© NOV 2025 | IRE Journals | Volume 9 Issue 5 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV9I5-1711666

Real-Time Financial Assurance: NEC Group's 2025 Statement through the Lens of the Self-Audit Accounting System (SAAS)

DR. TRI JUNARSO, PH.D., CISA
The Father of Modern Accounting, Pioneer of the Self-Audit Accounting System (SAAS)

Abstract- ***The Self-Audit Accounting System (SAAS), driven by its core components—the Financial Matrix and the Braille Index—represents a profound paradigm shift in corporate financial integrity, moving accounting from a retrospective exercise to a real-time assurance function. This article examines the NEC Group's Financial Statement for the fiscal year ended March 31, 2025, not just for its performance metrics, but as a test case for how SAAS principles could elevate governance, accountability, and stakeholder trust. By applying the deterministic logic of the Financial Matrix for transactional validation and the AI-powered anomaly detection of the Braille Index, we benchmark NEC's reported figures. The analysis reveals NEC's strong profitability and cash flow generation, suggesting a positive financial outlook for the coming 3-4 years, which would be amplified exponentially by the adoption of SAAS, solidifying Trust as the New Currency in a digitized economy.***

Keywords: Self-Audit Accounting System (SAAS), Financial Matrix, Braille Index, NEC Group, Corporate Governance, Anomaly Detection, Real-Time Assurance, Behavioral Transformation, Trust as New Currency, Fourth Industrial Accounting Revolution (4IAR).

I. ACCOUNTING SPIRIT OF KNOWLEDGE

The modern accounting paradigm is defined by four interconnected pillars: SAAS, Governance, Behavioral Transformation, and Trust as the New Currency. This holistic framework moves beyond mere compliance to embed a culture of continuous financial integrity.

- SAAS (Self-Audit Accounting System): The technological engine providing real-time, inherent financial verification.
- Governance: The established structures and processes for oversight and control, ensuring ethical and efficient operation.
- Behavioral Transformation: The cultural shift toward Integrity, Transparency, Accountability, and continuous learning among all personnel, recognizing that technology is only as good as the human processes it supports.
- Trust as the New Currency: The ultimate outcome—enhanced stakeholder confidence leading to increased valuation, favorable capital access, and resilient business operations.

The Accounting Spirit of Knowledge: A Holistic Framework for Financial Integrity

The Accounting Spirit of Knowledge is a philosophical and operational framework that defines the goals and methods of modern, digitized accounting. It posits that in the era of real-time data and AI, the core objective is not merely historical reporting and periodic auditing (compliance), but the continuous, inherent generation of financial integrity and stakeholder trust. This spirit is embodied by its four interconnected pillars:

1. Self-Audit Accounting System (SAAS): The Technological Engine

SAAS provides the mechanism for the new Spirit of Knowledge. It is the necessary evolution of the accounting system itself, moving from a passive record-keeper to an active, self-verifying assurance platform.

- Function: It is the technological engine providing real-time, inherent financial verification.
- Key Components: The Financial Matrix (ensuring mathematical truth/debit-credit balance) and the Braille Index (using AI for proactive anomaly and fraud detection).
- Significance: It embeds the audit function directly into the transaction process, ensuring data integrity *before* reports are finalized, thereby maximizing efficiency and minimizing post-facto corrections.

2. Governance: The Structural Foundation

© NOV 2025 | IRE Journals | Volume 9 Issue 5 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV9I5-1711666

Governance is the framework that dictates how financial integrity is managed and overseen within the organization. While SAAS provides the tools, robust governance provides the rules and accountability.

- Function: Established structures and processes for oversight and control, ensuring ethical and efficient operation.
- Key Elements: Clear policies on financial reporting, defined roles and responsibilities (accountability), and strong internal controls over financial and digital systems.
- Significance: It translates the capacity of SAAS into reliable, actionable oversight, ensuring that technology serves the organization's ethical and strategic goals.

3. Behavioral Transformation: The Cultural Mandate
Behavioral Transformation is the human element and the most critical cultural shift. It recognizes that even the most perfect technological system (SAAS) requires human dedication to be effective.

- Function: The cultural shift toward Integrity, Transparency, Accountability, and continuous learning among all personnel.
- Pillars of Behavior:
  - Integrity: Honesty in data input and process execution.
  - Transparency: Willingness to expose data for scrutiny (enabled by SAAS).
  - Accountability: Accepting ownership for financial outcomes and control failures.
  - Continuous Learning: Using SAAS's feedback (Braille Index) to refine business processes and internal controls.
- Significance: This shift aligns human action with system integrity, ensuring high ethical standards and fostering a preventative, rather than reactive, approach to risk.

4. Trust as the New Currency: The Ultimate Outcome
Trust is the value proposition of the Accounting Spirit of Knowledge. It is the quantifiable return on investment from integrating the other three pillars.

