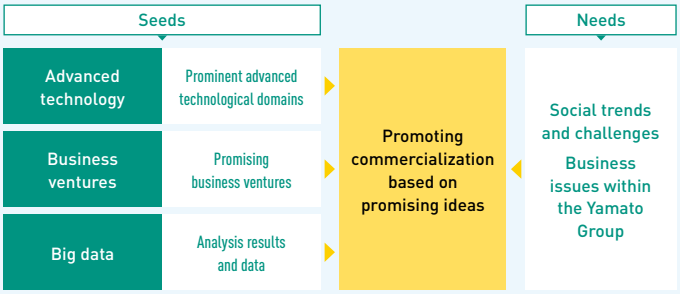
4. Responding to Digital Innovation

The environment surrounding the Yamato Group is going through a period of major change, including a shrinking workforce, diversifying lifestyles, and changes to industry structure caused by technological innovation. As part of “KAIKAKU 2019 for NEXT100,” we will strengthen the functionality of our “R&D + D,”* allowing us to incorporate digital technology into the Group, and to create new businesses and strengthen and revolutionize existing businesses. At the same time, we will prepare for the emergence of new business models that could potentially “disrupt” our existing businesses. In these ways, we will aim for further growth.

* Research and Development + “Disruption.” Disruption refers to the disruption of previous modes of thought.

Establishing the Digital Innovation Center

To promote digital transformation, create digital business, and evolve our logistics platform, we established the in-house Yamato Digital Innovation Center (YDIC) in April 2017. Using this facility, we are working to create businesses that meet needs and resolve issues within the Group and society as a whole based on advanced technology, business ventures, and big data analysis.



Conducting R&D for Next-Generation Logistics Services

Creating a New Air-Transport Mode

In order to provide even higher quality delivery services to our customers, we have begun a partnership with Bell Helicopter, a subsidiary of U.S.-based Textron. By fully leveraging next-generation solutions and combining our collective expertise, we will work to create a new mode of air transport. Both companies aim to realize the practical application of this mode by the mid-2020s.

Roles of Each Company

Bell Helicopter	X	Yamato Holdings
Planning, development, and manufacturing of Autonomous Pod Transport (APT)		Development of external shipping containers (pods) by leveraging logistics expertise

Rendering of Bell Helicopter electric vertical takeoff and landing vehicle APT70
Flight speed: Over 160 km/h
Load capacity: 35 kg (demo experiments show a potential increase to 450 kg in the future)