

## **Presentation Material Regarding Sansan Business**

**Sansan, Inc.**  
**October 14, 2020**

This is Tomioka. Thank you for giving me the opportunity to explain the Sansan Business today.

In addition to a basic overview of the Sansan Business, I'd like to cover some topics that we usually don't discuss. I hope this opportunity would help further your understanding of this business.

## Self-introduction



### Kei Tomioka

**Sansan, Inc.**  
**Director, Sansan Division Head**

Kei began his career with Oracle Corporation Japan, and was based in Shanghai and Bangkok to take charge of market development across Greater China, Southeast Asia, and India. Since cofounding Sansan Inc. in 2007, Kei has headed up the B2B Sansan Division, and also currently leads the company's global expansion.

First, let me introduce myself. This is the second page.

Currently, I am Director and Sansan Division Head, and I am in charge of the Sansan Business.

We started Sansan back in 2007 with five members, including CEO Terada. I am one of the co-founders.

Originally, I worked for Oracle Corporation Japan, a computer software company headquartered in the US, after graduating from college. I started my career at Oracle Japan, and then took on tasks to support companies in adopting IT at the China and Southeast Asia offices.

What I felt through this experience was that everyone, whether in Japan, broader Asia, or the US, cherishes business connections. I've seen many instances where a business is unsuccessful due to not being able to manage and utilize those "connections."

"I want to solve issues related to connections between companies and business professionals." "I want to have an impact on the world"—This was the motive behind founding Sansan along with my colleagues.

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- 1 Sansan Business Overview**
- 2 Sansan Business Competitive Edge/Characteristics**
- 3 Growth Strategies**

These are the main topics for today. As shown on page three, I'll broadly go over three points.

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### **1 Sansan Business Overview**

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- The Unique Value of Business Cards
- User Benefits of “Sansan”
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- History of "Sansan" Service
- Business Performance
- Key Indicators

### **2 Sansan Business Competitive Edge/Characteristics**

### **3 Growth Strategies**

First is an overview of the Sansan Business.

**Business platform to transform business contact information into assets**



**Uncover your hidden network.  
Find opportunities. Make deals.**

The No.1 share in B2B cloud-based business card management service<sup>(1)</sup>, supporting the growth of the company by collectively managing business cards owned by the company



Dedicated tablet or scanner for reading business cards  
(Also readable via smartphone app)

**B2B cloud-based business card management service  
Business card digitization with 99.9% accuracy**

**Major features of “Sansan”**

- Business card management/sharing/search
- Company master information
- Person master profile
- Organizational tree
- Cooperation function with Teikoku Databank
- Distribution of personnel changes
- News feed
- Financial results analysis report
- E-mail delivery
- Customer management
- Contact management
- Sansan Data Hub
- Risk intelligence powered by Refinitiv
- Survey tool powered by CREATIVE SURVEY
- “Salesforce” opportunity integration
- “CloudSign” contract management
- API related business card
- E-mail magazine delivery
- Internal contact list
- Internal message
- Security control
- Other management functions

(1) Sales share of companies in the contact management services for corporations based on “Contact Management Service Market and SFA/CRM Businesses 2020” by Seed Planning, Inc. released in January 2020

Please see page five.

“Sansan” is a cloud-based application offered to businesses, centered on a business card management service.

As for the usage flow of the service, the user company must scan the cards that have been exchanged. This can be done easily by using a dedicated scanner or a smartphone app. By doing so, we can digitize the business card information with 99.9% accuracy, leveraging our proprietary technology and operations. Also, you can use all kinds of other functions linked with that business card information.

Various convenient tools can be used: management and search of digitized business card information; management of email distribution to business connections, along with sales leads with affiliated companies; checking new information linked with the company; and checking some information managed with a life tool.

Because it’s a cloud-based application, these functions can be used without restrictions on time or place.

“Sansan” is sometimes conceived as a service to digitize business cards, but it’s not just that. “Sansan” is “a business platform service that effectively utilizes the contact information that has been digitized.”

## The Unique Value of Business Cards

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- Business cards are **exchanged in any situation, regardless of industry or occupation**
- Business cards contain **accurate and valuable information** representing the holder, such as name, company or organization, job title, and contact information
- **Exchanging business cards itself is also a valuable** source of information; with whom, for what purpose, and when
- Highly linked and augmentable with various business management tools, business card information and customer information form **center (gateway) of ecosystem**
- Even today, business cards are still almost all paper, and there is **a lot of scope for increased efficiency** in future operations and management methods.

This is page six.

What's the importance of digitizing and utilizing business card information? Business cards have a very unique value to them.

First, many business professionals have business cards, and they use these cards in various situations, regardless of the industry. It's very rare to find a tool that's used alike in all industries.

Business cards also include information that accurately describes the person, including the name, company name, and title. I think it's not hard to imagine what value would be produced by accurately digitizing that information and utilizing it for business activities.

Not only that, but digitizing the business cards exchanged by each user means that inconspicuous information will be digitized at the same time, such as who exchanged the card and when the card was exchanged.

That contact history itself is highly valuable data.

I'm frequently asked if the same person's business card will be digitized more than once. Even if it's the same card, there is significance in employee A and employee B in the same company each digitizing the card.

Also, the accurate customer information derived from cards has a high affinity with various other business management tools. Therefore, even when using other business tools, users first digitize business card information with “Sansan.” In that sense, “Sansan” serves as an entry point of the business tool ecosystem.

