



# Management Policy

**Akihisa Fujinuma, President, CEO & COO**

**Nomura Research Institute, Ltd.**

April 30, 2002

*This document contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company.*

*Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.*

*The Company does not undertake to revise forward-looking statements to reflect future events or circumstances.*

# **NRI** Highlights of Consolidated Results

	FY3/01	FY3/02(E)	YoY Change	FY3/03(E)	YoY Change
<b>Sales</b>	217,984	236,569 (235,000)	8.5% (7.8%)	250,000	5.7%
<b>Operating Profit</b>	27,842	30,364 (29,500)	9.1% (6.0%)	33,000	8.7%
<b>Net Income</b>	25,381	22,363 (21,500)	<b>△11.9%</b> <b>(△15.3%)</b>	19,500	<b>△12.8%</b>
<b>Operating profit to sales</b>	12.8%	12.8% (12.6%)	—	13.2%	—
<b>Net income per share</b>	JPY590.27	JPY513.24 (JPY477.78)	<b>△13.1%</b> <b>(△19.1%)</b>	JPY433.33	<b>△15.6%</b>

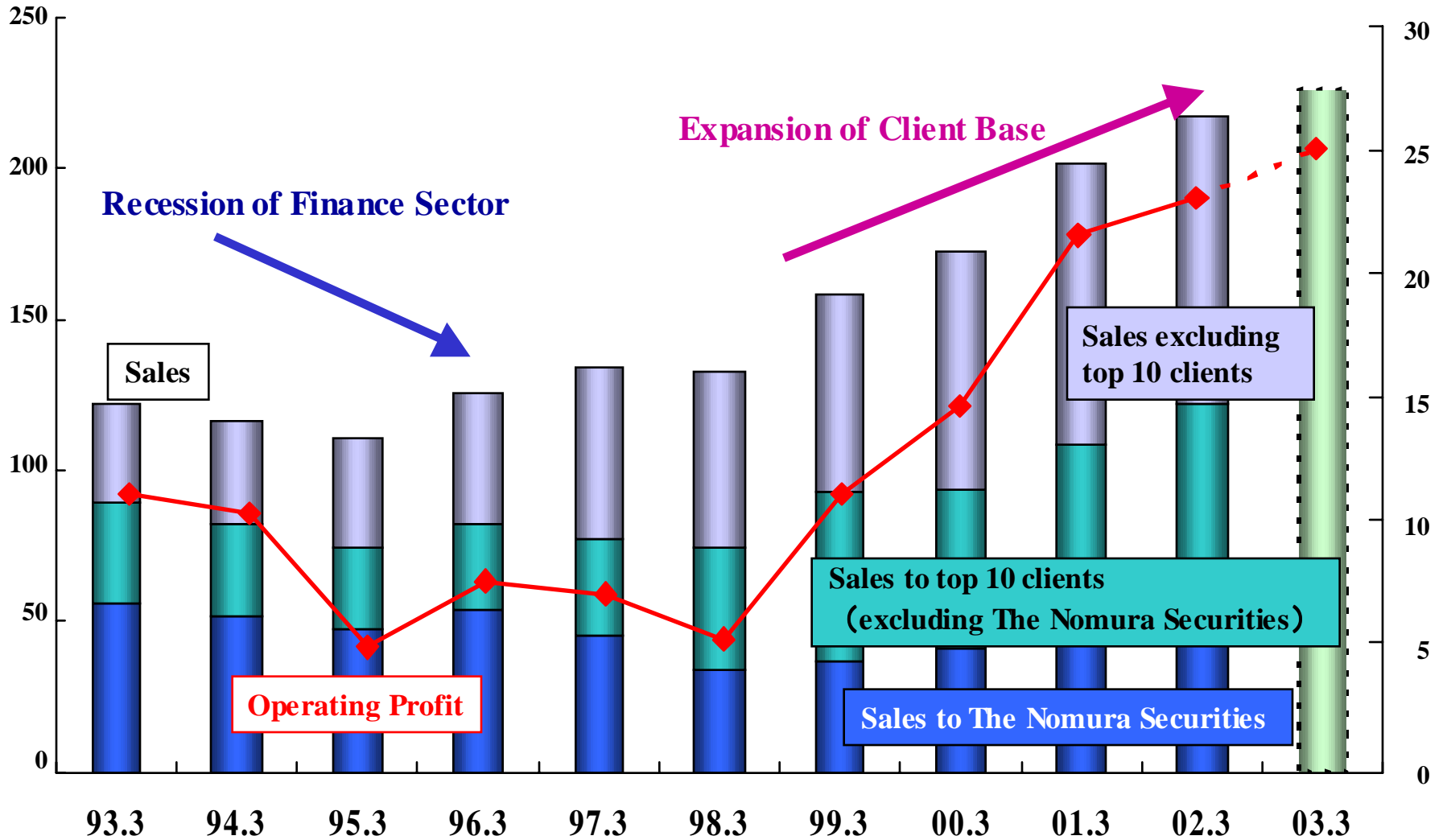
**Unit:JPYmillion; figures in parentheses represent earnings estimates announced at the time of listing.**



