

 SoftBank

SoftBank Corp.
Enterprise Business Strategy

July 2, 2019

1. SoftBank's Driving Force for Growth

President & CEO

Ken Miyauchi

Beyond Carrier Strategy

Pursue further growth

Communications Business
(Expansion of customer base)

New Business



Core Business



SoftBank's Driving Force for Growth

Enterprise Business

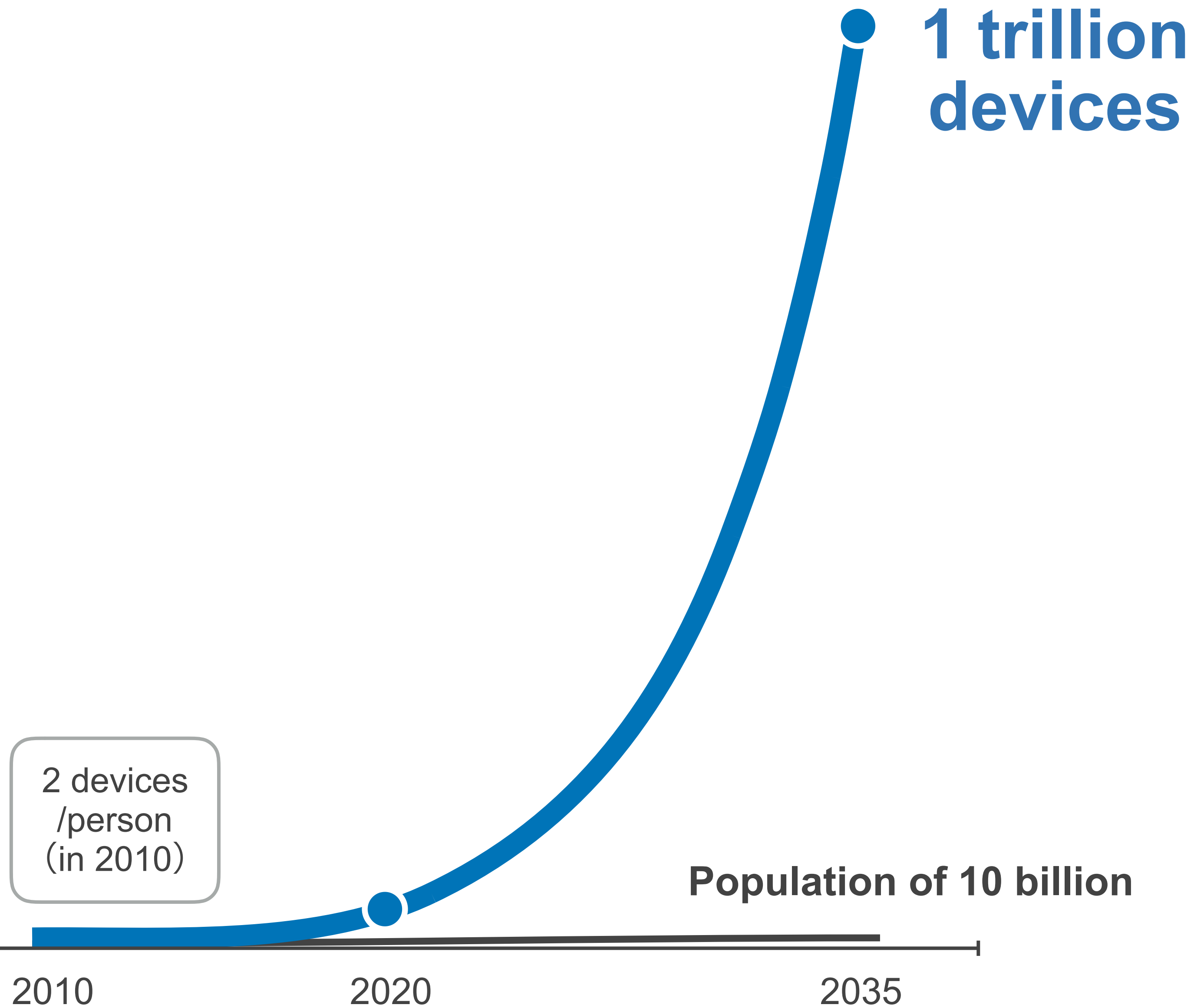
IoT / 5G

Data

**Key
Technology**

AI

The number of IoT devices in the world

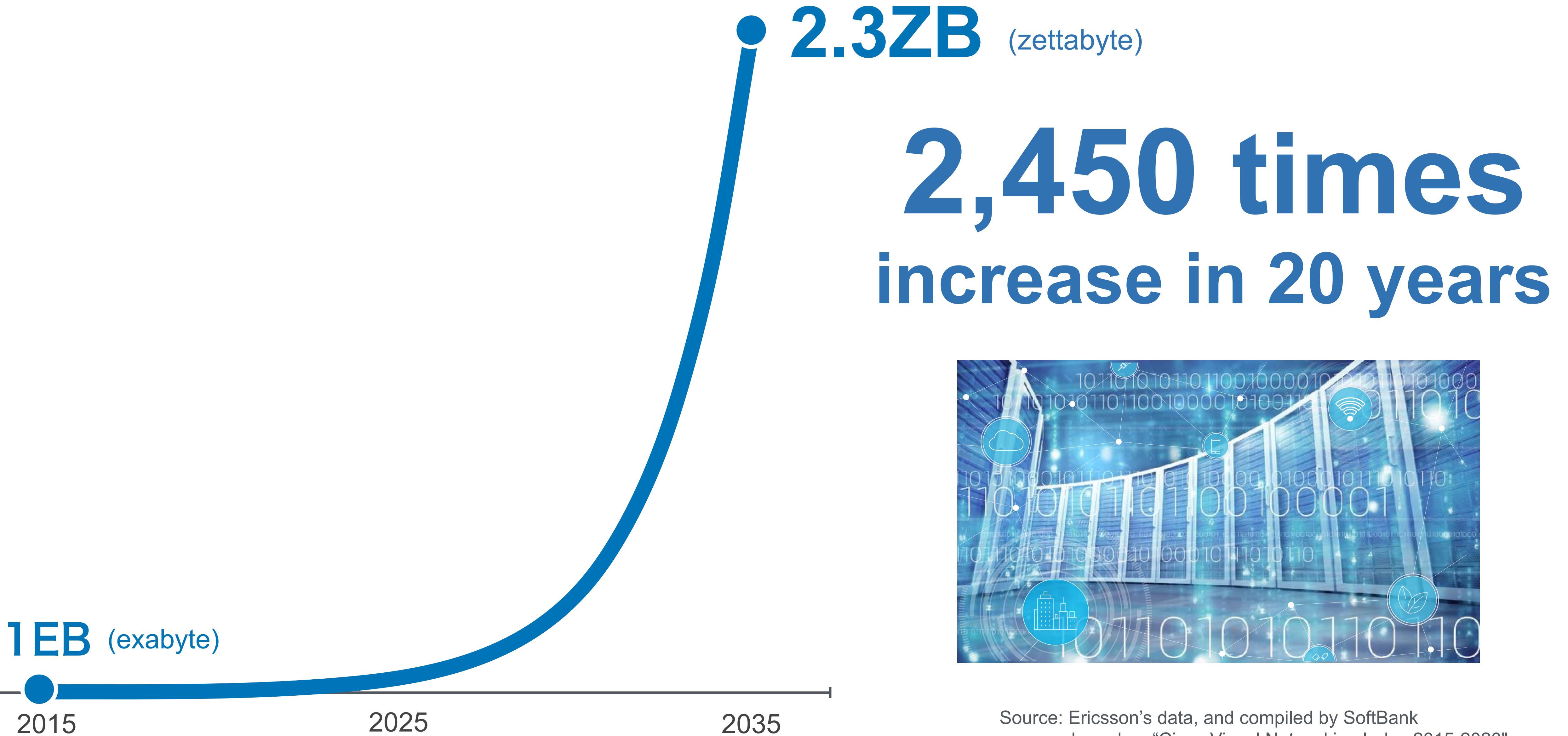


100
devices/person
(in 2035)



Source: Compiled by SoftBank based on Cisco's "Cisco IBSG, 2011"

Global IoT Data Volume (per month)

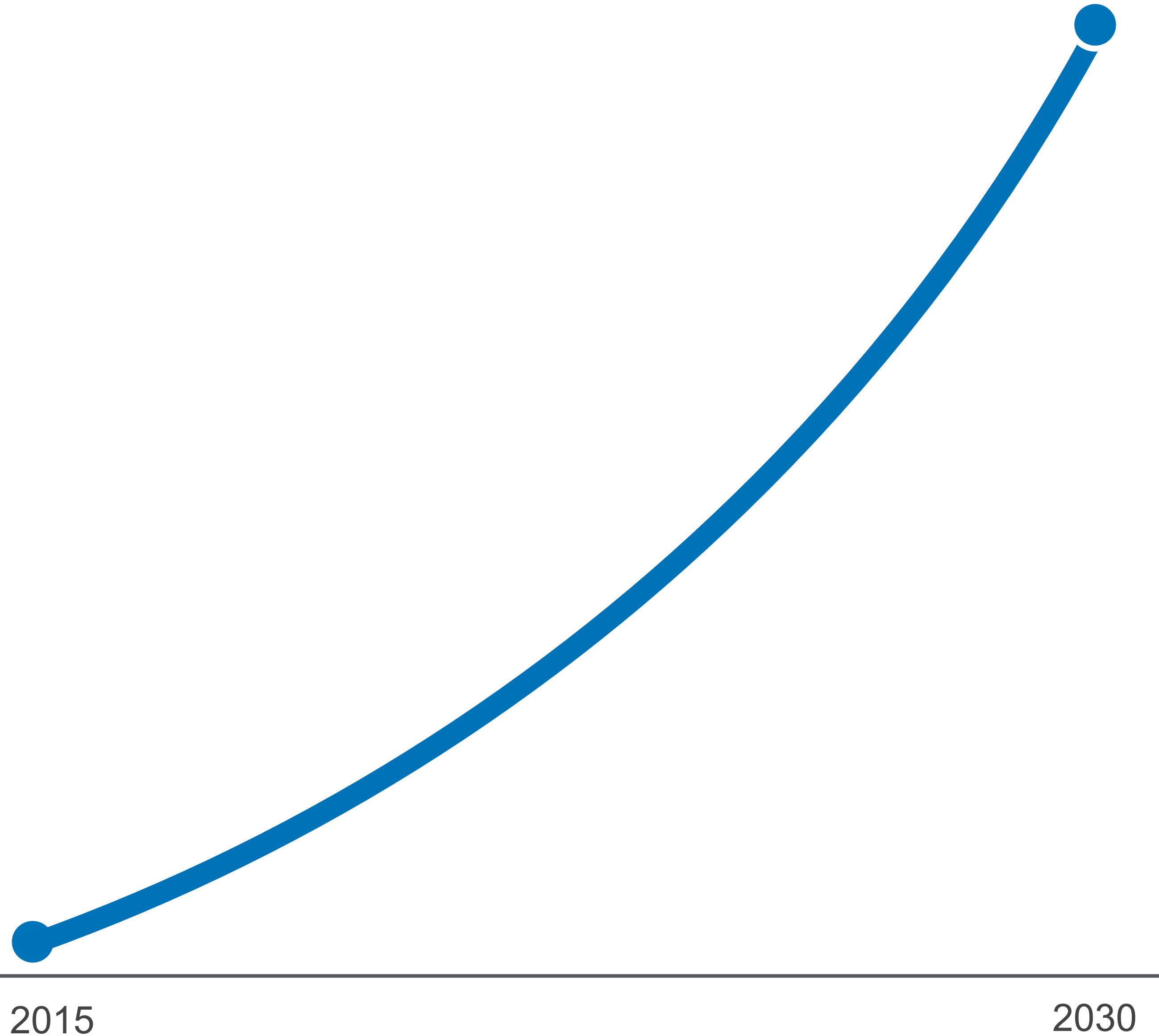


Source: Ericsson's data, and compiled by SoftBank based on "Cisco Visual Networking Index 2015-2020"

Global IoT market

¥1,534 trillion

**Significant Growth
in solutions
on top of devices**



Source: Accenture, Frontier Economics
Compiled by SoftBank based on "Accenture-Strategy-Accelerating-Future-Economic-Value-2018"

*Calculated at the exchange rate of 108 yen to the dollar

Global AI market

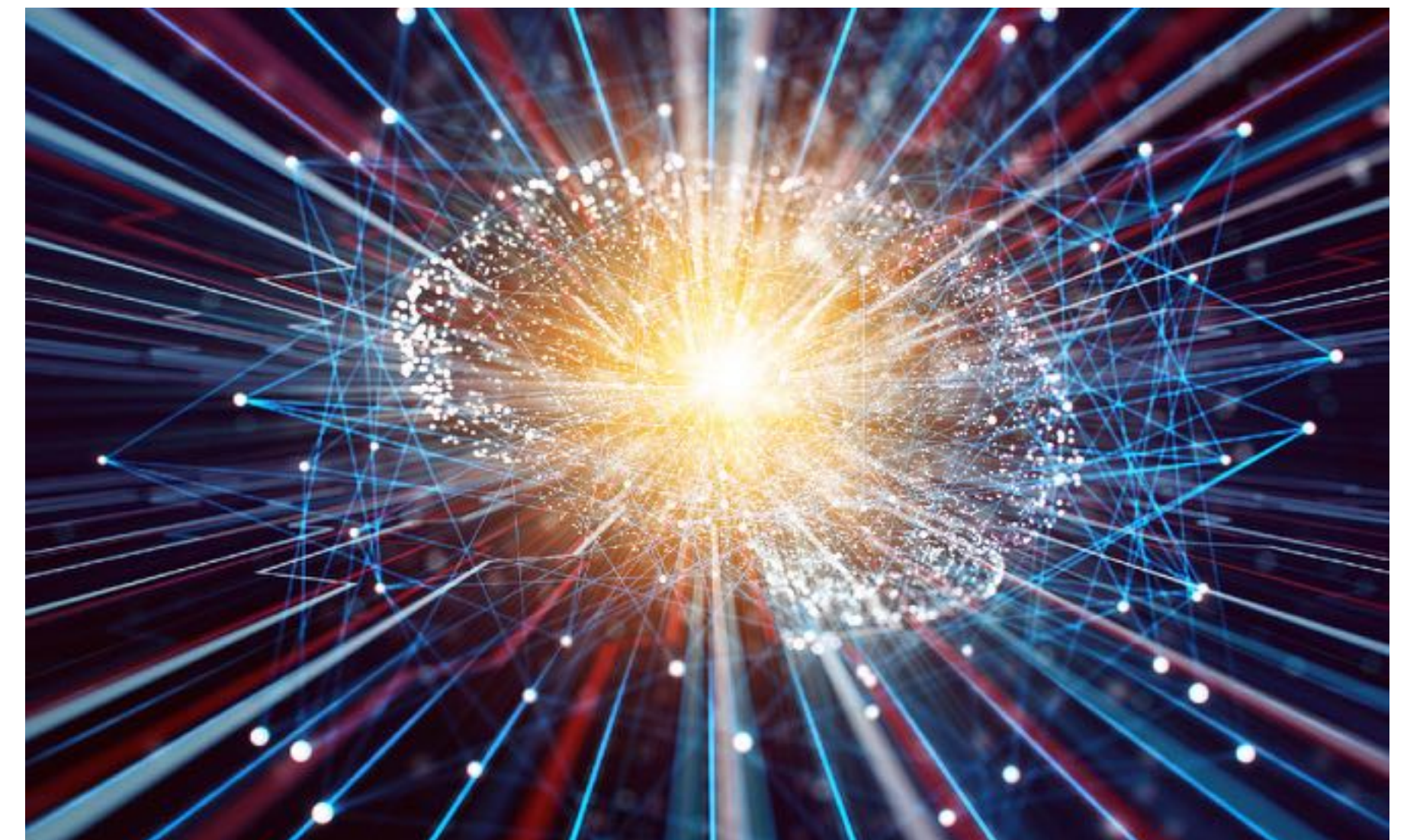
¥318 trillion

¥10 trillion

2015

2025

Expansion of data-based AI Business



Source: JEITA "Research and Statistics Guidebook 2017-2018"

Global data utilization market

¥5 trillion



2016

¥40 trillion



2023

More data utilization coupled with data increase



Source: Compiled by SoftBank based on Allied Market Research's "Global Data Monetization Market"

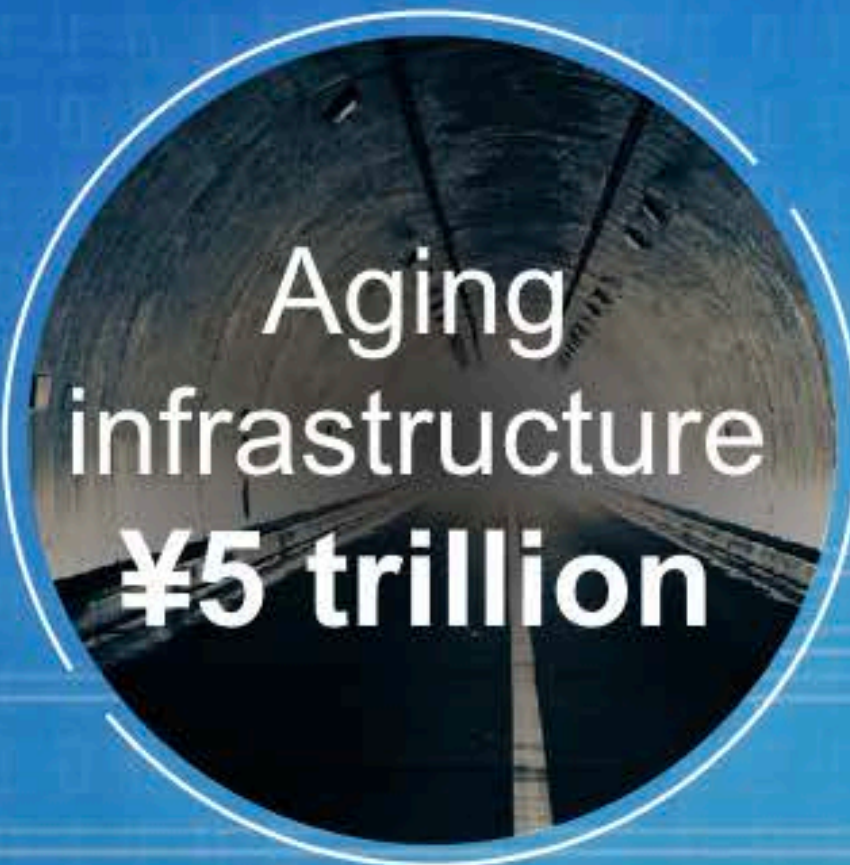
*Calculated at the exchange rate of 108 yen to the dollar



