

Contribution to Enhancing Corporate Value

MANGA SPECIAL CONTENTS

Internal Logic VS. External Perceptions

In response to the wave of corporate governance reforms, an increasing number of Japanese companies are seeking to increase corporate value. However, it is a fact that many companies view their corporate value through their own eyes, lacking an objective understanding of it, as well as the information infrastructure necessary for an objective evaluation.

In this section, we will introduce the issues faced by these companies in a cartoon set at a fictitious company, Rise Co., Ltd. We hope this cartoon will serve as a demonstration of the Avant Group's efforts to increase corporate value at its clients.



Rise Co., Ltd.

Japanese comprehensive materials manufacturer, established in 1927, it has 2,700 employees. Traditionally strong in the glass materials field, but in recent years Rise has been seeking to diversify its operations and reduce dependence on specific fields.



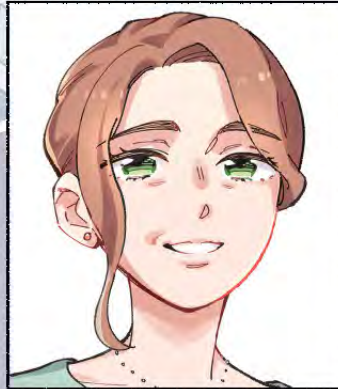
President Yuzo Yamatani

Worked in the sales field, appointed President and Representative Director 3 years ago.



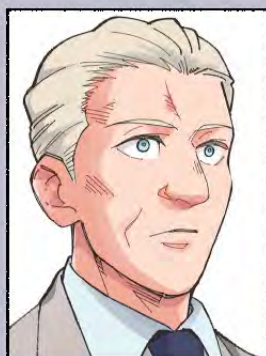
CFO Ayumu Ohashi

Joined Rise as a new graduate, appointed CFO one year ago after working for regional offices and the accounting department



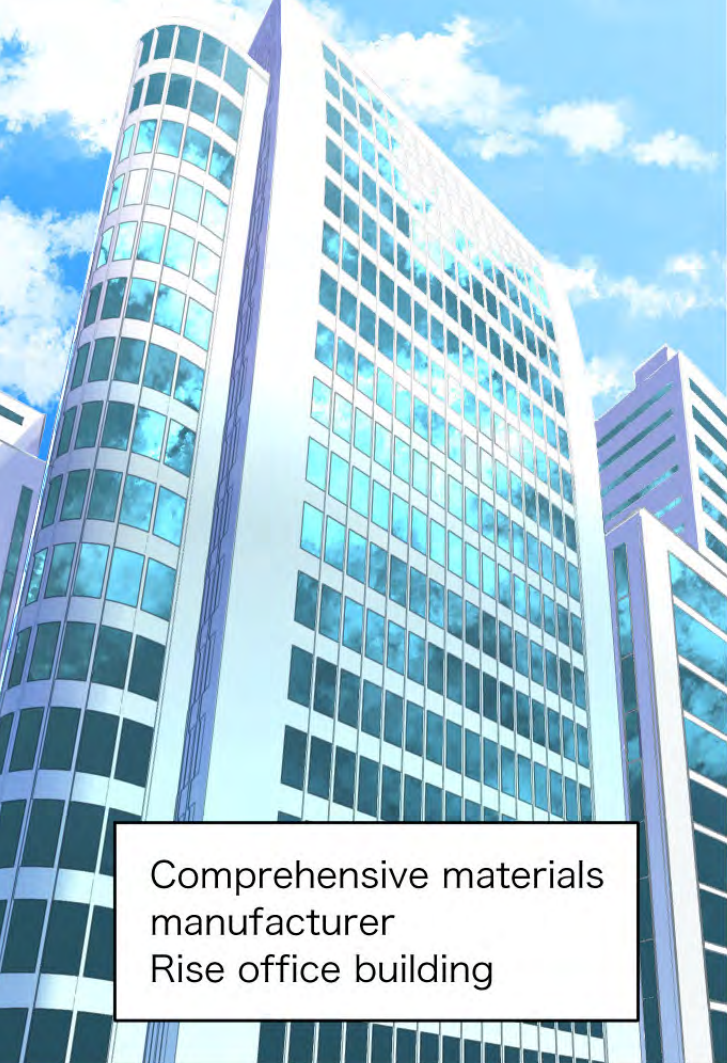
Louise Taguchi

Born to a French father and a Japanese mother in Japan. Studied in France during university days and obtained an MBA in the United States. Recently appointed as Outside Director of Rise

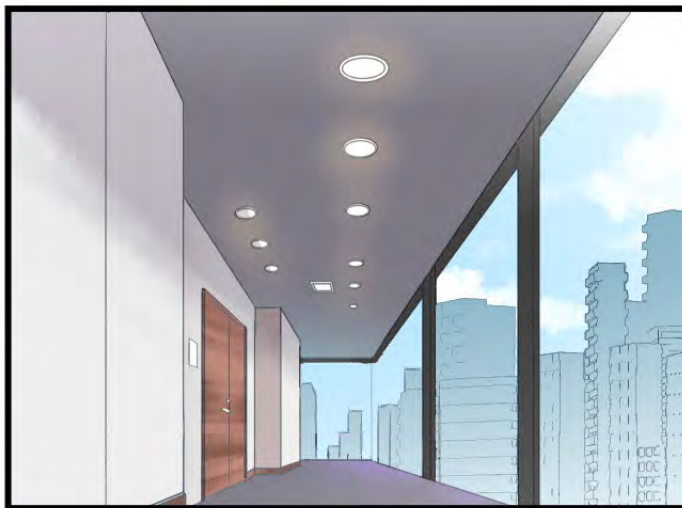


Rainbow Investment

An activist fund based in New York, USA. Known for conducting thorough research and making aggressive proposals to improve corporate value. Operates globally, projects are often entrusted to a local specialist for investigation



