


So-net M3

Presentation Material

Apr. 2009



So-net M3



The following contains statements that constitute forward-looking statements, plans for the future, management targets, etc. relating to So-net M3, Inc. and/or its group. These are based on current assumptions of future events, and there exist possibilities that such assumptions are objectively incorrect and actual results may differ from those in the statements as a results of various factors.

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So-net M3, Inc.

Company Background



So-net M3

Business domain

Internet-based
healthcare businesses

Name

→ M3

Medicine

Media

Metamorphosis

History

2000 Sep	Founded
Oct	Launched MR-kun service
2002 Mar	Acquired WebMD Japan
2004 Sep	Listed on TSE Mothers
2005 May	Alliance with Medi C&C and entry into Korean market
Sep	Launched QOL-kun service
Dec	Launched AskDoctors service
2006 Jun	Acquired MDLinx and entered into US market
2007 Mar	Listed on TSE 1
2008 Oct	Opened “MedQuarter.de” to enter into Europe market

m3.com: Japan's #1 Physician Website

Sponsor-free

Medical News

Search engine

Research Paper search

Web-based medical tools

Sponsored

m3.com
Concierge
▪ MR-kun
▪ QOL-kun

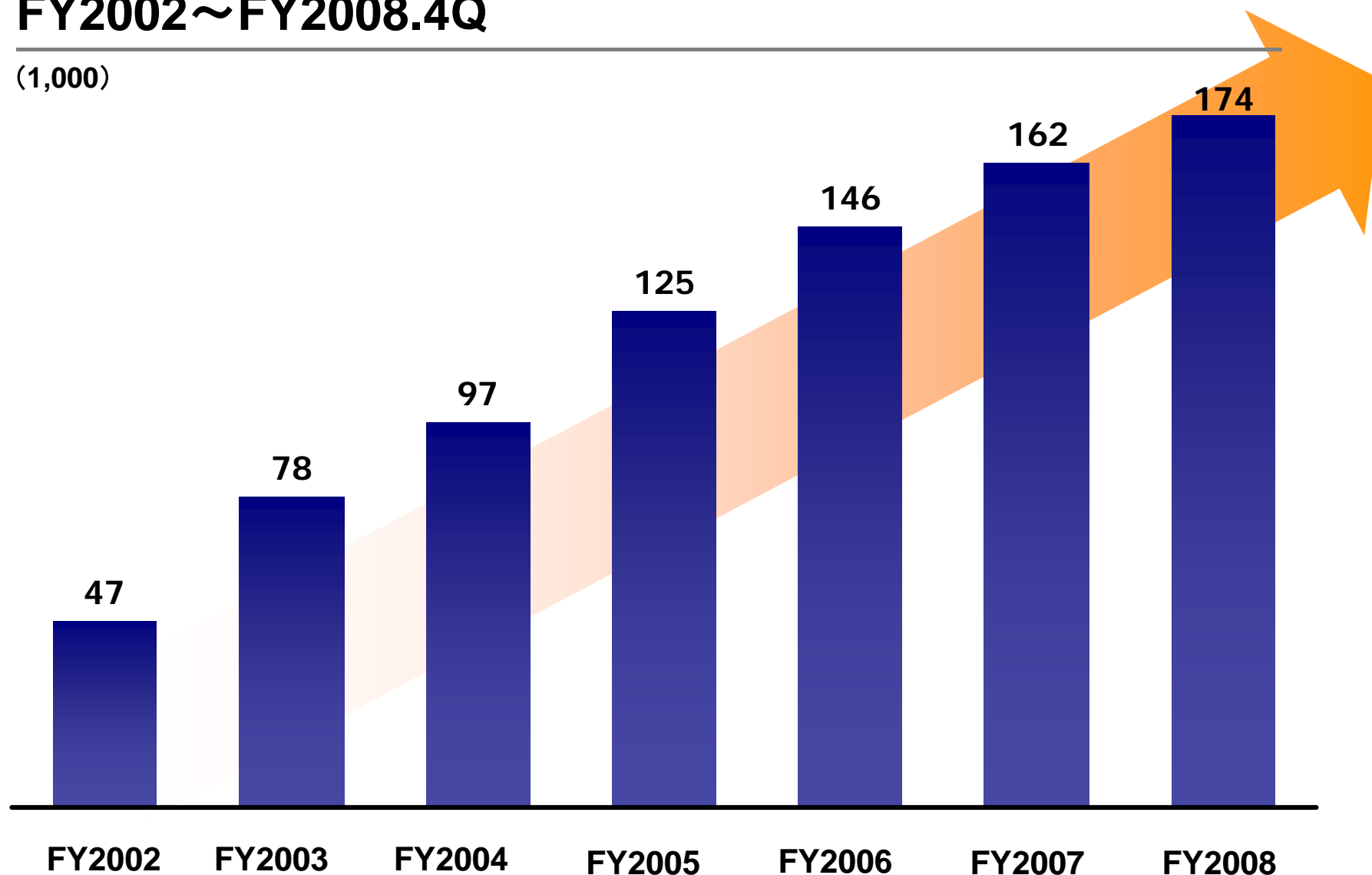
- **Used by 34 companies in Japan (as of Apr. 2009)**

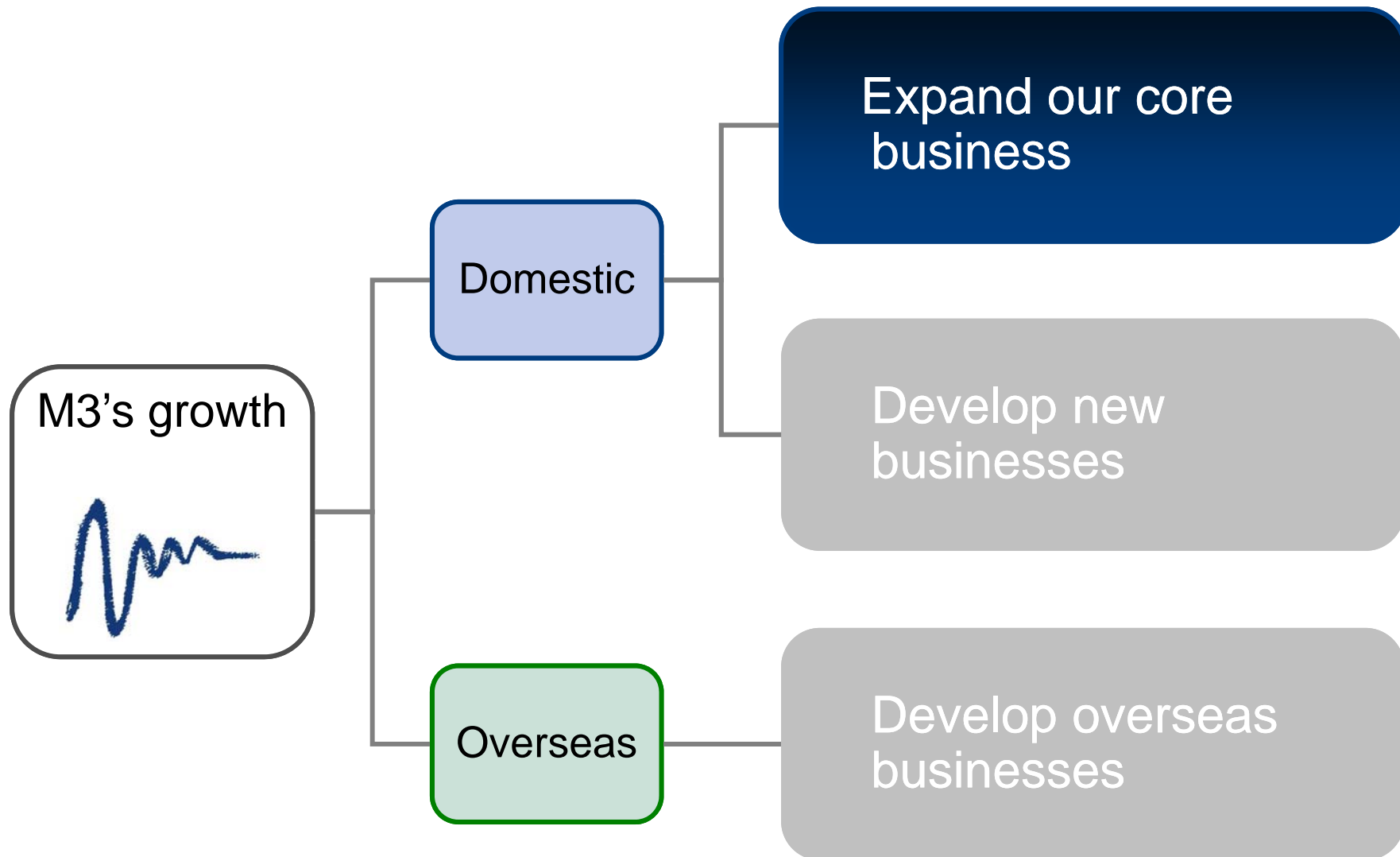
Sponsor messages

Physicians Registered in m3.com

FY2002~FY2008.4Q

(1,000)

