An Introduction to **COMTURE**
for Institutional Investors
COMTURE CORPORATION

Transforming needs into solutions

November 15, 2016

Koichi Mukai

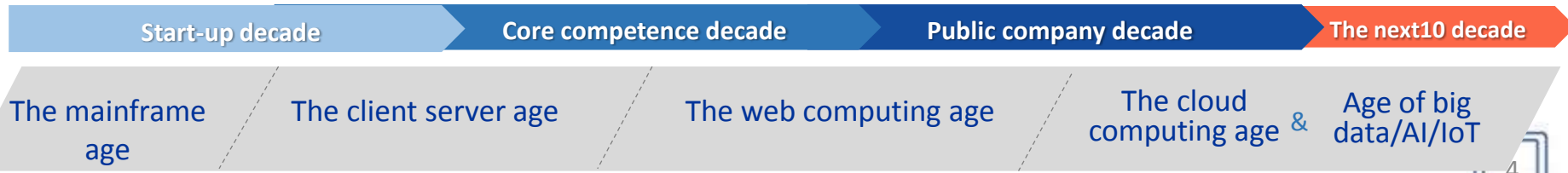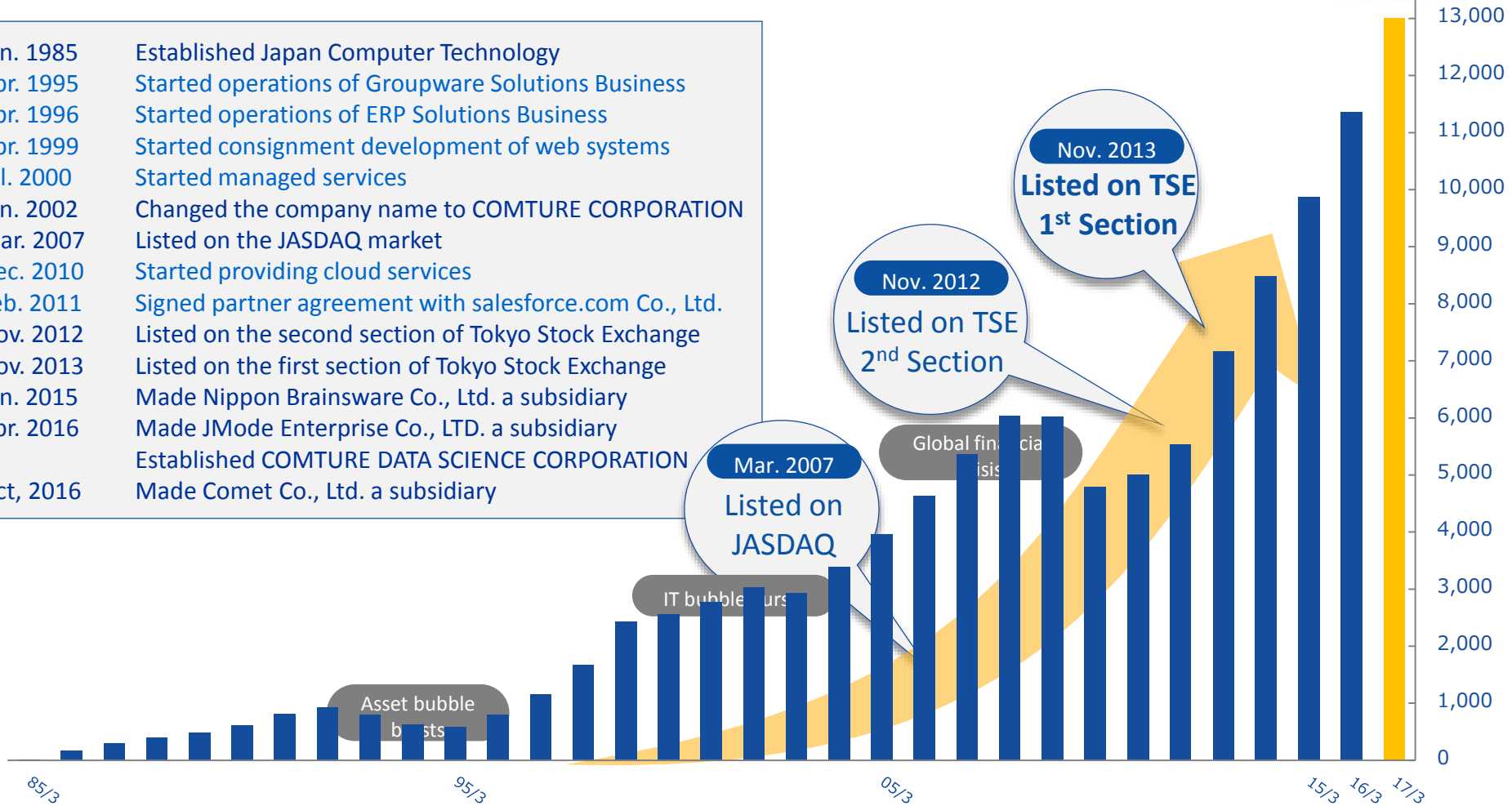Chairman & CEO

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About COMTURE

1-1 Company Overview

Name	COMTURE CORPORATION (Securities code: 3844)
Representative	Chairman & CEO Koichi Mukai President & COO Ken Ohno
Address	8F/9F East Tower, Gate City Osaki, 1-11-2, Osaki, Shinagawa-ku, Tokyo Japan
Established	January 18, 1985
Capital	¥1,018 million (as of the end of March 2016)
Net sales	¥11,349 million (FY ended March 2016) **¥13,000 million** (Forecast for FY ending March 2017)
Ordinary income	¥1,295 million (FY ended March 2016) **¥1,500 million** (Forecast for FY ending March 2017)
Employees	1,118 (as of November 1, 2016)

1-2 Progress and Growth

Jan. 1985	Established Japan Computer Technology
Apr. 1995	Started operations of Groupware Solutions Business
Apr. 1996	Started operations of ERP Solutions Business
Apr. 1999	Started consignment development of web systems
Jul. 2000	Started managed services
Jan. 2002	Changed the company name to COMTURE CORPORATION
Mar. 2007	Listed on the JASDAQ market
Dec. 2010	Started providing cloud services
Feb. 2011	Signed partner agreement with salesforce.com Co., Ltd.
Nov. 2012	Listed on the second section of Tokyo Stock Exchange
Nov. 2013	Listed on the first section of Tokyo Stock Exchange
Jan. 2015	Made Nippon Brainsware Co., Ltd. a subsidiary
Apr. 2016	Made JMode Enterprise Co., LTD. a subsidiary
	Established COMTURE DATA SCIENCE CORPORATION
Oct, 2016	Made Comet Co., Ltd. a subsidiary

Mar. 2007 — Listed on JASDAQ

Nov. 2012 — Listed on TSE 2nd Section

Nov. 2013 — Listed on TSE 1st Section

Asset bubble bursts

IT bubble bursts

Global financial crisis

Start-up decade — **Core competence decade** — **Public company decade** — **The next10 decade**

The mainframe age | The client server age | The web computing age | The cloud computing age & Age of big data/AI/IoT

