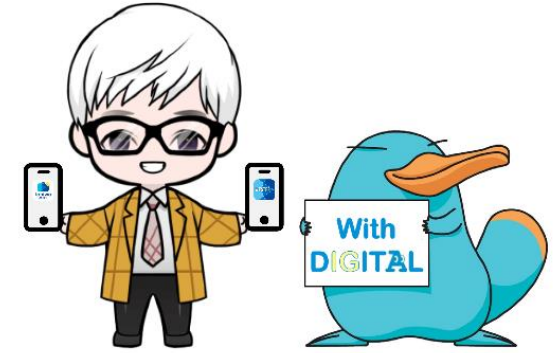




JRW Data Analytics

Work "Smile" Project



The JR-West Group's Initiatives to Implement Business Reform and Increase Value Through DX For IR small MT

May 17, 2023

West Japan Railway Company

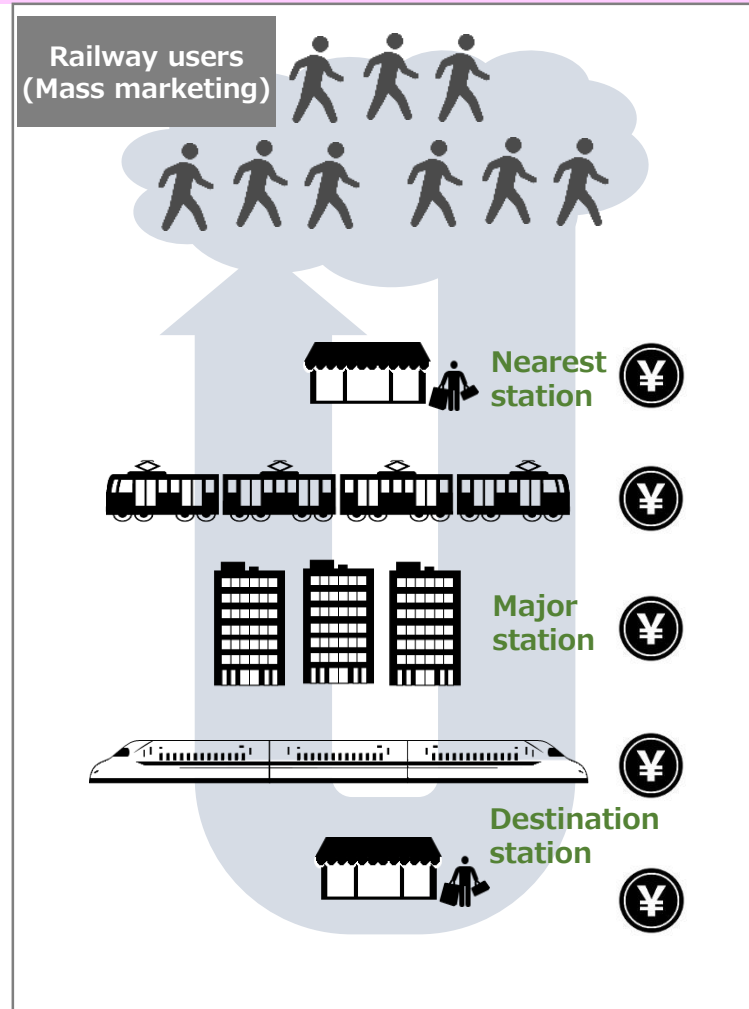
Hideo Okuda

Director and Executive Officer;

Senior General Manager of Digital Solutions Headquarters

1. Current Circumstances

In the Group's existing businesses, railway users are the key target customers, and accordingly these businesses have been directly affected by the rapid decline in railway demand.



■ Principal revenue structure for the Group as a whole

$$\text{Revenue} = \text{Number of users} \times \text{Monetary amount of usage}$$

$$\text{Number of railway users} \times \text{Number of uses}$$

Based on an assumption of stable growth in the railway business, the Group's business model calls for increasing earnings from the Shinkansen and from the areas surrounding major stations.

