(2nd Quarter, Fiscal Year Ending March 2025) Financial Results Presentation Materials

FLECT Co., Ltd. (Securities Code: 4414)

November 12, 2024

Company Profile



Company Name	FLECT Co., Ltd.
Established	August 2005
Capital Stock	752 million yen (as of September 2024)
Number of Employees	384 (as of September 2024)
Address	11F, Hamamatsucho Bldg., 1-1-1 Shibaura, Minato-ku, Tokyo
Business Description	Cloud Integration Services Professional services supporting corporate DX We support “Proactive DX” that can realize a new customer experiences through our cutting-edge cloud technology. This is a one-stop service for digital transformation in existing and new business initiatives, ranging from service planning, designing, multi-cloud development, to actual implementation.

Vision



Representative Director CEO
Koji Kurokawa

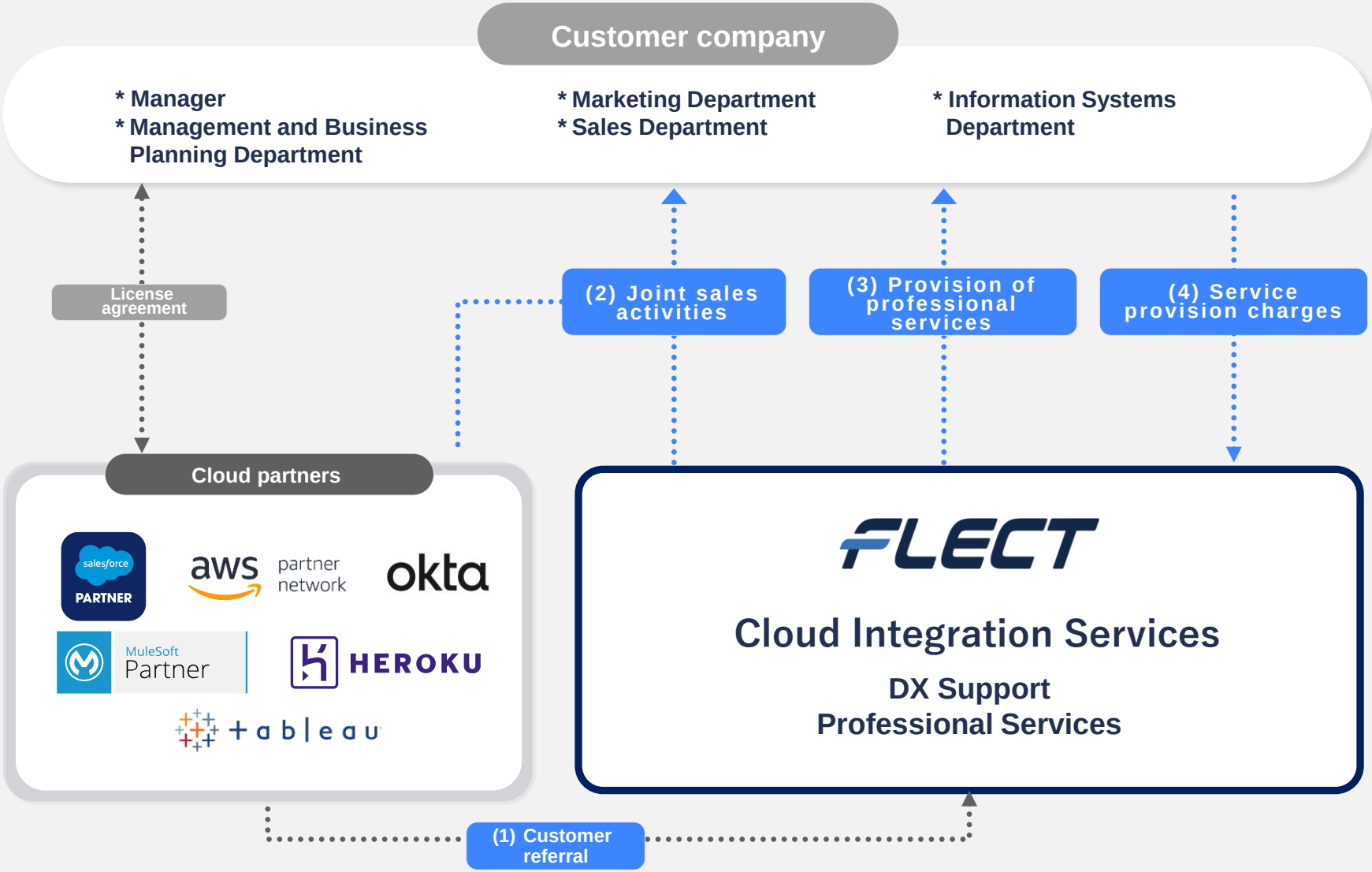
Realizing an Ideal Future with the Cloud

In a society where all people and things are digitally connected, we realize a new digitally optimized customer experiences and support customer-centered business innovation.

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Service Flow

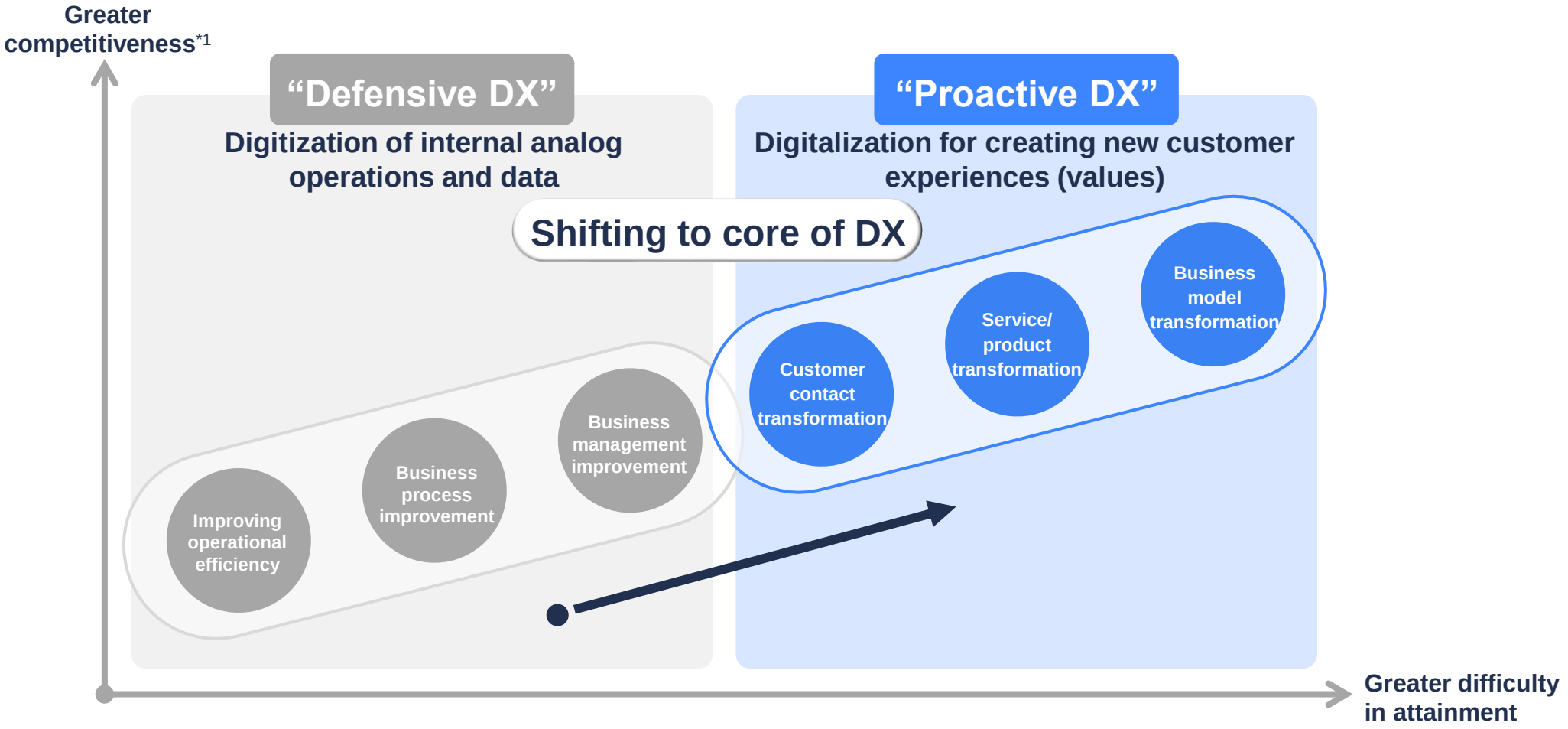
We receive customer referrals from cloud partners, engage in joint sales activities, and provide professional services directly to client companies.



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Core of DX Lies in “Proactive DX” that can Enhance Corporate Competitiveness

Companies can enhance their competitiveness by shifting from “Defensive DX,” digitizing internal analog operations and data through replacement of paper documents with data in order to cut costs, to “Proactive DX,” creating new customer experiences designed to enhance revenue and customer engagement.



*1: Compiled proprietarily based on “Survey on Digitization Initiatives in Japanese Companies,” NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.

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Supporting “Proactive DX” that can Realize a New Customer Experiences Through Our Cutting-edge Cloud Technology

We support the digital transformation of companies’ new and existing business, including IoT / mobility, AI services, community and EC services that connect with customers, and the building of API coordination and ID authentication infrastructure.
Our customer base is centering on major companies*1 intending to actively promote DX, Major companies accounted for 90% of the total sales*2.



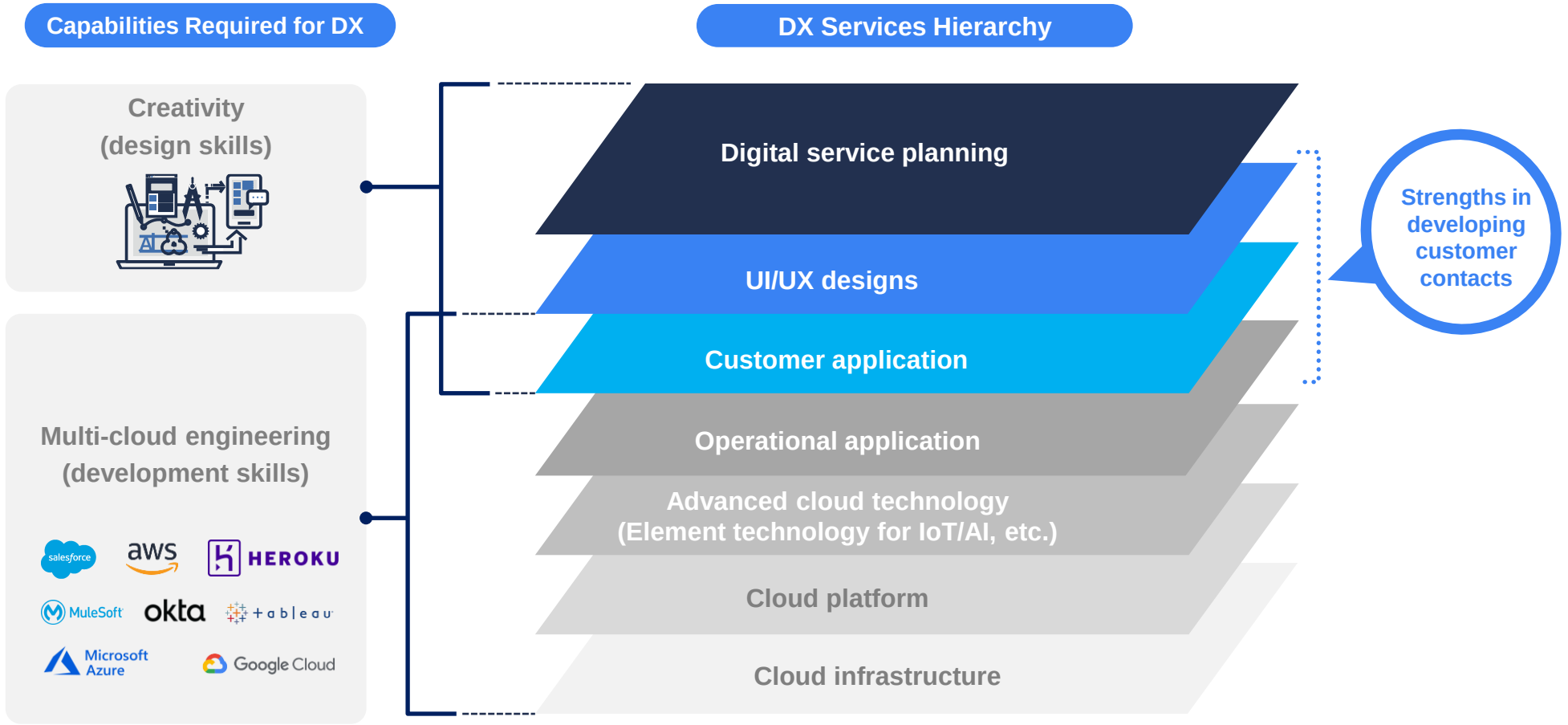
KOMATSU
ANA
NTT docomo
信頼される安心を、社会へ。 SECOM
RECRUIT
JGC 日揮グローバル株式会社
HONDA
ブリヂストンリテールジャパン株式会社
JPX JAPAN EXCHANGE GROUP
経済産業省 Ministry of Economy, Trade and Industry
大塚商会
ヤマト運輸
CASIO
KOKUYO
ADVANTEST

*1: Major companies: Those listed in Nikkei 225, Nikkei 400, or Nikkei 500; or their group companies or those whose sales are equivalent (100 billion yen or more)
*2: Figures for the 1H fiscal year ending March 2025

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One-stop Service that Create Digital Services

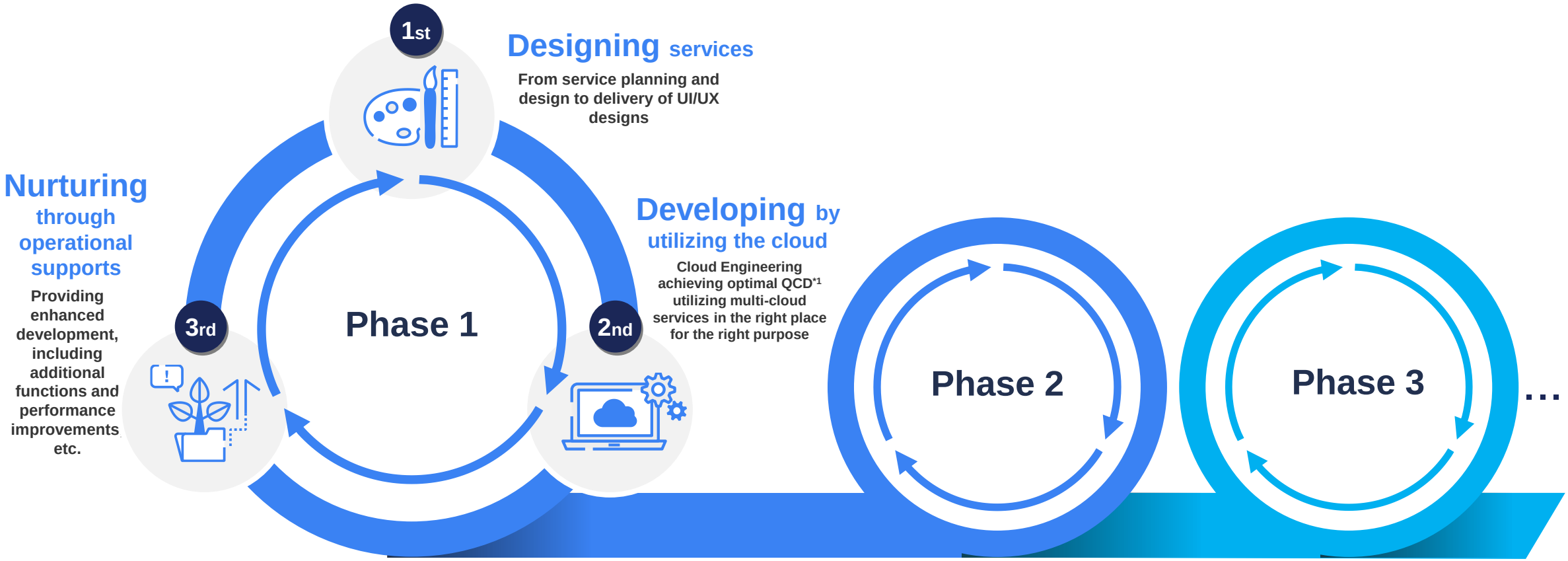
We take advantage of the “Creativity (design skills)” that can achieve proactive DX and the “multi-cloud engineering” capabilities (development skills), and of the strengths in developing value-creating customer contacts (front end).



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High Agility in Adapting to Changes (Ability to Think and Move Quickly)

An average period of a single project cycle is about three months. A project does not end with the initial construction but supports DX service growth by repeating the delivery cycles.

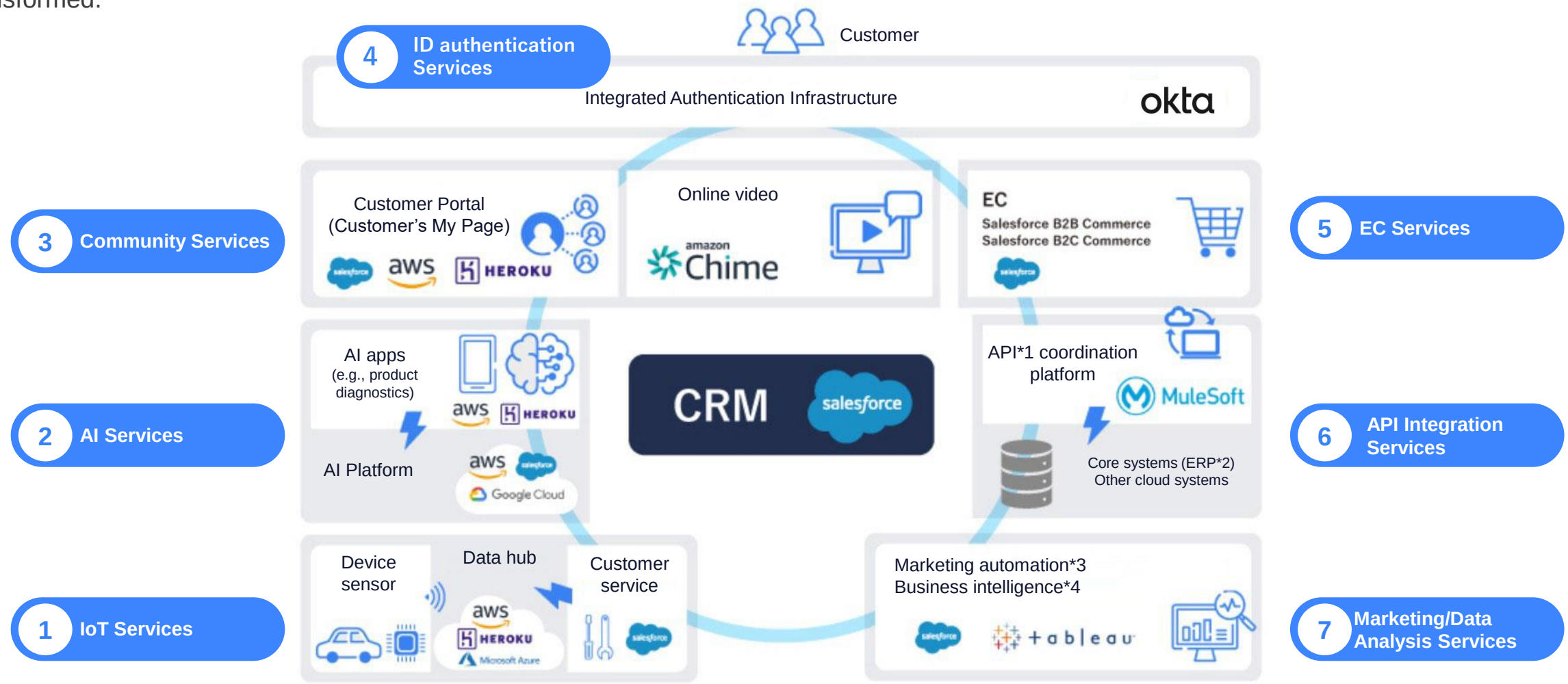


*1: QCD: Quality, Costs, Delivery

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High Technological Capabilities of Multi-cloud Functions Enabling Business Transformation based on DX

Instead of simply building a single digital service, we develop multiple digital services and bundle them together to help business models to be transformed.