Comprehensive materials
manufacturer
Rise office building

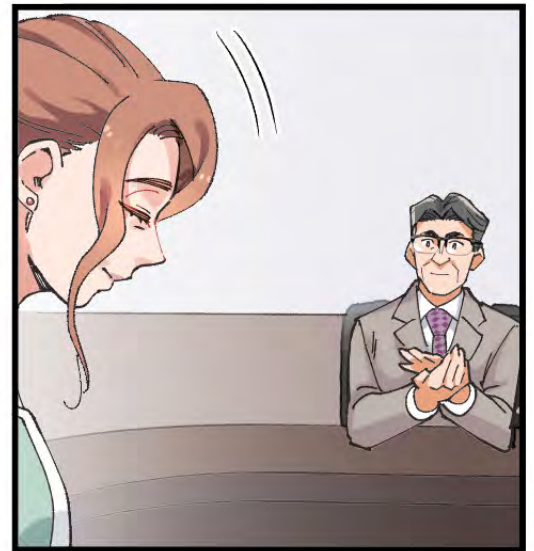
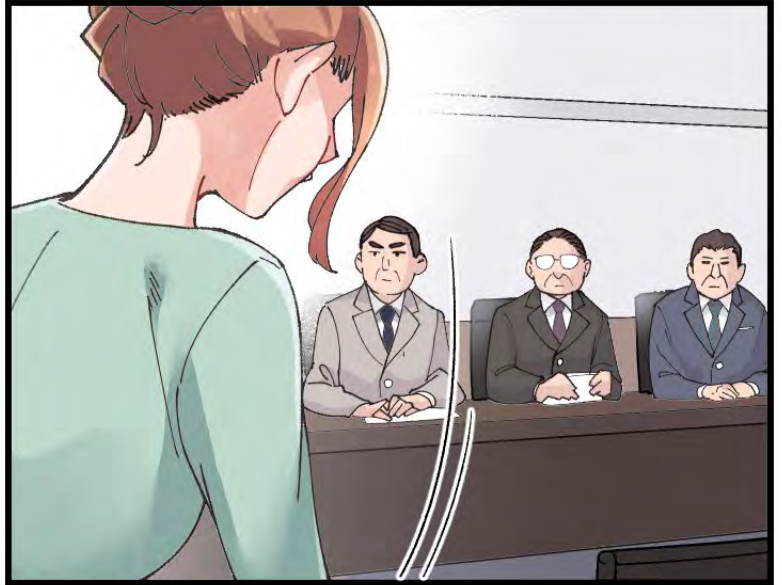


First Conference Room



Well, then,
assembled
directors,

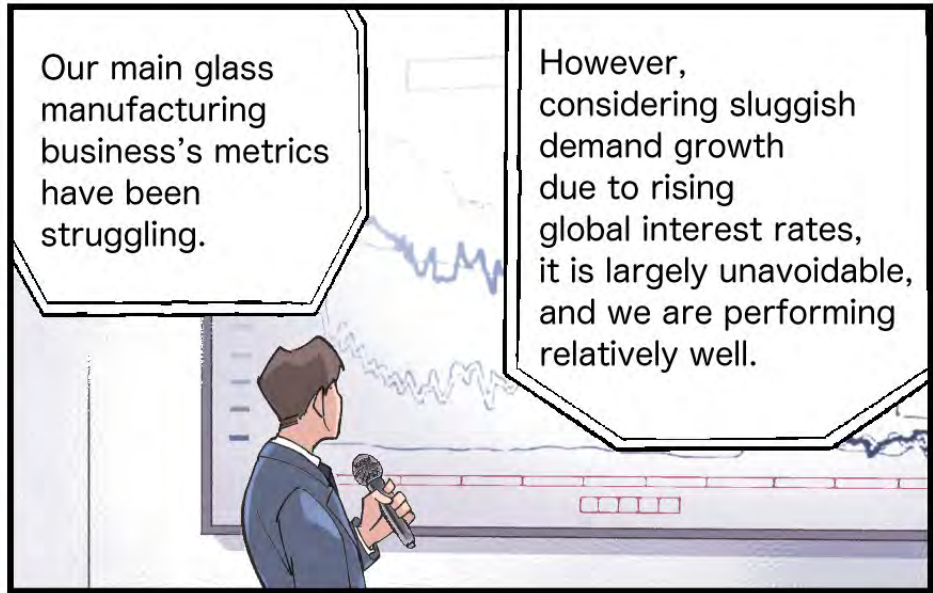
I'd like to
introduce...





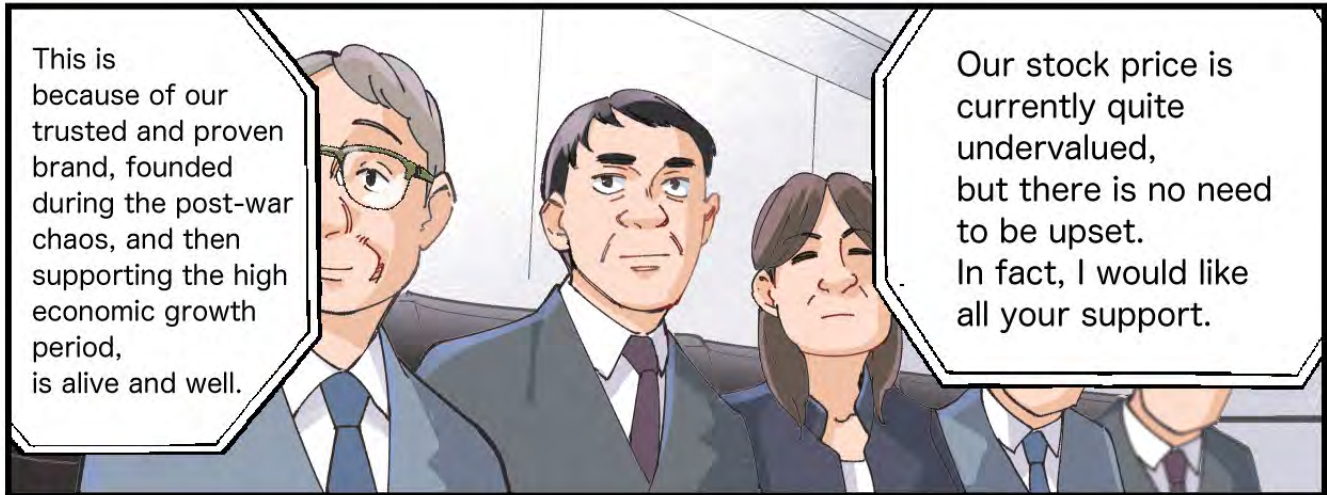
Our main glass manufacturing business's metrics have been struggling.

However, considering sluggish demand growth due to rising global interest rates, it is largely unavoidable, and we are performing relatively well.

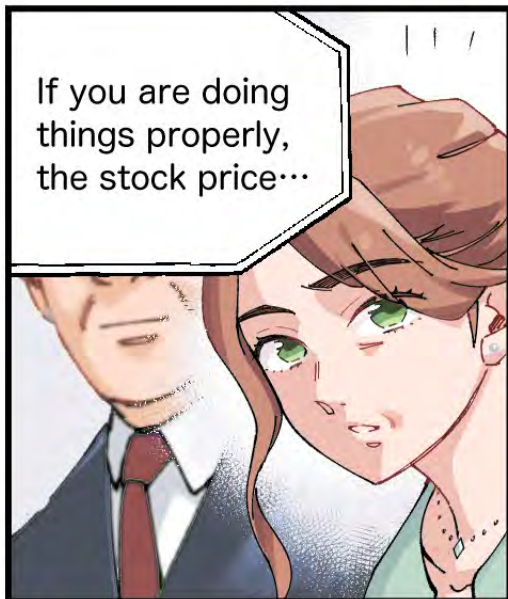


This is because of our trusted and proven brand, founded during the post-war chaos, and then supporting the high economic growth period, is alive and well.

Our stock price is currently quite undervalued, but there is no need to be upset. In fact, I would like all your support.