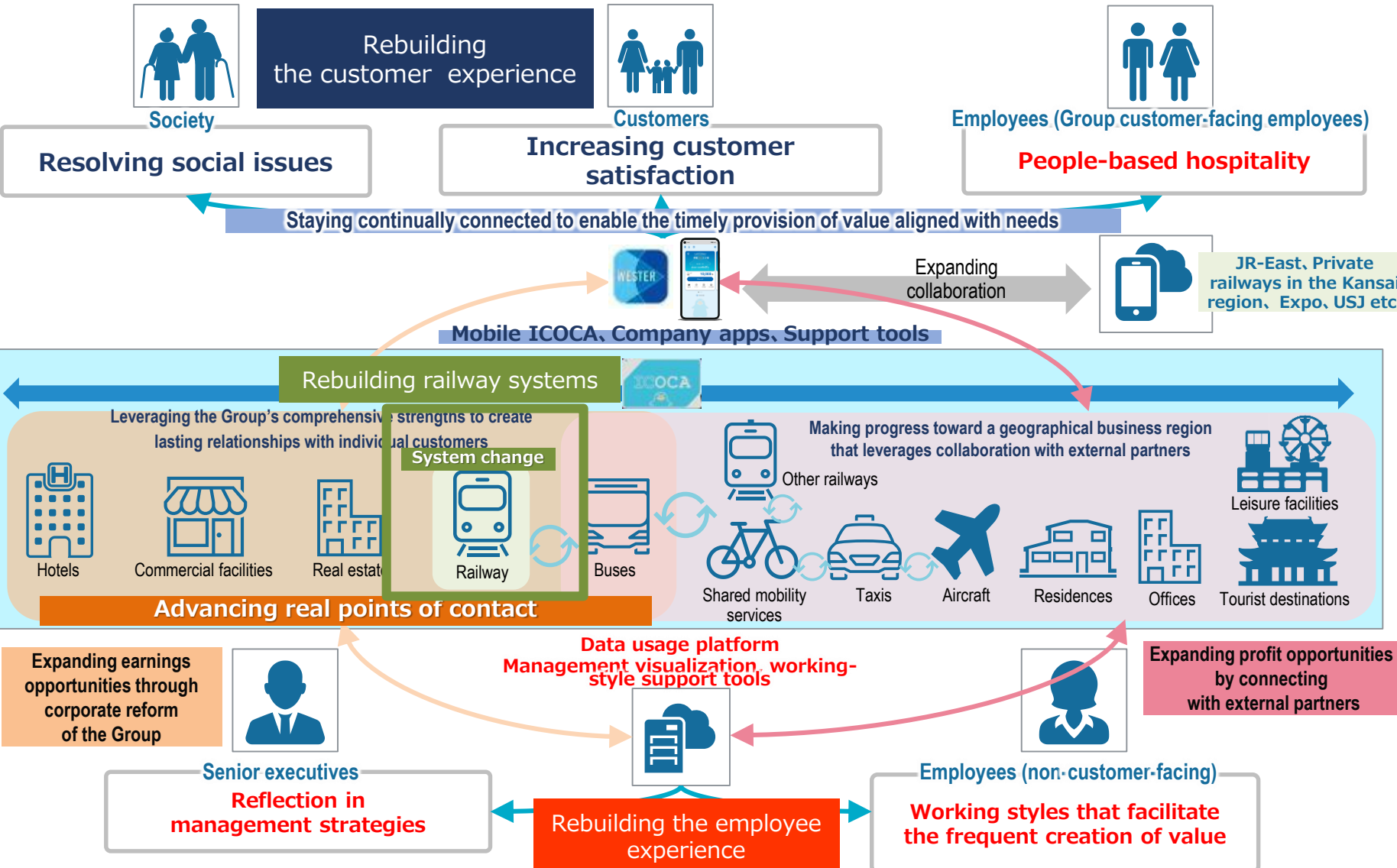
→ We draw on station locations as a strength, and we provide services to railway users.
(Convenience is the principal value that is provided.)

- The decline in railway users has worsened the Group's overall revenues and profits.
- The Group's business model is highly dependent on railway users and station locations.

