September 2023

DX Strategy

Digital Transformation

NIHON CHOUZAI Co.,Ltd.

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Long-term vision

Pursue further growth, building a strong business foundation that can overcome major changes in the environment

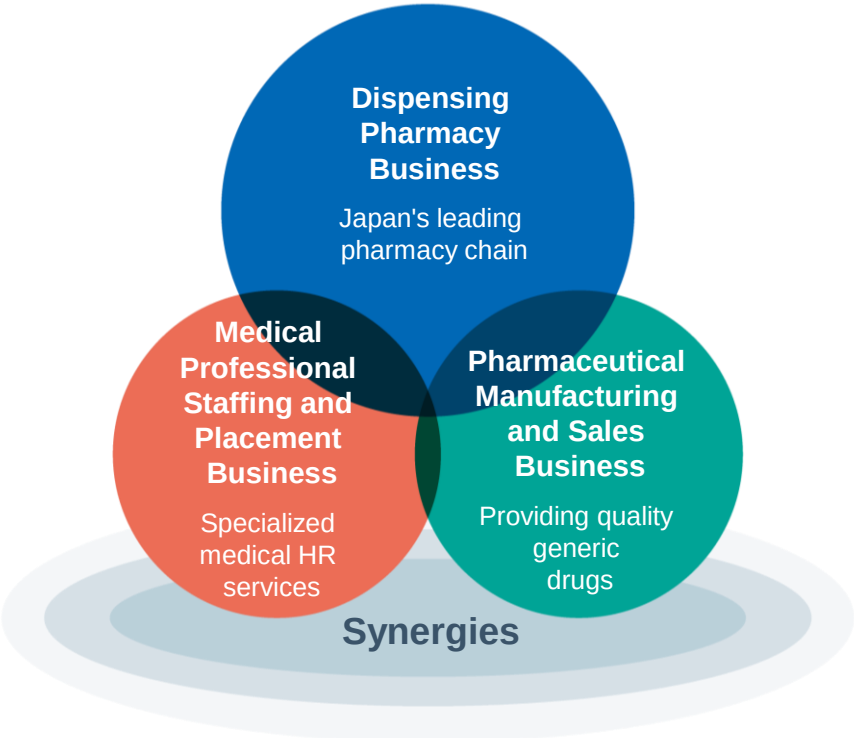
Evolve our business model and achieve sustainable growth by incorporating

DX and sustainability

into the Business strategy

Nihon Chouzai regards ICT as a key factor in growth and has been developing an ICT strategy for many years. Going forward, we will continue to pursue business transformation through the use of digital technology, create value, and achieve further growth.

FY2021	FY2031
Net Sales 278.9 billion yen (consolidated)	Net Sales 1 trillion yen (Forecast of total value of three businesses)



Grow the business by maximizing synergies of the three businesses

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Changes in the Business Environment

The shape of next-generation pharmacies thriving in a changing environment

Amid a super-aging society and shrinking population, the healthcare environment in Japan is being rocked by moves to curb social security costs and labor shortages

Changes in the Environment

Social Needs

- Expectations for family pharmacist, pharmacy roles
- Functional differentiation (regional cooperation pharmacies, specialized medical institution cooperation pharmacies)
- Promotion of generic drugs
- Super-aging society, declining population

Industry Restructuring

- Pharmacy industry realignment
- Generic drug manufacturing industry realignment

ICT in Healthcare

- Spread of electronic medication notebooks
- Spread of online medication guidance
- Digitization of healthcare information
- Widespread use of electronic prescriptions

Government Policy

- Revision of Pharmaceuticals and Medical Devices Act
- Dispensing fee revisions
- Nursing care fee revisions
- Drug price revisions
- Working style reforms

Nihon Chouzai will realize the digital transformation of existing businesses and create a new earnings base through the fusion of highly skilled medical personnel with healthcare-related digital transformation (DX). We will help solve social issues by achieving both healthcare safety and an efficient operating framework.