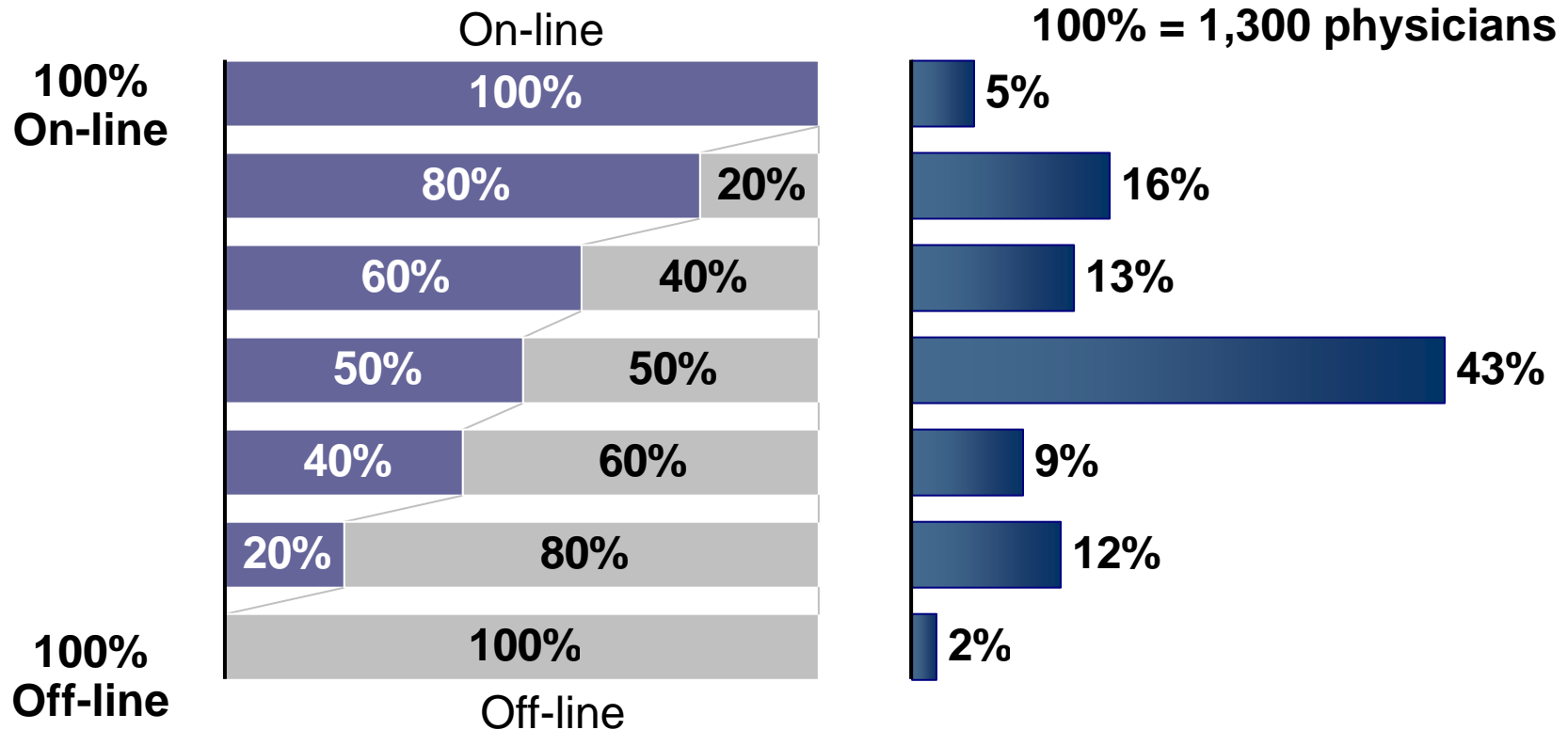




Physicians' Demand for On-Line Detailing

Q. What is the ideal ratio of on-line and off-line promotional information (“details”) from pharma companies?

A.

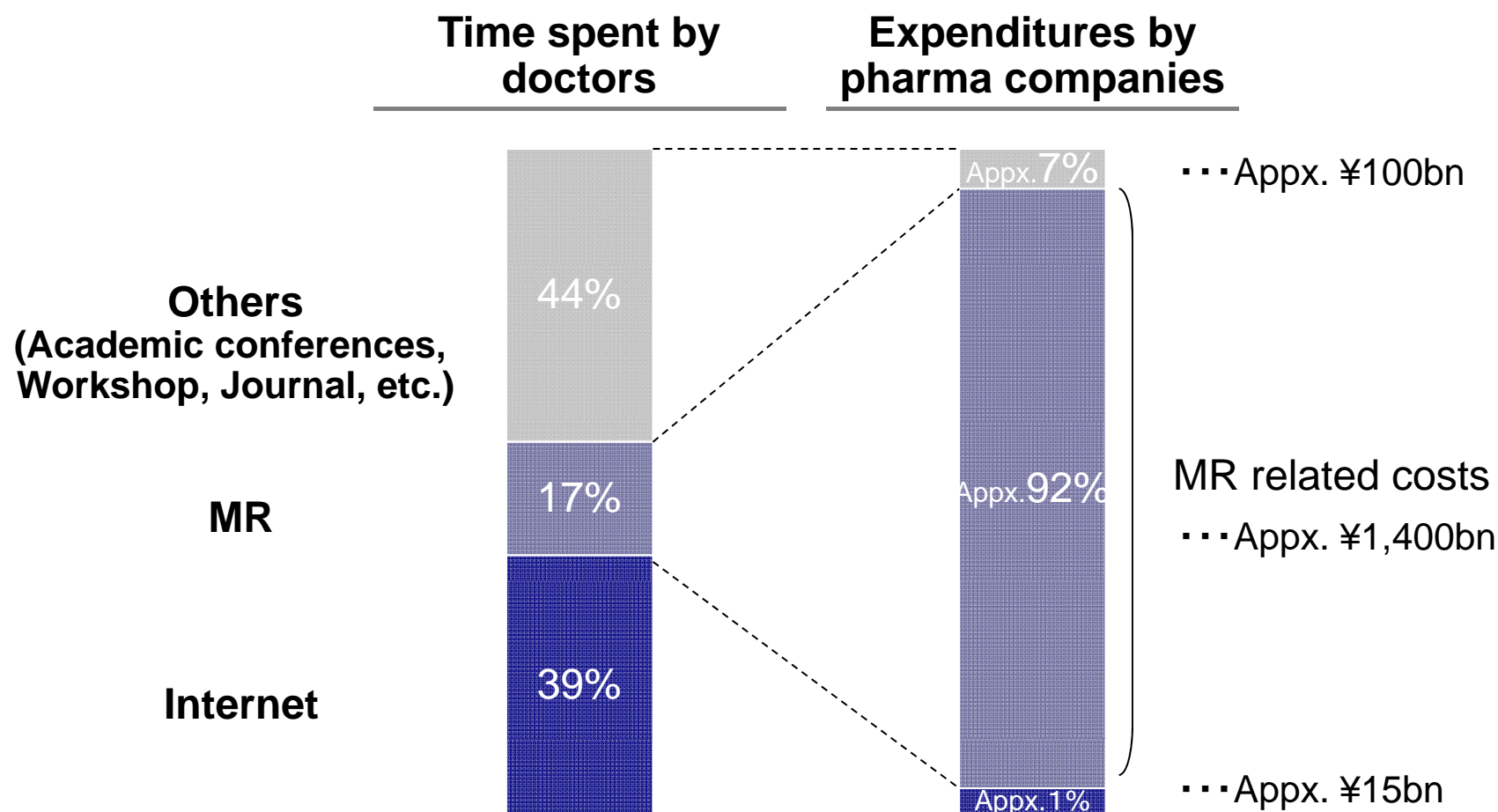


Demand for eDetails is quite high for busy physicians as they get the information when it's convenient for them, not for the MR

Source: So-net M3 questionnaire to 1,300 physicians

Allocation of Physicians Time and Pharma's Marketing Costs

While doctors spend more time on the internet to find medical information, pharma companies allocate most of their budget on MRs.