# Financial Results of 10 years & Forecast for the year ended March 2003

(Sales: JPY billion)

(Operating Profit: JPY billion)



(Note) Non-consolidated basis

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# **NRI** Basic Management View

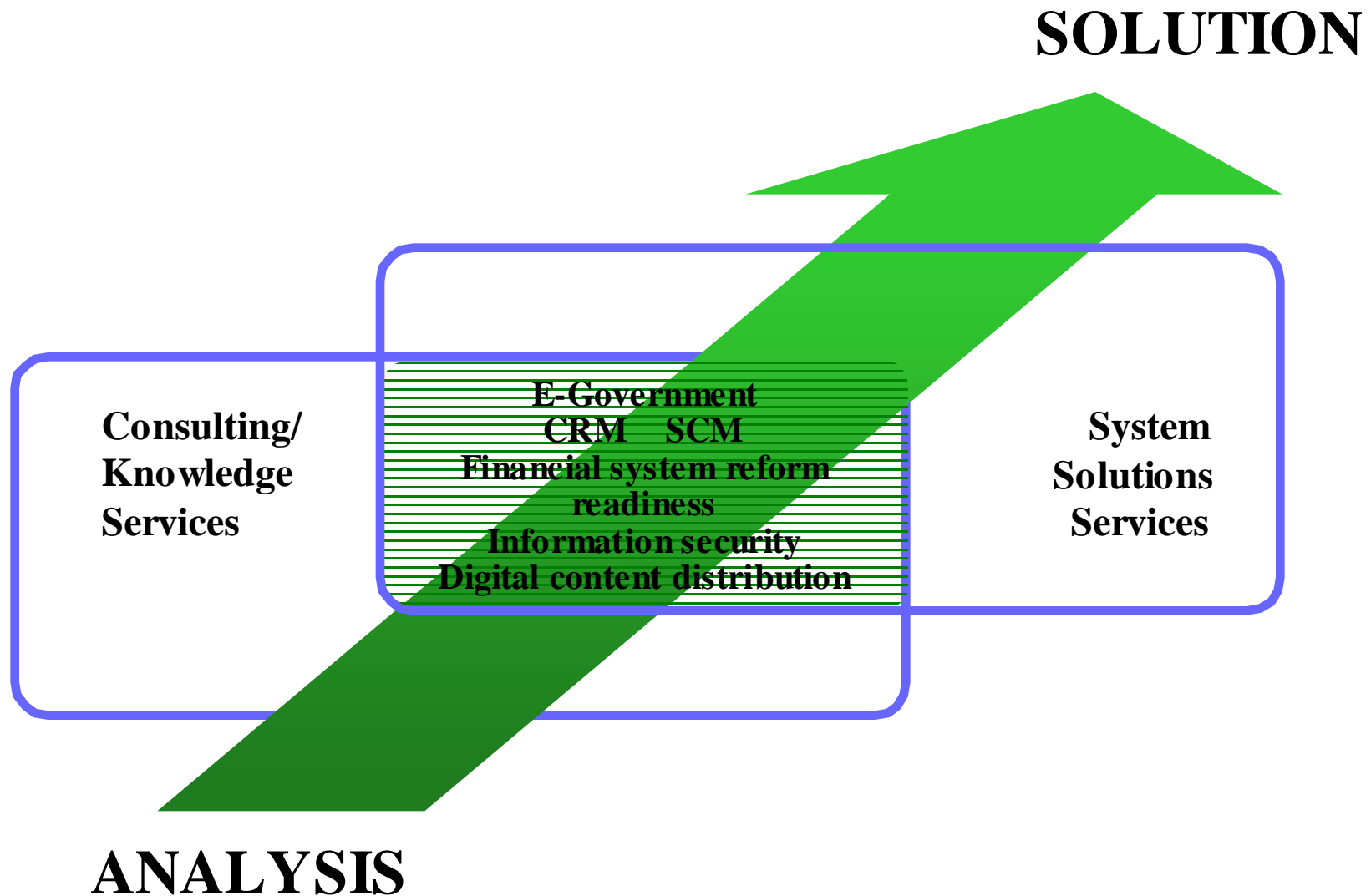
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**Create added value and enhance enterprise value**