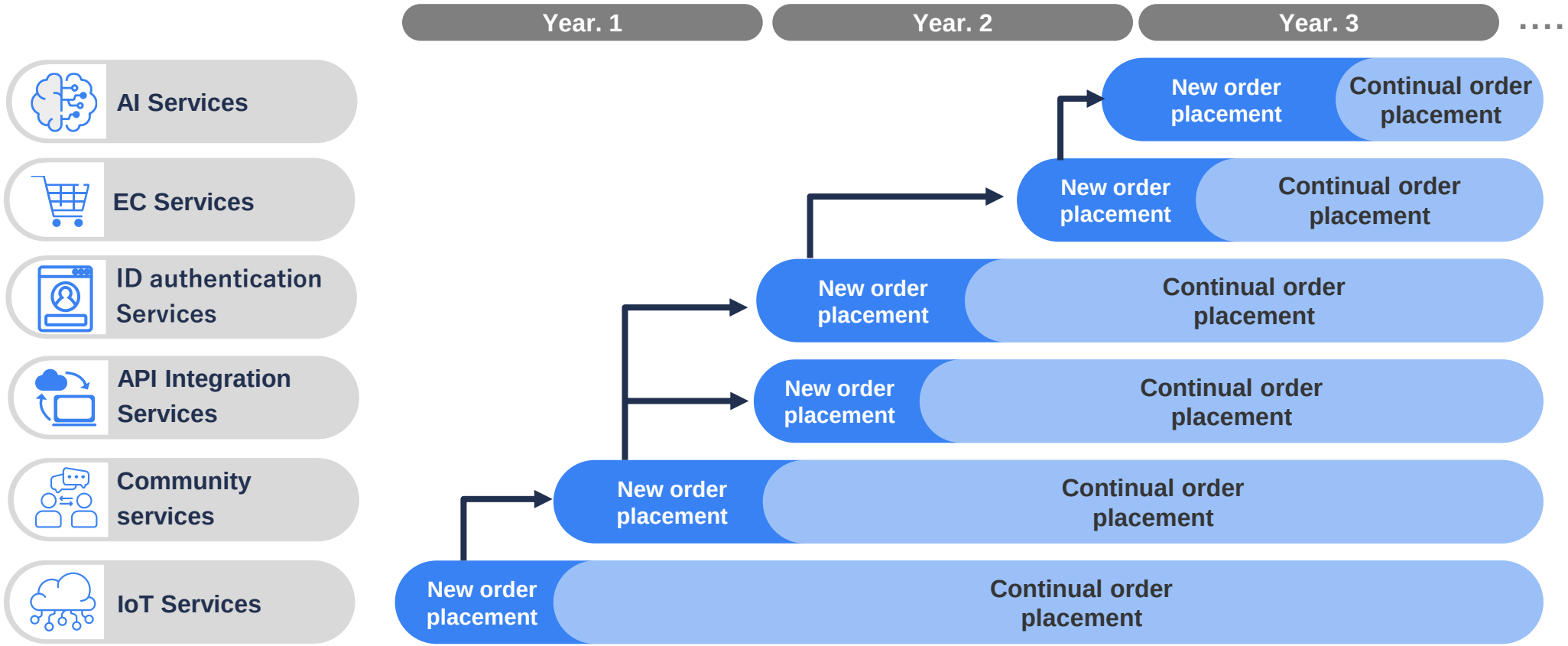


*1: Application Programming Interface: Interface specification used for multiple software products to exchange information with each other
*2: Enterprise Resource Planning: An integrated core operational system
*3 Marketing Automation: A tool to automate marketing activities
*4 Business Intelligence: A tool to collect, accumulate, analyze, and process large amounts of data to support management strategy decisions

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Continuous Orders for DX Projects and Expansion with Cross-selling

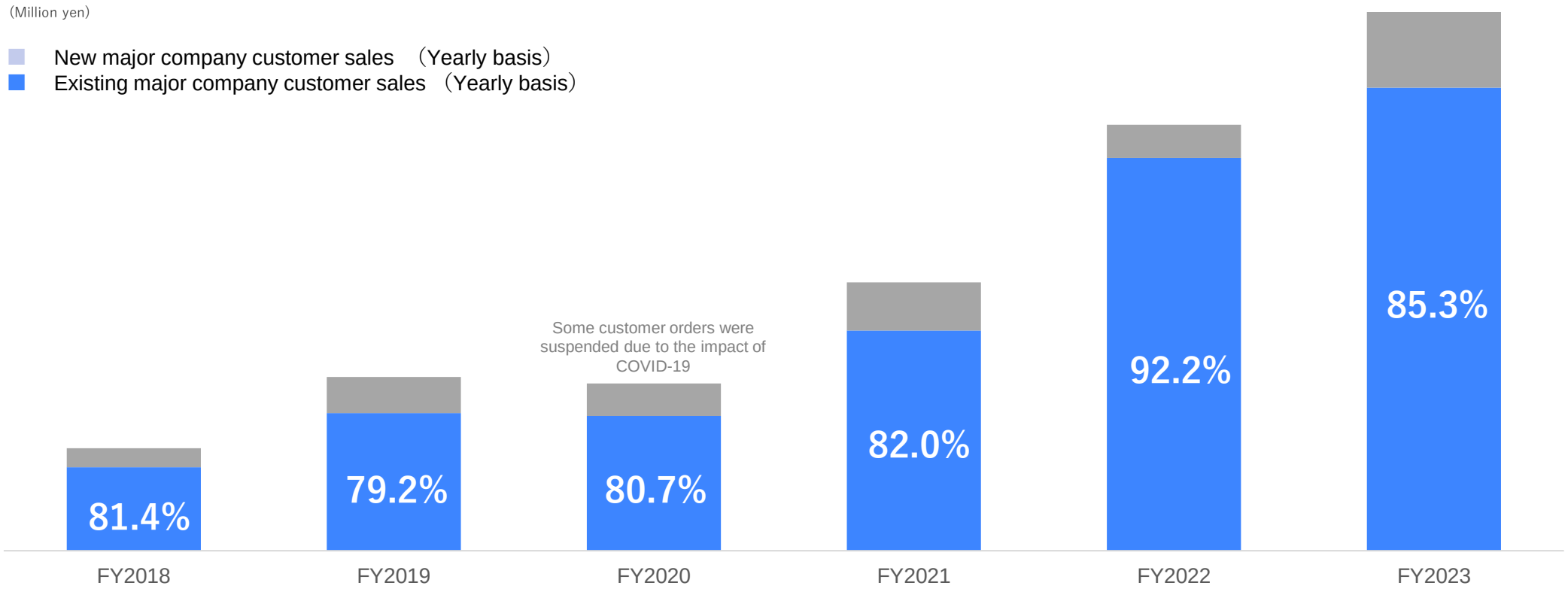
We will continue to develop digital services while simultaneously promoting the development of multiple digital services.



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Sales composition ratio of existing major companies*1

Through continuous orders and cross-selling of DX projects, we have achieved a high level of recurring sales, despite being a flow business. In the fiscal year ended March 2024, 85% of our sales come from existing major companies.



*1 Sales composition ratio of existing major companies: The sales composition ratio of customers who had contracts prior to the previous fiscal year out of sales to major companies

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Financial results for the 2nd Quarter of the fiscal year ending March 2025

(2nd Quarter, Fiscal Year Ending March 2025) Financial Results Summary

1 Highest ever quarterly sales and 2Q profits at each level achieved

We achieved our highest first half results due to strong demand and healthy project progress.

1H, fiscal year ending March 2025

Sales	3,909 million yen	+27.7% (YoY)
Operating income	431 million yen	+77.2% (YoY)
Net income	257 million yen	+55.6% (YoY)

2 The number of customers and ARPA were above last year and trended strongly

We expanded transactions with existing customers while acquiring many new customers.

Major companies Number of quarterly contract customers	46 companies	+7 companies (QoQ)
Major companies Quarterly average revenue per account (ARPA)	37.0 million yen	+2.0 million yen (QoQ)

* Excluding customers with quarterly sales of 1 million yen or less

3 The number of engineers and other employees is expected to achieve the target

We are also progressing ahead of schedule in the human resources seller's market, we have reached 337 employees as of the end of September 2024. Based on accepted job offers, we have already achieved our target of 350 employees for the fiscal year ending March 2025, and we will continue our recruitment efforts aiming for further growth.

As of the end of September 2024

Number of engineers and other employees*1	337 people	+93people (YoY)
		+13 people (Compared to June 2024)

4 Forecast results are unchanged considering the plan's bias towards the second half of the fiscal year

Forecast of results for Full Year, FY2024

Sales	8,171 million yen	-2.2% (Initial vs. Revised)
Operating income	952 million yen	+3.5% (Initial vs. Revised)
Net income	569 million yen	+4.0% (Initial vs. Revised)

*1 Professional human resources such as engineers and managers in the Cloud Integration Services Division, excluding administrative personnel (as of the end of September 2024)

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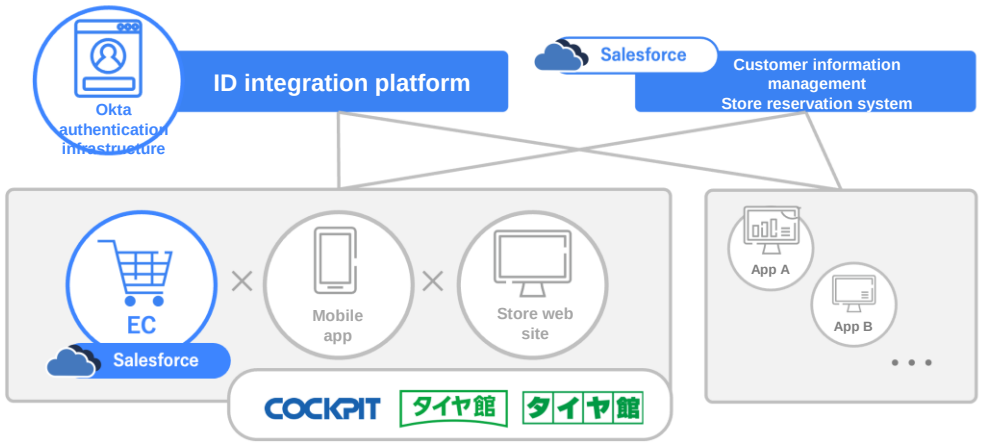
(2nd Quarter, Fiscal Year Ending March 2025) Topics

We announced case studies of DX support involving Bridgestone Retail Japan Co., Ltd., and KOKUYO Co., Ltd. We improved the customer experience, maximized marketing effectiveness and increased productivity.

ブリヂストンリテールジャパン株式会社

Aimed at improving customer experience and the implementation of effective marketing measures, we supported Bridgestone Retail Japan Co., Ltd., in the introduction of authentication infrastructure, linkage with various services and the building of a store visit reservation system.

In the introduction of authentication infrastructure, we used Okta, and we developed the store visit reservation system in a multi-cloud environment based on Salesforce. We realized "Proactive DX" by linking between multiple cloud services in a very difficult development.

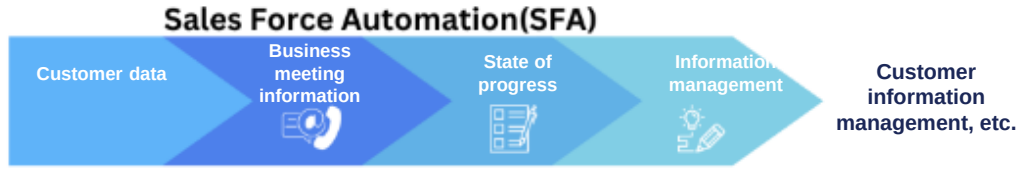


KOKUYO

Aimed at responding to diversification and realizing productivity improvements in the post-COVID-19 market, we supported the development of sales DX in the internal systems of KOKUYO Co., Ltd.

We maximized the use of the standard functions of Salesforce. Synchronizing and sharing customer information, regardless of time or location, has enabled team members to access the latest information easily. From now on, we will continue to support the improvement of work through the expansion of functions, new support through linkage with systems, the improvement of marketing capabilities, etc.

"Sales DX" in KOKUYO's internal systems



Organization of sales activities
Manage information, progress, etc., after entering into sales activities.

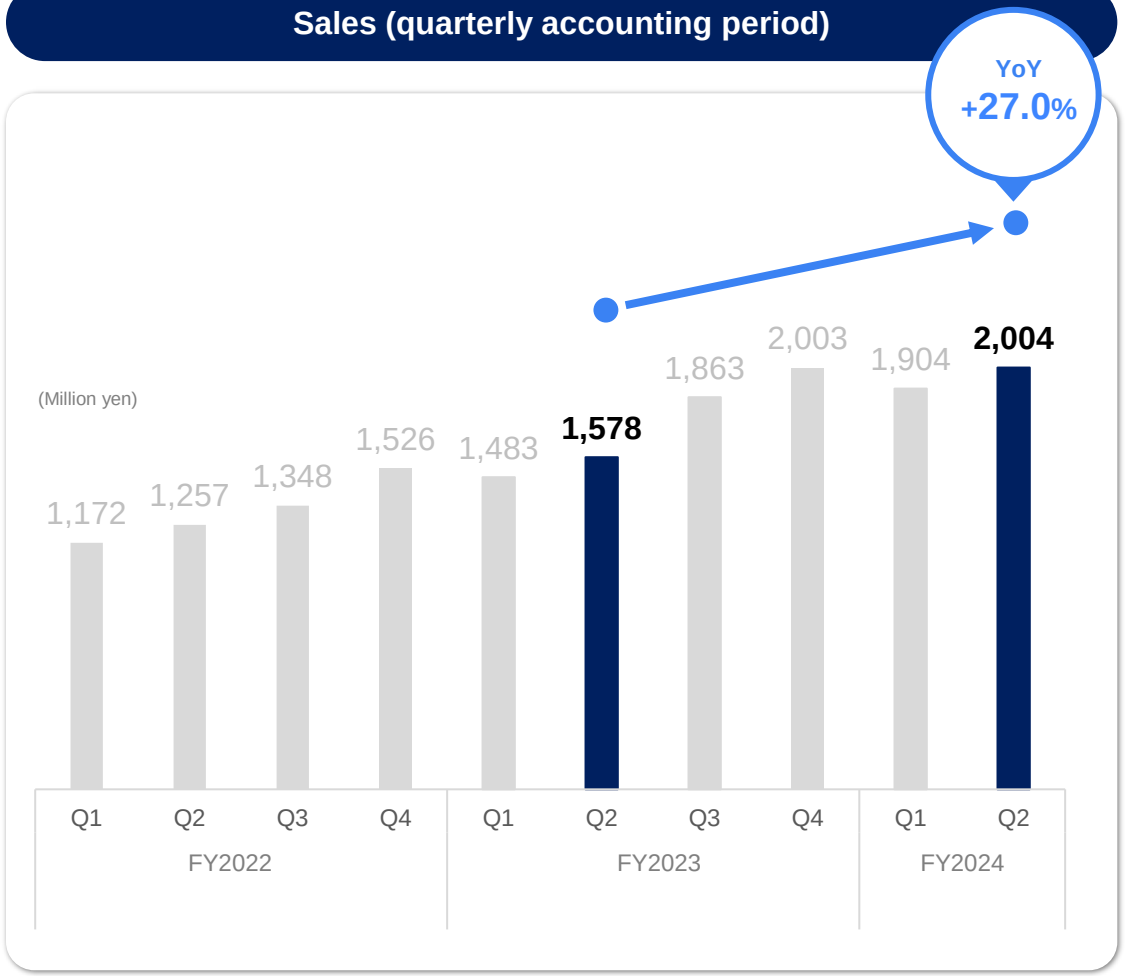
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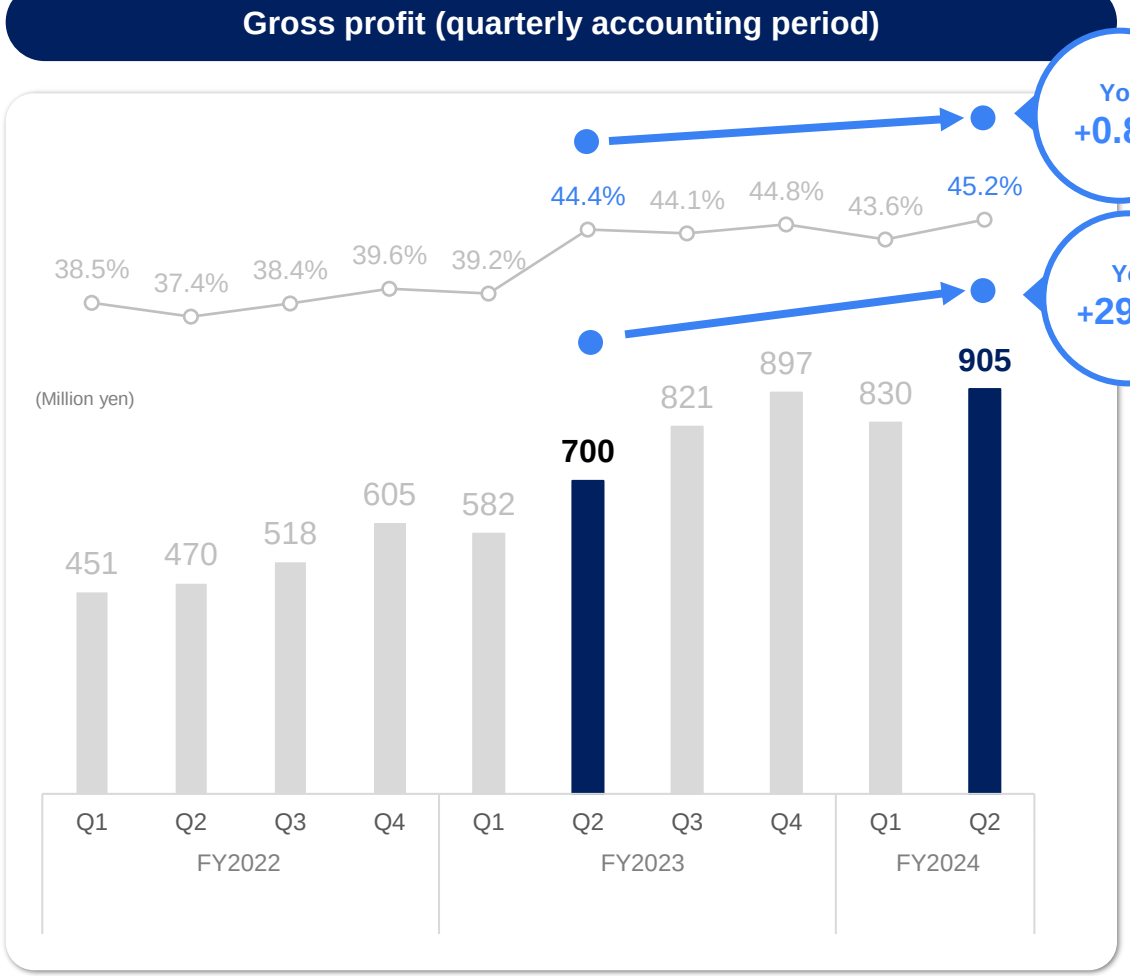
(2nd Quarter, Fiscal Year Ending March 2025) Results Trends

Against the backdrop of strong demand for DX support, sales reached a record quarterly high of 2,004 million yen (up 27.0% year-on-year).
Project progress continued to be healthy, and we maintained the high profit rate level with a gross profit margin of 45.2% (up 0.8 pt year-on-year).
Gross profit amounted to 905 million yen (up 29.3% year-on-year), achieving a record high for a quarterly accounting period.

Sales (quarterly accounting period)



Gross profit (quarterly accounting period)

