

Biggest transformation in the JFE Group's history, with DX strategy as the key

The JFE Group's operating environment is undergoing major drastic, unprecedented changes including a medium- to long-term decline in domestic demand, intensified global competition, responses to climate change like carbon neutrality, and the COVID-19 pandemic.

To respond quickly and flexibly to these changes, last May, we formulated and announced the Seventh Medium-term Business Plan, covering the period from fiscal 2021 through fiscal 2024, with the aim of steadily increasing corporate value over the medium to long term. We view the period of this medium-term business plan as the biggest transformation in the Group's history and have positioned our digital transformation (DX) strategy as one of the most important policies affecting the success or failure of that transformation. In August, we held a briefing on the JFE Group's DX strategy*1 to clarify the content of the strategy internally and externally.

Each JFE Group business is facing intense competition globally, but the vast reserves of data, expertise, and technologies we have built up over many years are valuable assets that other companies cannot easily imitate and the source of the value we create with high competitiveness. DX is an indispensable strategy for making maximum use of these assets. We have been working vigorously to optimize internally for increased productivity through initiatives including our ongoing introduction of cyber-physical systems (CPS) for all steelmaking processes at the Steel Business and linking data at the Engineering Business to transform operations at construction and other worksites. Going forward, we will also pursue the challenges of providing added value externally and creating new businesses by building an external service sales platform at the Steel Business, providing preventive maintenance and management services for boiler power plants at the Engineering Business, and using digital technologies to create new businesses at the Trading Business. We hope to take our DX strategy to a new level and use it as a foothold to convert environmental changes from risks into opportunities for growth.

At the same time, the expansion and evolution of the DX strategy can be seen as heightening the importance of addressing the risks of increasingly sophisticated and complicated cyberattacks and information leaks. Our security management activities, which protect our information assets and ensure that business activities are carried out safely, are extremely important and an integral part of our DX strategy, and we are strengthening our security measures and governance, primarily through JFE-SIRT*2.

This report provides details on the specific content and success of the DX strategies at each operating company and initiatives being carried out across the Group. I hope this report provides useful information that helps readers better understand the JFE Group's DX initiatives.

*1 JFE Holdings corporate website (News Release section) (in Japanese only)

*2 JFE-SIRT: JFE-Security Integration and Response Team



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