

Business Report 2012

# CyberAgent

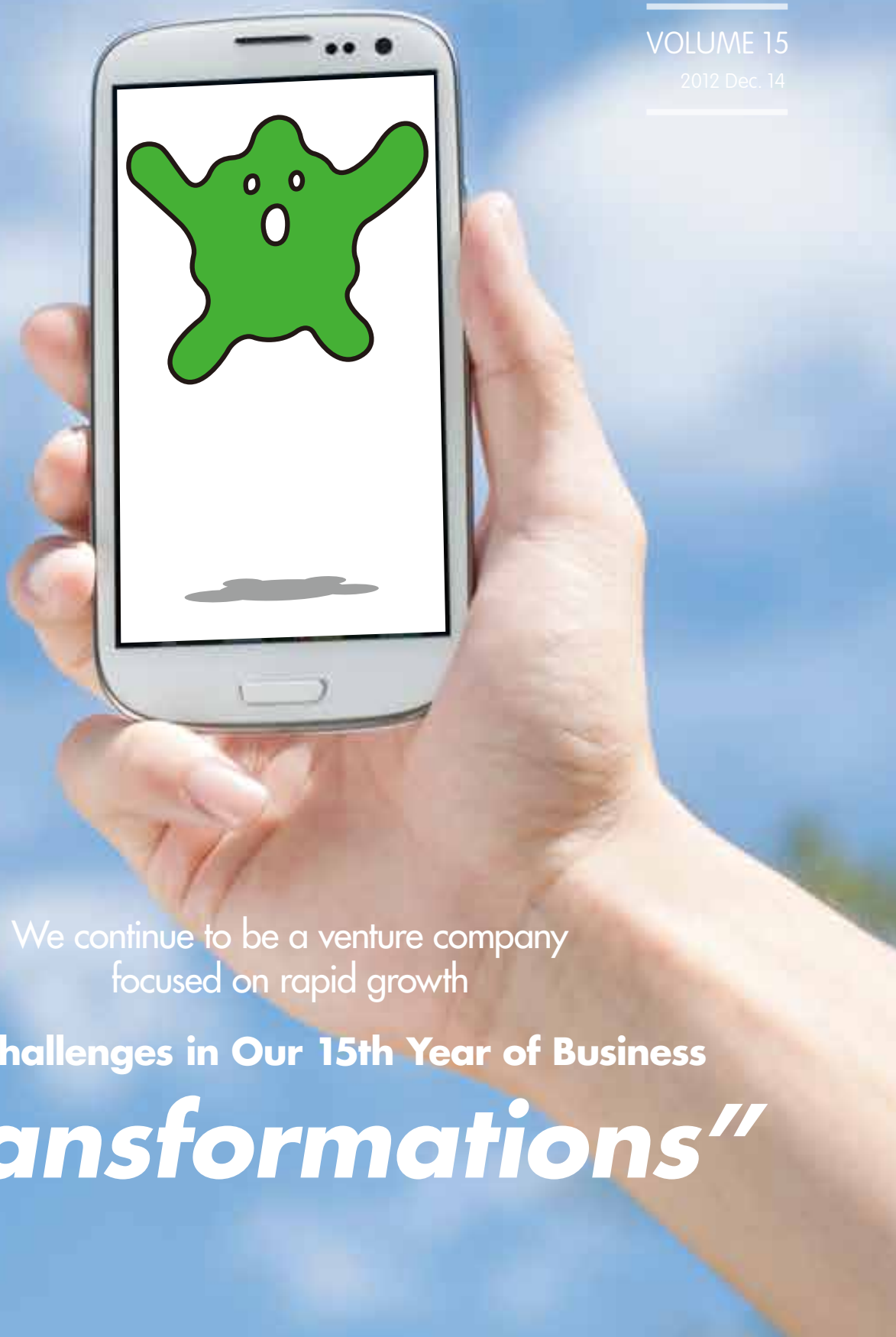
TSE 4751

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VOLUME 15

2012 Dec. 14

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We continue to be a venture company  
focused on rapid growth

**New Challenges in Our 15th Year of Business**

***“Transformations”***



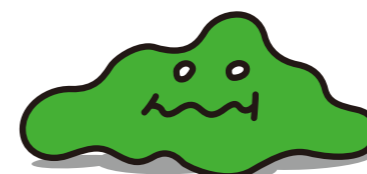
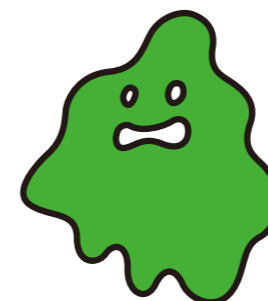
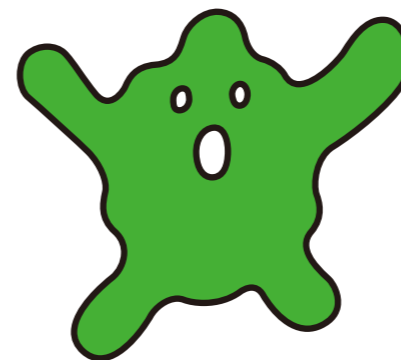
# A business SNS that puts you on the fast track

Social networking for business professionals,  
centered on information sharing



## Origin of the Ameba Logo

CyberAgent is continually growing and evolving  
in the new domain of the Internet.  
We adopted the ameba as a corporate image to represent  
the way we absorb various elements,  
adapt our shape flexibly and grow.



# CyberAgent

## Business Report 2012

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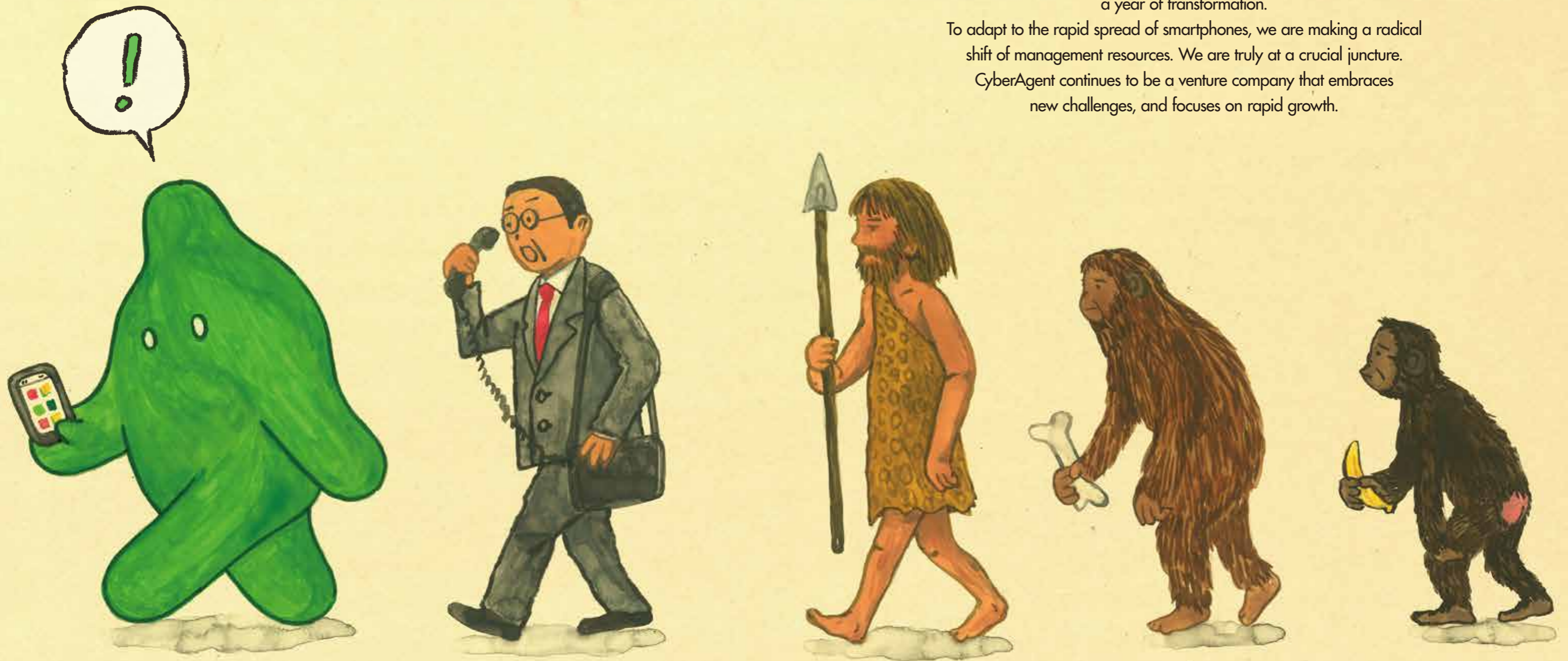
# ***“Transformations”***

CyberAgent is continually evolving.

In the ever-changing Internet industry, we are once again facing a year of transformation.

To adapt to the rapid spread of smartphones, we are making a radical shift of management resources. We are truly at a crucial juncture.

CyberAgent continues to be a venture company that embraces new challenges, and focuses on rapid growth.



# New Challenges in Our 15th Year of Business

## Susumu Fujita on “Transformations”

Widespread use of smartphones is accelerating, and the Internet marketplace is approaching a major turning point. The only way to prevail in this fiercely competitive new market, says Susumu Fujita, is to move resolutely forward and face new challenges.

### A big gamble, but the odds are in our favor

CyberAgent is now truly at a crucial juncture. We have undertaken a major venture to make us the leading company in the rapidly expanding smartphone market, with a commanding lead over the competition.

CyberAgent made the decision to scale back the advertising agency business that has been our main revenue pillar, and shift the highly skilled people in that area into a new business focused on smartphones. By investing all possible management resources in the smartphone market, we hope to grab this once-in-a-lifetime opportunity. If this venture is successful, it will allow our company to grow in one fell swoop far beyond what we have accomplished up to this point.

This is our 15th year in business, and there has never been a point in our journey where there road has been smooth. There have been many missteps as both CyberAgent and I have grown. If for that reason alone, I trust my instincts in the Internet business. It's not often that I feel in my core that something is a crucial junction, but in this case I sense that such a time has come.

Widespread use of smartphones is accelerating. It's clear to everyone that the Internet market is approaching a major turning point. That is why I think it's necessary for us to devote our knowledge, experience, human resources and everything else we've acquired up to this point into succeeding in this field.

### Focus on high profitability

We knew at the time we established CyberAgent that it would be necessary to rework the advertising agency business. Advertising is a labor-intensive business that requires an increase in sales personnel (that is, an increase in costs) in order to expand revenue. It's a field with low profitability.

