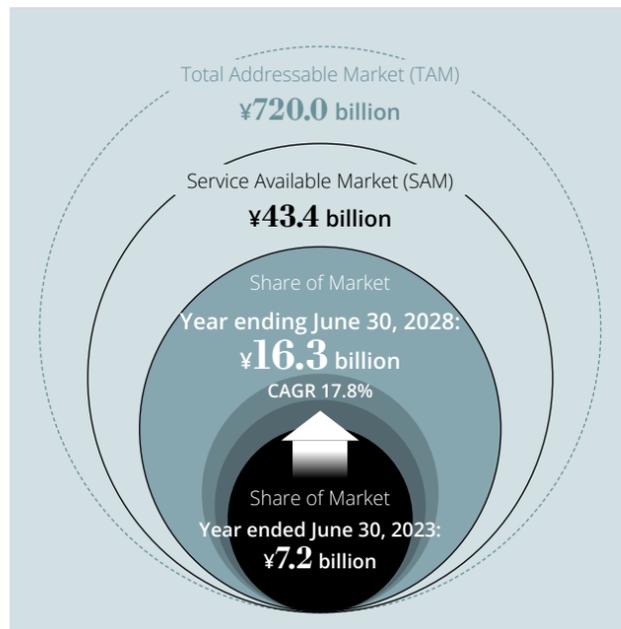


# DX Promotion Business

M2

Through consulting and system development, we support digitization (DX) by maximizing the use of data to contribute to the growth of our clients' businesses and enhancing their corporate value.



## Market Environment Analysis

- The DX market is estimated to have a TAM of ¥720 billion and a SAM of over ¥40 billion. The number of companies promoting DX is expected to continue to increase, and the market will continue to expand. On the other hand, major Slers and other companies that have deployed ERP in the past are increasingly entering the market as competitors.
- Within the DX market, the area of data utilization infrastructure is seeing rapid growth, as companies understand the importance of data essential for the functioning of generative AI, following the rapid rise in prominence of interactive generative AI tools such as ChatGPT. This has been our main business focus for many years, and we shall strive to continue our efforts to capture future market growth.

## Growth Drivers and Competitive Advantages

- We will expand the scale of our business in line with market growth, aiming for average annual sales growth of 17.8% during the period of the new medium-term management plan. The operating profit margin is already high compared to Sler firms, but we intend to try and raise this on par with the consulting firms in future.
- In addition to further promoting the provision of data platforms, we will extend our range of services to incorporate high-value-added services such as consulting for DX concept formulation through data utilization, support for advanced data use centered on AI, and support for accompanying companies for their in-house production efforts, in order to further our contribution to each and every client. We also aim to increase sales and improve profit margins expansion of our high-value-added services.
- Our operating company Zeal was early in recognizing the potential of BI and has become an industry leader as a specialist vendor in BI and DWH (data warehousing) solutions for about 30 years since BI first emerged in Japan. Our greatest advantage is our accumulated know-how in data utilization.
- We have partner agreements with many vendors, and we have formulated a particularly strong relationship with Microsoft that began even prior to the shift to cloud computing. Today, as the number one partner in the data platform field and a technology leader, we are supporting many customers' DX with our Microsoft Azure cloud service.

## CSFs and Focus Points

- **Expansion in number of employees and customer contribution value are critical success factors (CSFs).**
- We believe securing human resources is a key factor behind achieving sales expansion, and we aim to increase the number of employees by approximately 2.2x during the new medium-term management plan period. In pursuit of this objective, our greatest emphasis is on creating an environment in which employees can continue to grow. We believe this will strengthen the development and retention of human resources and also contribute to improving our ability to recruit. Specifically, we are supporting the career development of employees through expansion of our talent development systems, including the formulation of skill maps that enable employees to gain an understanding of the skills necessary for their careers, and by increasing the number of assignments to high-quality projects that lead to growth.
- We will focus on continuing transactions with customers with high potential, increasing the contribution level of this business, expanding the scope of projects, and broadening the scale of each project. We plan to reform our sales structure and processes so that we are able to make effective approaches to our customer base in line with this policy.



# INSIGHTS FROM BUSINESS OWNER



**YOSHIYUKI NUMATA**

President and Representative Director, Zeal Corporation

We Will Focus on Expanding our Human Resources, while Keeping in Mind Our Sales Strategies, and Maintain a High Growth Rate by Steadily Capturing the Expansion of the Market.

In recent years, market growth in our specialist area of DX data utilization infrastructure has risen significantly. Our basic strategy is to gain a firm understanding of the needs of our customers to achieve growth.

Since increased human resources is essential for our business model, we plan to more than double the number of employees over the five years of the new medium-term management plan. We believe that the most important thing for employee retention, especially for engineers, is to provide an environment in which staff can grow through learning new technology, and be rewarded accordingly. To this end, in addition to improving our training system, we also believe it is important to strategically acquire quality projects where we can acquire new skills and experiences, and we intend to focus more on service

provision to large scale clients (enterprise clients). By providing broad and deep support for our clients' DX activities in a mutually beneficial manner, through processes such as consultation on data utilization and providing educational content to develop DX human resources, we will increase sales per company which should raise customer contribution value, as well as provide a wide range of growth opportunities for employees, and encourage ever higher retention levels. We will also actively engage in advanced data use through AI, utilizing our own product, StoryAI, which can analyze emotions from text and images.

In future, we would also like to strengthen collaboration within the group. One example may be implementation support from Zeal for a data platform, with Avant able to model company value through establishing KPIs.