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

Transforming needs into solutions

**Cloud
Big Data, AI**

October 30, 2020

Koichi Mukai
Chairman & CEO

1 About COMTURE

1-1 Company Overview

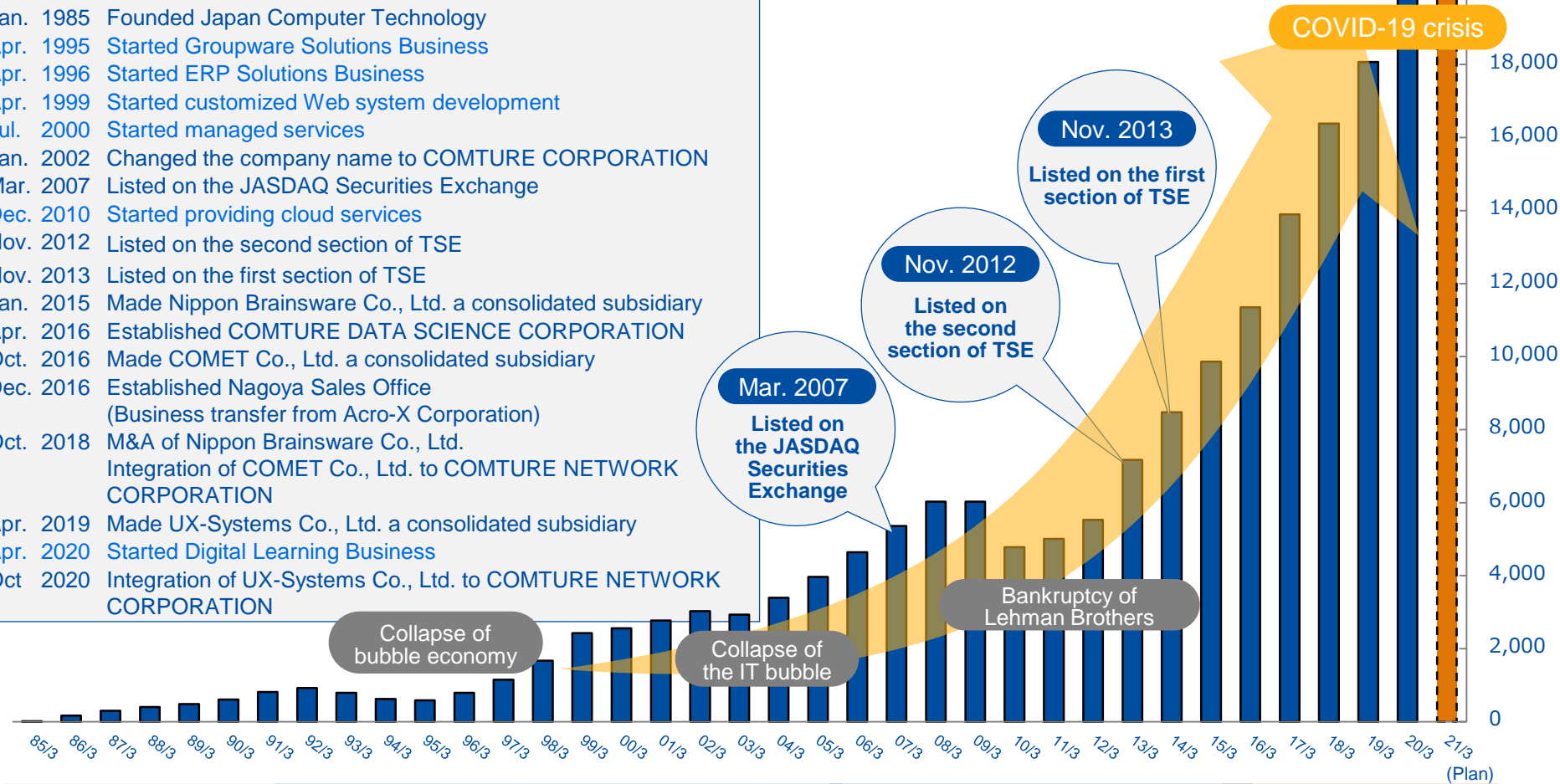|	
Name	COMTURE CORPORATION
Representative	Koichi Mukai, Chairman & CEO Chihiro Sawada, President & COO
Address	9F/15F East Tower, Gate City Osaki, 1-11-2, Osaki, Shinagawa-ku, Tokyo Japan
Established	January 18, 1985
Businesses	Consulting, plans, installation and operation of systems, primarily using the cloud, for companies
Capital	1,022 million yen (as of the end of March 2020)
Group companies	COMTURE NETWORK, COMTURE MARKETING, COMTURE DATA SCIENCE
Net sales	20,008 million yen (FY3/20) **21,000 million yen** (Forecast for FY3/21)
Ordinary profit	2,867 million yen (FY3/20) **3,045 million yen** (Forecast for FY3/21)
Employees	1,335 (as of April 1, 2020)

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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

Date	Event
Jan. 1985	Founded Japan Computer Technology
Apr. 1995	Started Groupware Solutions Business
Apr. 1996	Started ERP Solutions 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
Apr. 2020	Started Digital Learning Business
Oct 2020	Integration of UX-Systems Co., Ltd. to COMTURE NETWORK CORPORATION

COVID-19 crisis

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

(x-axis labels: 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, 21/3 (Plan))

(y-axis: 0, 2,000, 4,000, 6,000, 8,000, 10,000, 12,000, 14,000, 16,000, 18,000, 20,000, 22,000)

The first decade – foundation years	The second decade – building core competency	The third decade – becoming a publicly listed company	COMTURE 2.0

Mainframe era	Client-server era	Web computing era	Cloud computing era	& Digital transformation era

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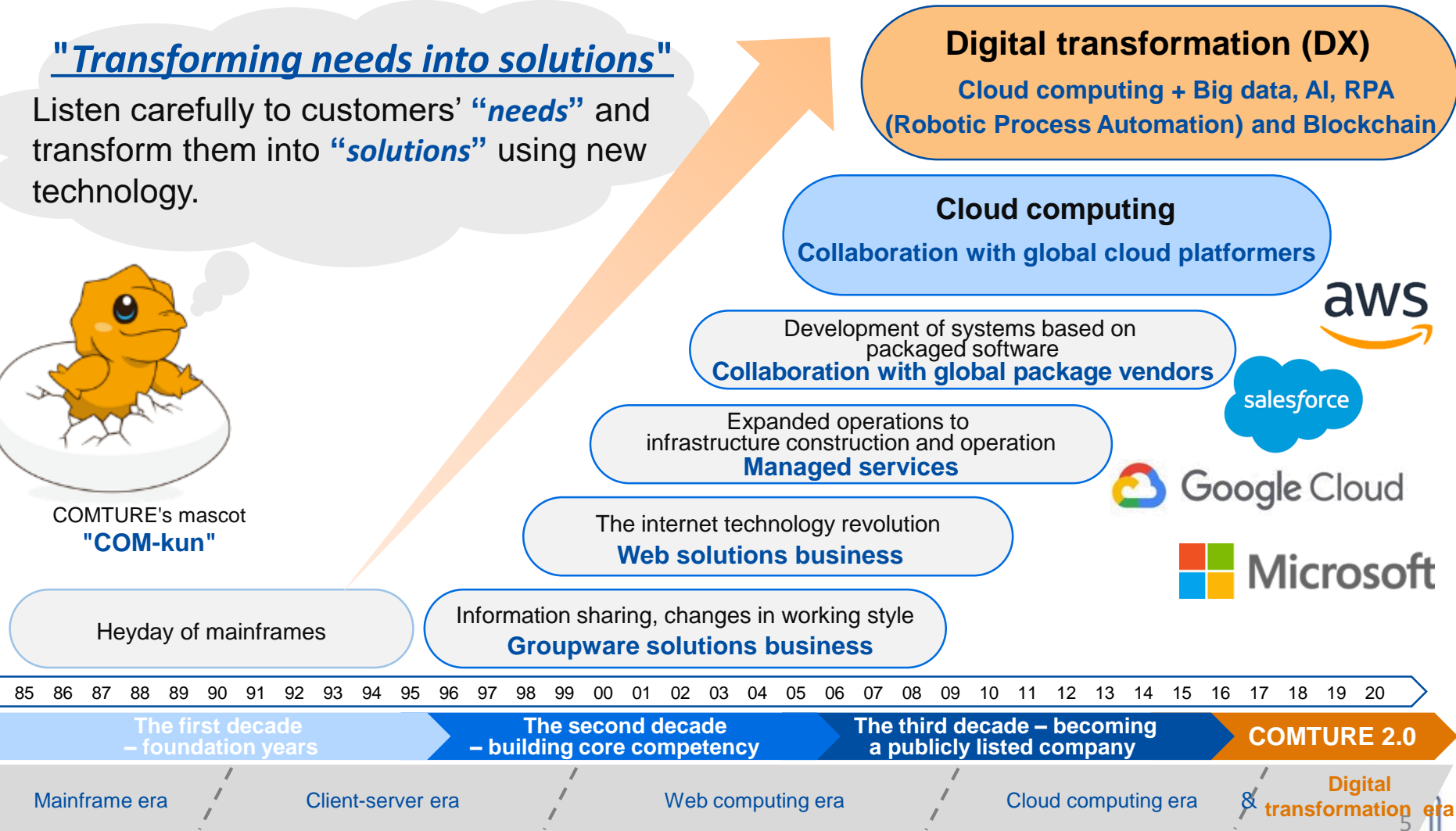# 1-3 COMTURE's Evolution - How we continued to grow -

