An Introduction to **COMTURE**
for Institutional Investors

COMTURE CORPORATION

Transforming needs into solutions

Cloud BigData, AI
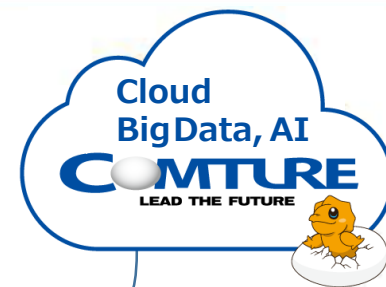
January, 2019

Koichi Mukai
Chairman & CEO
Founder - Owner

1 About COMTURE

1-1 Company Overview

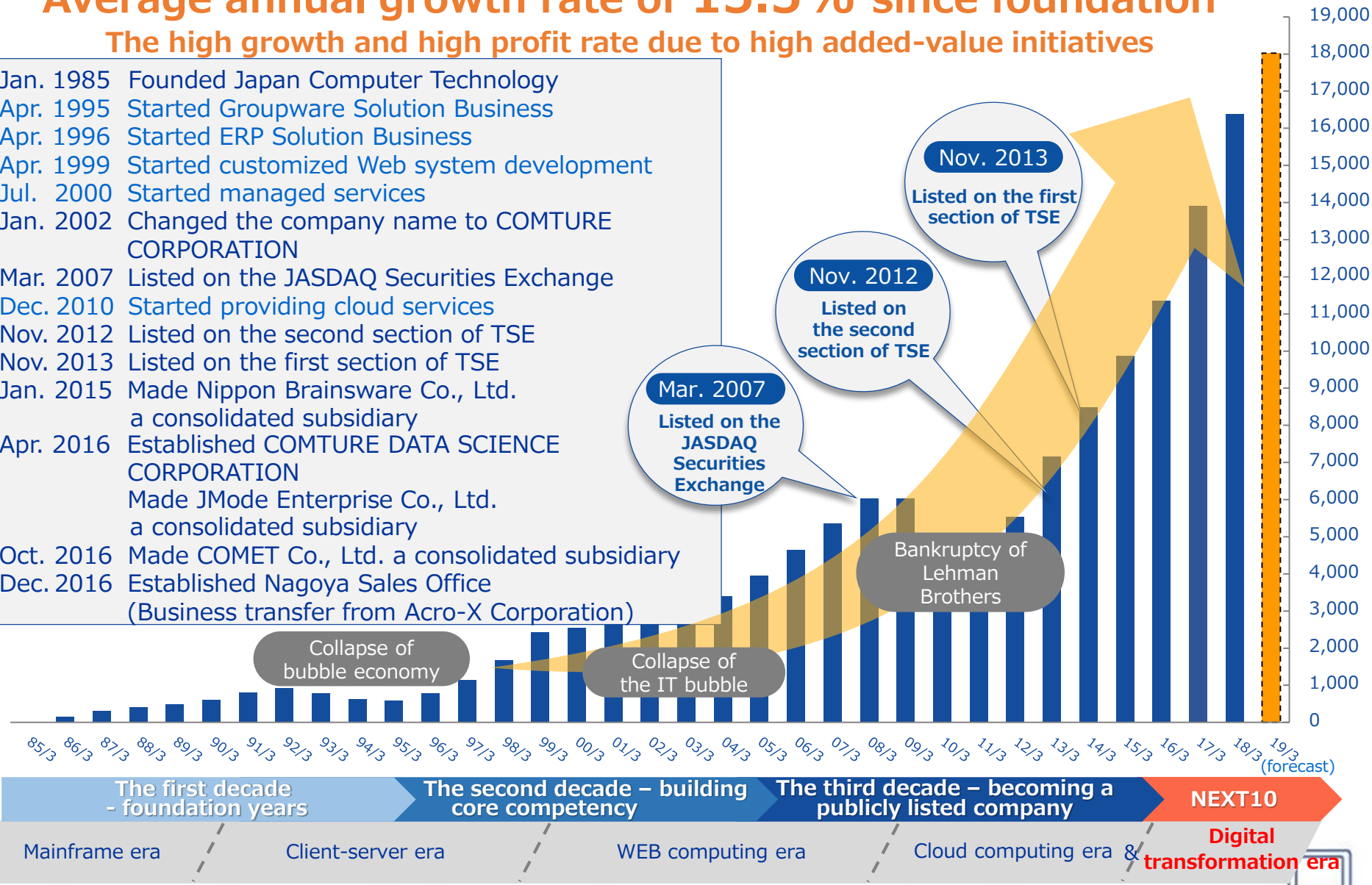|	
Name	COMTURE CORPORATION (Securities code: 3844)
Representative	Chairman & CEO Koichi Mukai President & COO Ken Ohno
Address	8F/9F East Tower, Gate City Osaki, 1-11-2, Osaki, Shinagawa-ku, Tokyo Japan
Established	January 18, 1985
Capital	¥1,019 million (as of the end of March 2018)
Net sales	¥16,383 million (FY ended March 2018) **¥18,025 million** (Forecast for FY ending March 2019)
Ordinary income	¥2,010 million (FY ended March 2018) **¥2,545 million** (Forecast for FY ending March 2019)
Employees	1,202 (as of April 1, 2018)

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1-2 COMTURE's History

Average annual growth rate of 15.5% since foundation
The high growth and high profit rate due to high added-value initiatives

Jan. 1985	Founded Japan Computer Technology
Apr. 1995	Started Groupware Solution Business
Apr. 1996	Started ERP Solution Business
Apr. 1999	Started customized Web system development
Jul. 2000	Started managed services
Jan. 2002	Changed the company name to COMTURE CORPORATION
Mar. 2007	Listed on the JASDAQ Securities Exchange
Dec. 2010	Started providing cloud services
Nov. 2012	Listed on the second section of TSE
Nov. 2013	Listed on the first section of TSE
Jan. 2015	Made Nippon Brainsware Co., Ltd. a consolidated subsidiary
Apr. 2016	Established COMTURE DATA SCIENCE CORPORATION Made JMode Enterprise Co., Ltd. a consolidated subsidiary
Oct. 2016	Made COMET Co., Ltd. a consolidated subsidiary
Dec. 2016	Established Nagoya Sales Office (Business transfer from Acro-X Corporation)

Mar. 2007 — Listed on the JASDAQ Securities Exchange

Nov. 2012 — Listed on the second section of TSE

Nov. 2013 — Listed on the first section of TSE

Collapse of bubble economy

Collapse of the IT bubble

Bankruptcy of Lehman Brothers

85/3 86/3 87/3 88/3 89/3 90/3 91/3 92/3 93/3 94/3 95/3 96/3 97/3 98/3 99/3 00/3 01/3 02/3 03/3 04/3 05/3 06/3 07/3 08/3 09/3 10/3 11/3 12/3 13/3 14/3 15/3 16/3 17/3 18/3 19/3 (forecast)