The Advance of Technology
Redefining Industry

Redefinition of industries will solve social issues

(Annual economic loss due to social issues in Japan)





SoftBank Enterprise Business Unit takes action to solve social issues in cooperation with partners



2. Enterprise Business Unit Strategy

Representative Director & COO

Yasuyuki Imai

Business area

Explore new businesses with telecommunications business at the core

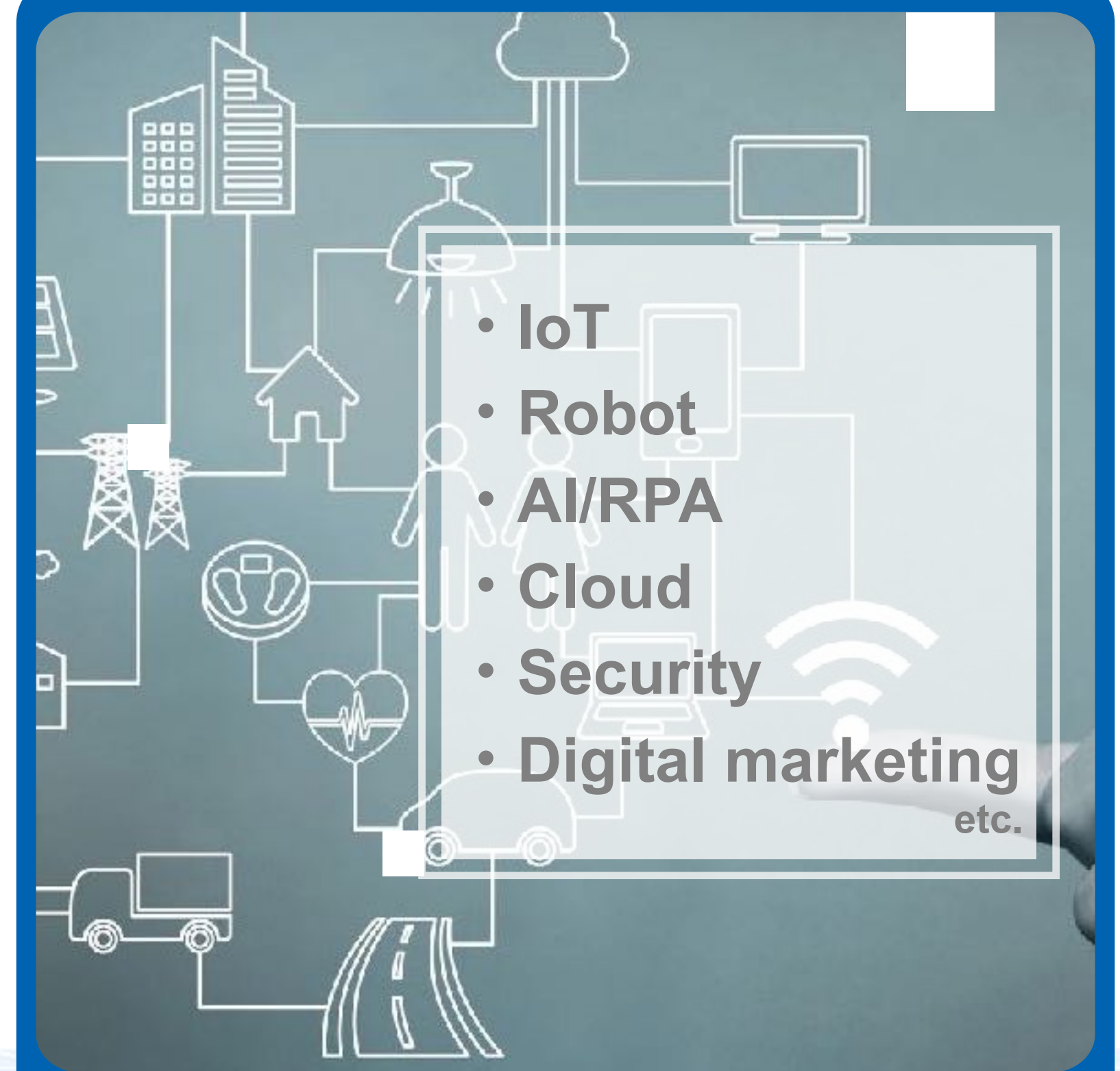


- Landline phone
- Network

Fixed-line communications



Mobile

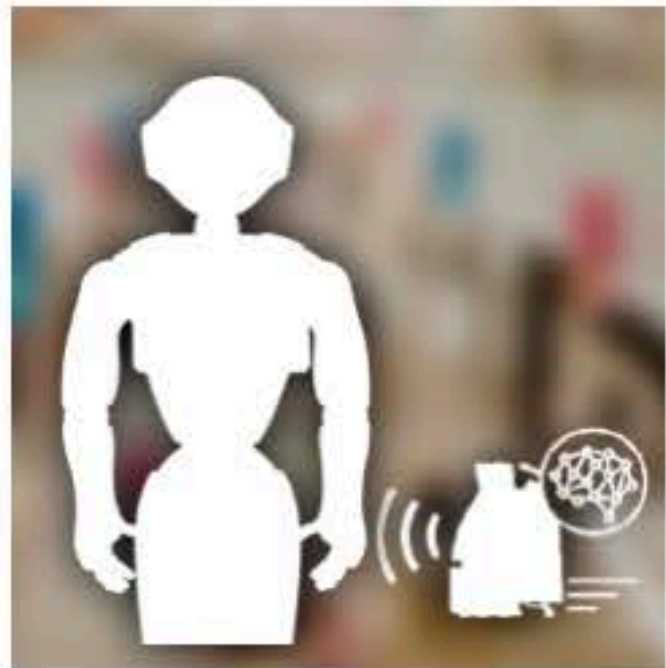


- IoT
- Robot
- AI/RPA
- Cloud
- Security
- Digital marketing etc.

Solutions, etc.

Ready to provide solutions, new frontiers for growth

Robot



pepper
for Biz

AI 清掃 PRO
brain[®] powered

AI • RPA



IBM Watson[®]

FINDABILITY
SCIENCES

SynchRoid

AUTOMATION
ANYWHERE
Go be great.

Security



cybereason

ZIMPERIUM[®]
MOBILE THREAT DEFENSE

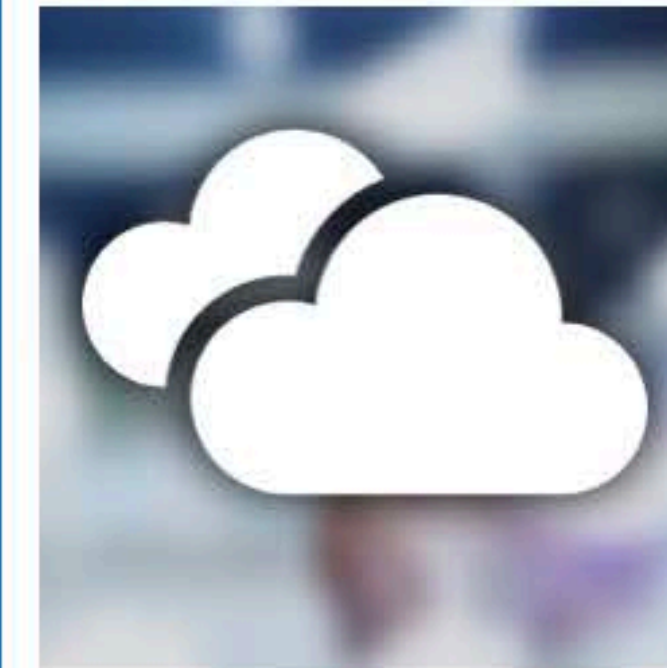
Digital marketing



arm
TREASURE DATA

inarra

Cloud



SB Cloud

ASPIRE

slack

IoT



SoftBank
IoT Platform

スガキ

BLUU
SMART PARKING

QZS-supported
tracking service

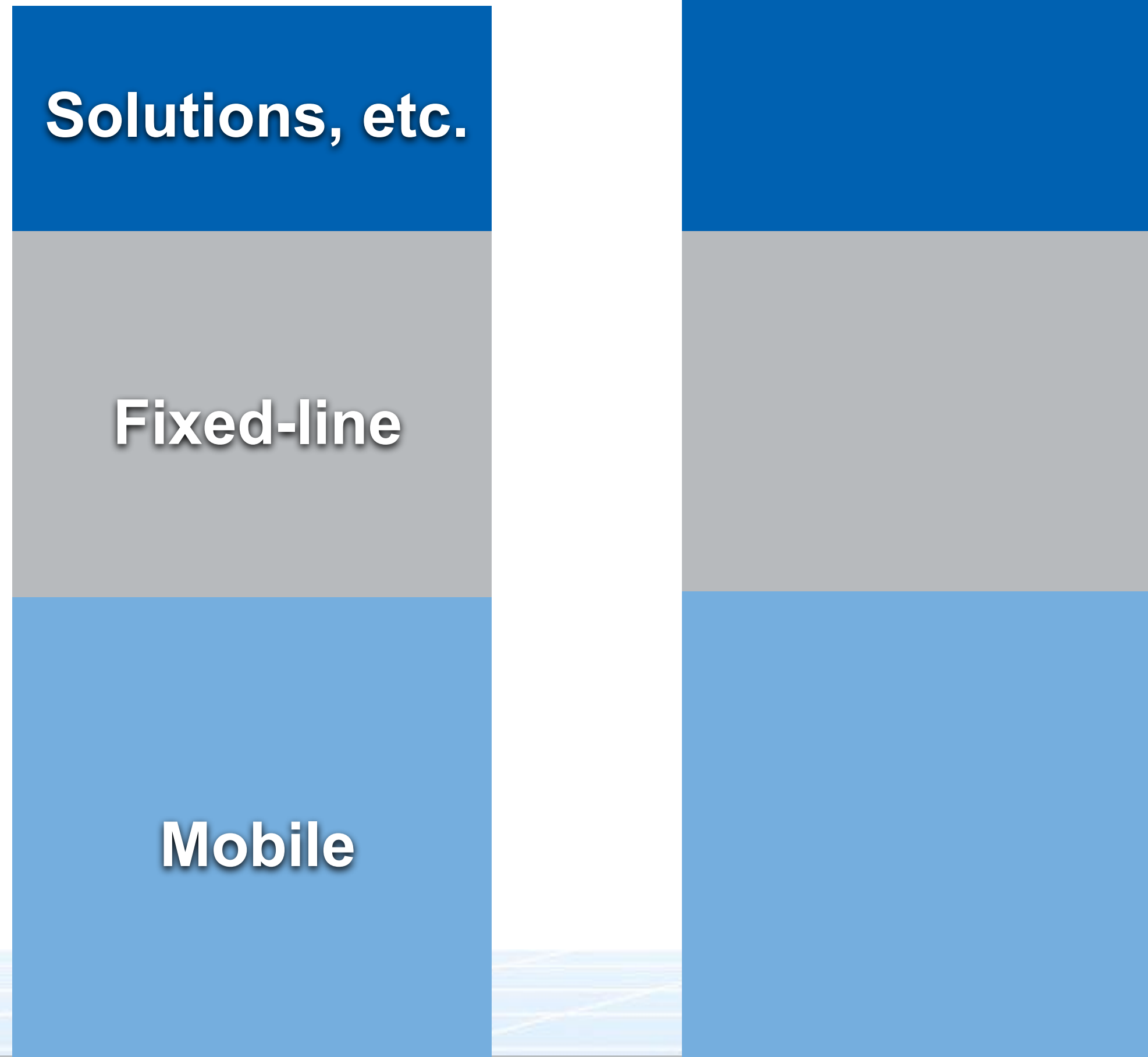
Enterprise Business Unit: Sales

[billions of yen]

604.2

620.5

¥620.5 bn



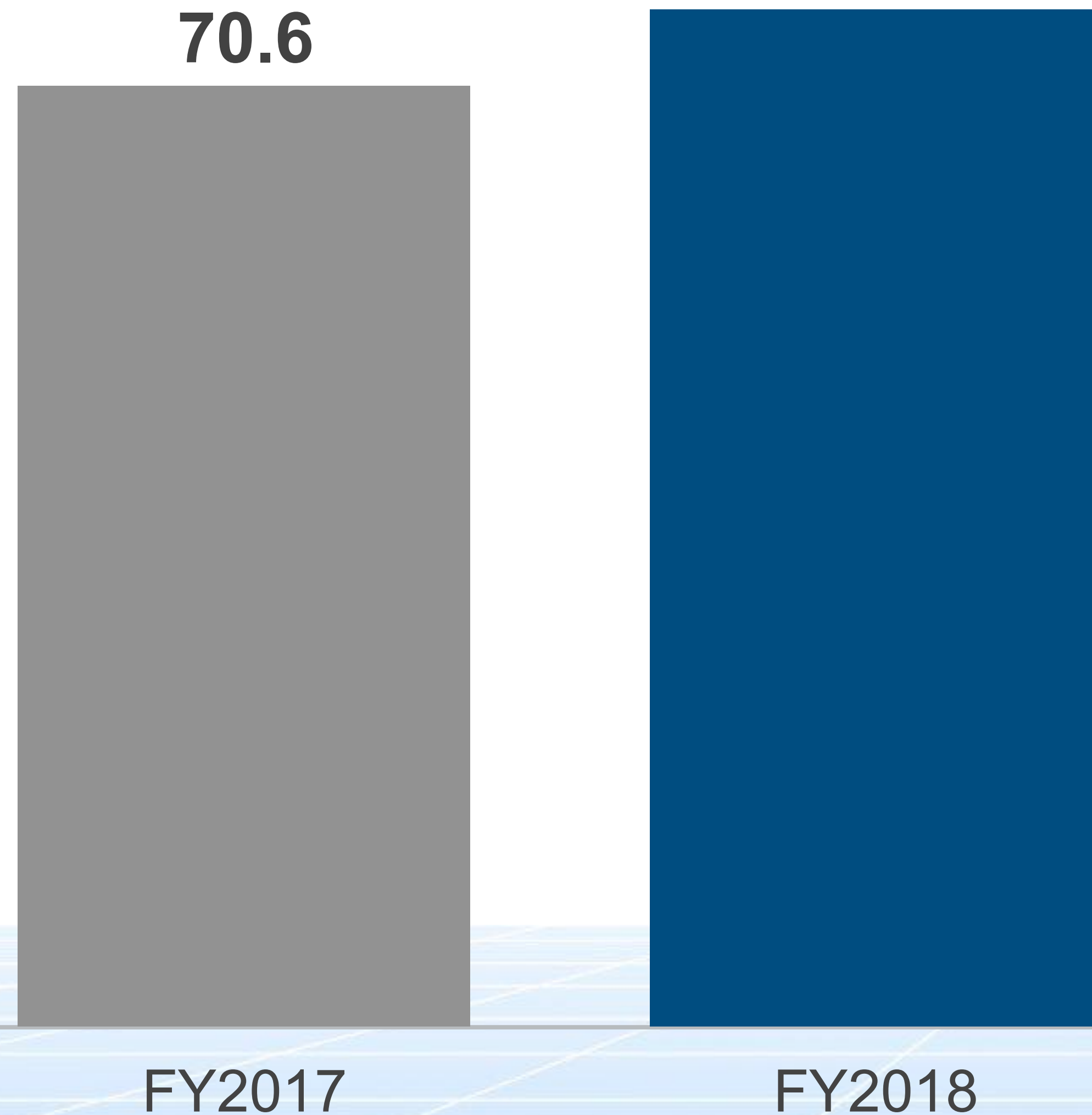
FY2017

FY2018



Enterprise Business Unit: Operating income

[billions of yen]



¥76.3 bn



Enterprise Business Unit: History

Providing **strong infrastructures**
Utilizing **railway networks**

1984

1989

2004

2006

2015

The former Japan
National Railways
founded Japan
Telecom



Railway
Telecommunication
* merged with
Japan Telecom



*A company privatized and
separated from the former
Japan National Railways

SoftBank acquired
Japan Telecom



SoftBank
Telecom

SoftBank acquired
Vodafone



SoftBank
Mobile

Four carriers
merged into
SoftBank

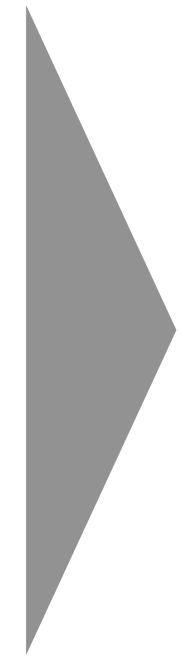


SoftBank

Japan Telecom period (2004-)