As a result of ceaseless innovation

"*Transforming needs into solutions*"

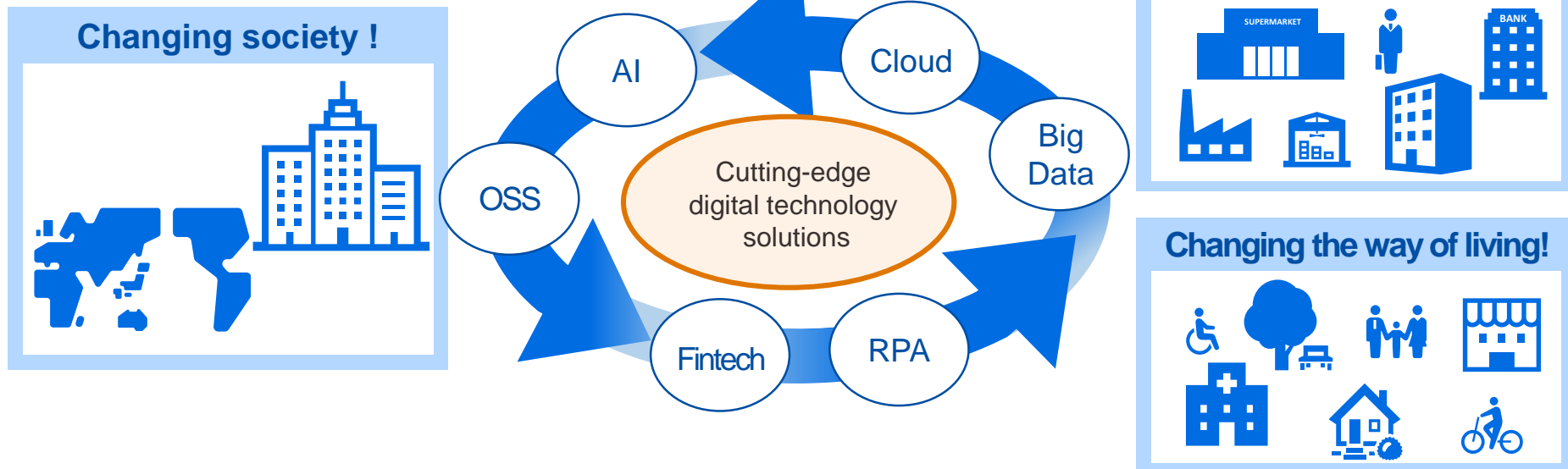Listen carefully to customers' "*needs*" and transform them into "*solutions*" using new technology.

COMTURE's mascot
"COM-kun"

Digital transformation (DX)

Cloud computing + Big data, AI, RPA (Robotic Process Automation) and Blockchain

Cloud computing

Collaboration with global cloud platformers

aws

Development of systems based on packaged software
Collaboration with global package vendors

salesforce

Expanded operations to infrastructure construction and operation
Managed services

Google Cloud

The internet technology revolution
Web solutions business

Microsoft

Heyday of mainframes

Information sharing, changes in working style
Groupware solutions business

| 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** | **COMTURE 2.0**

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

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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.
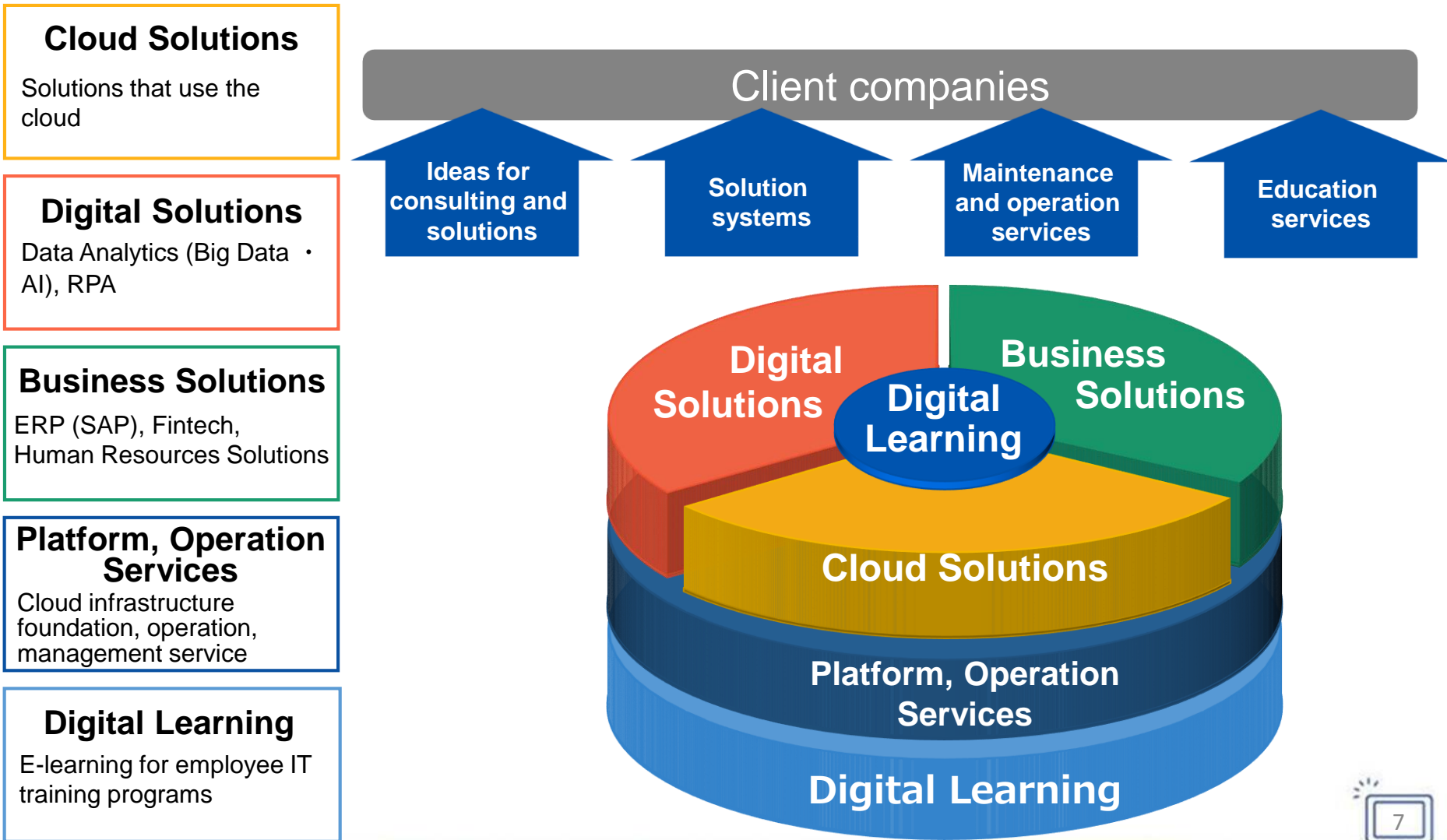
Digital transformation

Changing society !

AI

OSS

Cloud

Big Data

Cutting-edge digital technology solutions

Fintech

RPA

Changing business !

Changing the way of living!

An intent focus on solving customers' problems and innovation

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1-5 Five Interlinked Business Domains

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

Cloud Solutions

Solutions that use the cloud

Digital Solutions

Data Analytics (Big Data・AI), RPA

Business Solutions

ERP (SAP), Fintech, Human Resources Solutions

Platform, Operation Services

Cloud infrastructure foundation, operation, management service

Digital Learning

E-learning for employee IT training programs

Client companies

Ideas for consulting and solutions

Solution systems

Maintenance and operation services

Education services

Digital Solutions

Business Solutions

Digital Learning

Cloud Solutions

Platform, Operation Services

Digital Learning

Collaborations with global platformers and tool vendors

Cloud Solutions
- Providing solutions and other activities using collaborations with global platformers.
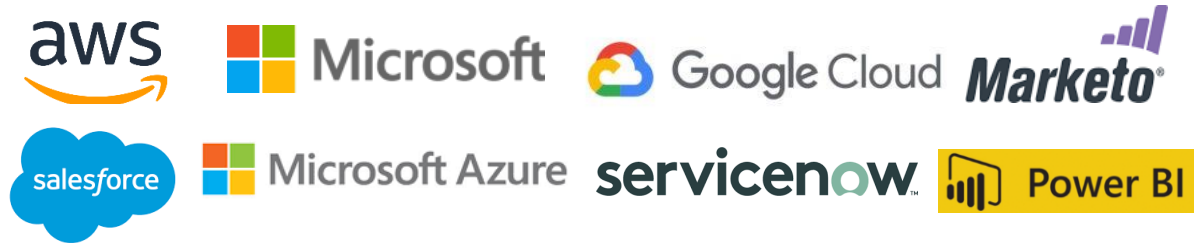
Digital Solutions
- Providing data analysis solutions using big data and AI tools, automating business processes using robotic process automation tools.