The first decade - foundation years

The second decade – building core competency

The third decade – becoming a publicly listed company

NEXT10

Mainframe era | Client-server era | WEB computing era | Cloud computing era & | **Digital transformation era**
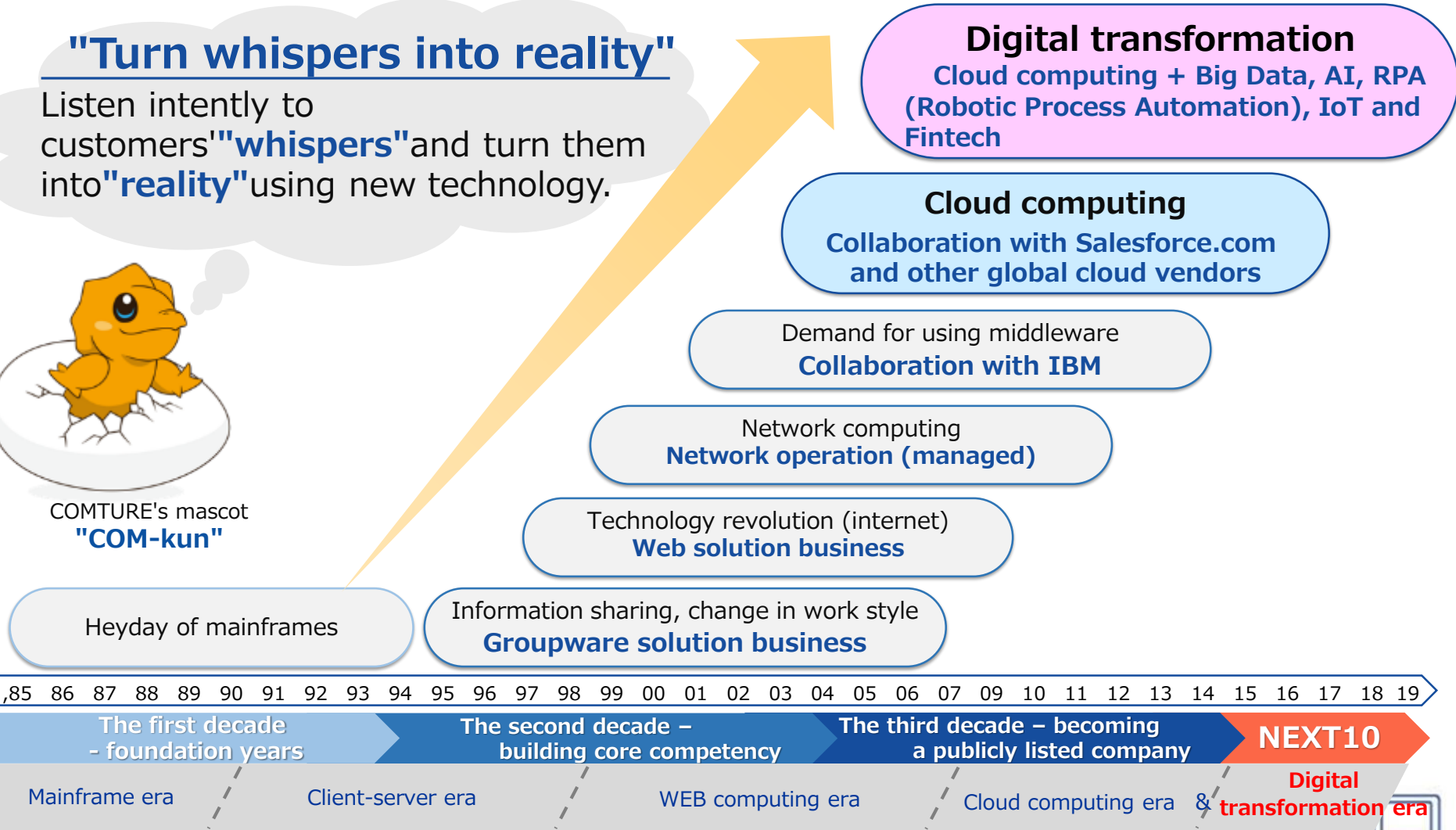
COMTURE LEAD THE FUTURE

As a result of ceaseless innovation

"Turn whispers into reality"

Listen intently to customers'**"whispers"** and turn them into **"reality"** using new technology.

COMTURE's mascot
"COM-kun"

Digital transformation
Cloud computing + Big Data, AI, RPA (Robotic Process Automation), IoT and Fintech

Cloud computing
Collaboration with Salesforce.com and other global cloud vendors

Demand for using middleware
Collaboration with IBM

Network computing
Network operation (managed)

Technology revolution (internet)
Web solution business

Information sharing, change in work style
Groupware solution business

Heyday of mainframes

| ,85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |

The first decade - foundation years | **The second decade – building core competency** | **The third decade – becoming a publicly listed company** | **NEXT10**
Digital transformation era

Mainframe era | Client-server era | WEB computing era | Cloud computing era & **Digital transformation era**

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

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

ERP Solutions
- Faster completion of projects by using integrated packages

Web Solutions
- Cloud , Big Data , AI , RPA , IoT , Fintech systems using the Internet

Network Services
- Data center operations service and network construction service

Client companies

Ideas for consulting and solutions

Solution systems

Maintenance and operation services

ERP Solution

Web Solution

Cloud/Big Data/AI IoT/Fintech/RPA

Comture Products

Company Portal Service

Groupware Solution

Managed Services

Network Operation Services

COMTURE
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We serve 828 large companies covering a broad spectrum of industries

Accenture, AJINOMOTO, American Home Assurance, AEON, ITOKIN, SMBC Trust Bank, NTT DOCOMO Group, NTT EAST, ORIX, Olympus, Kamagaya City, Canon Group, KYOCERA Group, Kirin Brewery, Kinki Nippon Tourist, Cleanup, KONICA MINOLTA, Kobe Steel, KOMATSU, National Cancer Center, Sapporo Group, GMO Aozora Net Bank , SHIMIZU, Mitsui O.S.K. Lines, Shinsho, Sumitomo Chemical, Sumitomo Electric Industries, SURUGA bank, SBI Sumishin Net Bank, SEIYU, CEMEDINE, Solaseed Air, Sompo Japan Nipponkoa Insurance, The Dai-ichi Life Insurance, Daito Trust Construction, TV TOKYO, Deloitte Tohmatsu, Tokyu Housing Lease, TOSHIBA Group, The Tokyo Star Bank, Nikkei, JAPAN INTERNATIONAL COOPERATION CENTER, Nisshin Steel, Nippon Rent-A-Car Service, NIFTY, NIPPON TRAVEL AGENCY, JP HD, Nomura Research Institute, FUJIYA, BOOKOFF, Fuji Xerox Group, Honda Motor, Marubeni, Isetan Mitsukoshi, Mitsui Chemicals, Mitsui Fudosan, Mitsubishi, MITSUBISHI ESTATE, Mitsubishi Electric, Mitsubishi UFJ Lease & Finance, MetLife Insurance, Morinaga Milk Industry, MOS FOOD SERVICES, MORI Building, LIXIL, Recruit HD, Ricoh Japan, Lotte, Waseda University

