Cybozu, Inc.

Shareholders' Meeting 2021 – One Day Talking with Cybozu – Part 2 Talking About the Past and Future of Cybozu

February 27, 2021

Event Summary

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	Yoshihisa Aono	CEO
	Ibisa Otani	Chief Editor of TECH.ASCII.jp Editorial Department, Media and Marketing Department, KADOKAWA ASCII Research Laboratories, Inc.

Presentation

Otani: Hello, everyone. My name is Ibisa Otani and I'm from KADOKAWA ASCII Research Laboratories, Inc. This session is a discussion about Cybozu's past and future. President Aono and myself will talk about this, and I will be asking him about the past and the future of Cybozu.

Aono: Nice to meet you, everyone

Otani: So, Mr. Aono, you usually explain business planning in a presentation, right? You usually explain it to shareholders. Can I ask you why we are using this format this time?

Aono: At the end of each year, the presentation has information about financial results for the previous term, as well as sales and profits for the current year. To be honest, I got tired of it.

Otani: Right, you have to do it every year.

Aono: Yes. What's more, recently, there's nothing interesting about Cybozu in those presentations. Sales are show by extending lines on graphs. And it's dull to think that it will probably do the same thing next year. Ultimately, you just focus in on a short period, explain those numbers, and you're done. People listening probably don't respond much to that.

Rather than that, I want there to be a story. This is different to what Mr. Ikeuchi mentioned earlier, but there are more things we are seeing in our future, and we want to explain the future while talking about the past. I think that shareholders also would prefer this kind of explanation.

Otani: That sounds easier to understand.

Aono: Yes, I think that they would be happy.

Today, Mr. Ibisa Otani, one of the few people who know about Cybozu when it was founded, is here.

Otani: Thank you inviting me. To be frank, I think that we can talk about lots of secret things that have not been spoken about elsewhere.

Aono: You know about the company right from its beginnings.

Cybozu - early days

Founded in Matsuyama City, Ehime Prefecture. Takasuka aged 30, Hata and Aono aged 26.
The 'office' was a small two-bedroom apartment. (One of the bedrooms doubled as Mr. Hata's living space)

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Otani: That's right. First, let's go to the next photograph.

Allow me to briefly introduce myself. In 1996, which is the year after Windows 95 came out, I joined ASCII Corporation as a part-timer. Thereafter, I've been involved in making printed magazines as a reporter or as an editor. At that time, the first magazine I was involved in was a self-made computer magazine called *DOS/V Issue*.

Aono: That takes me back.

Otani: After that, I moved to an internet magazine called *Internet ASCII*, and that's when I met Mr. Aono.

Aono: Right.

Otani: At the time of Cybozu's founding, there was a sort of Silicon Valley feel.

Aono: Right. This is the first apartment, which was an apartment with a dining area, a kitchen, and two other rooms. This was in Matsuyama City in Ehime Prefecture, so I thought that if we wanted to be written about by a magazine, we would have to go to Tokyo. I flew from Matsuyama Airport to Haneda in Tokyo, and from there I went to ASCII, which I think was in Shinjuku at that time.

Otani: It was Hatsudai in Tokyo to begin with.

Aono: Right, Hatsudai.

Otani: Mr. Aono said he had come from Matsuyama on a business trip to visit various media outlets, and I got an email from him, so I decided to meet him. I was also visiting various places, and we decided to have a chat over a meal. The first place we went to was a pork cutlet shop called Tonki in Meguro.

Aono: Yes, I remember.

Otani: I'm from Tokyo, so I introduced you to some tasty places. It was around 1996 or 1997 when there was talk of getting involved in groupware establishing a Cybozu Office, right?

Aono: That's right.

Otani: I remember those days, laptop in hand. Mr. Aono, you're the tall one, right?

Aono: I'm short.

Otani: I had an enormous bag and I had to reproduce all the groupware on one laptop. I remember thinking it was tough.

Aono: Right, laptops back then were heavy.

24-year old email thread - Part 1

差出人: Ibisa Ohtani　　宛先:　　　　[AONO Yoshihisa]
件名: Re: ありがとうございました　日時: Fri, 12 Dec 1997 14:40:04 +0900

こんにちは。
先日は遠いところ、わざわざありがとうございました。

> 青野＠サイボウズです。
> 先日は忙しい中、説明を聞いて下さいまして、誠にありがとうございました。
>
> 機会がございましたら（忙しい時期が過ぎましたら）是非使ってみて下さい。
> 　　　　　^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^
うう。今月号がまだ終わりません（泣）

無事終わりましたら、早速編集部内でサービスを開始したいと思います。例に漏れず、うちも95、NT、Mac、UNIX、BTRON（笑）までマルチプラットフォームな編集部ですので、役に立つと思います。

> 弊社は「使える」ものしか公開しません。
> もし、駄目だと感じられましたら、弊社のプライドに賭けて改善します。
>
> 今後もユーザーの視点を大切にし、本当に便利なものを追及して参りますので、
> どうぞよろしくお願い致します。
>
> ＃残りの3本の発売開始と現行製品のバージョンアップは2/2になりそうです。
> ＃ニュースリリースは、1月上旬に行ないますのでよろしくお願い致します。
了解しました。期待しております。
東京の方へいらっしゃった際は気軽にお立ち寄りください。

では。
インターネットアスキー97編集部
大谷イビサ

Aono: "[If you're unsatisfied with our products] we'll stake every bit of our reputation on making the required improvements"
Such determination!

#株主会議2021

Otani: Yes. I remember thinking that laptops weighing 4 kilograms were difficult to carry around. Actually, I have an email from 24 years ago.
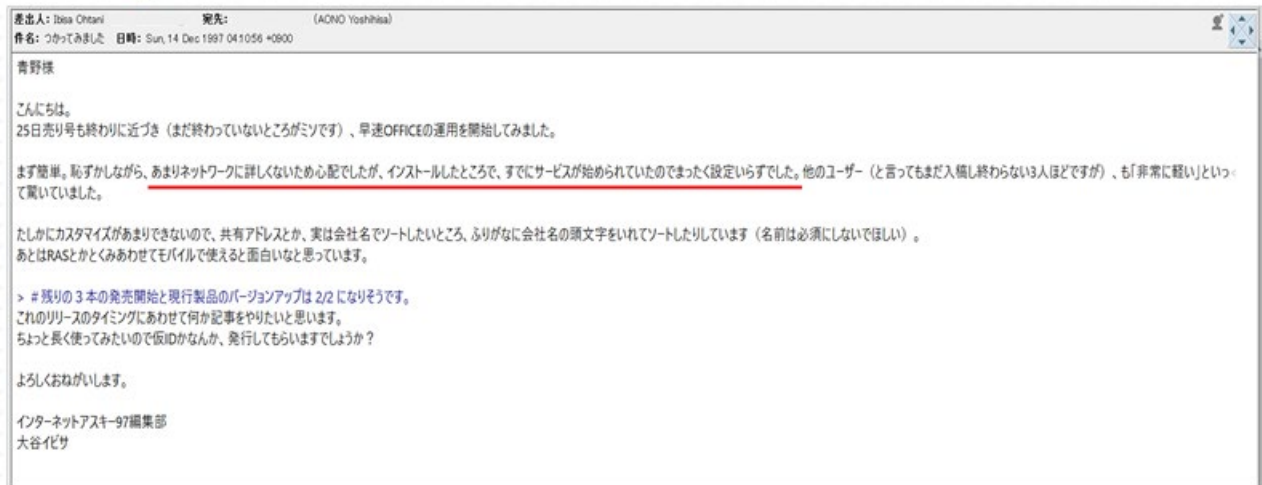
Aono: That's done well to survive.

Otani: I've kept my outgoing mail from way back, so I dug some out. This one is an email sent to Mr. Aono and it's about using groupware. It talks about making groupware within the Company, and it mentions getting the editorial department's approval and having a go at building some. The part underlined in red says that if we feel something is good, we should not fear failure and improve it.

Aono: "Company" meant three people back then.

Otani: There were only three people, but we were passionate about what we were doing and had confidence.

24-year old email thread - Part 2

差出人: Ibisa Ohtani　宛先:　(AONO Yoshihisa)
件名: つかってみました　日時: Sun, 14 Dec 1997 04:10:56 +0900

青野様

こんにちは。
25日売り号も終わりに近づき（まだ終わっていないところがミソです）、早速OFFICEの運用を開始してみました。

まず簡単。恥ずかしながら、あまりネットワークに詳しくないため心配でしたが、インストールしたところで、すでにサービスが始められていたのでまったく設定いらずでした。他のユーザー（と言ってもまだ入稿し終わらない3人ほどですが）、も「非常に軽い」といって驚いていました。

たしかにカスタマイズがあまりできないので、共有アドレスとか、実は会社名でソートしたいところ、ふりがなに会社名の頭文字をいれてソートしたりしています（名前は必須にしないでほしい）。
あとはRASとかくみあわせてモバイルで使えると面白いなと思っています。

> #残りの3本の発売開始と現行製品のバージョンアップは 2/2 になりそうです。
これのリリースのタイミングにあわせて何か記事をやりたいと思います。
ちょっと長く使ってみたいので仮IDかなんか、発行してもらいますでしょうか？

よろしくおねがいします。

インターネットアスキー97編集部
大谷イビサ

This is the email I sent after that. This is my impression. I was worried because I was not very familiar with networks, but when I installed it, the service started immediately and I didn't need to set it up. Other users were also very surprised.

The first thing that surprised me when I first used Cybozu Office was how easy it was to use. There was no cloud at that time, so we had to build a server in-house. We had to install a server.

I didn't have any knowledge of UNIX, so I thought it would be possible to build it at the level of Windows. When we tried to do it, we were glad we'd built a server. When accessed with a browser, a calendar and an address book came up, and it looked like it was usable.

What's more, when other people used it, the first thing they said was that it's light. It moved smoothly.

Aono: It worked smoothly, because it had few functions. Mr. Hata, the developer, must also be credited for this.

Otani: At that time, I had a very original experience. In short, I was in the position of an administrator as a server builder and a groupware maker. From the standpoint of an IT administrator, I was able to build a server and provide a system, and I felt that I had succeeded in overcoming something.

Aono: You suddenly became a system administrator, and you thought, "Even I can do this."

Otani: There was a strong feeling of that. At that time, I really liked it and had a review written. Mr. Aono went on to write a series of articles about what groupware is.
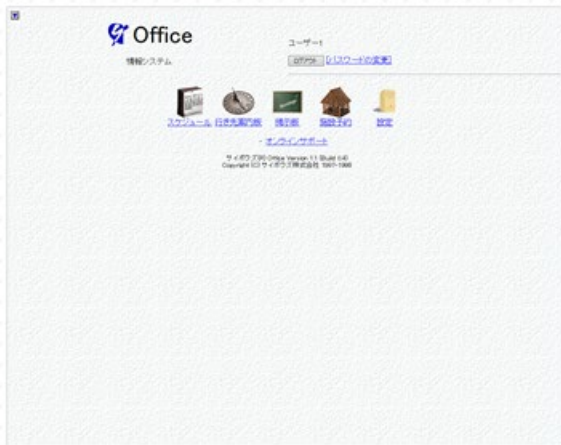
Aono: That was tough.

Otani: Yes, definitely. Every time he wrote something for us.

Aono: I thought I wasn't suited to being a reporter.

Otani: Thanks to that, I think that there were people who understood what groupware is and what Cybozu was.

Cybozu Office 1 looked like this.

As I said earlier, the functions were very simple. The schedule and the bulletin board were very simple, but I thought it was very interesting because it was light and smooth. The current screen is shown here. It has evolved into such a rich application.

Aono: There are more features.

Otani: Moreover, it is still selling and is still used by many people, so I think I will talk about this later.

I said that I've been keeping an eye on it for a long time, but to tell the truth, I didn't do that until around 2000 to 2010.

I was involved in a magazine called *Network Magazine*, and there was a broadband boom in Japan from 2000 to around 2007, 2008. It was a time when ADSL and FTTH came in and the Internet became very fast in Japan.

At that time, I was mainly working on that infrastructure and network. I knew the name Cybozu, and I sometimes went to presentations, but it wasn't what I was mainly focused on.

Aono: So you don't know about that period of wandering off course. You weren't really watching.

Otani: That's right. As to what the world was like between 2000 to 2010, in 2006, there was broadband, which was just mentioned, and Web 2.0 and I think the Livedoor debacle was in 2006.

I looked this up a moment ago, but after you announced and disclosed it at the 2006 briefing, there was an article that reported that at the briefing Mr. Aono said he would beat Microsoft and IBM. How did it go?