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Fusion of personnel and healthcare-related DX

Through a fusion of highly skilled medical personnel with healthcare-related DX, we will evolve existing services and create new medical services

Evolving existing services and creating new medical services to provide value to five groups of stakeholders

Highly Skilled Personnel

- Recruitment and training of specialized pharmacists
- Planned training of data scientists
- Recruitment and training of system development personnel
- Fostering personnel with a patient-centered perspective

Healthcare-Related DX

- Providing smart healthcare
- Creating new customer experiences
- Improving customer satisfaction, maximizing treatment efficacy
- Using digital technology to provide value-added information
- Shift from materials- to patient-centered work through work efficiency

Patients, consumers	Medical facilities	Regional society (educational institutions, local governments)	Shareholders	Employees
Higher quality healthcare, greater improving convenience	Support for gathering drug information	Reducing regional disparities in healthcare	Sustainable corporate growth	Working style reforms through greater work efficiency

Providing Value

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Digital Transformation in Healthcare Fields

5 DX strategies

Create value and achieve dramatic growth using DX to transform each core business area, create new business, and transform work processes

Core business reform

Providing smart healthcare

Providing smart healthcare, where anyone can receive health consultation, medication guidance, drug delivery seamlessly online

- Nihon Chouzai Online Pharmacy Service *NiCOMS*
- Collaboration between outside online healthcare services and Nihon Chouzai Online Pharmacy Service *NiCOMS*
- Electronic medication notebook *Okusuri Techo Plus*
- Picking up drugs using a pick-up box with authentication function

Creating new customer experiences

Creating new customer experiences by fusing brick-and-mortar and online pharmacies

- Developing a new pharmacy support system
- Electronic medication notebook *Okusuri Techo Plus*
- At-home medical care communication system
- Health consultation system

Improving customer satisfaction, maximizing treatment efficacy

Improving customer satisfaction and maximizing treatment efficacy by expanding touchpoints using *Okusuri Techo Plus*

- Adding functionality to electronic medication notebook *Okusuri Techo Plus* to connect patients with pharmacies

New business creation

Using digital technology to provide value-added information

Providing value-added information through the FINDAT drug information platform

- Providing value-added drug information
- Using FINDAT platform in pharmacies
- Educational use at universities, etc.

Work process reform

Improving work efficiency and shifting to patient-centered work

Using digital technology to streamline operations, reducing time spent with materials and creating time for patient-centered work

- Automation of dispensing work
- Online insurance eligibility verification
- Online payment
- Digital management of pharmacy management processes, sharing best practices
- Online learning content, Q&A information database
- Voice input system, vein biometric authentication system

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Value Created through DX Strategies

Five DX strategies to provide value to stakeholders

DX Strategy	Value Provided	Performance Metric
Providing smart healthcare	• Enhanced convenience, prevention of illness progression • Narrowing regional disparities in healthcare • Addressing health and lifestyle issues through community multidisciplinary collaboration	KPI: *Okusuri Techo Plus* subscribers (approx.) 1,500,000*1 Myna Insurance Card utilization rate 11.3%*4 Pharmacies offering Nihon Chouzai Online Pharmacy Service *NiCOMS* 730*2 KGI: Rate of increase in prescription volume at existing pharmacies 4.9% increase*3 compared to the same period of the previous year
Creating new customer experiences	• Enhanced convenience • More robust at-home healthcare • Support for illness prevention and pre-symptomatic illness of community residents	
Improving customer satisfaction, maximizing treatment efficacy	• Providing high-quality healthcare through more extensive patient-centered work • Support for illness prevention and pre-symptomatic illness of community residents • Prevention and early detection of drug side effects	
Using digital technology to provide value-added information	• Proper drug use based on efficacy, safety, and cost-effectiveness • Providing high-quality healthcare through patient-centered work • Support for gathering drug information • Sustainable healthcare provision • Use of information at universities and other educational institutions	KPI: Rate of FINDAT Proposals 3.8%*4 KGI: Number of FINDAT Installations 491*4
Improving work efficiency and shifting to patient-centered work	• Providing high-quality healthcare through patient-centered work • Balance of safety, efficiency of dispensing work • Working style reforms through greater work efficiency • Heightened expertise through shift from materials- to patient-centered work	KPI: Pharmacies with dispensing robots 104*5 KGI: Time saved (approx.) 224,000hrs*6

