targeted at people who work out. This service provides a personalized nutritional experience for each customer, proposing the best combination of supplements based on academic information in accordance with individual biometric data and training content. Customers can use this information to improve their nutritional experience by ordering suggested supplements via their smartphones and receiving them instantly on a dedicated server located in the gym.

