Fiscal Year Ended September 30, 2021
Disclosure of Business Plan and Matters Related to Growth Potential

Plus Alpha Consulting Co., Ltd.
(Tokyo Stock Exchange Mothers 4071)

November 30, 2021

Overview of the Structure of this Document

I. Corporate Profile

1. Corporate philosophy
2. Mission, vision and corporate philosophy
3. Business concept
4. Growth track
5. Main services
6. Service characteristics
7. Business structure
8. Business portfolio
9. Major KPIs

II. Corporate Highlights

1. High value-added service with data mining as a backbone
2. Expansion of markets covered with the shift to the cloud providing a tailwind
3. Potential for high growth of Talent Palette creating new markets in the personnel area
4. Growth strategies of each business and operations aimed at development of new markets and services

III. Risk and Controls

Major risks and countermeasures

IV. Appendix

1. Characteristics of Visualization Engine
2. Characteristics of Customer Rings
3. Characteristics of Talent Palette

I. Corporate Profile

Company outline

Company name	Plus Alpha Consulting Co., Ltd. (Tokyo Stock Exchange Mothers: 4071)
Representative	Katsuya Mimuro, Representative Director and President
Headquarters location	Sumitomo Hamamatsucho Building, 1-18-16 Hamamatsucho, Minato-ku, Tokyo
Osaka Branch	13F Osaka Nakanoshima Building, 2-2-2 Nakanoshima, Kita-ku, Osaka-shi, Osaka
Fukuoka Branch	4F Grand Cabin Tenjin Minami, 3-33-3 Yakuin, Chuo-ku, Fukuoka-shi, Fukuoka
Established	December 25, 2006
Capital	63,475 thousand yen (as of June 30, 2021)
Businesses content	Providing cloud services for data analysis platforms
Number of employees	187 (as of September 30, 2021)
URL	https://www.pa-consul.co.jp/

Mission, vision and corporate philosophy

MISSION

Creat PLUS ALPHA value for our customers' businesses.

By "visualizing" the enormous amount of information filling the world—texts, numerical values, images, sounds, etc.—and providing "realizations" that are helpful to our customers' businesses, we will create "+α" (PLUS ALPHA) value for our customers.

VISION

Continuing evolving as a company of visualization platforms.

Information volume and digitalization have continued to increase exponentially in an array of fields. We will propose solutions that will help improve creativity and productivity, with the aim of continual evolution as a company. Our visualization platforms will revolutionize various industry mechanisms by working closely with our customers, employees, and partners.

Corporate philosophy

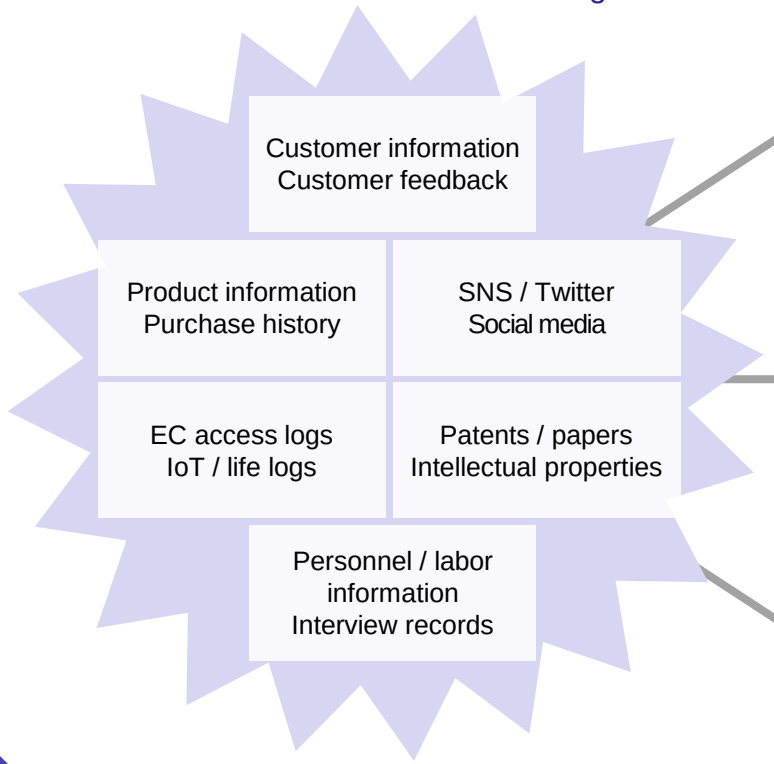
- By creating PLUS ALPHA value, we are able to greatly impress and provide ever-broadening possibilities to our customers.
- We place a great importance on courage, passion, consideration, and steady effort.
- We prioritize, the ability to utilize one's strengths, self-growth, contributing to society, and working with a positive attitude.

Business concept

Platform to visualize big data

Explosive information growth = Creation of big data

Information in all areas will be digitized



Visualize
enormous information through technology

Text mining
Data mining
Natural language processing
AI / machine learning
+
Consulting Operational knowledge

Serving various sectors

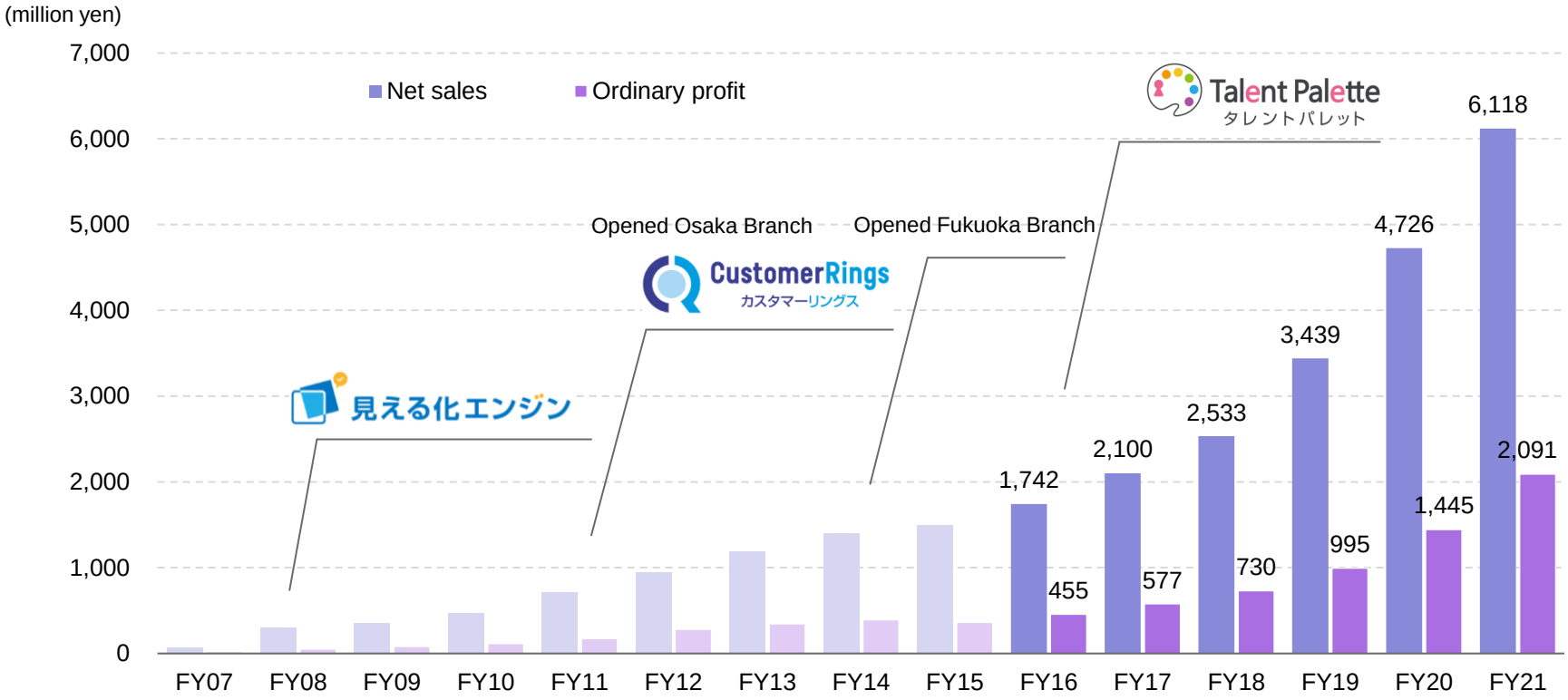
Marketing area
Visualizing customer needs
見える化エンジン

CRM area
Visualizing client information and actions
CustomerRings カスタマーリングス

HR/personnel area
Visualizing personnel information / employees
Talent Palette タレントパレット

Growth track

Expansion of business through the launch of products specializing in business at intervals of several years
Acceleration of growth through investment in new businesses while establishing stable revenue through a subscription model



Main services

Developing profitable SaaS businesses in multiple areas

Marketing solutions



Text mining analysis for the use of customer feedback data from call logs, Twitter, etc.

Monthly subscription according to the amount of analyzed data

CRM solutions



Customer analysis using purchase histories, web access logs, etc., and automation of marketing initiatives

Monthly subscription according to the number of customers/e-mails delivered

HR solutions



Analysis of employee information for HR measures such as personnel development and optimal placement

Monthly subscription according to the number of employees

Subscription products

Technology and expertise behind the services

Language processing technologies	Visualized mining technologies	Mass data analysis expertise	Industrial / operational knowledge	Utilization support consulting

Service characteristics

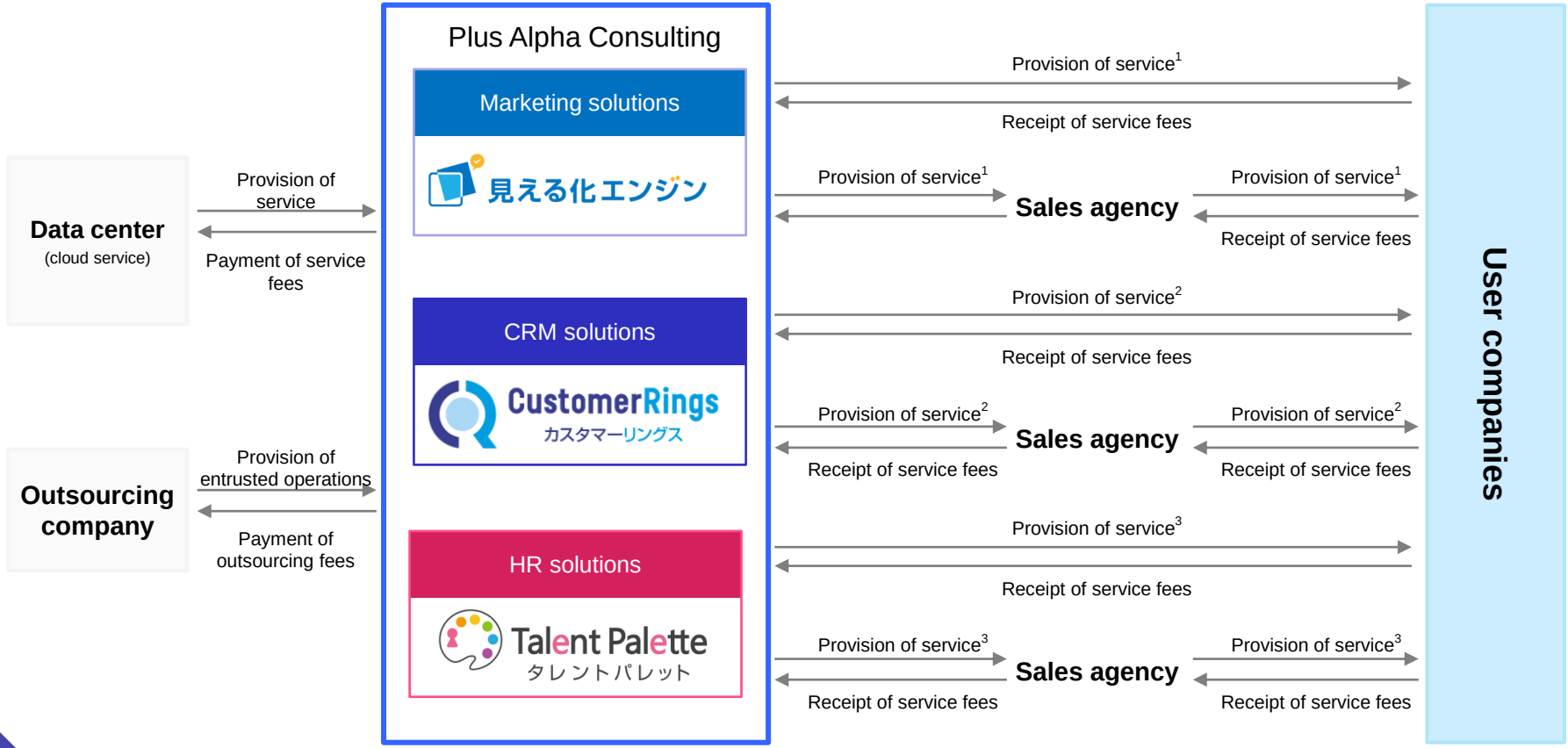
* The characteristics of each service are described in IV. Appendix.

