

Solutions and Services Business

Seiji Mouri

OKI provides solutions and services backed by the company's strong expertise achieved working with business systems for financial institutions, government agencies and transportation/distribution/manufacturing industries. This article will first give an overview of the solutions business, which solves customer's IT/business challenges using specialized terminals, networking technologies and knowledge of the specific business field. Next, the article will introduce the services business including OKI's cloud service EXaaS^{TM(1)} that supports the customer's use of IT systems and business outsourcing.

own equipment and keep system knowledge in-house or concentrate on their main business and reduce cost through outsourcing. The trend is shifting from "owning" to "using" as more businesses look to cloud services for their IT needs. Furthermore, there is increasing use of outsourced BPO services to staff personnel for carrying out IT operations.

In response to these market changes, OKI established the "Solutions & Services Business Division" in April 2010 that will quickly offer solutions and services that are tailored to each customer's requirements.

Market Trend

IT investments by Japanese firms bottomed out in 2009 following the global financial crisis and continue to be suppressed. What little budget is allocated mainly goes to operation/maintenance of existing systems and renewal of aging systems. New IT investments to ensure a competitive advantage are proving to be difficult.

Additionally, after experiencing the Great East Japan Earthquake, many companies are enhancing their BCP (Business Continuity Plan)/DR (Disaster Recovery) and taking initiatives to reduce the power demand of their IT systems. In particular, expectations are high for business outsourcing as companies look to relocate IT systems to an external data center that are better equipped to handle disasters and power outages, and take advantage of cloud services as power-saving measures and backup systems.

According to the IT research firm IDC Japan, annual growth rate of the cloud services market is 33% and expected to grow significantly in the future. IDC Japan also predicts the BPO (Business Process Outsourcing) market, which was a 820 billion yen market in fiscal 2010, will grow 1.2%. BPO is a service that provides operations support to businesses and includes services such as human resource, accounting, purchasing and customer care (call centers).

Currently, when it is time for businesses to renew their IT systems, they must decide whether to maintain their

Solutions Business

Solutions business provides IT systems that support each customer's individual needs. The IT system offered becomes the customer's asset.

(1) Solutions for Financial Institutions

OKI has provided financial institutions with branch office terminals that meet the customers' functional and reliability requirements for connecting with host banking systems to process passbooks, deposit/withdraw slips, bank cards and cash.

Collaborating with the customer, OKI has also formulated business and system specifications offering the customer with a centralized business solution that improved efficiency of back-office work. With this centralized business solution, form images are transmitted from the branch office to the central office where form entries are performed using OCR (Optical Character Recognition) thus improving the efficiency of the process. OKI is a leading vendor of exchange OCR systems used in centralization of exchange work with approximately 40% of the market share.

Now, OKI is utilizing its knowledge of banking procedures and expertise in business centralization to further expand solutions offered to customers.

For example, "transfer management system" is a centralized managing and processing system for handling transfer errors. This new solution is a combination of

⁽¹⁾ EXaaS is a trademark of Oki Electric Industry Co., Ltd. All other company names and product names mentioned in the text are trademarks or registered trademarks of their respective owners.

know-how in centralized business solutions and network technologies including faxes and call centers.

(2) Solutions for Government Agencies

OKI has been supplying IT infrastructure and business systems according to the needs of government customers.

One example of an IT infrastructure is the “next-generation automated gate system” that identifies travelers during immigration using fingerprints (personal identification). This compact and ergonomically designed system has been well received by customers at airports that have already implemented the system and contributed in improving service to travelers.

As for the business system, OKI was involved with the “personnel and payroll information system” handling the development of payroll/mutual benefits applications and integration of hardware infrastructures, which helped to suppress overall government expenditure.

OKI is currently developing and constructing a new integrated transport support agent. At the location of a medical emergency, this system will provide emergency responders with information that will help them decide which hospital is best suited to meet the patient’s medical needs.

(3) Solutions for Transportation/Distribution/Manufacturing Industries

In the field of travel/transport industry, OKI is a leading vendor of ticketing and reservation systems for terminal check-in counters, automated check-in kiosks and agent systems for major travel agencies. OKI provides solutions with hardware such as specialized ticketing machines and kiosk terminals along with applications that are backed by OKI’s expertise.

To the manufacturers, OKI supplies ERP systems. OKI itself manufactures ATMs, multifunction printers and IP-PBXs in its own domestic and overseas factories. Using the experience and knowledge of business systems built for its own manufacturing operations, OKI provides systems primarily to the manufacturing assembly industry.