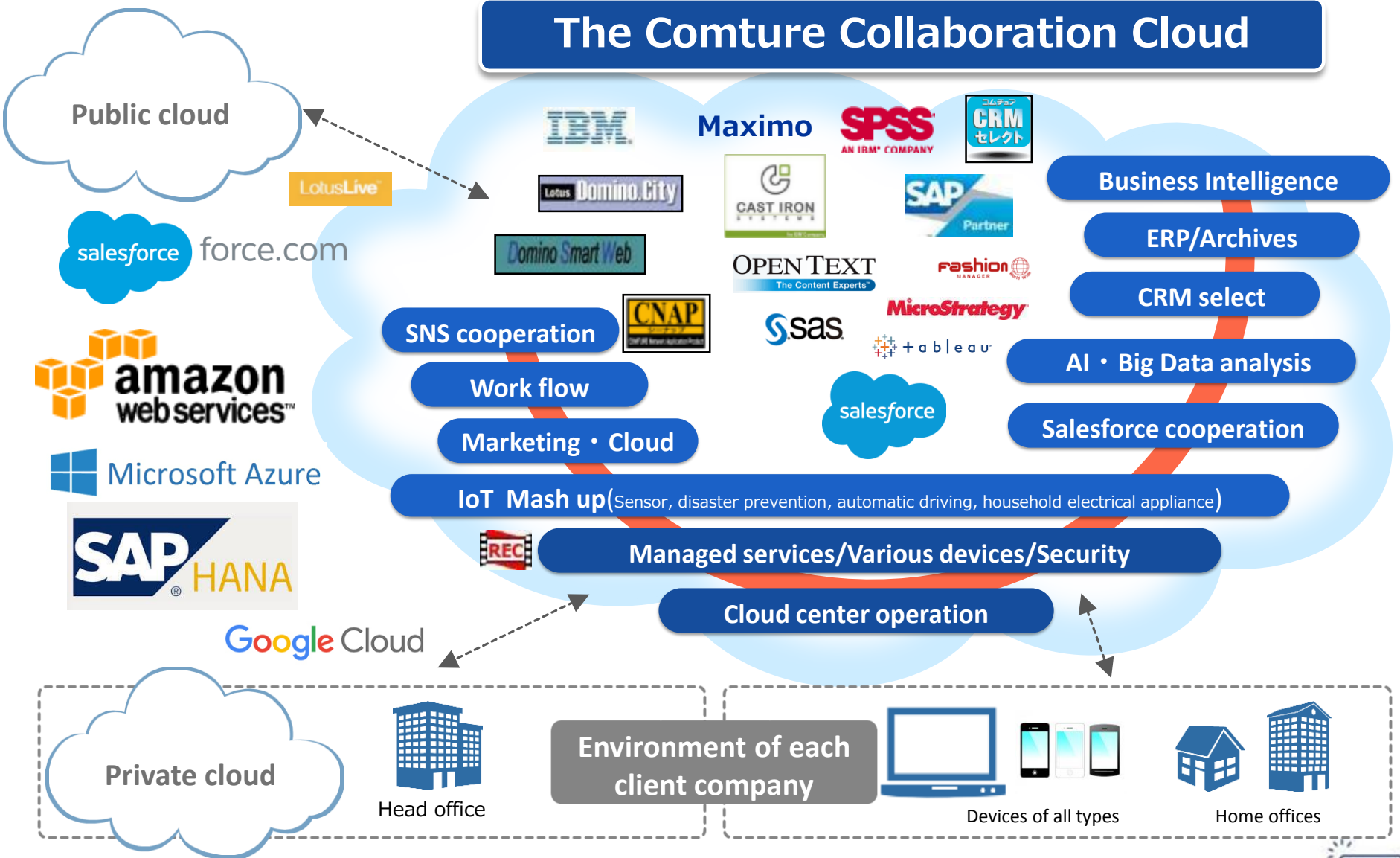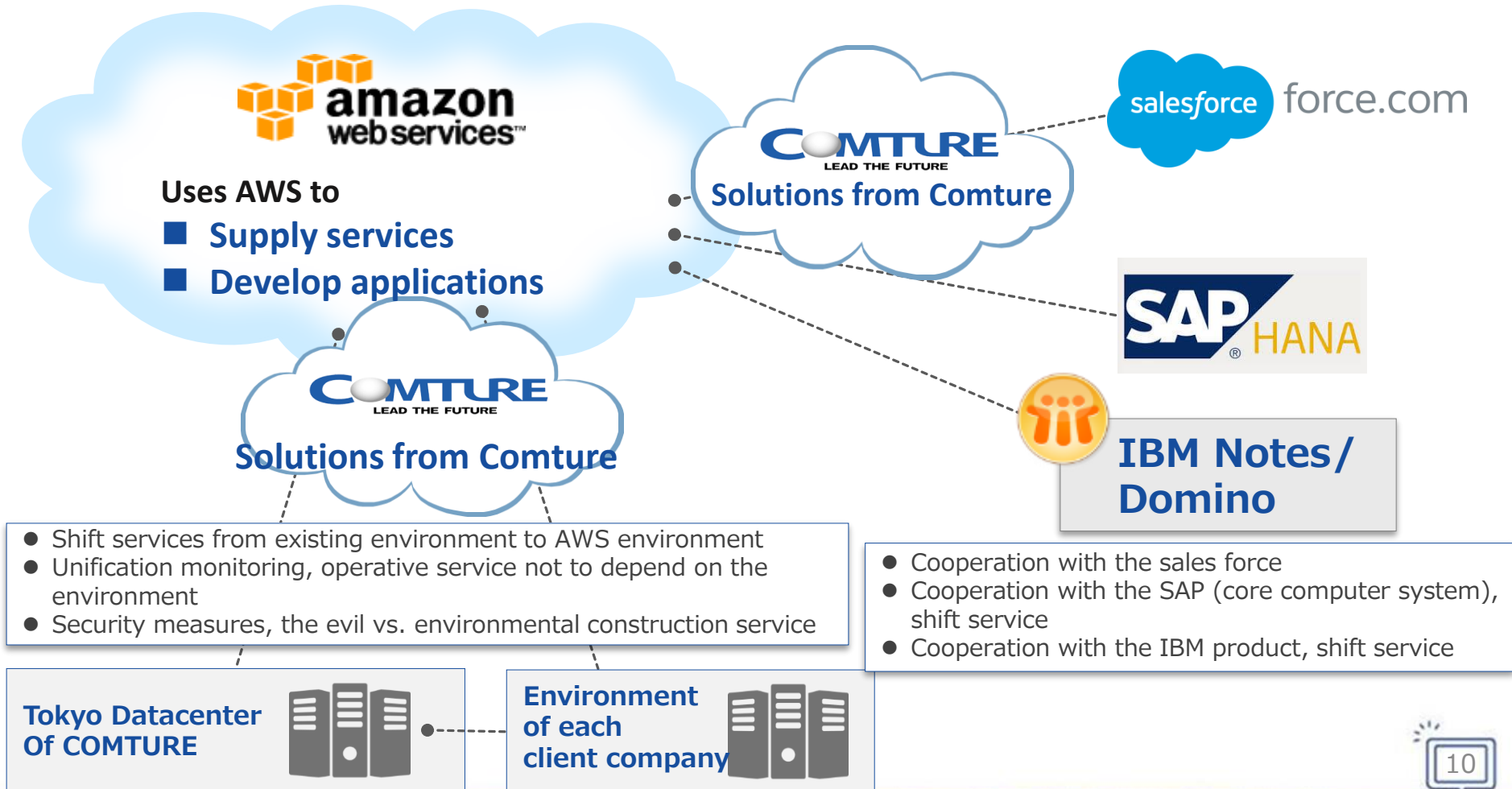(Order of the Japanese syllabary. As of the end of December 2018)

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2 Our Business

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2-1 Domains for Comture Services