Pursuing each strategy to achieve sustainable growth

- Providing a range of opportunities for active involvement
- Sustainable corporate growth
- Minimizing risk

Stakeholders Receiving Value

Patients, consumers; Medical institutions; Regional society; Shareholders; Employees

*1 As of the end of July 2023 *2 As of the beginning of September 2023 *3 April-June 2023 *4 As of the end of August 2030 *5 As of the beginning of September 2023 *6 April 2022-March 2023

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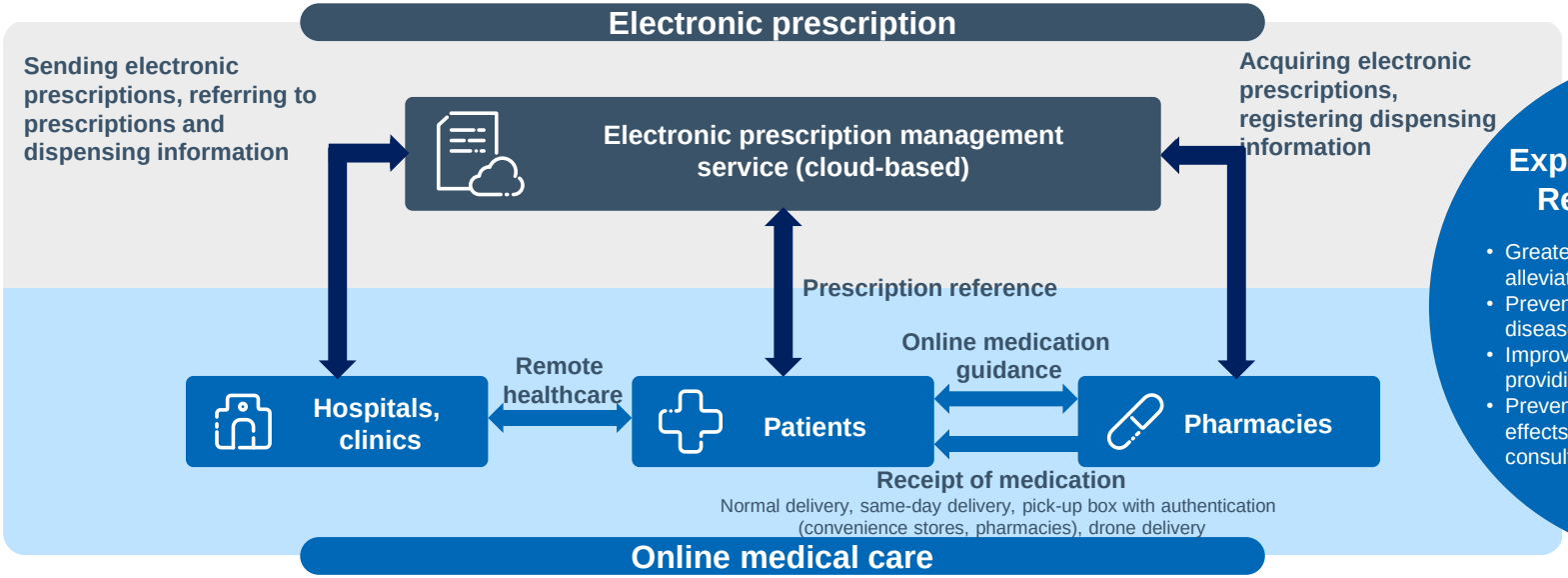
Measures to Implement DX Strategies: Core business reform

Building a system to move forward with remote healthcare

We will provide smart healthcare that allows anyone to receive health consultation, medication guidance, and drug delivery seamlessly online



Expected Outcomes of Remote Healthcare

- Greater convenience for patients by alleviating the need for hospital visits
- Preventing progression of lifestyle-related diseases by early consultation
- Improving healthcare disparities by providing care independent of location
- Prevention and early detection of side effects by patient follow-up after consultation

By digitizing prescriptions and putting the process for receiving drugs online, we are building a system where patients can receive healthcare services regardless of location. We will contribute to healthcare ranging from advanced to community-based healthcare, supporting a care cycle including prevention of illness or progression, treating pre-symptomatic illness, drug treatment, and at-home healthcare.

