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

Transforming needs into solutions

Cloud Big Data, AI

January, 2020

Koichi Mukai
Chairman & CEO

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About COMTURE

1-1 Company Overview

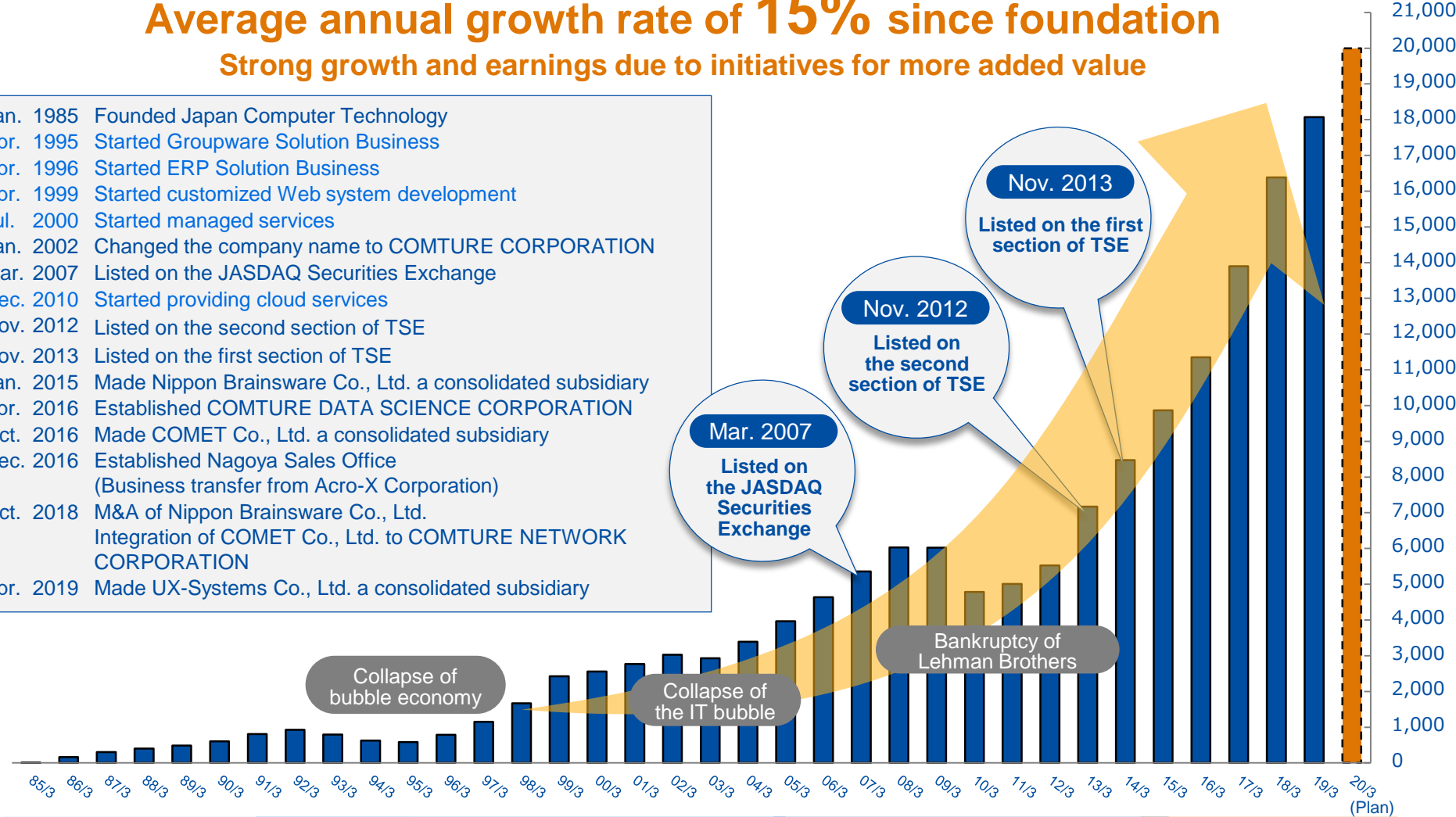|	
Name	COMTURE CORPORATION
Representative	Koichi Mukai, Chairman & CEO Chihiro Sawada, President & COO
Address	9F/15F East Tower, Gate City Osaki, 1-11-2, Osaki, Shinagawa-ku, Tokyo Japan
Established	January 18, 1985
Businesses	Consulting, plans, installation and operation of systems, primarily using the cloud, for companies
Capital	1,022 million yen (as of the end of March 2019)
Group companies	COMTURE NETWORK, UX-SYSTEMS, COMTURE MARKETING, COMTURE DATA SCIENCE
Net sales	18,070 million yen (FY3/19) **20,000 million yen** (Forecast for FY3/20)
Ordinary profit	2,575 million yen (FY3/19) **2,874 million yen** (Forecast for FY3/20)
Employees	1,270 (as of April 1, 2019)

1-2　COMTURE's History

(Unit: million yen)

Average annual growth rate of 15% since foundation

Strong growth and earnings due to initiatives for more added value

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
Oct. 2016	Made COMET Co., Ltd. a consolidated subsidiary
Dec. 2016	Established Nagoya Sales Office (Business transfer from Acro-X Corporation)
Oct. 2018	M&A of Nippon Brainsware Co., Ltd. Integration of COMET Co., Ltd. to COMTURE NETWORK CORPORATION
Apr. 2019	Made UX-Systems Co., Ltd. a consolidated subsidiary

Nov. 2013 — Listed on the first section of TSE

Nov. 2012 — Listed on the second section of TSE

Mar. 2007 — Listed on the JASDAQ Securities Exchange

Collapse of bubble economy

Collapse of the IT bubble

Bankruptcy of Lehman Brothers

Chart axis: 21,000 / 20,000 / 19,000 / 18,000 / 17,000 / 16,000 / 15,000 / 14,000 / 13,000 / 12,000 / 11,000 / 10,000 / 9,000 / 8,000 / 7,000 / 6,000 / 5,000 / 4,000 / 3,000 / 2,000 / 1,000 / 0

Years: 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 20/3 (Plan)

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**

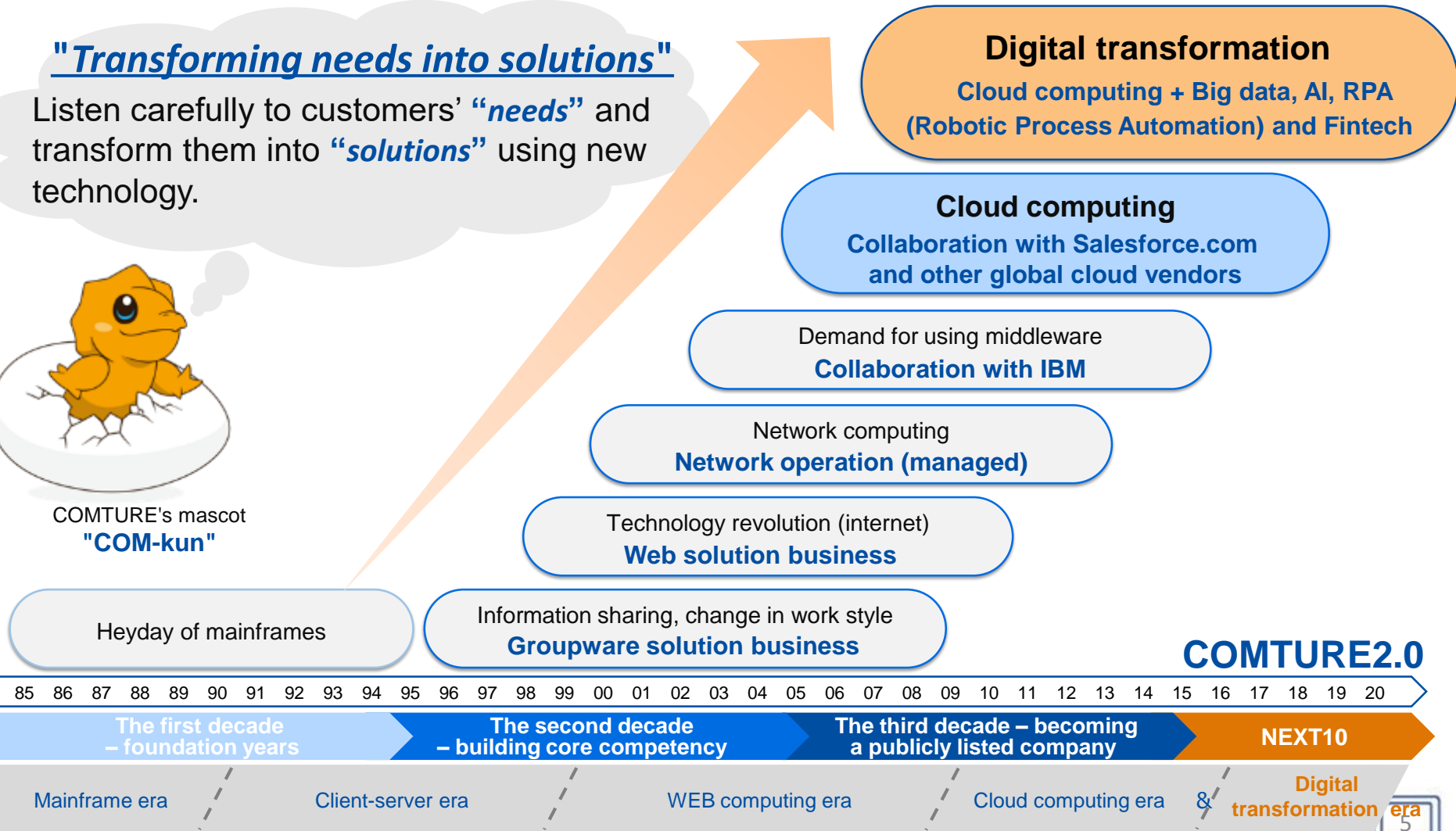# 1-3 COMTURE's Evolution - How we continued to grow -

