

Summary of QA in the results briefing for 3rd quarter of fiscal year ending May 2019

Q1. Would you share the breakdown of the growth rate of the Cloud service & License Support respectively? And though your license revenue declined in this period, how much or how many customers are migrating to the cloud services?

Regarding the cloud services & license support, we do not break down of it. We have still the good traction on our cloud service, we got high double digit growth. And also we continue to hold our on-premise customers, then we see very high renewal rates for our support business, so the combined revenue numbers grew by +11.2%, some of that driven by the significantly high growth of the cloud revenues.

Regarding license revenue, last year we got big size transactions. There were some transactions which were on the stage of the negotiation, which were slipped out to the future quarters or Q4. From full year perspective, our business is very healthy.

Almost customers are considering move to cloud, however to move to cloud does not mean the stop of buying on-premise.

Q2. At the end of the 2nd quarter, you have 165 billion yen, in 3rd quarter you have lent 130 billion yen to Oracle US for long term period. I believe you exercised it from view of the global cash management. Could you give me background you decided, and what is your policy in handling amount of money going forward?

We have lent money to Oracle Corporation as well as we did in past. The long term period is up to two years, but we have a right to recall them any time.

We are constantly looking at any investment opportunities like data centers, any acquisitions, and we are always considering. We have the consistent dividend policy, and we'll continue to follow that. For instance, we did special dividend in the past. We have whole bunch of options which we can use.

Q3. Regarding the Cloud license and on-premise license, you mentioned there were rebound of the large deals from last year, how much of the decline came from the rebound from last year? Also please share with us about the new pipeline regarding to the Cloud license and on-premise license.

It is difficult to compare the impact of that, we hope we close all pipeline, but we have to clear negotiation process. What we can say, these customers are our existing customers, and they are considering buy additional licenses to process their projects. In case some deals slipped out, but not gone out of our pipeline, we push ahead some of them in Q4 in order to recover.

Q4. I understand Oracle Japan is making good process for your guidance. However IT investment environment is strong, and many companies are winning. If your performance would be underperforming against the market growth, what would you say some challenges for your company?

I really don't think we are underperforming in terms of the market, in our addressable markets, we continue to have significantly high market shares for our technology, the problems in comparing with Oracle is that somebody is selling the desktop tools like presentation software and so on, not under comparable situation. In the enterprise software market we continue to have significantly high market shares, and we are gaining the market share in database segments regardless of on-premise or cloud. Our biggest opportunity is the cloud. In Japan, some of big enterprise companies are looking at carefully in sort of deciding how to, when, what move to cloud. Some of big enterprise are still operating on main frame, some of them are going to skip whole generation, when move main frame systems to cloud systems. Our challenge is selling the cloud story to big enterprise companies in Japan.