*Created by Nihon Chouzai from Ministry of Health, Labour and Welfare: 7th Study Group of the Utilization of Health, Medical, and Long-Term Care Information and Main Material 5 of the 7th Medical Information Utilization Working Group

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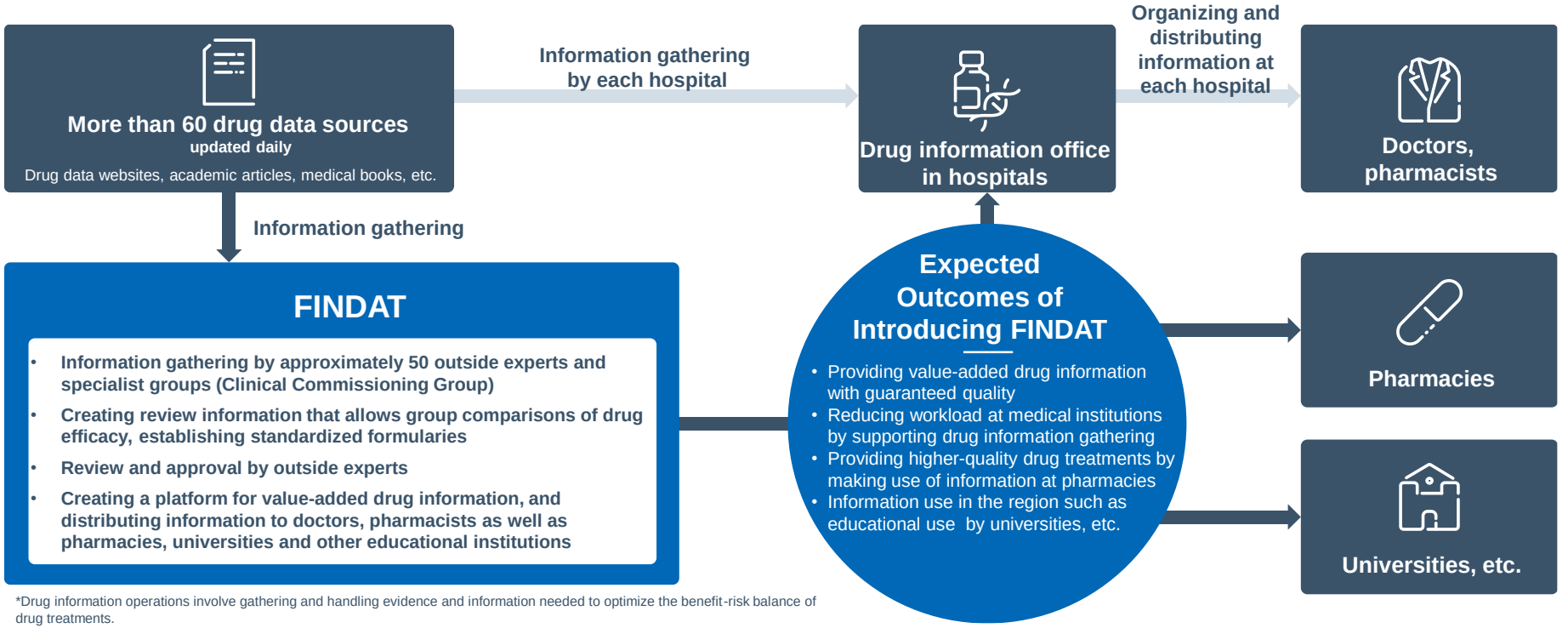
Measures to Implement DX Strategies: New business creation

Providing value-added information
through the FINDAT drug information web platform
Supporting the drug information operations of hospitals and pharmacies



*Drug information operations involve gathering and handling evidence and information needed to optimize the benefit-risk balance of drug treatments.

Because they involve collecting and organizing a massive number of information sources, drug information operations require each hospital to hire specialized personnel and invest significant resources. Introducing the FINDAT platform will enable hospitals to offer high-value-added information, while at the same time reducing the workload of each hospital's drug information office.