As a result of ceaseless innovation

"*Transforming needs into solutions*"

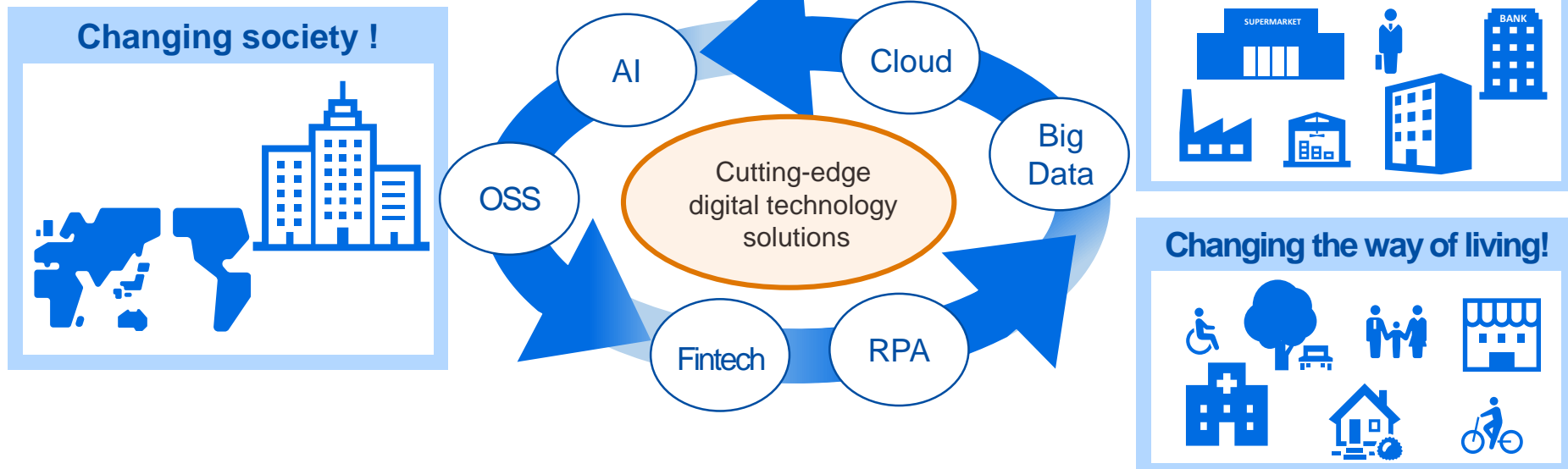Listen carefully to customers' **"*needs*"** and transform them into **"*solutions*"** using new technology.

COMTURE's mascot
"COM-kun"

Digital transformation
Cloud computing + Big data, AI, RPA (Robotic Process Automation) 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

COMTURE2.0

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	17	18	19	20

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

1-4 Digital Transformation Activities

Digital transformation (DX) enables companies to dramatically alter their business strategies and domains through the use of the latest advances in digital technologies. Companies use DX to improve business processes, increase sales and earnings, use innovative business models and change how people do their jobs. DX is also a source of new forms of value for companies and society.

Digital transformation

Changing society !

Changing business !

SUPERMARKET

BANK

Changing the way of living!

AI

Cloud

OSS

Cutting-edge digital technology solutions

Big Data

Fintech

RPA

An intent focus on solving customers' problems and innovation

1-5 Four Interlinked Business Domains

Proposals and support for IT at large companies centered on Cloud Solutions and Digital Solutions

Cloud Solutions

- Solution development on the cloud, cloud infrastructure construction
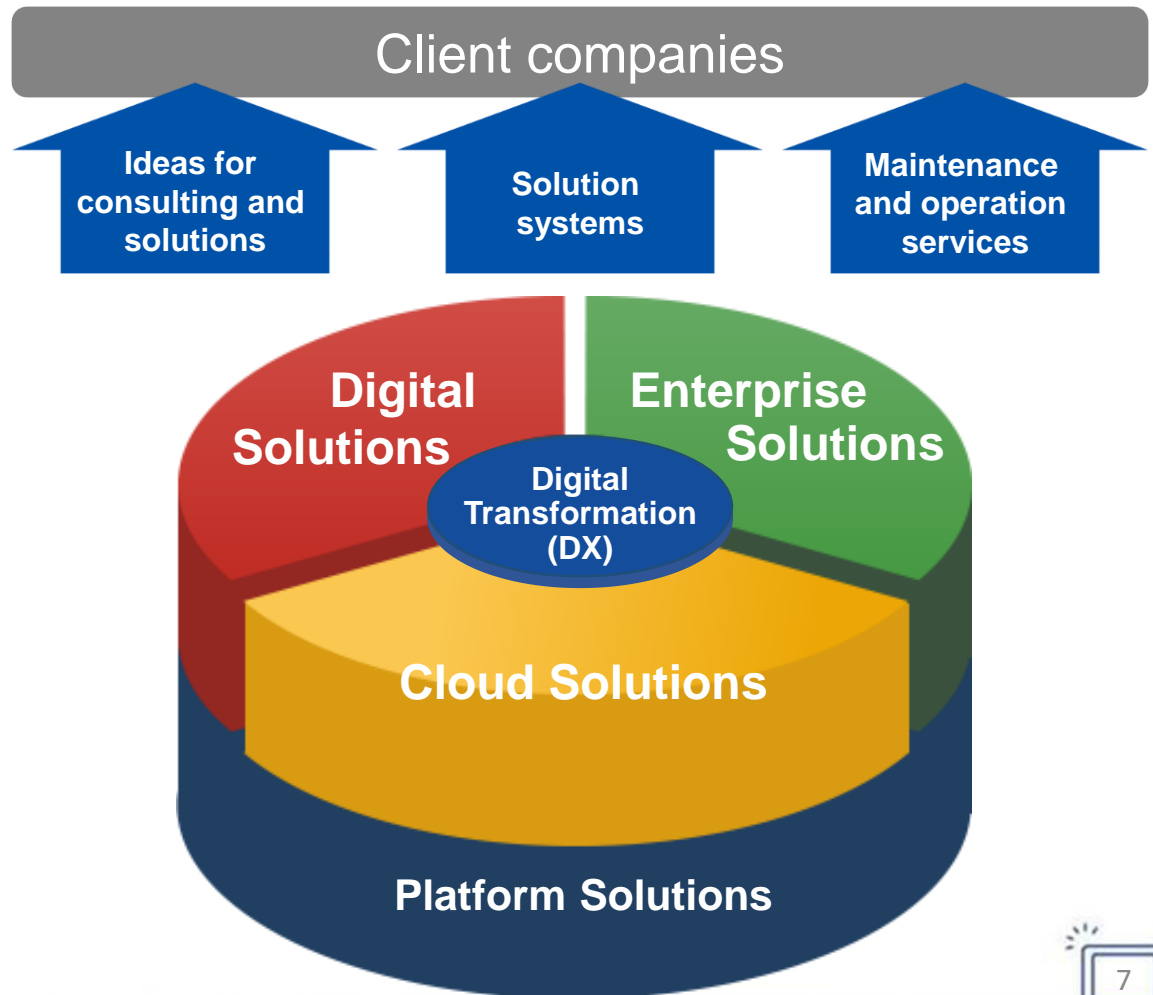
Digital Solutions

- Data Analytics (Big Data ・ AI), RPA

Enterprise Solutions

- ERP (SAP), Fintech, Human Resources Solutions

Platform Solutions

- Server infrastructure foundation, operation, management service

Client companies

Ideas for consulting and solutions

Solution systems

Maintenance and operation services

Digital Solutions

Enterprise Solutions

Digital Transformation (DX)

Cloud Solutions

Platform Solutions

Collaborations with global platformers and tool vendors

Cloud Solutions
- Providing solutions, construction of cloud environments and other activities using collaborations with global platformers.

Digital Solutions
- Providing data analysis solutions using big data and AI tools, automating business processes using robotic process automation tools.

Enterprise Solutions
- Consulting, design, development, maintenance and other services for ERP packages (SAP) and enterprise systems.

Platform Solutions
- Design and construction of systems and network environments using collaborations with global platformers, remote surveillance of systems using the COMTURE data center, and help desk operations.

