

## Q&A Summary—Financial Results Briefing for FY 2017 Q2

### Individual 1

(1) How is the state of cloud-related business inquiries?

Currently, enterprises (corporations, government offices) in Tokyo and Osaka are very active. In April 2017, we established a sales team just for 20 enterprises customers. Every month we report new technology trends and progress in ongoing projects to them, and have conversations with them. The sales size of this team is not big yet, but their activity is steadily developing.

(2) In progress with development of Cloud business, is there any change to the scope in which SBT can provide added values?

We started with Office 365 implementation support, assisting cloud migration of e-mail and calendar functions of corporations, and we are now in the next stage—cloud migration in areas like workflows and CRM. We are proud that, right now, SBT is the only company that can provide the high level of services in these areas on a large scale. This is because we have a good track record, and we have received orders from many customers.

Also, we receive many inquiries about managed security services. Customers know that just installing an intrusion prevention system (IPS), network security platform (NSP) or antivirus software is not enough. While ransomware is prevalent, our services are covered with a series of actions from thorough monitoring of end points, getting rid of any intrusion, and offering procedures for customer and media handling if any real incident happens.

(3) Regarding the shortage in proposal and development resources, are you beginning to see the effect of the partner system?

Currently, development resources are short. So we are reducing our suggestions. That's why we are improving the order confirmation. We are competing for resources as we need to increase or deepen proposal opportunities. Regarding the training of partner engineers under the partner system, as a new initiative, we started the first partner training from September. This training will contribute to the lack of development resources around November.

(4) What is the degree of cost impact relating to development partner system?

We provide a training program by sharing the expenses with each of the partner companies. While development work, we started the training program that lasts one to two months in cycles by inviting partner companies. We will implement two to three runs in total on FY2017 with the participation of around 20 persons in each.

(5) In first half, unexpected events in Q1 and incident handling in Q2 occurred. Can I recover the first half sales behind in the second half?

We aim to achieve sales target of 52 billion yen by accumulating sales in business that provides added value of SBT's specialty. The slowness in business operation due to the security incident has been resolved, and we currently do not have such issues in sales activities.

(6) Limiting the question to the Security Solutions business, is there any upside factor for second half?

I expect enterprise security management to be controlled of AI. I have requested the person responsible at SBT to increase operational efficiency of security operation centers (SOC) by transferring the know-how we have accumulated to artificial intelligence. But, our strategy is to make a security business grow by recurring services. Since the price range of recurring services is from several hundred thousand yen to several million yen per month, we will drive the business so that they will pileup toward the next fiscal year and the year after the next.

## Individual 2

(7) IoT is expected to be utilized in various fields. What is the area of IoT targeted by SBT?

We are targeting the construction industry, which is the customer of the cloud business. Another is healthcare. I want to provide value to the enterprise by developing IoT and analyzing big data. For the SBT Group as a whole, our target is platform business called secure IoT platform(SIOTP). We aim to available our SIOTP for semiconductor makers, manufacturers makers, Service providers and more.

(8) Please tell me what kind of system will develop IoT business for 3 years.

Secure IoT platform (SIOTP) requires partner collaboration. I believe that, one after another, Japanese manufacturer partners will join us going forward. As our partners, we will have many manufacturers and users using SIOTP or will create a revenue sharing business. Ofcourse, we must expand into overseas markets. Cybertrust is collaborating with DigiCert for global business development. Cybertrust entered into a partnership (strategic business alliance agreement) with DigiCert, a US corporation as of two years ago. We sells DigiCert public key infrastructure (PKI) in Japan.

(9) There was an explanation that the cloud migration was active in the enterprise in Osaka. The move by companies in Osaka seems to indicate that the wave of cloud migration has spread to most companies in Japan. How do you think the development and speed of cloud migration will differ in the coming two to three years compared to those before?

In Osaka, multiple corporations are very interested in it. I assume that a big wave will come if we succeed with one of them. The cloud migration of communication tools for domestic enterprises converge in 2018, and the cloud transformation will move on to the next stage.