- Function: The ultimate outcome—enhanced stakeholder confidence leading to increased valuation, favorable capital access, and resilient business operations.
- Mechanism: When SAAS verifies integrity (technological assurance), Governance enforces policy (structural assurance), and Human Behavior aligns ethically (cultural assurance), the result is verifiable, continuous Trust.
- Significance: In a global market, this trust is a non-monetary asset that significantly influences financial performance. It lowers the cost of capital, attracts long-term investors, and provides a distinct competitive advantage over businesses relying solely on retrospective, point-in-time audits.

Conceptual Diagram: The Four Pillars of Financial Integrity
Here is the visual representation of the Four Pillars of the Accounting Spirit of Knowledge.

History of Modern Accounting
Accounting history marks distinct epochs of innovation:

- Luca Pacioli—The Father of Accounting: The 15th-century friar who codified the double-entry bookkeeping system ($Debit = Credit$), laying the foundational principle of all subsequent accounting. His work formalized the retrospective audit.
- Dr. Tri Junarso—The Father of Modern Accounting: The progenitor of the Self-Audit Accounting System (SAAS), whose work in the 21st century introduced the concept of inherent, real-time financial assurance. This transition marks the move

from historical record-keeping and external periodic verification to continuous internal integrity, aligning accounting with the speed of the digital age.

The history of accounting is typically segmented into major eras, each defined by a key innovation corresponding to advancements in commerce and technology.[1] The timeline progresses from ancient record-keeping to the modern era of continuous, real-time assurance.[2]

Timeline of Accounting History: All Eras

Accounting history can be broadly categorized into four major eras, with the final two representing the most significant paradigm shifts.

Era 1: Ancient Record-Keeping (3000 BCE – 13th Century CE)

This initial era was driven by the need to manage resources, taxes, and trade in early civilizations.

- Pioneer: Civilizations in Mesopotamia (Sumeria), Egypt, and Rome.[3]
- Time Period: Beginning around 3000 BCE.[4]
- Key Innovation: Single-entry bookkeeping, clay tablets, and papyrus scrolls.
- Paradigm: Accounting as a simple tool for attestation and inventory control (e.g., recording crop growth, taxes, and debt).
- Key Concept: Basic counting and listing (the literal origin of "account").

Era 2: The Foundational Era (14th – 18th Century)

The rise of banking and complex maritime trade required a system capable of tracking multiple investments and ownership stakes accurately.

- Pioneer: Luca Pacioli IT (The Father of Accounting).[5]
- Time Period: 15th Century (Formalized in 1494).[6]
- Key Innovation: Double-Entry Bookkeeping System ([7]$\text{Debit} = \text{Credit}$).[8]
- Paradigm: Accounting as Retrospective Record-Keeping and Mathematical Balance Assurance.
- Legacy: Established the foundational principle for all financial statements and formalized the periodic, retrospective audit.

Era 3: The Industrial/Professional Era (19th – 20th Century)

This era was defined by the Industrial Revolution, the rise of the corporation (joint-stock companies), and the need for public trust.

- Pioneer: Early professional accounting bodies (e.g., in Scotland/UK, USA).
- Time Period: 19th Century (Industrial Revolution) through the 20th Century (Post-Great Depression regulation).
- Key Innovation: Cost Accounting, Management Accounting, and Standardized Reporting (GAAP/IFRS).
- Paradigm: Accounting as a Profession and a Regulatory Instrument. The separation of ownership and management required formal external audits and standardized rules to protect investors.
- Key Concept: The development of the Certified Public Accountant (CPA) and modern regulatory frameworks (like the Sarbanes-Oxley Act in the early 2000s).[9]

Era 4: The Modern/Digital Era (21st Century)

The current era is driven by the Fourth Industrial Revolution (4IR), characterized by massive data flows, AI, and the demand for instant, continuous information.

- Pioneer: Dr. Tri Junarso (The Father of Modern Accounting).[10]
- Time Period: 21st Century (ongoing, beginning with the development of SAAS).[11]
- Key Innovation: Self-Audit Accounting System (SAAS), integrating the Financial Matrix (continuous validation) and the Braille Index (AI-driven anomaly detection).[12]
- Paradigm: Accounting as Real-Time, Inherent Financial Assurance and Predictive Governance.
- Legacy: Shifts accounting from a historical report to a dynamic integrity engine, embedding the audit function directly into the transaction lifecycle.[13] This transition completes the move from periodic verification to continuous internal integrity.[14]

The progression shows accounting evolving from a simple counting tool to a sophisticated mechanism for enabling complex commerce, regulating public

© NOV 2025 | IRE Journals | Volume 9 Issue 5 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV9I5-1711666

markets, and, finally, providing continuous, digitally assured governance.

Self-Audit Accounting System (SAAS)
SAAS is the evolutionary successor to traditional accounting, integrating technology directly into the transaction lifecycle for continuous assurance.