COMTURE LEAD THE FUTURE

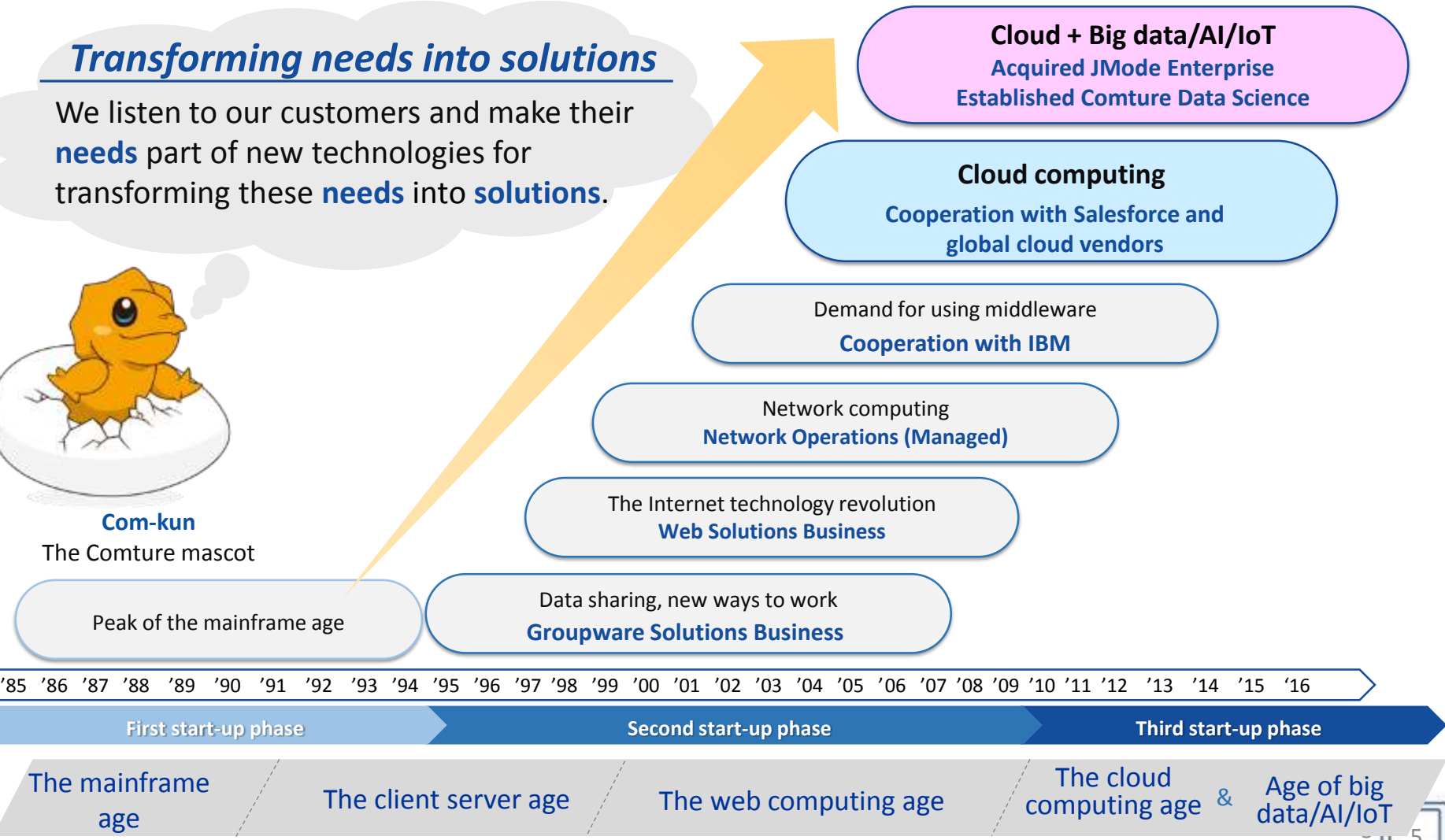## The skill to keep up with constant innovation

Transforming needs into solutions

We listen to our customers and make their **needs** part of new technologies for transforming these **needs** into **solutions**.

Com-kun
The Comture mascot

Cloud + Big data/AI/IoT
Acquired JMode Enterprise
Established Comture Data Science

Cloud computing
Cooperation with Salesforce and global cloud vendors

Demand for using middleware
Cooperation with IBM

Network computing
Network Operations (Managed)

The Internet technology revolution
Web Solutions Business

Data sharing, new ways to work
Groupware Solutions Business

Peak of the mainframe age

'85 '86 '87 '88 '89 '90 '91 '92 '93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16

First start-up phase | **Second start-up phase** | **Third start-up phase**

The mainframe age | The client server age | The web computing age | The cloud computing age & Age of big data/AI/IoT

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1-4 Topics

Made COMET Co., LTD. a subsidiary

COMET Co., LTD.

Good at Cloud base construction

Net Sales （FY2015）	¥1,897million
Employees (as of October 3, 2016)	200
Established	July 1980
Location of head office	Sasazuka, Shibuya-ku, Tokyo
Main customers	Hewlett-Packard Japan, Ltd.

From Oct. 2016　Made a 100% subsidiary

A specialist in internal data systems for companies

Software

- Ideas and construction of internal computer systems for companies and provision of network operation services

IT industry

Internet

- Provision of services using the Internet for e-commerce, SNS, website construction and other applications

Hardware

- PCs, portable devices, servers and other equipment; home appliances and electronics with network connectivity

Communications/Providers

- Provision of communication services
- Telephone business, Internet connection service and other businesses

Proposal and support for IT at large companies centered on the cloud and big data

Groupware Solutions

- Business data sharing, decision/payment system, internal SNS, others
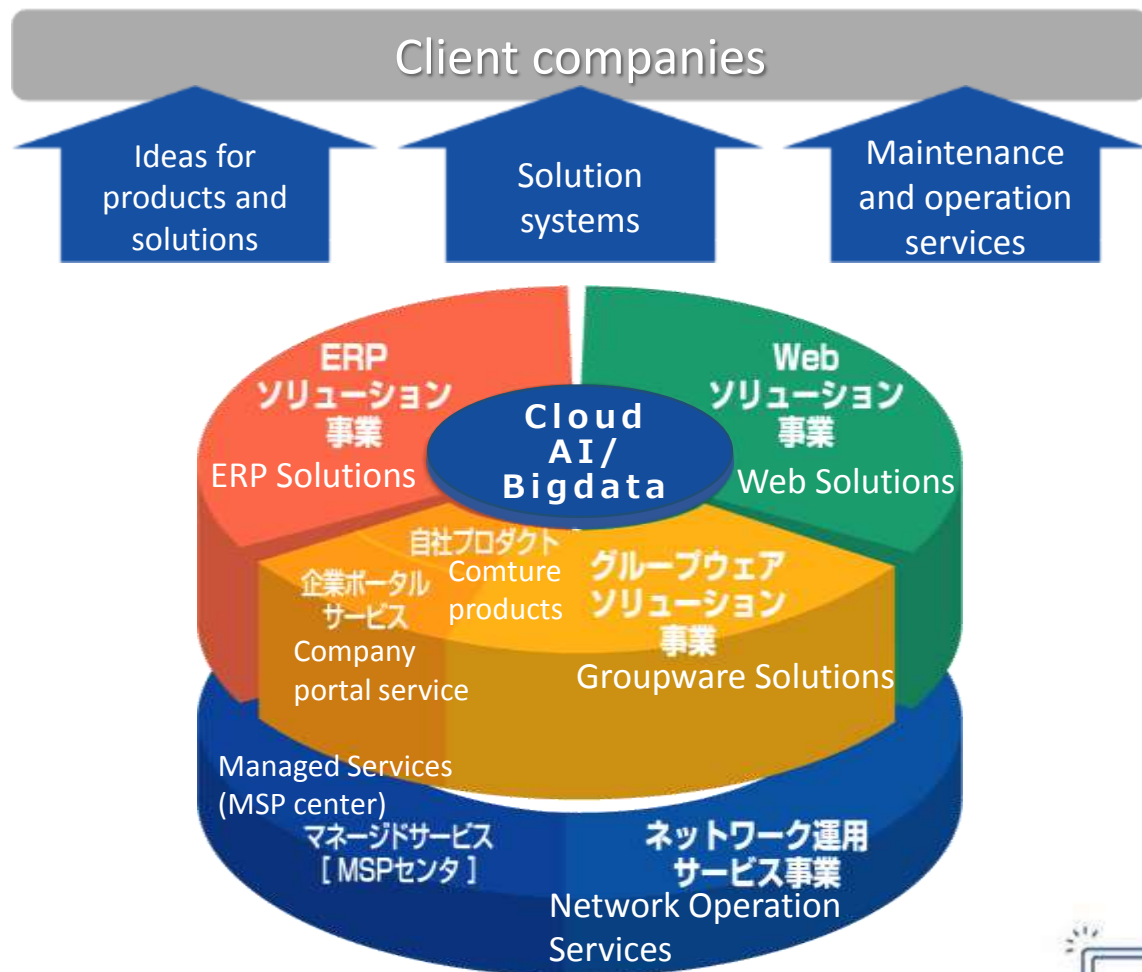
ERP Solutions