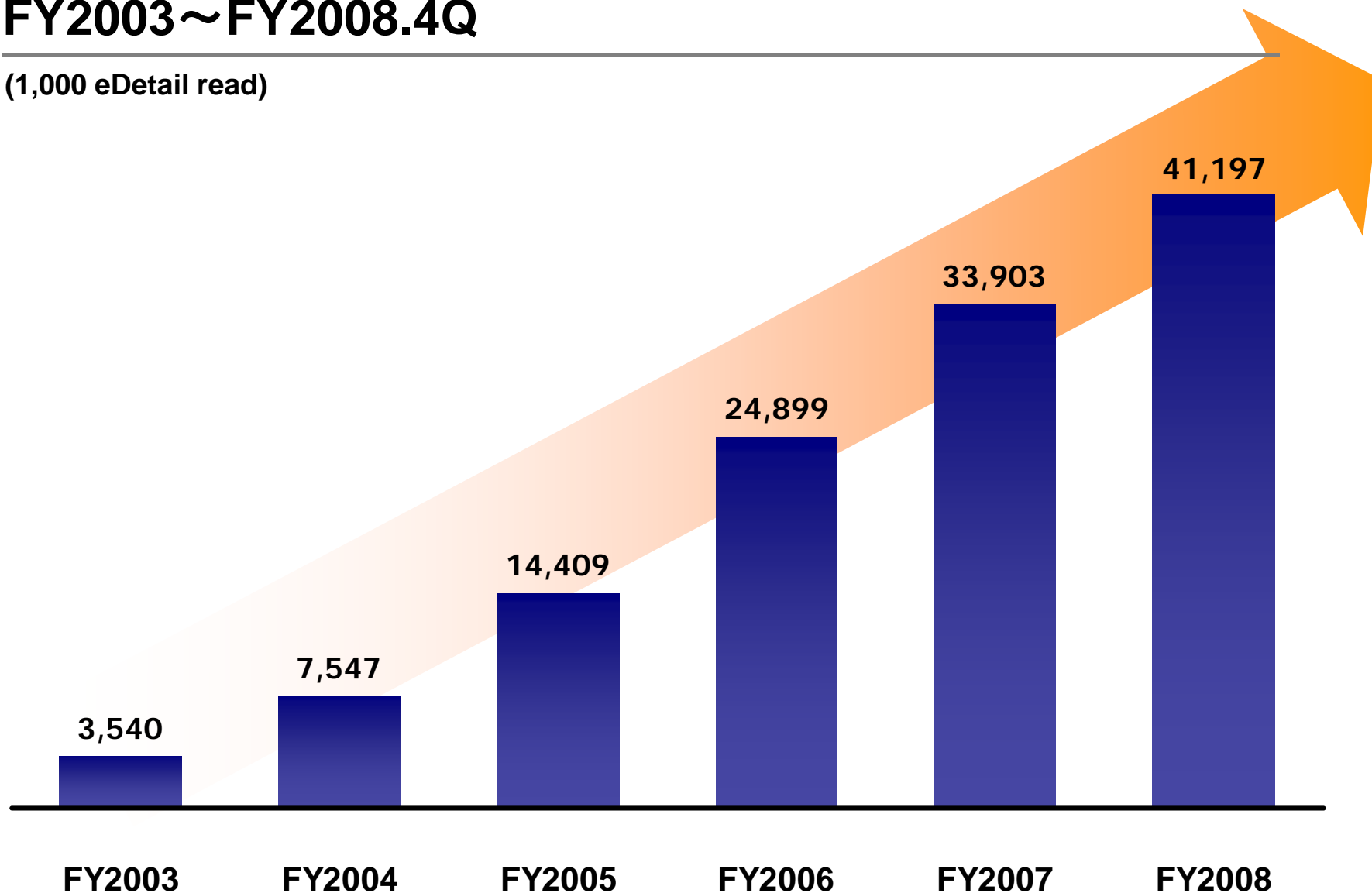
Source: So-net M3 questionnaire to physicians and estimation

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eDetails Read by Physicians

FY2003~FY2008.4Q

(1,000 eDetail read)



MR-kun Annual Fee Structure

MR-kun base fee

Detail fee

Contents production fee

Operation fee

■ ¥100 per detail

■ M3 produces web contents shown on MR-kun

■ Basic operation, including sending messages to physicians and replying to physicians' questions

Initial Phase

¥70mn

- Revised as of Oct. 2005 for new client
- Previous fee: ¥60mn

¥20mn

§

¥40mn

¥30mn

§

¥10mn

¥130mn ~ ¥150mn

Top clients

¥60mn

§

¥170mn

§

¥480mn

¥50mn

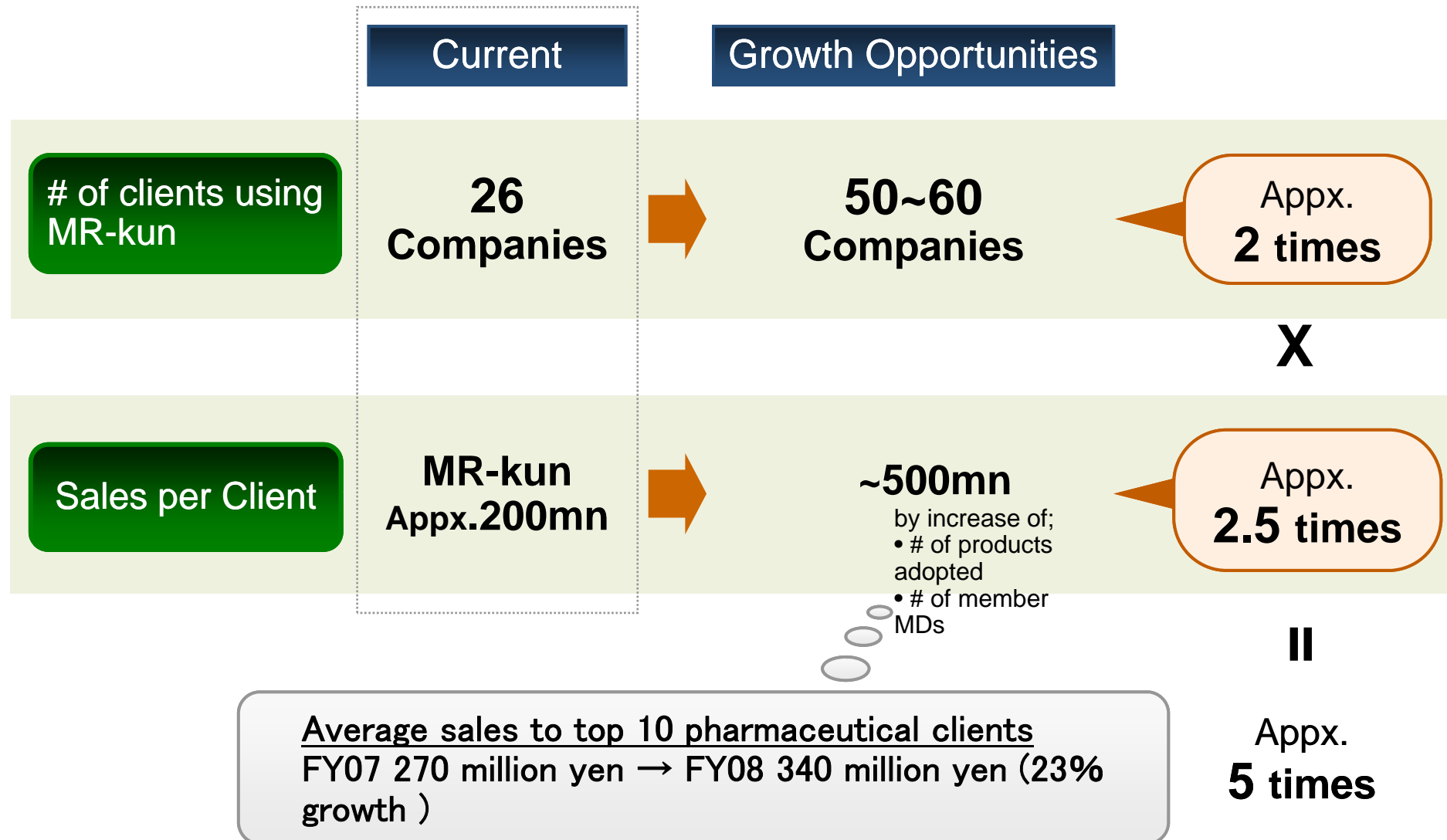
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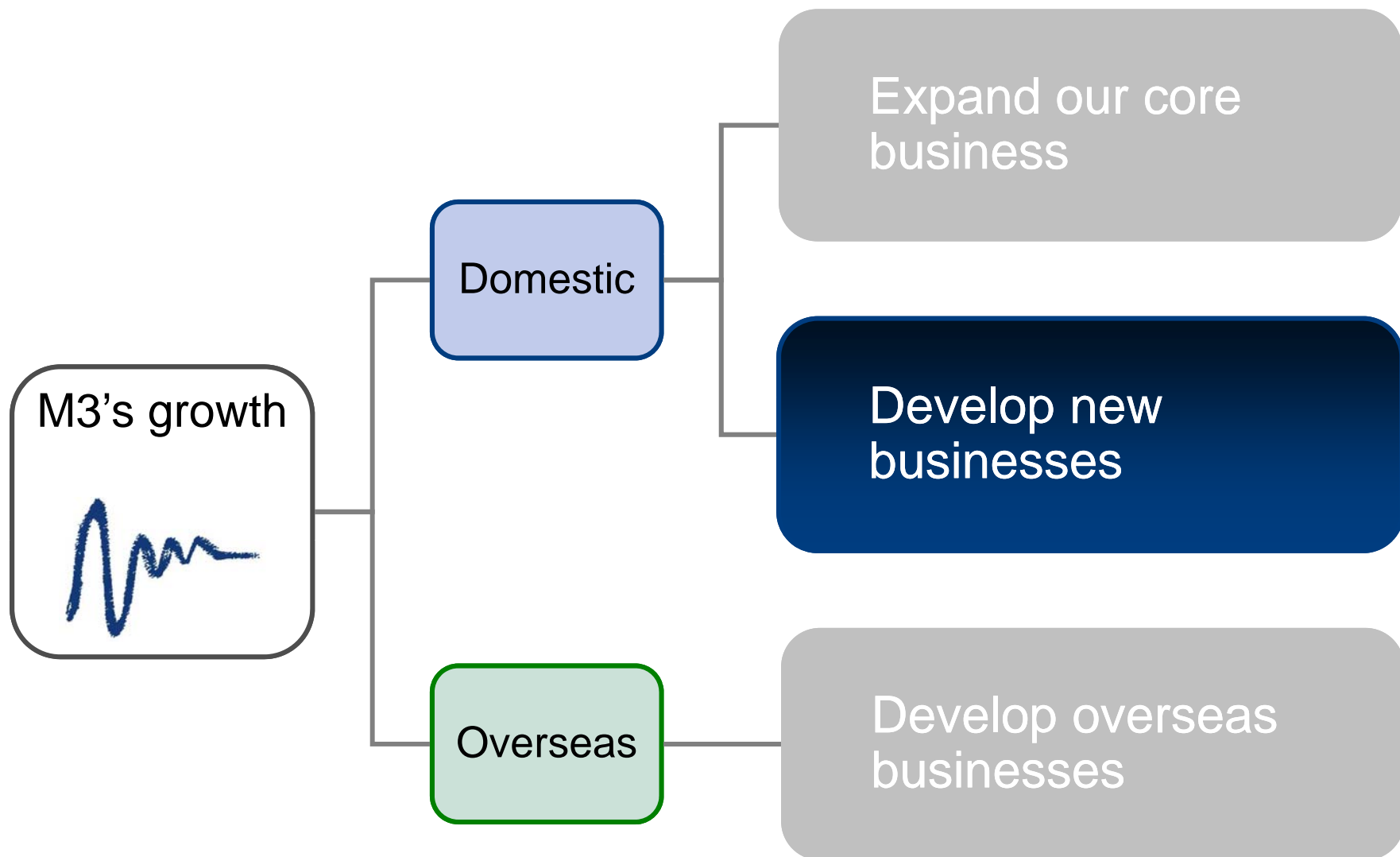
¥210mn

