

# C O R P O R A T E   P R O F I L E   2 0 1 8



***Otsuka Corporation***



## Mission Statement

### Mission

OTSUKA CORPORATION serves a wide range of companies, providing comprehensive support for their business activities by presenting, within a concrete framework, new business opportunities and management improvement strategies brought about by innovations in information and telecommunication technology. By so doing, we continue to facilitate the growth of our client companies and contribute to the development of our country and the creation of a spiritually enriching society.

### Goals

- To become a corporate group that is recognized and trusted as a valuable corporate citizen.
- To encourage employee growth and self-realization through the attainment of personal goals and professional achievement.
- To demonstrate harmonious coexistence and growth with nature and society.
- To create business models that consistently keep pace with the changing times.

### Principles

- Always thinking from the customer's perspective and acting through harmonious team work.
- Maintaining the spirit of challenge inherited from our predecessors, exercising our own critical judgment, and acting on our own initiative.
- Fully complying with all prevailing laws and regulations, and maintaining high ethical standards.

**Otsuka Corporation**

## Energize Your Office with IT

Since its foundation in 1961, OTSUKA CORPORATION has guided companies in their computerization efforts while improving productivity and reducing costs through information technologies. We provide one-stop solutions and one-stop support by combining a diverse array of IT equipment to meet the office requirements of our customers.

The Mission Statement of the OTSUKA CORPORATION Group represents an internal and external declaration of the social role, responsibility and raison d'être that constitute our mission, the goals we aspire to achieve and the principles we adhere to in our daily activities. In accordance with the Mission Statement, we propose optimal integrated systems and comprehensive solutions to energize your office with IT, while always adopting the customer's perspective in response to the trust placed in us. We also seek to be a progressive enterprise that is integral to the creation of a spiritually affluent society by actively embracing harmony with society and nature as a top management priority.

Maintaining close customer relationships and living up to their expectations are the keys for growing with our customers and the context for one of our major corporate goals: constantly transforming the OTSUKA CORPORATION Group in order to earn public recognition and respect as an enterprise based on the principle "The Customer First." This has been our corporate stance from the very beginning and expresses the same spirit of challenge as a proud corporate tradition.

Throughout these commitments and initiatives, we are grateful for the strength, vision and encouragement of our customers.

**Yuji Otsuka**

President & Chief Executive Officer



## History

- 1961 Start of business in Akihabara and registration as a joint-stock company
- 1965 Opening of the Osaka Branch
- 1968 Completion of a head office building in Suidobashi
- 1977 Start of the COF (Copier, Office computer and Facsimile) strategy / Launch of the first Business System Fair (now the Practical Solutions Fair)
- 1979 Sales launch of SMILE, a proprietary packaged business software
- 1981 Commencement of the PC business (start of the new COF strategy)
- 1982 Commencement of the education business
- 1984 Establishment of OTSUKA System Engineering (now OSK Co., Ltd.) / Commencement of the CAD business
- 1985 Commencement of the hotel business
- 1987 Commencement of the network business
- 1989 Completion of the Ichikawa Distribution Center (now the Ichikawa Building)
- 1990 Commencement of the Total α Service (now the “tayoreru” maintenance service) membership-based support service / Establishment of Networkworld Corporation
- 1996 Establishment of Alpha Techno Co., Ltd.
- 1997 Opening of the Tokyo CTO Center
- 1998 Opening of the Alpha Plaza training facility / Commencement of the security business (now OSM)
- 1999 Commencement of “tanomail” / Commencement of “α-mail” / Commencement of ODS
- 2000 Listing on the First Section of the Tokyo Stock Exchange / Opening of the Data Center / Attainment of ISO 14001 certification
- 2001 Appointment of a new president / Reinforcement of the BtoB supplier support business
- 2002 Establishment of the Social Contribution Committee / Establishment of the Mission Statement / JIIT Overall IT Award
- 2003 Completion of a new head office building in Iidabashi and relocation of the Head Office / “tayoreru” Contact Center first in Japan to acquire HDI Support Center Certification from the U.S. Help Desk Institute
- 2004 Commencement of “Personal tanomail”
- 2005 Attainment of Privacy Mark certification from JIPDEC / Commencement of the private brand TANOSEE
- 2006 Establishment of the ODT Center / Establishment of Otsuka Information System Corporation in Shanghai, China / Concentration of service and support businesses under the twin brands “tanomail” and “tayoreru”
- 2007 Centralized management of the SMILE series brand by OSK
- 2008 Business and capital alliance with Lion Office Products Corporation / Commencement of LED lighting operations
- 2011 Acquisition of the Tokyo metropolitan government’s Top-Level Office certification by the head office building / Completion of the Yokohama building
- 2012 Japan Investor Relations Association’s IR Special Award
- 2013 Donation of LED lighting and Smart Plugs to the University of Tokyo for its I-REF Building
- 2014 Commendation from the IPv6 Promotion Council
- 2015 Merger of OSK Co., Ltd. and Alpha System Co., Ltd.