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

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

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1-7 Major Customers

We serve 952 large companies covering a broad spectrum of industries

American Home Assurance, SMBC Trust Bank, NTT DOCOMO Group, ORIX, Olympus, Kamagaya City, Canon Group, KYOCERA Group, Cleanup, Credit Saison, GURUNAVI, Keio Corporation, Kobe Steel, KOKUYO, National Cancer Center, KONICA MINOLTA, Sankei Shimbun, GMO Aozora Net Bank, SHIMIZU, Sophia University, Subaru Group, Sumitomo Chemical, Sony Group, SoftBank Group, Solaseed Air, The Dai-ichi Life Group, Taisho Pharmaceutical, Daito Trust Construction, THK, The Tokyo Star Bank, 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, Fuji Xerox Group, Porsche Japan, Honda Motor, Marubeni, Mitsui Sumitomo Insurance, Mitsui Chemicals, Sumitomo Mitsui Bank, Sumitomo Mitsui Trust Bank, Mitsui Fudosan, Mitsubishi Heavy Industries, Mitsubishi Corporation, MITSUBISHI ESTATE, Mitsubishi Electric, MetLife Insurance, Morinaga Milk Industry, MORI Building, YAMATO TRANSPORT, YAMAHA, MEGMILK SNOW BRAND, The Yokohama Shinkin Bank, LIXIL, Recruit Group, Ricoh Japan, Waseda University
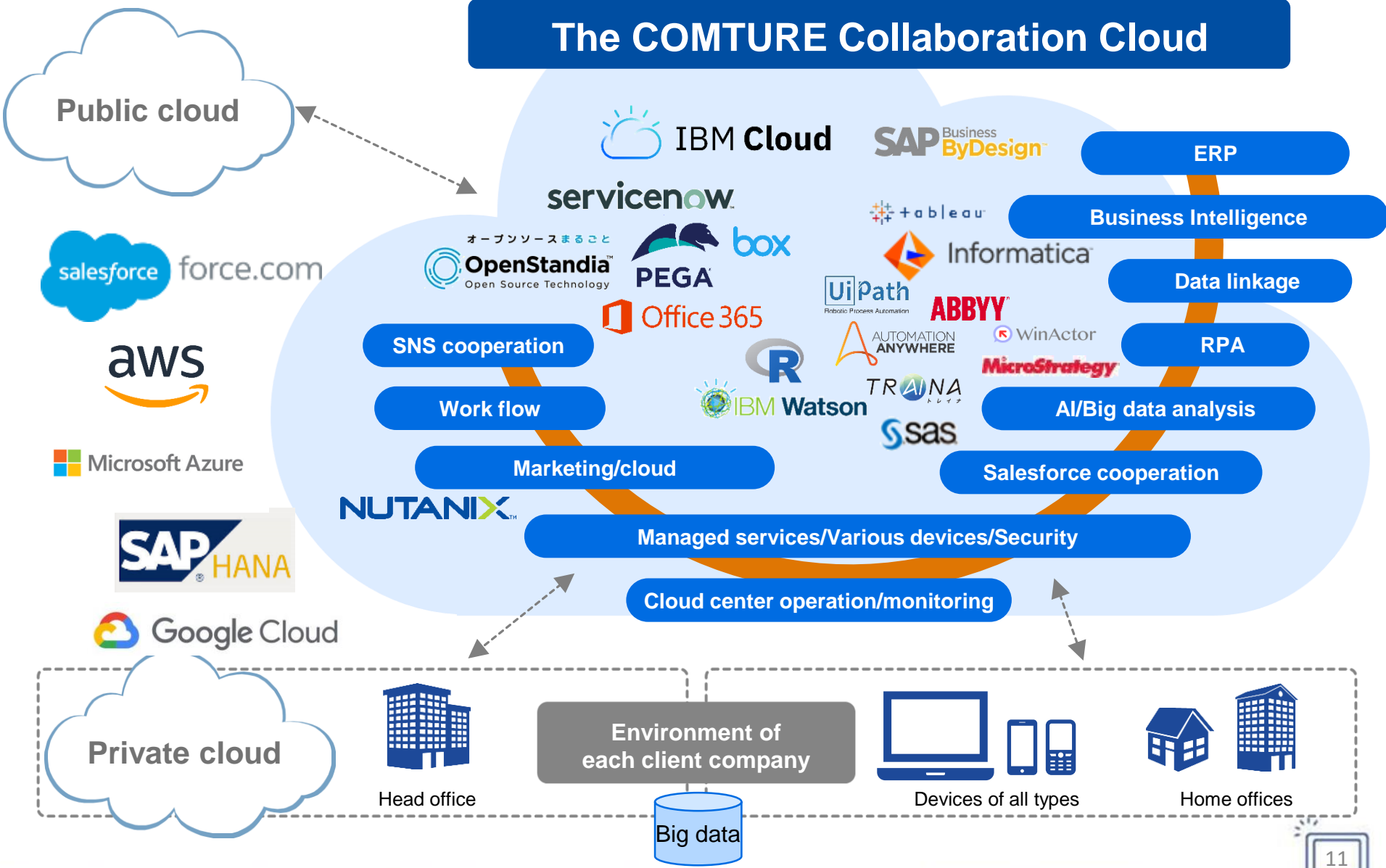
(Order of the Japanese syllabary. As of the end of September 2020) 9

# 2 Our Business

2-2 Major Examples

–Konica Minolta Japan, Inc.–
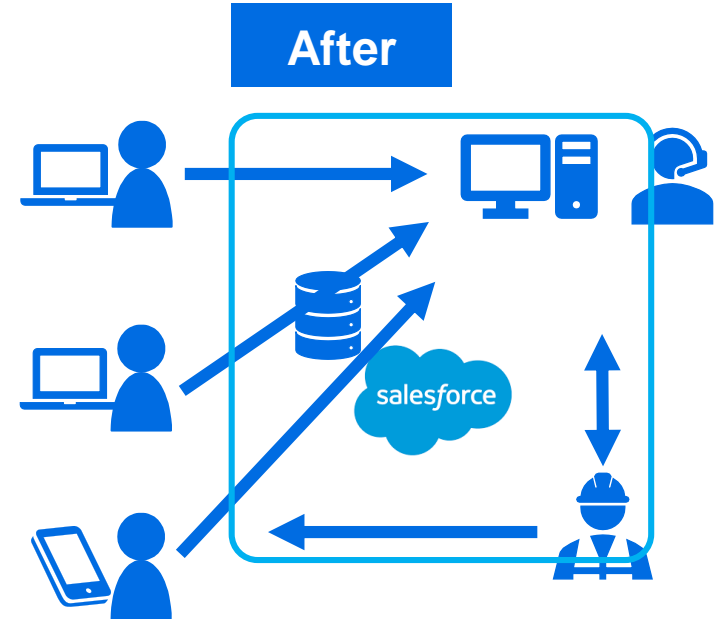
Example of cloud use – 1

Better customer satisfaction by centralizing inquiry/response records

Stores on the cloud previously dispersed data, from requests to repair work

Centralized management and visualization of the entire repair process improves efficiency and customer satisfaction.

Before

After
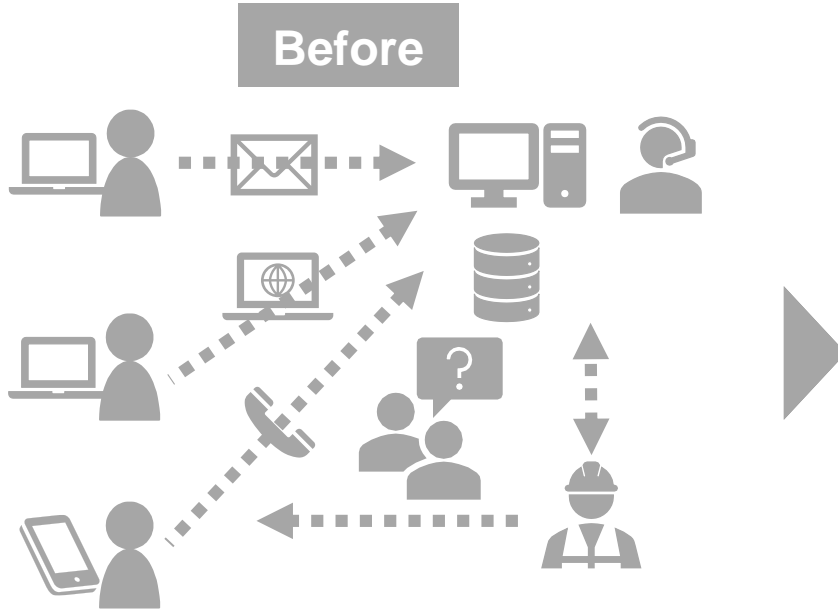
Separate management of responses for each product and department

Centralized management of the entire work process on the cloud for easy visualization

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2-3 Major Examples
–Operator of a diversified retail facility–

Example of cloud use – 2

Omnichannel application procedures for convenience and better business processes

Established a portal for parking facility use applications to make this process more convenient and reduce the volume of work required
The customer portal makes applications easier and simplifies steps for progress management after an application is received.