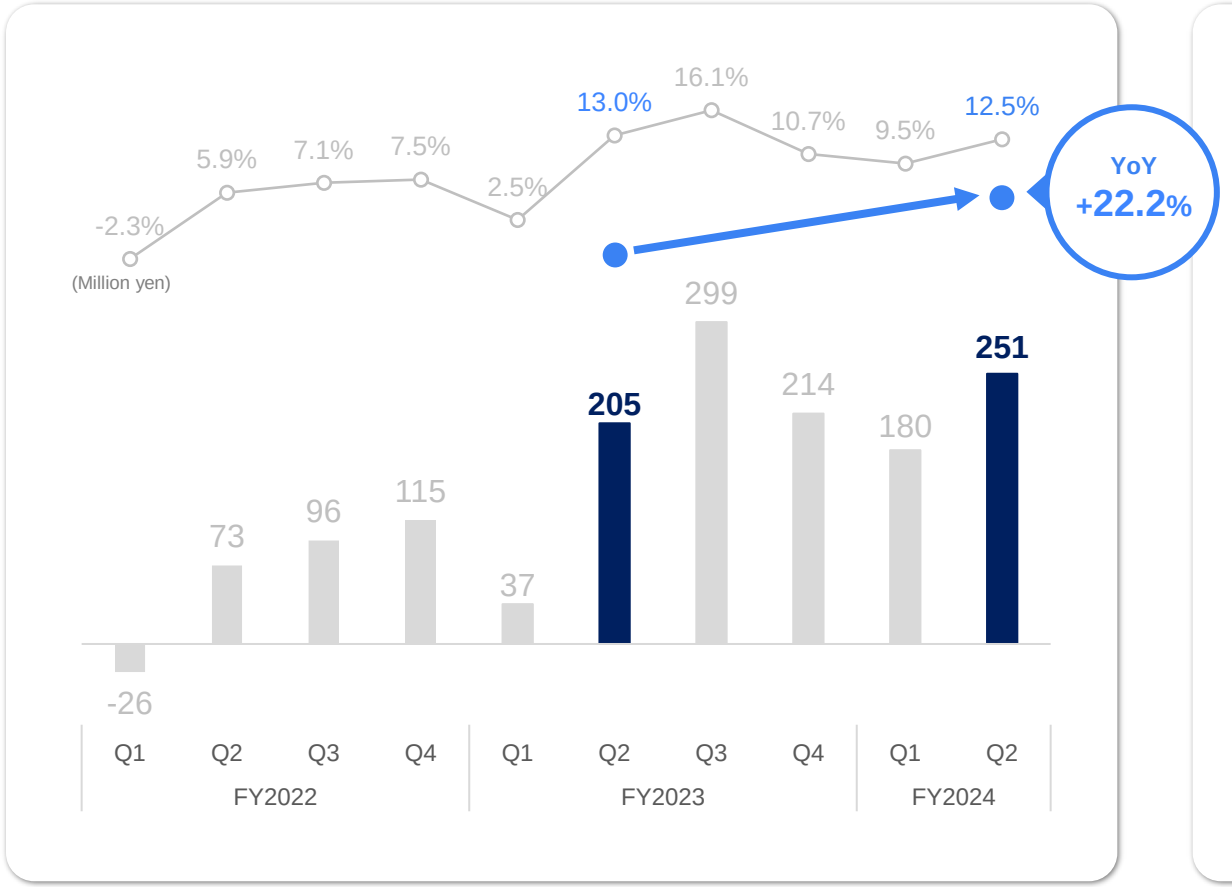


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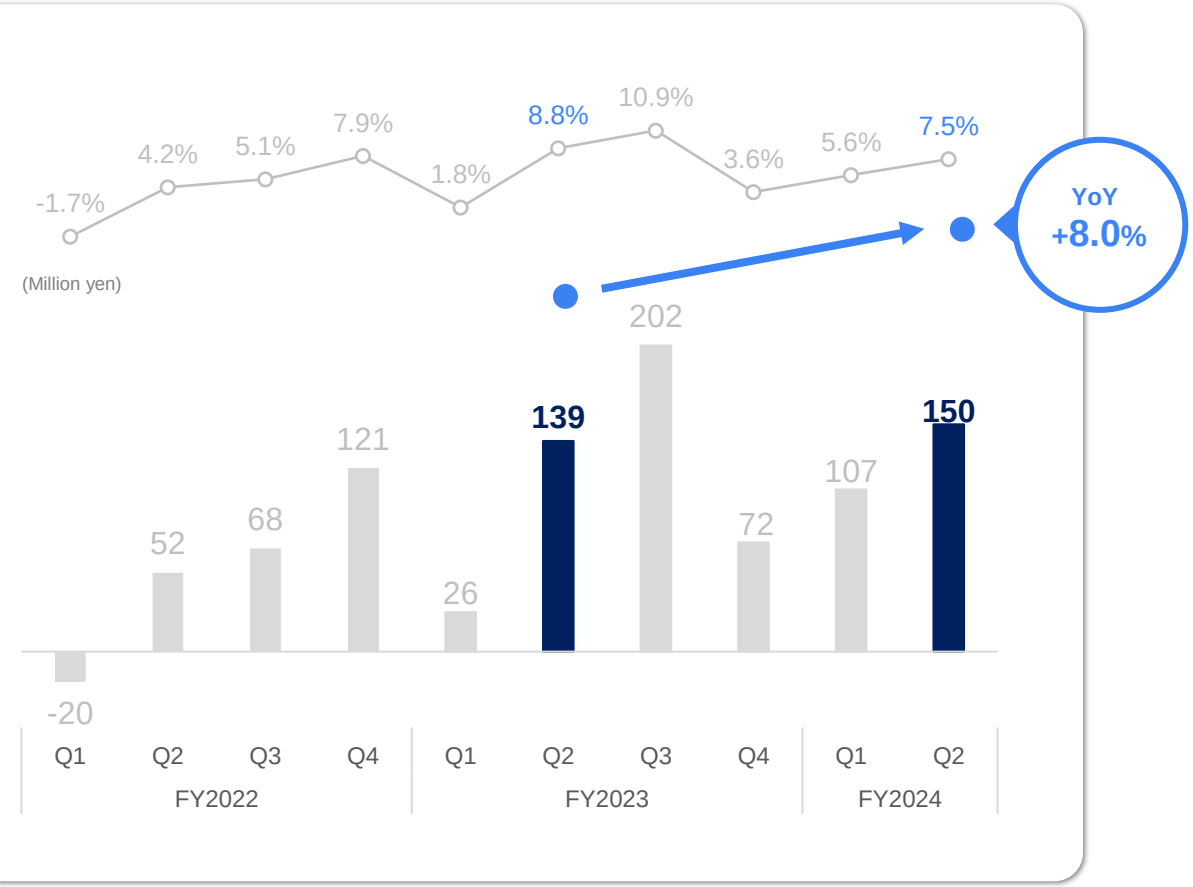
(2nd Quarter, Fiscal Year Ending March 2025) Results Trends

In addition to the improvement of the gross profit margin, operating profit increased to 251 million yen (up 22.2% year-on-year) due to the revenue increase effect, and we achieved record high 2Q operating profit. Net income also increased to 150 million yen (up 8.0% year-on-year), a record 2Q high.

Operating income (quarterly accounting period)



Net income (quarterly accounting period)

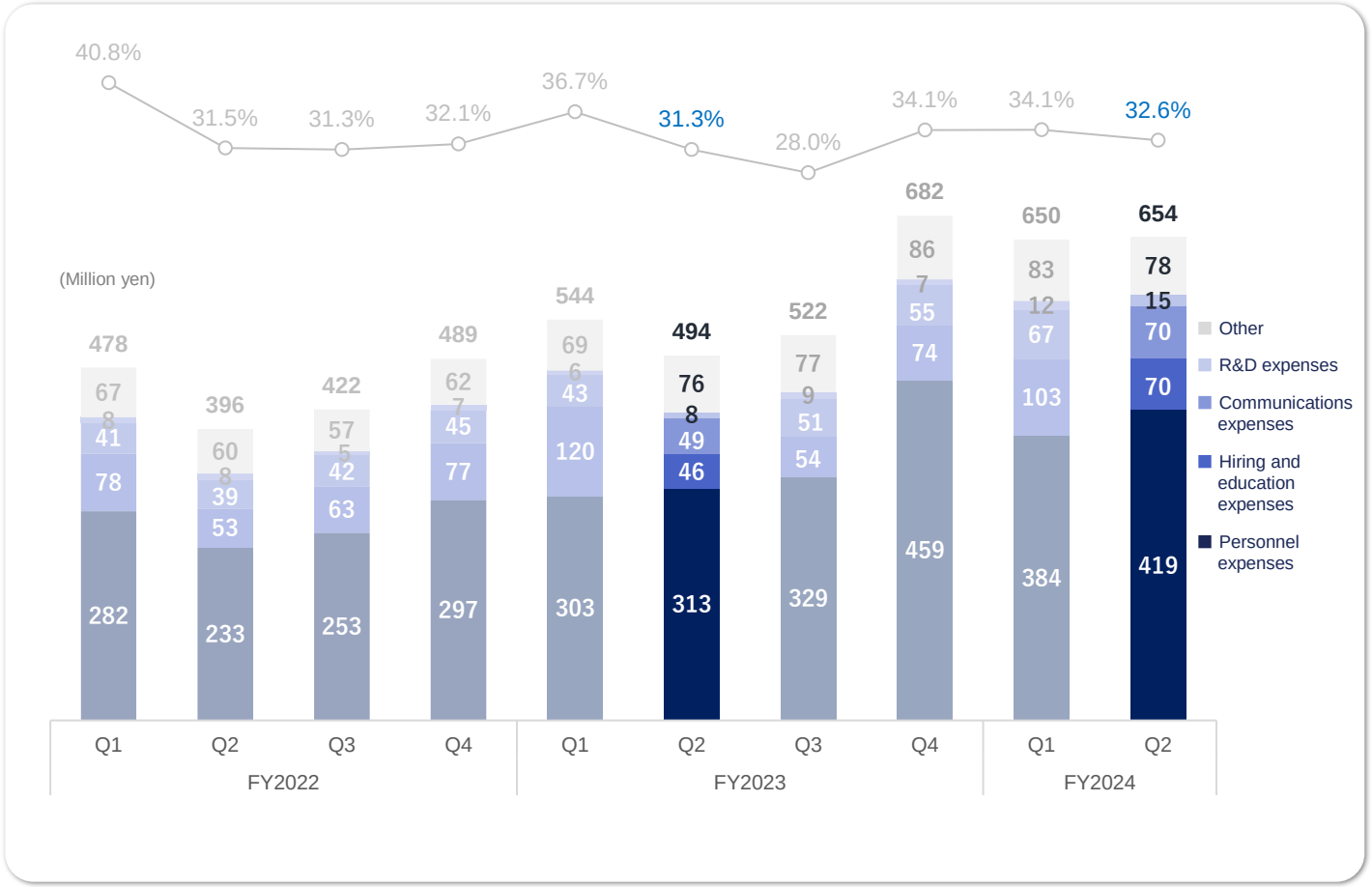


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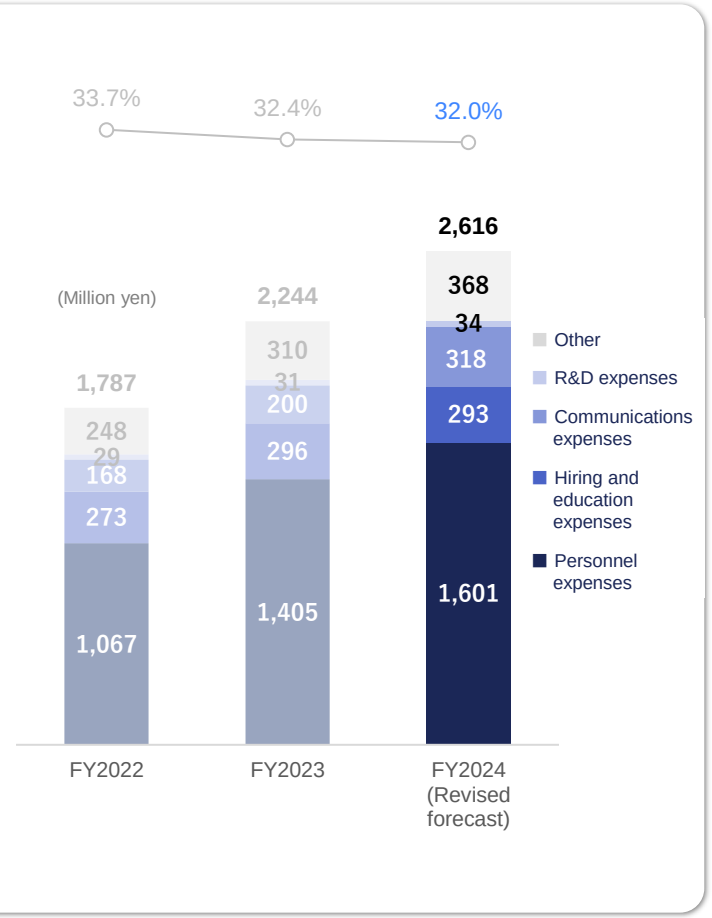
(2nd Quarter, Fiscal Year Ending March 2025) Selling, General and Administrative Expenses

Selling, general and administrative expenses for 2Q of the fiscal year ending March 2025 were 654 million yen (up 32.3% year-on-year). The SG&A-to-sales ratio increased 1.3 pt year-on-year due to a 41 million yen investment in one-time education expenses (included in personnel expenses, etc., because of incentives for the acquisition of qualifications). Excluding the one-time education expenses, the SG&A-to-sales ratio would have been 30.6%, 0.7 pt below the previous year.

Quarterly accounting periods



Full Year



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(1H, Fiscal Year Ending March 2025) Financial Results Summary

Sales for the first half of the fiscal year ending March 2025 reached a record high of 3,909 million yen (up 27.7% year-on-year). Profits at each level also reached record highs.

(Million yen)

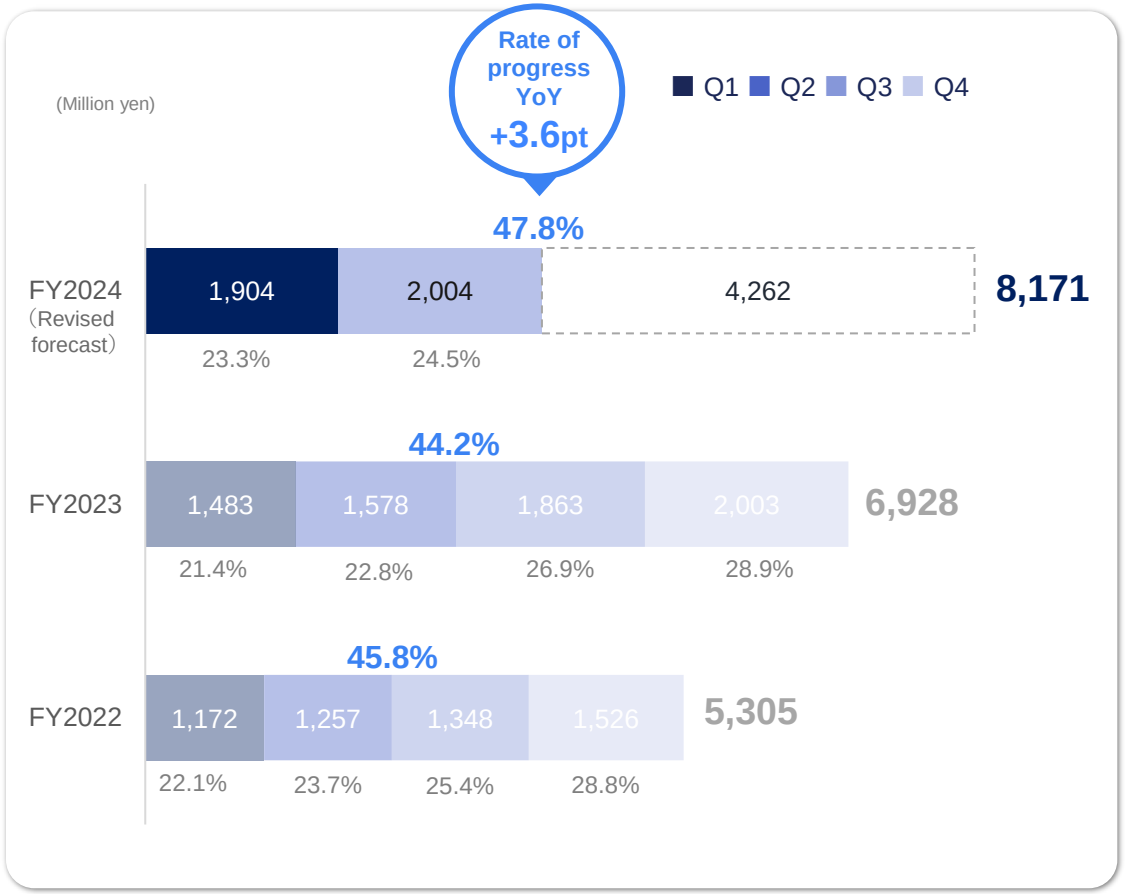
	1H, FY2023 (Apr.-Sep.)	1H, FY2024 (Apr.-Sep.)	YoY		Results forecast for full year, FY2024 (Forecast announced on August 13, 2024)	Results progress rate
			Change in amount	Rate of change		
Sales	**3,061**	**3,909**	**+847**	**+27.7%**	**8,171**	**47.8%**
Gross profit	**1,282**	**1,736**	**+453**	**+35.4%**	**3,568**	**48.7%**
(%)	41.9%	44.4%	+2.5pt		43.7%	
SG&A	**1,038**	**1,304**	**+265**	**+25.6%**	**2,616**	**49.9%**
(%)	33.9%	33.4%	-0.6pt		32.0%	
Operating income	**243**	**431**	**+188**	**+77.2%**	**952**	**45.3%**
(%)	8.0%	11.0%	+3.1pt		11.7%	
Net income	**165**	**257**	**+91**	**+55.6%**	**569**	**45.2%**
(%)	5.4%	6.6%	+1.2pt		7.0%	

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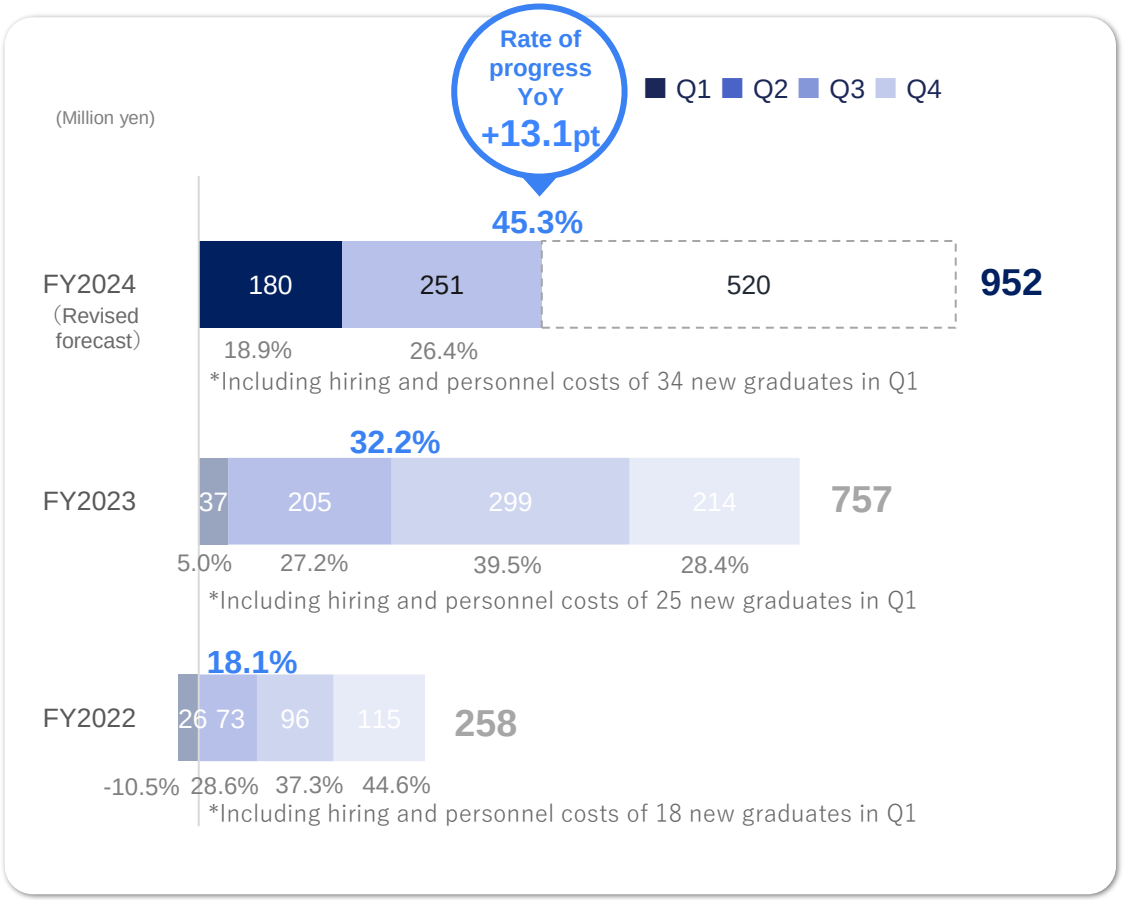
(1H, Fiscal Year Ending March 2025) Results Progress

The rate of progress of sales was 47.8% and the rate of progress of operating income was 45.3%, so both are trending steadily. Forecast results are unchanged considering the plan's bias towards the second half of the fiscal year.

Sales - rate of progress



Operating income - rate of progress



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(2nd Quarter, Fiscal Year Ending March 2025) Balance Sheet

The main changes are current assets decreasing by 240 million yen and current liabilities decreasing by 514 million yen. The equity ratio of 59.6% is a sound financial foundation.

(Million yen)

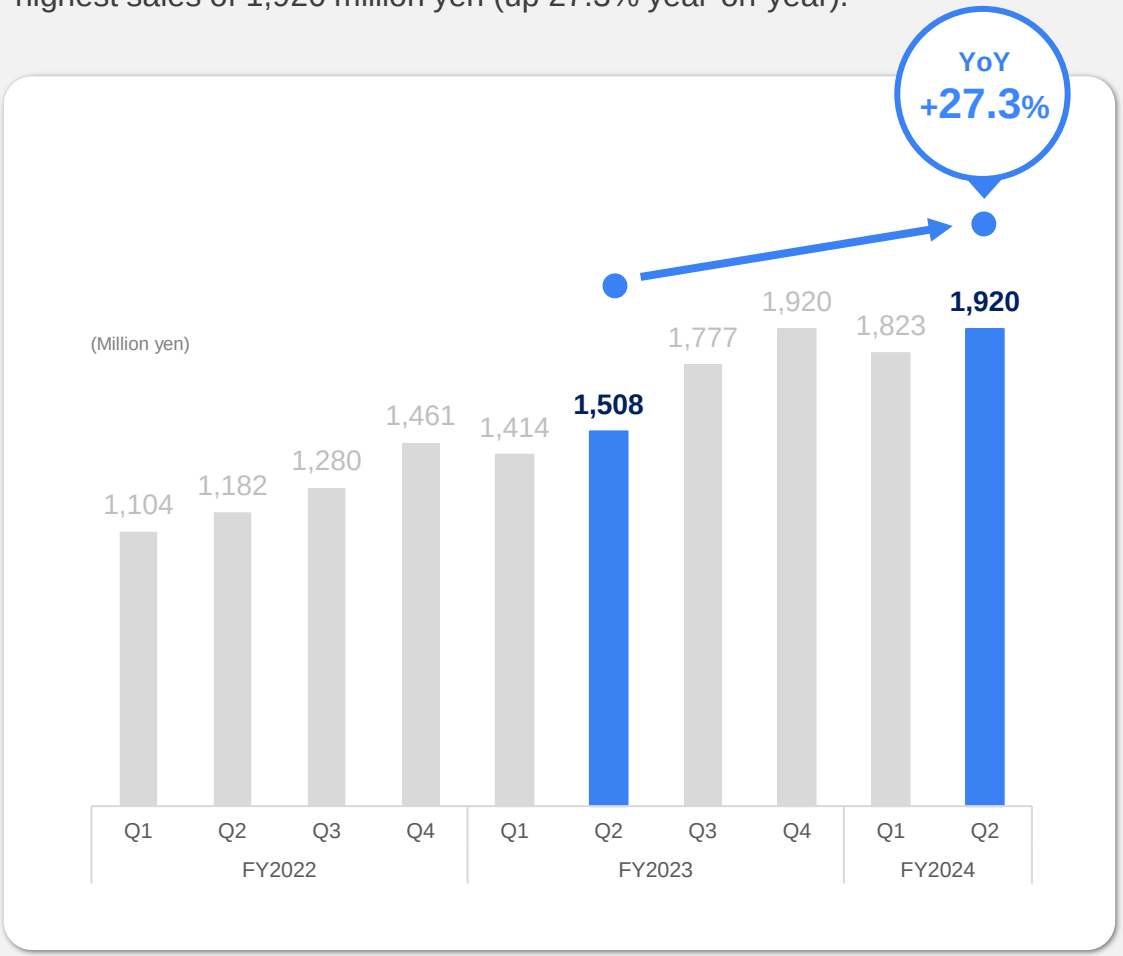
	FY2023 (As of March 31,2024)	FY2024 (As of September 30, 2024)	Change in amount
Total assets	**4,010**	**3,774**	**-235**
Current assets	3,605	3,364	-240
Fixed assets	404	410	＋5
Total liabilities	**2,022**	**1,523**	**-498**
Current liabilities	1,503	989	-514
Fixed liabilities	518	534	+16
Net assets	**1,988**	**2,251**	**+262**
Total assets	**4,010**	**3,774**	**-235**
Cash and deposits	1,575	1,262	-312
Interest-bearing liabilities	585	550	-34
Equity ratio	49.6%	59.6%	＋10.1pt

