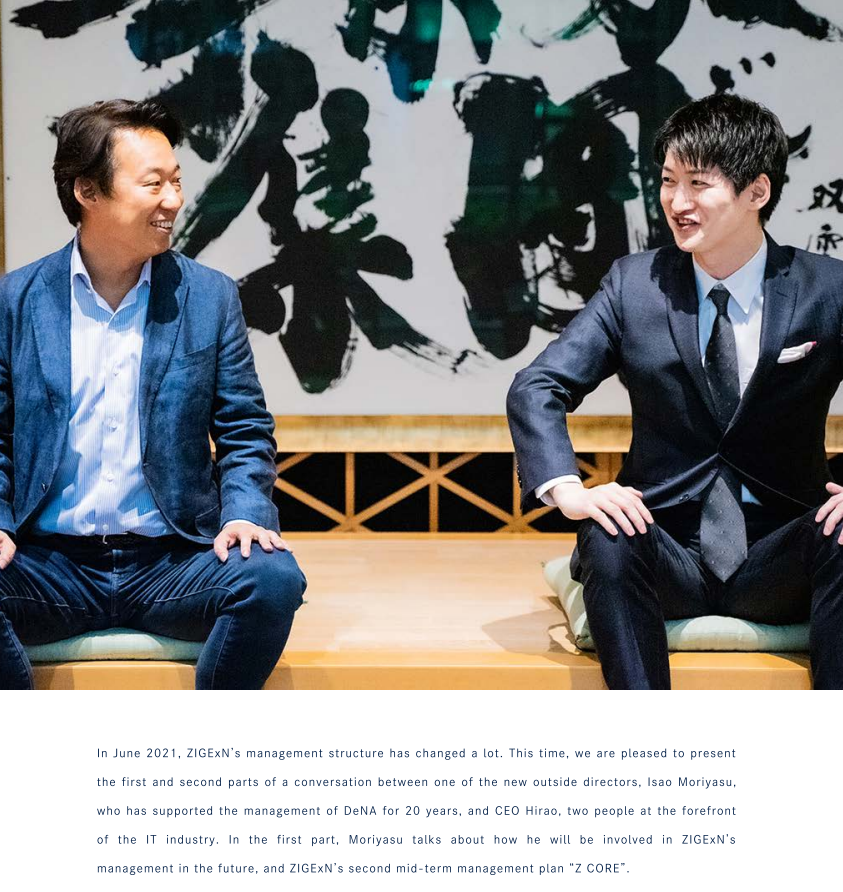


## Update ZIGExN New Outside Director, Isao Moriyasu × Representative, Joe Hirao Special Talk (Part 2)



In June 2021, ZIGExN's management structure has changed a lot. This time, we are pleased to present the first and second parts of a conversation between one of the new outside directors, Isao Moriyasu, who has supported the management of DeNA for 20 years, and CEO Hirao, two people at the forefront of the IT industry. In the first part, Moriyasu talks about how he will be involved in ZIGExN's management in the future, and ZIGExN's second mid-term management plan "Z CORE".

### Continuing to set high goals will support sustainable growth.

----- Mr. Moriyasu, you have also diversified your business. Do you have any tips about it?

Moriyasu: If you don't need to diversify your business portfolio, you don't have to. If you have a core business and a way to expand it, I think you do not need to have a diversified portfolio. It is true that I am interested in a variety of services, but if I can grow with one business for decades, there is no need to do so.

To give you an example of my own, the first business I created was an auction service. I created this service when we people use flip phones, and unlike today, people using the mobile phone was separated from the PC users at the time. There was a lot of enthusiasm among the mobile users, and for the first year, the number of items on the auction and the transaction volume were completely growing rapidly, but then it started to stop. The mobile users started to use PCs and noticed the existence of competing services from other companies that was popular for the PC users, and our customers were taken away.

