



About Us

We are now in the 24th year since our founding in 2000 and have published this, our first integrated report. In this section, we describe our mission and principles, and give an overview of our company.





MonotaRO's Mission

To Innovate Business Procurement Networks

Indirect materials are diverse, the distribution system is complex, and it takes a lot of time and effort to procure them. Quotations and negotiations are necessary, and it is quite difficult to procure materials in a timely manner at a fair price. It takes time to find the right ones. These are the existing but unmet needs that we have been working to solve since our founding.

Our business is founded on the fact that customers' businesses are wide-ranging and the indirect materials that they use are also, by necessity, diverse. This is the reason why only a limited number of distributors are able to handle the wide variety of indirect materials that meet customers' needs. From product procurement to delivery and contact points with customers, we use our internet-based technological and operational capabilities to transform the distribution system for indirect materials so as to solve the problems that customers are facing, and earn their trust.

One of the major indicators of economic growth in society is GDP, which is determined by multiplying the working-age population by per capita productivity. The more a country develops, the more important productivity becomes for its economic growth. By eliminating the hassle customers face in procuring materials, we free up resources for our customers to work on their core business and to improve their productivity. By innovating the business procurement networks, we enable customers to innovate themselves. With these chains of innovation and value, we aim to contribute to further development throughout industry and society.

Thinking Behind Our Mission

When my colleagues and I founded MonotaRO in 2000 and entered the indirect material market, we realized that we could provide users with new value by changing its complex distribution channels through database marketing using the internet.

However, even this social mission will come to an end if we do not continually consider its importance and evolve and develop it.

We believe that a better company leads to a better society, so we wanted to make the company better to fulfill social missions.

Our first step must be to cultivate a company culture in which we respect others as we do our jobs. By ensuring this mutual respect takes root not just within our company, but is also extended to those outside it, I believe that we can build bonds of trust with society and continue to grow.



Kinya Seto
Founder and Honorary Advisor



Principles



Respect Others

Treat people with respect

By treating people inside and outside the company with respect, we believe that we can bring together different people with diverse backgrounds, thoughts, and interests and harness these positively. Respect for others translates to respect for ourselves, and builds a foundation to take on board diversity and to create trust and dynamism in workplaces. As such, our highest priority is to treat all of those around us with respect.

Accept mistakes of one's own and others'

We cannot move forward without failure. Therefore, fearing failure, glossing over our mistakes, or criticizing others for theirs, does nothing but waste time. We accept mistakes, learn from them, and work together on the next challenge.



Listening

Listen to voices around

We have made innovating business procurement networks our mission, and we are putting this into practice. However, the needs of society are constantly changing, and so the services we offer must also change. We take a wide range of perspectives and listen to feedback to help us evolve our services.

Capture changes of environment, technology and customers

Even as what once seemed difficult to achieve becomes commonplace through the emergence of new technologies, customers' expectations grow higher. We therefore believe that being able to accurately understand changes in the business environment, technologies, and customers will lead us to growth.



Ownership

Challenge the status quo and seek improvement

We cannot expect to make progress by continuing to do things the way we always have, and this mindset will not result in growth for the company. For society to continue to need us, we cannot be slaves to the ways things are; we must instead consider ways we can improve and implement these.

Share own ideas and autonomously act to realize the ideas

By sharing your ideas, you may feel you are helping, but that alone does not change actually anything. We have to share ideas, involve those around us, and then put them into practice. If some element does not work, fix it and try again. If everyone can enact this cycle, we can evolve.



Time as Resource

Appreciate time of customers, other stakeholders and oneself

We will continue to work to minimize the time and effort customers use on purchases so they can concentrate on their main business. We must also recognize that we, our colleagues, and business partners have limited time, and act to ensure it is not wasted to achieve maximum results.

Start with speed by assessing risks with an appropriate sense of urgency

Many challenges result in failure, but it is possible to redo things. If you are worrying about mistakes and spending all your time planning, without ever reaching the action stage, you have got your priorities backwards. We should not spend more time than we need planning, but instead identify risks and leap into action quickly to produce results.



Goal and Processes

Perform with understanding of the goal and overall business processes

If we understand where our individual tasks fit into the overall business process, we can link our own goals into those of the entire company, and this will lead to success. In addition, we should rid ourselves of unnecessary tasks and concentrate on getting better at the tasks that deserve our focus.

