

So-net M3

Presentation Material

June 2007



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.

Furthermore, information and data other than those concerning the Company and its subsidiaries/affiliates are quoted from public information, and the Company has not verified and will not warrant its accuracy or dependency.

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 entry into US market |
| 2007 | Mar | Listed on TSE 1 |

m3.com: Japan's #1 Physician Website

Medical News

Search engine

Directory

Literature search

Web-based medical tools



m3.com Concierge
 • MR-kun
 • QOL-kun

Used by 29 companies in Japan (as of March, 2007)

Sponsor messages

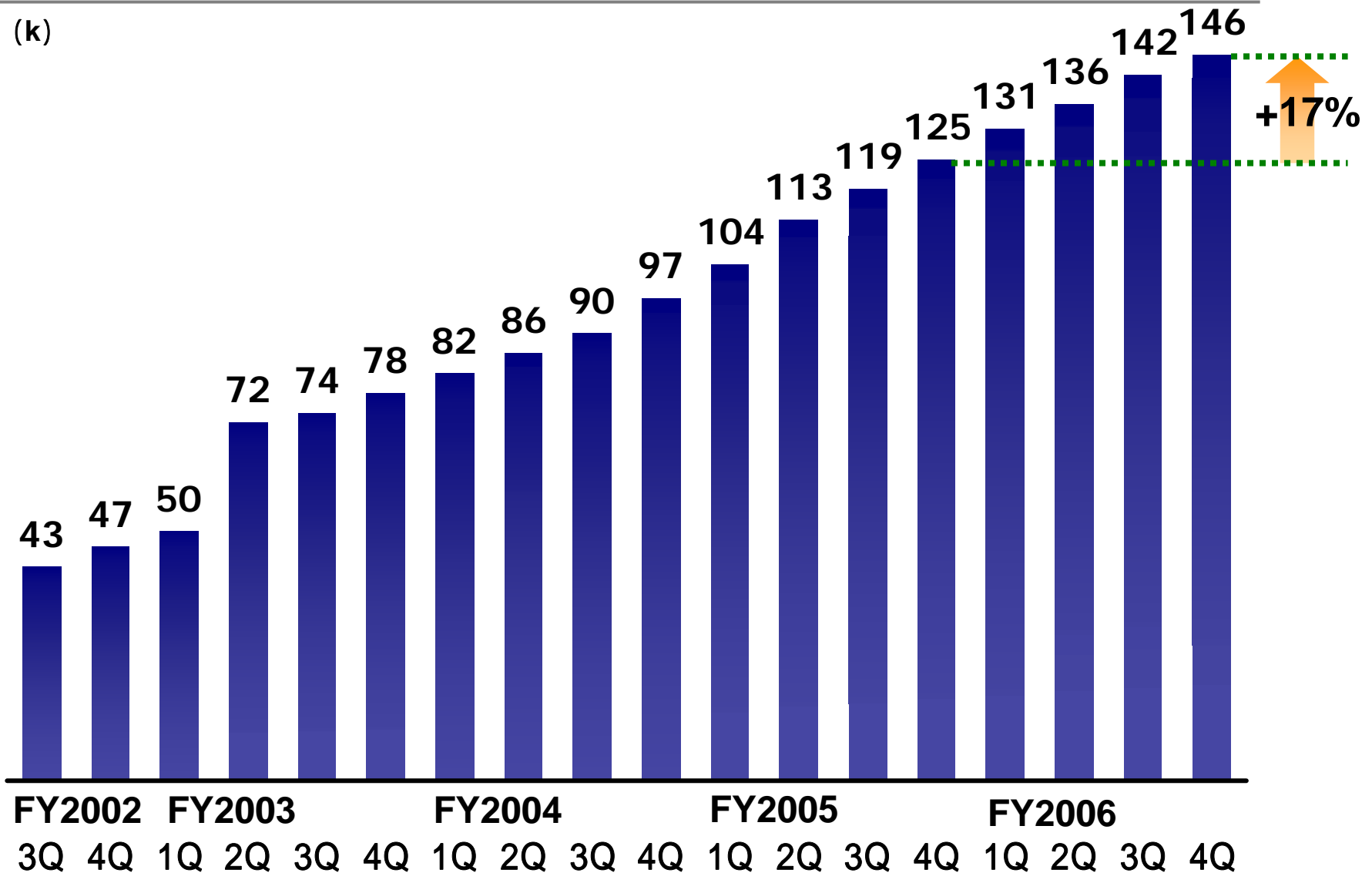
Sponsor-free

Sponsored

Physicians registered in m3.com

FY2002.3Q ~ FY2006.4Q

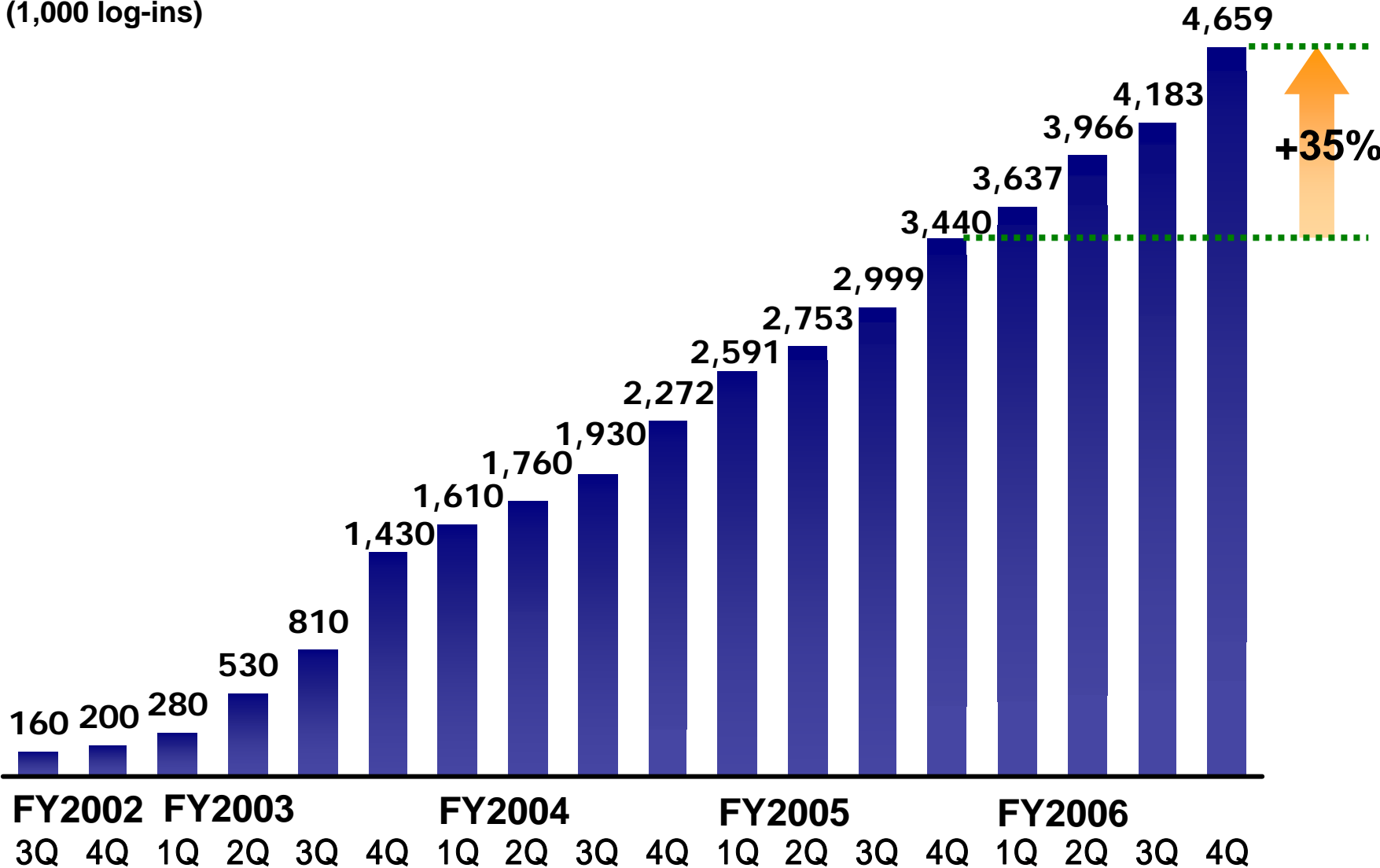
(k)