- Demonstrate collective strength
- Concentrate areas of business
- R&D focused on the future of our client
- Invest in human resources required for growth



# Demonstrate Collective Strength Provider of “Total Solutions” services





## Demonstrate Collective Strength **Business Segments**

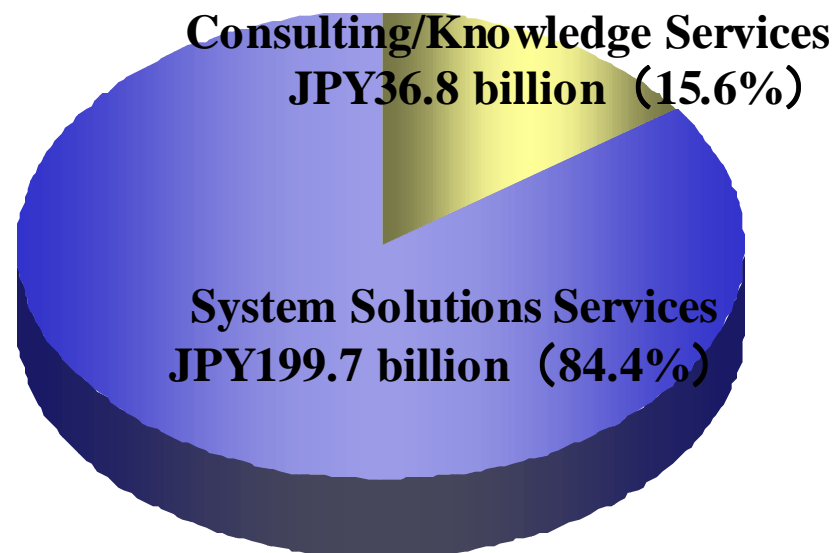
### ■ **Consulting/Knowledge Services:**

- Research and management consulting
- System consulting
- Financial information services
- Asset management analysis tools & database
- E-commerce solutions

### ■ **System Solutions Services:**

- Systems planning
- Systems design
- Systems development
- Systems operation & management
- HW/SW sourcing

**Sales for the year ended March 2002**  
**JPY237 billion**





# Demonstrate collective strength Superior Consulting

## Progress in –scaling up consulting projects

### Companies

with orders worth JPY100 million+ (YoY growth) Large-scale solutions (YoY growth)

<b>Electrical</b>	<b>5 companies</b>	<b>(+259%)</b>	<b>VBM(BSC)</b>	<b>JPY550 million (+169%)</b>
<b>Automobile</b>	<b>4 companies</b>	<b>(+206%)</b>	<b>Administrative management</b>	<b>JPY450 million (+ 33%)</b>
<b>Government</b>	<b>4 companies</b>	<b>(+166%)</b>	<b>ITS</b>	<b>JPY370 million (+ 19%)</b>
<b>Food</b>	<b>2 companies</b>	<b>(+ 96%)</b>		
<b>Electric Power</b>	<b>3 companies</b>	<b>(+ 26%)</b>		
<b>Communications</b>	<b>4 companies</b>	<b>(+ 15%)</b>		
<b>Securities</b>	<b>2 companies</b>	<b>(+ 10%)</b>		

