

# Financial Results for the Six-month Period Ended September 30, 2019: Supplementary Information

## ***1. President's Message***

## ***2. Initiatives for Achieving the Goals of the SECOM Group Road Map 2022***

- ***New products and services***
- ***Activities for the future***

# ***President's Message***

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# The SECOM Group's Vision for 2030 and Road Map 2022



## CONCEPTION | Conceptual Framework of the ANSHIN Platform

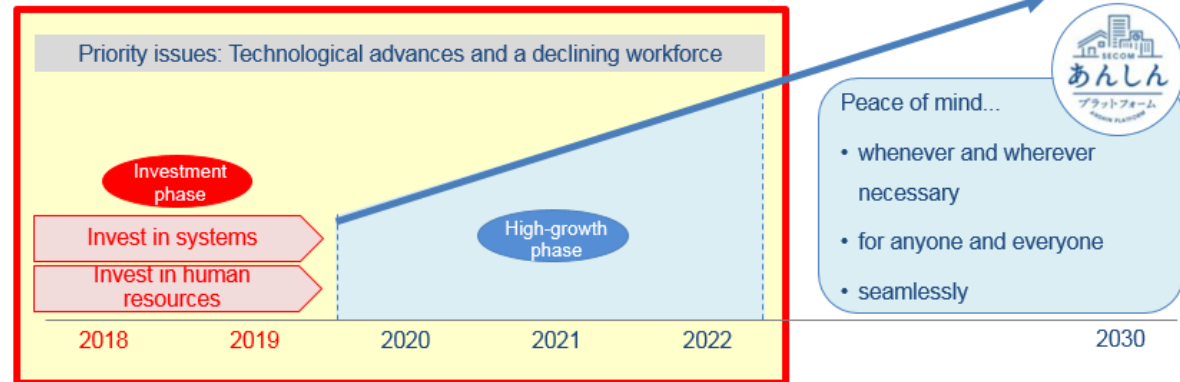


SECOM will capitalize on the ANSHIN Platform to alleviate problems and resolve concerns through the seamless provision of services tailored to evolving social imperatives. The ANSHIN Platform will also further reinforce SECOM's relationship with customers and society.

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## SECOM Group Road Map 2022



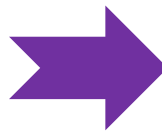
**SECOM is moving steadily forward on Road Map 2022, which was charted in 2018 to give tangible form to the SECOM Group's Vision for 2030, which had been announced previously in 2017.**

**Issues, driven by current social trends, that impact the SECOM Group**  
**Labor shortage and need to secure and develop competitive human resources against a backdrop of declining workforce in a society of fewer children and more seniors**

**To solve these issues,**  
**we will actively and continuously invest in necessary systems and human resources.**

**Upgrade core systems**

**Hire and train competitive human resources**



**Improve productivity and profitability per person**

**This will lead to sustainable corporate growth.**

# Reaching Milestones on the SECOM Group's Road Map 2022

## (Future direction)

### Business development in Japan

- Cultivate home-security demand
  - Monitoring service using latest technology to enable children to check on parents living far away
- Collect and exam information on advanced technologies, and utilize them



### Strengthen overseas business

- Draw on cutting-edge technologies from overseas while introducing systems matched to local needs
- Business planning and product development for local markets  
Expand and promote large-scale (systems integration) business



### Group business activities in the spotlight

- BPO and ICT businesses
- Efforts to reinforce data center and applications businesses