- Faster completion of projects by using integrated packages

Web Solutions

- Cloud systems and other solutions using the Internet

Network Services

- Data center operations service and network construction service

Client companies

Ideas for products and solutions

Solution systems

Maintenance and operation services

ERP ソリューション事業
ERP Solutions

Web ソリューション事業
Web Solutions

Cloud AI/ Bigdata

自社プロダクト
企業ポータルサービス
Comture products
Company portal service

グループウェアソリューション事業
Groupware Solutions

Managed Services (MSP center)
マネージドサービス [MSPセンタ]

ネットワーク運用サービス事業
Network Operation Services

1-7 Major Customers

**We serve 594 large companies covering
a broad spectrum of industries and categories**

Accenture, AJINOMOTO, Accordia Golf, American Home Assurance, AEON, ITOKIN, SMBC Trust Bank, NTT DOCOMO Group, NTT East, Ota Floriculture Auction, ORIX Bank, Olympus, Kamagaya City, Canon, KYOCERA, KNT, Cleanup, KONICA MINOLTA, Kobe Steel, KOMATSU, National Cancer Center, Sapporo Breweries, Samsonite, SHIMIZU, Mitsui O.S.K. Lines, Shinsho, Sumitomo Chemical, Suruga Bank, SEIYU, SUMISHIN- SBI Bank, Cemedine, Sompo Japan Nipponkoa Insurance, The Dai-ichi Life Insurance, Daito Trust Construction, TV TOKYO, Deloitte Tohmatsu, Tokyu Housing Lease, TOSHIBA Group, Real Estate Agents' Cooperative of Tokyo, The Tokyo Star Bank, The Japan Research Institute, Nisshin Steel, Nippon Rent-A-Car Service, Japan Post, Nomura Research Institute, PwC Japan, FUJIYA, BOOKOFF, Fuji Xerox Group, Isetan Mitsukoshi Group, Honda Motor, Marubeni Group, Mitsui Chemicals, Mitsui Fudosan, Mitsubishi Corp., Mitsubishi UFJ Lease & Finance, MetLife, Inc., MORI Building, MOS FOOD, LIXIL, Recruit, Ricoh Japan, LOTTE Ice Cream, Waseda University
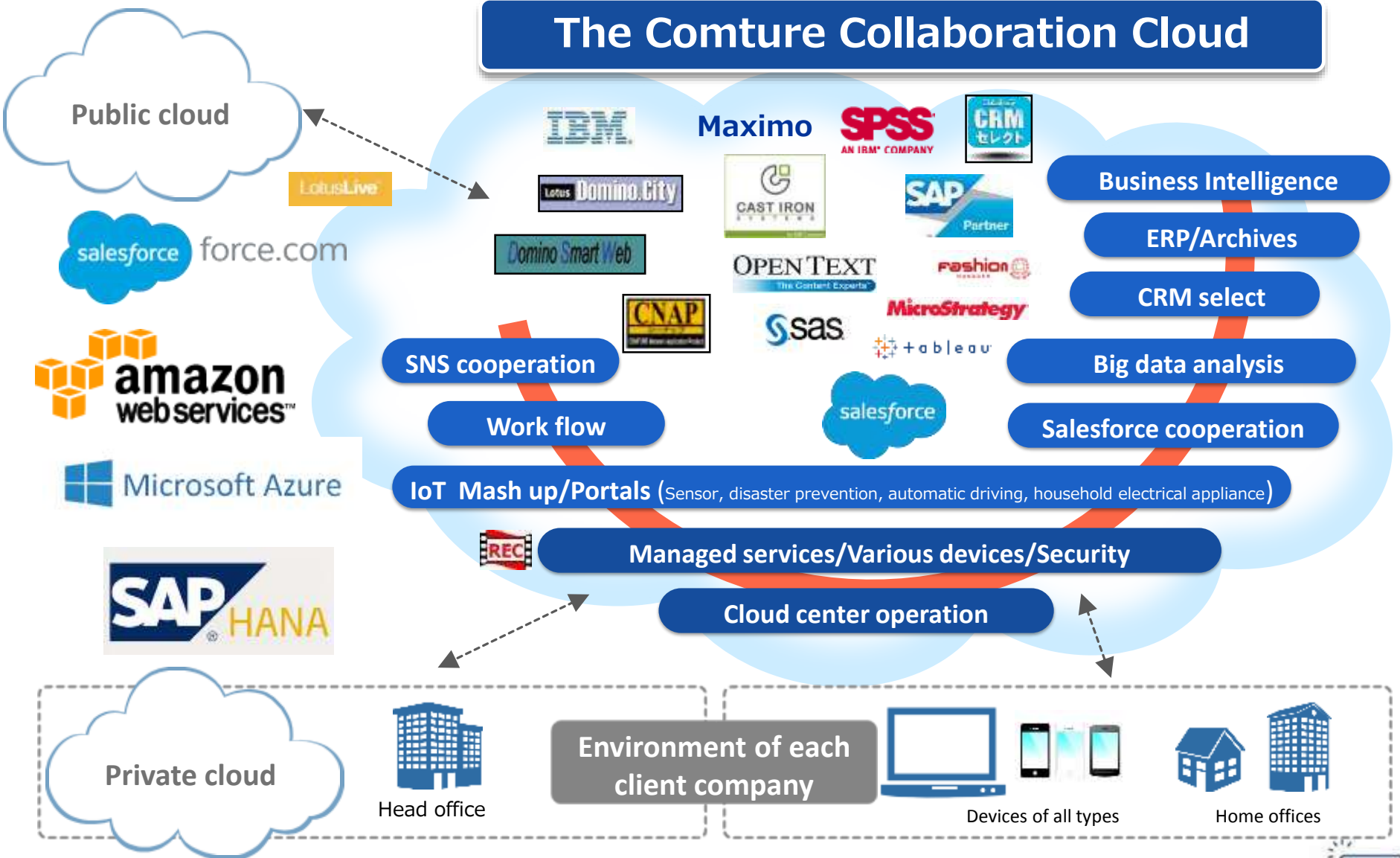
(Order of the Japanese syllabary. As of the end of Oct. 2016)
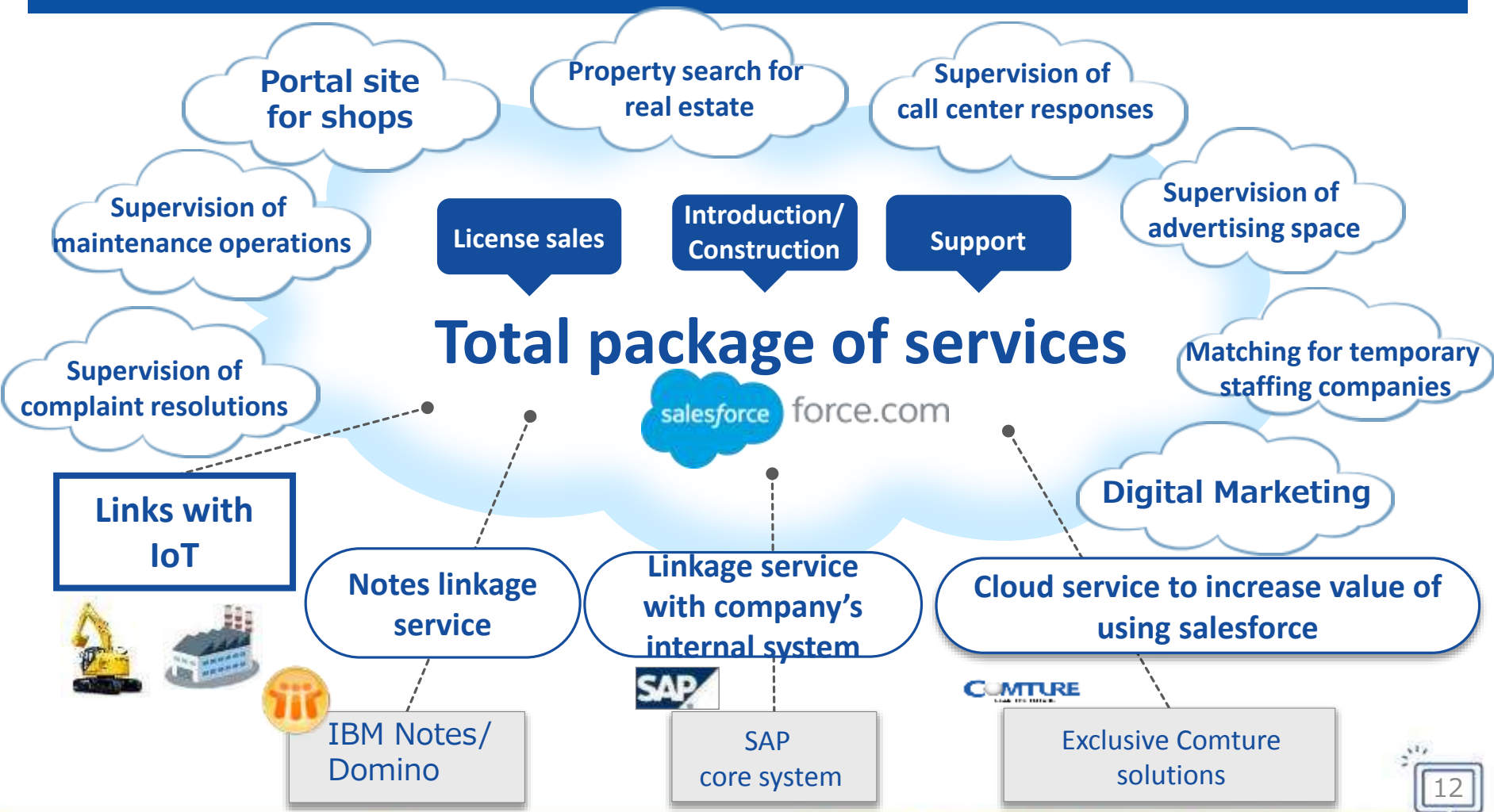
2 **Our Business**