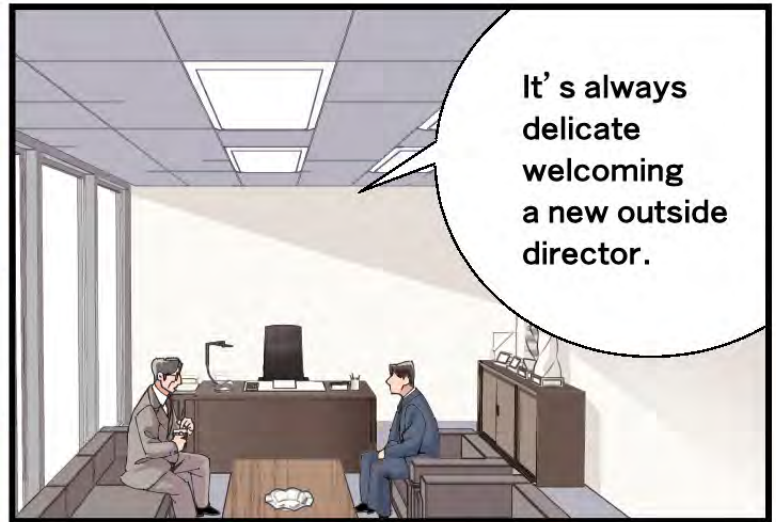


If you are doing things properly, the stock price...

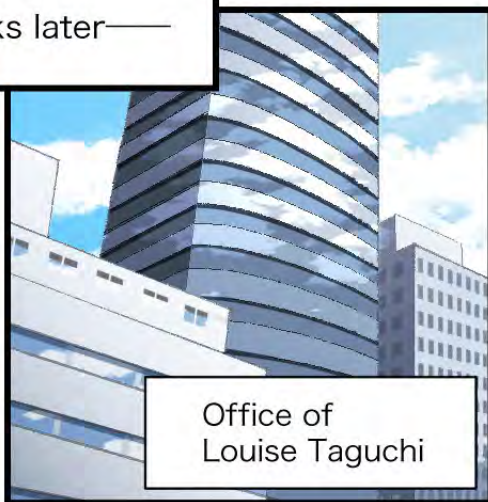


...will come naturally.





Two weeks later—



Office of
Louise Taguchi



Here is a summary
of each business
for this period.



In a
tough environment,
I think we are
performing solidly.

Please attend the
next board meeting
having looked and
understood the
content.



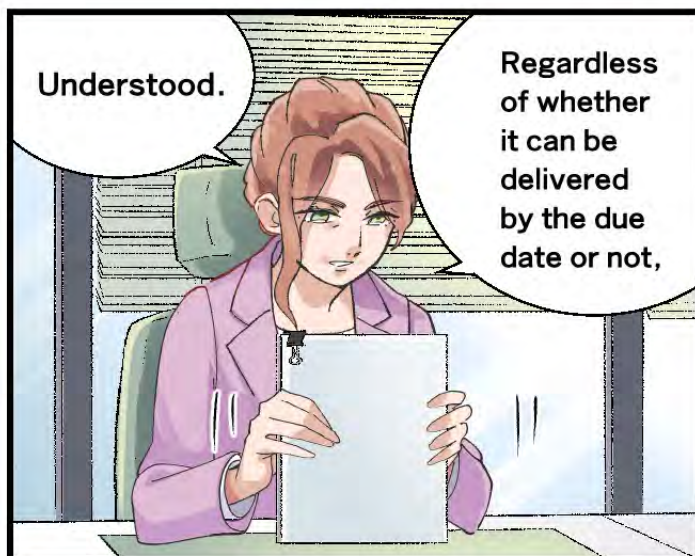
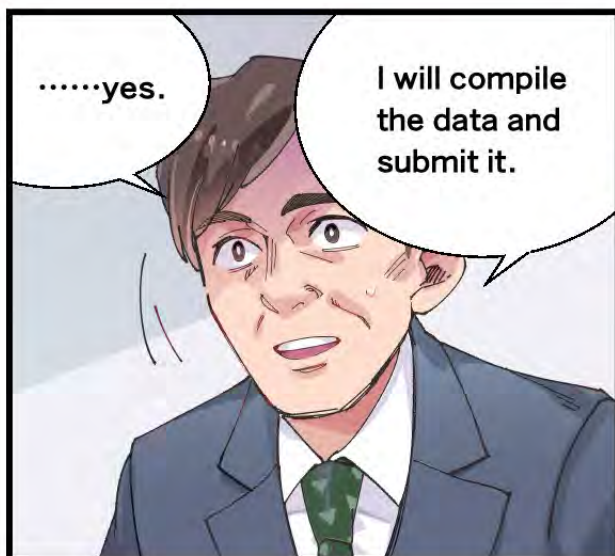
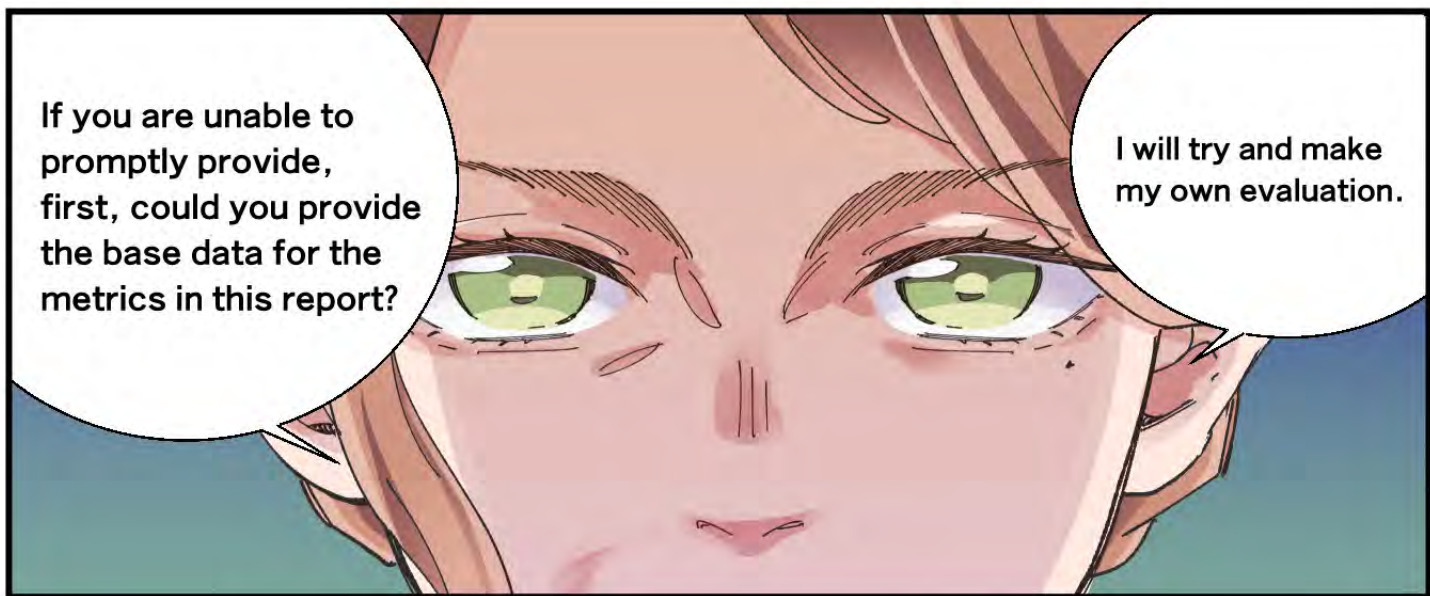
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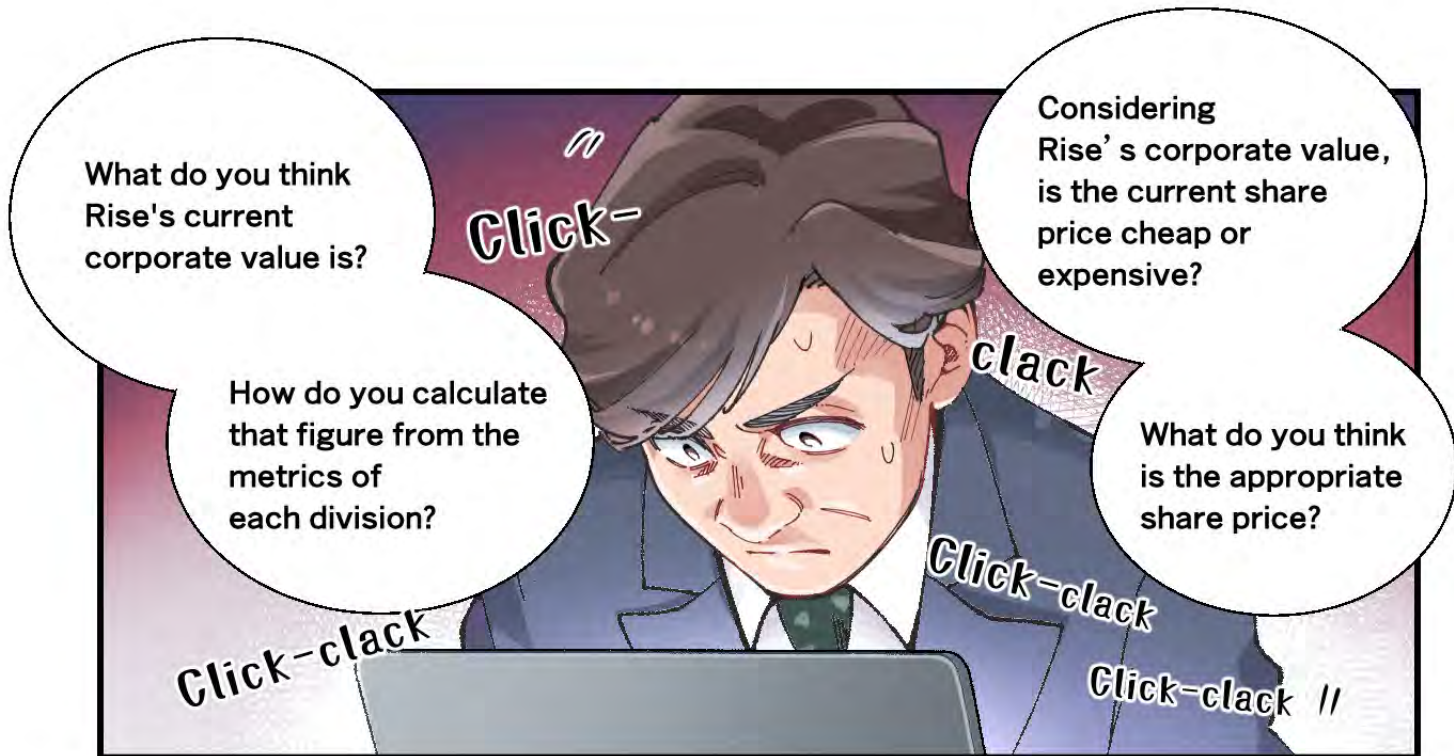


