

Promoting Business Transformation with DX

Principle and Outline

We aim to become a “corporate group capable of keeping on changing” to continue providing value amid rapid change in society and the working environment as well as changes in customer values. We will proactively leverage digital technology, which is progressing rapidly, for our business and accelerate innovative service creation, data management evolution, and operational process innovation.

We will change our business operations to enable them to respond rapidly and flexibly to any changes to enhance productivity dramatically to create value sustainably for realizing Medium-Term Management Plan 2026 and Long-Term Management Vision 2030.

In the new age in which both our customers and services rapidly change, we will aim for transformation of the business itself and for innovation as a corporate group that can keep on changing by revising constantly and flexibly our business model, operations, rules, and systems, which used to be taken for granted.

To make a major transformation to realize our vision, we will work on building a promotion system driven by top management, strengthening human resources development, demonstrating the comprehensive strength of the Daigas Group, including OGIS-RI Co.,Ltd., and building alliances with our partner companies.

DX Promotion System

In April 2022, to realize “what we aim to be” and accelerate business transformation (creation of new businesses/sophistication of existing businesses/operational process innovation) and system transformation, we established the DX Strategy Department under the Corporate Planning Headquarters as an organization consolidating the Information/Communication Systems Department and the DX Promotion Office.

We also established the DX Committee as a company-wide committee to perform cross-organizational coordination and promotion of DX (business transformation utilizing digital technology) for the entire Daigas Group from the perspective of alignment with the business, IT and financial strategies, etc., and we aim to realize the group-wide vision and transform the business.

DX Strategy

1 New Service Development

We will offer various services with higher value by incorporating trends and the diverse needs of customers without delay. Services here do not only refer to the new businesses, but also encompass the enhancement of existing businesses that lead to an increase in the number of customer accounts, business opportunities, sales, etc.

To this end, utilizing valuable assets such as data becomes increasingly important. For example, we will make use of customer data and provide 1-to-1 communication that proposes optimal services at optimal timings for customers. In addition, we will accelerate the trial and error cycle and foster Group-wide customs and mindsets that enable the Group to move forward with new initiatives aggressively and quickly.

2 Operational Process Reform

We will also focus on merging and abolishing operations as well as standardizing and aggregating different procedural operations among organizations to broadly redesign the entire operational process.

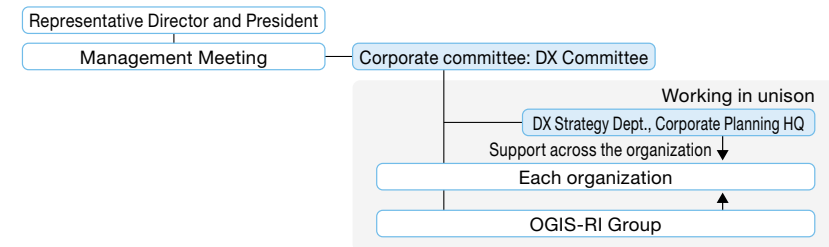
In addition, we will improve operational efficiency by incorporating SaaS*2, generative AI, and other digital technologies into business operations. Simultaneously, we will reform ways of work and how to proceed with tasks through Daigas X. This will make room for deepening highly specialized operations and lead to better value provision to customers.

*2 SaaS: A service that allows users to use software via a network, such as the internet

3 DX Promotion Structure Enhancement

We established group-wide systems and structures to promote DX, with stronger collaboration with OGIS-RI Co., Ltd. in charge of the IT solution business. In addition, The Group will accelerate DX by demonstrating its collective strength and strengthening its human resources and structures through the development of core personnel who will be responsible for promotion and business transformation.

DX Promotion System



What We Aim To Be “A Corporate Group Capable of Keeping on Changing” Daigas Group’s DX Strategy



*1 Daigas transformation: Reform of ways of work and how to proceed with tasks and creation of a work environment that enhances value for employees and the company

Key Initiatives

The Daigas Group is driving forward initiatives in line with its DX strategy. In order to promote employee understanding, the progress, results, etc. of specific initiatives are communicated through the internal portal website.

1 New Service Development

Creation of new customer experience

To keep providing value to customers, we have started to transform our business activities toward what we aim to be in 2030. A project has been launched involving approximately 70 employees from residential business divisions*1, which perform customer-facing activities; the DX Strategy Dept., which promotes DX; and OGIS-RI Co., Ltd. The project is restructuring our business operations and systems that support those operations, taking a customer-oriented approach. We are trying out new ways of working that incorporate Agile "Forms"*2 in proceeding with tasks, which allows us to adapt quickly to changes in the circumstances.

We will continue with these initiatives, and define what we aim to be and promote transformation in businesses other than residential as well.

*1 Please see our Integrated report 2024, P.40-P.41 examples of FY2024.3 activities in services for residential customers

*2 An agile approach is a method where minimally required output is generated during short cycles and improvements are made based on feedback

2 Operational Process Reform

Transforming employee experience through Daigas X (Daigas transformation)

Daigas X, in full-scale operation since FY2024.3, rolls out activities that aim to enable diverse human resources to take on challenges, keep learning, and grow, as well as to let us speedily explore and deepen our understanding of unprecedented changes. Discussions were also held in each organization on where they aim to be and what actions to take, in light of the situation of each organization and on the frontline. A total of 4,400 employees participated in the discussions. Information was shared on initiatives that are producing results, such as the utilization of IT tools to accumulate knowledge across organizational boundaries. From FY2025.3 onward, we will continue with the discussions in each organization, identify issues, and advance transformation.



