

Special Conversation

Companies where employees can express the value they create are strong companies.
Two executives discuss their efforts to drive transformation.

INFRONEER X RICOH

Kazunari Kibe

Director, Representative Executive Officer,
President, and CEO, INFRONEER Holdings Inc.

Joined MAEDA CORPORATION in 1986.
Established holding company INFRONEER
Holdings Inc. and assumed current position in
October 2021. Promoting structural reform in the
construction industry through "de-construction."

Yoshinori Yamashita

Director and Chairperson of
Ricoh Company, Ltd.

Joined Ricoh in 1980. Led Ricoh's globalization, including
establishing factories in France and China, serving as
General Manager of the UK production company, and
President of the U.S. production company. Assumed the
role of Representative Director, President, and CEO in
2017, promoting internal reforms to encourage the active
participation of diverse employees.

Business Transformation with an Eye on Social Environment and Market Changes Is Advanced Together with Employees

Kibe I have enjoyed a long friendship with you, Chairperson Yamashita, and I have heard various stories about Ricoh's business transformation. Ricoh is a global company with a long history of popularizing the concept of office automation (OA), and I am deeply impressed by its approach of taking on challenges without fear of change—as evidenced by its 2020 declaration “to become a digital services company”—which offers much to learn.

INFRONEER, too, aims to become an integrated infrastructure service company that transcends the boundaries of the construction industry through “de-construction.” Although our industries differ, I feel that we are facing the same challenge in terms of significantly transforming our business and mindset.

Yamashita Ricoh has a history of nearly 90 years, and looking back on our journey, it surely can be said that we are a company that has grown by transforming our business in step with changes in how our customers work. This is evident in how we have supported the productivity and creativity of workers by providing vari-

ous devices and services, incorporating our belief that you should “let machines handle the manual tasks that you can automate, and value more creative work that only people can do” within the concept of OA.

Entering the 2000s, environmental changes like the shift toward paperless work, the global financial crisis, and the COVID-19 pandemic led to a significant decline in print demand. We decided to aim to become a digital services company, based on the belief that if things continued as they were, our survival would be in jeopardy by the time we reached our 100th anniversary in 2036.

In driving this transformation, we placed the utmost importance on people. Business transformation cannot be achieved without employee engagement. That is precisely why we decided to create an environment where employees can understand the meaning and value of this transformation and how it connects to their sense of fulfillment, achievement, and self-realization, and engage in it autonomously. The direction for this transformation is outlined in our 2036 Vision*, “Fulfillment through Work.” This vision embodies our desire for employees to understand the meaning of their work and take pride in it, and we want to enhance our significance as a company by realizing it. We are still only halfway there, but I am feeling a definite sense of progress.

*In 2023, the Ricoh Way corporate philosophy was revised, establishing “Fulfillment through Work” as both the mission and vision.

Kibe We also share the view that, when considering the company's future in light of changes in the social environment and market, we saw challenges in our business model and felt the need for business transformation, and that achieving this requires the strength of our employees. The challenge we faced is how to maintain the infrastructure built during the high-growth period amid declining birth rates and an aging and shrinking population since the 2000s. In 2011, MAEDA CORP. declared its decision to pursue “de-construction” driven by the growing concern that a business model solely focused on infrastructure construction through “construction” contracts would eventually become unsustainable. We have ventured into PPP/PFI projects* and the renew-

able energy business, advancing a shift toward a model where we not only build, but also manage and invest. Although it started as a hypothesis, we gradually gained feedback that showed us that we were on the right track. We then established a holding company in 2021, built a foundation to cultivate multiple revenue streams, and are now expanding our investments. Through these initiatives, we have defined our direction as an integrated infrastructure service company. Going forward, I believe it is crucial for us to become a company where each employee can grow as an agent of change and take pride in the company, and I plan to focus our efforts on advancing this progress.

➤ *For PPP/PFI, refer to the glossary on page 95.

Challenging Precedents and Conventions: Employee Initiative Drives On-Site Value Creation

Kibe The most difficult aspect of changing a business model is transforming the mindset and behavior of the organization and its people. In the construction industry, in particular, it cannot be denied that adhering to long-standing precedents and conventions has historically contributed to ensuring safety and quality. However, this can also stifle new ideas, making it an industry that resists change. Within this context, we must reconsider the unspoken norms accepted as “the way things are,” and break them if necessary. This is the core of “de-construction.” However, merely proclaiming a philosophy won't bring about change. In driving business transformation, I believe it is crucial for each employee to truly understand how their work contributes to society and to be able to communicate this themselves.

Yamashita Our company faced the same challenge. As a manufacturing company, the success we achieved in the printing business made becoming a digital services company challenging in some ways. We needed to create an environment that would change employee mindset and behavior, as well as the systems for utilizing human capital. We addressed this challenge by intro-





ducing the “Ricoh-style, job-based personnel structure system.” Rather than simply adopting Western-style systems, we decided to operate in a way that considers Japanese culture and employee career development. This allows employees to confidently take on various challenges and work autonomously, free from the constraints of their roles. Furthermore, we established the “TRIBUS” internal entrepreneurship program, under which employees can propose their own business ideas and, if selected, they can dedicate three years to commercializing the idea within a department reporting directly to the President. Establishing a system that not only evaluates business viability, but also recognizes the challenges that employees undertake, ensures the program remains meaningful and effectively boosts employee motivation. These initiatives have steadily increased opportunities for employees to identify with the company’s changes and feel a sense of response through their challenges, serving as a major driving force for business transformation.