Consolidated Sales and Operating Income
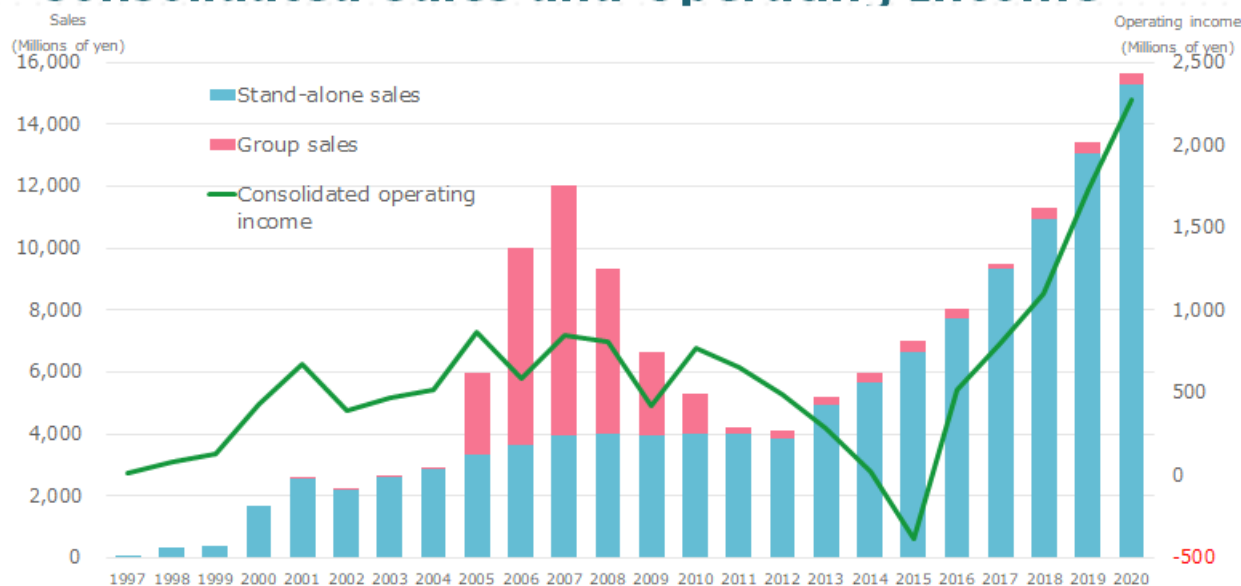
Aono: Looking at this with a graph, sales were growing until around 2001. They were growing steadily, but selling downloadable packaged software became more difficult.

Thereafter, we launched a product called Garoon for large companies. We had to sell it to information system departments, so our sales channels were developed from nothing.

It was difficult. Growth was slow, so we used money from our listing to carry out some M&As. This can be seen in the red portions of the graph.

Otani: From 2005, the number of M&As, which is shown in pink, suddenly increased.

Aono: That's right. Our Groupware Business didn't grow that much, so we decided to use other businesses and involved ourselves in M&As. Everyone was doing it then, especially Livedoor. We tried it, but it was awkward and not suitable for us.

Otani: The numbers quickly leap up from 2005 and then quickly drop from 2007.

Aono: There was a quick drop. We had this period in the wilderness. We bought nine companies and sold eight companies. I realized that I'm a person who can only do groupware, so I focused on groupware again for about a decade.

Otani: After around 2010, the Cloud comes on the scene and we will talk about that. Operating income also dropped sharply from around 2010. Those difficult times were difficult for you, right? How did it affect your organization and company at that time?

Aono: We ended up in turmoil, so we sold companies, and from around 2010, we decided to get involved in the Cloud at the Company. Unexpectedly, sales did not increase and profits decreased, but the Company was excited about the future.

Otani: Can you explain?

Number of employees and turnover rate

Aono: It was a strange time. Our turnover rate was highest when we were engaged in M&As. We saw our highest turnover rate 2005, and it was under 10% in 2010. It was a mysterious time for us.

Otani: As you mentioned, it seems that the turnover rate was high in 2005. It was over 25%. One in four people would quit, but that rate seems to have quickly dropped.

The employee number itself has increased steadily.

Aono: That's right. The number of employees has increased even though sales have not increased, so profits decrease.

Looking back, we washed our hands of M&As, and through that we realized that only groupware is not bad.

Some employees rebelled against groupware and quit. Employees who like groupware stayed, and we were able to get through the switch to the Cloud. Profit was decreasing, so some employees wanted to escape from that ship.

Otani: They thought it was a sinking ship.

Aono: In terms of the numbers, it was a sinking ship. I think that we overcame this because there were people who believed that we transitioned to the Cloud by using groupware. We had innovation in our organization.

Otani: Kintone was launched in 2011, and it was a struggle for you to launch it. Various organizational changes were made. Looking back over the last 25 years, what has been the toughest time for you?

Aono: The toughest time was failing at M&As. Just thinking back to it feels painful.

Otani: Not a happy period for you.

Aono: Since our founding, I felt that we were doing well. The software sold quickly and we became a publicly traded company, but sales didn't grow. We used funds from our listing to rapidly grow sales.

Feeling that we couldn't properly manage and that we'd made mistakes was painful.

It was in around 2007 that our focus came. From that point, we decided to focus on groupware. We had decided. We'd keep going, even if we faced some difficulties. In a sense, we had died. For me, I felt that my life had ended, so the rest of my life was liked a bonus track. I think I was able to make a choice because of this extra chance I had.

Otani: So the Cloud is from 2011.

Aono: That's right.
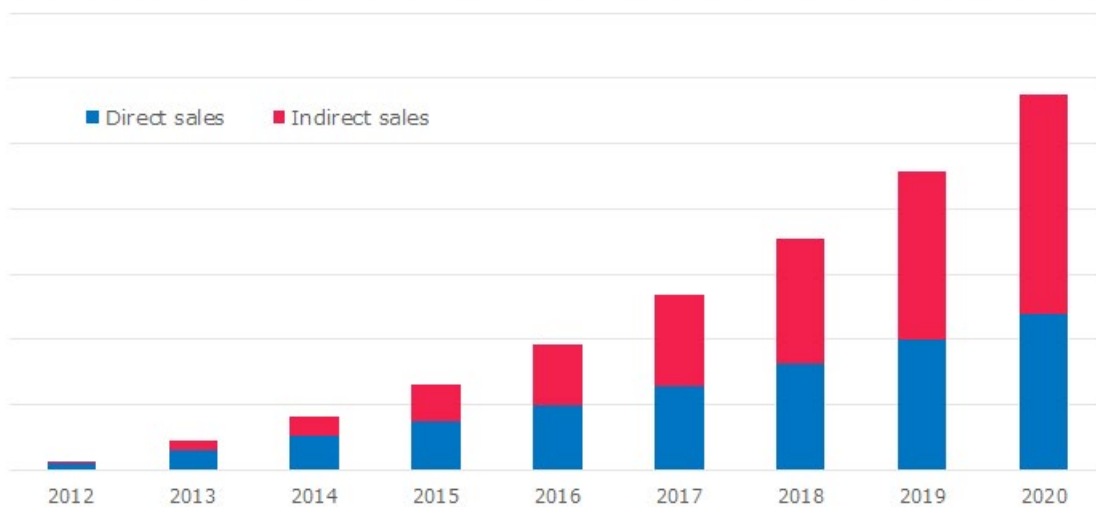
Otani: I'm perhaps a little too soon talking about this, but I would like to move on to the second part of this session.

We're now going to talk about the future. First of all, let's look at Cybozu's current situation. This slide shows the growth for the Cloud since 2012, and there is a neat upward trend.

Aono: This is a characteristic of the Cloud Business. Basically, it goes up and up.

Otani: Another interesting thing is that indirect sales are growing tremendously. It's interesting that the red areas have increased very much.

Aono: That's right. I think this is probably a characteristic of Cybozu from the perspective of cloud SaaS vendors. It's partly because of Kintone, and partner sales continue to grow faster than direct sales.

Otani: Did you intend to increase the volume of indirect sales?

Aono: Yes. To grow Kintone, the most important thing is to involve partners. Direct sales are growing, but we are allocating resources to our partners. That's why we opened our office in the Nihombashi area of Tokyo.

We needed a hub office to bring our partners together, exchange knowledge, and work together. It's an office for our partners.

Otani: I see. Cybozu originally had an office in the Suidobashi area that I used to go to, as I was nearby in Ichigaya.

Otani: When I go to the Nihombashi office, I'm struck by how much room the employees have to work. It's really huge. It's like an open conference room.

Is the reason why you created such an office because, aside, of course, from customers, you want your business partners to gather in one place?

Aono: That's right. We wanted to do that. We learned much from Microsoft about this. When we were struggling, I created groupware on Microsoft's share points. So, I was invited to participate in something like their partner conference, and I went to the US every year to create an ecosystem.

Looking at this from the other direction, if you really want to reach as many people as possible, you have to build this kind of ecosystem. I don't know if we can create a model with a high profit margin under only our own steam. But if we really want to reach many people, we had to create an ecosystem. We had to create a business model in which our partners profit. That's what I learned there.
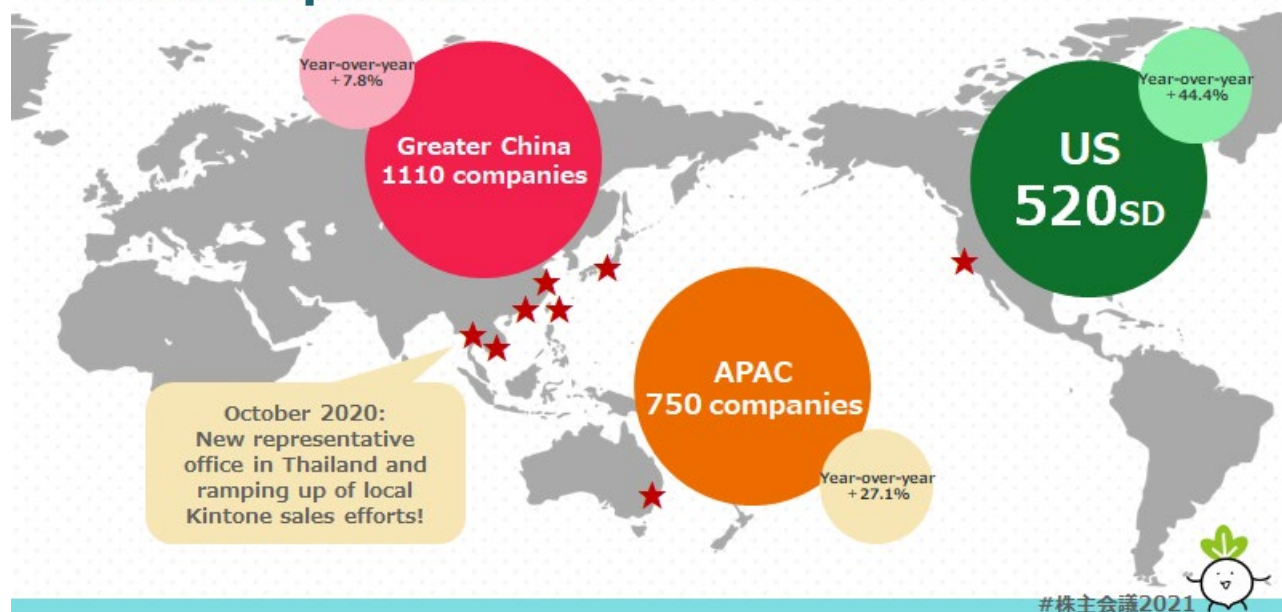
Otani: So you learned from your pain and another outcome was born.

Aono: Yes.

Otani: Looking back on the history of the collaboration with Microsoft from the perspective of our reporters, I wonder what it was about. For Mr. Aono, it seems that it was an opportunity to learn about partner systems, what an ecosystem is, and learn about advanced IT business models in the US.

Aono: That is what it was. We learned much.

Global expansion

- Year-over-year +7.8%
- Greater China 1110 companies
- US 520SD
- Year-over-year +44.4%
- APAC 750 companies
- Year-over-year +27.1%
- October 2020: New representative office in Thailand and ramping up of local Kintone sales efforts!
- #株主会議2021

Otani: Next, we're going to talk about what's happening with global expansion right now. You're growing in both China and the US. Basically, business for Kintone is booming, right?

Aono: That's right. We are globally expanding. It feels like buds have begun to sprout. I still don't know how far we can go from here. I'm not confident.

But, for the time being, I feel like we've now confirmed that Kintone can potentially go global.

Otani: But, as is often said, Cybozu has failed once to expand globally, right?

Aono: Yes.

Otani: You established a corporation in the US. What did you learn from that?

Aono: The first thing I learned is what is needed to expand globally. When we failed the first time, we had an English version of Cybozu Office. So, the main functions are schedule sharing, bulletin board-like functions, and address books can be shared. There is no point in taking that to America, as they don't need it.

Americans treat their schedules as something they personally manage, and they would ask why it needs to be shown to someone. From our point of view, that's a surprise, because surely that it's more convenient for everyone to share their schedules with each other. It wouldn't be easy to set up a meeting if we couldn't see each other.

Otani: It would be very difficult to do it each time by email.

Aono: It would be troublesome. There is a strong culture of the individual. Taking that to a country that does not have Japan's large-open-office culture is difficult to do.

If you attack with applications, culture is strongly depended on. So it will be clear which countries you can and cannot go. So, if you want to go global, you have to go a little lower, closer to the infrastructure.