Approximately 10 billion paper business cards are estimated to be used globally, and it is said that Japan alone accounts for roughly 3.8 billion. We believe this is a tool with significant room for adoption towards streamlining operations, including the need driven by transformation of activities spurred by COVID-19.

**User Benefits of “Sansan”**

**In response to corporate issues, providing a range of installation benefits to achieve  
“Uncover your hidden network. Find opportunities. Make deals.”**

<p><b>Improving employee productivity</b></p>	<ul style="list-style-type: none"> <li>• Digitizes business card data automatically with 99.9% accuracy</li> <li>• Shortening management/search time for business cards</li> </ul>	<p><b>Improving productivity of existing operations</b></p>	<ul style="list-style-type: none"> <li>• Consolidates various existing operations on "Sansan" platform</li> <li>• Cooperation with external tools</li> </ul>
<p><b>Strengthening sales activities</b></p>	<ul style="list-style-type: none"> <li>• Creating new business opportunities by in-house sharing of business card information</li> <li>• Recording/sharing of contact information</li> </ul>	<p><b>Strengthening compliance</b></p>	<ul style="list-style-type: none"> <li>• Minimization of management risk by automating anti-social forces check option</li> <li>• Centralized management of customer information</li> </ul>
<p><b>Accelerating marketing activities</b></p>	<ul style="list-style-type: none"> <li>• Organization/integration/enrichment of data by means of name aggregation technology</li> <li>• Effective use with external tools</li> </ul>	<p><b>Activation of internal cooperation</b></p>	<ul style="list-style-type: none"> <li>• Internal contact list/message</li> <li>• Visual representation of colleagues' areas of expertise based on analysis of business cards held</li> </ul>

Next, I will explain what kind of companies use “Sansan” and for what purpose. Please see page seven.

The value that “Sansan” provides to customers is the transformation of work style through business card management. Based on this customer value, “Sansan” is implemented at companies for various reasons according to each of their issues and purpose.

A typical example is an improvement in employee productivity. According to a survey that we conducted previously, the amount of time spent by a businessperson in checking or organizing business cards, i.e. for businesspersons who exchange at least 15 business cards a month, was over three hours a month. Converting that to an annual figure, it would mean that about 40 hours are spent per person, and on a company-wide basis, a huge amount of inefficient time is spent on such tasks. By introducing our service, this time spent can be reduced significantly, thereby improving the productivity of each employee.

Next, another reason “Sansan” is used is to strengthen sales by visualizing connections and sharing information. The basic design of “Sansan” is to share the business card data possessed by individuals across the entire company. This means that business connections are visualized as assets, and they are utilized as a company.

For example, this may make it possible to cultivate new customers that the sales team could not access in the past. I will omit the details. There are various other benefits of implementing “Sansan” other than what is described in the material.

**Service Plans for “Sansan”**

**Providing a fee plan as a basic plan assuming use by all employees within a company**

	A. Basic company-wide use plan	B. Previous plan (ID subscription)	Timing of payment
1 Initial cost (Initial costs)	<b>A) 12 months' license cost</b> Cost for digitizing existing business cards	<b>B) Cost according to number of contract IDs</b> Data conversion costs for business cards already held (there is an upper limit placed on the number of business cards)	At the start of the contract
2 Customer Success Plan (Initial costs)	<b>A, B) Offer introduction support plans with individual quotation</b> Costs for implementation and operational support of “Sansan” services		At the start of the contract
3 Scanner (Running costs)	<b>A, B) Monthly ¥10,000 per scanner</b> Rent scanners and tablets to customers, whose number responds to the number of their office floors, and/or the number of branches		At the start or renewal of the contract
4 License cost (Running costs)	<b>A) Determined according to the monthly number of exchanged business cards (annual subscription)</b> Tens of thousands to millions of yen per subscription	<b>B) Setting according to number of contract IDs (annual subscription)</b> Fixed billing for each ID (there is an upper limit placed on the number of business cards converted into data)	At the start or renewal of the contract

Next, on page eight, I will explain about the pricing, especially the monthly licensing fee.

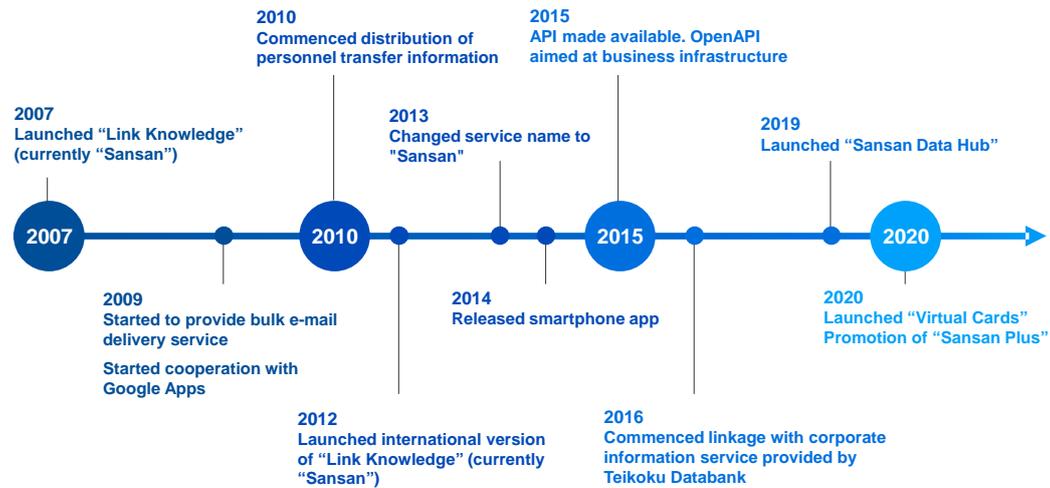
Currently, we provide a basic plan, whereby all employees in a company can use “Sansan,” and this is Plan A described in the material.