The Comture Collaboration Cloud

Public cloud

salesforce force.com

amazon web services™

Microsoft Azure

SAP HANA

Private cloud

IBM **Maximo** SPSS CRM セレクト

LotusLive Lotus Domino.City CAST IRON SYSTEMS SAP Partner

Domino Smart Web OPEN TEXT The Content Experts fashion

CNAP MicroStrategy

SAS tableau

salesforce

Business Intelligence

ERP/Archives

CRM select

Big data analysis

SNS cooperation

Salesforce cooperation

Work flow

IoT Mash up/Portals (Sensor, disaster prevention, automatic driving, household electrical appliance)

REC **Managed services/Various devices/Security**

Cloud center operation

Environment of each client company

Head office

Devices of all types

Home offices

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2-2 Examples of Comture Services
–Salesforce–

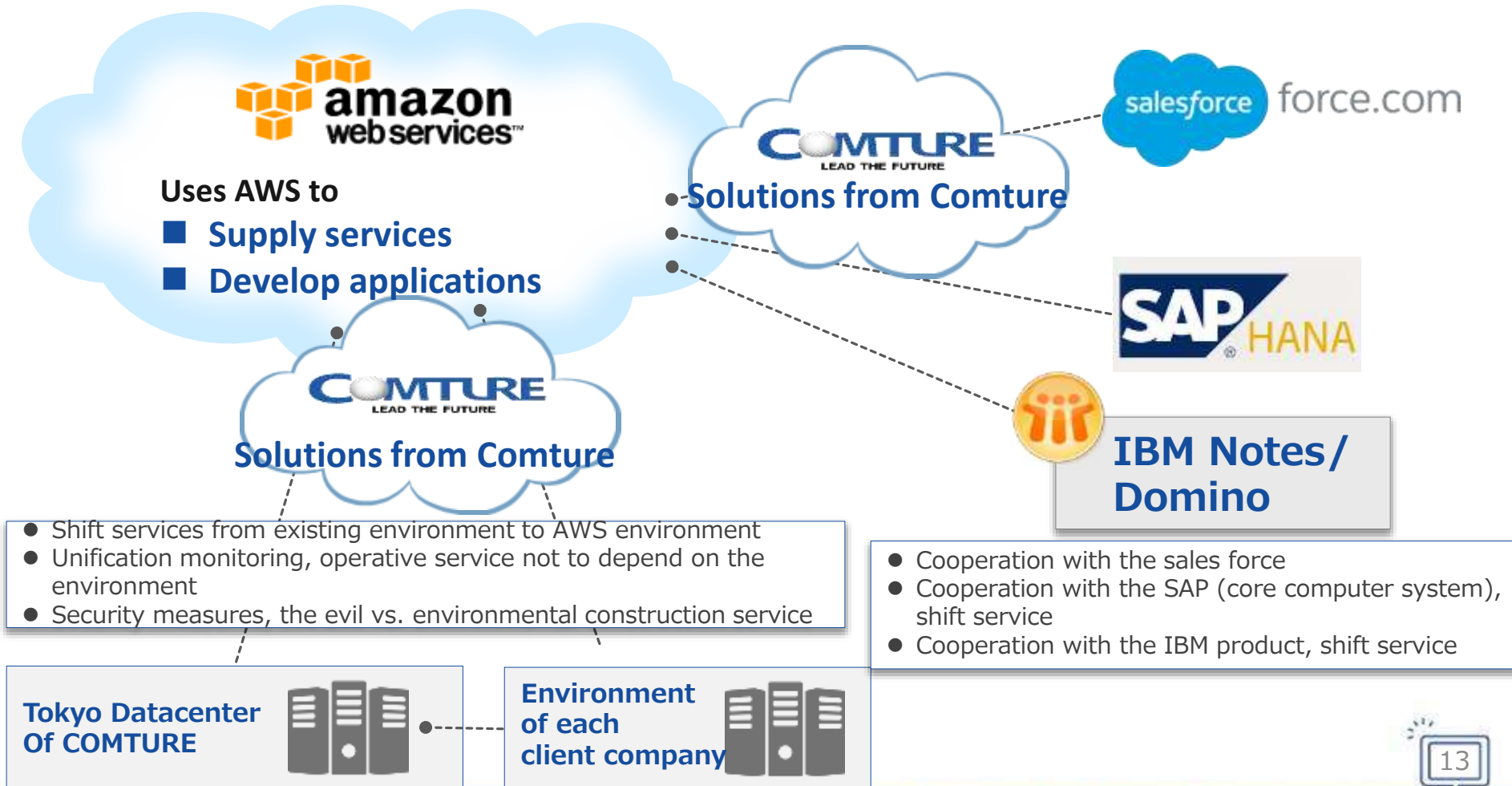## We supply a complete package of services extending from sales of salesforce.com licenses to customization

Portal site for shops

Property search for real estate

Supervision of call center responses

Supervision of maintenance operations

License sales

Introduction/ Construction

Support

Supervision of advertising space

Supervision of complaint resolutions

Total package of services

salesforce force.com

Matching for temporary staffing companies

Links with IoT

Digital Marketing

Notes linkage service

Linkage service with company's internal system

Cloud service to increase value of using salesforce

IBM Notes/ Domino

SAP core system

Exclusive Comture solutions

2-3 Examples of Comture Services
−Amazon−

Working with Amazon Data Services Japan to offer

the Amazon Web Services (AWS) cloud service

Uses AWS to
- **Supply services**
- **Develop applications**

Solutions from Comture

Solutions from Comture

IBM Notes/ Domino

- Shift services from existing environment to AWS environment
- Unification monitoring, operative service not to depend on the environment
- Security measures, the evil vs. environmental construction service