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Trend in Results

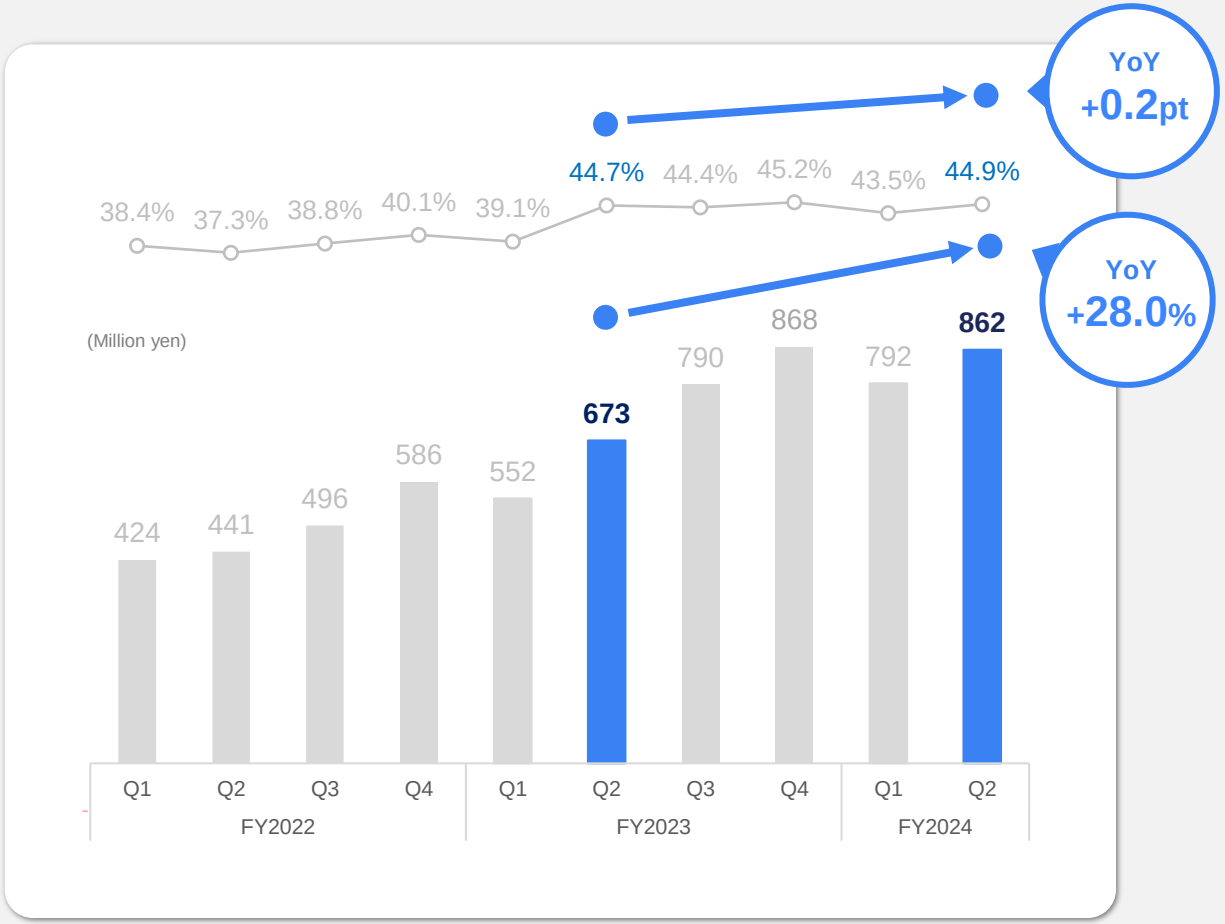
Sales (quarterly accounting period)

Based on strong demand for DX support and sales achieved our quarterly highest sales of 1,920 million yen (up 27.3% year-on-year).



Gross profit (quarterly accounting period)

Projects are making healthy progress, and we have maintained a high profit rate with a gross profit margin of 44.9% (up 0.2 points year-on-year)

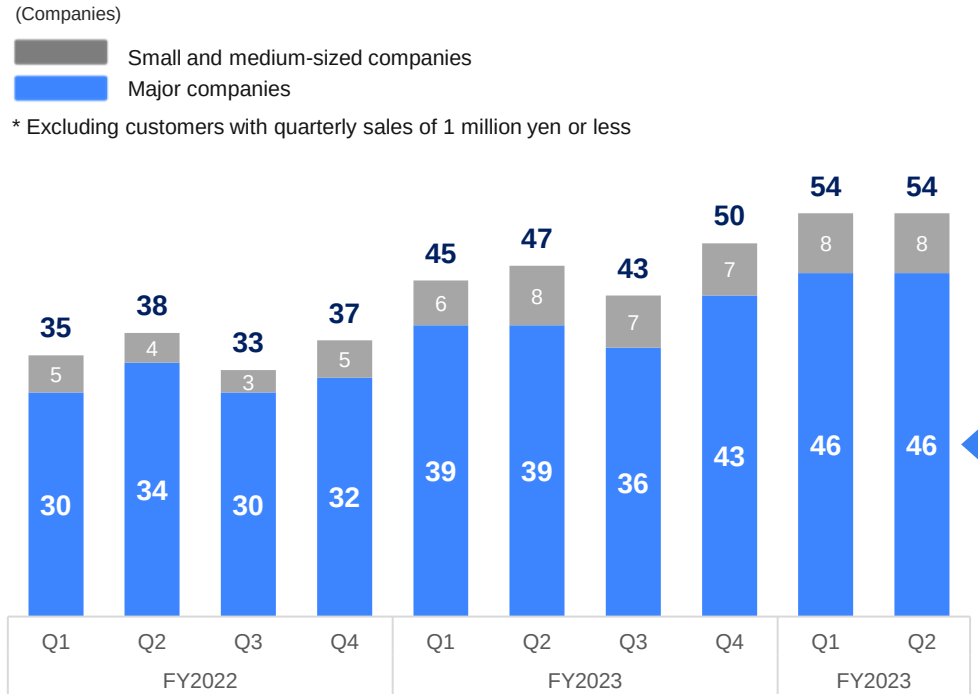


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KPI Trends (Quarterly Basis)

Number of quarterly contract customers*1

The number of major company quarterly contract customers increased by 7 in 2Q of the fiscal year ending March 2025 compared to previous year to 46 companies.



Quarterly average revenue per account (ARPA*2)

As a result of receiving orders from existing customers while acquiring multiple new customers, ARPA for major companies in 2Q of the fiscal year ending March 2025 was 37.0 million yen, an increase of 2.0 million yen compared to previous year.



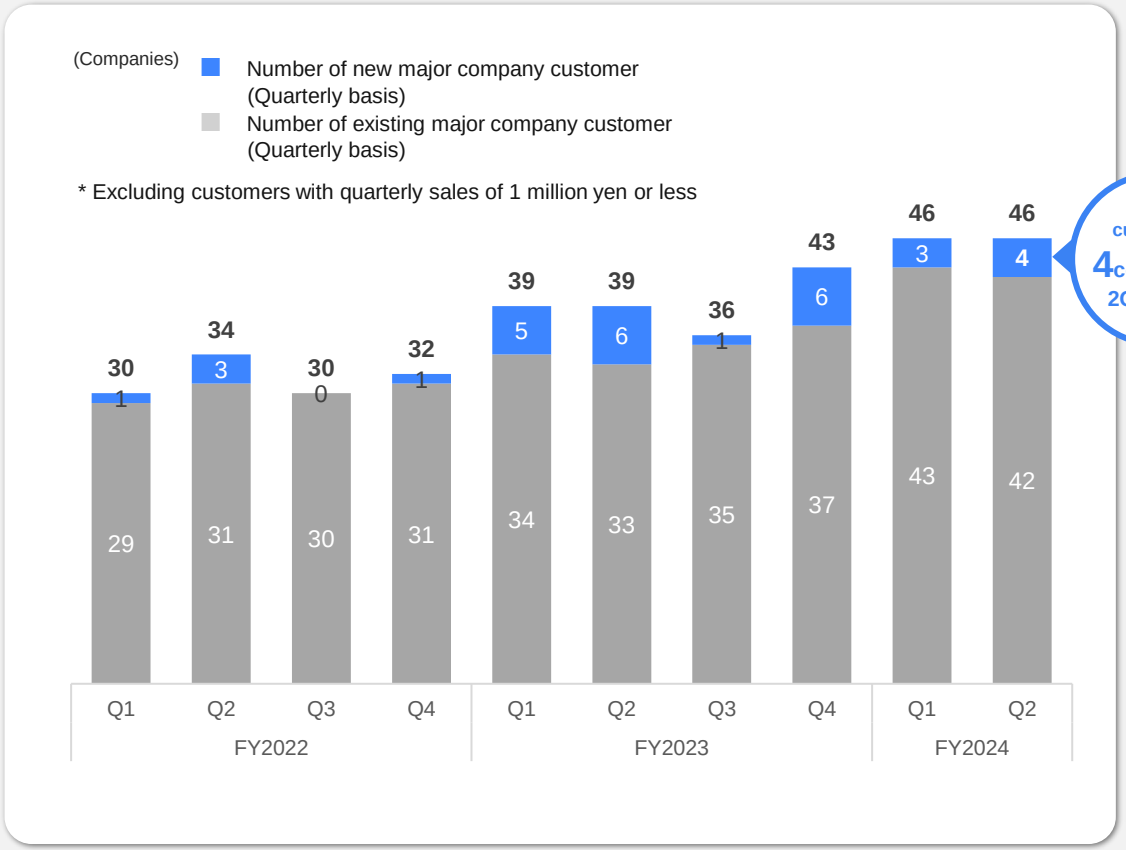
*1 Number of contract customers in the quarterly accounting period excluding resales and quarterly sales of 1 million yen or less . Resales are where the company resells purchased licenses to customers and are excluded because the amount at the company is small.
*2 Abbreviation of average revenue per account (average sales per customer), or quarterly average sales per customer excluding resales and quarterly sales of 1 million yen or less.
Calculated by dividing quarterly sales excluding resales and quarterly sales of 1 million yen or less by the number of quarterly contract customers

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KPI Trends (Quarterly Basis)

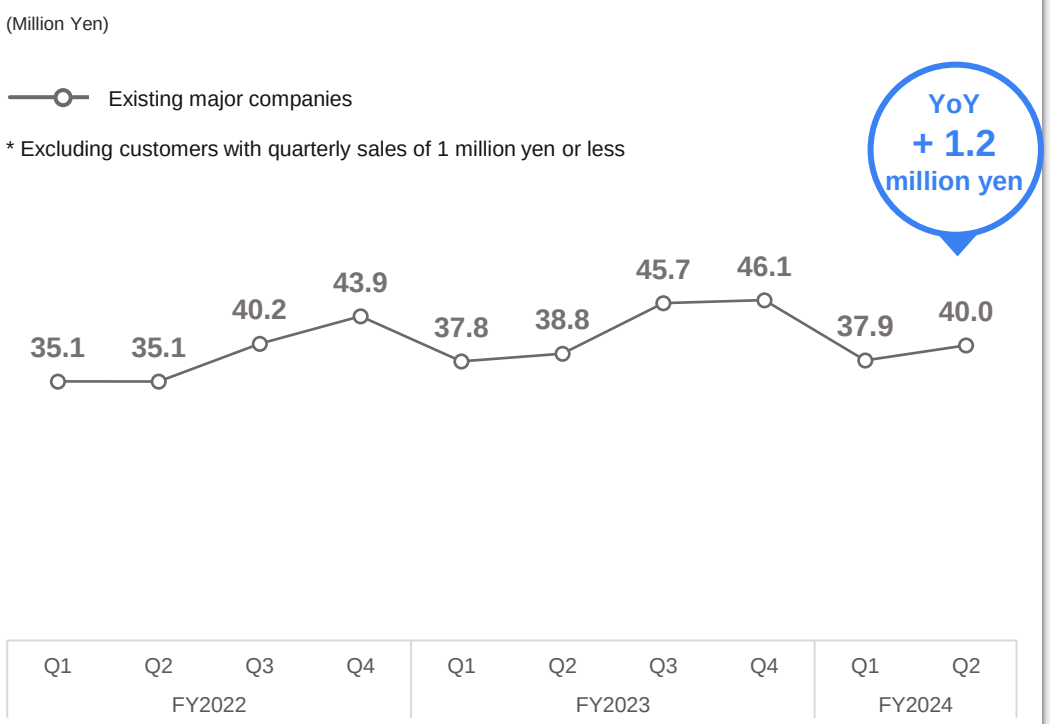
Number of quarterly contract *1
Classification of major companies by new and existing *2

In 2Q of the fiscal year ending March 2025, we acquired 4 new major customer companies. The number of existing major company customers increased by 9 compared to previous year to 42 companies.



Quarterly average revenue per account (ARPA*3)
Existing major companies

ARPA in 2Q of the fiscal year ending March 2025 increased by 1.2 million yen compared to the previous year to 40.0 million yen. In addition to the expansion of transactions with new clients acquired in 1Q of the fiscal year ending March 2025, we also expanded transactions with existing clients.



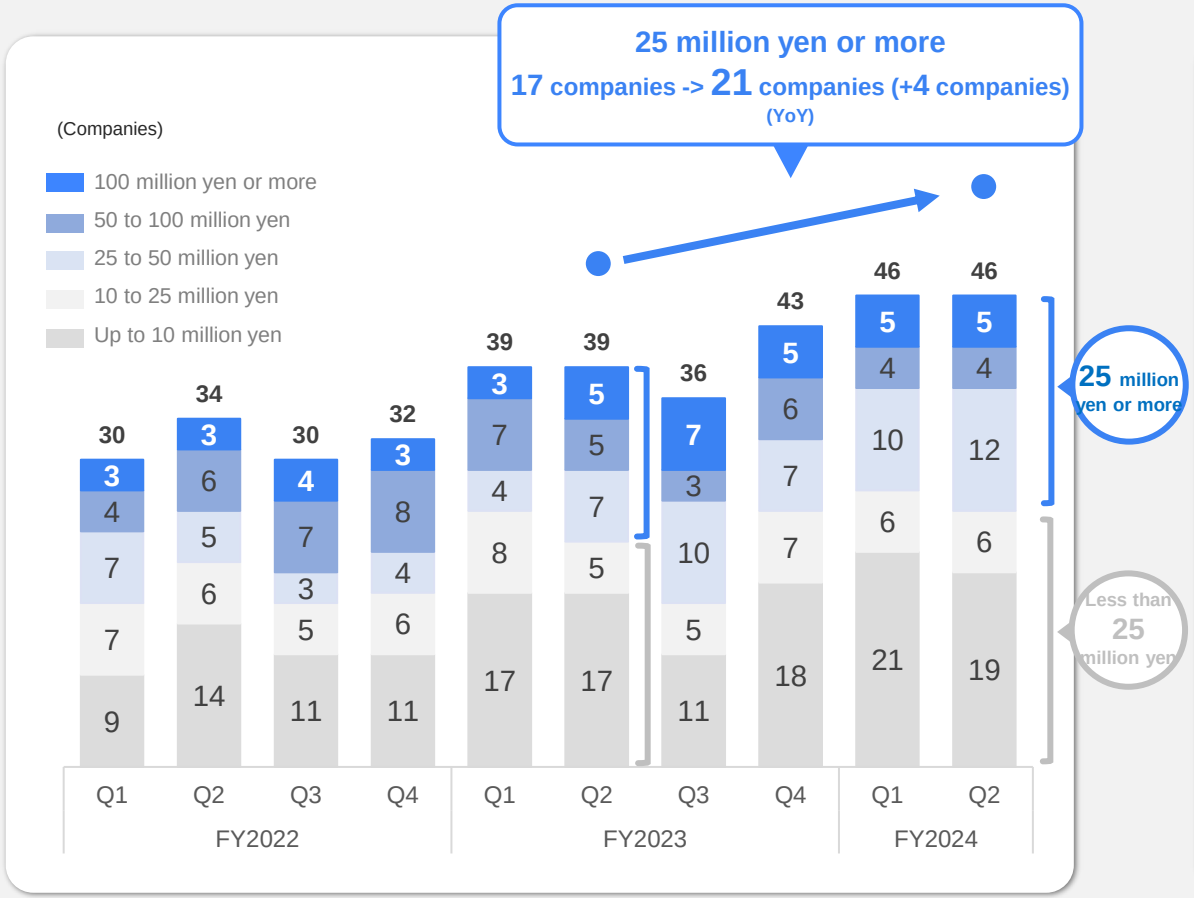
*1 Number of contract customers in the quarterly accounting period excluding resales and quarterly sales of 1 million yen or less. Resales are where the company resells purchased licenses to customers and are excluded because the amount at the company is small.
*2 Customers newly acquired in the current quarter are referred to as new customers and other customers as existing customers
*3 Abbreviation of average revenue per account (average sales per customer), or quarterly average sales per customer excluding resales and quarterly sales of 1 million yen or less.
Calculated by dividing quarterly sales excluding resales and quarterly sales of 1 million yen or less by the number of quarterly contract customers

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Number of contract customers and sales by sales amount (major companies)

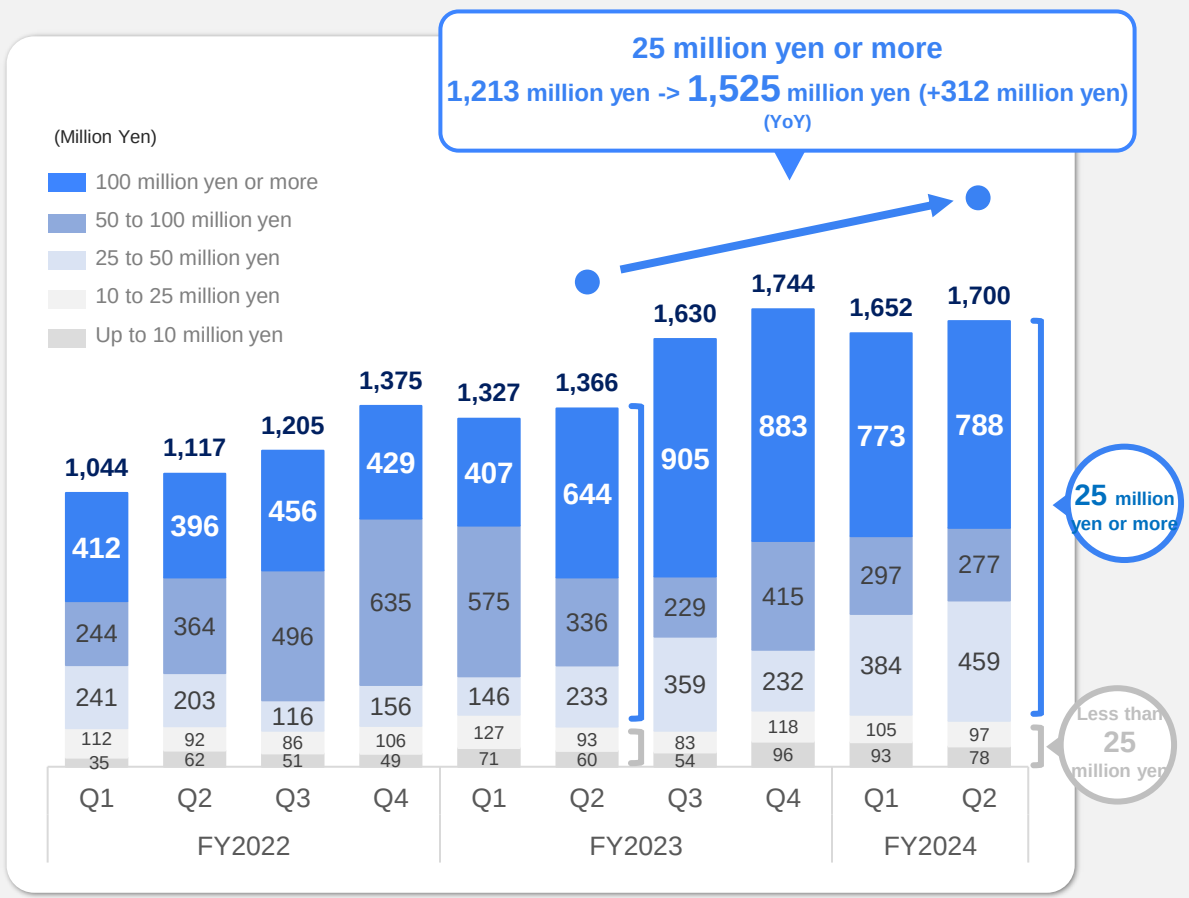
Number of quarterly contract customers by sales (major companies)*1

In 2Q of the fiscal year ending March 2025, the number of customers with quarterly sales of 25 million yen or more increased by 4 compared to previous year to 21 companies.



Quarterly sales by sales amount (major companies) *2

In 2Q of the fiscal year ending March 2025, sales to customers with quarterly sales of 25 million yen or more increased by 312 million yen compared to previous year to 1,525 million yen.