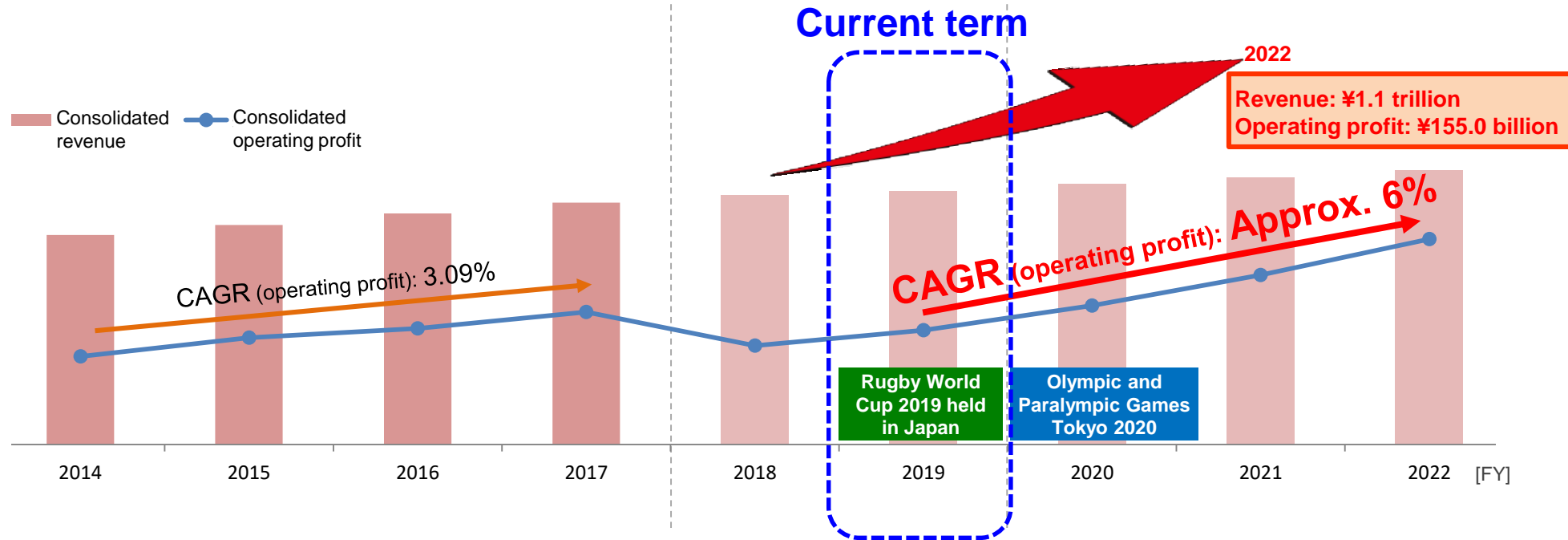
# 2022 Targets (from Road Map 2022)

Revenue: **¥1.1 trillion**

Operating profit: **¥155.0 billion**

ROE: **Above 8%**

\*Does not include effect of new M&A



**We will accelerate growth between now and 2022  
with the aim of creating the *ANSHIN* Platform.**

# ***Initiatives for Achieving the Goals of the SECOM Group Road Map 2022***

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# Status of Initiatives

## 1. Utilizing technology to offset labor shortage

Virtual Security Guard System and initiatives for more efficient operations with man-power security