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Measures to Implement DX Strategies: Work process reform

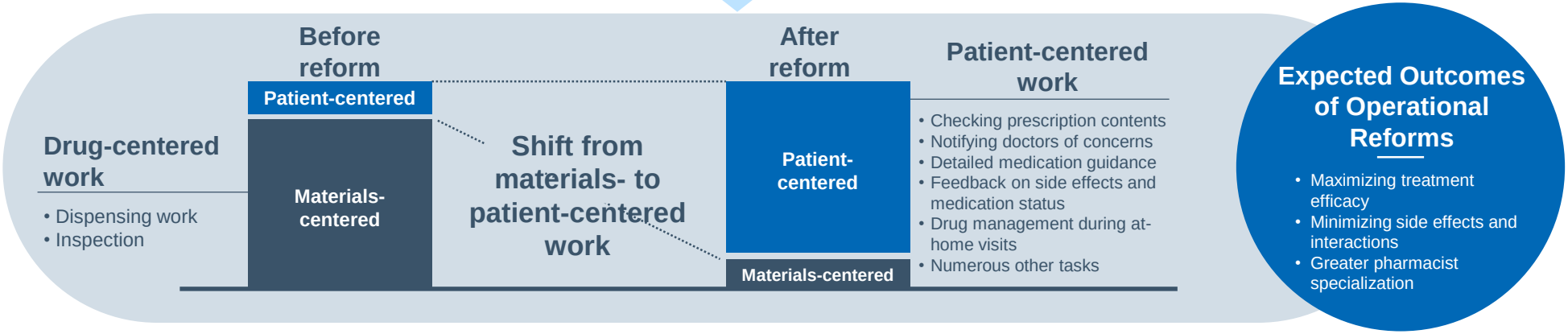
Using digital technology to streamline operations

Reducing time spent with materials and creating time for patient-centered work

Enhancing healthcare services by freeing up time through increased efficiency

Using equipment to ensure accurate, safe, and efficient dispensing work

- Digitization of prescriptions, data-linked equipment
- Filling prescriptions using dispensing robots
- Inspections using image recognition equipment



Digitizing prescription contents and linking data makes it possible for robots to carry out dispensing work and image recognition devices to carry out inspections, ensuring the accuracy, safety, and efficiency of operations. Allocating time freed up by these activities to patient-centered work contributes to enhanced services, proper use of medications, and greater pharmacist specialization.