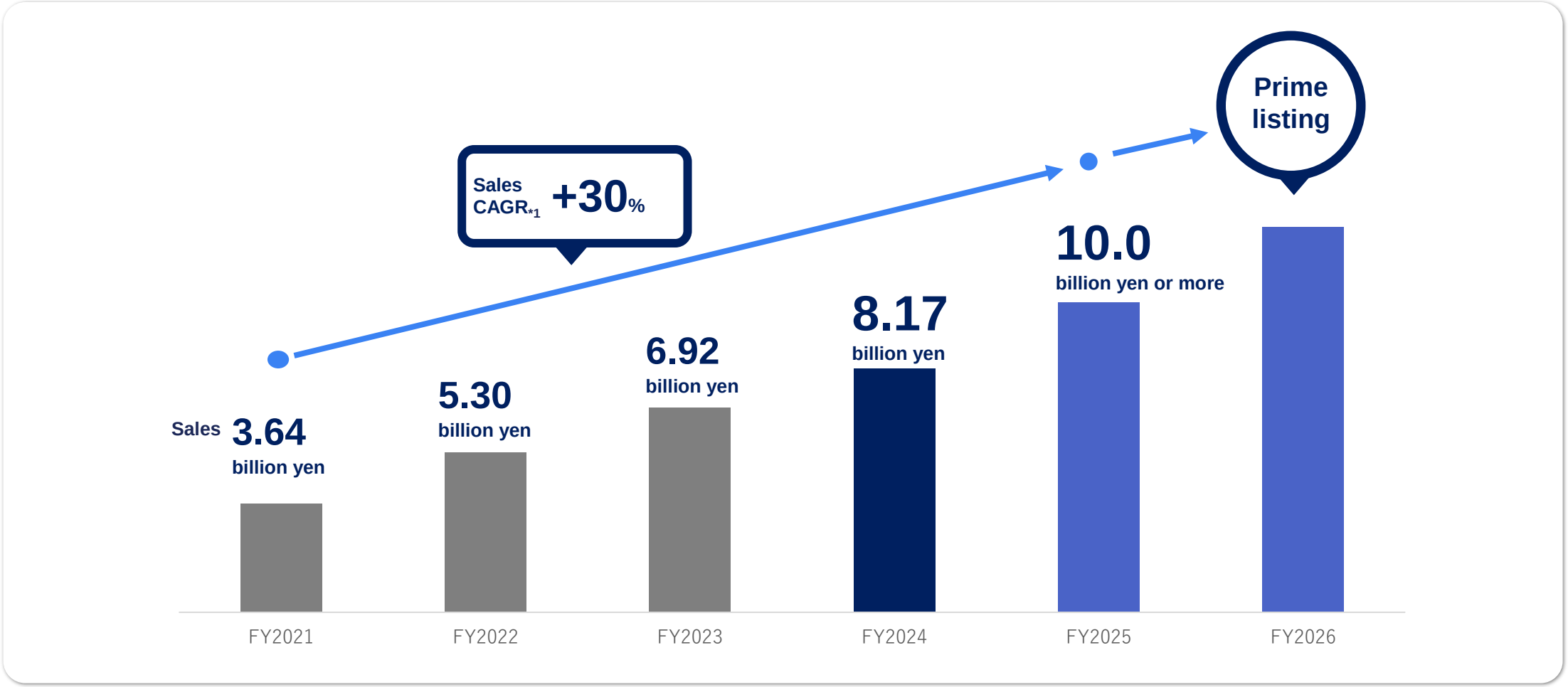
*1 Number of contract customers in the quarterly accounting period excluding resales and quarterly sales of 1 million yen or less . Resales are where the company resells purchased licenses to customers and are excluded because the amount at the company is small.
*2 excluding resales and quarterly sales of 1 million yen or less by the number of quarterly contract customers

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Growth Strategy

Medium to long-term growth plan aimed at Prime market listing

By promoting the growth strategies of “multi-cloud strengthening and development,” “investment in human resources,” and “investment in R&D,” we will continue growth. We will aim to achieve net sales of at least 10 billion yen in FY2025 and a listing on the Tokyo Stock Exchange Prime market in FY2026.

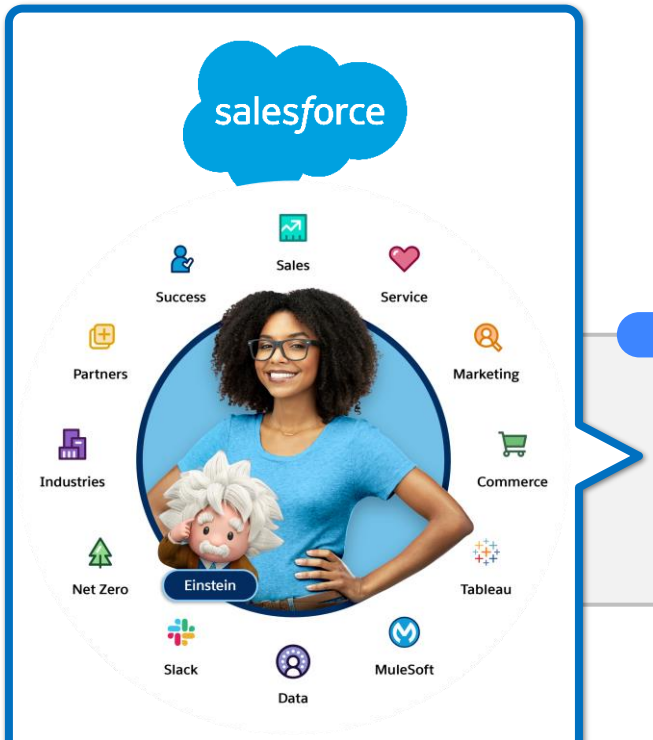


*1 Compound Annual Growth Rate from FY2021 to 2025 (forecast).

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Enhancing and Developing Multi-cloud Services

In addition to multi-cloud application development, we will promote cross-selling through platform collaborative development to increase ARPA among existing customers. Further, we will also expand business channels by developing cloud partners towards increasing the number of contracted customers.



Promoting cross-selling of multi-cloud application development by broadly covering Salesforce cloud services that connect 360 degrees centered on customers

ID integration platform

ID authentication

okta

Promoting cross-selling by integrating IDs for all digital services

Cross-selling of collaborative development

Cross-selling of application development

EC × AI × IoT Mobility × Community × Online video × Application A × ...

Cross-selling of collaborative development

Core system (ERP)
Other cloud systems

API coordination platform

API coordination

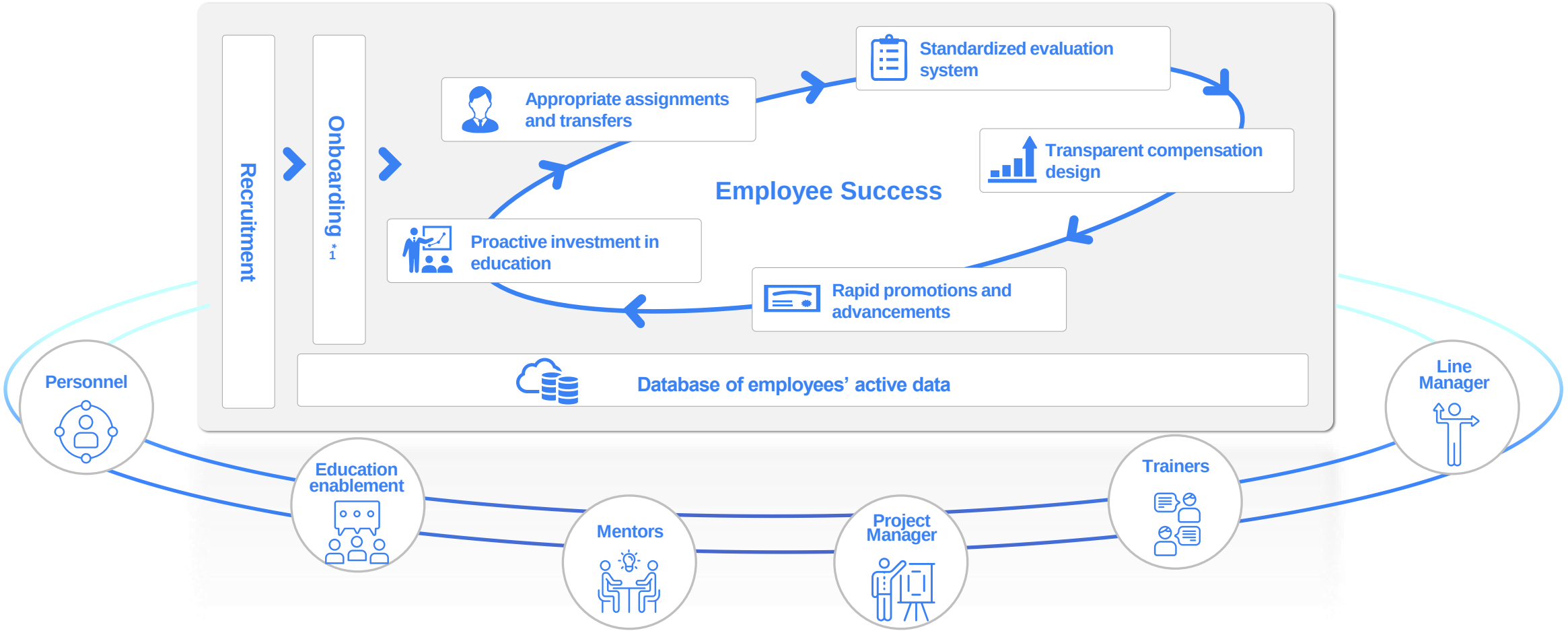
MuleSoft

Promoting cross-selling by linking all systems, regardless of whether they are in a cloud or on-premises, with coordination

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Mechanisms that maximize the effectiveness of human resource investments

We are building structures and systems that enhance the reproducibility of employee career advancement, leading to increased employee satisfaction and company growth. Supporters such as Human Resources, Education Enablement (Promotion), mentors, trainers, and managers provide multifaceted follow-up from recruitment to training and employees' daily work, maximizing the effectiveness of our investment in human resources.



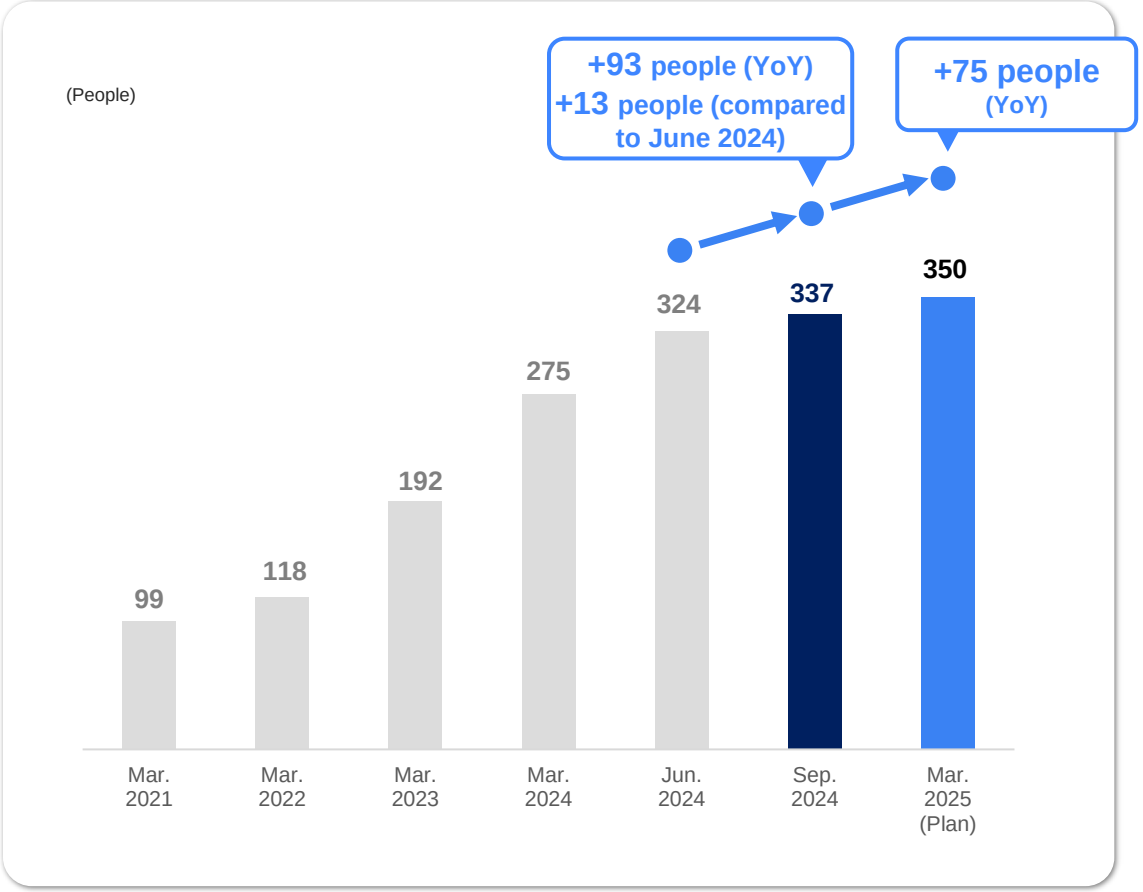
* 1 Onboarding means initiatives to help human resources new to the organization such as new employees and mid-career hires adapt to the workplace, prevent early job turnover, and promote their establishment and competitiveness.

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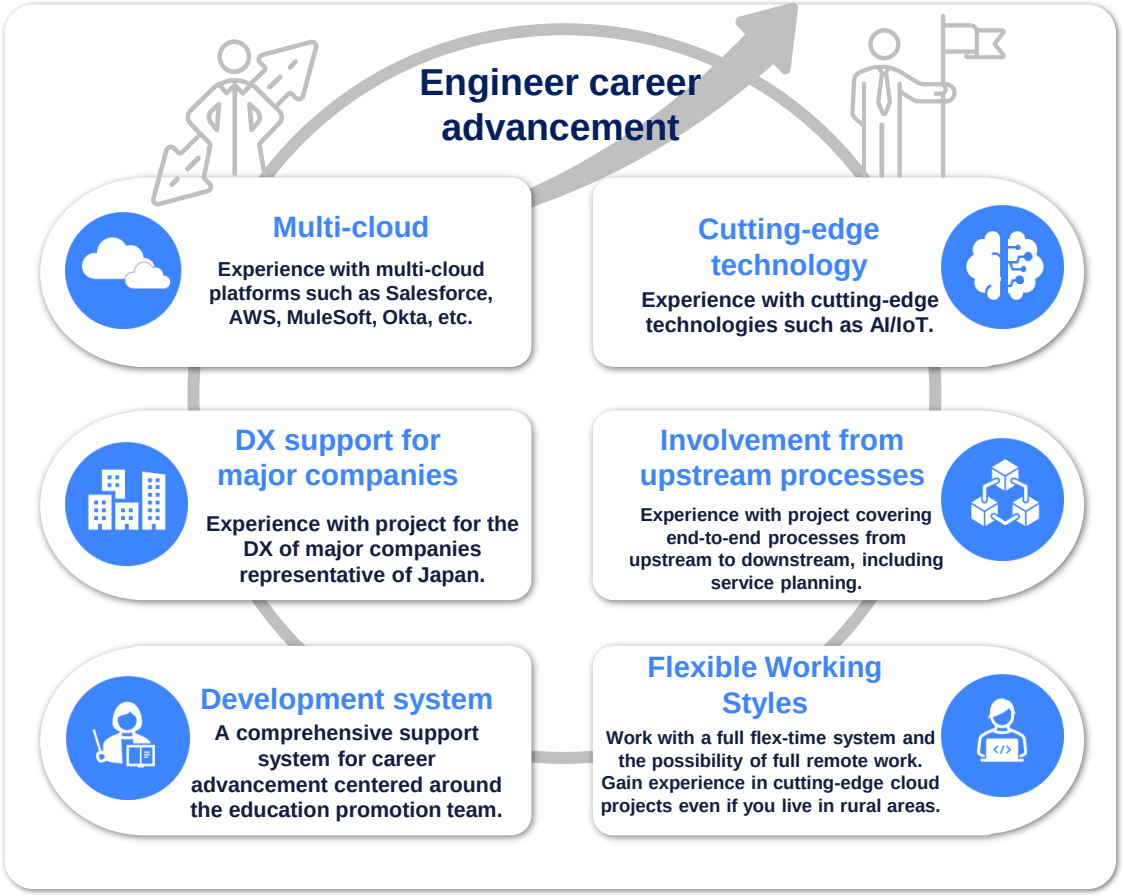
Organizational expansion centered on cloud engineers and other employees

The number of cloud engineers and other employees increased by 93 year-on-year, and by 13 compared with the end of June 2024 to 337 people. On a provisional offer-acceptance basis, we have already achieved the planned 350 employees for the fiscal year ending March 2025 (net increase of 75 employees). We will continue our recruitment efforts aiming for further growth.

Trend in the number of engineers and other employees*1



Recruitment competitiveness



*1 Professional human resources such as engineers and managers in Cloud Integration Services Division, excluding administrative personnel

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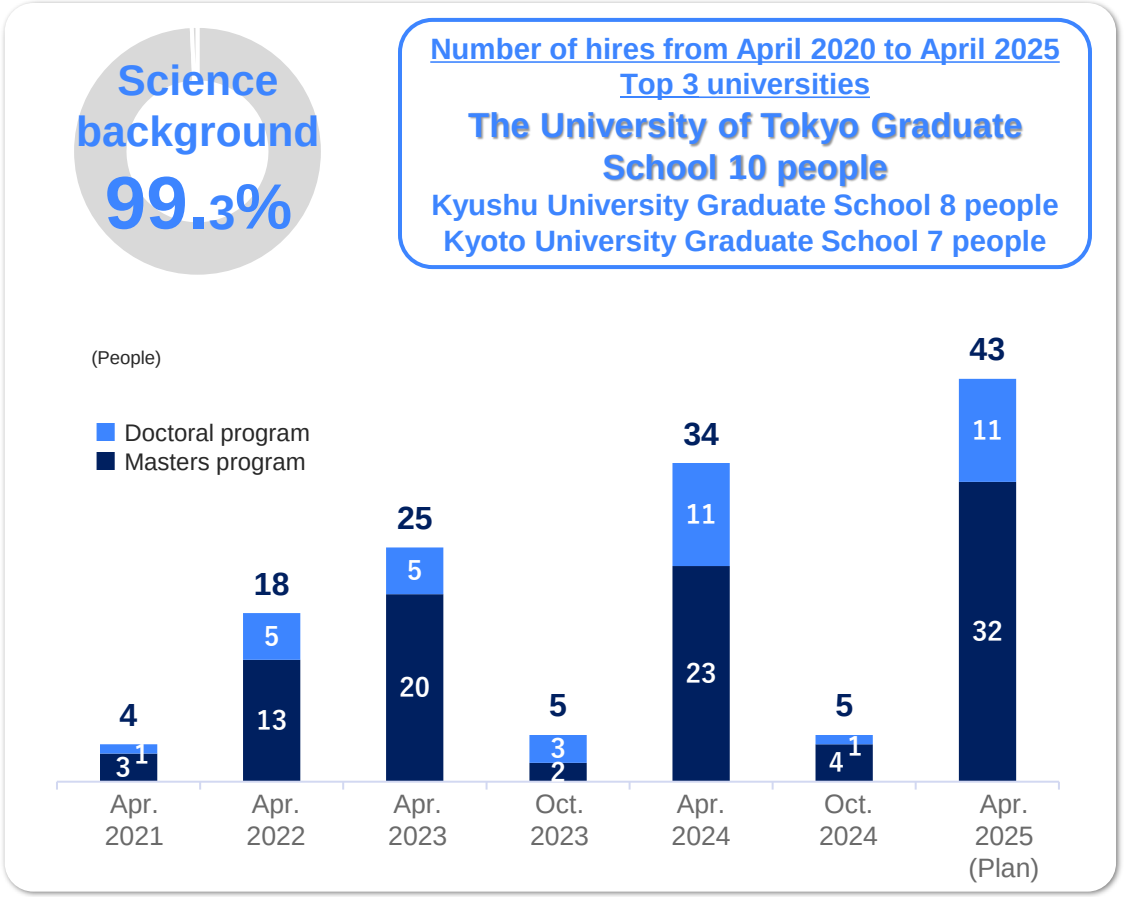
Strictly selected hiring of engineers based on high recruitment standards

We have established high hiring standards to identify human resources with strong basic computer skills. In hiring experienced engineers, the entry-to-join ratio is about 1 in 50 people so we select the best engineers strictly. In addition, we will hire 5 new graduates in October 2024 and 43 science post-graduate engineers in April 2025.

Trend in hiring of experienced personnel (mid-career recruitments)



Trend in new graduate recruitment (engineers)



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Promotion of systems fostering Multi-disciplinary expertise and human resource development

With a team dedicated to education enablement (promotion) as a focal point, we constantly promote employee education and systemic improvement activities.

