

Customer Transformation & Technology

The future of brand loyalty and competitive advantage is the customer experience

Customer Transformation & Technology

In the post-pandemic world, much has changed for our clients and how they interact and reach their customer base: the consumer. Brands must reach consumers across numerous touchpoints with a consistent and compelling story in a seamless way that encourages frictionless commerce: The Customer Experience.

As we look ahead to the next five and even ten years, we see three major macro trends that support our strategy and provide context for our business direction.

- Consumer lifestyle redefined post COVID-19 with brands redefining their connection to consumers with technology and digital transformation.
- Consumers' increasing need for data privacy driving corporates to build D2C (direct-to-consumers) relationships through the use of technology, data and analytics.
- Stronger demand from consumers for corporations to focus on social good.

The digitization of society and advances in data technology have enabled companies to capture deep consumer insights, in real time. This expansion of data, across the entire customer journey, from consideration

to purchase has allowed Dentsu Group to expand its capabilities: beyond ad and marketing communication.

The customer experience is now on every CEO's agenda—and this has been heightened post COVID-19. Our services and solutions now reach beyond our traditional client, the Chief Marketing Officer—they reach the entire C-Suite.

As a marketing partner, Dentsu Group's priority has always been to support the topline growth of our clients and our differentiated position as a hybrid- agency / consultancy allows us to deliver that growth whilst working deeper within our clients' organizations in data and technology. This creates the opportunity for our clients to become experience-led which drives higher brand awareness, higher customer retention, higher customer satisfaction rates and faster revenue growth.

We differ from the traditional consulting firms because we have deeper marketing skills with which to drive performance and value for our clients—we know consumers—our clients' customers.

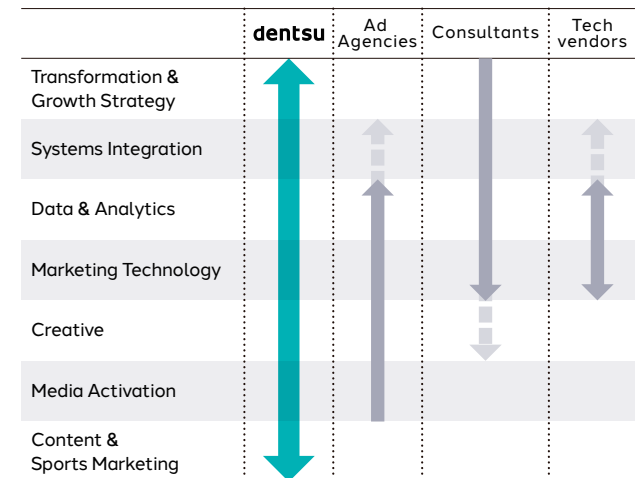
And we are differentiated versus our agency competitors because we have deeper technology and data implementation skills at much greater scale, putting us in a unique position.

Our ability to integrate our diverse capabilities is

what creates our true differentiation—and our ability to deliver these solutions seamlessly to our clients.

As digital adoption accelerates, this fits precisely with our competitive advantage as one of the very few integrated global innovators who can integrate Marketing Communication + Customer Transformation & Technology.

Dentsu Group's Customer Transformation & Technology business empowers the world's leading brands to transform their data, technology, and organizational capabilities to deliver differentiated



“We connect and create intelligent experiences that empower individuals, build brands and transform businesses.”

COMPANIES THAT ARE EXPERIENCE-LED HAVE...

1.6x Higher Brand Awareness	1.7x Customer Retention	1.6x Customer Satisfaction Rates	1.4x Faster Revenue Growth
---------------------------------------	-----------------------------------	--	--------------------------------------

Source: PR Newswire, Forbes.com, Adobe, Gartner

customer experiences. This requires orchestration of the full customer experience, starting with the product itself and continuing across the entire customer life cycle, from awareness to consideration to purchase to service and loyalty.