VBM: Value-based Management  
 BSC: Balanced Scorecard  
 ITS: Intelligent Transport Systems

**(Note) Orders only include consulting fees ( not including system-related sales) YoY growth figures in the table on the left represent growth from FY00 to FY01 in total sales by industry for companies with orders worth JPY100 million or more.**





# Demonstrate collective strength Providing Solutions with an Understanding of Clients' Business

## Providing total solutions

Management Strategy  
consulting

Systems consulting

Systems development

Systems operations

## Collective strength based on business knowledge

Consulting

Development  
capabilities

Technical  
capabilities



# Demonstrate collective strength Example: IY Card

## Total solutions from consulting to development to operation



3/2002-

Stable system operation  
Toward strategic application  
of information(CRM)

Systems operation

10/2001-

Link to existing IY system    Create web-page  
Develop point management(awards of bonus points for card usage)  
and settlement system

Systems development

6/2001-

Prepare business model  
Assist in establishing card company

Management strategy consulting / Systems consulting

12/2000-

Case research of card industry  
Proposals for launching new business

Research and proposals

Research and proposals  
on next phase

Distribution Systems  
Planning Office

Financial  
Consulting Dept.

Distribution Systems / Financial Systems Dept.  
NRI Network Comm.

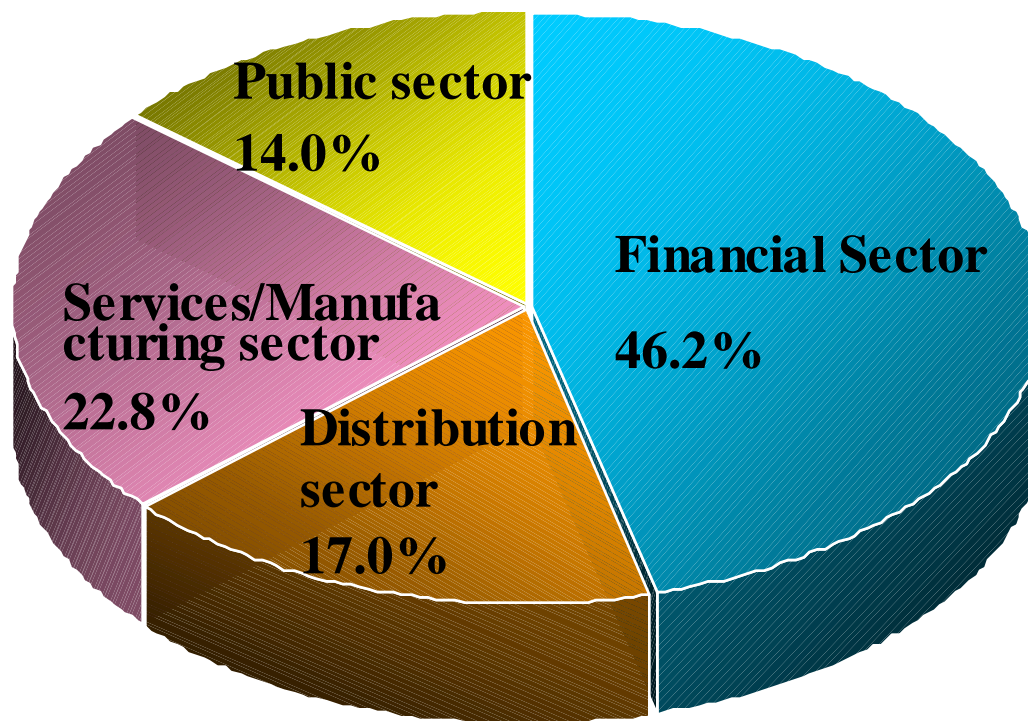
ATM Business Dept.