¥10mn

¥370mn ~ ¥600mn

MR-kun's & QOL-kun's Growth Potential in Japan





New Business Development on the Platform

		FY2009 Sales forecast		
		Assigned staff	Above 500mn	¥200mn ~ ¥500mn
New Businesses	Research (Japan)	Web-based Physician Surveys	3.5	✓
	m3MT	E-mail , banner promotion service for pharma companies	3.5	✓
	QOL kun etc.	Promotion service for non-pharmaceutical companies	7	✓
	m3.com CAREER	Job information for Physicians, Nurse, Pharmacist	3	✓
	AskDoctors	Consumer service	2	✓
	iTICKET	Online clinical reservation system for patient	10	✓

- Approx. 3 billion yen revenue is expected from the new business In FY2009.
- Many of the new businesses are run by few staff and quite profitable.
- More in pipeline

Expansion of AskDoctors

<Started PC service>

'05 Dec



<Expanded to 3 major mobile carriers' official site>

'06 Apr



'06 May



'06 Oct



<Alliance with Yahoo! JAPAN>

'07 Apr



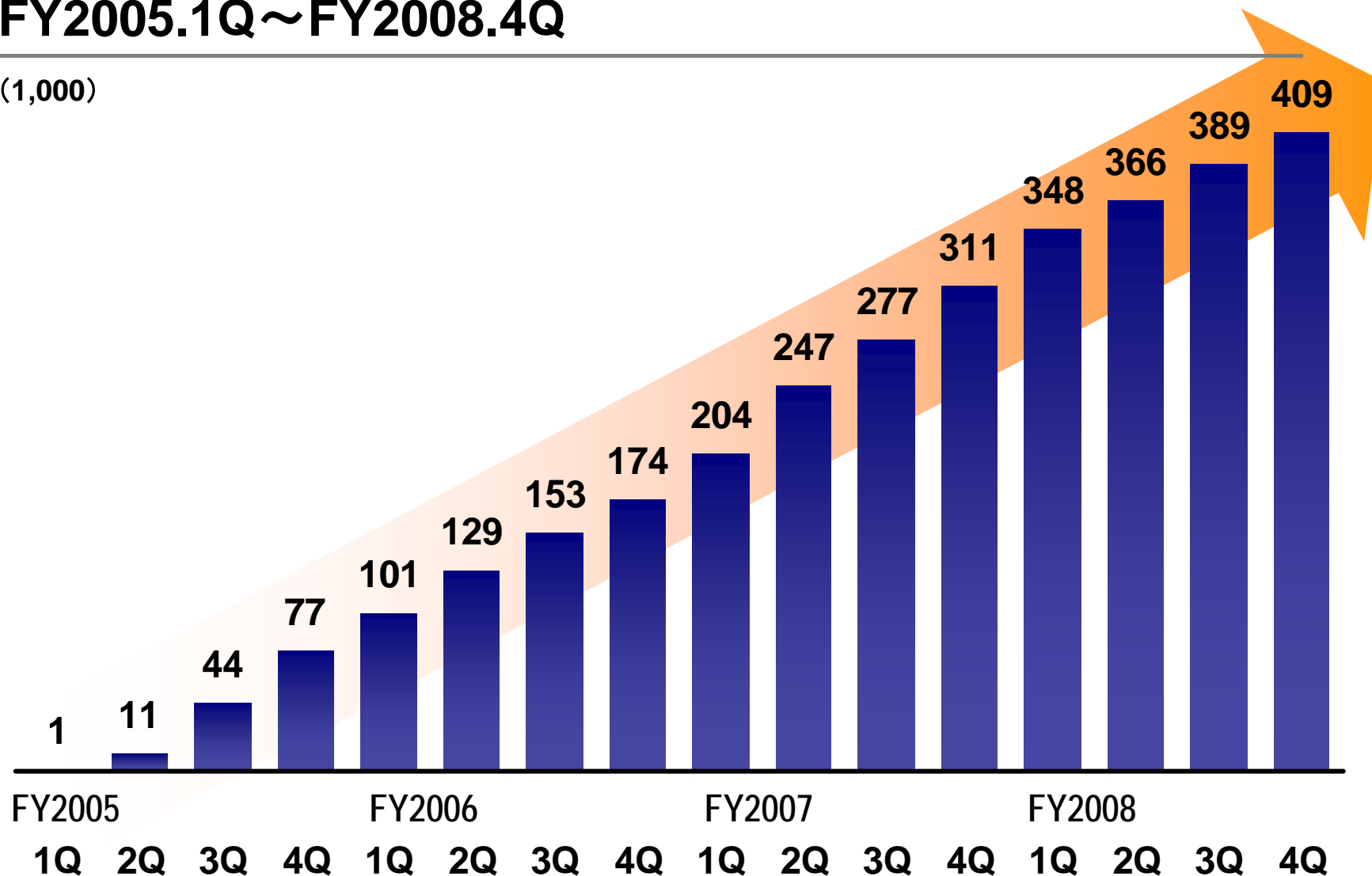
AskDoctors
Answer Engine

- More than 1,800 physicians are answering to questions
- ¥315/month, and able to ask up to 3 questions a month
- Response rate, above 90%
- More than 2.4 million Q&A archives, which user can search