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LEAD THE FUTURE

We serve 913 large companies covering a broad spectrum of industries

American Home Assurance, AEON, SMBC Trust Bank, NTT DOCOMO Group, ORIX, Olympus, Kamagaya City, Kansai Electric Power, Canon Group, KYOCERA Group, Cleanup, Credit Saison, Keio Corporation, Kobe Steel, KOKUYO, National Cancer Center, KONICA MINOLTA, Sapporo Group, Sankei Shimbun, GMO Aozora Net Bank, JCB, SHIMIZU, Sophia University, Subaru Group, SBI Sumishin Net Bank, Sumitomo Chemical, Sumitomo Rubber Industries, Sumitomo Electric Industries, Sony Group, SoftBank Group, Solaseed Air, Sompo Japan Nipponkoa Insurance, Taisho Pharmaceutical, The Dai-ichi Life Insurance, Daito Trust Construction, THK, The Tokyo Star Bank, Tokyo Electric Power, TOSHIBA Group, TOYOTA GROUP, Narita International Airport, Nisshin Steel, Nippon Rent-A-Car Service, NIFTY, Nikkei, JAPAN POST HOLDINGS, Nomura Research Institute, Pasona Group, Hachioji City, BIC CAMERA, Fuji Xerox Group, BOOKOFF, Porsche Japan, Honda Motor, Marubeni, Mitsui Chemicals, Sumitomo Mitsui Bank, Sumitomo Mitsui Trust Bank, Mitsui Fudosan, Mitsubishi Corporation, MITSUBISHI ESTATE, Mitsubishi Electric, MetLife Insurance, Morinaga Milk Industry, MORI Building, YAMATO TRANSPORT, The Yokohama Shinkin Bank, LIXIL, Recruit Group, Ricoh Japan, Waseda University
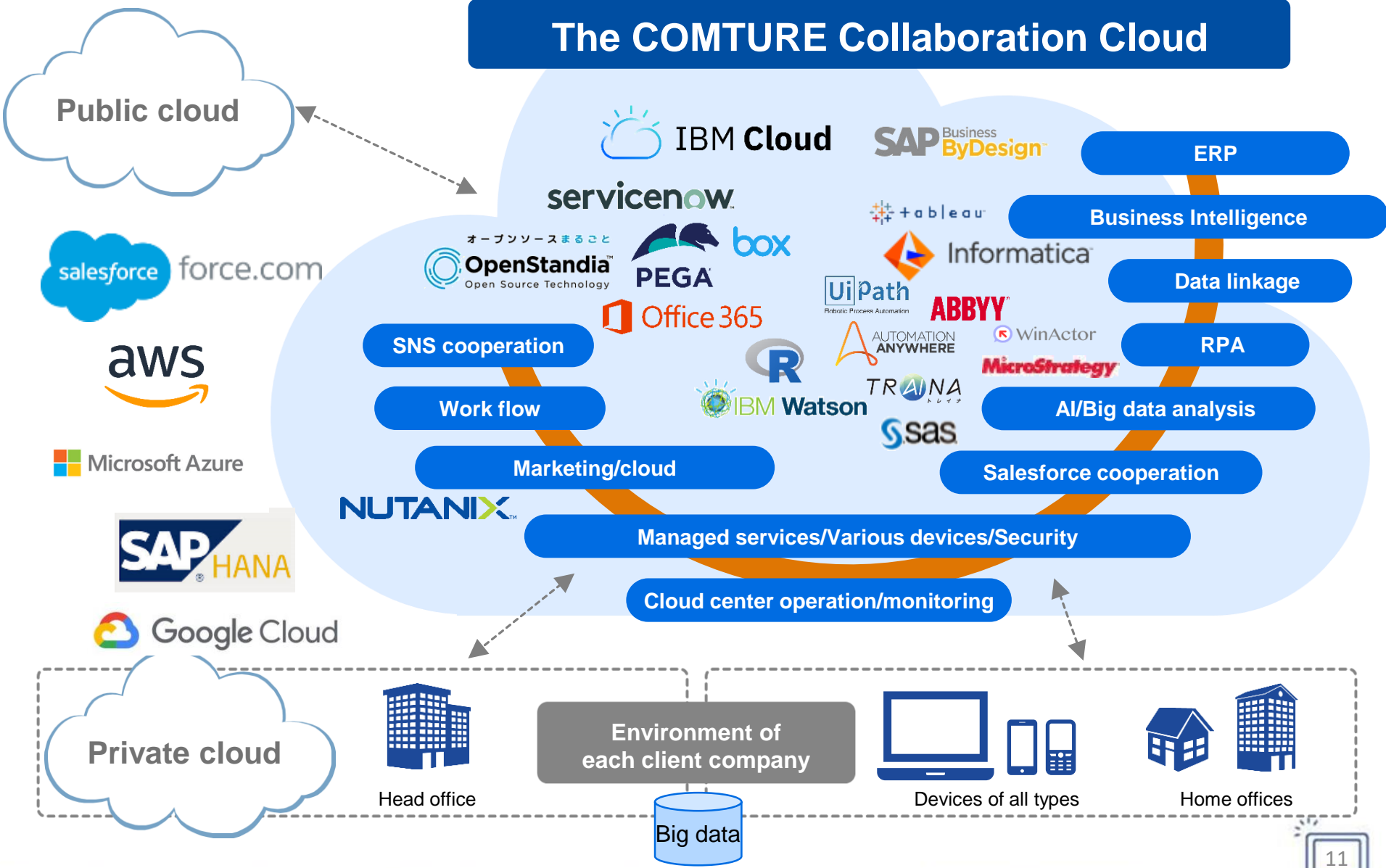
(Order of the Japanese syllabary. As of the end of December 2019)

2 Our Business

2-1 Domains for COMTURE Services
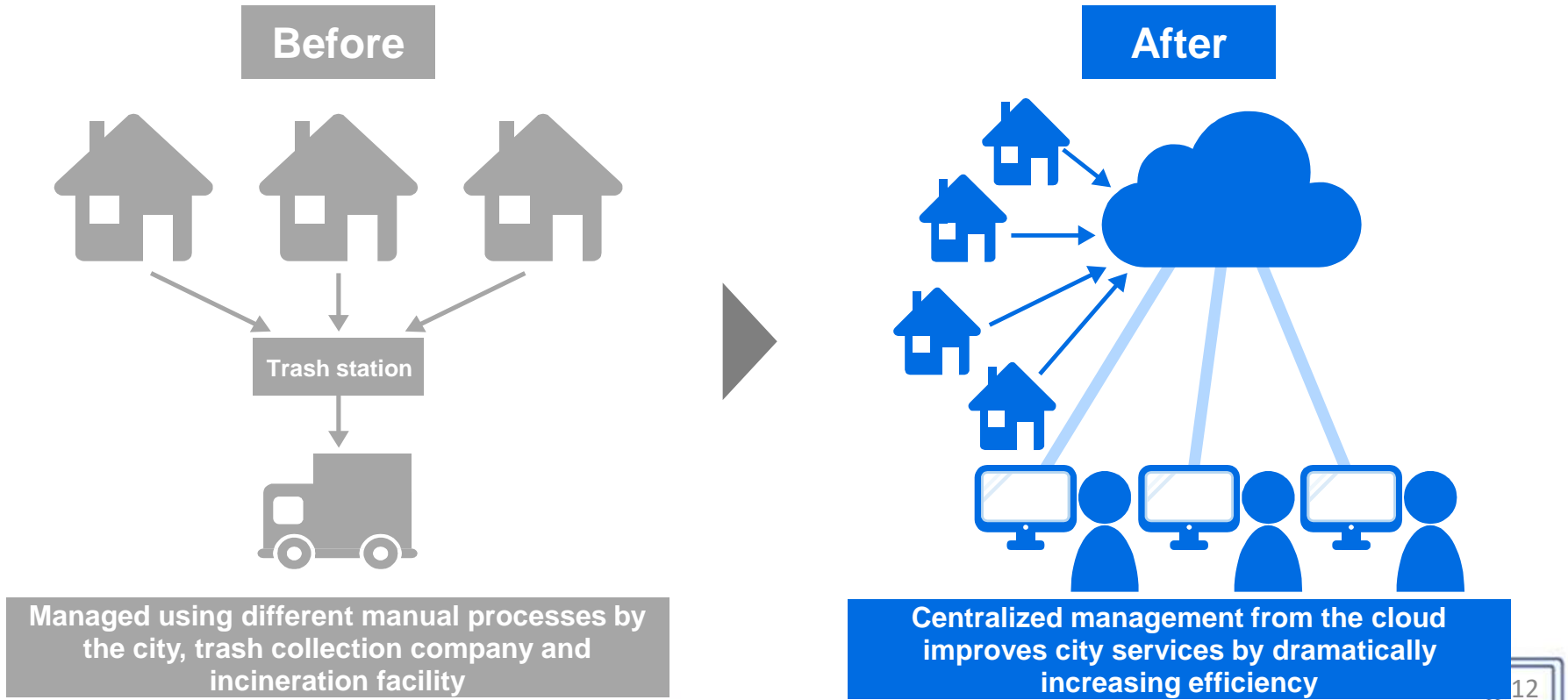
The COMTURE Collaboration Cloud

Public cloud

salesforce force.com

aws

Microsoft Azure

SAP HANA

Google Cloud

IBM Cloud

servicenow

オープンソースまるごと OpenStandia Open Source Technology

PEGA

box

Office 365

SNS cooperation

Work flow

Marketing/cloud

NUTANIX

SAP Business ByDesign

tableau

Informatica

UiPath Robotic Process Automation

ABBYY

WinActor

MicroStrategy

R

IBM Watson

TRAINA

SAS

AUTOMATION ANYWHERE

ERP

Business Intelligence

Data linkage

RPA

AI/Big data analysis

Salesforce cooperation

Managed services/Various devices/Security

Cloud center operation/monitoring

Private cloud

Head office

Environment of each client company

Big data

Devices of all types

Home offices

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2-2　Major Examples
–Kamagaya City (Chiba Prefecture)–

Example of cloud use – 1

Centralized management of information involving "trash stations"

Centralized management via the cloud of manual operations carried out separately by the city, trash collection companies and incineration facilities

