

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

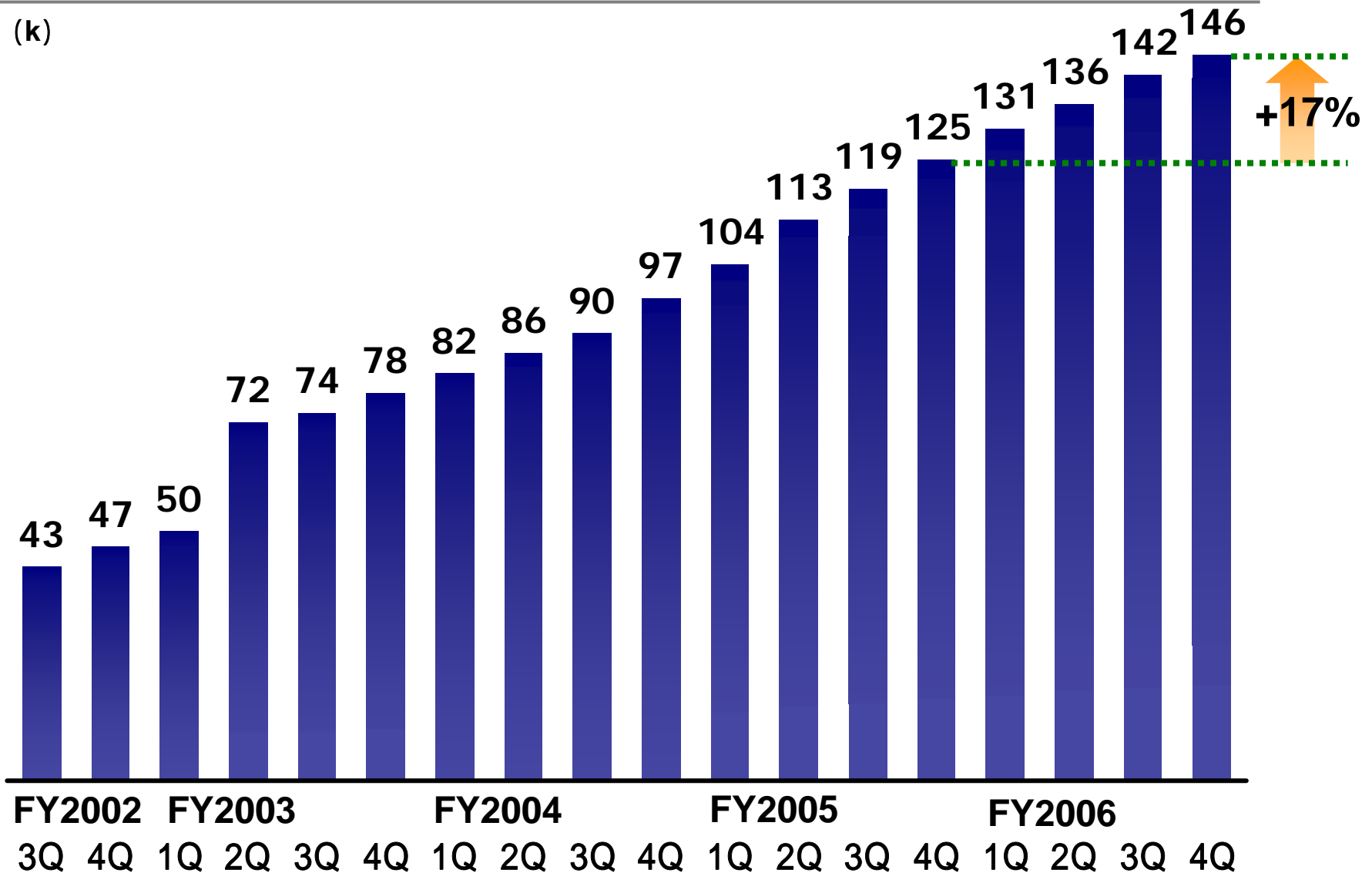
Sponsor-free

Sponsored

Physicians registered in m3.com

FY2002.3Q ~ FY2006.4Q

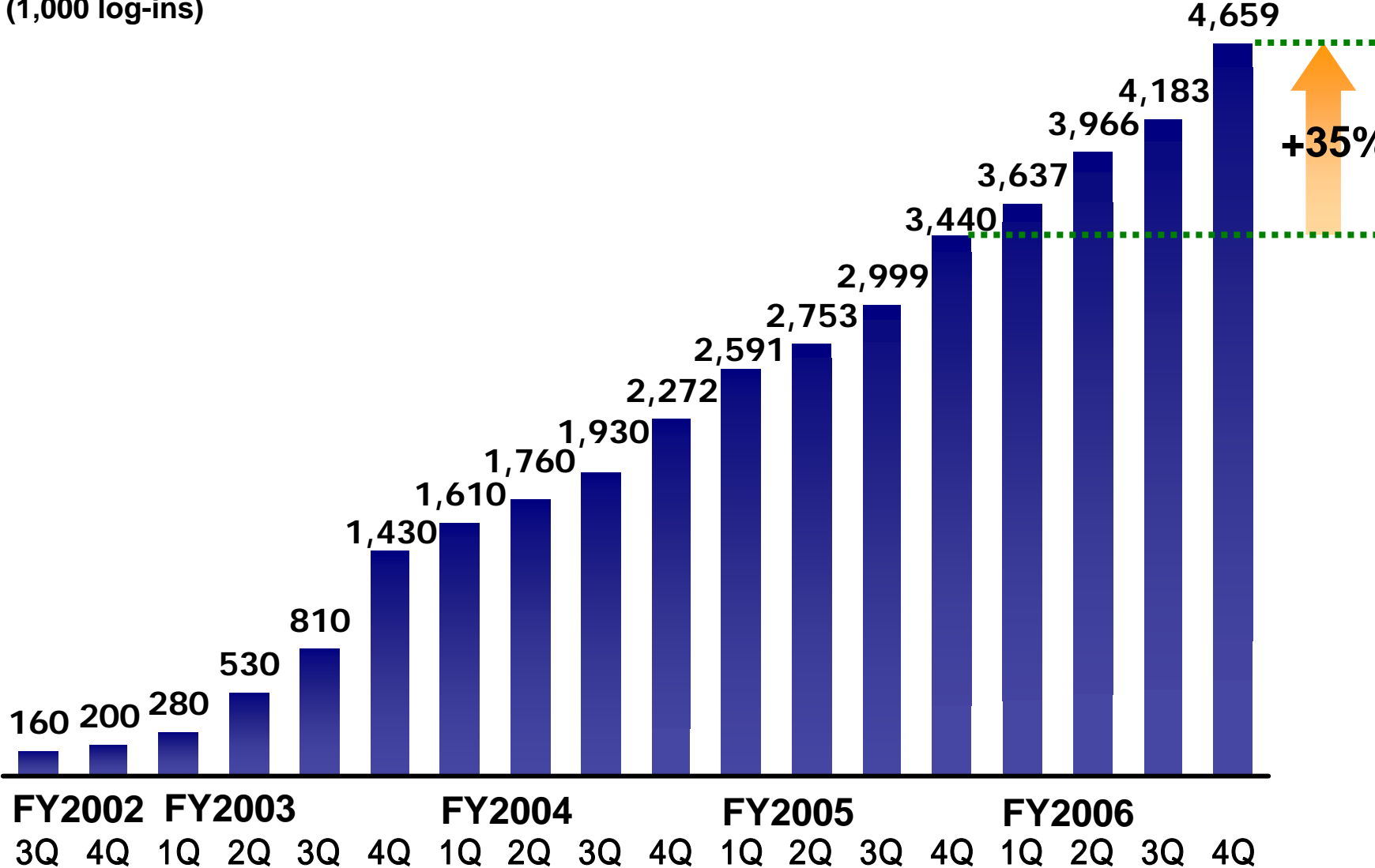
(k)