	Visualization platform	Marketing automation tool	HR utilization platform
	見える化エンジン	CustomerRings カスタマーリングス	Talent Palette タレントパレット
Service overview	Text mining analysis of massive amounts of customer feedback from surveys, call logs, social media, etc.	Support for optimal communication with customers based on analysis results gained from integrated data for customer attributes and action histories	Utilized for talent management by visualizing personnel information such as employee skills, aptitude, evaluations, and survey results and hiring-related data
Users and usage	Introduced mainly into companies' contact centers and marketing divisions Used for improving clients' services and developing new products	Introduced mainly into companies in EC (apparel, health foods, cosmetics, general goods, etc.) and retail industries Used for planning and implementing measures for online marketing	Introduced mainly into personnel divisions Used for personnel planning and strategies to improve employee performance by utilizing human resources
Major Characteristics	No. 1 market share in the text mining tool area with functions of supporting a wide range of data sources, highly accurate natural language processing, an intuitive user interface, etc.	Intuitive interface, various functions to analyze and visualize customer actions, and support for multiple channels such as e-mail, social media, chat, and apps	Personnel database on employee information, evaluations, and skills. Support for optimal placement, HR selection, resignation analysis/prediction, and improvement in matching efficiency
Fee system	Monthly fee: Monthly subscription plan according to data amount, etc. Initial cost: For establishing system at service introduction, etc. Fee for on-demand services: Paid consulting, etc.	Monthly fee: Monthly subscription plan according to the number of members and distribution, etc. Initial cost: For establishing system at service introduction, etc. Fee for on-demand services: Paid consulting, etc.	Monthly fee: Monthly subscription plan according to the number of employees, etc. Initial cost: For establishing system at service introduction, etc. Fee for on-demand services: Paid consulting, etc.
Number of users[1] Rate of recurring revenue[2]	Number of users (451 companies) Rate of recurring revenue (88.7%)	Number of users (297 companies) Rate of recurring revenue (94.8%)	Number of users (700 companies) Rate of recurring revenue (78.4%)

Note 1: Number of contracts as of September 30, 2021
Note 2: Ratio of total monthly billed amounts to net sales (average of the fourth quarter of the fiscal year ended September 30, 2021)

Business structure

User companies sign up for service plans according to usage (scope of data used, number of members, distribution, number of employees, etc.)
Services are provided with payment of a fixed monthly fee according to the plan.

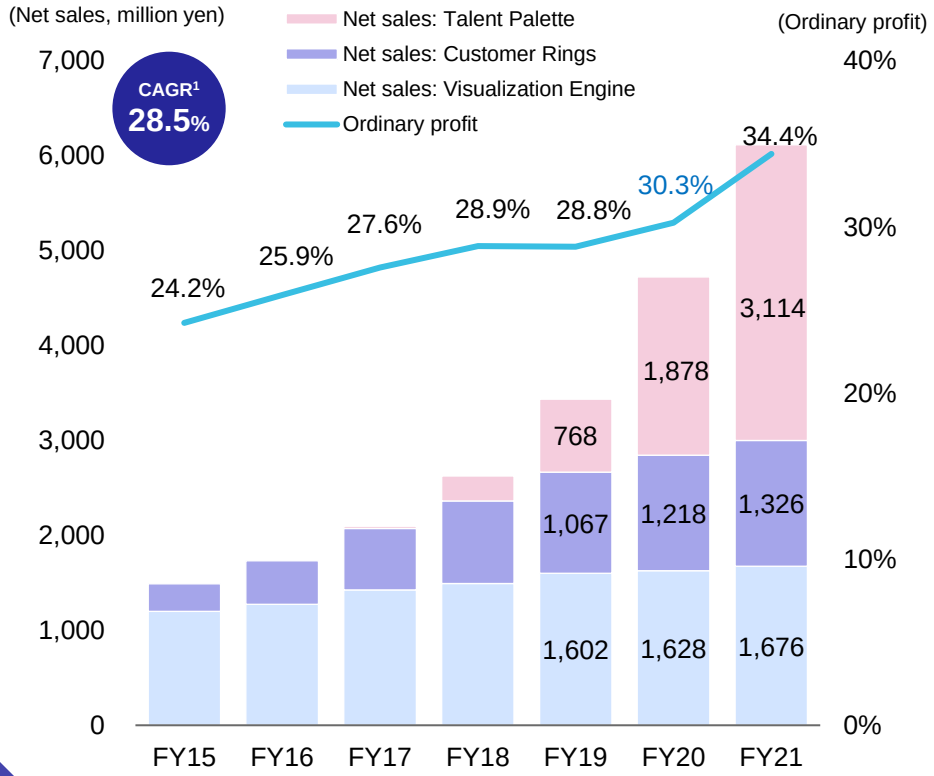


(Note 1) Access to Plus Alpha Consulting server using ID and password. Monthly fee based on agreed data volume, etc.
(Note 2) Access to Plus Alpha Consulting server using ID and password. Monthly fee based on number of members, distribution, etc.
(Note 3) Access to Plus Alpha Consulting server using ID and password. Monthly fee based on number of user employees, etc.

Business portfolio

Simultaneous realization of profitability and growth

Operation of three businesses in different stages of growth from highly profitable stable business to high-growth business
Simultaneously realizing high growth and high profitability over a prolonged period without being affected by the product life cycle.



		Segment profit[3]	Segment profit margin	Net sales growth rate[2] (YoY change)
Talent Palette	High-growth business	1.5 billion yen	48.2%	65.8%
CustomerRings	Stable growth business	0.34 billion yen	25.7%	8.9%
Visualization Engine	Highly profitable business	0.99 billion yen	59.4%	2.9%
Companywide common expenses	–	(0.73) billion yen	–	–
Companywide	–	2.1 billion yen[4]	34.4%[4]	29.4%

Note 1: Average annual growth rate of net sales from the fiscal year ended September 30, 2016 until the fiscal year ended September 30, 2021
Note 2: Rate of increase in net sales from the fiscal year ended September 30, 2020 until the fiscal year ended September 30, 2021
Note 3: Operating profit of each segment in the the fiscal year ended September 30, 2021 (before deduction of common expenses)
Note 4: Operating profit and operating margin of the Company as a whole in the the fiscal year ended September 30, 2021 (after deduction of common expenses)

Major KPIs

Establishment of a high value-added subscription model

Simultaneously realize high recurring ratio and low revenue churn rate while realizing high ARPU as a high-added value service

MRR[2]

Companywide

489 million yen

- Visualization Engine 130 million yen
- Customer Rings 107 million yen
- Talent Palette 252 million yen

MRR growth rate[2]

Companywide

32.1%

- Visualization Engine 3.4%
- Customer Rings 4.5%
- Talent Palette 77.3%

Average monthly revenue churn rate[3]

Companywide

0.7%

- Visualization Engine 0.9%
- Customer Rings 1.0%
- Talent Palette 0.4%

Number of users[4]

Companywide

1,448 companies

- Visualization Engine 451 companies
- Customer Rings 297 companies
- Talent Palette 700 companies

Recurring ratio[5]

Companywide

84.3%

- Visualization Engine 88.7%
- Customer Rings 94.8%
- Talent Palette 78.4%

ARPU[6]

Companywide

339 thousand yen

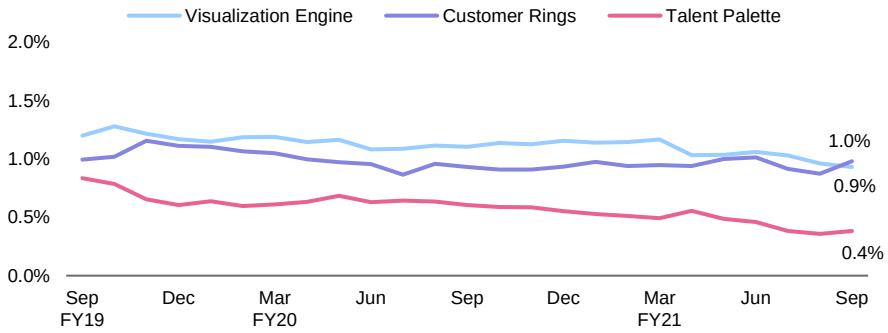
- Visualization Engine 287 thousand yen
- Customer Rings 367 thousand yen
- Talent Palette 363 thousand yen

Note 1: Monthly Recurring Revenue. Total of the monthly fee of contracted subscription users in September 2021 (excluding temporary sales).
Note 2: MRR growth rate from September 2020 to September 2021
Note 3: Ratio of reductions as a result of cancellations to total monthly billed amounts (average for the past 12 months). This ratio is calculated as the reduced subscription fee due to cancellations divided by the sum of the monthly fee revenue of the former month.
Note 4: Number of monthly billed contracts as of September 30, 2021
Note 5: Calculated as dividing total monthly billed amounts for the fourth quarter of the fiscal year ended September 30, 2021 by net sales for the same period.
Note 6: Average Revenue Per User. Results for three business segments are calculated as dividing the average MRR for the fourth quarter of the fiscal year ended September 30, 2021 by the average number of paid billing enterprise users of each month for the same period.
Companywide result is calculated by dividing total amounts of the average MRRs of the three businesses for the fourth quarter of the fiscal year ended September 30, 2021 by the average number of total enterprise users for the three businesses of each month for the same period.

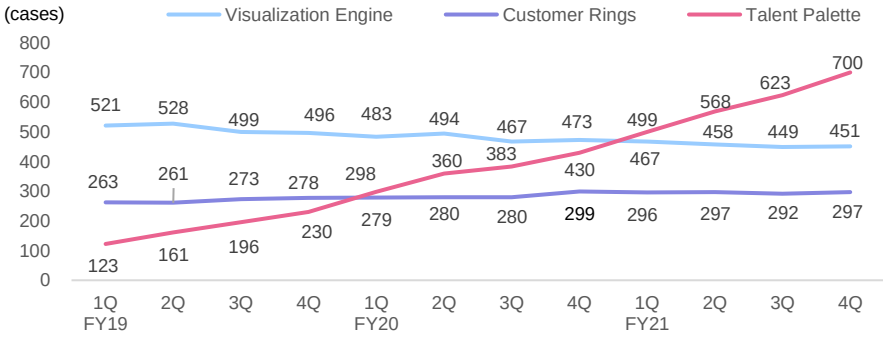
Major KPIs

Establishment of a high value-added subscription model

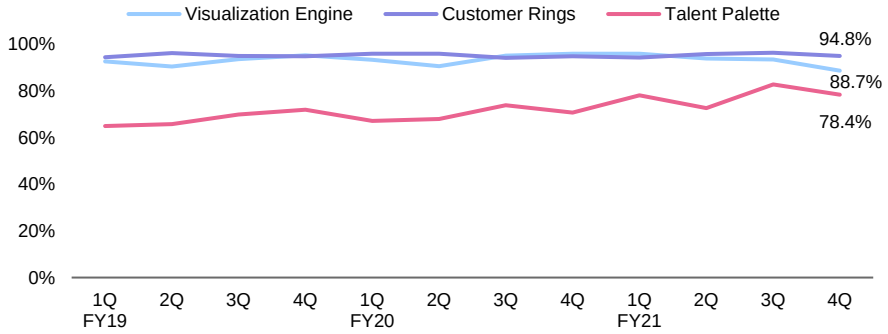
Average monthly revenue churn rate[2]



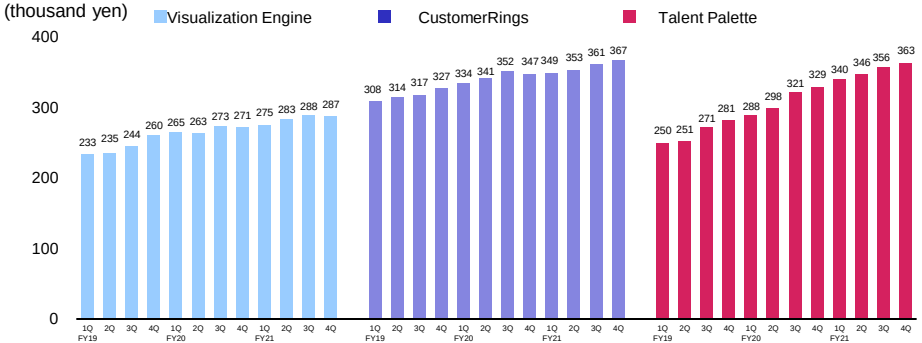
Number of users[3]



Recurring ratio[4]



ARPU[1]



Although there were some cancellations and requests for discounts from customers in certain industries such as tourism, travel and leisure due to the impact of COVID-19, the overall percentage was small and the impact was limited. There was no change from before COVID-19, with a continued increase in the number of customers and low revenue churn rate.

Note 1: Average Revenue Per User. Average monthly revenue per paid billing enterprise user. Calculated as dividing the average MRR for each quarter by the average number of paid billing enterprise users of each month for the same period.
Note 2: Average ratio of reductions as a result of cancellations to total monthly billed amounts for the past 12 months. This ratio is calculated as the reduced subscription fee due to cancellations divided by the sum of the monthly fee revenue of the former month.
Note 3: Number of contracts at end of final month of each quarter
Note 4: Quarterly average of ratio of total monthly billed amounts to net sales

II. Corporate Highlights

Corporate Highlights

1 **High value-added service with data mining as a backbone**

2 Expansion of markets covered with the shift to the cloud providing a tailwind

3 Potential for high growth of Talent Palette creating new markets in the personnel area

4 Growth strategies of each business and operations aimed at development of new markets and services

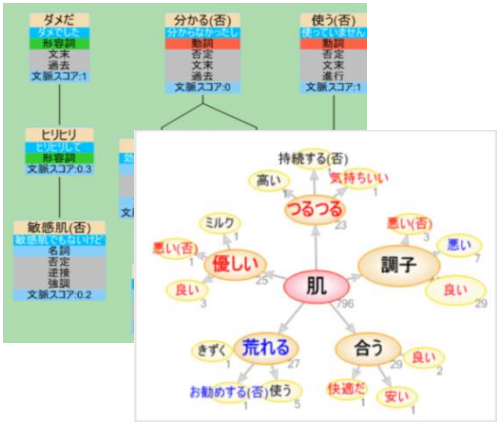
Advanced technologies to visualize big data

Incorporating proprietary technologies such as natural language processing and text mining into applications, and providing these as applications for supporting customers' operations that are useful in business

見える化エンジン

Example of utilization of technology in Visualization Engine

Syntax analysis, word maps

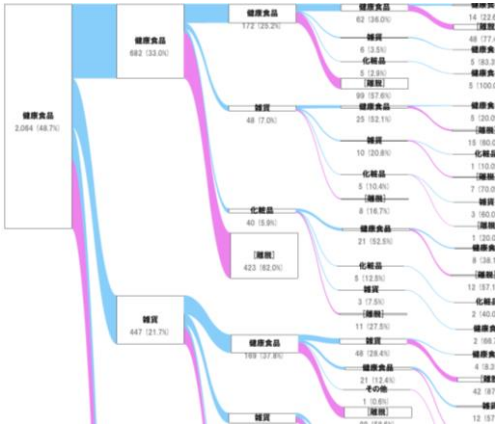


Japanese text is analyzed using syntax analysis. Maps of terms are created for the relationships between subjects / predicates and positive /negative sentiment to see customer feedback at a glance.