A media business like Ameba, on the other hand, follows the principle of increasing returns, so that once it passes the break-even point it generates profit with minimal operating cost. I have long wanted to place highly skilled employees in the potentially lucrative media business. However, at the recruitment stage many candidates wanted to join the advertising agency business, and a disproportionate number of the best employees tended to go to the advertising side. We then made the decision to scale back the advertising agency business, and persuaded our best talent to move to the media side.

The substance of the work in advertising and media is completely different. For example, think about what would happen if you tell employees who have spent their entire careers in sales that tomorrow they are to start creating services. I initially thought that some of the transferred employees would resign, but I soon realized that such concerns were unfounded. Despite the difficulties, the transferred employees rose to the occasion.

We narrowed the number of clients in the advertising agency business to the top 300 from a previous total of 800. Revenue has not increased, but gross profit actually rose. We set a period of two years and asked everyone to be patient during that period, to hold out despite the difficulties. The employees who remained in the advertising agency business continued to work hard, exceeding my expectations. Just one year has passed, but the advertising side already seems prepared to switch back to growth mode.

#### Susumu Fujita

Susumu Fujita was born in Fukui Prefecture in 1973. After graduating from Aoyama Gakuin University School of Business in 1997, he joined the recruiting and temporary staffing company Intelligence, Ltd. He left in 1998 to establish CyberAgent, Inc., which was listed on the Tokyo Stock Exchange's Mothers market in 2000 as an integrated Internet services company.

Mr. Fujita is the author of the best-selling *Confessions of a President Working in Shibuya*, which sold over 100,000 copies. The book's frank account of the six years from CyberAgent's founding to profitability has made it popular with readers of all age groups. He is currently working on a sequel.

Both the transferred employees and those who remained recognized that we were at a crucial juncture, that this was a time of transformation. It's likely that my confidence in our chances of winning stems from seeing up close the way our employees came together to tackle this challenge.

When a new market emerges and an industry is at a major turning point, companies typically take one of three approaches. The first is conservative, with a fixation on protecting current earnings. The second is a balanced approach, carefully wading into the market to minimize the effects, while protecting current earnings. The third is the innovation approach, embracing the new market despite having to sacrifice current earnings in the short term.

Our stance is obviously this last response, the innovation approach. The market is already switching from conventional "feature phones," the unique style of phone developed in Japan, to smartphones. This change is not merely a shift of devices (the mobile phone hardware). Some people consider smartphones to be an extension of feature phones, but that is a misconception. Smartphones differ completely in how they can be used and the services available, not just from feature phones, but computers as well. In the smartphone market, every company has to start from scratch.

That's why a half-hearted determination will end in failure. Unless we get a jump on the competition and set ourselves apart, it will be next to impossible to catch up later.

## A competitive structure in place

CyberAgent already has a competitive structure in place. This is because as we felt our way through the development of Ameba, we established an internal framework to continually generate new services. Some companies try to enter new

markets with a simple acquisition plan to purchase a high-performing firm, but this almost invariably ends in failure. Our philosophy is to create something small, and grow it large. As such, we have established a solid internal structure to generate services. Contracting out slows the speed of development, and we cannot compete.

CyberAgent has a thorough framework in place to handle the entire process, from planning to development and operations. We have established a strict program of exceptional policies for each stage in the process.

One example from the planning stage is "Jigyotsuku," an annual contest to create a new business plan. We receive up to 800 proposals from employees, and select the best ideas with potential for commercialization. Another example is the "Mock Plan Contest," in which rather than written proposals, employees submit a video or model demonstrating the actual performance. Every time we hold these contests we receive scores of ideas, to the point that it seems impossible there could be any more, and the number of submissions rises every year.

"Jigyotsuku" has been running for nine years, and the sophistication of the ideas continues to increase. Contests such as this help employees to develop the capability to take the initiative and think for themselves, as well as give them the habit of every day searching for new material to use. It is also effective in terms of human resources development.

If there is a promising proposal from the business plan contest, we hold a "completion meeting" to see the proposal through to realization. Managers and the plan's originator spend a half a day together putting the finishing touches on the proposal, such as filling in any missing elements or making adjustments. This structure ensures that the ideas employees spent such time creating are not left idle.

At the development stage, we have the Shark Eye Point System, a weekly meeting during which I receive progress reports on current projects. I take a user's perspective, and assign a score to each project out of 100 points. If there has been no progress from the previous week, the project loses points. A score of less than 40 points is a failing grade, and I will not allow the product to be released. This system enhances the perfection of our products.

When a product is ready for release, we make a final review to confirm that it is really appropriate for market release. This is called the "K-Point check." If a product does not reach the K-Point (a passing score), it goes back to the drawing board.

An important part of Internet services is improving them after they are made. For this we have "Dakaizen," a half-day retreat held every two weeks following release. We identify major problems and devise strategies to address them, and list ideas for minor improvements. After prioritizing these tasks, we quietly begin improving the service from the next day. There are very few cases in which a service is popular immediately following release. They only gain popularity as a result of gradual efforts to tailor them to user needs and



One of my personal favorite apps is the business SNS "intely." This service allows business professionals to acquire valuable know-how and specialized information, as well as to discuss issues and share ideas. I am currently updating my account together with my blog and Twitter feed.  
intely.jp

make them easier to use. That's why we do not cut corners when it comes to improvements.

It is these structures that allow us to continually generate high-quality services. I don't think there are any other companies in the Internet business that do all this. It is not something that can be replicated overnight. I myself have taken the lead, and established these procedures through repeated experimentation. For this reason alone I am confident that our hit ratio is overwhelmingly higher than that of the competition.

It's conceivable that there is no one with as much experience in Internet ideas as myself. I may examine more ideas for Internet services than anyone else in the world. From dealing with an extraordinary number of ideas, I have become able to immediately identify potential issues as soon as the idea is developed, from the technical aspects through the implementation. I also feel that I have developed a keen ability to identify those services that will be hits.

## First Japan, then the world

I am often asked during television, newspaper and magazine interviews whether I am considering a global business strategy. The interviewer is expecting me to respond with my own brand of ideas for strategic overseas business development, but I always offer an extremely cool answer to such questions, such as the following.

"We are not creating any services specifically for overseas markets. It's first important to create undisputed, high-quality services in Japan. We make these into major hits, and after developing the service to a world-class level, localize it and offer it overseas."

I can't help but feel that people tend to make a bit too much of the buzzword "globalization." There are some who say that to compete on a global level, that we should from the outset create services with the broader world in mind.

However, it's clear that creating world-class services is not so easy. If we cannot succeed in the domestic market, there is no way we can win overseas. If you look squarely at reality, you will not be misled by the dubious term "globalization."

I am always saying that technical capability is necessary for an Internet business to succeed. That does not mean being first in Japan or the world in terms of technology. We are not trying to create a research institute to compete on technological competence. We are only seeking the high level of technology necessary to create high-quality services. Our ambition is to be a company with such high level technologies, and that continually generates high-quality services.

## Further acceleration during the current fiscal year

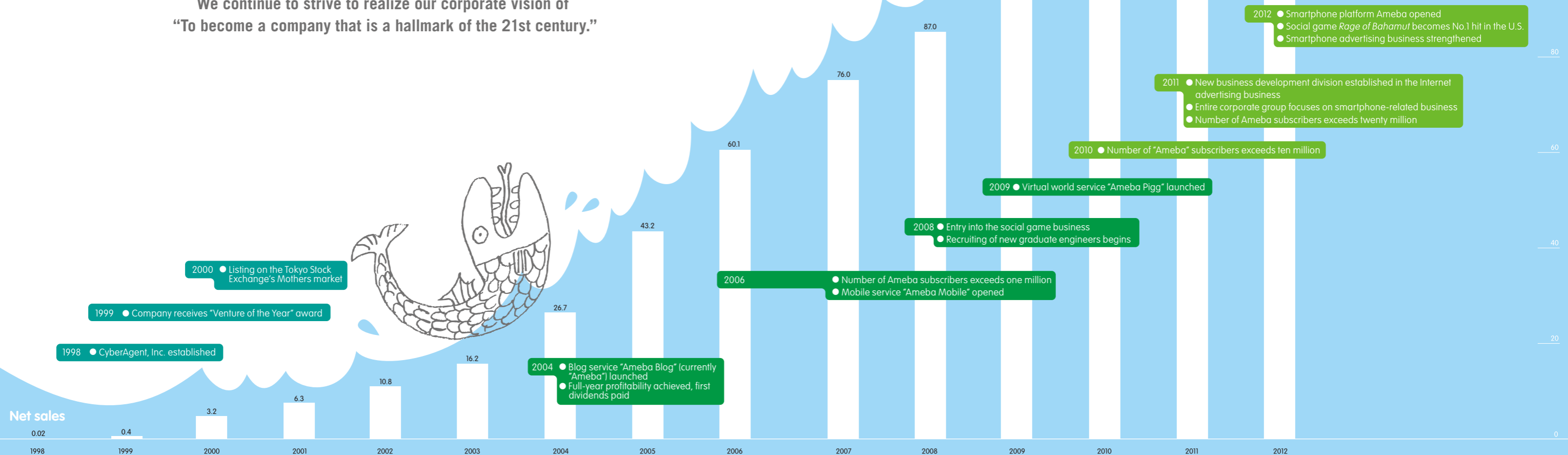
I am repeating myself, but I truly believe that we are at a decisive moment in the smartphone market. If we sit still we will lose. Everything depends on speed. This fall, we simultaneously released numerous services that we had been carefully developing. The opinions of users lie ahead, as do the improvements. The extent to which we are able to develop these services will depend on the degree of our efforts as a company.

In fact, the services we released represent only one-third of the total. The remaining two-thirds of attractive services are still in the pipeline. We are not relaxing a bit. The race has just begun.

We intend to further accelerate our efforts during 2013, and rise to the position of the leading company for smartphone services in Japan.

# CyberAgent's Corporate Roadmap

CyberAgent was founded in 1998,  
and has grown on its own without relying on M&A.  
We continue to strive to realize our corporate vision of  
“To become a company that is a hallmark of the 21st century.”



## Advertising Agency Period (1998 – 2003)

CyberAgent is founded in 1998 as an advertising agency specializing in Internet media. Revenue expands, and the company is listed on the Tokyo Stock Exchange's Mothers market in 2000.

## Media Creation Period (2004 – 2009)

Ameba is established to transition the company to a higher earning business model. Profitability is achieved after a five-year investment period.