The Comture Collaboration Cloud

Public cloud

LotusLive™

salesforce force.com

amazon web services™

Microsoft Azure

SAP HANA

Google Cloud

IBM Maximo SPSS AN IBM COMPANY CRM セレクト

Lotus Domino.City CAST IRON SYSTEMS SAP Partner

Domino Smart Web OPEN TEXT The Content Experts Fashion MANAGER

CNAP MicroStrategy

SNS cooperation sas tableau

Work flow

Marketing・Cloud salesforce

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

REC Managed services/Various devices/Security

Cloud center operation

Business Intelligence

ERP/Archives

CRM select

AI・Big Data analysis

Salesforce cooperation

Private cloud

Head office

Environment of each client company

Devices of all types

Home offices

Working with Amazon Web Services Japan to offer the Amazon Web Services (AWS) cloud service

amazon web services™

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

Solutions from Comture

salesforce force.com

SAP HANA

IBM Notes/ Domino

Solutions from Comture

- 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

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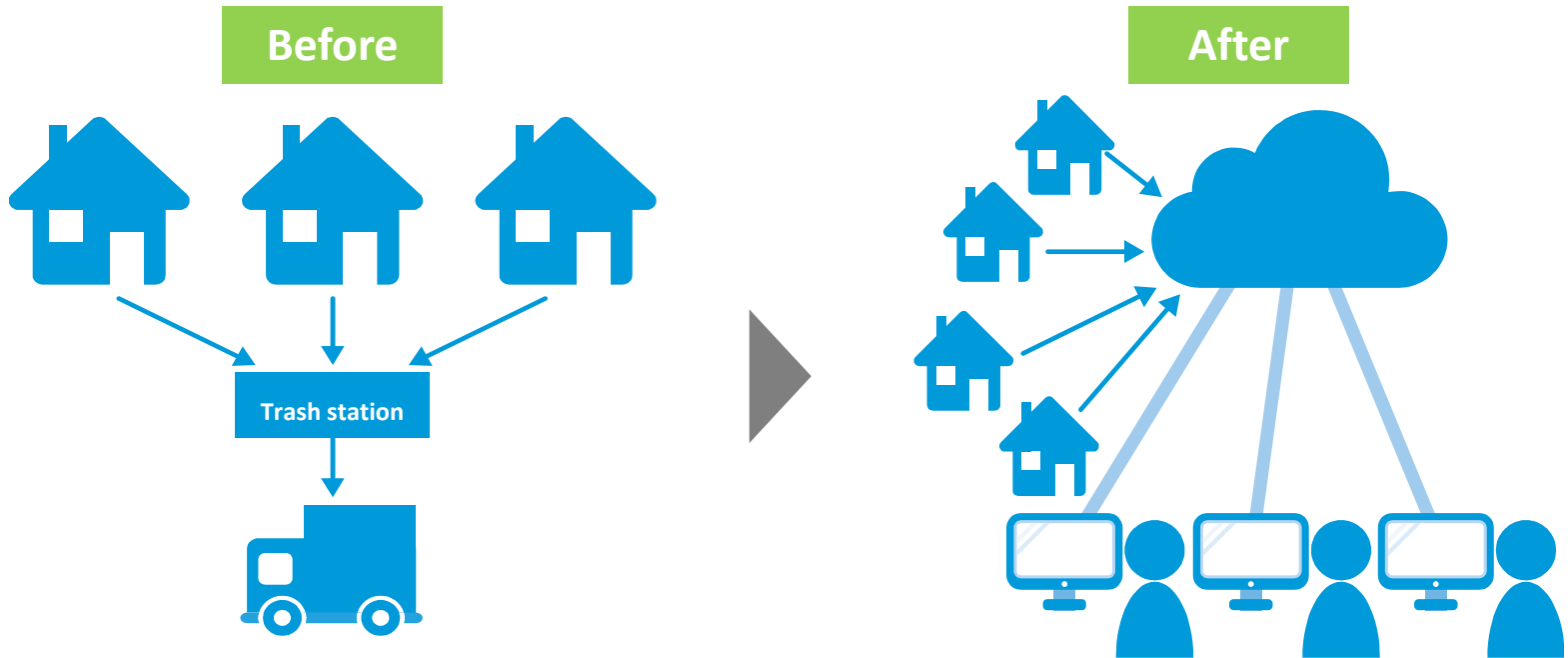
Managed using different manual processes by the city, trash collection company and incineration facility

Centralized oversight from the cloud improves city services by dramatically increasing efficiency

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LEAD THE FUTURE

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.**
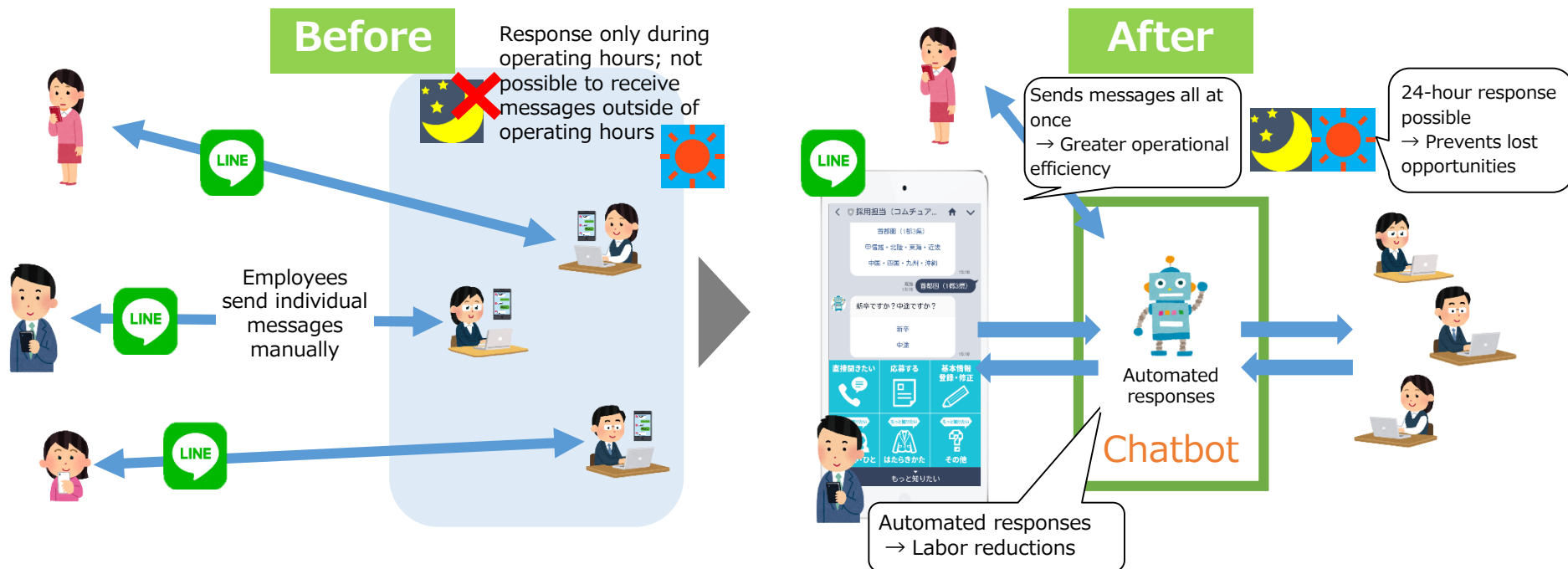
Before

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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2-5 New domain examples
–Japan Nursery Service Inc.–

Example of cloud use – 3
Automated Response via Chatbot

By working with Chatbots (automated response robots) when communicating with applicants for nursery school teacher positions, we have boosted operational efficiency and strengthened response capabilities.

Before

Response only during operating hours; not possible to receive messages outside of operating hours

Employees send individual messages manually

After

Sends messages all at once
→ Greater operational efficiency

24-hour response possible
→ Prevents lost opportunities

Automated responses

Chatbot

Automated responses
→ Labor reductions

Until now, employees have sent individual messages via LINE@

LINE@ and Chatbots provide greater operational efficiency and 24-hour response system

–Personnel Recruiting Operations–

Cloud Example Case 4

Sharing Response Histories through a Linkage with LINE

When communicating with job applicants, we establish a linkage with LINE to enable sharing of communication histories for said applicants, thus helping to achieve strengthened response capabilities.