Although our company issues a user ID according to the number of employees at companies, these IDs are not billed individually. The monthly fee of a company is determined based on the number of business cards that are digitized. However, this does not mean that the monthly fee changes depending on how many cards were digitized in a month. Rather, it is determined at the time of the contract based on an estimate of the annual number of cards, so there will not be short-term fluctuations in revenue. This basic plan was introduced several years ago, and it accounts for roughly 40% of total subscriptions.

I will next explain the plan that account for the remaining 60% of sales. This is Plan B shown in the material. This is a plan that is not billed according to the number of digitized cards, but rather, based on the number of users, or subscription IDs, at each company. Whereas the basic plan explained earlier is used by all employees within a company, this is a plan according to the number of IDs for a targeted group of users within a company, such as several dozen people in the sales and marketing teams.

Both of these plans are annual subscriptions.

## History of "Sansan" Service



I'll next go over the history behind how "Sansan" arrived at its current service contents. A simple illustration can be found on page nine.

We launched the Sansan service in 2007, at the same time as the Company's founding. Back then, it wasn't customary for companies to organizationally manage business cards, or spend money for that purpose, and this was true even more in the past than it is today.

We faced many struggles when conducting sales activities. I made sales calls, but the other side didn't even listen. I made appointments, but I was turned back at the front desk. That was what happened every day.

The number of customers grew gradually, by steadily enhancing functions based on user feedback, while steadfastly conveying the customer value of transforming work style through business card management, based on our mission of "turning encounters into innovation." This is the history of the Sansan service.

One of the major projects we undertook in the initial stages was to create a personal database. This continues to remain a major differentiation factor of our service compared to competitors. This is an initiative where we changed the database structure so that it wouldn't be a business card database but a personal database. An initiative where we squarely tackled the issue of effectively utilizing the accumulated data on "Sansan" was the

bulk email distribution service in 2009. Furthermore, we enhanced the value of this person database through a distribution function of personnel transfer information.

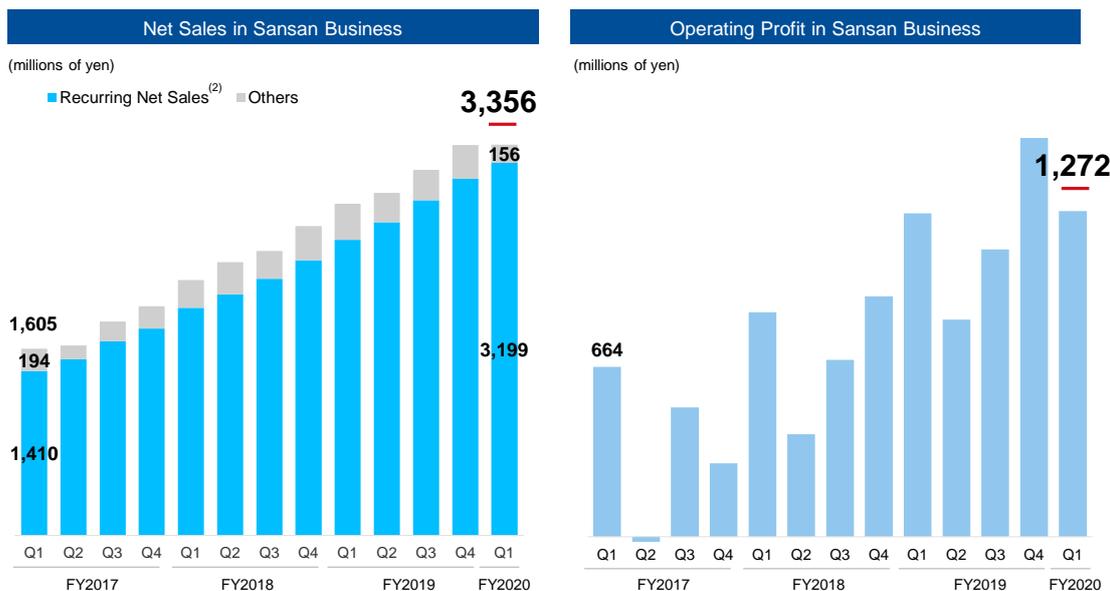
In addition, in collaboration with Teikoku Databank, we enhanced the value of corporate information. In recent years, we have significantly improved the convenience of data utilization, such as through “Sansan Data Hub,” which is an optional function that allows users to integrate public API and data.

We have flexibly revised our fee structure and plans many times in the past. A major change was introducing a plan for all employees in a company to use the service. This was the result of pursuing the value of business card management, not only between sales staff but all employees including back-office workers.

Although we are still in the middle of an expansionary phase, the all-company plan now accounts for 40% of total subscriptions. I believe this means that Sansan’s concept is starting to be accepted by many companies.