Membership of AskDctors

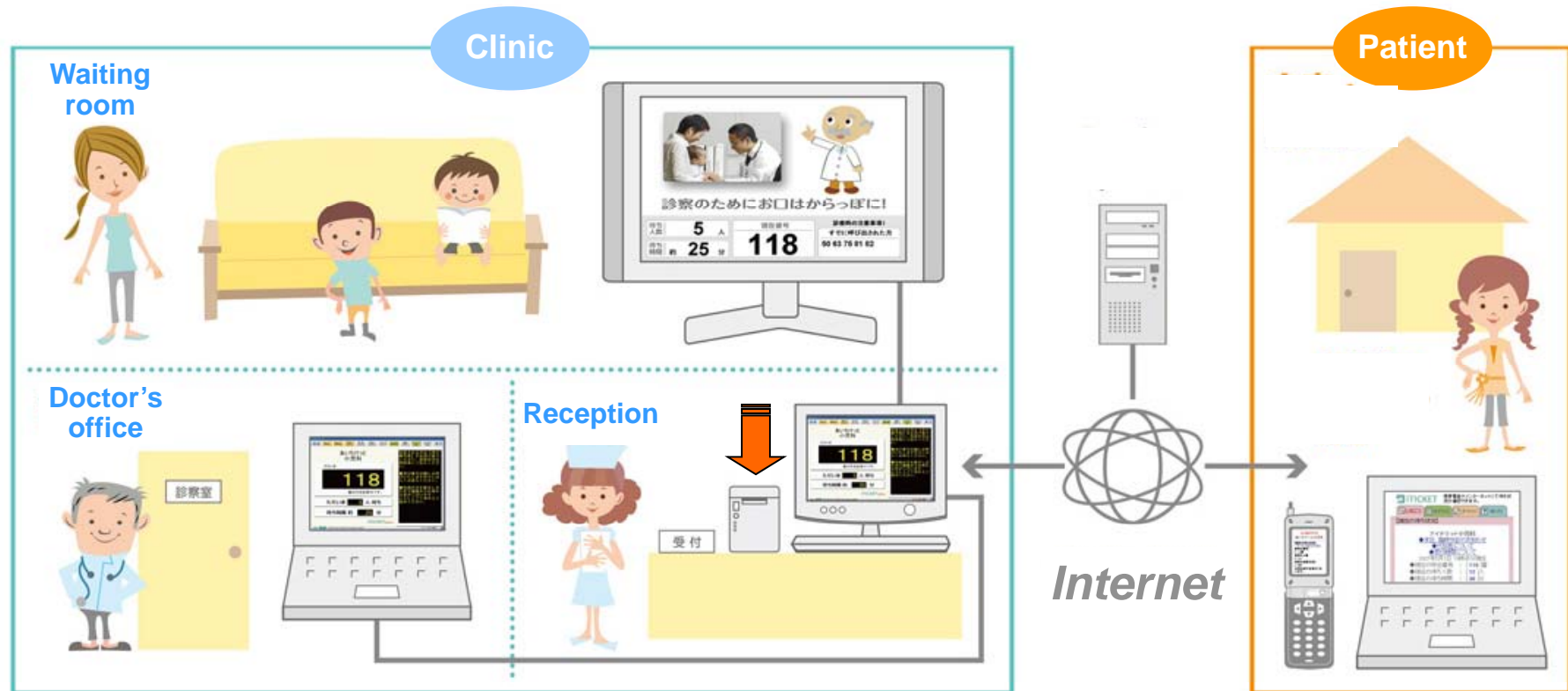
FY2005.1Q~FY2008.4Q

(1,000)



ITICKET Business

Web-based reservation system for clinics

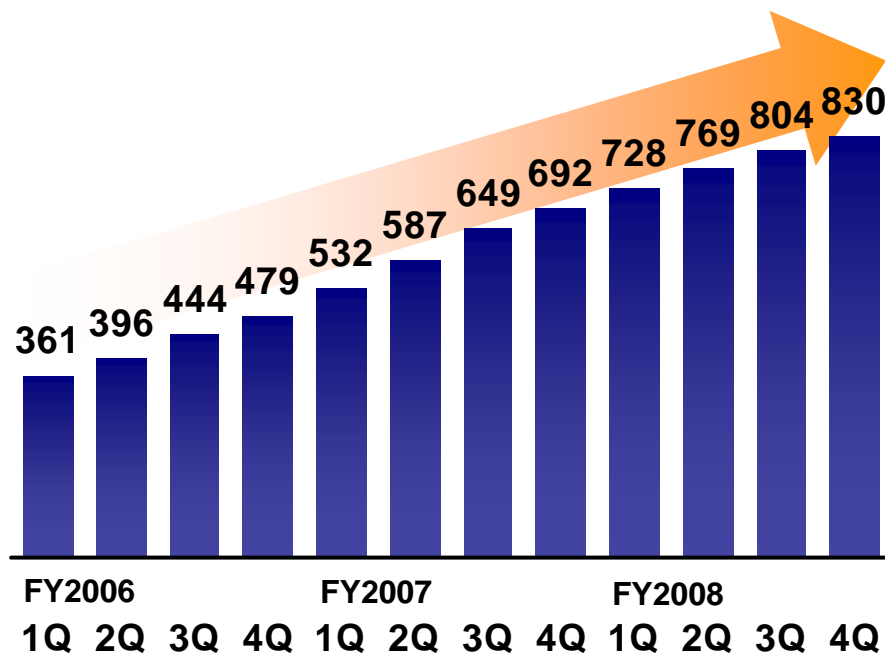


- ➡ Used in 800+ clinics , more than 1 million unique users per month
- In addition, more than 75,000 members (mostly moms with little kids) registered to the recently-opened pan-clinic site in a few months.
- ...became one of the largest “mom” platform in Japan.

2 Revenue Source for iTICKET

① Fee from clinic

Clinic Users



<Fee Structure>

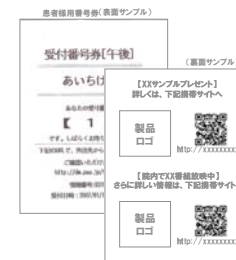
- Initial Fee : ¥500k / Clinic ~
- ASP Service : ¥11k / Month ~

② Advertisement

Clinic Media

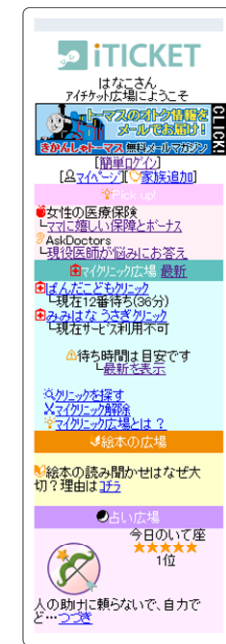


Ticket Media (Sep. ~)