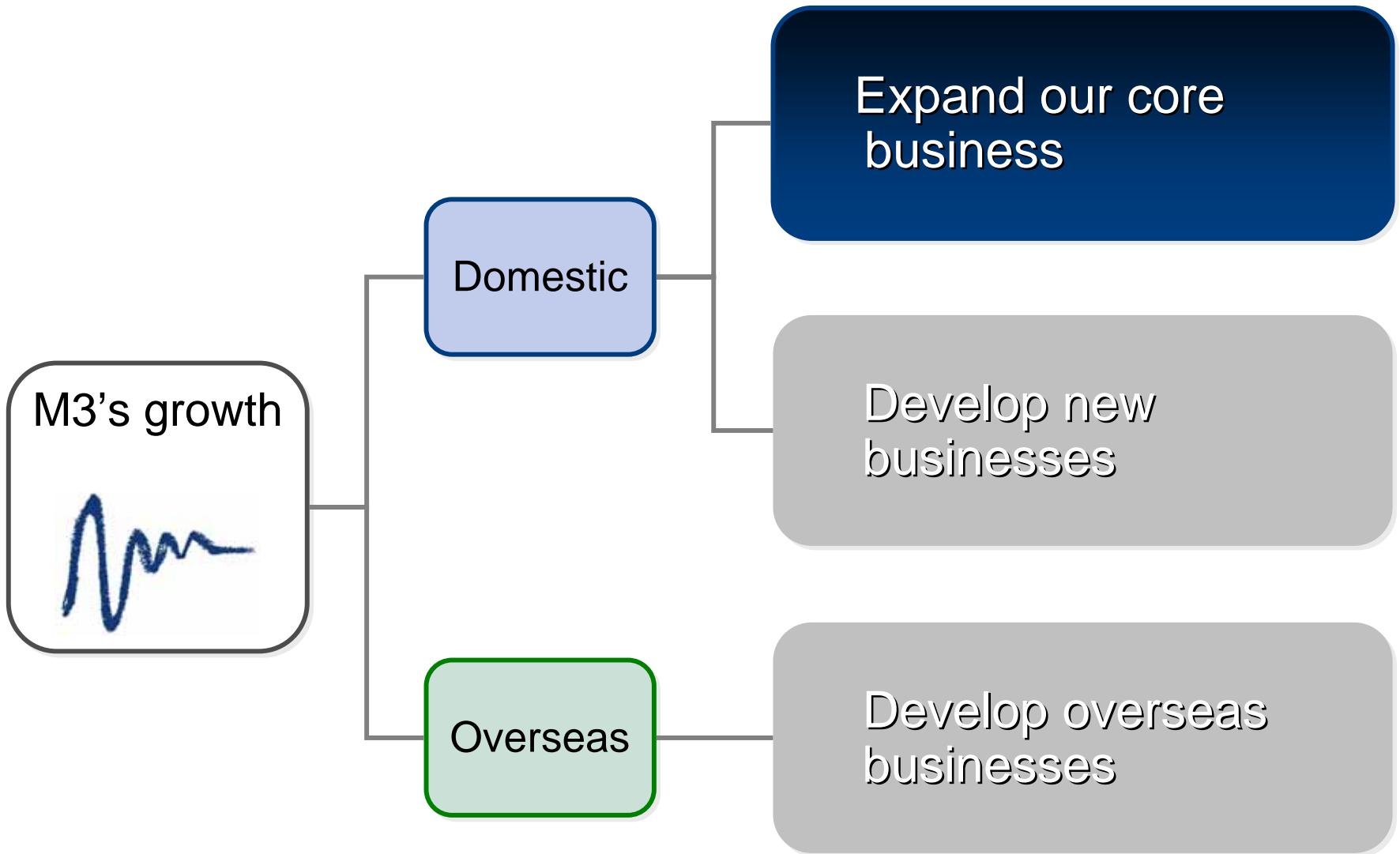


m3.com Logins Increasing

FY2002.3Q ~ FY2006.4Q

(1,000 log-ins)





