







The value chain supporting growth

To produce high added-value products and services, Konica Minolta has built a value chain supporting everything from development to procurement, production, distribution, marketing and sales, and after-sales support. Alongside leveraging this value chain to optimize costs, we are also working to improve quality, reduce environmental impact, and develop the people who make it all possible.

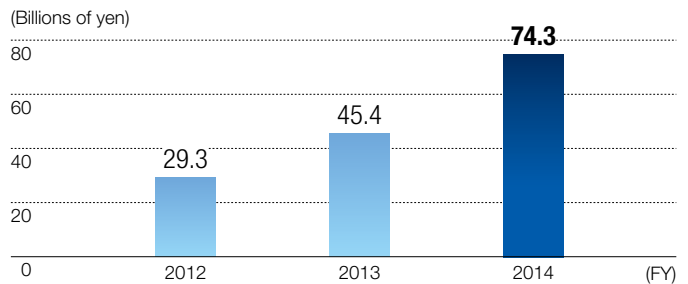
Value Chain

	R&D P.53	Procurement P.54	Production P.54	Distribution P.54
Quality Improvement Initiatives	 <ul style="list-style-type: none"> Utilize the four core technologies of materials, optics, nanoscale fabrication, and imaging to develop revolutionary products 	 <ul style="list-style-type: none"> Mitigate procurement quality risk through supplier diversification Work with business partners to conduct quality improvement activities 	 <ul style="list-style-type: none"> Improve quality and avoid the risk of overconcentrating production sites in China by developing additional production facilities in ASEAN Share quality issues and cross-deploy countermeasures by conducting Production Capability Assessments 	 <ul style="list-style-type: none"> Improve and maintain logistics quality (improve lead times and reduce damage and losses) through KPI management in cooperation with logistics (shipping and inventory) partners (contractors) Conduct logistics network design and respond flexibly to reduce logistics risks (freight congestion caused by natural disasters, government policies, conflicts, etc.)
Quality Management (pg. 56)				
Environmental Initiatives	<ul style="list-style-type: none"> Create the green products that customers and society need Develop the environmental technologies for creating green products 	<ul style="list-style-type: none"> Work with business partners to promote the Procurement Collaboration activities for ongoing mutual improvement of business environments Work with business partners to conduct green supplier activities and reduce environmental impact and costs 	<ul style="list-style-type: none"> Conduct green factory operations that simultaneously reduce environmental impact and cut costs Conduct upgrade recycling (using upgraded recycled materials) to solve regional environmental issues 	<ul style="list-style-type: none"> Reduce CO₂ emissions through better logistics efficiency Make packaging smaller and lighter
Environmental Management (pg. 57)				
Human Resource Initiatives	<ul style="list-style-type: none"> Hold the Challenge Engineers Forum to develop young technicians Develop technology management staff (MOT education) Provide intellectual property education in China, where patent acquisition is heating up 	<ul style="list-style-type: none"> Improve skills through personnel rotation in and outside of Japan 	<ul style="list-style-type: none"> Conduct Product Safety Education to improve awareness and technologies aimed at product safety At production sites, conduct activities for building well-rounded people and provide safety and health education 	<ul style="list-style-type: none"> Strengthen logistics strategy planning ability aimed at overall optimization Strengthen ability to execute when building a distribution network
Human Resource Management (pg. 58)				
Cost Initiatives	<ul style="list-style-type: none"> Acquire patents in Japan, the U.S., China, and other countries Invest at least 70 billion yen annually in R&D 	<ul style="list-style-type: none"> Work with business partners to control costs, beginning at the development stage Conduct efficient global procurement activities that account for logistics, exchange rate volatility and other factors 	<ul style="list-style-type: none"> Achieve highly-efficient production through digital manufacturing (ICT, automation) Introduce universal production processes by using modules 	<ul style="list-style-type: none"> Reduce costs by improving shipping efficiency (improving container/truck loading efficiency) Optimize inventory and improve shipping efficiency through optimal placement of distribution facilities

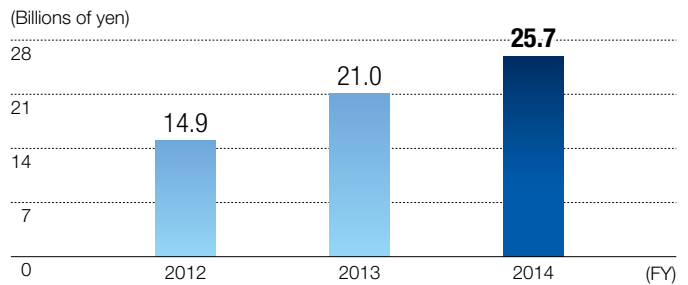
<p>Marketing & Sales P.55</p> 	<p>After-Sales Support P.55</p> 
<ul style="list-style-type: none"> Conduct face-to-face sales to understand and provide the value customers truly need 	<ul style="list-style-type: none"> Homogenize support operations through the launching of the Global Support Center Implement SLA (Service Level Agreement) to provide customers with high quality services and peace of mind
<ul style="list-style-type: none"> Provide support for decreasing customers' environmental impact with OPS Provide support for customers' environmental management using environmental technologies and expertise 	<ul style="list-style-type: none"> Collect and recycle used MFPs and printers Carry out the Clean Planet Program for collecting toner cartridges
<ul style="list-style-type: none"> Acquire expertise and human resources to strengthen ability to provide services such as OPS, MPM, and MCS 	<ul style="list-style-type: none"> Invest human resources in service businesses Strengthen ability to help customers at the call center
<ul style="list-style-type: none"> Consolidate sales facilities 	<ul style="list-style-type: none"> Make support operations more efficient with the launching of the Global Support Center

Resulting Impact

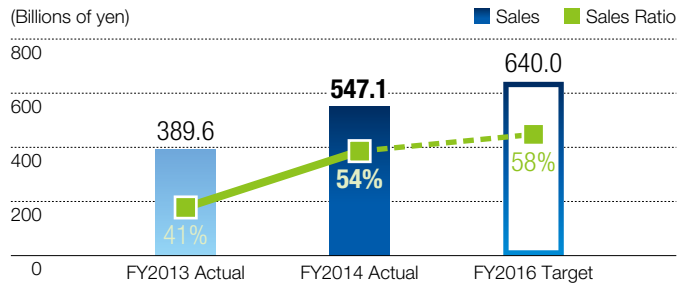
Expanded sales* of OPS, which help customers cut costs and enhance efficiency



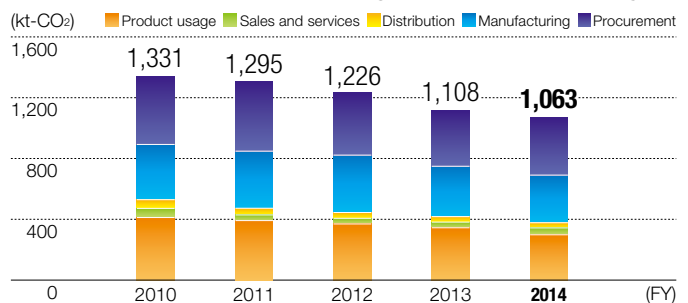
Expanded sales* of GMA, which provide services and solutions to customers with a global sphere of business



Expanded sales* of green products



Reduced CO₂ emissions throughout the product lifecycle



*J-GAAP