

**Shinichi Ata, President and CEO of SoftBank Technology, made the following speech about management policies at the 26th annual shareholders meeting that was held on June 18, 2014.**

Today, I will talk about our plans for business operations in order to achieve significant growth for the SoftBank Technology Group.

In June 2011, immediately after I was named president and CEO, I held a Corporate Strategy meeting to explain my policies and goals for the group.

At that time, I made a promise to shareholders.

I said that SoftBank Technology would definitely achieve significant growth and become one of Japan's preeminent companies in the ICT services sector.

#### **<Important Management Issues>**

The pace of change is steadily increasing in the operating environment for the ICT services industry. Client companies require global assistance as their overseas activities grow. Rapid expansion of cloud computing is another source of change. Other notable events include Japan's upcoming national identification number system and the start of studies concerning the use of personal data.

To respond to these changes, SoftBank Technology will utilize the resources of all group companies, including new subsidiaries Fontworks Inc. and Kan Corporation. In addition, we will focus our resources on growing market sectors where the needs of our client companies are substantial.

We aim to achieve sustainable growth.

Therefore, we will acquire the latest ICT know-how and develop highly advanced solutions to differentiate ourselves and gain a clear competitive advantage.

We have five strategic business challenges.

- a. Collaboration with SoftBank Group companies
- b. Promote Microsoft Solutions
- c. New business base
- d. Respond to changes in the ECBPO business environment
- e. Build a sound profit structure

#### **<Issue a. Collaboration with SoftBank Group companies>**

SoftBank Technology was formed in the 1990s by the divestiture of business units from SoftBank to make the information systems department a separate company.

As a result, we have been providing support for software distribution business, which was our core business then, since our inception.

The SoftBank Group subsequently shifted its focus to the telecommunications business. The group started an ADSL business and acquired wireline and wireless telecommunications companies. The information system infrastructure the SoftBank Group needed as a telecommunications carrier demanded highly advanced and complex information technologies. In addition, the size of this infrastructure became too large for our engineering resources to handle.

Since I became president, I have worked as a growth strategy to enlarge our engineering resources through aggressive recruiting activities and programs to enable our engineers to acquire the advanced information technology certifications. Due to the success of these measures, we gained the ability to provide operational support for the telecommunications business.

Furthermore, by utilizing the advanced information technologies and associated expertise acquired from

telecommunications business support activities, we were able to capture more business from companies outside the SoftBank Group.

We have worked as a business partner with SoftBank Telecom Corp. and Yahoo Japan Corporation, which were just one of the client companies where we had close ties. This led to a long list of accomplishments involving the provision of services to public-sector and private-sector clients.

**<Issue b. Promote Microsoft Solutions>**

Many client companies are shifting from using their own infrastructures for information systems to cloud-based services. To meet this need, we have established a strong partnership with Microsoft Corp. to perform aggressive proposal-based sales activities. These sales use Microsoft's Office365 cloud service and services that we developed ourselves.

Transitioning client companies from an internal information system to a cloud environment requires three steps.

The first step is moving e-mail, an internal communications platform, to the cloud.

By aggressively marketing Microsoft Office365 and our access control solutions, we established a user base of 200,000 IDs and 100 companies. As a result, we became Microsoft's largest solution partner in Japan. Today, we have a strong relationship with Microsoft rooted in mutual trust and we plan to continue working together.

Once a customer completes this first step, we often receive requests for assistance for moving to the cloud internal bulletin board systems, electronic decision making and other e-processes. To meet this need, we have used our experience with shifting to SharePoint, a process that began two years ago and includes our portal site. This is the second step.

Companies will continue to move their ICT system infrastructures to the cloud. At the same time, many companies will need to retain some information systems, such as systems involving accounting and customer information. For this requirement, we have started using the System Center, an operations and oversight tool for a hybrid on-premises and cloud environment. Using this tool to acquire expertise ahead of our competitors will allow us to market our services to customers that have finished the first and second steps.

**<Issue c. New business base>**

Currently, there are two businesses that are underpinning our growth: services for the SoftBank Group and our Microsoft solutions business. To build an even more powerful foundation for medium to long-term growth, we are developing big data solutions as a new business.

The Concept of our big data solutions is to enable not only companies that have large volumes of data but also companies with no data to benefit from big data analysis.

Three technological skills will be vital to operations involving big data: (1) data accumulation; (2) data analysis; and (3) data utilization.

In our solutions business, we acquired expertise in network and storage technologies, which are (1) data accumulation technologies. In our eBusiness Services business, we acquired expertise in web access analysis technologies, which are (2) data analysis technologies. Moreover, we are the leader in Japan in both of these technology domains. Furthermore, we have accumulated considerable knowledge from our involvement in these business sectors over many years.

In April 2014, we added the (3) data utilization capability by establishing a business and capital alliance with Mode2 inc. Combining all the technologies required for big data solutions will allow us to create one-stop solutions. We will use this capability to supply value-added services to our client companies.

**<Issue d. Respond to changes in the ECBPO business environment >**

In the Symantec Store business, which has been one of our main activities, there has been a change in the marketing strategy at Symantec.

In association with this shift, customers' now want us to supply ECBPO services with excellent performance in relation to the cost rather than ECBPO services with considerable added value. As a result, customers wanted us to reduce the cost of these services significantly.

To meet these demands, we are making our operations even more efficient in order to remain profitable. At the same time, we will work on attracting new customers and building a sound profit structure by drawing on ECBPO knowledge acquired by operating Symantec Stores for many years.

**<Issue e. Build a sound profit structure>**

To build a more powerful base for earnings growth, we plan to increase profitability by further improving the efficiency of our business operations wherever possible.

We plan to accomplish this goal by taking the following actions.

**(1) Make the SoftBank Technology Group more efficient**

We will improve the efficiency of group management activities by using more shared management and administrative services, such as human resources, accounting, legal affairs, and general affairs, for subsidiaries.

**(2) Reduce operating expenses by using ICT systems**

We will reduce operating expenses by investing in ICT systems to automate business processes.

**(3) Better visibility of engineering resources and suitable internal and external expenses**

We will use management tools for the visualization of engineering resources and for achieving a suitable ratio between internal and external expenses. In addition, visualization will be used to achieve a proper cost for external services with the aim of making our group more profitable.

**<FY2014 forecast>**

Forecasts for the 27th fiscal year ending March 2015 are as follows.

Net sales:	40.0 billion yen
Operating income:	1.7 billion yen
Ordinary income:	1.7 billion yen
Net income:	1.0 billion yen

By taking actions aimed at the five strategic goals, we are determined to achieve the sales and earnings forecast for the current fiscal year, which ends in March 2015.

**<Shareholder returns>**

Appropriation of surplus to shareholders is one of our highest priorities.

Our goal is to achieve significant growth. Furthermore, our policy for the appropriation of surplus to shareholders is as follows.

**(1) Medium and long-term growth in corporate value and the value of our stock**

**(2) A stable dividend**

**< Closing remarks>**

Information Revolution –Happiness for everyone: Harnessing the power of Technology to build a brighter future—

Everyone at the SoftBank Technology Group is dedicated to achieving our goals by working as a unified team that is guided by this corporate philosophy.