Kibe Transforming the strength of employees into the driving force of business transformation requires an attitude where they independently identify and solve challenges that can only be understood on site. For example, in operating Sendai Airport, rather than adding gates to address the challenge of security checkpoint queues, we significantly reduced congestion by relocating the ticket verification point. This is an idea that could only emerge

from those on site. Value is created by identifying challenges on-site and proactively implementing incremental improvements. This attitude, once firmly established, will empower each employee to communicate the value of their work in their own words, becoming the driving force to successfully transform our business model.

Vision and Investment Strategy for 2030: Solving Social Issues by Making “De-construction” a Core Profit Driver

Kibe I believe that a business model which significantly expands its scope both upstream and downstream holds value for society and instills pride in the employees working within that Group. I have received advice from overseas executives that it takes 10 years to completely overhaul a business model. Therefore, I view 2030 as a significant milestone for our company. By that time, even if a large portion of our sales still comes from the “construction” business, I want to realize a situation where more than half of our profits are generated through “de-construction.” Obviously, this is no easy task, but to achieve it, we are strategically investing in businesses that generate long-term value, such as renewable energy and stadium/arena operations.

Yamashita I think that INFRONEER’s acquisition of Japan Wind Development for approximately ¥210 billion was a major move. How will you balance investment and operations as your business scope expands? I feel that enhancing the value of new businesses requires ingenuity not only in investment, but also in operations.

Kibe We maintain the balance between investment and operations through a cycle, whereby we sow the seeds of growth through investment and maximize that value through operations. However, while investments in wind power generate value over the long term, the burden of equipment renewal and operations is significant, making it crucial to operate with an awareness of capital recycling. I would like to establish a system that enables us to tackle more social challenges by creating a cycle where we exit businesses we’ve enhanced in value through operations at the appropriate time, and then channel those funds into the next project. The acquisition of Japan Wind Development involved an investment nearing half our market capitalization, sparking a wide range of opinions both internally and externally. It is my intention to gain understanding by demonstrating the significance of this challenge through concrete results.

Yamashita There is also the importance of regional adaptation. From my own experience overseas, I feel it is essential to create specialized models for each region to maximize business value.

Kibe Developing models tailored to regional characteristics is



also critically important in the renewable energy business. For example, wind power generation on the Sea of Japan coast faces strong waves and frequent lightning, posing risks that standard European specifications for blades and foundation structures cannot withstand. Therefore, rather than simply adopting European or Chinese standards, we need design and technological development suited to Japan's climate and topography, along with operational models based on that premise; however, the reality is that this form has yet to be fully realized. I believe that advancing such regional adaptation is the role entrusted to us as a Japanese company. However, there are many aspects that are not easy under the current circumstances, and we must continue to deepen our initiatives.

Yamashita Building models tailored to regional characteristics in the renewable energy business should directly contribute to corporate value. How you explain this to investors is crucial. What story are you creating?

Kibe Solving social challenges is time-consuming work. That is precisely why I hope investors will understand this model, in which the challenges we are taking on will lead to long-term growth. To achieve this, I would like us to carefully communicate not just the numbers, but the value we are creating for society, thereby gaining empathy and trust as we work together to realize long-term growth.

The Challenge of Turning Risk into Value Helps Employees Grow and Makes Companies Stronger

Kibe Taking on major challenges involves countless risks, including ones related to politics, finance, and climate change. In recent years, public opinion has increasingly influenced policy decisions, making it possible for national and municipal government policies to shift significantly. Navigating business amid such uncertainty presents a formidable challenge. However, I believe that challenges with no risk also yield little return, making them

scarcely worth pursuing. That is why I want us to continue focusing on challenges that contribute to solving social challenges and enhancing corporate value.

Yamashita The greater the risk, the higher the value of the challenge. The crucial factor is how accurately you can assess that risk. What appears to be a significant risk when viewed externally may be within acceptable limits for those who are directly involved, and vice versa. This is precisely why I believe how we visualize and manage risk becomes particularly important.

Kibe You also come from an engineering background, Chairperson Yamashita, so I believe you understand that risks can sometimes be managed if you possess the technology, and that science can resolve them to a certain extent. It is precisely because risks are viewed differently externally and internally that we can take on challenges in areas that other companies cannot venture into, and as a result, create unique value.

Yamashita INFRONEER's significant strength lies in its ability to transform risk into value through technological backing. And this value is supported by each and every employee. A truly strong company is one where many employees understand their roles and the significance of their work, and can personally communicate to customers how this connects to solving social challenges. I truly believe that, as the number of such employees grows, the company can evolve from a good company into a strong company.

Kibe The strength of each and every employee is the source of our power as an integrated infrastructure service company that continues to take on challenges. If this strength spreads throughout the company, we will become an organization capable of autonomously confronting any risk, evolving into a strong company that continues to be chosen by society.

Sharing Resolve as an Entity Essential to Japan's Future and Evolving into a Strong Company

Kibe How can we maintain and continue to enhance the value

of infrastructure built during the high-growth period, amidst challenges unique to Japan, such as a declining birth rate and aging population as well as fiscal constraints? This is a theme that society as a whole cannot avoid. To solve this, we have challenged ourselves to create a business model that transcends the framework of "construction" and engages with the entire infrastructure life cycle, including operations and investment. We have made investments approaching half our market capitalization, and we are moving forward with the conviction that this is meaningful, valuable, and necessary. We will share this resolve across the entire Group and continue to evolve as a company that contributes to the future society.

To enable employees speak with pride about their own value. To become an essential company for Japan's future by supporting the infrastructure society needs and continuing to create new value. These are the vision we at Is INFRONEER strive to achieve.

Yamashita INFRONEER's and your initiatives, President Kibe, demonstrate unwavering resolve and a sense of urgency. Challenges involving significant risk gain value precisely because they are anchored by the clear purpose of solving social challenges. As long as that core purpose remains intact, your initiatives will undoubtedly bear fruit. I am truly looking forward to seeing your company evolve into this kind of strong company.