## 2. Developing human resources

Security guard training programs using virtual reality technology

## 3. Efforts to utilize latest technology and specific applications

Leveraging 5G network

Applied technology to security for G20 Summit and Rugby World Cup

## 4. Aim to expand sales through new services and new systems

SECOM IP camera and video cloud

System Security AZ

## 5. Extending monitoring services

SECOM Senior Care Phone Service

LIFE UP Promotion by Japan's Ministry of Economy, Trade and Industry

## 1. Utilizing technology to offset labor shortage

Announced at press conference on April 25, 2019

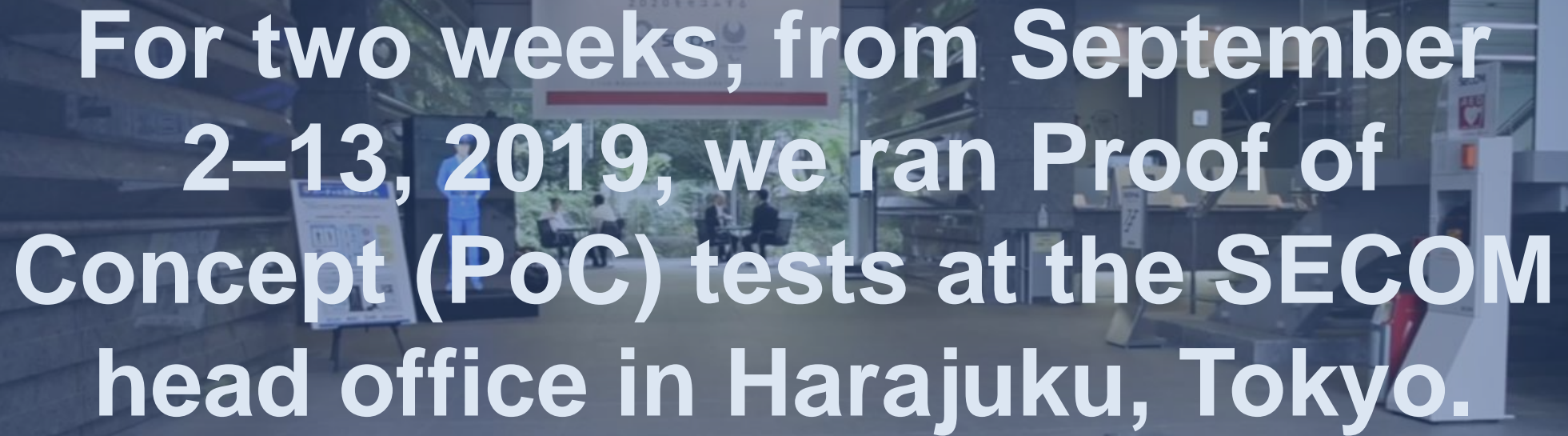


**Integrating human capabilities and latest technologies to address heightened need for security amid labor shortage**

Next-generation model capable of customer support at manned facilities

# Virtual Security Guard System

## 1. Utilizing technology to offset labor shortage



**For two weeks, from September 2–13, 2019, we ran Proof of Concept (PoC) tests at the SECOM head office in Harajuku, Tokyo.**

**During the PoC phase, more than 1,500 visitors interacted with the virtual security guard, and more than 90% of those who provided comments to us were favorably impressed by the presence and three-dimensional quality of the security guard.**

# More efficient operations with man-power security

## 1. Utilizing technology to offset labor shortage



**Monitoring console and control center staff**

**Heightened need for man-power security**

Tokyo 2020, large-scale events, threat of terrorism

**Labor shortage**

Ratio of job openings in security services to job seekers: 7.0–9.0

**Linking system featuring state-of-the-art technology with highly trained human security guards**



**SECOM drone patrolling service**



**SECOM Robot X2**



**Virtual security guard**



**Human security guards**



**We will provide high-quality, efficient security services despite a labor shortage by combining state-of-the-art technologies, such as robotics, video, 5G and artificial intelligence, and security guard know-how.**

# Virtual Reality (VR) for In-house Training Programs

(New style with gamification approach)

## 2. Developing human resources

Joint efforts with VR venture Kadinche Corporation since 2017 led to the introduction of an in-house training program utilizing VR technology.

**Incorporate gamification\* components into content of training programs for improved results**

\*Gamification is the application of typical elements of game playing to other areas of activity to encourage user engagement.



VR-based training (each trainee holds a controller)

Trainees check indicated checkpoints.



Shows “remaining time” and “checkpoints still to check” during the game

VR images (Trainees confirm each checkpoint with controller)

VR is used in training programs where costly content and an elevated danger level may limit hands-on learning opportunities and in **upgrading the skills of all security personnel** involved in typical security guard duties, such as patrols and ATM operation.

**We aim to offer an even higher level of quality in our services.**

**With the latest technologies, trainees polish their ability to detect anything out of the ordinary—a capability indispensable to security operations—and thereby enhance the quality of the security services.**

# 5G Initiatives

## 3. Efforts to utilize latest technology

◆ Exploring new services that draw on 5G advantages  
—Virtual Security Guard System—



Exploring 5G applications for large-volume communication with backbone systems that support virtual security guards

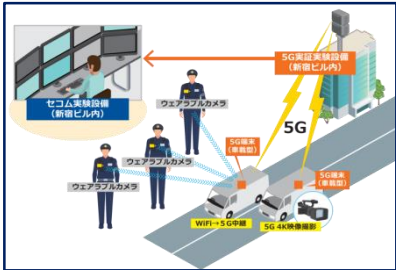
Pursuing 5G possibilities with **docomo**

◆ Considering upgrades to commercialized services  
—Stadium security, including wearable cameras and on-site centers—

○ August 2019: Verification test at Hanazono Rugby Stadium



○ May 2017: Verification test in Shinjuku



Investigating approaches to enhance quality of security services by sending high-resolution 4K images from cameras, including wearable cameras, via 5G network

Pursuing 5G possibilities with **KDDI**

Currently testing application methods, respectively, with partners in communications sector from two angles—creating new services that draw on 5G advantages and promoting upgrades to services already on the market

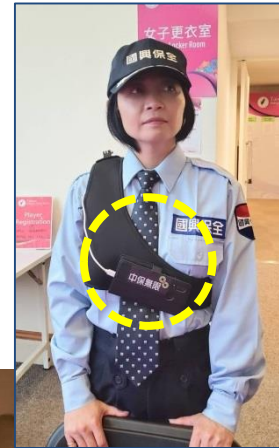
### G20 Summit in Osaka

- Provided newest devices for special heliport guarded by Osaka Prefectural Police
- Monitored entire site using SECOM Aerostat, Robot X2, laser sensors and cameras, which helped reduce workload of police officers assigned to this location.



