

MESSAGE FROM THE CEO

Accelerating the Digital MODEL Shift to Maximize “Customer’s Time Value”



#Time-based Strategy

MISUMI Supporting Industrial Automation with Time Value

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and President

MISUMI Group’s paramount mission is to provide Reliable, Quick Delivery, or Time Value, to our customers in the Industrial Automation industry. We achieve this by streamlining inefficient procurement processes for parts used in automation facilities and equipment; offering “predictable delivery dates when placing an order with MISUMI.” To fulfill this social mission globally, we are advancing a Time-based Strategy to establish ourselves as a Company with a competitive edge in Business MODEL, organization, business strategy, and operations.

Prioritizing the Customer’s Time Value, the core principle that guides each employee’s practice is MISUMI’s Growth Chain-reaction Aspired Management. MISUMI’s ongoing challenges and growth drive the expansion of our customers in the IA industry, and by contributing to the sustainable development of society, we drive increased demand throughout the industrial sector, fostering a cycle of continuous growth for MISUMI. The catalyst for this is the initiative of our employees. Each employee strives to further enhance Customer’s Time Value through independent and proactive efforts. These efforts not only support the sustainable growth of our customers and society, but also provide our employees with even greater opportunities for personal and professional growth.

Driven by Growth Chain-reaction Aspired Management, we are committed to maximizing the Customer’s Time Value, thereby fostering global growth in the IA industry and contributing to societal progress.

Transformation Toward Creating Customer’s Time Value

Founded in 1963 as a distribution trading company, we expanded by incorporating in-house production capabilities, creating a distinctive Business MODEL that merges manufacturing with distribution. Through various transformations focused on enhancing the Customer’s Time Value, we have realized growth up to this point.

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Our first major transformation took place in 1977 when we became industry pioneers by launching a catalog for die components. Back then, ordering and procuring die and mold components from metalworking companies involved intricate drawing tasks, resulting in lengthy delivery times and high costs. By standardizing and cataloging these components, we made prices and delivery times transparent, allowing customers to easily specify dimensions from the catalog and procure items swiftly. In the 1980s, we expanded this innovative approach to the procurement of automation-related machine components (FA), significantly revolutionizing our customers' procurement processes.



In 2002, when Chairman Emeritus Tadashi Saegusa assumed the role of President, it marked the beginning of a second era of transformation through the strategic and bold reform of MISUMI's Business MODEL. We not only pursued the acquisition of manufacturing capabilities and full-scale global expansion but also embraced the trend of digitalization in global manufacturing sites. By innovating our procurement tools from paper catalogs to online catalogs and then to CAD, we advanced our digital strategy, enhancing new products and services to adapt to digital manufacturing.

By consistently prioritizing our customers' operational processes, we have utilized Business Process Reengineering (BPR) methodologies to implement transformative changes that eliminate inefficiencies, reduce lead times, and enhance overall convenience.

Promoting Digital MODEL Shift

I assumed the role of President in December 2013, and I am dedicated to upholding our core philosophy of "Time-based Strategy." My focus is on consistently enhancing customer value and propelling the Company to new heights. A key element of this effort is leveraging IT more extensively to initiate innovative reengineering processes. This initiative is driven by the fundamental social challenges predominantly faced by the manufacturing sector.

The manufacturing industry is a pyramid structure with OEM at the top. At the base of this structure are many small and medium sized companies that are supported by companies like ours that work behind the scenes. Small companies face challenges such as business succession, and if the suppliers at the lower levels are weakened, the foundation of manufacturing will be destabilized. In newer manufacturing environments, there is a growing demand for IT solutions, but for small factory owners, this remains a realistically difficult challenge. By focusing on a Digital MODEL Shift, our Company aims to expand the areas in which we can contribute, replacing traditional functions and playing a role in securing the industrial structure.

As for the contents of that Digital MODEL, we have already fully launched three services: "meviy," "Economy Series," and "D-JIT."

The digital parts procurement service "meviy" enables users to simply upload 3D data of machine parts, allowing AI to generate instant, automatic quotations. Shipments can be made in as little as one day. Traditionally, standardized parts listed in our catalog account for approximately half of our customers' needs. The other half consists of customized parts that cannot be standardized, and "meviy" is designed to address this specialized segment.

The 'Economy Series' product line has been developed to improve price competitiveness. By adjusting specifications from the traditional micron level to a necessary and sufficient level, we offer these products at an affordable price point to meet the needs of a broader customer base. Sales began in 2021, capturing the growing demand in the Asian region, with the series currently being rolled out in China, Asia, and Japan. Unlike conventional products, it utilizes a distinct production system, revisiting design, materials, and processing methods to achieve cost reductions.