Making inroads into NTT's stronghold, which lasted more than 100 years, **significantly reduced corporate communication cost**

Landline phone was mainstream



Direct telephone service

おとくライン



*In comparison with NTT subscriber phone

SoftBank Telecom period (2008-)

Transformed corporate workstyle

Feature phones were mainstream



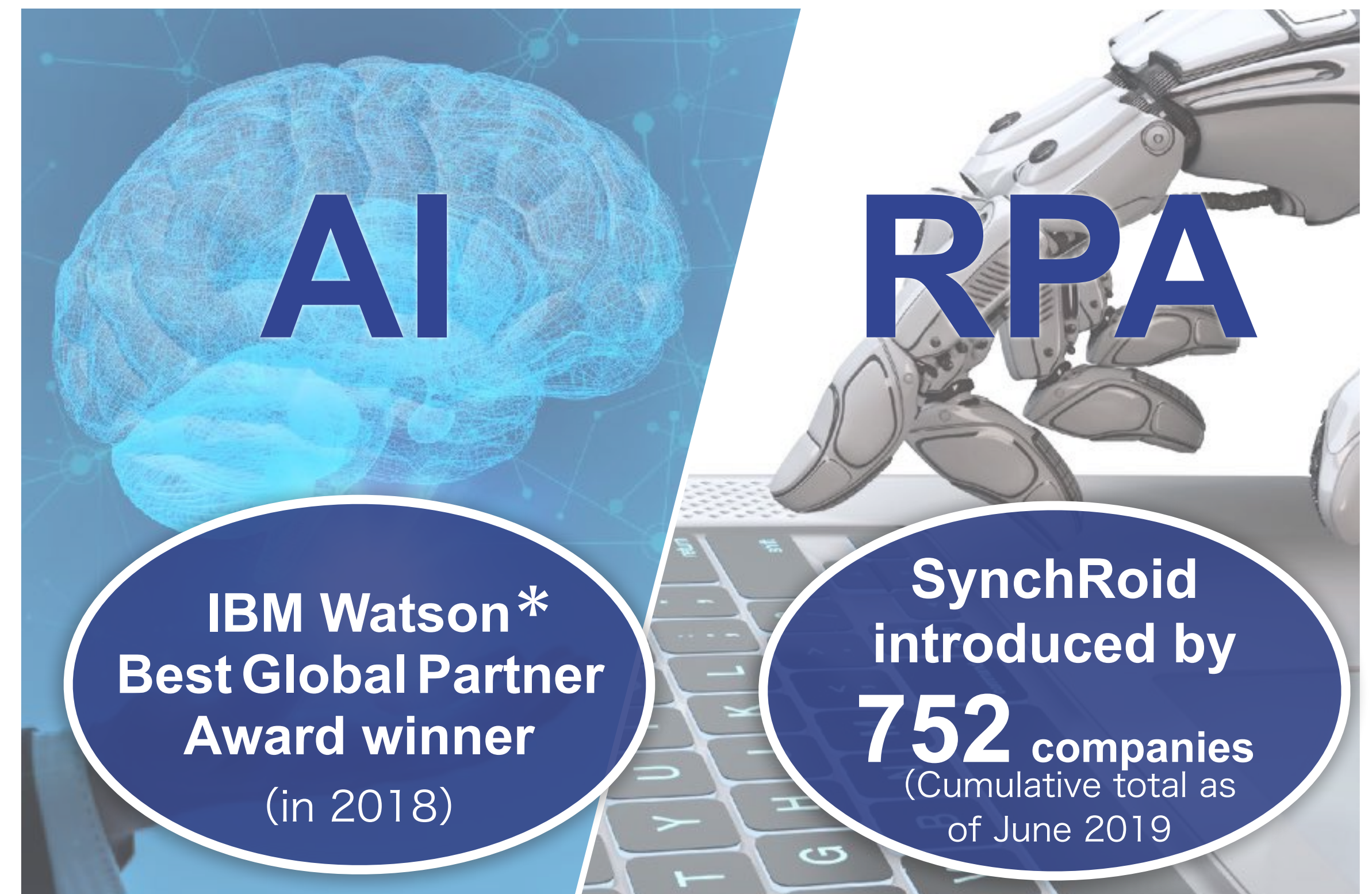
G Suite™

Smart devices deployed in about **340K** companies
*As of May, 2019

G Suite deployment. about **1.6M** IDs
*As of April, 2019

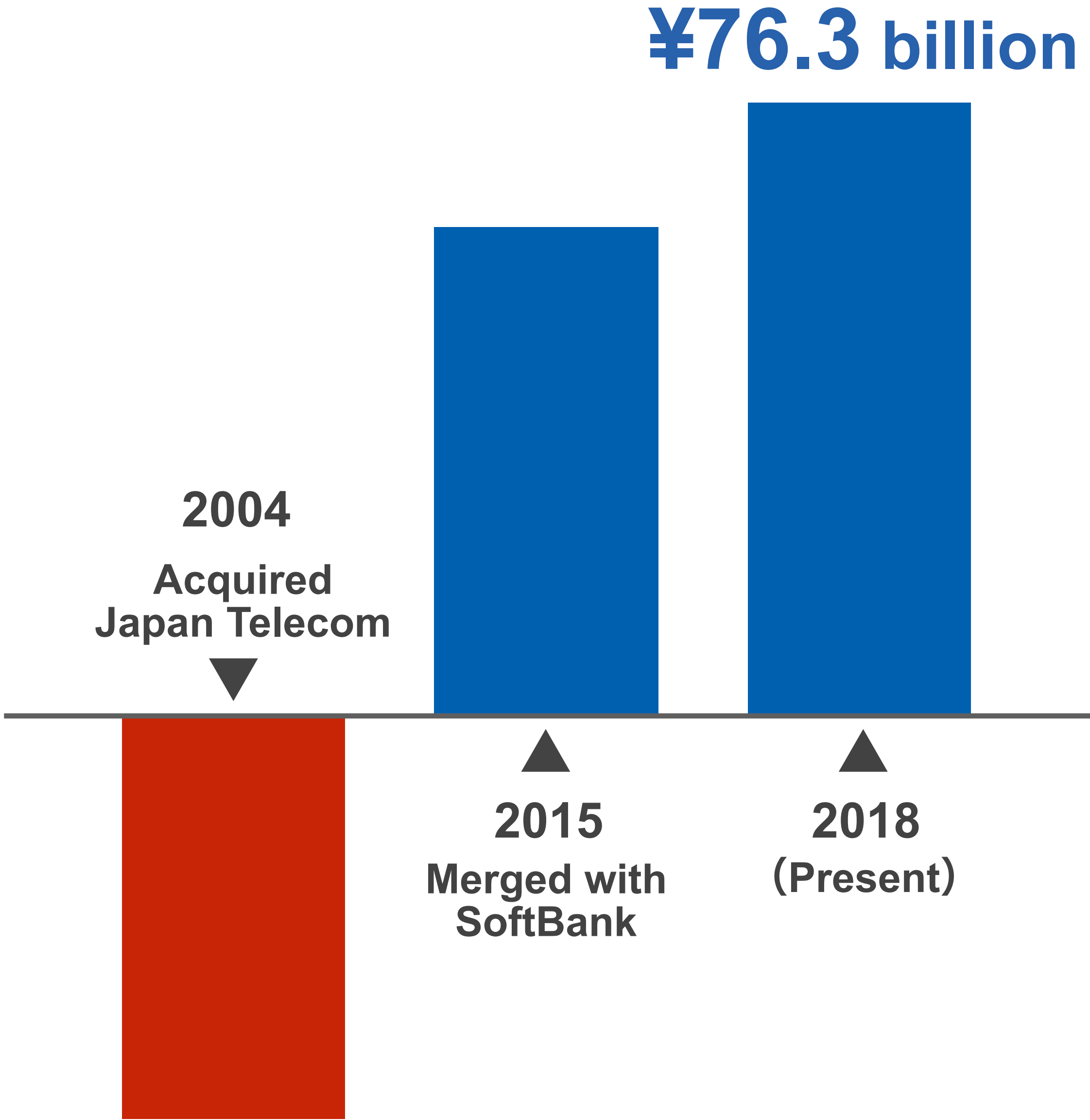
Improving corporate labor productivity

Low birthrate and aging population



*For contribution to improving awareness of Watson in the Japanese AI market with 1000 successful cases

Changes in operating income (Enterprise Business)



Turned into a growth business



Mission of Enterprise Business

Bring solutions to businesses

1

“Customer solution 1st” rather than **“Product 1st”**

2

Address “potential problems” rather than **“existing problems”**

3

Design solution services from the “viewpoint of customers”

Bringing solutions to business issues will lead to solving social issues

Business issues

Digitalization

Utilization of data

Workstyle reform

Security enhancement

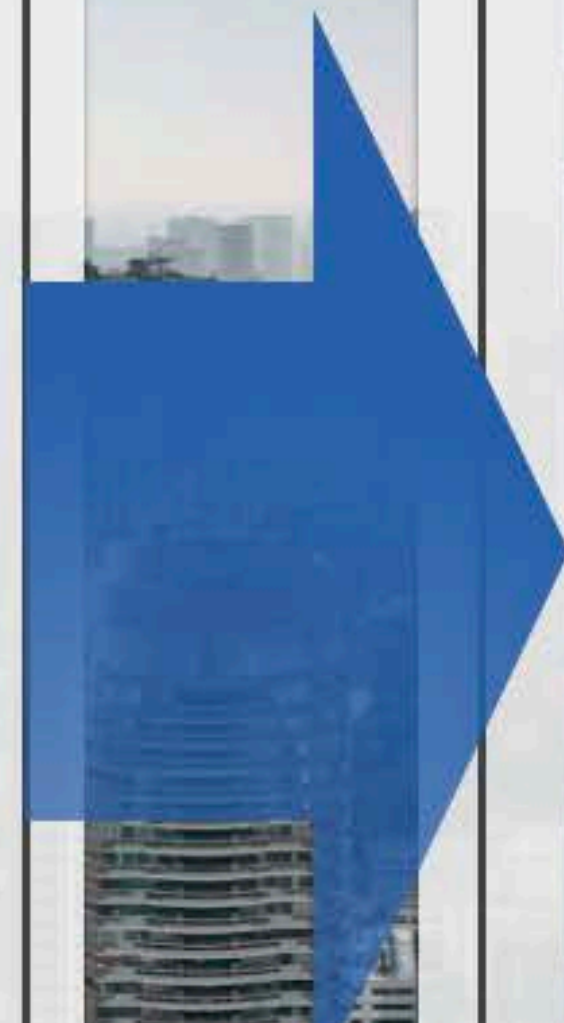
Productivity improvement

Attracting customers

ICT optimization

Cost reduction

Reduction of operational burden



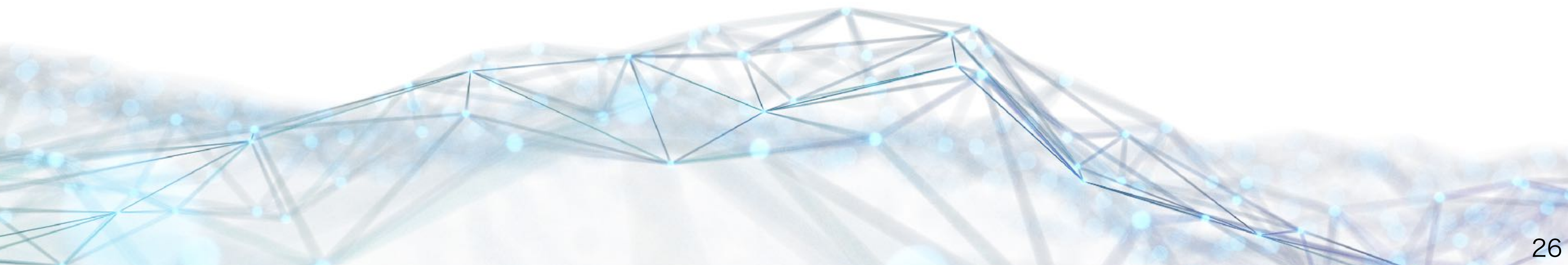
Social issues



Requirement for solving social issues

“Co-creation” with partners

(Key players in each industry)



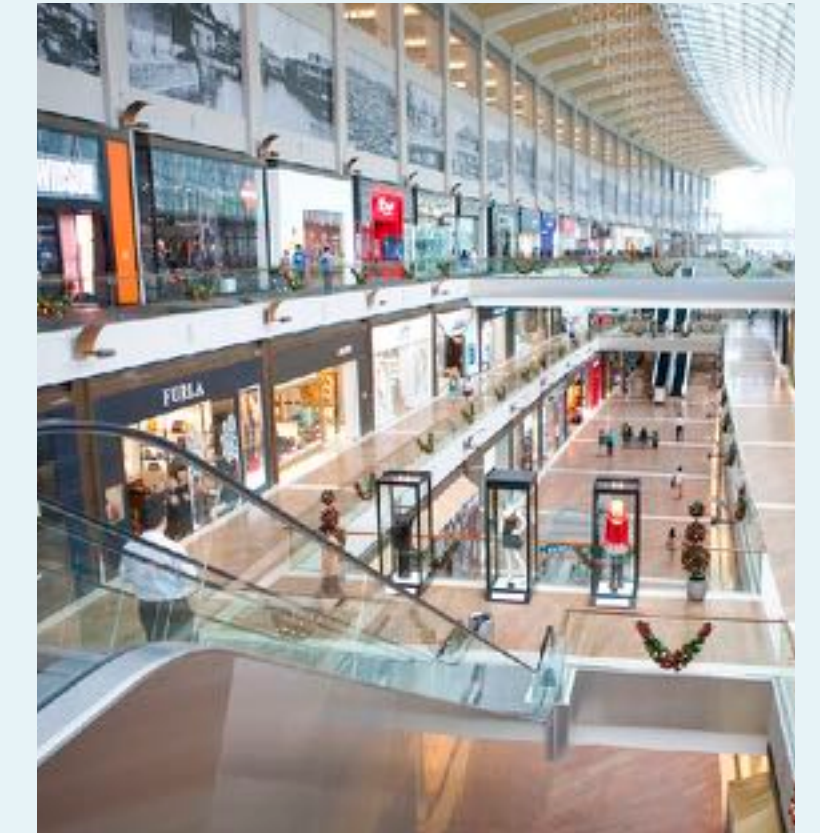
Towards “Co-creation”

Robust customer base to foster “Co-creation”

(Business relationship with large companies)

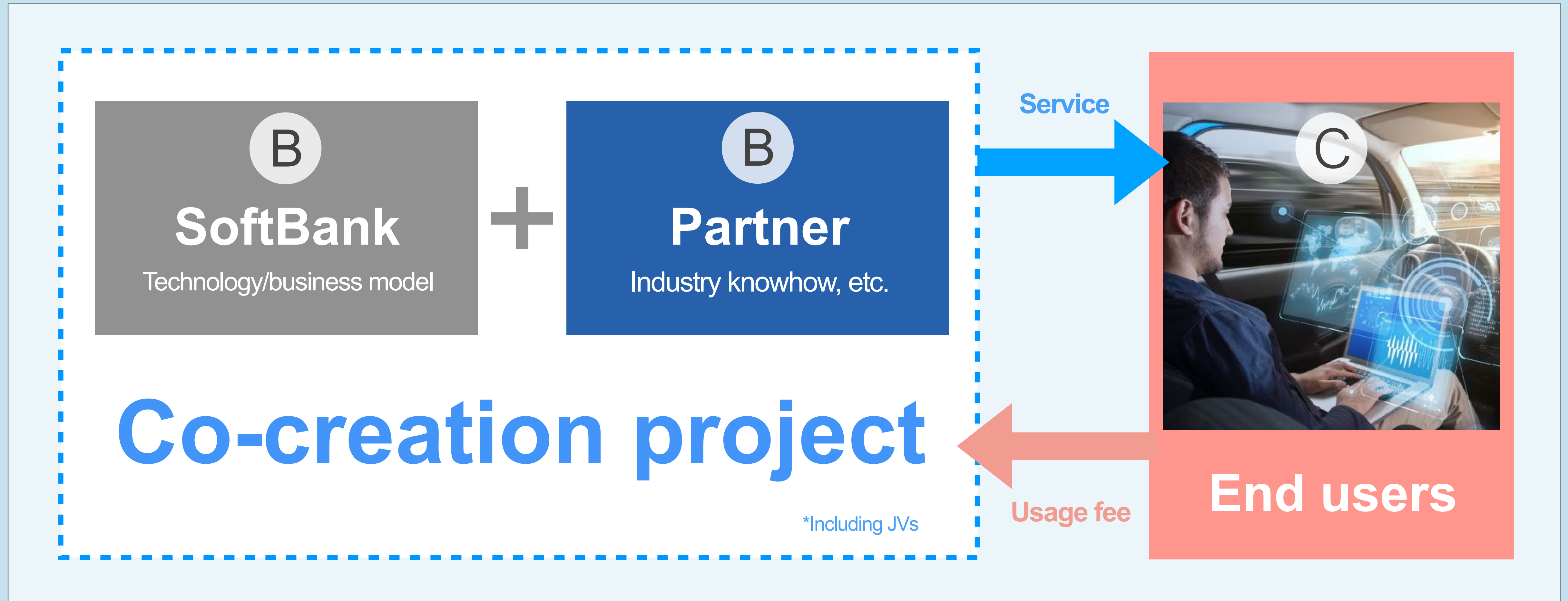
We have business relationships with **94%** of listed companies whose sales exceed ¥100 billion