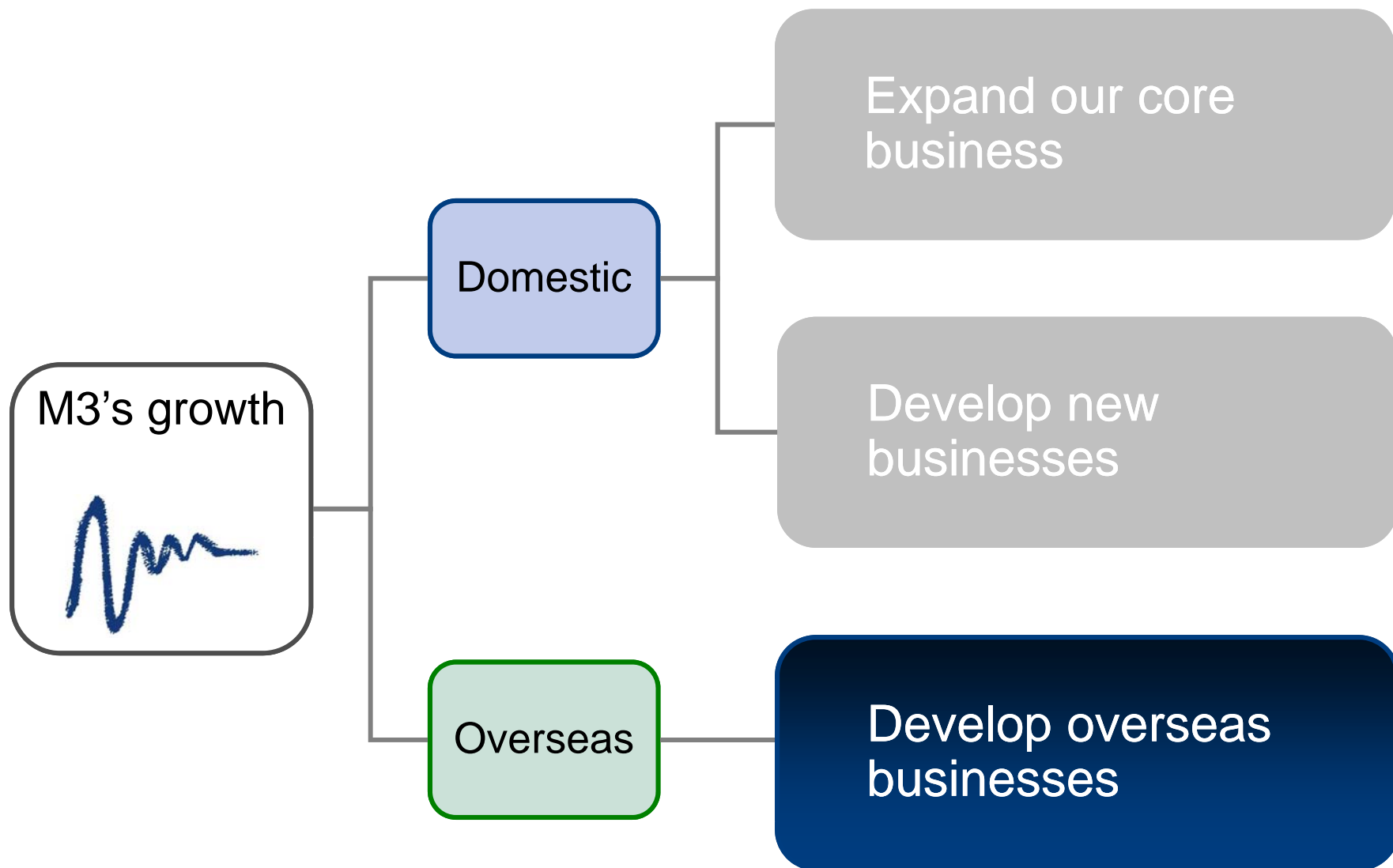
Consultation Ticket

Mobile Media (Nov. ~)



<Fee Structure>

- Clinic Media : ¥1.5m / Month ~
- Mobile Media : ¥130k / 2Week ~
- Ticket Media : ¥750k / Project ~



Development in the US

HemeOnc Linx
MDLinx
Today's Top Medical Abstracts.

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- Carcinogenesis
- Coagulation/Bleeding Dz
- Colorectal Cancer/Polyps
- Dermatologic Oncology
- Diagnostics/Radiology
- Economics of Medicine
- Endocrine Oncology
- GI Oncology
- Gynecologic Oncology
- Head and Neck
- Hepatobiliary/Pancreas
- GI Oncology
- Gynecologic Oncology
- Head and Neck
- Hepatobiliary/Pancreas
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- Lung/Thoracic Oncology
- Myeloproliferative Dz
- Neurologic Oncology
- Pain/Palliative Care
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- Soft Tissue/ Sarcoma/Transfusion
- Medicine

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Messages

- Today's Hot Topic: [Making Cigarettes More Addictive](#)
by John Smith, PhD. MDLinx
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Articles: General HemeOnc

Latest (58) | **Week's Top Read** | **Month's Top Read**

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- [Anthracyclines, Mitoxantrone, Radiotherapy, and Granulocyte Colony-Stimulating Factor: Risk Factors for Leukemia and Myelodysplastic Syndrome After Breast Cancer](#)
Journal of Clinical Oncology, 01/29/07
- [Activation of Integrin-Linked Kinase Is a Critical Prosurvival Pathway Induced in Leukemic Cells by Bone Marrow-Derived Stromal Cells](#)
Cancer Research, 01/31/07
- [Epstein-Barr Virus: Evasive Maneuvers in the Development of PTLD](#)
American Journal of Transplantation, 01/30/07
- [Artificial sweeteners and cancer risk in a network of case-control studies](#)
Journal of Clinical Oncology, 01/30/07
- [Final Results of a Prospective Clinical Trial With VAMP and Low-Dose Involved-Field Radiation for Children With Low-Risk Hodgkin's Disease](#)
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- [Anthracyclines, Mitoxantrone, Radiotherapy, and Granulocyte Colony-Stimulating Factor: Risk Factors for Leukemia and Myelodysplastic Syndrome After Breast Cancer](#)
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- [Epstein-Barr Virus: Evasive Maneuvers in the Development of PTLD](#)
American Journal of Transplantation, 01/30/07
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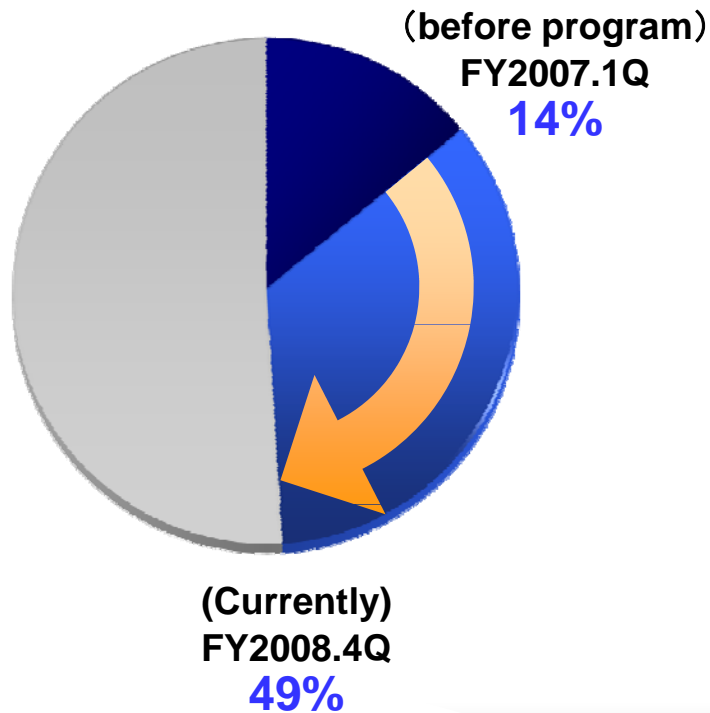
[Patient Education](#)

- “M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009)
 - Washington D.C.
 - 220K medical professionals as registered member
- 9 of the top 15 global pharmaceutical firms adopted “M3 Messages ” already
 - Signed with 7 companies in 9 products
 - Close to sign with 2 companies in 4 products
 - All in Oncology, Rheumatology Psychiatry or Neurology area
- Trial project was completed successfully
 - Exceeded message read goal by 200%
- From now on, the regular fee table is applied

MDLinx (US): Member Coverage by Specialty

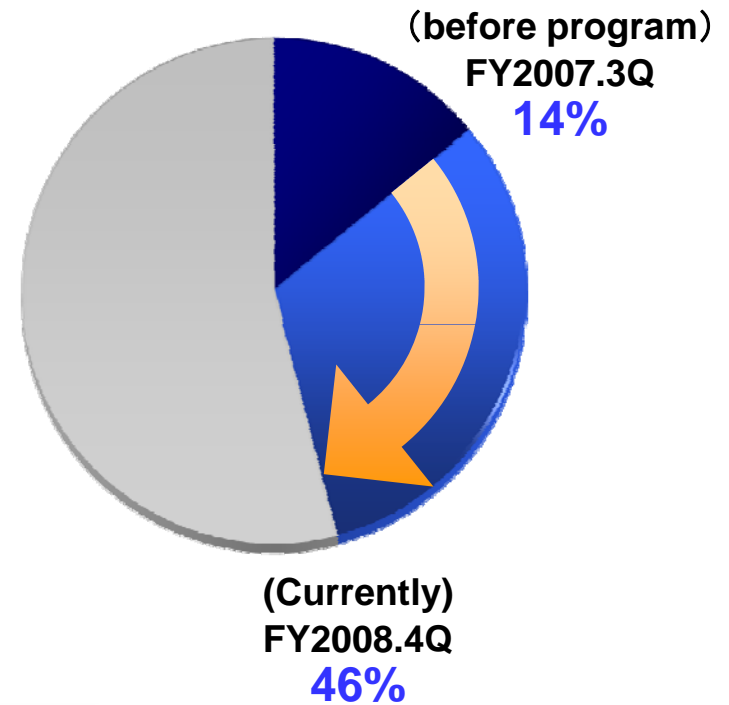
Oncology area

(100%=10,000 specialists)



Rheumatology

(100%=4,200 specialists)



Succeeded in acquiring half of oncologists in the U.S. as members.
Applying the know-how to rheumatology area from march 08.
Expanding further to other areas.