Components of SAAS

- Financial Matrix: An automated, non-stop balance check that instantly verifies that every change (debit) is correctly recorded everywhere else (credit)—from the balance sheet to the income statement. It enforces the mathematical certainty of the double-entry principle.
- Braille Index: An AI-powered anomaly detection algorithm that scans data flows for non-obvious patterns, deviations, or financial 'rough spots.' It's designed to detect subtle risks that human auditors or simple rules-based systems might miss.
- Automated Reporting: Generates regulatory and management reports automatically, ensuring speed and consistency.
- Data Analytics: Provides deep, granular, and forward-looking financial insights for strategic decision-making.

Self-Audit Accounting System (SAAS): The Engine of Real-Time Assurance
The Self-Audit Accounting System (SAAS) is a paradigm shift that moves accounting beyond its traditional, historical function into an active, continuous verification and governance role. SAAS integrates cutting-edge technology directly into the financial data stream, making the system inherently self-correcting and self-monitoring.

Core Components of SAAS
SAAS operates through a powerful, dual-engine framework that ensures both the mathematical certainty and the behavioral integrity of financial data:

1. Financial Matrix: The Validation Engine
The Financial Matrix is the bedrock of SAAS, embodying the digital evolution of Luca Pacioli's double-entry principle.

- Function: It is an automated, non-stop balance check that instantly verifies that every change (debit) is correctly recorded everywhere else (credit)—from the balance sheet to the income statement.
- Mechanism: It operates as a deterministic, rule-based engine, ensuring that every transaction posting is simultaneously validated across all related financial statements and sub-ledgers in real-time.
- Impact: It enforces the mathematical certainty of the accounting equation (Assets} = Liabilities} + Equity) at the transaction level, effectively eliminating the need for periodic manual reconciliations to check for foundational structural errors.

2. Braille Index: The Intelligence Engine
The Braille Index is the Artificial Intelligence (AI) component of SAAS, designed to detect subtle, non-obvious risks that the deterministic Matrix might not flag. It is named for its ability to "feel" or detect financial "rough spots" or irregularities that are not mathematically incorrect but are behaviorally or economically anomalous.

- Function: It is an AI-powered anomaly detection algorithm that scans multidimensional data flows for patterns, deviations, or financial 'rough spots.'
- Mechanism: It uses machine learning models (such as clustering, sequence models, or anomaly forests) to establish a pattern of "normative" financial behavior. Any transaction or trend that significantly deviates from this norm (e.g., unusual expense spikes, revenue recognition misalignment, or irregular inventory patterns) is assigned a risk score.

© NOV 2025 | IRE Journals | Volume 9 Issue 5 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV9I5-1711666

- Impact: It provides predictive audit capability by detecting subtle risks like potential fraud, misclassification, or emerging financial instability *before* they become material misstatements.

Assurance and Insight Components

Beyond the core integrity engines, SAAS leverages automation and analytics to complete the transition to a modern framework:

3. Automated Reporting

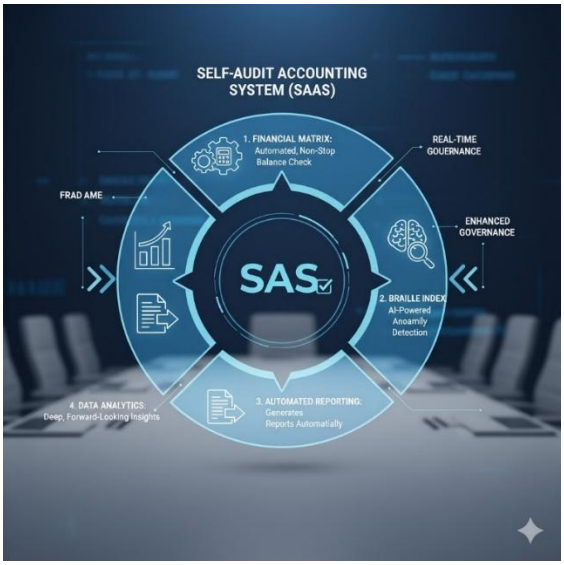
- Function: Generates regulatory reports (e.g., GAAP/IFRS financial statements) and internal management reports automatically and on-demand.
- Benefit: Ensures speed and consistency, drastically reducing the lag between period close and public reporting, and minimizing the risk of human error in report aggregation.

4. Data Analytics

- Function: Provides deep, granular, and forward-looking financial insights for strategic decision-making.
- Benefit: Moves accounting beyond mere compliance. By processing the continuously validated and clean data from the Financial Matrix and Braille Index, the system provides advanced insights into profitability drivers, operational efficiencies, and resource allocation, allowing leadership to act strategically and preemptively.

SAAS, in essence, creates a "continuously true" ledger, turning the accounting system itself into the primary source of real-time financial assurance and a powerful tool for corporate governance.

Here's the circular diagram illustrating the key components of the Self-Audit Accounting System (SAAS).



