

Key questions and answers from Business briefing (Overseas) -Business in the Americas-
(October 5, 2023)

1. What is the approach to securing talent and the future sales strategy of your U.S. subsidiary?
 - In the United States, due to the vast size and underdeveloped direct sales infrastructure, our business primarily relied on *mono-uri* (product sales) through business partners. However, in recent years, we have shifted towards a more holistic approach, which we refer to as *koto-uri*. This solution-based approach combines products and services encompassing hardware, consumables, maintenance and software, and demonstrates ROI and other value propositions to customers. This shift led to an increase in direct sales and contributing to revenue growth. To further strengthen this approach, we are currently focusing on developing our talent pool in areas such as technology and sales, with an emphasis on nurturing existing talents and bringing in new hires to drive adoption of *koto-uri*.
 - While covering all demand solely through direct sales is not the most efficient approach, we are actively collaborating with our business partners to efficiently expand our reach. For instance, we are approaching new customers together using a *koto-uri* strategy.
 - By harnessing the combined power of direct sales and partnership collaboration, we aim to achieve optimal sales efficiency. The critical factor lies in implementing *koto-uri* for our target customers, whether through direct or indirect sales channels, and leveraging the success stories and insights gained from these efforts. Given that *koto-uri* often requires more effort than *mono-uri*, it underscores the importance of lateral expansion.

2. What are the necessary elements to expand market share in the U.S. business ?
 - While one of our competitors who primarily focuses on product-centric strategies (*mono-uri*), commands over 50% of the market share, it wouldn't be pragmatic for us, with our strength lying in solution-oriented approaches (*mono-uri*), to aim for complete dominance.
 - While SATO's market presence is still relatively low, it is worth noting that the U.S. market is extensive. Even a modest increase of a few percentage points in market share could lead to substantial revenue growth. In FY21 and FY22, our emphasis on direct sales through *koto-uri* and enhancements in printer supply capacity led to a sales growth rate that outpaced our competitors. Consequently, we are encouraged by our progress in expanding market share.
 - By diligently advancing our efforts in talent development and refining our sales strategy, as detailed in the previous question, we aim to sustain a growth rate that surpasses our competitors. We view the expansion of market share as a natural outcome of these endeavors.