## Corporate Outline

<b>Company Name</b>	OTSUKA CORPORATION <a href="https://www.otsuka-shokai.co.jp/">https://www.otsuka-shokai.co.jp/</a>
<b>Capital Stock</b>	10,374 million yen
<b>Net Sales</b>	Consolidated: 691,166 million yen Non-consolidated: 624,694 million yen (FY2017 actual)
<b>Number of Employees</b>	Consolidated: 8,658 Non-consolidated: 7,080 (As of December 31, 2017)
<b>Establishment</b>	July 17, 1961 (Registered as joint-stock company on December 13, 1961)
<b>Head Office Location</b>	2-18-4 Iidabashi, Chiyoda-ku, Tokyo 102-8573
<b>Business</b>	<ul style="list-style-type: none"> <li>• <b>System Integration Business:</b> Sales of computers, copiers, communication equipment and software, consigned software development and other activities</li> <li>• <b>Service &amp; Support Business:</b> Supplies, maintenance, educational support and other activities</li> </ul>

## Board of Directors and Corporate Auditors

<b>President &amp; Chief Executive Officer</b>	Yuji Otsuka
<b>Directors</b>	Kazuyuki Katakura, Toshiyasu Takahashi, Hironobu Saito, Hironobu Tsurumi, Katsuhiko Yano, Minoru Sakurai, Norihiko Moriya, Takuo Fujino, Mitsuya Hirose, Osamu Tanaka, Yasuhiro Wakamatsu, Jiro Makino, Tetsuo Saito
<b>Standing Audit &amp; Supervisory Board Member</b>	Naoto Minai
<b>Audit &amp; Supervisory Board Members</b>	Kazuhiko Nakai, Tetsutaro Wakatsuki, Etsuo Hada

## Major Operational Sites and Consolidated Subsidiaries

<b>Business Divisions</b>	LA Division, BP Division, tanomail Division, Hotel Division
<b>Local Area Sales Departments</b>	Chuo Sales Dept. 1, Chuo Sales Dept. 2, Kanagawa Sales Dept., Josai Sales Dept., Tama Sales Dept., Johoku Sales Dept., Northern Kanto Sales Dept., Keiyo Sales Dept., Osaka Northern Sales Dept., Osaka Southern Sales Dept.
<b>Regional Offices</b>	Sapporo Branch, Sendai Branch, Utsunomiya Branch, Takasaki Branch, Tsukuba Branch, Chubu Branch, Kyoto Branch, Kobe Branch, Hiroshima Branch, Kyushu Branch
<b>Consolidated Subsidiaries</b>	OSK Co., Ltd., Networkworld Corporation, Alpha Techno Co., Ltd., Alpha Net Co., Ltd.



# Offering solutions at the forefront of change that enable customers to boost productivity, reduce costs, contribute to society and protect the environment

Closely monitoring information technology (IT) trends makes it possible for us to consistently identify potential advantages for the business sites of our customers. Our accumulated expertise has been developed into solutions that fully leverage cutting-edge IT to increase the quality of our customers' management systems and improve local communities. Moreover, to fulfill our responsibility as a corporate citizen, we actively engage in activities to protect the environment.