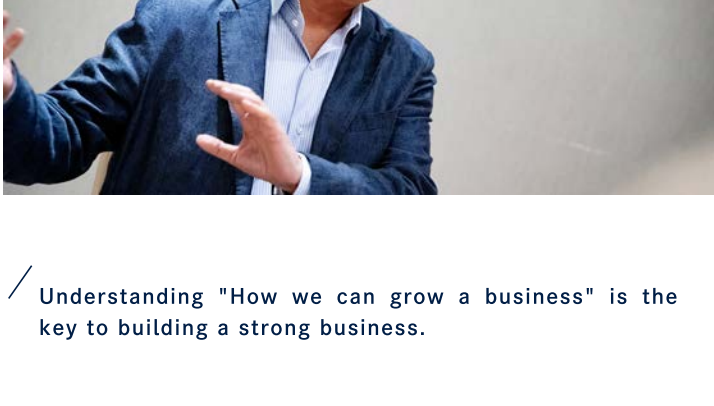
The company's goal at the time was to achieve 100 billion yen in sales in five years, so we needed to do something else. In order to achieve the high target, we had to do other things.

Hirao: That's very interesting. Did you think about the defensibility?

Moriyasu: It depends on the company and the phase of the business, but if the company is listed on a stock exchange, it is probably secondary.

Hirao: You mean we should aim for the gold medal, right?

Moriyasu: Yes, there is no point in going public and staying at 10 billion yen. Either we go that way, or we go out of business. I know I should not say that easily, but we've been asked to grow, so I wonder if there is any real value in defensibility at the expense of growth.



### Understanding "How we can grow a business" is the key to building a strong business.

-----What was the story behind your diversification as a mega-venture?

※mega-venture: a company growing into a large and mature company but still has a startup kind of culture at the same time.

Moriyasu: What I have not been able to create in 20 years is a service that is close to infrastructure and used by almost everyone in the world. Businesses that can expand to that level are very strong.

I worked hard to make the game business like that, but it was completely changed by the shift from flip phones to smartphones. I have a desire to create such a business, and if we don't, we will not be able to see 1 trillion yen. I think it's great to see companies that are creating social networking services not only in Japan but also overseas.

Hirao: This is exactly the world where super apps are emerging. What will determine whether they become motherships or not? I think there were more people in China using game apps than communication apps. Is it a matter of population contrast or frequency? Does it have to be something that everyone uses?

Moriyasu: I think this is the case for BtoC services, but for BtoB services, even if the name recognition is not so great, you can do anything once you control B in a large industry. Even in the BtoC market, there are many ways like focusing only on the wealth people. I think it is important to have a share in the target market.

Hirao: When you were in your previous position, I suppose there was a lot of discussion within the company about a wave of DX for the BtoB market. I think the star of the Internet business is still BtoC services, which one do you think has more potential, BtoC or BtoB?

Moriyasu: There was such talk within the company, too. In my previous job, most of the hits were entertainment-related services. However, I was not bad at BtoB business.

I can handle BtoB business as well, but somehow most of the projects I worked on were in the BtoC field. I am not sure why (laughs). But the point is it is not like we can grow everything if it is in the BtoC field. What I've learned from doing this is that there are limits to my power when it comes to contents making and creativity. The entertainment services I've been working on are a kind of platform business, so I was able to make it grow by monitoring the data.

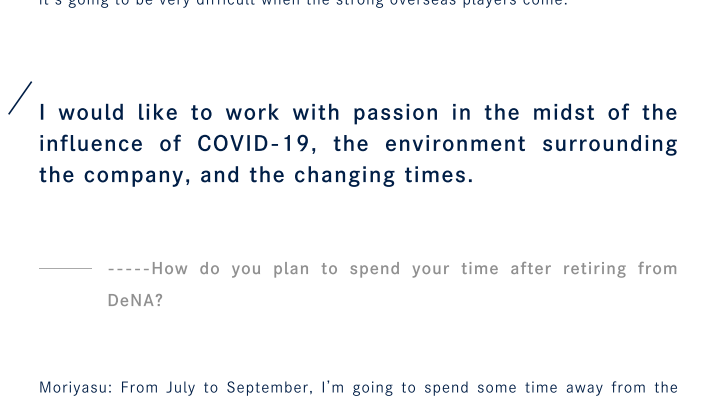
For example, as for video/image business, I don't think we can win if it is like a "Let's make a big movie," but if we had taken the position of a subscription-based video distribution service earlier, we could have grown. The difference is whether you are a content store or a platformer. We are a platformer.