Aims of "Daigas X" are communicated and shared within the Group

System reform

In FY2024.3, we introduced SaaS in such operations as sales, accounting, and internal communications, promoting operational reforms. We offered an environment where employees can try using generative AI, with information security guaranteed. More than 700 employees used it, and we confirmed that efficiency improved in such tasks as summarizing documents and drafting answers to inquiries. Going forward, we plan to expand the scope of use while paying attention to the accuracy of information, security, and other issues.

In FY2025.3, we will introduce an environment where all employees can use generative AI, accelerating new value creation and operational reform even further.

3 DX Promotion Structure Enhancement

Promotion structure that aims to integrate business with digital

In FY2024.3, a new training program for managers was launched to improve their skills and transform their mindset. This adds to the lectures by and dialogues with external experts in place for the management since the previous year. We also enhanced the development of DX core staff, who play a core role in DX promotion. By implementing a development program that includes lectures, OJT, and feedback interviews and taking other measures, we have developed a total of approximately 180 DX core staff members as of April 2024. In addition, we offered a self-learning support program on DX for all employees, and approximately 700 employees took the program.

Furthermore, OGIS-RI Co., Ltd. offers DX Practical Training, which is a service where IT professionals work together with organizations to help resolve issues. More than 100 cases a year were submitted for consultation. There was a case where using IT tools in answering inquiries halved the hours spent on the task. The training also functions as an opportunity to gain experience on DX while implementing the transformation. With these initiatives, we aim to build a system where top-down and bottom-up approaches create synergy.

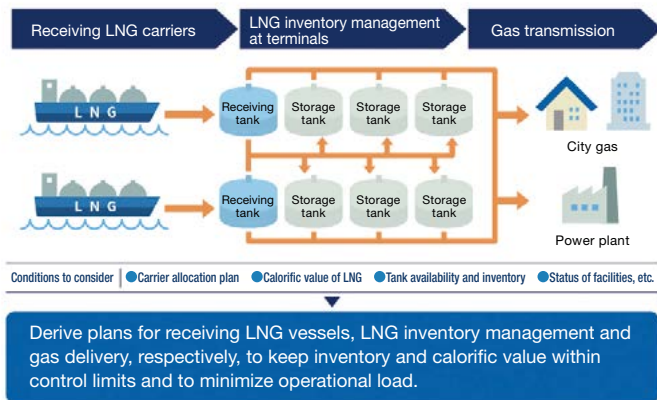
Development Program by Job Level

Job level	Development program
Management	<ul style="list-style-type: none"> Lectures by and dialogues with external experts held about once a month (approx. 20 participants)
Managers	<ul style="list-style-type: none"> Rollout of videos and textbooks to gain basic knowledge, group training for part of managers
DX core staff	<ul style="list-style-type: none"> Development program including lectures, OJT, and interviews (developed a total of approx. 180 employees)
All employees	<ul style="list-style-type: none"> E-learning, courses for obtaining qualifications Share lectures for the management Offer a self-learning support program that mainly consists of online learning

Key Initiatives

DX in Gas Production Process—Optimization of LNG Tank Operation Planning

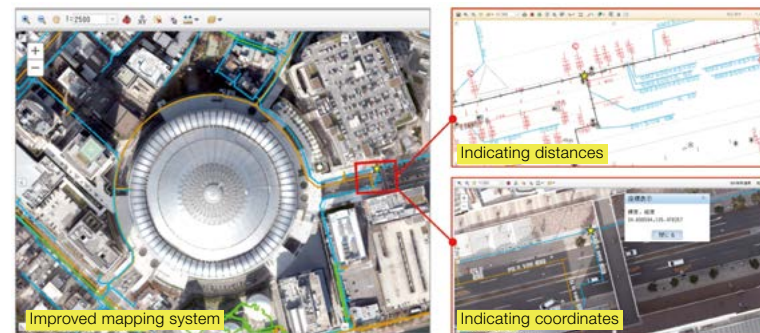
Once LNG is delivered to a manufacturing plant, it is stored in tanks and then delivered according to demand, which requires appropriate heating value management and inventory control. The formulation of the tank operation plan requires expertise of skilled personnel since complex equipment configurations, operational constraints, city gas demand and various other factors need to be considered. We are working to optimize tank operation planning, using this expertise and mathematical programming.



Digital Utilization in Gas Supply Equipment Management

Since the gas supply business involves a great deal of on-site work, including gas pipe installation, maintenance and management, and safety monitoring, and involves an extremely large number of employees and partner companies, we are promoting the use of digital technology for the purpose of future efficient business operation, improvement of safety quality, and securing of technology and expertise.

We are operating a mapping system that displays and manages information on gas supply equipment on a map, including the location of approximately 60,000 km of gas pipes and the history of past gas works and works accepted from other companies, and using this information as the basis for various operations related to gas supply. By managing absolute coordinates based on latitude and longitude coordinates, we increased the accuracy of information on the location of gas pipes, which was previously handled based on relative distances to buildings and other structures.



AI-Based Self-Wheeling Scheme for Renewable Electricity –Starting supply and demand management service for self-wheeling, using a solar power generation system–

As one of our carbon neutralization solutions for corporate customers, we have started proposing a new electricity scheme using renewable energy, which is greatly affected by weather conditions, by using the weather forecasting technology and AI developed independently by Osaka Gas for output and demand prediction to improve accuracy.