## System Integration Total support for work style reform through one-stop solutions

The goal of work style reform is to correct extended work hours and improve labor productivity. This initiative also calls on companies to provide workplace environments that enable employees to fully demonstrate their abilities.

We serve our customers as a one-stop provider of IT solutions, including the required assistance for work style reform. We construct and support systems that integrate communication lines and networks with various hardware and software, and we also satisfy a broad range of office needs, including office supplies.

Recent advances in the use of data centers and application of telework and mobile services have significantly helped to facilitate and accelerate operations. However, as more things become interconnected, system configurations become even more complex, thereby increasing potential security risks.

The need to isolate faults and resolve the root problems in an emergency situation poses a major burden on customers. We offer one-stop support to customers as their IT management division in order to ensure that their entire system is operating effectively and will continue to be managed with increased security.

### Across the Company

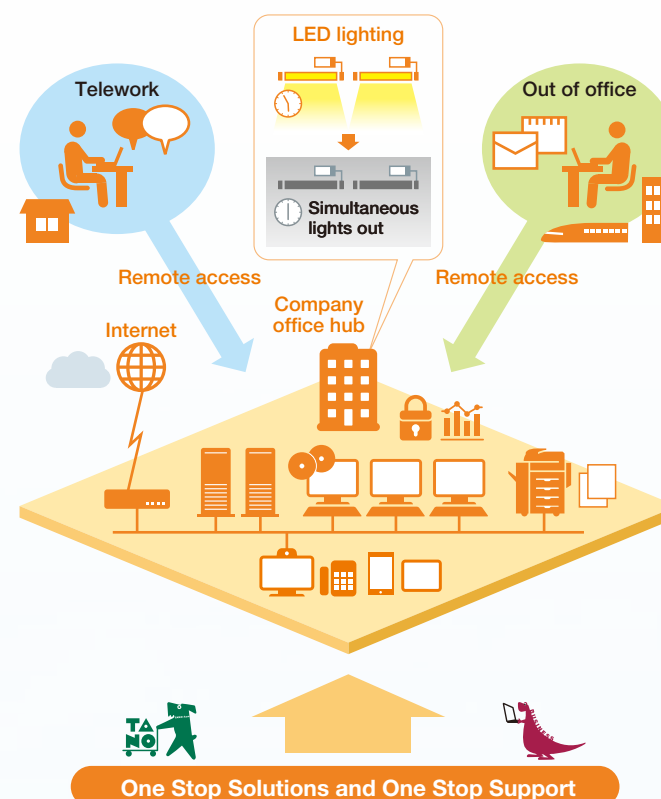
As the working environment becomes increasingly diversified, a company-wide effort is required to realize work style reform toward improving productivity and reducing overtime, cutting costs and reinforcing security while also effectively deploying human resources amid a decline in the working population.

- RPA (robotic process automation)
- Remote access environment (teleworking)
- Biometric authentication (security measure)
- Communication tools (chat, LINE, email)
- Online storage (file sharing)
- Simultaneous lights out (LED lighting, BEMS)

### Management and Corporate Planning

The most important management tasks are addressing urgent emerging issues and mitigating corporate risks. Work style reform begins with quickly grasping management's situation as well as the status of the working environment.

- Status of working conditions, legal compliance
- Preventing illegal overtime
- Automatic PC shutdown
- BI tools for accelerating management decisions
- Digitizing approval and authorization processes



### Sales

The key to work style reform at the frontlines of sales is the effective utilization of time and information toward meeting with as many customers as possible and leading successful business deals. We provide an environment that allows staff to demonstrate the same productivity inside and outside the office.

- Project management
- Sharing customer information
- Mobile work and telework

### Human Resources and General Affairs

Insofar as possible, eliminate strain and waste from routine operations to reduce workload. Advances in work style reform are made possible by clarifying the rules of the operational flow and constructing a system that does not involve human labor.

- Alleviating workloads related to salary calculation
- Opening and digitizing internal procedures for various applications
- Saving labor in asset management

### Accounting

We are creating a system through which human error can be avoided in order to ensure the accurate handling of legal and tax matters, which in turn leads to work style reform. Using IT can also boost the efficiency of our accounting operations.

