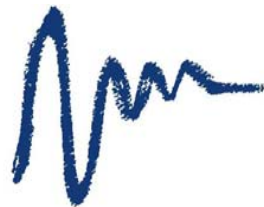



# **So-net M3**

## **Presentation Material**

May 2008



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 32  
companies in Japan  
(as of Mar. 2008)

Sponsor  
messages

Sponsor-free

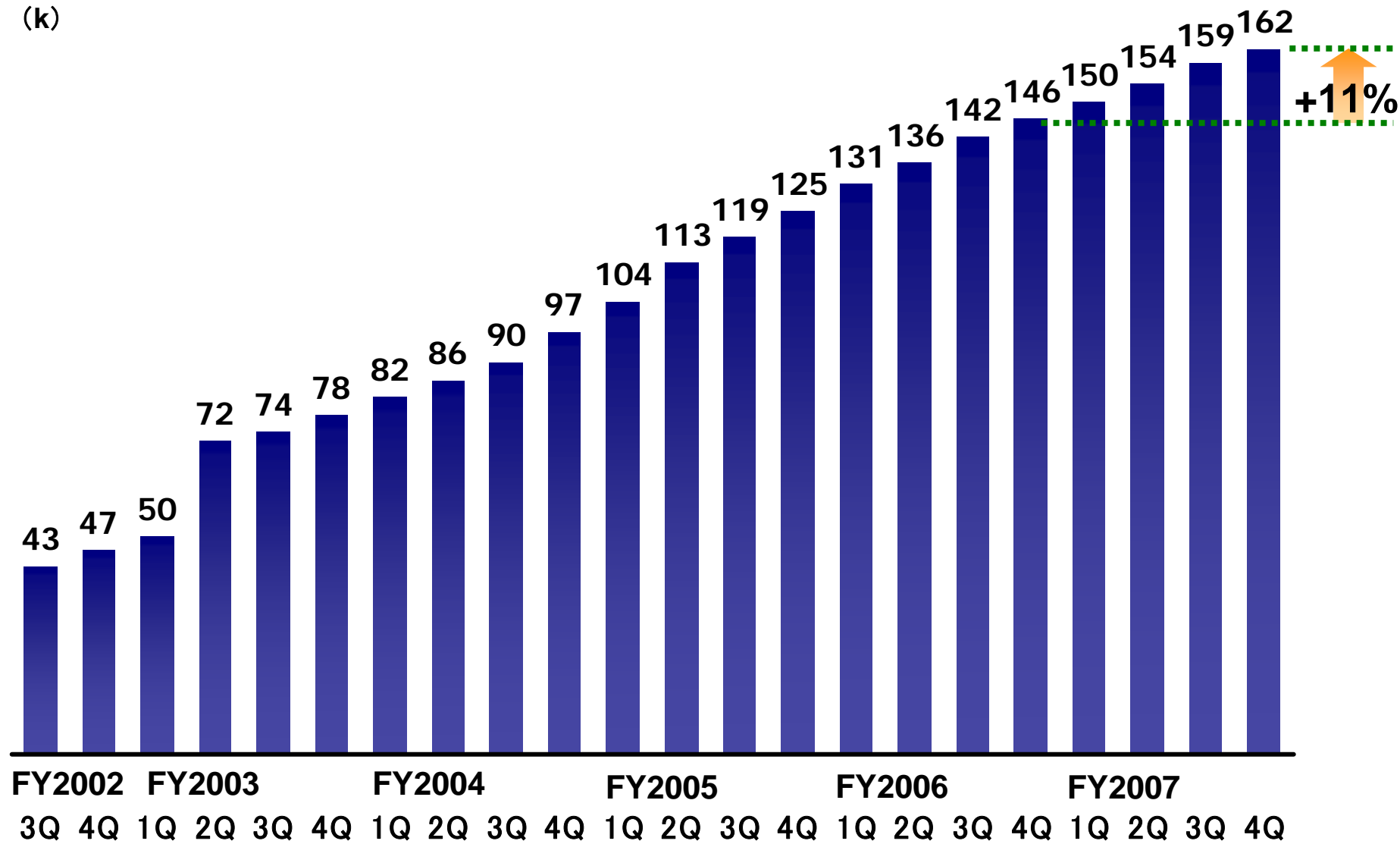
Sponsored



# Physicians registered in m3.com

FY2002.3Q~FY2007.4Q

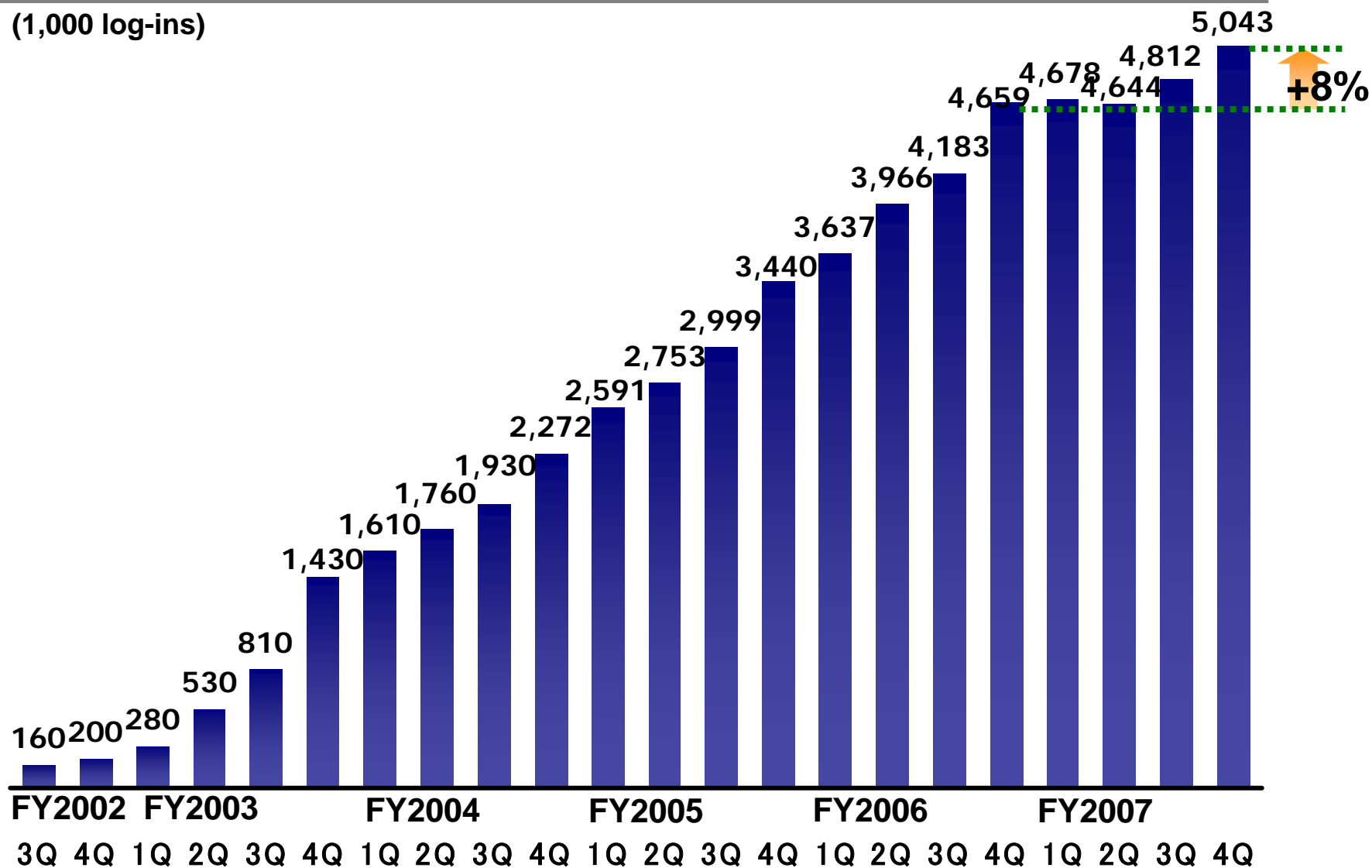
(k)