Derive significant results through conducting small hypothesis tests

We act upon the facts as we find them. The first step to come up with measures designed with customers' needs in mind is, fundamentally, to run small trials and see how they do. Only then can they be introduced on a larger scale. Even this type of small-scale trial and error—making hypotheses and then testing them—should be worked on with the aim of achieving big results.



MonotaRO Spirit

Find creative solutions without compromising budget and resources

We cannot allow costs or availability of resources to stop us evolving. There will always be limits on these, the costs and resources we can afford, just to varying degrees. We simply have to overcome those constraints and solve the problems that face us.

Comply with laws, norms and ethics, and carry out our social responsibility

We are part of society and understand that in order for society to grow sustainably, appropriate laws, norms, and foundations, such as a healthy global environment and respect for human rights, are required. We ensure we have a deep understanding of laws and social norms, seek to act ethically, and work toward a more sustainable world.



VALUE PROPOSITION

By making indirect material procurement much easier and more convenient, we create useful, usable time

= Increasing the value of time

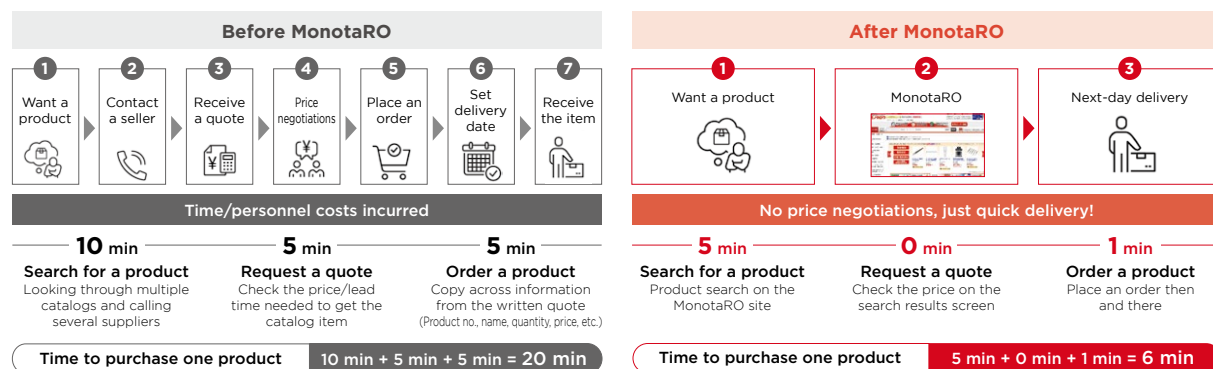
The MonotaRO Business Model

In line with our mission to innovate business procurement networks, we are working to reform indirect material procurement. In the past, customers would have to physically visit shops or wait for sales representatives from tools shops or hardware suppliers to visit in person. We have changed things so that customers can now order items over the internet from anywhere and at any time, ordering multiple items simultaneously at a time convenient to them. We have also helped customers quickly find what they want from our extensive product offering, and by making purchasing controls simpler, we are helping to make indirect material procurement more efficient.

Conventional suppliers	The value we provide
Unclear pricing, different for every customer	One-Price Policy <ul style="list-style-type: none"> The same price applies to everyone Customers waste less time and effort on small orders
Labor-intensive and small, localized markets	Low-Cost Operations Founded in IT <ul style="list-style-type: none"> With online sales, we can efficiently cover demand for each customer and product Our efficient operations take advantage of our scale
Sales rely on how knowledgeable the sales representative is	Database Marketing <ul style="list-style-type: none"> We have replaced sales representatives with advanced database marketing powered by extensive data
Limited product availabilities	Extensive Product Range/One-Stop Shopping with Same-Day Shipping for a Growing Number of Items <ul style="list-style-type: none"> We are expanding the product categories of items we sell and run our own distribution centers
Sell mainly expensive national brand products	Desired Private Brand Products <ul style="list-style-type: none"> We use our scale to procure these from inside and outside Japan at a reasonable price

Procurement Processes Can Raise the Value of Time

Using MonotaRO, customers can save effort and time used to procure the things they need to do their jobs. Through our services, they can use the convenience afforded by an ever-evolving search system, an easy-to-understand interface, and other site contents such as services and trivia. Also, by aggregating suppliers, procurement management is made much easier. Despite all this, we still strive to go even further to enhance our customers' overall satisfaction.