Before

Sharing of communication history not possible

After

Cloud

Central management via LINE → Greater operational efficiency

LINE Talk history

Talk history sharing → Strengthened response capabilities
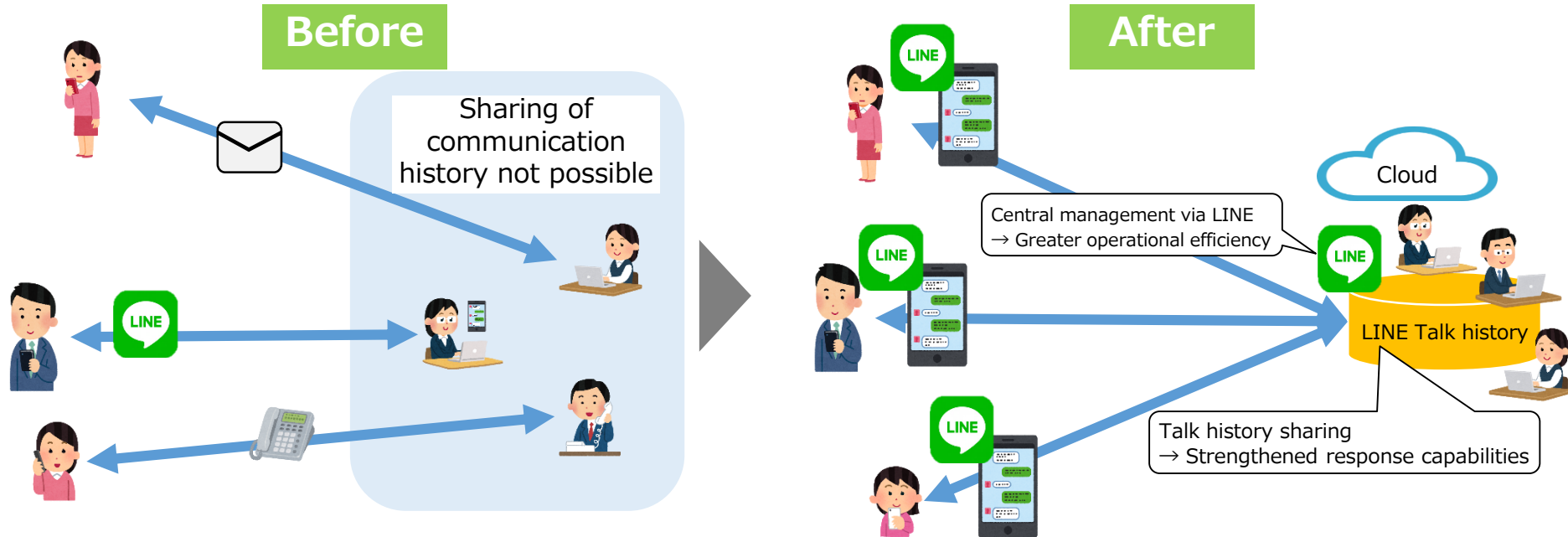
Until now, communication has been carried out on an individual, one-on-one basis

Sharing of response histories through a linkage with LINE enables improved response capabilities

Example using big data and AI solutions − 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
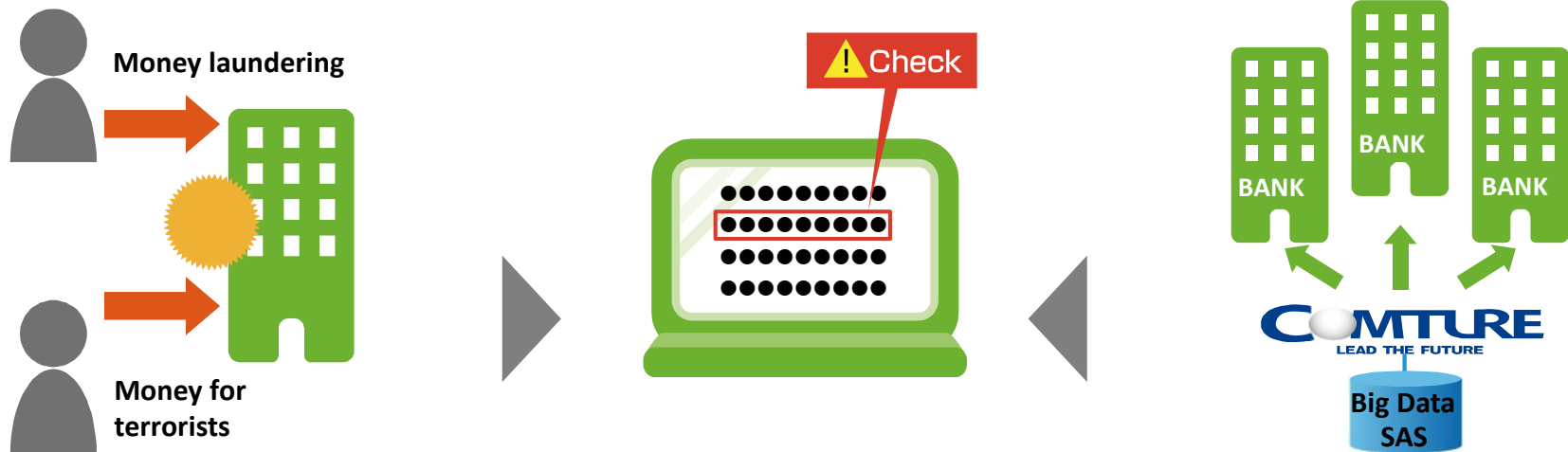
Risk involving money laundering, terrorism, smuggling and other transactions for criminal activity is growing

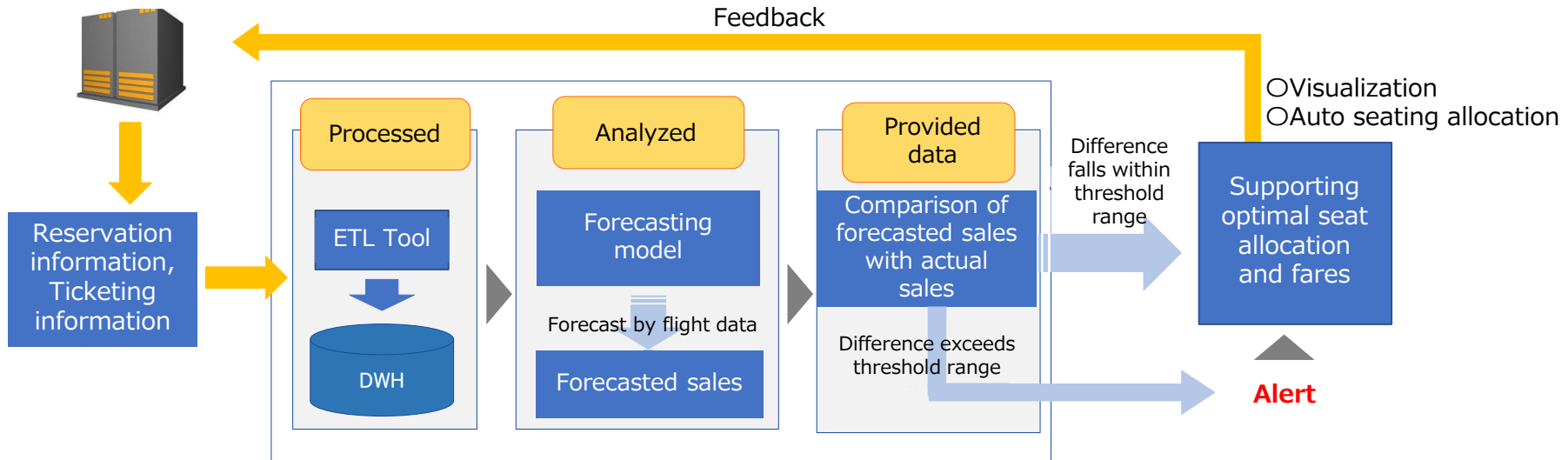**With big data, financial institutions can quickly detect and report transactions involving criminal activity**

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Example using big data and AI solutions – 2
Revenue management system

AI enables analysis of large amounts of flight ticket sales data(Big Data) accumulated from the past.