CustomerRings カスタマーリングス

Example of utilization of technology in CustomerRings

Purchasing pattern analysis



Product purchasing data, etc. is used to visualize purchasing patterns and ascertain how customers become loyal customers

Talent Palette タレントパレット

Example of utilization of technology in Talent Palette

Employee network diagram



Collaborative data between employees such as Thanks Points is expressed in an employee network diagram to ascertain volume and quality of communication between employees and departments

High analysis precision using proprietary text mining technology

By embedding the natural language processing engine (Waters) developed using proprietary technology into all solutions, we provide analysis functions with precision and speed that cannot easily be realized by other companies.

[Characteristics of Waters]

(1) High analysis precision

- Pioneering commercial service of morpheme and syntax analysis engine
- Requests and requirements from many customers such as the private sector and research institutes have been reflected in services over a prolonged period

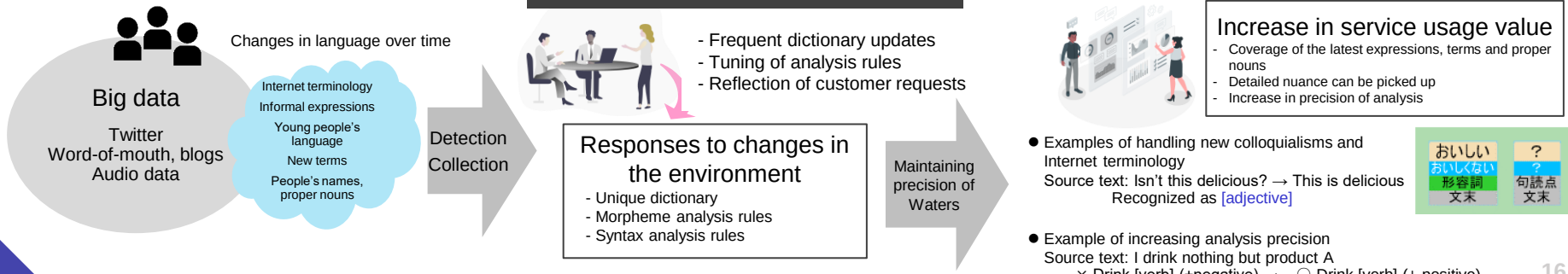
(2) Rapid analysis speed

- Top-level analysis processing speed compared to similar services
- Technology supporting the big data era to ensure data volume is not a bottleneck

(3) Dictionary maintenance

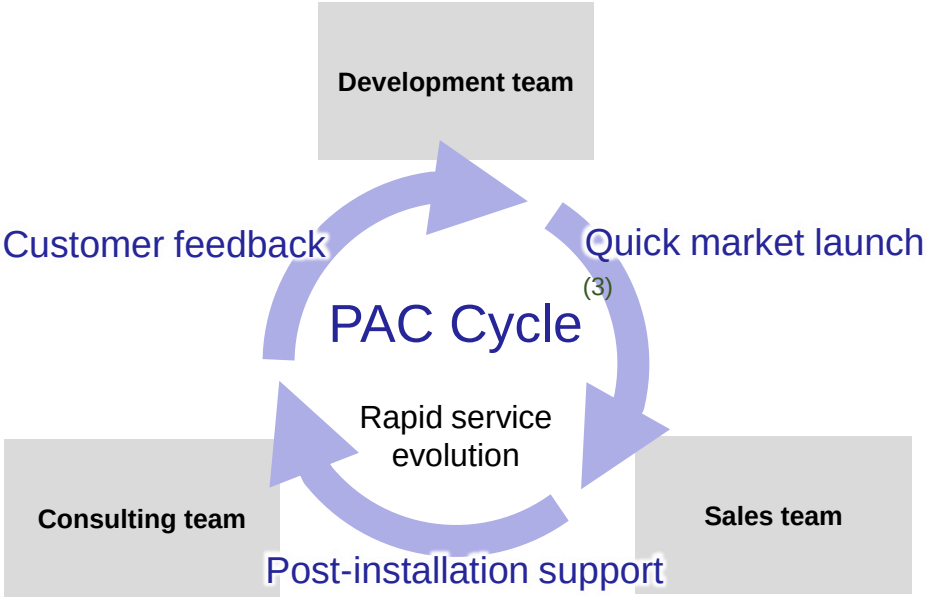
- Frequent dictionary updates
- Accumulation of know-how continuously responding to changes in terms and colloquial expressions over time

Mechanism for producing high analysis precision



High-speed evolution cycle realizing high value-added subscriptions

We have created a system for increasing the speed of the development process through collaboration across teams, such as the functions produced by the development team being immediately launched by the sales team, and the new needs and requirements learned through support and consulting for user companies being immediately provided to the development team as feedback



Culture and framework to support the PAC cycle

PAC cycle realizes:

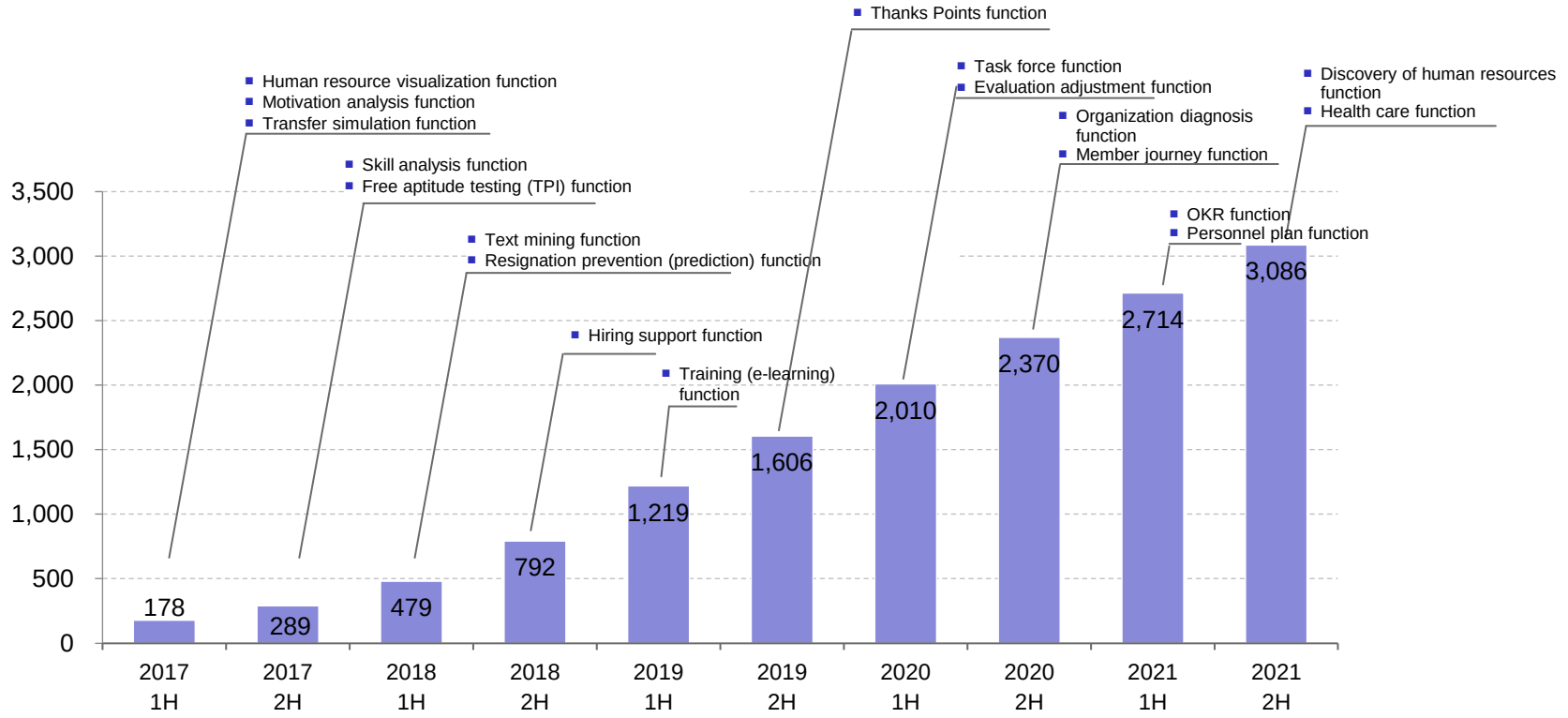
- **Differentiation**
  by rapid functional evolution
- **ARPU(1) improvement**
  by creating high added value
- **Cancellation prevention / LTV(2) improvement**
  through analysis support
- **Partner relationships**
  on equal footing with clients
- **Early market Launch**
  of new functions and businesses

(Note 1) ARPU: Average Revenue Per User. It is calculated by dividing total monthly revenue by the number of customers.
(Note 2) LTV: Life Time Value.
(Note 3) PAC Cycle: Plus Alpha Consulting Cycle.

Function development speed realized by the PAC Cycle

Over 3,000 function implemented through 50 upgrades over five years (On average, a pace of two functions per business day)

Number of upgraded functions (cumulative)

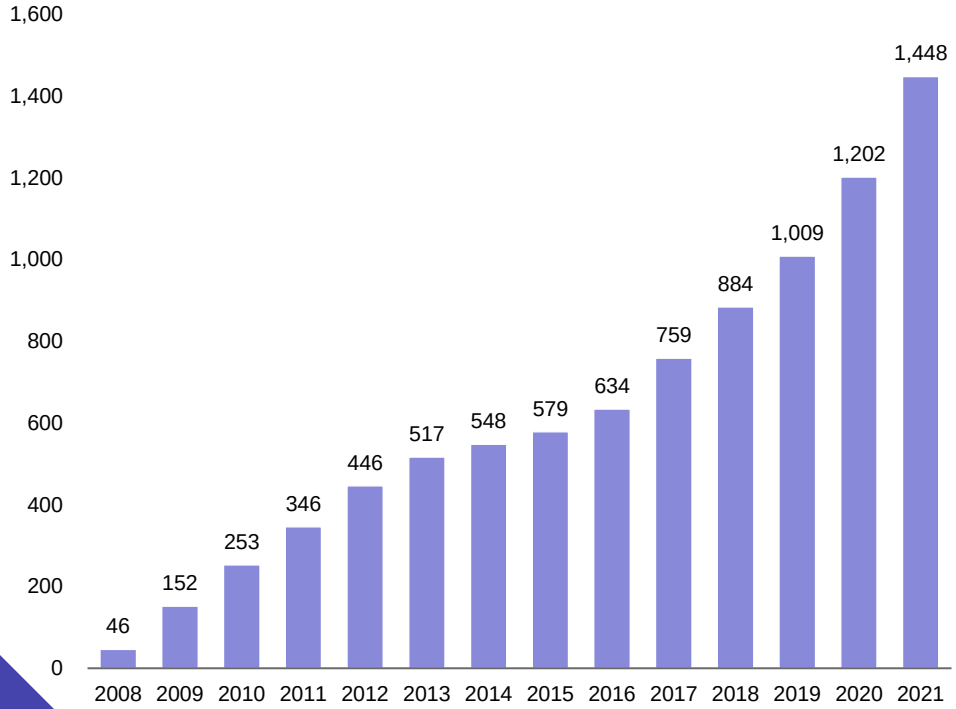


(Note 1) Count of the number of projects going through the process of design, development and testing among the Company's development projects

Excellent customer assets supporting the PAC cycle

We are supported by customers in a wide range of business categories and industries including not only large enterprises, but also SMEs
We understand the latent demand and needs of companies leading each industry, and realize rapid launches of new businesses through cross-selling

Number of companies with ongoing business[1]



Note 1: Number of monthly billed contracts as of September 30 each year

Corporate Highlights

1 High value-added service with data mining as a backbone

2 Expansion of markets covered with the shift to the cloud providing a tailwind

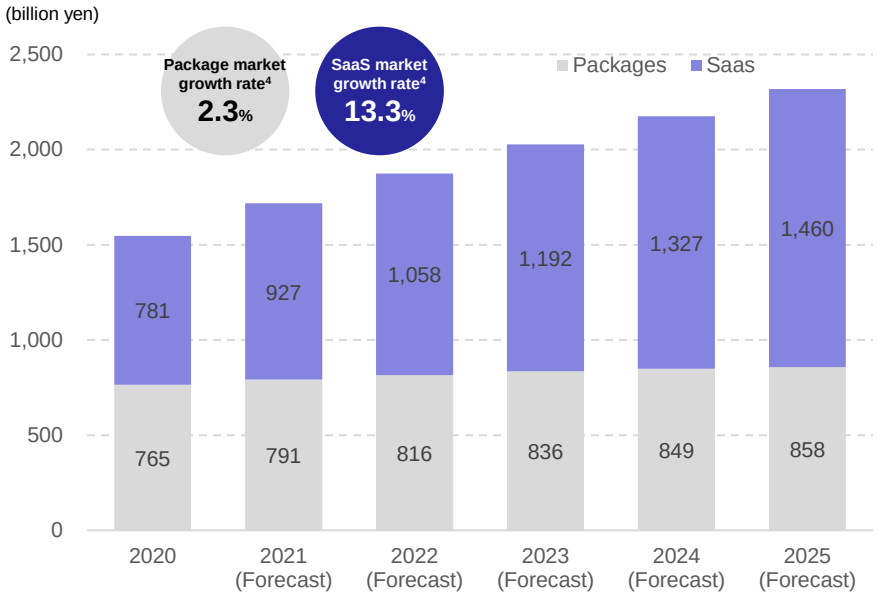
3 Potential for high growth of Talent Palette creating new markets in the personnel area