Mid-Career hiring

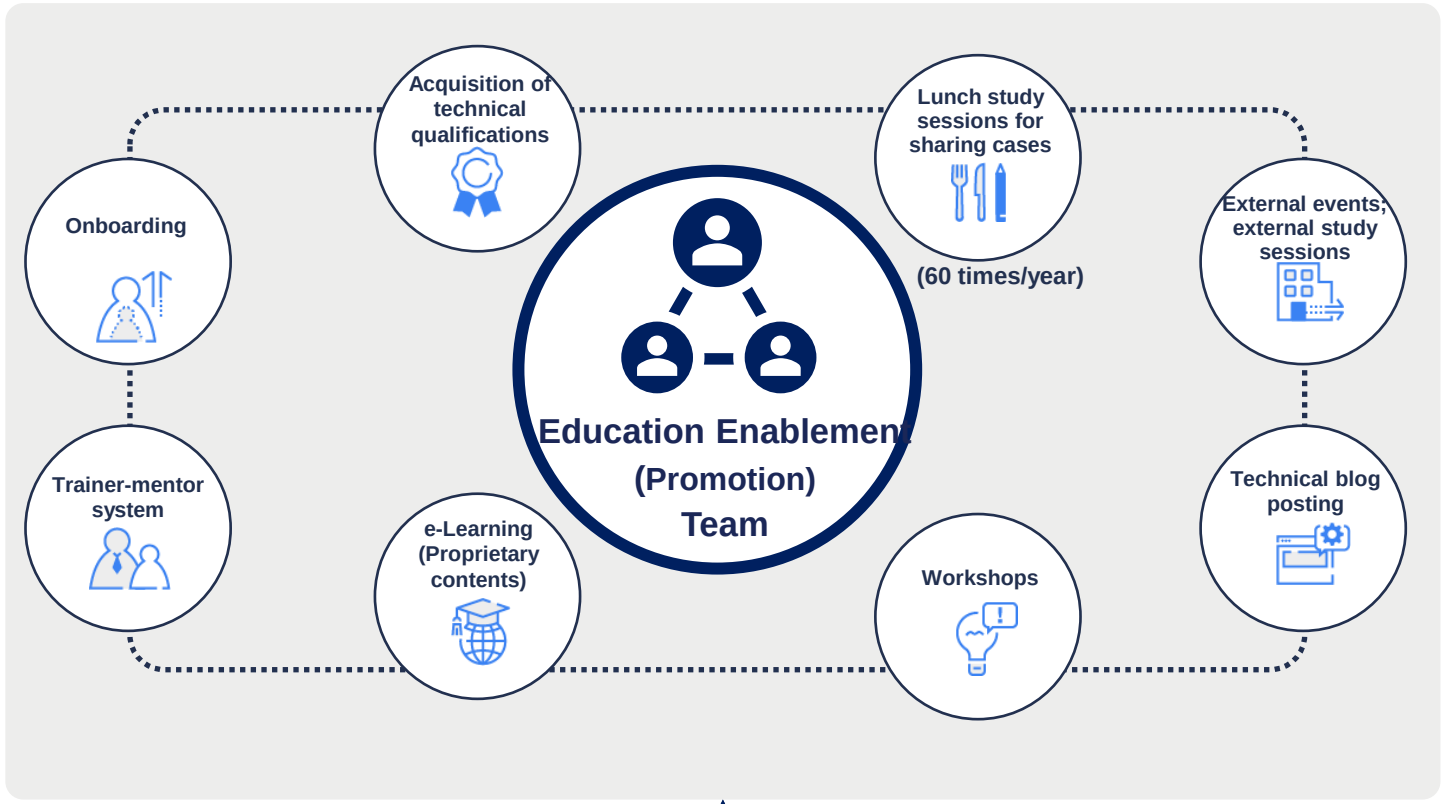
Joining

Ratio of new mid-career recruits having no job experience in cloud business
80%

Education

Actual work

One month
from joining the company to project assignment



New graduate hiring

Joining

Join the company in April or October
Percentage of Masters and PhDs 90%

Education

After joining the company,
3 months
to on-site assignment

Official assignment

6 months
to completion of OJT on site

Practice

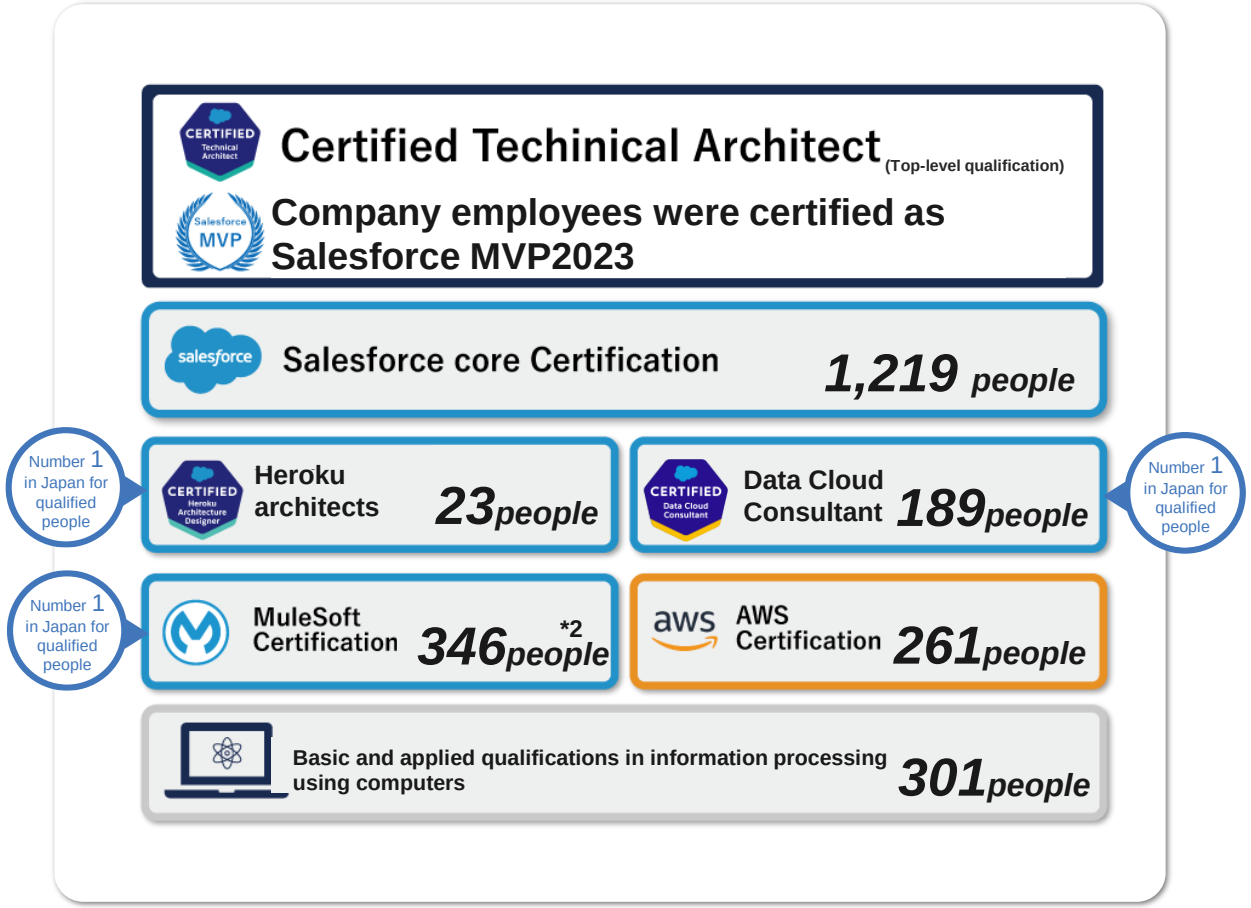
Continuous improvement through feedback cycles

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Promotion of acquisition of multi-cloud qualifications

We are promoting the acquisition of multi-cloud qualifications. We have a much higher number of qualified employees than other companies in MuleSoft and Salesforce Data Cloud, our focus areas.

Promotion of acquisition of multi-cloud qualifications*1



Ranking of qualified personnel in focus areas

As of October 1, 2024

MuleSoft Developer Ⅰ

1. Flect	202 people
2. Fujitsu	48 people
3. NTT DATA	44 people

MuleSoft Developer Level Ⅱ

1. Flect	54 people
2. Accenture	3 people
3. IT FORCE	1 person

MuleSoft Platform Architect

1. Flect	46 people
2. Fujitsu	16 people
3. Accenture	11 people

MuleSoft Integration Architect

1. Flect	43 people
2. Fujitsu	14 people
3. Accenture	10 people

Salesforce Data Cloud Consultant

1. Flect	189 people
2. TerraSky	136 people
3. circlace	73 people

Heroku Architect

1. Flect	23 people
2. Accenture	12 people
3. Sharing Innovations	5 people

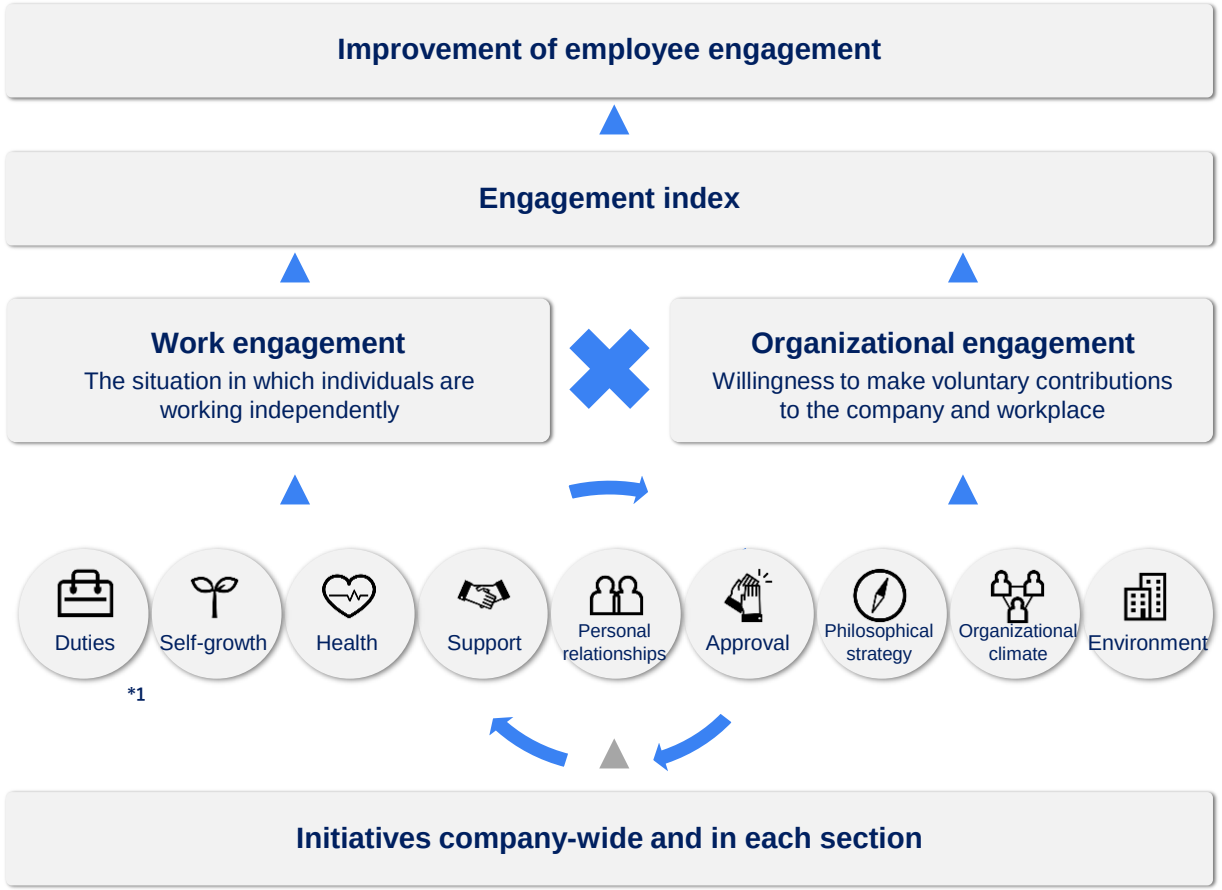
*1 As of October 1, 2024
*2 Total number of people with 5 qualifications as a MuleSoft Developer Ⅰ, Senior MuleSoft Developer Ⅱ, MuleSoft Platform Architect, MuleSoft Integration Architect and MuleSoft Associate

Source: Salesforce Japan https://tandc.salesforce.com/certificate-holder

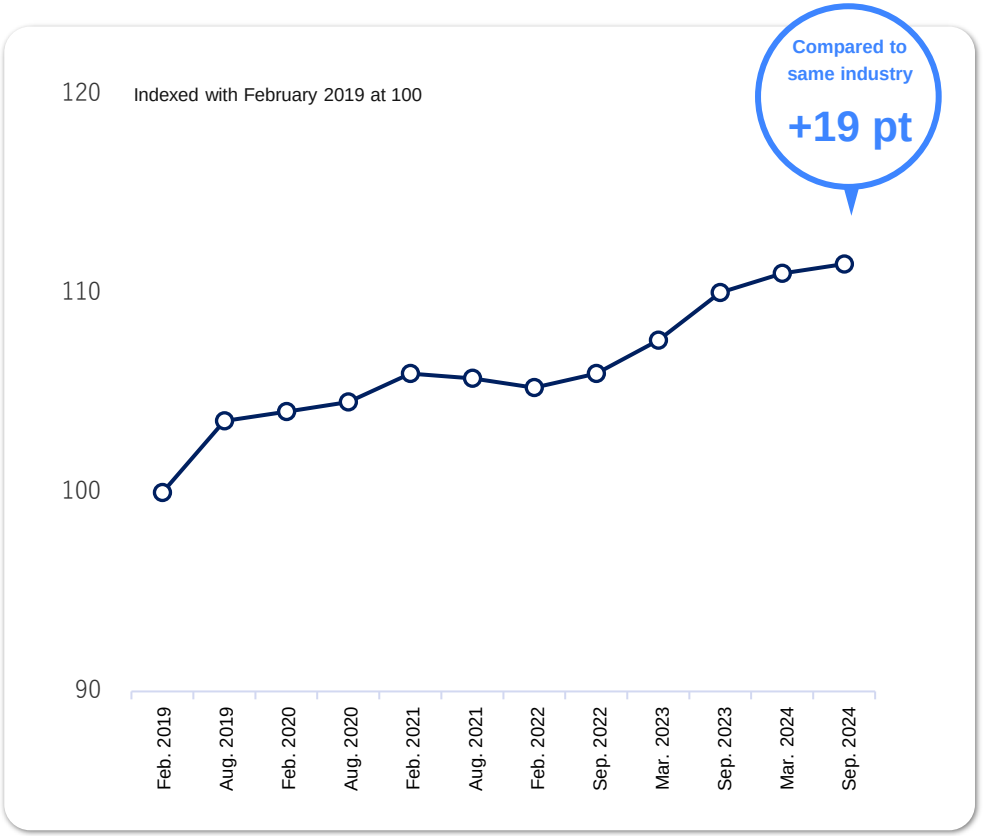
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Follow-up mechanisms that increase employee engagement

We have established an operational system that regularly aggregates employee engagement scores, monitors them by department, and swiftly implements measures based on identified issues. We also accept feedback from employees and conduct individual follow-ups.By flexibly and proactively implementing initiatives in response to changes in employee conditions and external environments, our engagement scores have continued to rise since measurements began.



Engagement score*2



*1 Described based on Atrae Inc.'s Wevox engagement savey items
*2 Indexed with January 2019 at 100 for the 1-year moving average of Wevox engagement score. Looking at Cloud Integration Services

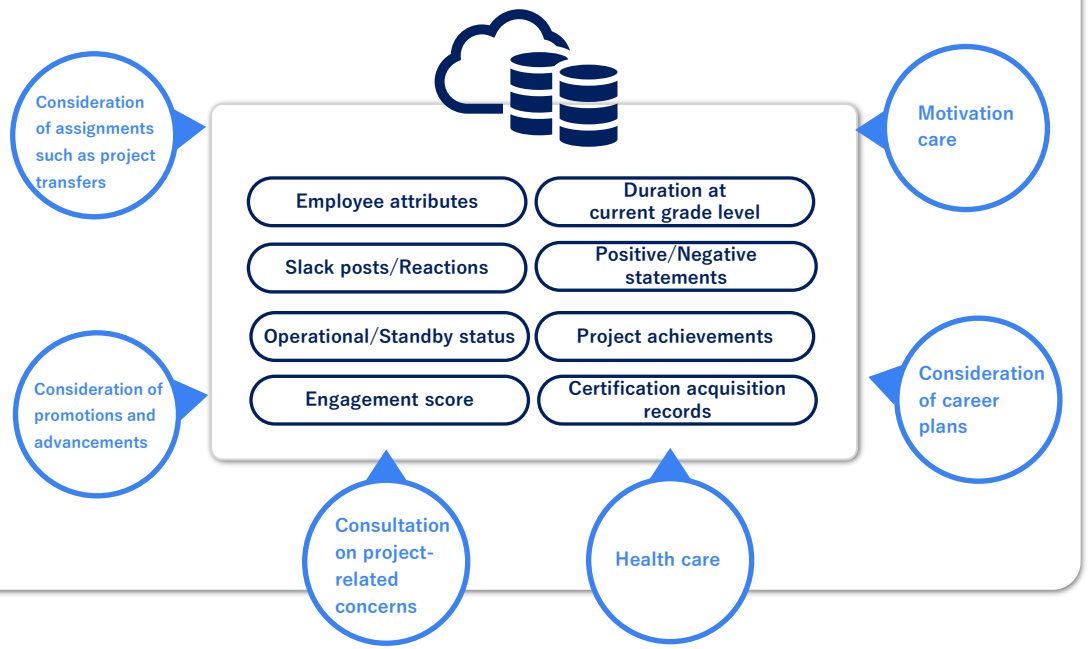
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Utilize of the data collection infrastructure for employee attributes and activity data.

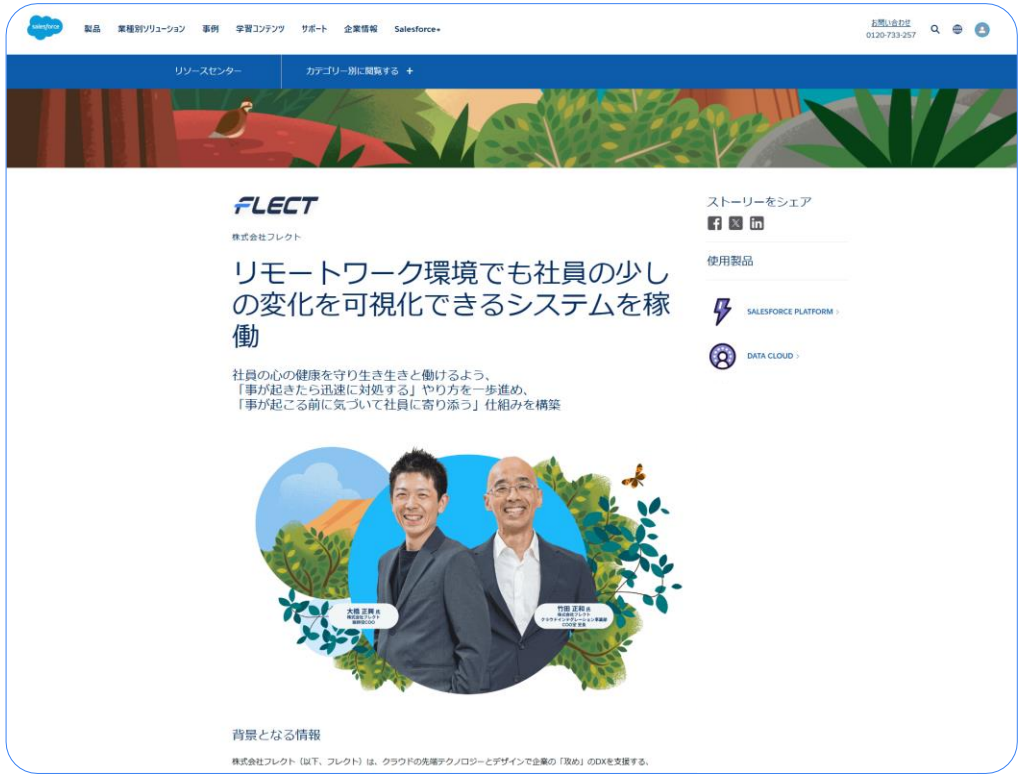
We utilize employee data as a basis for decision-making in career plan design and work assignments. Additionally, by understanding employee conditions in remote work environments and using this information for follow-up, we achieve early care. These data infrastructure and visualization systems have been introduced as advanced case studies by Salesforce.

Integrate employee data, appropriate and swift follow-ups.

- **We integrate all data related to employees and conduct monitoring.**
- **By visualizing even subtle changes for each employee, we operate a system that automatically notifies managers about employees who require follow-up.**



Published on Salesforce's case study page



https://www.salesforce.com/jp/resources/customer-stories/flect/

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Excellent engineers with diverse backgrounds are actively successful.

A diverse group of engineers, including new graduates, veterans from large companies, and full remote workers are actively successful.

Hiring of experienced personnel (mid-career hiring)



May 19, 2023

From a major company to Flect. New challenges that even veterans can start on

https://www.talent-book.jp/flect/stories/52029

Career

Major telecommunications company
Think tank SIer

I joined the company after working for a major company. I use my extensive experience in upstream processes, to lead cloud integration projects as a PM.



August 10, 2023

Consistently motivated to learn and explore a wide range of technical fields - from front-end engineering to the cloud domain

https://www.talent-book.jp/flect/stories/52360

Career

Front engineer
No cloud experience

From no cloud experience to developing an e-commerce site for a major tire manufacturer using Salesforce. My work and personal life are in harmony due to full remote work and flexible hours.

New graduate hiring



January 15, 2024

Actively successful from the first year in a diverse environment - The Flect identity discussed by members who joined the company at the same time

https://www.talent-book.jp/flect/stories/53608

Major

Masters program in information engineering
Doctoral program in mathematics
Masters program in life sciences

Even in the first year after joining, you can play an active role with discretion as an engineer. I was also selected as a project manager in my first year.



August 25, 2023

It is interesting because there is no goal or correct answer. Shaping the ideal future from a thoroughly customer perspective

https://www.talent-book.jp/flect/stories/52489

Major

Masters program in information engineering

I was selected as a project leader in my first year with the company. I was also involved in upstream processes such as the definition of requirements and moved to the forefront of cloud integration.