* As of March 2018



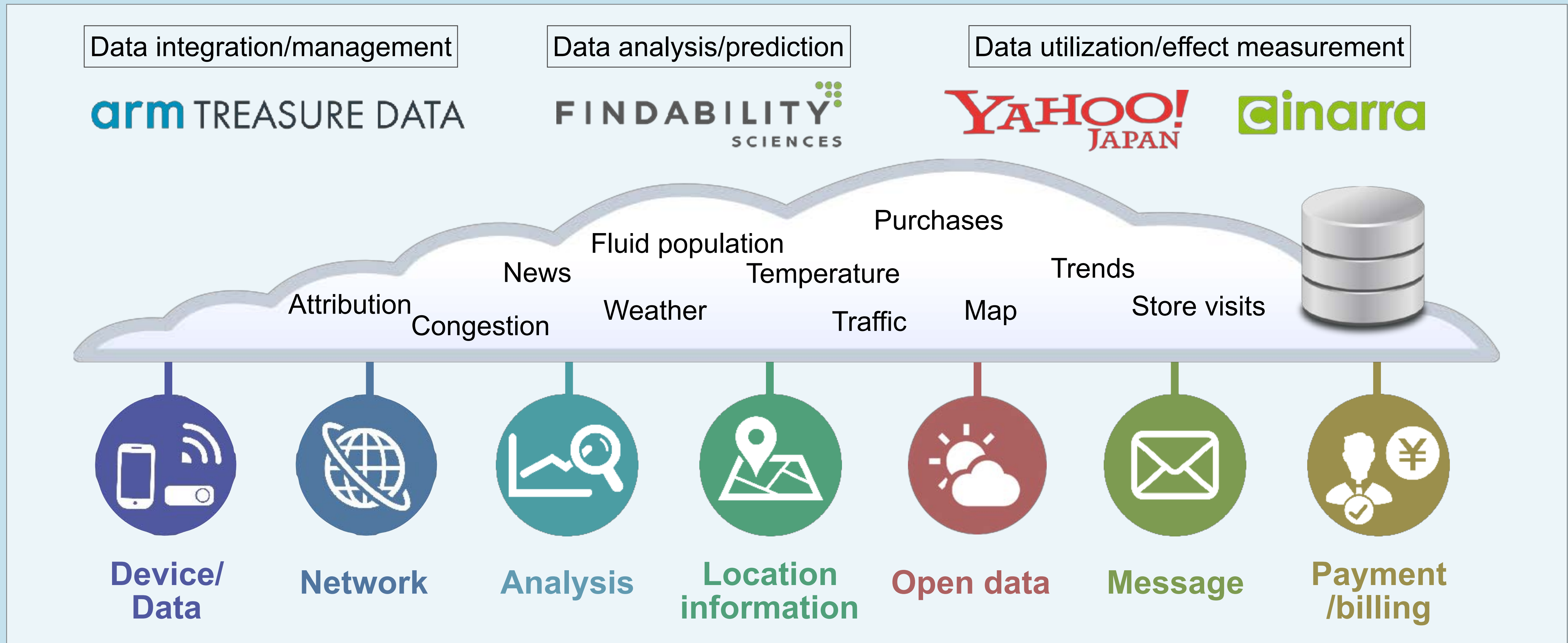
“Co-creation” business model - B2B2C

Create new values through “Co-creation” with partners



Towards “Co-creation”

Own platforms that range from data collection to billing



*All logs are collected in accordance with the guidelines of the Ministry of Internal Affairs and Communications, and personal information is handled with extra care by using only anonymized and processed information.

Towards “Co-creation”

Launch global technologies/business models in Japan

**SoftBank
Group
Investment
Company**

SoftBank



- Establish JV
- Study business model
- Build operational framework
- Sales support

**Customer
(Individual/Business)**

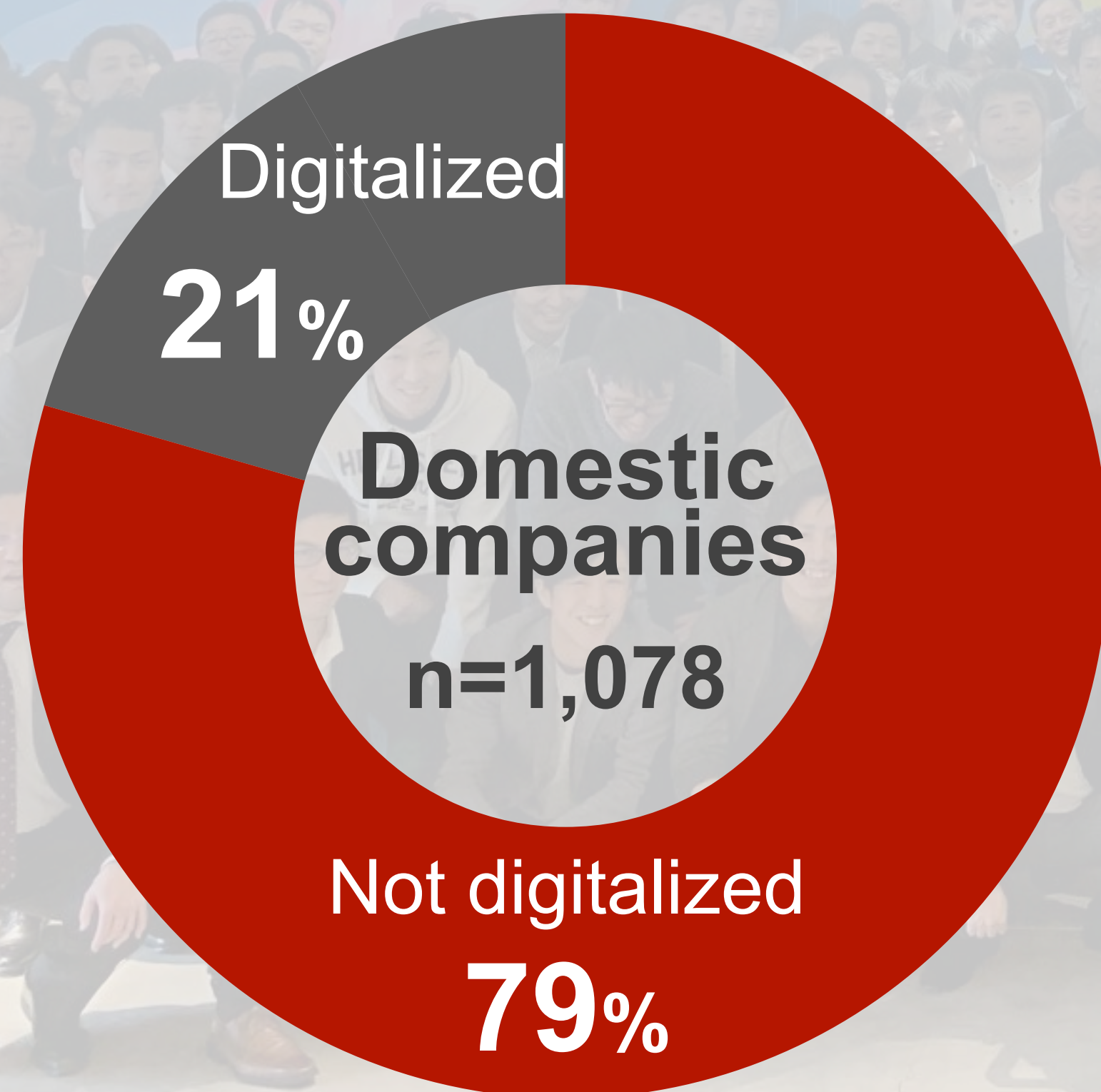


An organization dedicated to solving social issues

Digital Transformation Division

(DX Division)

Business digitalization status (2017)



Started with
120 staff

at the time that **80% of domestic companies were not digitalized**

(October 2017)

*About 140 persons as of July 2019

DX Division Mission

**Address social issues
in Japan**



**Create the next core
business for SoftBank**



DX Div. HR development

Build up the skills required for new businesses rather than for telecom services

NEW

Finance

NEW

**Investment
plan**

NEW

Marketing

NEW

**Business
planning**

NEW

**Project
management**

NEW

**Design
thinking**

NEW

**New
business
proposal**

+

**Conventional
skills**

Network knowledge, Cloud knowledge, Account planning etc.

**Change mindset from “sales of telecom services”
to “creation of new businesses”**

Launch of “Co-creation” for solving social issues



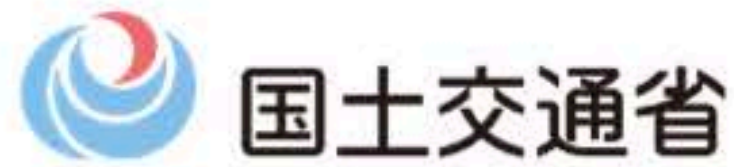
Disaster prevention infrastructure using IoT sensors



Urban development utilizing data



Health promotion

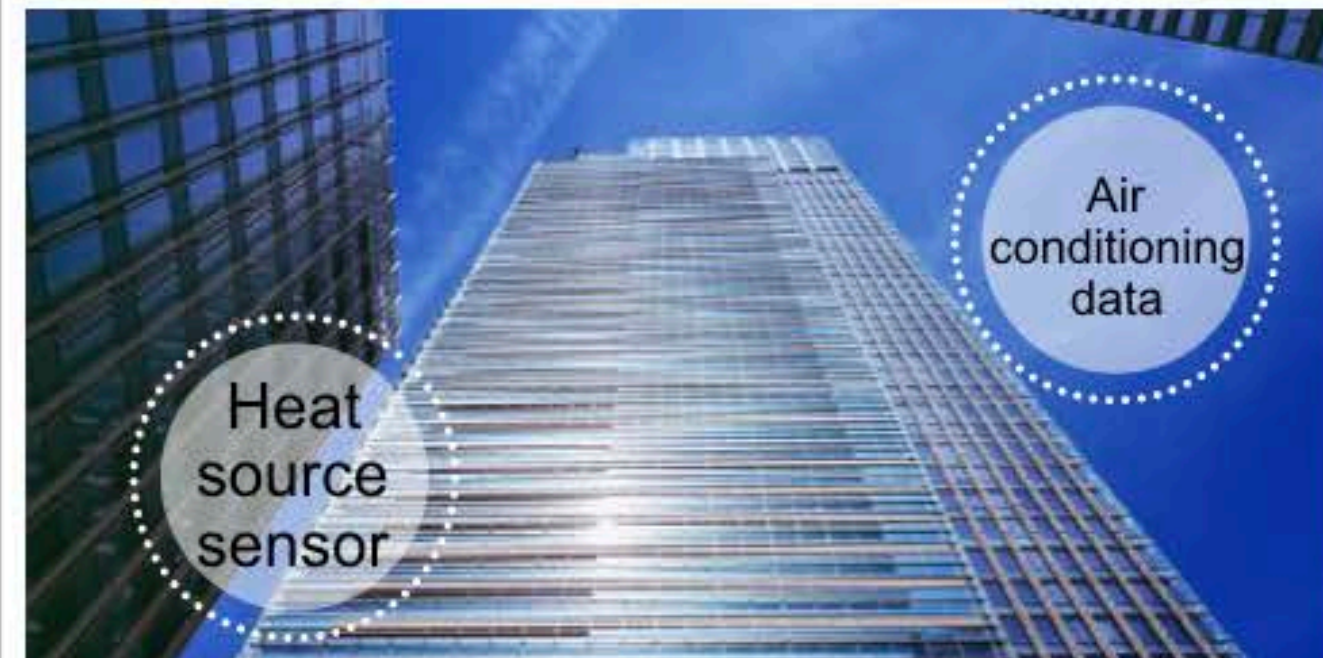


Labor saving in infrastructure inspection



NIKKEN

Creation of smart buildings



Local government

Improvement of local services, education, etc.



3. New approach to solving social issues

Head of Digital Transformation Division

Shintaro Kasai

DX Division Strategy

Co-creation with partners

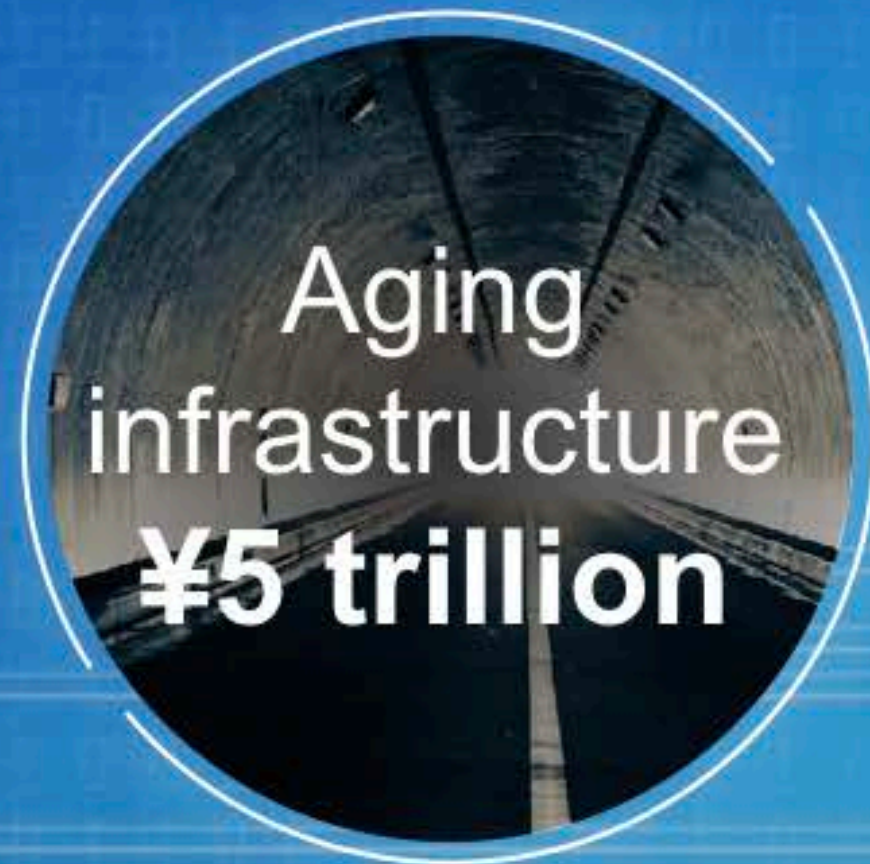


Platform-based business model



Social issues in Japan Repost

Economic loss due to social issues (per year)



New business for solving social issues

Many ideas were discussed and 35 became projects that are under way for launching commercial services

(450 ideas are raised for new businesses)



35 projects
are in the pipeline.