4 Growth strategies of each business and operations aimed at development of new markets and services

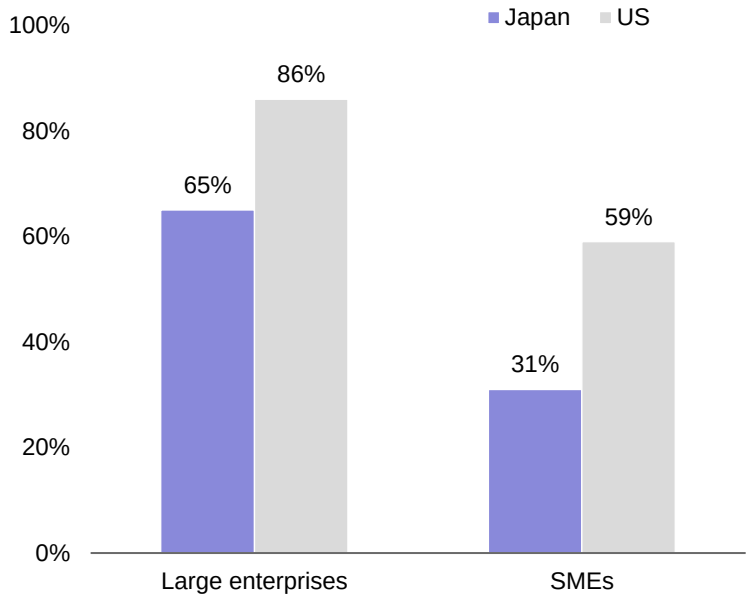
The Japanese SaaS market[1] is growing to 1 trillion yen

There has been an increase in demand for software leading to automation and improvement of efficiency to respond to digitalization, work style reform and labor shortages, and implementation is progressing in companies ranging from large enterprises to SMEs. In particular, the SaaS-type services provided by the Company are driving growth, and market share is increasing.

Size of domestic software market[2]



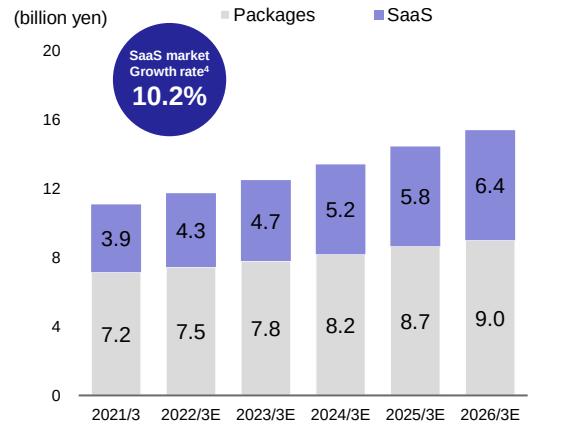
SaaS usage rate in Japan and the United States[3]



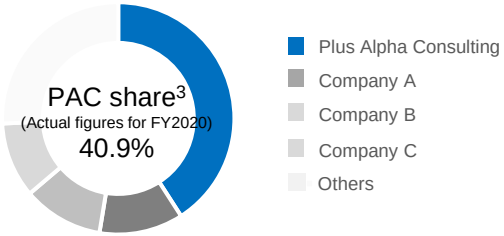
Note 1: Including middleware providing software functions in a usable format and PaaS (Platform as a Service) in the area of infrastructure. Covers initial expenses at the time of implementation and expenses during use (monthly expenses, etc.)
Note 2: Fuji Chimera Research Institute, Inc. “New Markets in the Software Business 2021 Edition”
Note 3: Ministry of Internal Affairs and Communications “Research Study on the Current State of ICT in Japan” (March 2018)
Note 4: CAGR from 2020 to 2025

The Company's business areas[2] have expanded to double[1] over five years

Size of text mining market[3]

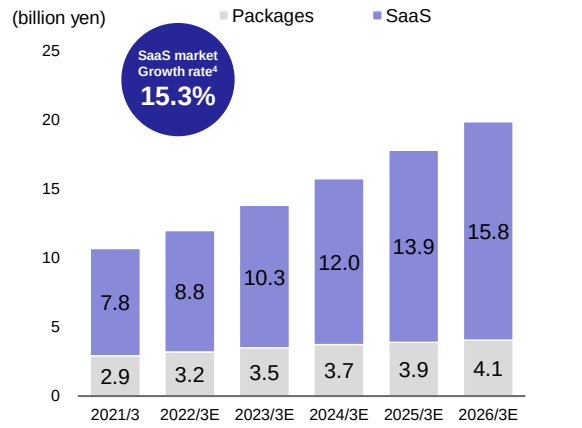


見える化エンジン

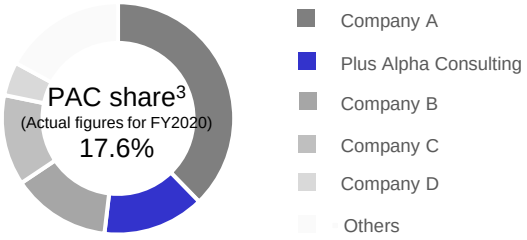


[Differentiating elements]
- High analysis precision using proprietary natural language processing and syntax analysis
- Breadth of supported data sources and abundance of analysis functions
- Increase in utilization by user companies through support by consultants

Size of marketing platform market[3]

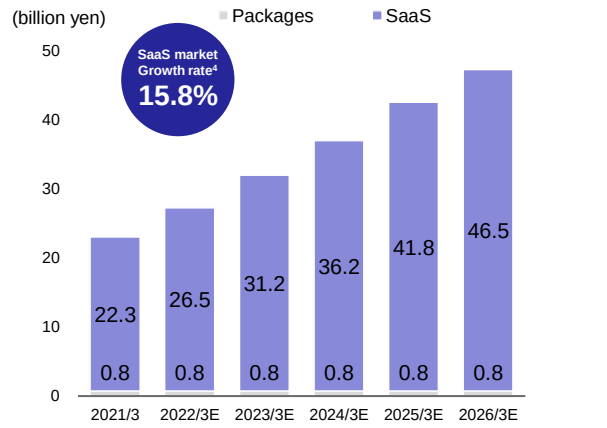


CustomerRings カスタマーリングス

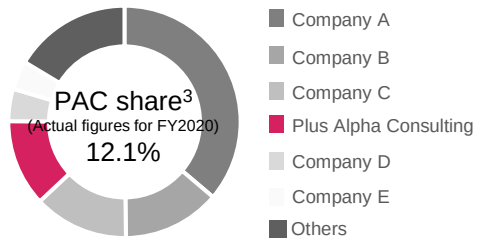


[Differentiating elements]
- Excellent functionality and user friendly analysis functions realizing a wide range of measures
- Freedom of configuration enabling detailed customer communication design
- System for providing both business consulting and technical support

Size of human resource management software market[3]



Talent Palette タレントパレット



[Differentiating elements]
- Enhancement of functions through marketing thinking in the area of human resource management
- Realization of wide range of areas of utilization of functions and analysis from diverse angles
- Utilization support and analysis support by consultants

Note 1: Comparison of the sizes of markets (forecast) in FY2026 and the sizes of markets in FY2020 as stated in Fuji Chimera Research Institute, Inc. "New Markets in the Software Business 2021 Edition." The end of the fiscal year in the report is March 31.
Note 2: This means the maximum market size anticipated by the Company, and was not calculated for the purpose of indicating an objective market size pertaining to business conducted by the Company as of August 2021.
As stated in the note below, the figures are estimates made by the Company based on external research materials, and the actual market size may differ from the estimates due to limitations in accuracy inherent to the research materials and estimates.
Note 3: Fuji Chimera Research Institute, Inc. "New Markets in the Software Business 2021 Edition" The end of the fiscal year in the report is March 31.
Note 4: Rate of increase in average annualized net sales from FY2020 until FY2025

Corporate Highlights

1 High value-added service with data mining as a backbone

2 Expansion of markets covered with the shift to the cloud providing a tailwind

3 Potential for high growth of Talent Palette creating new markets in the personnel area

4 Growth strategies of each business and operations aimed at development of new markets and services

Entry into the personnel industry unique to Japan utilizing “scientific personnel management”

Applying the know-how on utilization of customers’ comments and customer analysis developed in the marketing industry to the area of personnel
Using data to break free of a personnel strategy dependent on intuition and experience, and increase the precision of decision-making

Utilization of know-how unique to a marketing analysis company

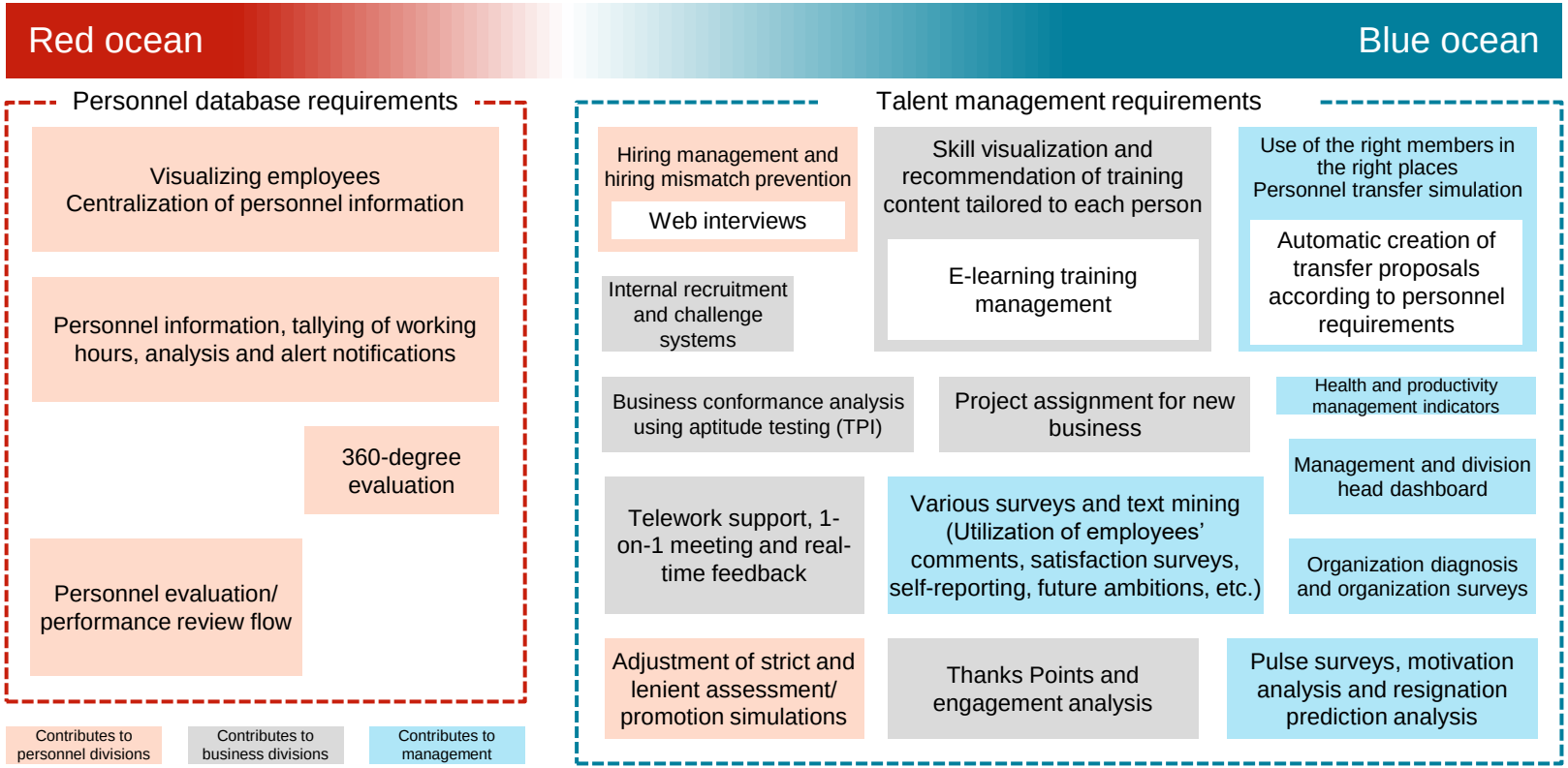
Marketing strategy	HR / personnel strategy
Ascertain customer needs	Ascertain employee needs Self-reporting, ES surveys
Develop loyal customers	Develop employee skills Succession planning
Prevent customer defection	Prevent employee resignations Motivation management
Capture new customers	Employee hiring activities
Visualizing customers	**Visualizing employees**



Revolutionized personnel management by thinking of employees as customers and using various analysis methods in personnel strategy

Potential for use in a wide range of areas in management, business divisions and personnel

