

Looking Back on the First Year of YDX

—Toward Work Style Innovation Accelerated by COVID-19—

In FY 2020, we have reported about “building a foothold for digital transformation by the YDX project” in the president’s policy. Additionally, we have focused on the initiatives under the slogan, “the first year of YDX (Yaskawa’s digital transformation).”

Accordingly, we asked Ogasawara, President to look back on the efforts and achievements resulting from the first year of YDX, as well as major changes in the way people work because of COVID-19, including our habituation to telework. We also asked him to talk about the increasing importance of YDX, accelerating work style innovation because of COVID-19, and ideas for creating a corporate culture for further growth.

Progress toward “Construction of the Digital Management Board”

Hayashida: In 2020, we focused on “management indices” such as sales and profits, which are key factors in making management decisions; in addition, we unified the global code. We also promoted digitization, including the visualization of management information from 70 consolidated companies of the Yaskawa Group. First, we asked Mr. Ogasawara to describe the progress toward the construction of a digital management board, which is regarded as the pillar of YDX.

Ogasawara: Frankly speaking, I have the feeling that we are making steady progress despite an “assumed delay.” I was prepared to be late because people could not physically move due to the influence of COVID-19; however, I had the impression that the delay was less than I expected. Thanks to (ICT) and other project members, we were able to devise and advance methods even under the circumstances of COVID-19.

Hayashida: The digital management board is helping to visualize management information from the 70 consolidated companies in the Yaskawa Group. How do you expect to utilize it?

Ogasawara: “The visualization of management information” seems to be prepared on behalf of top management, but it is fundamentally designed to be used by all employees in the group. By seeing a variety of information, we can determine what is happening with the operations. Specifically,

we can check orders received, the quantity and the kind of products manufactured and sold in each region instantly on a daily basis. Thus, you will be able to look at the data from various perspectives and discuss about the latest situations. As a result, accurate judgment and a lot of wisdom will be born. What we hope for is a digital management board.

However, security is a concern. Management information is quite important, so you must be careful in reviewing the data. Of course, we will organize and prepare it properly for the actual operations.

The essence of YDX is to create corporate strength and a corporate culture.

Hayashida: In FY 2019, we administered an employee satisfaction (ES) questionnaire on “expectations for YDX” (disseminated to YEC employees only). Approximately 80% of the respondents responded positively on this initiative, but on the other hand, some expressed such opinions as, “I understand the importance of centralizing data, but I don’t know what will be better for our work.” Some respondents asked, “How will YDX change our jobs?” and “When YDX advances, how will work change?”

Ogasawara: With the advancement of YDX, all employees will be able to see at a glance that their work affects management information. Then, such data that are input on a daily basis can be connected to the data that top management uses. When this happens, you will be able to digitally rate and discuss compensation with your boss based on the data that indicates how your job

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Hiroshi Ogasawara
Representative Director President, (YEC)



Ayumi Hayashida (Interviewer)
General Manager, Corporate Communications Div., (YEC)

affects management.

I hope that through YDX, as many employees as possible will become aware and interested in how their work affects management.

Hayashida: When we look at YDX from the perspective of the corporate culture, I think that YDX is the “table” that will strengthen the Yaskawa Group in the future. In the past, codes were scattered among regions, divisions, and group companies, meaning that the tables were uneven. Therefore, by unifying various codes on a global basis, the information that can be seen anywhere in the Yaskawa Group is the same.

Mr. Ogasawara, you have often talked about the “standardization of operations” in policy declarations and dialogue meetings. Could you explain the relationship between YDX and the standardization of operations?

Ogasawara: Standardization sounds stilted, but let’s say that work creates “information as data.” At present, data are created by different people’s work, but originally, there should be only one work procedure for creating one datum. When you think about it, the data and work match. In other words, matching is standardization. When gathering the necessary data for management, the work will be decided naturally. This is truly standardization. This is

why I have been saying, “Data produce the world’s common language.”

“Do this to create this data”: this idea is universal throughout the world. Based on the concept that “data are tables,” it is important that the tables be “flat” definitely.

Hayashida: The keyword “flat” also leads to the saying that Mr. Ogasawara often refers to: “Don’t create or do useless work.”