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Social implementation of cutting-edge technologies through R&D

Aiming to solve corporate, industrial, and social issues with cutting-edge technology, we conduct R&D on cutting-edge technologies that are not yet in widespread use and areas that could attract attention in the future. As specific areas of research, we are promoting research on work automation and optimization through AI, real-time voice changers based on AI, etc.

Work automation and optimization through AI

We are conducting research to automate or save labor in planning and decision-making work that has always been performed by people by using OR (Operations Research)*1 technology.

Results of use / image

- **Automation of vehicle test schedule preparation with a major automobile manufacturer**
- **Optimization of transportation and delivery plans by vehicle and freighter**
- **Automation of the preparation of project assignment proposals**



Real-time voice changers based on AI

We are conducting R&D to convert the human voice, which is increasingly in need of privacy protection as biometric information, into another voice in real time using AI.

We are aiming to realize a superior voice experience for the listener at the same time as protecting privacy.

Image of use

- **Voice privacy protection (telephone handling at call centers)**
- **Security measures (answering on an intercom)**
- **Superior voice experience (digital signage avatars)**



We have made a partial release to the public as OSS (Open Source Software) and are currently highly acclaimed on GitHub with more than 15,000 Stars, proof of evaluation.

The company's technology has also been used in the real-time voice conversion technology for the voice of former Prime Minister Kishida, which was introduced at the "Dialogue with Next Generation Leaders on AI" held on May 9, 2023, at the Prime Minister's Official Residence.

*1 OR (Operations Research): Various approaches to support decision-making scientifically (mathematical optimization, data analysis, algorithms, etc.)

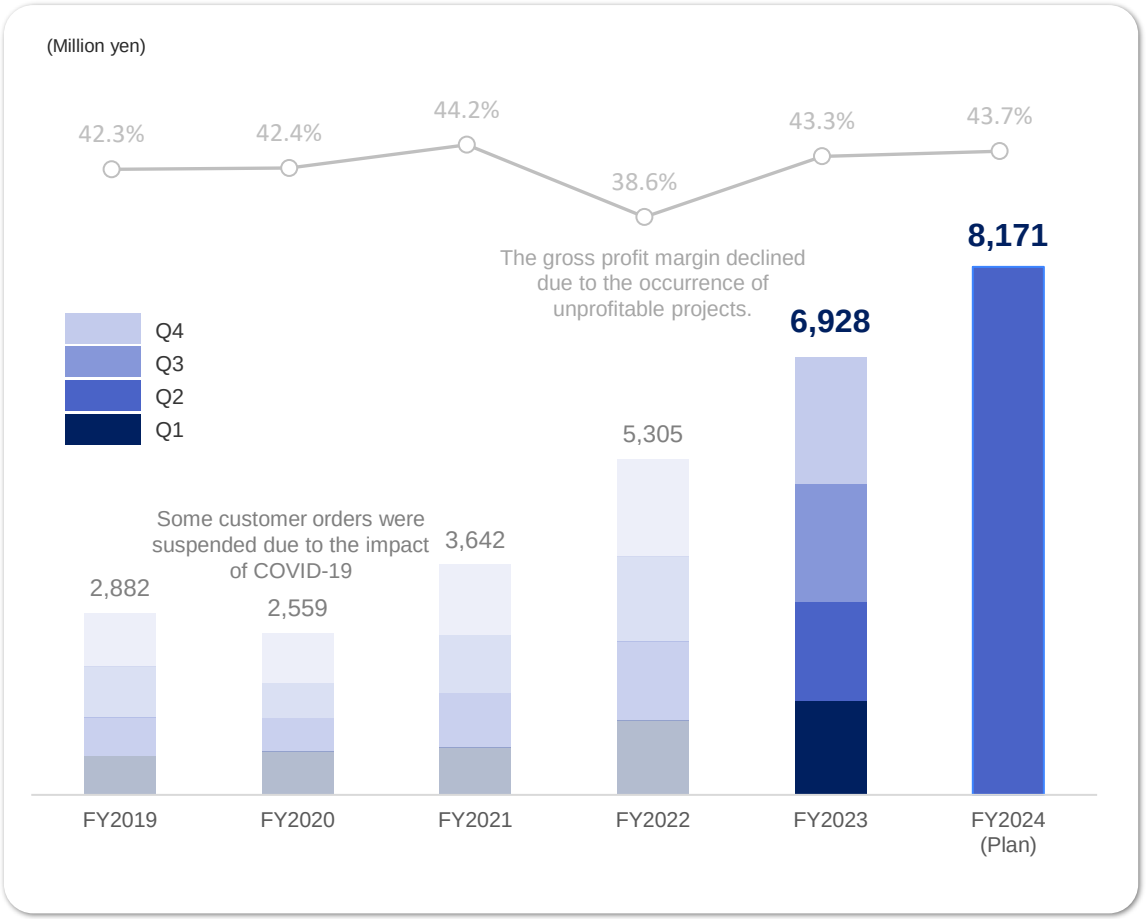
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Appendix

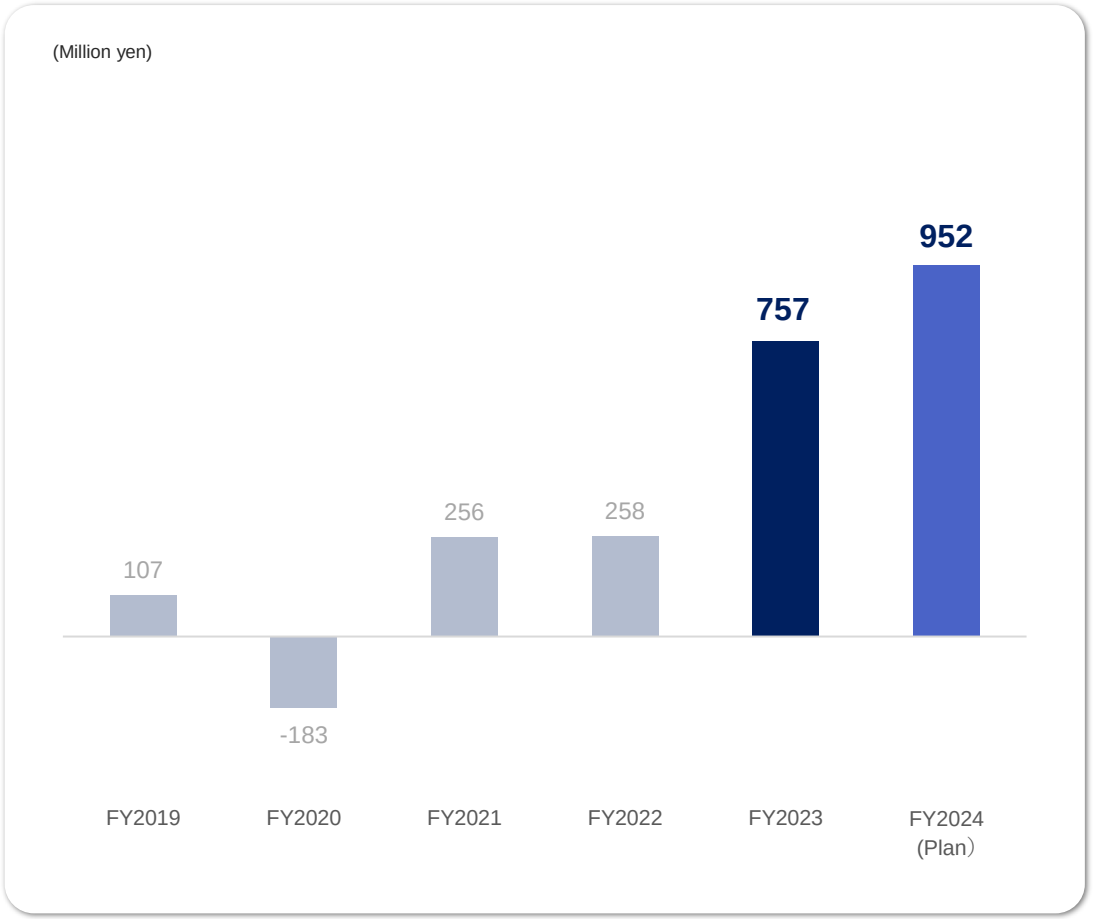
Results Trends

Against the backdrop of strong demand for DX support among major companies, sales for the fiscal year ended March 2024 were 6,928 million yen (up 30.6% year-on-year) and operating income was 757 million yen (up 193.5% year-on-year), record highs. We are planning record high results in the fiscal year ending March 2025 too, with sales of 8,171 million yen (up 17.9% year-on-year) and operating income of 952 million yen (up 25.7% year-on-year).

Sales / gross profit margin

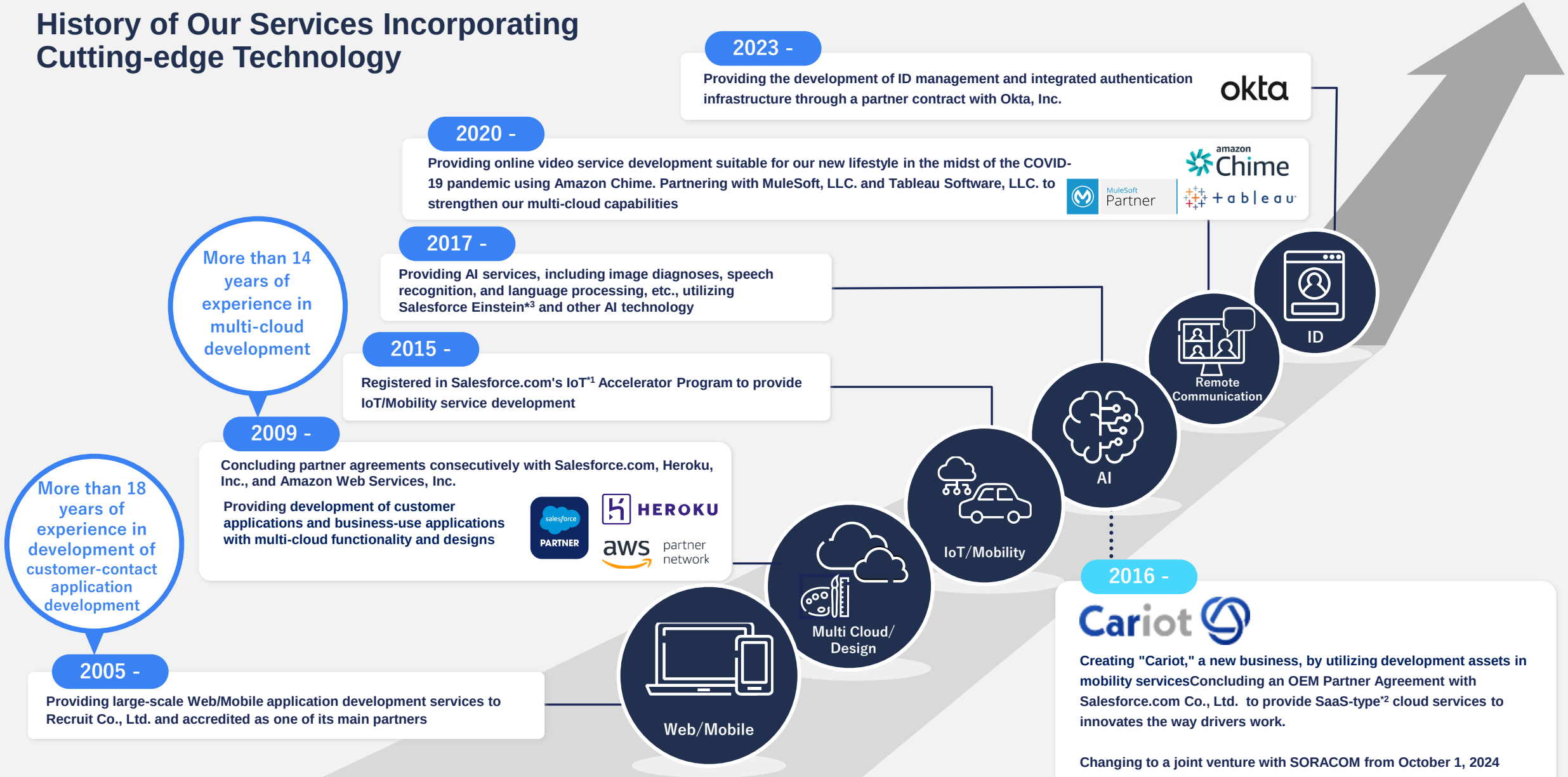


Operating income



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History of Our Services Incorporating Cutting-edge Technology



*1: IoT (Internet of Things): Physical things that can be operated via the Internet
*2: SaaS (Software as a Service): Service to provide applications that used to be provided as packages over the Internet
*3: Salesforce Einstein: Name of the AI (artificial intelligence) service provided by Salesforce.com, Inc.
*4: Salesforce.com Co., Ltd. changes company name to Salesforce Japan Co., Ltd. as of February 2022

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Our Domestically and Globally Acclaimed Advanced DX Achievements

Our DX achievements in domestic AI services are critically acclaimed, and received the Salesforce Global Innovation Award in 2019, the first of its kind in Japan. In addition, we are also certified as top domestic partners for Salesforce and MuleSoft.

May 2015 **“Special Award,” Salesforce Partner Award**
Awarded for the achievements in our highly acclaimed IoT projects

May 2018 **Salesforce "Innovation Partner of the year"**
Awarded for our achievements in the Einstein (AI) Project

November 2019 **Salesforce Partner Innovation Award**
First Japanese company awarded for achievements in our Einstein (AI) Project in Japan

May 2020 **Salesforce "Innovation Partner of the year"**
Awarded for our achievements in a multi-cloud development project

March 2022 **MuleSoft Japan “MuleSoft Japan Partner Enablement Award 2022”**
Awarded for our achievements in MuleSoft business

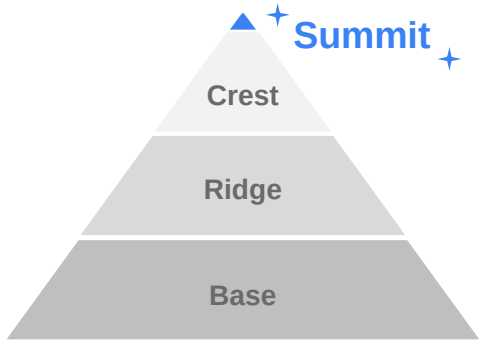
May 2023 **MuleSoft Japan “MuleSoft Japan Partner Enablement Award 2023”**
Awarded for our achievements in MuleSoft business

April 2024 **Salesforce Japan Partner Award 2024 “Japan Partner of the Year <MuleSoft>”**
Awarded in recognition of wide-ranging knowledge and high-level technical capabilities in MuleSoft



PARTNER INNOVATION AWARDS 2019 WINNER

salesforce PARTNER
Top partner rank 「Summit」 certification



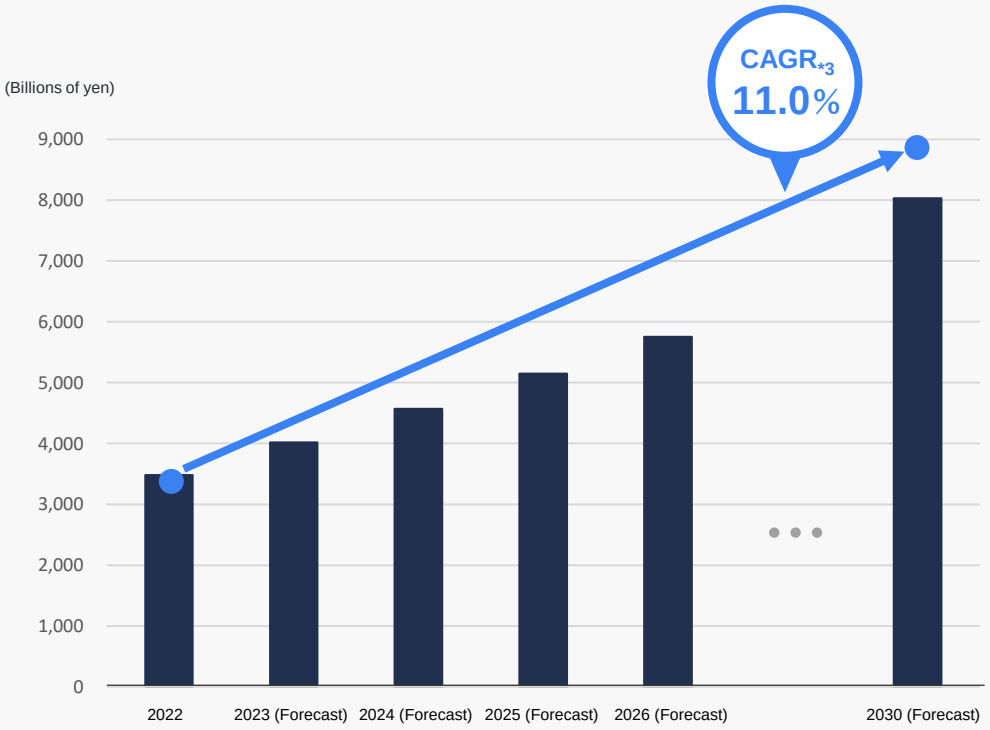
Top partner rank 「Expert」 certification

First certification in Japan

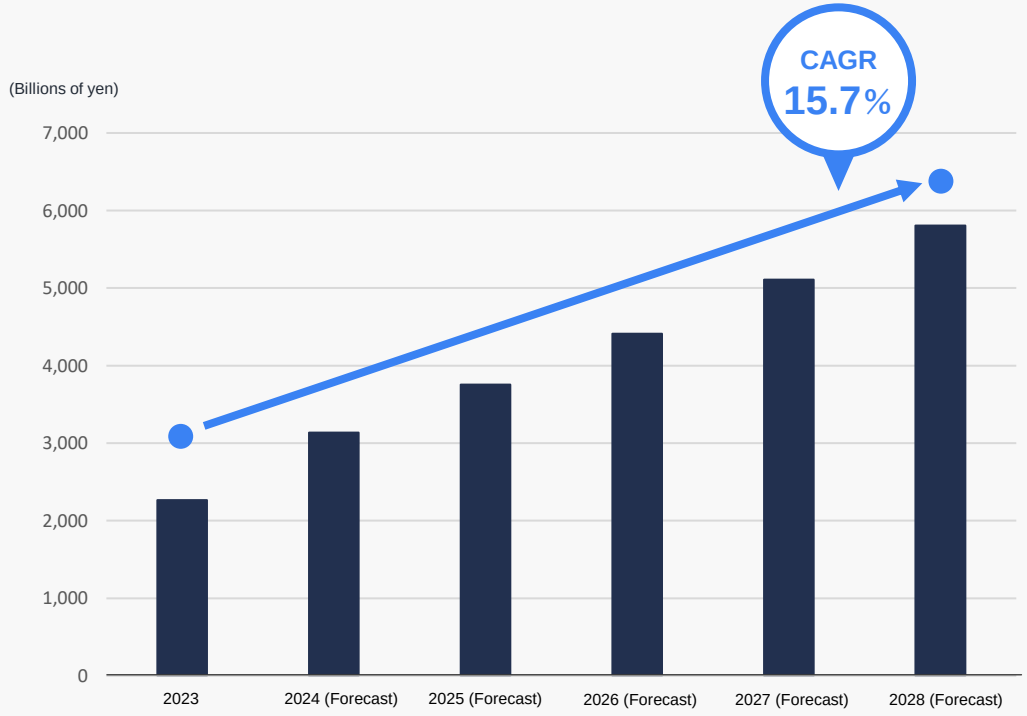
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Both DX and Cloud Markets in Japan Are Steadily Expanding

The domestic DX market is expanding at a CAGR of 11.0% from 2022 to 2030.*1



The domestic public cloud market is expanding at a CAGR of 15.7% from 2023 to 2028.*2



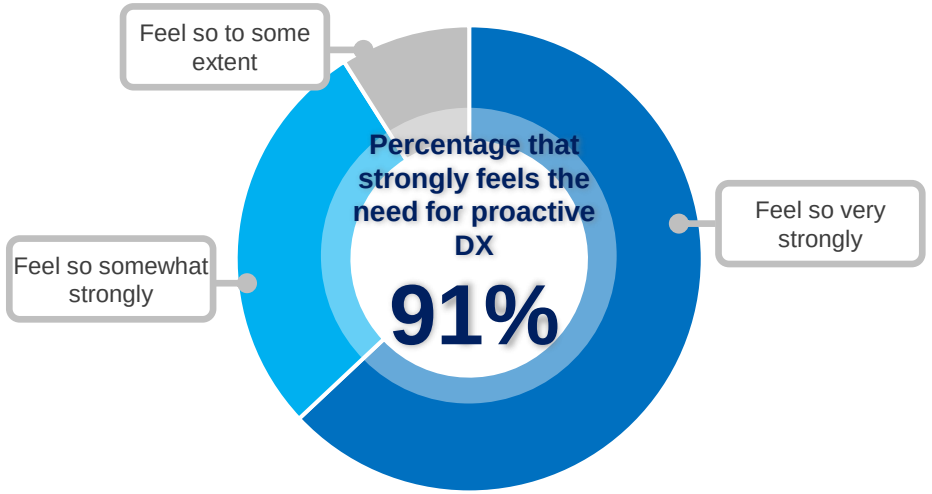
*1: Quoted from “2024 Future Prospects of the Digital Transformation Market,” Fuji Chimera Research Institute, Inc.
*2: Quoted from “Sales Prospects in the Domestic Public Cloud Service Market,” International Data Corporation Japan (IDC)
*3: CAGR (Compound Annual Growth Rate) is an annual geometric mean calculated from multiple-year growth rates.