## Technology Enhancement Period (2010 – Present)

The Company begins actively recruiting engineers to "create a technology-oriented CyberAgent." The number of engineers is to be increased to 40% of all employees.

## Global Expansion Period

CyberAgent will utilize its technical expertise to market overseas content that has been a hit in Japan.

# The New Era of Smartphones

## – Why the Transformation Is Now

Smartphones are spreading rapidly as a new type of Internet device to supplant the PC. The rise of smartphones has completely transformed the industry in just a couple of years. In this section we look back on the changes in the Internet industry brought about by the widespread adoption of smartphones.

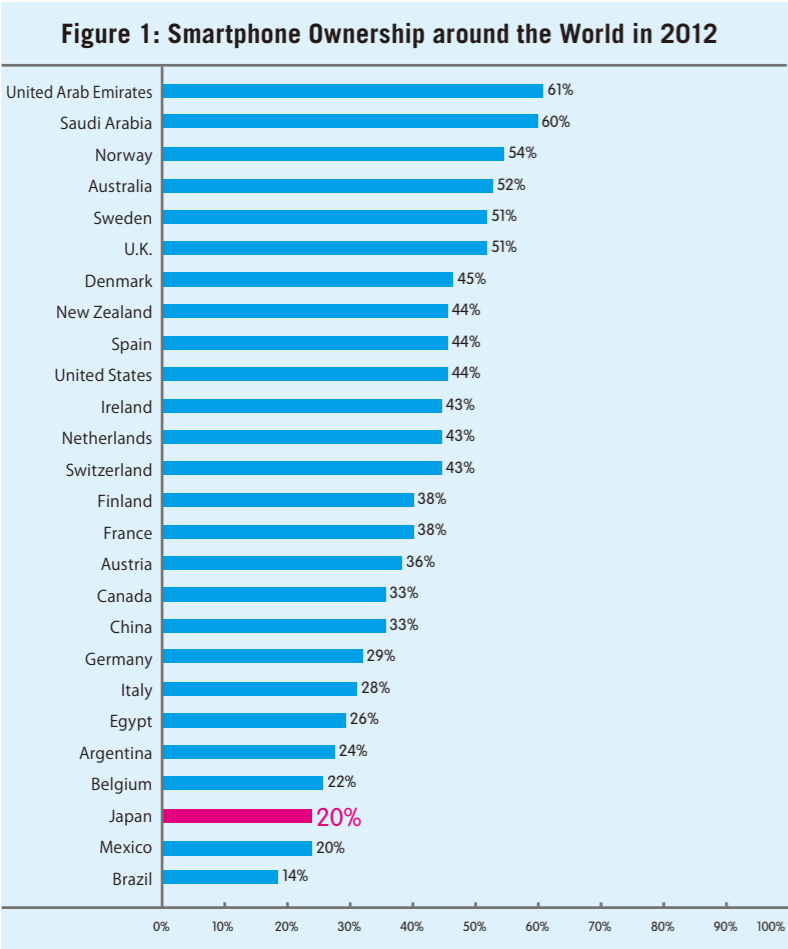
### The iPhone and Android transformed the mobile phone market

The first iPhone, launched by Apple in 2007, won the hearts of many users with the beauty of its design and the innovative interface operated by a touch panel. The release of the iPhone 3G the following year in Japan and 21 other regions internationally announced the existence of smartphones to people throughout the world.

The iPhone continued to captivate ever more people, and succeeded in establishing the new category of “smartphone”

in the mobile phone industry. Manufacturers around the world, eyeing Apple's impressive performance, rushed en masse to develop smartphones. Supporting this movement was the Android system offered by Google.

Android included the operating system and a suite of software, while its source code, which is the blueprint for programs, was widely distributed free of charge. This allowed companies to minimize their burden for smartphone development and many firms entered the field, further expanding the smartphone market.



Source: Google Inc., “Our Mobile Planet: Global Smartphone Users”

### Apple drives the smartphone market and becomes the market cap leader

One of the reasons for the widespread use of the iPhone and Android phones is the convenience they offer. Along with the ability to use the mobile network to access the Internet anywhere and anytime, smartphones offer the versatility of a wide range of functions through the installation of apps, as well as portability as the devices can be carried in one hand. It's no exaggeration to say that these were no longer mobile phones, but hand-held computers. Highly functional smartphones transcended the conventional mobile phone, and grew to threaten the existence of the personal computer. In fact, the market research firm Canals announced that worldwide shipments of smartphones in 2011 amounted to 487.7 million units, exceeding shipments of computers and tablets combined.

Market research conducted by an independent firm commissioned by Google revealed that the ratio of smartphone ownership in the United States is over 40%, and more than 50% in such countries as the United Arab Emirates, the U.K., Australia and Saudi Arabia. These results show that the spread of

smartphones is not a local phenomenon in certain countries, but a global trend. (Figure 1)

Figure 2 shows the market capitalization of U.S. Internet companies, created based on Bloomberg data. Apple's market capitalization at the end of September 2006, prior to the launch of the iPhone, was just \$65.4 billion, but at the end of September 2012 was \$625.3 billion, making it the world's most valuable company of all time. The market capitalization of Google, which provides Android, also doubled from \$123.4 billion in 2006, to \$247.4 billion. By contrast, the market capitalization of Microsoft, which didn't release a smartphone operating system until 2010 and has yet to acquire a significant market share, declined during that same period from \$268.4 billion to \$249.4 billion. Taken together with the fact that Microsoft still has an overwhelming share of the market for operating systems in PCs, the trend from computers to smartphones can be read as a major transition.

Another important point to note in terms of market capitalization is the gap in the U.S. between Yahoo! and Facebook. Yahoo!'s market capitalization fell by nearly half, from \$34.9 billion in 2006 to \$18.9 billion in 2012.

Facebook opened its SNS to the general public in 2006, and has since achieved strong growth as a worldwide service. The company's successful IPO in 2012 raised the vast amount of approximately \$16 billion (¥1.27 trillion), and at the end of September 2012 the company's market capitalization had reached \$52.3 billion.

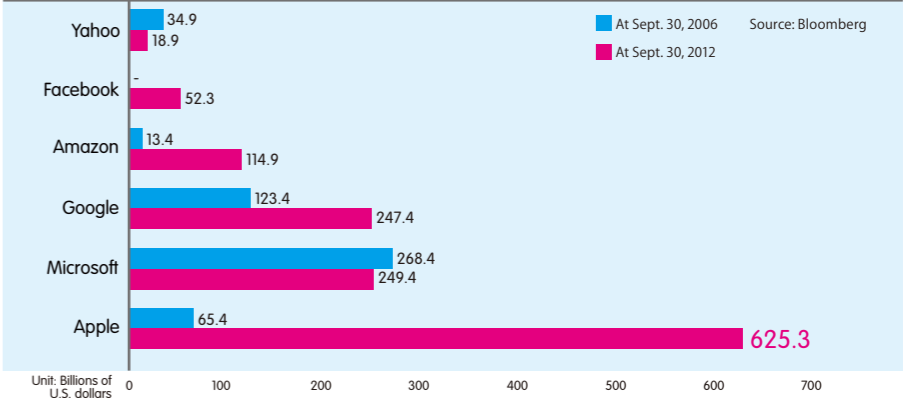
The existence of smartphones cannot be ignored as a factor behind Facebook's tremendous growth. Communication with conventional mobile phones was mainly voice and messaging. With the widespread use of smartphones, however, social media spread rapidly, allowing many people to enjoy communicating easily.

### The huge potential in Japan's domestic smartphone market

Now let's turn to the current status of smartphones in Japan. According to Google's market research (Figure 1), the number of smartphone users in Japan was around 20% in the first half of 2012. Further, looking at a 2011 survey of telecom use published by Japan's communications ministry, the proportion of households with a smartphone was just 9.7% in 2010, but the figure had jumped to 29.3% in 2011, and is forecast to rise even higher in 2012. The number of smartphone users in Japan is increasing in line with the global trend.

In Japan, use of so-called “feature phones” had spread

Figure 2: Market Capitalization of U.S. Internet Companies in 2006 and 2012



widely prior to the rise of smartphones. These feature phones incorporate a function called Osaifu-Keitai (mobile wallet) that can be used for micropayments, as well as a framework to offer users fee-based content. Many users have utilized these functions. Considering this background, there are likely many Japanese users who will have less resistance to purchasing apps or utilizing fee-based content on smartphones.

Although as noted previously the ratio of Japanese households with a smartphone is still currently just around 30%, revenue from certain services on smartphones has exceeded that of feature phones. As the use of smartphones increases, this market is expected to expand even further.

One of the things that many users of feature phones and smartphones current enjoy is social games. These are games designed for feature phones and smartphones that allow many users to communicate and play together over the Internet. These games have posted strong growth over the last few years.

According to market research from the Yano Research Institute, the market scale for social games was ¥257.0 billion in 2011, and for 2012 is estimated to expand by around ¥86.0 billion to ¥342.9 billion. These figures reveal the market's potential as a growth industry.

All of this shows that the widespread use of smartphones is a global fact, and that there is considerable potential being generated for peripheral domains such as social media, various apps and social games. The trend is accelerating, and the Internet business environment is entering a new stage.



# The New Ameba!

In summer 2012, Ameba was reborn as a new smartphone platform.  
The service had been primarily centered on blogs,  
but is continuing to evolve into a community and game platform for smartphones.

# The New Ameba! Smartphone Strategies

Ameba has been reborn as a smartphone platform in response to the rapidly growing use of smartphones. The CyberAgent Group is mobilizing all its resources in a full-fledged effort to gain a position as the market leader.

## Masahide Koike

As general manager for the Ameba business, Masahide Koike was involved in the establishment of Ameba. He assumed the post of director in charge of the Ameba business following the General Meeting of Shareholders on December 14, 2012.

## What is the new Ameba?

**Q: What specifically is the newly established smartphone platform Ameba?**

Ameba began as a service centered on blogs, and later was expanded to include community services such as Ameba Pigg that allow users to communicate with each other. Ameba has grown relatively steadily through these services, but with the widespread use of smartphones it became clear that the conventional model would be insufficient to achieve further growth.

One of the problems we had was that the links between our services were inadequate, and it was difficult to take advantage of the increase in membership to expand the whole. The number of visitors to Ameba is currently around 30 million, but active users registered as members are just 20%–30% of the total. We also felt that the gender ratio was an issue, as women accounted for 60% of members, which would necessarily limit our expansion. The smartphone platform Ameba was created as a new platform to resolve these issues.