Forecasting future demand and comparing it with actual sales, AI optimizes pricing that minimizes seat vacancy rate, which ultimately leads to maximizing profit.

Reservation Management System

Feedback

○Visualization
○Auto seating allocation

Reservation information, Ticketing information

Processed
ETL Tool
DWH

Analyzed
Forecasting model
Forecast by flight data
Forecasted sales

Provided data
Comparison of forecasted sales with actual sales
Difference exceeds threshold range

Difference falls within threshold range

Supporting optimal seat allocation and fares

Alert

In the past, fares were determined based on the forecasted demand by human instinct and experience
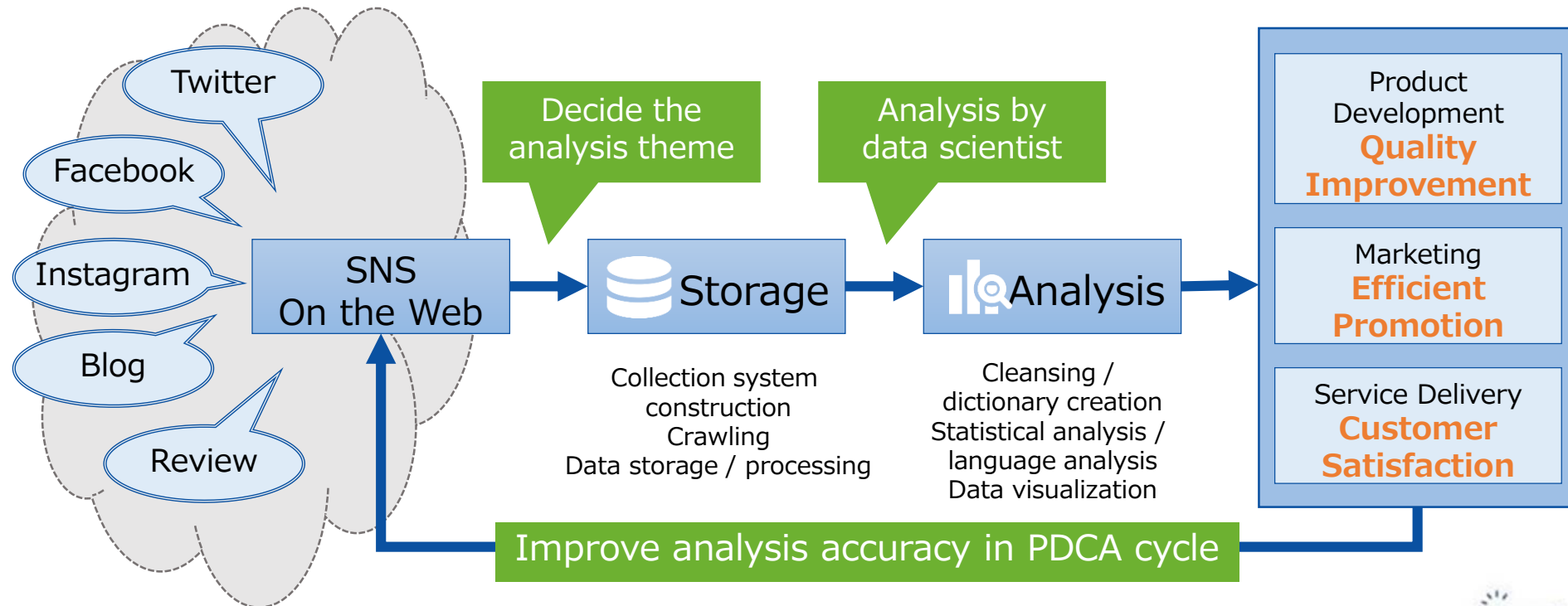
Post installation

Expansive historical sales data are analyzed using AI for demand forecasting. Optimal pricing is derived based on the past sales.

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2-9 New domain examples
–Large manufacturing company–

Example using big data and AI solutions – 3
Solution for social media（SNS）analysis

Support customer's problem solving by analyzing word-of-mouth and contribution data of SNS

- Twitter
- Facebook
- Instagram
- Blog
- Review

SNS On the Web

Decide the analysis theme

Storage

Collection system construction
Crawling
Data storage / processing

Analysis by data scientist

Analysis

Cleansing / dictionary creation
Statistical analysis / language analysis
Data visualization

Product Development
Quality Improvement

Marketing
Efficient Promotion

Service Delivery
Customer Satisfaction

Improve analysis accuracy in PDCA cycle

Example using RPA (Robotic Process Automation) − 1
Clerical mechanization using robots

Painstaking manual work can be automated by utilizing robots as substitutes to perform multiple system operation tasks and reduce clerical workload, which can result in improving clerical productivity.

Before

Voluminous orders are checked one by one and printed out manually

After

Automation using RPA tools can reduce man-hours by 20% and errors to zero

Order screen   Checked Manually   Purchase order print-out

Order screen   Automation with RPA   Purchase order print-out

Using ordering system IBM Notes, each order form is visually checked to be compared with the order placed in the last month (comparison item: unit price, type of contract, workplace etc.).

RPA tools automatically lists out the difference between this month and last month's order details.
Human eyes are needed only to confirm the difference.

–Large manufacturing company–

Example using RPA (Robotic Process Automation) – 2
Automation of contract creation / approval / sending work

Automated many of the extension procedures for temporary agency contract by RPA
Work time reduction · Entry error eradication

Before

Data input | Application, Approval | Send e-mail

After

Automate data entry and application | Human approval | Send e-mail automatically
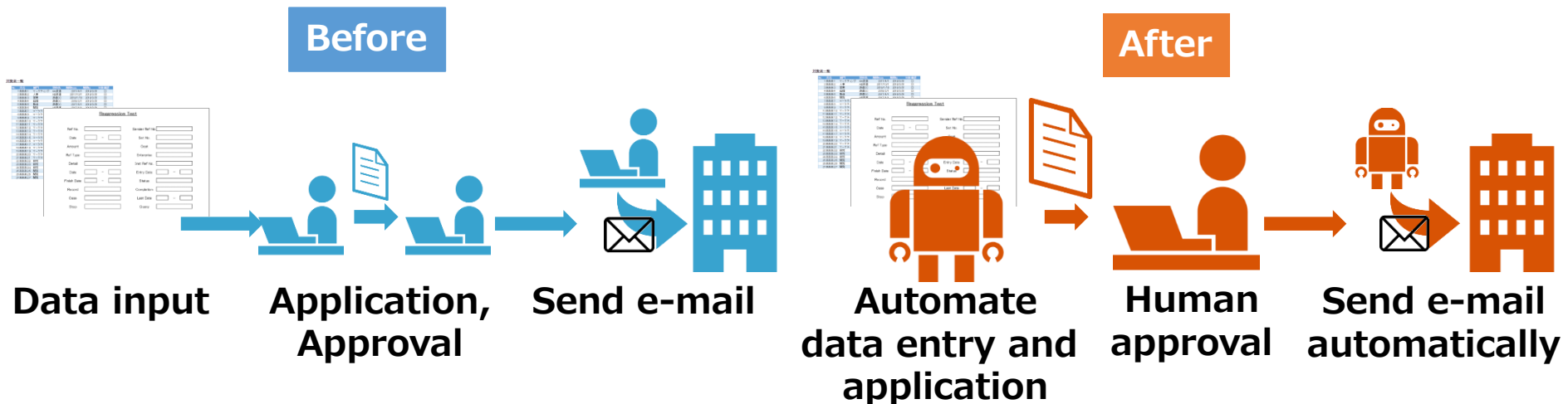
Manual work
(Preparation of approval documents,
application by workflow,
Send e-mail to dispatching source)