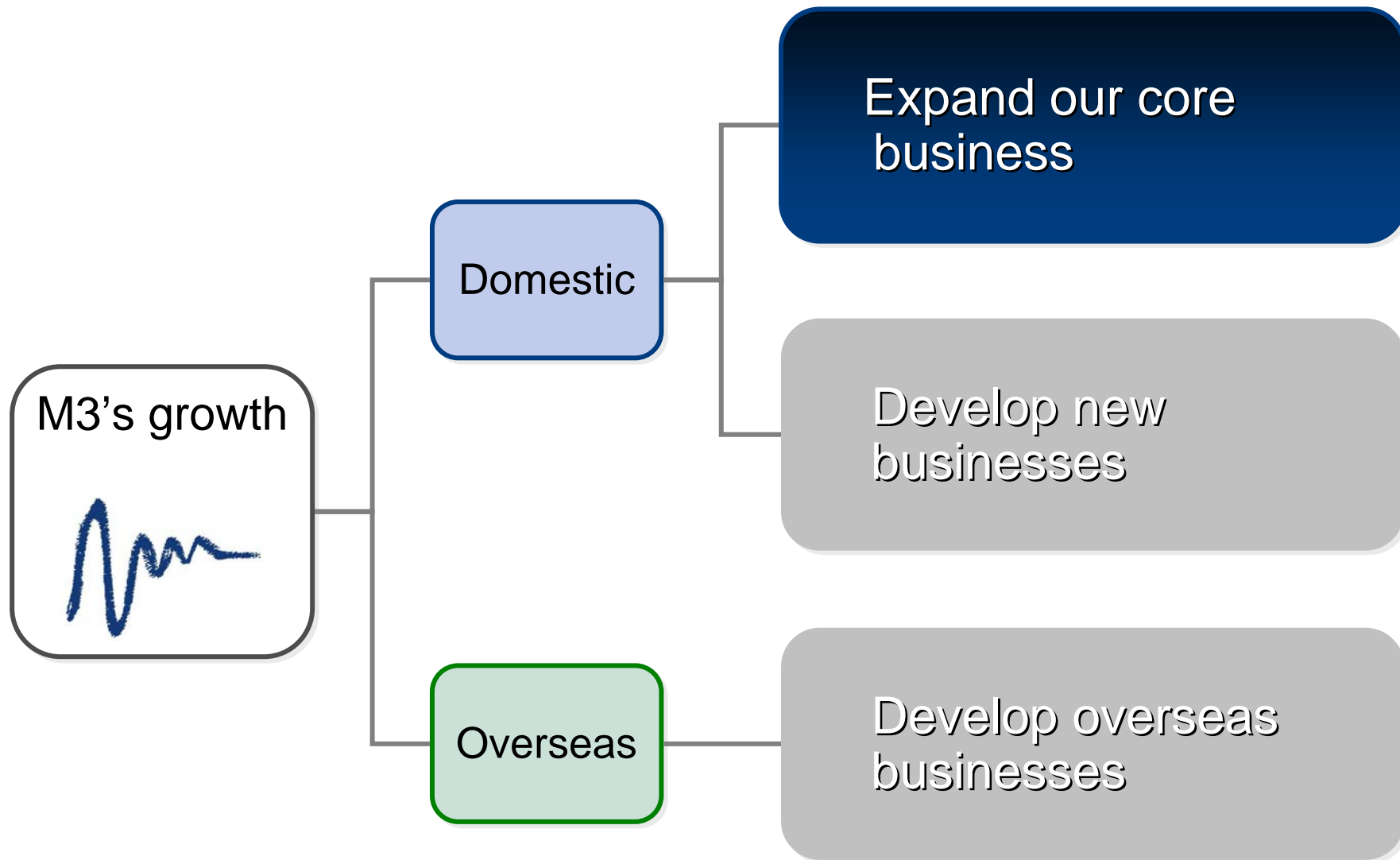
# m3.com Logins Increasing

FY2002.3Q~FY2007.4Q

(1,000 log-ins)



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# Japanese Pharma's Huge Marketing Costs

	Head count		Annual costs per person		
<b>MRs</b> (Pharmaceutical companies)	55,000	×	¥20mn	=	¥1.1tn
<b>MSs</b> (Pharmaceutical wholesalers)	30,000	×	¥10mn	=	¥300bn
					Total cost of whole industry ¥1.1-1.4 tn

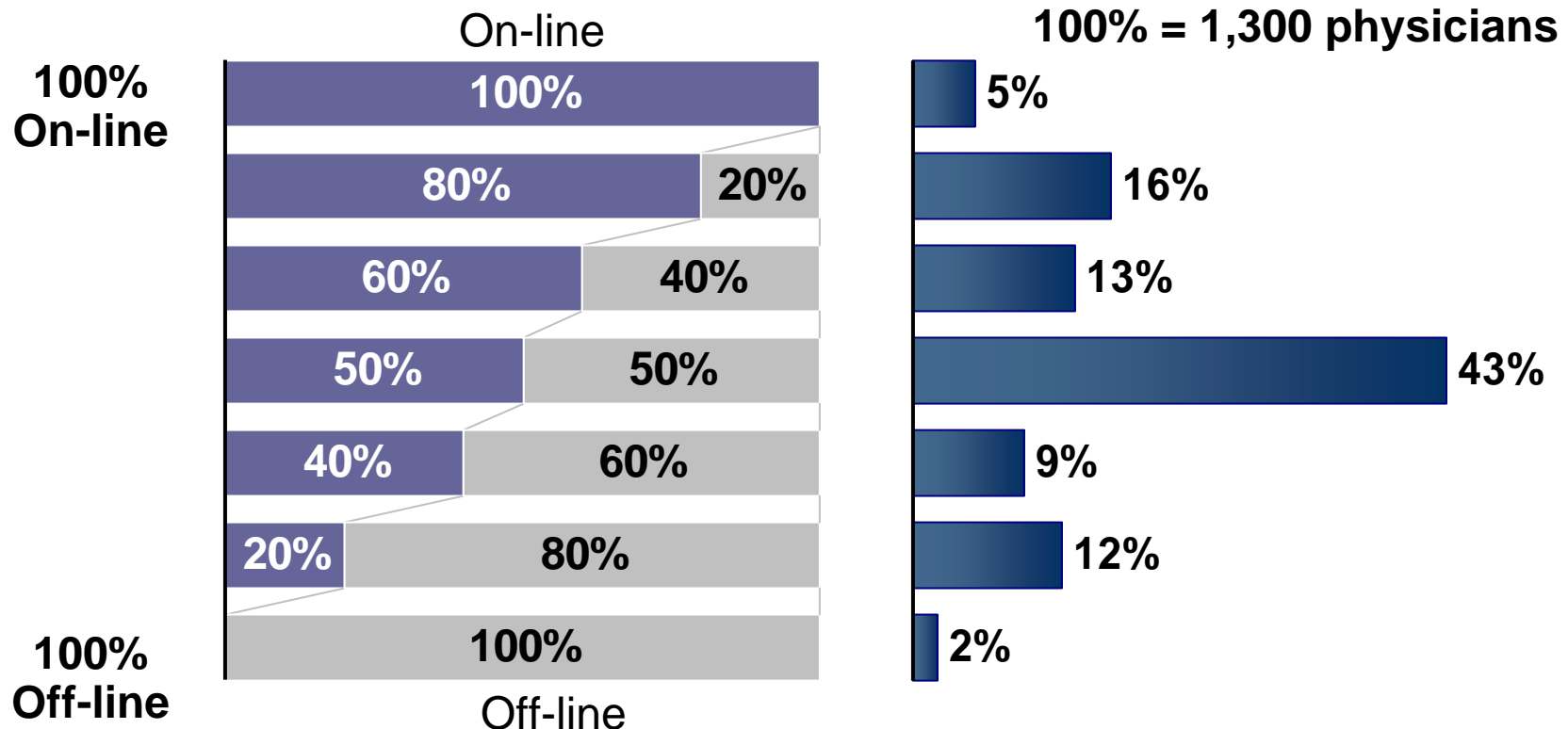
Source: MIX, Research by So-net M3



# 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.**



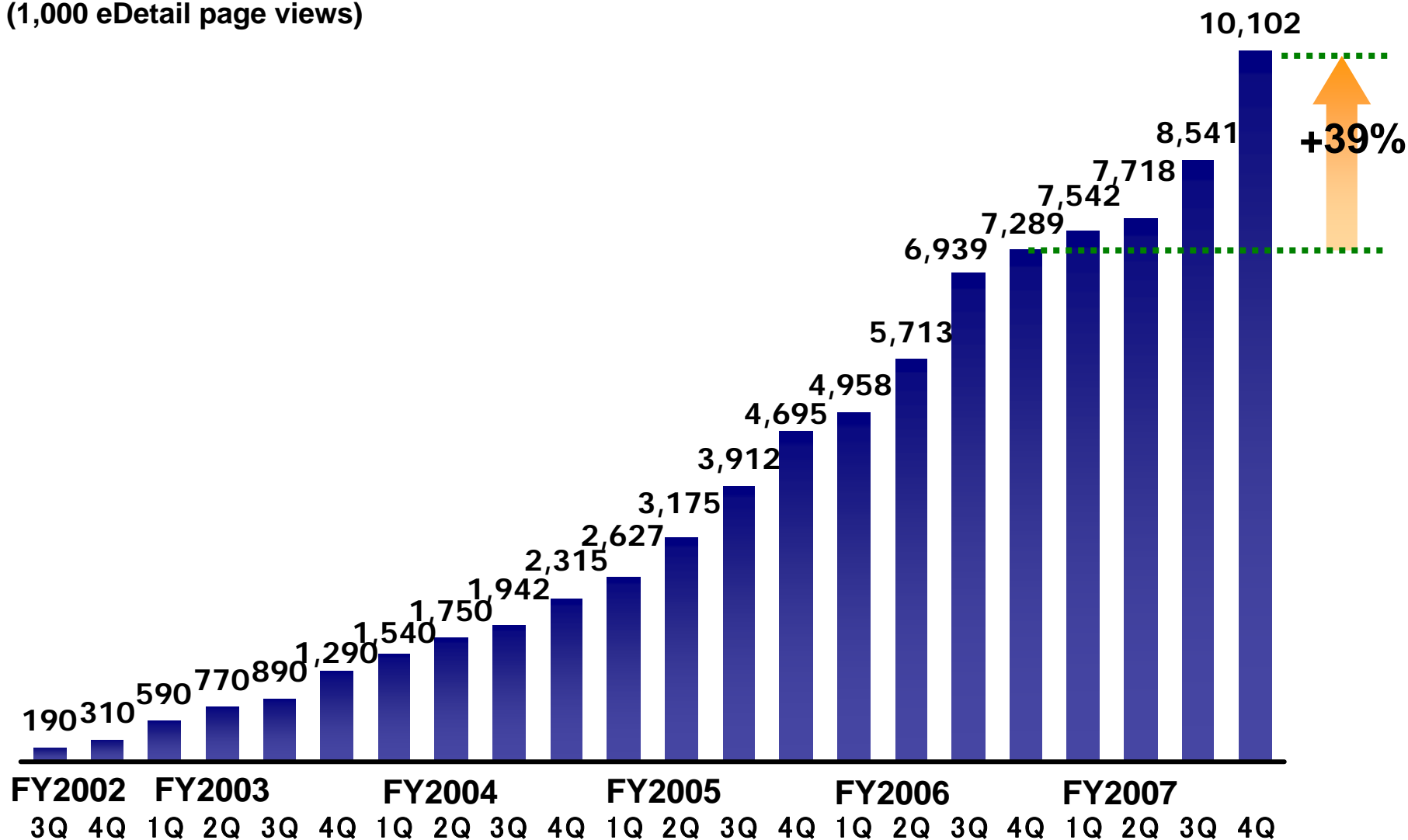
*Demand for eDetails is quite high for busy physicians as they get the information when it's convenient for them, not for the MR*