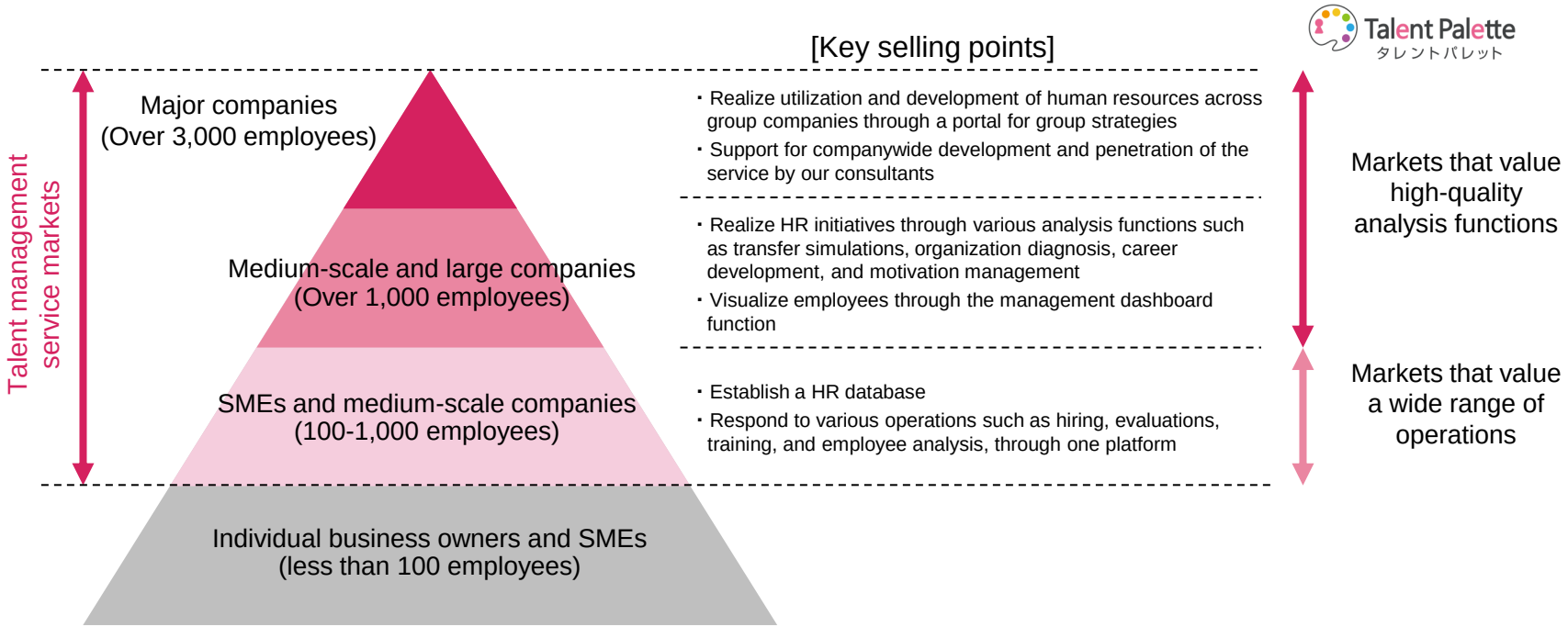
Equipped with functions utilized not only in personnel divisions, but also management and business divisions
Targeting the area of “talent management” rather than the “personnel database” that many HR tech companies aim for



Talent Palette's target market

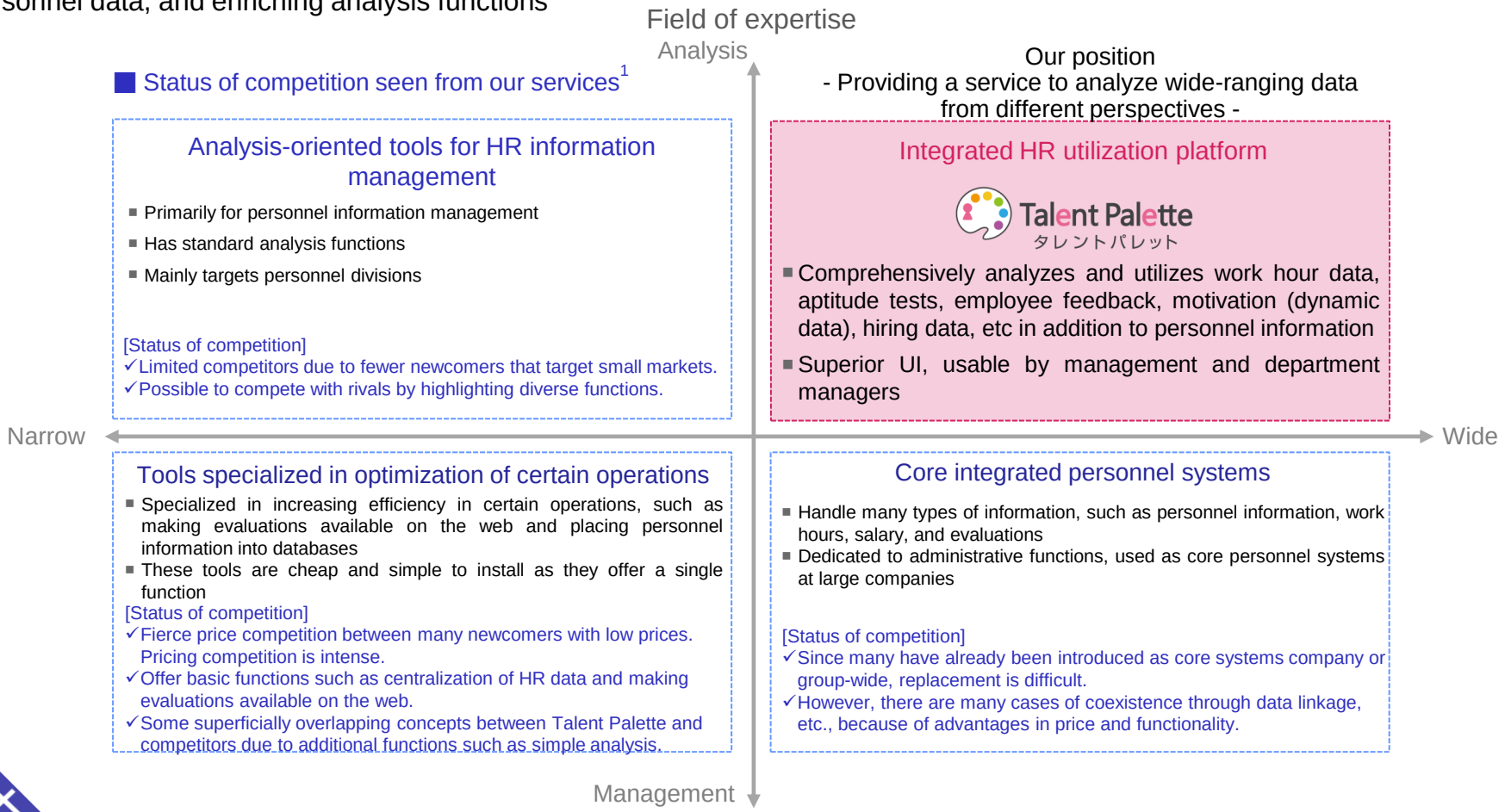
The talent management service is targeted for companies with 100 or more employees.
Since market characteristics differ depending on the number of employees, we adopt a method of approach focusing on selling points suitable for each market.

Target markets and selling points of the talent management service



Unique position as an integrated human resource platform

Differentiate Talent Palette from competing services by supporting a wide range of operations with integrated and accumulated personnel data, and enriching analysis functions



プラスアルファ コンサルティング

Accelerating use of Talent Palette at leading companies

メーカー（生活関連・部品・化学・医薬・住宅・その他）

Panasonic
パナソニック様
事業戦略を支える技術者のスキルの見える化と育成で戦略的な人事戦略を実践
お口の恋人 LOTTE
Eat Well, Live Well. AJINOMOTO
SAPPORO
今日を愛する。LION
MIZUNO
こころとからだに、おいしいものを。DyDo
maxell Within, the Future
理研ビタミン株式会社
RICOH
ニチレイ
Eisai
meiji
Calbee
NISSIN HOLDINGS
東洋製罐グループ
FUJIBO
TOKUYAMA
NISSHA
kao ※研究開発部門にて利用
NEVER SAY NEVER ロート製薬
小林製薬
NICHI-IKO
Daiwa House 大和ハウスグループ
SEKISUI HOUSE
HIROTEC
brother
BANDAI NAMCO BANDAI NAMCO Studios

金融（銀行・生損保・カード・リース）

MS&AD
あいおいニッセイ同和損保
あいおいニッセイ同和損保様
社員一人ひとりがチャレンジ意欲旺盛で成長を実感できる人財基盤の構築
横浜銀行
横浜銀行様
一人ひとりの挑戦・成長を後押しするため、スキルや経験を可視化し、育成や登用に活かしていく
SAISON CARD INTERNATIONAL
UC
イオン銀行
野村信託銀行 The Nomura Trust and Banking Co., Ltd.
SAISON INSURANCE セゾン自動車火災
三菱HCキャピタル
ちばぎん
京葉銀行
Orico

サービス（公共インフラ・交通・医療・福祉・その他）

より、そう、ちから。東北電力
エネルギー・フロンティア TOKYO GAS
peach
株式会社JALナビア
JR九州
SOMPOケア
ニチイ
ヘルスケアフードの明日を考える 日清医療食品株式会社
RELO GROUP

流通・小売・外食・不動産・サービス・物流

UNITED ARROWS LTD
BEAMS
UR URBAN RESEARCH Co.,Ltd.
TOKYU HANDS
AEON TOWN
Spa Resort Hawaiians
odakyu RESORTS
Honda Cars 博多
ZOZO
TSUTAYA
くら KURA
Belc ベルク
バイクのことなら BIKE王
HottoMotto ほっともっと
クラフト株式会社
Aoyama Flower Market
park corporation
好立地、ぞくぞく。OPEN HOUSE
東京建物
「超・物流」で、未来へ。F-LINE株式会社
日立物流 Hitachi Transport System
P's-first
CENTRAL SPORTS
TOKYU SPORTS OASIS
Takano Yuri
CO-OP 生協の物流を支える CX-CARGO 株式会社 シーエックスカーゴ

IT・システム開発・通信業界

NTT DATA Trusted Global Innovator
株式会社 日立社会情報サービス
ぐるなび
LIFULL あらゆるLIFEを、FULLに。
CCC Culture Convenience Club Co., Ltd.
mixi
NSD
IIJ Internet Initiative Japan
BELLSYSTEM24
MSYS 日立情報システムズ
QTnet
KYOCERA 京セラ コミュニケーションシステム
CRM
YAHOO! JAPAN

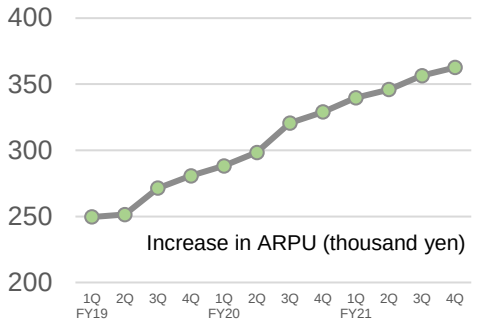
広告・マスコミ・調査・人材・教育

エン・ジャパン
エン・ジャパン様
人材を可視化し、意思決定できるツールが必須に
BENEXT
ビーネックステクノロジーズ様
スキルを見える化し エンジニア価値を最大化
TSグループ
Pacific Consultants
copro
SMS エス・エム・エス キャリア
学校法人 三幸学園 SANKO GAKUEN
阪南大学
日テレ
tv asahi
opt
ADK
intage

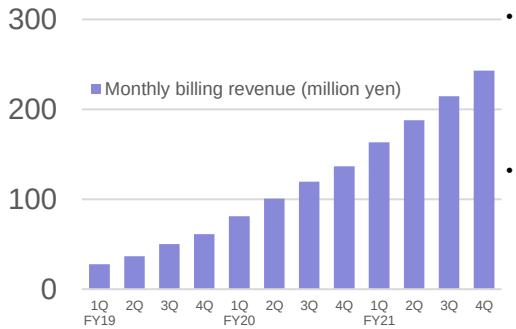
Launch of business in short period and move to profit expansion stage



×



=



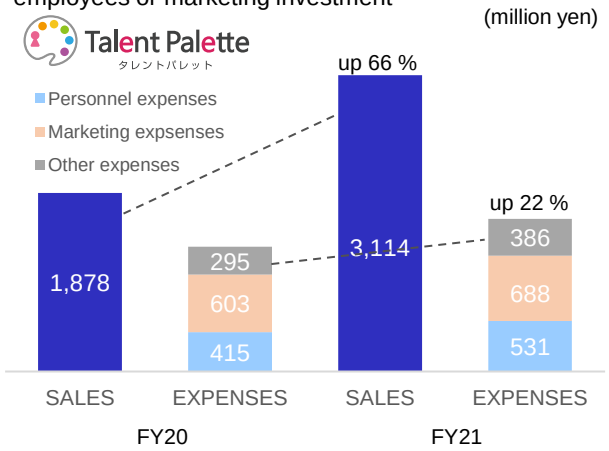
- Continued increase in number of customers and ARPU from immediately after launch of service
- Rapid expansion of monthly billing revenue serving as base revenue

Utilizing accumulated technology and know-how to launch new business

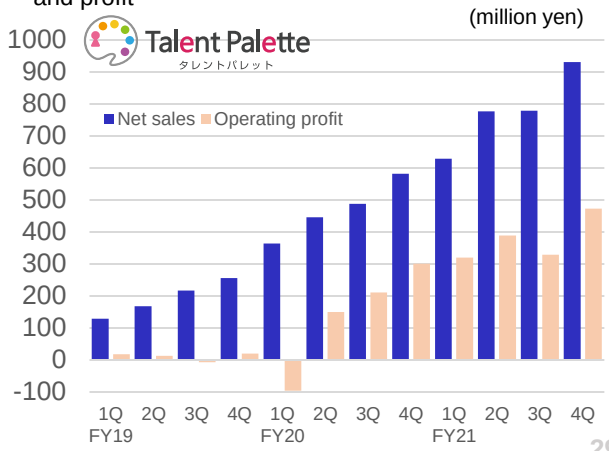
CustomerRings カスタマーリングス　見える化エンジン

- Language processing technologies
- Marketing
- Customer success
- System building
- Analysis methods
- Operations