Centralized, cloud-based management of trash stations greatly improves operational efficiency, leading to better service quality
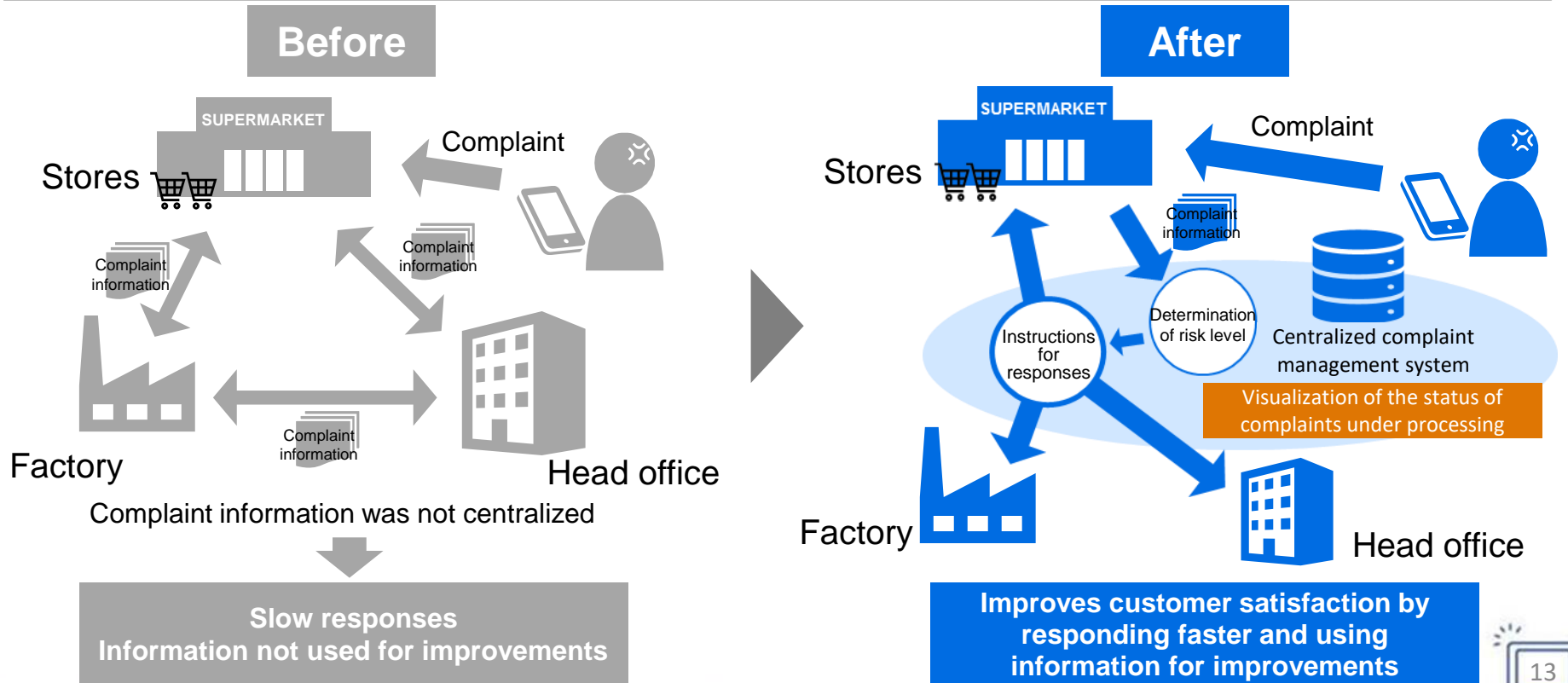
Before

After

Trash station

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

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

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Example of cloud use – 2
Centralized management of the status of complaints under processing

Achieved visualization of complaints at the company's 350 stores

Complaints used to be non-centralized, conveyed separately to stores, the factory and the head office. Implementing centralized management of complaints has improved response speeds and boosted customer satisfaction levels.
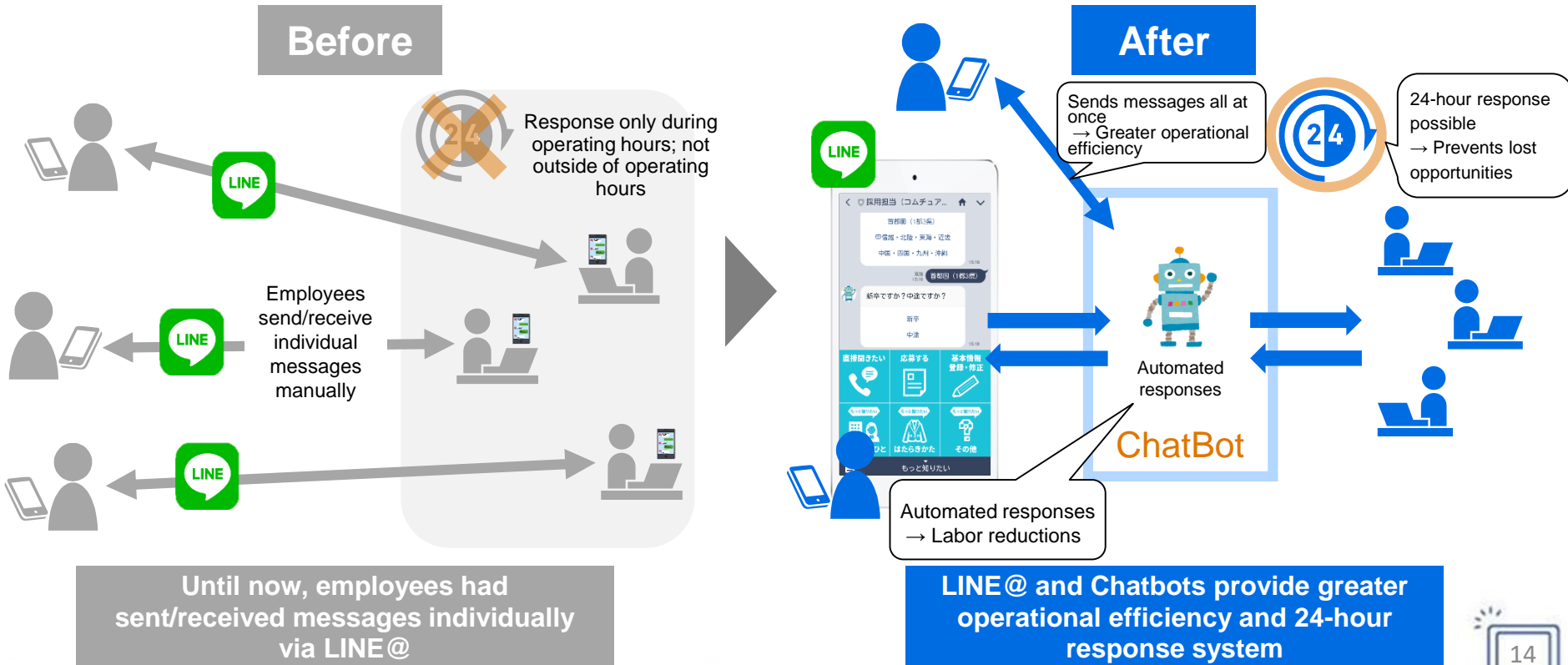
Before

Stores

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Complaint

Complaint information

Complaint information

Complaint information

Factory

Head office

Complaint information was not centralized

**Slow responses
Information not used for improvements**

After

SUPERMARKET

Stores

Complaint

Complaint information

Instructions for responses

Determination of risk level

Centralized complaint management system

Visualization of the status of complaints under processing

Factory

Head office

Improves customer satisfaction by responding faster and using information for improvements

2-4 Major Examples
–Japan Nursery Service Inc.–

Automated response via Chatbot

Working with Chatbots (automated response robots) to support improved operational efficiency and strengthened response capabilities

When communicating with applicants for nursery school teacher positions, automated response improves operational efficiency and enables 24-hour response

Before

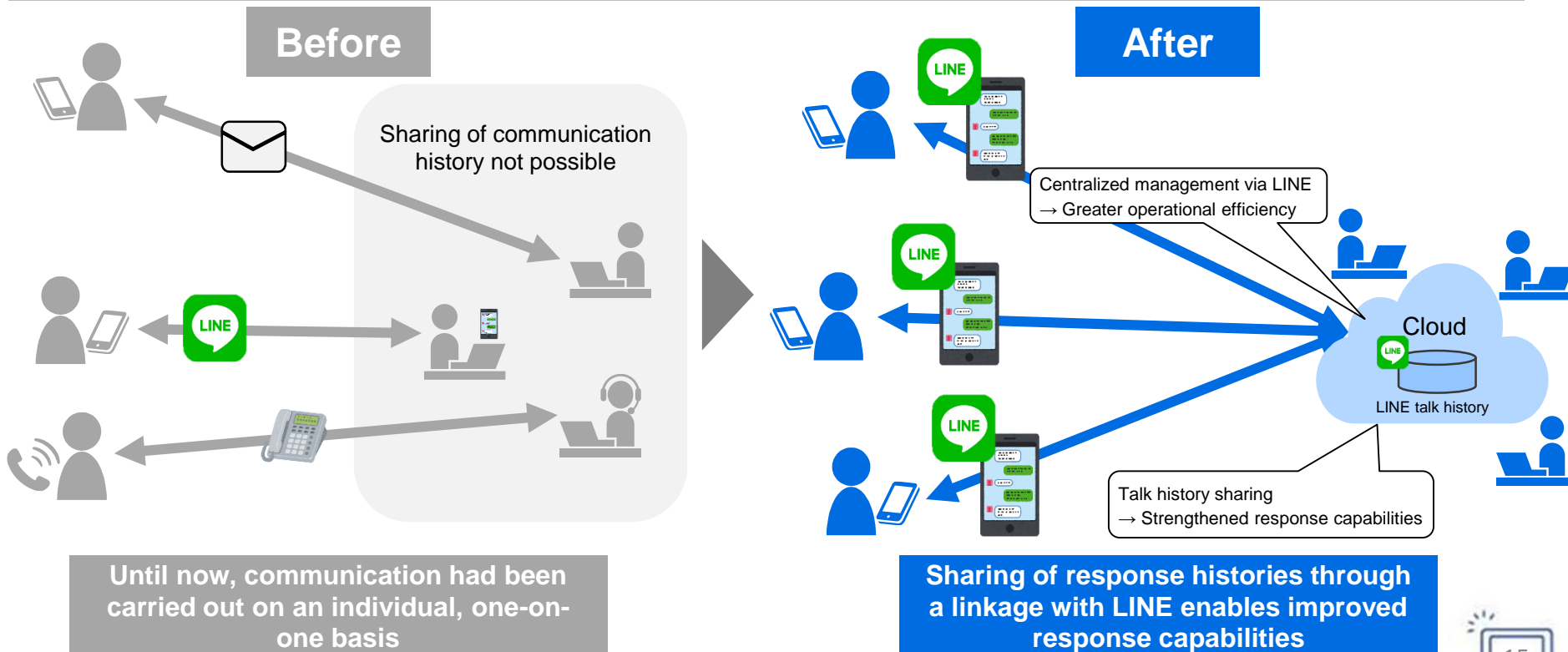Response only during operating hours; not outside of operating hours

Employees send/receive 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 had sent/received messages individually via LINE@

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

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2-5 Major Examples
–Personnel Recruiting Operations–

Example of cloud use – 4
Sharing response histories through a linkage with LINE

Sharing communication histories and strengthening response capabilities
Striving for improved operational efficiency and strengthened response capabilities through centralized management and sharing of talk histories for communications with applicants