The smartphone platform Ameba is a base from which to provide services for smartphones. Established services such as blogs and Ameba Pigg are available on this platform. We also offer dozens of other community services, such as “intely,” a community service for business professionals, and “Commentator,” which allows users to comment while enjoying news content. These services are fully linked with Ameba. We’ve also made improvements so that Ameba can be used with a Twitter or Facebook account without registering as a member, facilitating a smooth transition from visitor to user. We feel that this platform gives us a structure that will allow various services to reach a greater number of users.

## Differentiation from competing community services

**Q: Service providers such as GREE and Mobage have also developed platforms for smartphones. What steps have you taken to differentiate Ameba from these rivals?**

Those companies have succeeded by building a platform and using it to offer a large number of games. We are also finally able to provide such a platform as well, but in terms of timing we are behind the curve, so of course we do not intend to offer the same things.

Fortunately, we have experience with Ameba successfully creating communities through such services as blogs and Ameba Pigg. Drawing on these strengths, we plan to make Ameba successful as a community platform.

One of the benefits of managing a platform as a community is that users active in the community easily become attached to specific services. In essence, it is an extremely good agent to attract members. Our basic strategy is to get the users we’ve attracted to enjoy the various games provided on the platform, and turn that into earnings.

As demonstrated by our group company Cygames, which runs the game *Rage of Bahamut* that became a No. 1 hit in the U.S., if you can attract users, there is an opportunity to monetize a game. We also plan to open the platform to other companies in order to expand the game lineup. We hope to enhance visitor drawing power with a new community service, and make the Ameba smartphone platform a “hot spot” both for us and for users.

## The CyberAgent Group is mobilizing all its resources in a full-fledged effort to gain a position as the market leader

**Q: Finally, tell us about your ambitions for the new Ameba.**

We want to create a platform where users think of Ameba as the place to enjoy a variety of services whenever they use their smartphone. Ideally we would also like the games on that platform to become popular, and to be able to be dependably monetized. To accomplish this it’s extremely important that we become a market leader now, while the smartphone market is still in its early stages. Over the next six months the CyberAgent Group will mobilize all its resources to develop and expand the new platform. Specifically, we have set a target for the Ameba smartphone platform of acquiring five million monthly active users (members who use Ameba at least once a month). Of course, this figure is only a short-term target, and we plan to exceed that number over a span of six to twelve months. Finally, I’d like to develop Ameba into a large-scale business beyond anything that the CyberAgent Group has created previously.

Looking back on daily life makes for precious memories.

# my365

"My365" is an app for sharing memories, where users capture inspirational moments in a photo and preserve them in a calendar.

## How to enjoy My365

Post one photo each day.

Look back at each day on the calendar.

Share your memories with friends.

Meet new people through photos.

Take a picture using one of the approximately twenty filters. Photos can also be posted to Twitter or Facebook.



The calendar of memories you create can be viewed on a smartphone or PC.



Friends can see each other's photos and calendars.



You can connect with people around the world through popular photos and high-profile users.



## Examples of popular calendars



There are many distinctive calendars on My365 created by users.

A familiar face from character-themed lunches "too cute to eat" (by hiyoko555)



A dog-lover's diary created by the owner of two charming pooches (by ccopi)



A baby book to value each day and record her baby's growth (by etopirika)



**SIROK** Founding members of SIROK, Inc.

### Company established by four prospective employees

SIROK, Inc., the company that provides My365, was established by four prospective CyberAgent employees. The four founders have in common a policy of "If you're going to do something, see it through." Since its service release in October 2011, My365 has reached two million downloads, and the company is seeking further growth through collaboration with other companies and links with the Ameba smartphone platform.

A quick and sharp way to put items up for auction using a smartphone



スマホでサクッと、パシャッとカンタン出品

# パシャオク

"Pashaoku" is an auction service with the same ease as posting a photo to Facebook, Twitter or Ameba.

Put an item up for auction in as little as 30 seconds!



The simple submission screen can be filled out easily.

Chat functions for speedy transactions



Functions such as deal messaging and "pasha-talk" (Q&A) provide chat-like communications for transactions.

The trial submission function helps gauge the bid price in advance



Pashaoku is the only service with "Karioku," a virtual auction function where other users price items submitted on a trial basis.



The Pashaoku service operations team

### A new venture in a huge market

Pashaoku opened in August 2012 as the first auction service in Japan specifically designed for smartphones. Unlike existing auction services primarily offered through PCs or feature phones and adapted for smartphones, Pashaoku was designed from the start to be a service specialized for smartphones. It is a social auction service that links sellers and bidders, and allows them to enjoy buying and selling in a closer, friendlier way. Rather than enter an existing market, we are creating a new market in Pashaoku. We looked carefully at the unique features of smartphones, and are providing a new style of auction.

## Round-Table Discussion on Smartphone Development

A stream of new community services and games are being released for the Ameba smartphone platform. We held a candid discussion with four employees involved in the actual development about the extra efforts they made and the difficulties involved in dealing with smartphones.



Simplog

Hiroki Hori,  
Producer

Huggy  
Pet

Yoko Sakurai,  
Designer

センスフル

Takahiko Teramoto,  
Developer & Engineer

girls pic+

Yu Kamiya,  
Engineer

### The importance of a response that satisfies the user

**Q:** What aspects do you find difficult about developing services for smartphones?

**Hori:** One difficulty is that there is no established configuration for smartphone services. New standards are constantly appearing, and our competitors are bringing out apps with astonishingly great designs, so we always keep a critical eye on our own services. One example is how to display photos in a photo-sharing app. It's easy to describe, but when it comes to the actual development there are various factors involved, such as the size and image quality to display, and the processing speed. I pay close attention to this aspect, considering what would be the optimal type of display while keeping these factors in mind.

**Sakurai:** With computers most people have high-speed Internet connections, so the limitations are not so severe, but with smartphones connection speeds at present are not so fast, so differences in the size of images has a huge effect on usability. Even a difference of one kilobyte significantly affects the response, so we have to be strict about data size when designing an app.

**Teramoto:** I feel that the quality of the response is extremely important in smartphone services. For example, whether the program responds instantly when a button is pressed significantly alters the user's impression. We make a number of small efforts in this regard, such as changing colors when a button is pressed, or reducing the size of the image to improve the response.

### Success depends on improvements after release

**Q:** Are there any points you emphasize to create a popular service?

**Teramoto:** I think it's important to make continual improvements after the service is released. Smartphone services are broadly divided into native apps and web apps, and we focus on developing services using mobile web. With services provided through native apps, every revision to the app requires resubmission to the App Store or Google Play, but with web apps the majority of revisions can be done on the server, and there is no need for constant resubmission or to have the user update the app. This allows us to make continual improvements quickly, and enhance the quality of the service.

**Kamiya:** I have come to realize that it's extremely important to pay close attention to details, and to make continual improvements in the course of daily operations. One of the services I used to be in charge of had a system for switching images with a flick gesture, but since this was not common in services for Android devices, many users never realized it. So we added an arrow at the top of the screen showing it could be advanced with a flick, resulting in a considerable increase in page views. Being able to make changes like this immediately is one of the main benefits of development using web apps.

**Sakurai:** I think about what sort of person is using this service, and focus on the expressions and images would work best for that user. If it's a service aimed at young women, for example, I think rather than a bland display that says simply "You have XX messages," they would be more delighted by an image of pet bringing a letter. In that sense, I think an important point is creating services tailored to the preferences of the target users.

### Working together in friendly rivalry

**Q:** CyberAgent forms project teams to develop and manage each service. What are your views on the importance of teamwork?

**Hori:** I feel that since there are limits to what one person alone can imagine, it's important to generate synergies by considering a service together as a team. I've become keenly aware of this, in fact, as the services developed by project teams with good teamwork are always of high quality.

**Sakurai:** Teamwork is important. On top of that, it's important to build a relationship in which everyone can speak freely, even if it's something negative.

**Kamiya:** Our office used to be laid out so that we sat together by job type, such as producers or engineers together, in order to form lateral ties and share know-how. However, coordination with other

team members took time. Now our desks are arranged by service or project, fostering the sense that we're creating and managing the service together.

**Teramoto:** There is also a bit of rivalry among teams, and we develop services with friendly competition. We have an internal system called "SMA-JJ," in which once a month we separate all the smartphone services across the entire CyberAgent Group by game and community, and rank them. Services are divided into five phases according to such factors as revenue and service scale, and since this process clarifies the standards for promotion or withdrawal of services, it also helps the teams set their target goals.

**Hori:** I hope we will continue to value these positive aspects of CyberAgent, and create services that expand beyond Japan, and compete on the global stage representing Asia.



Simplog

A blog service specifically designed for smartphones. Blogs can be easily updated using pictures taken with the phone, and can also be shared on Ameba, as well as Facebook and Twitter.



センスフル

A community site featuring fun and interesting images. Users upload funny and surreal pictures, and choose their favorite "senseful" pic. It's a perfect way to while away the time.



Huggy  
Pet

A game to take care of a virtual pet. Users select a cute pet to care for, feeding it and playing ball as they raise their companion. If you put some effort into it, your pet will learn some unusual tricks.



girls pic+

A photo sharing service for trend-conscious young women. Users post their favorite pictures by genre, such as fashion or cosmetics.



Pashatto my Pet

## パシヤッとmyペット Steps in the Development of a Service

### 1. A vision to create an attractive service



The idea was to create an attractive service where people with pets would be able to show them off to their heart's content, while those without pets would be able to look at the photos and feel comforted. To reflect this vision in the service as much as possible, the team scoured dozens of specialty pet magazines and researched healing as they formulated the specifications and design.

### 2. The dedicated search for a user interface easy to use on smartphones



After the specifications and overall image are decided, the design work begins. The team searches for a user interface easy to use on smartphones as they deliberate and decide on the design. The focus is on usability, a service that is intuitive for the user.

### 3. Breathing life into the service



Once the design is finished the system is brought to life, given movement with JavaScript and Objective-C, and various functions built with php and Node.jp. This is an extremely important aspect, as the capabilities and technical skill of the engineers will significantly affect the quality feel of the app.

### 4. Negative checks from the user's perspective



As the service nears completion, the team conducts rigorous checks to determine whether the app really is interesting and easy to use. Along with the team members, they seek opinions from other pet-loving employees and friends, resolving any points of concern. The aim is a service that as many people as possible will enjoy on a daily basis.

# CyberAgent's Game Creation Process

*Celestial Crystalia* is a full-fledged adventure fantasy game on Ameba, released on June 13, 2012.

The game features gorgeous illustrations, and the number of users is steadily rising. In this section we follow the game creation process.