Before

After

servicenow

Customer portal
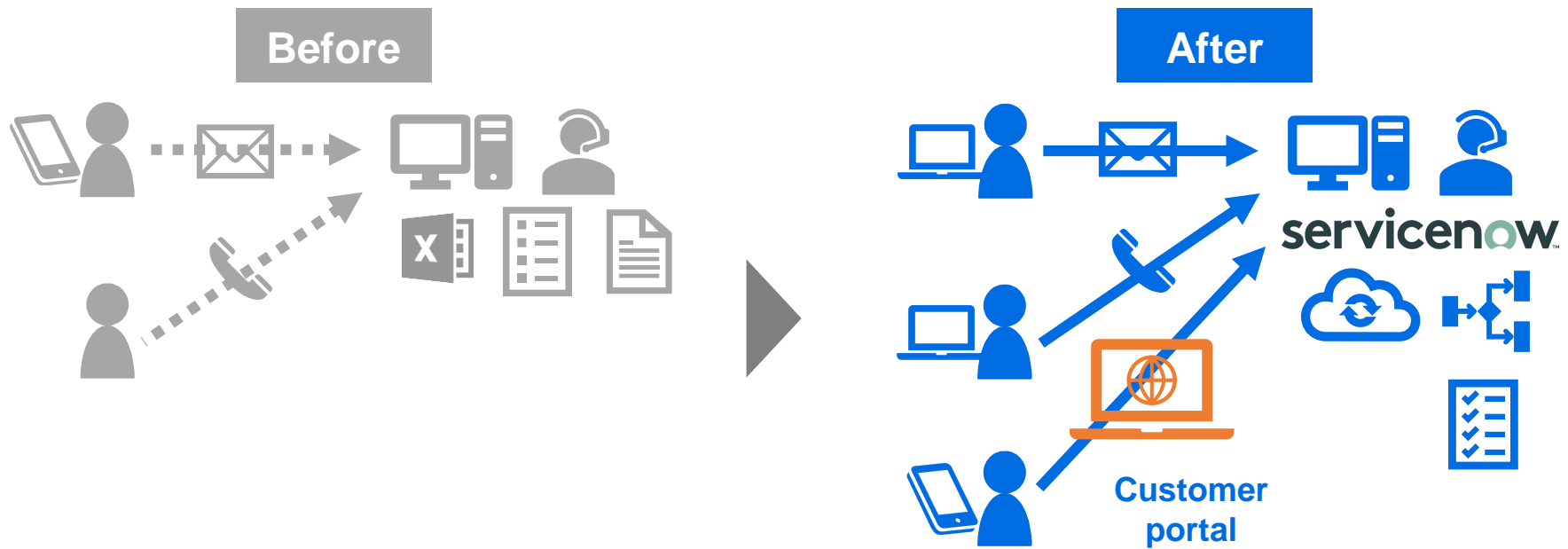
Previously used e-mail and telephone for applications and a manual management process

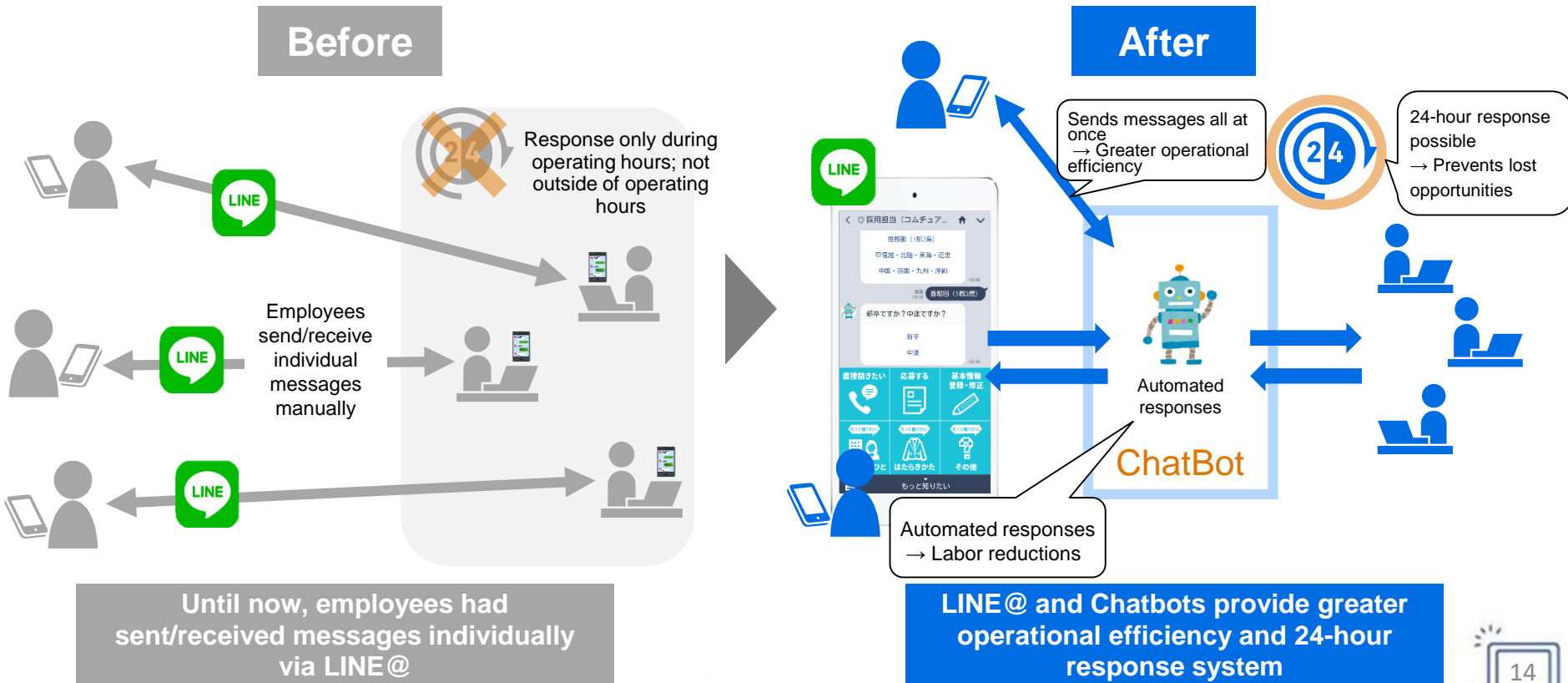**Applications and processing are done on the portal, providing automated management and visualization**

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

Example of cloud use – 3
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
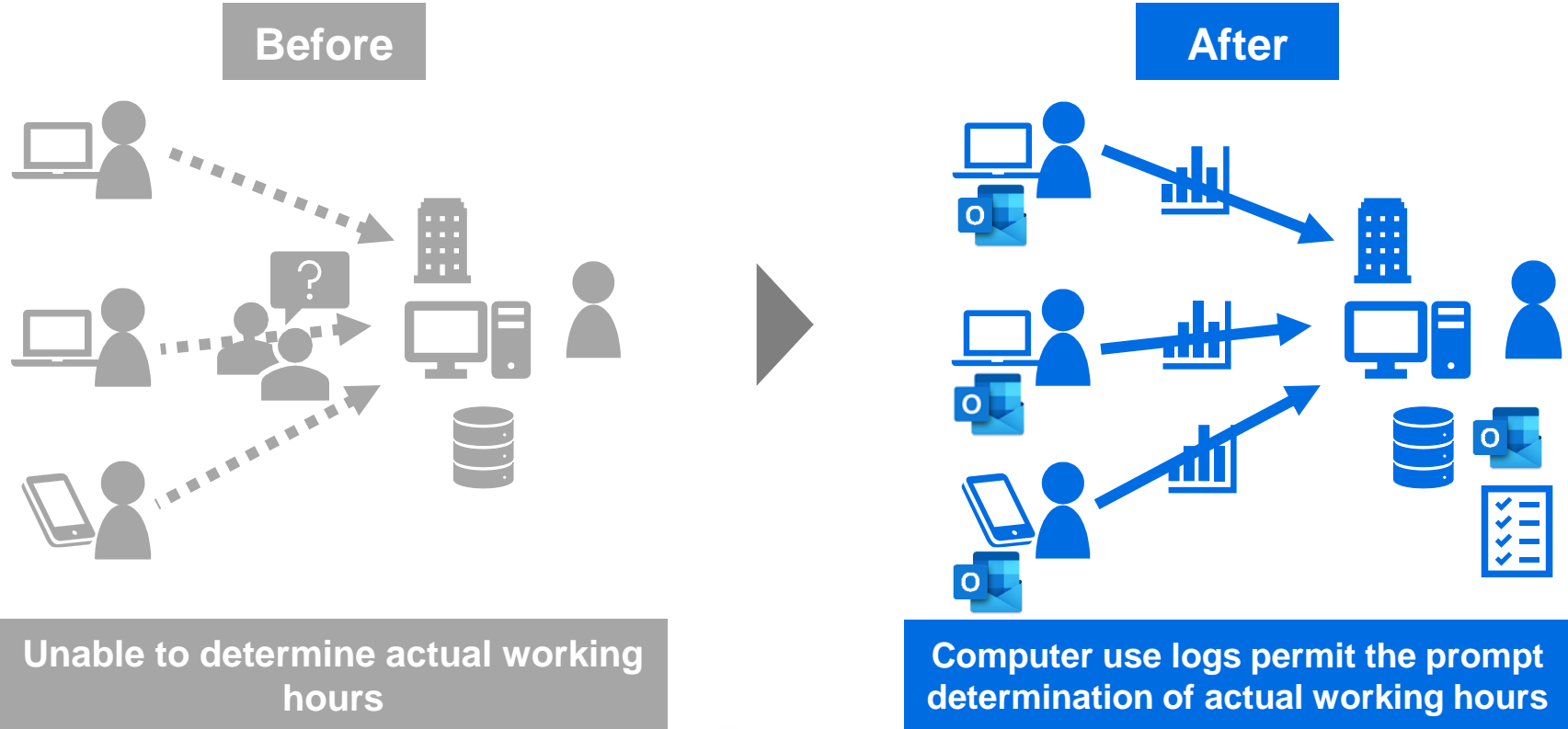

Before

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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Example of cloud use – 4

Use of Office 365 to reveal the facts about "hidden overtime"

Logs for Office 365 use provide data about actual working hours
The use of log data increases the ability to identify improper overtime work by employees.