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

# eDetails Read by Physicians

FY2002.3Q~FY2007.4Q

(1,000 eDetail page views)



# MR-kun Costs Less than Reps

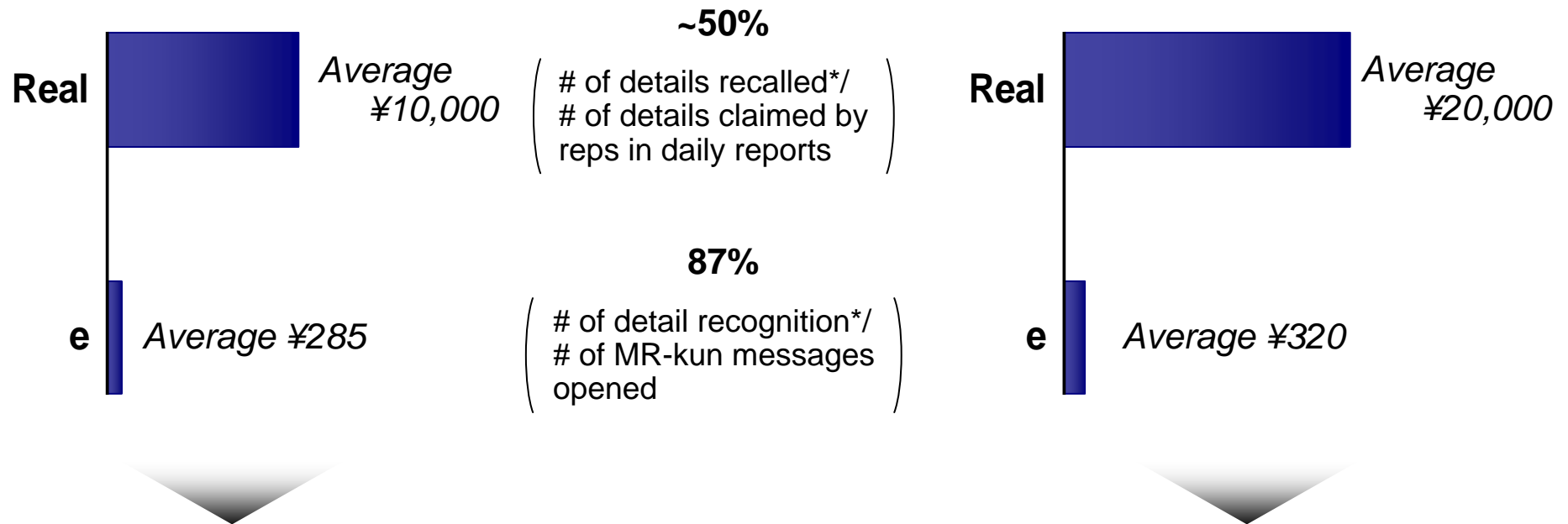
Cost to deliver 1 detail



Physician recall rate



Cost per physician-recalled detail



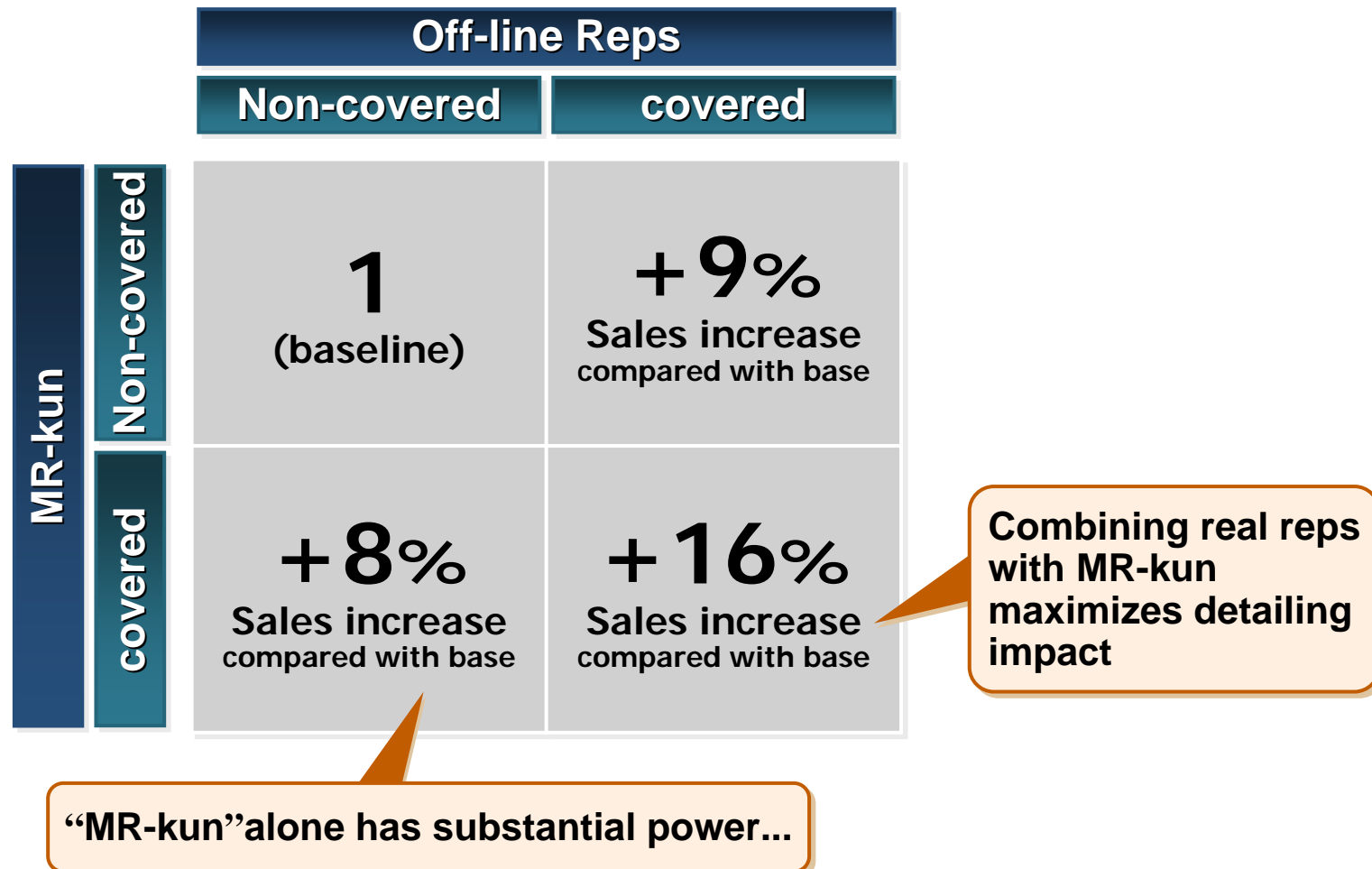
■ MR-kun delivery is 1/35 the cost of rep delivery

■ 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



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

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# MR-kun Annual Fee Structure