Before

Sharing of communication history not possible

After

Centralized management via LINE
→ Greater operational efficiency

Cloud

LINE talk history

Talk history sharing
→ Strengthened response capabilities

Until now, communication had been carried out on an individual, one-on-one basis

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

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Example using big data and AI solutions – 1
Solution for detecting accounts linked to criminal activity

Collection and analysis of transaction data (big data) to facilitate automatic detection of illegal transactions

A big-data-based transaction monitoring system can be used to collect and analyze day-to-day transaction information and automatically detect suspicious activity

Money laundering

BANK

Money for terrorists

⚠ Check

BANK
BANK
BANK

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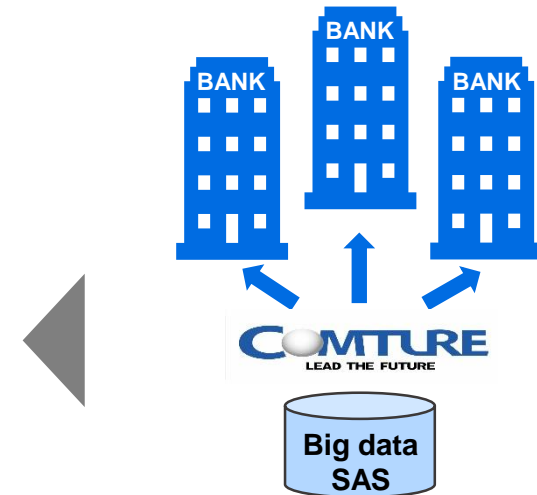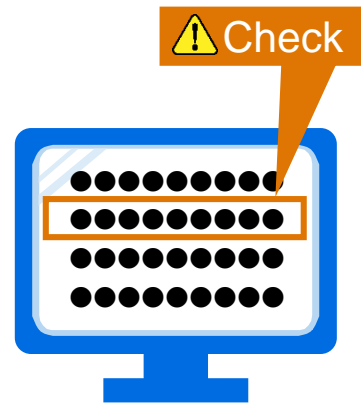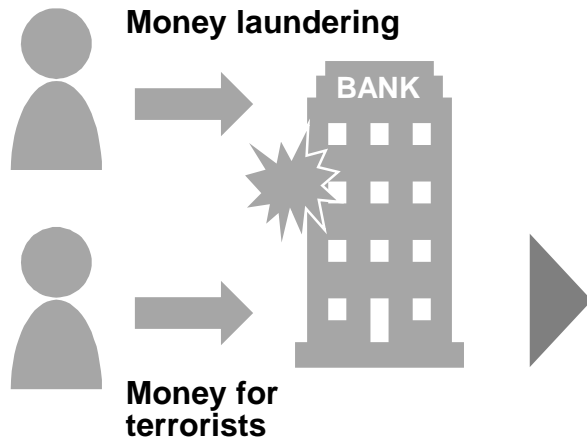
Big data
SAS

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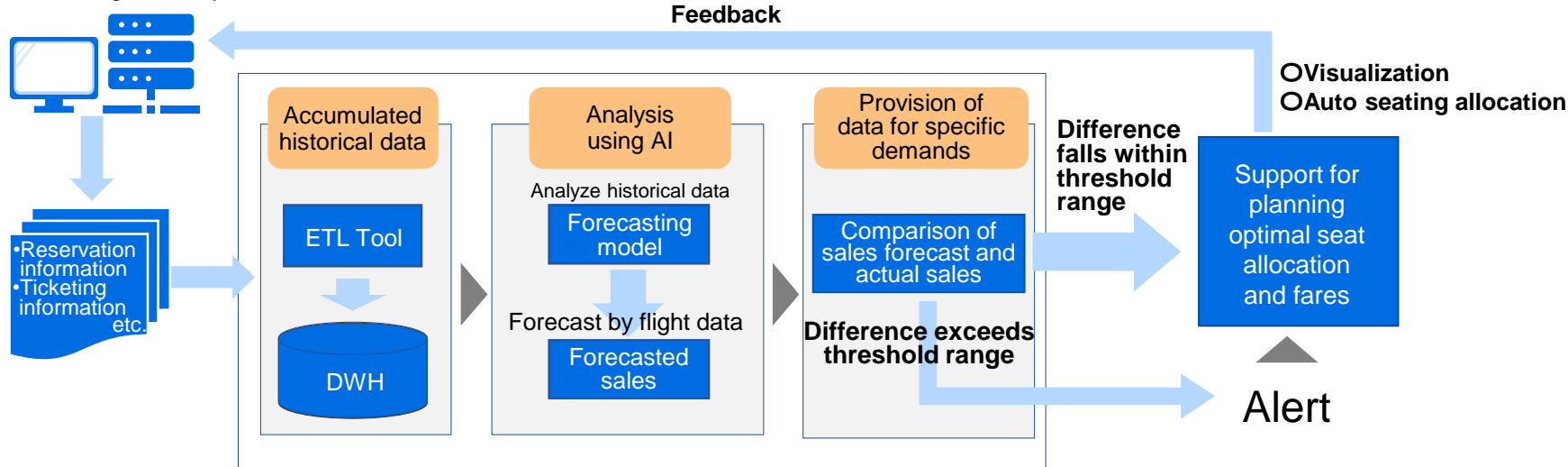
Example using big data and AI solutions – 2
Revenue management system

Use of AI for 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

Accumulated historical data	Analysis using AI	Provision of data for specific demands	Difference falls within threshold range
ETL Tool	Analyze historical data Forecasting model	Comparison of sales forecast and actual sales	Support for planning optimal seat allocation and fares
DWH	Forecast by flight data Forecasted sales	Difference exceeds threshold range	

•Reservation information
•Ticketing information etc.

Alert

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

Expansive historical sales data are analyzed using AI for demand forecasting. Optimal pricing is derived based on the past sales
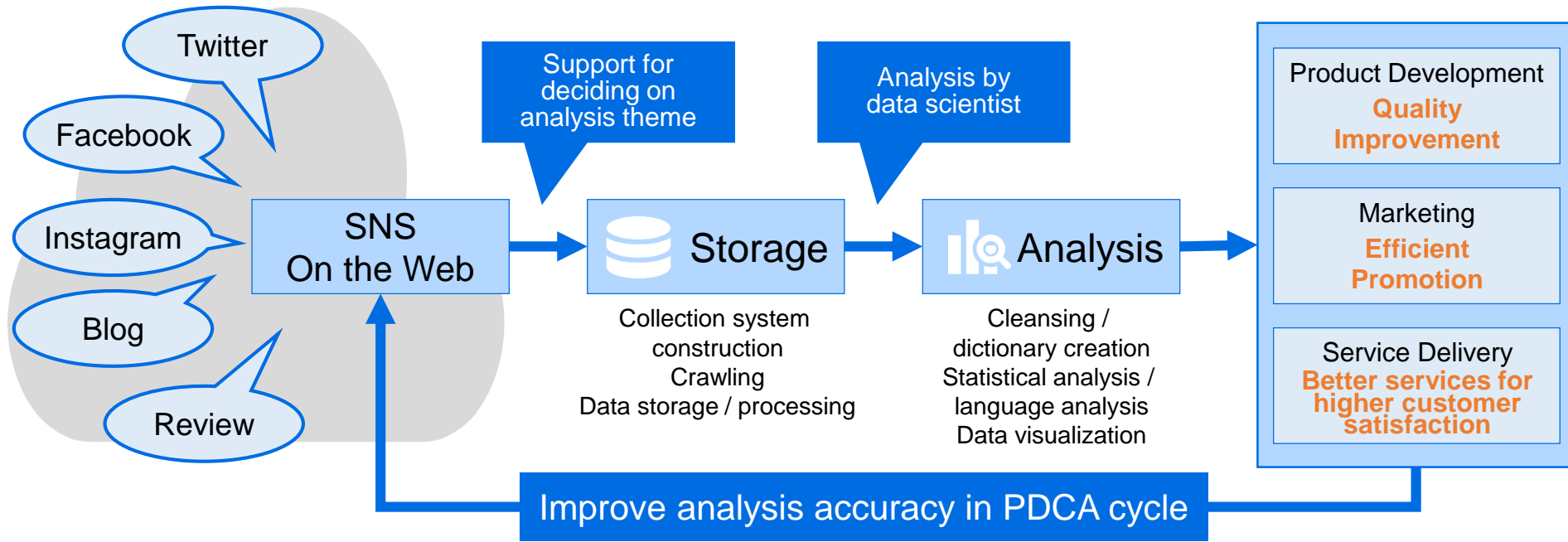
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2-8 Major Examples
–Large manufacturing company–

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

Analyzes word-of-mouth SNS input data to improve quality, efficiency and customer satisfaction

Data cleansing (removal of unrelated obstructive data) and dictionary production analytic know-how generates data that can be used for business operations and creates a framework for more accurate SNS/word-of-mouth analysis.
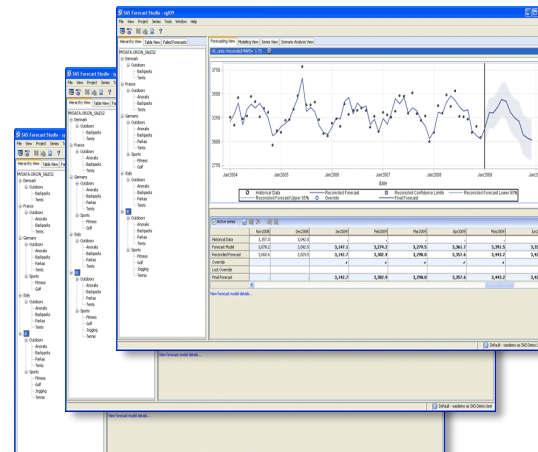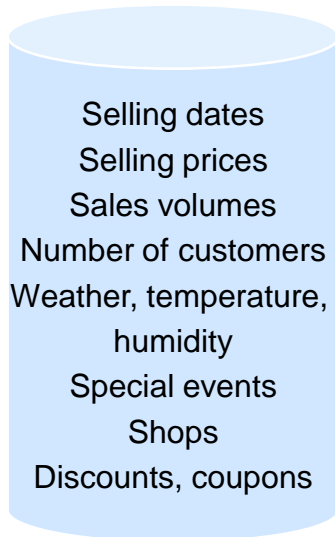
Twitter

Facebook

Instagram

Blog

Review

Support for deciding on analysis theme

Analysis by data scientist

SNS On the Web

Storage

Collection system construction
Crawling
Data storage / processing

Analysis

Cleansing / dictionary creation
Statistical analysis / language analysis
Data visualization

Product Development
Quality Improvement

Marketing
Efficient Promotion

Service Delivery
Better services for higher customer satisfaction

Improve analysis accuracy in PDCA cycle

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2-9 Major Examples
–Supermarket Demand Prediction–

Example using big data and AI solutions – 4
Solutions for demand prediction

Predicting sales for top-selling products to minimize inventory sizes and shortages and thus improve sales performance.