- Cooperation with the sales force
- Cooperation with the SAP (core computer system), shift service
- Cooperation with the IBM product, shift service

Tokyo Datacenter Of COMTURE

Environment of each client company

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–City of Kamagaya (Chiba prefecture)–

Example of cloud use – 1
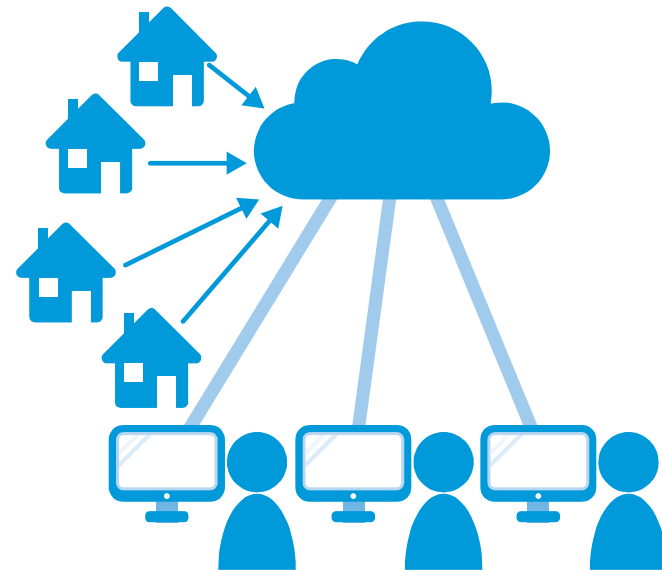
Developed solution for "trash stations" management

Neighborhood trash collection sites are now supervised from the cloud.
Comture technology provides greater convenience for the residents of Kamagaya.

Before

Trash station
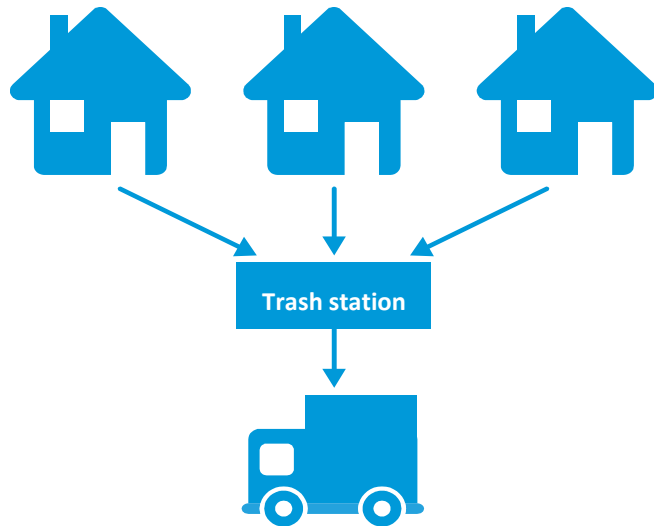
After

Managed using different manual processes by the city, trash collection company and incineration facility

Centralized oversight from the cloud improves city services by dramatically increasing efficiency
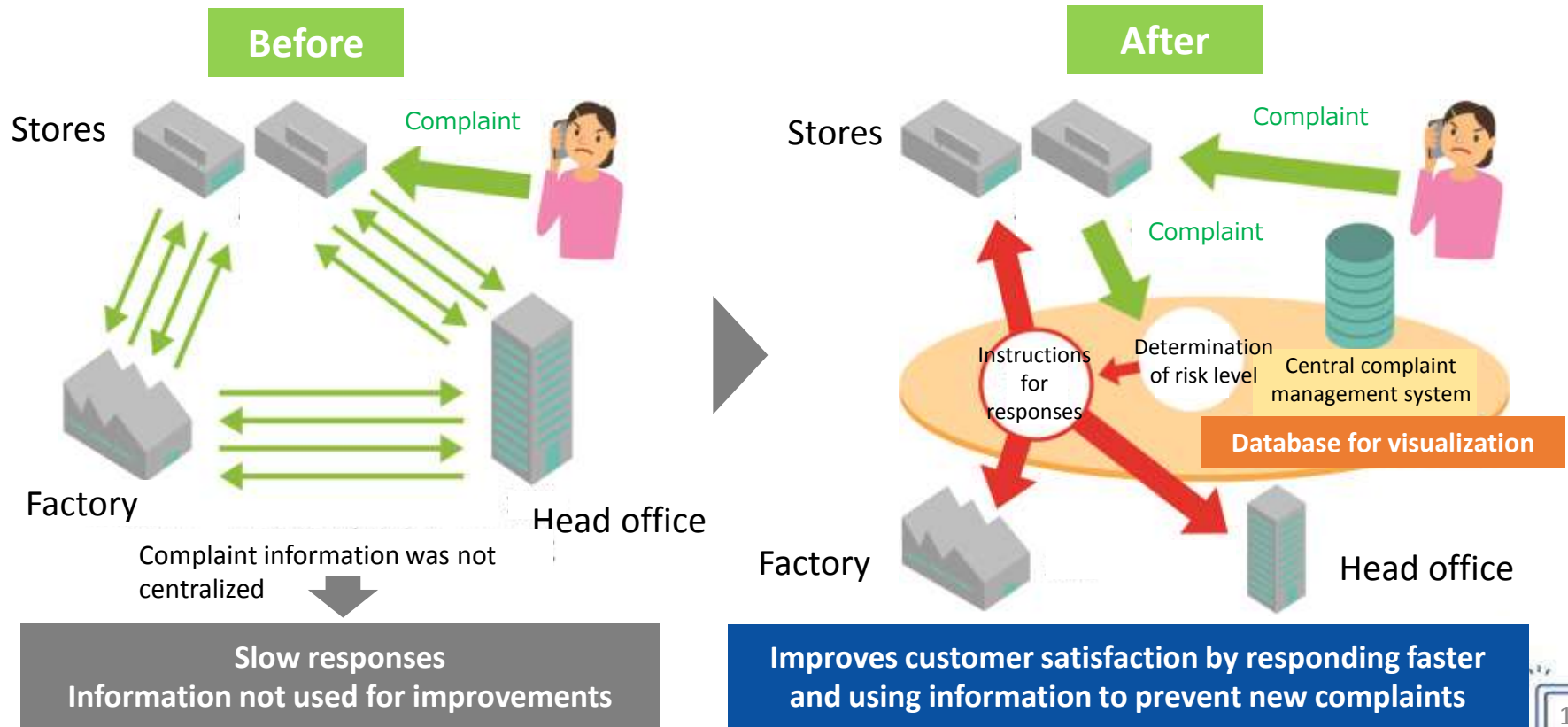
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2-5 Major Examples
–Large retail company–

Example of cloud use – 2
Solution for handling complaints about food products

Achieved visualization of complaints at the company's 350 stores.
Improved customer satisfaction by responding faster and preventing a problem from creating more complaints.