- Digitizing documented evidence
- Using accounting software data
- Linking expense settlement to accounting software

## Social Contribution Efforts for the environment (Our 50th anniversary projects) お客様とともに 50

We have undertaken a number of projects to commemorate our 50th anniversary in July 2011. As our primary contribution to environmental protection, we planted trees and installed LED streetlights in parks in regions across Japan.

### "TANO-kun Forest" Overseas Reforestation Activities

In the Brazilian state of Amapá, we planted Tasmanian blue gum trees as raw material for paper. Also, we expanded the reforested zone to 500 hectares by 2017 and began felling trees in our first plantation area in September 2017.



December 2011: Immediately after planting



January 2016

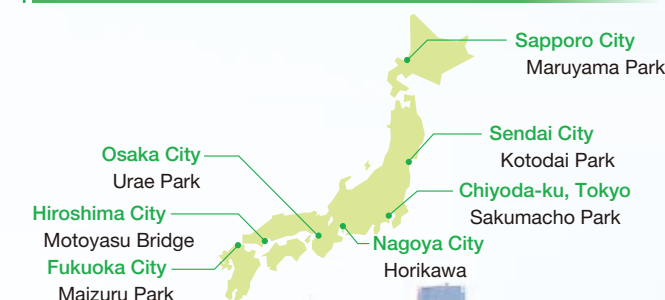


September 2017: Began felling trees



Began sales of "α Eco Paper" in October 2018

### Tree Planting Activities and Donation of LED Streetlights in Japan

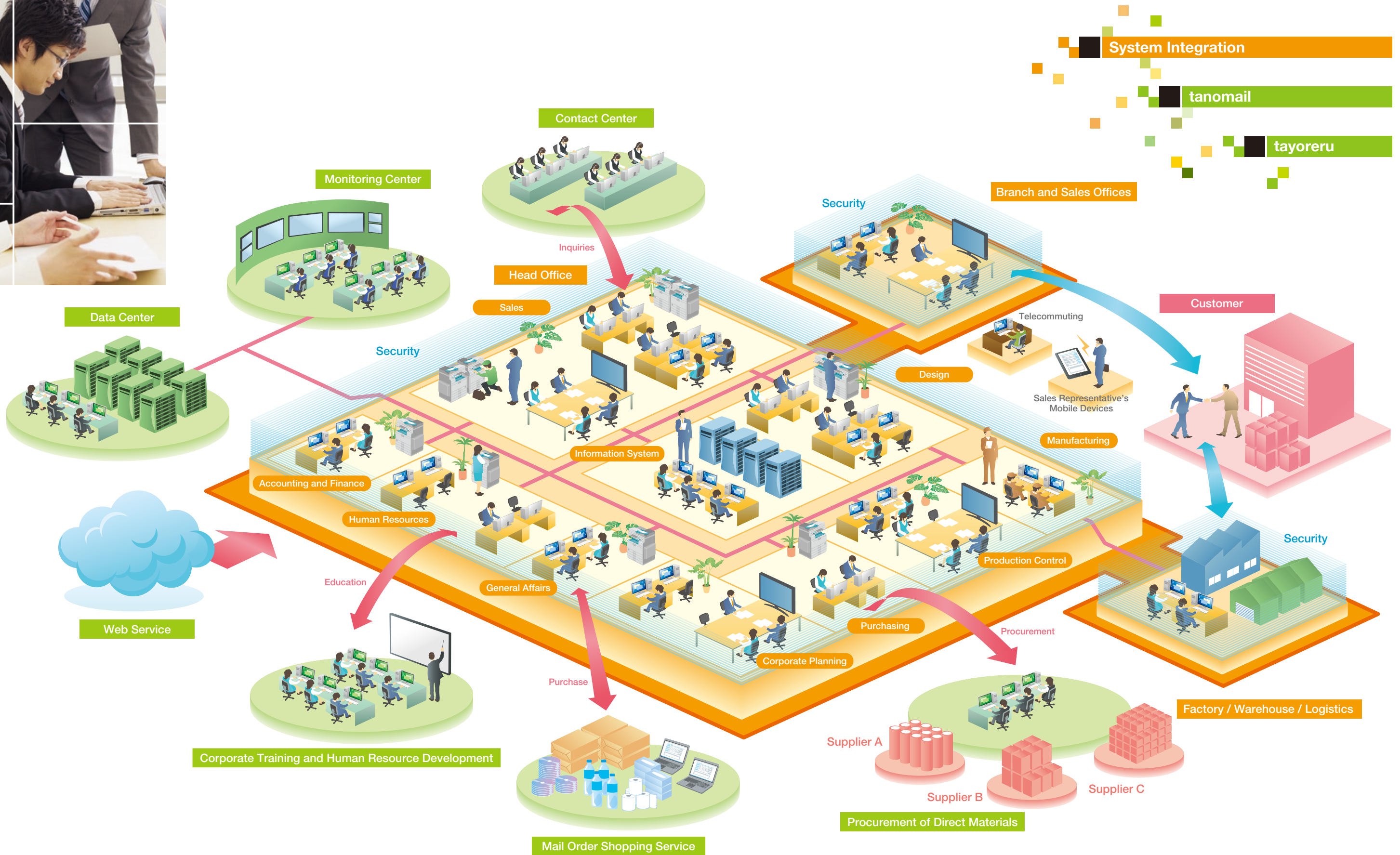


- Sapporo City Maruyama Park
- Sendai City Kotodai Park
- Chiyoda-ku, Tokyo Sakumacho Park
- Nagoya City Horikawa
- Osaka City Urae Park
- Hiroshima City Motoyasu Bridge
- Fukuoka City Maizuru Park



**By adopting the customer's perspective, we can propose and deliver optimal solutions for diverse office needs.**

An office is like a living organism in that it faces new challenges every day. OTSUKA CORPORATION serves a wide diversity of corporate customers engaged in a variety of business areas, from major enterprises to small and medium-sized firms. We provide customized solutions for the divisions of different types of companies and are driven by the desire to quickly share the wealth of experience we have gained from a long and proven track record. With the view that no problem is too small, we are capable of helping nearby divisions or remote offices in countless ways.