Selling-price simulations based on expected sales volumes are carried out to establish sales strategies incorporating purchasing volumes, selling prices, sales promotion events and more. This is intended to minimize inventory sizes and shortages, boost customer satisfaction, and maximize sales and profits.

Big data

Selling dates
Selling prices
Sales volumes
Number of customers
Weather, temperature, humidity
Special events
Shops
Discounts, coupons

- Speedy collection of large quantities of complex data (big data)
- Precise analysis of big data by utilizing a variety of techniques

Results of analysis

1 Prediction of sales volumes

- By date
- By store
- By product

2 Establishment of sales strategies

- Purchasing volume
- Selling price
- Sales promotion events
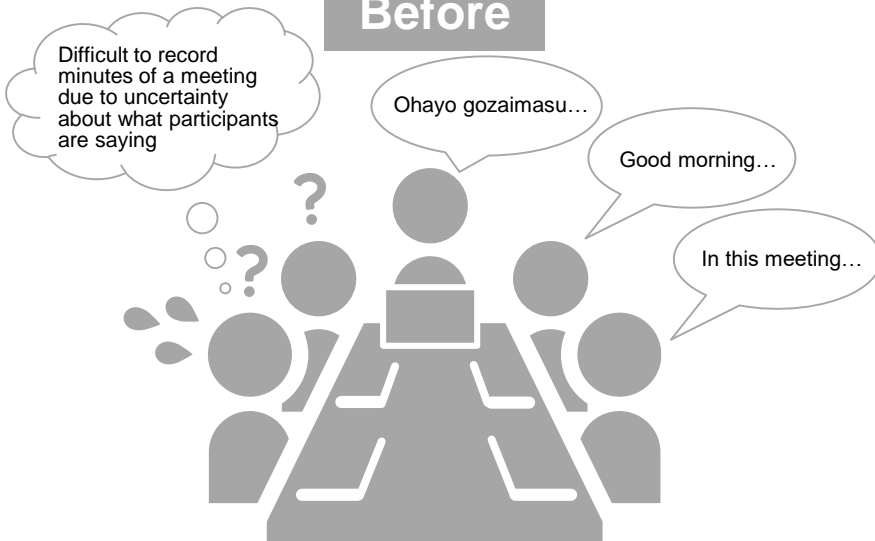
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–Large non-ferrous metals manufacturer–

Example using big data and AI solutions – 5
Improvement of communication quality using voice-to-text conversion and automatic translation

Reduces rechecking statements and misunderstandings of foreign languages at meetings
Real-time conversion using AI of statements to text and immediate translations raise the quality of communications. Also optimizes the vocabulary to match specific companies and industries by using terminology/voice data learning and a dictionary function.

Before

Difficult to record minutes of a meeting due to uncertainty about what participants are saying

Ohayo gozaimasu…

Good morning…

In this meeting…

After

Sample display

Speaker A	おはようございます	おはようございます	
Speaker B	おはようございます	Good morning	
Speaker C	このミーティングでは	In this meeting	

- Real-time voice-to-text conversions
- Storage, editing and exports of text data
- Learns by storing terminology used by specific companies
- Voice recognition compatible with 8 languages

Ohayo gozaimasu…

Good morning…

In this meeting…

Frequent missed statements and misunderstandings of foreign language statements

▶

Automatic voice-to-text conversion results in easier communication even at meetings with participants who speak different languages
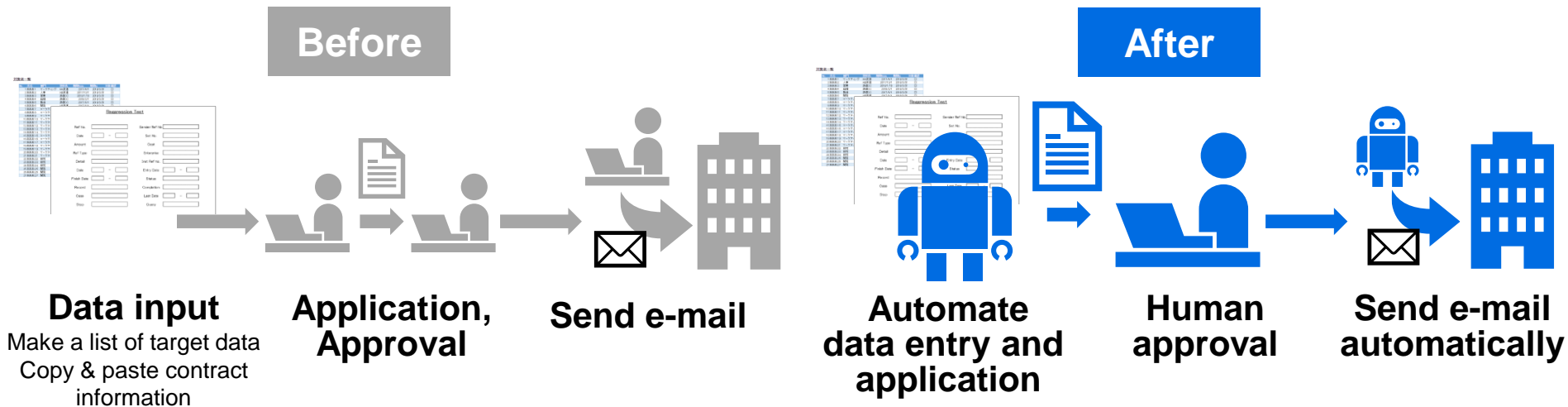
20

–Large manufacturing company–

Example using RPA (Robotic Process Automation) – 1
Automation of contract creation / approval / sending work

Automation of manual tasks to reduce work times and eliminate input/entry errors
RPA automates almost all excess labor related to outsourcing contracts, which reduces costs and improves overall quality

Before

After

Data input
Make a list of target data
Copy & paste contract information

Application, Approval

Send e-mail

Automate data entry and application

Human approval

Send e-mail automatically

Manual tasks to extend outsourcing contracts
(Preparation of approval documents, application by workflow, send e-mail to outsourcing service provider)

RPA automates almost all operations
- **Working time reduction rate 80%**
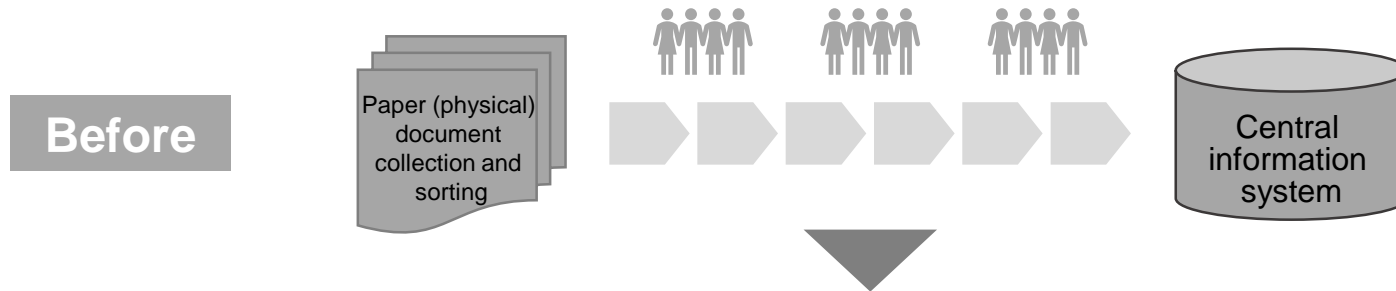- **Eliminate input errors and erroneous mail transmissions**

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Example using RPA (Robotic Process Automation) – 2

Combining Robotic Process Automation (RPA) with AI-OCR (Artificial Intelligence Optical Character Recognition) to Automate Document Reading and Data Creation
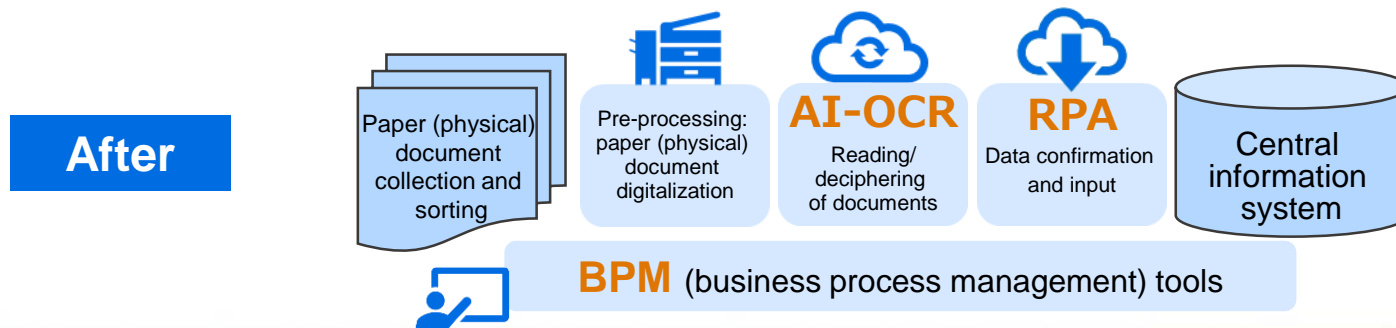
Automating reading of hand-written documents, printed and other documents greatly reduces labor required to input data