Before

Unable to determine actual working hours

After

Computer use logs permit the prompt determination of actual working hours

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2-6 Major Examples

–Large manufacturing company–

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Example of cloud use – 5

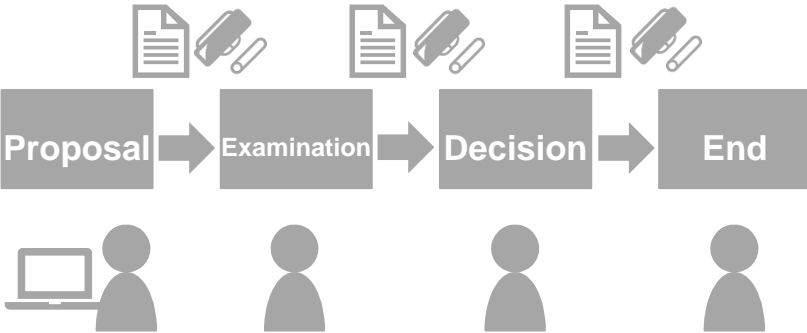**Electronic approval documents for a more efficient approval process**

An e-document system for decisions makes approvals easy even for telework
Moving approvals to the cloud eliminates paper documents and personal seals, thereby preventing delays and omissions in approval procedures.
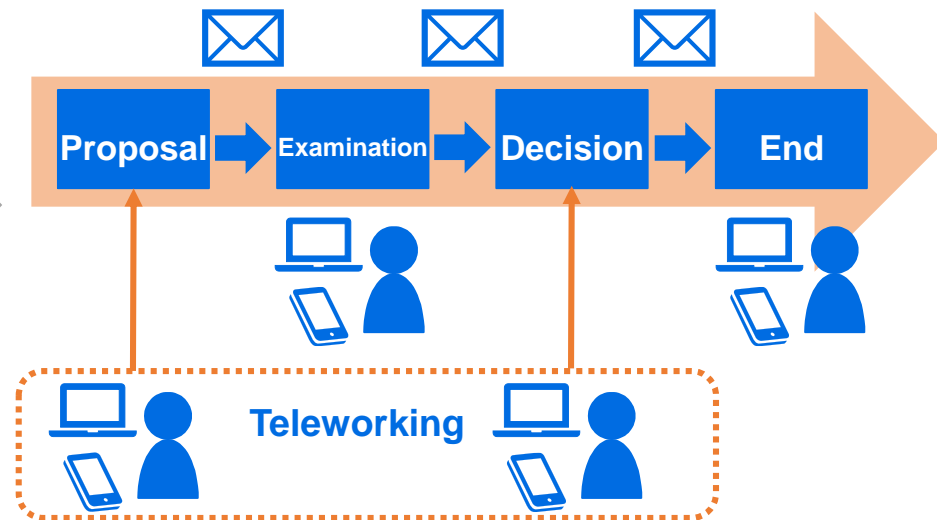

Before

PEGA

After

| Proposal | Examination | Decision | End |

Teleworking

Time-consuming activities are required to advance from proposals to decisions

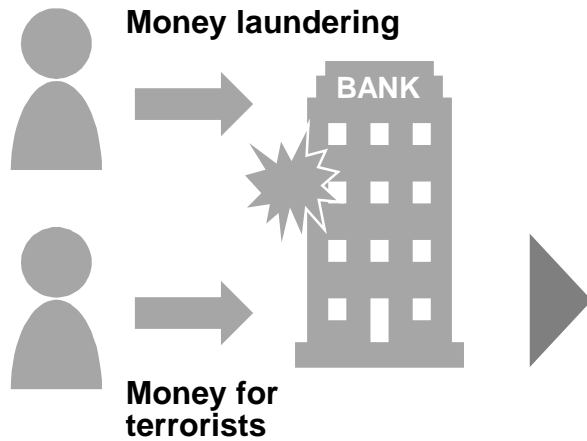**Approvals are possible at any time and location, resulting in faster decisions**

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2-7 Major Examples –Large bank–

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
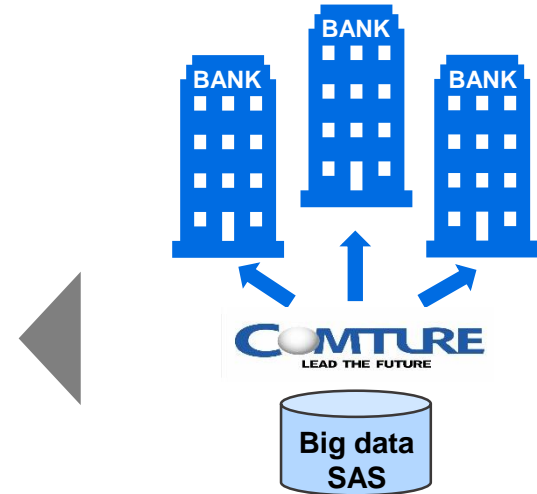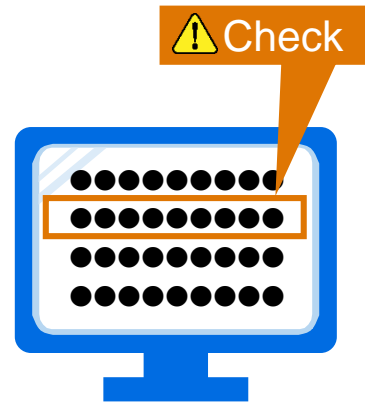
With big data, financial institutions can quickly detect and report transactions involving criminal activity
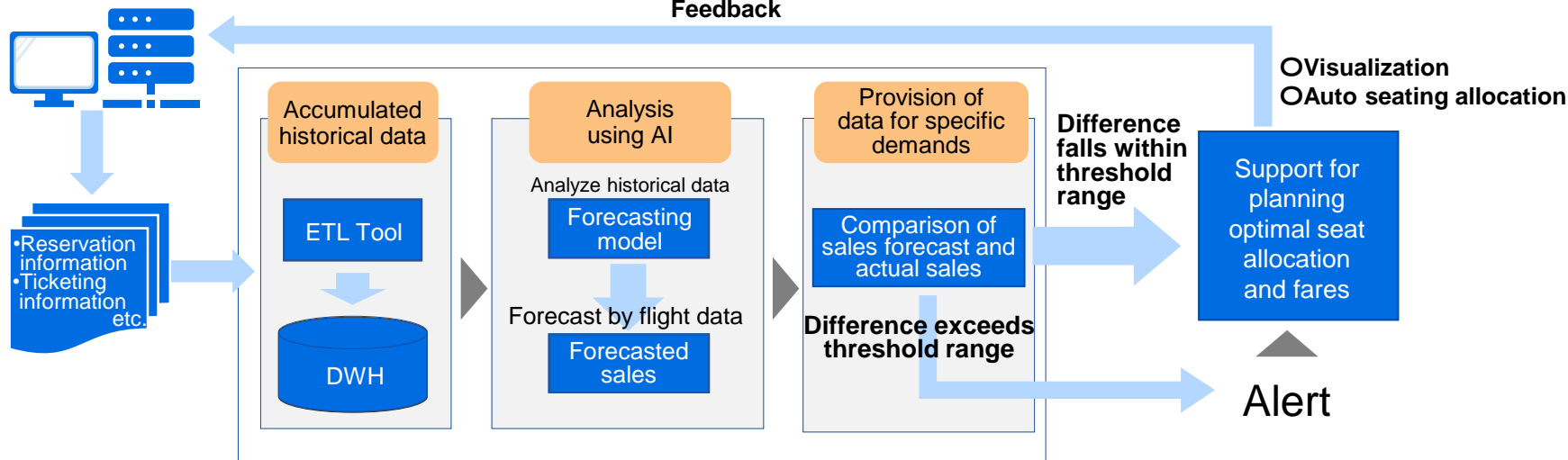
2-8 Major Examples –Solaseed Air Inc.–

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

Accumulated historical data

Analysis using AI

Provision of data for specific demands

Difference falls within threshold range

○Visualization
○Auto seating allocation

•Reservation information
•Ticketing information etc.