1 Sansan Business Overview

**Business Performance (1)**

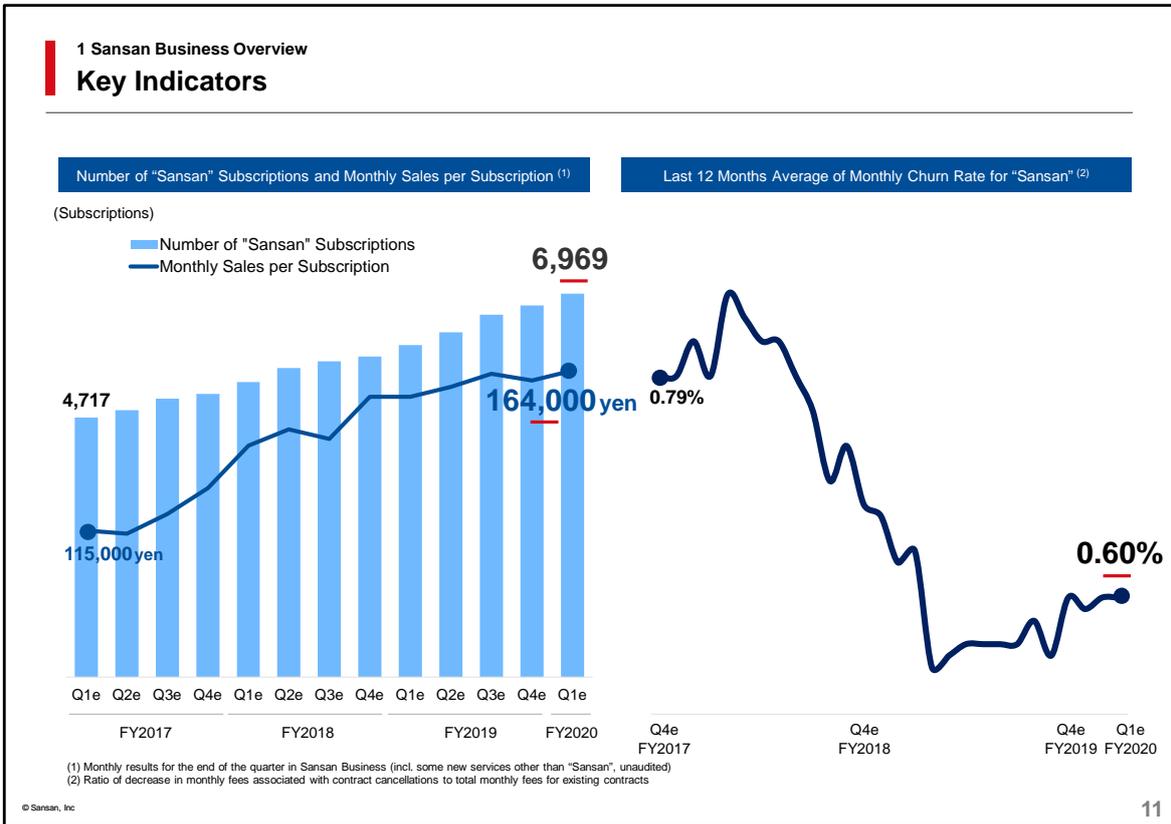


(1) Quarterly results for FY2017 were unaudited  
(2) Fixed revenue with regard to "Sansan" (unaudited)

On page 10 is the quarterly earnings trend of the Sansan Business.

There is no particularly significant seasonality that affects sales. Recurring net sales are expanding steadily through growth in number of "Sansan" subscriptions and sales per subscription.

On the other hand, the segment operating profit fluctuates on a quarterly basis depending on the timing of strengthening promotions, centered on TV commercials, but on a full-year basis, we are continuing to see a steady increase.



On page 11 is our KPIs. Please see the graph on the left.

We have seen a steady expansion in the number of "Sansan" subscriptions and monthly sales per subscription.

The increase in monthly sales per subscription can be attributed to a higher ratio of subscriptions by large companies that pay a higher monthly fee, along with an increase in the number of users at existing subscriptions. In addition, usage of optional functions has led to a higher basic fee.

In terms of churn rate, shown on the right, we have lowered the churn to a very low level by focusing on post-introduction support.

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## 2 Sansan Business Competitive Edge/Characteristics

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- Competitive Edge: Functionality as a Business Platform
- Sansan Division Structure
- Number of Employees in Sansan Sales Department
- Sales Structure and Methodologies of “Sansan”
- Main Points that Are Important in Business Management

### 3 Growth Strategies

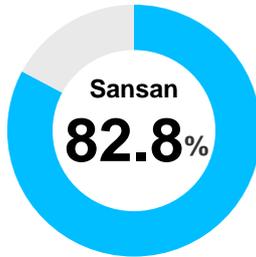
Next, I will explain the strengths and characteristics of Sansan Business.

**Current Position**

**Sansan, the B2B cloud-based business card management market pioneer, has acquired overwhelming market share and diverse set of customers**

Overwhelming Market Share and Recognition

Sales share in 2018 <sup>(1)</sup>



Ver. 5 TV commercial title:  
We know the customer 2017, "Our boss missed an opportunity" <sup>(2)</sup>



Ver. 8 TV commercial title:  
"Remotely Done"