New business for solving social issues

17 projects will be monetized by 2020

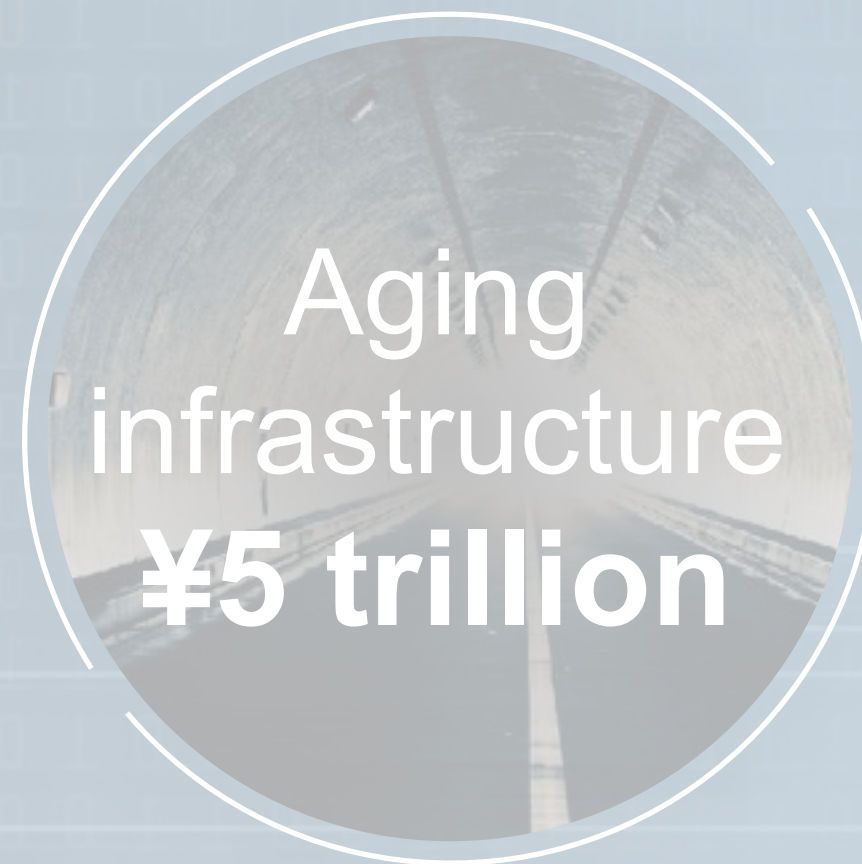
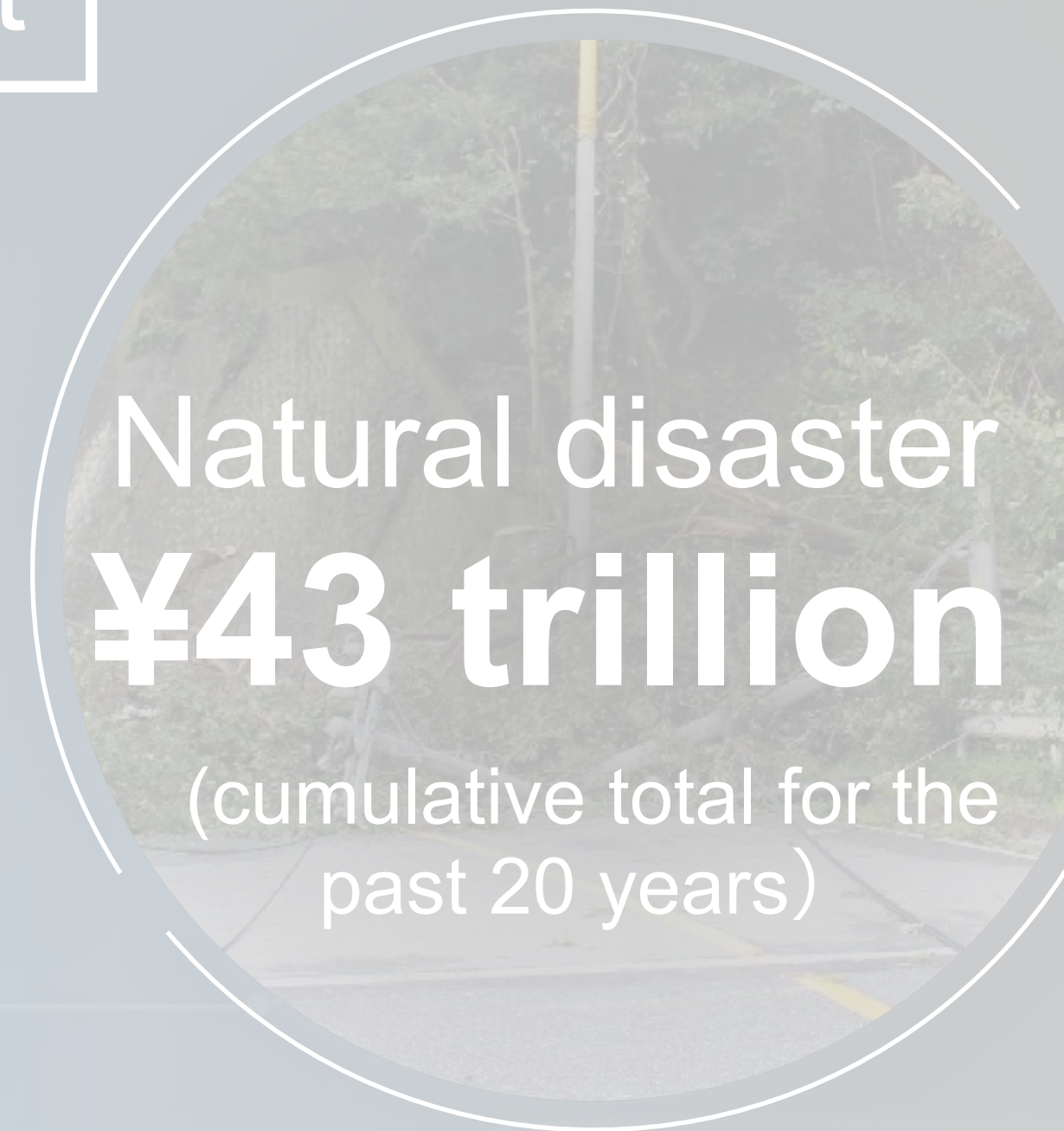
(35 new business projects)



17 projects
to be monetized

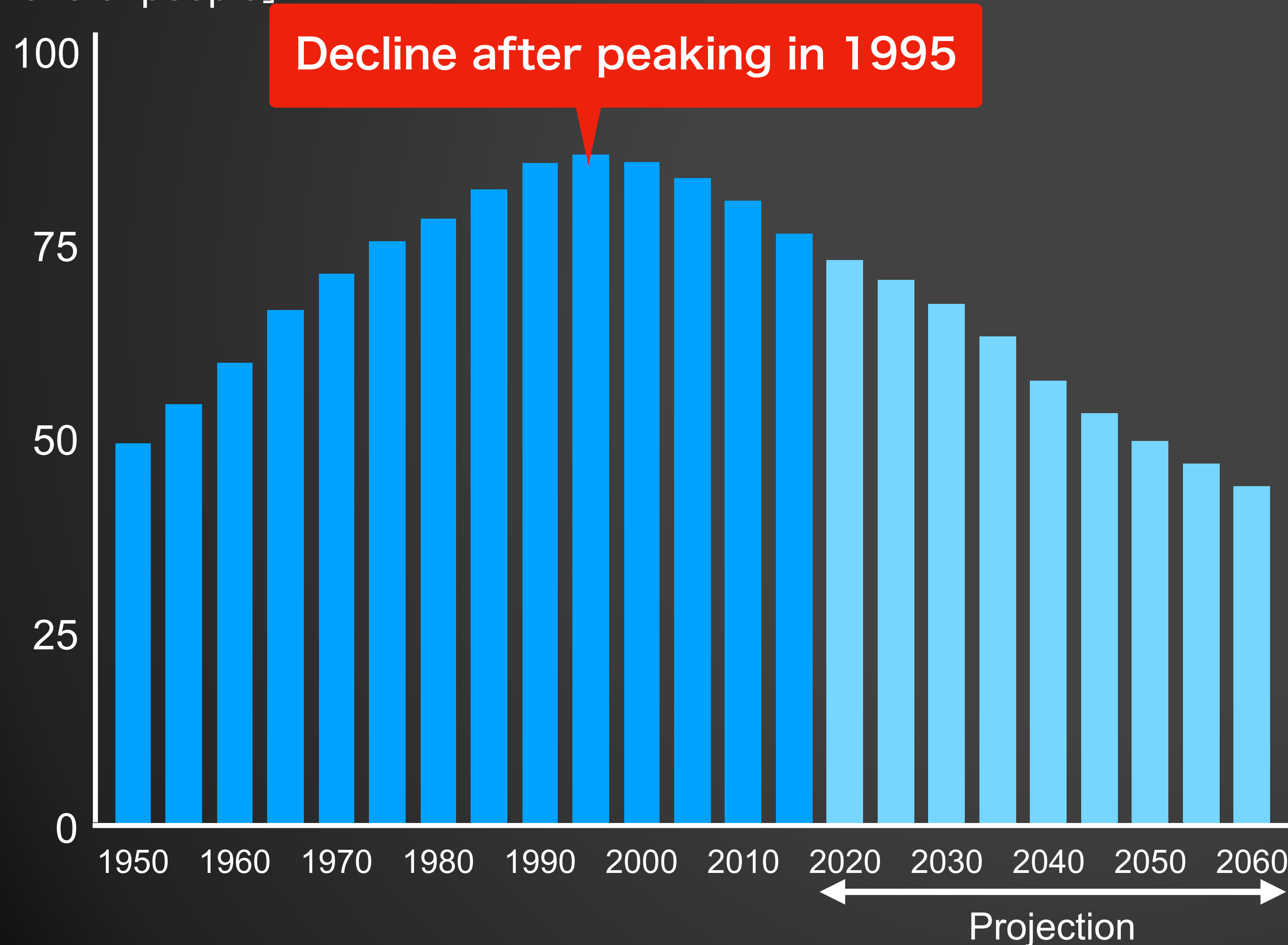
Social issues in Japan Repost

Economic loss due to social issues (per year)



Many of social issues stem from the “shrinking workforce”

[millions of people]



Source : Ministry of Internal Affairs and Communication
“Changes in aging population in Japan and future projection”

Focus area

Retail/ Distribution



Real estate/ Construction



Service/Tourism



Healthcare



Cross-
industry
project

Social infrastructure (electricity, gas, water, weather information)

⋮

Logistics

Telecommunications

Payment

SoftBank Group invested companies

Asset

Focus area

**Retail/
Distribution**



**Real estate/
Construction**



Service/Tourism



Healthcare



**Cross-
industry
project**

Social infrastructure (electricity, gas, water, weather information)

⋮

DX in logistics industry

Telecommunications

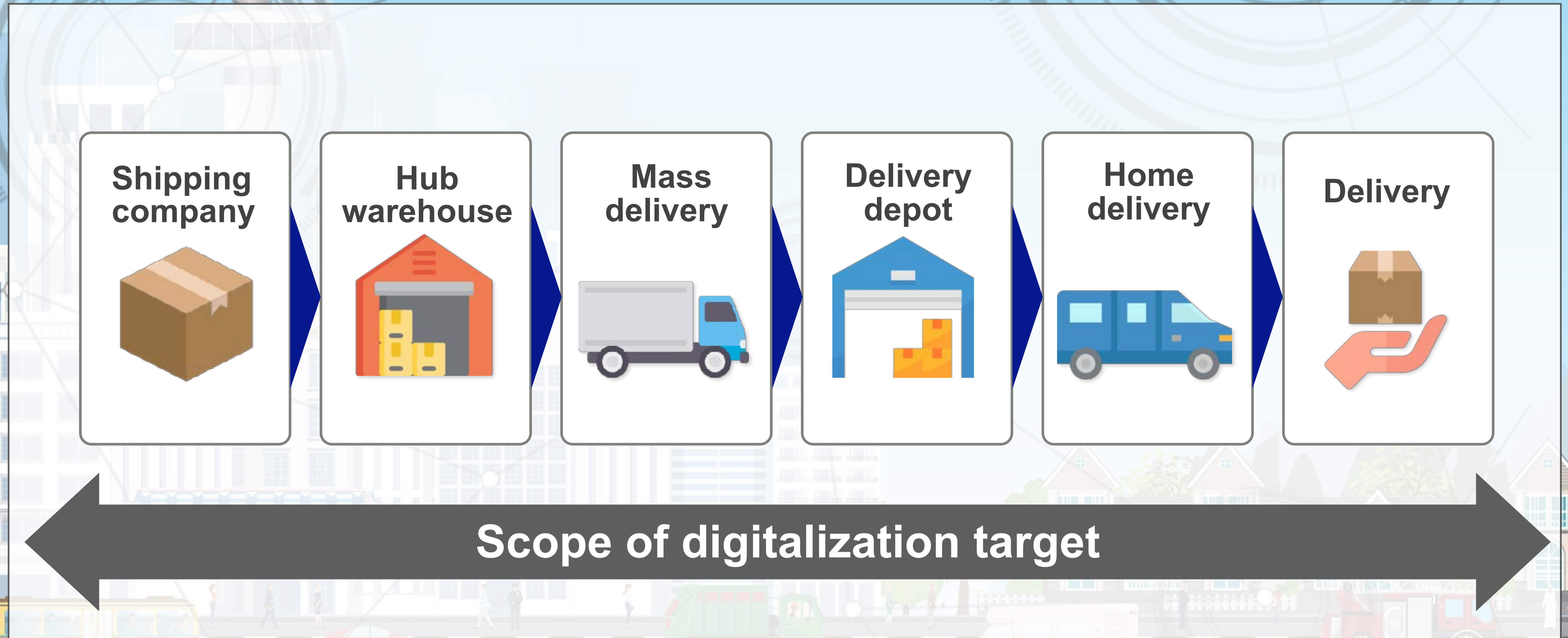
Payment

Asset

SoftBank Group invested companies

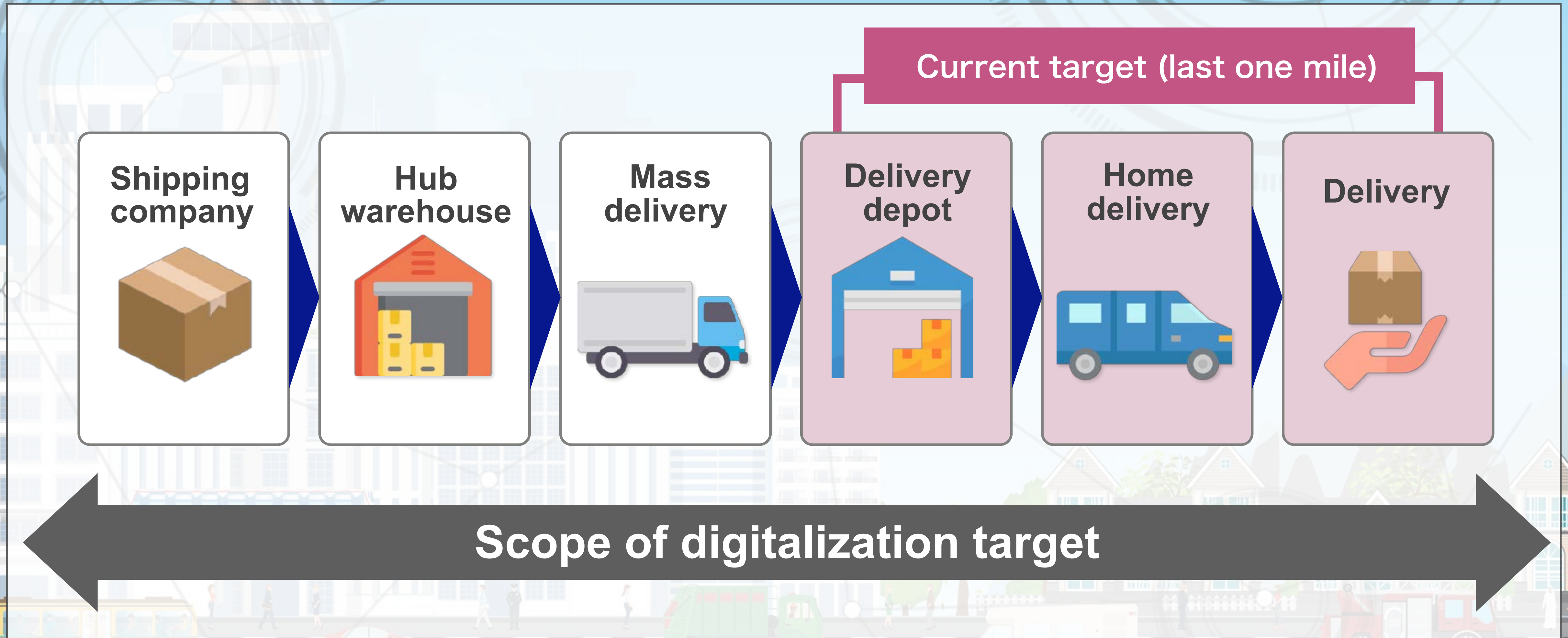
SoftBank DX strategy for logistics

Optimize supply chain through digitalization

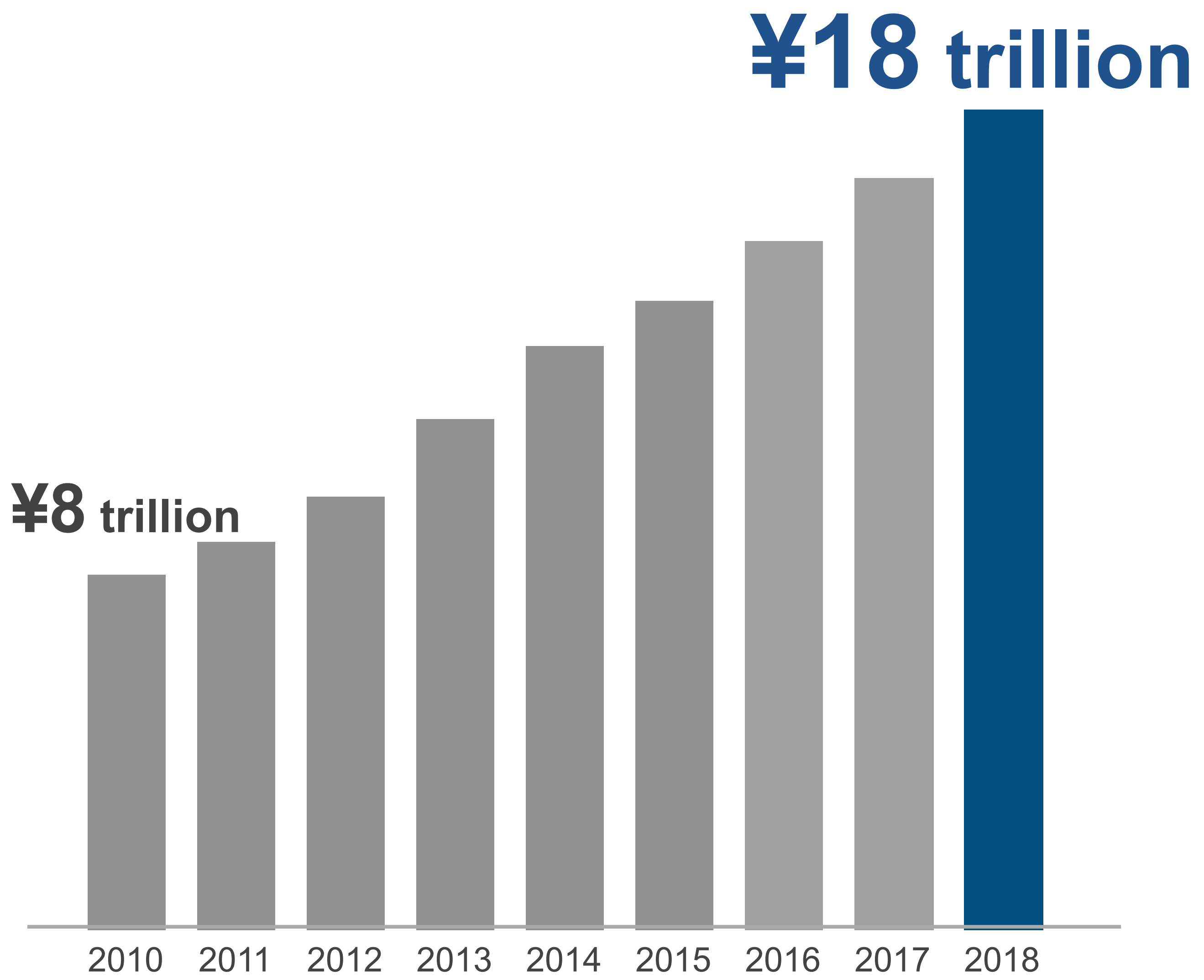


SoftBank DX strategy for logistics

Optimize supply chain through digitalization



Current status of EC business in Japan



Annual growth rate of 9% (B2C)