ETL Tool

DWH

Analyze historical data

Forecasting model

Forecast by flight data

Forecasted sales

Comparison of sales forecast and actual sales

Difference exceeds threshold range

Support for planning optimal seat allocation and fares

Alert

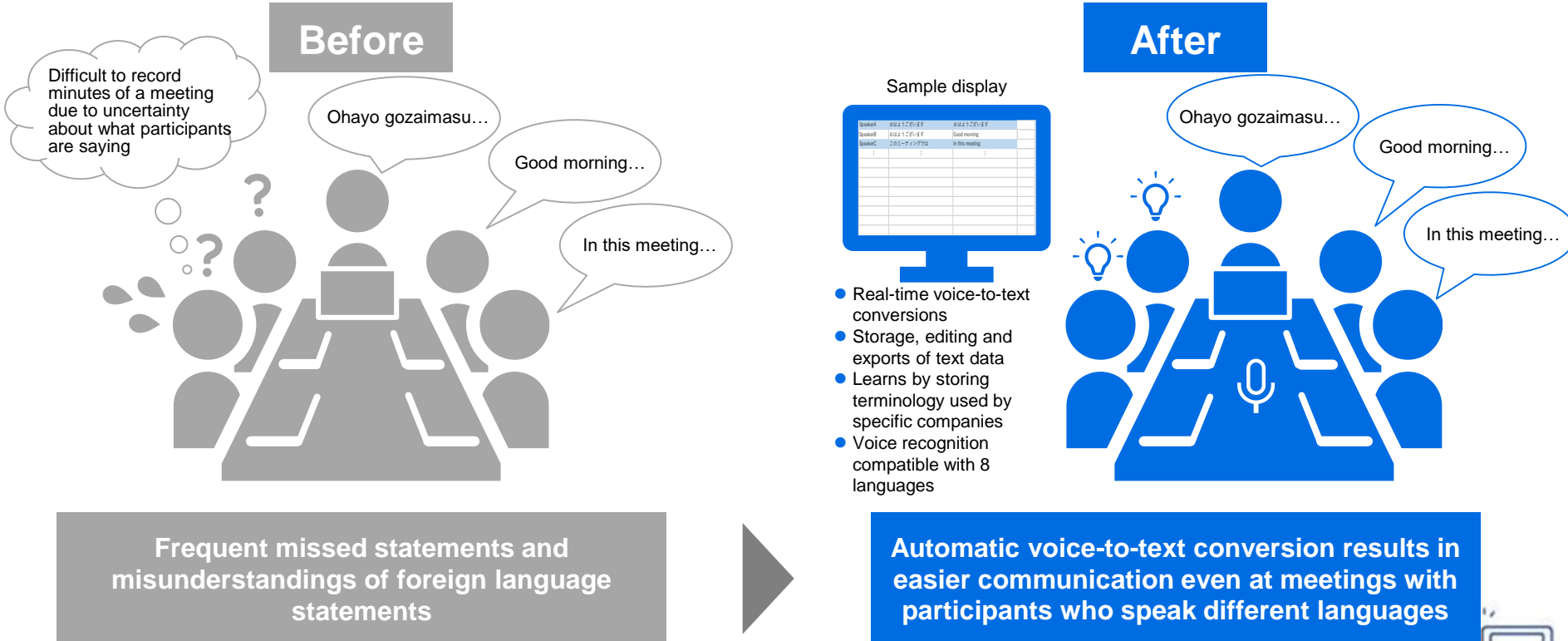| In the past, fares were determined based on the forecasted demand by human instinct and experience	▶	Expansive historical sales data are analyzed using AI for demand forecasting. Optimal pricing is derived based on the past sales

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2-9 Major Examples
–Large non-ferrous metals manufacturer–

Example using big data and AI solutions – 3
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…

Sample display

- 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

After

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
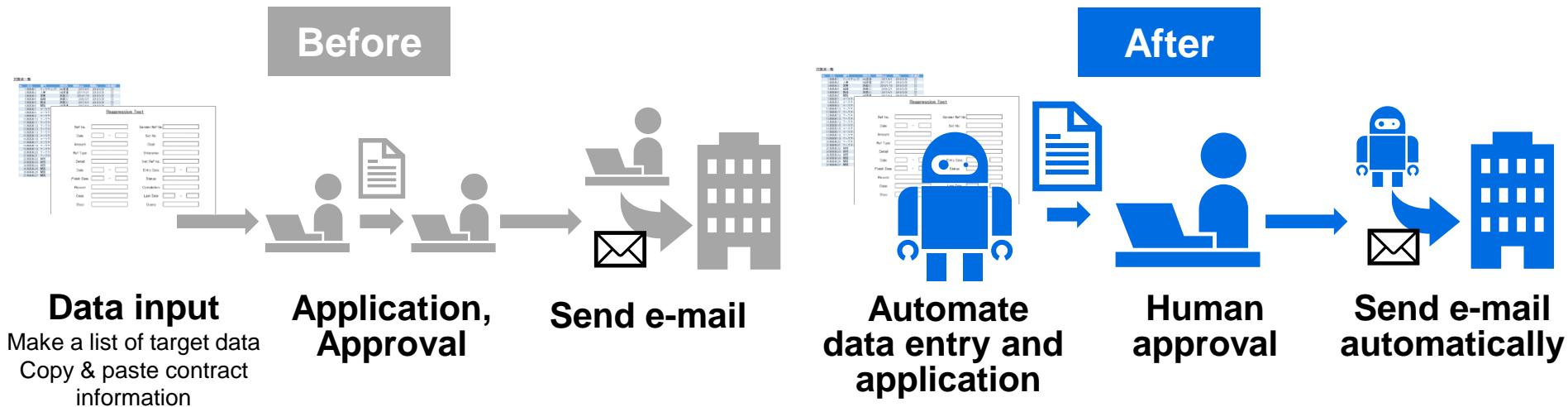
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2-10 Major Examples
–Large manufacturing company–

Example using RPA (Robotic Process Automation)
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%**
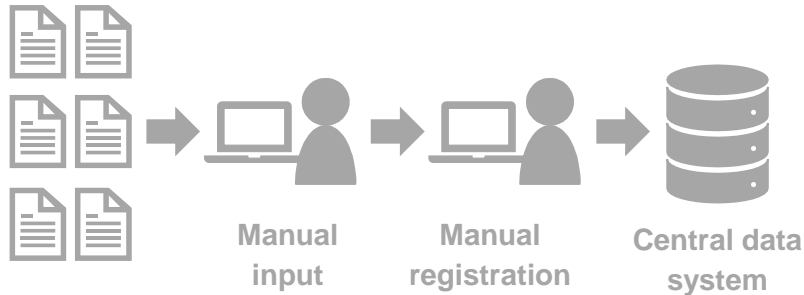- **Eliminate input errors and erroneous mail transmissions**

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Example using AI and RPA (Robotic Process Automation)

Use of AI-OCR for automation of benefit procedures at local governments and other organizations
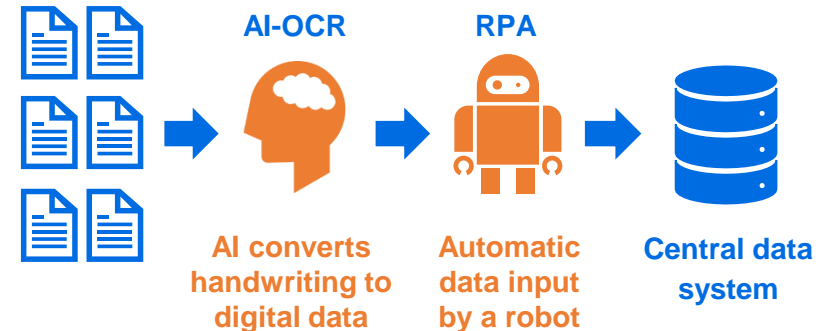
Fully automated, from using AI to read paper documents to using RPA for system input

Improves efficiency and facilitates working style reforms by greatly reducing time-consuming paper document data input

Before

After

Enormous volume of government and other paper applications

Manual input

Manual registration

Central data system

AI-OCR

RPA

AI converts handwriting to digital data

Automatic data input by a robot

Central data system

Manual data input is time consuming and results in many mistakes

Automation from reading documents to data input eliminates mistakes and improves efficiency
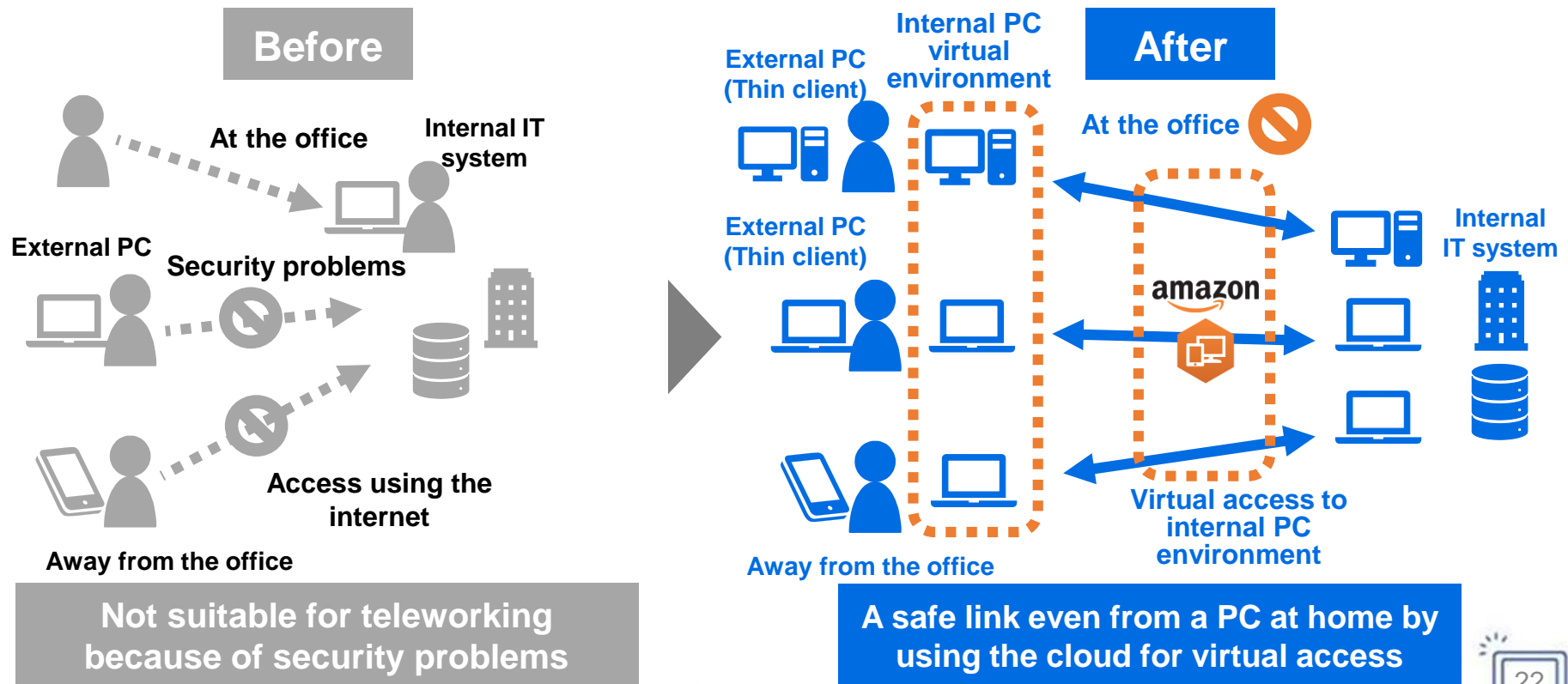
Example using cloud and platform