## MR-kun base fee

## Detail fee

## Contents production fee

## Operation fee

■ ¥100 per detail

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

■ 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**  
§

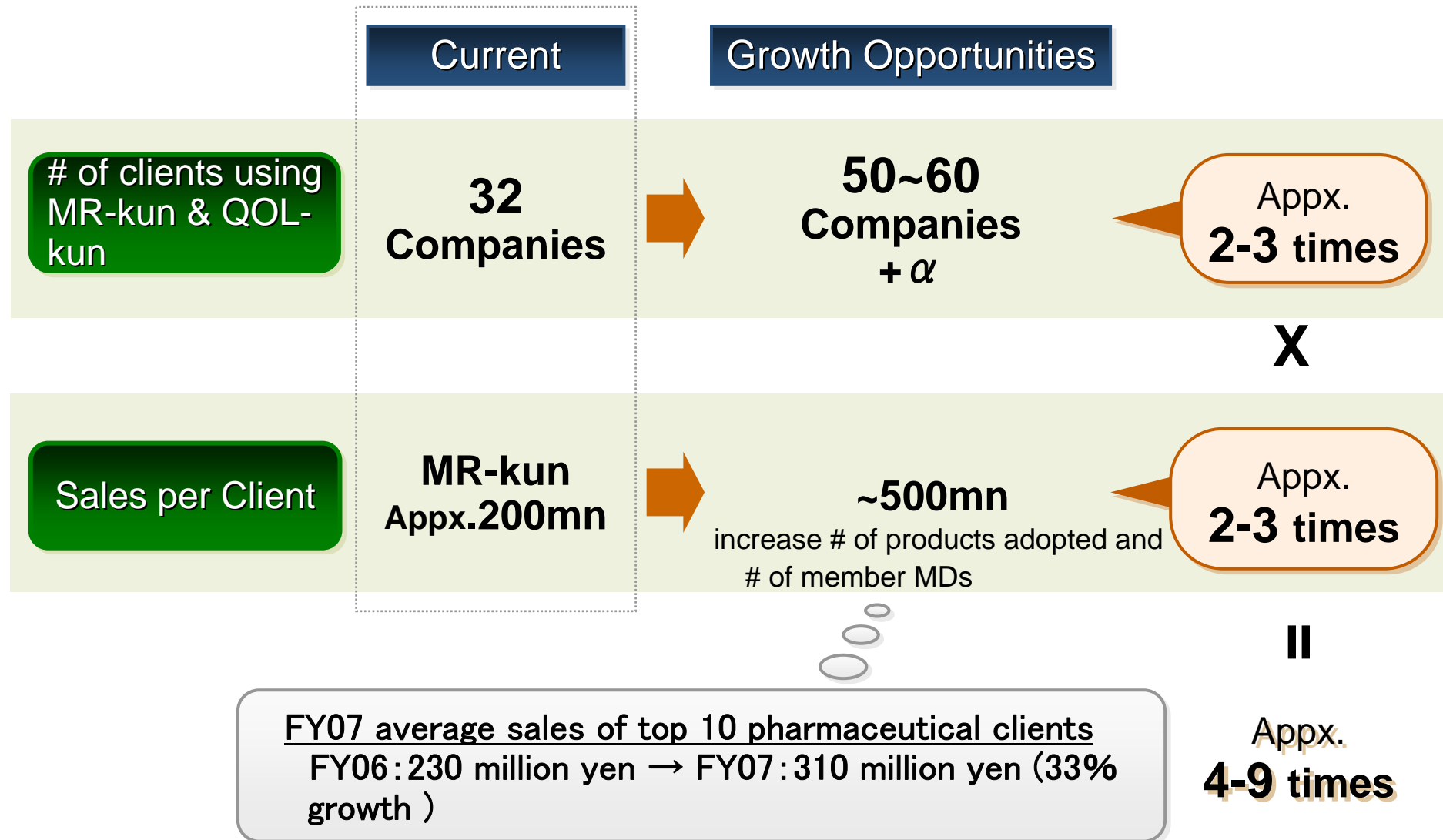
**¥100mn**  
§  
**¥440mn**

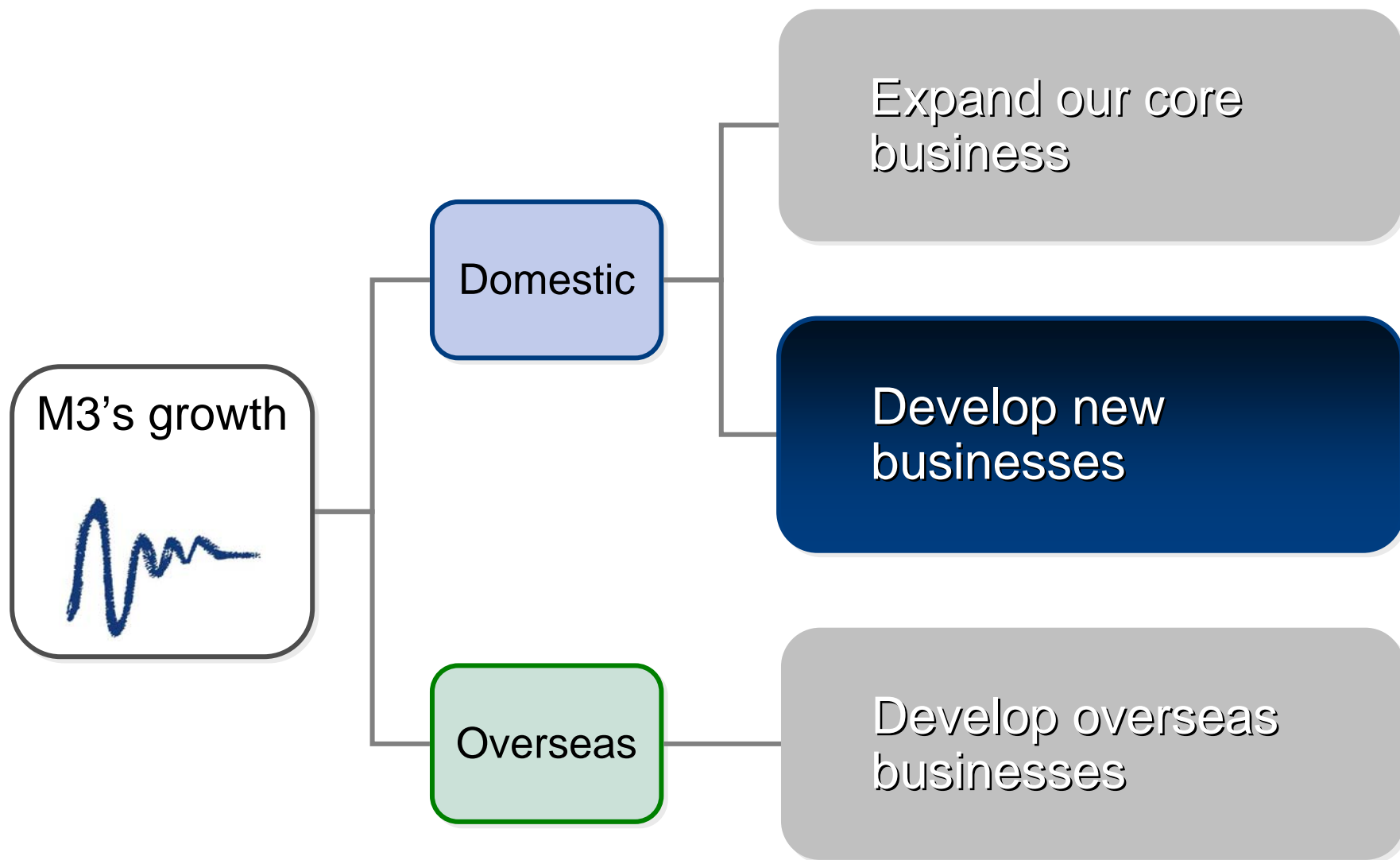
**¥30mn**  
§  
**¥130mn**

**¥10mn**

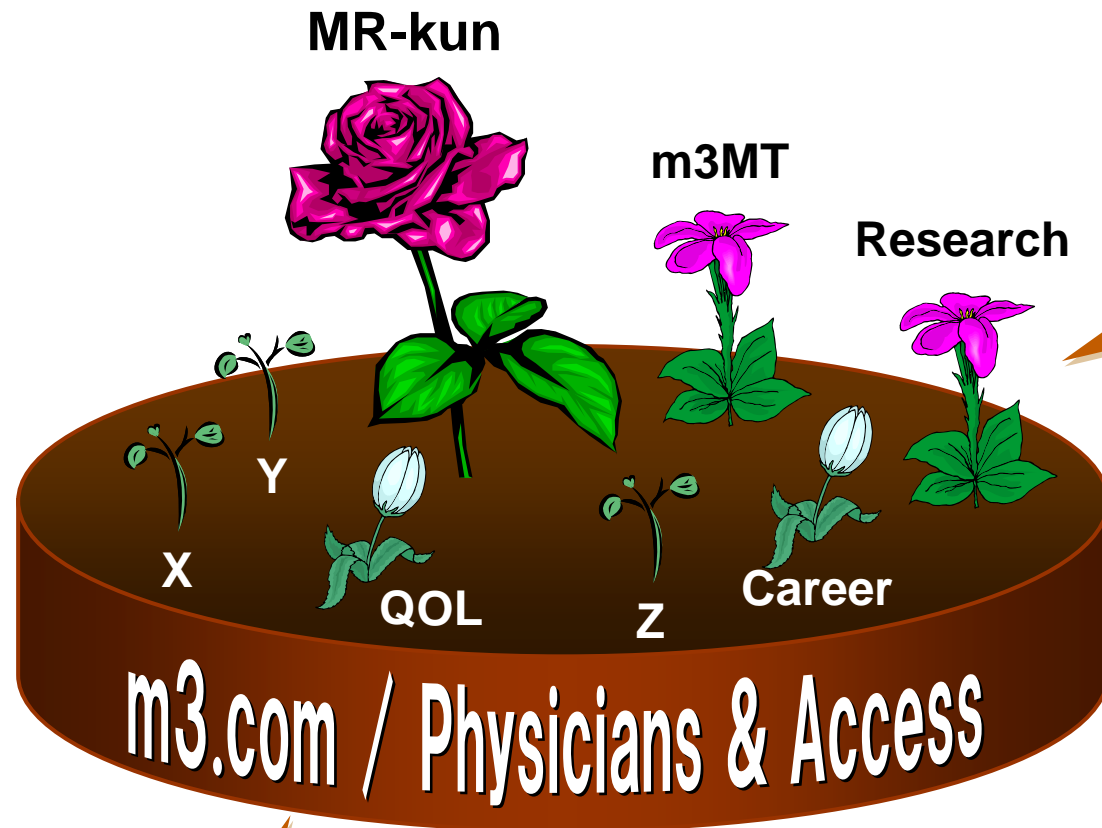
**¥300mn ~ ¥530mn**

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





# Growing New Business on Our Platform



**B. Develop new business development on the platform**

- Various types of new business are already incubated.
- Other 5-10 potential business themes are under consideration.

**A. Maximize the potential of platform by:**

「Increasing Physician membership」

×

「Develop new service to activate each member(PV)」



# New Business Development on the Platform

		FY2008 Sales forecast			
		Assigned staff	Above 500mn	¥200mn ~ ¥500mn	¥100mn ~ ¥200mn
New Businesses	Research (Japan)	Web-based Physician Surveys	1.5	✓	
	m3MT	E-mail , banner promotion service for pharma companies	3	✓	
	QOL kun etc.	Promotion service for non-pharmaceutical companies	4	✓	
	m3.com CAREER	Job information for physicians	2		✓
	AskDoctors	Consumer service	1.5		✓
	others	Job information for Nurse/Pharmacist	0.5		✓

- New business already 2 billion yen revenue in total
- Many of the new businesses are run by few staff and quite profitable.
- Keep nurturing other growing businesses.

# Web-based Physician Surveys

国内最大規模の医師会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件に及び実績を残してきました。

- 早く結果が必要だ... 1,000人規模の調査を最速24時間以内に終了
- 低格に納得したい... 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
- 代表性・信頼性が心配だ... 医師のネット利用率86%。医師なりましを排除

「...我々が田舎の業務に送られる中、どうしてもこれまでの経験則からくる固定概念というものが立ち上がる場合が多い。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ベリングカーブが引き直された。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、クオリティとのバランスも評価できると思う。」 外資系製薬 マーケティング本部 マーケティング課 課長

資料・調査サンプルのご請求、お問い合わせは  
 エーシーニールセン・コーポレーション株式会社 (金子/東京)  
 03-5573-9308 / research-kun@acnielsen.co.jp  
 ソネット・エムスリー株式会社 (上田/横浜)  
 03-5420-2819 / research-kun@so-netm3.com

## Example: 500 physician survey

Traditional method

Paper-based

“Research-kun”