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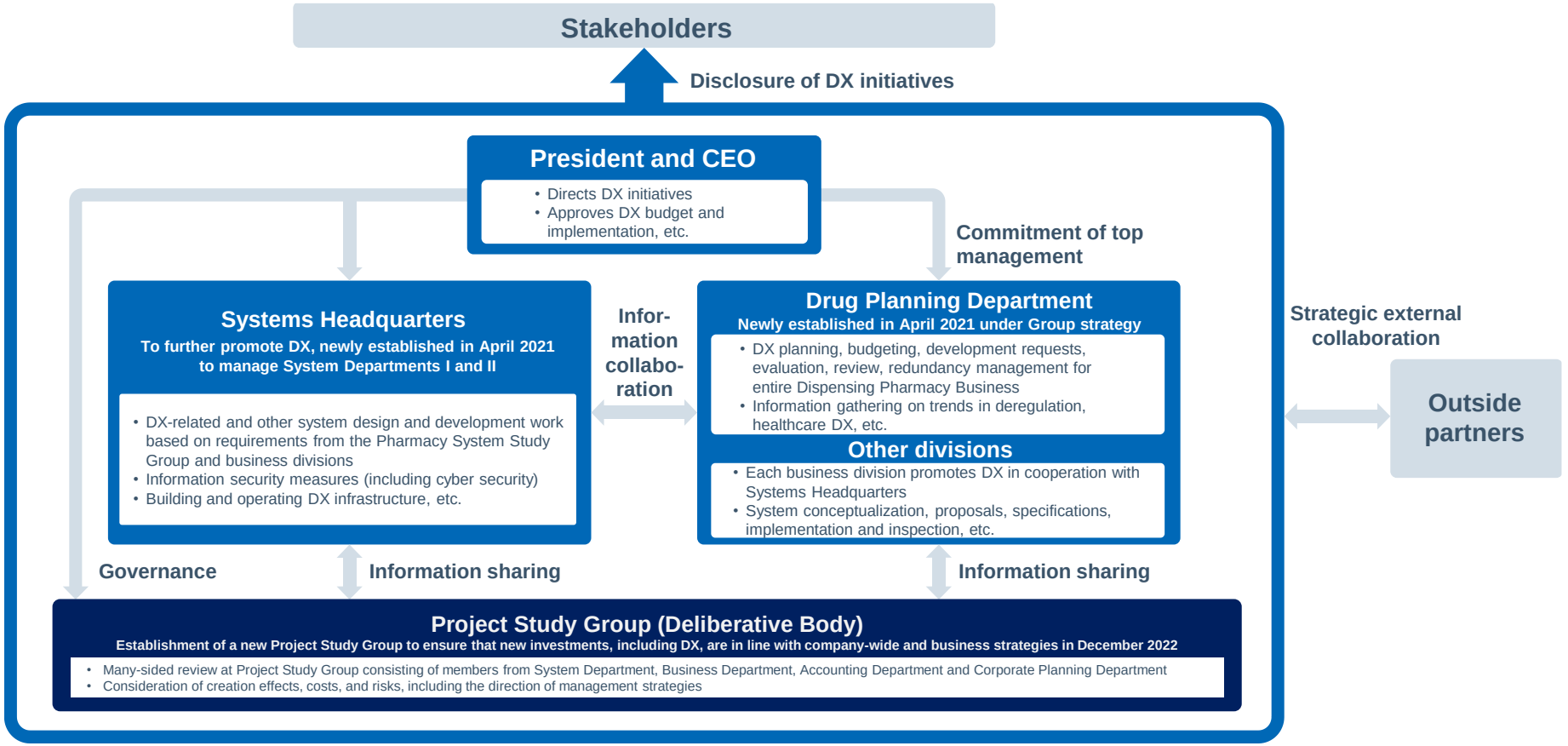
Foundations for DX: Organizational framework

DX framework involving business, systems divisions

Top management is committed to promoting DX through a dual approach focused on both the business and system sides



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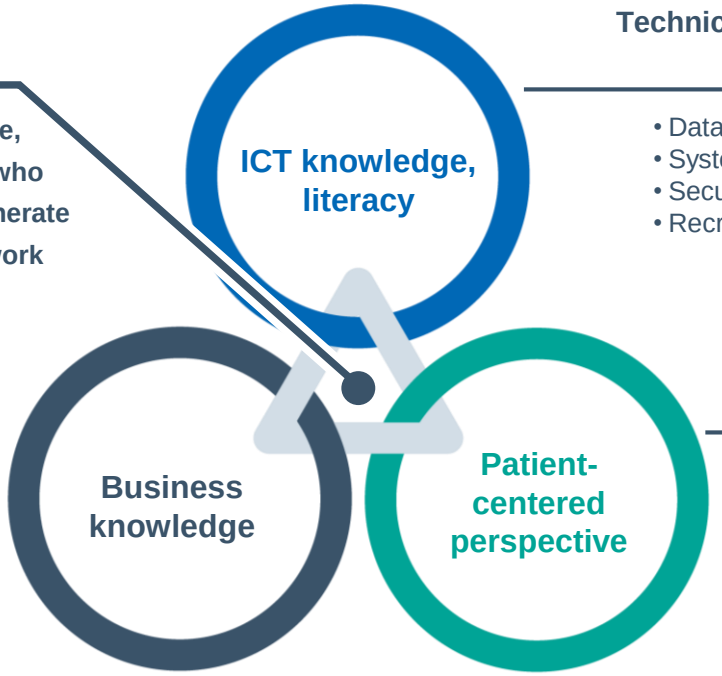
Hiring and training human resources with multifaceted perspectives

Hiring and training personnel with diverse backgrounds and skills

The ideal DX professional

Hiring and training personnel with knowledge, literacy, and a patient-centered perspective who can transform existing business models, generate new businesses, and transform and create work processes



Technical understanding and literacy with ICT, able to manage system development

- Data scientist training (general, advanced)
- Systems training (machine learning, AI, programming)
- Security training
- Recruitment and Training of system development staff