Solid Customer Base with more than 6,900 Subscriptions

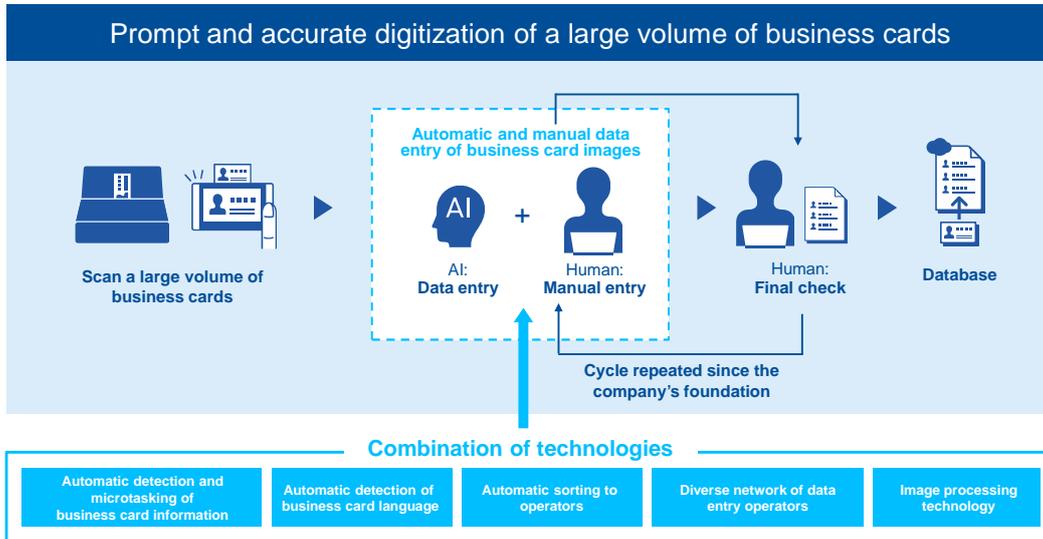


<sup>(1)</sup> Sales share of companies in the contact management services for corporations based on "Contact Management Service Market and SFA/CRM Businesses 2020" by Seed Planning, Inc. released in January 2020  
<sup>(2)</sup> Won the top prize in the service and culture section of the 71th Dentsu Advertising Awards

On page 13, I will first go over the current positioning of the business.

“Sansan” has built the business card management market on its own. As a result, it has an 82.8% share of the B2B cloud-based business card management service market in Japan. The company in second place has a market share of about 4%, and the company in third place has a share of about 2%, showing that there is an overwhelming difference. In addition, we possess a strong customer base with over 6,900 subscriptions.

Established proprietary analog information data conversion operation that achieves both speed and accuracy



The question, then, is why our service continues to be chosen by customers. On page 14, we explain our competitive advantage.

One of the major competitive advantages of “Sansan” is the precision and speed of digitizing business cards, realized by our proprietary technology and operations.

I think you can imagine this fairly easily, but even a single misreading of a character in the business card data could lead to emails being sent to the wrong address. Or it may also lead to calling the wrong phone number. If that were to happen, the value of the service would be zero. Therefore, the precision of digitization is an extremely important element.

In the initial process of digitization, we leverage an optical character recognition, or OCR, technology. Unfortunately, no matter which OCR software you use worldwide, you cannot achieve an accuracy of 99.9%.

Then, how do we guarantee the accuracy and speed at “Sansan”? We do so through the power of AI and people. While our company is now in its 14th year since the founding, we have constantly devoted a huge amount of time and money through human effort to continue to achieve accurate digitization work.

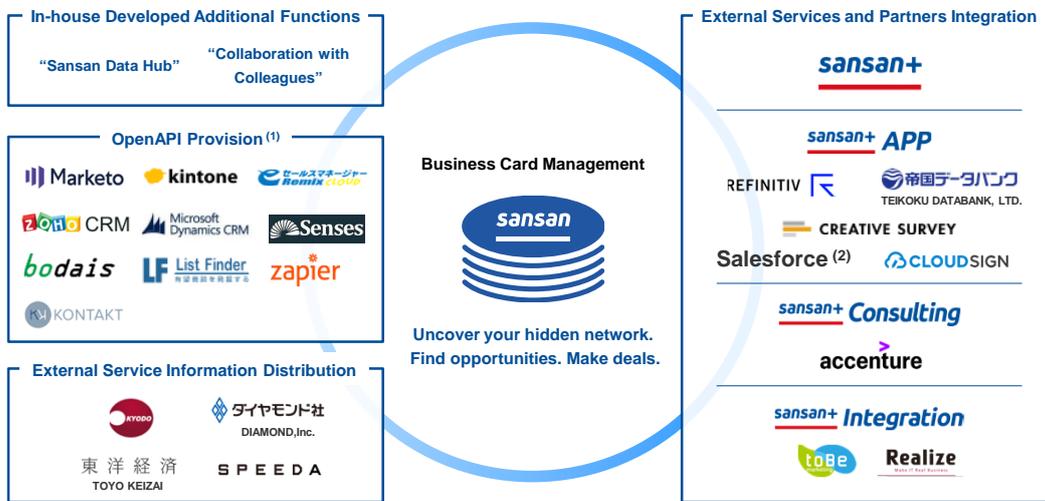
Now, with the progress of machine learning, AI is able to accurately

calibrate the characters that could not be read correctly by OCR. We have been able to build such technology and operations. Even so, it is difficult to fully operate this process, and we still need human effort for checking and entry work, but these operations are managed by AI, and an efficient workflow is established.

The technology and operation that we have built over many years, throughout these 14 years, provide an unrivaled competitive advantage.

## Competitive Edge: Functionality as a Business Platform

Various operations and functions are integrated on “Sansan” with business card management function and customer information at the gateway



(1) OpenAPI provided to more than 50 other companies' services, including Sales Force Automation, Customer Relationship Management, Marketing Automation  
(2) A trademark of salesforce.com, inc., Salesforce is used with permission.

Of course, Sansan’s convenience is also one of its strengths. Please see page 15.

