

Solutions for Supply Chain Transformation

Blue Yonder acquired as a wholly-owned subsidiary

Becoming a global leader of solutions for supply chain innovation

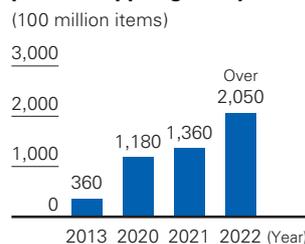


On April 23, 2021, Panasonic made the decision to acquire an additional 80% of the shares of Blue Yonder. That acquisition was completed on September 17 of the same year, which marked the acquisition of all Blue Yonder shares following the initial acquisition of a 20% stake in July 2020.

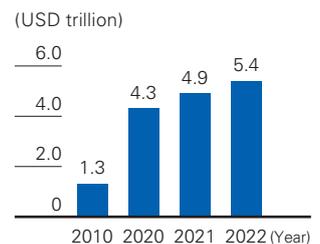
Circumstances surrounding supply chains

Issues have continued to pile up in the supply chain field in recent times; namely, greater burdens on logistics owing to sharp fluctuations in demand, a shortage of workers, and decarbonization. Particularly in the supply chains of Japan's manufacturing industry, there have been various issues that stand out, including the slow adoption of digital technology, an overreliance on overseas production sites, and the state of risk hedging. That is why there is currently a pressing need to restructure them.

Forecast for the number of parcels shipped globally



Global e-commerce sales forecast



Source: Blue Yonder, based on market research data

For the realization of the Autonomous Supply Chain™: Acquisition of Blue Yonder as a wholly-owned subsidiary

Overview of Blue Yonder

Blue Yonder is the world's largest supply chain software company specializing in supply chain management (SCM). It is rated highly for its AI/ML (Machine learning)-driven innovative solutions. Blue Yonder boasts a global customer base of approximately 3,000 companies, many of which are major corporations in the manufacturing, retail,

and logistics companies. Recurring revenue* accounted for a lofty 67% of Blue Yonder's net sales in 2020 and strong growth can be expected up ahead given forecasts for growth in the size of the SCM software market.

* Unlike one-off sales of products or the one-time provision of services, the recurring revenue business model seeks to continuously generate income by providing customers with software or a platform under which they purchase additional pay-for-use services.

Company name: Blue Yonder Holding, Inc.

Headquarters: Scottsdale, Arizona, U.S.A.

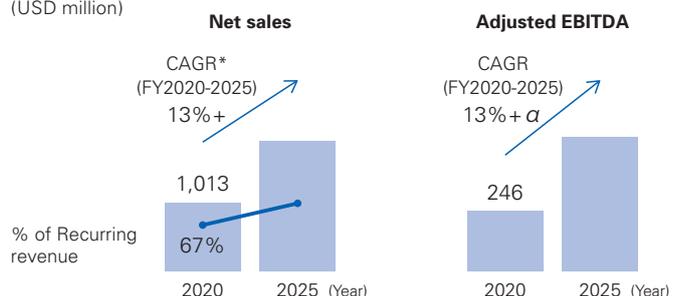
Founded: 1985

CEO: Girish Rishi

Business: Provision of supply chain software utilizing AI/ML for major manufacturing, retail, and logistics companies

Blue Yonder earnings for 2020 and estimates for 2025

(USD million)



* Compound annual growth rate

Blue Yonder is the world's largest supply chain software company

76 countries 3,000 global customers 61^{of the global top}/₁₀₀ manufacturers 11^{of the global top}/₁₅ logistics companies 68^{of the global top}/₁₀₀ retailers

Some of Blue Yonder's customers



Characteristics and competitive advantage of Blue Yonder

Blue Yonder has been a market leader in the SCM software industry for more than 35 years. Its vertical focus is manufacturing, retail, and logistics companies.

Blue Yonder optimizes supply chains and inventory and labor management using its unique end-to-end platform, powered by leading AI/ML technology. Disruptions were caused by the global pandemic and port blockages such as those experienced at the Suez Canal in March 2021. However, by using Blue Yonder's solutions, customers were able to track inventory in real time, consider backup plans, and switch to alternative logistic routes and carriers.

Since supply chain efficiency and control is so mission-critical to the competitiveness of its customers, they seldom replace Blue Yonder's solutions because they are considered best-in-breed by Gartner and other leading analyst firms. Blue Yonder enjoys a strong and recurring business revenue model. Moreover, Blue Yonder has accumulated years of vertical and industry expertise with 3,000 global customers, which it has leveraged to develop new offerings and solutions using the power of AI/ML.

Towards an Autonomous Supply Chain™

Panasonic and Blue Yonder have their sights set on realizing the Autonomous Supply Chain™.*

An Autonomous Supply Chain™ eliminates wastefulness between and within companies and significantly saves resources across the entire supply chain. For instance, it has the potential to greatly reduce food waste and food loss—currently a challenge faced by society—by autonomously linking demand and inventory changes in the retail industry with food manufacturer production and stock purchasing. In addition, more efficient operations can help solve issues faced by management, such as workforce aging and the lack of successors.

In working towards the achievement of a sustainable society, the two companies will first accelerate the development of solutions that combine their respective strengths and push ahead with the rollout of SCM solutions throughout the Panasonic Group.

* Autonomous Supply Chain™ refers to optimized operations achieved automatically in the supply chain, from upstream to downstream, through autonomous linking of software with devices and sensors at the *gamba* (operational frontlines).

Timeline of acquisition as a subsidiary

November 2019

Establishment of joint venture

Collaboration on SCM integrated solutions

July 2020

20% investment

Expansion of strategic partnership
Joint go-to-market activities in Japan
Development of joint solutions

April 2021

Acquisition

Expansion of autonomous SCM globally

By strengthening our relationship with Blue Yonder thus far, we were able to confirm some positive signs in the area of value creation and strong affinity from the perspective of culture. After a series of discussions by the Board of Directors and management meetings, the decision was made to make Blue Yonder a wholly-owned subsidiary.