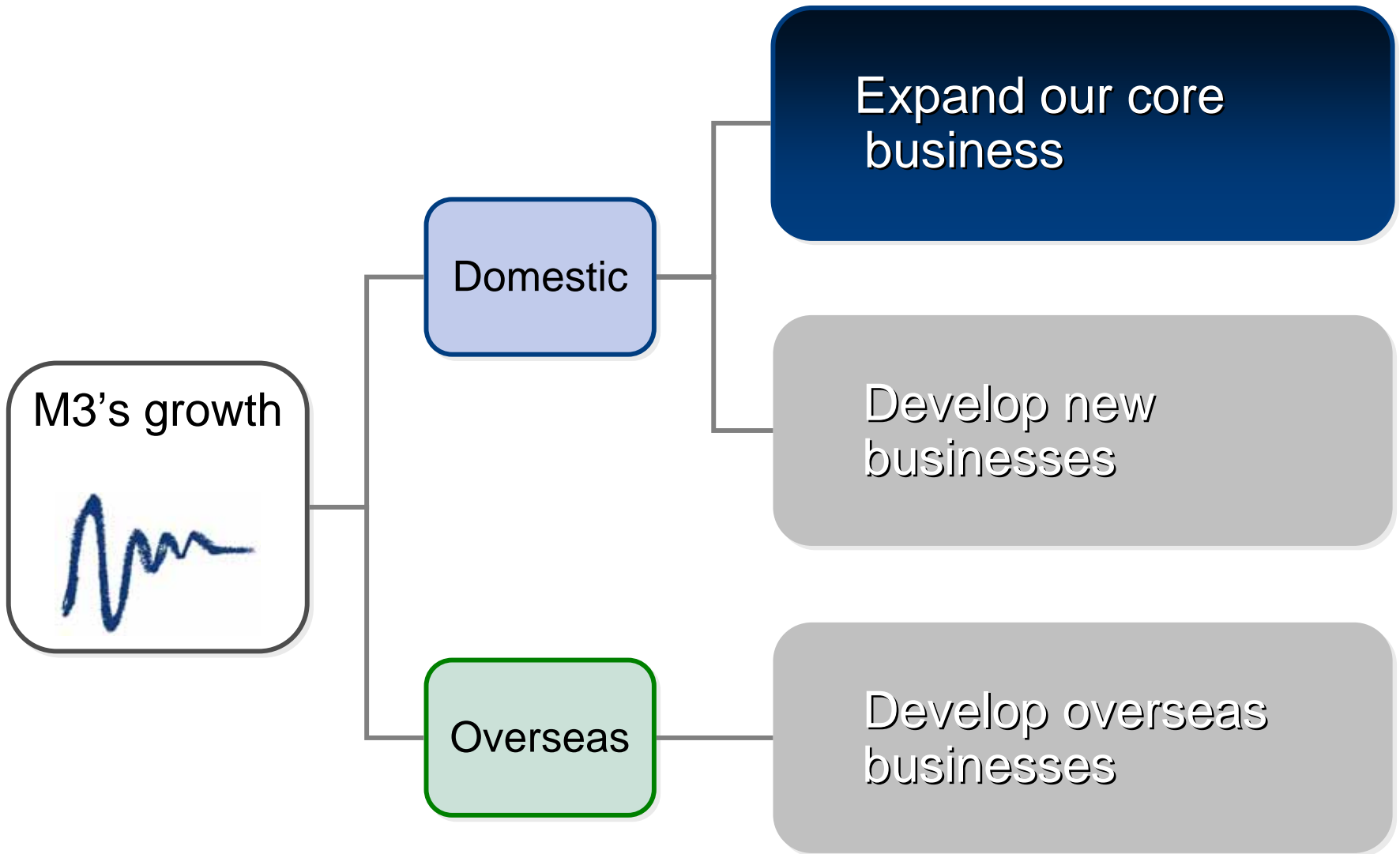


m3.com Logins Increasing

FY2002.3Q ~ FY2006.4Q

(1,000 log-ins)