Before

Stores

Complaint

Factory

Head office

Complaint information was not centralized

Slow responses
Information not used for improvements

After

Stores

Complaint

Complaint

Instructions for responses

Determination of risk level

Central complaint management system

Database for visualization

Factory

Head office

Improves customer satisfaction by responding faster and using information to prevent new complaints
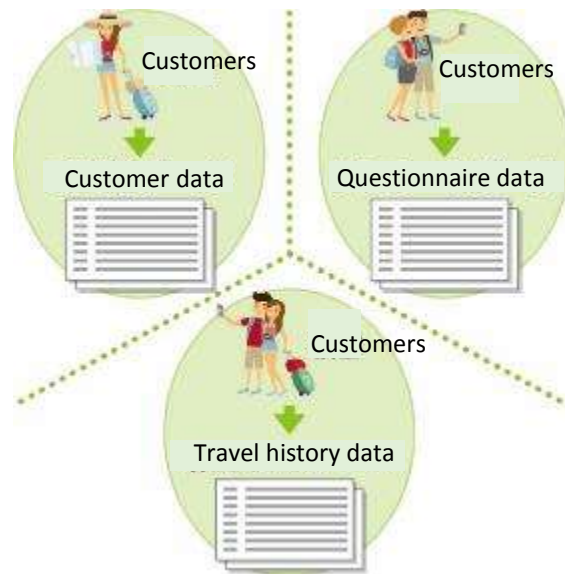
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–Large travel agent–

Example of cloud use – 3

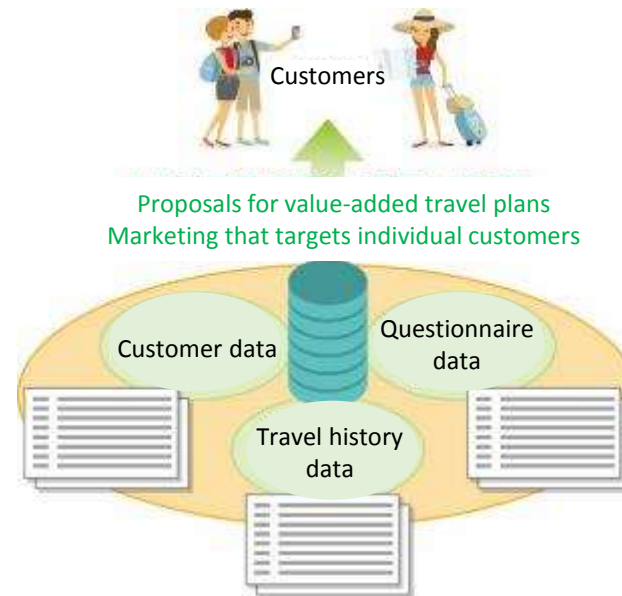## Solution for travel agent customer data management

A travel agent with 140 locations nationwide started using our cloud system. By linking travel histories with customer data, the system analyzes customers' needs and produces well-targeted proposals for new trips.

Before

Customers

Customer data

Customers

Questionnaire data

Customers

Travel history data

After

Customers

Proposals for value-added travel plans
Marketing that targets individual customers

Customer data

Questionnaire data

Travel history data

Customer data was managed separately

**Centralized data management allows incorporating travel history data to create new ideas for individual customers**

2-7 Major Examples
–Large bank–

Example of big data use – 1
Solution for detecting accounts linked to criminal activity

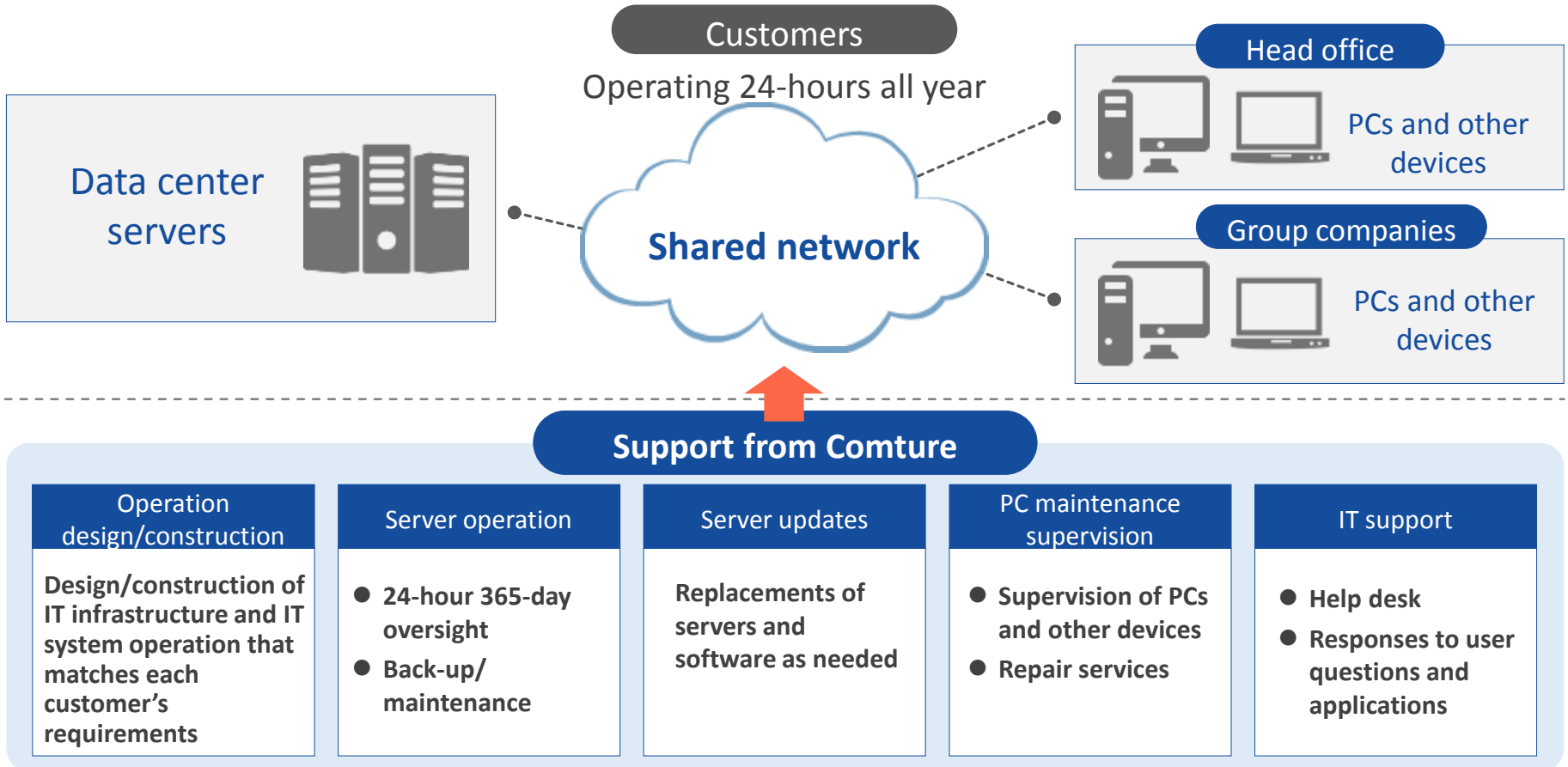**Using big data allows quickly identifying criminal activity.**

Money laundering

Money for terrorists

⚠ Check

BANK
BANK
BANK

Big Data SAS
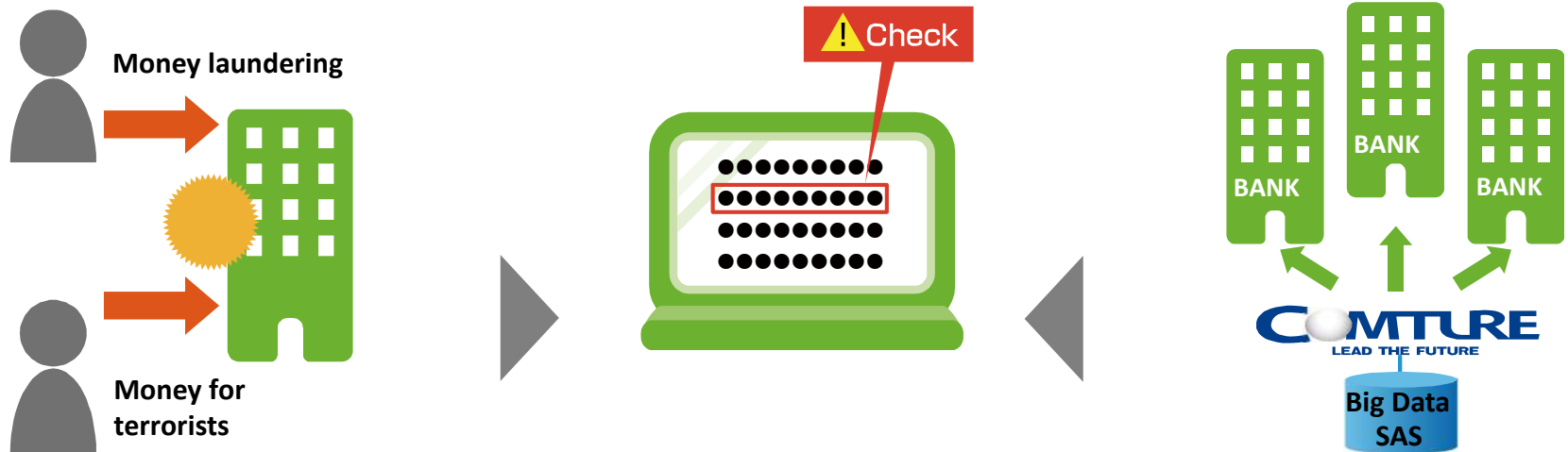
Risk involving money laundering, terrorism, smuggling and other transactions for criminal activity is growing