Ogasawara: It is common for people who have knowledge of ICT, but it is unnatural that there are multiple data with the same name. Names must be unique. When you combine them, you can make the following unique things... that is the world of ICT.

However, in the case of the Yaskawa Group, multiple data have the same name. Therefore, wasteful work, such as organizing the different names, occurs. Once the data are properly collected, they will be centralized, and the work of examining that data will always be standardized.

Let me give you an example from sales. Beginning in FY 2018, our aim was to unify and standardize our sales activities in Japan. As one of our efforts, we directed the creation of the “Sales Handbook” and the “Sales

Operations Manual” to provide an understanding of sales. The “Sales Operations Manual” has 400 pages. We are analyzing why 400 pages is necessary, but I think the answer is probably the result of working in “patchwork.”

Someone inputs data into a system and inputs a part of it into another system and repeats this action time and time again. If you record it all in a manual, it will be 400 pages. Thus, sales mean, “the more orders you receive from the customer, the more work you have to do.” To state it ironically, if there is no order, there is no pain. It is strange that you are busy because you received orders.

Another example is technology. When you have meetings with our customers in a variety of situations and in response to a request, if you say “no,” it means “no pain.” On the other hand, if you say “yes,” you will have to do something about it. Therefore, fewer orders mean no pain of technology development. Under these circumstances, the company is unable to grow. The way it should be is that the more orders you receive, the more profit you make, resulting in a higher salary and a better position. Thus, “the more you work at it, the more you can do it, and the more exciting work becomes.”

I would like to change the atmosphere of companies in this way through YDX.

Hayashida: What we are doing with YDX is creating corporate strength and a corporate culture. This is the essence of YDX, and the focus must be the “future ahead of the present.” Otherwise, Yaskawa group will not be an exciting or satisfying company in the true sense.

“Change of awareness” and “operation reform” are the two wheels of work style innovation.

Hayashida: The teleworking style has been habituated by COVID-19. Mr. Ogasawara often says that “work style innovation” is led by a “change of awareness” and “operation reform.” Do you perceive any change during the current COVID-19 pandemic?

Ogasawara: Through telework, I think many employees purely felt that “you don’t have to force yourself to go to offices.” On the other hand, I realized that even if not supervised onsite, employees are doing their job. In the past, I thought that if people were not supervised, they would not doing their work, but I realized that’s not the case.

Hayashida: I guess employees will fulfill their job responsibilities if the work is clearly defined.

Ogasawara: I have come to see another side of it. Thin client PCs and the use of remote meeting applications, like Teams, have expanded to support telework. With the advances in IT, it has gradually become apparent that there is a lot of waste in work, although this is my sense of the situation. In the first place, I started to wonder about the conventional way of working and if it was fundamentally right.

To give a specific example, I think there are quite a few managers who do not work with their own hands. It is a fundamental problem if the work of a manager is regarded as “the work of putting someone else to work.” There were many cases whereby people had problems with the way they worked, such as “give simple e-mail instructions to get someone to do the work” or “create instructional materials for someone to work on.” Even for a single report, they should prepare their own documents. The expanded use of Teams

is not a bad culture, but the number of meetings in some divisions is increasing tremendously, so I wondered, “what’s in it?” and “is this really a necessary meeting?” At the same time, I felt the importance of “do it yourself”(DIY) again.

Reasons for announcing the importance of DIY

Hayashida: At the time of the policy announcement to managers in September 2020, I was told about the importance of DIY, as well as the importance of summarizing reports and proposals in simple sentences on one to two sheets of A4 paper. Please tell me your thoughts.

Ogasawara: I am not saying that you should execute all the work by yourself because the skills of each individual are different; DIY just means that you should at least write down the materials you use and organize your mind.

As for the difference between PowerPoint and Word for creating documents, PowerPoint is a presentation tool, so you can format the points in a bulleted list and change the story while watching the audience’s expression.

For example, the product planning presentations can be PowerPoint presentations, but once finished, I ask the respective division to use Word to create a “product proposal” with a solid summary of the project’s content. I read an article after we talked about it, and I was convinced that the secret of Amazon’s success, which everyone knows, is that “no PowerPoint, no bulleted materials” has taken root as a corporate culture and a rule for meetings.