Japanese Pharma's Huge Marketing Costs

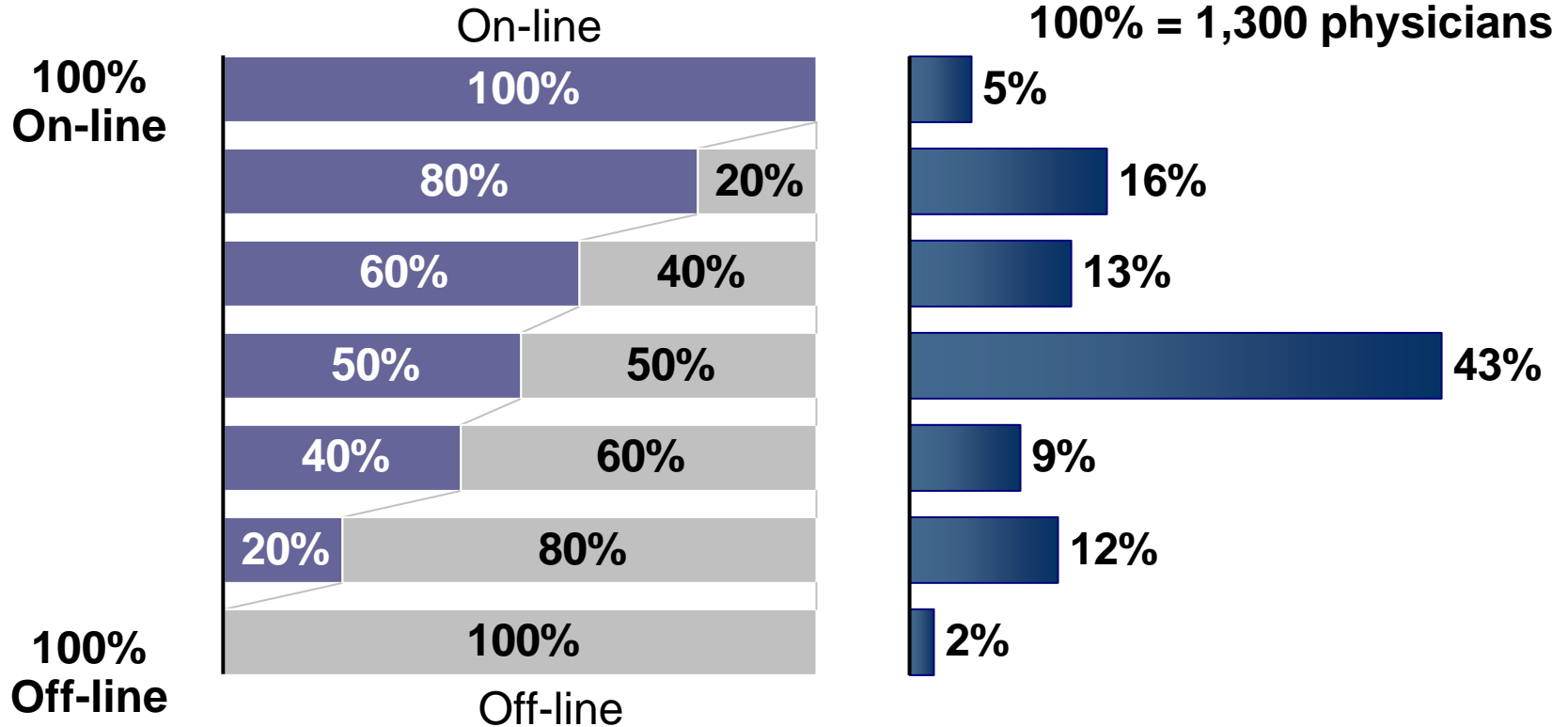


Source: MIX, Research by So-net M3

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.



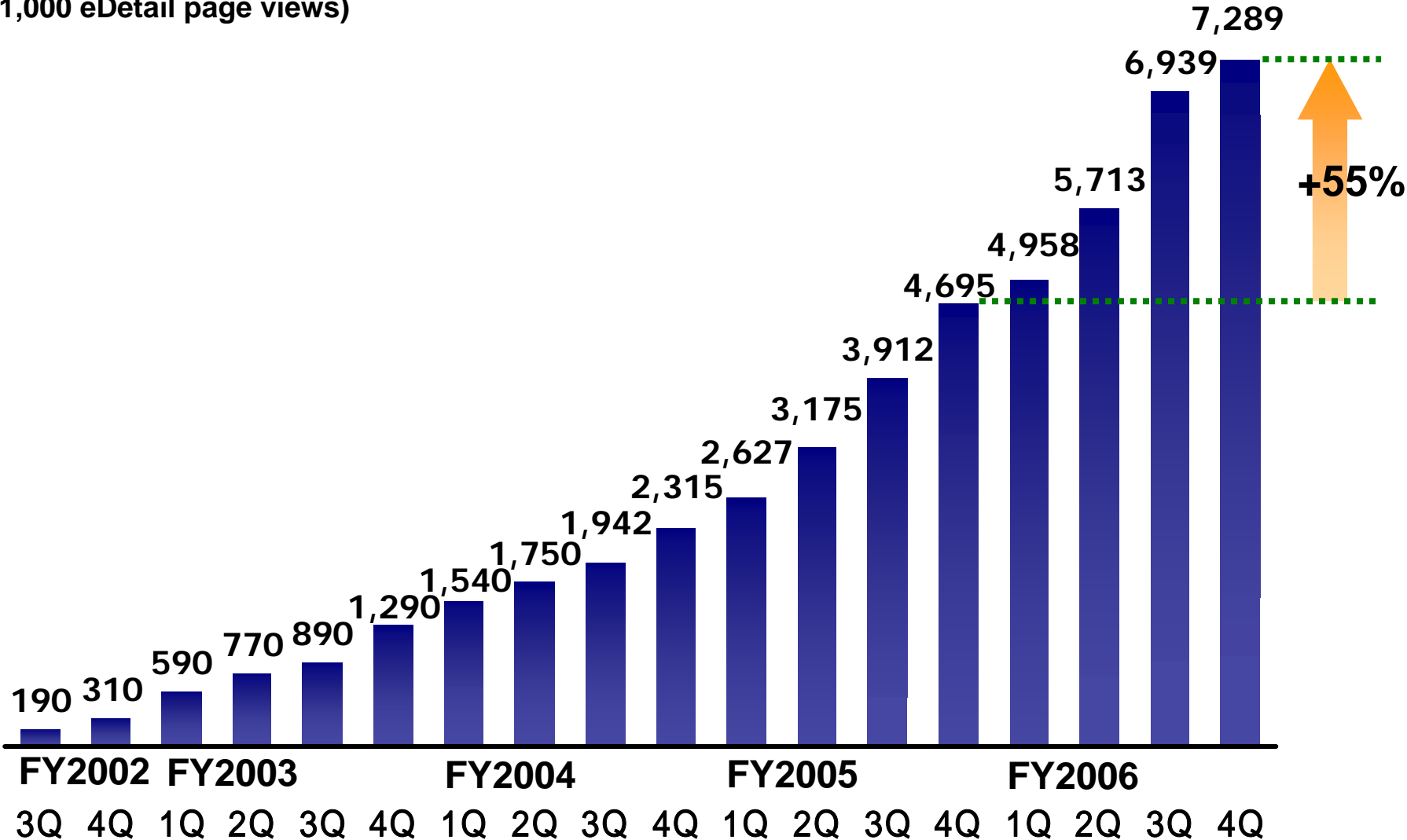
👉 Demand for eDetails is quite high for busy physicians as they get the information when it's convenient for them, not for the MR