Using the cloud for creating a simple and safe teleworking environment

Safe access to internal IT systems by using a virtual desktop infrastructure (VDI)

Allowing access to an internal IT system from external PCs creates an environment for working style reforms using teleworking

Before

At the office

Internal IT system

External PC

Security problems

Away from the office

Access using the internet

Not suitable for teleworking because of security problems

After

External PC (Thin client)

Internal PC virtual environment

At the office

External PC (Thin client)

amazon

Internal IT system

Away from the office

Virtual access to internal PC environment

A safe link even from a PC at home by using the cloud for virtual access

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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

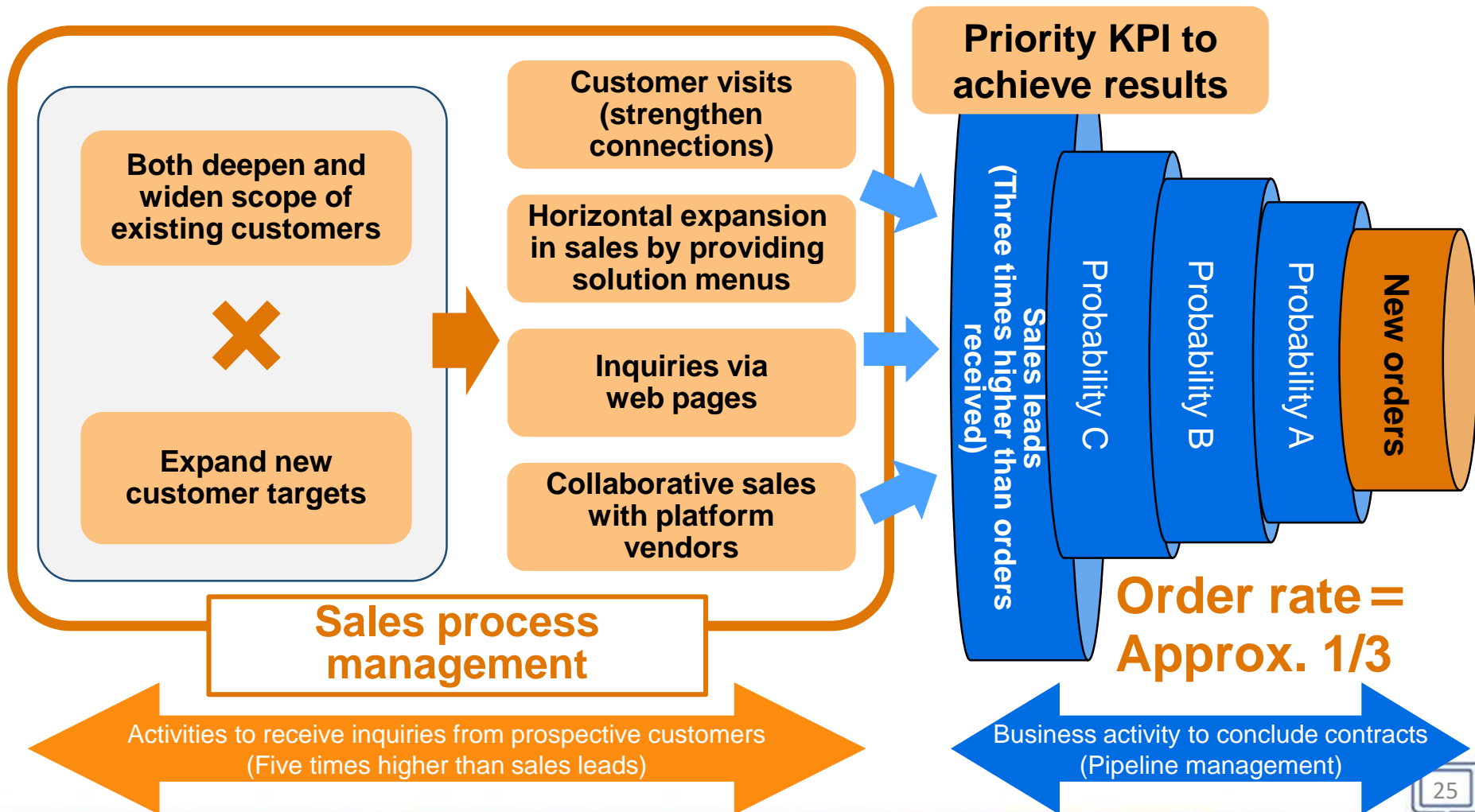**Increased productivity**

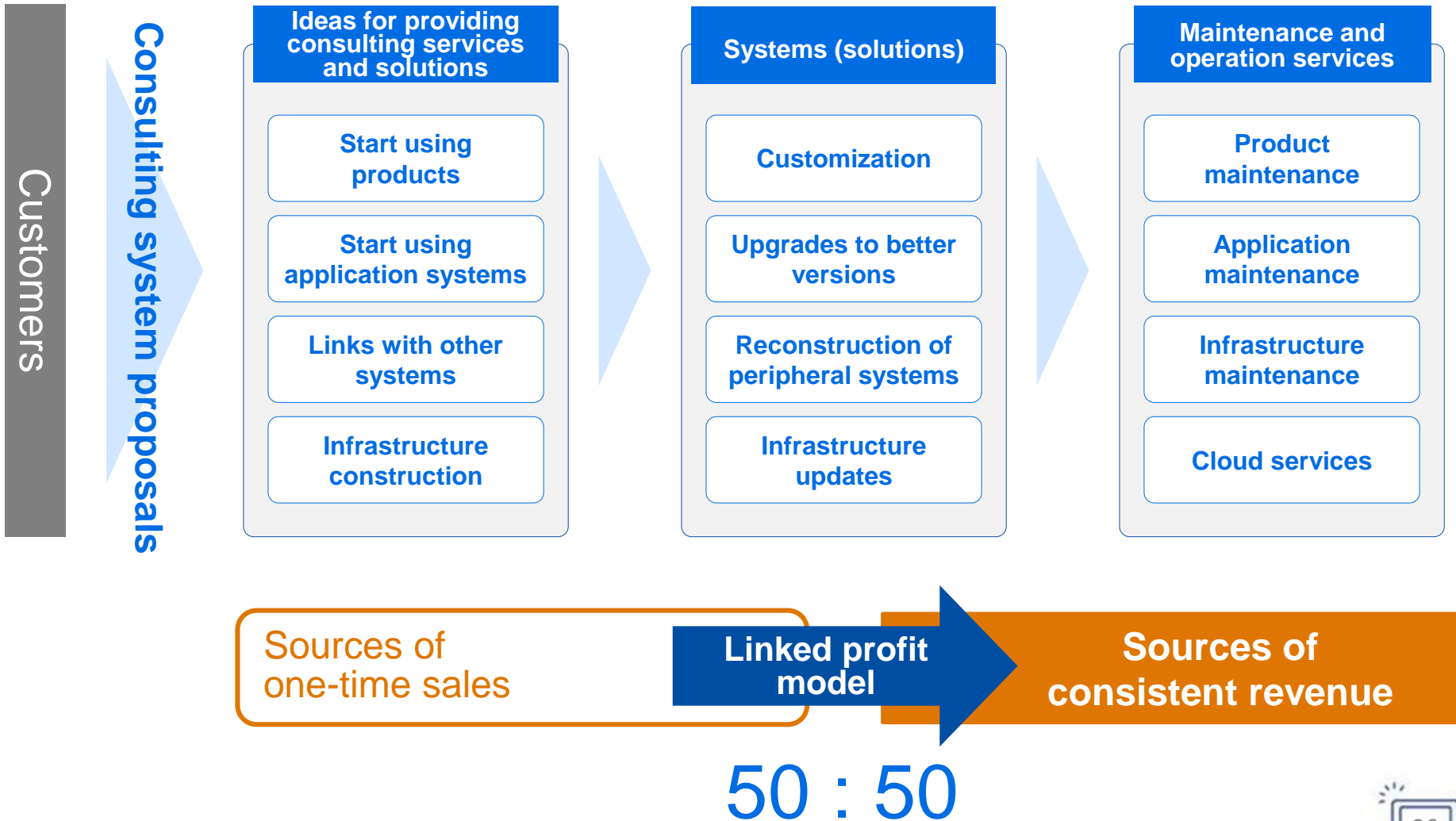**Expansion into areas of expertise**

Work style reform (telework)

