

Scientific Solutions Division

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We supply innovative products and services for supporting scientific research, pathology research, and inspections of manufacturing and social infrastructure.”

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Scientific Solutions Division Head



- Superior technological capability and high quality products / services in field of such as optics, imaging, ultrasound, X-ray fluorescence
- Top market share and strong customer contact points in each product segment
- Ownership of global sales, marketing and service network
- Total solutions provided through diverse product lineup

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Strengths

- High susceptibility to changes in economic conditions of specific regions and countries
- Commoditization in certain product segments by technological maturity
- Increased product- and sales costs and longer development cycle for certain products
- Increased workload for regulatory compliance in life science field

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Weaknesses

- Continuous growth of target markets by enhanced investment in life science research, digital pathology, IoT and Industry 4.0 in maintenance and manufacturing fields, etc.
- Business growth and market share expansion by transforming into solution business for customers' workflow
- Deepening of value proposition and increase of new demand by open innovation with digitalization

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Opportunities

- Large foreign exchange rate movements
- Decrease of government budget and restraint of capital expenditures at private companies by environmental change
- "Digital disruption" that shifts the demand towards better customer experience from the hardware products established
- Emergence of alternative innovative technologies replacing conventional inspection method
- Low-priced products from emerging manufacturers gaining share

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Threats

Operating Environment and Direction of Strategies for the Scientific Solutions Division

Market Environment and Business Opportunities

- Due to the environmental change triggered by COVID-19, the market recovery in major regions is expected to be delayed, as it depends on the situation of government budget, hospitals and academic research institutes in the life science segment, also considering the postponement of investments in the industrial segment such as aviation and automotive industries. In the medium to long term, we anticipate the continuous growth of target markets driven by the enhanced investments in life science research, digital pathology and the activation of market supporting regenerative medicine, as well as the market expansion of semiconductors and electronic parts industry contributing to the advanced technologies such as IoT and AI, and also the investments on infrastructures.

Direction of Strategies for the Scientific Solutions Division

- We aim to create values that exceed customers' expectations by solutions to improve customers' total workflow, in addition to high quality products. For the life science segment, in addition to conventional observation functions, we provide solutions optimized for customer workflow. For the industrial segment, we proceed with custom- and new solutions by internal or third party collaboration, as well as the value proposition for customers' total workflow.
- Life science segment contributes to fundamental medical research, pathological diagnosis and regenerative medicine. In the industrial segment, our value proposition utilizing advanced technologies are expected to roll out the process and know-how within Olympus.

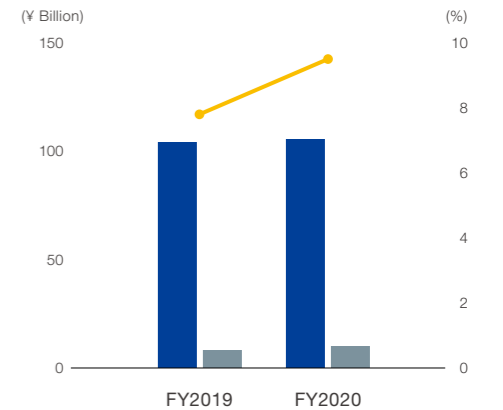
Market Shares and Portfolios

	Biological Microscopes	Industrial Microscopes	Industrial Videoscopes	Non-Destructive Testing Instruments	X-Ray Fluorescence (XRF) Analyzers
Field	Life science	Industrial			
Share	40-50%	30-40%	35-45%	30-40%	25-35%
Competitors	Nikon, Zeiss, Leica	Nikon, Zeiss, Leica	GE	GE	Thermo Fisher
Products					
Uses	Biological and medical research and pathology research Basic life science research and clinical pathology research aimed at a better understanding of illnesses and other topics	Contribution to improvements in efficiency and quality in industry as well as in safety and security in everyday lives			
Customer Segment	LS research / Clinical (Pathology research) / Regenerative / Medicine support & Drug discovery support	Semiconductor, electronic component, and automotive part inspections, etc.	Aircraft engine inspections, etc.	Plant and pipeline inspections, etc.	Resource and environmental surveys, RoHS directive compliance, etc.
	Manufacturing / Environment & natural resources / Infrastructure maintenance				

Progress

- Gross profit increase by strong sales of biological microscopes for hospitals and life science research, industrial videoscopes and non-destructive testing instruments, as well as the improvement of SG&A ratio contributed to the performance in profit (the highest past record).
- Received favorable reputation by introducing Olympus Scientific Cloud™ (OSC) to enhance Olympus connected industrial devices with data management, fleet management, and other features, as an example of our solution to improve customers' productivity and efficiency for industrial market.
- Towards the medium- and long term growth in the life science segment, working on new solutions for regenerative medicine market, through launching CM20 Incubation Monitoring System as a first step and participating in a consortium in the field of drug discovery and regenerative medicine research.

Results



Future Priority Measures

- We aim to create values that exceed customers' expectations, by solutions to improve customers' total workflow satisfying their true needs, in addition to conventional high quality hardware products.
- In order to achieve our vision of Scientific Solutions Division, we will provide the workflow- and platform solutions optimized for customer applications in the life science segment, and the systems- and workflow solutions that fit to individual customer needs in the industrial business segment.
- We will also strengthen our business management capabilities such as business operation platform for sustainable growth, as well as pursuing functional enhancement for further profitability improvement.