I see.
So,
it's like that.

First,
I would like to
ask:







What do you think Rise's current corporate value is?

Considering Rise's corporate value, is the current share price cheap or expensive?

How do you calculate that figure from the metrics of each division?

What do you think is the appropriate share price?



The style, or rather the culture, is different.

But the points are perceptive and appropriate.

I can't ignore it.



That will be all.



Thank you. I feel all the points are important.

I will investigate it with the President and the management team and visit again.

A few weeks later——

Hey,
we're in trouble.

Rise Co., Ltd. -
Corporate
Planning Office

Rainbow Investment
has filed a large
shareholding report?

It seems so.
Who is
Rainbow?

RAINBOW

A well-known American
activist organization,
right?

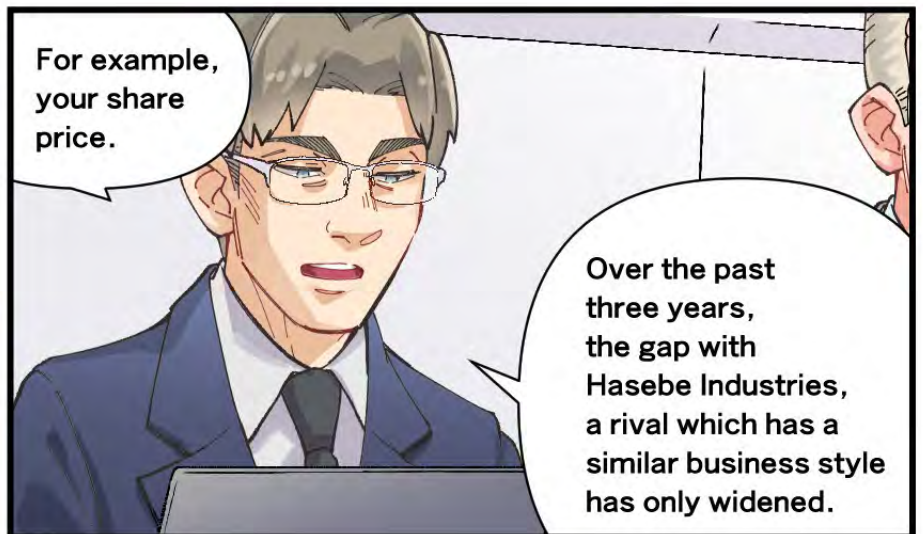
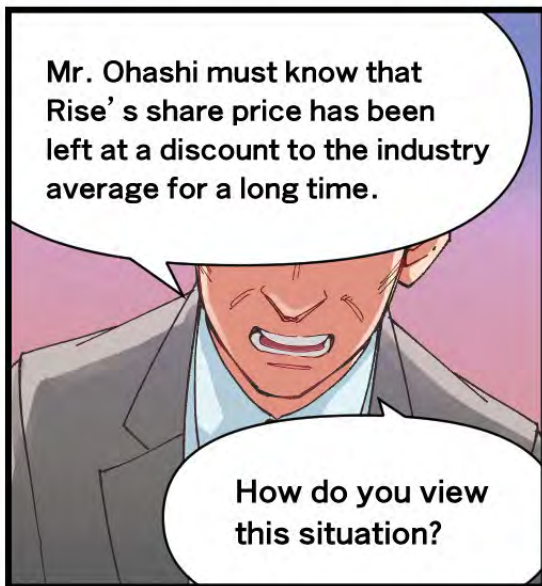
This is going to
make waves.