① Raising value in the Group's core business



Real world, online Repeated use of various services Data, individual, agile



② Creation of new external revenue



Provide solutions to other companies in same industry

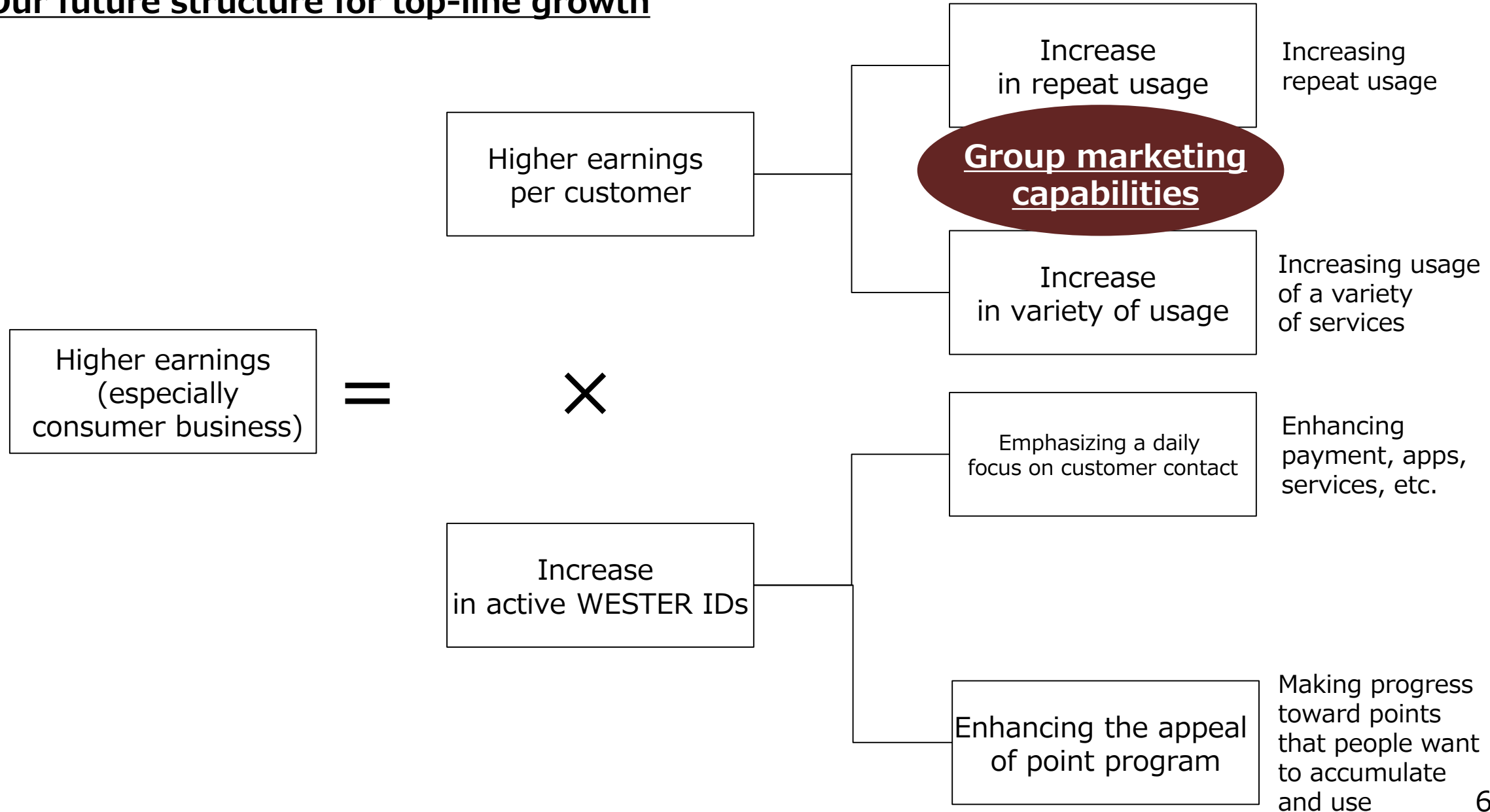


Provide products to other industries to boost efficiency

2. Rebuilding the customer experience

- Enhancing our ability to create mobility and purchasing demand**
 - Enhancing Group marketing capabilities**
 - Emphasizing a daily focus on customer contact**
 - Implementing common membership system and enhancing the appeal of point program**

Our future structure for top-line growth



Rebuilding the employee experience to support the advancement of the Group's digital strategy

We are aiming for a point service system on a scale of approximately 10 million point users at the end of FY2028/3. To that end, we will work to invigorate the western Japan area by increasing mobility opportunities and expanding regional consumption through the use of WESTER points, without regard to whether usage is online or offline. We will also work together with external partners to promote the accumulation and usage of points.