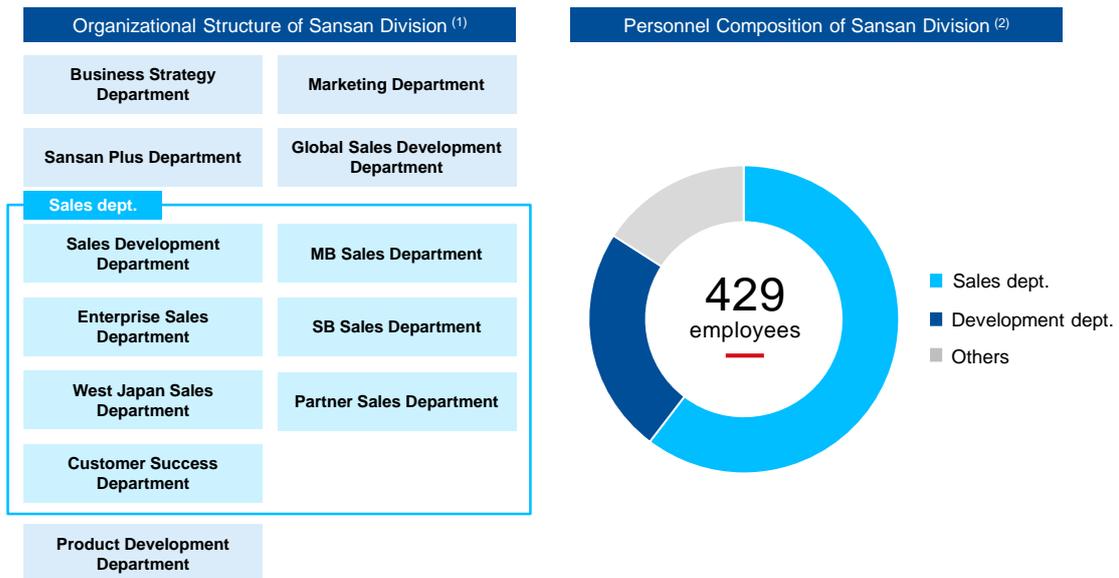
As I mentioned in the history of the service, “Sansan” aims to be used by all employees as a business platform, and continues to pursue the expansion of functions and the improvement of convenience.

Under the concept of changing the way of working from business card management, you can, for instance, check whether the company is not an antisocial force just by scanning the business card, or check the information of the contract concluded with the company. By consolidating the tasks that used to be done through different workflows in one place on Sansan, we added functions that can improve work efficiency.

Of course, there are competing services that take a similar strategy for the superficial function of business card management, but what is important for a SaaS service like us is the basic idea, such as the mission and concept of the company that the service is aiming for.

“Sansan” is a service that is deeply rooted in the Group’s mission of “turning encounters into innovation,” and it is evolving day by day, so we believe that we can maintain and improve our superiority in terms of functionality in the future.

## Sansan Division Structure



(1) As of September 1, 2020

(2) As of August 31, 2020

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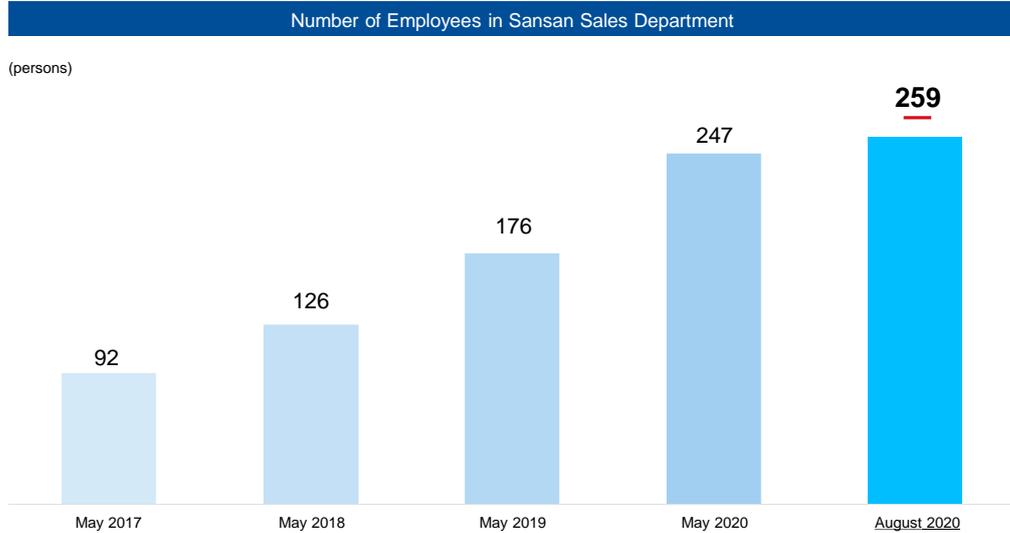
Next, I would like to introduce the structure of the Sansan Business Division. Please see page 16.

As you can see, the Sansan Business Division has various departments, which are broadly divided into planning and management, sales, and development departments.

The development department is called the Product Development Department, which literally develops Sansan’s functions. We have a common R&D and data management department called DSOC that does not belong to a single segment. Sansan’s product creation is done in collaboration with that department and the CPO office that controls the development of all products, including “Eight.”