Consolidated P/L Statement for FY2008

(yen million)

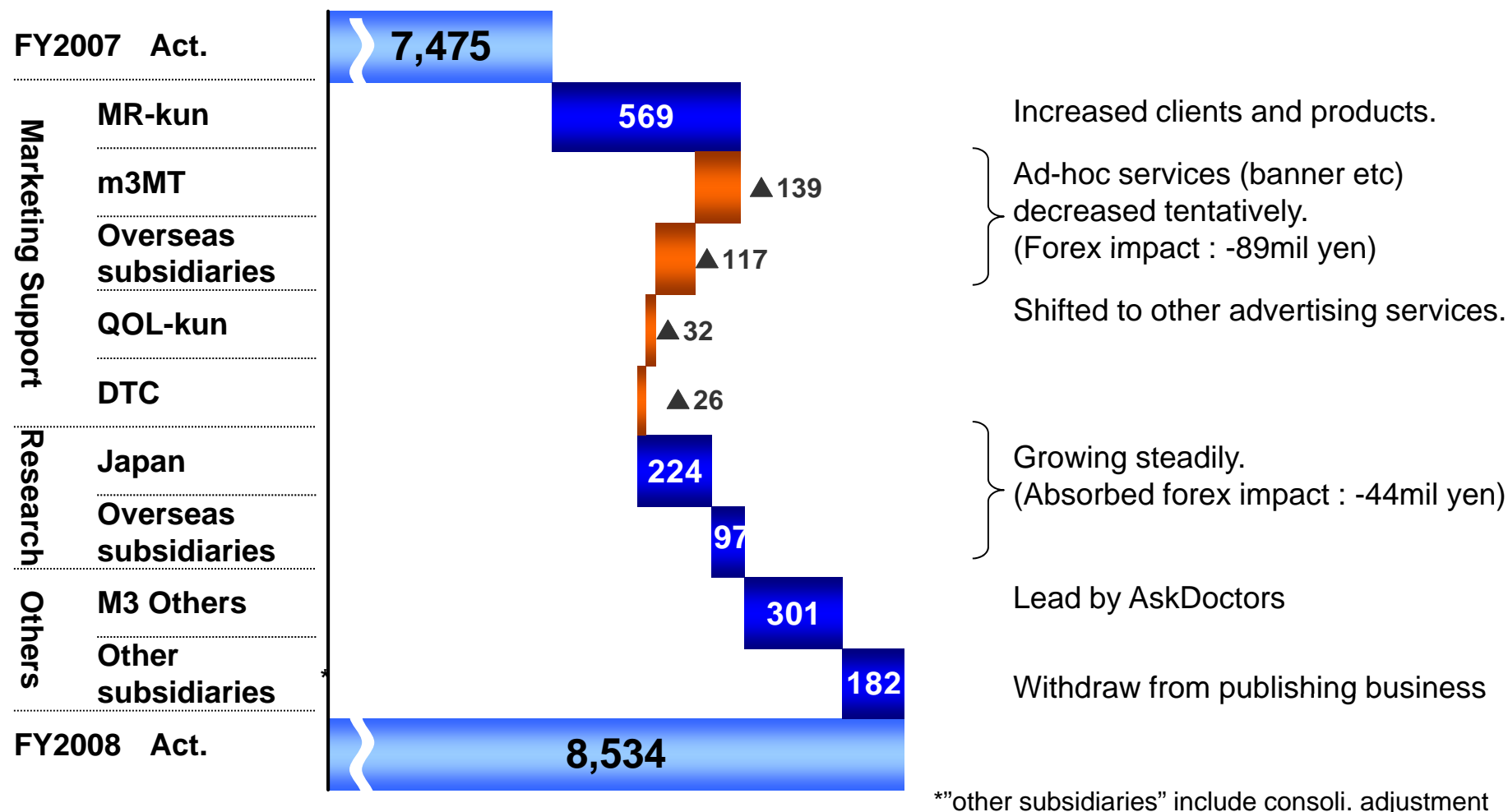
	FY2007	FY2008	YoY Growth
Sales	7,475	8,534	+14%
Operating income	3,597	3,990	+11%
Ordinary profit	3,734	4,170	+12%
Net profit	1,965	2,363	+20%

Sales Breakdown by Business Segments

Marketing Support	5,757	6,008	+4%
Research	753	1,052	+40%
Others	964	1,474	+53%

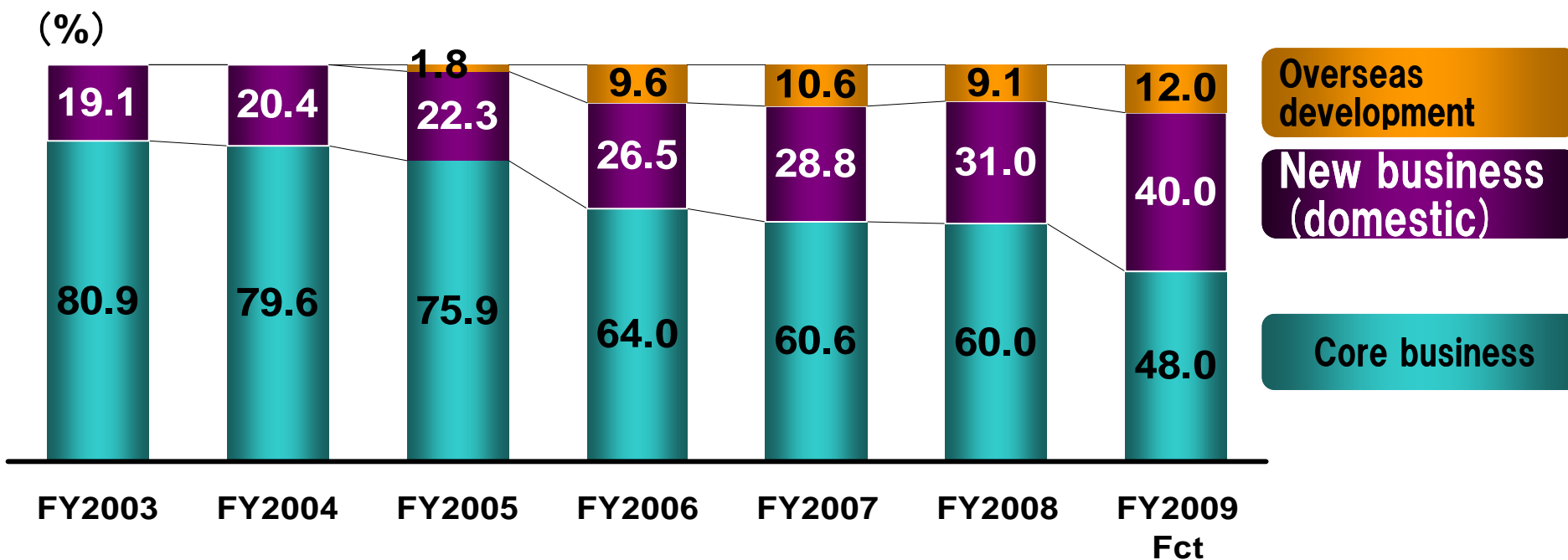
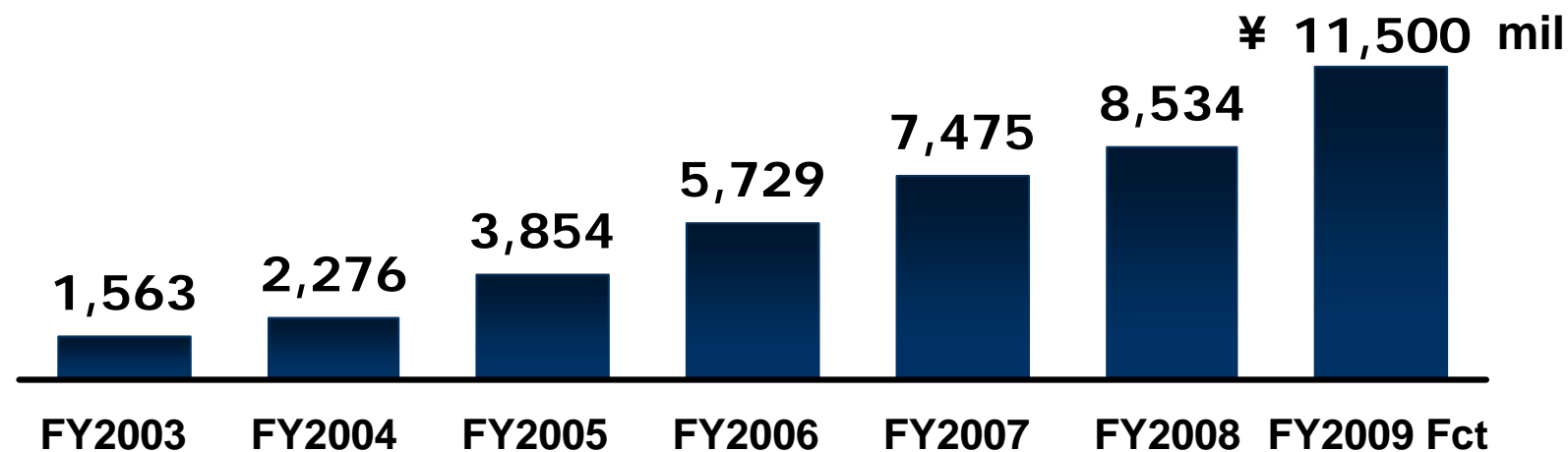
FY2008 Consoli. Sales Analysis (vs P.Y.)