## 01

### Creation of the characters

Elaborate individual stories are created for each character's background and human qualities.

Each character has an extensive individual story that cannot be conveyed through the illustration alone. The team keeps in mind how that character acts within the card game, condensing an image derived from a single concept to form the outward appearance.



## 02

### Composing the images

Images are composed to highlight the features of the characters to the fullest extent possible.

Scheherazade is the character in *One Thousand and One Nights* who pacifies the tyrannical King through her ingenuity. Her style of battle reflects that of a dignified woman, with clothing and movement to evoke the sense of the narrative, while retaining her exotic air.

For a character such as Odin, while his weapons are oversized to emphasize his strength, the creators needed to be careful since a composition focused too much on that aspect would diminish the attractiveness of the character itself. Instead of depicting all the weapons on the card, the character was portrayed through selected weapons and movement.



Scheherazade



Odin

## 03

### Finishing touches

The overall quality of the cards is reviewed.



The details are added to the card, focusing on the aspects to emphasize while retaining an overall balance. Since many of the characters use swords or magic as weapons, adjusting the shine and lighting is particularly important. In this example, the illustration is brought to life with particular attention to such details as the eye line of the character and direction of the jaguar.

### About Celestial Crystalia



*Celestial Crystalia* is an adventure fantasy game featuring gorgeous images. Users battle against a backdrop of beautifully illustrated worlds, moving through levels as they progress to each stage in the adventure. The battle scenes waged on the detail-rich screens possible with smartphones is another attractive feature.

# Ameba Pigg – Popular Game Ranking

Ameba Pigg is Japan's largest virtual world, a community of 13 million where players can enjoy themselves using avatars that look just like them. There are many games available in Ameba Pigg. The most popular ones are ranked below.

## 1 Pigg Life

### Create your own lovely garden!

In this gardening game, players work together with friends to grow seasonal fruits, vegetables and flowers. The foods grown can even be cooked up for a tea party.



The support of dedicated fans made this the most popular game for 16 straight months following its release in June 2011

## 2 Pigg Café



Users can enjoy designing their own original café while serving foods from around the world to customers. How about opening a charming café of your own?

## 3 Pigg Island



The dreamlike island that you create spreads out before your eyes. Search the jungle to collect items to color your island. You can even create homes and waterfalls!

## 4 Fishing Game



Fish the oceans and rivers of the world, including the Sea of Japan, Lake Inba and the Amazon River. Build your collection of fish, and go after rare items!

## 5 Pigg Casino

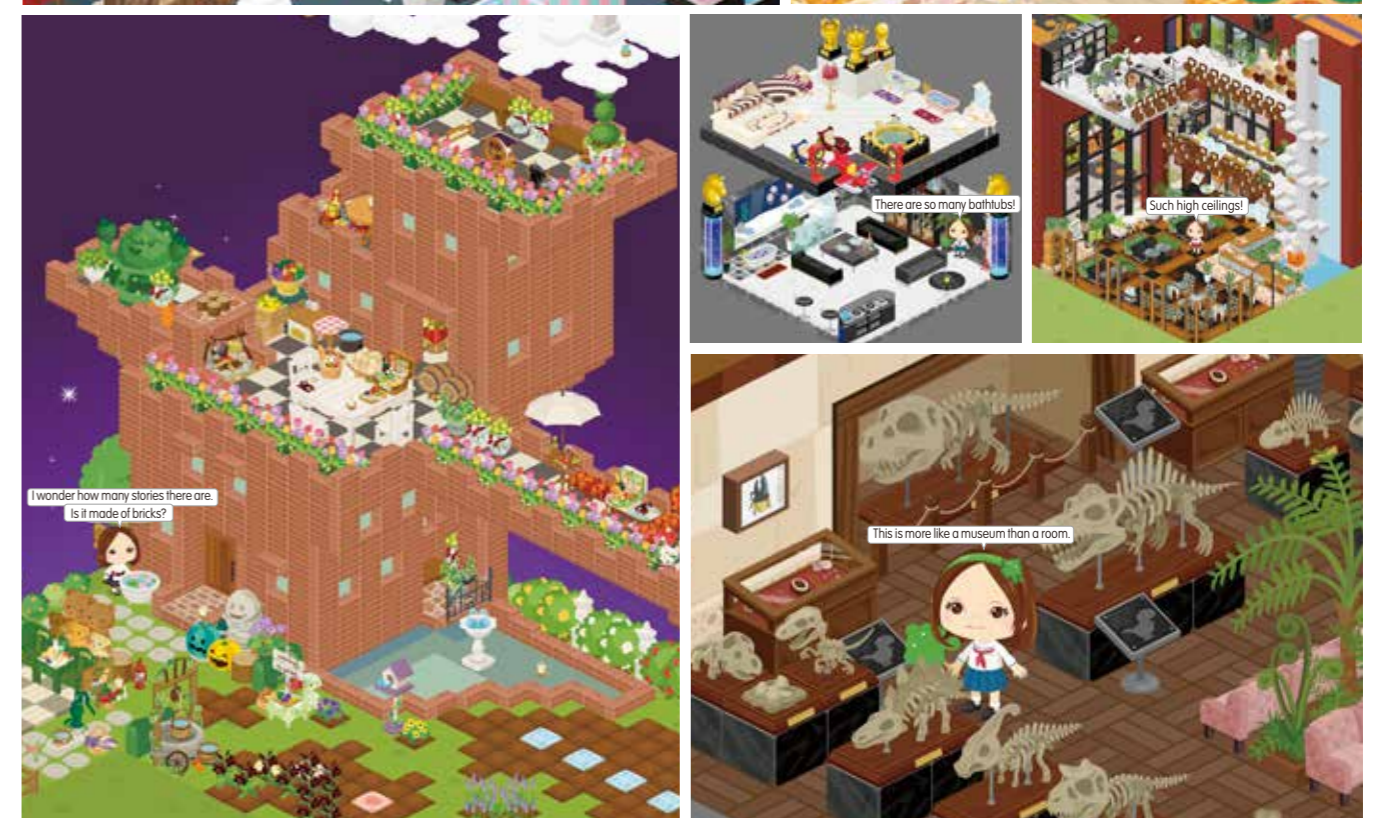
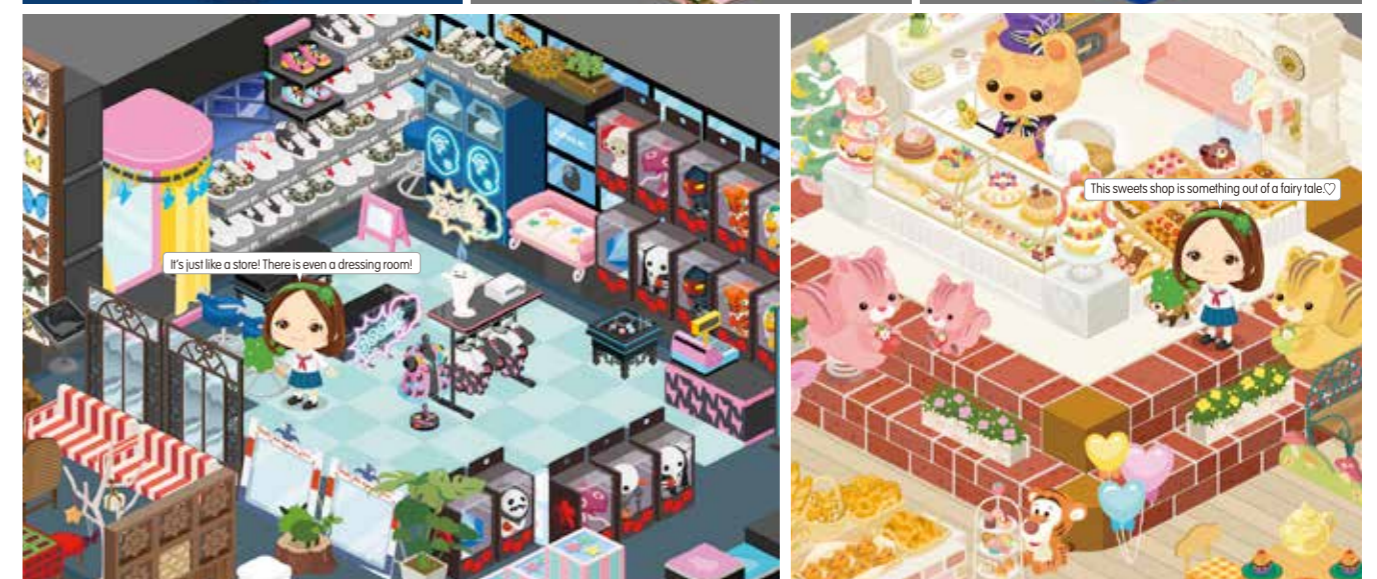


Aim to be wealthy as you earn coins with such games as roulette, blackjack, baccarat and slots. Your skill determines whether you will become rich.