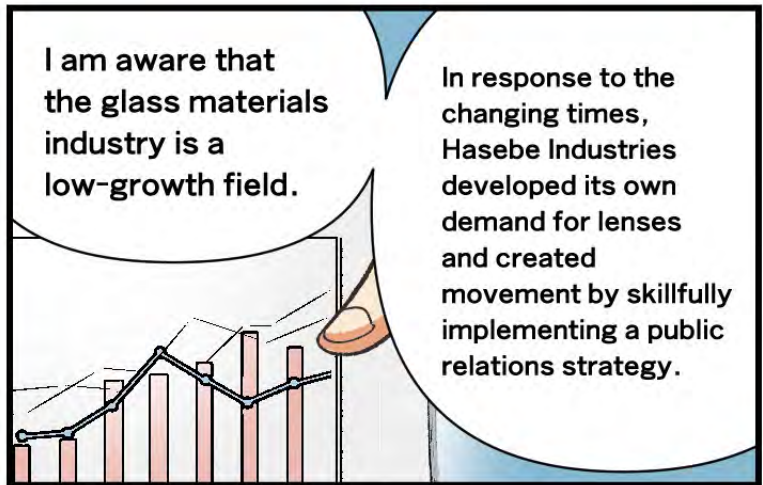
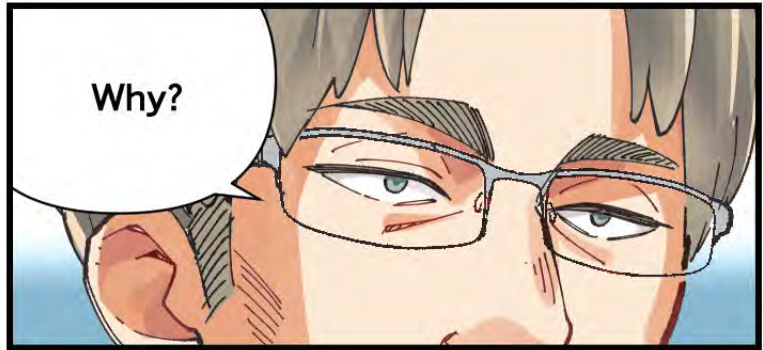
They have already
requested a
meeting with our
management.

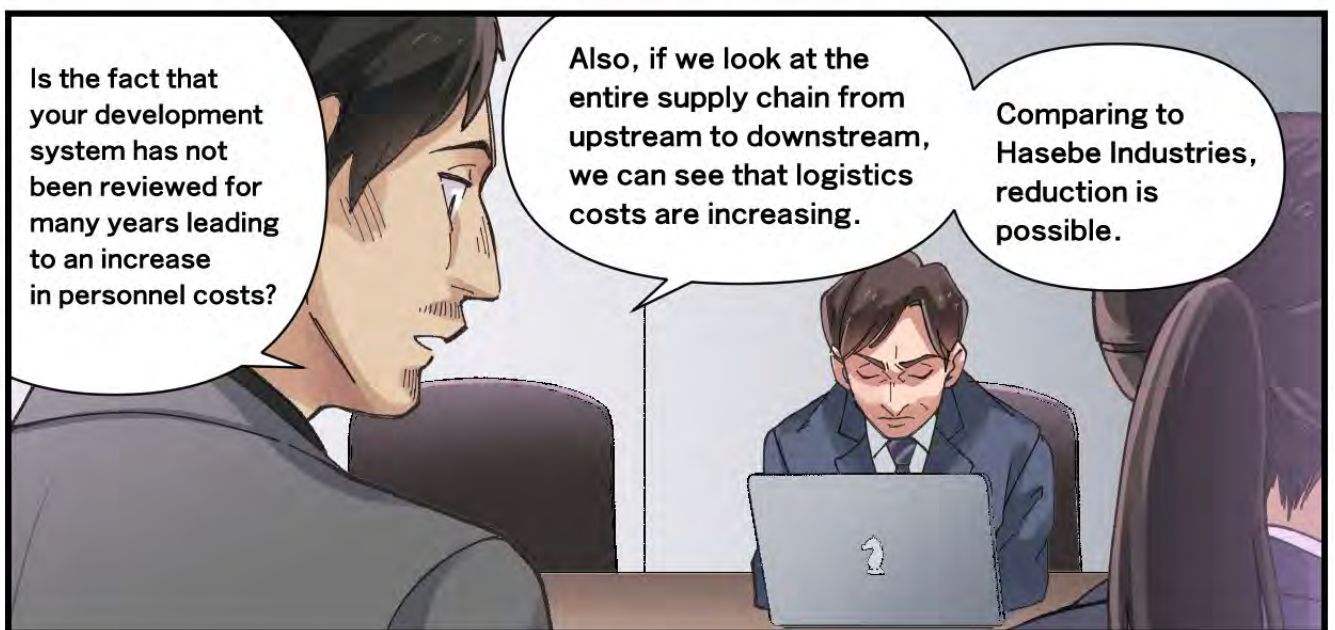
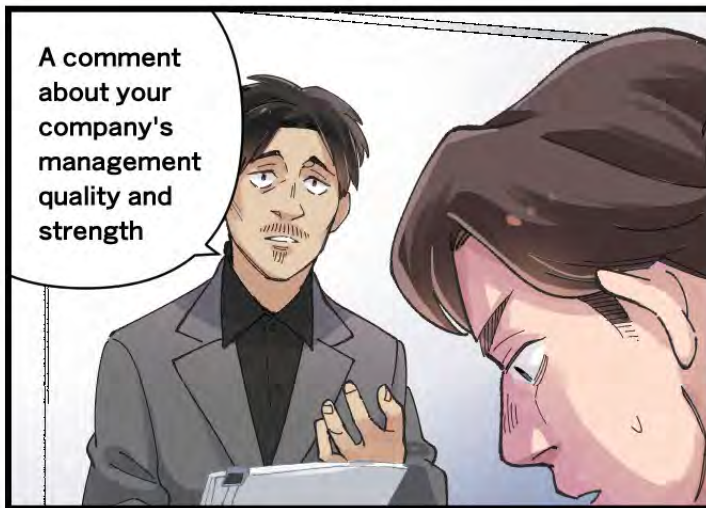
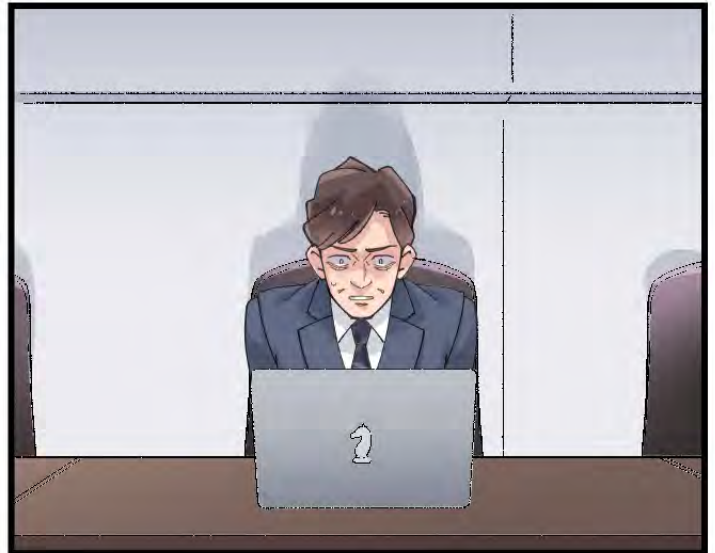
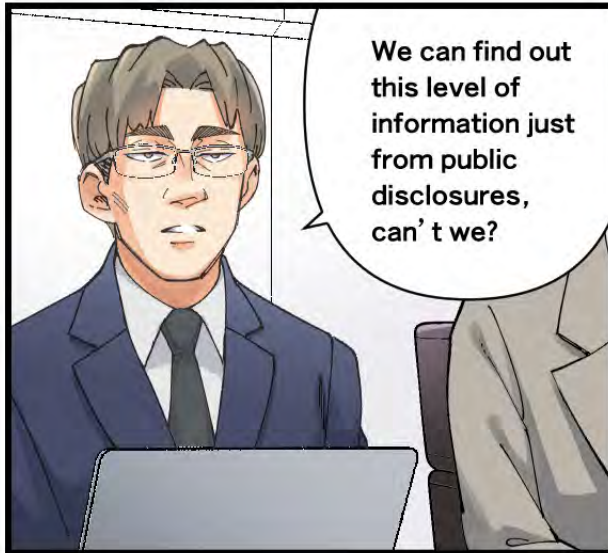
第二会議室