Online survey

Required Period

Approx. 10 weeks

Speed:  
50 times

1~3 days

Cost

¥10mn ~  
¥15 mn

Cost:  
 $1/2 \sim 1/3$

¥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

# 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



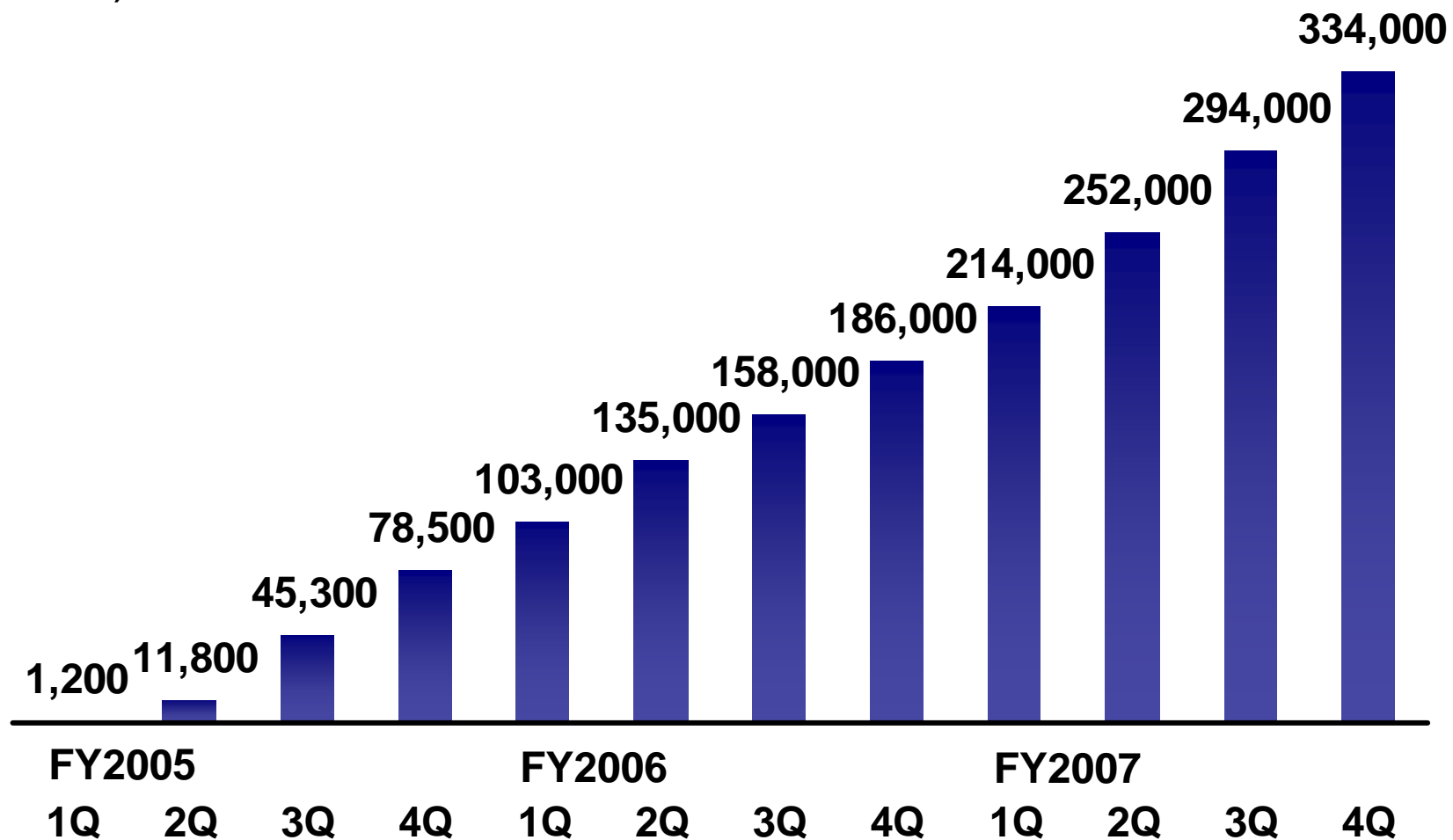
AskDoctors  
Answer Engine

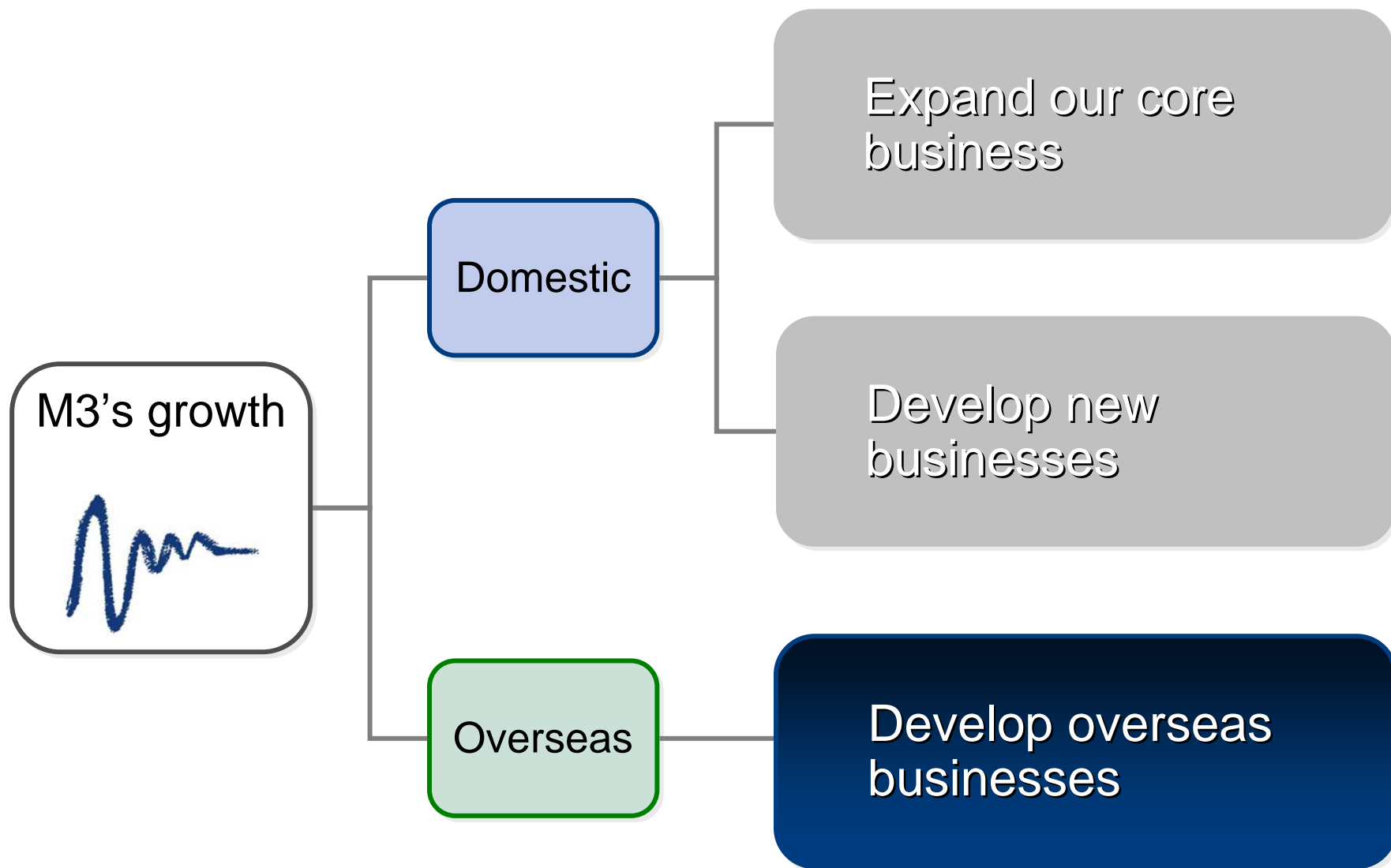
- More than 1,800 physicians are answering to questions
- ¥315/month, and able to ask up to 3 questions a month
- Response rate, more than 90%
- More than a million Q&A archives, which user can search

# Membership of AskDctors

**FY2005.1Q~FY2007.4Q**

(Members)







# Development in the US

**HemeOnc Linx MDLinx**  
Today's Top Medical Abstracts.

Hello, Dr. Longfamilynamed  
[Profile](#) | [Logout](#)

**Home**  
General HemeOnc

**Conferences**

**Jobs**

**Messages**

**Newsletters**

**My Library**

**Topics in HemeOnc**

- Alternative Therapies
- Anemia/Polycythemia
- BMT/SCT
- Basic Science/Genetics
- Bone/Cartilage
- Breast
- 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
- Leukemia / Lymphoma
- Lung/Thoracic Oncology
- Myeloproliferative Dz
- Neurologic Oncology
- Pain/Palliative Care
- Pediatric Heme/Oncology
- Pharmacology/Therapy
- Popular Press
- Renal/Urologic
- Side Effects
- Soft Tissue/ Sarcoma/Transfusion
- Medicine

**Help**

**Visit zolinza.com to learn more about**

**Zolinza**  
[vorinostat] capsules

**Messages**

- Today's Hot Topic: [Making Cigarettes More Addictive](#)  
by John Smith, PhD. MDLinx
- Top 50 Articles of 2006: [What your colleagues were reading](#)  
by John Smith, PhD. MDLinx
- Neupogen studies: [Updated prescribing research](#)  
by John Smith, PhD. MDLinx
- Pipeline updates: [Weekly clinical study updates](#)  
by John Smith, PhD. MDLinx