Another aspect of DIY is the feeling that employees in Japan lack a tremendous sense of speed compared to Europe, the US, and China. The reason for this situation is that many people do not work with their own hands. It is too much time consuming to draw a conclusion because they do not do their work by themselves. This is the original reason for bringing up DIY and reemphasizing it to clarify each person’s role. It goes without saying that we cannot promote DIY unless roles and job descriptions are

clearly defined.

Hayashida: Through this talk, I am confident that the relationship between YDX and work style innovation, as well as the importance of DIY, has been clearly conveyed to all employees. Finally, could you leave a message for all employees?

Ogasawara: Work style innovation entails a change of awareness whereby DIY is reacknowledged and operation reform through YDX. To make a rewarding working environment not just a pleasant working environment, everyone should be fully aware of the balance between “rights and duty,” “equality and fairness,” and “freedom and responsibility,” and act promptly.

I think that there are people who insist on rights, equality, and freedom. However, there is a duty behind the claims of rights, equality, and fairness, as well as freedom and responsibility. Not only can you rely on the company for this balance, but you must return to the “self-responsibility” mindset and work effectively for important output for the company. One’s job is to produce output to contribute to the company’s profit, and it is important for everyone to receive a fair evaluation based on the results.

Major environmental changes, such as COVID-19, may occur again. Let us work together to create a group that can make a profit under any circumstances. It will be hard but exciting, and it will be worth working!

Abbreviation of Organization and Facility Names:

(ICT) : ICT Strategy Promotion Div., (YEC)

Note:

The positions and posts indicated are based on personnel organization information of FY 2020 second half.

Looking Back on the First Year of YDX

—Voice from key persons ①—



In 2020, COVID-19 restricted the physical movement of people around the world and significantly changed the way people work. We spoke with Otsuka, General Manager of the Human Resources and General Affairs Division, about YDX in the division and rapidly accelerating efforts toward work style innovation due to COVID-19.

Takenori Otsuka General Manager, Human Resources and General Affairs Div., (YEC)

—Could you give us an overview of how YDX is taken on in the division?

Otsuka: We implemented a number of initiatives, including "unifying global IDs." This system provides IDs to all employees of the Yaskawa Group globally and is more like a ID card.

In order to respond to various surveys, it is necessary time to time to update not only the number of employees in the Group companies, but also the composition of the job types in detail. In the past, however, these figures were compiled in cooperation with each regional site with great effort. By unifying the global ID through YDX, the status of each site is visualized in a timely manner. This system is not just for counting the number of employees, but also aims to include a variety of information in this global ID in the future to build a global H&R database.

—Last year, Yaskawa also shifted to teleworking but still maintained corporate activities despite the impact of COVID-19. Please tell us about the company's achievements with respects to teleworking.

Otsuka: We have been promoting the establishment of a teleworking environment that assumes staggered work hours in the ICT division in advance as a countermeasure for the holding of the Tokyo Olympic and Paralympic Games. Therefore, we were able to shift relatively smoothly to a setup that involves increased teleworking. This is thanks to the efforts of (ICT) and the understanding and cooperation of the employees. I would like to sincerely thank you from the bottom of my heart.

A major challenge in the future is how to respond flexibly to diversifying work styles

and improve both productivity and job satisfaction through teleworking.

—Are you going to establish any guidelines for using telework in the future?

Otsuka: There are several purposes for teleworking, but it mainly serves as an emergency measure to avoid the three Cs: (crowded places, close-contact settings, and confined and enclosed spaces)." The main priority during the new normal is to maximize employee productivity. Needless to say, certain jobs are suitable for teleworking while some are not; so we will initially establish guidelines for (YEC) in stages for other group companies in Japan so that teleworking could be utilized as a highly productive work alternative.

—How will work style innovations in Yaskawa, including the increase in prevalence of teleworking, evolve in the future?

Otsuka: Work style innovation has two different aspects: "change in mindset " and "operation reform." While both are certainly important, the former is crucial. I would like all employees to constantly think of how they can generate customer value. Employees cater to different customers depending on the type of job. Therefore, I would like them to always ask themselves, "Who is the target customer of the work I do?" and work hard with a strong awareness of what kind of value we are able to provide to the customer.

