

Acceleration of Initiatives to Enhance R&D Efficiency and Generate Innovative Technology



Message from the CTO

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Establishment of a Strong Organization That Can Respond to Drastic Changes in the Business Environment

The environment is changing dramatically in the fields of R&D, manufacturing, and procurement that I preside over. In R&D, technological innovations continue to occur, including ICT, AI, and robotics. In manufacturing, the concept of smart factories is in the spotlight and progress is being made in the digitization of production lines. In procurement, there are potential risks in

the supply of parts due to changes in the market environment. Against a background of such significant changes, we aim to make Olympus into a more flexible and robust organization capable of facing up to these challenges that always takes into consideration what has to be done in order to survive.

Efficient Enhancement of Product Completeness through Front-loading

Since becoming CTO, I have felt that there has been a strong tendency at Olympus to establish a varied product lineup and incorporate many different functions into products. The most important point, however, is whether we are providing high added value to customers or not.

This prompted me to rethink the basics in terms of what the customer truly wants, the way our products are being used and what is the easiest way to use our products.

It is important to understand customer needs and provide the product in the simplest way. In order to realize this,

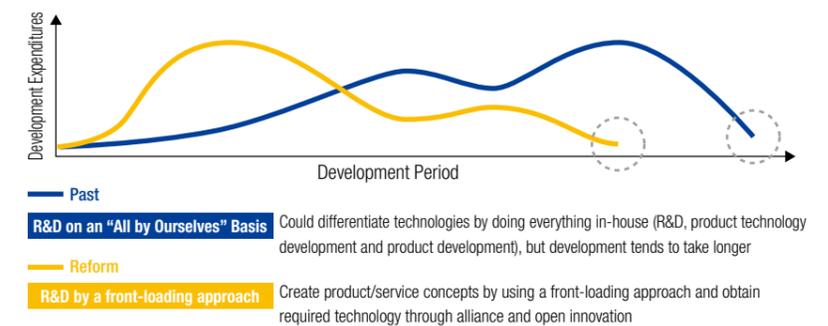
Olympus will place priority on the customer value we ought to offer and clearly define requirements for each R&D theme. We will also proactively introduce a front-loading approach to R&D. With conventional approaches to development, there is a risk of various problems emerging later on since products are becoming increasingly sophisticated and complex. By clarifying customer needs at the initial stage of development and securing the required technology through alliances and open innovation while also promoting R&D on our own, we can tackle R&D in a highly efficient manner. In the past, it was

difficult to identify problem areas without actually producing the product first. Now, we have computer simulations and other means to expose issues at an early stage. Olympus has already introduced these methods in our Scientific Solutions Division and Imaging Division, generating results that include enhancing R&D efficiency. Our policy will take the know-how we have gained from these two divisions and utilize it in the medical devices.

Some people hold concerns that shifting to a front-loading approach to R&D won't lead to the creation of unique future technologies for Olympus. I don't believe this to be the case. At present, the majority of our R&D is on an "all by ourselves" basis. Going forward, we aim to reduce this dependency and move to a front-loading approach. Also, the major patents that we possess are core access technologies (Group I) and imaging and sensing technologies (Group II) which are our core technologies. It is precisely because we have these

patents that we are able to protect our unique technologies such as narrow band imaging (NBI) technologies. We intend to further strengthen technologies in Groups I and II and develop technologies that are unique to Olympus. In addition to developing breakthrough technologies that respect the innovative ideas of our researchers, we will collaborate with other companies through open innovation with the objective of increasing the speed of R&D and exploring new customer value.

Notional Image of R&D Process



ICT-AI as an Effective Method for Expanding Customer Contact Points

Olympus has been contributing to "Making people's lives healthier, safer and more fulfilling" since our establishment. If one traces our history, it's evident that one of our clear strengths is the relationship with our customers. Over the years, we have listened to the needs of customers and commercialized products to meet these needs, leading to where we are today.

As technological innovation advances, how should we improve the relationship with our customers? The perspective we take is all-important. By providing customer value in terms of early diagnosis and minimally invasive therapies, we have contributed to our Triple Aim of improving outcomes for the patient population, reducing cost of care and enhancing patient experience. To realize our Triple Aim, it's essential to have dialogue with healthcare professionals. One of the biggest reasons our endoscopes now command top market share is the strong relationship with customers.

On the other hand, I sometimes hear people say that this strength of ours will become less potent as ICT-AI technology advances. I don't ascribe to this way of thinking, however. We merely need to create another strength. Introducing the ICT-AI Platform allows us to provide new value that will raise the satisfaction of healthcare professionals.

Hospital management has become increasingly difficult in recent times. A chronic shortage of personnel has increased the burden on each person

and forced more overtime, exacerbating a downward spiral. For example, endoscopic examination requires a variety of tasks to be performed, from preparation to insertion, diagnosis, treatment, cleaning, disinfection, and report, which is a significant load for healthcare professionals. To ease the burden, we use ICT and AI. Customer relationships and application of ICT-AI technology are not mutually exclusive. Rather, ICT-AI technology is an extremely useful means to increase customer relationships.

Although the operating environment is extremely tough, I am committed to fulfilling my role as CTO, implementing reforms and driving innovations that support us to become a truly global medical technology company.