✓ **Working time reduction rate 80%**
✓ **Reduce input error and mail erroneous transmission**

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2-12 Overview of Recent Orders

Cloud	
Tokyo Midtown Management	Management of posting schedules, advertising clients and so forth for advertising spaces in Tokyo Midtown
Mfg. Machine manufacturer	Multi-function printer user support (call center) operations, and progress management for repair operations
Yokogawa Rental & Lease Corporation	Relocation of in-house information systems to cloud and interlinking with core system (hybrid cloud setup)
Big Data・AI	
Supermarket	Adjusted order-volume control and inventory optimization using demand forecasting analysis
Trust bank	Proposals for Internet banking function improvements based on analyses of website visitor numbers
Railways	Revenue management system utilizing demand forecasting analysis

2-13 Overview of Recent Orders

Cloud	
Nursing facilities operating company	**Application acceptance and recruitment communication system, linking with LINE, for recruiting nursery teachers**
Foreign pharmaceutical company	**MR's sales activities and project pipeline management, linking with the global system**
Large manufacturing company	**Information sharing using internal SNS and internal portal for 20,000 employees of the Group**

Fintech	
Net bank	**New development of Internet banking in association with starting business**

3 Business Strategies

3-1 High added-value strategy

– top priority policy–

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LEAD THE FUTURE

Virtuous circle of growth and distribution due to high added-value initiatives

High added-value
Up 5% every year

Higher salaries
3% up
Improvement of employee satisfaction

More investments
1.8% up
Investing in growth

More earnings
0.2% up
Improvement of shareholder satisfaction

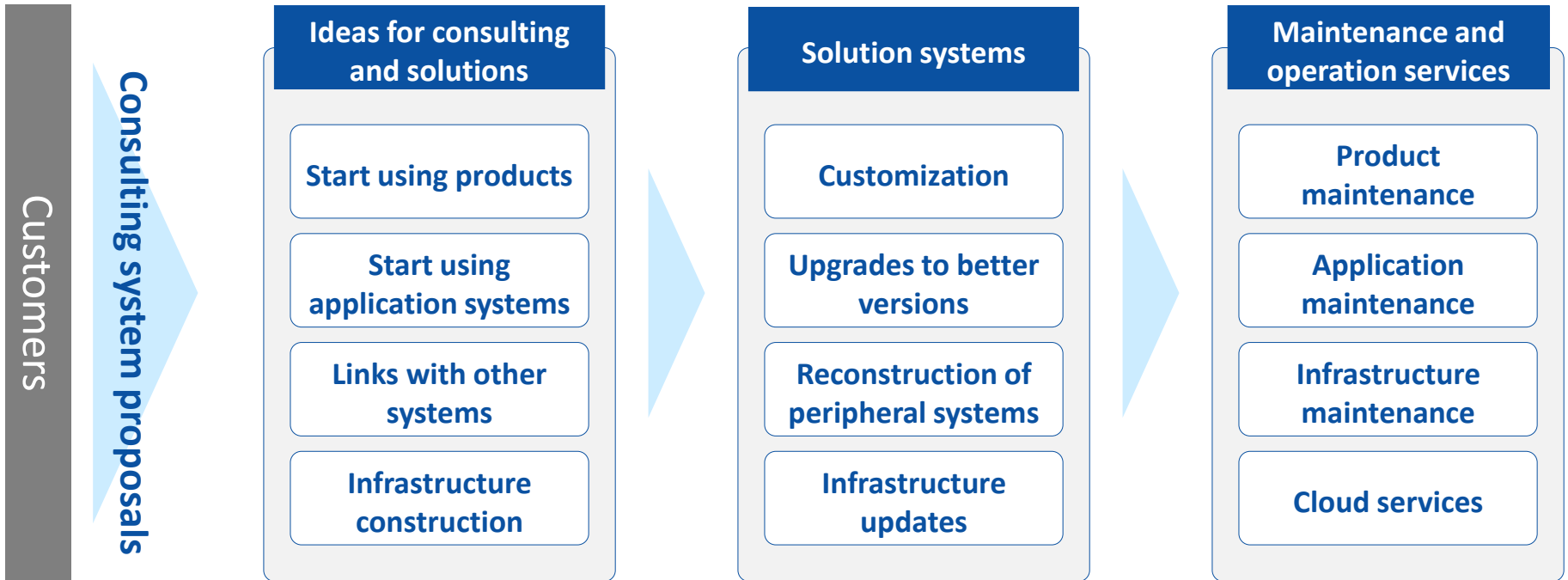**COMTURE value (branding)**

Better proposal skills

Better services

Increased productivity

More core competences

Work style reform

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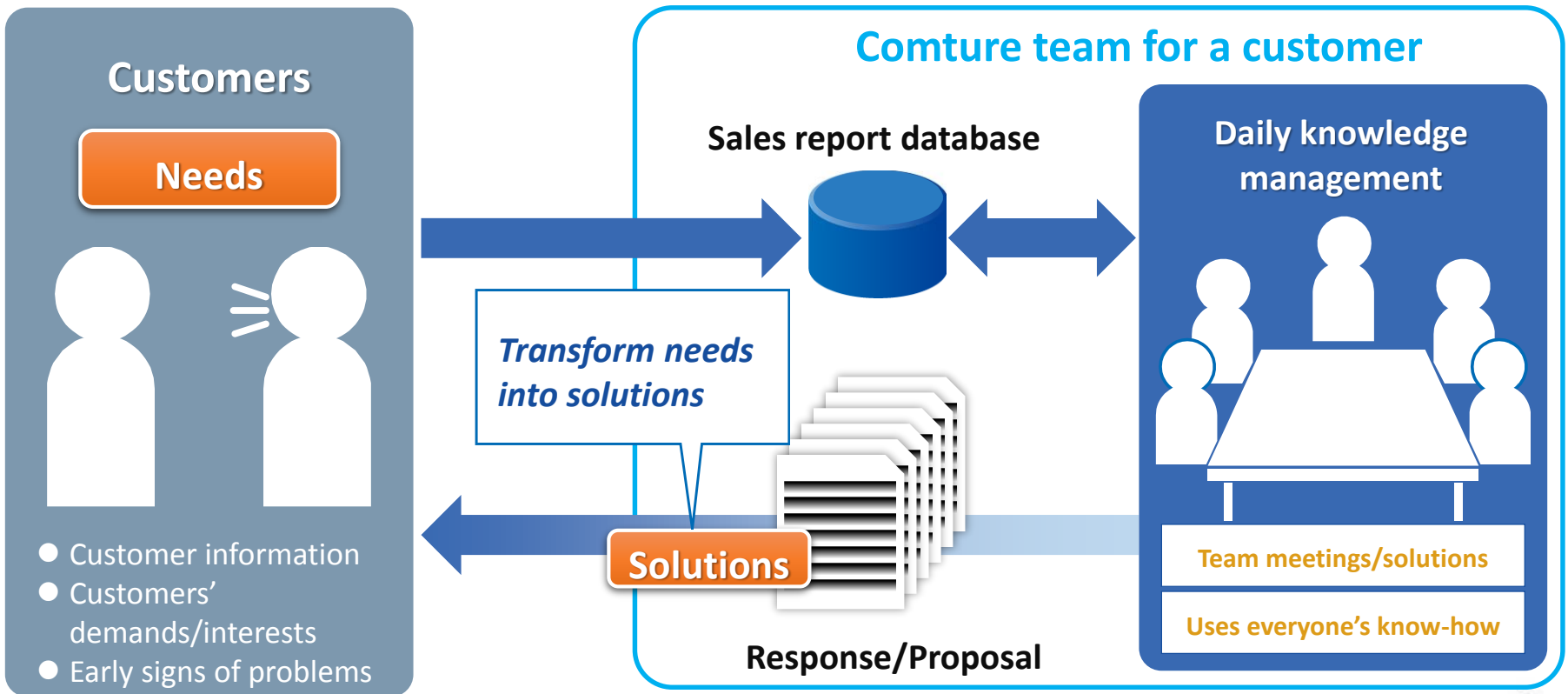# 3-2 The Linked Profit Model
–One-time sales and consistent revenue–