Hirao: There is some cases historically.

Moriyasu: Yes, there are. I have seen various companies fail in games, but the business characteristics are different. Sometimes games business make a hit and sometimes not. If you don't understand the characteristics of it and expect them to grow in the same way as other businesses, there is no way you can do it.

You will have a history of getting one hit and being destroyed if the next one doesn't follow.

I think that successful companies understand the characteristics of their business from the beginning.



### World Class Business from Japan

----- What do you think of the recent business trends?

Hirao: What do you think about the future of the BtoB and BtoC businesses considering overseas?

Moriyasu: SaaS is booming right now, so I feel a kind of bubble. The company I worked for went public when social games were booming, and it's similar to that. Many different SaaS products are coming out now, and strong overseas companies are competing with each other. I think that someone has to go out and create a strong group somewhere. In Japan, the big players are competing as a group, and I think we can do that to compete with the big players in SaaS. If you don't do that, it's going to be very difficult when the strong overseas players come.

### I would like to work with passion in the midst of the influence of COVID-19, the environment surrounding the company, and the changing times.

-----How do you plan to spend your time after retiring from DeNA?

Moriyasu: From July to September, I'm going to spend some time away from the city center to rethink what I really want to do. I want to think from scratch about it, so I'm trying not to make any decisions right now. I'm thinking of going to join somewhere or start my own business from around October, but I may continue that new life and slow down a bit if I enjoyed it.

Hirao: I'm sure you're getting a lot of offers, but how do you make your decision?

Moriyasu: I have been focusing on whether I can create a trillion-yen business and whether I can go global, but I'll rethink if that is really the right axis. I've been living my life in one direction, so I'd like to use this time to see if that's really what I should be doing.

Hirao: I think the COVID-19 changed the concept of the company and your work. What do you think companies will be in the future?

Moriyasu: I think working styles will become more flexible, but I don't think it will be easy to change people in the true sense. I have the impression that the lifetime employment system established during the period of high economic growth is preventing the liquidity of people from bad companies to good companies. The COVID-19 might change things a little, but I think it will be difficult for Japan to change.

Hirao: When the number of trains was reduced, the trains became even more crowded.

In the IT industry, remote work is possible, but if you look at Japan as a whole, there are many companies that can't do that, because of lifetime employment and membership. The majority will not change even if we, the minority change, I guess.

Moriyasu: That's right. In fact, many things need to be changed for national power. The same goes for the legal system and the concept of work styles. I think it is frustrating that people who want to work cannot work as much as they want.

Hirao: I think we need to do something about the situation where uniformity reduces the motivation of some individuals. We need to focus on quality, not just time.

Moriyasu: In order to improve the quality of work, a certain amount of quantity is necessary first. I think it is important to do how much they can do a practice swing while you are young (laughs).

Hirao: That's really true. I was impressed that even Mr. Moriyasu does a practice swing.

This is partly due to the influence of COVID-19, but there are less opportunities for young people to learn. In order to create an environment where young people can grow, I'm thinking of starting something like the Corporate University and prepare a lot of online classes. It is said that "a company is not a school," but if we don't turn it into a school, there will be too few educational opportunities. Employees can't imitate their seniors remotely, so what should we do?

Moriyasu: The best way to educate people is to let them experience the front lines!

Hirao: You mean to give them a stretch mission. It's very stimulating. Thank you very much for a meaningful time today. I look forward to your continuous support.