—What kind of efforts are being made in the Human Resources & General Affairs division to promote such "change in mindset?"

Otsuka: The word consists of three principles. Our basic work practice involves checking the workplace, inspecting the reality, and understanding whether the output of our work is truly beneficial to our customers or is linked to customer value. The main theme is that all division members work together to achieve this goal and implement it throughout the company.

—Lastly, could you give a message for all the employees?

Otsuka: From the perspective of employees, it is important to increase their motivation for work in order to increase productivity. I feel that highly motivated people possess a high level of trust from other people, including their customers, boss, colleagues, family, etc.. When a person is trusted by someone other than himself/herself, he or she tries to meet others' expectations. This leads to a meaningful job.

As mentioned in the "employees' credo" a section in the corporate principle of Yaskawa, "Enhancing public trust, thereby seeking prosperity of the company as well as the happiness of oneself" is something you are called to do in your daily work. Our division also aim to work toward maximization of corporate value through customer value creation activities under the slogan "Human Resources and General Affairs change the company." Thank you for your understanding and cooperation.

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Looking Back on the First Year of YDX

—Voice from key persons ②—



We asked Shimoike, the Deputy General Manager of ICT Strategy Promotion Division, to look back on the "The first year of YDX." He spoke about specific initiatives at the operation and future perspectives.

Shoichiro Shimoike Deputy General Manager, ICT Strategy Promotion Div., (YEC)

—Looking back at the "first year of YDX" what did you think of it?

Shimoike: Whenever we experienced any difficulties with YDX, I always maintained that we could overcome anything! In particular, one of our great achievement was the instant availability of daily updated data through the "Digital Management Board," including information on orders, revenue, profits, expenses, etc. received from 70 consolidated companies which also gave us more confidence. Although many issues still remain to be solved, we have made progress in visualizing management information in collaboration with the YDX Project members. We plan

to utilize the "Digital Management Board" as a trial for executives and gradually expand its use to managers and employees.

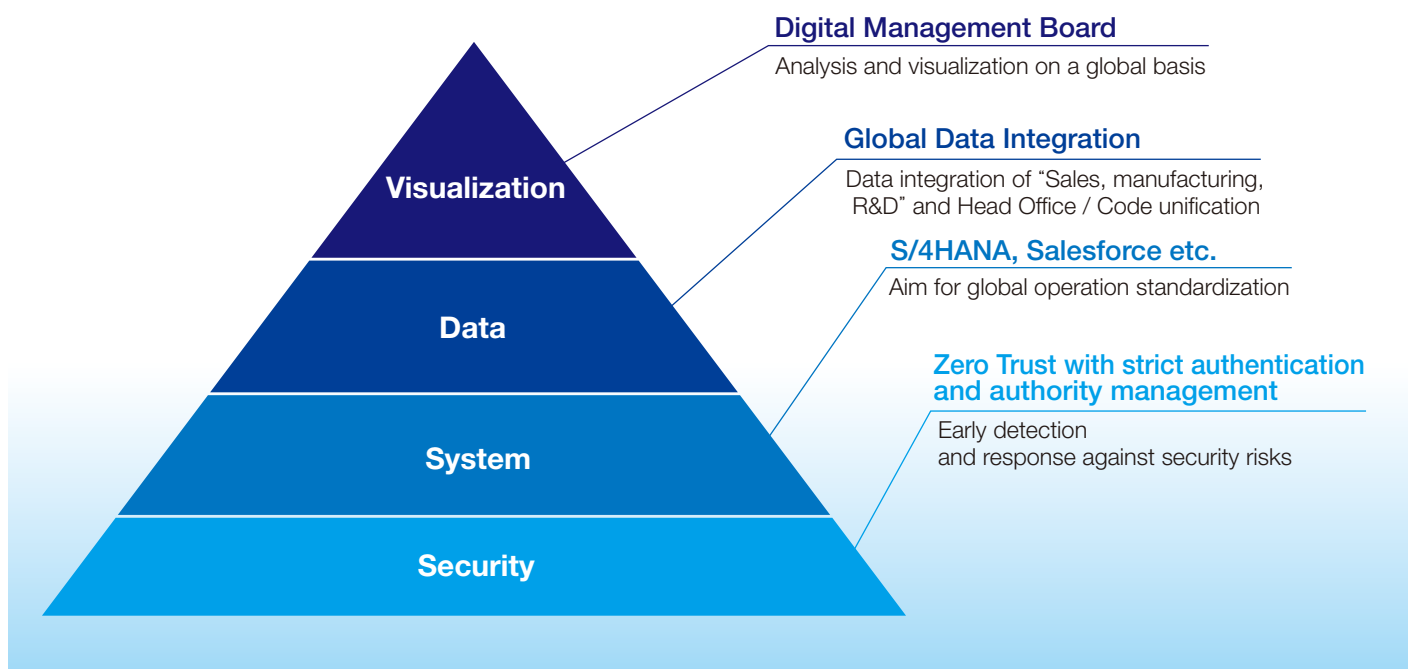
—There have been numerous news articles on DX under the COVID-19. What makes it different from other companies?