Maintenance Business

OKI has expanded maintenance service centers to more than 250 locations in Japan to ensure uniform, high-quality maintenance service to all its domestic customers. Furthermore, system and service development is underway for more advanced services.

“@Smart CE System® *2)” is a maintenance personnel

*2) @Smart CE System is a registered trademark of Oki Customer Adtech Co., Ltd..

support system that utilizes the mobility of smartphones. This system allows CE (customer engineer) and the back office (work management, CE support department) to collaborate work in real time leading to improved operational efficiency and service quality.

Traditionally, ATM maintenance mobilized repair crews after receiving failure calls from customers. With “High ATM Availability Service”, ATMs are monitored for symptoms of failure and preventive maintenance performed before the actual failure occurs hence, increasing the ATM utilization rate.

Services Business

To meet the changing needs of customers shifting from owning to using IT systems, OKI is expanding the services business by fully utilizing the knowledge gained from the solutions business and strength in developing specialized terminals.

For customers that abandoned solutions due to installation and operating cost issues, customers wanting to reduce cost and customers looking to outsource in order to concentrate on their true business, OKI’s services business aims at increasing efficiency using shared applications. OKI supports customers migrating their system to the cloud and offers the use of shared service products for a monthly fee.

Moreover, OKI is expanding the LCM (Life Cycle Management) services including BPO services such as the market leading ATM operation and monitoring service and full outsourcing service.

Cloud Service “EXaaS”

The concept of OKI’s cloud service “EXaaS” is not only to provide services through a network, but also to provide LCM services including systems and terminals. The features of EXaaS are described below.

(1) Total Support including Customer’s On-site Terminals

OKI develops a variety of business equipment and terminals ranging from ATMs, branch office terminals and centralized business terminals for financial institutions, ticket machines for railway companies, auto check-in kiosks for airports to COREFIDO printers with five-year warranties. As a result, OKI possesses extensive operational know-how of these equipment and terminals. In addition to providing a building platform for business smartphone systems, OKI has experience providing

Difference from previous cloud services

- Full support of customer's system life cycle including on-site terminals enabling the customer to concentrate on issues related to running their business.
- Support development/installation and relocation/removal of terminals located on customer's premise.
- Support customer's system from integration for cloud transition to evaluation/improvements.

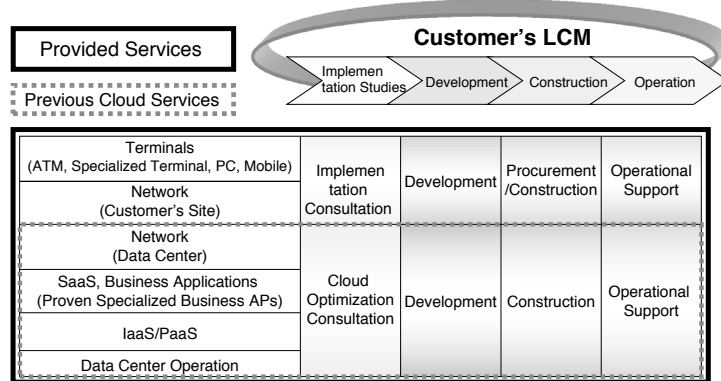


Figure 1. Difference Between EXaaS and Previous Cloud Services

systems using mobile terminals such as iPhones and Android devices.

With previous cloud services, the data center only provided SaaS/IaaS (cloud base), application and its operation (**Figure 1**).

Life cycle management, which includes implementation studies, construction, operation and upgrades of on-site terminals and network, was the responsibility of the customer. This made it necessary for the customers to reserve and maintain their own personnel hence, posing a problem when it came to optimizing cost.

Furthermore, due to the openness of technology, life cycles of hardware and software for computer equipment have shortened considerably. For customers to keep up with evolving technology and upgrade anywhere from a few thousand to tens of thousands of terminals would require tremendous labor and cost.

To help customers overcome such problems, OKI provides an extended menu of cloud services that includes implementation consultation, development, procurement/construction and operational support for customer's onsite terminals and network.

(2) Providing Shared Services

Shared services offer multiple customers joint use of applications proven in OKI's solutions business. Several companies with the same level of requirements sharing a single application help reduce customization costs and levels system investment and operational costs. Customers that previously had cost or operational issues can receive services at a relatively lower cost.

• Services for Financial Institutions

OKI's solution for a centralized business system, which has top market share, has been turned into a service as centralized exchange system, and form referral registration service has been commercialized.

