Material Issue

Customer Satisfaction and Product Safety

Our Concept

Aiming to Become No. 1 in Customer Satisfaction Based on the Medium-Term Quality Plan 2019

Konica Minolta is helping to solve social issues by becoming a digital company that provides solutions with insight into implicit challenges facing society, which is the main goal set under Konica Minolta’s Medium Term Business Plan “SHINKA 2019.” Based on the belief that developing solutions to challenges faced by professionals in the workplace ultimately benefits society by helping to resolve social issues, it is important for the company to take the customer’s perspective in all of its actions, which means providing assurance of the quality of its products and services.

To guide this new approach, Konica Minolta has recently implemented its Medium-Term Quality Plan 2019 based on the concept of shifting focus from quality from the manufacturer’s perspective to quality from the customer’s perspective.

Under this plan, Konica Minolta is striving to provide customers with safety and security by achieving quality with a high degree of reliability. By creating new quality value, the company aims to become No. 1 in customer quality satisfaction by improving customer engagement.

In order to realize highly reliable quality, the company is working to transition from quality assurance for products to include quality assurance for services while continuously enhancing quality assurance and endeavoring to reduce quality risk in all service business areas.

Meanwhile, in order to create new quality value, Konica Minolta is enhancing its initiatives at the customer’s frontline. By analyzing customer feedback, identifying latent challenges, and then helping to solve them, Konica Minolta is striving to achieve a new level of engagement above and beyond customer expectations.
Key Action 1

Achieving Top-Tier Quality and Reliability

Background and Issues

Ensuring product safety and security is essential for delivering consistently high quality. It goes without saying that Konica Minolta strives to improve the quality of and ensure the safety of the hardware it provides. With the advancement of IoT, Konica Minolta also recognizes that a more robust approach to IT threats is crucial to sustainable growth, as they can cause serious damage to customer operations.

Vision

To deliver value to customers, Konica Minolta continually seeks to enhance its products and services, incorporating cutting-edge technologies. Simultaneously, the Group is raising awareness among employees about addressing quality from the customer’s perspective, while continuously enhancing quality assurance activities. The aim is to provide customers with products and services that offer even greater convenience, safety and peace of mind.

Key Measures and KPIs

- Enhancing product risk assessments and improving quality awareness: Number of serious product-related accidents*1 in fiscal 2019: 0
- Reducing quality risk in the service business area: Number of serious security incidents*2: 0

Main Initiatives in Fiscal 2018

Risk Assessment, Education, and Sharing Technology to Ensure Product Safety

In order to deliver safe products to customers, the Konica Minolta Group carries out risk assessment in the product commercialization stage, then follows with a safety design based on these results and detailed safety checks.

At the development stage in particular, the Group closely evaluates each product part in order to thoroughly reduce risk and ensure product safety.

In fiscal 2018, a working group which crossed business domains was launched and began to share and standardize accident prevention technologies. Further, basic product safety training, including risk assessment exercises, was provided to engineers. The Group is also working hard to foster a safety-oriented mindset, enhance skillsets, and ensure product safety by holding workshops on technologies for preventing product accidents.

Enhancing Secure Product Development and Operation

Today, preparing for security incidents that involve exploitation of product vulnerabilities, such as unauthorized intrusion and data tampering, is a necessity. Information regarding the vulnerability of products is being centrally managed group-wide. Along with promoting the necessary measures, the company launched KM-PSIRT* as a group-wide organization to collaborate with external public organizations in fiscal 2017, and has been engaged with this process since then. Additionally, Konica Minolta has established security guidelines spanning the entire product lifecycle from product planning and development to product use. The Group is also running mechanisms to ensure that secure products are provided to the market, and to respond and report promptly when incidents occur.

Additionally, in fiscal 2018, the Group regularly conducted drills based on security incident scenarios to ensure that the appropriate protocol is followed. These drills were also conducted at affiliated companies outside Japan.

*KM-PSIRT: Konica Minolta's Product Security Incident Response Team, a product vulnerability response organization

*1 Serious product-related accidents refer to those accidents that cause serious harm to the product user’s life and/or body and accidents that cause serious damage to assets other than the product.

*2 Serious security incidents refer to product-security incidents that cause serious and significant harm to the product user’s business.
Creating a Quality Assurance System in Service Business Areas in the IoT Era

In service business areas, the company believes it must shift from product quality assurance to service quality assurance and establish the most innovative processes. Services are different from manufactured products as they lack physical form, their quality cannot be checked in advance, and they highlight the importance of process in addition to results. Consequently, it is a challenge to predict and manage highly reliable quality.

Based on this shift, the company is working to build a service commercialization process. This will include establishing quality standards suited to the features of products in this area as well as creating management guidelines. This effort aims to create a mechanism for quality assurance in the upstream stage of the service business. It also provides training on skills needed in the IoT service business to develop human resources skilled in process management.

Konica Minolta is developing service businesses in proximity to its customers, with sites all around the world. A global outlook is crucial for creating a mechanism that ensures strong quality assurance worldwide.