Creating fans

Implementing services that enable consumers to experience the excitement of earning points and the fun of using them

Increasing number of IDs

③Implementing a common membership system and enhancing the appeal of point program



Services



Service users



Payment tools

ICOCA / J-WEST Card users

Moving toward a single point system with a single ID



WESTER ポイント

Also considering ID/point collaboration with external partners

②Emphasizing a daily focus on customer contact

Creating fans

Leveraging data to offer order-made point campaigns aligned with the needs of each individual

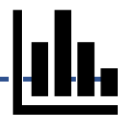
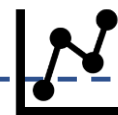
Higher earnings per customer

②Emphasizing a daily focus on customer contact



Customer interfaces

App users



JRW Data Analytics

Data-based value creation



①Strengthening Group marketing capabilities

Hypotheses/aims clarified by data

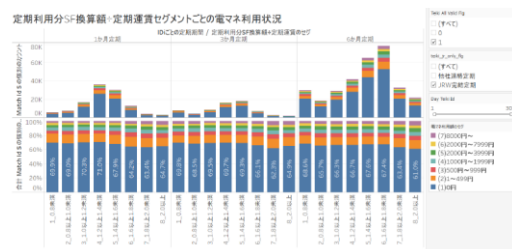
Hypothesis **Commuter passes create Group synergies**

By increasing the appeal of commuter passes, we might be able to promote overall usage of the Group by commuter pass holders.

⇒ **Build lasting relationships with customers through the Group's comprehensive strengths**

People who move around frequently using their commuter passes often use electronic money, such as stored-fare systems.

People who make full use of the functionality of commuter passes are also often active in the use of stored-fare systems and purchases of goods (electronic money, credit cards), and the total amount of their use of Group services is high.



Aim

For Group services, we will aim to increase repeat usage and usage variety through commuter pass plus option services

We will position the commuter pass not as a “transit pass” but as a “**membership card**” that enables access to all of the JR-West Group’s services. **For the commuter pass plus one option services, we will offer benefits for usage of JR-West services (including railways). In this way, we will cultivate excellent customers.**

Verifying winners

Verification **Confirming the potential of six plus options**

We will aim to increase the usage frequency and variety for services related to mobility and sales of goods by facilitating the advantageous usage (points back, etc.) of services by commuter pass holders.

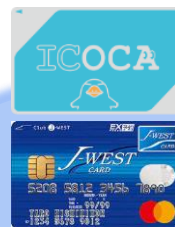
From November 1, to December 31, 2022, we implemented a proof of concept initiative (utilizing WESTER functionality) and confirmed our reasoning.



mobility

Taking on the challenge of developing next-generation mobility that supports a part of MaaS

- Advancing collaboration with external partners, such as BRT with bus platooning style automated operations



Regional-style MaaS

- Providing mobility services that enable people to continue to live where they want to live



Collaborating with MaaS initiatives in other domestic areas
⇒ A part of Japan-style MaaS



lifestyle

JR-Hokkaido MyStation



JR-East Real-time route searching, etc.



Tokyo metropolitan area

JR-Central EX-MaaS [Provision name]



Kansai MaaS

Expo 2025 Osaka, Kansai

Urban-style MaaS

• Kansai MaaS Council

Fostering enjoyment of the convenience, advantages, and fun experiences of Kansai with a single smartphone, with a view toward the Expo 2025 Osaka, Kansai, Japan



マイグル

Enhancing suitability for excursions



Setouchi area

JR-Shikoku MyStation • tabiwa



JR-Kyushu MyStation • mygru



Tourism-style MaaS

- Providing one-stop tourism assistance that offers seamless travel to places that people want to visit and see



Staying close to customers by fostering usage combining Mobile ICOCA, the J-West Card, and the WESTER App.