With big data, financial institutions can quickly detect and report transactions involving criminal activity

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Major Examples – IT infrastructure construction –
– IT system operation–

Growing demand for large IT infrastructure construction and IT system operations

Customers

Operating 24-hours all year

Data center servers

Shared network

Head office

PCs and other devices

Group companies

PCs and other devices

Support from Comture

Operation design/construction	Server operation	Server updates	PC maintenance supervision	IT support
Design/construction of IT infrastructure and IT system operation that matches each customer's requirements	● **24-hour 365-day oversight** ● **Back-up/ maintenance**	**Replacements of servers and software as needed**	● **Supervision of PCs and other devices** ● **Repair services**	● **Help desk** ● **Responses to user questions and applications**

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Business Strategies

Using more added value to generate more earnings

More added value
Up **5**% every year

Higher salaries	More investments	More earnings
3%	**1**%	**1**%
Higher employee satisfaction	Investments for growth	Higher shareholder satisfaction

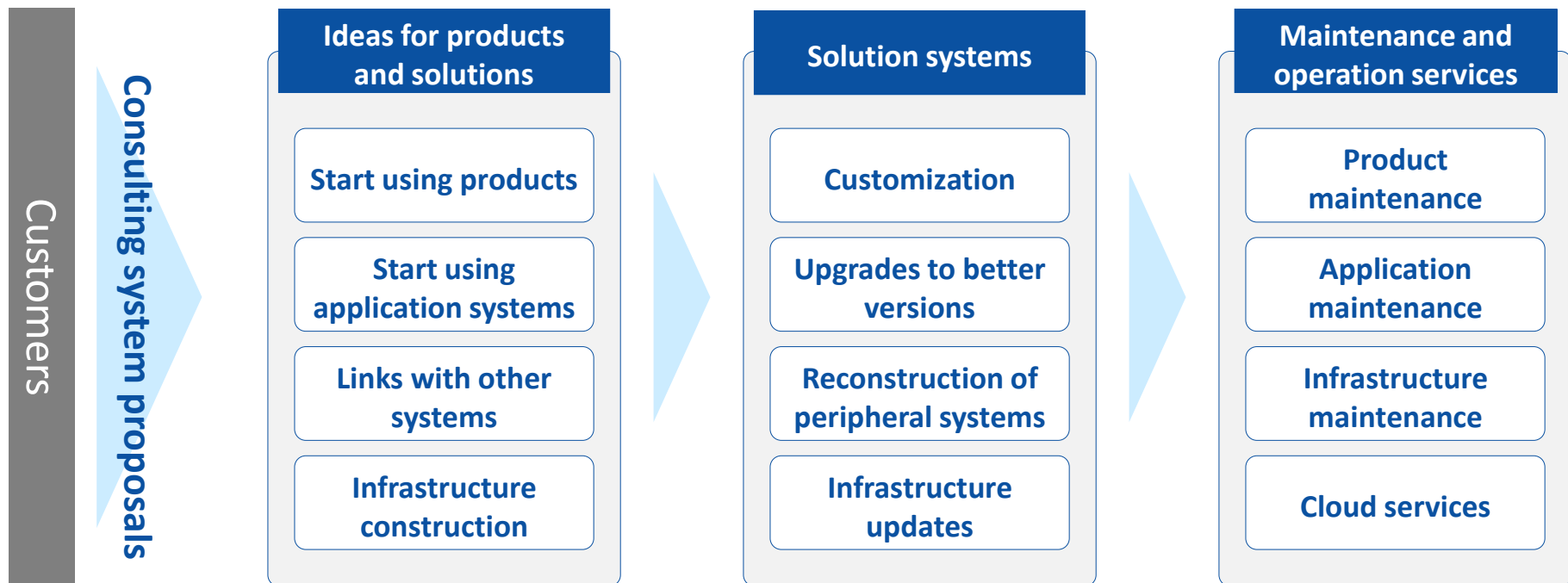**Better proposal skills**

Better services

Higher productivity

More core competences

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3-2 The Linked Profit Model
–One-time sales and consistent revenue–

Customers

Consulting system proposals

Ideas for products and solutions
- Start using products
- Start using application systems
- Links with other systems
- Infrastructure construction

Solution systems
- Customization
- Upgrades to better versions
- Reconstruction of peripheral systems
- Infrastructure updates

Maintenance and operation services
- Product maintenance
- Application maintenance
- Infrastructure maintenance
- Cloud services