Note: Average times according to our research



What MonotaRO Can Do to Raise the Value of Time for Its Customers

1 From product search to order: the products you need available and easy to find

Our extensive product range covers more than 22 million products, but customers can quickly find what they need through an advanced search system and product recommendations based on behavioral data on industry and purchasing trends.



Example 1: Optimizing search display orders to the user's industry

Medical user → 

Manufacturing user → 

Example 2: Search terms include nicknames of products or commonly used alternative terms in industries indicating particular products

"Namidame" or tear drop eyes indicating door bumpers 

"Neko" or cat indicating wheelbarrow 

2 From product ordering to delivery: quick deliveries with a clear delivery date

In the product description, the estimated number of days until shipping is displayed, so there is no need to check whether a delivery date suits the customer before shipping. We send the customers notifications when we receive their orders and when products are shipped. Our efficient distribution operations can offer shorter shipping times, including around 666,000 products with same-day shipping and 569,000 ones with next-day shipping.

当日出荷
(same-day shipping)

翌日出荷
(next-day shipping)

3日以内 出荷
(shipping within 3 days)



Example of a notification on receipt of order



Introduction of package drop service

3 From product delivery to payment: easy to pull together and manage

By downloading their purchase histories and delivery notes, customers can manage products, order dates, unit prices, quantities, and other information.

4 From purchase improvement concepts to completion: resolving purchasing issues

Our system connection teams support customers, particularly larger corporations, to resolve purchasing issues such as by making purchasing activities more visible and strengthening their corporate governance.

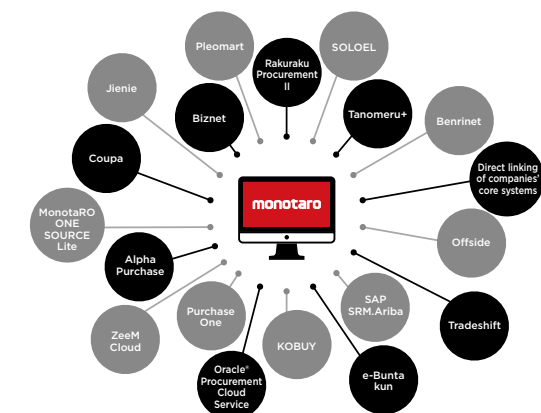
• MonotaRO's original procurement management system

Our system is as easy to use as our online sales site, and lets customers utilize indirect material aggregated purchase services without introduction or operation costs.

No initial costs! Can be introduced quickly!	No database construction and operation costs!
Put together approval processes!	Close support via a dedicated customer support team

• Procurement management system linking (Punchout*)

To allow smooth linking with a variety of procurement management systems, we have enabled customers to link other procurement management systems that companies are already using.



*A function that allows customers to buy products from external catalog sites linked to their purchasing management system.



BUSINESS OVERVIEW

We have crafted a sales website where customers can quickly find what they need from our extensive product range, and the sales website is equipped with state-of-the-art database marketing functions that can accurately recommend products to individual customers. At the distribution centers we run, too, we have made advances in data-driven, speedy delivery services. This kind of convenience has been highly praised, and a large number and types of worksites of every scale use our services, including manufacturing-related factories and warehouses, and sites connected to construction, the automotive industries, agriculture, restaurants, education, or research organizations. Our business is not limited to Japan. We have now expanded our indirect material sales business into South Korea, Indonesia, and India, catering to the business environment in each.

Business in Japan

We run an online sales business selling indirect materials to businesses. For small and medium sized enterprises (SMEs), we offer an online sales website (monotaro.com), and for enterprises we have developed a business in system connections.

Indirect material products, unlike direct materials such as those materials and parts that go into a finished product, usually have lower individual prices and are part of smaller purchases but are characterized by the vast array of different types available. Therefore, for the buyer, the time and effort involved in buying each separately is an issue. Moreover, as we also offer private brand products with good cost performance, we help to reduce the costs associated with indirect material procurement.