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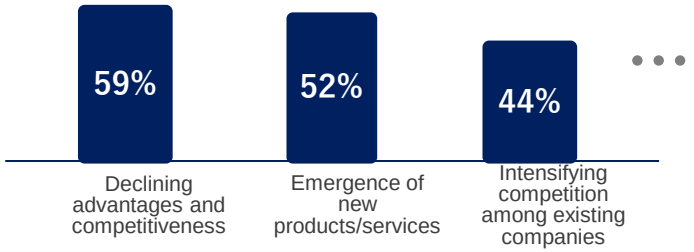
Current DX Status in Japan

About 90% of the companies have strong needs for “Proactive DX.”

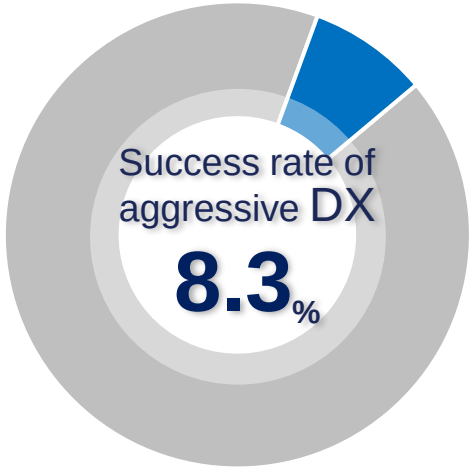
This is due to their concerns about the potential decline of their own advantage and competitiveness.*1



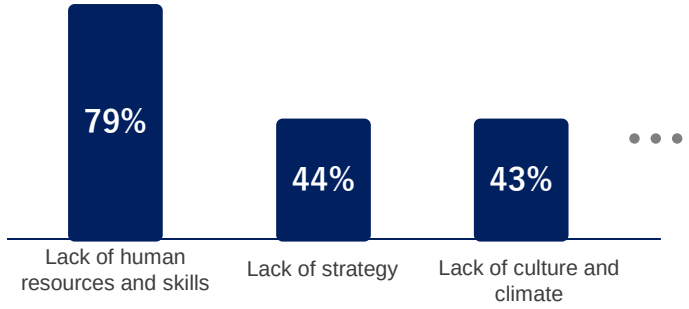
Challenges associated with concerns about the proliferation of digital technology



On the other hand, only 8.3% of companies have produced results with aggressive DX that creates new value for customers*2
Issues in the promotion of DX include people and organizations, such as “a lack of human resources and skills”*3



DXを進める際の課題

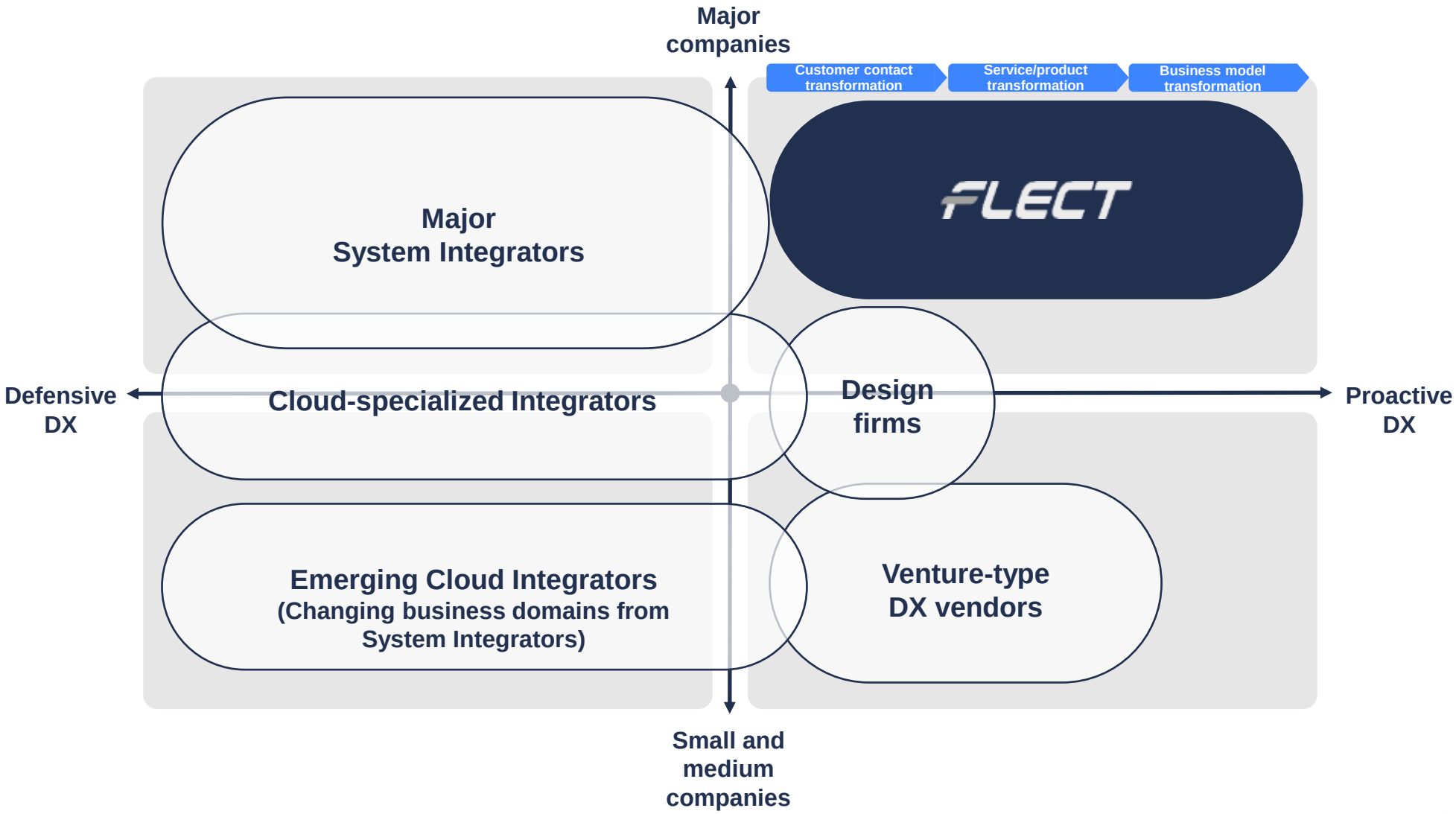


*1 Compiled proprietarily, based on “A Study on Functions and Roles of Human Resources Promoting Digital Transformation,” (May 17, 2019) Information-technology Promotion Agency, Japan (IPA) (https://www.ipa.go.jp/files/000073700.pdf)
*2 *3 Prepared at the company based on JUAS “Corporate IT Trends Survey Report 2024”

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Unique Positioning in the DX Engineering Business

With the “proactive DX targeted at major companies” as our primary business domain, we provide comprehensive support from innovating customer contact points to innovating business models.



* The above diagram, based on our views, shows the relevant main business domains.

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Case studies of of DX Support

KOMATSU

「SMART CONSTRUCTION Fleet」

We developed a dynamic management app for dump trucks.

ANA

Support for the introduction of the MuleSoft Anypoint Platform®

We are supporting the building of an API platform that uses MuleSoft to maximize the value of customer experience.

NTT docomo

An “online community,” a common backyard platform between DOCOMO, sales agents and docomo shops

We are realizing the greater efficiency of backyard operations using the Salesforce platform.

ブリヂストンリテールジャパン株式会社

Building of a visit reservation system

We are maximizing the improvement of customer experience and marketing effectiveness based on authentication infrastructure using Okta and multi-cloud development including various Salesforce products.

JGC 日揮グローバル株式会社

The “Corret” integrated communication platform

We used the Salesforce platform to manage communications with numerous stakeholders, including customers, efficiently.

NTTビジネスソリューションズ

Support for the introduction of the MuleSoft Anypoint Platform®

We supported the building of an API coordination platform based on MuleSoft for “elgana®,” a business chat service. This will realize the improvement of customer experience through service coordination.

美しい時代へ── 東急グループ
東急建設株式会社

The “Kenki Navi” IoT service for monitoring the operation of construction equipment

We realized the “visualization” of the operating rates, locations and CO_2 emissions of construction equipment with GPS and SIM functions and a cloud system.

Otsuka
大塚倉庫株式会社

The “Order.net” corporate EC platform

We realized the streamlining of ordering and order receipt work and customer satisfaction simultaneously.

経済産業省
Ministry of Economy, Trade and Industry

A staff information DB and attendance management system

We built a staff information DB and attendance management system using Salesforce.

２０２５年日本国際博覧会協会

The introduction of services and infrastructure for stakeholders and operation and maintenance

We improved visitor services by streamlining the work of expo personnel.

SOME THING

The “MARCRAY” Ground improvement quality assessment App

We realized the greater work efficiency of ground improvement work with imaging diagnosis using AI, which has eyes equivalent to an expert’s.

O-net

An online video call service for “at-home matchmaking” that can be used at home

We developed online video calling functions using AmazonChimeSDK. We realized an easy-to-use UI/UX for customers.

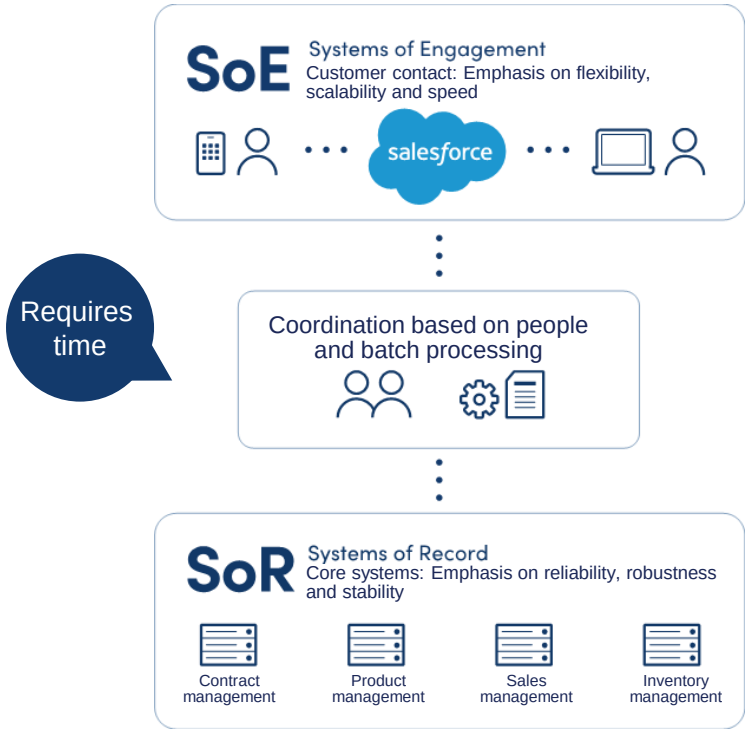
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MuleSoft API coordination platform

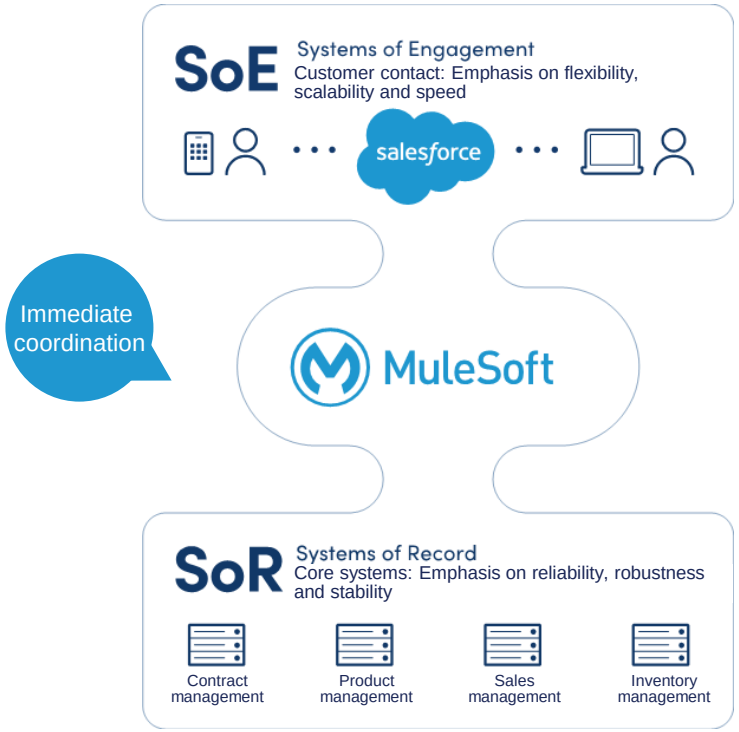
We use the platform provided by MuleSoft, LLC., a leading API coordination platform provider, to connect all system, whether in the cloud or on-premises, with API coordination. Linking disconnected systems realizes the improvement of customer experience.

MuleSoft API coordination platform

The customer experience is impaired as systems are disconnected



The customer experience is improved as all systems are coordinated

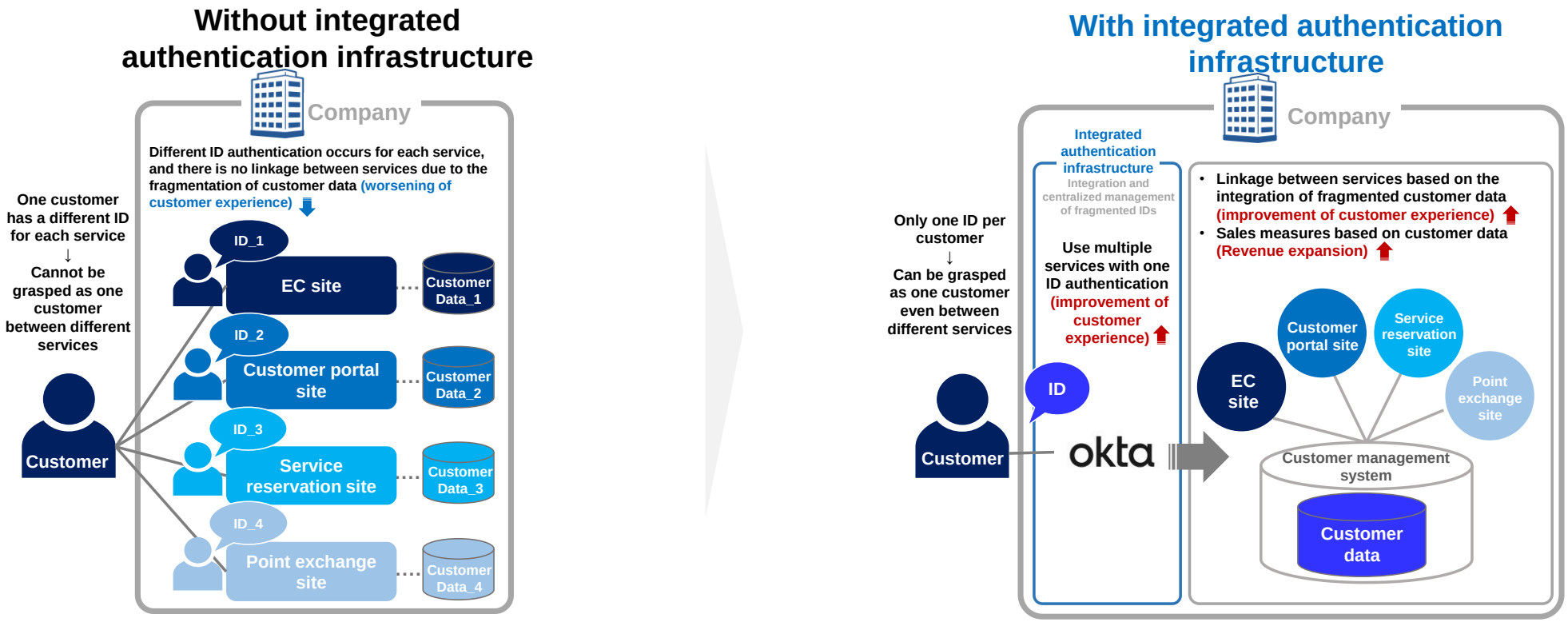


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Okta ID integration platform

We use the platform provided by Okta, Inc., a major identity management service provider to integrate identities across all digital services. Integrating disconnected customer data realizes the improvement of customer experience.

Okta ID integration platform



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Data integration platform Salesforce Data Cloud

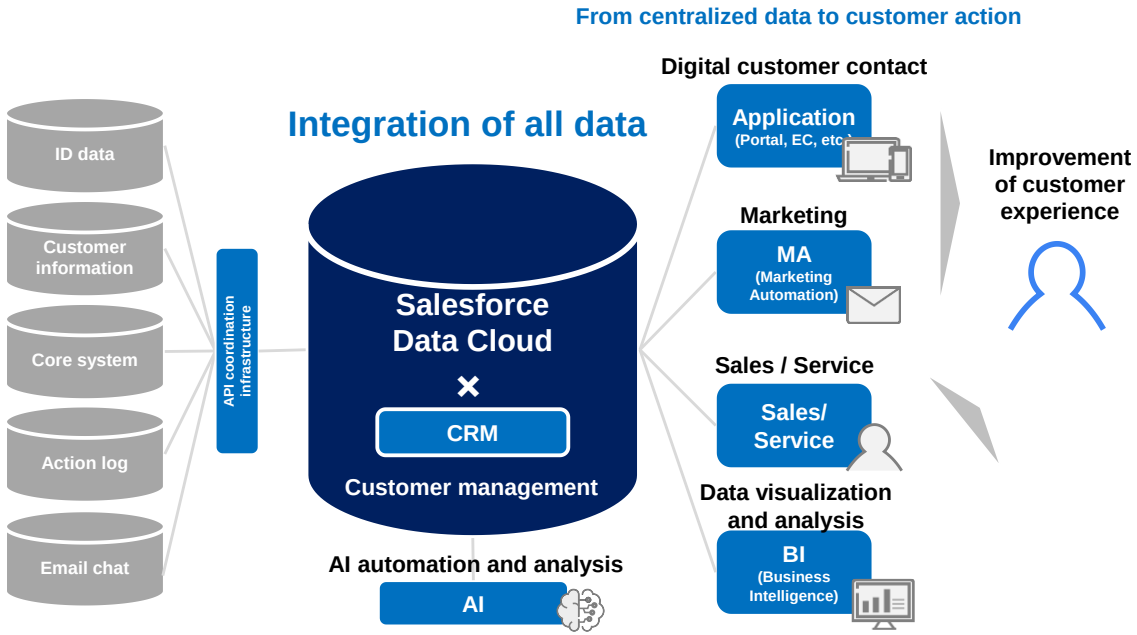
This is a platform that integrates all customer data as a Customer Data Platform (CDP). Integrating disconnected customer data realizes the improvement of customer experience.

Salesforce Data Cloud

Salesforce Data Cloud is a platform that integrates all data.

Synergistic effects with CRM, API integration and ID integration, Flect's strengths, are also large, enabling us to capture customer needs quickly and reliably.

By using AI, we will achieve customer support and marketing activities optimized for each customer.



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Sustainability Initiatives

In 2020, we joined the SDGs Public-Private Partnership Platform for Local Revitalization operated by the Cabinet Office, and have contributed to the SDGs through various initiatives

Society

Job satisfaction and job opportunities

- Provision of opportunities to improve skills and advance career with the theme of maximizing value of resume
- Provision of care for job satisfaction by monitoring the Employee Engagement Scores
- Recruitment of diverse human resources, such as local residents (full remote work), those with no cloud experience, foreign nationals, and elderly staff
- Short-time work and leave for childcare

Promotion of education

- Promotion of education by education enablement team
- Provision of a variety of educational opportunities, including the holding of internal and external technical study sessions, support for acquisition of qualifications, and in-house original e-learning

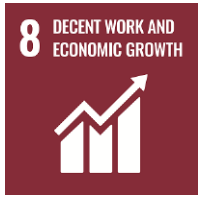
Technology innovation

- Research and development of advanced cloud technologies, social implementation of technological innovation through DX support for companies

Economic growth and productivity

- Improvement of productivity and creation of new customer experience value through DX support for companies
- Provision of diverse ways of working to maximize performance, including full remote work









Governance

Corporate governance

- Checks by a majority of outside directors
- Fair decision-making with a composition of directors with diverse knowledge

Compliance

- Establishment of a solid management foundation through compliance



Environment

CO_2 emissions

- Support for mobility service development, contribution to CO_2 emissions reduction t
- Contribution to reducing CO_2 emissions by eliminating physical servers

Conservation of natural resources

- Promotion of paperless operations with DX support



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Management Team



Founder/
Representative Director and CEO

Koji Kurokawa

Starting a company as a student and accumulating entrepreneurial experience in IT for 20 years

Based on his experience of founding a predecessor IT company, Mr. Kurokawa established FLECT Co., Ltd. in 2005. As Representative Director and CEO, he launched its cloud services and established the business bases and has steadfastly directed its course at the helm. With the mission of “Pursuit of Everyone’s Fulfilment of Life through the Internet,” he firmly intends to maximize the happiness all stakeholders of the Company can enjoy and values it can present.



Director and COO

Masaoki Ohashi

Selected one of the 99 people capable of changing the IoT in Japan

Mr. Ohashi joined Sony Ericsson Mobile Communications in 2004 and was first engaged in the development of smartphone middleware. He joined FLECT Co., Ltd. in 2007, and was appointed director in 2009. He then took charge of its cloud business, and successfully led it onto a path of growth. Since 2017, Mr. Ohashi has supervised overall company operations.



External Director, Audit and Supervisory Committee Member

Yosuke Tetsukawa

Representative Partner, Improve Tax Co.
Certified Public Accountant



External Director, Audit and Supervisory Committee Member

Akihito Fujiwara

Former Standing Audit and Supervisory Board Member, Recruit Holdings Co., Ltd.



External Director, Audit and Supervisory Committee Member

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