Additionally, the manufacturing components purchasing service "D-JIT," which commenced full-scale deployment in March 2024, has enhanced its capacity to manage large orders, revolutionizing the customer procurement process. Through a cyber network of over 400 factories and suppliers both domestically and internationally, we have established a unique system that enables real-time visualization and coordination of dispersed market inventories.

Strengthening Our Business Foundation Globally

IT

In advancing the Digital MODEL Shift our Company is actively making DX investments. For the development and implementation of the new core system "NEWTON," we allocated approximately 20 billion yen over four years. "NEWTON" offers the flexibility to swiftly adapt to environmental changes by utilizing the latest multi-cloud technology and microservices in the order management system. Building on this foundation, we will expedite the development of new products and services to enhance the Customer's Time Value.

Additionally, we recognize cybersecurity as a critical management risk and have allocated dedicated budgets and personnel to implement robust countermeasures. Under the leadership of the CIO, who also serves as the Chief Information Security Officer for the entire Company, we have established a comprehensive management structure. This includes appointing Information

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Security Supervisors for each Business Company, Headquarters, Platforms, along with implementation and site managers to oversee operations. Our efforts focus on adapting to cloud architectures, supporting system software, establishing clear policies, and educating employees. By addressing cybersecurity from multiple perspectives and ensuring regular updates, we are committed to maintaining a strong and resilient security framework.

Production

To ensure globally Reliable, Quick Delivery, our Company is expanding production capacity across five key regions: Japan, China, Asia, the Americas, and Europe. This strategic expansion aims to establish an optimal production and supply structure for our customers. By optimizing production, we strive to enhance efficiency while maintaining a robust global network. This network is designed to swiftly respond to changes in geopolitical risks and export regulations from a business continuity planning (BCP) perspective.

We have not only developed in-house machine tools tailored to our unique production method, enabling the shortening of production processes, but also leveraged our extensive expertise in standard product manufacturing. To address the production of labor-intensive, customizable products, we have built a unique digital manufacturing system, known as meviy, by utilizing advanced IT technology.

Logistics

To establish a more stable global supply structure, we have been driving innovations in logistics operations. In 2019, the Central Japan Distribution Center adopted state-of-the-art automated operations, and this MODEL is now being deployed to logistics sites worldwide. This initiative has enabled a higher level of Reliable, Quick Delivery across the globe.

Additionally, to further enhance logistics quality and strengthen cost competitiveness, we have established a logistics network in collaboration with delivery partners in each region. For deliveries to areas with high customer concentration, we ensure Reliable, Quick Delivery by utilizing dedicated transportation instead of mixed-load shipping. Furthermore, our unique initiatives include leveraging AI to propose efficient delivery routes and promoting supplier diversification through D-JIT.

Human Capital

Looking toward MISUMI's future, we recognize investment in human capital as a critical priority. Guided by our "Best Place To Grow" philosophy, we are driving reforms in our global HR systems. A key focus is on strengthening digital talent by cultivating individuals capable of creating new value through role models, specialized educational content, and practical learning environments. Additionally, we aim to globally recruit professionals with expertise in both manufacturing and IT, ensuring a strong alignment with our business goals. [Best Place To Grow](#) [P.29](#)

In addition, the entire Group is actively working to enhance employees' digital skills. Since the late 1970s, our Company has engaged in order placement and receipt through EDI (Electronic Data Interchange), which utilizes communication lines with major suppliers. Since then, we have actively leveraged IT to conduct BPR. As a result, both employees and executives possess high-level digital skills. We consistently discuss the innovation of business processes in forums such as the Group Executive Officers Committee. This ensures that all employees stay alert and abreast with the latest IT trends. Furthermore, we refine digital skills through a comprehensive, practical educational program that is directly linked to job performance. Additionally, by utilizing our proprietary generative AI, we reduce unnecessary processes in internal operations.



Regarding these digital strategies and platform enhancement projects, progress is reported monthly at the Group Executive Officers Committee, which I attend. For projects requiring special support, discussions are held bi-weekly among the Corporate Officers. Furthermore, for projects identified as top-priority strategies, individual reports are received monthly, enabling timely decision-making.

To Our Stakeholders

In recent years, the supply chain within the manufacturing industry has become increasingly fragile due to challenges like labor shortages, business succession, and digital adaptation. In response, our Company seeks to further advance its Business MODEL and continuously develop and deliver innovative products and services. By doing so, we aim to make the supply chain more resilient and enhance the overall sustainability of the industry.

Looking ahead, the global demand for automation in the industrial sector is anticipated to increase significantly. Within our unique Digital MODEL, we are committed to further refine globally Reliable, Quick Delivery and focusing on enhancing the Customer's Time Value. Through the provision of digital services, we strive to achieve mass customization and cater to individual customer needs, thereby contributing to the global IA industry.

We look forward to MISUMI's continued growth and kindly ask for your unwavering support in the future.