

## Q&A Summary—Financial Results Briefing for FY 2016

### Individual 1

**Q1** How was the performance of cloud-related businesses in the fiscal year ended March 2017?

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**A1** SBT positions digital marketing, security solutions and cloud solutions as the three focus businesses. At the financial results briefing for the previous fiscal year, we announced our plan to provide cloud-based integrated services of these three focus businesses and worked on it for a year. As a result, net sales of these three focus businesses—cloud related businesses—continue an annual growth rate of 20%.

**Q2** What are expectations or challenges for cloud related businesses in the fiscal year ending March 2018 and onwards?

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**A2** We aim to achieve at least a 20% increase in total net sales by the three focus businesses—cloud-related businesses—in the fiscal year ending March 2018 and onwards.

Regarding corporate digital marketing, we expect that the focus of data analysis will shift to how to analyze customer data through CRM<sup>(\*)</sup> and how to analyze sales contacts or the progress of business negotiations.

Starting from the fiscal year ended March 2017, SBT's data analytics business made a big shift from the analysis of web access to the processing of IoT and other big data accumulated in the cloud. Going forward, we will also push forward the proposition of solutions to developing cloud-based CMS<sup>(\*)</sup>.

**Q3** Was there any project of the cloud solutions business moved from the fourth quarter of the fiscal year ended March 2017 to the first quarter of the fiscal year ending March 2018?

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**A3** In an agricultural related project for governmental agencies of over one billion yen, some deliveries were shifted to April onwards.

**Q4** What is the background to the year-on-year decline in the marginal profit ratio in the fourth quarter of the fiscal year ended March 2017?

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**A4** In this fiscal year, we have responded to strong demand with about 900 external partner engineers. However, the structure for working with these external partner engineers was not established, which we consider to be one of factors that weighed on the marginal profit ratio. In the fiscal year ending March 2018, we will review the structure for working with external partner engineers and introduce a new partner system.

**Q5** In relation to the review of the partner strategy, what is the outlook for increasing the number of employees?

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**Q5** As of April 27, 2017, the number of employees on a consolidated basis is 982. We plan to hire about 30 employees in the first half of the fiscal year ending March 2018. We think that it is important to arrange tasks into those that should be done by our employees and by our partners, and we will

work on this.

## Individual 2

**Q6** Regarding the decline in sales of the data analytics business, what were changes in the business environment and how did SBT review the strategy?

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**A6** Web access analysis is becoming part of the packaged services for selling advertisements. SBT is not engaged in advertisements, and selling web analysis services only is expected to become difficult. While we will continue providing web analysis services to existing customers, we do not see it as a growth business.

We intend to find opportunities in the areas of processing big data in the cloud such as IoT rather than web access analyses by developing original services. In order to realize this, we utilize talent with acquired statistics skills in R and Python.

**Q7** Regarding the growth in the security solutions business, was there special demand in the fiscal year ended March 2017?

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**A7** In the fiscal year ended March 2017, local governments in prefectures across Japan had information security cloud projects, and SBT was engaged in the development of those cloud projects in four prefectures. In the fiscal year ending March 2018, these projects will enter the operation phase. We expect to receive requests for continuous improvements and additional measures given the characteristics of the field of computer security.

**Q8** In which business areas will talent be recruited in the fiscal year ending March 2018?

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**A8** In the fiscal year ended March 2017, we recruited talent who can contribute to expansion of the SOC <sup>(\*)3</sup> business in the field of computer security and those who are interested in launching original services instead of analyzing with tools in the field of data science. We plan to continue acquiring talent in the focus businesses as security experts and data analysis talent.

\*1: CRM (Customer Relationship Management) is a methodology for all customer-facing divisions to share and manage customer information and customer interaction information such as the status of business negotiations mainly using information systems, which enable precise responses to customers and the building of long-term good relationships with them.

\*2: CMS (Content Management System) is a system for systematically managing web content, such as text and images, and for distribution and other necessary processing. It enables updating and managing of websites easily without technical knowledge.

\*3: SOC (Security Operation Center) is an organization that monitors networks and devices on a 24 x 365 basis to detect and analyze cyberattacks and find, identify, and report incidents that are threatening.