Shimoike: I have had the opportunity to speak with other companies as well, but it seems that many of them are not making progress as expected. However, Yaskawa is tackling this issue group-wide, thanks to Ogasawara's own top-down approach as well as the cooperation of the head office, SBUs,

and global team members. This is a big difference from other companies and I feel that it is a strong point that the entire Yaskawa Group is making steady progress together, although it is a tough process.

—YDX's goal is to achieve centralized data utilization or standardization by FY 2025. Could you explain this milestone in detail?

Shimoike: "Yaskawa Data Lake" is the collective term for the entire YDX infrastructure that underpins Yaskawa's digital management and it serves as the key to centralizing the management of various global data.



"Yaskawa Data Lake" Configuration



Members of the (ICT) who promote YDX core system renewal and YDX portal site etc.

It enables the retrieval of necessary data in a timely manner from all operation sites, including the executives, head office and SBUs. In addition, it allows us to visualize and share information on work done not only by divisions, but also by individuals as well as understand how this affects profits.

—Security is an inevitable challenge because we deal with critical and massive amounts of data. What kind of initiatives is the group taking on?

Shimoike: Cyberattacks and unauthorized access to companies' digital assets have recently been reported in the news. Yaskawa has implemented a number of measures to strengthen its security, including the establishment of a "Thin Client" environment. The concept of "Zero Trust" is more widely known. The idea is to discard the assumption that "the secured network is safe" and in return implement security measures with a view that "it will be somehow cracked". Moreover, we must make sure that its data are protected through two-step authentication, and tightened control over authority. Information literacy education for employees, including those in the global group, will also become even more important.

—How do you cooperate with group companies further?

Shimoike: Although the physical movement of employees is severely limited due to COVID-19, we have been holding regular meetings with group companies, including regional offices, through web conferences. We are promoting the "YDX Global Office Initiative" to further strengthen internal communication. First of all, we are thinking of ways to smoothly promote the project by having a person in charge of the project, such as an IT vendor in the U.S., as a bridge between Japan and (YAI)&(YEU).

—What activities will you be focusing on in 2021?

Shimoike: Last year, we focused on "Defensive DX" approach to our finance, HR, core systems, and code unification. This year, along with the opening of the "YASKAWA Technology Center," we will be taking on the "Aggressive DX" approach to our R&D, manufacturing, and sales, which will lead to strong product development. We will initially be setting up a "YDX portal site" in (YEC)'s intranet and providing all other Group employees with useful information on the company activities, contact information for consultation, and YDX-related activities being undertaken

by each division.

—Lastly, could you give a message for all the employees?

Shimoike: I would like to make 2021 the first year of DIY(Do It Yourself) to brush up on YDX with everyone. If the code is unified across the Group, data can be visualized and immediately retrieved when needed, and which ultimately facilitates progress in operation standardization. As a result, each person's work can be seen from an "individual optimum viewpoint" to "a panoramic perspective" and they should be able to work more efficiently. It also leads to the Group's profits. YDX will be the new way of working. I am sure that YDX can be successfully achieved if all employees of the Group understand and perform their respective duties, and work as one. I hope to make 2021 a year, in which more employees will understand YDX and participate in it.

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