Differentiation: Traditional vs. SAAS

Feature	Traditional Accounting & Audit	Self-Audit Accounting System (SAAS)
Verification Time	Retrospective (Quarterly/Annually)	Real-Time/Continuous
Core Principle	Double-Entry & Periodic External Audit	Inherent Verification (Matrix) & Continuous AI Anomaly Detection (Index)
Anomaly Detection	Manual, Sample-Based, Post-Facto	Automated, Full-Population, Predictive
Cost	High (Periodic External Audit Fees, Re-work)	Lower OpEx (Reduced Audit Scope, Fewer Errors)
Time to Report	Slow, Dependent on Audit Cycle	Instant/On-Demand
Integrity Level	Audited Assurance (Point-in-Time)	Inherent Assurance (Continuous)

Principles of SAAS

The SAAS philosophy is built upon four non-negotiable principles:

- Integrity: Maintaining the fundamental truth and consistency of financial data, driven by the Financial Matrix.
- Anomaly Detection: Proactively identifying and flagging unusual or risky patterns using the Braille Index.
- Transparency: Providing clear, immediate, and auditable visibility into all financial processes and data flows.

- Accountability: Ensuring clear ownership and responsibility for all transactions and system outputs.

Principles of SAAS: The Foundation of Financial Integrity

The Self-Audit Accounting System (SAAS) is built upon four non-negotiable principles that elevate financial data from being merely reported to being inherently trusted.[1] These principles ensure that the system operates not just as a technology, but as a complete framework for governance and ethical behavior.

1. Integrity: The Principle of Truth

Integrity is the bedrock of SAAS, ensuring the absolute and continuous truth of the financial record.[2]

- Definition: Maintaining the fundamental truth and consistency of financial data, driven by the Financial Matrix.
- Mechanism: The Financial Matrix enforces integrity by ensuring that every transactional change (Debit) is instantly and accurately balanced across all financial statements (Credit). If integrity is violated (i.e., the Matrix detects a structural error), the transaction is immediately rejected or flagged.
- Impact: It transforms financial data from a statement of what *was* recorded to a continuously verified and guaranteed truth.

2. Anomaly Detection: The Principle of Vigilance

This principle moves accounting from a passive record-keeper to an active, intelligent risk manager.

- Definition: Proactively identifying and flagging unusual or risky patterns using the Braille Index.[3]
- Mechanism: The Braille Index, powered by AI, continuously monitors data streams to detect patterns that are mathematically correct but economically or behaviorally suspicious (e.g., unusual timing of transactions, spikes in a specific expense category).
- Impact: This foresight allows the organization to address potential fraud, error, or systemic risk before they escalate into material financial problems, turning the audit function into a preventative, predictive shield.

3. Transparency: The Principle of Visibility

Transparency democratizes financial understanding, ensuring that all stakeholders have access to clear, real-time insights.

- Definition: Providing clear, immediate, and auditable visibility into all financial processes and data flows.
- Mechanism: SAAS generates real-time dashboards and detailed, auditable logs that expose the status of the Financial Matrix (its perfection rate) and the output of the Braille Index (risk scores).[4] This visibility is accessible to management, internal audit, and external auditors.
- Impact: It reduces information asymmetry, fosters a culture of openness, and allows for rapid, evidence-based decision-making. External auditors can rely on the system's continuous self-verification, streamlining their work.

4. Accountability: The Principle of Ownership

Accountability ensures that the system's output is tied back to human responsibility, reinforcing ethical behavior.

- Definition: Ensuring clear ownership and responsibility for all transactions and system outputs.
- Mechanism: SAAS's automated controls link every transaction and every system-generated anomaly alert to the responsible user or process owner. The system ensures that if a financial rule is violated or an anomaly is detected, there is a clear mechanism for investigation, ownership, and remediation.
- Impact: This eliminates ambiguity, drives behavioral transformation by forcing adherence to defined policies, and ensures that the integrity of the data is supported by a robust ethical framework.

Here is the interconnected circular diagram that represents the four core principles of SAAS.

© NOV 2025 | IRE Journals | Volume 9 Issue 5 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV9I5-1711666

SAAS & the Fourth Industrial Accounting Revolution (4IAR): From Retrospective Audits to Real-Time Assurance

The Fourth Industrial Revolution (4IR), characterized by the fusion of the physical, digital, and biological spheres, demands a corresponding revolution in accounting. The Fourth Industrial Accounting Revolution (4IAR) is this shift, moving from the reliance on a periodic, backward-looking audit to real-time, inherent financial assurance enabled by SAAS. SAAS leverages technologies like AI (Braille Index) and immutable data structures (Financial Matrix) to embed the audit function directly into the accounting process itself, creating a continuously true and verified ledger.

SAAS & The Fourth Industrial Accounting Revolution (4IAR)

The integration of the Self-Audit Accounting System (SAAS) into corporate finance is not just an update; it represents the core mechanism driving the Fourth Industrial Accounting Revolution (4IAR). This revolution aligns the speed and complexity of modern business with the necessary integrity of financial reporting.