- Pipeline updates: [Weekly clinical study updates](#)  
by John Smith, PhD. MDLinx

[Full List](#)

**Articles: General HemeOnc**

Latest (50) | **Week's Top Read** | Month's Top Read

[Receive daily email updates on General HemeOnc](#)

- [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](#)  
Journal of Clinical Oncology, 01/30/07
- [Anthracyclines, Mitoxantrone, Radiotherapy, and Granulocyte Colony-Stimulating Factor Risk Factors for Leukemia and Myelodysplastic Syndrome After Breast Cancer](#)  
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American Journal of Transplantation, 01/30/07
- [Epstein-Barr Virus: Evasive Maneuvers in the Development of PTLD](#)  
American Journal of Transplantation, 01/30/07

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Slide Kits

e-Details

Abstracts

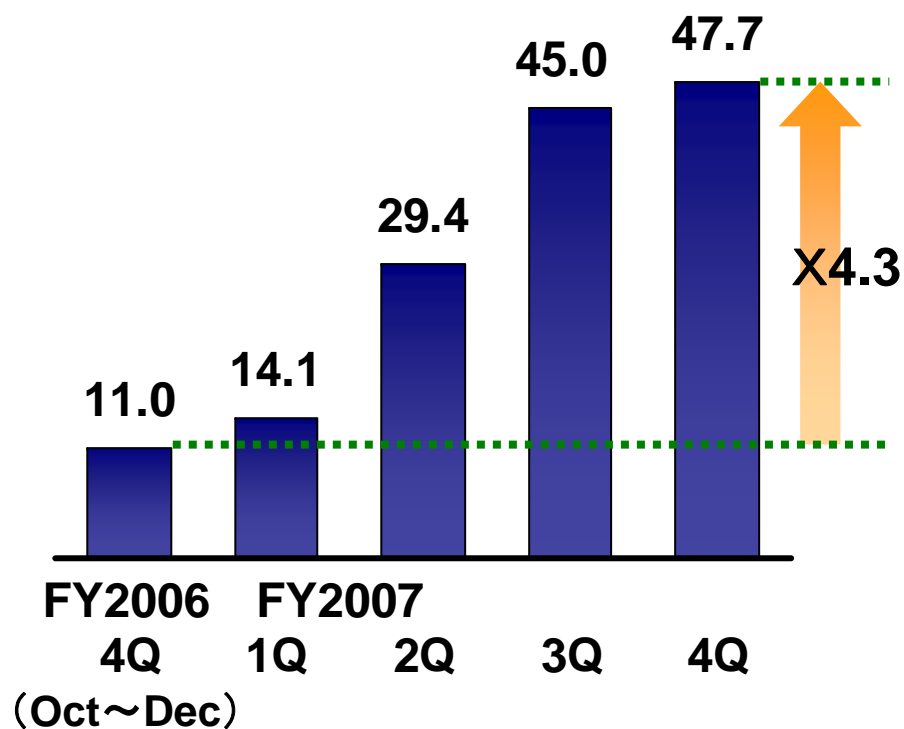
Patient Education

- Leverage MDLinx, Inc. (100% owned Subsidiary ) started "Messages" (US version of MR-kun)
  - Washington D.C.
  - 26 employee
  - 220K medical professionals as member
- Invested \$2mil in FY2007 to launch "Messages"
- Started service in Oncology
- Already received orders from one of the three largest global pharmaceutical firms

# MDLinx (US): Member Coverage by Specialty

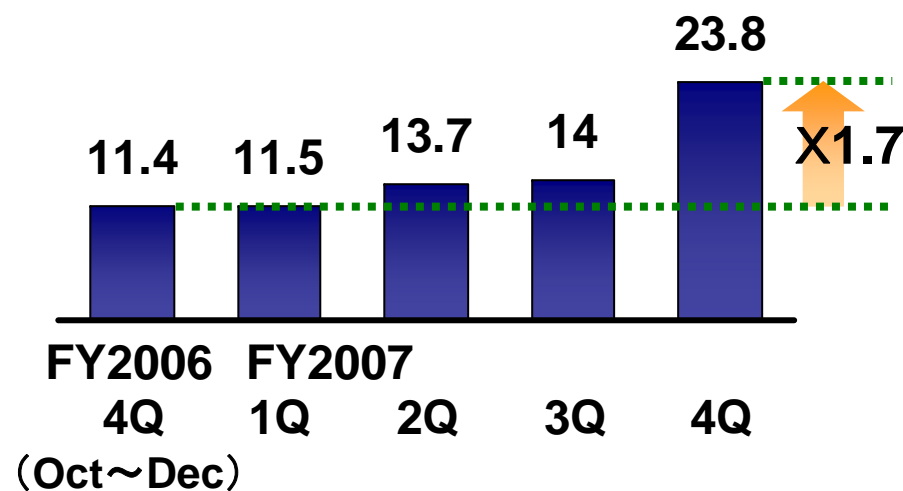
## Oncology area

(% ; 100%=8,000 specialist)



## Rheumatology

(% ; 100%=4,200 specialist)



Succeeded in acquiring half of oncologists in the U.S.  
Applying the know-how to rheumatology area from  
march 08



# Development in Korea

The screenshot shows the MediGate website interface. At the top, there's a navigation bar with tabs: MY MG, VISITS, BOARD, CLUB, MEDIA, LIBRARY, FUN, CLINICBIZ, and MG SHOP. Below this, there's a main content area with several sections:

- NEWS:** Medigate News, 의료 25시. Articles include "의협과 약사회와 합의한 것처럼 호도 유감", "의심처방 응대무와 복지위 전체회의도 통과", "장동익 회장 '연수교육 미이수자 처벌 추진'", "의심처방 응대무 '합의했다' vs '합의했다'", and "의심처방 응대무 '복지위 법안소위 통과'".
- COLUMN:** Click 정보, FUN. Articles include "6개월만 지나면 무뎌져요", "인센티브 제도 시행 시 고려할 점 10가지", "유럽편드의 모든 것 - 간단한 시황을", "<재테크> 다들 뭐 헛바퀴론", and "32회 -미국병원 이야기-Cardiothoracic ICU".
- BOARD:** FreeBoard, Salon, Muzzima. Articles include "그렇게는 안되더라~~~", "원낙 게시판에 사무장과 포라이들이 설치하는 바람에 피해의식에 사로잡혀서 그런 거 같...", "너 요새 게시판 분위기 안좋은 거 모르고 들어왔지??? 글지워라, 캡춰한다!!!!!!", and "세금 좀 내면서 사쇼.....".
- 초빙구직:** 초빙정보, 구직정보, 전공의 모집. Articles include "대구 [일반과] 당직선생님 모집입니다", "경기 [마취통증의학과] '마취통증의학과전문의' 구합니다", "강원 [내과] 내과 과장 초빙(가정의학과, 신경과)", and "서울 [아비인후과] 이비인후과나 소아과 선생님 모집입니다".
- 추천 CLUB:** CLUB 소개. Articles include "01 추천클럽 부산의대 29회 및...", "02 추천클럽 부산의대 30회 부산의대 96년도 졸업...", and "막강 영상진료 의학...".
- TODAY UPDATE:** 1면 무뎌져요 (조 현). Articles include "VISITS MR 리스트 포인트 도움말 환경설정", "BOARD MG Sponge Freeboard Salon Muzzima 연수강좌 알람방 여의도 개그로 POLL", "CLUB 클럽 알리기 클럽만들기 명예의 전당 Q&A 클럽 뉴스", "MEDIA Info Center MG Column Interview 지난 Media", "LIBRARY NATURE Ask2Doc With Expert 지식물 MG-Search Weblink", "FUN Cartoon Story Music Book Movie", "CLINICBIZ 초빙구직 임대물 분양물 대출물 세무회계 인터넷어 법률상담 의료기기를 의료장터 e-마케팅", and "MG SHOP MG SHOP".

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

- Seoul
- 9 employee
- 62K Physicians

- Started MR-kun from March 2006

# Consolidated P/L Statement for FY2007

(yen million)

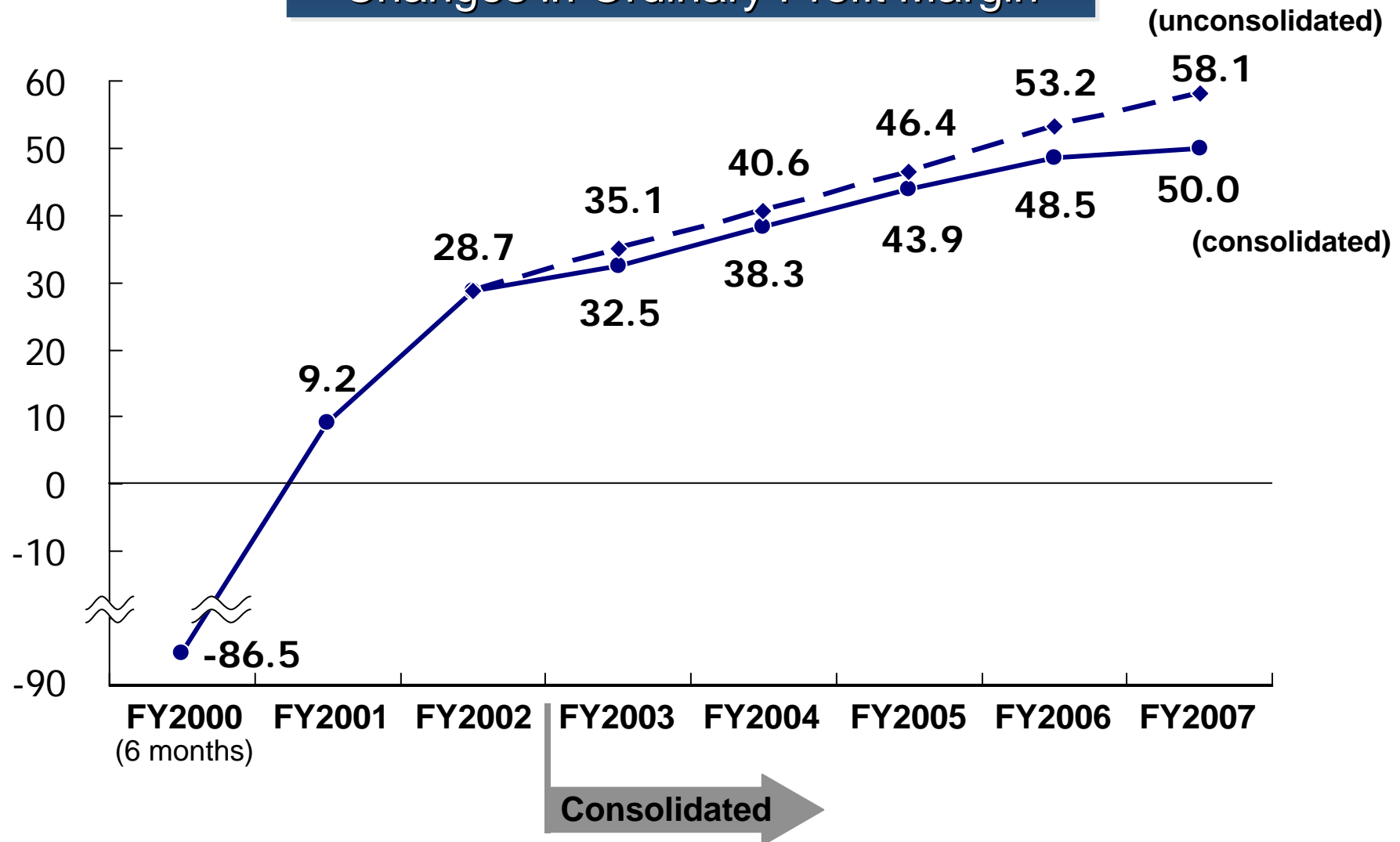
	FY2006	FY2007	YoY Growth
Sales	5,729	7,475	+31%
Operating income	2,677	3,597	+34%
Ordinary profit	2,779	3,734	+34%
Net profit	1,609	1,965	+22%