Japanese Pharma's Huge Marketing Costs

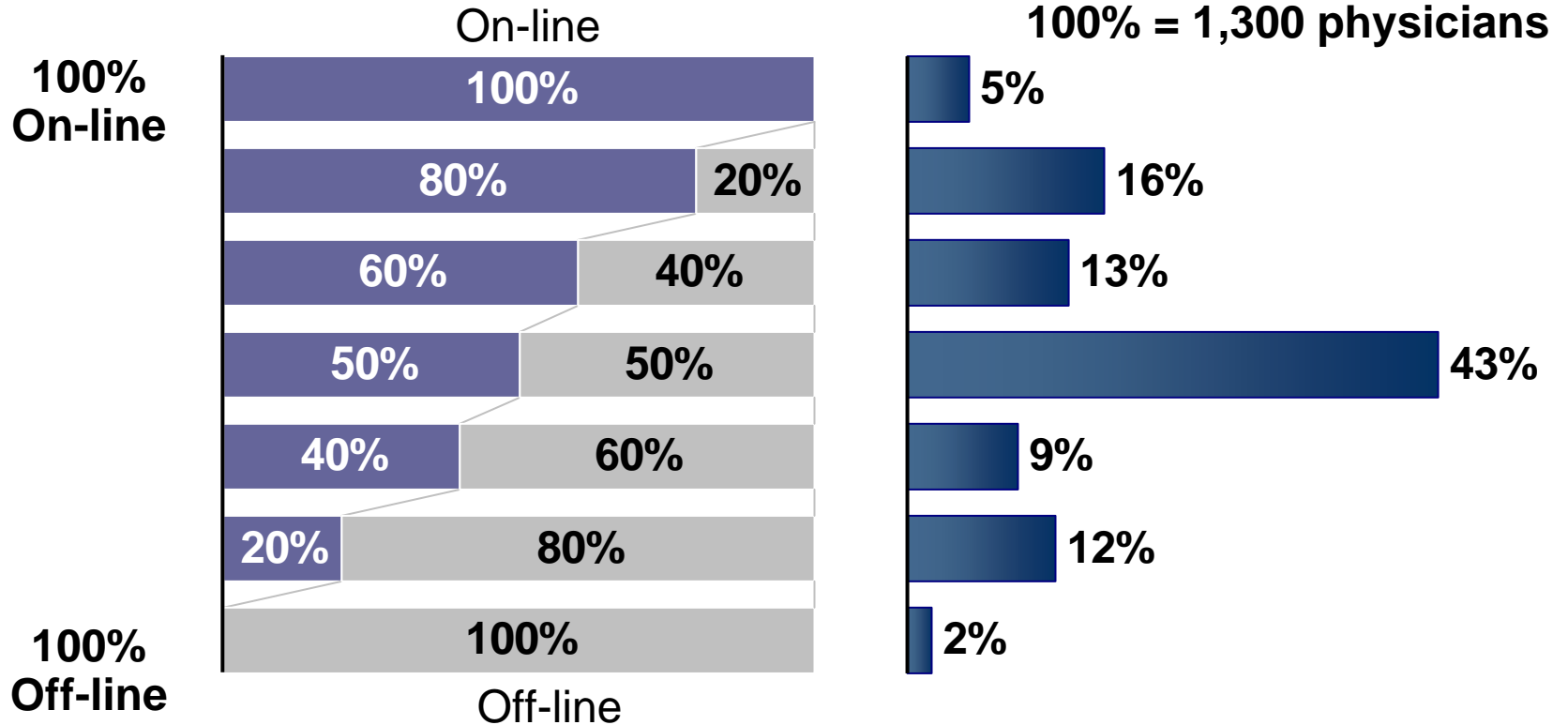


Source: MIX, Research by So-net M3

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.



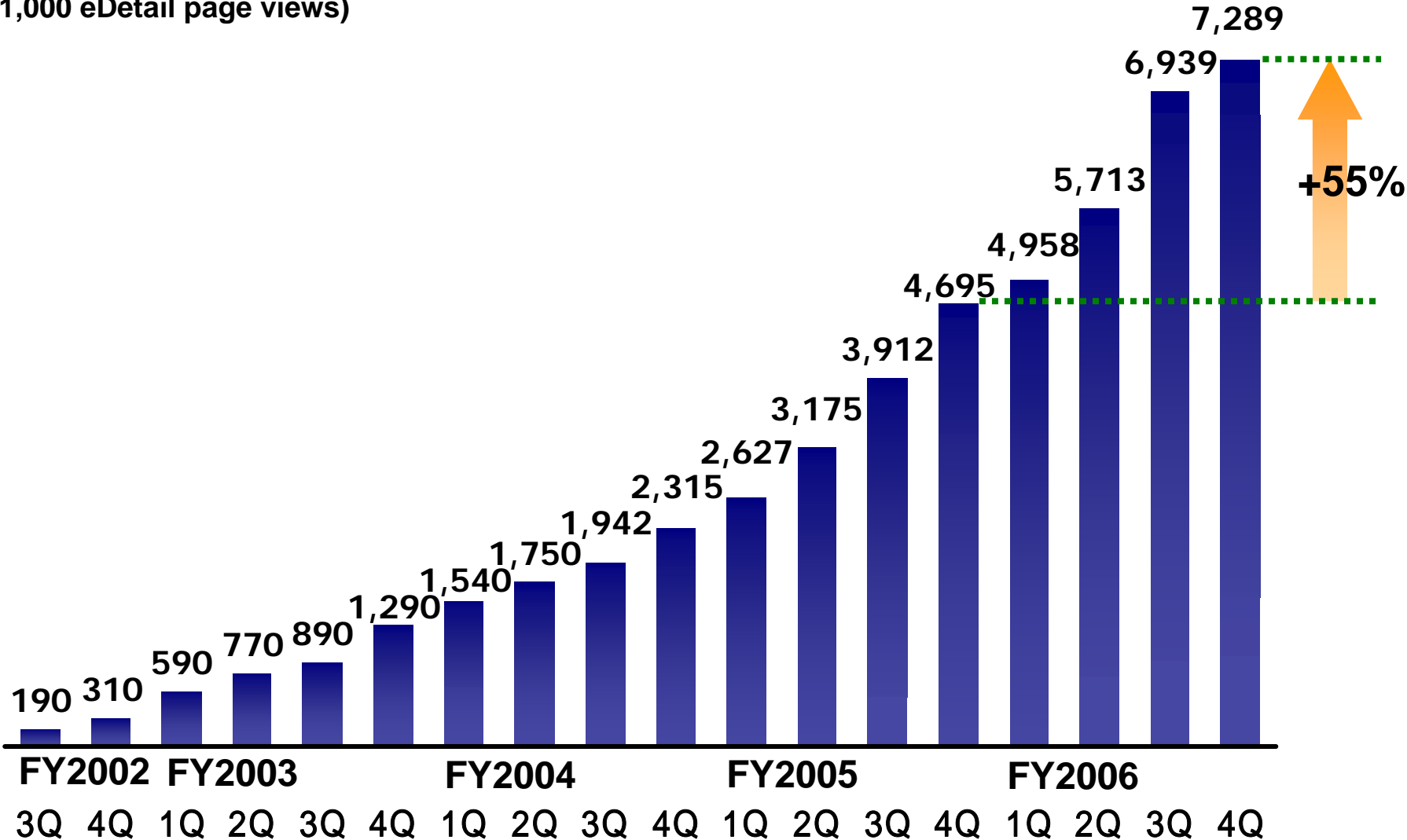
👉 Demand for eDetails is quite high for busy physicians as they get the information when it's convenient for them, not for the MR

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

eDetails Read by Physicians

FY2002.3Q ~ FY2006.4Q

(1,000 eDetail page views)



