



Intellectual Capital for Communities  
In the Knowledge Economy

# WICI Activities: an update

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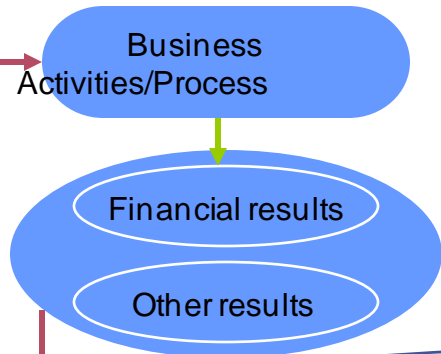
# What is WICI network?

- WICI Global network is the global network to contribute for the 21<sup>st</sup> knowledge based business management era. WICI established November 2007 as the WICI Network.(WICI: World Intellectual Capital/Assets Initiative -the world business reporting network)
- Current Promoting parties of WICI
  - EBRC (Enhanced Business Reporting Consortium ) \* (United States)
  - EFFAS (European Federation of Financial Analysts Societies) (Europe )
  - The University of Ferrara (Italy)
  - METI ( Japan )
  - Waseda University ( Japan )
- WICI Japan started October 2008, and WICI Europe established May 2009.
- The MoU amended November 2009 in order to clarify governance policy.
- Mr. Takayuki SUMITA has been appointed as the first chair of WICI Global.
- WICI Japan and WICI Europe were authorized as the jurisdictions November 2010.
- OECD and SKE (Society of Knowledge Economy, Australia) are the founding members.

\* EBRC founding members AICPA, PricewaterhouseCoopers, Microsoft

# Business management overview on the knowledge based economy

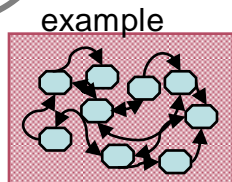
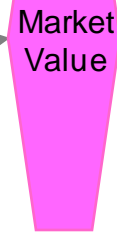
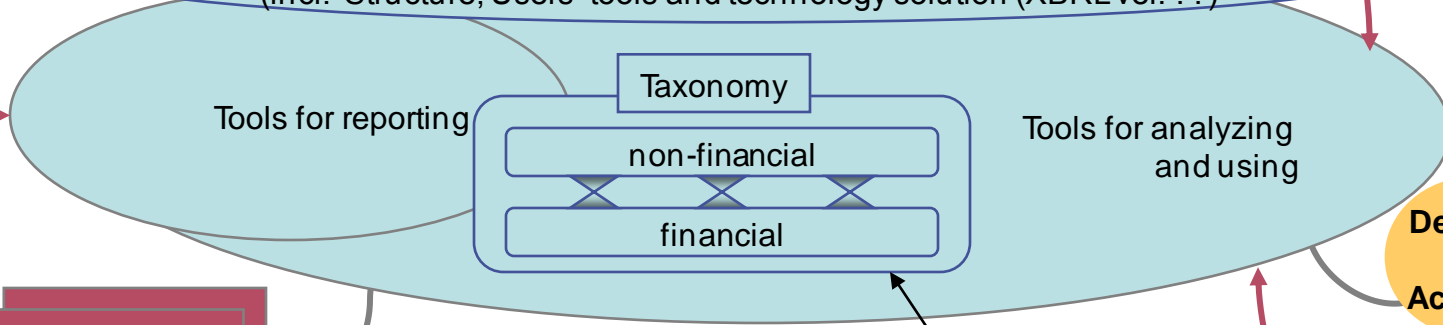
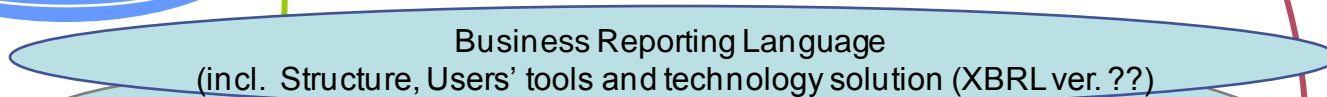
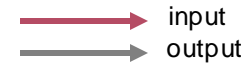
## Internal (enterprises)