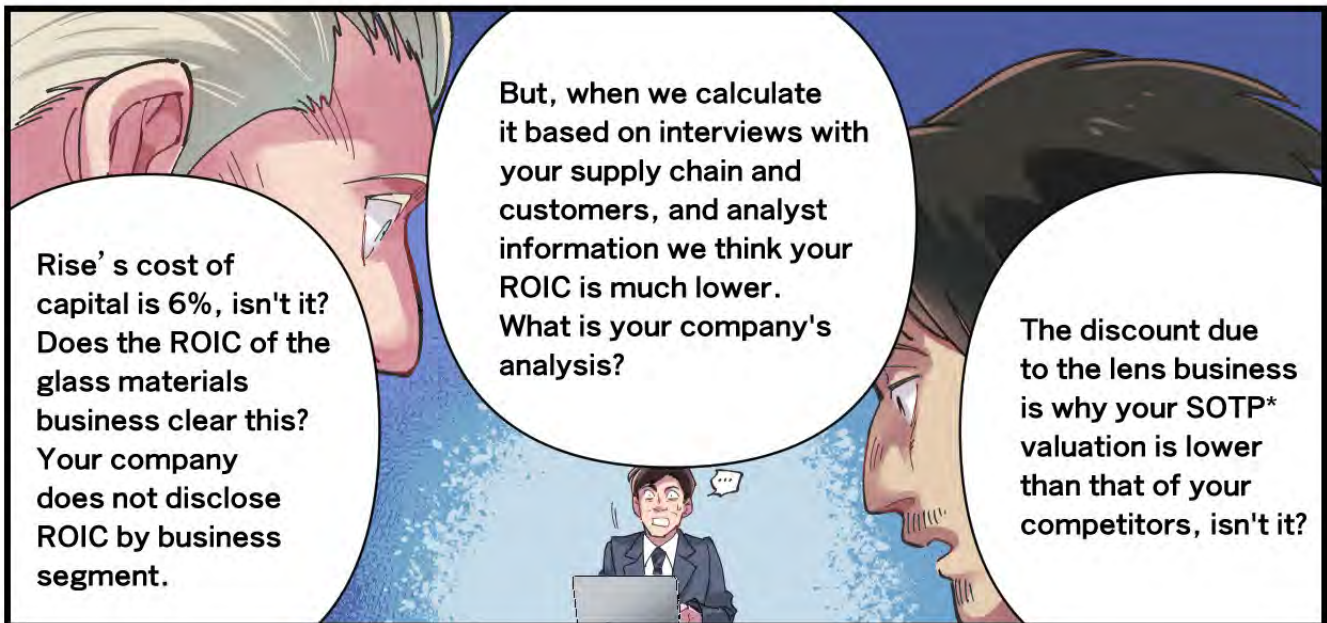
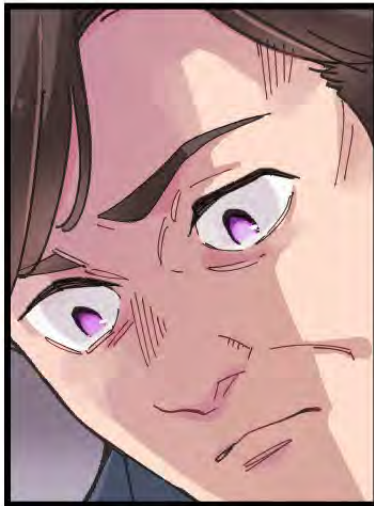
I was asked to
set it up.

They should be
in the boardroom
by now.