(Note) FY2005.2Q: Incl. QOL-kun

MR-kun Costs Less than Reps

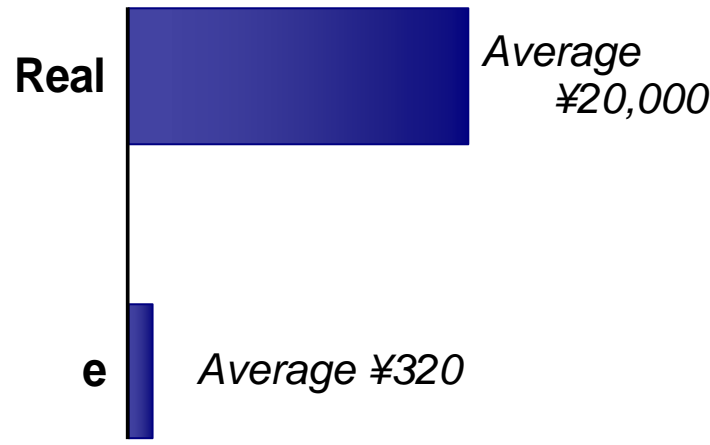
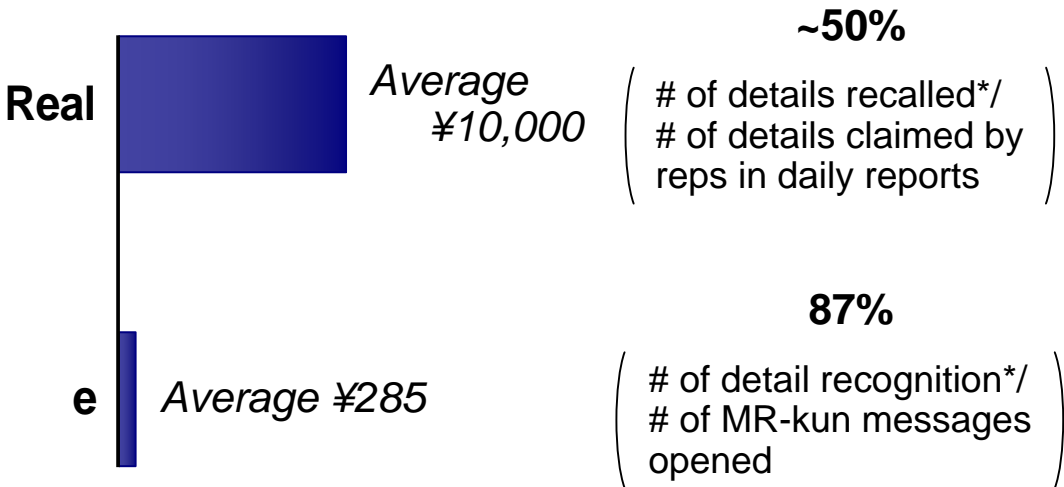
Cost to deliver 1 detail



Physician recall rate



Cost per physician-recalled detail



■ MR-kun delivery is 1/35 the cost of rep delivery

■ MR-kun detail recall is 1/60 the cost of rep detail recall

* IMS recognized detail research, Research by So-net M3

MR-kun Increases Sales Like Reps

Case study

		Off-line Reps	
		Non-covered	covered
MR-kun	Non-covered	1 (baseline)	+9% Sales increase compared with base
	covered	+8% Sales increase compared with base	+16% Sales increase compared with base

Combining real reps with MR-kun maximizes detailing impact

“MR-kun” alone has substantial power...

Source: So-net M3
Notes: Questionnaire to 16,000 General Practitioners

MR-kun Fee Structure

MR-kun base fee

¥70 mn

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

Detail fee

¥20 mn
}
¥40 mn

- Package of 200,000~400,000 details
- ¥100 per detail exceeding the package

Content production fee

¥30 mn
}

- M3 creates content that the client's virtual rep delivers to physicians

Operation fee

¥10 mn

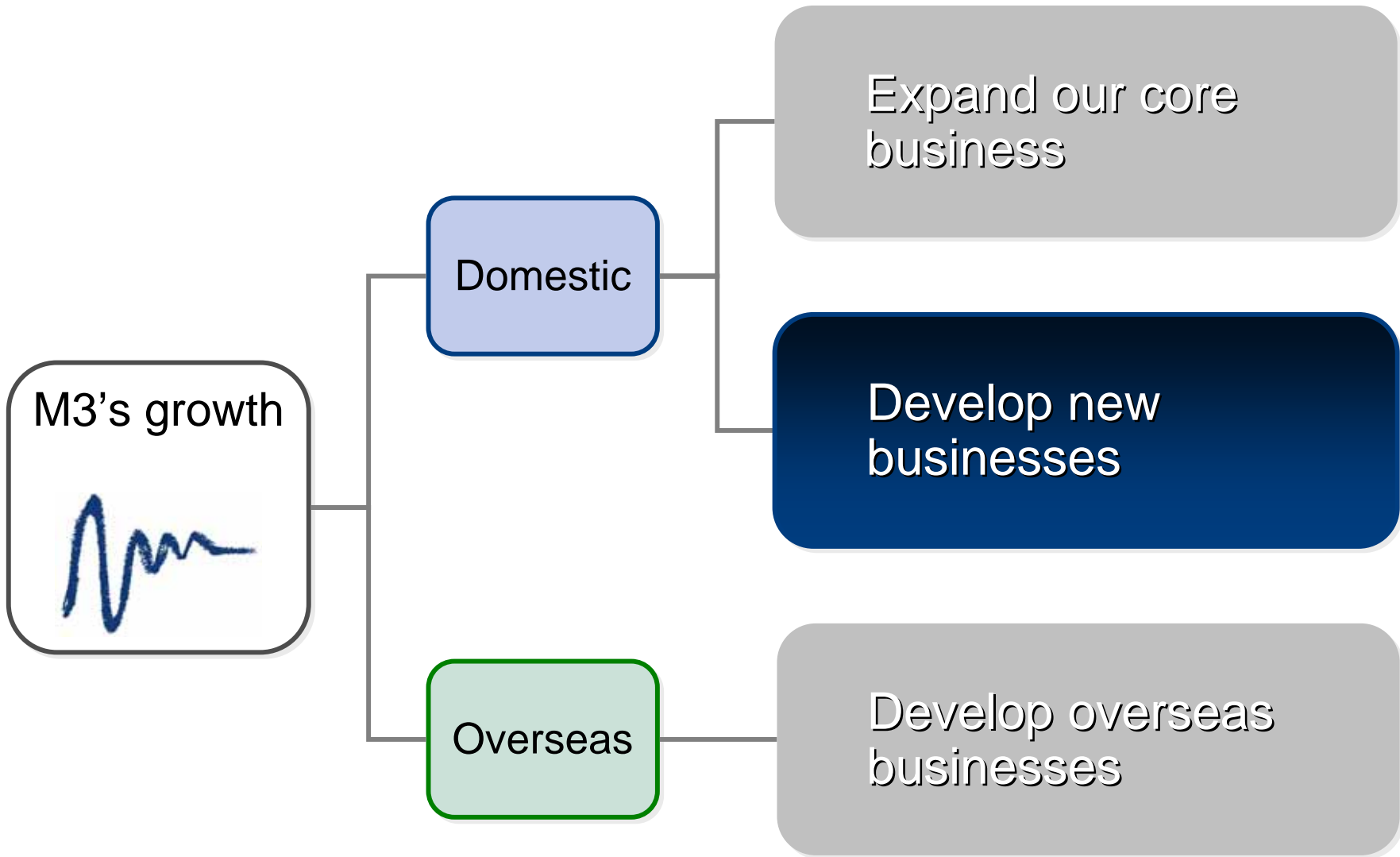
- Includes getting physicians to register the rep, sending messages to physicians, and replying to physicians' questions