# A Tour of Homes in Ameba Pigg

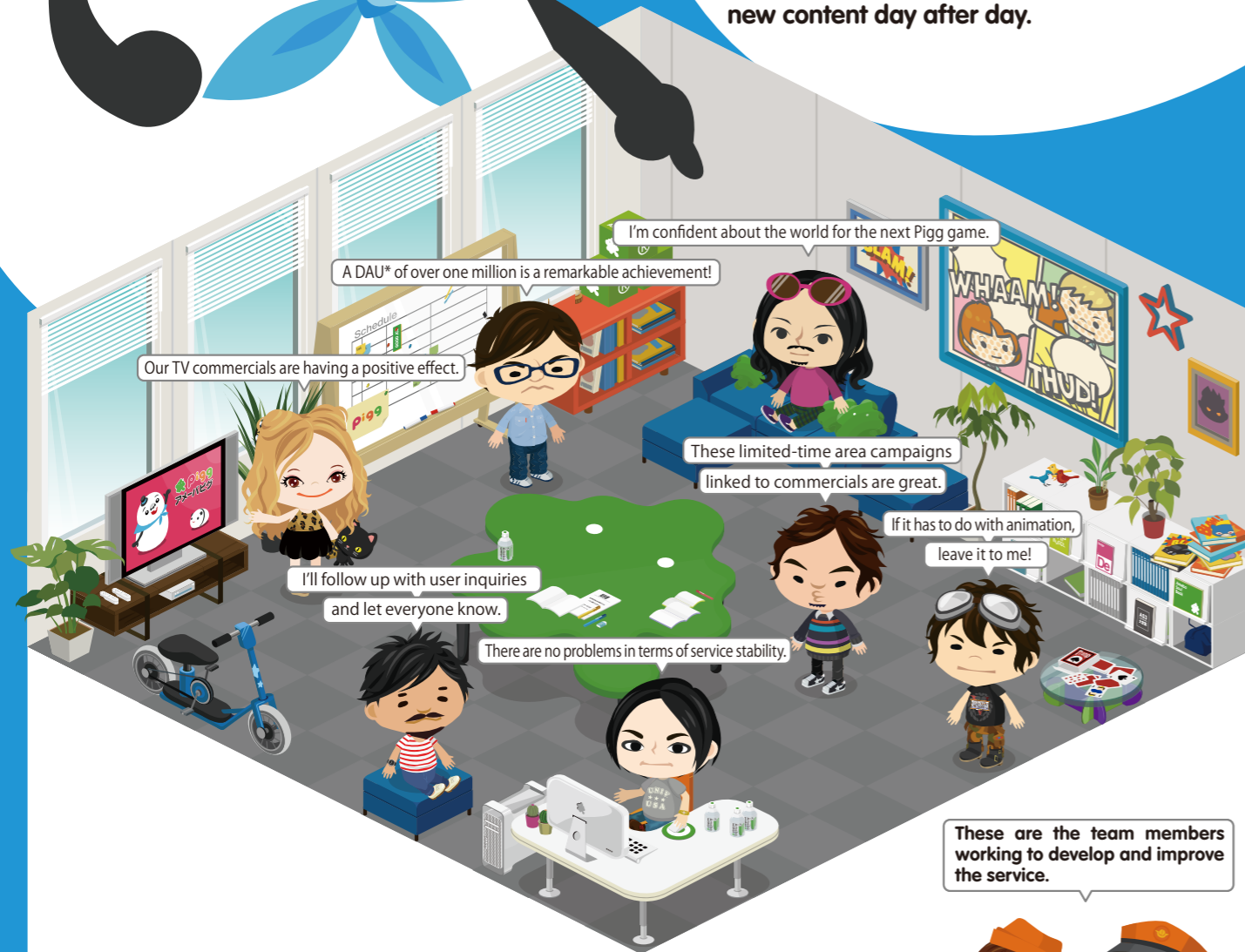


We drop in to visit some of the rooms created by fans of Ameba Pigg. There are many interesting spaces, from a sweets shop to a museum.



## Noon in the Production Room

In order to provide a service that users will continue to enjoy, the Ameba Pigg team pursues collaboration with famous characters, tie-ups with major artists and incorporates the latest trends to create a single, unified world. Let's take a look inside the production room for Ameba Pigg where they continually generate new content day after day.



**Product Manager**

I handle product management, and plan events inside Ameba Pigg.



**General Manager**

I'm in charge of Ameba Pigg.



**Creative Director**

I oversee the world of Ameba Pigg, and handle product quality control.



These are the team members working to develop and improve the service.



**Customer Support**

I'm the contact for inquiries from Ameba users. I'm also in charge of measures to ensure the soundness of the service, incorporating user feedback into media operations.



**Engineer**

I formulate the system requirement based on the service specifications decided by the team. I select the technology, as well as develop and manage the system.



**Designer**

I devise the graphics and the design of the user interface. I also create the areas and items in Ameba Pigg.



**Developer**

I'm in charge of developing everything related to the user interface, from creation of the animation to the programming.

## Measures for the Sound Operation of Ameba Pigg

CyberAgent has implemented measures for Ameba Pigg to ensure sound management, with the aim of protecting young people and creating a safe and comfortable environment for everyone.

### Three Main Measures

#### 1. Zoning

Certain functions are restricted by age data.

#### 2. Patrols

Monitoring is handled by human administrators and system functions.

#### 3. Awareness Activities

Functions have been incorporated to promote awareness.

### 1. Zoning

To protect underage users, certain functions are limited or disabled based on the age data users entered when registering as members.

15 and younger

- Real-time chat and all other communication functions are disabled.

Under 18

- Small messages (Pigg Talk) and certain other communication functions are disabled.
- Suggested areas have been established.



### 2. Patrols

Patrols are conducted 24 hours a day, 365 days a year through a combination of visual monitoring by full-time administrators, and system monitoring. If inappropriate language or other behavior is confirmed, the user receives a warning, and may be removed.

### 3. Awareness Activities

To ensure that Ameba Pigg is a safe and comfortable environment for all users, we have created special content stating rules, manners and warnings in language easy for young people to understand. We also conduct awareness activities. Every three months we hold a "Pigg Manner Improvement Week," during which we stream videos and conduct campaigns to teach manners and give usage reminders, presenting specific examples together with the Pigg manner awareness character Pigg Patokun.

Awareness video



Reminder signs



Alert screen at login



Pigg Patokun



### Membership in Industry Organizations

- Japan Internet Safety Promotion Association (JISPA)
- Content Evaluation and Monitoring Association (EMA)
- Japan Social Game Association (JASGA)

# Ameba Blog of a President Working in Shibuya

The official blog of CyberAgent President Susumu Fujita

渋谷ではたらく社長 で Search

## Profile



### A President Working in Shibuya

Gender: Male  
Birthday: May 16, 1973  
Blood Type: A  
Location: Tokyo  
Self-Introduction: Thank you for using Ameba Blog. I'm the president of CyberAgent.

*People May Not Pay Attention to You as Much as You Want, but They're Not Looking So Little that It Should Discourage You*

Authors: Toru Kenijo, Fujita Susumu

¥1,365  
Amazon.co.jp



*Confessions of a President Working in Shibuya*

Author: Fujita Susumu



*Fujita Susumu's Workology—77 New Theories for Personal Growth*

Author: Fujita Susumu



*If You're Not Depressed, It's Not Work*  
Authors: Toru Kenijo, Fujita Susumu



*Fujita Susumu's Growth Theory*  
Author: Fujita Susumu

## Turning Point

2012-06-20 22:16:54

Theme: [Role as President](#)



Today we held a **general meeting of engineers** in the Ameba business division.

(Creators were also included.)

Since we had recently implemented a major reorganization of the Ameba engineering division, the meeting was to explain our future direction. I think that today was a major **turning point** for the company.

CyberAgent's vision is to **become a company that is a hallmark of the 21st Century**. The roadmap to realize this is:

Ad Agency → Media → **Technology (where we are now)** → Overseas

The advertising agency business was established in 1998, and we transformed into a media firm in 2007. Both of these businesses have generated synergies as they grew, broadening and deepening our corporate culture.

From 2012, we intend to bolster our technologies to compete on the world stage.

In addition, we have set a goal for the engineering division of:

**Use technology to elevate Ameba to world-class status within three years.**

We determined that the **requirements to achieve this** are:

1. **Create world-class products**
2. **Transition to a technology-oriented company**

Accordingly, the points we will **focus** on going forward are:

1. **Strengthen the framework for decision-making by engineers**
2. **Foster an organization in which engineers are able to create excellent products**
3. **"Fast, stable, safe and easy to use"**
4. **Compact team formation, concentration on promising technical fields**

With the strengthening of technological capabilities there is a tendency on the management side to focus on such aspects as recruiting, benefits and technology PR, but we intend to disregard all of that, and instead adopt a **simple and sturdy** posture that directly addresses more essential matters.

Together with the newly established Technology Strategy Office, I will exert even greater leadership, and approach this challenge with unwavering resolve.



## Optimism and Pessimism and Misunderstanding

2012-10-17 23:35:16

Theme: [Role as President](#)

I took over as managing director of the investment and development (venture capital) business from Shinichi Saijo in October.

I had originally begun the venture capital business, so I was eager to get back into it. Unfortunately, since I'm still currently involved in investment and development at Ameba, I haven't been able to get around to it yet. However, last night over dinner with the president of CyberAgent Ventures, Soichi Tajima, and the CEO of its Chinese branch office, Nobuaki Kitagawa, we talked about the future of the business.

During our discussion, we shared our views on the current smartphone market. We talked about how like with the Internet bubble, broadband, Web 2.0 and other booms, market optimism and pessimism has been repeated in the **same pattern** countless times in the past, and we considered what point we are at now with smartphones.

When a big transformation occurs, and new growth opportunities are born, it attracts **investment**. As if in a chain reaction, this attracts **people**, draws the attention of the **media**, and the expected value of the market surges all at once.

However, reality cannot keep up with such high expected value, and when expectations are not met disappointment follows, and there is a sudden cooling off.

Since expectations had risen so high, it's easy to get the **mistaken impression** that the market is already spent.

After a few years, however, reality catches up with those initial expectations, and converges with the expected value at an optimal level.



(The X axis is time, and the vertical axis expected value.)

The **real economy** is not created overnight. Market scale is expanded over time though increases in users, human resource development and service improvement, just like cultivating a farm.



(The X axis is time, and the vertical axis market scale.)

If we overlay these two graphs...



It looks like this.

Not everything follows this pattern, but taking the long view, in most cases in the Internet business the initial expectation was correct.

Even during the Internet bubble, or the Web 2.0 boom that followed, by the time of the harvest the market had turned pessimistic, and **those who persevered and stuck with it enjoyed a survivor's benefit**.

So, what state is the smartphone market in at present?

The momentary fervor for app development and social games seems to be gradually cooling.

In any case, there is no question that full-fledged growth for the smartphone market is still to come, and I think that huge opportunities await those who persevere and continue to work hard.


I have no intention of giving up on Ameba's smartphone business, and will see it through. At the same time, I hope to bolster support for entrepreneurs through the venture capital business.

## Calendar

| << December >> |     |     |     |     |     |     |
|----------------|-----|-----|-----|-----|-----|-----|
| SUN            | MON | TUE | WED | THU | FRI | SAT |
|                |     |     |     |     |     | 1   |
| 2              | 3   | 4   | 5   | 6   | 7   | 8   |
| 9              | 10  | 11  | 12  | 13  | 14  | 15  |
| 16             | 17  | 18  | 19  | 20  | 21  | 22  |
| 23             | 24  | 25  | 26  | 27  | 28  | 29  |
| 30             | 31  |     |     |     |     |     |

## Readers of This Blog

Regular Readers: 15,090

 Subscribe

Subscribers will receive blog updates.