# The right solution for any customer need lies in our comprehensive System Integration and Service & Support offerings.

Since our founding, we have produced one solution after another to address customer needs by harnessing the full value of current IT, free from the constraints of conventional business domains. We have consistently adopted the customer's perspective to develop these solutions, and our System Integration and Service & Support businesses represent the culmination of these efforts. Moreover, with the ongoing advances in IT and the changing demands of customers, both businesses are constantly evolving. In our hands we hold the solutions that customers seek.

## System Integration

We create information systems that enable the customer to enhance productivity and reduce costs through an optimal combination of network infrastructure, servers, PCs, mobile devices, multifunction machines and software developed by different companies.

- System Integration**
- Consulting (analysis of tasks, operations)**
- Software and Systems (planning, design, development)**
  - ▶ ERP / Industry- and operation-specific software
  - ▶ CAD / Construction, manufacturing
  - ▶ Information systems / Groupware, workflow
  - ▶ Document management, data utilization
- Networks (communications, Internet)**
  - ▶ Business phones / Teleconferencing / Wi-Fi and LAN infrastructure equipment
  - ▶ Smartphone and mobile devices / WAN and line network service
- Security (information leakage, BCP)**
  - ▶ Antivirus, email security, procedural measures
  - ▶ Contingency planning
  - ▶ Data backup
- Hardware (introduction and installation)**
  - ▶ Multifunction machines, copiers, printers
  - ▶ PCs, peripherals
  - ▶ Servers, storage
  - ▶ LED lightning, BEMS
  - ▶ Smart devices

## Service & Support

We provide services that support businesses in every aspect and situation, including mail order office supply sales, support and trouble-shooting during system construction, operational management and information system analysis.