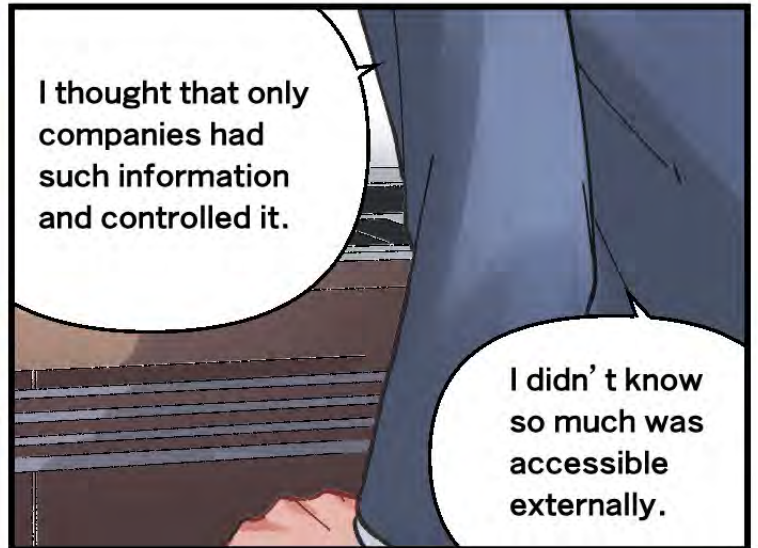




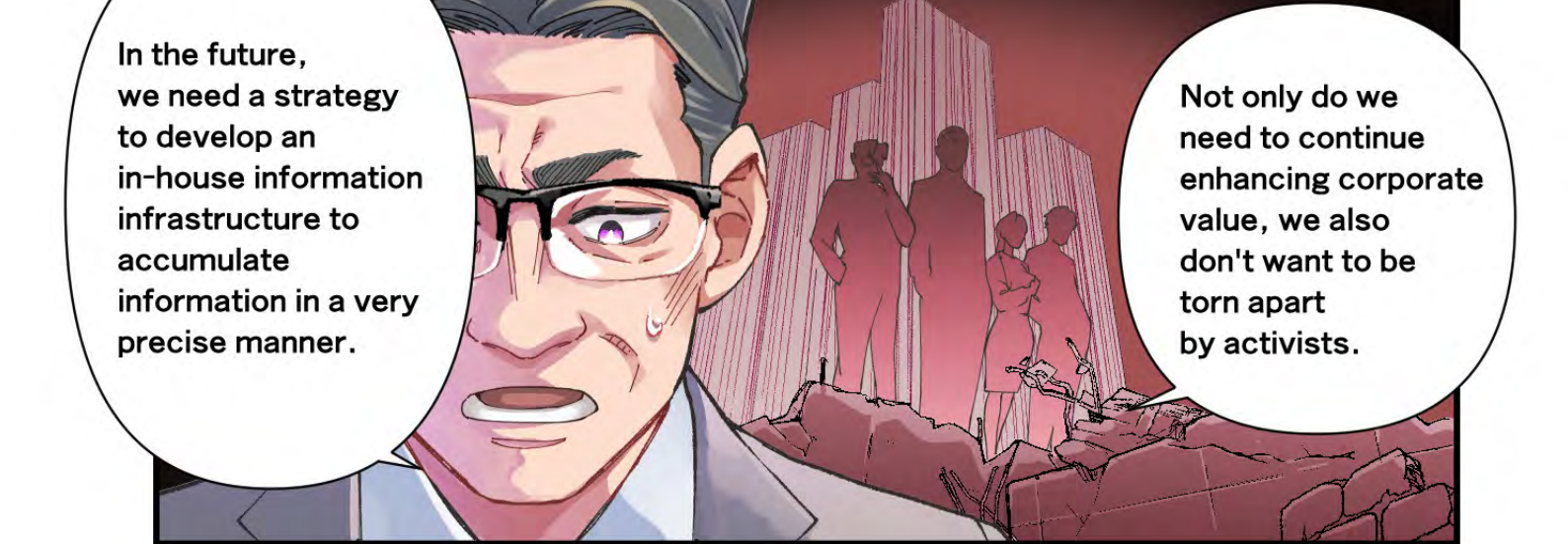




* SOTP: Sum of the parts









In the future,
we need a strategy
to develop an
in-house information
infrastructure to
accumulate
information in a very
precise manner.

Not only do we
need to continue
enhancing corporate
value, we also
don't want to be
torn apart
by activists.



Let's seize
this opportunity
to reform
our thinking
and stance!

Hmmm



If only we had a partner
who could take us
one step further.

What
shall we do?

The Avant Group contributes to companies whose management priority is the enhancement of corporate value through "DX (Digital Transformation) for Management"

The Avant Group states in its Strategic Materiality that "Management DX" will contribute to "Enhancement of Corporate Value" for customers. One of the key aspects of this is "Corporate Pricing."

This means that management can measure the corporate value of their company, and it is also necessary to incorporate an external viewpoint without being bound by internal logic, which was recognized as an issue in the case of Rise Co. in the manga.

To set such pricing, it is necessary to clarify the mechanism for determining corporate value based on a variety of information, including non-financial information as well as financial information, and to set prices on their own. Therefore, this process is the foundation for dialog with external parties.

However, to implement this pricing process, it is essential to establish an information environment for obtaining management information. To contribute through "DX for Management" to companies whose management goal is to enhance corporate value, Avant Group companies will implement "DX for Dialog," "DX for Action" and "DX for Information Utilization."



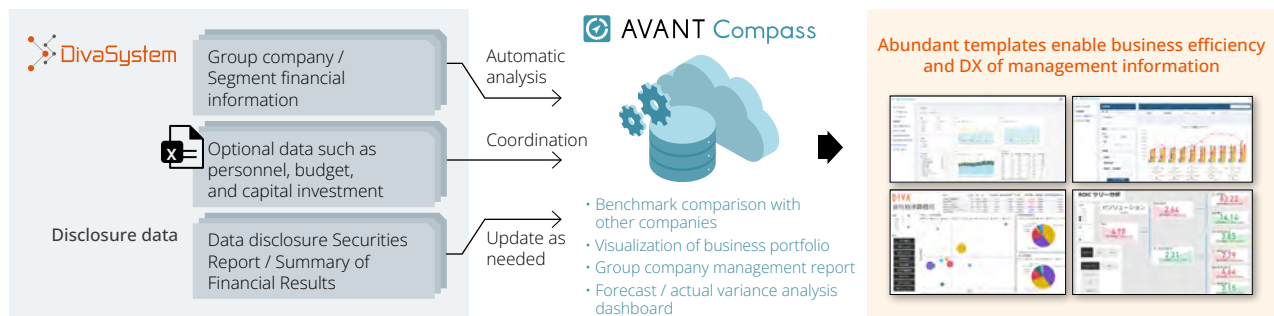
Solutions Offered by the Avant Group

While coordinating the information environment handled by each operating company, the Avant Group's solutions are, "AVANT Compass," which enables comparison of management indicators with those of competitors, and "AVANT Chart," which enables calculation of financial figures from simulation using KPI tree.

Main feature of AVANT Compass is that through a template existing information can be visualized immediately, and it becomes a starting point for external perceptions of internal logic. "AVANT Chart" allows you to simulate how changes in your company's KPIs when viewed external, lead to changes in your company's business. By leveraging these solutions, you can not only gain awareness, but also transform behavior away from internal logic.

