Metamorphose Mid-Term DX Report
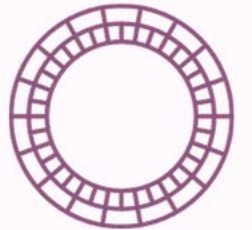
June 1, 2025

⊕ Metamorphose

Based on the purpose of "creating opportunities for continuous change toward a better future," Metamorphose promotes DX in tandem with its clients. With a vision of creating opportunities to change the future of the next generation, we will consistently accompany you from the initial concept to the establishment of operation with a philosophy that values reliability, flexibility, and sincerity. In this way, we promise to create sustainable value and achieve new growth.
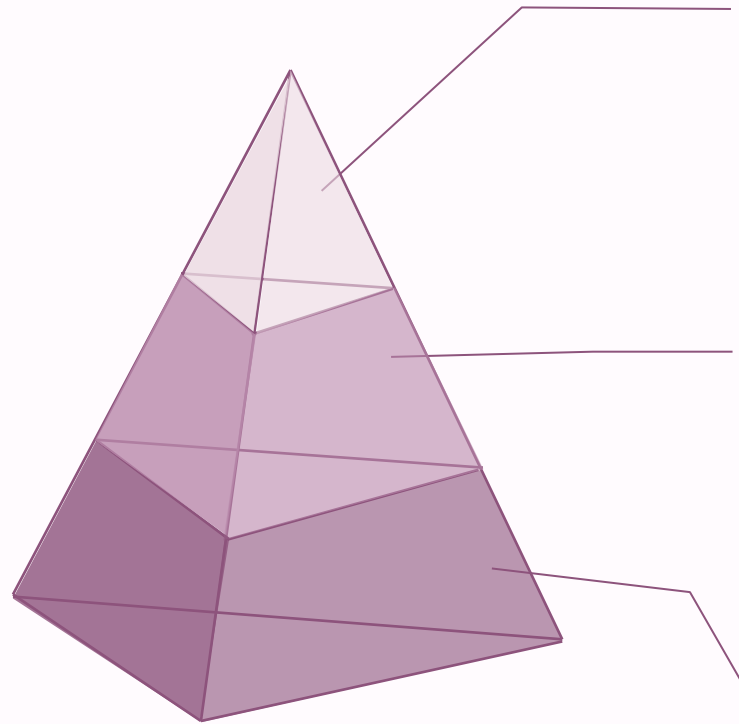
Purpose
We support our clients in initiating and sustaining positive change toward a better future.
• Supporting clients' transformation as a "companion who runs together"
• Supporting sustainable value creation through the power of digital technology

Vision
"Creating opportunities to change the future of the next generation"
• Opening new growth opportunities with leading digital technology
• Shaping industry standards together through future-oriented partnerships

philosophy
Reliability: We have established a framework that inspires confidence, allowing you to entrust us with even your very first project.
**Flexibility**: We provide agile support unbound by conventional practices, always seeking the optimal solution.
Integrity: We respond sincerely to every request and are committed to delivering results.

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Metamorphose

Together with our stakeholders, we will change the future of the next generation.
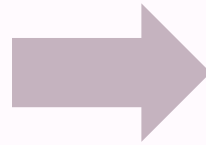
The Future of Metamorphose

- **Borderless sustainable development**
- **Developing Appealing and Capable Professionals**
- **Digitalization of Management Assets**
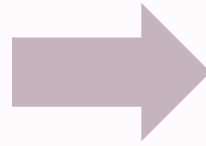
The Future of Stakeholders

- **Building adaptability to changing environments**
- **Fostering an innovative mindset to take on challenges**
- **Breaking away from existing practices**

The Future of the Next Generation

Creating new businesses using digital technology
CEO & CDO Kazuo Yutani

Opportunities and Risks Associated with the Advancement of Digital Technology

In recent years, digital technologies such as generative AI have evolved dramatically in many fields, such as automating data analysis and reporting, and extracting advanced insights through natural language processing. While this shift presents significant opportunities for shortening business process lead times and improving the quality of decision-making, it also highlights governance challenges such as AI black-boxing, inconsistency in data quality, and stricter privacy regulations. We regard these as risks and manage them appropriately to ensure safe and effective application of technology.