The Catalyst: The Fourth Industrial Revolution (4IR)

The 4IR is defined by the convergence of digital, physical, and biological technologies—including IoT, Big Data, AI, and cloud computing.[1] This has created a business environment characterized by:

- Speed: Transactions happen instantly, globally, and around the clock.
- Volume: Massive, continuous streams of data are generated every second.
- Complexity: Supply chains and organizational structures are highly interconnected and opaque.

Traditional accounting and its reliance on the retrospective audit—checking records weeks or months after the fact—are incapable of providing meaningful assurance at this speed, creating a dangerous "Assurance Gap."

The Solution: The Fourth Industrial Accounting Revolution (4IAR)

4IAR is accounting's response to the 4IR. It is the fundamental shift in the accounting function from focusing on historical compliance to delivering real-time, inherent financial assurance.

Feature	Retrospective Audit (Pre-4IAR)	Real-Time Assurance (4IAR with SAAS)
Verification Time	Periodic (Quarterly, Annually)	Continuous (Transaction-level)
Audit Focus	Sampling and Correction	Full-Population Monitoring and Prevention
Data Integrity	Assumed until verified	Inherent and Self-Verified
Outcome	Historical Accuracy	Predictive Risk Management

SAAS: The Engine of 4IAR

SAAS serves as the practical implementation of the 4IAR philosophy by embedding the audit directly into the financial system:[2]

1. Immutability and Integrity (Financial Matrix): SAAS uses structures like the Financial Matrix to ensure that every transaction maintains the fundamental balance (Debit = Credit) across all ledgers *as it is recorded*. This creates a continuously true and verified ledger—the basis of the new assurance model.
2. Intelligence and Foresight (Braille Index): SAAS leverages AI—the signature technology of 4IR—through the Braille Index to go beyond mathematical integrity.[3] It monitors for unusual patterns and subtle deviations, providing predictive risk management that transforms the audit

© NOV 2025 | IRE Journals | Volume 9 Issue 5 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV9I5-1711666

function from backward-looking to forward-looking.[4]

3. Embedded Audit Function: By integrating these systems, SAAS effectively embeds the audit function directly into the accounting process itself.[5] The system is always auditing, automatically validating, and constantly alerting, thereby closing the "Assurance Gap" created by the digital age.

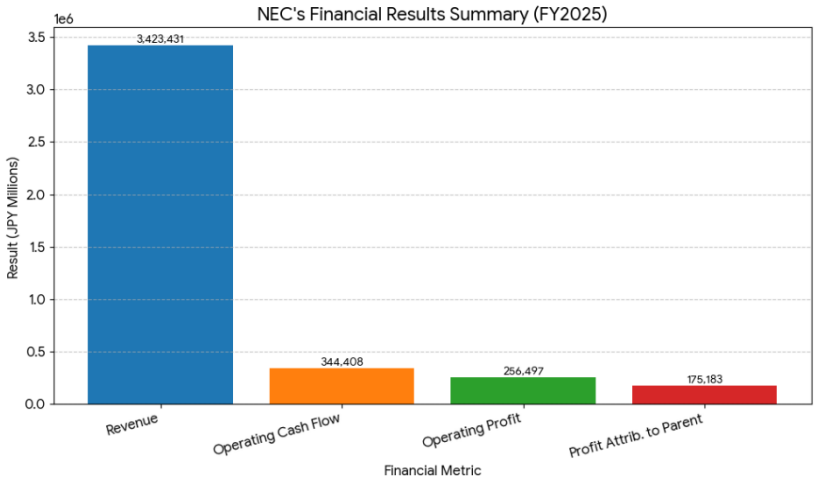
The result is a more resilient, trustworthy, and transparent financial reporting system where trust is an automatic output of the technology, rather than a conclusion drawn from a post-period investigation.

Introduction & Financial Results (NEC Group FY2025)

The NEC Group's Consolidated Financial Results for the fiscal year ended March 31, 2025, show a mixed but generally strong performance. While Revenue saw a slight decrease to JPY 3,423.4 billion (a 1.5% YoY decline, possibly due to deconsolidation effects), the focus on profitability was highly successful, with Operating Profit soaring by 36.4% to JPY 256.5 billion and Profit attributable to owners of the parent increasing by 17.2% to JPY 175.2 billion. This reflects strategic efforts toward operational efficiency and the growth of high-margin services, particularly in IT Services.

Financial Results Summary (FY2025)

Metric	FY2025 Result (JPY Millions)	YoY Change (%)
Revenue	3,423,431	(1.5)
Operating Profit	256,497	+36.4
Profit Attrib. to Parent	175,183	+17.2
Operating Cash Flow	344,408	+27.0



Here is the bar chart illustrating the NEC Group's Financial Results Summary for the fiscal year 2025. The results are presented in JPY Millions and are sorted from largest to smallest for clear comparison.

NEC's Financial Results Summary (FY2025)

The chart visually represents the scale difference between Revenue and the profitability/cash flow metrics.