## Themes

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Transformation of Employees

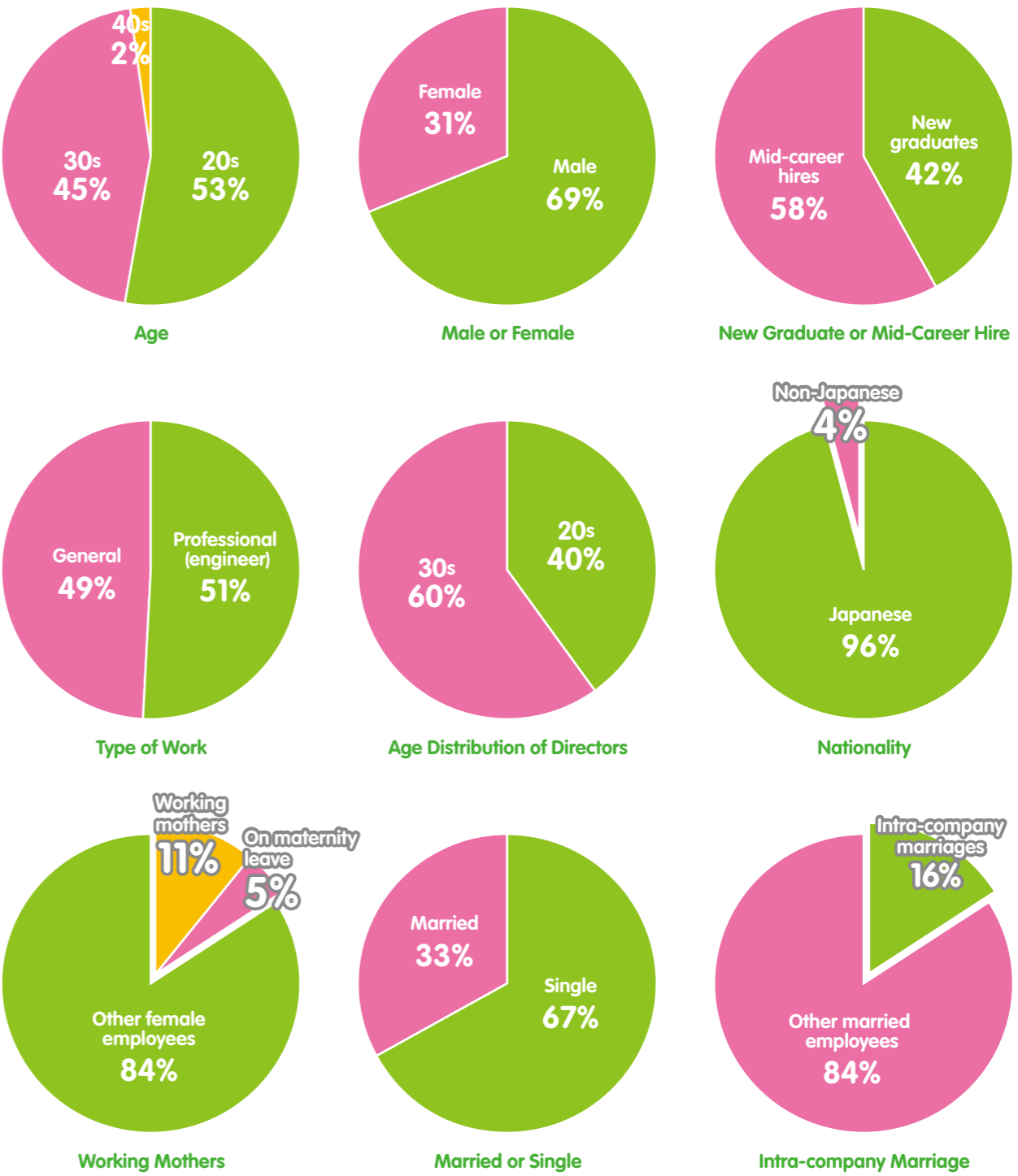
# Producers

Here we introduce nine salespersons-turned-producers who made the leap during the transformation of the advertising agency business in October 2011.



## CyberAgent Employees by the Numbers

Can the nature of CyberAgent employees be revealed in numbers? Is there a gap between image and reality?



You sometimes hear about brothers working at the same company, but CyberAgent has a pair of twin brothers as employees. They conducted their job search separately, and it was a surprise to both when by coincidence they chose the same company. Our twin brothers received a double prize at the semiannual general meeting of employees.



Notes:  
 • Figures are based on the aggregate number of employees (1,385) at September 30, 2012.  
 • The age distribution of directors includes directors at subsidiaries.

## Smartphone Advertising & \_\_\_\_\_

An introduction to advertising methods possible with smartphones

### Smartphone Advertising & The Real World

Here's an example of smartphone ads linked to outdoor advertising.

Smartphones and outdoor ads are a good fit since people carry their phones around all the time, and new types of advertising linked to the real world are continually being developed.

"Smart OOH\* Ads" were jointly developed by CyberAgent with Tokyu Corporation, Tokyu Agency, Inc., and Toppan Printing Co., Ltd. These ads use special NFC tags inserted in in-train ads, station posters, outdoor advertising and other locations that direct users to a smartphone-based campaign when they place their phones near the ad. Since users do not need to use a barcode reader, or to download and launch an app, it's possible to draw offline users to an online campaign. With a single touch advertisers can offer music, video, apps and other types of limited content.

Suntory's Campaign for its new product "Pepsi Special" launched on November 13



Users touch their smartphone to train strap or door sticker ads.



The phone's browser jumps to the campaign page.



Users play a virtual slot game with a chance to win prizes.



Campaign period Nov. 16 – Dec. 1, 2012

\* OOH stands for Out Of Home. The term refers to advertising via media users encounter outside the home, such as transit or outdoor advertising.

### Smartphone Advertising & Simulated Experience

These advertising methods attract interest in an advertiser's services through apps or games. Users are invited to try a simulated experience for cosmetics or other new product through an app, encouraging purchases and generating word-of-mouth over social media. Games that utilize a favorite character are seen as interesting and make people want to play, creating attachment to the advertiser's services and enhancing visibility.

Kose Corporation's campaign for "Girls Make feat. ESPRIQUE"

This smartphone app gives users a simulated makeup experience with ESPRIQUE cosmetics, using a picture of their own face taken with the camera.



Select the different sections of your face and start the simulation.



Users can "try on" the items that interest them through the app. The "Before" and "After" pictures seem like completely different people!



### Smartphone Advertising & Overseas Business

The widespread use of smartphones overseas has increased opportunities for Japanese companies to advertise overseas via smartphone media. CyberAgent is assisting Japanese corporations with their global business development mainly through its subsidiary in San Francisco.



## An Introduction to Smartphone Advertising

Household smartphone ownership in Japan is currently around 30%.\*

An increasing number of advertisers are actively embracing the rapidly growing smartphone market.

### Rich Ads



These ads employ moving elements or video. Because of their high impact, they are often used for branding.

### Search Engine Ads



These ads are displayed in conjunction with keyword searches through such services as Google and Yahoo!.

### Ad Networks



Ad networks allow advertisements to be placed in ad spaces on several websites at once.

### SEO



Advertisers use Search Engine Optimization (SEO) strategies to ensure their website appears at the top of search results.

\* Source: Ministry of Internal Affairs and Communications, 2011 Telecom Usage Trends Survey

The Social Game Business Surges Forward!  
No. 1 smartphone game in the U.S.

CyberAgent's consolidated subsidiary Cygames Inc.  
achieved a No.1 hit in the U.S. in its first year of operation.

Taking advantage of the highly developed game loop, and the detailed and carefully illustrated cards, the game is also being distributed in South Korea, China and other non-English-speaking countries. Shown below are examples of some of the high quality cards from *Rage of Bahamut*\*, the social card game that has given CyberAgent a foothold for global expansion.



\* The original Japanese title is *Shingeki no Bahamut*.

# Social Games Global Strategy

## Bringing hit games in Japan to the world

The SAP business division that I manage is a business area that has demonstrated remarkable growth of late, not just at CyberAgent but in the Internet business overall. Despite the controversy in May 2012 over restrictions on "complete gacha" (awarding rare items in mobile games only when the player has bought a full set of other in-game items), the industry overall has embraced self-regulation, and stable growth is once again on the horizon. Our consolidated subsidiary Cygames Inc., established in May 2011, developed the major hit title in Japan *Shingeki no Bahamut*, and this past year successfully launched it overseas. Marketed under the English title *Rage of Bahamut*, the game gained a position as the top-selling app on the U.S. Google Play and App Store outlets. Korean and Chinese versions have also been released, and the game is now enjoyed by more than five million members worldwide. The success of *Rage of Bahamut* proves that smartphone games developed in Japan can find success overseas. I think that the strength of Japanese technical capabilities and high-quality content appealed to users overseas. We will continue to create high-quality services originating in Japan, and offer exciting and captivating smartphone games to people around the world.

Yusuke Hidaka  
Vice President

## Countries where our games have been No.1 in sales



**Rage of Bahamut** (released February 2012) / Cygames Inc.



**Legend of the Cryptids** (released May 2012) / Applibot, Inc.



**Yusuke Hidaka**

Yusuke Hidaka co-founded CyberAgent with Susumu Fujita, and established the SAP\* business in 2009. He assumed the position of vice president in 2010.  
Blog: [www.ameblo.jp/shibuya-senmu](http://www.ameblo.jp/shibuya-senmu)



## Taiwan

Located next to Okinawa, Taiwan is a pleasant country that has long been known as a "beautiful treasure island." The average age of the population of 23 million is just 37, and while Chinese is the official language, the island's historical relationship with Japan gives it a very familiar feel. The economy has been developed with a focus on manufacturing, electronics and high-tech industry. As a result, the Internet coverage rate is 70%, and mobile phone ownership has reached 120%. Market analysts forecast that by 2015, 56% of the population will own a smartphone. CyberAgent Ventures established an office in Taiwan in 2010. We have so far invested in four companies (as of the end of October 2012), of which two have made successful IPOs on the Taiwan market.



# Cyber Employees Working around the World



## Vietnam

Since Vietnam was one of the first places for the offshore software industry to be established, there are many exceptional engineers, and the Internet presence is strong. The online game market has grown to be worth ¥20 billion, making it the largest in Southeast Asia. As many as 30 million of the total population of 90 million are said to be Internet users, and to support that growth we are every day searching for investment opportunities among promising Internet venture firms. The majority of our everyday communication is in English, but when we have dinner with entrepreneurs we'll toast with the Vietnamese phrase "Một hai ba, zô!" (Cheers!).



## Indonesia

Indonesia is the fourth most populous country in the world, with more than 240 million people. Its GDP is growing rapidly, and the country will undoubtedly be a huge market before long. We are helping to support that growth by providing promising local Internet companies and startups with CyberAgent's know-how and other types of backing. The Indonesian Internet market is still in its infancy. We are striving each day to promote market growth, and working together to establish Indonesia's Internet leaders.