Perpendicular launch of business and realization of early profitability without relying on excessive increases in employees or marketing investment



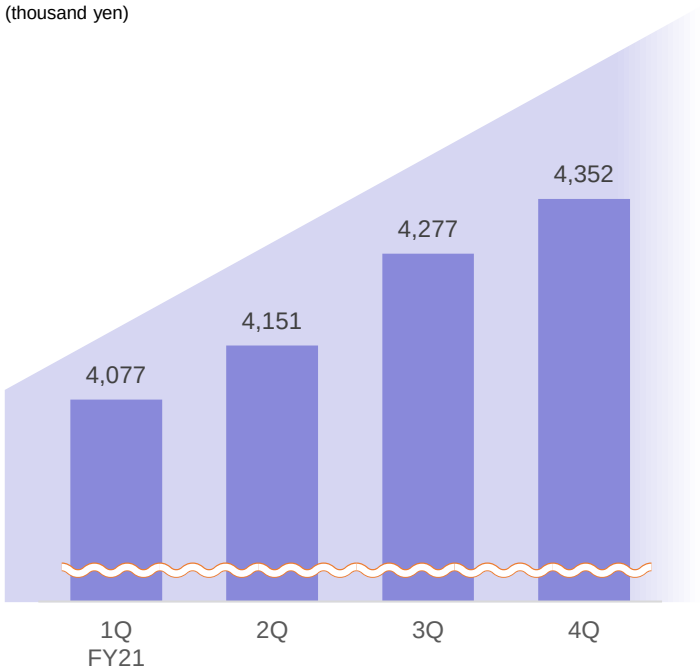
Our policy is to appropriately control investment in future, and simultaneously realize growth of sales and profit



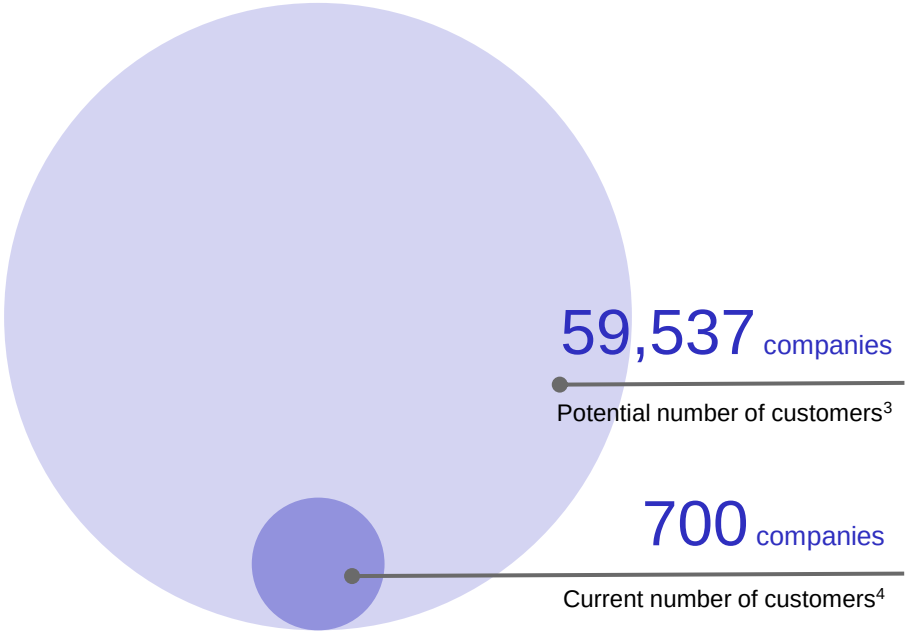
Large market potential for future growth[1]

The area of talent management for management and business divisions is still white space
Penetration of the concept of personnel utilization (talent management) will increase the number of user companies and draw out latent demand

Annual ARPU[2] (annualized figures for each quarter)



There is room for an increase in the number of customers



Note 1: This means the maximum market size anticipated by the Company, and was not calculated for the purpose of indicating an objective market size pertaining to business conducted by the Company as of January 2021. As stated in the note below, the figures are estimates made by the Company under certain assumptions based on external statistical materials and published materials, and the actual market size may differ from the estimates due to limitations in accuracy inherent to the statistical materials and estimates.
Note 2: Average Revenue Per User. Average annual revenue per paid billing enterprise user. Calculated as dividing the MRR for each quarter (excluding temporary revenue) by the average number of paid billing enterprise users of each month for the same period, and multiplying the result by 4.
Note 3: From 2016 Economic Activity Census. Number of companies with 100 or more employees.
Note 4: Number of monthly billed contracts as of the end of FY2021 2Q.

Corporate Highlights

1. High value-added service with data mining as a backbone
2. Expansion of markets covered with the shift to the cloud providing a tailwind
3. Potential for high growth of Talent Palette creating new markets in the personnel area
4. **Growth strategies of each business and operations aimed at development of new markets and services**

Priority policies in companywide strategy

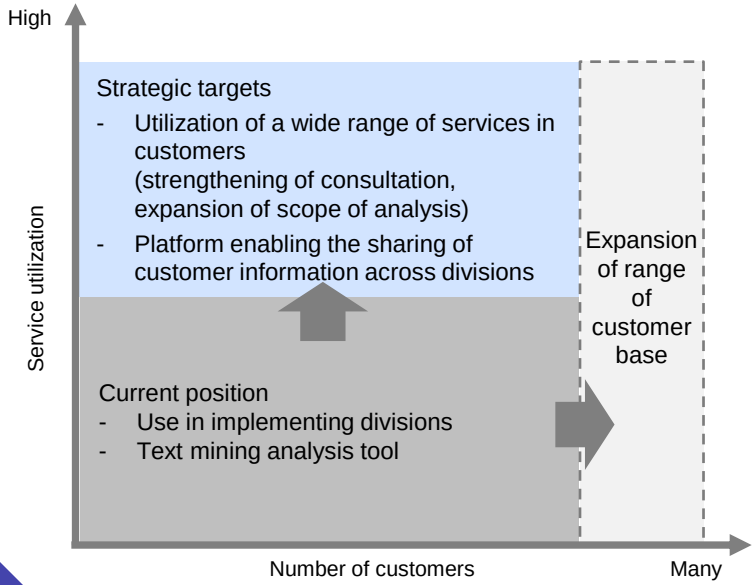
1	Acceleration of growth in Talent Palette Business and operation of new services in HR area
2	Platform strategy for big data and analysis technology
3	Creation of higher added value and large projects by strengthening consulting capabilities
4	Differentiation of function through AI, text mining and strengthening of technological capabilities
5	Refinement of high value-added subscription model by maintaining customers and continuously evolving services
6	Creation of new businesses pivoting around the visualization of big data and the creation of creativity
7	Creation of an organization able to continuously grow through the establishment of a management base, branding and social contributions

Growth strategy for Visualization Engine Business

Aim to expand our customer base while prioritizing measures to improve service utilization and satisfaction among customers by enhancing platform functions visualizing customer experience value and strengthening consulting.

Strategy concept: **Customer Experience Feedback**

Provide solutions enabling visualization and analysis of the gap between the “customer experience” companies want to provide customers and how it is actually felt by customers.



Main strategic measures

1 Penetration and utilization of services among customers (increase in ARPU)

- Understanding customer issues and utilization support through strengthening of consulting (FY2022)

2 Strengthening of information platform (Increase in renewal rate)

- Expansion of infrastructure functions for use across divisions (FY2021)
- Enhancement of visualization functions and technical development of AI/mining technology (FY2022-2023)

3 Expansion of data subject to analysis (Increase in ARPU)

- Expansion of data types subject to analysis (FY2022-2023)

4 Improvement of marketing measures (increase in number of customers)

- Strengthening of branding through revision of advertising and promotion methods (FY2022-2024)

Major KPI projections	FY2021 results	FY2022 plan	FY2023-2024 projection
Number of customers[1] (cases)	451	467	Slight increase
ARPU[2] (thousand yen)	288	305	Continuing to rise
Revenue churn rate[3] (%)	0.9	1.3	Remaining low

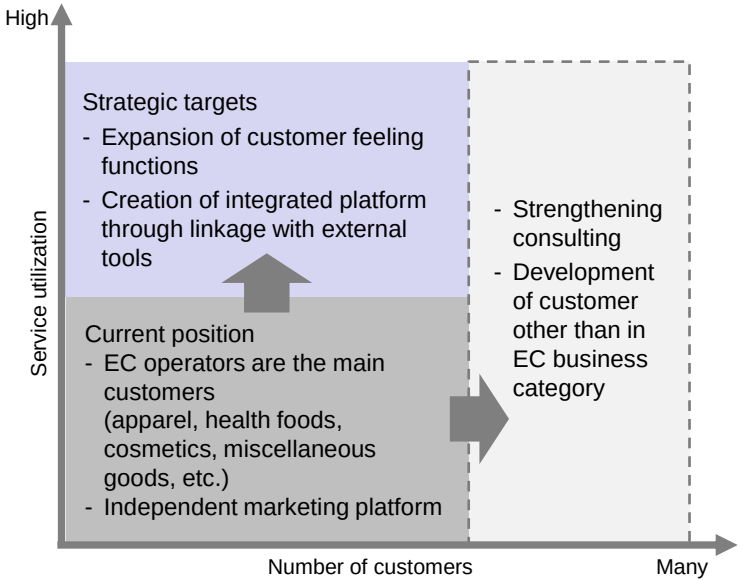
Note 1: Figures as of the end of each fiscal year.
Note 2: Figures calculated by dividing the average monthly billed amounts for each fiscal year by the average number of contracts for the period.
Note 3: Figures calculated by dividing the average monthly amount of calculations that caused reductions in each fiscal year by the average monthly billed amounts for the previous month

Growth strategy for CustomerRings Business

While maintaining the high functionality approach, expand differentiated “customer feeling” functions, and evolve into a marketing platform that links with various marketing actions.

Strategy concept: **Customer Feeling Marketing**

Provision of service for acquiring data in a format that can be tangibly felt by customers and realizing marketing measures based on that information



Note 1: Figures as of the end of each fiscal year.
Note 2: Figures calculated by dividing the average monthly billed amounts for each fiscal year by the average number of contracts for the period.
Note 3: Figures calculated by dividing the average monthly amount of calculations that caused reductions in each fiscal year by the average monthly billed amounts for the previous month

Main strategic measures

1 Expansion of customer feeling functions (Reduction of revenue churn rate)

- Enhancement of proprietary functions for visualizing the impact on each customer through online measures (FY2022)

2 Creation of platform by linking to external tools (Increase in ARPU)

- Enhancement of linkage to external systems such as LINE and SMS (FY2021)
- Strengthening of functions for analysis and action from customer acquisition to development (FY2022-2023)

3 Strengthening consulting (Increase in number of customers)

- Enhancement of marketing and action through consulting (FY2021)
- Expansion into industries with low EC rate and member service industries (FY2022-2023)

4 Strengthening marketing (Increase in number of customers)

- Strengthening of marketing measures for increasing branding/recognition (FY2022-2024)

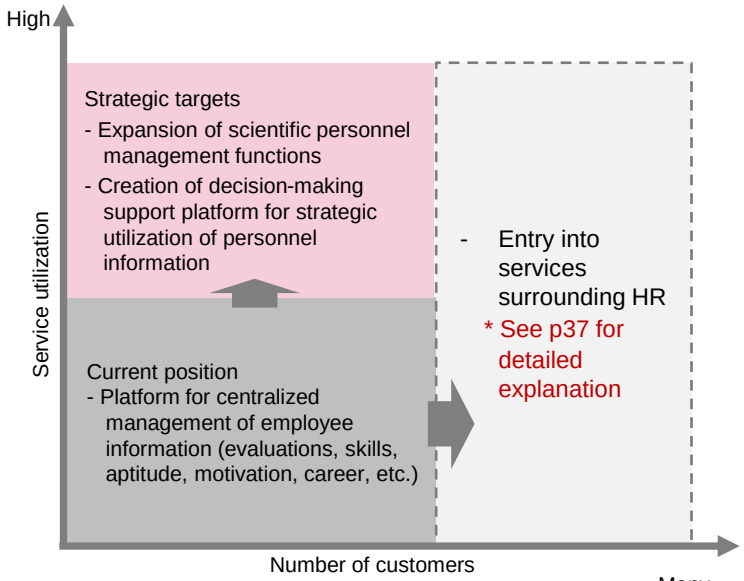
Major KPI projections	FY2021 results	FY2022 plan	FY2023-2024 projection
Number of customers[1] (Cases)	297	319	Slight increase
ARPU[2] (thousand yen)	357	370	Almost unchanged
Revenue churn rate[3] (%)	1.0	1.1	At FY2021 level

Growth strategy for Talent Palette Business

While expanding the methodology and functions of “scientific personnel management,” advance expansion in services for sectors surrounding HR, and realize an HR information platform that promotes new use of human resources and workstyle reforms.