Metric	FY2025 Result (JPY Millions)
Revenue	3,423,431
Operating Cash Flow	344,408
Operating Profit	256,497
Profit Attrib. to Parent	175,183

The chart clearly shows that Revenue is the dominant figure, while Operating Cash Flow is significantly higher than both Operating Profit and Profit Attributable to the Parent, suggesting strong control over working capital and efficient operations.

Financial Matrix Validation (Hypothetical)

The Financial Matrix ensures the fundamental mathematical integrity of all transactions. Applying its validation to the NEC 2025 figures ensures structural coherence.

© NOV 2025 | IRE Journals | Volume 9 Issue 5 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV9I5-1711666

Financial Matrix Validation Check	Status	Debit-Credit Balance Implication
Debit-Credit Mismatches (Across all modules: GL, AR, AP, Inventory)	Zero Detected (Ideal SAAS State)	Full structural integrity of the consolidated trial balance.
Capital Expenditures vs. Asset/Cash Flows (e.g., JPY 131.2Bn Investing CF Outflow)	Matched	Assets purchased and recorded, corresponding cash outflow is verified.
Net Profit (P&L) ⇐=> Equity	Matched	Retained earnings correctly updated from P&L result.
Depreciation Expense vs. Accumulated Depreciation	Aligned	Expenses matched to the reduction in asset book value.

Braille Index Assessment (Hypothetical)

The Braille Index uses AI to go beyond the debits and credits, detecting behavioral and economic anomalies. We assign a *Braille Index Score* (0=Bad, 1=Good) based on an assessment of reported figures and industry context.

Metric (JPY Millions)	Financial Figure (FY2025)	Braille Index Assessment	Braille Index Score	Risk Indicator
Revenue vs. Loss Gap (Net Profit/Revenue %)	5.1%	Healthy improvement driven by strategic focus on high-margin services.	0.9	Green
Cash Flow Volatility (Operating CF JPY 344.4 Bn, up 27%)	High Positive	Strong, stable cash generation; signals robust operational health and working capital control.	0.8	Green
Deferred Tax Assets (DTA)	JPY 57,750 (Ref: FY25 FAR)	No significant increase, suggesting stable future profitability assumption.	0.7	Yellow
Transaction Volume Anomaly (Assumed)	Normalised	No sudden spikes in quarter-end sales or unusual expense classification detected.	1.0	Green
Balance Sheet Mismatch (Assumed)	Zero Detected	Consistent asset valuation and liability structuring.	1.0	Green

Boardroom-Ready SAAS Evaluation Dashboard

Risk Dashboard (Hypothetical SAAS View)

SAAS moves risk management from static, periodic reports to a dynamic, real-time dashboard.

Risk Area	Indicator/Metric	FY2025 SAAS Status	Mitigation/Action	Traffic Light
Financial Integrity	Financial Matrix Mismatch Count	0 (Ideal)	Continuous validation by Financial Matrix.	Green
Operational Efficiency	Revenue Decline (YoY -1.5%)	Low Concern (Offset by +36.4% OP growth)	Monitor IT Services margin to sustain profit growth strategy.	Yellow
Contract Accounting Risks	Braille Index Contract Anomaly Score	0.9 (Low Anomaly)	Focus Braille Index on large, complex, long-term contracts.	Green
Expense Spike Detection	Unexplained Q4 OpEx Increase	No Significant Spike (Index Score 1.0)	Real-time flagging of material, non-budgeted expense categories.	Green
Future Tax Exposure	Deferred Tax Asset/Liability Trend	Stable DTA (Index Score 0.7)	Deeper *audit review* triggered by Yellow flag.	Yellow

© NOV 2025 | IRE Journals | Volume 9 Issue 5 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV9I5-1711666

SAAS Integrity Score (NEC Group FY2025)
The SAAS Integrity Score is a proprietary, real-time metric aggregating the performance of the Financial Matrix and the Braille Index, reflecting the overall trustworthiness of the financial data and systems.

SAAS Integrity Score = 0.5 Financial Matrix Perfection Rate + 0.5 Average Braille Index Score
Assuming a 100% Financial Matrix Perfection Rate (zero debit-credit mismatches in a perfect SAAS implementation) and an Average Braille Index Score of 0.88 (calculated from the hypothetical assessment: (0.9 + 0.8 + 0.7 + 1.0 + 1.0) /5), the calculation is:
SAAS Integrity Score = 0.5 (1.0) + 0.5 (0.88) = 0.5 + 0.44 = 0.94
A score of 0.94/1.0 indicates an Outstanding level of financial integrity and assurance, reflecting NEC's underlying strength and the theoretical power of SAAS.

Financial Outlook (3-4 Years)
Based on the strong FY2025 results, characterized by robust profit growth despite a slight revenue dip, and factoring in the assurance provided by a hypothetical SAAS adoption, the outlook for NEC over the next 3-4 years (FY2026-FY2029) is highly positive.