Using a personal computer as an analogy, you have to use an Intel CPU. Each country has strong manufacturers of personal computers. In Japan, we have NEC, Fujitsu, and others. In Asia, there are many companies. But Intel CPUs are used all over the world. That's because they aren't finished products.

Otani: It's a platform.

Aono: It's a platform. It's a component, so it's closer to infrastructure. A finished product depends on culture. You can't win against culture. We learned that we had to attack with a semi-finished product. That's why we have Kintone.

Otani: Kintone is undoubtedly a strategic service created entirely on the Cloud. This means that it is created not only for a domestic market but, to some extent, for the global market.

Aono: I'm only looking at the global. That's why we're doing it.

Otani: Conversely, Cybozu still has a very high share of groupware in Japan. I wonder if this is because, in Japan, Cybozu's groupware cannot be replaced with a groupware developed by foreign company.

Aono: Absolutely.

Otani: One strength we have is making things that are easy for Japanese people to use because they are culturally dependent.

There are various business cloud and SaaS applications these days. Even now, I wonder why some stamp is used in a particular place, why things are written as they are, and why last names come after first names. There are lots of things like that.

Aono: There are.

Otani: The problem remains that a global product is taken to a local market with insufficient localization. In that sense, Cybozu Office was made with Japanese people in mind, so it's easy for Japanese people to use. That's why I think that you've been able to maintain a share of the market.

Aono: That is also true.

Otani: Another thing I'm personally looking forward to is that the US has announced that it will adopt AWS, specialize in Kintone, which is cloud-based, and progress with switching to the Cloud. Personally, I'm very excited about it, and I'm wondering what will happen next.

Aono: That's right. Until now, we managed to make sales of this size because we were dependent on Japan, or Japanese culture, but we had no intention of staying there. Of course, I would like to continue what we've been doing here, but I want to make products that can be used globally. I would like to partner with leading overseas vendors and go global without any friction. I really want to do that.

Otani: I think that now, the keywords are no-code and low-code. Rather than Kintone or an information system, I think that people in the field will make their own applications that they want to make. I think that will become reality. Under such circumstances, the American market is getting bigger and bigger and, in that sense, will attract much attention.

Aono: That's right. In Japan, it's difficult to think of a rival for Kintone. But when I go to the US, I feel like new things are being launched every month, which is unfortunate. Brilliant things come out one after another and every one of them is great. They raise billions of yen, hire super engineers, and make great things with the latest technologies.

Otani: The other day, you talked about things you heard from US users of Kintone, what was interesting was that American companies who cherish improving their businesses, akin to Japanese companies, use Kintone. In essence, you have taken your culture to them.

Aono: That's right. There are various companies in the US, not just the typical companies we think of, but other ones.

I think we can capture 3% of the American market. Our US strategy is to target 3 companies out of 100. For example, we will target manufacturers that have a culture of wanting to improve.

Otani: US companies that have a culture that is somewhat close to that of Japanese companies.

Aono: That's right.
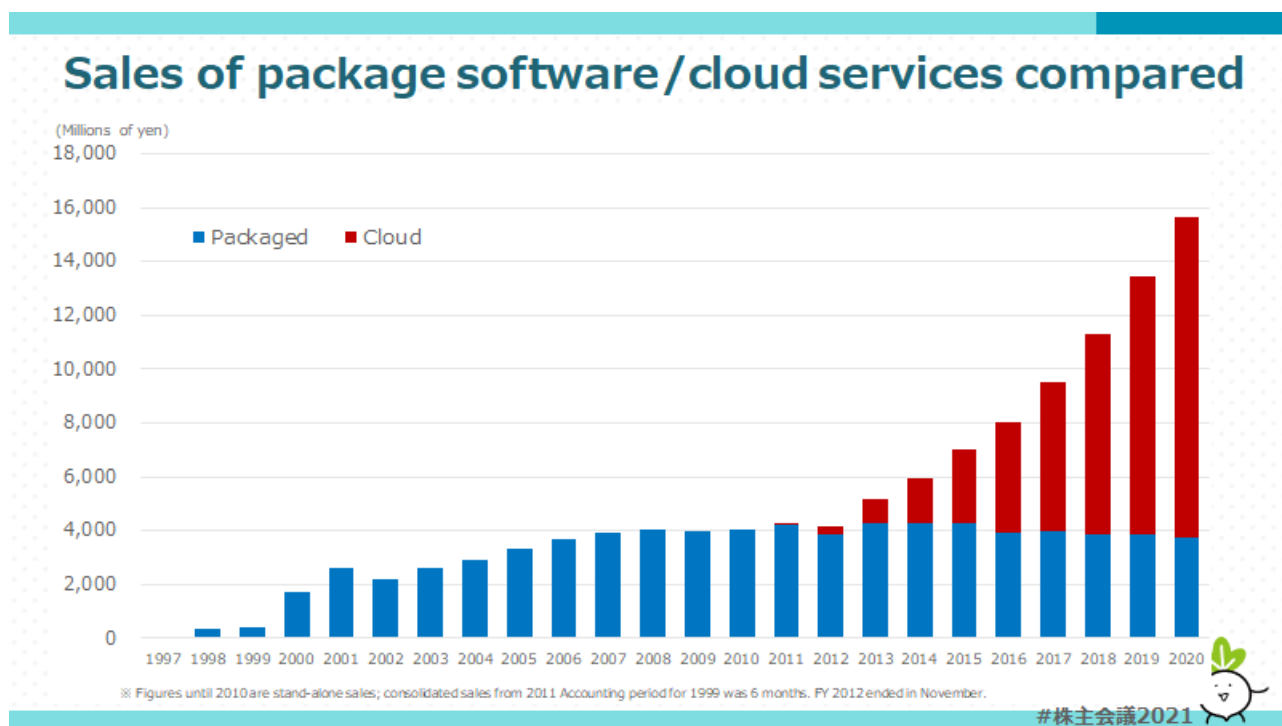
Otani: Let's go to the next slide. This shows sales trends for packages and cloud. These are also interesting figures.

Cloud sales have increased dramatically since Kintone in 2011 and thereafter. Interestingly, the figures for packages have not decreased that much.

Aono: That's right. This is a little unexpected. Surprisingly many people still buy packages. Customers are steadily shifting from packages to the Cloud. But there are still a certain number of customers who are buying new packages.

Otani: Interesting. Cloud is often referred to as Death Valley. If a company that originally had a model in which they sold out on-premises software changed to the Cloud, change to a subscription-based model would mean that their sales suddenly drop. Therefore, it's often said that it's difficult to endure this.

For Cybozu, packages haven't gone down for a long time and cloud has been growing quickly. I'm not saying this for the shareholders, but it feels like a good buy.

Aono: That's right. I was prepared in 2012 for a sudden decrease in sales. But I learned it wouldn't decrease, so I told staff to go full throttle. Thereafter, we went into a deficit in 2013, 2014, and 2015. We knew launching our cloud wouldn't result in a sales decrease. We were confident about making an investment.

Performance of main products (as of December 2020)

Business Application Cloud Platform
kintone — 18,000 companies

Groupware for SMEs
サイボウズ Office — 69,000 companies

Groupware for SMEs
G Garoon — 5,800 companies

Email-sharing software
Mailwise — 10,400 companies

*Number of Kintone customers only includes domestic customers, as Kintone is exclusively sold as a cloud service.
*Numbers for other products reflect the total number of domestic companies that have adopted either the packaged or cloud version

#株主会議2021

Otani: I see. So, that commitment resulted in this result. Could you explain a little more about these results?

Kintone is used by 18,000 companies. Cybozu Office is used by 69,000 companies. Garoon is used by 5,800 companies. And Mailwise is used by 10,400 companies.
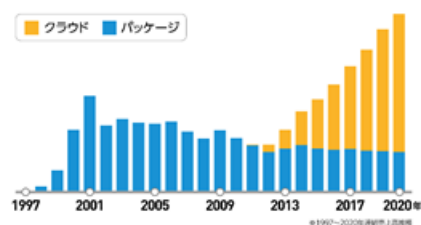
Aono: In terms of numbers, Cybozu Office has the most. The reason for this is that this is a package that we add up all customers who have bought it from the oldest version to the latest. In terms of cloud subscriber numbers, Kintone and this Cybozu Office are about the same. Kintone is the best in terms of money.

Otani: I see. The next slide shows the sales trends. Kintone is doing very well. Its sales have increased by 37.5% YoY.

Aono: That's right. But Cybozu Office is also a package. It is growing due to adding cloud sales, and it is gradually increasing. In that sense, Kintone seems to have begun to grow rapidly.

Otani: I'd like to ask you something once again. How did you survive in this Groupware Business amidst all the competition? You mentioned a moment ago that you had to make up your mind for this.

Aono: Otani is [inaudible]. The first thing is that the package is easy to use and because of that, we got one step ahead of our competitors as many customers struggle during installation. I think that we have overcome the installation barrier.

Otani: That's right. It's a turning point. When it comes to ease of use, I think it has been well tended in detail.

First, the same menu is at the top and bottom of the screen. It's true that the schedule is very long, the calendar is very long, and if you scroll down, you have to go back up when you want to do what you originally wanted to do. When I noticed that the menu was underneath, I was impressed. That level of details, indeed.

Aono: Yes, that attention to details makes a difference. As to how it's invested in marketing effectively, the revenue from sales is reinvested in advertisement, which brings customers to download our products. The first thing I did when I went full throttle was to get a step ahead. That's how our package managed to survive.

Next is the Cloud. I think that the reason why we managed to survive was because we said that we would wholeheartedly shift to cloud and we did prioritize cloud for everything from manufacturing to sales.

Kintone's first TV commercial

Otani: That's right. This is a recent Kintone TV commercial.

Aono: Which features Fumino Kimura.

Otani: "Mr. Spreadsheet is too heavy" is the catchphrase in it. I went to the press even for this TV CM. I was also surprised to hear the phrase, 'Do-Cloud' ("super-cloud").

Aono: Yes, Do-Cloud.

Otani: I was like "What's that?" But when I got home, my kid saw the commercial and said it was Do-Cloud.

Aono: Thank you for remembering this.

Otani: Kids remember it. That's why I thought it was a commercial that had such an impact. What are your thoughts on this commercial?

Aono: Kintone is basically an app-development platform, so we didn't take the plunge in advertising to the general public. When we had sold to 18,000 companies, we started planning to go to the mass market. At that time, we had to ensure that Cybozu did not lose its essence, so we struggled creatively, and made many commercials that failed.

Ultimately, we were able to meet Shinya Nakajima, the legendary creator of Iyemon Tea, who made an advertisement for Cup Noodle with the tagline "Hungry". He suggested that we stop using an office in our advertisement. It's software that's used in an office, but the commercial is set in a desert.

Otani: It's like a desert or a wilderness.

Aono: Yes, a desert wasteland. In the commercial, a cloud comes to help. I was told that it should end with Do-Cloud as a tagline, and I was so impressed. This is thanks to the creator.

Otani: I see. It's certainly used in the office, but it's not set in the office. The worries and issues that everyone feels in the office are expressed well.

Aono: That's right. In 15 seconds, Mr. Spreadsheet represents an excessively heavy spreadsheet.

Otani: Who on earth is this person?

Aono: A spreadsheet software-like person is heavy. How quirky.

Otani: He's heavy.

Aono: People who understand it will laugh.

Otani: Years back, only a few people used computers, right? There would be one computer in a company. In the 1990s, the number gradually increased. Spreadsheets are heavy, and this is a pain point everyone can relate to.

Augmenting our cloud services

ⓖ Garoon

March 2021: new plug-in functionality (announced on Feb. 26)

Release multiple plug-ins that makes it easy to expand functionality, including integrations with Kintone.

📧 Mailwise

2026: Packaged version to be discontinued

サイボウズ Office

2027: Packaged version to be discontinued

#株主会議2021

This announcement was made about shifting to the Cloud services more and more.

Aono: The focus is Garoon. Until now, I think that the idea behind using groupware applications was to use ones that had already been prepared. For example, using Cybozu's easy-to-use scheduler.

Recently, it has become increasingly possible to customize. Now you can insert a plug-in, which enables you to create a plug-in and insert it if you want to expand the functions of Garoon. So, the world view is getting closer to Kintone.

Otani: That's right. Kintone can be used to make from scratch. It's a business system. In that sense, Garoon has some pre-packaged or packaged functions, of course, but the fact that the functions can be extended with plug-ins is very much like the current Cloud service.

