



## Strengthen the Relationship with Customers and Aim to Drive Further Business Growth through Companywide Optimization

### Message from the COO

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Executive Officer and  
Chief Operating Officer

#### Promote Corporate Strategy as One of Olympus's Executive Officers

As Chief Operating Officer (COO), I have assumed responsibility for overseeing the operations and results of Olympus' four divisions: Endoscopic Solutions, Therapeutic Solutions, Scientific Solutions, and Imaging. I also support the Chief Executive Officer (CEO) in the management of the entire Company as one of Olympus' executive officers. Specifically, although I delegate the formulation and implementation of strategies for the four divisions to division heads, I carefully manage whether or not these strategies strengthen the relationship with customers and as a result lead to sales and profit.

In November 2019, Olympus announced the Corporate

Strategy. Within this strategy, a key role of mine is to revise the strategies of the four divisions from a companywide perspective with a view to optimizing the entire organization.

Moreover, while we are making solid progress in efforts to improve companywide business efficiency through *Transform Olympus*, we have yet to generate significant results for certain initiatives at the divisional level. As the person overseeing each division, it's my responsibility to find solutions to these outstanding issues. Since they affect the entire company, this involves engaging other executive officers and exchanging ideas and opinions to determine the best course of action.

#### Accelerate Growth in the Medical Field through "Transform Medical"

With the "Transform Medical" plan started in April 2019, Olympus reorganized its medical business into two global business divisions – the Endoscopic Solutions Division and the Therapeutic Solutions Division – from the traditional five

business units. In the Therapeutic Solutions Division, we are working to create a new value chain and business processes suitable for therapeutic devices by shifting the headquarters to the United States. The motivation of divisional members is

extremely high and I expect this move to culminate in business growth.

A major reason behind the reorganization was the difference in business processes between the two divisions. Endoscopes are capital products with a longer lifecycle, development is "seeds"-based, and to make sales we need to identify product replacement timing, the end of depreciation, and the status of budget implementation to be successful in business negotiations. On the other hand, therapeutic devices are almost exclusively single use with a shorter lifecycle, development is needs-based, or procedure-based, and to make sales we need to identify the number of procedures in each facility and how many of these employ Olympus products. Since the business processes for each of the two divisions fundamentally differ, a key task is to strengthen these processes as well as reinforce respective competencies, which form the basic aims of the reorganization.

Headquarters functions of the Therapeutic Solutions Division were shifted to the United States to offset difficulties in handling all aspects of this business on our own and address the need for outsourcing, as distinct from the Endoscopic Solutions Division. The United States is the world's largest market for therapeutic devices, so this approach will give us better access to the abundant U.S. medical industry cluster, including vendors for these devices and venture companies engaged in state-of-the-art technology development. It will also make it easier to respond quickly and locally to the regulatory requirements of the U.S. Food and Drug Administration (FDA). Shifting management of this division will enable us to take maximum advantage of the U.S. location. Taking a long-term perspective, we aim to build a collaborative structure with partners while eyeing mergers and acquisitions and strengthening our regulatory function.

#### Reorganization of Medical Field



#### Drive Change While Reinforcing Strengths

This alone will merely serve to minimize our handicap; however. It won't help us overcome the intense competition from large U.S. enterprises. It is important to find out what our strengths are and reflect them on each division's strategy. What does this mean exactly? In the case of the medical field, we have worked closely with medical doctors over the years, supporting not just the development of medical devices but also the advancement of procedures. In the past, Olympus assisted with the development of a polypectomy procedure to remove lesions such as polyps and developed an instrument known as a snare for burning off parts of lesions. Moreover, Olympus was the first in the world to develop a surgical knife exclusively for Endoscopic Submucosal Dissection (ESD) allowing the en block resection of widespread, early-stage cancer. These techniques are currently being used in many hospitals as medical treatment for early-stage cancer. The development of procedures and instruments is conducted in collaboration with physicians, which requires solid relationships of trust. Over the years, we have played a part in advancements in new

procedures and medical care by understanding the needs of doctors and providing ideas on what kind of devices Olympus can develop.

Thinking back, one of the strengths of Olympus has been our ability to comprehend customer needs and provide new value by getting close to the customer. This extends beyond the medical field to all of the fields we operate in. The Scientific Solutions Division with its development of the domestically produced Asahi 600x microscope and the Imaging Division with its development of the Olympus Pen, the world's first half-size camera, have grown from being close to the customer and providing new value.

Olympus's operating environment is changing at a fierce rate with technological innovation continuing apace. As a result, Olympus needs to change dramatically to keep growing. At the same time, it's critical that we further evolve the strengths we have built up through our history so we don't lose them.