# Hello!



## San Francisco



The smartphone market in the United States is estimated to be about five times that of Japan. Game developers in Japan are now eagerly looking to offer their domestically developed services globally. We have taken a vanguard role in this expansion by establishing a presence in San Francisco, mainly handling broad-based smartphone marketing as an advertising agency, such as negotiating for and buying media spots. One victory here in time produces the value of ten victories. We are fighting each day as a company representing Japan to promote excellent games from Japan throughout world.



## Beijing

China is a huge market, with smartphone ownership forecast to exceed 100 million units in 2012. We provide a venture capital business to support this growth by offering local, promising Internet and mobile venture companies CyberAgent's know-how and technology. Beijing has the greatest concentration of Internet venture firms in China. Each day we work together with the many energetic, young Chinese entrepreneurs willing to take risks and embrace challenges, with the goal of creating the next representative Internet company of China.



# 从上海. 大家好!



## Shanghai

Greetings from Shanghai! We are the Shanghai office of CyberAgent Ventures. The Shanghai office was established in 2007, and currently we three capitalists visit and consider approximately 300 potential investment targets annually. Since Shanghai is at the forefront of China's economic development, it has the greatest number of companies and businesspersons from Japan. Shanghai is also well known as an entrepreneurial-friendly city, having giving rise to numerous Internet companies and achieving remarkable growth. It has a concentration of companies in online games, mobile games, media, advertising and e-commerce, and since it is also home to such prestigious Chinese universities as Fudan, Tongji and Jiao Tong, Shanghai offers many opportunities to meet entrepreneurs. Creating new industries together with these entrepreneurs is our reward.





# The Venture Panorama

**STARTUP**  
**Base Camp**  
powered by true entrepreneurs

"We want to invest in entrepreneurs willing to take on the challenge of a huge market with the potential to change the world, confident of their success. We want to work shoulder-to-shoulder with ambitious entrepreneurs, and together develop major businesses. To accomplish this we created Japan's largest office for startup support. We just began operating in February, but before long we expect to be launching a succession of entrepreneurs to take on the world. I believe that this office will become an IT 'jumping-off point' admired throughout the world."

These are the words of Soichi Tajima, representative director and CEO of CyberAgent Ventures, Inc. (CAV), a venture capital firm specializing in Internet businesses. The office for supporting entrepreneurs is called "Startup Base Camp." It was established in February 2012 in the Akasaka district of Minato-ku, Tokyo, just a three-minute walk from Aoyama-itchome station. The office has 200 desks available, and is currently occupied by 14 promising venture companies in which CAV is investing.

## Offering a comfortable entrepreneurial space

The office has an open floor plan with 1,200m<sup>2</sup>, and is designed to reflect similar offices in Silicon Valley, the U.S. mecca for entrepreneurs. We in fact flew to California to visit several offices and get hints on creating an office environment that would help support the growth of venture firms.

The glass-walled conference rooms, and stylish

common spaces that can be used to share information or expand personal connections, were designed to emphasize a creative atmosphere. The entrepreneurs who occupy the space give presentations to the investors who come to visit, and there are many study sessions for entrepreneurs where they can share expertise. There are several rooms available that are able to accommodate events with 40–50 people. If the partitions are removed from the common areas, it's possible to hold events with around 160 people.

"The venture companies that occupy the office," says CEO Tajima, "are all high-profile, first-rate firms that have passed our rigorous screening. Our selection process emphasizes whether the management team is able to 'paint fine lines on a large canvas.' The important thing is that the team has balance."

The best entrepreneurs are fully aware of the areas in which they are weakest, and are able to entrust these aspects to others. In essence, whether or not the startup's teambuilding makes use of individual strengths is part of the criteria for the decision to invest.

CAV invests with a different perspective from that of other venture capital firms. "Ordinary venture capital companies ask what sort of business you do, and use that to judge whether to invest. We don't search for a certain type of company, but instead look for business 'themes' with growth potential in their field, and invest in the aspects of that business that we find have the potential to be the best in their industry. We clarify our aims before we invest."

## Professional and generous support

CAV's screening is rigorous because venture capital specializing in Internet services is also extensive. At ordinary venture capitalists, one person may be in charge of several types of business, but CAV utilizes a team of people well-versed in the Internet business. Of course, with such in-depth knowledge, ill-defined business plans are ignored. Actively providing advice for promising businesses and entrepreneurs is also part of the CAV style. "Our parent company CyberAgent has a culture of developing its businesses from the ground up, without relying on acquisitions," says CAV Managing Director Tetsuro Oshita. "One of our strengths is that we are the only firm able to provide entrepreneurs with the expertise we have gained through this same process. We want to help entrepreneurs overcome the obstacles they will face going forward. One small example is that we are sometimes asked for advice on the user interface, which greatly affects the usability of the service."

What do the companies occupying the space think about all this? Koichiro Yoshida, president of CrowdWorks, a firm that offers a service allowing companies to place orders for system develop and other technical projects with at-home engineers over the Internet, told us about the advantages of working in a shared office.

"Many people from venture capital firms and business companies come to the office. That's the greatest benefit. We might receive introductions to people who have come to visit other companies. We're able to greet the media people

who come to events and study sessions. It's nice that the key people in the industry know what we do before any formal negotiations. It's also helpful to be able to talk light-heartedly and share information about financing and other topics with entrepreneurs in the same phase of development."

CAV has nine business locations in six countries and territories, including China, Vietnam, Indonesia, Taiwan and South Korea in addition to Japan. The company plans to further step up its activities in Asia going forward. Vietnam and Indonesia in particular have extensive room for growth in the smartphone and other aspects of the mobile business.

"By hosting high-quality events that draw promising entrepreneurs in the Asian region, along with numerous business companies and venture capital firms, we get a response that allows us to establish a global brand," explains CEO Tajima. "Our goal is to establish a track record of investment success at all CAV locations, and become Asia's leading venture capital firm specializing in Internet businesses."

# The Future through Director Comments

**Drive advertising up!**  
**Yasuo Okamoto**  
Managing Director  
Executive Manager for the  
Internet Advertising  
Business



**Take SAP to  
the next level!**  
**Yusuke Hidaka**  
Vice President  
Executive Manager for the SAP Business



**Be the No.1 company in smartphones**  
**Susumu Fujita**  
President and CEO

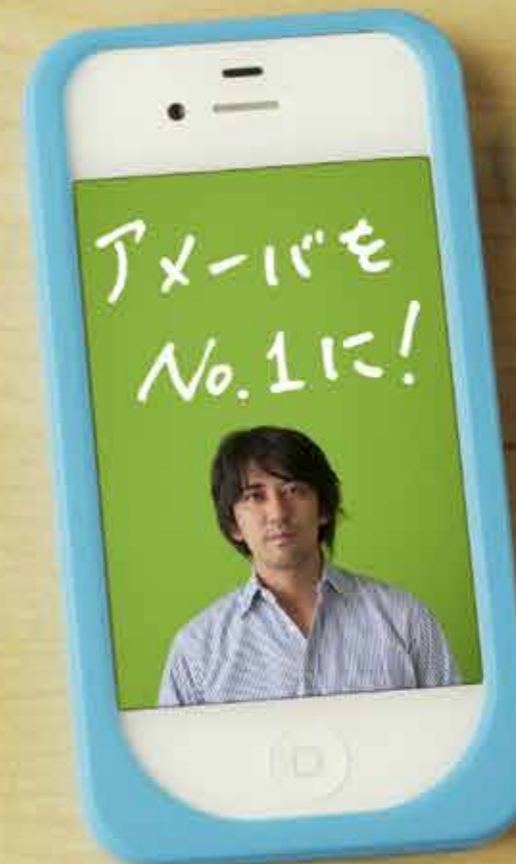


**Offense and defense**  
**Go Nakayama**  
Managing Director  
Executive Manager for Head Office  
Functions

**Dominate in  
smartphones**  
**Takahiro Yamauchi**  
Director  
Executive Manager for  
the Smartphone  
Advertis-  
ing Business



**No.1 in CyberAgent  
style!**  
**Tetsuhito Soyama**  
Director  
Executive Manager for  
Human Resources



**Make Ameba No.1!**  
**Takahito Naito**  
Director  
Executive Manager for the Ameba Business



**Reach the summit!**  
**Masahide Koike**  
Director  
Executive Manager for  
the Ameba Business

## The New CA8

"CA8" is CyberAgent's unique rotation system for directors. To ensure the constructive operation of the Board of Directors, the number of directors is fixed at eight, with one to three directors replaced every two years. In 2008, CyberAgent began determining the composition of directors according to its business strategy. The most recent rotation is aimed at expanding the Ameba smartphone platform and strengthening the advertising business.

# How to Find Out More about CyberAgent

## Ameba The CyberAgent PR Blog

[www.ameblo.jp/cair](http://www.ameblo.jp/cair)

CyberAgent's PR offers a unique perspective on the Company's services and personnel, as well as industry news and other information. There is a wealth of content you won't find anywhere else.



November 24, 2011  
**CyberAgent has a design school?!**  
This post reports on the in-house study sessions that employees, mainly engineers and creators, hold on their own utilizing time on weekday evenings and holidays.



May 3, 2012  
**Introduction to the women producers of CyberAgent**  
This series of articles over the Golden Week holidays introduces the female producers working at CyberAgent and the services they are developing.



Here are a few recommended highlights from the PR blog. Be sure to take a look!



May 1, 2012  
**The new graduate presidents**  
This report introduces 36 employees who joined CyberAgent directly out of university, and have since been selected for president of a subsidiary or other prominent position.



September 5, 2012  
**A new dad takes childcare leave**  
This exclusive interview with a male employee taking childcare leave tells about the understanding he's received from coworkers, his thoughts on taking the leave and the unique way that men interact with children.



February 13, 2012  
**The inside scoop on the creation of Ameba Pigg**  
As Ameba Pigg celebrates its third anniversary, this report reveals the inside scoop on everything from the inspiration behind the service to current avatar design.



**Twitter** [www.twitter.com/CyberAgent\\_PR](http://www.twitter.com/CyberAgent_PR)

Article publication

Financial data

Service announcement

Book notice

Press release



**Facebook** [www.facebook.com/CyberAgent.Inc](http://www.facebook.com/CyberAgent.Inc)

TV appearance

Article publication

You can find real-time information on Twitter and Facebook!



**Investor Relations Site** [www.cyberagent.co.jp/ir](http://www.cyberagent.co.jp/ir)

See the investor relations website for numerical data and other key financial indicators.



# Ameba Always in the Palm of Your Hand