(yen million)



Excluding Ad-hoc services, steady growth momentum continues.

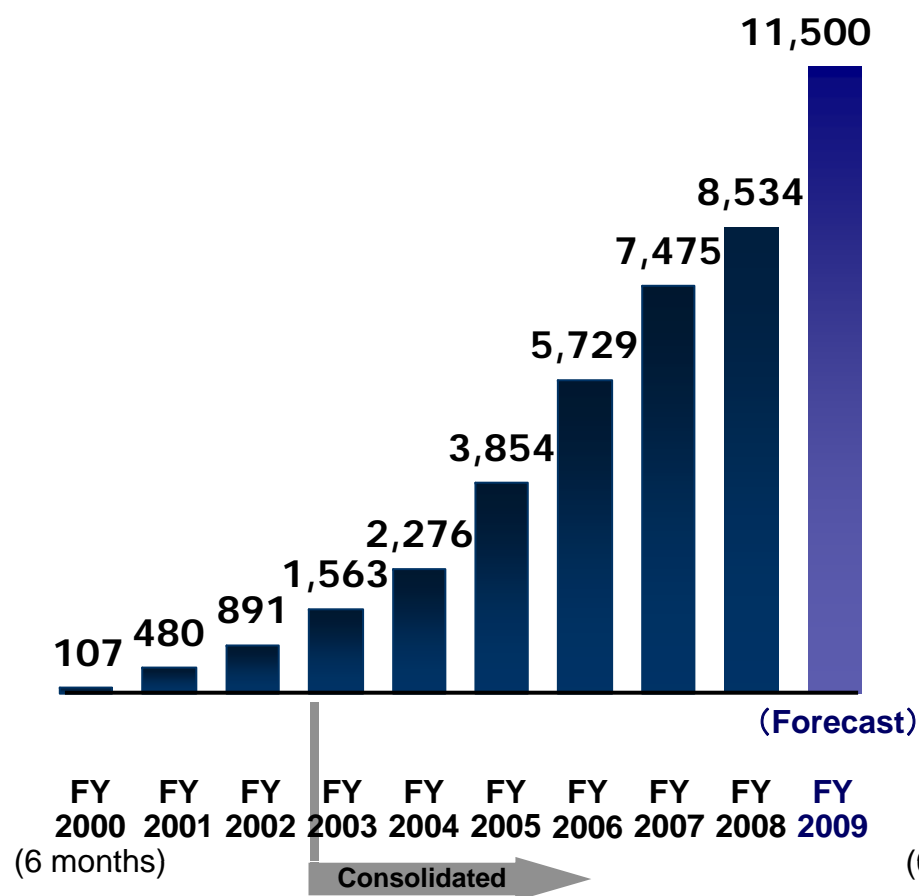
Consolidated Sales Trend



Annual Results & Forecast for FY2009

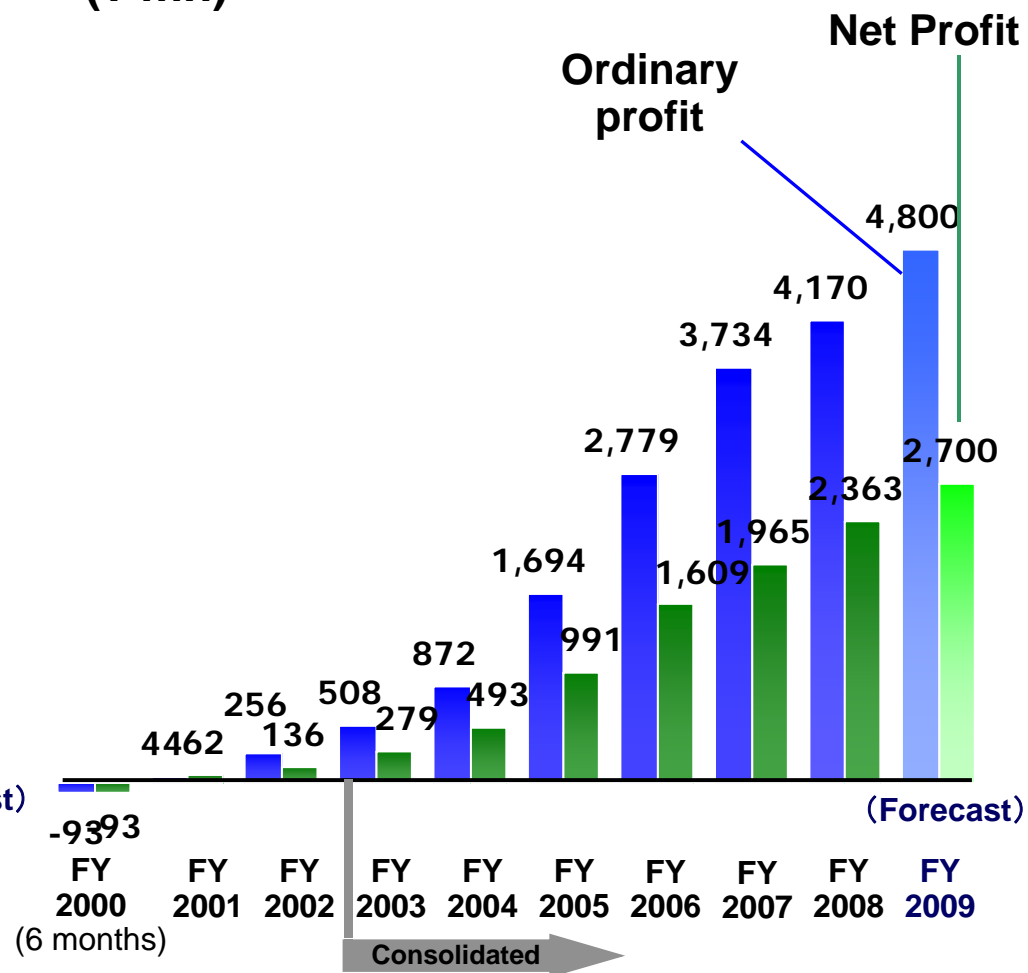
Sales

(¥ mn)



Ordinary Profit & Net Profit

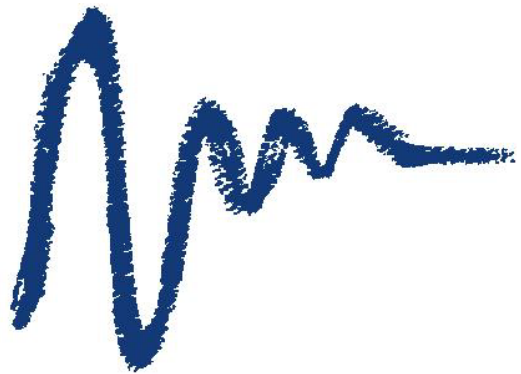
(¥ mn)



Acquisition of Mebix

- **Acquired Mebix, Inc. by TOB in April 2009.**
- **Mebix provides a web-based clinical trial support management system called “CapTool” , which is de facto standard in Japan.**
- **In the fiscal year ended April 2008 (mil yen);**
 - **Sales:2,547**
 - **Operation income:143**
 - **Net income:57**
- **Expect ¥0.5 – ¥1 billion annual impact on ordinary profit by (short-term) synergy.**

Creating New Value in Healthcare



So-net M3

→ M3

Medicine

Media

Metamorphosis

→ Healthcare sector is huge...

- Japanese national spending on medical services is approximately ¥33tn (approximately ¥50tn if peripheral businesses are included)
- Equivalent to 10% of Japanese GDP
- Sector controlled by only 270,000 people, e.g., physicians, representing only 0.2% of the population

→ M3 aims to create new value in this sector

- Solve the issues and problems of the medical sector
- With new and unique business models
- While focusing on areas where we can add high value (e.g., have high profit) to boost our enterprise value

Source: Ministry of Health, Labour and Welfare, the Japan Medical Association, So-net M3