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

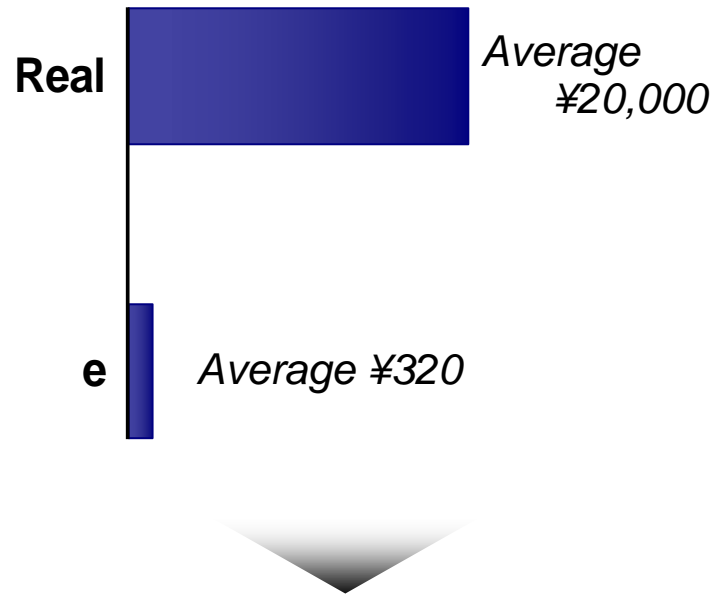
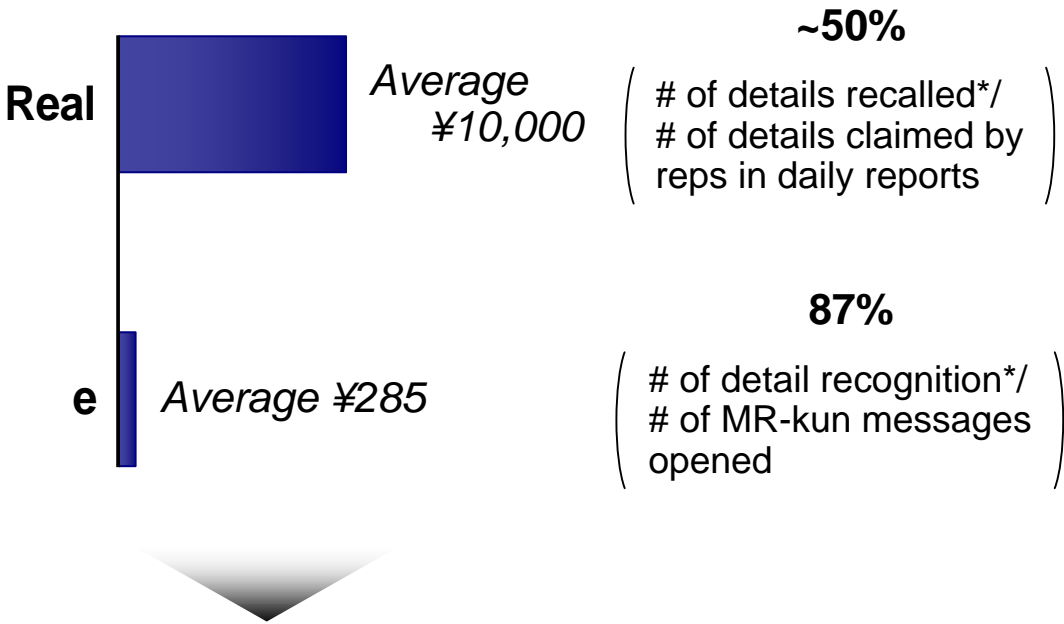
Cost to deliver 1 detail