## Number of Employees in Sansan Sales Department

Started strengthening the hiring of sales personnel from second half of fiscal year ended May 2019



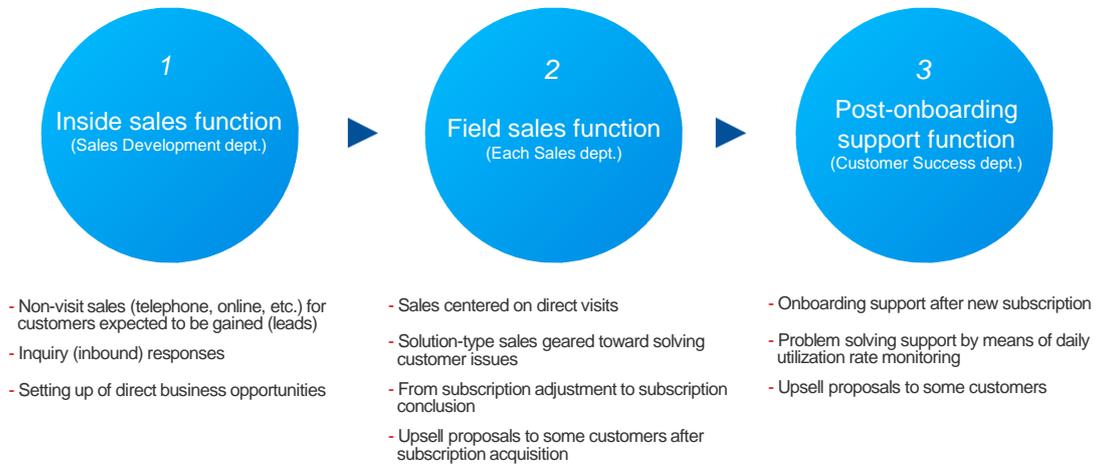
We have long been strengthening the recruitment of personnel in the Sansan Business Division. In particular, we have been strengthening the structure of the sales division since the second half of the fiscal year ended May 2019. Please see page 17.

Previously, Sansan's business growth strategy focused on strengthening marketing activities, such as TV commercials. Since we have entered the phase where the additional effects of these measures are gradually declining, we have shifted focus to a policy of strengthening sales personnel from around two years ago.

Although it has become difficult to measure the effects of these measures due to the recent impact of COVID-19, we are starting to see certain effects manifesting, such as the acceleration of the sales growth rate in the third quarter of the previous fiscal year. We intend to continue to hire employees in this term as well.

## Sales Structure and Methodologies of “Sansan”

Breaking down sales functions into three major processes and roles achieved improved sales efficiency and productivity



Then, what kind of sales system and method are we adopting? I will explain this on page 18.

At our company, the sales department is roughly divided into three functions: inside sales, field sales, and customer success. These sales methods are commonly adopted nowadays for SaaS services, but we used them even before they became mainstream, and we have been working on efficient hiring.

To briefly explain each, inside sales is a function that conducts non-visit sales to prospective customers and also sets up negotiations. After that, the role shifts to field sales, and even the actual contract is made through solution-type door-to-door sales. It takes about one to two months to win this contract from small companies, but it can take three to six months for mid-sized companies and six months to one year for large companies.

After winning the contract, the final unit called Customer Success will support the introduction, support daily use, and conduct upselling support for new services.

## Main Points that Are Important in Business Management

1

New order acquisition status

2

Churn rate  
(Maintaining a low level)

3

Number of sales personnel hired  
and productivity per person

4

Status of key function usage/  
market penetration

Please see page 19.

Here are some of the important points in running the Sansan Business.

First, when formulating an annual business plan, we draw up our targets and forecasts for new orders. Our method is to manage these targets, so monitoring is crucial. The results for number of subscriptions and monthly sales per subscription are analyzed, but targets aren't broken down to each indicator when creating the forecast. Instead, we manage the total value of new orders.

We monitor not only monthly indicators, but various KPIs, and a particularly important indicator is the churn rate. We hope to continue to keep it at a low level.

As stated earlier, we are strengthening recruitment of sales personnel, so we are paying close attention to progress in hiring and productivity per employee.

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1 Sansan Business Overview

2 Sansan Business Competitive Edge/Characteristics

### **3** Growth Strategies

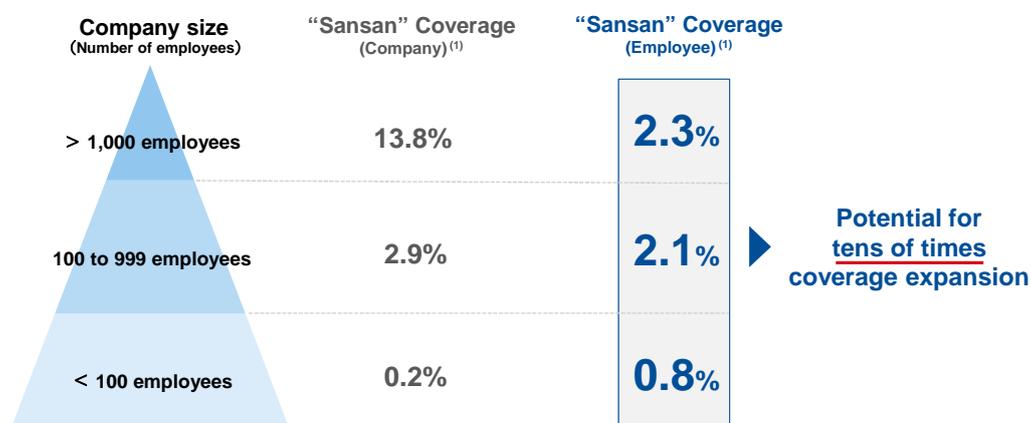
- Potential Market Size in Japan (TAM) for Sansan Business
- Factors of Net Sales Growth
- Main Measures for Achieving Growth

Finally, I would like to explain our future growth strategy.