Customers

Consulting system proposals

Ideas for consulting 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**
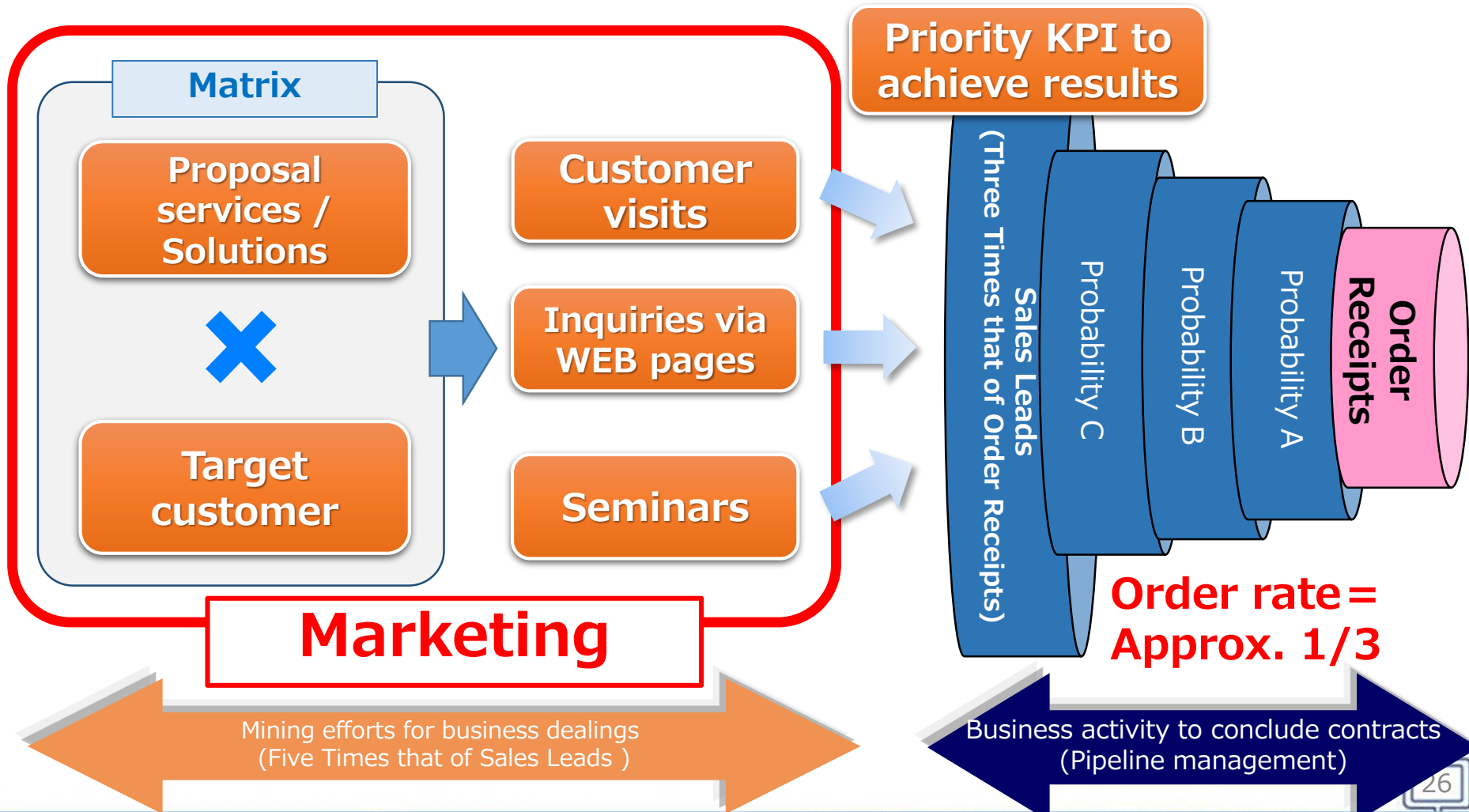
50 : 50

3-3 Customer Strategy

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.
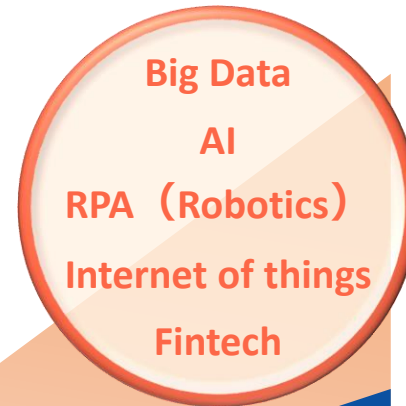
Customers

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

Sales Leads is Three Times that of Order Receipts / Leading Indicators for Achieving Order Receipts

Matrix

Proposal services / Solutions

✖

Target customer

Customer visits

Inquiries via WEB pages

Seminars

Priority KPI to achieve results

Sales Leads (Three Times that of Order Receipts)

Probability C

Probability B

Probability A

Order Receipts

Order rate＝ Approx. 1/3

Marketing

Mining efforts for business dealings (Five Times that of Sales Leads)

Business activity to conclude contracts (Pipeline management)

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Approach to digital transformation

Aggressively target new IT advances for business growth

Big Data

AI

RPA（Robotics）

Internet of things

Fintech

Cloud

Finance/ERP

Groupware

Networks

New domains

Current domains

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 – 335 people with certifications
Big Data/AI/IoT	Quickly started training data scientists for the Big Data/AI/IoT businesses – 306 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: 85(FY2018) / Mid-career professionals: 80 – New graduates: 96(FY2019) (planned)

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3-7 7 basic strategies for further growth

1 Growth Strategy
Based on high added-value management, over 5% annual increase in sales per employee, realize double-digit growth through securing triple number of total business orders

2 Customer Strategy
Comprehend customer needs to advance scope of clientele, provide strategic proposals and attain high added-value orders

3 Human Resources Strategy
Through "Objective Recruitment", ascertain potential to recruit talented personnel, nurture and foster competitive skills, strengthen resource foundation that can answer to customer demands

4 Innovation Strategy
Evolve support system that enables R&D which can create new values, carry out early start-up of growing business fields such as cloud computing, big data, AI, RPA, IoT, fintech

5 Quality Strategy
Refine project management, advance visualization of quality, process and costs, reinforce improvement of service quality, site quality and customer satisfaction

6 Financial Strategy
Clearly define KPI while maintaining optimal capitalization structure, with a management base retaining a standard level of over 20% ROE emphasizing capital efficiency as a value creating corporation

7 Alliance Strategy
On condition of a synergistic effect, proactive efforts to build business alliances strengthening management bases and accelerate business growth through M&As

Be a source of
"excitement"
for customers and
"dreams"
for employees

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