Understanding of medical regulations and frameworks from a business perspective

- Development, training of managerial personnel
- Position-based training
- Senior-subordinate guidance system

Rethinking work processes from the patient's perspective

- Accumulating intellectual property through anonymized data analysis and marketing research from the patient's perspective
- Patient satisfaction survey
- Service excellence training
- Customer service award

We are working to attract and retain DX professionals through new hires, in-house recruitment, promotion from other divisions, etc. We have also established various training and evaluation systems to cultivate DX professionals with a multifaceted perspective and will further enhance recruitment and training in this area.

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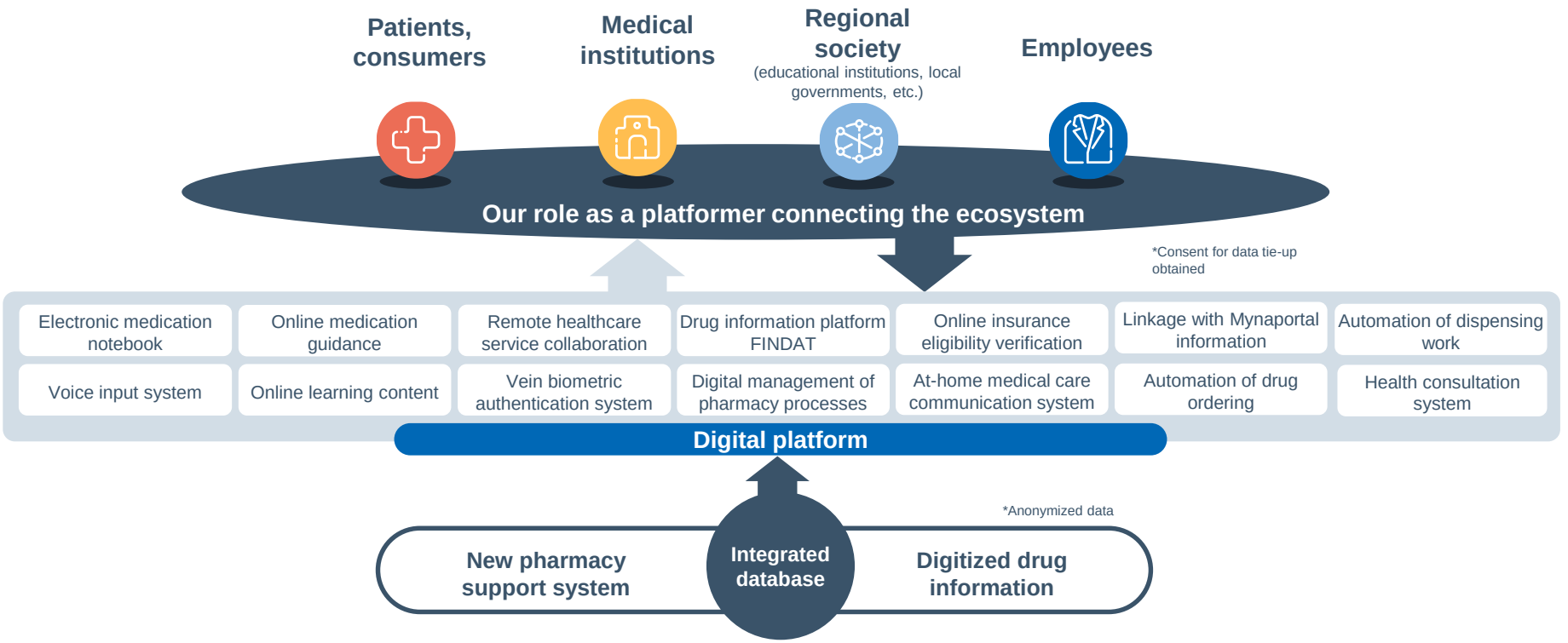
Building a robust IT infrastructure to promote DX

We are developing a digital platform that connects various stakeholders and creates new value



We centrally analyze and evaluate various data* obtained from pharmacies and various drug information sources. Capitalizing on these comprehensive databases, we create new value for stakeholders through our digital platform.

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