Since it overlaps with what I was talking about when announcing the financial results for each quarter, I would like to briefly introduce only the key points.

## Potential Market Size in Japan (TAM) for Sansan Business

The number of users within current customers is limited, and there is room for tens of times more coverage expansion



(1) “Sansan” coverage is calculated with the number of subscription and total number of IDs in “Sansan” for FY2020 Q1e as the numerator and the number based on Economic Census for Business Activity in 2016 issued by the Statistics Bureau as the denominator.

First, about Sansan’s idea of TAM. Please see page 21.

I explained that Sansan’s share of sales in Japan is 82.8%, but the Sansan utilization rate in Japan’s working population is only around 2%. This means that DX, including the effective use of customer data, has not yet made great progress in Japan. Simultaneously, I believe it means there is plenty of room left for significant growth in the future.

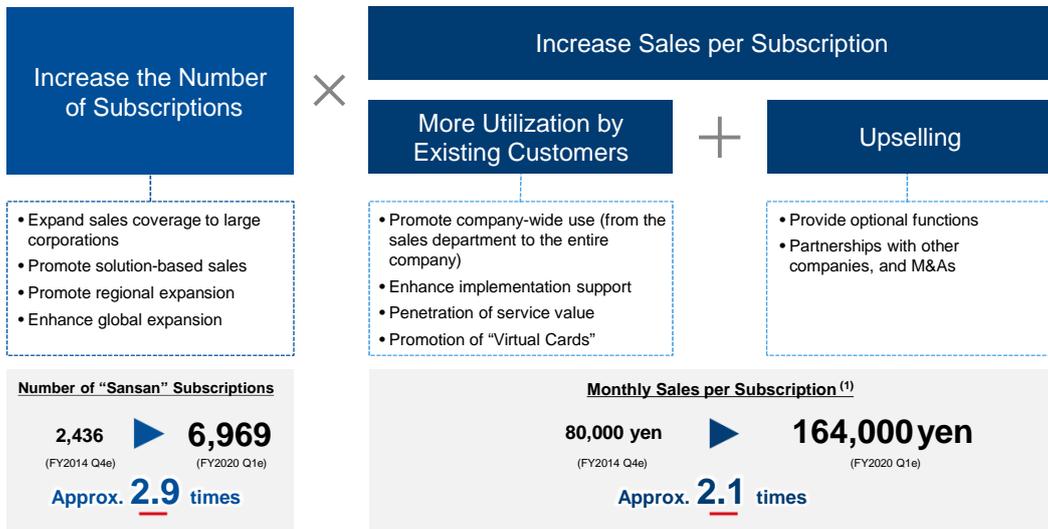
I also think that the behavioral changes prompted by COVID-19 will spur the promotion of DX. In fact, I feel that many companies are beginning to face the importance of managing contact information.

For example, we held a five-day online seminar called “Sansan Evolution Week” in late June, which was able to attract 6,000 participants in less than two weeks. This is something I have never seen before. Also, we aired a new TV commercial that promoted the “Virtual Card” function in late August, to which we received the greatest response ever.

Therefore, there is ample room to raise the user coverage rate of Sansan to at least several tens of times the current level by acquiring new subscriptions and expanding usage within existing subscriptions that is limited to certain departments.

## Factors of Net Sales Growth

Achieve growth through an increase in both the number of subscriptions and sales per subscription



(1) Monthly results for the end of the quarter in Sansan Business (incl. some new services other than "Sansan", unaudited)

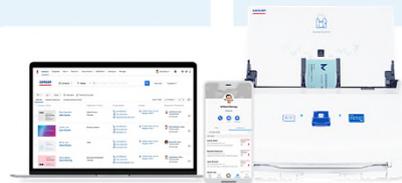
To achieve sales growth in the Sansan Business, we will continue to work to increase both the number of subscriptions and sales per subscription, as described on page 22.

Expanded market penetration  
of “Virtual Cards”

Increased value of the  
“Sansan” platform

Strengthening of sales  
systems/recruitment

Improvement in productivity  
per sales employee



The main measures towards this end are described on page 23.

Currently, we are focusing on expanding the spread of virtual business card functions, which we started offering in June this year. I believe there is a huge uncovered potential linked to the new ways of working and behavioral norms to deal with COVID-19.

While company meetings using online tools have become widespread ever since the outbreak of COVID-19, we hear many people say that they have difficulty matching the voice that they hear with the face or name of the participant. It's also hard to figure out the job titles of the participants, so it's not immediately clear who is the key person of the meeting. As a result, in some cases, the productivity of sales activities has declined.

As I touched on earlier, far more companies will definitely need to come up with solutions for issues that arise from this environment where new ways of working are taking hold. Our “Virtual Card” function is a solution to solve these issues. We are working every day on providing this function in specific usage settings and enhancing functionality.

Of course, it won't be easy to transform old customs and replace them with new kinds of behavior, and proliferating such behavior will be a tall order. This is a major challenge for the company.

However, over 3,000 client companies have started to use this service. This rate of increase in users is far faster than the pace of acquiring roughly 6,900 subscriptions over the past 13-plus years, and we have high expectations for this service.

Although this function itself is offered free of charge, what we aim to realize is a world where business professionals own virtual cards, just as how many of them own paper cards. If such a transformation in behavior takes hold, it will mean that the penetration rate of “Sansan” has increased drastically, so we will be working towards its realization.

This concludes my presentation. Thank you.

**sansan**