### Large-scale golf tour in Taiwan

SECOM's wearable camera system was put to practical use at an international ladies' pro golf tournament in Taiwan. (Example of SECOM systems used overseas)



**We use the latest technology, including robot patrols and balloon-based live footage of traffic conditions from the air, at large-scale events to support efficient security operations.**

# SECOM IP Camera and Video Cloud-based Service

- Commercial security services cover online systems + security products and services.



- Among security products, the need is particularly high for video surveillance.
- Pick up on diversifying camera needs
- Utilize advanced technology, including cloud storage



## 4. New services and new systems

### SECOM IP camera system



### Various cameras

180° camera



360° camera



In June 2019, we extended the range of our camera series.

- Offering diverse camera lineup at affordable prices
- Began providing video cloud-based service

We meet a wide range of needs, from small to large facilities to gross management, because of service flexibility matched to local configuration or cloud-based configuration. This will help us expand sales.

# System Security AZ

## Upgraded commercial security systems in September 2019

### Highlights

- More advanced image sensor
- Enhanced access control function
- Smartphone connectivity
- Extended menu of incidental insurance



- Systems previously separated by function centralized into AZ
- Contributes to reduced management costs through feature integration**

## 4. New services and new systems

### Smartphone connectivity markedly boosts operability

Activate/deactivate



Change in security hours (overtime, arrive early, stay overnight)



Camera monitor (live image)



Camera monitor (record/playback)



### Combining three systems into one

- Effective in reducing
- Development costs
  - Procurement costs
  - Inventory costs

- Also contributes to lighter sales management load



### More scalable features and system integration coming in spring 2020







- Improved service utilizing 360° sensor
  - Enhance capabilities for large facilities (large-scale, data-linked)
- Leads to further reduction in management costs



**We will reinforce commercial security systems, which form the backbone of our security business, and achieve stable growth.**

# Launched Sales of SECOM Senior Care Phone Service

## 5. Extending monitoring services

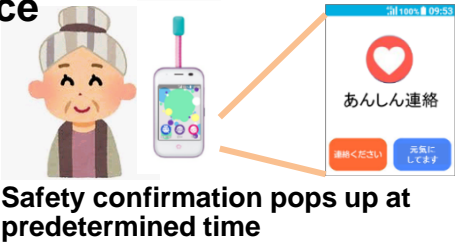
Service	Description
Emergency response	 <ul style="list-style-type: none"> <li>The terminal transmits an emergency alert.</li> <li>SECOM responds, using a key entrusted to SECOM to enter the subscriber's home.</li> </ul>
On-site emergency response	 <ul style="list-style-type: none"> <li>SECOM dispatches emergency response personnel to the subscriber's home if the alert has come from there.</li> <li>If the subscriber has fallen, emergency response personnel provide assistance.</li> </ul>
Preregistered emergency information	 <ul style="list-style-type: none"> <li>If emergency services are called, preregistered emergency information (name of subscriber's family doctor and/or the doctor in charge of treatment, patient ID number, etc.) is sent to the device for ambulance attendants to check.</li> </ul>
Telephone health consultation	 <ul style="list-style-type: none"> <li>The telephone number of the nursing center is preprogrammed into the phone.</li> <li>Health consultation services are available around the clock.</li> </ul>
Positioning information	 <ul style="list-style-type: none"> <li>The phone's GPS function enables family members to pinpoint the user's location whenever necessary.</li> </ul>
Safety confirmation	 <ul style="list-style-type: none"> <li>Simple communication is used to confirm safety.</li> <li>Provided as a business tool to service operators with safety confirmation requirements</li> </ul>



