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ISiD Group's New Medium-Term Management Plan ISiD Open Innovation 2016 "Joint Value Creation" - Progress to the Future -

Information Services International-Dentsu, Ltd. (Headquarters: Minato-ku, Tokyo; President: Setsuo Kamai; "ISiD") has formulated the new ISiD Group medium-term management plan, ISiD Open Innovation 2016 "Joint Value Creation" - Progress to the Future -, a three-year plan launched in April 2014. An outline of the plan follows.

1. Summary of the Previous Medium-Term Management Plan

Under the previous medium-term management plan "ISiD Open Innovation 2013" ended March 2014, ISiD worked to expand earnings and enhance profitability based on the idea of "Joint Value Creation," aiming to help resolve the issues faced by customers and society by creating new value through collaboration with various partners. As a result, we successfully increased both revenue and earnings for three consecutive years, achieving record-high consolidated net income for the fiscal year ended March 2014, and establishing a new business foundation with prospects for future growth.

2. Assessment of the External Business Environment

Japanese society continues to face myriad issues, including population decline with a falling birthrate and aging society. It must also deal with energy and environmental problems, ensure safe communities, and realize an intelligent transport system. Further advancement in the utilization of IT is projected as one of the ways to help resolve these issues, as expressed in the national IT strategy "Declaration to Be the World's Most Advanced IT Nation" adopted by the Japanese Cabinet in June 2013. Corporate IT investment is also expected to increase as companies expand their business operations to emerging nations and other global markets, and they strengthen such business aspects as product development and marketing to enhance their competitiveness.

Cloud computing is also projected to grow and become increasingly prevalent, and amid the rapid advancement and evolution of sensors and mobile devices, to give rise to such technologies as the utilization of Big Data made possible with the realization of the "Internet of Things" (IoT) in which all devices are connected. We believe that the expectations for IT to resolve social and corporate issues will increasingly grow.

3. Positioning of the New Medium-Term Management Plan

The ISiD Group considers the new medium-term management plan as a stage for further development of "Joint Value Creation" for the future. We will actively implement the

solutions established through the previous management plan, work to develop new solutions, and pioneer a new future together with our customers and society.

4. Basic Policies

(1) Pursue Competitive Advantages

The ISID Group will concentrate the corporate group's management resources in competitive fields, and further differentiate its business.

■ Financial Solutions Segment

The ISID Group will strengthen solutions in such areas as global business expansion of major financial institutions, and compliance with regulatory systems. Further, we will support the realization of operational reforms for regional financial institutions, centered on the BANK•R 4s solution package for regional financial institutions developed during the period of the previous management plan.

■ Enterprise Solutions Segment

The ISID Group, to provide global support for production innovations in the manufacturing industry, will concentrate on developing and providing solutions, centered on the iQUAVIS conceptual design solution, to support model based development (MBD), an innovative manufacturing method increasingly being adopted in the automotive industry and other fields. We will also strengthen and provide solution packages for corporate core systems, such as the STRAVIS consolidated accounting solution and the POSITIVE human resources management solution.

■ Communications IT Segment

The ISID Group, in addition to supporting advancements in the core systems of the Dentsu Group, will further accelerate collaboration with Dentsu. IT solutions for such areas as public administrative services, corporate customer management operations, and O2O* marketing for communities and commercial facilities are a strength area for the ISID Group, and we will utilize our competitiveness as part of the Dentsu Group to provide solutions.

* O2O is an abbreviation for Online to Offline. It is a system for linking web content, SNS and other Internet-based activities and services (Online) to sales promotions and measures to attract customers to physical stores (Offline).

(2) Develop New Business Fields

To achieve future growth, the ISID Group plans to promote the ongoing creation of new businesses that combine leading-edge technologies and services, centered on the ISID Open Innovation Laboratory. Simultaneously, ISID aims to develop new business fields with a focus on breaking new ground in global markets and utilizing Big Data to cultivate new businesses.

■ Application of Leading-Edge Technologies—the ISID Open Innovation Laboratory

The ISID Group will further pursue the commercialization of cutting-edge technologies for community revitalization and development, and will work to develop new businesses around

such themes as sports and education. In addition, we will implement global open innovation, centered on our San Francisco facility.

■ **Developing Global Markets**

In addition to serving its existing Japanese customer base, the ISID Group will work to expand its business in non-Japanese customer markets. For China and the ASEAN region in particular, we plan to strengthen the Chinese-version of the BANK•R solution for financial institutions and the LAMP solution for leasing companies. We will work in cooperation with Dentsu offices to develop solutions in marketing-related fields. In addition, we will actively pursue alliances with local companies in order to further the development of new products, and to pioneer new markets.

■ **Utilize Big Data to Generate New Businesses**

To complement its current lineup of engineering solutions, such as advanced product development and fault prediction through experimental data analysis, the ISID Group will work in tandem with the Dentsu Group to support customer business innovation utilizing Big Data. In the marketing sector, this includes new business development utilizing broad-ranging and complex data. In the financial sector, it includes development support for new financial services in retail finance.

(3) Enhance Human Resources

As rapid changes sweep the business environment faced by the ISID Group and its customers, a key management task for the corporate group is the recruitment and development of a diverse range of people with broad outlooks and advanced skills. To further improve the quality of the services provided to customers, and to maximize the ideal of human resources as our key asset in our management philosophy, we will actively invest in human resource development.

5. Management Targets for FY2016 (ending March 2017)

ISID has set the following consolidated numerical targets for FY2016 (ending March 2017).

	FY2013 Actual	FY2016 Target	Average Growth Rate
Net sales	¥73.9 billion	¥85.0 billion	4.8%
Operating income	¥4.3 billion	¥6.0 billion	11.7%
Operating income margin	5.8%	7.1%	

Through the implementation of its medium-term management plan, the ISID Group will work to further differentiate its services and implement “Joint Value Creation.” ISID will also strive to contribute to the resolution of issues faced by its customers as well as society. In terms of earnings, we aim to achieve net sales exceeding ¥100 billion as early as possible after fiscal 2016.

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