Purpose and Future DX Strategy

At Metamorphose, inspired by our purpose of "creating opportunities for continuous change toward a better future," we are dedicated to driving innovation beyond the constraints of traditional business practices and processes.
As a small, elite team, we leverage agile decision-making and rapid execution—strengths that only such specialized organizations possess—to deliver results that exceed the expectations of our clients and partners.

Our DX strategy consists of three main pillars.

First, we will build a search platform capable of crawling and indexing a wide range of publicly available big data, including government sources, social media, and industry reports. Leveraging AI-driven recommendations, natural language queries, and topic modeling, the platform will enable real-time extraction of essential market information and competitive trends. Additionally, by incorporating natural language processing (NLP) features such as document summarization, sentiment analysis, and entity extraction, the platform will provide multi-layered insights.

Second, primary information—such as hearing notes, survey data, contracts, and specifications—collected from project sites and client companies is centrally managed in a data lake through ETL processes. By combining streaming and batch processing within the ETL pipeline, the platform supports both real-time and historical analysis. A secure, centrally managed portal with robust metadata management and strict access controls gives your entire team one-stop access, eliminating information silos.

Third, building on this foundation, we provide seamless, 24/7 information access through a variety of user interfaces—including mobile apps, chatbots, and BI dashboards—while ensuring high business availability with multi-cloud redundancy and caching strategies. Through these initiatives, we deliver an integrated DX platform that combines availability, reliability, and scalability, and remain committed to strongly supporting our clients' business transformations.

Metamorphose

We are committed to delivering services to stakeholders with a level of speed that surpasses conventional standards.
To achieve this, we will drive progress without barriers, unconstrained by traditional limitations such as time, location, or language.

vision
- Creating opportunities to change the future

Business Model
- Breaking through conventional barriers to deliver a new level of speed and responsiveness for our stakeholders.

Digital Strategy
- Increased response speed
- Building a search platform for publicly available information (big data)
- Centralized management of primary information
- Enhanced availability of access to information

Metamorphose

We will advance the development of the **systems**, **talent**, and **digital infrastructure** necessary to drive our business forward through both the **creation of new businesses** and the **enhancement of existing businesses**.

Creation of new businesses

Pursuing global challenges without boundaries
- **Developing and securing global talent from a management perspective**
- **Establishing a location-independent organizational structure**

Enhancement of existing businesses

Breaking away from outdated, low-productivity practices
- **Establishing a digital know-how sharing system**
- **Nurturing outstanding individuals**

Building infrastructure for information utilization, sharing, and management

We will flexibly and rapidly adapt to market changes and establish sustainable competitive advantage by simultaneously developing new businesses and enhancing existing ones. At the core of our strategy is digital transformation (DX): leveraging digital technology to dramatically accelerate our responsiveness through the development of a big data search platform for public information, the centralized management of primary information, and the expansion of information access availability.

New Business Creation

To accelerate our entry into global markets without being limited by the borders of Japan, we will first develop a big data search platform for public information. Market trends, academic papers, and social media trends from various countries will be aggregated in a cloud-based data lake and centrally managed alongside primary information, enabling us to gain insights that transcend regional and linguistic barriers. The platform leverages Zero Trust Network Architecture and incorporates conditional access control via IDaaS, supporting the development of a location-independent operational structure. By providing a secure and speedy environment where anyone can access data from anywhere, we will enable seamless collaboration among development sites and partner companies, ensuring the agility required for global expansion.

At the same time, to embed a management perspective into our business planning, we will share KPI dashboards in real time with the Board of Directors and CxO-level executives. Here, metrics such as lead time to market, PoC approval rate, and ROI prediction accuracy will be directly tied to management decisions, accelerating the speed of decision-making. For human resources, we will develop and secure global talent such as data scientists and project managers through multilingual e-learning and international joint assignment programs. By constantly updating our talent pool—including remote workers—and promptly supplementing necessary skill sets, we will build a team ready to adapt to the rapidly changing international market.