MR-kun Platform Service

MR-kun eCSO (Contract Sales Organization) Service

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





Web-based Physician Surveys

Example: 500 physician survey

国内最大規模の
医師会員を対象とした
インターネット調査

リサーチ君

by ACNielsen / So-net M3

リサーチ君は約8万人の医師会員を対象とした、主に製薬企業向けのインターネット調査です。サービス開始以来10ヶ月で、既に約50件に及ぶ実績を挙げできました。

- 早く結果が必要だ！ 1,000人規模の調査を標準的4週間以内に終了
- 目標に納得したい！ 従来の紙ベース調査と比較して約3分の1のコストから
- 代わり・信頼性が心配だ！ 医師のネット利用率96%、医師なりにましまを確保

「一昔やが日進の調査に変わる中、どうしてもこれまでの経験からくる固定観念というものがありはじかる場合が多い。今回リサーチ君を経験して、これまでのマーケットリサーチに関するラウニングアップが完了された。これまでに経験したことのないこのスピード感には驚いた。またスピードだけでなく、クオリティとコストも納得できると言う。一昔前調査 マーケティング部 某製薬会社 マーケティング部長 藤田

資料・調査サンプルの
ご請求、お問い合わせは

エーシーエルセン・コーポレーション株式会社 (金子/編成)
03-5573-8300 / research-kun@acnielsen.co.jp
ソネット・エムスリー株式会社 (上田/編成)
03-6420-2819 / research-kun@so-netm3.com

Traditional method

Paper-based

“Research-kun”

Online survey

Required
Period

Approx. 10 weeks

Speed:
50 times

1~3 days

Cost

¥10mn ~
¥15 mn

Cost:
1/2~1/3

¥5.50 mn

Quality

Contains mixture
of good and poor
samples as focus
is on quantity

Quality:
improved

Can conduct more
targeted research

- Example: Survey to
- target MDs of a specific product of a certain company
 - MDs of university hospitals specialized in diabetes etc.

m3.com CAREER

Physicians

m3.com CAREER

Hospitals



Access



Hospitals offering employment



Fees for job advertisement

- For 1 month ¥100,000
- For 3 months ¥200,000
- For 6 months ¥300,000

■ Service has been profitable since the 1st month of its launch

■ This page also contributes to gathering physician members

Look for job openings

m3.com sub-site matches job openings and job seekers

Advertise job openings

Physician Q&A for Patients: AskDoctors

Second Opinion Site

- Patients can consult with 1,600 physicians.
- Usage fee : Monthly 315 yen
- Ratio of respondents : 99%
- Q&A archives : more than 320k

Question rankings

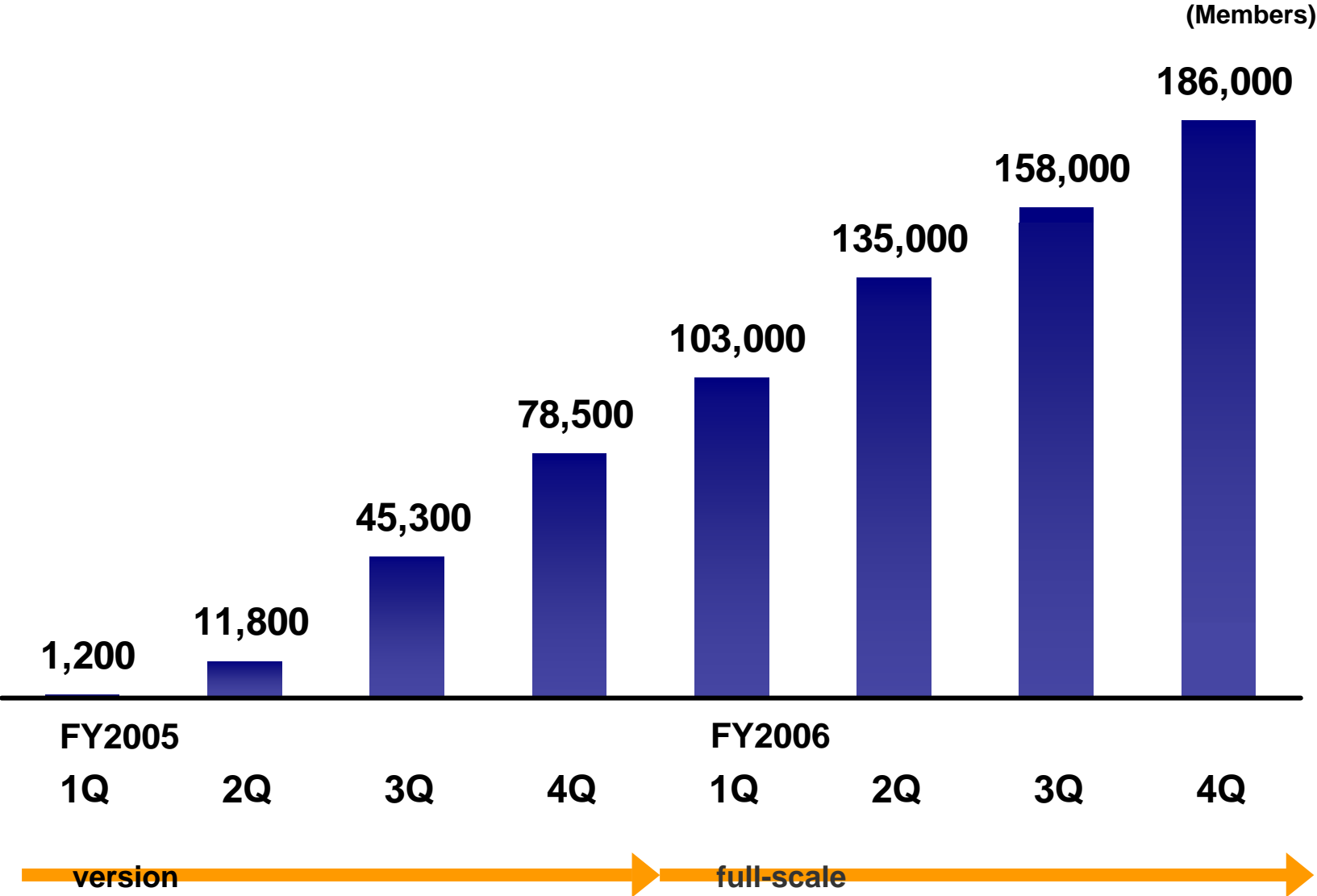
順位	質問	回答人数
1位	薬物治療について	70746
2位	ヘアカラーにつきま...	60032
3位	つきあって一年のH...	41749
4位	この人が医師??	30057
5位	手術の謝礼	20362
6位	承前1ヶ月	27617
7位	インフルエンザにつ...	25403
8位	ダイエットについて	22096
9位	医女にヘルペスと行...	21697
10位	コエンザイムQ10	18524
11位	宿便について	14700
12位	使えない理由?	14400
13位	妊婦中のセックスに...	13324
14位	費解の方法	12216
15位	悲しいです	12115
16位	うつの人への対応...	11540
17位	血液さらさら	11180
18位	精神科で入院中の彼...	9992
19位	医者に行きたくない...	8732
20位	大人のこまび	8452
21位	安定剤の服用につい...	8081
22位	子供が眠りません	7881
23位	粉寒天と普通の棒状...	7629
24位	加齢臭の原因・予防...	7340
25位	だんだん大きくなる...	7220
26位	アトピー性皮膚炎	7122
27位	下腹膨大!	7096