JUSE Awards Konica Minolta Top Position in Quality Management Level Research

Konica Minolta, Inc. was awarded the top position in the tenth Quality Management Level Research in November 2018 by the Union of Japanese Scientists and Engineers (JUSE).

This research evaluates initiatives to maintain and improve the quality of products and services in terms of six factors and then creates a ranking based on the sum of points for each factor. Konica Minolta, Inc. was #1 in "capability to cooperate across divisions" and among the top three in "top management commitment," "development of human resources to ensure quality management," and "establishment and compliance of processes."

Quality Issues and Steps to Grow Service Business Areas

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<th>Step 1</th>
<th>Create mechanisms that can guarantee service quality</th>
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<td><strong>Product business</strong> (marketing products)</td>
<td><strong>Service business</strong> (marketing services)</td>
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<td>Build a service commercialization process</td>
<td>Enhance quality assurance in the service business</td>
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<td>Develop human resources skilled in managing processes</td>
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A change in the approach to quality is necessary.

This reflects a high evaluation of the company’s establishment of a Quality Management Headquarters to solve quality issues shared companywide and its efforts to establish an IoT-based production system independent of people and place.
Creating a Quality Assurance System

A global outlook is crucial for creating a mechanism that is proximity to its customers, with sites all around the world. A developed human resources skilled in process management. This effort aims to create a mechanism for quality assurance in this area as well as creating management guidelines. This highlights the importance of process in addition to results. Services are from product quality assurance to service quality assurance (marketing products).

Background and Issues

Long-term customer relationships are essential to the success of Konica Minolta’s businesses in office equipment, medical devices, measuring instruments, and other products. In order for Konica Minolta to remain irreplaceable in an era when customer needs are becoming more sophisticated and diverse, the ability to anticipate potential challenges is required. Consequently, Konica Minolta understands the importance of visiting customer sites in order to build trusting relationships, foster collaboration, and provide solutions to problems.

Vision

Konica Minolta uses customer feedback to improve its products and services. The company strives to strengthen its relationships by helping customers achieve their unique goals. Konica Minolta aims to continually improve customer satisfaction and form strong relationships that result in a positive reputation and new customer referrals. Furthermore, it will continue to create value for customers and contribute to the identification and solution of social issues.

Key Measures

- Continue conducting satisfaction surveys and implementation of improvements based on these results
- Improving the accuracy of verification processes for customer value creation using design thinking*

Key Action 2
Creating New Quality Value

Main Initiatives in Fiscal 2018

Strengthening Customer Relationships

Konica Minolta strives to continuously improve customer satisfaction at all Group companies worldwide, and continues to see the positive effects of using customer satisfaction surveys in each business domain. Furthermore, the company is focusing on NPS* as an indicator of the level of customer engagement. The company has globally developed its own scientific approach that adds NPS to worldwide customer satisfaction surveys and uses the results to improve product and service quality.

On the NPS survey in the mainstay Business Technologies Business, the fiscal 2018 score was unchanged from fiscal 2017 and nine points higher than in fiscal 2014. In addition to the annual survey, Konica Minolta gives the NPS survey to customers immediately following transactions where the customer contact was flagged by the sales company. The company has also introduced an analytical tool that shows results in an accessible visual format immediately following a survey. By ascertaining requests and satisfaction levels in real time, the company can improve quickly.

Furthermore, the company has determined whether the value is actually recognized by customers. In addition, since fiscal 2017, C-PIUZ* activities have been conducted to obtain the candid opinions of customers regarding quality. These activities allow staff from the quality assurance and development departments to visit customers together with sales company staff. Through this activity, employees gauge customer feedback and make use of this information to improve products and services.

Konica Minolta uses design thinking to uncover the value that customers are truly seeking. In addition, since fiscal 2017, C-PIUZ* activities have been conducted to obtain the candid opinions of customers regarding quality. These activities allow staff from the quality assurance and development departments to visit customers together with sales company staff. Through this activity, employees gauge customer feedback and make use of this information to improve products and services.

Enhancing Quality Improvement Activities from the Customer’s Perspective

The staff of Konica Minolta’s sales companies are in daily contact with customers. As part of the company’s effort to improve quality from the customer’s perspective, sales company staff participate in sales company joint evaluations and take part in evaluating quality in the development stage. In addition, since fiscal 2017, C-PIUZ* activities have been conducted to obtain the candid opinions of customers regarding quality. These activities allow staff from the quality assurance and development departments to visit customers together with sales company staff. Through this activity, employees gauge customer feedback and make use of this information to improve products and services.

Additionally, Konica Minolta uses design thinking to improve the accuracy of verification processes for customer value creation using design thinking*.

NPS (Net Promoter Score): An indicator that measures the percentage of customers who recommend the company, its products and services to others.

C-PIUZ: Customer Problem in Using to Zero, a unique Konica Minolta initiative to reduce quality problems that occur when customers are using the product.