Strategy concept: **Scientific Personnel Management**

Provide a mechanism for improving the precision of decision-making by applying a marketing perspective utilizing data in personnel strategy that had been dependent on intuition and experience



Note 1: Figures as of the end of each fiscal year.
Note 2: Figures calculated by dividing the average monthly billed amounts for each fiscal year by the average number of contracts for the period.
Note 3: Figures calculated by dividing the average monthly amount of calculations that caused reductions in each fiscal year by the average monthly billed amounts for the previous month

Policy for simultaneously realizing growth of sales and profit by appropriately controlling personnel expenses and advertising & promotion expenses while executing measures to expand sales

Main strategic measures

1 Expansion of scientific personnel management methods and functions (reduction of revenue churn rate)

- Establishment of new methods through consulting
- Coverage of speedy development and a wide range of personnel actions (FY2022)

2 Raising awareness and increasing penetration of scientific personnel management (Reduction of revenue churn rate)

- Active communication of know-how and examples of scientific personnel management (FY2022)

3 Entry into services surrounding HR (increase in number of customers, increase in ARPU)

- Development of highly effective services utilizing data analysis results (FY2022-2023)

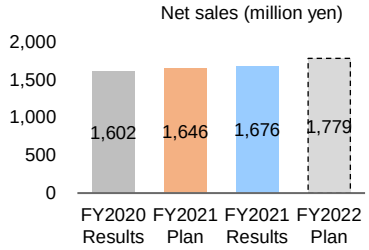
4 Strategic marketing (Increase in number of customers)

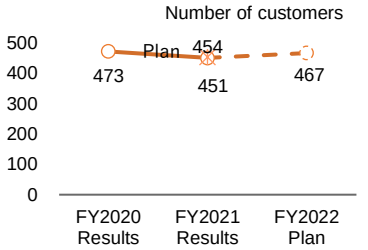
- Strengthening of measures for increasing branding/recognition (FY2022-2024)

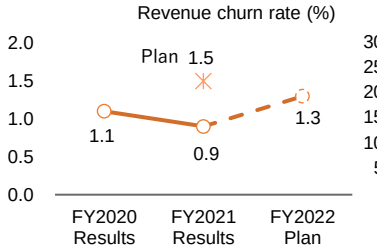
Major KPI projections	FY2021 results	FY2022 plan	FY2023-2024 projection
Number of customers[1] (Cases)	700	950 - 970	Significant increase
ARPU[2] (thousand yen)	352	373	Continuing to rise
Revenue churn rate[3] (%)	0.4	0.7	At FY2022 level

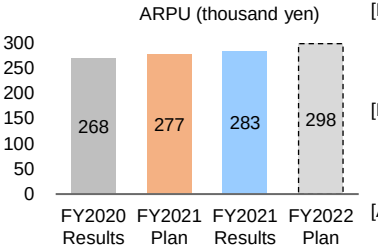
Progress of plans in each business

見える化エンジン







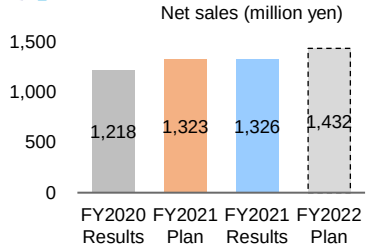


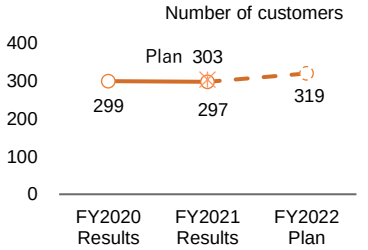
[Number of customers]
Actual results are almost as planned. In FY2022, the impact of COVID-19 is expected to weaken, resulting in an increase in new users

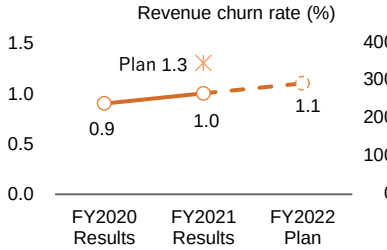
[Revenue churn rate]
Although stable in a position well below plans, a slight increase has been projected for FY2022 on the conservative side

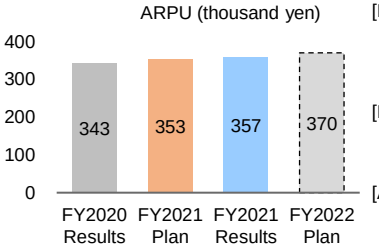
[ARPU]
The upward trend is expected to continue

CustomerRings カスタマーリングス







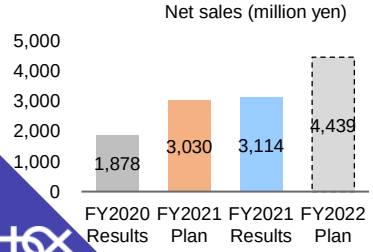


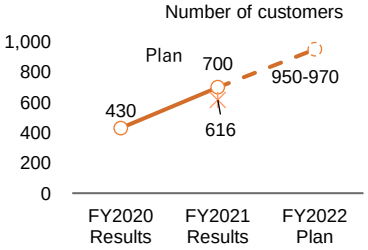
[Number of customers]
Actual results are almost as planned. In FY2022, the number of new users is expected to increase due to measures to improve service

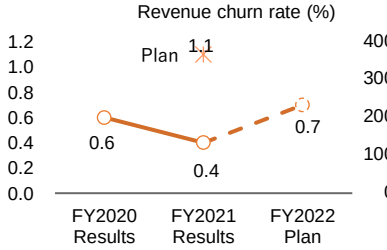
[Revenue churn rate]
Although stable in a position well below plans, FY2022 is projected to be on par with FY2021

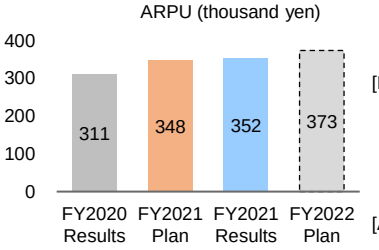
[ARPU]
The upward trend is expected to continue

Talent Palette タレントパレット









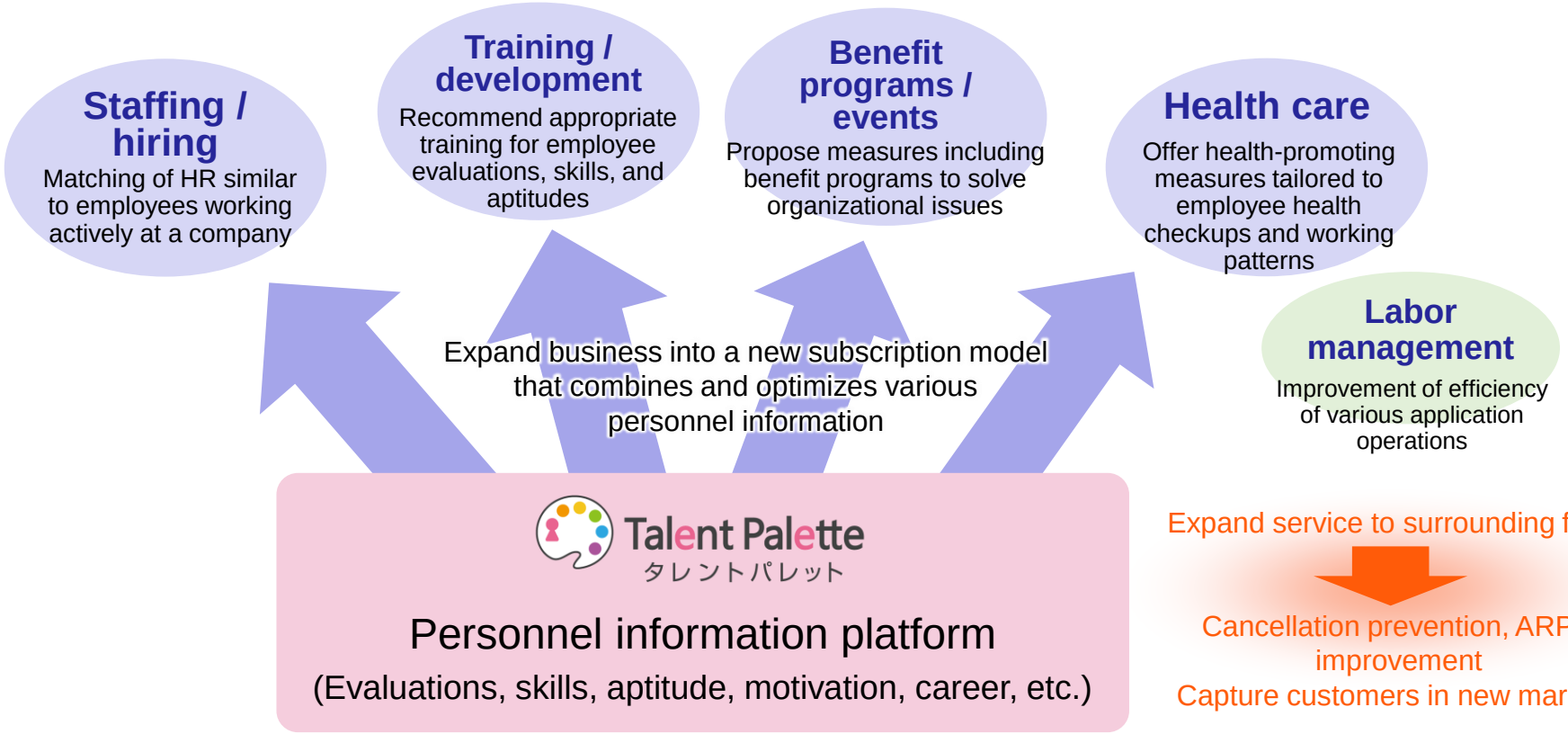
[Number of customers]
Orders received are steady and above planned levels.
A net increase on par with the previous year is expected in FY2022

[Revenue churn rate]
Although significantly below the planned level, a slight increase is expected in FY2022 in anticipation of the increase in the percentage of customers who have been using the service for a long time

[ARPU]
The upward trend is expected to continue

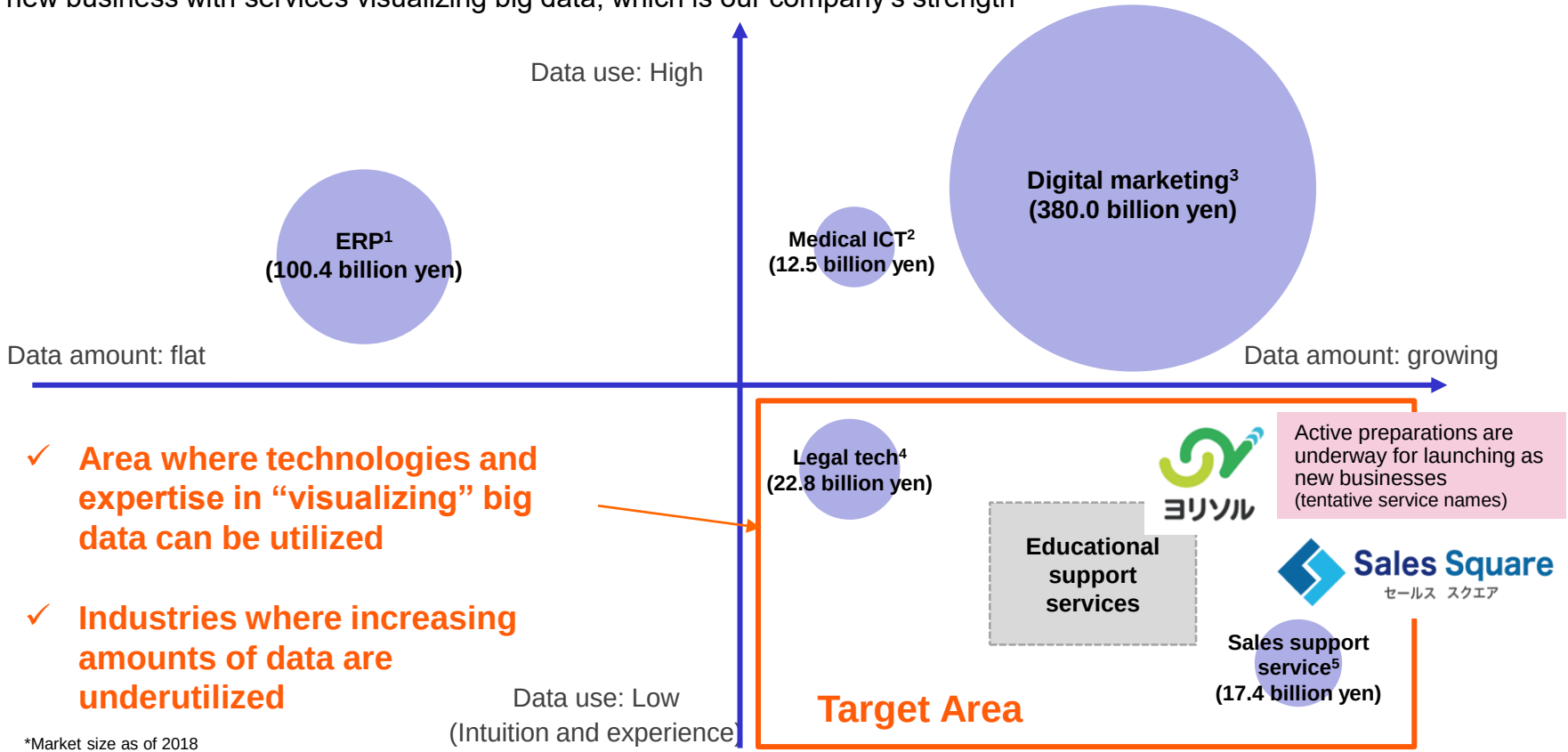
Medium-term development of Talent Palette Business Expand services to sectors surrounding HR

By utilizing HR data accumulated in Talent Palette, we have improved the accuracy of services surrounding personnel



Approach to new business creation New sector of “visualizing” big data

Target industries reliant on intuition and experience where data volume is increasing but utilization is low
Create new business with services visualizing big data, which is our company’s strength



✓ **Area where technologies and expertise in “visualizing” big data can be utilized**