Using AI-OCR to read documents and improve Japanese character conversion precision, and combining technologies such as RPA and BPM (business process management; the management and improvement of business processes), can enable full automation of system input tasks which reduces costs and allocates employees to value-added activities

Sorting, reading/deciphering and input by human workers

Before

Paper (physical) document collection and sorting

Central information system

Automation solutions for in-house document-to-data conversion

After

Paper (physical) document collection and sorting

Pre-processing: paper (physical) document digitalization

AI-OCR Reading/deciphering of documents

RPA Data confirmation and input

Central information system

BPM (business process management) tools

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3

Business Strategies

3-1 High Added-value Strategy

– Top priority policy–

Virtuous cycle of growth and sharing profits based on high added-value management

High added-value
Sales per employee
up at least 5% every year

Higher salaries At least	Investments At least	Earnings At least
3% up	**1.8% up**	**0.2% up**
Improvement of employee satisfaction	Investments in growth	Improvement of shareholder satisfaction

COMTURE value (branding)

Consulting and better proposal skills
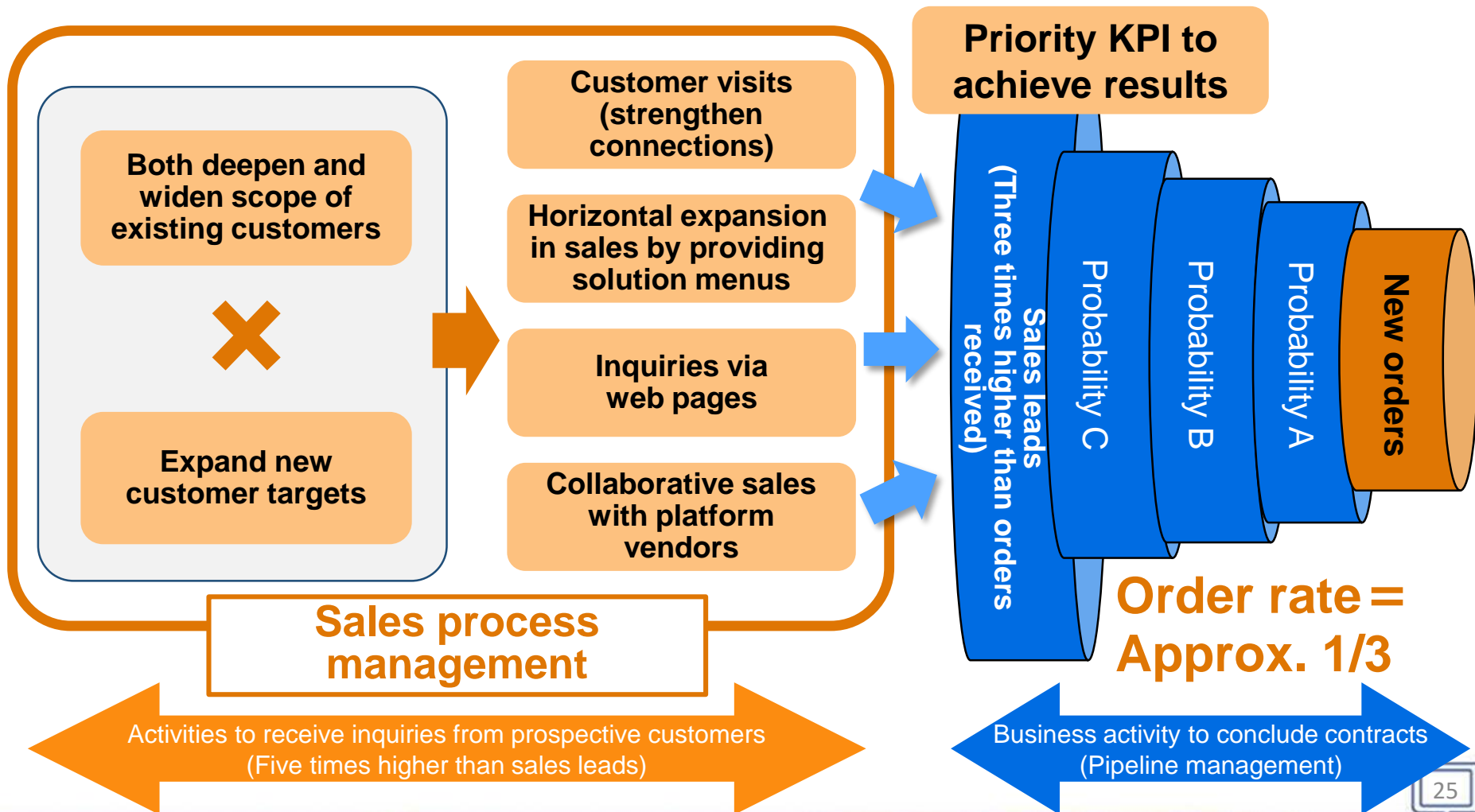
Better services

