

Sara ([00:00](#)):

Well, I am so excited to be coming to you all from reInvent. This is the first time we've actually done one of our Innovation Ambassadors podcasts with everyone in the room with us. So I'm delighted to be here with you today. And from Mitsubishi Electric, we have Nobuo Asahi-san, who is the general manager of Digital Transformation Innovation Center. Thank you so much for being here with us today, Asahi-san.

Nobuo Asahi ([00:30](#)):

Thank you very much.

Sara ([00:32](#)):

And also from Mitsubishi Electric, we have Shoji Tanaka, who is the Deputy General Manager of the Digital Transformation and Innovation Center. Tanaka-san, Thank you for being here today as well.

Shoji Tanaka ([00:46](#)):

Thank you very much for having us.

Sara ([00:48](#)):

And, from AWS, we have Richard Taylor, our head of innovation programs from our Asia-Pacific and Japan business. Richard, always great to connect with you.

Richard ([00:58](#)):

Thank you for having me back. My second time on the podcast, and this time in Vegas. Thank you for having me.

Sara ([01:02](#)):

Yes, absolutely. This time in person.

Nobuo Asahi ([01:04](#)):

Great.

Sara ([01:06](#)):

Asahi-san, most of our listeners will, of course, know the brand of Mitsubishi, but they might not be as familiar with all of the services that you provide in Mitsubishi Electric. Can you tell us a little bit about the business?

Nobuo Asahi ([01:20](#)):

Yes. Mitsubishi Electric is an old conglomerate company with over 100 years of history and we have nine different business groups. These nine business groups are categorized into four business areas such as infrastructure, industry, mobility life, and business platform. And in those four business areas we have such as public utility systems or industry systems and automotive systems, defense and space, and building systems and life appliance systems, and so on. So many, many independent business groups exist into one company that makes up Mitsubishi Electric.

Sara ([02:14](#)):

Amazing. Probably most people don't realize just how broad and expansive the business is. And you mentioned that 100-year celebration, of the 100-year heritage of your company. Can you tell us a little bit about how that history and heritage influences the way you approach innovation?

Nobuo Asahi ([02:33](#)):

Well, actually, in the past, those nine business groups have been operating independently. This means a silo. They are providing good product and the systems or solutions for their own customers. And in this sense, Mitsubishi Electric is a typical product-oriented company. For a long time, corporate executives have discussed how we can take advantage of this conglomerate business style, or whether we cannot. And about one and a half years ago, by realizing that the way of digital transformation and the need to change our product-oriented approach, we have decided to move directly forward to a customer-oriented approach and announced the strategy worked, a circular digital engineering enterprise. This means that we will carefully understand the customer's insights by analyzing the collected data from our products and propose then solutions to our customers, including software and service [inaudible 00:03:50]. The Digital Transformation Innovation Center was established this April and still this strategy throughout our company by changing the company's business framework to making it more customer-oriented from product-oriented.

Sara ([04:09](#)):

Right. And you were mentioning when we talked beforehand about the shift that, that takes in the culture from a manufacturing company, thinking about becoming more customer-centric and getting that feedback from customers. Can you share a little bit about that journey?

Nobuo Asahi ([04:29](#)):

This journey is, for a long time as manufacturers we have been doing either, as for the software development, building software development or large-scale monolithic software. But as I said, the wave of smartphones and the plug computing, that movement, that completely changed the way of development applying this architecture, I mean the microservice architecture or composable architecture. So we tried to change the developing style. And at that time, AWS helped us to use some various tools under the AWS side-to-side. So utilizing those AWS tools, we successfully developed the IoT devices platform and also a smartphone platform.

Sara ([05:38](#)):

Nice.

Nobuo Asahi ([05:39](#)):

And also incoming data, we need to analyze that so we developed also on AWS the data analytics tool. So using that tool, we gradually moved to change the product-oriented company to a customer-centric company. So that's the initial approach to the movement.

Sara ([06:03](#)):

Absolutely. And so, in addition to that technology transformation, oftentimes that human and cultural transformation comes right alongside, doesn't it? So how did you come to work with Richard and the team in Japan?

Nobuo Asahi ([06:19](#)):

Well, after preparing that kind of a platform, the issues were shifting to, what kind of solutions we should propose to customers and what kind of solutions can we come up with from that analytic approach? Unfortunately, we didn't have any methodologies inside of that company because we are always making product. [inaudible 00:06:50] people suggested to me, "Why don't you take a working backwards approach?" Which is usually used in even the Amazon company. I was so curious about that approach and I decided to form two separate two pizza teams, and work jointly with the AWS Japan staff, and we did some working backwards trial. Eventually, finally, the one idea actually realized to do the paid service. We named it [inaudible 00:07:36], which is a kind of software that monitors old parents living apart from their children. So using our products like air conditioners or refrigerators and water systems so mother and father can live safely and healthy.