Source: Ministry of Economy, Trade and Industry
"FY2018 report on basic infrastructure in the data-driven society in Japan"

Increase of parcels handled by home delivery service

4.3 billion

**Increase at the rate of
100 million annually**

2.9 billion

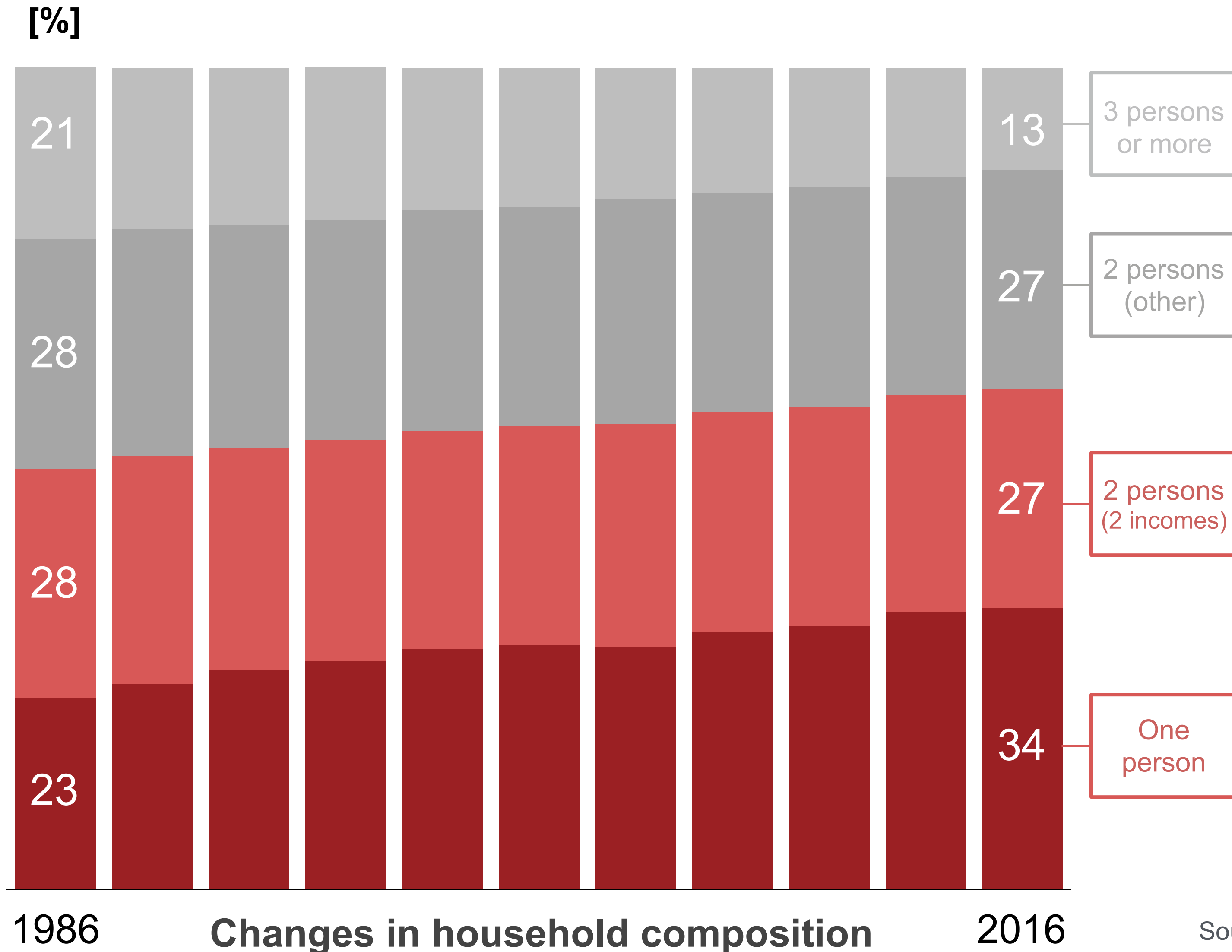
2006

2017



Source: Ministry of Land, Infrastructure, Transport and Tourism
"FY2017 survey on the number of parcels handled by home delivery service"

Changes in household composition



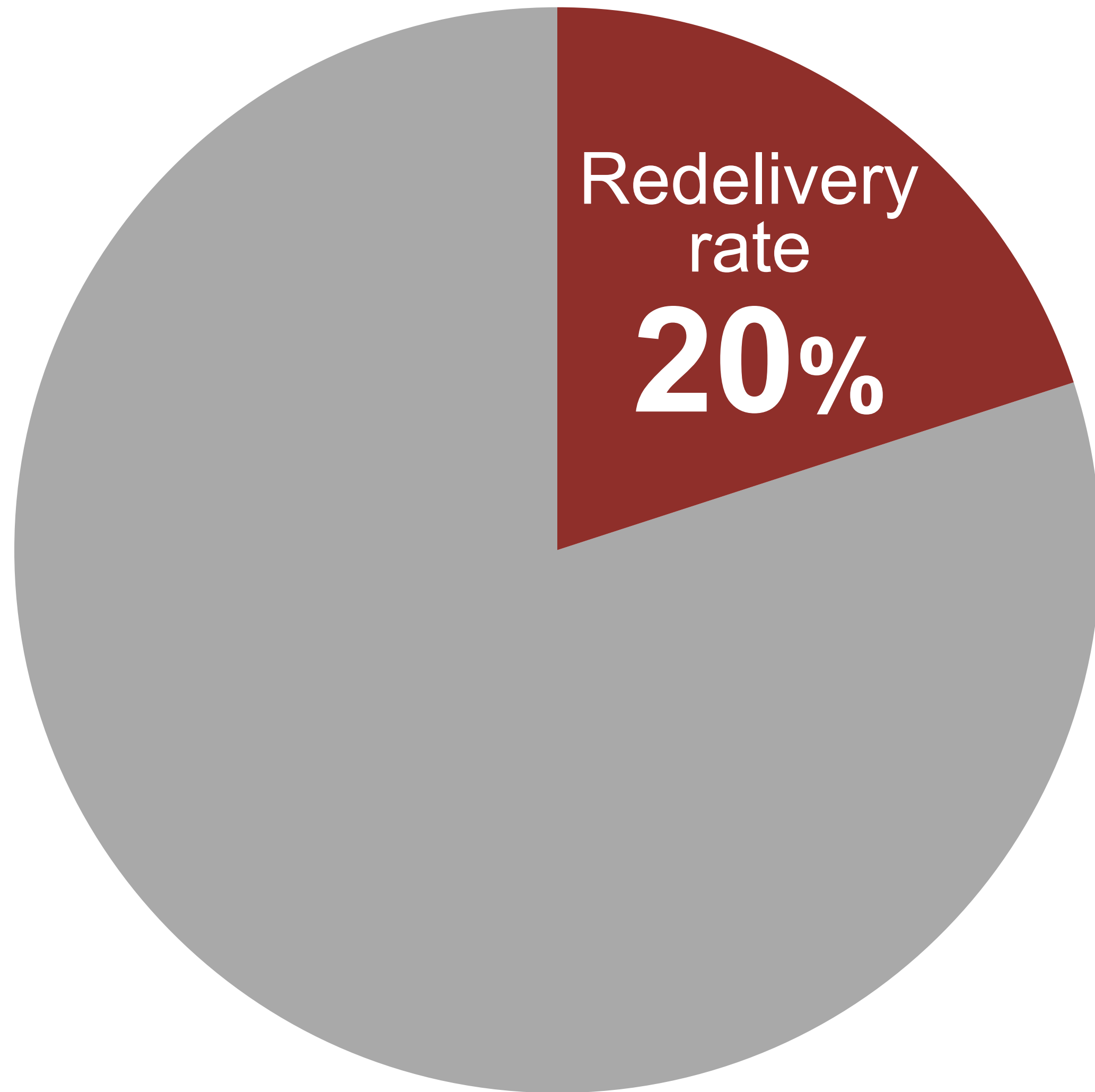
The number of households having difficulty in receiving parcels during daytime

increased 10%



Source: Compiled based on "FY2016 Overview of National Livelihood Survey", Ministry of Health, Labour and Welfare

Serious redelivery rate

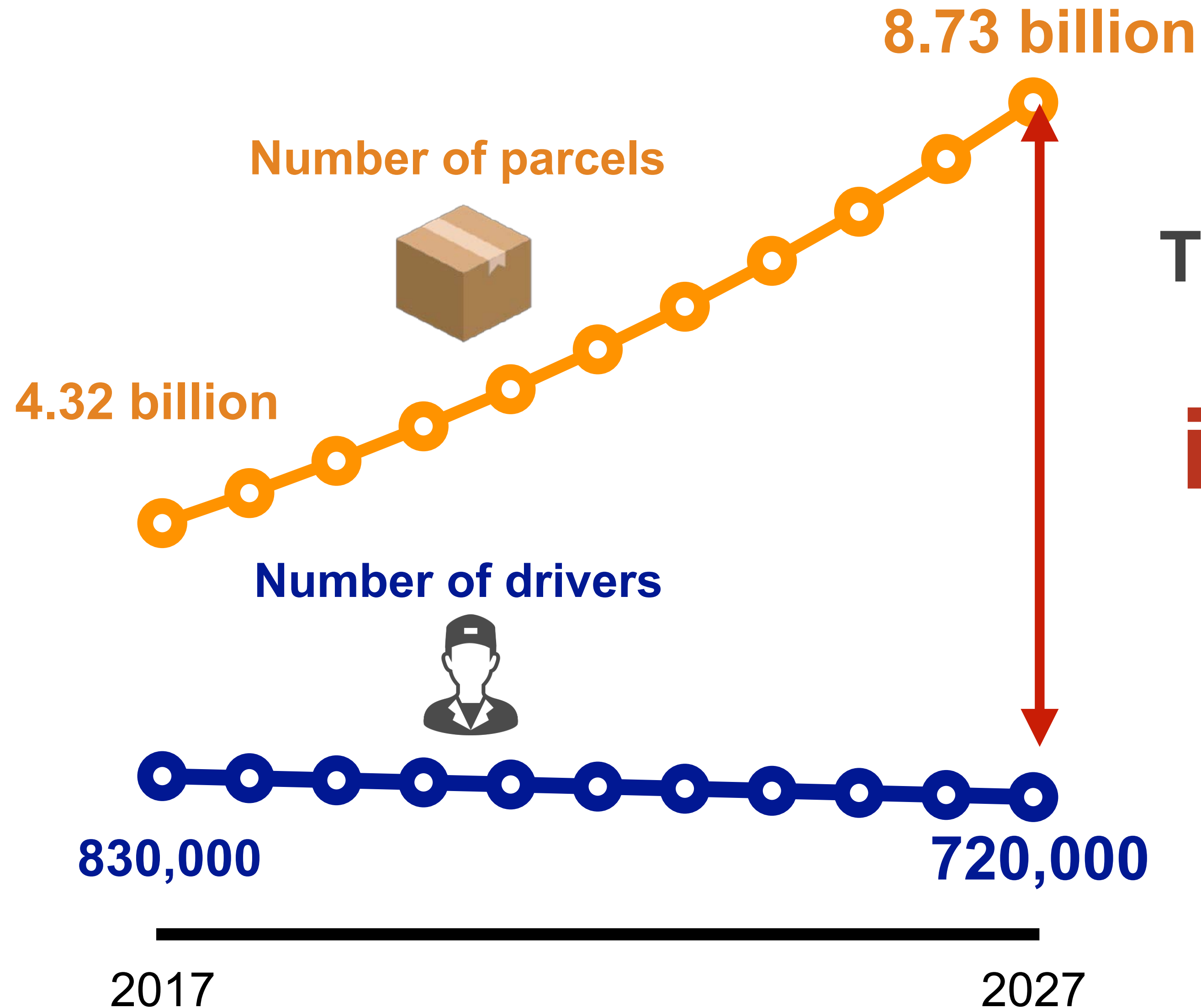


The number of redelivered parcels has reached **800 million/year**



Source: Ministry of Land, Infrastructure, Transport and Tourism
“FY2017 Current status surrounding logistics industry”

Widespread driver shortage



The number of parcels handled by one driver **increased 2.4 times** in the last 10 years

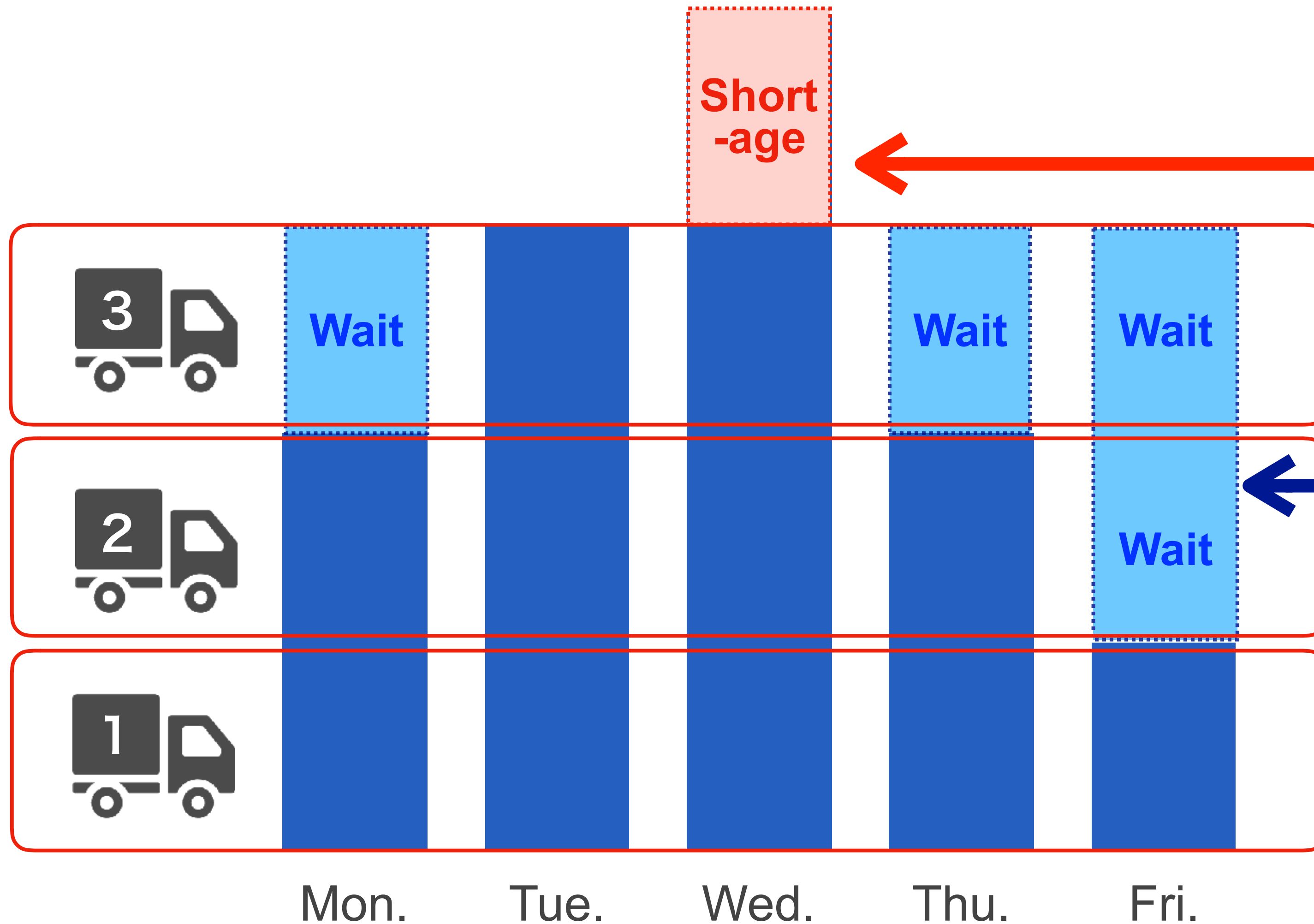
Source: Ministry of Land, Infrastructure, Transport and Tourism
"FY2017 Current status surrounding logistics industry"

Issue of inflexible delivery capacity



(In the case of chartering three trucks)