Furthermore, to instill an agile and data-driven development culture, we will implement a DevOps pipeline that reduces the cycle time from idea validation to PoC and MVP development by 50% compared to previous processes. With continuous integration and continuous delivery, customer feedback and market data can be instantly reflected in our products. Through these initiatives, we will quickly launch dynamic new businesses that transcend national borders and establish sustainable global competitiveness.

Enhancement of existing businesses

The first step in enhancing existing businesses is to break away from outdated, low-productivity practices. We will integrate information that was previously scattered across emails and intranets into a cloud-based knowledge management platform. In addition, we will visualize business processes and promote the automation of routine tasks through RPA. These efforts will eliminate bottlenecks caused by manual data entry and aggregation, aiming to reduce workload by more than 30% on average.

In addition, we will build a know-how sharing system utilizing digital technology. By implementing AI-powered contextual search and knowledge graphs, we can instantly connect a wide range of primary information, such as past project data, customer feedback, and external reports, to deliver optimal insights to each employee. Providing an environment where an autonomous AI assistant delivers real-time responses and step-by-step guidance via the internal chat tool will lead to over 70% utilization in the first month, boosting both productivity and service quality.

Furthermore, we will focus on nurturing outstanding individuals as a key to building an organization that is resilient to change. By linking digital literacy enhancement programs for each level with an internal incentive system that awards points for knowledge sharing and peer evaluation, we encourage employees to proactively share their expertise. Senior employees are given opportunities to participate in new business development projects and overseas visits, and clarifying their professional career paths further motivates their desire for growth.

These measures are closely monitored using KPIs such as turnaround time (TAT), knowledge search hit rate, employee satisfaction (ES), and customer retention rate (CRR). We collect feedback weekly and continuously improve our platform and processes through the CI/CD cycle. Through these initiatives, we will fundamentally revamp inefficient practices, achieve both know-how sharing through digital technology and the development of outstanding individuals, and dramatically enhance our ability to create customer value in existing businesses.

To deliver services to stakeholders at a pace that surpasses conventional standards and drive further growth, we are allocating approximately 2% of our sales to investments in digital technology.
In particular, we are considering focusing our investments on generative AI to enable borderless operations—free from the traditional constraints of **time**, **location**, and **language**.

The environment to be built

Building a Search Tool for Publicly Available Information（Big Data）

Leveraging AI technology to develop a platform and applications that enable rapid access to information publicly available worldwide.

・ Develop secure tools that support the business use of various generative AI solutions

・ Create customized applications tailored to the needs of each business unit

Establishing a Centralized Management Platform for Primary Information

Improve availability by centrally managing primary information scattered throughout the company.