## Sales Breakdown by Business Segments

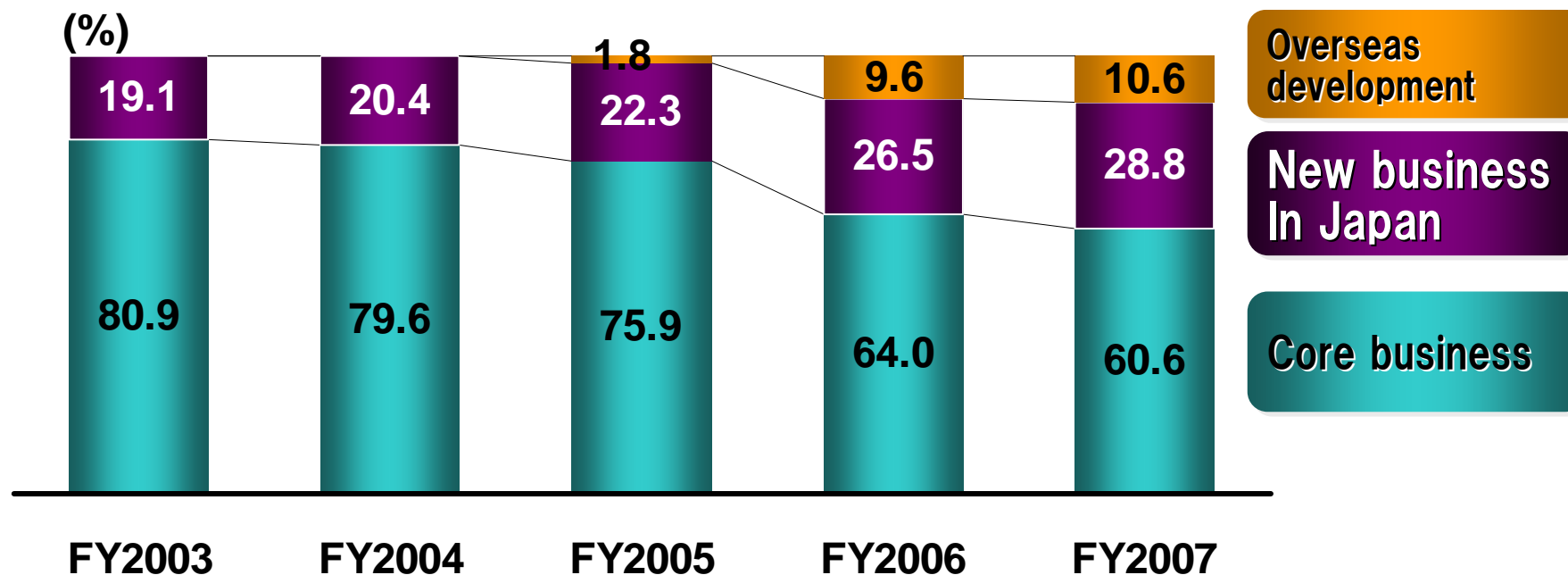
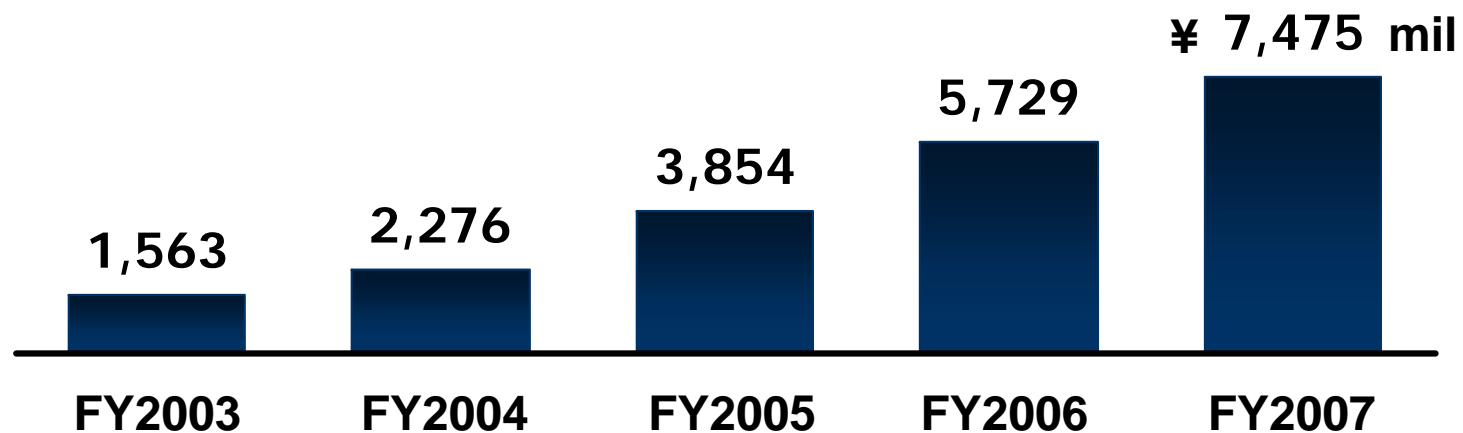
Marketing Support	4,776	5,757	+21%
Research	414	753	+82%
Others	537	964	+79%

# M3's Margins have Constantly Grown

## Changes in Ordinary Profit Margin



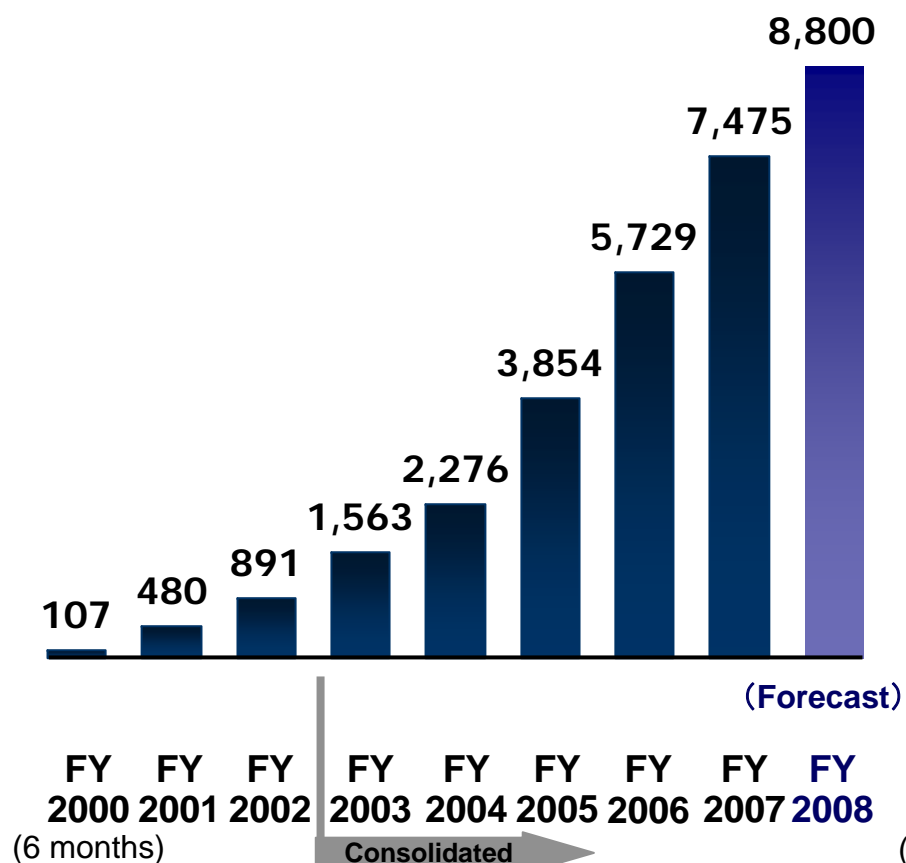
# Consolidated Sales Trend



# Annual Results & Forecast for FY2008

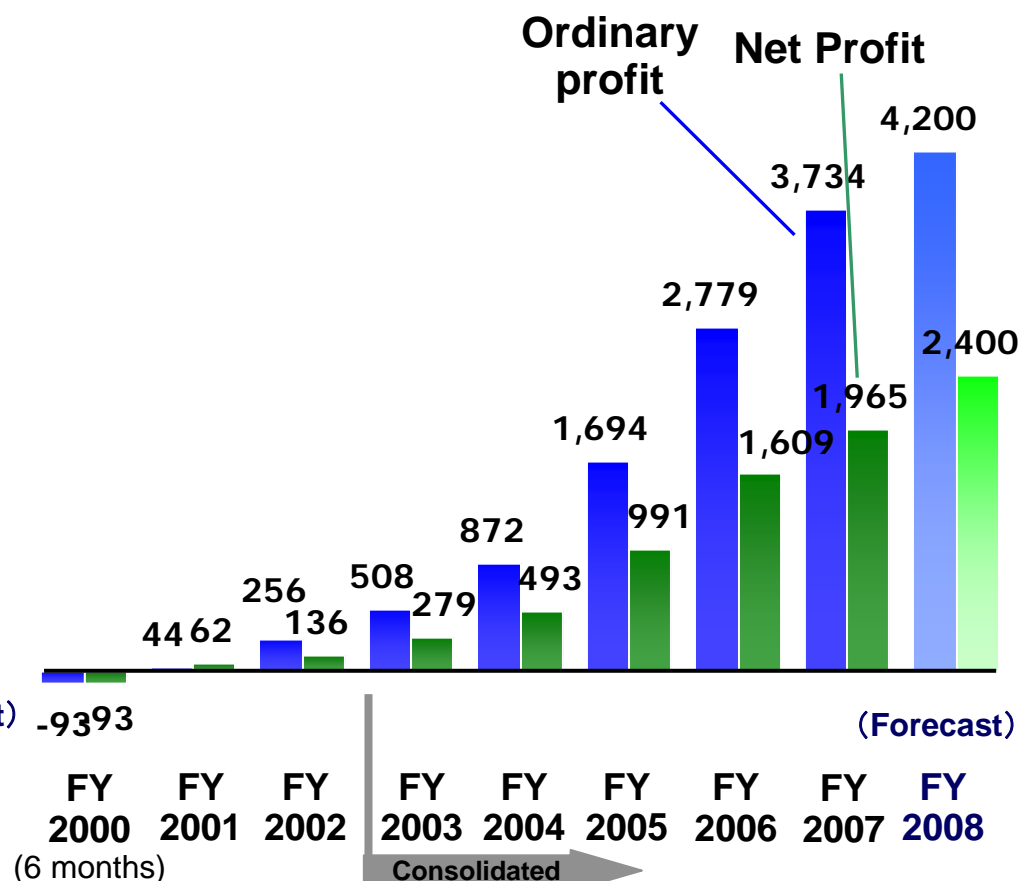
## Sales

(¥ mn)

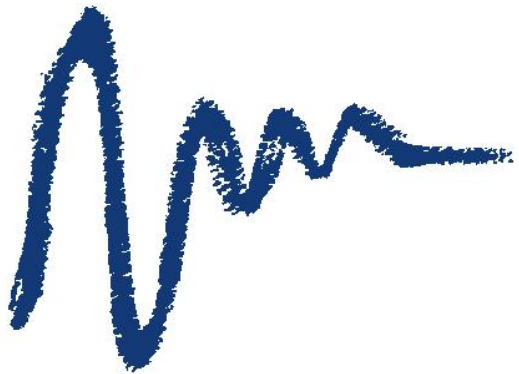


## Ordinary Profit & Net Profit

(¥ mn)



# Creating New Value in Healthcare



So-net M3

→ M3

Medicine

Media

Metamorphosis

→ 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

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