Developing the PaaS-based Air-Conditioning (A/C) business

June 12nd, 2019
DAIKIN INDUSTRIES., Ltd.
Composition of Net Sales by Business  [Daikin]

Sales 2,290.6B JPY  (as of March 2018)

**Air Conditioning**
- Residential
- Commercial

**Chemicals**
- Semiconductor manufacturing parts
- Automotive Parts
- Hydrophobic coating

**Other Businesses**
- Oil Hydraulic Equipment
- Oxygen Concentrators
This business doesn’t sell air conditioning products but provide air conditioned environment to customers on a subscription basis. We named this business as **AaaS, Air as a Service business.**

If you have no fund on hand, you can get a combined service of finance, full-maintenance, and energy management.

※PaaS (＝Product as a Service)

<table>
<thead>
<tr>
<th>Name</th>
<th>Air As A Service., Ltd. (AaaS)</th>
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</thead>
<tbody>
<tr>
<td>Address</td>
<td>1-1-3, Marunouchi, Chiyoda-ku, Tokyo</td>
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<tr>
<td>Established</td>
<td>July 21st, 2016</td>
</tr>
<tr>
<td>Representative</td>
<td>President Yuhi Abe</td>
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<tr>
<td>Investment</td>
<td>Mitsui &amp; CO.51%, Daikin Air Techno 49%</td>
</tr>
<tr>
<td>URL</td>
<td><a href="https://airasaservice.com/">https://airasaservice.com/</a></td>
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What does AaaS provide?

### Three Features about New Service

#### 01 AaaS Packaged Service Makes It Easy!
- Customers don’t have to buy products but use air-conditioned atmosphere.
- No Asset management, legal inspection, maintenance.
- A/C operation is guaranteed by monitoring using IoT.

#### 02 AaaS is full of various deals.
- Daikin’s professional engineers support from installation to aftercare.
- We suggest new PPS or new air/environment solution.

#### 03 Off-balance reducing financial burden!
- We suggest off-balance service energy saving and comfortable A/C environment.
- We also suggest special discount the more you use it based on variable payment.
Packaged Service Makes It Easy!

✓ You don’t have to own equipment.
✓ You don’t need Asset management, legal inspection, or maintenance.

✓ We ensure A/C operation monitoring using IoT.
✓ AaaS eliminates burden on Customers.
✓ You can use A/C easily and safely.

Eliminating a labor shortage, comfortable cooling and heating, solving financial unease.

- Energy Saving
- Fixed Asset Management
- Repair Cost
- Legal Inspection
- Renovation Work
- Safe Operation
- Maintenance

13~15 years ago
Old system

Makes it easy with AaaS!
2 Benefits

① Maintenance

Redistribution internal resources by plunged outsourcing

① No need to legal inspection
- No need management responsibility

② No need to A/C inspection, maintenance, and filter cleaning
- You can only use the air.

③ Time-saving decision of a letter of maintenance approval.
- Maintenance free
2 Benefits ② AC environment
Achieving both energy saving and comfortable environment

By using “IoT” Technologies (remote monitoring, failure prediction, energy forecasting, and optimum capacity selecting)...

1. Ensures safety through remote A/C monitoring
   - Preventive maintenance, Quick response

2. Recognizes set temperature and suction temperature in each A/C
   - Energy Management

3. Provides customers with a comfortable environment anytime
   - Solving labor shortage
Benefits

② AC environment

We can check how saving energy

A Entire building

B Each room

Merit

for A/C environment
**Market**: Tenant building (5,302m²)

**Service**: A/C update (179HP)、LED lighting (607 number)  
PPS (Mitsui & CO., Ltd.)

**Contract years**: Monthly service began Oct. 2018 (13 years)

**Results**: After 8 months, 26% energy saving,  
Reduction Amount was 1.3 million yen
Benefits ③ PPS

Power supply (B to B)

- Power
- Renewable energy
- Thermal power
- Japan Electric Power Exchange

Customer: Factory, Office Building, Shopping complex, Hotel, Hospital, Amusement park, etc.

Air as a Service
Mitsui & CO., Ltd.

Some types of contracts: direct, intermediary, commission, or agency

Proposal to create, buy/sell, and use environment values
Proposal to supply renewable energy (Not Feed-In Tariff)

Plan to provide power supply traceability, and to publish power source certificates (2019)

etc.
3. From “own” to “use”

Not buying, but using service...

1. Realizing Free Cash Flow through no installment acquisition
   - Fundraising

2. Off-balance as lease contract
   - No need asset accounting

3. Paying fixed monthly
   - Systematic control

Merit for business environment

- Initial investment
- Maintenance fee
- Service fee
Case study

AaaS installed facility: Uegahara Hospital

Current status

Hospital
124 rooms, RC construction,
From B1 to 3F
5,936 m²
1997 established

Contracted years: 13 years
The service began on July 1st

Construction outline:
Multi AC for building
29 systems
(Cooling and heating 21 systems, Outside air treatment 8 systems)

We introduced Daikin's AaaS to create an environment where doctors in the hospital concentrate on medical care. Once we start AaaS, we realized that many risks have been reduced and payment was saved.
The Daikin Group aims to globally expand the subscription business such as PaaS business, beginning with Latin America – Mexico and Caribbean countries – in collaboration with NPO BASE.