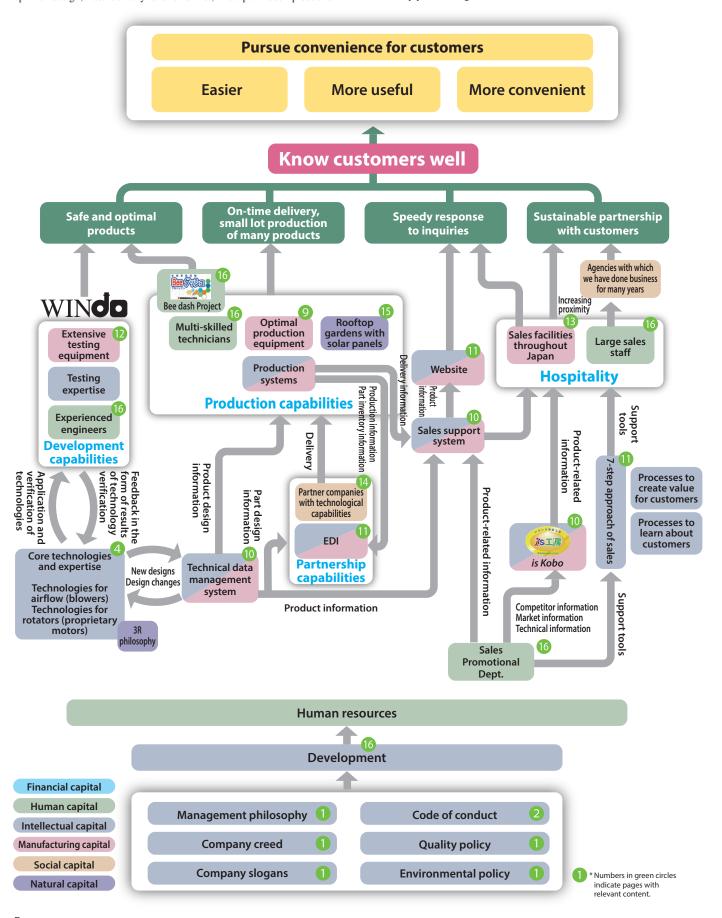
Processes for Value Creation



The value that Showa Denki provides to customers takes the form of customer convenience with products that make a task easier, play a useful role, or increase expedience. The specific mechanisms by which we implement that value include product groups with a high level of safety and optimal design; fast delivery and small-lot, multiple-model production

capability; the ability to respond quickly to inquiries; and a willingness to enter into ongoing partnerships with customers. We have created a value creation narrative that puts these mechanisms into practice. We also believe that it is important to be knowledgeable about customers in order to more effectively pursue our goal of convenience.



Business Models



Showa Denki uses the following business models to create customer value. Showa Denki creates customer value through enhancement of productivity and customer satisfaction, utilizing our basic intellectual assets (i.e., technologies, R&D abilities, leadership of management, collaboration with partner companies, and sound finance), and leveraging specialized activities

in each department. The sales department responds speedily and appropriately to questions from customers; the design and development department identifies customers' needs and designs special-order products to meet them; and the production department undertakes ongoing process improvements through innovation.

Pursue convenience for customers Customer Sustainable growth **Branding** Enhance Enhance customer satisfaction productivity (Cost reduction) **Systems** Each employee takes ownership for the entire production process of an assigned product EDI **Activities Feedback** Production innovation Customer service skills Bee dash + JIS工房 is Kobo Basic research into airflow and rotators Technical information WINDO database **Needs** Small-lot, multiple-model production On-time delivery Special-order capability

Six types of capital upon which Showa Denki relies

Human capital

- Employees responsible for design
- Employees responsible for manufacturing
- Employees responsible for development
- Employees responsible for sales
- Employees responsible for general affairs and human resources

Intellectual capital

- Human resource development
- "Bee dash+"
- is Kobo
- 7-step approach to sales
- Sales support system
- Design system
- Process management system
- Website
- Patents
- Trademarks
- Designs

Manufacturing capital

- Daito Factory
- Iga Factory
- Verification Lab
- Equipment
- Sales facilitiesIT infrastructure

Social capital

- Partner companies
- Agencies
- Universities
- Public entities

Natural capital

- 3Rs for materials that can be reused
- High-efficiency motors
- Rooftop garden
- Solar power system

Financial capital

- Sales
- Cash flows and other assets listed in financial statements