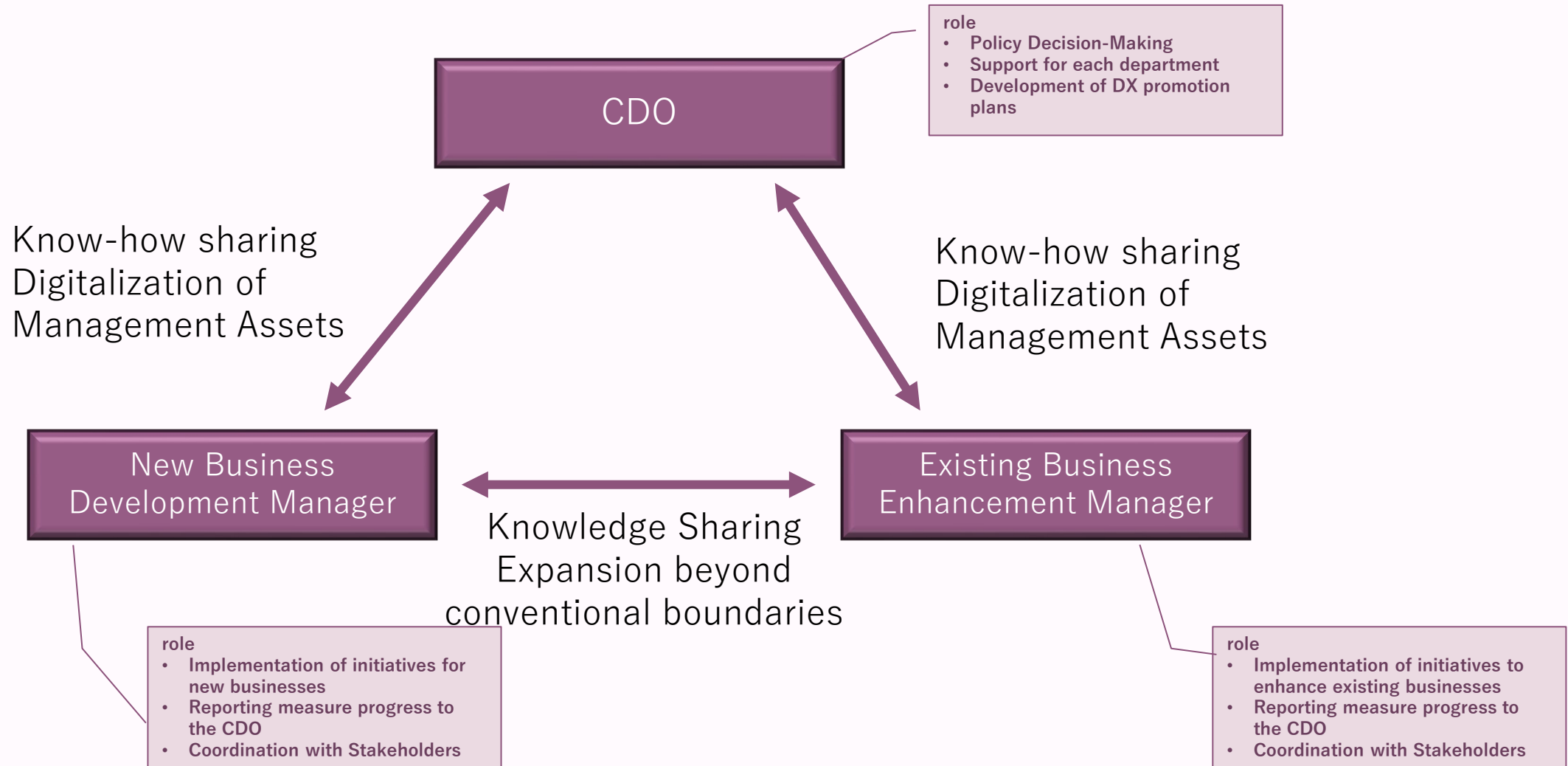・ Migration of unconsolidated information

・ Developing Information management and utilization methods

Expanding the Availability of Access to Information

Leveraging digital technologies to overcome limitations in information access and utilization, thereby improving availability.

・Consolidating individually managed information

・Reviewing and optimizing the information management process

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Under the leadership of the CDO, The roles for promoting "new business creation" and "enhancement of existing businesses" will be clearly separated and defined. This structure will enable us to maximize individual strengths. By sharing experiences and knowledge across teams, we will establish a system that allows for the rapid application of insights within each area of responsibility.

CDO

role
- Policy Decision-Making
- Support for each department
- Development of DX promotion plans

Know-how sharing
Digitalization of
Management Assets

Know-how sharing
Digitalization of
Management Assets

New Business Development Manager

Existing Business Enhancement Manager

Knowledge Sharing
Expansion beyond
conventional boundaries

role
- Implementation of initiatives for new businesses
- Reporting measure progress to the CDO
- Coordination with Stakeholders

role
- Implementation of initiatives to enhance existing businesses
- Reporting measure progress to the CDO
- Coordination with Stakeholders

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Develop and secure talent capable of fulfilling their mission in a **self-driven manner**

For the development of human resources for the provision of self-sustaining services

As a consulting firm committed to supporting our clients' competitiveness through digital transformation (DX), we place human resource development at the heart of our management philosophy. In today's rapidly globalizing business environment—where diverse cultures and values intersect—conventional one-way knowledge transfer is no longer sufficient to produce meaningful results. Therefore, we strive to foster "professionals who can act proactively and globally", enhancing our systems and educational programs in unison across the organization.