Aono: That's right. I thought this might be it. Mailwise and Office are still a long way off, but the packaged versions are to come to end.
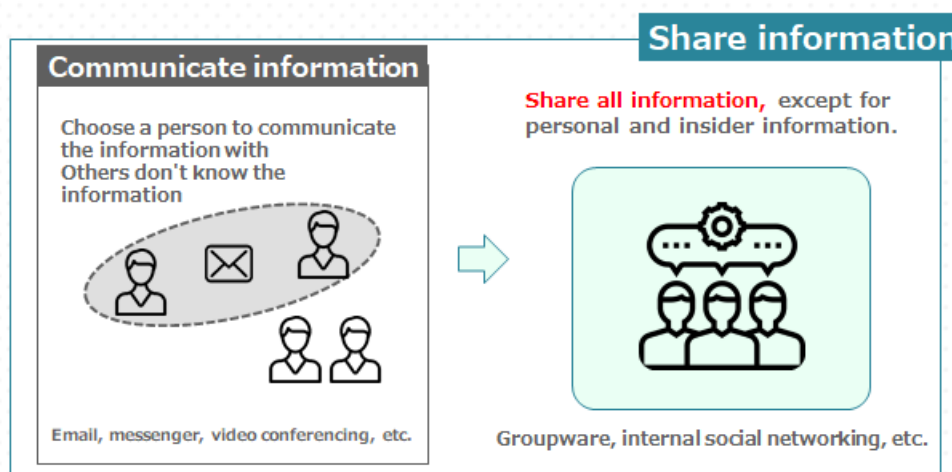
Otani: Finally.

Aono: Finally.

Otani: Well, Cybozu Office has quite a lot of users, and many people are using packages, aren't they? Given that, I think that shifting to the Cloud will have a considerable impact at some point in the future.

Aono: That's right. We would like to strive hard to provide follow-up support so that everyone can make the transition.

Otani: Next, let's talk about the organization. So far, we've mainly talked about products, such as cloud strategies, sales of each product, and the ideas being thought about. Next, let's talk about the organization.

As a reporter, I've covered Cybozu with its products at the core for a long time. But for the past few years, it has been recognized as a company with cutting-edge systems. Things like your work-style reforms and being a company that is easy to work in.

In the old days, Cybozu was a synonym for groupware. Regardless of the business type, Cybozu is said to be a company that runs unusual commercials and often appears at events featuring comfortable working environment.

I feel that over the last few years this has changed.

Therefore, the keyword, which is relatively important, is "openness". In the next 25 minutes or so, we'll probably talk about openness and teamwork. We'll talk about why it needs to be open. We will also talk about distributing and sharing information.

Aono: That's right. I'm often asked whether groupware is like an email, and I explain this at the beginning of my talks. In my experience, they are completely different things. Email is sent by selecting the recipients, so when writing, you are writing secretly to the other party while other members are not aware of the email exchange.

Wanting to share such exchanges, I focused on the Web and wanted to make software that would enable more sharing. I think it's conceptually different from emailing. Perhaps that's what we've wanted to do since founding Cybozu.

Cybozu's scheduler isn't just your schedule when you press the schedule button. The schedules of other people will quickly pop up. That was our original aim. However, back then I couldn't fully explain why it was good thing.

Otani: That's right. For example, when you go to the calendar in Cybozu, whole entire schedules of members are displayed, which I'm sure some are not happy about. There will be bosses who don't want to be seen. So, in that sense, it must have been difficult to argue that it should be a good thing to do.

Aono: That's right. When the talk of this manner of working came up, I wondered if everyone could work in the way that they can work at their discretion.

For example, say if a person leaves the office in the morning, how will that person's work be taken over by another person? Will that person who left in the morning be in the office tomorrow? We need to openly share information. Without doing this, we wouldn't be able to motivate the team by combining these diverse work styles. For us, the different contexts became linked.

Yes, the reason we were so particular about sharing information was that each and every one of us could work more freely and enjoyably. If you want to work in such a variety of ways, then sharing information is necessary, and by sharing information, you can also work in that variety of ways. I've been recently explaining this as an inseparable pair.

Otani: It feels like your products and organizational theories are becoming to go hand in hand

Aono: Yes. Tools can change an organization, and if an organization changes, then the tools will also change.

Otani: Information is certainly transmitted, as is written here, via email, messenger, or a video meeting, so the information is closed off as it's from one person to another.

Actually, I'm looking at various business cloud services, and the same thing is happening in business chat. The content cannot be read unless you join a specific channel.

Even though a business chat was created as a denial of email, it is likely that there will be a similar situation to email where you create a group and there are many groups shown on the left of the screend.

For a Japanese company, there might be an occasion that a person might think why I have to tell this to that department when the person is particular about how the organization is set up. This is so Hanzawa Naoki, the famous Japanese TV drama.

But, it's better to be open.

Aono: That's right. I think that for the future, that's better.

Groupware and Teamwork
Siloed systems that are dependent on experts
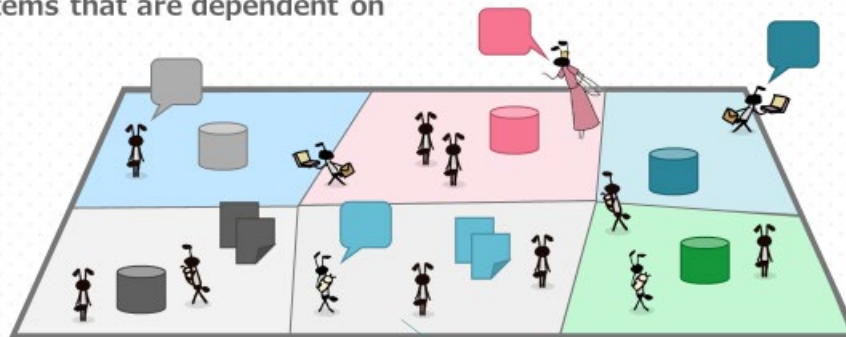
There are borders surrounding data, and these borders aren't easy to cross.

- Other departments in the organization lack login credentials and cannot access sales information.
- Communication takes place in closed group chats separated by department or project.
- Communication is separated from business applications Cross-search not available.
- Company orders and deploys tailor-made business application that cannot be customized by on-site staff and is difficult to integrate with external systems.

Information increasingly siloed, organization unable to leverage the expertise of front-line teams

#株主会議2021

Otani: Let's move on to this. Let's see how groupware and teamwork operate.

Aono: I'm writing this as a warning to everyone. Japan is, at last, going digital. What was once analog is changing to be digitized. When various systems are being made and introduced, there is a risk of silos.

For example, we added a sales support system. Sales people can see it, but people from other departments cannot access with no idea how business is doing at Sales. HR implemented a HR system. People in HR can share information there, but other people cannot.

When this happens, even though digitization has taken place, information is split up. And in terms of teamwork, it will be a poor set-up. This is the next wall we want to break down.

Otani: I see. At our very first meeting, you said creating groupware on the Internet or an in-house network was an intranet. Within the intranet, if you have a browser, anyone can see the information without installing a specific application or client. That was about 20 or 25 years ago, but now we have an information silo, or in other words information is divided up, and even with cloud services, this has not changed.

Aono: The intranet had more freedom. In a sense, outsiders did not enter, so nobody got angry with me even if I built a web server without permission and distributed to my department without granting access rights. With the Cloud, other companies can see, so protection is required. Once I protected it, I couldn't see even though it exists inside the Company. This could be the next barrier to human beings in the Cloud era. I want to change this.

Groupware and Teamwork
Increase productivity of the entire organization

External data received and shared

Data is disclosed and analyzed

kintone
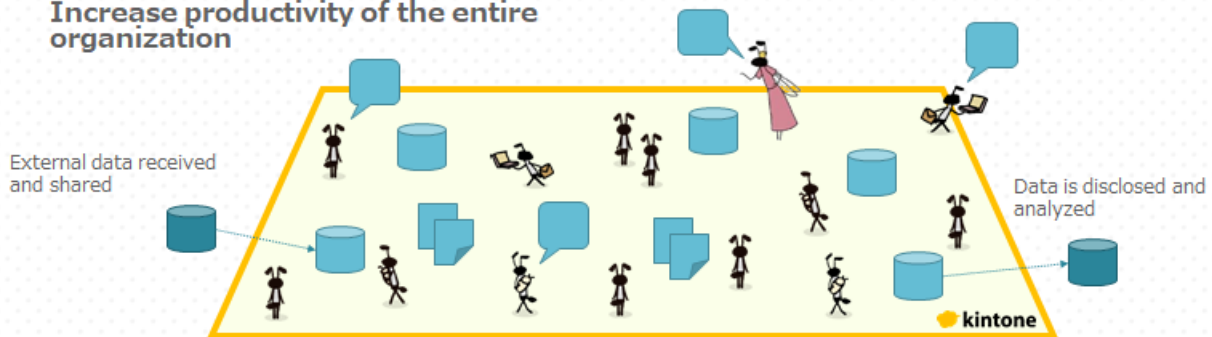
All business-related communication, correspondence, text files and data bases are **disclosed and shared in the same platform.**

Each individual can autonomously create general or customized work-related applications to visualize front-line operations, which ultimately **accelerate collaboration.**

Improvements in day-to-day work triggers organizational evolution.

#株主会議2021

Otani: It will change like this.

Aono: That's right. It's pleasant to use various apps and various systems. But, basically, everyone posts information on Kintone. If you look inside Kintone, no matter what department or job, the information is there. There is data, and if the workflows flow, communication information is also listed there. When you search, everything is there, just like an intranet within a company.

Kintone's vision is to provide a new, cloud-era intranet. That's easier said than done, though.

Otani: The same is true when entering information in groupware. I think that it will be so for Kintone and the Cloud. And I think that there are definitely people who are against this. As mentioned earlier, there are bosses who don't want other to see their schedule. I wonder how this mindset can be broken.

In essence, this is about how to shift to being open. This is about tools and organizations. How should we proceed? What do you think?

Aono: For example, my schedule is open for employees to view. Aside from merely being able to view it, people can book an appointment with me.

I think that normally in a company, the boss would say that they hadn't heard about such an appointment and have some bad things to say about someone booking an appointment with them.

I thought this would change when the company was founded in 1997, but it hasn't changed. Even though the tech has evolved so much, in terms of my theory of inseparable pair, tech has evolved so much, but corporate culture remains the same as in 1997.

That's why I started to revamp our corporate culture. And now we advocate our vision in places like this. Recently, we started a Consulting Method Business. We provide training, consultation, and workshops about how Cybozu's information sharing and organizational crafting can be of interest and useful to everyone in business. This is what we've been engaged in recently. You need both, tech and corporate culture.

Otani: I agree. To summarize what I've noticed, it's been 25 years and tech has greatly evolved. Products have been somewhat refined, but ultimately, it's the organization, the culture, and tech related to work that are important, but the organization and culture haven't changed.

Aono: People haven't changed. Technology is evolving, but people are behind.

Otani: People are lagging behind. For you, Mr. Aono, who got tired of the situation, you started to offer Consulting Method Business. It might be taken to some people as presumptuous, but you go and ask people if they want to learn the methods which have been successful at Cybozu.

Aono: Yes.

Otani: What's the reaction like?

Aono: It's good, which surprised me. I wasn't sure if people were eager to listen to such, but lectures and training requests come almost every day.

Otani: Is that right?

Aono: Yes. We receive inquiries from all organizations, big and small.

Otani: What do people want to learn from Cybozu?

Aono: Inquiries come from big and small companies. But starting last year, teleworking became commonplace. We used to get together in the office to work, but it has become difficult to meet in person. I have to telework too. Teleworking requires digital solutions. But it's not enough to just digitize, and we need a culture in which we master it.

Otani: Management is difficult too, right?

Aono: Yes, management is difficult, so there are things that people can come and learn. If a manager has a slightly broader view on things, they will know that they have to change their corporate culture. In order to bring about innovation, it is possible to hire diverse people, have them work in diverse ways, and have open discussions. Managers who realize it's no longer possible to do things in an old-fashioned hierarchical manner come to us and want to learn.

Otani: There have been many negatives with the coronavirus pandemic, but it has also been a catalyst.

Aono: Yes.

Otani: We can rethink how we work, the Company, and the organization.

Aono: Indeed.

Otani: That's happening right now. And this is about going hand in hand by using groupware and technology, with the organization.

Internal Recruitment of Candidates for the Next Board of Directors

February 18, 2021: full-page ad in the morning edition of the Nihon Keizai Shimbun

さて、かねてより「100人100通りの働き方」を声高に叫び、様々なお客様にやれ働き方改革だ、多様な個性だと説いてきたサイボウズですが、弊社自身が全く多様性のある職場を実現できていなかったことを、ここに深くお詫び申し上げます。なんの話かといえば、弊社の取締役です。なんと、おじさん3人ですよ。こんな状況でよくもまぁ、人様の職場に意見できたもんだと、今となっては本当にお恥ずかしい限りでございます。

そこでこの度、次期取締役候補を社内で募集することにしました。カイシャに「オープンな情報共有」が浸透していれば、取締役を「やりたい人にやってもらう」という新しいコーポレートガバナンスにも挑戦できると思ったのです。すでに17名の候補者が手を挙げてくれており、中には昨年入社の新人もいます。5名が女性、2名はサンフランシスコ在住という、実に多様な顔ぶれが揃いました。

サイボウズでは、社長の1日のスケジュールも、マネージャーの交際費も、10年後をふまえた全社戦略の議論のプロセスも、常にオープンです。もちろん部門としての意思決定や承認フローこそありますが、だれでも同じ情報にもとづいて意見や質問ができるので、だれもがやりとりを監督できますし、こまった時には多彩なアイデアが集まります。であれば、「みんなで取締役」をやってもいいんじゃないでしょうか?

cybozu

多様性に関するお詫び
弊社の取締役が、3人のおじさんだった件について。

株主会議2021
サイボウズと語る一日
2021年3月27日(土)オンライン開催

#株主会議2021

Let's move on to this. This is an apology related to diversity I mentioned at the beginning. Cybozu has boldly raised social problems through commercials and videos featuring moms, and the response has been great.