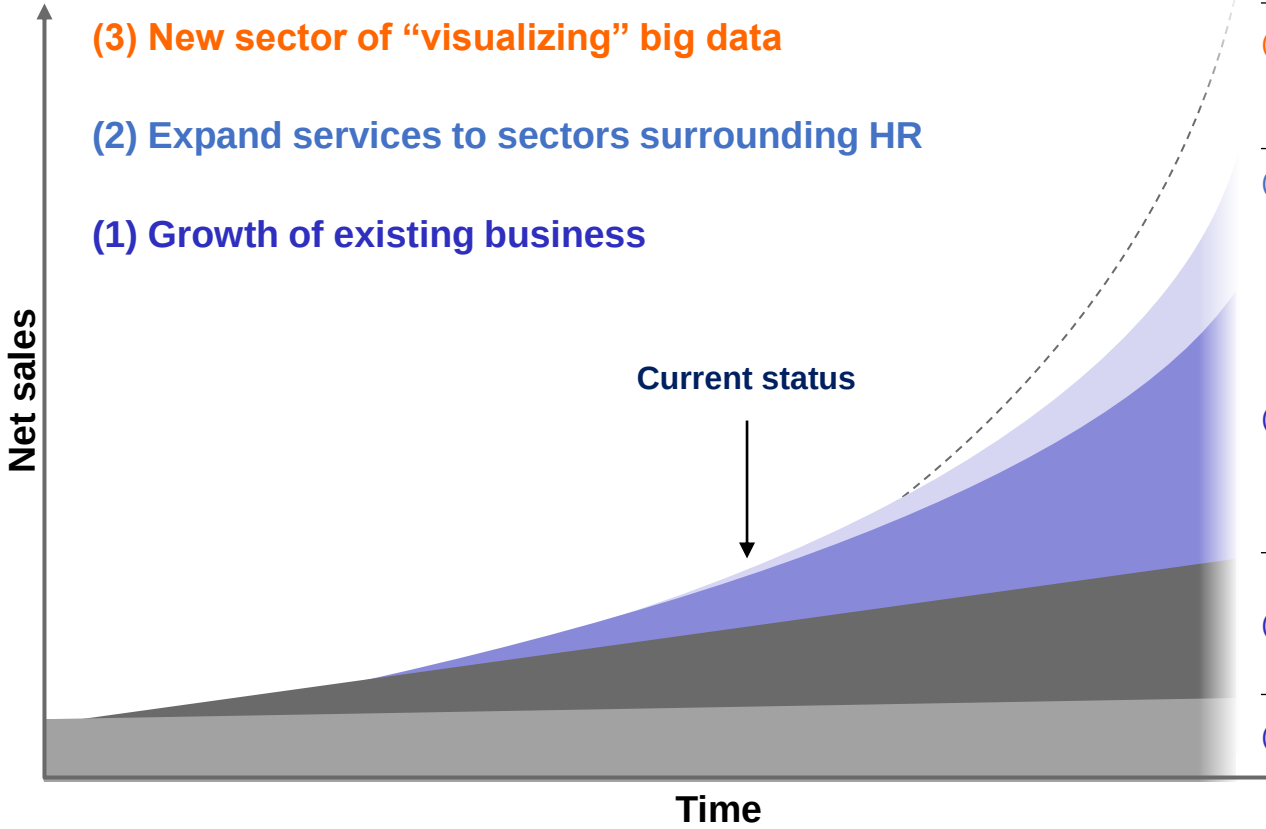
✓ **Industries where increasing amounts of data are underutilized**

*Market size as of 2018

Note 1: “ERP Market 2020,” ITR
Note 2: “Current State and Future of the Next Generation Medical ICT Market, FY2020 Edition,” Yano Research Institute
Note 3: “Domestic Digital Marketing-related Service Market 2020 - 2024,” IDC
Note 4: “2019 Legal Tech Watch,” Yano Research Institute
Note 5: “Integrated Marketing Support Market 2020,” ITR

Aiming for continued growth through expansion of existing business and creation of new business

We aim for continued growth by combining three business approaches.



(3) Development of new business through new service lines and utilization of data

(2) Provision of service through the expansion of areas surrounding the Talent Palette Business

Talent Palette

(1) Talent Palette Business

(1) Customer Rings Business

CustomerRings カスタマーリングス

(1) Visualization Engine Business

見える化エンジン

III. Risk and Controls

Major risks and countermeasures

	Major risks	Probability	Impact	Countermeasures
Market trends	The SaaS-type service provided by the Company remain in high demand regardless of the size of company, but the Company's business and performance may be affected if economic conditions and trends in the economy change and the investment mindset of clients recedes.	Medium-term	Medium	We will build a business model resilient to fluctuations in the external environment by entering multiple business areas.
Competition	In some areas of business where the Company operates, there are rival companies with funding and branding power, and new players may also emerge. The Company's business and performance may be affected if competition with these companies intensifies.	Medium-term	Large	In addition to providing services tailored to customers' needs through the utilization of proprietary visualization technology, we will work to differentiate our services by leveraging our strengths in past experience and accomplishments, internal know-how, etc..
Response to technological innovation	It is an industry with a high frequency of development of new technologies and launches of new services based on these, and the Company's competitiveness may be reduced if our response to technological innovation is delayed for some reason. Furthermore, the Company's business and performance may be affected if unscheduled development expenses, etc. arise.	Medium-term	Medium	In order to flexibly respond to new trends, we will build a system enabling the tracking of the latest technology trends and changes in the environment, and also endeavor to acquire talented personnel and provide employee training, etc.
Investment in new business	Although we actively develop new businesses, a certain amount of investment is required until stable revenue is produced, and this may lower profitability. Furthermore, the Company's business and performance may be affected if new business does not proceed as planned and investment cannot be adequately recovered.	Long-term	Low	In addition to adequately observing and analyzing market trends concerning new businesses, and making decisions with careful consideration for business plans, etc., we will make decisions on tolerable risks while considering the balance with revenue from existing businesses.
System trouble	Service infrastructure is dependent on networks and systems inside and outside the Company, and reputation may be significantly reduced and the Company's business and performance may be affected if a fire, an accident, an increase in system load due to increased access or a large program failure has a significant effect on operation of the Company's services.	Short-term	Medium	We are strengthening the system management structure such as expanding server facilities and strengthening information security in order to provide stable service.
Information management system	The Company handles clients' confidential information and personal information, and the Company's business and performance may be affected due to a loss of the Company's social reputation or the occurrence of claims for compensation for damages if important information assets are externally leaked.	Short-term	Large	We have acquired ISMS and Privacy Mark certification, established an information security policy, and appropriately management and protect information assets in accordance with the policy.

* Details and iniformation on other risks are stated in the section on "Business and Other Risks" in Annual Securities Reports and Annual Securities Reports to be submitted in future.

IV. Appendix

Characteristics of Visualization Engine

見える化エンジン

プラスアルファ コンサルティング

Service characteristics

- Instantly visualize big data (customer feedback and actions) in the digital age
- Tool with No 1 installation share, used by over 1,500 companies
- Intuitive user interface and high usability
- Highly accurate natural language processing that can handle free form remarks and comments

ここがポイント！

- Text mining analysis of massive amounts of customer feedback from social media such as Twitter, call logs, and even surveys
- Visualization of sentiments such as requests, dissatisfaction, and satisfaction
- One-stop support for customer feedback-oriented improvement activities on a companywide basis using the dashboard function

A “customer experience feedback management system” to maximize a company’s customer experience (CX) by understanding consumer voices

Customers

Changing environment

- Diversifying needs
- Digitalization
- New normal

Establishing a “customer experience feedback management system” with the Visualization Engine

Feedback (feeling) on CX (customer experience) felt by customers

- Call centers
- SNS (Twitter, etc.)
- Surveys
- …

Improvement in products / services (CX) provided

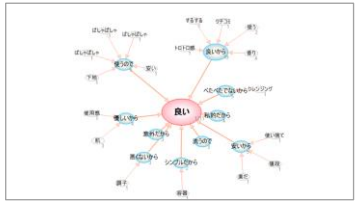
Companies

- Ascertain wants and feelings toward products and services
- Discover and create ideas for new products
- Ascertain effects of new products, promotions, etc.
- Detect risks early

Visualization of customer feedback = Text mining

Establish an organizational improvement and planning cycle

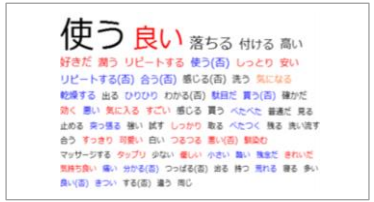
Visualized output of customer thoughts and wants (proprietary text mining technology)



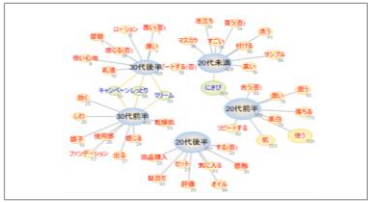
Reason map (Ascertain elements linked to central word)



Extract needs (Understand feelings at a glance)



Word cloud (Ascertain frequency of word occurrence)



Characteristic map (Compare characteristics by age group)

Characteristics of Customer Rings

Service characteristics

- A CRM/MA tool that realizes optimal communication with customers by integrating and analyzing massive amounts of customer information and purchase histories
- An intuitive interface that does not hamper users' thinking
- Enables timely approaches to customers through optimal channels, ranging from e-mail, LINE, SMS, web customer support, app notifications, direct mails, etc

ここがポイント！

- Supports the planning and execution of marketing initiatives via diverse analysis functions and a wealth of visualized output that allow users to gain a firsthand understanding of each customer's behaviors and preferences
- Supports digital marketing strategies in any industry or business type, including EC, finance, and retail businesses
- Consultants provide comprehensive support by aiding in strategy and analysis

Automates the optimal communication with customers by directly understanding customers with big data
An essential marketing automation system for the digital marketing age

Data integration (CDP) | Analysis (BI: understanding customers) | Use (MA)



Automation (allows users to focus on more creative work)

Characteristics of Talent Palette

Talent Palette タレントパレット

プラスアルファ コンサルティング

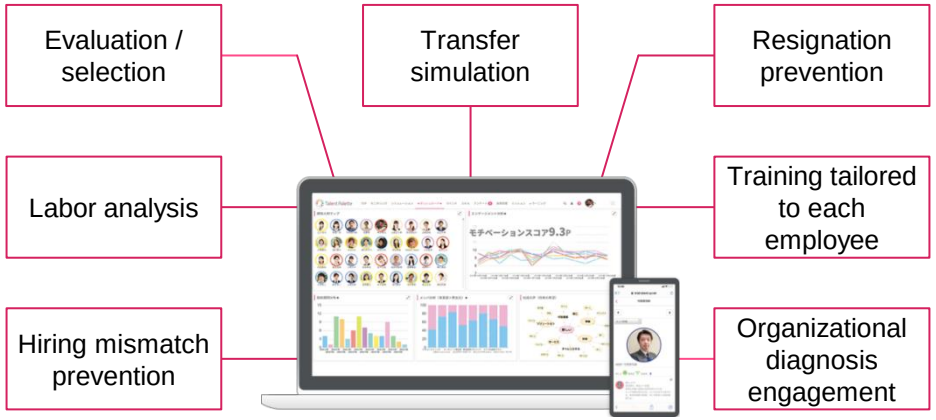
Service characteristics

- Realizes data-based scientific personnel management strategy to enable users to succeed in an age of labor shortage
- Employee visualization functions that can be used for optimal employee placement or human resource selection
- Hiring functions including increasing efficiency of hiring operations, mismatch prevention, and performance forecasting
- Employee performance analysis and learning facilitation functions such as e-learning
- Resignation prevention functions such as resignation analysis and prediction and motivation measurement

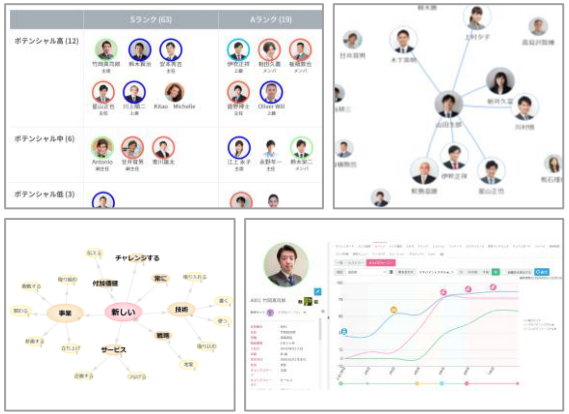
ここがポイント！

- A first in the industry, we took our approach to analyzing massive amounts of data in marketing, an area in which we excel, and applied it to the HR field.
- A human resources utilization platform that realizes “scientific personnel management,” including data-driven optimal placement, appropriate evaluations, discovering and hiring more talents, and resignation prevention
- Analyzes employees’ aspirations and requests to the company using text mining technology. Enables management to reflect previously untapped “employee voices”

Realizes proprietary scientific personnel management that incorporates marketing thinking



Intuitive visualization of human resources and organization status



Experience and intuition × Visualization of employee information = **Realize scientific personnel management strategy**
(Data-driven creative personnel strategy)

Precautionary Statement on Forward-looking Statements

- The materials and information provided in this presentation contain forward-looking statements.
- These are based on projections, forecasts and suppositions attended with risk, and effectively contain uncertainties that may bring abut results that differ from these statements.
- These risks and uncertainties include but are not limited to domestic and overseas economic conditions and industry trends related to the Company. Furthermore we endeavor to maintain and strengthen competitiveness through steps such as analysis of the business environment and market trends, but are unable to eliminate the above risks and uncertainties.

We intend to disclose the update to the “Business Plan and Matters Related to Growth Potential” after the announcement of financial results.
The next update is scheduled after the announcement of financial results in November 2022.