First of all, strengthening global literacy is our top priority. We provide practical training premised on collaboration with overseas offices and multinational teams, and foster multicultural understanding and English communication skills through cross-cultural workshops.
By sharing the latest knowledge and networks with employees, we help them consistently apply a global perspective to their daily work.
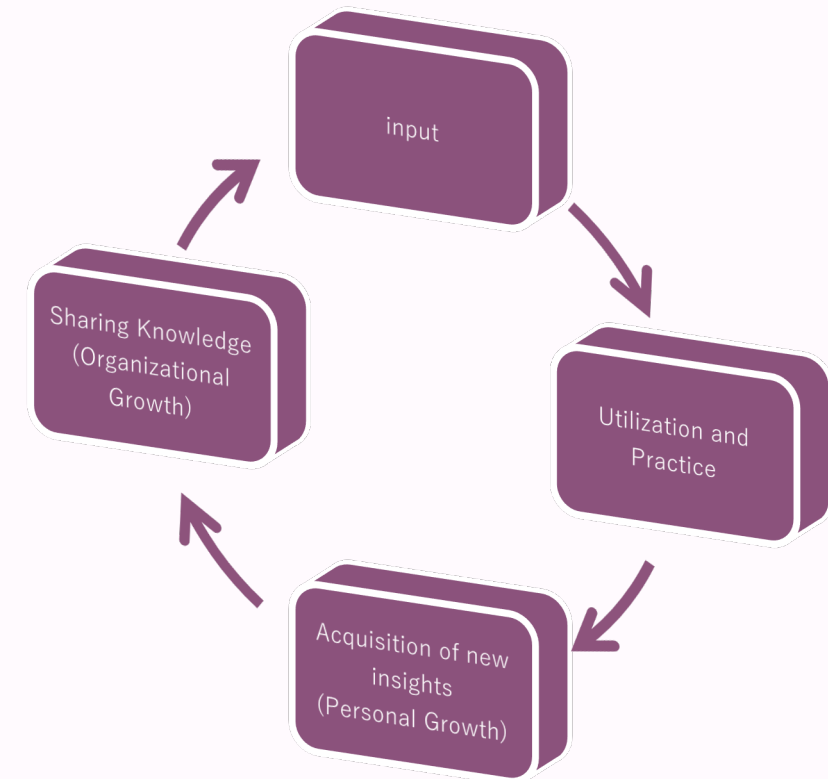
Next, to foster a self-driven mindset, we make combined use of a learning platform, on-the-job training (OJT), and a mentoring system. Regular one-on-one coaching sessions with experienced consultants help establish a self-directed growth cycle—from goal setting to reflection. We also regularly host in-house hackathons and innovation labs, providing opportunities for employees to autonomously develop new services.

Furthermore, to enhance our ability to create added value, we are advancing knowledge management and closely aligning it with our incentive and remuneration systems. We have established an in-house wiki and document sharing platform to visualize project examples and cutting-edge methodologies. We also quantitatively manage KPIs such as learning outcomes, project participation, and the number of new proposals, building a system where evaluation results are reflected in career plans and incentive schemes. In this way, we create an environment where every employee is committed to results and can achieve both personal growth and the enhancement of corporate value.

The evaluation process utilizes multifaceted criteria and 360-degree feedback, integrating input from colleagues, supervisors, and clients. Regular quarterly reviews are held to share achievements and challenges and to develop a learning plan for the next term. In addition, through a PDCA cycle that combines quantitative data and qualitative assessment, we continuously verify the effectiveness of our human resource development measures and implement prompt improvements.

We pursue the optimization of educational investment by adopting both a phased approach—basic learning, practical projects, and leadership development—and a risk management perspective. By implementing a flexible learning model that combines online and offline methods, as well as group and individual learning, we have established a system that enables employees with diverse backgrounds to maximize their learning according to their life stages and job characteristics..