Aono: That's right.

Otani: An explanation was provided at the beginning about why this happened, but can you explain once again?

Aono: This time, there was talks about changing the process of appointing directors. The background to this is that Cybozu's internal information sharing has been very thorough. Whether it's a director or a business strategy meeting, when it got to the stage when people felt like anyone can participate in. Then we started to wonder what directors should do. Mr. Hata and Mr. Yamada also say they are not particular about the title of director.

We thought about trying an open recruitment. A company with such high transparency of information can't do anything wrong in the first place, and even if it does, it can be found immediately. Since directors must be appointed under the Companies Act, we though that the person who wants to serve as a director should run for it.

There is a risk of being sued. But if there are people who want to serve as director with the knowledge of that risk, we thought it was fine and solicit candidates, and 17 people came forth. This is interesting, so I wanted to send a message to society.

Otani: You mean an apology?

Aono: An ad of an apology. What I wanted to do most was to attract people to today's shareholder meeting.

Otani: I think there are probably a lot of people who are interested in this. What's amazing to me is that 17 applied.

Aono: I agree.

Otani: Usually would think it's just a joke.

Aono: I also thought no one raised their hand. I thought that many people would stop if they were told that their name would be revealed. And there was a risk of legal action being brought by shareholder representatives. Surprisingly, many want to throw their hat in the ring.

Otani: What kind of people?

Aono: Various.

Otani: Young people too?

Aono: Yes, there are young people. There are also newcomers, second year employees, men, women, foreigners, and so on. The advertisement kind of makes fun of men in their middle age, but such old men also applied.

Otani: Isn't that one of your intentions?

Aono: I think most people see this as Cybozu doing weird things. I'm confident in myself, and maybe other companies will start doing this. After all, if you make information transparent, you don't need a director. Looking at this from another angle, people now argue that we need governance and outside directors, which sounds one or two generations old things. I believe after 10 or 15 years, more organizations will have the same feeling as we do now.

Otani: In that sense, Cybozu is said to have started teleworking in 2010, right?

Aono: That's right.

Otani: I've been teleworking for over 10 years, and it seems like the world has finally caught up with Cybozu, and that's why the percentage of women is very high.

Aono: That's right, around 45%.

Otani: So, in that sense, you've been repeatedly discussing work styles such that people can continue to work fine even when raising children or after giving a birth. Maybe 10 years from now, there might be a new normal where people would be surprised with a company not recruiting a director from outside.

Aono: That's right. That's what I wanted to speak with you about. Perhaps we were a little too soon. To be honest, 1997 was too early for our founding. Year 2010 might have been better.

Otani: When the Cloud came on the scene.

Aono: It might have been good to share information from that point.

Otani: Just to return to what we were speaking about a moment ago, groupware wasn't popular in the US due to the culture of individualism. We were speaking about partitions and not wanting to show your schedule to other people, right?

Now, for example, people who sell major business cloud services are talking about communication and teamwork.

Aono: They are talking about being open.

Otani: Yes, they are talking about being open. I don't know if the term, foreigner, is appropriate, but there are also Westerners and people who are using cloud services with advanced IT, and if teamwork is being used rather than solo work, communication is important. That's what Cybozu has been saying for a long time at press events and other occasions, right?

Aono: Yes. I think that the area where we can take up challenges will expand soon.

Company vision

Purpose

Build a society brimming with teamwork

Culture

- Share a common vision
- Be transparent
- Embrace individuality
- Be yourself, take responsibility

#株主会議2021

Otani: Now to the fourth topic: creating a society brimming with teamwork. You are fastidious about teamwork. And, to summarize, this seems to remain the same for 25 years. What I would like to talk about here is that the ideal or purpose of creating a society brimming with teamwork remains the same but the definition of the word teamwork has steadily changed. Can you talk of what your ideal is for creating a society brimming with teamwork and define it?

Aono: It reminds me of the time when we started this company. Considering why I left Panasonic and released software for sharing simple calendars, it was because I wanted people to share information such that each and every one of us could work more happily.

What I mean by happily is that, if you can see other peoples' schedules, you can go to help people who have a lot in their schedule and are likely having a hard time. And someone will come to help me when I have a full schedule. If I share information, I can contribute to others, and others will be grateful as a result. That's what I mean by saying happily. I hope society could be like this.

When I worked at Panasonic, I couldn't easily do that. Seniors sitting to the side of me seemed to be very busy, but I didn't know what they were doing. Because of this, when I looked at the web, I realized that this could allow me to know how difficult those seniors' situations were, and I wanted to put into practice what I realized.

But I couldn't verbalize that, and now I finally can. I feel like this is what I wanted to do and I can put into words. We have been implementing things we wanted to do. I'm certain this is it.

Otani: I see. In that sense, each word has tremendous meaning. Ultimately, it's about teamwork. Let's make the considerable amount of time we spend working enjoyable by helping each other and complimenting each

other. Let's make it highly productive. That is what teamwork is about. And a society will be crafted that is full of it.

In essence, this is about going beyond what a company is. When you think about creating a company from scratch, it actually feels like something meaningful. The concept is somewhat meaningful and significant from the point of improving internal networks and internal communication. It is rather larger concept.

Aono: Yes. In that sense, the Cloud is amazing. Basically, we're a company that sells to other companies. The way a company works will change. With the Cloud, we've starting selling to other entities than companies.

Especially amidst the coronavirus situation last year, Kanagawa Prefecture had to communicate with hospitals. They wanted to collect real-time information on how many tests were being conducted at hospitals, how many infected people were there, and what medical materials were lacking, but they didn't exist. So, they implemented Kintone. All they had to do was to punch in data and it immediately totaled up figures and was shared with everyone.

Otani: It's the same with subsidy applications.

Aono: Yes, I thought teamwork doesn't only occur in organizations. Teamwork occurs everywhere in society.

Otani: And in Japan, teamwork will be needed more and more in the future.

Aono: Yes.

Otani: Japan's economy is shrinking due to the declining birthrate and aging population. There are probably many companies that need to go global. Each person concerned is connected in various ways and because there is teamwork, they work properly.

Aono: That's right.

Otani: The way in which teamwork is done has changed. And now, apparently, more and more people are using Kintone in local governments. Until now, it was closed inside companies, but, for example, now, a business partner or a customer might be a local government, and the scope of teamwork will be applicable to the whole area. In that sense, teamwork is steadily changing.

Aono: Yes, that's what a society filled with teamwork is all about. It's ironic that we only realized this now, even though this is our mission.

Otani: I hope that people understand that there are tools for that, such as Kintone, and know-how such as methods. You have four elements regarding your culture: sympathy for ideals, fairness, valuing diverse personalities, independence and discussion. Can you comment on this?

Aono: We are discussing if this could be raised at the upcoming annual shareholder meeting to be included in the articles of incorporation. Let me provide a short explanation.

First, let's think about the word "team". Even if a bunch of people gather together, they are not necessarily a team. They become a team when certain conditions are satisfied, which is sharing a common ideal. It's not a team where people just happen to be there, playing baseball. Team is with people who share the same ideal, such as being qualified to play at the prestigious Koshien baseball stadium.

It's a team only if there is something in common there, so I want to create a state in which everyone has an ideal and everyone can relate to it. That is the first condition as a team.

There are actually many teams achieving that level. What we want to value is diversity of people in the team who came for the same ideal. It's not exactly about the SDGs, but no one should be left behind. Various people gather and some might have some kind of limitations, but all should be able to work while demonstrating their individuality. The second condition that we absolutely want is to value importance of diverse individuality.

If you want to realize that, information must be open. Who is in trouble and where? Since the team is so diverse, nothings should be hidden but be open fair and square.

Moreover, the last thing I would like to add is that when placed in such an environment, each and every one of us should be able to say this is my work style. They should be able to autonomously tell others how they want to contribute and be appreciated. If we can't do that, ultimately, we will end up with many choices but unhappy people.

I realized that these four are the key points. This is a rule of thumb, so it may change. But now I'm thinking about these four culture values. If the world becomes filled with these, we should have a society full of teamwork. That's my vision.

Otani: I see. We've been in the coronavirus pandemic since last year, and I think those things have been lost. The keyword was "division", but because we live in such an era, you would like to once again properly pursue your culture.

Aono: Yes.

Shareholder Returns

We would like to work with shareholders who share our vision as a team!

Promote communication and increase touchpoints with shareholders
- In-person get-togethers
- Online Meetups
- Launch Kintone for Shareholders
- Launch of the Cybozu Team Project (tentative name)

Dividends

	Dividend per share
FY ending in December 2019	JPY10.00
FY ending in December 2020	**JPY11.00**
FY ending in December 2021 (Projection)	JPY12.00

#株主会議2021

Otani: As to what kind of initiatives we will engage in the context of teamwork, there is this event, and it is related to shareholder return. We are about to bring shareholders into a part of your team as well.

Aono: What is often written on the Internet about Cybozu is that Cybozu focuses on its employees and disregards its shareholders. We currently have 25,000 shareholders and we are still trying to find the best way to interact with them.

Otani: I don't know the best way either.

Aono: We haven't quite yet taken measures. But, Cybozu wants to embark on an effort in this area as well. We want to make a team with shareholders. The number of Cybozu employees is now 1,000, if those around the world are included. However, if shareholders are included, we suddenly have an additional 25,000 people.

There is no way that these people cannot be leveraged. Depending on the case, the number of friends who are fans and who can inform others by word of mouth grows to 25,000, so I would like to converse with them properly and proceed while having a dialogue. The word "(shareholder) return" is a bit unpleasant, but it's behind the desire to become a team together with shareholders.

Otani: I see. You are holding various events.

Aono: That's right. We are trying to increase the number of times we come into contact with people for the time being, such as by holding online events and others.

Otani: Do you think shareholders actively respond? Is it pretty tough to talk about your annual shareholder meetings as we've heard about in the news? Do you get questions from various places? Are motions proposed? Some questions make me think that the questioner is watching too much drama on TV. Judging by the photos here, it seems different to that and it looks more comfortable.

Aono: Yes, Cybozu has perhaps worked hard thus far, but we also have many shareholder fans. There are many people who identify with the vision we are aiming to achieve and the culture we cherish, rather than short-term achievements. I think that if we properly involve these people, our annual shareholder meetings will become even more interesting.

Typically, many people who don't identify with the Company sit in an annual shareholder meeting, and the Company thinks that they will be attacked, so they put their guard up, and agenda items are forcibly pushed through. But if the people are on the same team, they will feel less intimidated, and the meeting can be enjoyable.

Otani: That's the identifying with the ideal mentioned earlier, right?

Aono: Yes.

Otani: Not only employees but also shareholders are involved, and we are thinking about it as a team and will share.

Aono: That's right. Our dividend, which is shown on the right, is increasing. Our results are good, so we're gradually increasing it.

Otani: Mr. Aono, do you have any kind of messages you'd like to say to people who are shareholders or people who are considering being a shareholder?

Aono: I'd like the people watching this today to become shareholders. Let me grumble about something. The number of Cybozu's shareholders has increased, and there are now 25,000.

Otani: That's a lot.

Aono: We send DM to 25,000 people to inform them of our shareholders meetings. But only around 500 of them applied to join. That's about 1 in 50. On the other hand, over 1,000 non-shareholders applied.

Even though it's a shareholders meeting, more fans than shareholders are watching. I would like to do business with people who understand Cybozu and feel empathy with us. I'd like such people to buy shares.

Otani: That's what you mean by everyone here today, right?

Aono: Yes, everyone.

We will be fielding questions during Part 3: "Let's talk about Cybozu"!

Please use the QR code below to post your questions!

*You can also post questions using the link in the Youtube video description.

Otani: Part 3 is about everyone talking about Cybozu. This is a section in which people's questions will be answered. Please use the QR code here to ask a question.

We talked a lot in an hour. How was today for you, looking back over the past 25 years?

Aono: This ended in the blink of an eye. We haven't spoken enough at all.

Otani: Yes, we haven't spoken enough.

Aono: I wanted to speak about the future of groupware. Let's definitely continue to set up similar opportunities to talk.

Otani: We could ask about the future of groupware, using the QR code.

Aono: Right.

Otani: I think it's about encouraging people to be interested in us and be a part of our team.

What will Cybozu do? Where will Cybozu trip up? I think we're all interested in these questions. Appreciate your continuous support for Cybozu and this concludes this session.   Thank you for today.

Aono: Thank you.