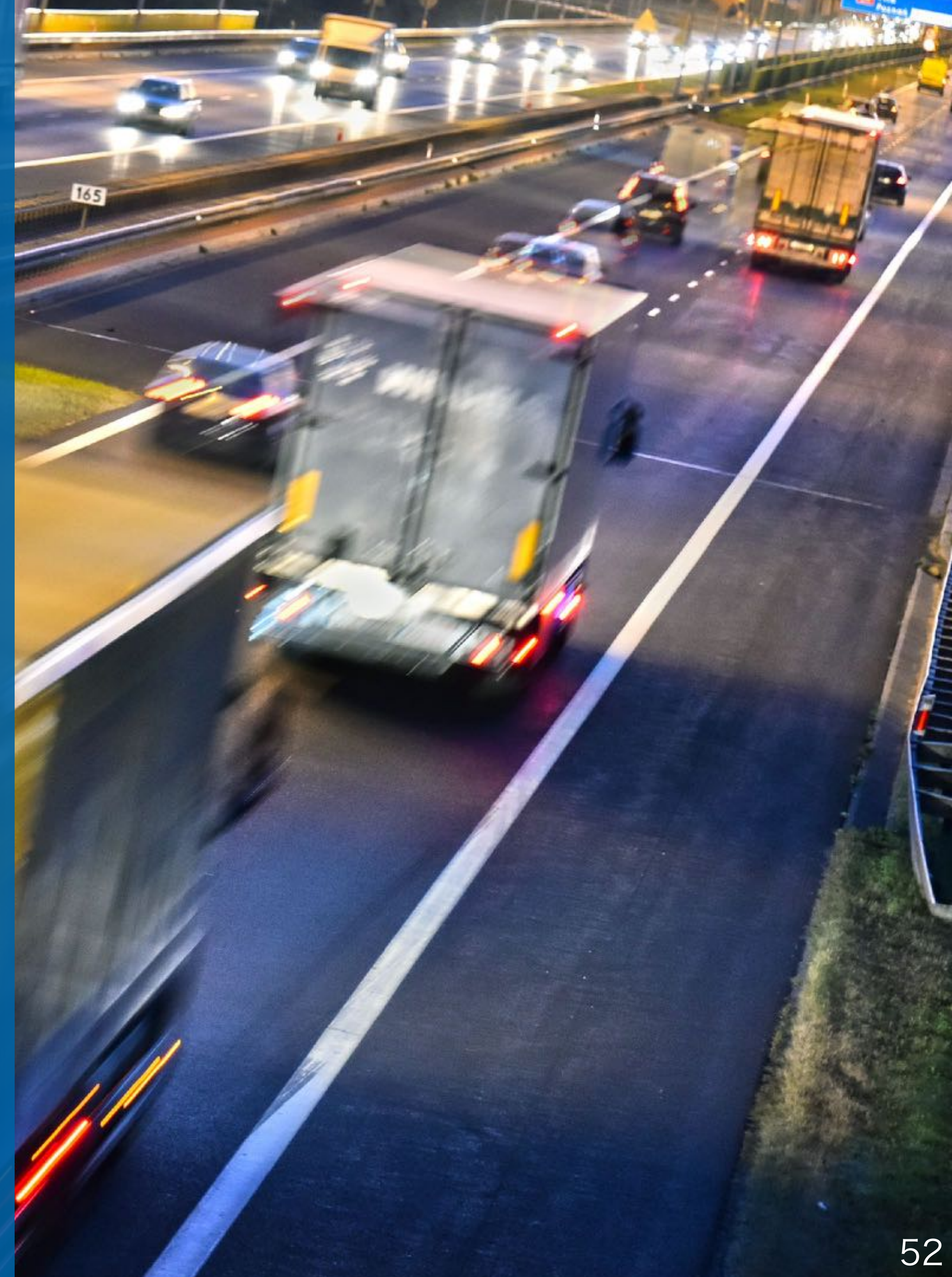
Trucks are chartered
regardless of the number of parcels



More parcels than truck capacity leads to
Loss of opportunity

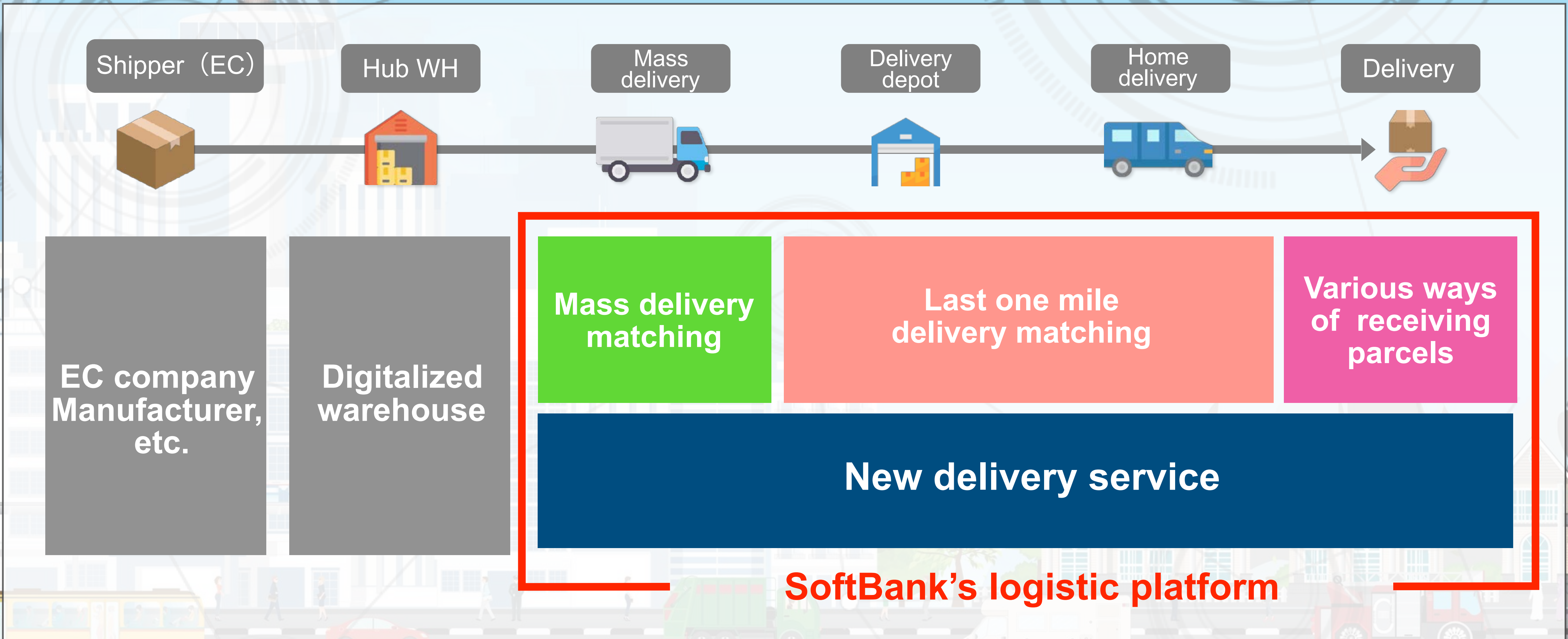
More trucks than the number
of parcels leads to
Extra cost

Promote Logistics Reform by the Power of Digitalization



Future service scheme

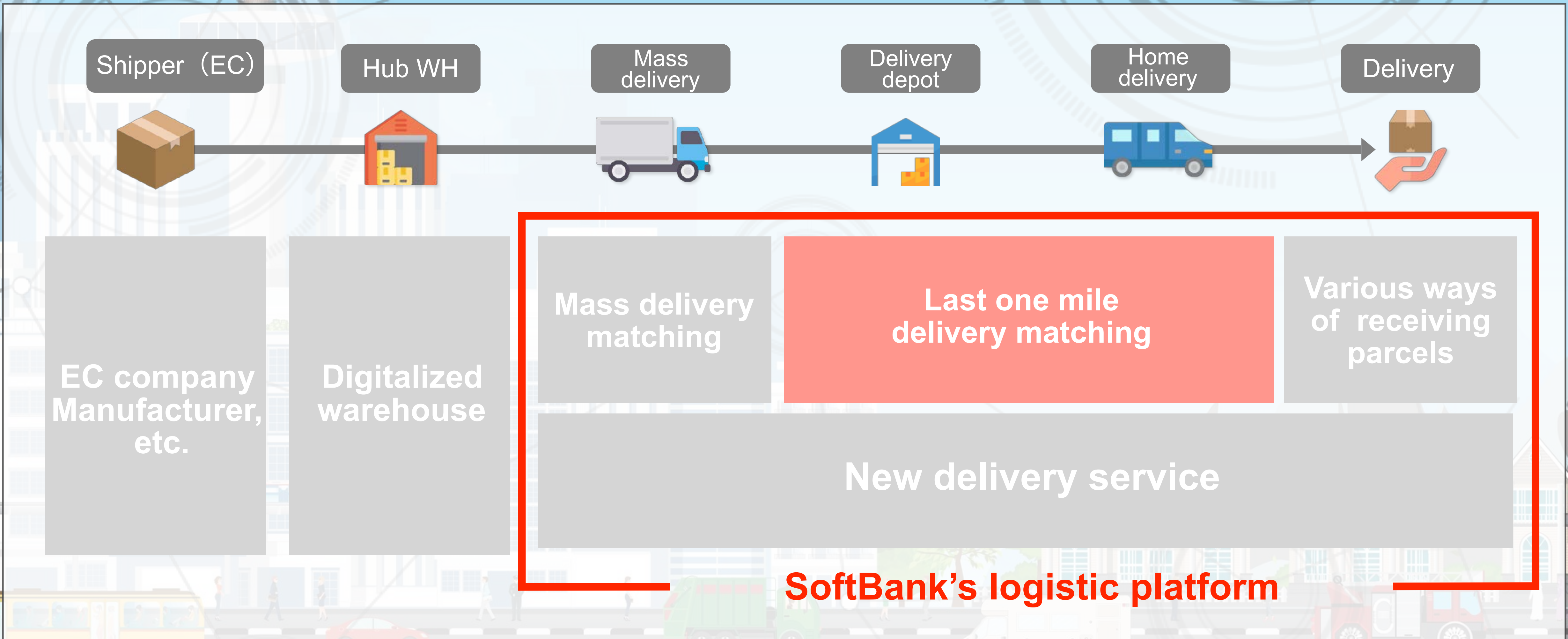
Connect supply chains through digitalization



SoftBank's logistic platform

Future service scheme

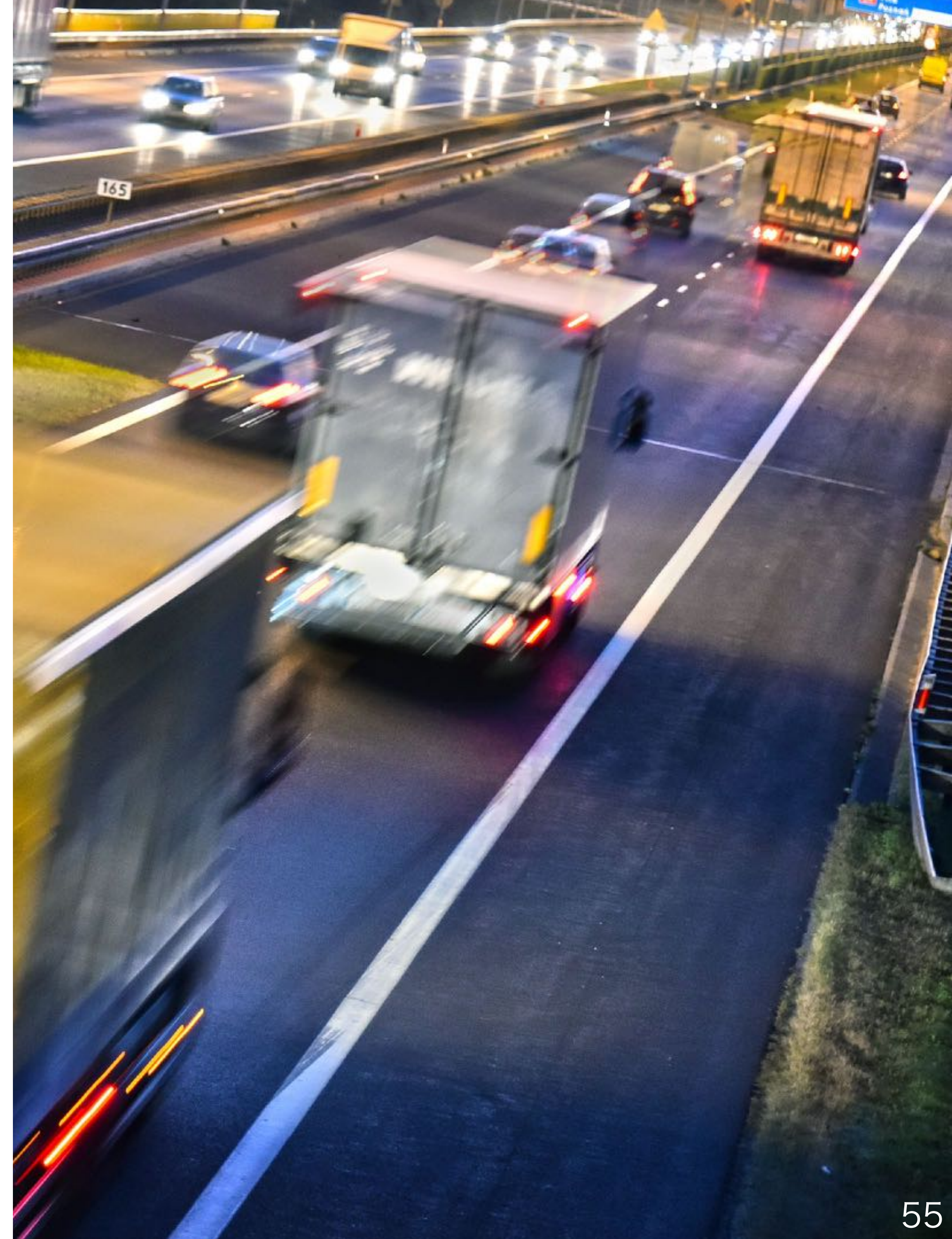
Connect supply chains through digitalization



Approach to Logistics Reform 1st Wave

AEON

AEON Kyushu Co., Ltd.



Demand from double-income families

Demand from double-income families is high, but the **EC penetration rate for fresh food is only 2%**^{*1}

(A housewife on her way home from office)



Reason for not using online supermarket^{*2}

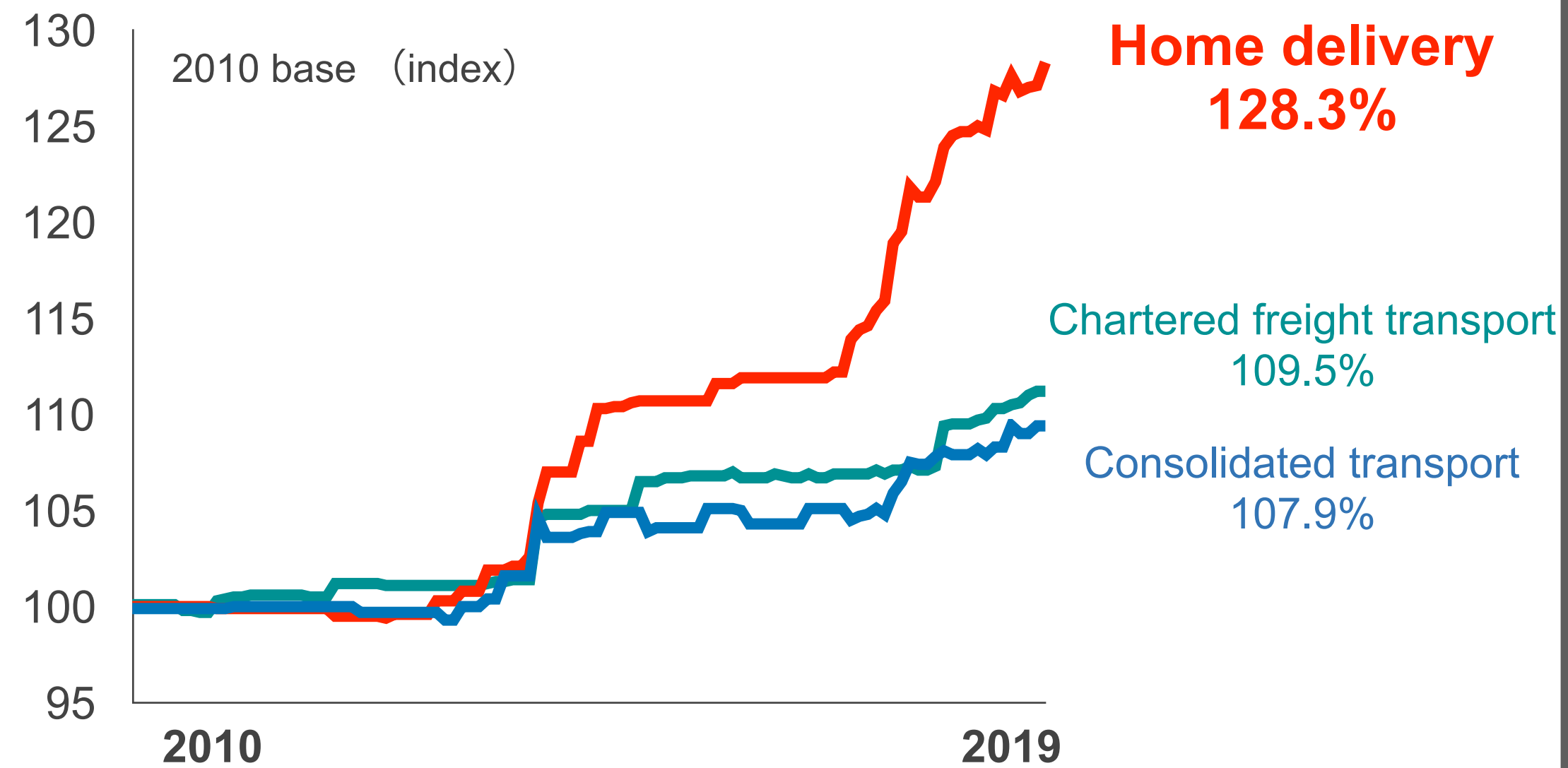
- **Not at home at the delivery time.**
- **Want products immediately.**
- **Delivery charge is high.**
- Want to choose products by myself
- Not aware of online supermarket.