New questions from patients

Category

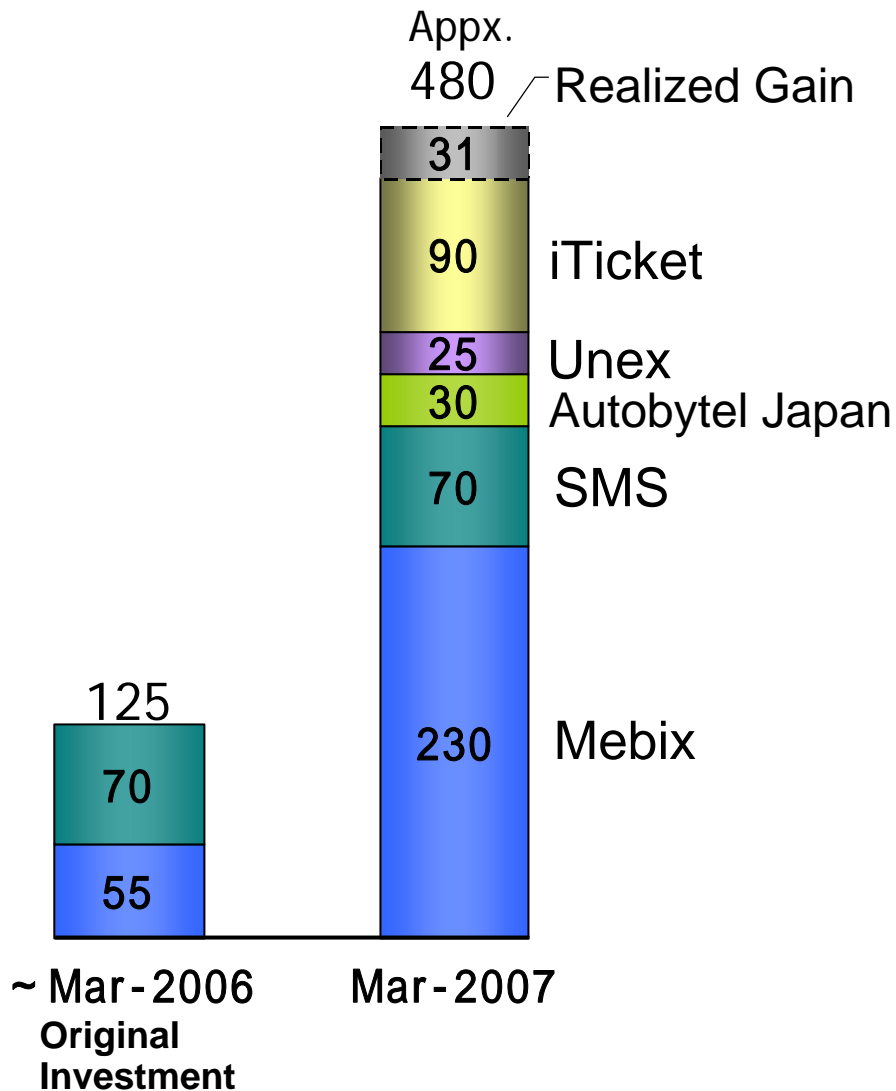
Q&A by category

Membership of AskDctors

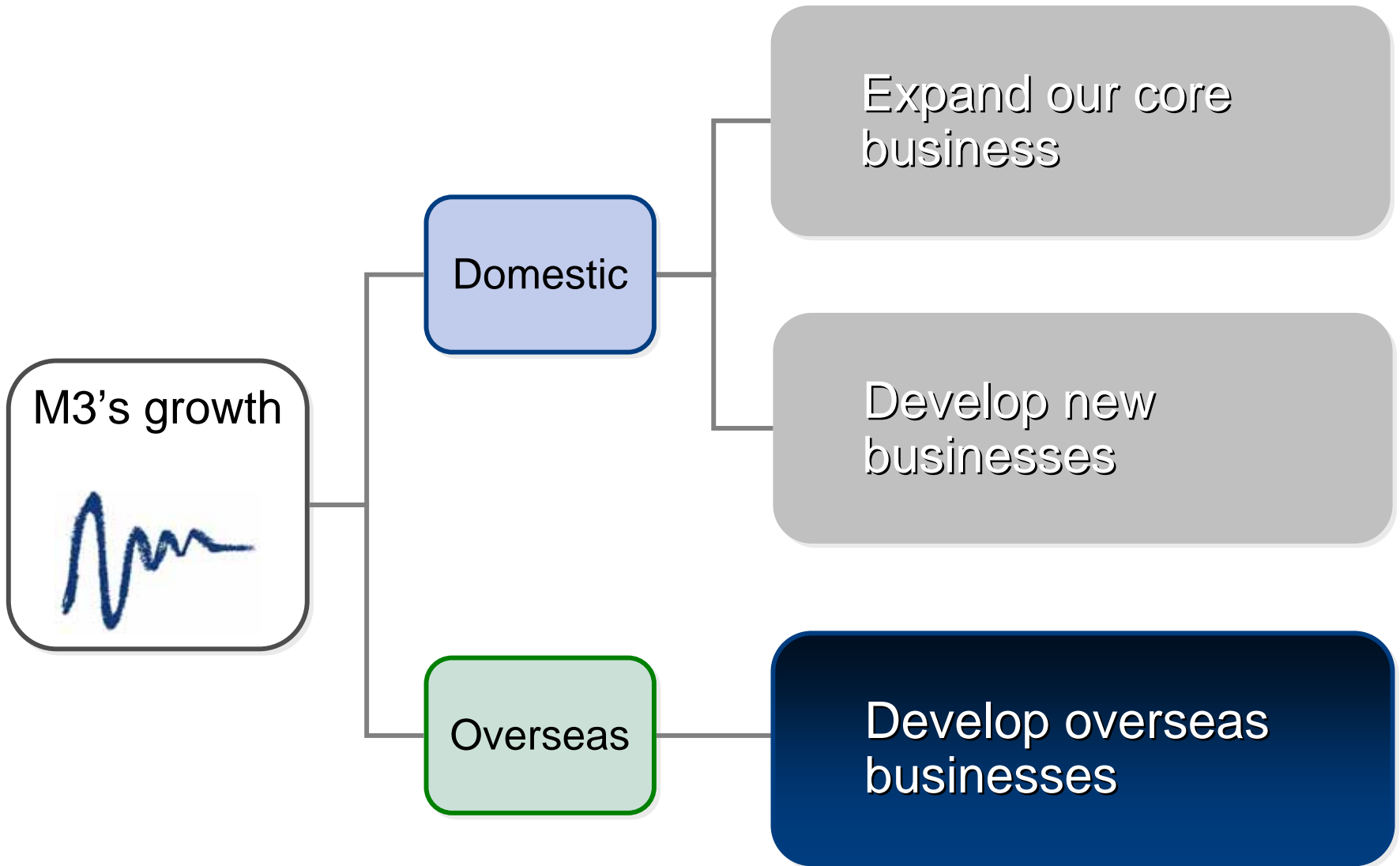


Incubation Business

(Investment, ¥million)