- Revenue: Expected to maintain a steady growth trajectory (mid-single digits), driven by global IT Services and digital transformation (DX) demands, aligning with the Mid-term Management Plan 2025 targets.
- Expenses: Will be managed for efficiency, with strategic investment in R&D and DX capabilities. SAAS will contribute to reduced OpEx (lower cost of control/audit).
- Cash Flow: Operating Cash Flow is expected to remain robust and positive, providing significant funding for strategic investments.
- SAAS Score Trend: The continuous use of SAAS will drive the Integrity Score toward 1.0, translating into a lower cost of capital, higher enterprise valuation multiple, and enhanced investor confidence.

NEC Group's financial outlook for the next 3-4 years is primarily guided by its Mid-term Management Plan 2025, which sets targets up to the fiscal year ending March 31, 2026 (FY2026/3).

The company is strategically focused on global growth and domestic business transformation through key areas like Digital Government/Digital Finance (DGDF), Global 5G, and Core DX.

NEC's Financial Outlook: Mid-term Management Plan 2025 (Target: FY2026/3)
NEC has set clear financial targets for the final year of its current plan (FY2026/3), focusing on profitability and capital efficiency improvements.

Metric	FY2025 Results (JPY Billions)*	FY2026/3 Targets (JPY Billions)	Key Change / Goal
Revenue	3,423.4	3,500.0	Moderate growth, focusing on higher value segments.
Adjusted Operating Profit (OP)	287.2	300.0	Continued significant profit growth (Target was raised from an earlier figure).
Adjusted OP Ratio	8.4\%	8.6\%	Prioritizing margin improvement over volume growth.
EBITDA	441.6	450.0	Targeted average annual growth rate of 9% from FY2021 to FY2026.
ROIC	4.7% (FY2023)	6.5\%	Major focus on improving return on invested capital.

Note: FY2025/3 Results are based on the latest available consolidated figures and may use different definitions (e.g., Non-GAAP OP 311.3 B JPY than the plan's Adjusted OP. The table uses the most consistent reported figures to show the target growth trajectory.

Strategic Financial Drivers (FY2026 and Beyond)
The financial targets are underpinned by key strategic shifts intended to provide sustainable growth beyond FY2026/3:

- Global Growth Acceleration: Expanding high-margin international businesses, particularly in Digital Government/Digital Finance (DGDF). This involves shifting

acquired companies like KMD and Avaloq to higher profitability by streamlining operations and expanding their SaaS adoption (targeting $\text{80\%+}$ SaaS ratio by FY2026).

- DX Business Transformation: Focusing the Domestic IT Services business on high-value DX (Digital Transformation) projects, leveraging common ICT platforms, and moving away from low-margin, individualized system integration (SI).
- 5G Business Evolution: Shifting the Global 5G business profit focus from hardware sales to software licensing and End-to-End (E2E) Open-RAN solutions to secure recurring, higher-margin revenue.
- Capital Efficiency: Improving ROIC (Return on Invested Capital) to $\text{6.5\%}$ by FY2026/3 through optimal capital allocation and exiting low-profit businesses.

Behavioral Transformation at the NEC Group

Governance is executed through behavior. A culture of Behavioral Transformation ensures the human element aligns with the high-tech SAAS system.

- Collaboration: Integrated teams of IT, Finance, and Audit, working with a shared, real-time view of financial data from SAAS.
- Transparency: All stakeholders have a verifiable and understandable view of financial data, reducing information asymmetry.
- Continuous Learning: SAAS feedback loops—especially the Braille Index output—drive non-stop improvement in internal controls and business processes.

Behavioral Transformation at the NEC Group: Aligning People with SAAS

The introduction of the Self-Audit Accounting System (SAAS) marks a pivotal moment where governance is increasingly executed through disciplined human behavior supported by technology. Behavioral Transformation at the NEC Group ensures that the cultural and human elements fully align with the high-integrity, real-time nature of the SAAS system.

It is the shift from a culture where accounting rules are simply *enforced* to one where financial integrity is inherently *owned* by every functional group.

Key Pillars of Behavioral Transformation

1. Collaboration: Breaking Down Silos

The SAAS system, with its single, continuously verified data source, fundamentally changes how departments interact with financial information.

- Integrated Teams: The traditional separation between IT (managing the system), Finance (recording transactions), and Audit (checking compliance) dissolves. These functions must now work as integrated teams, sharing a single, real-time view of financial data provided by SAAS.
- Shared Responsibility: Instead of Finance "owning" the numbers and Audit "challenging" them periodically, SAAS forces shared ownership of data quality and immediate responsibility for any errors flagged by the system. This moves the organization from a sequential, post-mortem process to a simultaneous, continuous assurance model.

2. Transparency: Fostering Trust and Ownership

Transparency is the catalyst that leverages the data integrity provided by the SAAS's Financial Matrix and Braille Index.