Issue faced by online supermarket

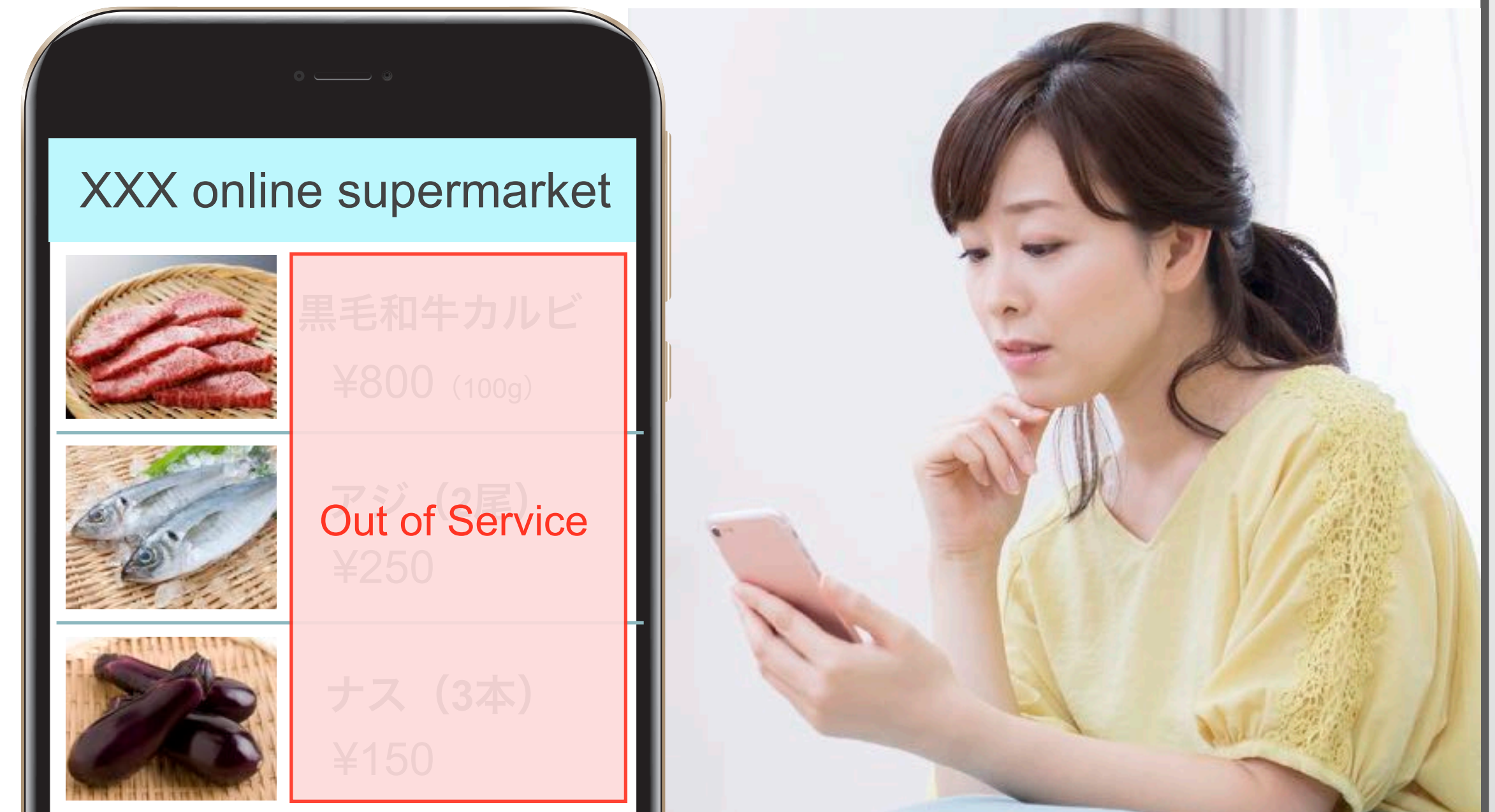
The issue of delivery prevents service expansion such as extended service hours.

Increase of delivery cost

(Changes in transport service charges)

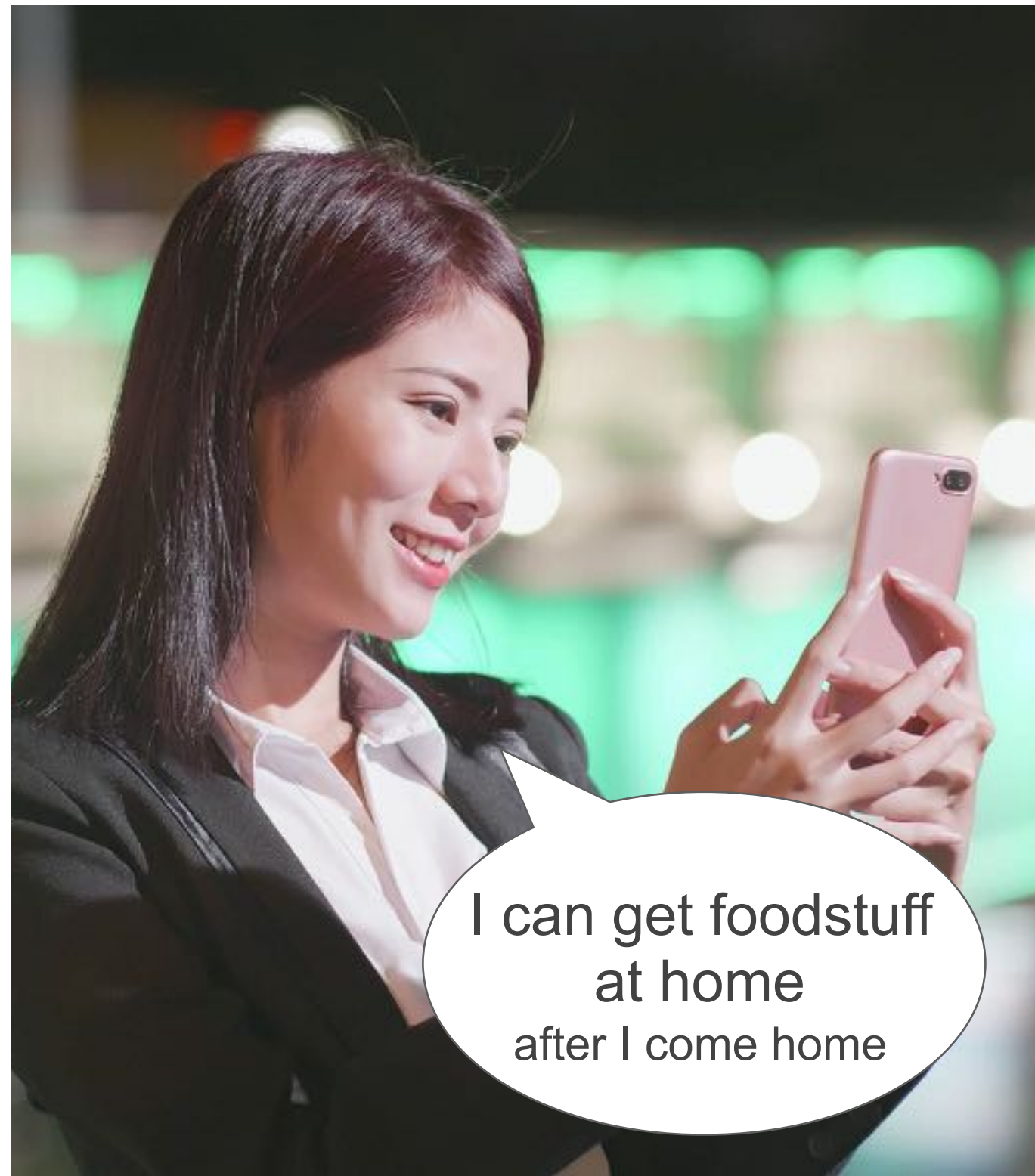


Lack of delivery capacity leads to **loss of sales opportunity**



Launched a demonstration experiment to explore the possibility of **online supermarket night delivery**.

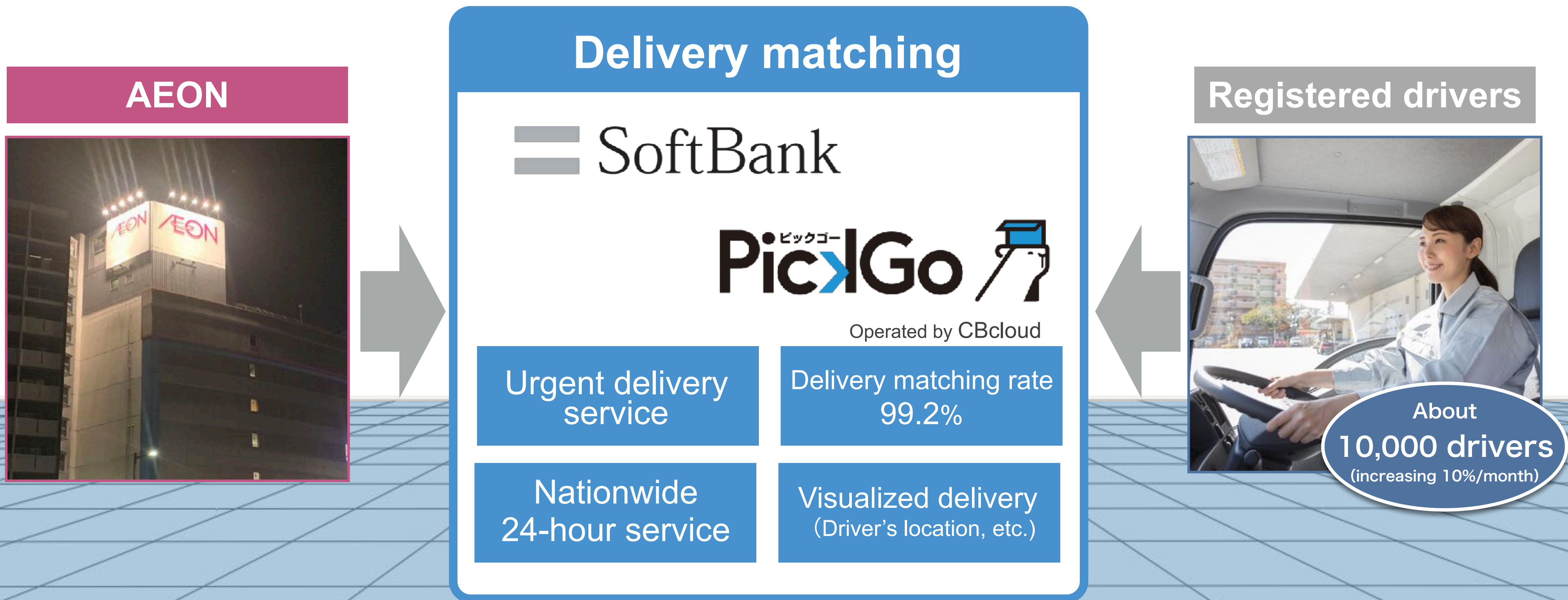
Started on June 1, 2019



Reduce shopping burden by making **night delivery** available.

Utilization of delivery matching service

Optimize delivery cost by order-based driver dispatch



Benefit of this approach

Optimal matching of “Demand” with “Supply”

(Shopper)

(Online supermarket)

Demands of shoppers



Reduced shopping burden
increases family time

Supply of delivery service



Reduced delivery cost of online supermarket
**enables service expansion
/improvement**

Collaboration with AEON Kyushu

Expand the delivery matching system in terms of both **time and area**

STEP 1

Uncover needs for night deliveries
Delivery driver training



STEP 2

Actual delivery matching



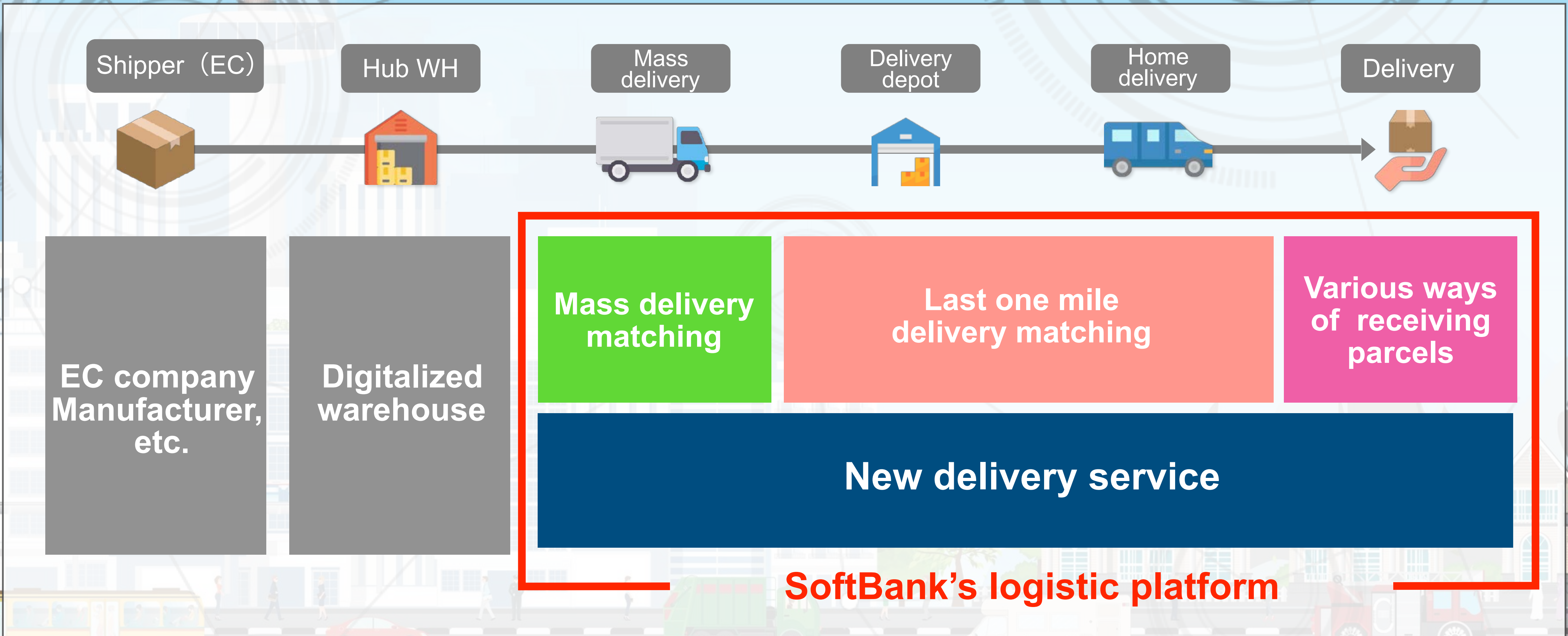
STEP 3

Expand delivery matching to daytime/
other areas



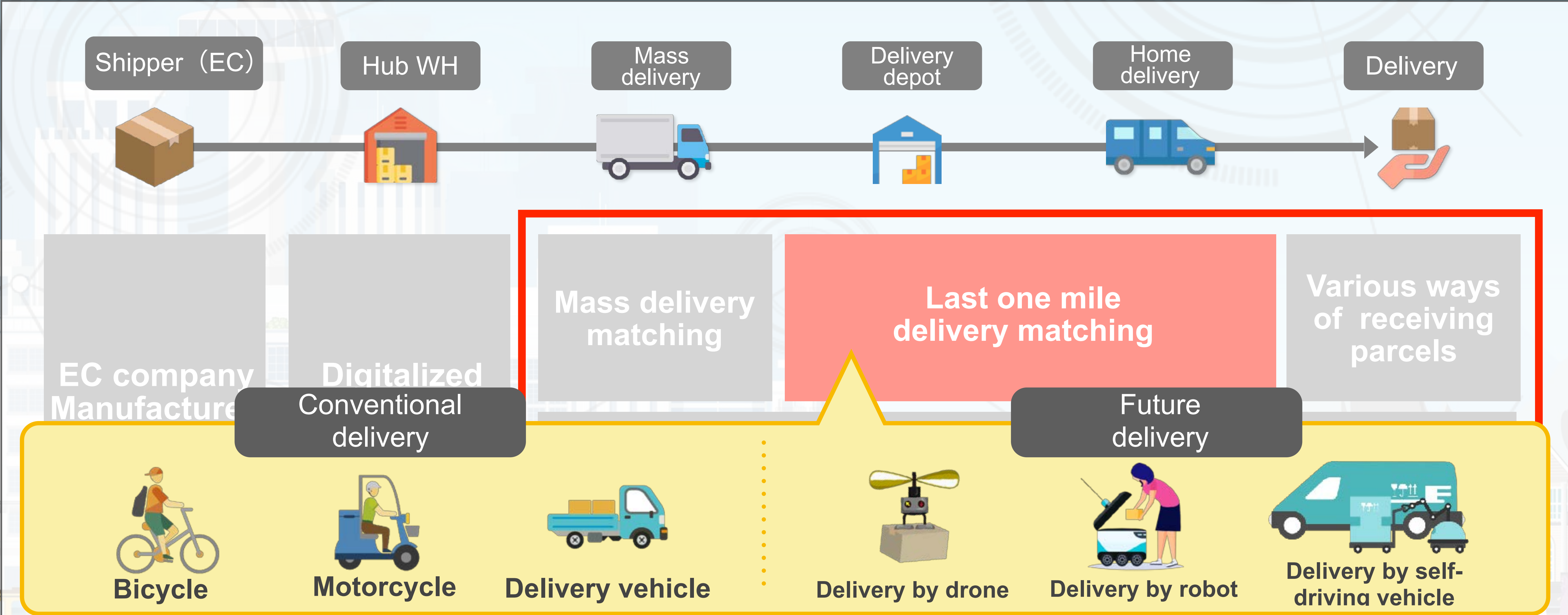
Future service scheme

Connect supply chains through digitalization



Future service scheme (Last one mile)

Connect supply chains through digitalization



SoftBank
for Biz