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

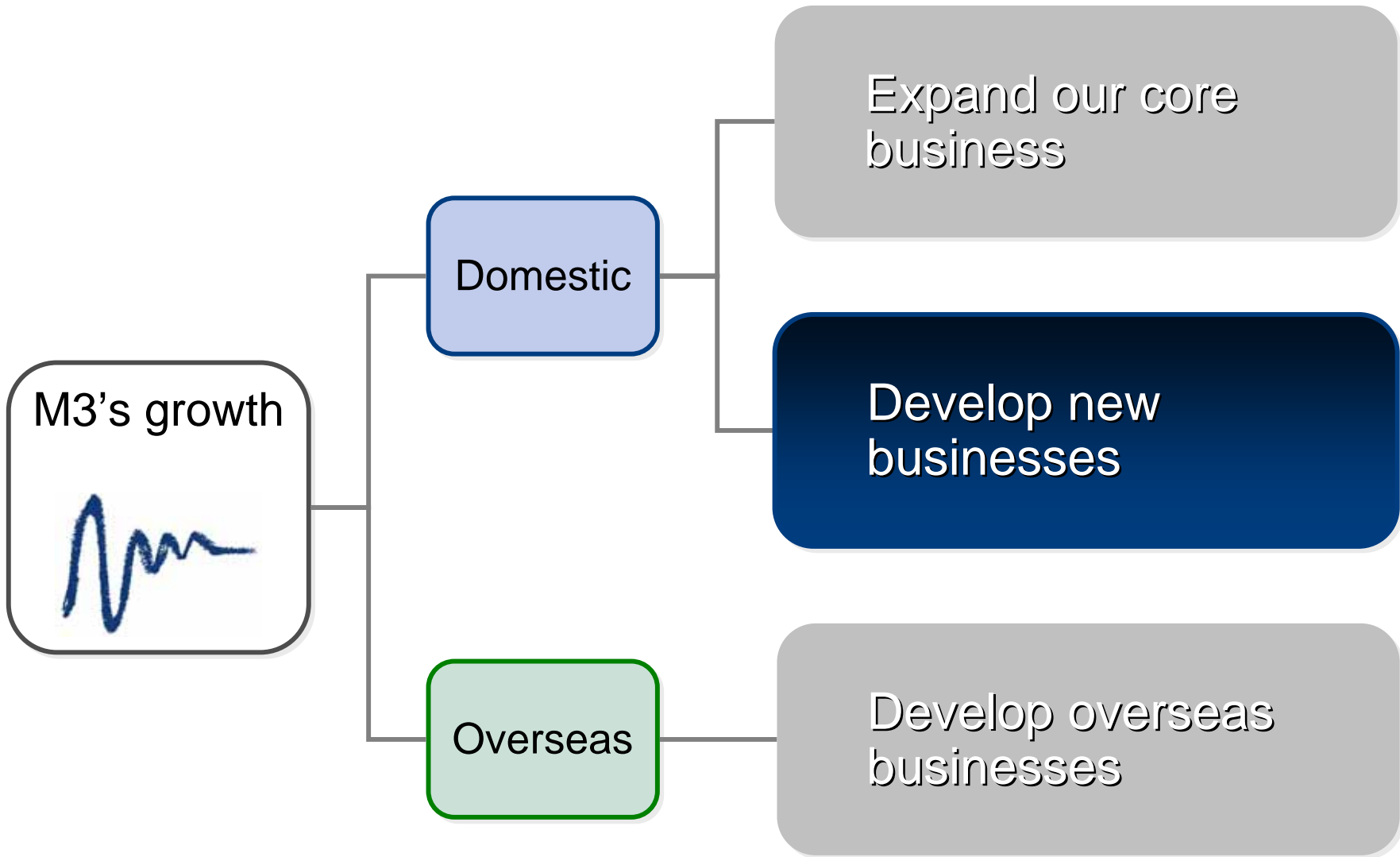
- Includes getting physicians to register the rep, sending messages to physicians, and replying to physicians' questions