Sara ([07:59](#)):

Wonderful. And Richard, that kind of transformation that Asahi-san is talking about is something we see a lot. Tell us a little bit about that approach and how you worked with the team.

Richard ([08:13](#)):

Yeah, absolutely. We were very fortunate to work with Asahi-san and, obviously, Mitsubishi Electric more broadly when it comes to innovation in their organization. As mentioned, a company with so much history and heritage and building fantastic products and still needing to build fantastic products, but shifting the mindset to be customer-centric, that's not an easy thing to do. I think it's 500,000 people that work throughout factories in the organization, so we took an approach from within our own business where we choose to focus on the customer for everything that we do, and worked with these small agile teams known as two pizza teams within Mitsubishi to take the data and identify what were some of the customer challenges that we could look to build on behalf of.

([09:03](#)):

And as mentioned, [inaudible 00:09:05] was a fantastic opportunity to delight customers with the same Mitsubishi quality, but focusing on their needs rather than building on capabilities that we know Mitsubishi have and finding the needs of the customers that they're serving. So Mitsubishi Electric, now moving from that product centric to customer-centric mindset, has been a shift that these two fine gentlemen are now trying to instill across the whole organization.

Sara ([09:31](#)):

Absolutely. And Tanaka-san, that approach to innovation, something that you're working on every day, isn't it, as Richard said?

Shoji Tanaka ([09:41](#)):

We, the Digital Transformation Innovation Center, in order to accelerate our internal digital transformation, we are working on two essential platforms for our innovation. The first is a data analysis platform, which enables us to discover true insight into the customer needs. The second one is the web API management platform, which facilitates agile development by matching up the web API for developing those applications. So by introducing those two platforms among the nine business units, they can share the needs of the common customer and it allows us to understand customer needs from a much broader perspective. So if some business groups try to collaborate to provide a solution for a wide range of customer needs, Mitsubishi Electric will be able to solve our customer's problem in a one-

stop way. That can improve much more customer satisfaction beyond what was possible before. This can create a synergy among the business groups and, as a result, we believe that we can change the reputation of the Mitsubishi Electric [inaudible 00:11:14] management into a positive one, which mostly likely has been negatively seen by the market.

Sara ([11:25](#)):

Absolutely. Oftentimes, we talk in this podcast about innovation and failure being inseparable twins, as Jeff Bezos calls them. And Richard, that's something that we see all the time, that when we are innovating with our customers or on behalf of our customers, and even indeed at Amazon, that experimentation often leads to failure or challenges that we didn't expect, doesn't it?

Richard ([11:53](#)):

Yeah, absolutely. As you said, if we're trying to genuinely innovate, then we don't know what the answer is. Many organizations that I work with say that they're innovating, but really they can be running a project where they know what they're trying to deliver, they know the outcome. But true innovation is quite terrifying because you don't know where you're going and you are looking to prove or disprove that hypothesis. And one of the biggest hurdles with very successful companies who are very established is to find a way to make failure okay rather than saying, "We need to know the answer before we begin." And getting leadership, which a fantastic job has been done in Mitsubishi Electric to say, "We need to go on this journey." There'll be some things that remain waterfall because they have to for security and for maybe the way the business operates it needs to remain that way, but there are always parts of the business where we can look to push boundaries, innovate, and embrace the fact that we might get this wrong, but when we get it right, it could be extremely valuable.

Sara ([12:56](#)):

And we can learn from that. Tanaka-san, maybe you can share some of the challenges that you faced not only in the specific innovation that you're doing, but in this transformational journey that you and Asahi-san are on.

Shoji Tanaka ([13:08](#)):

Yeah. Richard, thank you very much for mentioning that. We totally agree on your opinion. We have many difficulties implementing our activity in the company. There are two aspects. One is talent development and the working processes in an internal company. As Asahi-san mentioned, most of our employees have been working on the development of the hardware product and the pretty much monolithic system with traditional waterfall methodologies. So we believe that the cycle of the rapid prototyping and customer trial can quickly discover the true value and increase the success rate, especially for this cloud computing and smartphone applications, stuff like that. So therefore it is necessarily for them to understand the agile process and agile methodologies. And also we have a gigantic process for the quality assurance. It doesn't fit to the agile development, so that should be adapted to the agile development as well.