- Strategic incubation to companies that M3 can add business Value
- Typically invest to late stage companies and control risk



Development in the US

The screenshot displays the MDLinx website interface. On the left is a navigation menu with categories like Home, Conferences, Jobs, Messages, Newsletters, My Library, and Topics in HemeOnc. The main content area features a 'Messages' section with a list of articles and a 'Articles: General HemeOnc' section with a list of articles. On the right, there is an 'Article Search' box, a 'MERCK SERVICES' banner, and a 'PRODUCT INFORMATION' section with sub-sections for 'MEDICAL SYMPOSIA' and 'PRODUCT SAMPLES'. At the bottom, there is a 'View & Download Online Resource' section with a photo of a woman and a 'Click Here' button.

- Leverage MDLinx, Inc. (100% owned Subsidiary) to start “Messages” (US version of MR-kun)
 - Washington D.C.
 - 21 employee
 - 180K medical professionals as member
- Invest \$2mil this year to launch “Messages”
- Start service in 2 TAs
 - Oncology
 - Rheumatoid Arthritis
- Launch pilot service in May, planned to start full service within 6-12months
- Existing MDLinx business sound
 - Already booked 95% of FY07 budget

Development in Korea

The screenshot shows the MEDI:GATE website with a navigation bar at the top containing MY MG, VISITS, BOARD, CLUB, MEDIA, LIBRARY, FUN, CLINICBIZ, and MG SHOP. A notice banner at the top right says '5/17 부산 유기구료모로 운영 초창기!!'. The main content area is divided into several sections:

- NEWS:** Medigate News, 의료 25시. Articles include "의협과 약사회와 합의한 것처럼 호도 유감", "의심처방 응대의무와 복지위 전체회의도 통과", "장동익 회장 "연수교육 미이수자 처벌 추진", "의심처방 응대의무 "합의했다" vs "합의했다", and "의심처방 응대의무" 복지위 법안소위 통과.
- COLUMN:** Click 정보, FUN. Articles include "6개월만 지나면 무뎠을거예요", "인센티브 제도 시행 시 고려할 점 10가지", "유럽편지의 모든 것 - 간단한 시황들", "<재테크> 다들 뭐 쳤바퀴론", and "32회 -미국병원이야기-Cardiothoracic ICU".
- BOARD:** FreeBoard, Salon, Muzzima. Articles include "그렸게는 안되지만...", "워낙 게시판에 사무장과 도라이들이 설쳐대는 바람에 피해의식에 사로잡혀서 그런가 같...", "너 요새 게시판 분위기 안좋은거 모르고 들어왔지??? 글지워라. 께워한다!!!!!!", and "세금줄 내면서 사쇼.....".
- 초빙구직:** 초빙정보, 구직정보, 전공의 모집. Includes a table with columns for category (e.g., 대구, 경기), title, and date.
- 추천 CLUB:** CLUB 소개. Includes a section for "01 추천클럽" and "02 추천클럽" with details about 부산의대 and 부산의대 96년도 졸업.
- TODAY UPDATE:** 1면 무뎠을거예요 (조 언). Includes a list of updates for VISITS, BOARD, CLUB, MEDIA, LIBRARY, FUN, CLINICBIZ, and MG SHOP.

- Leverage Medi C&C (40% owned Subsidiary, and control the company by having majority of the board)

- Seoul
- 12 employee
- 58K Physicians (90% of Korean doctors)

- Started MR-kun from March 2006

- Currently 3 clients are using for 4 products
- This year expansion to 6-8 products is expected

FY 2006 financial result

(yen million)

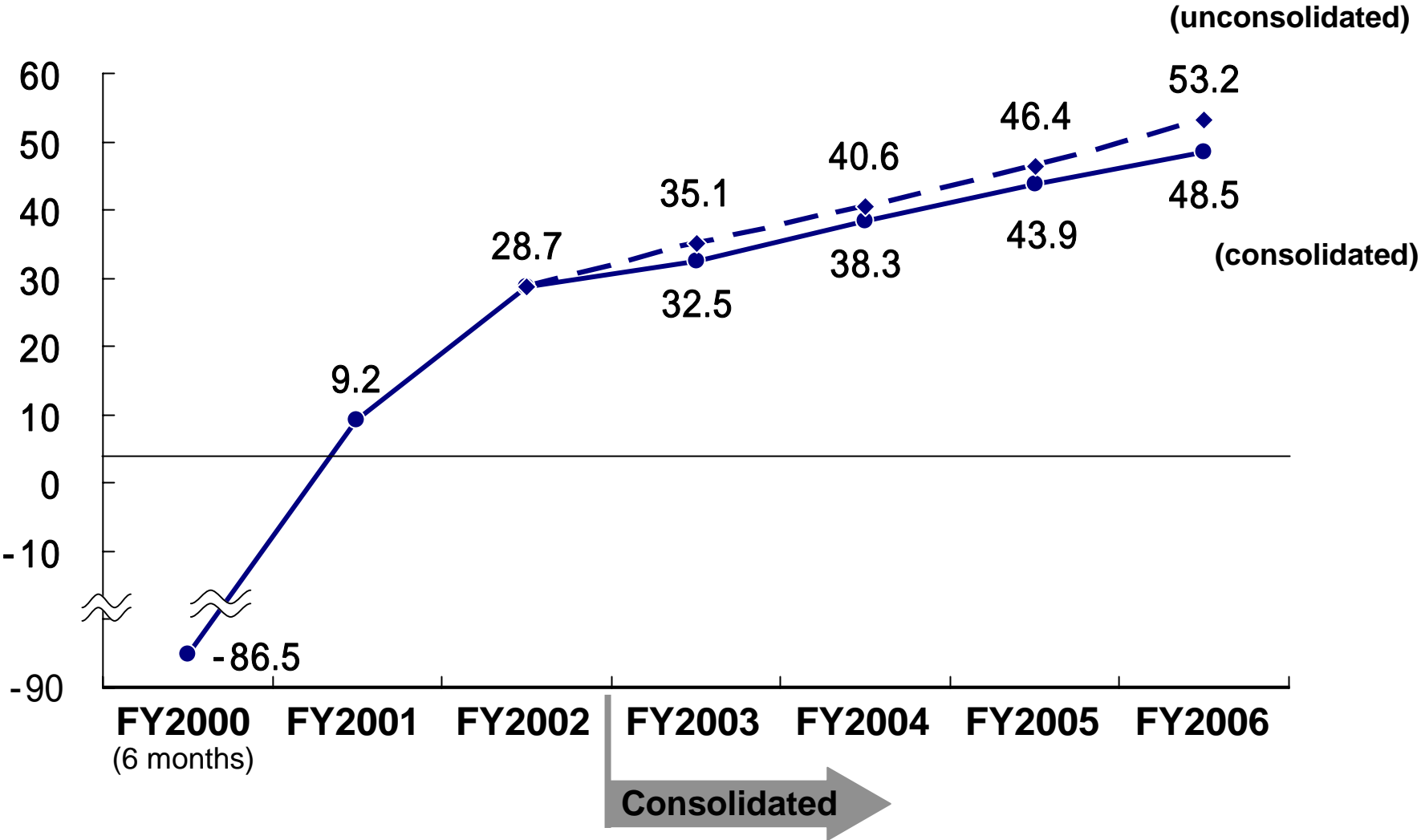
	1Q	2Q	3Q	4Q	FY2006	YoY Growth
Sales	1,125	1,390	1,541	1,670	5,729	+49%
Marketing Support	954	1,165	1,255	1,400	4,776	+48%
Research	84	115	134	80	414	+23%
Others	87	108	151	190	537	+88%
Operating profit	479	583	756	857	2,677	+59%
Ordinary profit	517	588	807	865	2,779	+64%
Net profit	306	351	473	477	1,609	+62%