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



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

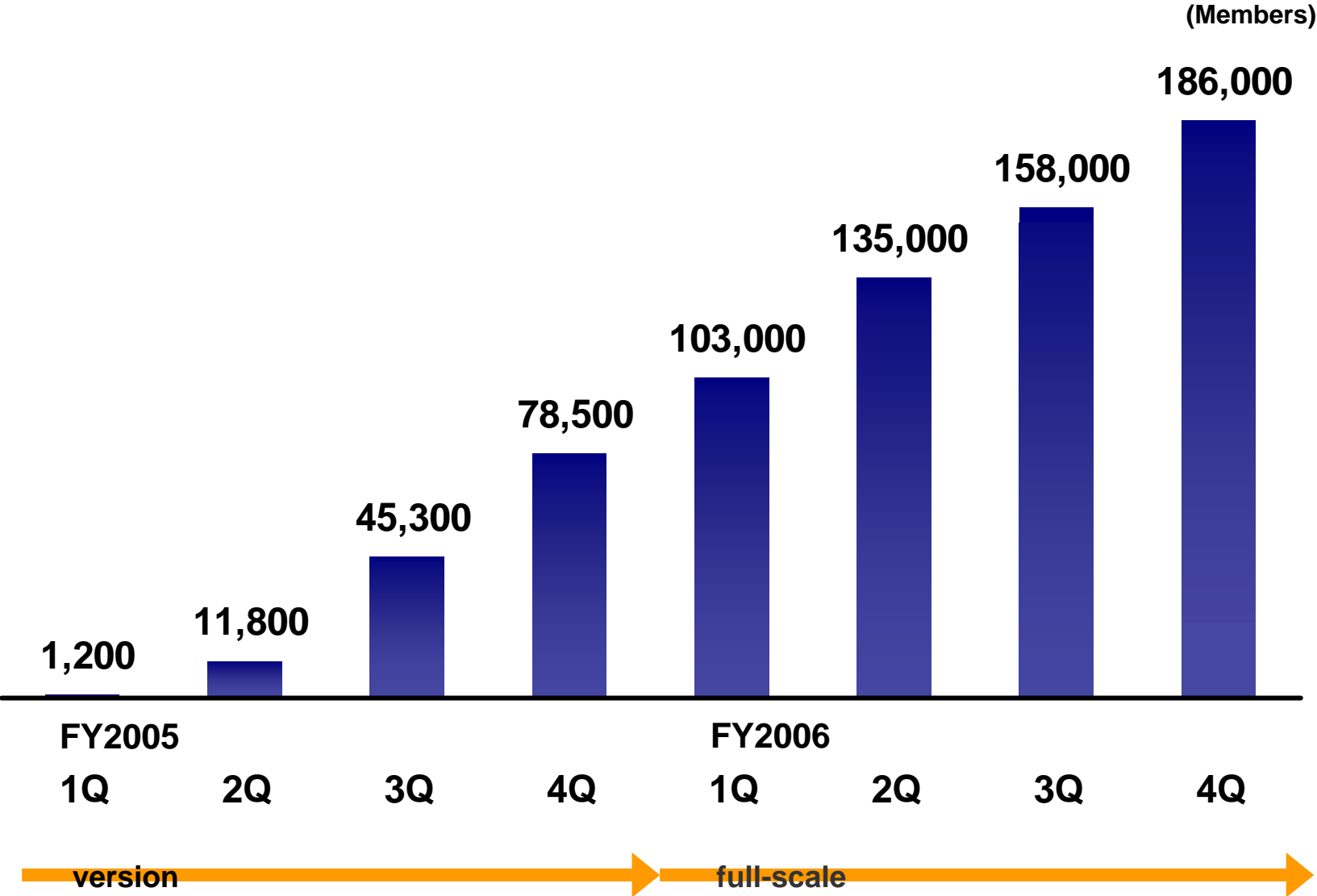
Question rankings

New questions from patients

Category

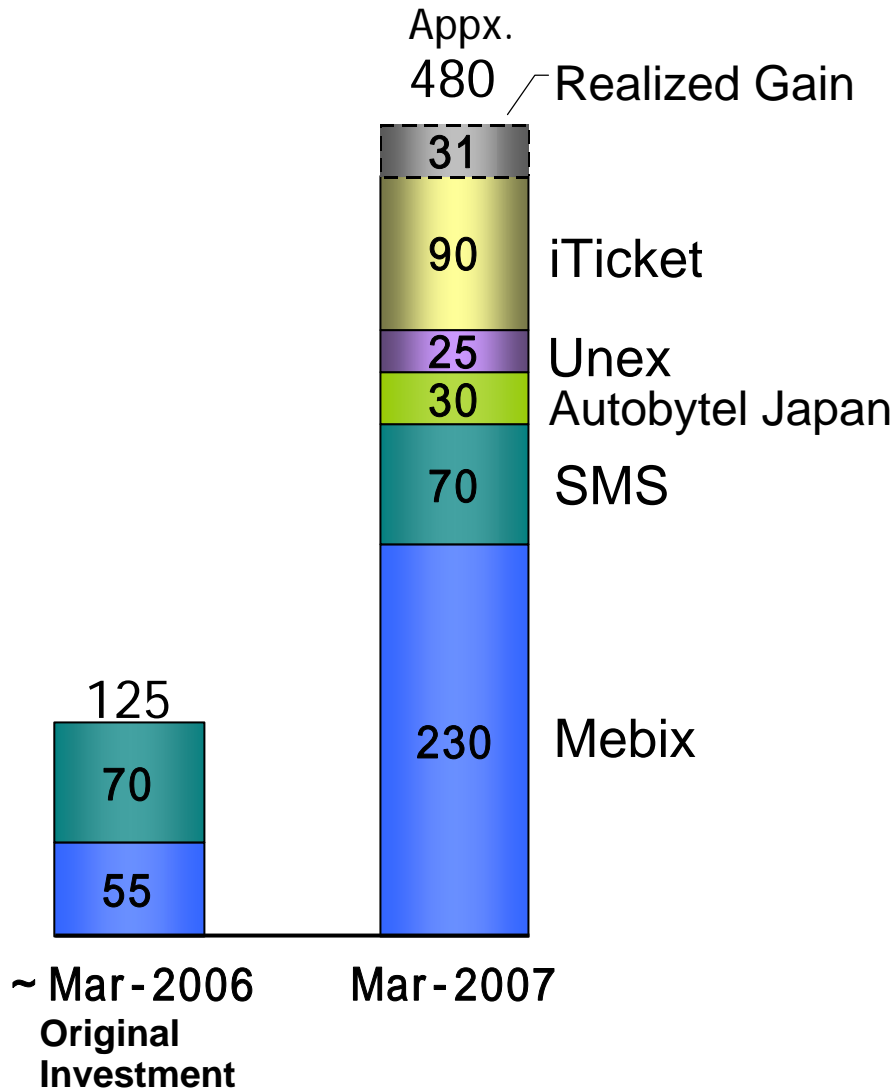
Q&A by category

Membership of AskDctors

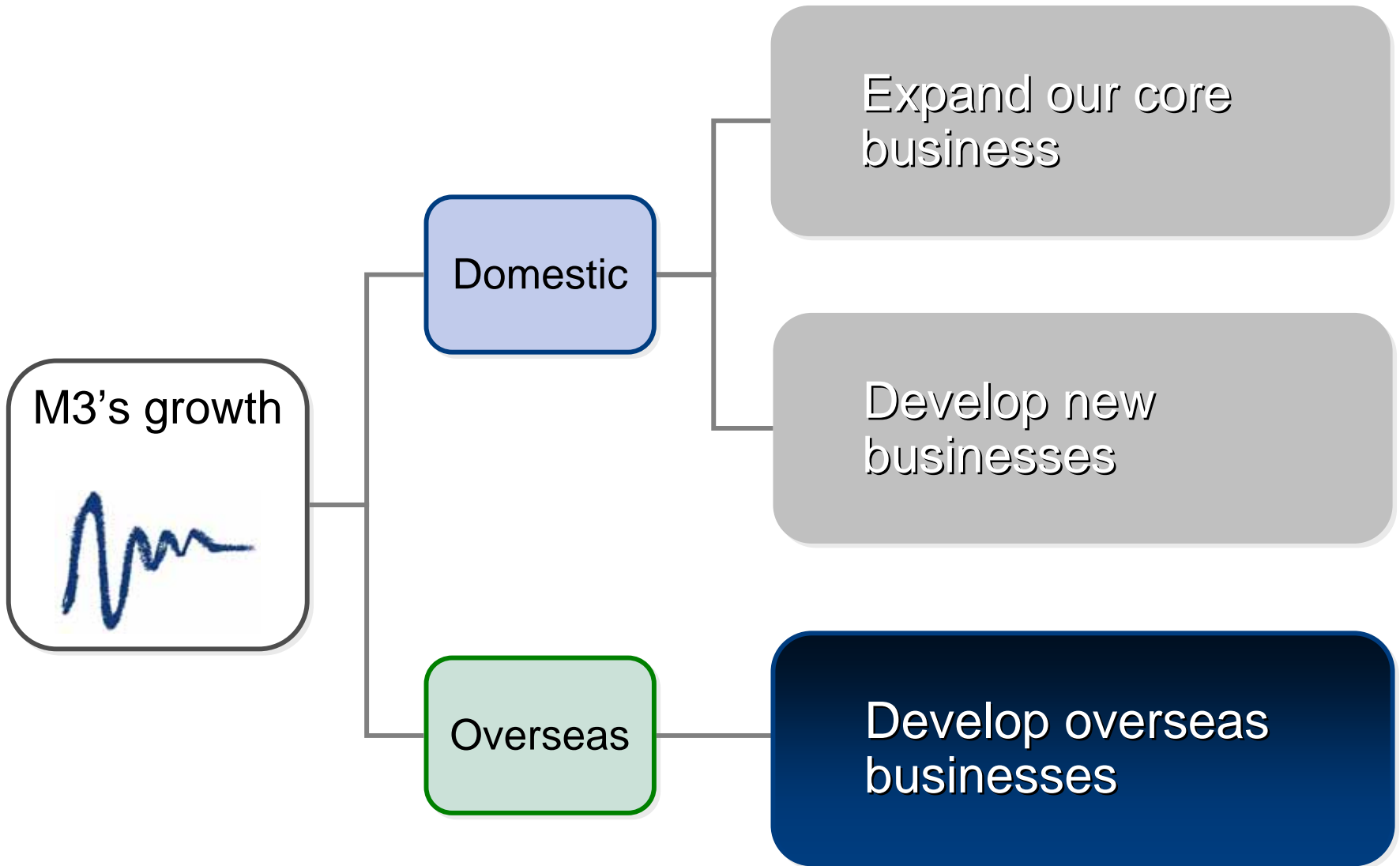


Incubation Business

(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 links to 'Today's Hot Topic: Making Cigarettes More Addictive', 'Top 50 Articles of 2006: What your colleagues were reading', and 'Neupogen studies: Updated prescribing research'. Below this is an 'Articles: General HemeOnc' section with a list of articles such as 'Anthracyclines, Mitoxantrone, Radiotherapy, and Granulocyte Colony-Stimulating Factor: Risk Factors for Leukemia and Myelodysplastic Syndrome After Breast Cancer'. The right sidebar includes an 'Article Search' box, a 'MERCK SERVICES' banner, and sections for 'PRODUCT INFORMATION', 'MEDICAL SYMPOSIA', 'PRODUCT SAMPLES', and 'View & Download Online Resources'.

- 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 초청!!". The main content area is divided into several sections:

- HOME:** Greeting message for Brian, login status, and YISITS Point 150.
- NEWS:** Medigate News, 의료 25시, and a list of articles including "의협과 약사회와 합의한 것처럼 호도 유감".
- COLUMN:** Click 정보, FUN, and a list of columns including "6개월만 지나면 무뎌둬주세요".
- BOARD:** FreeBoard, Salon, Muzzima, and a list of board posts including "그렸게는 안되지만...".
- CLUB:** CLUB 소개, 01 추천클럽, 02 추천클럽, and a list of club members.
- PEOPLE:** INTERVIEW section with a photo of a man and text about an interview.
- ADVERTISING:** Lipomatic User, vs-1000 동맥경화 조기진단, and E-PUBLIC.
- TODAY UPDATE:** A summary of recent activities across various sections.

- 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)

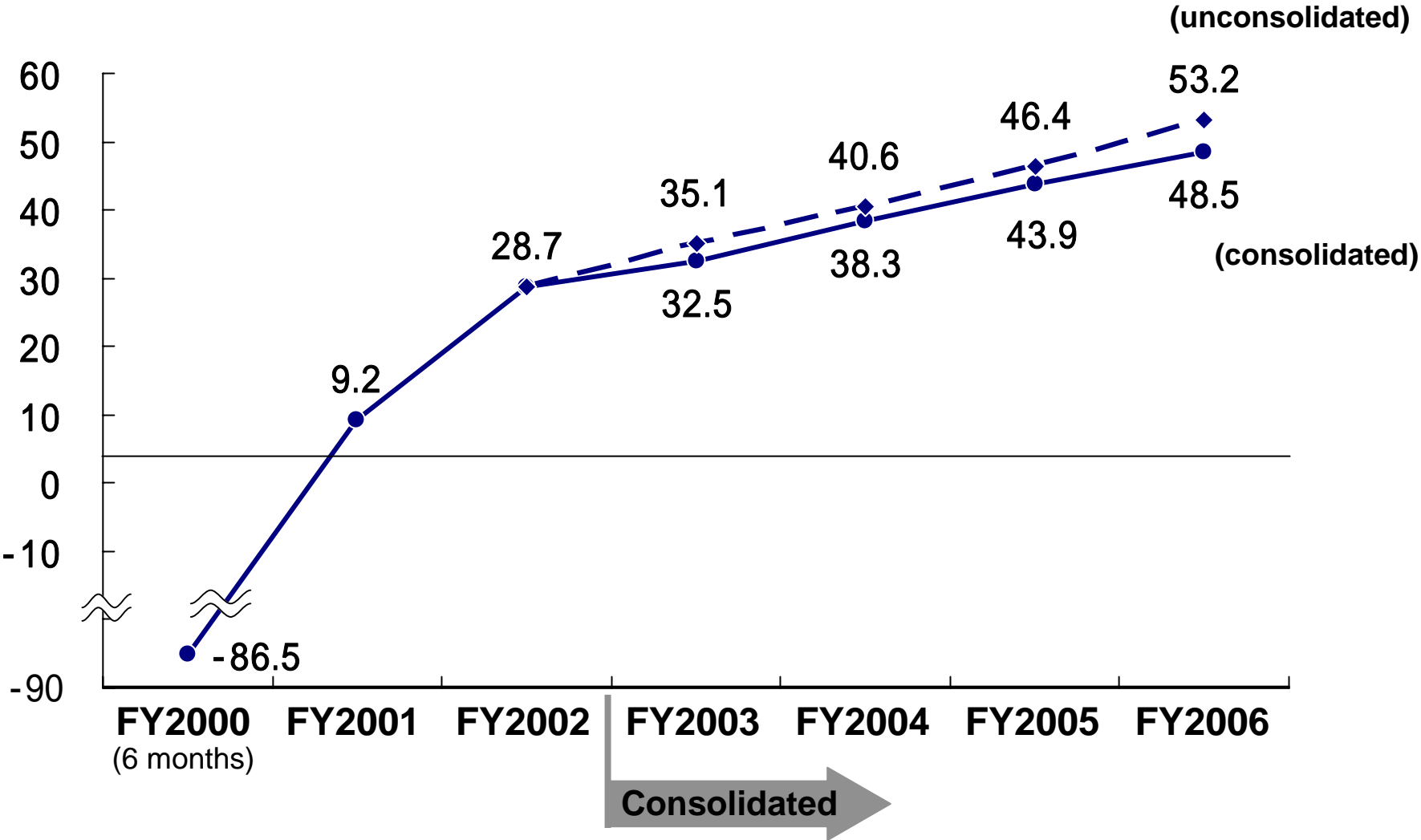
	1Q	2Q	3Q	4Q	FY2006	YoY Growth
Sales	1,125	1,390	1,541	1,670	5,729	+49%
Marketing Support	954	1,165	1,255	1,400	4,776	+48%
Research	84	115	134	80	414	+23%
Others	87	108	151	190	537	+88%
Operating profit	479	583	756	857	2,677	+59%
Ordinary profit	517	588	807	865	2,779	+64%
Net profit	306	351	473	477	1,609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