3-2 The Sales Process Strategy

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

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

Priority KPI to achieve results

Sales leads (Three times higher than orders received)

Probability C

Probability B

Probability A

New orders

Order rate ＝ Approx. 1/3

Sales process management

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	Systems (solutions)	Maintenance and operation services
Start using products	Customization	Product maintenance
Start using application systems	Upgrades to better versions	Application maintenance
Links with other systems	Reconstruction of peripheral systems	Infrastructure maintenance
Infrastructure construction	Infrastructure updates	Cloud services

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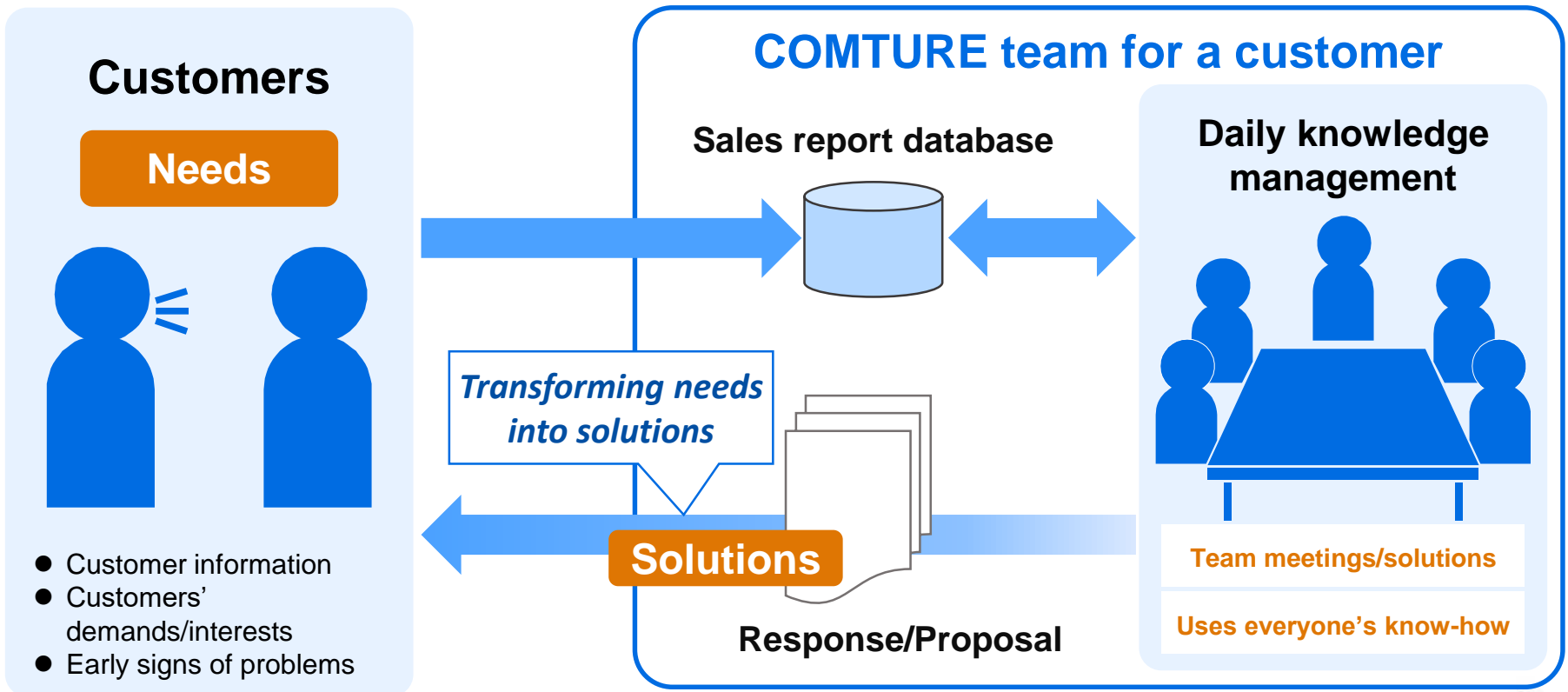
50 : 50

3-4 Customer Strategy

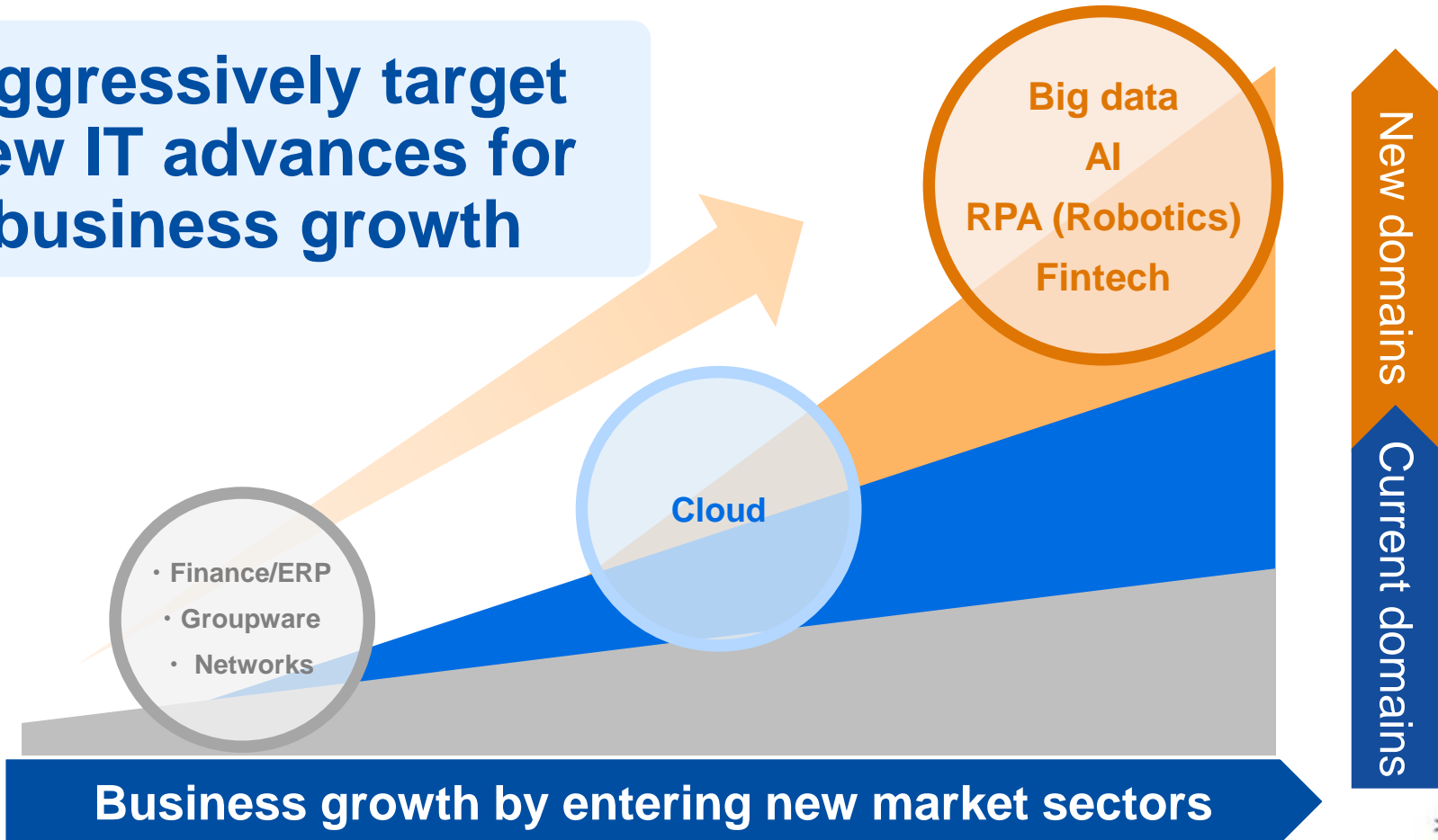## Reinforce consulting sales skills to improve customer satisfaction

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

3-5 Business Growth Strategy

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

Human Resources Strategy
(Recruit and train talented young people)

Training and recruiting for adding more value

【Training programs】

Cloud	**A leader in professional certifications (Microsoft, AWS, Salesforce, etc.) for cloud business growth – 1,000 people with certifications (plan)**
Digital	**Quickly train people to become digital transformation and data science specialists to promote for the Big data/AI/RPA/Blockchain businesses – 1,000 people with certifications (plan)**
Upgrade proposal/ management skills	**Training to upgrade skills for management and creating value-added proposals involving new market sectors and new technologies**

【Recruiting】

Recruit talented personnel	**People are the source of corporate value.** **Recruiting standards will be raised in order to hire talented individuals on a continuous basis** **New graduates – FY2020: 120/ FY2021: 70–100** ***Nikkei Computer magazine included COMTURE in its list of the 100 most popular IT companies for job seekers**

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3-7 7 Basic Strategies for Further Growth

1 Growth Strategy	Achieve consistent 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	Aim for a higher equity ratio and ROE and constantly implement management that increases corporate value 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

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

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- 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.

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