Agenda

- Market Trend
- FY2011 Result
- FY2012 Action Plan
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Global Paradigm Shift (1) -On-demand from On-premises-

On-premises

CAPEX
- Software
- Hardware

OPEX
- Manage
- Operation
- Maintain

= Pay-Per-Use

On-demand

OPEX
Share of x86 Server Blade Market, Q4 CY2011

WorldWide

UCS #3 with 12.3%

US

UCS #2 with 19.1%

Source: IDC Worldwide Quarterly Server Tracker, Q4 2011, February 2012
Global Paradigm Shift (3)
-Bring-Your-Own-Device/Application-

One Schedule and One Desktop
Immediate Meeting with Anyone

Using Desktop

Browsing Mail & Schedule

Cloud

Virtual Desktop

Browser

Any-Device

Note PC  Thin Client  Tablet  Smartphone

Feature Phone

Anywhere

Office  Branches  Customer’s Office  Home, Cafe, Library

In Train, In Airport, In Car
Global Paradigm Shift (4) - Video and SNS -

Next Generation Virtual Workspace

To Realize Communication and Information Sharing, Anywhere, Anytime and without Device Choice

FUSION: Virtual Desktop and Unified Collaboration

【Video Example】
http://www.vmware.com/jp/cloud-computing/
Global Paradigm Shift (5) - Two Global Standard Models -

Global Unified Model

Single Vender

Core

Context

Vertical integration
Single vendor manages all system functions including his context business.

Global Unified Model

Optimized Model by Region

Ecosystem

Horizontal Integration
Various vendors manage all system functions by their each core business.
Japanese Market Outlook (1) - Software Market for Cloud Infrastructure -

Rapid Growth

Virtualization Software
CAGR 22.7%

Private Cloud Management Software
CAGR 42.7%

(Yen in billions)

Source: IDC Japan
Japanese Market Outlook (2)
-Mobile Market-

(Yen in billions)  (unit in millions)

**Xi-related CAPEX**

- Approx. ¥330 billion
- Approx. ¥550 billion

**Smartphone Shipments**

- CAGR 59.4%
- Dramatical Increase

Source: IDC Japan

Source: NTT docomo

(Xi : NTT docomo’s LTE Service)
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Growth of Revenue and Operating Profit Ratio

Revenue (Yen in millions)

- **Revenue**: +20.5%
- **Operating Profit**: +167.3%

Initial Outlook

(fiscal year) 2010 2011
Revenue Growth by Market Sector

(Yen in millions)

2010 | 2011
---|---
SP | +41.7%
EP | +10.5%
AP | -14.6%
NOP | +27.7%
Revenue Growth by Product Segment

(Yen in millions)

Network
CAGR 3.4%

Service
CAGR 4.3%

Platform
CAGR 19.4%
Improvement of Productivity in Service Biz.

(Yen in millions)

- Revenue: +8.2%
  - Decline "Outsourcing Cost/Revenue" 2.1 point
- Outsourcing Cost: +3.5%

(fiscal year)
Case Study(1) - Cloud Service Infrastructure -

SG SYSTEMS CO., LTD.
Logistics Cloud Service “Biz-BLUE”

TOPPAN SYSTEM SOLUTIONS CO., LTD.
Virtual Hosting Service “TOPICA VMDC Service”

HOKKAIDO GOVERNMENT BOARD OF EDUCATION
“Operation Support System for Hokkaido Public Schools”

Components

Virtualization Software

Server/Network

Storage

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Case Study(2)
-Large Scale Virtual Workspace-

Installation for 10,000 Users Initially, and Finalize Up To 70,000

Data Center: Physical Infrastructure

Office: Local Desktop and PBX

Data Center: Virtual Infrastructure

Office: Virtual Desktop and Collaboration Tools
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Execution & Experience
“Sustainable Growth” and “Improving of Customer Satisfaction”

Growth
(Top Line / Bottom Line)

- Improving of Customer Satisfaction
- Provide New Platform (Competition with Manufacturer)
- Improving of Employee Satisfaction

- Alliance
- Innovation of Biz. Model
- Resource Optimization
Differentiation from Manufacturer
-Making Multi Vendor’s Products into One System-

Net One Systems
Evolution of NetOne
-Explicit Different Strategies in Core and Context Biz.-

Core
- Improvement of Efficiency
- Aggressive Investment

Context
- Cost Reduction
- Outsourcing
Expand Network Biz. -Mobile-
Faster LTE / LTE Advanced

Opportunity for the Next Step NGN Biz.
Optical / 100GbE
Super Core

Prepare to Improve Network Operation System
Traffic Management
Network Management
L4-7
Data Center Network Biz.

Provide Next Generation Data Center

Interconnect
Network Virtualization
Ethernet Fabric
L2 Network Extension
Software Defined Network

No Awareness of CPU/Memory/Disk Location, such as "One Data Center"
• Virtual environment for verification will be built in July. (It will open for Customers.)
• Network configuration will be simulated for cloud interoperability.
• Operation toward resource standardization/automation for cloud will be simulate by preparing specialized system management portal.