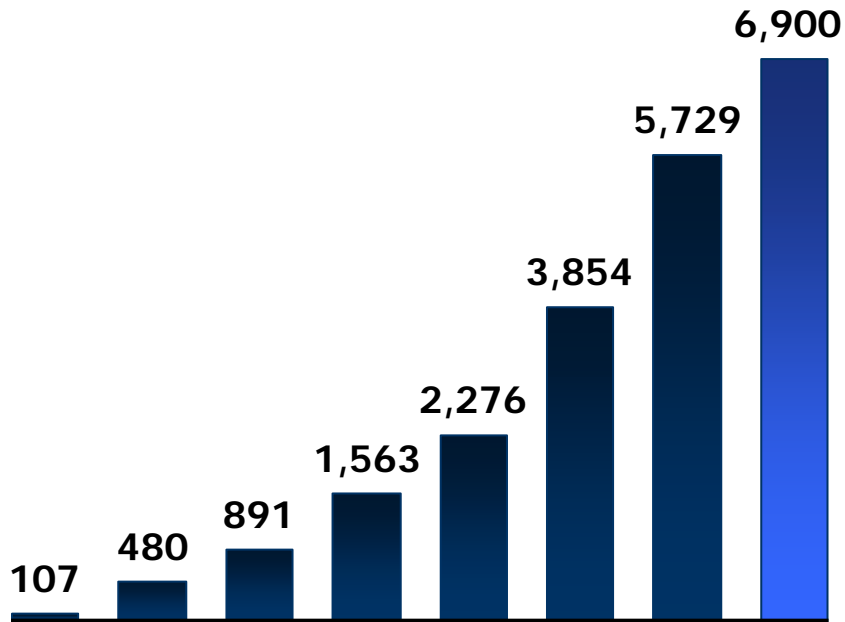
Changes in Ordinary Profit Margin



Annual Results & Forecast for FY2006

Sales

(¥ mn)



(Forecast)

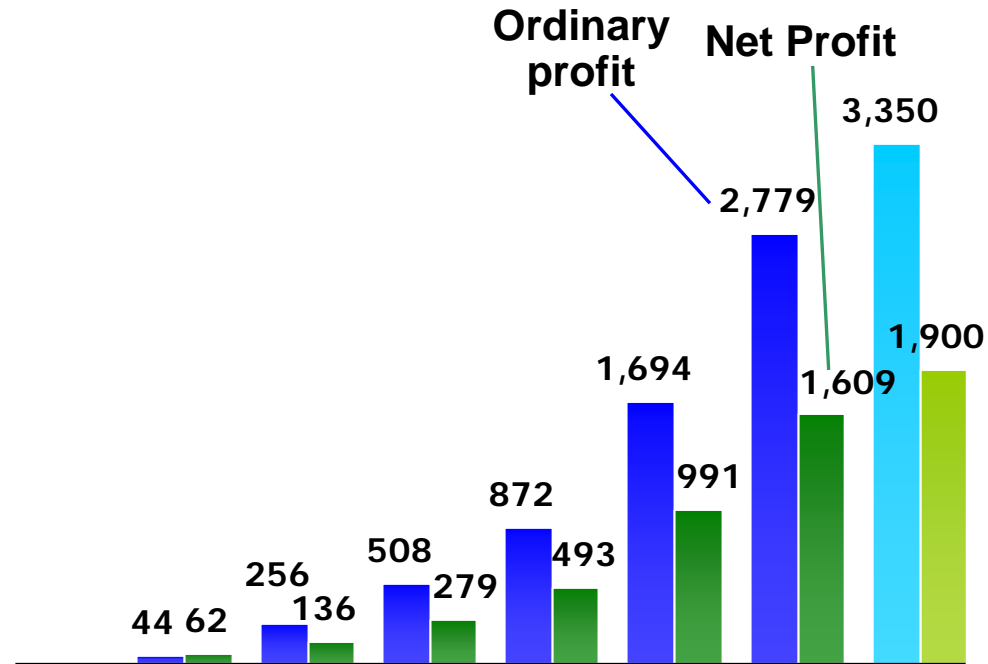
FY 2000 FY 2001 FY 2002 FY 2003 FY 2004 FY 2005 FY 2006 FY 2007

(6 months)

Consolidated

Ordinary Profit & Net Profit

(¥ mn)



(Forecast)

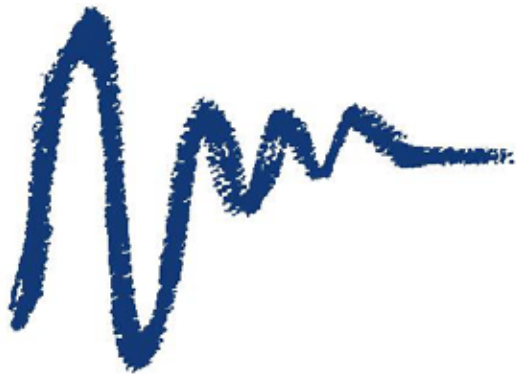
FY 2000 FY 2001 FY 2002 FY 2003 FY 2004 FY 2005 FY 2006 FY 2007

(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