Available in three colors  
1. White  
2. Blue  
3. Lavender

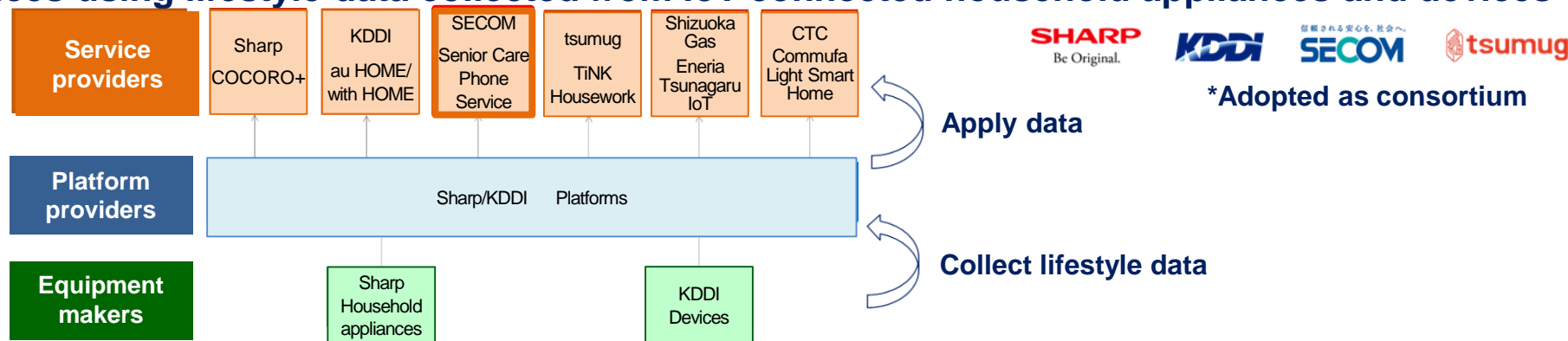
This monitoring mobile phone features a GPS function and emergency call button.

Overview of safety confirmation service



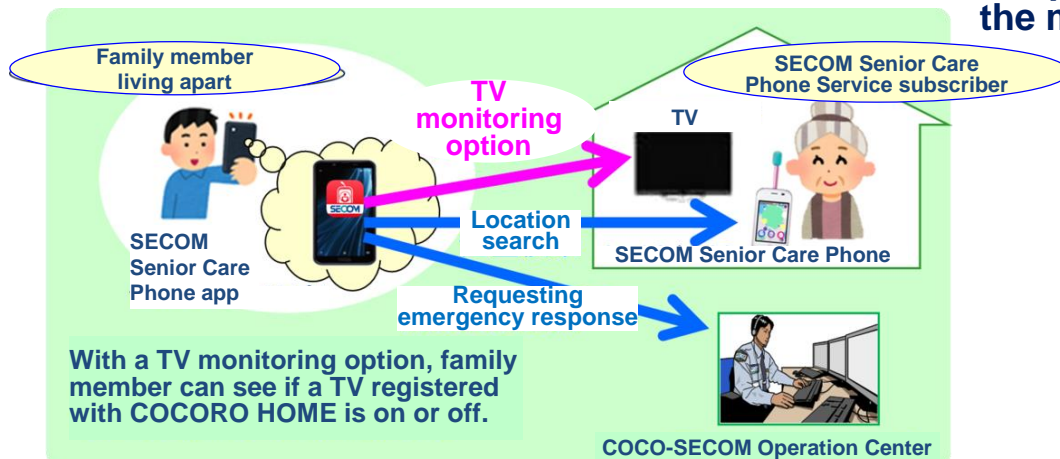
Monitoring needs are diversifying, and in response, we have added safety confirmation services attuned to the needs of the children of the elderly person.

## ◆ Adopted under government-subsidized project to promote services using lifestyle data collected from IoT-connected household appliances and devices



## ◆ Specific services

**SECOM Senior Care Phone app + TV off/on data** ⇒ Simple and convenient monitoring service for both the monitoring and monitored sides



## \*Provide incentives under subsidy project program

今なら、「セコムみまもりホン」の加入料金が0円に。

経済産業省「LIFE UP プロモーション」による特典です。

※「LIFE UP プロモーション」は、平成30年度補正予算「生活空間におけるサイバー／フィジカル融合促進事業補助金」により実施されています。



加入料金 通常10,000円のところ **0円**

適用期間 **2019年10月1日から2020年1月26日**

※特典の適用条件、適用期間など詳しくは営業担当にご確認ください。

**We are involved in a life data usage project promoted by the Ministry of Economy, Trade and Industry to achieve Society 5.0.**  
**SECOM Senior Care Phone app + TV data service are adopted to the LIFE UP Promotion subsidy project.**



- We are working on various initiatives to achieve Vision for 2030 and Road Map 2022.
- The progress of initiatives other than those introduced here will be reported in the future.
- We will continue to draw on the combined capabilities of the SECOM Group and our partners to find solutions to prevailing issues.