- tanomail**
- Corporate Mail Order Shopping Service for Office Supplies**
- Mail Order Shopping Service for Nursing Care Products**
- Personal Mail Order Shopping Service**
- tayoreru**
- Hardware and Software Maintenance**
  - ▶ Monitoring service
  - ▶ Onsite support
  - ▶ Data recovery
- Telephone Support**
  - ▶ Remote support
  - ▶ Contact point for repairs
- Support for Business Operations**
  - ▶ Operational support, educational support, back office support
- Outsourcing**
  - ▶ Web service
  - ▶ ASP service

MULTI-VENDOR

MULTI-FIELD



## Creating information systems by tackling business challenges at the side of our customers

We support customers by providing comprehensive, one-stop solutions that lead to successful businesses, from constructing IT infrastructure linking information devices, communication equipment and networks to selecting software that corresponds to their business type, scale and operations, as well as designing, developing and constructing the systems.

- Multi-vendor, multi-field response
- Single contact point for multiple solutions
- Comprehensive solutions from the customer's perspective



### ■ Consulting

After a solid review of the customer's business, we support each field with reasonable system operations that deliver material results.

- Consulting on internal controls
- BEMS (Building Energy Management System)
- Management support services

### ■ Software and Systems

We draw on our abundant experience to develop and deliver systems and groupware for businesses and operations.

- ERP
- CAD
- Groupware
- Workflow
- Document management
- BI

### ■ Security

We provide airtight protection against invisible threats and create a secure office environment in which customers can do their work safely.

- Protection against unauthorized access
- Protection against computer viruses
- Data backup
- Prevention of information leakage
- BCP (Business Continuity Plan)
- Data erasure

### ■ Hardware

We respond to customer needs with a multi-vendor approach that is not dependent on products offered by any one specific maker, together with a multi-field approach that encompasses the entire spectrum of IT equipment.

- Servers
- PCs
- Multifunction machines, printers
- Network equipment
- Peripheral equipment
- Smart devices

### ■ Network

We fully upgrade customer business communications by reviewing network environments, including phones, and provide optimal services to create an integrated IP environment.

- VPN service
- IP communication service
- Mobile solutions

### ■ LED Lighting

We offer an extensive range of effective LED lighting options for reducing electricity use in offices, warehouses, factories and shops.

- Incandescent and halogen lamp type
- Fluorescent light type
- Mercury lamp type
- Explosion proof lighting
- Floodlights
- Exterior wall lighting and street lighting

### Optimal solutions for every line of business

Manufacturing	Publishing / Printing	Construction
Apparel / Jewelry	Food products	Retailing / Merchandising
Raw materials	Service	Distribution
Public institutions / Industry associations	Local government / Extra-governmental organizations / Schools	Medical, welfare and nursing care institutions





## “tanomail” reliably meets all of your office needs and offers very quick delivery.

A broad range of products from office supplies and everyday items to nursing care products are available through the “tanomail” mail order service. We provide quick solutions to meet the needs of every customer, both corporate and individual.

■ Reduced customer procurement costs

■ Fast transport network expedites the “tanomail” service



### ■ tanomail

Mail order service for office supplies



This mail order service for corporate customers delivers office goods and services. In addition to stationery, PCs, tools, daily items and office equipment supplies, it offers environmentally friendly products and TANOSEE private brand goods.



As of October 2018

### ■ Personal tanomail

Mail order service for individual customers



Through this service, customers can use the many products offered by “tanomail” at home or at work. In addition to household goods, stationery and office supplies, we support the everyday needs of customers with food products and daily necessities.

### ■ Care tanomail

Mail order service for nursing care products



“Care tanomail” provides nursing care products under the concept of “offering backup for everyone involved in nursing.” We offer a reliable lineup of products to both individual and corporate customers while maintaining the same high quality we have been providing with “tanomail.”



### ■ MA tanomail

Procurement support service

This service uses the “tanomail” service to facilitate corporate purchasing, including division-by-division order management and approval functions. Purchasing parameters can be set according to the purchasing rule of the company. Also, we provide support from the initial stage of constructing the service environment.