Looking ahead, Metamorphose employees will take the lead in driving digital transformation (DX) at client companies by leveraging the global experience and self-directed learning abilities developed both within and outside the organization. As professionals dedicated to creating new value, we are committed to continually making a positive impact on society. Through these initiatives, we will contribute to the long-term growth of our clients' businesses and fulfill the expectations of our stakeholders, while also supporting the creation of a sustainable society.

input

Utilization and Practice

Acquisition of new insights (Personal Growth)

Sharing Knowledge (Organizational Growth)

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To advance DX initiatives, we will define indicators to measure the level of achievement by 2027.

classification	KPI	2025	2027
Amount of investment	Expand investments in talent development and the construction of digital technology utilization platforms: Digital investment amount	About 1% of sales	More than 2% of sales
	Expand investments in talent development and the construction of digital technology utilization platforms: Securing and developing human resources	Less than 1% of sales	More than 3% of sales
Human Resource Development	To develop self-driven human resources, we will organize and make universally accessible knowledge content: Number of knowledge shares	11 records	100 records
Information Management	Centrally manage the primary information held by each member to enhance shared knowledge, and manage all information and know-how centrally for real-time sharing: Centralized management rate	30%	100%
Infrastructure Maintenance	Adoption rate of the tool among members	50%	100%
	Number of data collection and utilization apps created	3 pcs	10 pcs
	Percentage of information access from overseas	80%	100%

In previous initiatives, while the environments we built functioned as intended, they lacked the practical performance necessary for real-world application. Therefore, we are promoting ongoing improvements by leveraging the DX promotion cycle.

Past Efforts and Lessons Learned

In the past, we built a VDI (Virtual Desktop Infrastructure) environment in an attempt to realize a "location-free" work style that would allow employees to work from anywhere. However, regardless of whether users were based domestically or overseas, server-side response times declined—particularly for overseas access—making the environment impractical for real-world use and resulting in significant user dissatisfaction. From this experience, we learned the following lessons:

1. **Lack of performance verification prior to technology implementation:** Insufficient benchmarking for network load and expected user counts.
2. **Overestimation of return on investment (ROI):** Despite high initial costs, improvements to user satisfaction and productivity were minimal.
3. **Lack of a robust PDCA cycle:** Neglecting to adequately measure effectiveness and incorporate feedback resulted in missed opportunities to take corrective action before problems escalated.

DX Promotion Cycle

Currently, we have established the following three steps as a standard process for DX promotion cycle.

1. **Goal setting (OKR creation)**
   1. **Objective**: Set quantitative and qualitative goals at the company-wide, line-of-business, and project levels.
   2. **Key Results**: Clarify KPIs and set specific numerical targets to standardize subsequent evaluation axes.

2. **Planning & Management (WBS Breakdown)**
   1. Develop measures to achieve OKRs in the Work Breakdown Structure (WBS).
   2. Subdivide tasks and clarify assignees, deadlines, and resources.
   3. Visualize progress in real-time on Gantt charts and project management tools.

3. **Execution and improvement (agile iteration)**
   1. **Periodic monitoring:** We monitor the actual values of KPIs on a weekly and monthly basis to identify any deviations from targets at an early stage.
   2. **Sprint review**: A sprint is set at 2 to 4 weeks, and outcomes and challenges are shared throughout the team.
   3. **Feedback loops**: After an issue is identified, improvements are immediately applied in the next sprint.
   4. **Small start**: Conduct a proof of concept (PoC) with minimal resources, then gradually scale up investment once effectiveness is verified.

Goal setting

Implementation and Improvement

Planning & Management

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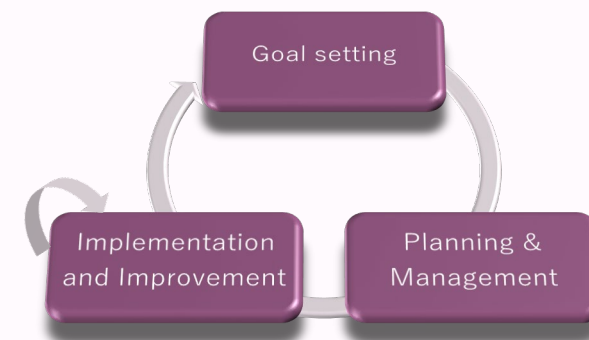
Launching a new real estate business that transcends language barriers

Language Barrier

In September 2024, we officially launched our overseas real estate business in the UAE (United Arab Emirates). This project embodies our strategic objective of expanding presence in global markets and building a bridge for real estate solutions between Asia and the Middle East.