Customer Transformation & Technology is a structural growth area of our industry, forecast to continue to grow high single-digit to double-digit in the coming years as brands address how to make experiences more personal, make advertising more addressable and build loyal customers over time.

In FY2021, Customer Transformation & Technology reached 29.1% of Dentsu Group's revenue, with a stated target to increase this ratio of net revenue to 50% over time.

The growth in Customer Transformation & Technology will be driven by organic growth and

Customer Transformation & Technology

Customer Transformation & Technology is the reimagining and design of a company's foundation through its data management, digital experience, technology platforms and organizational infrastructure to one that empowers a customer centered strategy. It builds the sustained agility to follow and meet customer demand, context, and motivation with innovative personalized experiences.

through acquisitions with the 250 to 300-billion-yen investment fund announced in February 2022. Acquisitions will focus on high growth scaled opportunities. The acquisition of LiveArea in 2021 demonstrates the strategy in action. LiveArea is a commerce consulting business that designs and

implements commerce platforms and offer ongoing managed services. It is growing 30% organically, has global offshore delivery capabilities in India and Bulgaria and allows us to build our relationships with our key technology partners.

Corporates require a partner that not only fully

Our industry leading assets including Merkle, ISiD and Dentsu Digital have generated a CAGR of 20.8% over the past 3 years (constant currency basis)

MERKLE

- 25 years of experience in people-based marketing creating data-driven and technology-enabled solutions delivering customer experiences that drive business growth

iSiD

- IT Solutions, supporting clients' digital transformation with capabilities spanning technology & creative
- Strength in fintech, smart enterprises and logistics innovations

**DENTSU
DIGITAL**

- Developing integrated solutions combining consulting, development, implementation and operational and executional support with commerce, and advanced creative

understands the technology that powers modern customer experiences, but the ability to implement, integrate, and optimize those technologies to deliver experiences that are seamless and satisfying for customers.

Our scaled relationships with our technology partners bring us competitive advantage.

Growing revenue in Customer Transformation & Technology not only exposes Dentsu Group to fast growth areas of the industry, it also brings a number of additional benefits, transforming our client offer, our revenue profile and our cost structure.

• **Expanding our capabilities**

Delivering bigger solutions for our clients

• **Structural growth area**

Growing exposure to faster growth, less cyclical revenue streams

• **Complements existing services**

Platform for enhancing media & creative offerings

• **Recurring revenue**

Recurring revenue through ongoing managed services

• **Relationships beyond the CMO**

Growing our available revenue opportunity within existing clients

• **Lowering cost structure**

Higher proportion of staff in nearshore & offshore locations

We are preferred partners with the world's leading technologies*

3,000+

Salesforce certifications
#1 Global agency partner



1,100+

Adobe certifications
#1 partner with the most Global
Adobe Product Specializations



1,000+

Google Marketing Platform/Google
Analytics certified specialists



*data as of July 2022

Integrated Growth Solutions (IGS)

Our strategy of Integrated Growth Solutions remains the centerpoint of our vision. As we integrate our diverse capabilities across the Group, we will deliver topline growth for our clients, beyond marketing communication.

We have the ability to offer solutions across a wide range of capabilities: from transforming our clients' businesses through brand building, delivering experience-led transformation powered by creativity, driving technology transformation at major corporations and construct end-to-end experiences, driving customer loyalty and transactions.

Dentsu Group's capabilities have expanded from executional work to strategic projects offering greater value to our clients. This reflects our vision of where the future growth in the industry lies: data, technology integrated with creativity and innovation to deliver topline growth for our clients.

Further evolution of Dentsu Group's solutions

Over its more than 120 years of history, Dentsu Group's capabilities and solutions have continued to expand, adapting to and leading the changes seen across society.

As data has become our common language, the impact of integrating the services of our diverse specialized teams becomes even more meaningful, allowing us to create ever bigger solutions for our clients to support their topline growth.