([14:27](#)):

And the second aspect is culture. So the culture perspective, we need to foster more flexible mindset and the culture which embraces the challenge without fear of failures, like a door concept [inaudible 00:14:51]. However, we believe that the biggest obstacle is the existing rules. Over the course of our 100 history as a manufacturing company, we have accumulated many, many rules, and I think most of them

are outdated and, obviously, it doesn't fit to accommodate the new technology, new development style, and the tools, stuff like that. So these rules have become pretty much a bottleneck to proceed the transformation. And also, many people have been bound by these existing rules and then they become resistant to change their habits. So that kind of a cultural transformation needs to take some time, but we think that hurdle must be overcome.

Sara ([15:57](#)):

Absolutely. Yeah. That kind of transformation and that people transformation just resonates so much with so much of what we hear from customers all around the world, doesn't it, Richard?

Richard ([16:09](#)):

Yeah. And I think I take my hat off to the approach that these two gentlemen are taking because they know that it's not overnight.

Sara ([16:16](#)):

That's right.

Richard ([16:17](#)):

This is, I think in Mr. Asahi-san's words, this is a three-year journey to take people on that journey and it won't happen overnight. And in big companies who are extremely successful in what they do, and there is a change required in some parts of the business for operating, it doesn't just wake up one day and happen. It's not the flick of a switch. It needs to be worked out like a muscle on a regular basis and with the new structure that they have across Mitsubishi Electric for all nine organizations driving this digital transformation approach I think we'll see some pretty impressive things.

Sara ([16:54](#)):

Absolutely. And, Asahi-san, I really appreciate also that very empathetic approach for all of your employees to bring them on the journey with you, right?

Nobuo Asahi ([17:06](#)):

Yes. I'm always thinking that it's not easy. As Richard said, it's a long trip and at least three years we have to be patient. I always keep that in mind and also encourage my team to be thinking from architecture. Most people tend to start with handling facing issues, facing problems, not drawing whole picture first.

Sara ([17:40](#)):

Absolutely. Absolutely. Well, Asahi-san, Tanaka-san, Richard, thank you so much for being with us today to share your vision for Mitsubishi Electric and your insights about innovation and transformation. And I'll start with you, Richard. Is there anything that you would share or reflections that you have for our listeners?

Richard ([18:04](#)):

I think the biggest takeaway or conversation I have with most customers is that, many businesses who have, like I say, wild success but quite a lot of complexity in their organization, there are many opportunities to say no to something.

Sara ([18:22](#)):

Sure.

Richard ([18:22](#)):

And I think my biggest tip to most companies is, try and increase the number of paths to yes. The more you can get opportunities to be able to say yes, the more there is chance to innovate.

Sara ([18:32](#)):

I love that. Tanaka-San, how about you? What would you share with our listeners who might be undertaking their own transformation journeys?

Shoji Tanaka ([18:42](#)):

Well, our organizations have just started since April. But anyway, we organized with very talented people and it's a completely different mindset they have from conventional, traditional Mitsubishi employees. So let me introduce our principles to develop digital transformation innovation centers. We said the 12 principles. Some of them I going to introduce, go wild, not mild.

Sara ([19:22](#)):

I love that.

Shoji Tanaka ([19:23](#)):

This is a very, very quite impressive phrase. And also, single product launch as a start, not the goal. This is a pretty much mind-blowing thing. Anyway, producing the product whenever the product is shipped, that's it. But what we are doing is, after shipping the product, we're continuously providing the value to the customer. Those behaviors need to be required for us and this kind of new movement trying to be assimilated in Mitsubishi Electric

Sara ([20:17](#)):

Absolutely, fostering that mental model and that approach, so important, isn't it? Asahi-san, final words for you.

Nobuo Asahi ([20:25](#)):

Okay. Yeah. As Tanaka-san said, we define the 12 principles. That's also learned from Amazon in the West. I'm so happy that this kind of defining the principle movement is not my order to my team, but the spontaneously younger generation proposed me, "Oh, why don't you make that kind of principle?" So this is a young generation of people spontaneously do that. It's great. I'd like to expand this kind of atmosphere or mindset to all of the Mitsubishi Electric 150,000 people. So this is my dream.

Sara ([21:17](#)):

Wonderful. Well, that is an absolutely laudable dream, and I love the growth mindset that it has in really empowering every one of your employees to be an inventor and to be customer-centric. Well, thank you, Asahi-san, Tanaka-san, and Richard for being with us.

Nobuo Asahi ([21:36](#)):

Thank you very much.

Shoji Tanaka ([21:36](#)):

Thank you very much.

Richard ([21:36](#)):

Thank you very much.