However, we faced multiple challenges, such as language and cultural differences, as well as the need to comply with local laws and regulations. In particular, establishing the business with limited English proficiency was no easy task.

In an environment where English is the official language, all communication—including reviewing contracts, negotiating with local partners, and interacting with government agencies—was conducted in English.

Initially, we lacked sufficient in-house resources for English communication and had to rely in part on external translation and interpretation services. However, this approach quickly revealed challenges related to both cost and speed. Establishing the business with limited English proficiency presented a significant challenge.

Utilization of AI

We integrated a leading global cloud translation service via API, enabling real-time translation of contract drafts, emails, and chat messages.

Effect:
*   Improved translation accuracy for standard business documents (such as contract clauses, emails, and reports) resulted in a 70% reduction in external translation costs compared to before implementation.
*   By reducing translation review man-hours by 20%, we shortened the average decision-making time from two business days to same-day completion.

Future Prospects

Deepening Next-Generation AI Utilization
We are currently exploring the implementation of automated contract review AI and the automatic generation of legal documents using generative AI.

Company-Wide DX Platform Implementation
Based on the know-how gained from the UAE business, we are promoting development in other regions and other businesses. In collaboration with the consulting business, we plan to build common DX assets across the group.

Addressing Sustainability
Integrating building lifecycle data into business intelligence and considering digital strategies to increase energy efficiency and raise ESG ratings.

Establishing a New Retail Import and Sales Division from Scratch & Upgrading Advisory Services

Everything is trial and error

In anticipation of the Christmas shopping season at the end of 2025 and the Valentine's Day season in February 2026, we are launching a new business importing carefully selected sweets from the UAE and rolling out pop-up stores in major cities nationwide, in collaboration with young team members, including interns. Lacking in-house expertise, we are utilizing AI and digital solutions to ensure a rapid product launch.

Lack of Industry Knowledge Due to Inexperience
- No in-house expertise regarding food import business practices, quality standards, customs duties, quarantine procedures, etc.
- It is essential to share information with the entire team, including interns.

Challenges in Visualizing Market Trends
- Difficulty in keeping up with trend forecasts and tracking competitor store trends for the Christmas and Valentine's Day shopping seasons.
- Conventional survey methods make it difficult to achieve both speed and accuracy.

Communication Inefficiencies
- Information sharing between remote bases in Japan and the UAE has been delayed.
- Real-time sharing of project progress has been challenging due to the fluid nature of the team composition.

Supported by DX

1. **Supporting Idea Generation with Generative AI**
- **Implementation Details**: By utilizing generative AI trained on overseas trend reports and social media data, we automatically generate drafts of product concepts and promotional copy that resonate during key sales seasons.
- **Effect**:
   - Within a short period, we generated approximately 50 concept proposals, reducing internal review man-hours by 60% compared to traditional methods.
   - Encourage interns to generate ideas and shorten the planning phase by one week.
2. **Generative AI Market Research**
- **Implementation Details**: Generative AI is used to research potential exhibitors and plan exhibitions. Outlines of business plans and candidate research for expansion destinations are now completed using only in-house resources.
- **Effect**:
   - This enables us to capture trends in product pricing and promotional strategies in near real time.
   - Taking a data-driven approach to POP location and product lineup planning is expected to exceed initial sales projections.
3. **Leveraging Collaboration Platforms**
- **Implementation Details**: Cloud-based project management and chat tools are integrated via API, allowing for centralized management of automatic task reminders and progress tracking.
- **Effect**:
   - Information sharing among members is completed within 24 hours, resulting in a 50% reduction in the decision-making cycle.
   - Team members from diverse backgrounds—including interns—are able to comment and update documents in real time, according to their responsibilities.