[END]

Cybozu, Inc.

Shareholders Meet-up 2021 – One Day Talking with Cybozu – Part 3 Talking About Cybozu Together

February 27, 2021

Event Summary

[Company Name]	Cybozu, Inc.
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[Participants]	
[Number of Speakers]	8

Yoshihisa Aono	Representative Director & President
Osamu Yamada	Executive Vice President
Keita Kuriyama	Executive Officer, General Manager of Sales and Business Strategy Office
Teppei Sato	Executive Officer, General Manager of Development, Representative Director & President of Cybozu Labs, Inc.
Tadamasa Hayashi	Executive Officer, General Manager of Corporate Affairs
Tamotsu Hayashida	Executive Officer, General Manager of Business Marketing
Yumika Nakane	Executive Officer, General Manager of Human Resources and Legal and Compliance
Yukio Ohtsuki	Manager of Corporate Branding

Question & Answer

Yamada: The third and final part is, "Let's Talk About Cybozu." We talked about Company in the first part, and in the second part, we explained about Cybozu itself. I hope we can discuss what was explained in the second part further during this part. Since this is a shareholders' meet-up, I think this discussion will be the main part. Please feel free to ask your questions.

The members who will be answering the questions are President Aono, and two shareholders who are invited as guests. Mr. Shinomiya and Mr. Kuriyama. Thank you for joining us today.

Shinomiya: Thank you very much.

Yokusu Kuriyama: Thank you very much.

Yamada: Now, please briefly introduce yourselves, Mr. Shinomiya and Mr. Kuriyama.

Shinomiya: Yes. Hello, everyone. My name is Yasutaka Shinomiya, the president of a company named JOYZO. It's a company that specializes in Kintone system development. I'm a shareholder of Cybozu and my company is a partner of Cybozu, but it was just last year I bought Cybozu stocks for the first time.

Yamada: I see.

Shinomiya: Yes. I've been doing business with Cybozu for almost 20 years now, but I've always had the feeling that I shouldn't own stocks. When Cybozu said it was going to completely shift to the cloud business with Kintone, I really felt close to Mr. Aono's idea, and I wanted to be part of it. At that time, I thought it would be a good idea to hold Cybozu's shares as a way to strengthen our ties as true partners, and that is why I became a shareholder.

Thank you for this opportunity today.

Yamada: Thank you. Now, Mr. Kuriyama, a shareholder, please introduce yourself.

Yokusu Kuriyama: My name is Yokusu Kuriyama. I work for a chemical manufacturer, doing quality assurance in the R&D stage. In terms of IT, I'm just a user. I only use it. Unfortunately, we don't use any Cybozu products in our company, but I'm personally very interested in the way Cybozu thinks about organizations, and that's why I've been to Cybozu Days (*a multi-day company event with thousands of visitors) and other seminars.

The reason why I became a shareholder is because I was not selected in the lottery for a ticket of the Teamwork Management Symposium that Mr. Horiemon (*a Japanese entrepreneur, writer and investor) attended in 2018. I thought I could attend this type of event without lottery if I were a shareholder, so I decided to become a shareholder as if I purchased an admission ticket.

The following year, I was able to attend an event because there was no lottery, and today I am very grateful to be able to participate in the session in this way. Thank you.

Yamada: Thank you. Next, let's go over today's agenda. In the third part, we will have a question-and-answer session focusing on the corporate vision to be resolved at the Annual Shareholders Meeting, the appointment of candidates for the Board of Directors, and the shareholder return policy.

A question-and-answer session sounds too formal. It's more like a casual chat.

The first point is the corporate vision. The purpose is to build a society brimming with teamwork, and the culture is comprised with 4 elements: share a common vision, be transparent, embrace individuality and be yourself, take responsibility.

Although we have always said that we value this corporate vision the most, we have never passed a resolution at an Annual Shareholders Meeting. We wondered why we haven't brought this up at the meeting, despite

the fact that shareholders had come together as a team to work together to build a society brimming with teamwork.

Not many companies put this matter before Annual Shareholders Meetings, but we decided to put it on the agenda for the next Annual Shareholders Meeting.
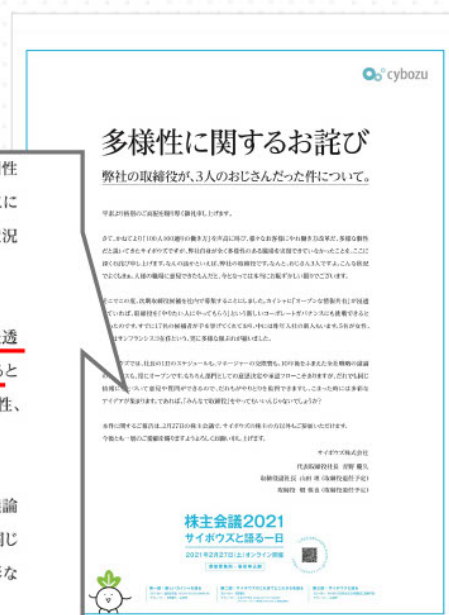

The second point is about selecting candidates for the Board of Directors for the next term, which we have explained a couple of times today. We now have 17 candidates for the Board of Directors for the next term by recruiting candidates internally.

It may be a little different from the purpose of this apology ad, but our management process has been open and transparent where each member has the responsibility to ask questions and appropriate members have the responsibility to provide answers.

As such a process is already in place, then it isn't necessary that we make a decision based on opinions of the experts, or someone check and monitor our operations. This role doesn't have to be given to elected directors. If there were 100 people, all 100 could participate in the process as if they were all directors. Then directors don't have to have that much authority or power.

If that is the case, then why not ask people who want to be directors and share our vision to become directors? This is the second item on the agenda.

Shareholder Returns

We would like to work with shareholders who share our vision as a team!

Promote communication and increase touchpoints with shareholders
- In-person get-togethers
- Online Meetups
- Launch Kintone for Shareholders
- Launch of the Cybozu Team Project (tentative

Dividends

Dividend per share	
Fiscal year ending in December 2019	JPY10.00
Fiscal year ending in December 2020	**JPY11.00**
Fiscal year ending in December 2021 (Projection)	JPY12.00

The third point is shareholder returns. We want our shareholders to hold Cybozu shares for a long time.

For some years now, we have been paying out dividends. The longer you hold our shares, the more returns you can receive, mainly through dividends. Separately, what we want to do is to build a society brimming with teamwork. So it would be good if shareholders can feel that they are contributing to that vision, or that they are participating in some way as a reward of being shareholders. We could perhaps call it a sense of unity.

Of course, we will continue to pay dividends. We are increasing dividends as our performance has improved, but we would like to consider other ways to return profits to shareholders. This is one of the reasons why we have put shareholder returns on the agenda.

The above is the agenda for the Annual Shareholders' Meeting on March 28. That's what I'd like to discuss today. After that long introduction, I'd like to introduce executive officers who are participating as respondents today.

 Let's start with Keita Kuriyama, briefly.

Keita Kuriyama: Yes. My name is Keita Kuriyama and I am in charge of the Sales Division and Business Strategy Office. Thank you.

Yamada: Next, Teppei, please.

Sato: My name is Teppei Sato, and I'm in charge of the Development Division and Cybozu Labs. Thank you.

Yamada: Next, Tadamasa Hayashi, please.

Hayashi: Yes. My name is Tadamasa Hayashi, and I'm in charge of finance and accounting as well as corporate planning at the Corporate Affairs Division. Thank you.

Yamada: Next, Tamotsu Hayashida.

Hayashida: Yes. My name is Tamotsu Hayashida and I am in charge of marketing. Thank you.

Yamada: Yumika Nakane, please.

Nakane: My name is Yumika Nakane, and I'm in charge of human resources and legal affairs. Thank you.

Yamada: Thank you. Next, Yukio Ohtsuki.

Ohtsuki: My name is Yukio Ohtsuki and I'm in charge of public relations in the Corporate Branding Department. Thank you.

Yamada: Thank you. We have a board member named Kuriyama, and I wondered why we decided to invite a shareholder named Kuriyama out of the 25,000 shareholders. We have two Kuriyamas now. Anyways, so let's start answering the questions we received.

Can I ask you to project questions? A collection of questions. Yes. There are categories, and I'm picking up interesting ones from the top. Let's start with the top one. A question about internal recruitment of directors.

"After watching the shareholders meet-up, I'm now interested in owning your company's shares."

Excellent. Thank you.

"In the December 3 article on the recruitment of directors, it was announced that candidates for directors are legally granted the authority, but they must have a strong mind not to use this authority for anything other than procedural purposes. Can you tell me what it means to be a director whose authority is used only for procedural purposes? Under the Companies Act, directors carry legal liabilities. I would like to hear your opinion on how the company plans to handle it."

Yamada: First, Ms. Nakane, could you answer it?

Nakane: I expected it.

Yamada: You expected it.

Nakane: I thought we might be asked such a question. I have decided to run for the position, partly because I want to do a lot of thinking in the coming year.

Yamada: That's true. Ms. Nakane is a candidate.

Nakane: Yes. Under the Companies Act, directors have legal responsibilities. As pointed out, the directors will hold responsibilities under the Companies Act. Thus, we would like the candidates to be poised to assume the position with the understanding of their legal responsibilities.

The meaning that the authority is not used outside of procedural purposes is that we want to increase transparency of discussions before final decisions are made at the board meeting; those who have voting power and don't have the power can exchange opinions openly during the discussion. Therefore, I don't think anything that has not been fully discussed will be brought up at the Board of Directors Meetings.

Therefore, the purpose is to have a proper discussion prior to the Board of Directors Meetings.

Yamada: Thank you very much.

Nakane: Is this okay?

Yamada: Thank you very much. Whether it's a director, a new graduate, or anyone else, questions can be asked at any time before decisions are made.

I know that many shareholders have asked questions about it today, and some have expressed concerns such as whether that type of decision-making works as intended. Mr. Shinomiya, what do you think about this initiative?

Shinomiya: Well, when I first heard about the internal recruitment of directors, my first impression was that it was something Cybozu would do.

I'd like to ask you a question. At Cybozu, I think you place a lot of importance on across-the-board information sharing and discussions. Are your discussions taking place solely on Kintone? For example, if there are 1,000 people, there will be a lot of opinions, but how do you finally put them together and bring them to a conclusion? Where and how are you doing it now?

I think that if this process is solid, it would be very reassuring and convincing that all discussions are over before the board meetings.

Yamada: Mr. Aono, do you have anything to add?

Aono: My answer? I wonder what we'll do. It's a real challenge. If someone comes up with something that needs to be coordinated and discussed, I want that person to take the lead because they think there is a problem to address. That person can say, "Hey, everybody. I think I'd like to put it together like this. What do you think?" and some people share their opinions in response and things move on.

I don't necessarily think some sort of authority is necessary there. An organization I have in mind is where someone comes up with a good idea, even if they don't have any authority at all or they are a new graduate, we can go on with it. On the other hand, if we don't have anyone who stands up, things could get messy.

Yamada: That's right. It'll be like all the information is just flowing.

Aono: Yes. We might be like, "can someone please take the lead here?"

Yamada: At the same time, we are working on a mechanism that decentralizes decision-making processes, like a "10 presidents plan." What I think will be very important is to have an open process for soliciting advice and to know who would be included for what topics.

In response, those who make the decisions will be responsible to offer explanations. If we keep repeating this kind of process, maybe it will be apparent who should make the decision for each category.

You may think that you should be the one to decide. We are working on such a mechanism of the organization, which we are still exploring. Thank you.

Aono: Thank you very much.

Yamada: Then, the next question. Can you show the question about the director candidates? The question number is 66.

"As a shareholder and a member of society, I look forward to Cybozu's initiatives and challenges."

"With regard to internal recruitment of directors, what will happen to the decision-making authority on personnel transfer, execution authority, and the department to which the newly appointed director belongs? If an employee who has joined the company two years ago is newly appointed as a director, it sounds strange

that the newly appointed director orders the section chief or general manager to execute operation or transfer, while it is common for the new employee to receive orders and instructions from a general manager of the same department. I would like to hear your candid answer."

I see. Perhaps the answer was already given, but in reality, matters are not decided by a single vote of the Board members. But, it's already decided at the previous stage, and they understand the process and approve it. So, I understand that there won't be any problems like this.

Aono: In addition, they have no authority to make decisions on personnel changes. There is also no execution authority. In a way, though, they maybe have a lot of it. They can do what they want to do. There will be no change in their department or anything.

Yamada: That's right. Nothing will change.

Aono: Nothing will change.

Yamada: Nothing will change. Also, I saw a question about compensation. The compensation remains unchanged.

Aono: The compensation remains unchanged. More specifically, each member at Cybozu has the right to decide on personnel changes. You can say what department you want to go to, how much you want to be paid, and where you want to work, whether in the Tokyo office or in Osaka.

Yamada: Ms. Nakane, what kind of system do we have now for personnel transfers?

