

# FOCUS 2

## Digital Transformation

### Chugai's Digital Transformation Goal

New scientific methods that make use of technologies such as AI as well as real-world data (RWD) and evidence are emerging as a result of rapid advances in IT and digital technology. Moreover, amid growing measures to restrain healthcare costs, there is increasing need for pharmaceutical products with true value for patients.

To become a top innovator in the healthcare industry, Chugai is accelerating innovative drug discovery and uncovering opportunities to advance PHC by combining its existing strengths with advanced digital technology. One advantage we have is our ability to generate synergy with Roche through our access to the resources of the Roche Group, a leader in applying digital technology.

Under IBI 21, acceleration of our digital strategy is included in Strategy 3. We aim to further advance PHC and optimize the entire pharmaceutical value chain by concentrating resources for a digital transformation clearly distinct from earlier digitalization efforts. In October 2019, we established the Digital Strategy Department to oversee the digitalization measures of each department. We also

formulated Chugai Digital Vision 2030 and a roadmap to achieve it.



Logo that embodies the Digital Vision

### Three Main Strategies

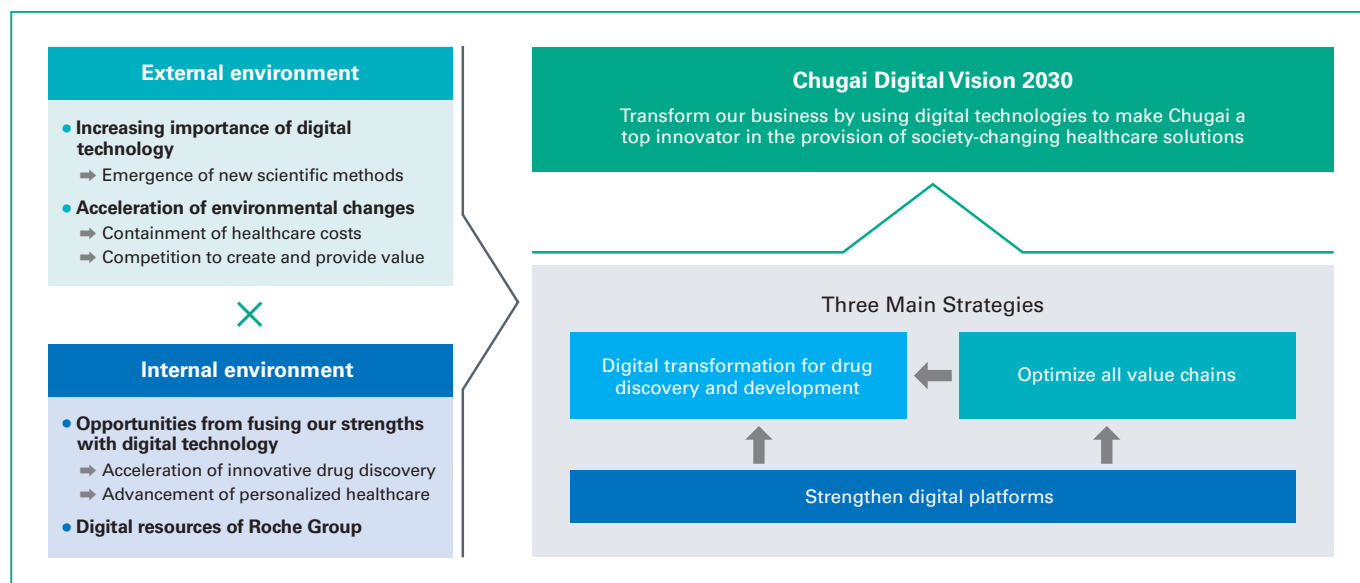
To strengthen our digital platforms, we will develop both hardware and software solutions. We aim to establish world-class IT platforms through the integration of internal data and creation of a data analysis platform in cooperation with Roche. Additionally, we will establish and operate a Digital Innovation Lab to support employees in generating new ideas and taking on challenges, and will identify, acquire and develop the digital talent we need.

To optimize all value chains, we will use digital technology to dramatically boost the

efficiency of each department and function, in particular production and marketing processes. Through comprehensive analysis of customer data, we will also commence development of new solutions to enhance the customer experience.

To create innovative drugs by leveraging digital technology, we will improve our capabilities in AI, RWD and digital biomarkers (dBM)s to achieve digital transformation for Drug Discovery and Development (DxD3) in a way that only Chugai can, with the aim of achieving true PHC. Using AI and other cutting-edge technologies, we will work to transform drug discovery, improve the development success rate, and promote labor-saving and automation of various tasks. We will also collaborate with top-tier partners such as Preferred Networks, Inc. In addition, we will develop dBM)s to refine and improve outcome indicators from the patient's perspective, and provide support for treatment decisions through the use of wearable devices to monitor disease and health status. Other initiatives planned include renewal of our clinical development strategy and enhancement of evidence in clinical practice based on dBM and RWD.

### Chugai Digital Vision 2030



## A Strategy and Roadmap for Risks and Opportunities 10 Years from Now

Digital transformation (Dx) means using digital technology to transform products, services and the business model based on the needs of customers and society, as well as transforming business processes and the corporate culture to establish a competitive advantage. The wave of digital disruption that began sweeping through industries such as communications and finance several years ago has now reached the world of pharmaceuticals. Drug development involves multiple processes and takes many years. The cost of researching, developing and bringing to market a single drug has increased roughly 2.5 times over the last decade. The potential to achieve a high success rate in less time at a lower cost by applying AI and other digital

technologies to enable high-speed analysis of various data in the drug development process is already being explored. We thought about how society and our industry will have changed 10 years from now, in 2030, and the risks and opportunities those changes will present. Based on that, we created Chugai Digital Vision 2030 to describe what Chugai should be in the future, as well as a digital strategy and roadmap to achieve this vision.

## A Digital Strategy That Reflects Chugai's Unique Characteristics

This digital strategy reflects some of Chugai's unique characteristics. First and foremost, its vision and priority areas are aligned with Chugai's Envisioned Future and management strategies. It will accelerate and enhance the implementation of our IBI 21 strategies of Value Creation, Value Delivery and Promote Advances in PHC. It will also help us to achieve our goal of becoming a top innovator in the healthcare industry.

Next, as for implementation, we will focus on innovation by fusing business and IT. The Digital Strategy Department was launched in 2019 as a team of 23 people from eight different departments. Members were selected not only for their IT skills but also their understanding of business based on their diverse careers, which facilitates smooth communication with other departments. In addition, each business

department has appointed a Digital Leader who works with the Digital Strategy Department by sharing and executing digital projects. As a result, unified efforts are being made to help enhance the value of each business department and upgrade the Company's operations.

The third characteristic of the digital strategy is our plan to transform the technology that supports our digitalization, as well as the culture of the Company. Rather than carrying out siloed digital initiatives in each department, we will foster a culture in which employees from different parts of Chugai are encouraged to exchange ideas and share examples, leading to the creation of new cross-departmental projects. Based on the strong support of the CEO, we have held workshops for management from the department manager level and up, as well as events at the Company-wide level to promote "Chugai Digital." We will also make use of the Digital Innovation Lab to generate digital projects based on new ideas of employees, with the aim of fostering a culture suggested by taking on new challenges without fear of failure, even when there is uncertainty. In addition, continuously publicizing "Chugai Digital" externally will lead to creation of new value in collaboration with outside partners and digital talent.



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## Roadmap to 2030