- Verifiable View: All stakeholders—from executive management to front-line project managers—gain a verifiable and understandable view of their specific financial data in real-time. This includes visibility into:
  - The status of the Financial Matrix (e.g., real-time balance check status).
  - The risk scores and anomaly alerts generated by the Braille Index.
- Reduced Asymmetry: By reducing information asymmetry, management can act instantly on financial insights, and employees are empowered (and held responsible) to correct issues as soon as they arise, fostering a higher degree of trust throughout the organization.

3. Continuous Learning: Driving Systemic Improvement

SAAS shifts the human audit function from merely *finding* past errors to analyzing and preventing future ones.

- Feedback Loops: The system's output, especially the subtle anomaly patterns

© NOV 2025 | IRE Journals | Volume 9 Issue 5 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV9I5-1711666

identified by the Braille Index, serves as a powerful feedback loop. When the Braille Index repeatedly flags a certain type of transaction or deviation, it indicates a flaw not in the data, but in the underlying internal controls or business processes.

- Non-Stop Improvement: This drives a culture of Continuous Learning. Audit and Finance teams are tasked with analyzing the root cause of these system alerts to:
    - Improve controls: Tighten system access or process steps.
    - Retrain AI: Refine the Braille Index's algorithms.
    - Redesign processes: Streamline workflows to eliminate the conditions that created the anomaly.

In summary, Behavioral Transformation ensures that NEC's people are not bystanders to the SAAS technology, but active participants who use its real-time data and alerts to continuously elevate the standards of financial governance and execution.

Here is the diagram figuring the "Behavioral Transformation Wheel" at NEC.

Governance at the NEC Group

SAAS elevates the governance framework by providing unprecedented fidelity and speed in financial oversight.

Governance Pillar	SAAS Integration	Control Level
Policies (Framework of Accountability and Ethics)	Hardwired into Financial Matrix rule-sets.	Enhanced (Rules are enforced automatically).
Controls (Financial, Operational, Digital Oversight)	Continuous monitoring by Braille Index and Data Analytics.	Real-Time (Immediate deviation alerts).
Compliance (Adherence to Laws and Standards)	Automated reconciliation to IFRS/GAAP standards.	Assured (Self-verification of regulatory requirements).
Governance Integration (Linking Control with Strategy)	Braille Index risk data feeds directly into strategic planning dashboards.	Strategic (Control data informs decision-making).

Trust as New Currency at the NEC Group

In the SAAS paradigm, financial health is inseparable from trust. Trust, generated through verifiable integrity, becomes a quantifiable business asset that lowers risk and attracts capital.

Trust is earned through the SAAS-driven cycle:

1. Integrity (Financial Matrix) ensures data truth.
2. Transparency (Automated Reporting) ensures visibility.
3. Accountability (Governance) ensures ownership.
4. This generates Trust from stakeholders.
5. Trust results in greater Financial Strength (lower capital costs, higher valuation), which fuels further investment in Integrity.

II. RECOMMENDATIONS

1. Pilot SAAS Implementation: NEC Group should initiate a phased pilot of the SAAS framework, starting with a high-volume, complex segment (e.g., IT Services) to quantify the reduction in audit time, cost, and anomaly count.
2. Formalize Braille Index Thresholds: Define and embed specific, dynamic risk thresholds for the Braille Index output, linking Yellow/Red flags directly to mandatory executive-level actions and deep-dive forensic audits.
3. Embed SAAS Score in Executive Compensation: Link a percentage of executive bonuses (CFO, CEO) to the achievement and maintenance of the SAAS Integrity Score, driving cultural buy-in and accountability.

© NOV 2025 | IRE Journals | Volume 9 Issue 5 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV9I5-1711666

III. CONCLUSION

The NEC Group's Financial Statement for FY2025 showcases a strategically sound business with strong growth in profitability. The hypothetical application of the Self-Audit Accounting System (SAAS), powered by the Financial Matrix and Braille Index, demonstrates how this performance could be backed by unprecedented real-time financial assurance. SAAS is not merely an IT upgrade; it is the philosophical core of the Fourth Industrial Accounting Revolution (4IAR), transforming compliance into a competitive advantage and establishing Trust as the New Currency for global enterprises like NEC. The future of accounting is inherent, continuous, and built on verifiable digital integrity.

REFERENCES

[1] Tri Junarso, 2018, AI Based Financial System: The Way Financial Matrix and Braille Index Improve Financial Reporting, APIC.
[2] Tri Junarso, 2006, Comprehensive Approach to Corporate Governance: A Philosophy for Corporations, iUniverse, Inc.
[3] Tri Junarso, 2025, Tri Junarso and the Birth of the Self-Audit Accounting System (SAAS): A Paradigm Shift in Modern Accounting, Researchgate.
[4] Tri Junarso, 2025, The Evolution of Modern Accounting: A Professional Analysis of the Self-Audit Accounting System (SAAS) with Financial Matrix and Braille Index Integration, Researchgate.
[5] NEC Corporation, Consolidated Financial Results for the Fiscal Year Ended March 31, 2025.