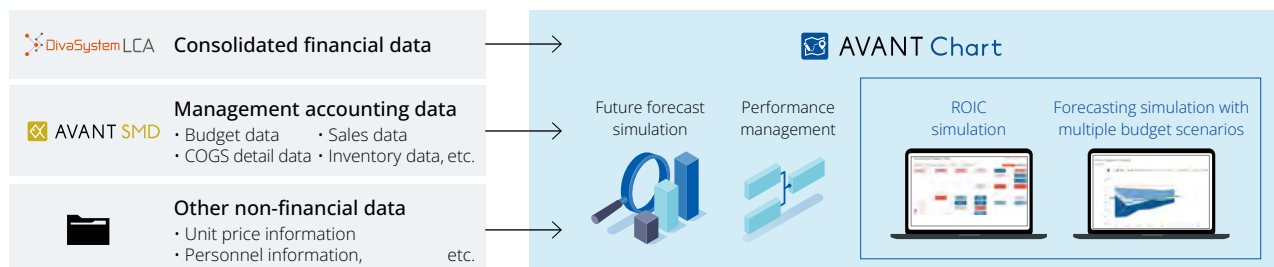
→ AVANT Compass

- Cloud services that support business efficiency by utilizing DivaSystem data and DX of management information
- Linked to disclosed information, enabling benchmark comparison and management visualization
- With data visualization as a starting point, supports organization of data for utilization in management dashboards

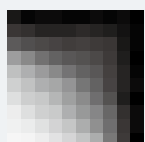


→ AVANT Chart

- Since KPI templates are included as a standard feature, you can immediately start advanced KPI analysis of your management by inputting your own accounting information and PSI information into AVANT Chart
- Forecast the future for various anticipated business scenarios and make decisions by comparing future scenarios
- Interactive scenario formulation using scenario input such as ROIC simulation
- Data linkage with consolidated financial data of Diva products, management accounting data (multi-axis data of products, customers, locations, etc.), and non-financial information



Three Companies of the Avant Group that Contribute to Enhancing Corporate Value



DIVA



DX for
Dialog

→ DIVA Corporation

In addition to developing the DivaSystem LCA consolidated accounting system and related products such as DivaSystem Dx3-Advance and DivaSystem FBX, we are engaged in outsourcing services for consolidated and non-consolidated accounting operations using DivaSystem and provide comprehensive support for the company's value creation process through information disclosure.

Products

⊕ DivaSystem LCA

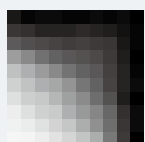
An accounting system that improves the efficiency of consolidated accounting and consolidated financial reporting. In response to changes in the disclosure regime, such as the accounting "Big Bang" and the introduction of J-SOX, the number of companies that have introduced it has increased to approximately 1,200.

⊕ DivaSystem Dx3-Advance

By making journal entry details and balance data of Group subsidiaries visible at the Head Office, we will promote actions by the Head Office and at the same time bring discipline to the behavior of subsidiaries to strengthen Group governance.

⊕ DivaSystem FBX

A web-based application that collects and reports data required for group management operations such as group budget management and forecast management.



AVANT



DX for
Action

→ AVANT Corporation

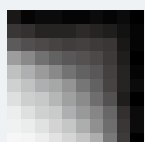
Based on the pillars of group management, consolidated accounting, and business management, we develop software to provide these solutions in-house, and provide one stop support for customers' "realization of visualization and maximization of invisible corporate value" from consulting to system planning and construction, installation support, and operation and maintenance. We also support the development and introduction of systems that combine our products with software developed by other companies.

AVANT SMD

AVANT Cruise

AVANT Compass

AVANT Chart



ZEAL



DX for
Information
Utilization

→ ZEAL Corporation

Through system development and consulting, promotes corporate Digital Transformation and data driven management by organizing and integrating internal and external data with AI and BI solutions that analyze, forecast, and visualize data. Other services include ZEUSCloud, an in-house developed cloud-based data-analysis platform; ZEAL DX-Learning Room, an e-learning service that supports the development of human resources for DX; and CO-ODE, a service that distributes and provides user-friendly processed open data.

ZEUSCloud

ZEAL DX Learning Room

CO-ODE

Services

⊕ Consolidation process outsourcing

By contracting out the business processes necessary for consolidated accounting and disclosure (settlement of accounts of subsidiaries, data collection, consolidation processing, preparation of reporting materials, and disclosure), customers can reduce their workload and shift to more value-added business such as numerical analysis and factor analysis.

⊕ Global fund management advanced support service

This system serves as a platform for fund management and financing activities across the entire Group. By using TMS, the Head Office can obtain detailed information of the entire group in real time and online on TMS instead of using past information posted in a spreadsheet.

⊕ Accounting consulting services

Utilizing the investment experience gained from supporting the accounting and settlement operations of many listed companies, members with expertise and experience, including certified public accountants, contribute to the creation of “structures, operations and systems.”



Group Management

We provide management dashboards and business portfolio management software and consulting services to organize information of societal value such as financial information and non-financial information, to visualize corporate value and clarify the mechanisms that constitutes corporate value, and to utilize these in management decisions.

Consolidated Accounting

Through the introduction and operation of DivaSystem LCA, we focus on consulting and SI services for disclosure and consolidated accounting, and we support clients' consolidated accounting operations by supporting global operations through compliance with IFRS, and the governance of overseas bases.

Business Management

Based on our track record of developing the latest data platforms in a wide range of areas, we will support the improvement of business earning power by developing business management processes to maximize business performance using various EPM/CPM software, not limited to our own products.

Data Platform

An analysis platform for extracting, processing, and analyzing various management information (customer, sales, inventory, production data, etc.) as appropriate, collected and accumulated both internally and externally.

Business Intelligence

This system enables quick management decisions by displaying information organized on a data platform in an easy-to-understand form.

<Handled products> * Alphabetical order

Amazon Web Services Japan G. K. (Amazon Web Services), Asteria Corp. (ASTERIA WARP), Information Services International Dentsu Ltd. (BusinessSPECTRE), Saison Information Systems Co. (DataSpider Servista), Denodo Technologies (Denodo), Wingarc 1st Inc. (Dr. Sum), Databricks Japan (Databricks), Google LLC (Google Cloud Platform), IBM Japan (IBM InfoSphere DataStage), Incorta Inc. (Incorta Enterprise Analytics), Infomatica Japan (Infomatica PowerCenter), Microsoft Japan Co. (Microsoft Azure), Oracle Corp. Japan (Oracle Cloud Platform), Snowflake Inc. (Snowflake), primeNumber Inc. (trocco®), etc.

<Handled products> * Alphabetical order

Amazon Web Services Japan G. K. (Amazon QuickSight), InforJapan K. K. (Birst®), Domo (Domo), IBM Japan (IBMCognos Analytics), Google LLC (Looker), Microsoft Japan Co. (Microsoft Power BI), MicroStrategy Japan (MicroStrategy), Wingarc 1st Inc. (MotionBoard), Oracle Corp. Japan (Oracle Business Intelligence / Oracle Analytics Cloud), QlikTech (QlikView), SAPJapan (SAP Analytics Cloud / SAP BusinessObjects), SAS Institute Japan Ltd. (SAS Visual Analytics), SisenseJapan (SISENCE), Salesforce Japan Co. (Tableau), ThoughtSpot Japan (ThoughtSpot), Yellowfin Japan (Yellowfin), etc.