Sources of one-time sales **Linked profit model** **Sources of consistent revenue**
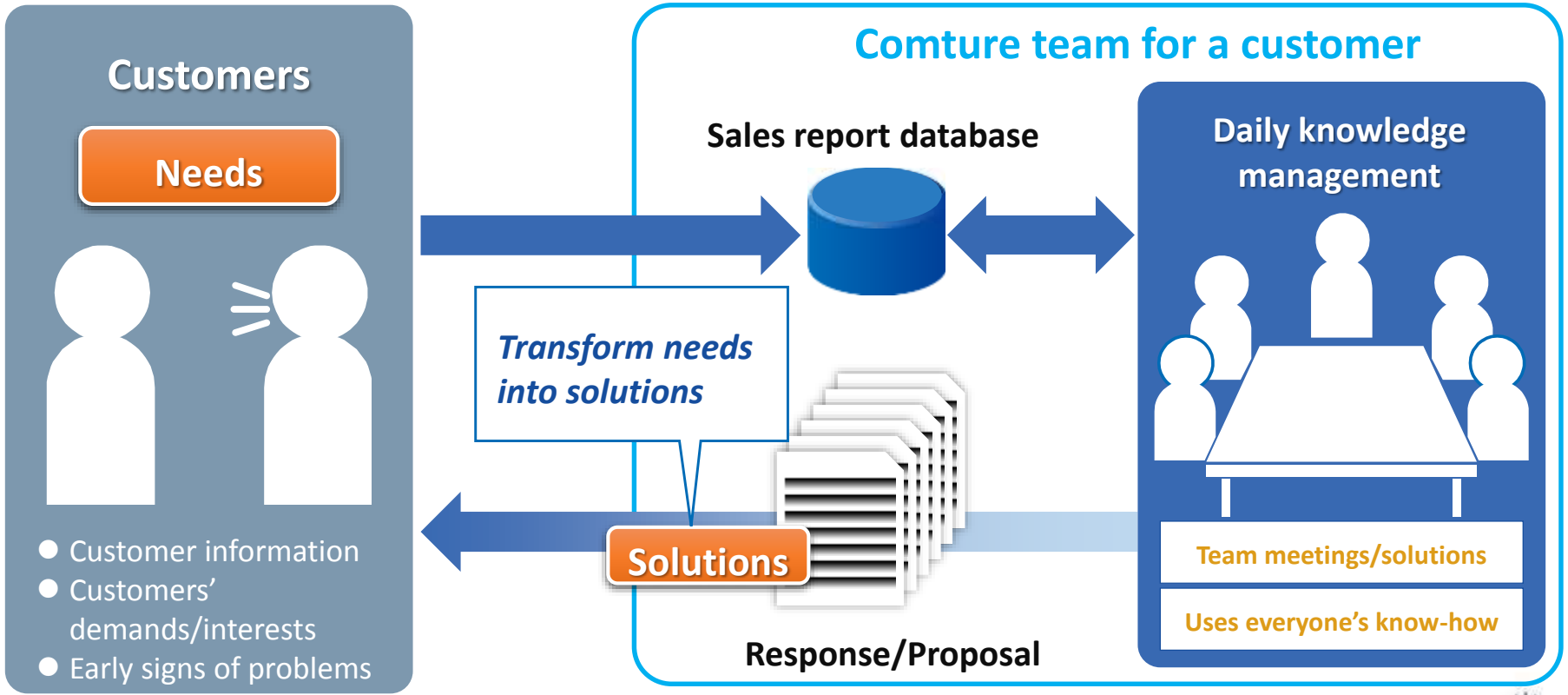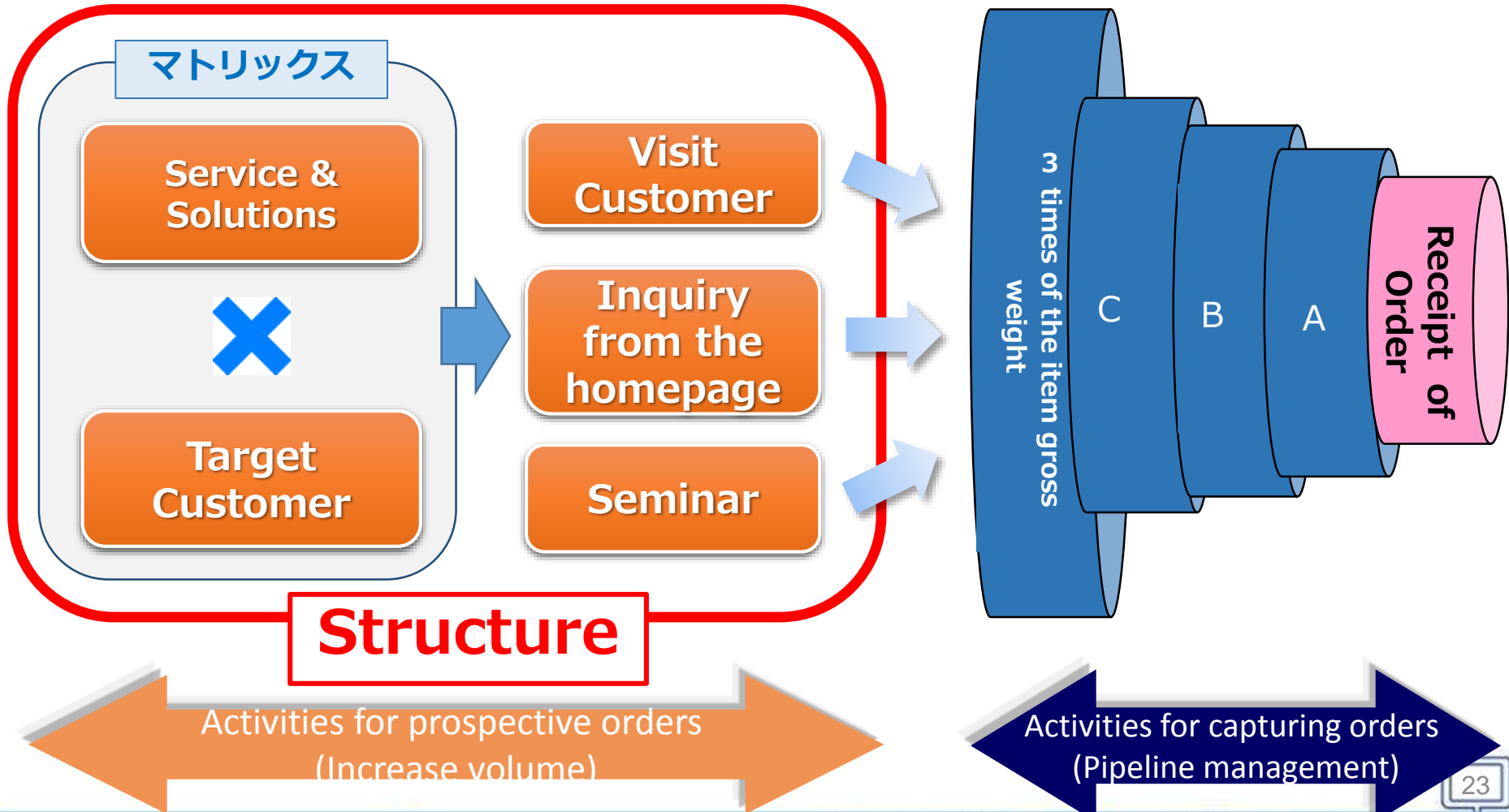
50 : 50

Reinforce consulting sales skills to improve customer satisfaction

Account system engineers who have close ties with customers identify each customer's needs. Then the aggregate know-how of a team is used to create ideas for transforming these needs into solutions.

Customers

Needs

- Customer information
- Customers' demands/interests
- Early signs of problems

Comture team for a customer

Sales report database

Daily knowledge management

Transform needs into solutions

Solutions

Response/Proposal

Team meetings/solutions

Uses everyone's know-how

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3-4 The Sales Process Strategy

The item gross weight is leading indicator for achievement of triple / Indicator of the order

マトリックス

Service & Solutions

✖

Target Customer

➡

Visit Customer

Inquiry from the homepage

Seminar

Structure

3 times of the item gross weight

C

B

A

Receipt of Order

Activities for prospective orders (Increase volume)

Activities for capturing orders (Pipeline management)

Activities for entering new market sectors to expand businesses

Aggressively target new IT advances for business growth

Big data
Artificial intelligence
Internet of things
Financial technology

New domains

Current domains

Cloud

Finance/ERP

Groupware

Networks

Business growth by entering new market sectors

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Training and recruiting for adding more value

Training programs

Cloud	**A leader in professional certifications (Salesforce, SAP, AWS, etc.) for cloud business growth – 150 people with certifications**
Big data/AI/IoT	**Quickly started training data scientists for the big data/AI/IoT businesses – 60 people with certifications**
Upgrade proposal/ management skills	**Create proposals with substantial added value by upgrading ability to incorporate new market sectors and technologies and by reinforcing management skills**

Recruiting

Strengthen recruiting activities	**People are the source of corporate value. Recruiting standards will be raised in order to hire talented individuals on a continuous basis** **– New graduates: 80 / Mid-career professionals: 80**

3-7 The Seven Comture Strategies

1 **Growth strategy**
Aim for double-digit growth every year with activities targeting mainly the cloud, big data, AI, IoT and other market sectors.

2 **Customer strategy**
Increase prospective order volume and capture value-added orders by transforming needs into solutions to strengthen customer ties and proposal skills.

3 **Human resources strategy**
Reinforce resources for meeting customers' demands by constantly recruiting talented individuals and giving them highly competitive skills.

4 **Innovation strategy**
Upgrade support for R&D that creates **new forms of value** and develop new cloud and big data services.

5 **Quality strategy**
Improve the quality of services with rigorous project management and quality, process and cost visualization.

6 **Financial strategy**
Clearly define KPI. Become a **value-creation company** with priority on the efficient use of capital, aiming for an **ROE consistently at or above 20%.**

7 **Alliance strategy**
Use **business alliances** that can produce synergies and **reinforce the Comture Group's business infrastructure** in order to grow faster.

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Closing   "Our Slogan"

Excitement for customers and

Dreams for employees

Excitement &Dreams for Shareholders

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