	<u>Sales</u>	<u>Ordinary profit</u>	<u>Net Profit</u>
Initial Guidance (06 April)	4,700	2,200	1,300
1st Revision (06 Oct)	5,000	2,300	1,350
2nd Revision (07 Jan)	5,500	2,500	1,500

➔ Result exceeded 2nd revision

M3's Margins have Constantly Grown

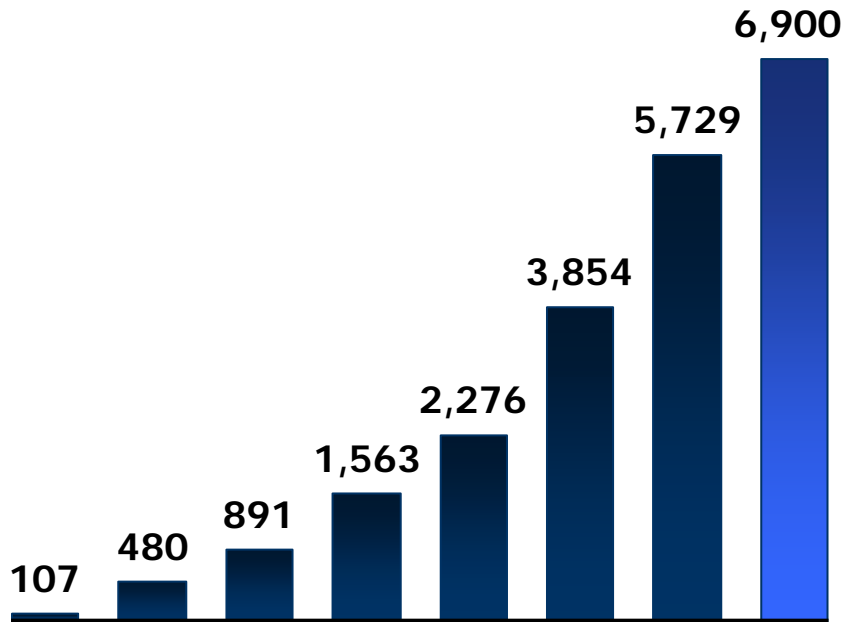
Changes in Ordinary Profit Margin



Annual Results & Forecast for FY2006

Sales

(¥ mn)



(Forecast)

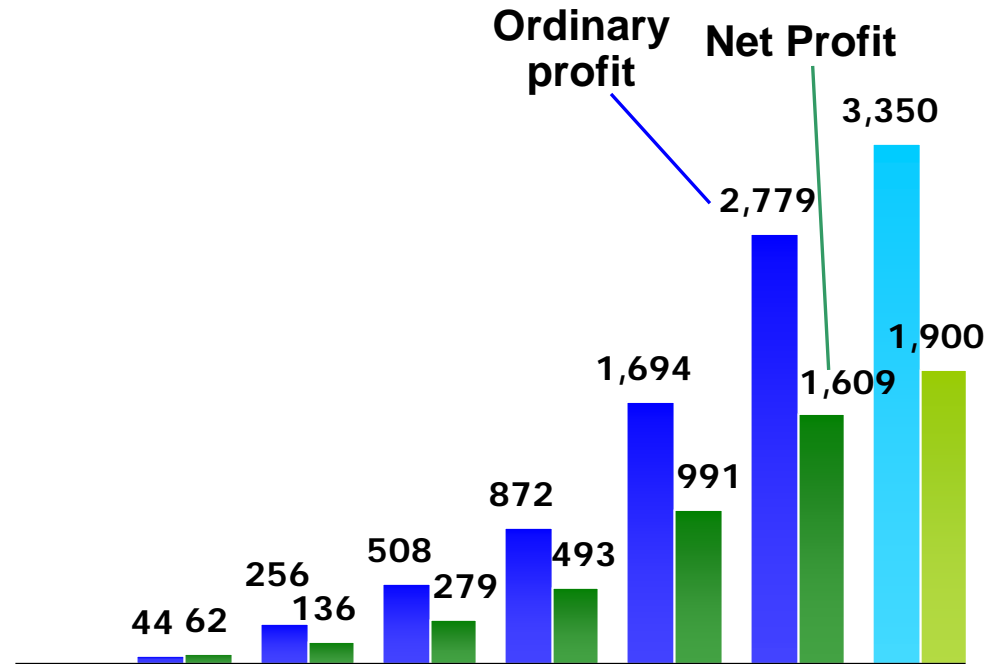
FY 2000 FY 2001 FY 2002 FY 2003 FY 2004 FY 2005 FY 2006 FY 2007

(6 months)

Consolidated

Ordinary Profit & Net Profit

(¥ mn)



(Forecast)

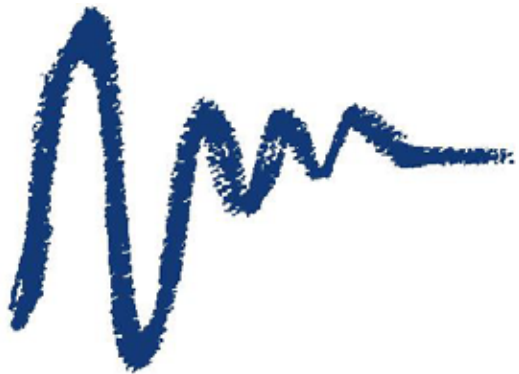
FY 2000 FY 2001 FY 2002 FY 2003 FY 2004 FY 2005 FY 2006 FY 2007

(6 months)

Consolidated

Creating New Value in Healthcare

→ M3
Medicine
Media
Metamorphosis



So-net M3

- Healthcare sector is huge...
- Japanese national spending on medical services is approximately ¥30tn (approximately ¥50tn if peripheral businesses are included)
 - Equivalent to 10% of Japanese GDP
 - Sector controlled by only 250,000 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