Exchange OCR's reserve system is now offered as a cloud service. If a financial institution's exchange OCR system fails due to a disaster, exchange operation can quickly resume by switching to the reserve system inside the cloud. Since it is a cloud service, the cost is considerably lower than owning an individual reserve system.

• Services for Travel/Transport Industries

OKI has provided numerous large-scale distributed call centers to travel agents. Based on this experience and expertise, OKI plans to use its systems to provide shared services to small and medium-sized businesses that have difficulty operating their own system. The shared call center is in use by OKI for its own customer support, and knowledge of call center operations can be offered together with the services.

• Services for Manufacturers

OKI will use its expertise as a manufacturer to expand service. Hazardous substances notification service "COSMOS" is a support service for complying with regulation related to chemical management. The knowledge of chemical substances acquired while solving issues related hazardous substances notification has been implemented and is being provided as a cloud service.

Business Expansion Through BPO Services

LCM services also offer BPO services on behalf of the customer's business that use IT equipment and systems.

(1) Customers' BPO Advantage

The biggest advantage of using BPO is cost savings. The effect of cost reduction is derived in terms of centralized operations and reduced labor costs. When several companies outsource their operation to a BPO provider, centralized operation and full-time operators become possible. Therefore, the total number of required personnel is reduced and high efficiency can be exhibited. As a result, customers will get more uniform quality and cost savings than doing the work in-house. Another big merit is the customer can take advantage of the expertise and know-how possessed by the BPO provider.

Overseas, the use of KPO (Knowledge Process Outsourcing) is growing. Until now, BPO was primarily outsourcing labor-intensive but relatively simple operations. However, KPO through advanced data analysis and knowledge accumulation makes recommendations to customers on ways to improve business operations. Customers can improve business efficiency by getting access to analytical information derived from a wide range of data that would not be possible to collect on their own and without investing time and money on employing, educating and training personnel to perform the analysis.

ATM-LCM described below is an example of a LCM service that includes BPO service.

(2) BPO Service in ATM-LCM

ATM-LCM service provides total support for the various business services, which includes consultation, planning, design, procurement/construction, installation, operation, maintenance, relocation and removal, involved across the entire life cycle of an ATM system. The service is based on OKI's experience of delivering and maintaining ATMs and is backed by the combined strength of the OKI Groups.

In addition to providing the ATM operation monitoring system as a shared service, advanced KPO services such as IT outsourcing of monitoring operations, answering BPO service, remote ATM support, and ATM cash-reloading plan are also provided.

With answering BPO service, OKI will respond to calls on behalf of the financial institution when an ATM user makes a call on the auto-phone located next to the ATM. A highly skilled full-time operator is on hand to speak directly with the customer to ensure the financial institution maintains a high level of satisfaction from its customers.

The ATM cash-reloading plan KPO service proposes to the financial institution the most optimal plan for reloading cash. Using the large amounts of ATM transaction data accumulated at the data center and feedback of analytical results, reloading plan is formulated and presented to the customer. This allows customers to efficiently reload cash into ATMs. The accuracy of this service is improved daily as ATM usage data and know-how accumulate.

Using the knowledge obtained from ATM-LCM, EXaaS LCM service will be expanded to other terminals and networks.

Business Expansion Through Common Business Services

Until now, OKI's Solutions & Services Business focused on specific industries relying on its specialized terminals and strong business knowledge of the industries. However, LCM and cloud services have advantages of leveling cost, not needing operational personnel, provide business continuity and effective disaster recovery, and therefore the use is expected to spread over a wide range of companies. Furthermore, small and medium-size businesses that could not afford IT investments are also expected to make use of these services.

OKI already provides ATM-LCM and shared cloud services to some customers. A service base and system that includes maintenance, operational monitoring, call centers and personnel/service locations are in place. Taking advantage of EXaaS foundation and system, Common Business Services will be expanded to address the common needs of the industries and thereby increase business.

Specifically, such services as PC-LCM service to handle the outsourcing of businesses' entire PC life cycle, service for business use of smartphones, IT management services for small and medium-size companies that do not have dedicated IT administrator will be provided.

Summary

In October 2010, OKI announced a plan to concentrate business resources on four growing strategic programs. One of those programs is the expansion of the services business, and investment will focus on growing the cloud services, IT infrastructure for LCM services, software development and BPO services.

Additionally, OKI is proceeding to deploy its solutions and services business overseas. Solutions business will mainly be for financial institutions, and services business will be to expand the ATM-LCM service market due to the increase in overseas ATM sales. ◆◆

Authors

Seiji Mouri, Manager, Planning Division, IT Solution & Services Business Division