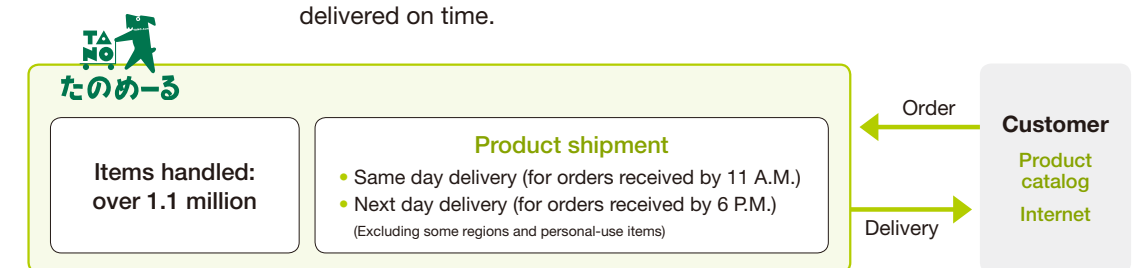
### ■ Logistics

Our logistics and distribution centers have been strategically located in the eastern and western regions of the country. We have carefully designed our transportation network to respond quickly and maintain an optimal level of inventory to ensure customer needs are met.



### What is “tanomail”?

“tanomail” is a service through which we deliver office supplies, PCs and peripheral products in a timely manner to corporate customers as well as stationery, daily supplies and other necessities to individual customers. The several services we offer cater to each customer, and required items are delivered on time.







## “tayoreru” provides quick solutions to customer needs as a reliable, one-stop service.

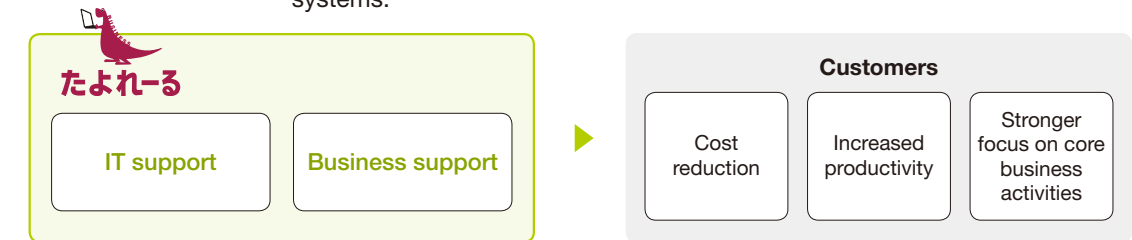
We provide one-stop support for information system operations and management as well as corporate activities in general with hardware and software maintenance, managed network services and outsourcing services.

- Entire support menu covered by our in-house system
- Reliable IT operations and management
- Labor savings based on a review of business operations



### What is “tayoreru”?

“tayoreru” is a collective term for the service and support offerings that comprehensively support and utilize IT in a company’s various operations, including general affairs, human resources, accounting, and information systems.



### ■ IT Support

Our comprehensive support of IT operations and management, including system maintenance and safekeeping of installed equipment, and the provision of Internet services.

### ■ Business Support

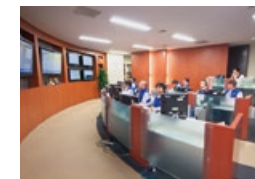
We provide a variety of services to reduce customer workload in addition to services for human resource development.

### ■ Support System

We are always fully prepared to support our customers, responding with flexibility and care based on our people-centered approach as well as robust, highly functional facilities.

#### tayoreru Management Service Center

We monitor customer systems on a 24/7 basis. In the event of an emergency, the center supports customers with optimal solutions.



International certification for information security management



#### Data Centers

We protect our customers’ valuable systems at data centers equipped with the most advanced facilities and airtight security measures.



#### tayoreru Contact Center

Specialized engineers respond by phone and provide remote support to solve problems related to hardware, software and communication lines.



#### Onsite Support

When a customer needs onsite support, we dispatch a specialized engineer from the support site nearest the customer.



- Support calls per month ..... approx. **100,000**
- Support staff ..... approx. **500**

- Support sites ..... **280** across the country
- Number of engineers ..... approx. **3,000**



# Social Contribution

## Social Contribution and Environmental Protection Activities

### Coexisting and co-prospering in harmony with nature and society, we do what we can do, one step at a time.

Through our business, we address social problems while offering improvements in the communities around our operations. Although the actions we take might seem small on their own, we will continue doing our best with the belief that consistent effort will bring us closer to coexisting and growing in harmony with nature and society.