We have sited our distribution centers in Ibaraki and Hyogo prefectures, and they cover the east and west of Japan respectively. By holding stock at each, we are able to achieve quick, efficient distribution operations.

We also promote environmental initiatives such as switching the electricity we use in the distribution centers we run to that from renewable or carbon-offset energy sources. Going forward, too, we wish to remain a company that is needed by society and to that end we aim to contribute to the development of industry and society.

A wide range of products that cater to complex needs

Approx. 22 million products handled

By utilizing the strength of the internet, we offer a wide variety of products, including those purchased infrequently (long-tail products), to meet diverse needs.



Providing a broad range of products more efficiently

More than 2,000 suppliers

We deal with suppliers in various countries. Through increasingly sophisticated supply chains, we can procure products for our customers more quickly, more accurately, and more efficiently.



Distribution facilities that enable swift shipping

Approx. 559,000 products held in stock

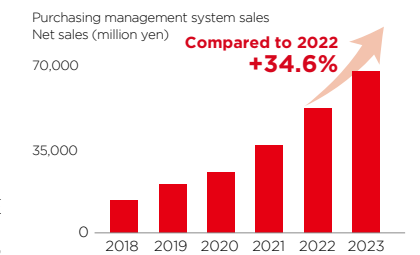
To put in place a faster shipping framework, we carry out warehousing and shipping operations at distribution centers that we operate ourselves. Our highly efficient, flexible operations can minimize the time it takes for customers to get their products, and we are always striving to improve convenience.



Purchasing management systems for enterprises

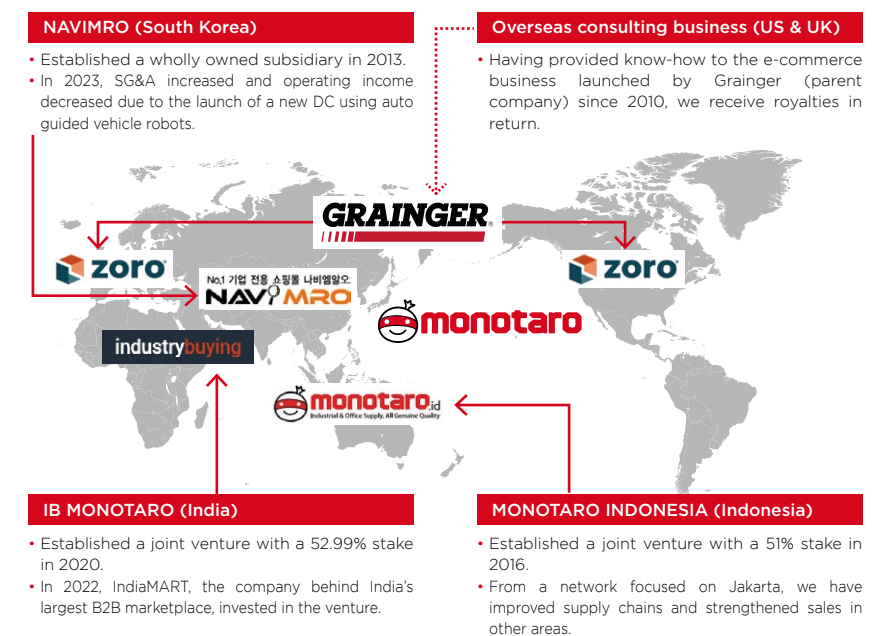
Approx. 3,500 companies have introduced our systems

Through the purchasing management systems that we provide, ONE SOURCE and ONE SOURCE Lite, or by linking systems developed by other companies, we help our enterprise customers visualize and hence better understand procurement and achieve greater efficiency. We have also enhanced our IT and customer center support and are driving increases in sales.



Business Outside Japan

We at MonotaRO may have got our start in Japan, but we are now expanding our business overseas. The potential offered by business outside Japan in growing markets is significant, and we are combining the e-commerce expertise we have gained in Japan to business practices elsewhere. As the MRO procurement market circumstances vary by country, we have adjusted our business for each with local stock and payment systems.



Note: Overseas consulting business revenue is recorded on a non-consolidated basis, while revenue from overseas subsidiary business is recorded as part of consolidated figures.