Nakane: In some cases, a member requests to join a particular team. In other cases, a supervisor, a human resources manager, or a member of a team in a different department suggests a transfer. Basically, anyone, including the member himself or herself, can ask for a personnel transfer, and if the receiving department agrees, the transfer takes place.

Yamada: That's how we do it.

Nakane: Yes.

Aono: People flee from unpopular departments.

Yamada: That's right. People flee from unpopular departments.

Nakane: That's right.

Yamada: That's scary.

Nakane: So, there is no such thing as a forced transfer involving relocation.

Yamada: Thank you very much. That's the kind of incomprehensible thing we're doing. Let's move on. Have you gotten interested in any question, Mr. Kuriyama?

Yokusu Kuriyama: I hadn't looked at the questions in details yet.

Aono: You may ask your own question.

Yamada: Mr. Kuriyama is Mr. Kuriyama who is a shareholder.

Yokusu Kuriyama: Yes.

Keita Kuriyama: I reacted a little.

Yokusu Kuriyama: Hmm.

Aono: What do you think?

Yokusu Kuriyama: Let me take a look.

Aono: It doesn't have to be about directors.

Yokusu Kuriyama: You mentioned that you have a lot of open discussions within the company, and various matters are decided through those discussions. I think it's difficult for people outside the company to understand it. As Ms. Nakane said, if things are really going well, I think that recruiting directors from within the company will probably work. I thought it would be nice to know a little more about it.

Aono: I wonder if I can explain. How do we discuss and decide various matters?

Yamada: Someone, please answer.

Hayashi: Okay, I'll try.

Yamada: Yes. Tadamasa.

Hayashi: Yes. This is Hayashi of Corporate Affairs Division. I am in charge of organizing the executive meetings. Executive meetings at Cybozu are basically open to all Cybozu members. They can join us via Zoom, or can come and watch us when we are holding the meeting.

The content of the discussion will be announced on the groupware the day before, and the content of the discussion will be shared with everyone in the form of minutes by the evening, or at the latest in the morning of the next day. I think that members are now able to have general ideas of who is thinking what and where.

Aono: We are pretty open about the process, too. Of course, decisions are made at an executive meeting, but you can always put a stop. Someone can say something like, "numbers you use for this calculation are wrong."

Yokusu Kuriyama: For example, I think it's difficult to say, "No, that's not the case," to someone in a department that is not directly related to you, especially in my own company. If someone has a reasonable opinion, do you say, "I'm sorry, but you're right"?

Yamada: Even when the opinion is not that reasonable, we tend to do that. Mr. Ohtsuki?

Ohtsuki: Yes. For this newspaper ad, we received feedback from a wide range of people within the company, including people outside of the marketing department, and as a result, we were able to make some improvements to our expressions. We appreciate that process.

Aono: In that sense, the wording of the ad ("we're sorry that the directors are three middle-aged men") had already been criticized from within the company before it was criticized from outside. After receiving feedback, the person in charge should decide whether to move forward with it or not.

Yokusu Kuriyama: I understand. Yes. Thank you.

Yamada: There is one more question related to this.

"What kind of opinions do you have in favor of or against the internal recruitment of directors?"

I don't really know much about this area. We're going ahead with it because we think it's the right thing to do, but I'm sure there were many pros and cons discussed within our company. Did we have any opposing opinions or unique episodes in the company?

Is everyone in favor of this incomprehensible development? I think some members might thought these people started something incomprehensible again.

Aono: Like a negative reaction.

Yamada: Mr. Ohtsuki, do you know anything?

Ohtsuki: Regarding the directors?

Yamada: Yes, regarding internal recruitment of directors.

Ohtsuki: Well, basically, they didn't know what a director was.

Yamada: I see. Within the company, too.

Ohtsuki: Yes, that's right. Within the company. Yes. Outside the company?

Yamada: In the company. I think there were pros and cons within our company.

Ohtsuki: Yes, that's right. They don't even know what directors do. I think everyone has been discussing what the purpose of the project was. They didn't know what it meant.

Yamada: So there wasn't much opposition?

Aono: The members in Mr. Hayashida's Business Marketing Division were quick to react. They proactively raised their hands.

Hayashida: That's right. I told them that if they dared to do nothing as a director, they were welcome to run for the position, and many people did.

Aono: If you need a type of people who love new and interesting things, the Business Marketing Division is the place to look.

Yamada: That's for sure. On the contrary, there were some who wondered if it was worth the risk if the compensation does not increase. But when I asked the people who were running for the position, they said, "There's no way we don't participate in such an interesting initiative," and several people raised their hands.

Hayashi: I was part of this project, and I was expecting about 50 to 60 people to raise their hands, so it was surprisingly much less.

Yamada: In other words, there were only 17. I thought no one would raise their hands, so I was surprised to see 17 people raise their hands.

Hayashi: Both predictions were wrong, right in the middle.

Yamada: About the middle. How do you see it, Mr. Kuriyama, when you look at it as a shareholder?

Yokusu Kuriyama: I just think it's amazing. I think that when you do a lot of new things, there is a tendency to get tired of doing new things. There are many cases that a charismatic manager shows a strong leadership, but leaves all employees behind. I don't think this is the case with Cybozu. I get the impression that everyone loves new and festive things, and that there are so many great people. If other companies try to do the same thing superficially, they may not be able to do it.

Aono: That's right. In the past 10 or 15 years, the culture where members love something festive has been created.

Yamada: I see. Thank you. I think it's time to move on to the next category. We have talked about directors. Please project questions.

Aono: What number is it?

Yamada: Number 80, regarding the corporate vision.

Aono: Yes. Number 80.

Yamada: "I have recently become a shareholder. It is interesting that you are involving shareholders. If you can involve shareholders in a positive way, rather than the fan action to save the day, as Mr. Ikeuchi mentioned, it would be future-oriented and pleasant for us. The world is changing due to COVID-19, and please let me know if you have any ideas to involve shareholders."

Aono: Sales quotas for shareholders. If each shareholder sold one product, we would sell 25,000 of them.

Yamada: For now.

Aono: Isn't it amazing? I think sales activities would be a lot easier. Mr. Kuriyama of Cybozu, do you have any ideas on how to get shareholders involved?

Keita Kuriyama: You never know what kind of people there are.

Aono: We need profiles.

Keita Kuriyama: Yes. If we had profiles, we might be able to strategize a bit about what we could ask for.

Aono: Interesting. There may be people in the industry, or people who have connections in the areas we want to expand into.

Yamada: I think we can make good use of the shareholder Kintone project for this purpose.

Aono: That's a good idea. I like that. We can make an app in Kintone for shareholders.

Yamada: We can create an app, register profiles, and post their sales results there.

Aono: We graph it.

Yamada: We graph it.

Aono: Scary. I didn't say that.

Shinomiya: If you want, I can make it.

Yamada: We created the shareholder Kintone project and are recruiting members, but then maybe nobody will join. What I'm thinking about now is, of course, to clarify our corporate vision, and to have shareholders who share our corporate vision. Aside from that, I'd like to talk about the fan club, which I think was mentioned earlier today.

I'm looking for people who will not only support us, but also participate in creating a society brimming with teamwork at Cybozu. I'm thinking of starting up a team project, which I'll introduce later. It's a kind of a fan club, and I'd like to invite people who want to participate in it, not just employees, but people who want to be a part of it. For example, someone would like to see Cybozu push for more changes in the way we work. It's hard to change companies, but it's hard to wait for them to change.

But Cybozu might be able to change that. I'd like to invite people who are interested in supporting or participating in such activities. I'm thinking of starting a fan club type of project. I hope that this will give people a sense of unity, that they are involved in something.

Aono: We would like to hire a lot of development staff for software development. I'm sure there are a lot of engineers among the shareholders and a lot of people who have connections to engineers.

Yamada: That's right.

Aono: I just wanted to ask Teppei, can you think of any ideas on how to work with shareholders in development?

Sato: There may be people who can provide training in development, or who have connections to other products. In terms of getting people to participate in product development, especially during the product launch or planning phase, there may be ways to get people to participate, such as interviewing people about their ideas, or having them participate in cross-type testing.

Aono: Interesting. Like a beta user.

Sato: That's right.

Aono: That's good.

Yamada: Let's do something like that. I think it would be interesting if we could build a team that includes people like Mr. Shinomiya and others who will become shareholders in the future. That's exactly how Mr. Shinomiya started, isn't it? Evangelist.

As a partner, you were not only expanding your own business, but you were also working to help people understand the advantages of Kintone without receiving any money from our company, even though you were not a shareholder.

Shinomiya: That's right. I really feel that empathy for the vision is very important. To be alive is to work, and most adults spend most of their day doing nothing but work-related things. I always felt that if I didn't make that part fun, then what was the point?

It was fun to work with Cybozu. As an engineer, I wanted to feel the excitement of a domestic cloud vendor challenging the world together. That's when I decided to commit my company to Kintone. I think that empathy is very important.

Aono: That's true. It's exciting to work together.

Shinomiya: Exciting.

Aono: In a way, this is one reward, isn't it? If you're given a sense of excitement, you won't get angry even if the dividend decreases. I probably shouldn't have said that.

Yamada: Thank you very much.

Shinomiya: But you're right. I think the new system of directors will also be exciting. There will be a sense of excitement, of not knowing what will happen. I thought that was why you introduced such a system.

Aono: That's true. If the excitement disappears, the fans will probably leave.

Shinomiya: That's right.

Yamada: I hope that people can relate to the future that we want to create. I think they'll be excited to know that we're taking it one step further in that direction. When you don't know where you're going, and you think "What are they doing?", you feel only risk, and you probably get nervous or anxious.

When I see questions this time, I find that they are still anxious and nervous, and as a shareholder, they are opposed to things. In some cases, they can't make sense of what we're doing. It may be because we haven't fully conveyed what we want to create, what we want to do, and how this is connected to the image of a society brimming with teamwork.

Aono: Indeed. I found that we have to explain the corporate vision and our culture, include it in the articles of incorporation, and explain it repeatedly every year.

Yamada: Thank you very much. Okay, let's talk about number 69, the stock split.

Aono: Yes.

Yamada: "Since the policy is to evolve teamwork beyond the boundaries of the Company, I think a stock split would be good so that everyone can participate in the team. I think Cybozu can do it, just as it has done with the open recruitment of directors, where anyone can become a shareholder."

Aono: Osamu-san.

Yamada: I'll answer.

Aono: Didn't you say somewhere that you wanted to split up?

Yamada: Yes, like the fan club I mentioned earlier. In this way, we can encourage people to hold our stock. Now, our stock can only be purchased in units of 100 shares. Nowadays, this would require more than JPY200,000, so I'd like to make it easier for people to buy.

To begin with, this is something I really want to talk about. I think that the higher the value of your assets, the more sensitive you are to the rise and fall of their value. So you become more and more concerned with raising the stock price or getting more dividends. But let's say you buy shares for JPY2,600. It costs JPY4,000 to join the boy band Arashi's fan club. My daughter has been a fan of Arashi for over 10 years.

But they don't complain much about the price. The fact that you are participating in something or getting something from it is of great value to you. I don't mean to say that you shouldn't expect money at all. I think there should be a balance between the two, so that people don't have to care so much about money, and they don't have to become a shareholder of Cybozu just to make money. I think there is such a stock price that makes people want to participate in creating a society brimming with teamwork. In that sense, I think a stock split is one possible way.

Aono: This is an area we would really like to discuss.

Yamada: That's right.

Aono: Now, our stock price is ...

Yamada: JPY2,600, so JPY260,000.

Aono: Since you can purchase in units of 100 shares, it would cost JPY260,000. If I bought shares and the price was reduced by half, I would feel disappointed. If it's JPY2,600, it's not too bad, right?

Yamada: Yes. Since the market capitalization is now over JPY100 billion, if we divide it by JPY2,600, we would need a significant number of shareholders. So we need to attract a large number of shareholders. That's why we'd like to gather a large number of people who really share our ideals, and ask them to become shareholders.

Those of you who participated in the first part today may have heard about it, but Mr. Aono and Mr. Hata still have a lot of shares.

You're still young, but if something happens to you, the shares can be inherited, and the ownership can change depending on who owns the shares. If we want to make the Company a truly public company in the long run, I think it would be better if there are many people who share our ideals. That's why I'd like to start working on that from now on. What do you think, Mr. Kuriyama? Mr. Kuriyama, a shareholder.

Yokusu Kuriyama: As I said when I introduced myself earlier, I became a shareholder because I thought of it like an admission ticket. I can't personally afford JPY250,000 as an admission ticket. At the time, the price was about JPY500 or JPY600, so I thought it was okay. Also, when a stock goes down, you get a message that your valuation has gone down. I didn't lose any money in real life, but if I lost JPY10,000 or JPY20,000, it would hurt my heart. In that sense, I would like you to split it up and make it easier to buy.

For example, I'm not sure if high school students are allowed to own stocks, but if they want to, it would be better if they can buy a unit with pocket money.

Yamada: I see. Tadamasa, there is a possibility that people who are watching this now are saying that Cybozu might do a stock split, and they are getting excited about it. What are your thoughts on how to disclose such information?