■ Solid results from our efforts to protect the environment

■ Stronger relationships with local communities and society as a whole, formed by regularly engaging in social contribution activities



### ■ Environmental Protection Activities

#### Environmental Management System

Under our company-wide principles and policy, we have established mid- to long-term environmental activities in the OTSUKA Eco-Action Plan and continually endeavor to protect the environment.

#### Certification of Our Offices

Our 25 major sites are certified under the ISO 14001 international standard for environmental management. We are also taking action at our other locations to protect these environments under guidelines equivalent to ISO 14001.

#### Environmental Consideration at Our Business Sites

We reduced electricity consumption by switching to LED lighting at our head office and each business branch. A system installed at our head office visually presents electricity usage and the information is available on our website. In addition, our LED billboards in Shinjuku, the largest of their kind in Japan, have led to energy savings of about 40% compared to fluorescent lighting.



#### Otsuka Recycling Centers

We operate recycling centers in Tokyo and Osaka to effectively use resources under the 3R concept of Reduce, Reuse and Recycle, as well as to ensure legal compliance. We have achieved near-zero emissions as a result of sorting used equipment from our operations and trade-in devices collected from customers.

#### Lake Papyrus 20

Reeds naturally purify water as they grow. In collaboration with other companies we have developed Lake Papyrus 20, of which 20% is old reeds from Lake Biwa and the Yodo River. We use this paper for name cards and envelopes and encourage our customers to use it as well.

#### Overseas "Tanokun no Mori (TANO-kun Forest)" Reforestation

In commemoration of Otsuka Corporation's 50th anniversary in July 2011, we planted 170,000 Tasmanian blue gum trees, to be used as raw material for paper, across 150 hectares in Macapá, Amapá State, Brazil. We expanded the reforested zone to 500 hectares by 2017 and began felling trees in the first plantation area in September 2017.

#### Oyama Senmaida Rice Terrace Preservation

Terraced rice paddies are increasingly being abandoned because they are hard to manage. We are helping to preserve the Oyama Senmaida rice terrace in Kamogawa, Chiba Prefecture by encouraging employees to become owners of the land and cultivate and harvest rice.

### ■ Social Contribution Activities

#### Donation and Support Program for Reuse of PCs

We provide support to the authorized NPO e-Parts through our donations of used PCs that we have refurbished. e-Parts then gives these computers to non-profit organizations nationwide to encourage their use of information technology.

#### "Gift from TANO-kun"

This program contributes to society through donations of "tanomail" office supply products to non-profit and other organizations. We donate a wide range of products to match each group's specific needs.



#### "Heartful Fund"

Through this program, employees voluntarily donate 100 yen each month and the company matches these contributions. The fund is used to support disaster victims and organizations conducting activities that serve the public interest.

#### "Happy Points" Donation Program

We give customers "Happy Points" according to the amount of their purchases through the "tanomail" mail order service. Customers can choose to donate their points to Guide Dog & Service Dog & Hearing Dog Association of Japan or another organization, and the program allows for them to easily participate in social contribution activities.

#### Food Bank Donations

We give food banks food items that are handled by our "tanomail" service and close to their best-before dates.

#### Voluntary Collection Activities

Employees, and recently some customers who support the initiative as well, voluntarily collect used stamps and other items for donation to non-profit organizations on an ongoing basis.

#### Clean-up Activities

Our major offices nationwide regularly participate in clean-up initiatives. Employees from our head office, for example, have been cleaning up the area around the building every month in collaboration with neighboring companies and to promote the spirit of community involvement.



#### Blood Donations

As a corporate supporter of the Japanese Red Cross Society, we regularly organize employee blood drives, primarily at the head office.



# Otsuka Corporation

<https://www.otsuka-shokai.co.jp/english/>



OTSUKA CORPORATION is fully committed to environmental improvement.  
ISO 14001 certification has been acquired by 25 domestic offices.

Company names, product names, etc., are trademarks or registered trademarks of their respective company or organization.



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