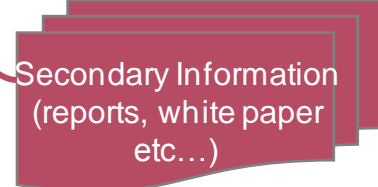
## 21st styled Business reports (ex. IAbM report, EBR)

- (contents)
- Value creation story (past-current-future)
  - Business Model based on own business cycle
  - Non-financial information (inc. KPI)
  - Financial information (inc. KPI)
  - Forward looking information

## External (stakeholders)



Authorized and shared elements between internal and external entities to improve information quality, capability and utilization



# WICI Business Reporting Framework ver.1

## 0. Corporate Profile & Business Attributes

- 0-1. industry overview
- 0-2. duration and results per business unit
- 0-3. business cycle per business unit
- 0-4. competitive analysis

past



current



future

<p><b>a. Business Landscape</b> a-1. business landscape summary</p>	<p><b>d. Performance</b> d-1. performance summary (results of operation) d-2. GAAP based d-3. GAAP derived d-4. Industry based d-5. Company specific d-6 Capital market-based</p>	<p><b>A. Business Landscape</b> A-1. business landscape summary A-2. economics A-3. industry analysis A-4. technology trends A-5. political A-6. legal A-7. environmental A-8. social</p>
<p><b>b. Strategies</b> b-1. corporate strategy summary b-2. vision and mission b-3. strength b-4. weakness b-7. goals and objectives b-8. corporate strategy b-9. business unit strategies b-10. business portfolio</p>		<p><b>B. Strategies</b> B-1. corporate strategy summary B-2. vision and mission B-5. opportunities B-6. threats B-7. goals and objectives B-8. corporate strategy B-9. business unit strategies B-10. business portfolio</p>
<p><b>c. Resources and Processes</b> c-1. resources and processes summary c-2. resource forms c-3. key processes c-4. value drivers</p>		<p><b>c. Resources and Processes</b> c-1. resources and processes summary (C-99.) Resources and processes summary especially with changes in resource forms, key performance and main process from that described in c-2 and c-3</p> <p><b>D. Performances</b> D-1. financial prospects (summary)</p>

# Main works and current progress

- Integrated business reporting framework and sample reports
  - WICI Japan is discussing to modify the current framework to meet social interests in business communication.
  - WICI Japan is in process to prepare some sample reports led by Prof. Hanado.
- KPIs
  - The WICI KPI concept paper was published June 2010.
  - 1<sup>st</sup> draft of Industry specific KPIs library for Automotive, Pharmaceutical and Electric parts/components published June 2010.
  - WICI Europe is working for KPIs of tel communication and fashion industry.
  - EBRC/Gartner and KPMG Australia is working for KPIs on the mining industry with some countries, which are South Africa and Brazil.
- XBRL taxonomy
  - WICI Japan is trying to create the WICI typed sample integrated report on XBRL format.
- Advocacy
  - WICI concept paper was released January 2011.
  - Co-work with IIRC via assignment of a person as a member of the IIRC staff team,
  - Submitted comments to EC (Transparency directive and Internal market)
  - WICI Symposium was held on December 2 in Tokyo.

# Current Companies' interests

disclosure is one of ways to improve management quality and social resources allocation

- Risk management (X Crisis management)
  - ERM (Enterprise-wide Risk Management) should be implemented.
- Too much provided information (high risk, low return)
  - Among IFRS implemented countries, companies have prepared over 400 pages annual report. IFRS practice requires much more description in disclosures.
  - Who are targets? What is purpose? Is it contributable to increase accountability? Is it reasonable?
- Long term engagement with stakeholders
  - Who are our good stakeholders?
  - What are our “charming points” for long-term investors?
  - How we may decrease capital cost?

What are key subjects of informative disclosure  
for both of internal and external?

# I think...

- Videos/motion picture > snapshot
- Results > Fiction
- “Tagging” > non-organized
- Own interests > outside pressures

Communication on Strategic, holistic and long-term perspectives for sharing the corporate value creation story with stakeholders.

# IA week 2011 (plan)

Please mark on your calendar.

November 29 (tue.): IC workshop led by Waseda university.

November 30 (wed.): joint conference with XBRL Japan

December 1 (thu.): WICI Symposium 2011 organized by  
Nikkei

...and, other interested events are planning.