Creation of the strongest trio: Benefits, convenience, and fun, with just one smartphone

J-WEST Card



Earn the most WESTER points
by charging Mobile ICOCA,
making train reservations on the
Internet, or making purchases at
station shopping centers!

Mobile ICOCA



Charge anywhere!
Using the app, commuter passes
can be purchased at home,
without going to the station!
With just a touch at the store or the
ticket gate!
Very convenient!

WESTER App



Mobility lifestyle support!
Points can be accumulated and used!
Benefits with stamp rallies and coupons!
It's fun!

Working to increase recognition and usage of WESTER points, which make the strongest trio even more appealing
⇒Realizing services that make points easier to obtain and that people want to use to an increased extent

【Accumulate】Purchasing commuter passes with J-WEST Cards

【Accumulate】 Using railway for business trips

【Accumulate】 Using J-WEST Card to charge Mobile ICOCA at any time

[Accumulate] Earning points from recommended meals
Simple payment with Mobile ICOCA

[Accumulate] E-commerce purchases of WESTER recommended goods

Points that are inspiring

Offering recommendations aligned with the value desired by each individual, points of contact that are essential for fans

Points that are easy to accumulate

Points that members want to use

WESTERポイント

Providing the stress-free payment that fans want

Experiences that are simpler

【Use】 Using points at hotels

Special-benefit
ansen reservations
e5489

【Accumulate】 Paying for tickets with J-WEST Card

Planning trips with tabiwa

More opportunities to use points

【Use】Simple payment for souvenirs using points and Mobile ICOCA

【Use】 Using points to charge Mobile ICOCA at any time

[Use] Using points for a luxurious evening

3. Rebuilding railway systems

From internal contributions to the next stage

Rolling out solutions in preparation for generating new external earnings



Utilizing within
the Group

Failure prediction for automatic
ticket checking equipment



Priority maintenance for equipment
with high probability of failure

Failure prediction based on inspection data



Rolling out to
other companies
in the same industry



Rolling out
to other industries

Large railway
companies

Failure prediction
for equipment
in factories



Small to medium-
sized railway
companies



Failure prediction
for ATMs



Utilizing within
the Group



Rolling out to
other companies
in the same industry



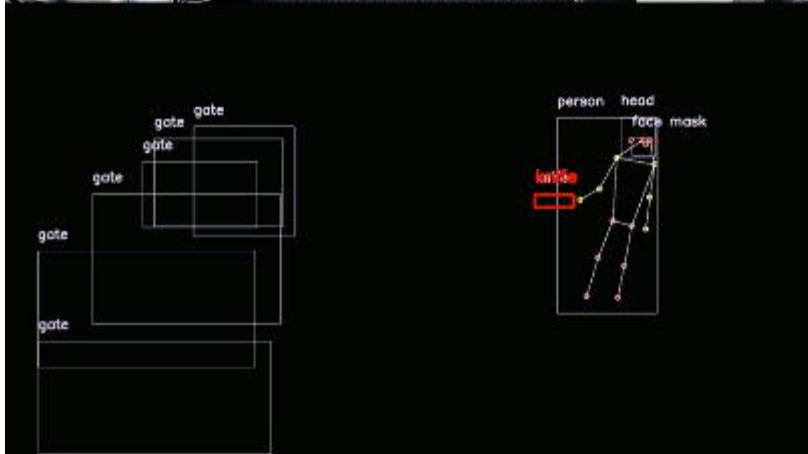
Rolling out
to other industries

Image analysis/detection
for people, equipment



Kumahira
(Security industry)

**Increasing inspection
efficiency in
manufacturing industry**



4. New Value Creation

○Building a Third Business Pillar that is Not Linked to Mobility

Establishment of Business Design Division in June 2021

**Implementing asset
reorganization**

67 companies in the Group,
approximately 600 assets 20 capabilities

**Searching for business
opportunities**

Groupwide
160 business ideas

**Verifying, nurturing,
scaling up**

Stage gate process
External collaboration



5. Working to Be a Corporate Group with the Ability to Address Change



**Implement hiring/HR development until we have
several hundred highly capable employees
with the skills necessary for DX**