Increased productivity

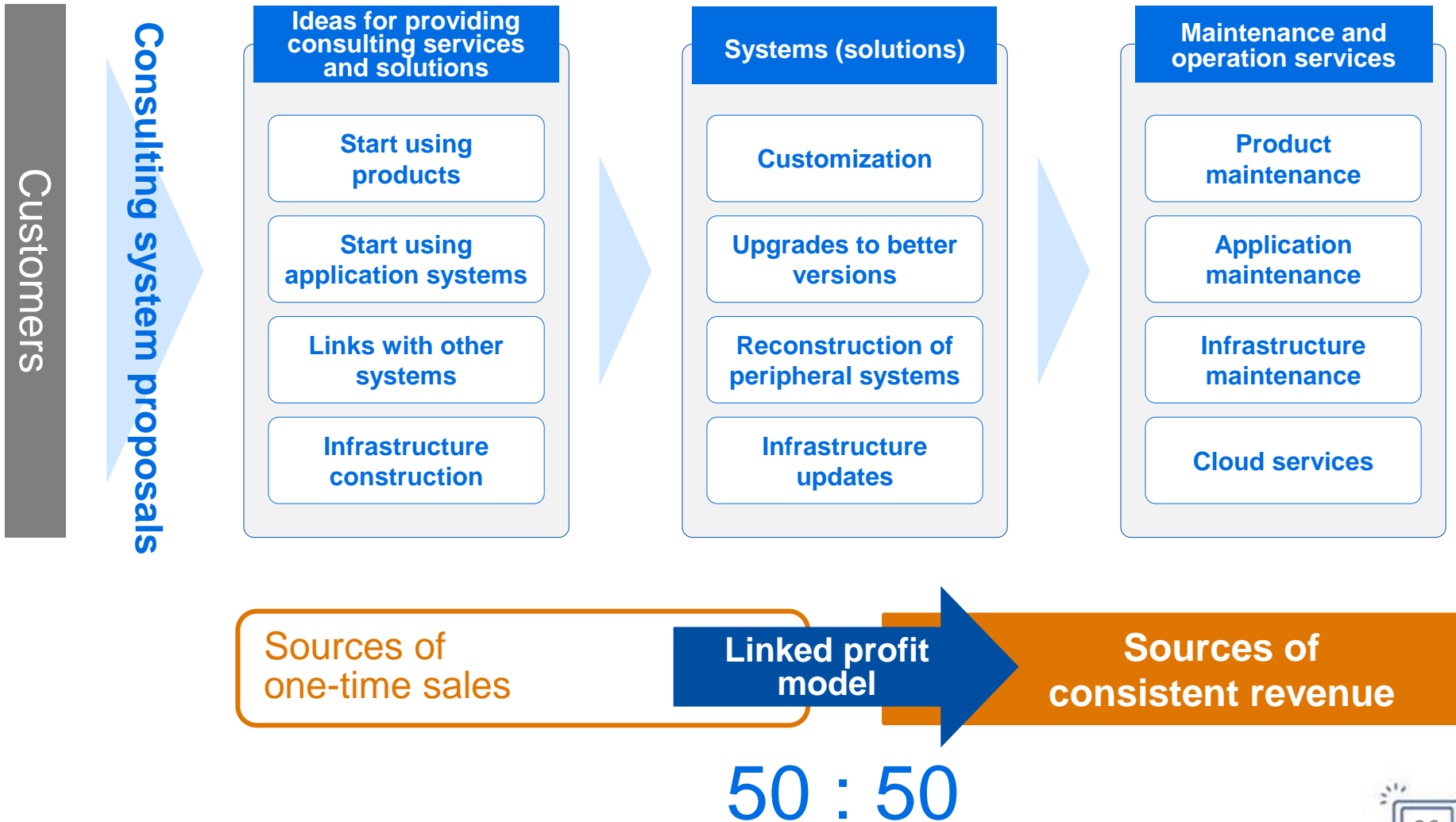**Expansion into areas of expertise**

Work style reform

3-2 The Sales Process Strategy

**Sales leads = Three times higher than orders received
– Leading indicators for achieving the target for new orders**

Priority KPI to achieve results
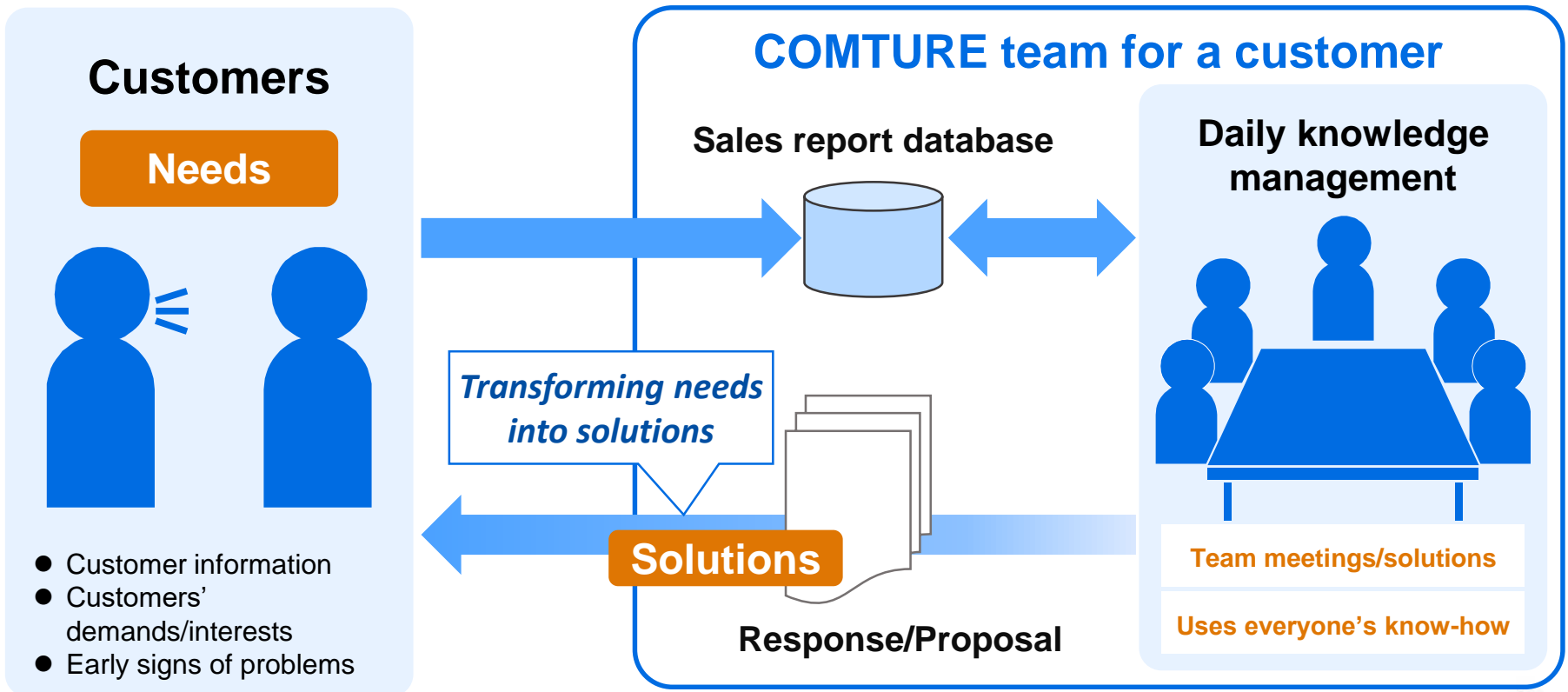
Both deepen and widen scope of existing customers

✕

Expand new customer targets

Customer visits (strengthen connections)

Horizontal expansion in sales by providing solution menus

Inquiries via web pages

Collaborative sales with platform vendors

Sales leads (Three times higher than orders received)

Probability C

Probability B

Probability A

New orders

Sales process management

Order rate = Approx. 1/3

Activities to receive inquiries from prospective customers
(Five times higher than sales leads)

Business activity to conclude contracts
(Pipeline management)

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

Customers

Consulting system proposals

Ideas for providing consulting services and solutions

- Start using products
- Start using application systems
- Links with other systems
- Infrastructure construction

Systems (solutions)

- 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

3-4 Customer Strategy

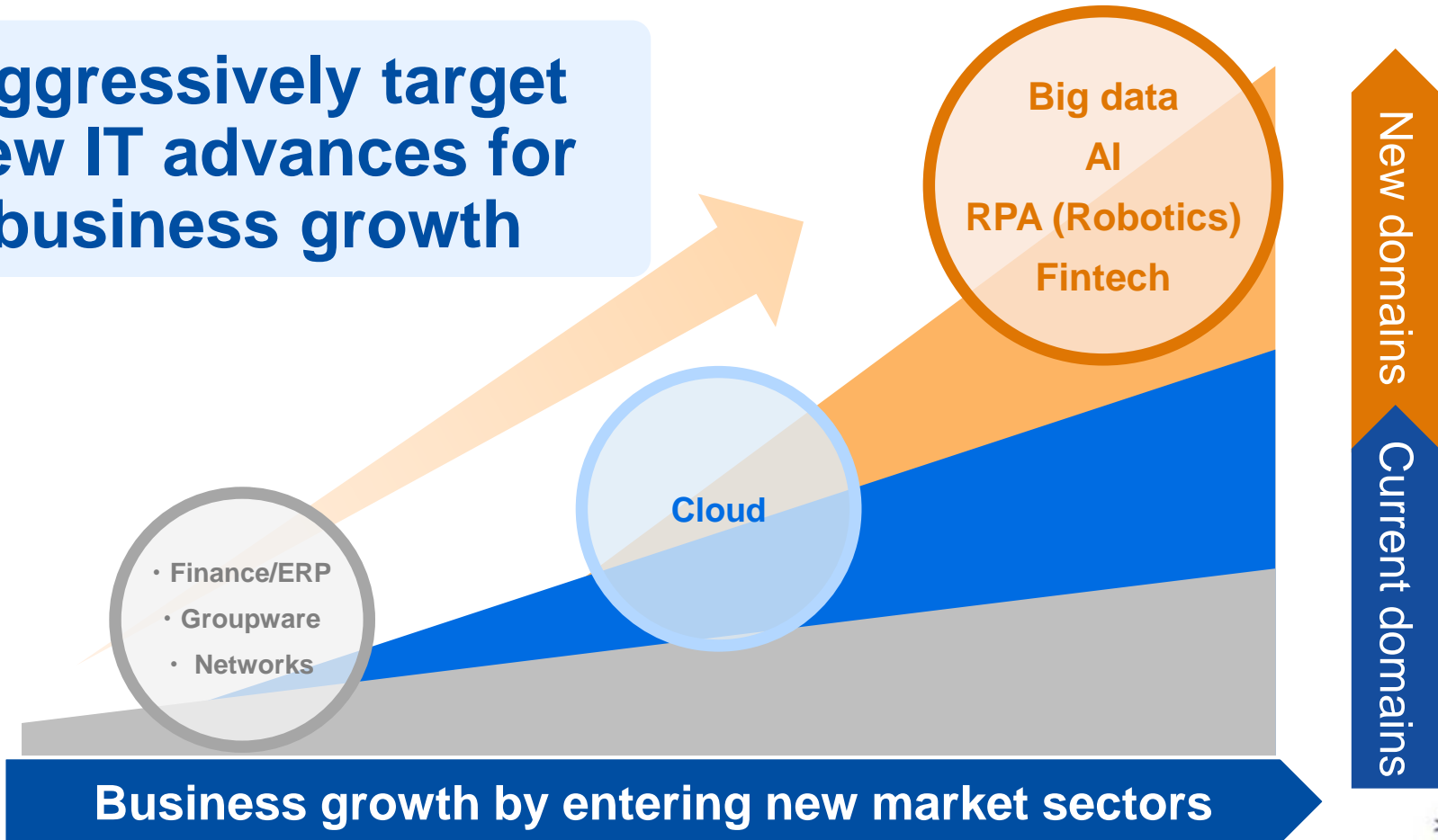## Reinforce consulting sales skills to improve customer satisfaction

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

Transforming needs into solutions

Solutions

Response/Proposal

Team meetings/solutions

Uses everyone's know-how

Approach to digital transformation

Aggressively target new IT advances for business growth

Big data

AI

RPA (Robotics)

Fintech

Cloud

· Finance/ERP

· Groupware

· Networks

New domains

Current domains

Business growth by entering new market sectors

3-6 Human Resources Strategy

Training and recruiting for adding more value

Training programs

Cloud	**A leader in professional certifications (Salesforce, SAP, AWS, etc.) for cloud business growth – 412 people with certifications**
Big data/AI/ RPA/Fintech	**Quickly started training data scientists for the Big data/ AI/RPA/Fintech businesses – 346 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** **FY2019 – New graduates: 106/ Mid-career professionals: 71 (planned)** **FY2020 – New graduates: 120 (planned)**

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3-7 7 Basic Strategies for Further Growth

1	**Growth Strategy**	Achieve consistent double-digit growth by using actions centered on high value-added management for raising sales per employee and using rigorous sales processes for generating sales leads three times higher than orders received
2	**Customer Strategy**	Through proposal activities to "transforming needs into solutions," comprehend customer needs to provide timely proposals and aim for developing innovations with customers
3	**Human Resources Strategy**	Actively recruit human resources with comprehensive skills that can handle new technologies, and through human resources training to heighten proposal capability and technical capability, structure a creative group that can achieve a high rate of growth
4	**Innovation Strategy**	To create new value, reinforce digital transformation fields and concentrate on developing new technologies, solutions and services that keep COMTURE at the forefront of progress
5	**Quality Strategy**	Refine project management and advance visualization of quality, process and costs to strengthen activities for improving the quality of services and customer satisfaction
6	**Financial Strategy**	Raise the ROE to more than 20% and constantly implement management that increases corporate value. Define the group's KPI and use visualization of performance management in order to become a company able to achieve sound and stable growth
7	**Alliance Strategy**	Use business alliances and M&A to build a stronger business foundation centered on the growing digital domain in order to grow even faster.

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

Precautions

- This presentation was prepared to provide information about COMTURE and is not a solicitation to invest in COMTURE.

- COMTURE exercised care regarding the accuracy of information in this presentation but does not guarantee that this information is complete.

- COMTURE assumes no responsibility whatsoever concerning any losses or damages resulting from the use of information in this presentation.

- Forecasts and other forward-looking statements in this presentation are based on the judgments of COMTURE using information that was available when this presentation was prepared and incorporate risks and uncertainties. As a result, actual performance may differ significantly from the forward-looking statements in this presentation due to changes in market conditions or many other reasons.

Inquiries

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