Hayashi: I think it would be better if we could announce it when we get to the point where we're going to consider it more concretely and in earnest. Also, the stock price should be around JPY2,330 right now.

Yamada: JPY2,330.

Aono: You exaggerated the number a bit. If possible, we'd like to start the discussion process in this area openly.

Yamada: You're absolutely right.

Aono: It's like we've been hiding it for a long time, saying, "it's insider (information)" and then suddenly it just comes out of nowhere. If possible, we would like to have discussions with the shareholders as openly as possible, and then make a decision.

Yamada: I really want to have these meetings openly. I don't know if I'm allowed to say this, but we don't know at what point things like this is considered as insider information by the TSE. Insider information is called so because there is a disparity of information between the outside and the inside.

Anyway, I want to eliminate the information gap. I don't want my story to become a rumor, so I said, "I'd like to disclose this," but I was told not to disclose it at such an early stage. What should I do? I just spoke. We are so casual. We'd like to start from here. Yes. We haven't decided anything yet.

Let's move on. Do we have anything to say about our performance? There were a few questions about the US Business. I'd like to ask Mr. Kuriyama something about this.

Aono: Mr. Kuriyama from Cybozu.

Keita Kuriyama: Is it me?

Yamada: Mr. Kuriyama of Cybozu, regarding the US.

Aono: The point is that we seem to have too big of a loss.

Yamada: How far are we going to go, and what is our current situation?

Keita Kuriyama: We've changed our approach a bit since last year. Until the year before last, the US Business was conducted in the US, but last year, the Japanese sales, marketing, SE, and support departments began to monitor their respective US counterparts. This was a major change. What we've been doing for the last year is to transfer the know-how of Kintone with 18,500 customers in Japan to the US.

The US Business has been working on its own approach, but we've spent the last year transferring the approaches that worked well in Japan to the US. As a result, in the latter half of last year, the number of new customers we were able to acquire increased sevenfold or eightfold.

Although it's still small, because the original denominator is small. At the same time, as Mr. Aono mentioned in the second part, there are many new low-code products coming out, and we've been doing research on how well Kintone is performing as a product. We've also been working on finding out where we are losing and where winning. We've been able to get a lot of clarity in that area.

So, while transferring Japanese know-how to the US, it is gradually starting to pick up. Now that we have a better understanding of where we stand with our products, we asked for a lot of money to let us compete again this year, and we will use it for our US Business. This is what we are going to start doing in 2021.

Yamada: Thank you very much. Mr. Hayashida, you are also involved in various aspects of marketing in the US. Do you have anything to say?

Hayashida: What Mr. Kuriyama has just said covers the basics. A Japanese style marketing approach is introduced in the US team and we are trying to analyze available data as much as possible. Also, since we were able to increase our budget, we have a better understanding of what kind of leads we can get and where. However, there are still many things that we don't understand yet, so we would like to continue to challenge ourselves over the next two or three years and find our own way to win. That's the situation now.

Yamada: Thank you very much.

Aono: Can I ask you something, Teppei?

Yamada: Teppei.

Aono: What do you think about products in the US?

Sato: There are so many different services that are used in the US and English-speaking countries.

You were talking about the sales side, but on the development side, there is basically one global product. That's why, from the beginning, we used global services as a benchmark for our product development, looking at the competition. I think that Kintone's strengths, or the categories in which Kintone is strong, are comparable to those of other products.

One of the strengths of Kintone, especially in Japan, is that we have a large number of developers in our ecosystem. With Mr. Shinomiya heading the list, the people who are involved in the Kintone Business and the people who help other Kintone users are all very helpful in Japan, so it's not just the power of the product.

Therefore, I think it is important for the product side to create a place where such people can participate in the global market.

Aono: That's true.

Keita Kuriyama: There are a lot of competitors out there in the US low-code market. One thing about low-code products is that we don't know how those products are used. It is left to the customer to decide how it is used. It's a very difficult product to maintain.

There are a lot of start-up ventures entering the market, but I wonder if they are okay. It's really hard to maintain. If I were to launch a startup, I would never enter this market. What do you think, Teppei?

Sato: Probably, there are actually gradations or positions depending on the product. There are start-ups that cut off the support for individual customers, and customers basically use products on their own. The other products are really geared towards IT professionals, and they're called low-code, but can be further developed (by users). I feel that there are probably two extremes.

Kintone is a good balance of those, which is Kintone's strength. The great thing about Kintone is that you can get the best of both sides.

Yamada: I see. Thank you. Then how about the human resources department? What are you working on now or planning to work on in the future as you expand your business globally? Ms. Nakane.

Nakane: In the area of human resources, well, of course, the US Business is also working hard and actively recruiting members who share our commitment to building a society brimming with teamwork. One of the areas that we are focusing on right now is Asia. In addition to focusing on sales, we are also taking on the challenge of hiring students in Japan who have experience in Asia, as well as hiring locally in the Asia region.

This is true globally, but we also want to actively hire more and more people in Japan. Some of you suggested that we should be hiring more and more engineers. I want to do it. Isn't that right, Teppei?

Sato: That's right.

Nakane: We are currently recruiting for all positions, so if you are interested, please apply. We look forward to seeing you.

Yamada: I think we have about 10 minutes left. The next question is number8, regarding our performance.

Number 8.

"I feel that the contents of the financial results presentation are insufficient. Many other SaaS companies provide detailed explanations every quarter, showing specific management indicators such as ARR, ARPU, churn rate, et cetera. However, your company only does this once a year and the content is too simple. I ask for an improvement from this fiscal year."

In addition to this, there were some other comments that hope for an improvement on how to present indicators as a SaaS company and a cloud company. Tadamasa.

Hayashi: Of course, we are looking at it, but Mr. Aono is the one who has a strong will on whether or not to disclose this part, so I think it would be better to have him answer.

Aono: That's true. I really have trouble deciding what to disclose. Can I see the question one more time now? We are disclosing ARR. ARPU, churn rate. Yes. It's not impossible to disclose it. I'd like to have a little discussion about for whom and for what purpose. To be honest, if we disclose it, we are compared to other SaaS companies. But I think this is a way to judge our company by the numbers.

To be honest, we don't really focus on the churn rate or ARPU within the Company, and we don't talk about reducing the churn rate or increasing the ARPU. We're looking at it, but we don't really think it's that important. We've been working hard on the number of subdomains, the number of customers. I'm not really sure for whom or why we should disclose it.

Is it to compare us with other SaaS companies? No, no, no, I honestly don't want to participate in that competition. To be honest, I don't think people who buy stocks based on numbers are very good team members of us. I'm sorry if I seem to be picking a fight with you. Honestly, we want to work with people who can see what we care about together. I'd like to choose the numbers we disclose with that kind of mentality.

Yamada: I think that our answers would be less explicit at a shareholders meeting. We would like to discuss this topic from the perspective of participants in our efforts to build a society brimming with teamwork.

Cybozu members are working hard to achieve the vision instead of KPIs. So, we feel something is wrong when shareholders solely focus on numbers.

It's not that we don't need those numbers, and of course we are looking at them. Why do we need to disclose them, and what good will come of disclosing them? I'm not sure what good they will do for whom, as Mr. Aono said. We would like to have a discussion with participants so those who understand and agree with our way of thinking become our shareholders.

If there is a backlash that the Company doesn't disclose information or doesn't think about shareholders, then it is said that the Company is cold to shareholders or that its IR is terrible.

Aono: In return, we're disclosing a lot of things that other companies don't.

Yamada: We're disclosing a lot of things.

Aono: We revealed information about the Company, even things like stories about salary increases after salary negotiations. I wonder if other companies can provide the same information.

That's why I ask them to look at what we are disclosing with intentions before saying anything. We want them to read the Cybozu-shiki (company blog) articles first and then comment.

Keita Kuriyama: Can I say something? I just want to add something to this so that there are no misunderstandings. By the way, I'm watching MRR, ARR, ARPU, and churn rate very closely. I'm responsible for performance, and I'll be watching carefully, so don't worry, everyone.

Hayashi: Can I also add something? Within the Company, we have a performance management tool, so we can make business decisions with these indicators.

Also, in the past, we talked to other SaaS companies to discuss indicators, but I think Cybozu is looking at things a little differently than most companies.

We look at the churn rate, but at the Division to support customers, customer responses are one of the indicators they use to improve their service. We look at our unique metrics in addition to the general SaaS metrics to make decisions.

Yamada: My apologies.

Aono: Thank you very much.

Yamada: Thank you very much. What I wanted to say was that it is one of many indicators, and I didn't mean that no one is looking at them. My apologies. How about this area? Mr. Kuriyama, do you have any comment?

Yokusu Kuriyama: As you mentioned earlier, I think the motivation behind comparing them side by side by numbers is that the people doing the evaluation want to slack off. It's easy to see. But I think the value of Cybozu lies in other points. We can see that it's not just a simple theory of capital, and that it's not just about money, and I hope that the current style of thinking continues, where the receiver thinks a lot and takes it into account.

Aono: Thank you very much.

Yamada: Thank you very much. How about you, Mr. Shinomiya?

Shinomiya: When I see other questions such as, "Can you beat Google?", I think that we are no longer in an age of competition, and it is no longer an age of who wins or loses, but an age of co-creation. The ecosystem that Teppei mentioned earlier is exactly what I am talking about. It's not that one is better or worse than the other, but each has its own use. In the end, if you use Google, there's no reason why you shouldn't use Kintone, and if you want to use it, you can.

As for the numbers, if you just disclose the numbers, they end up becoming a purpose. Then, as Mr. Aono said, we don't know what we should use to make a judgment. It is not easy for people to understand that there is such a way of thinking. I think it is important for you to keep sending out information so that people can understand that there is such a way of thinking.

Aono: You're right.

Announcement

The 24th Annual Shareholders Meeting

The Annual Shareholders Meeting will be livestreamed.

No need to sign up in advance, anyone is welcome to watch the livestream!

The 24th Annual Shareholders Meeting

Date and time: 1:30 PM (JST) Sunday, March 28 2021
URL: https://cybozu.co.jp/s1

The above information can be found in the YouTube overview section. It will also be posted on the Cybozu official website at a later date. The above information will be sent to all participants of today's event by e-mail.

Yamada: Thank you very much. The time is almost up, so we'd like to conclude this part with a summary. Is there an announcement? Yes. Finally, yes. We will hold the Annual Shareholders Meeting on Sunday, March 28. From this year, you can also attend and vote online, so please join us.

Of course, we will accept questions there as well, so if there is anything that we have not explained fully, please ask there. Please participate in the Annual Shareholders Meeting. This can be viewed by non-shareholders as well.
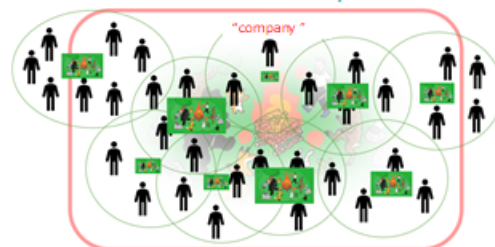

Announcement

Launching of the Cybozu Team Project (tentative name)!

We would like to try something as a team with not only our shareholders,

but also everyone who share our company vision.

Current society

Future society

Please join our Facebook group!

https://www.facebook.com/groups/2508771692762453

The next project is the Cybozu Team Project, which is a new type of project.

We are looking for people who would like to participate in the process of deciding the name of the project, which is currently a tentative name. We have set up a Facebook group, so if you are interested, please join us there. We would like to invite anyone who is interested to attend, regardless of whether they are a shareholder or not.

Announcement

New! Shareholders' Meet-up 2021 After Party

Would you like to have candid discussions with Cybozu members?
Anyone is welcome to sign up!

Date and time: 7:00-8:30 PM, Wednesday, March 10 2021 *Online event

Details of the after-party (tentative)
·Questions that were not answered today
·Discussion with participants on our IR activities a the future of a new 'company'
·Behind-the-scene secrets from the making of the Shareholders Meet-up 2021
·Behind-the-scene secrets of the much-buzzed-at (i.e. controversial) newspaper ad

Click here to sign up.

The above information will be sent to all participants of today's event by e-mail.
Details will be announced later on the Cybozu IR official Twitter and Facebook page.

Last, but not least, a new announcement! Shareholders' Meet-up 2021 After Party. I was thinking of having an after party today. I wasn't talking about going out for drinks. Changing the date, it will be held online on March 10 from 7:00 to 8:30 PM. We'd like to have a casual discussion about what we couldn't talk about today, or about what goes on behind the scenes of the newspaper ad, etc., so please join us if you'd like.

Finally, we will be sending out a questionnaire after the event, so please help us out. We will not be able to give out towels this time, but please fill out the questionnaire. If I don't get a lot of questionnaires, I'll be in trouble. Thank you.

Thank you all for spending so much time with us. This is a new way for us to build our own company, and we have just begun. I hope that everyone will participate and support us, so please continue to support us. Thank you very much for your time today.

Aono: Thank you very much.

Yamada: Thank you very much.

[END]

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