Systems Platform Dept. / NRI Data iTech



# Concentrate Areas of Business Strengths in Financial, Distribution and Public Sectors

## Sales Breakdown



**Consolidated Sales for the year ended March 2002**  
**JPY237 billion**



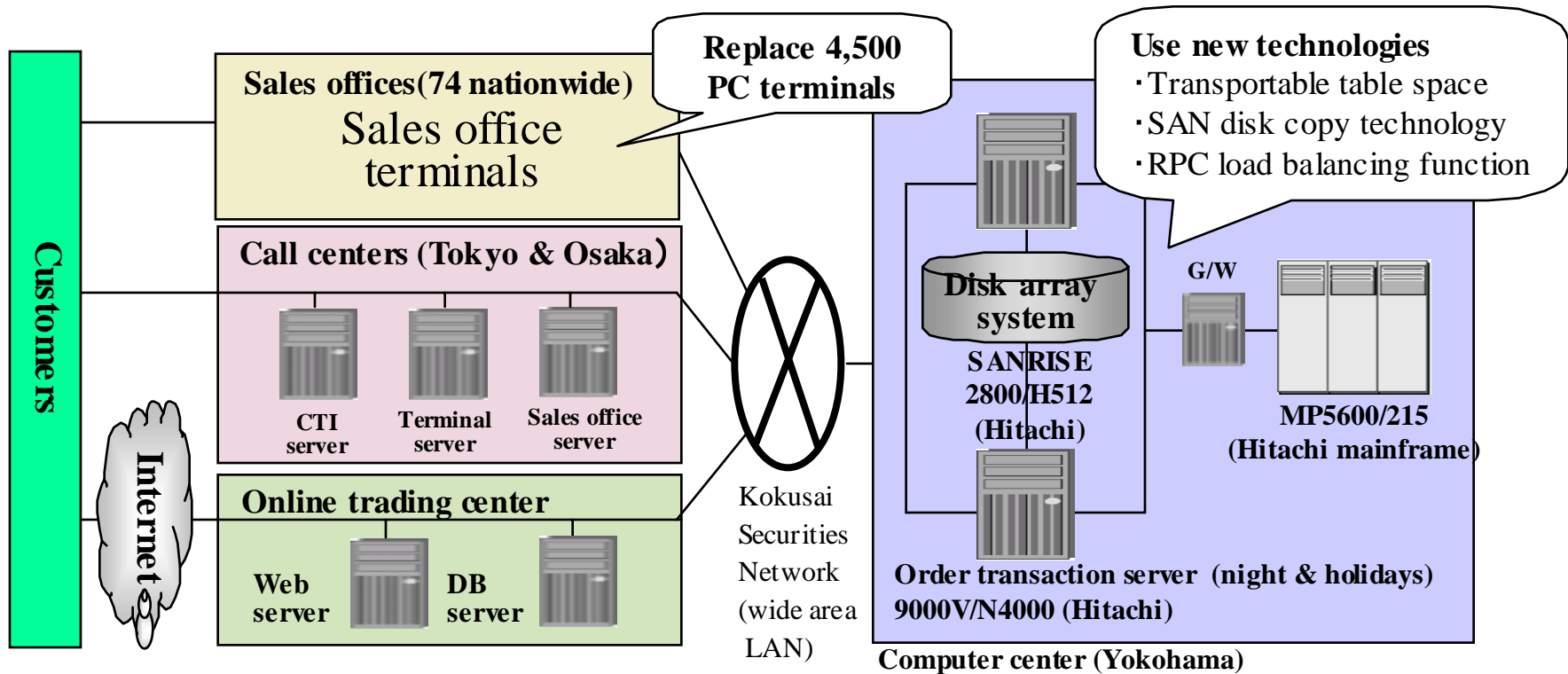
Concentrate areas of business

# Financial: Outsourced Development

## Kokusai Securities New core business system

Received Grand Prix Award in Nikkei Computer's "6th Information System Award"

- Completely integrates three channels: branch offices, telephone, and Internet
- Operating 24 hours a day, 365 days a year
- Use only UNIX machines as core servers





## Concentrate Areas of Business

### Financial/Public sector: Self-sponsored Business development

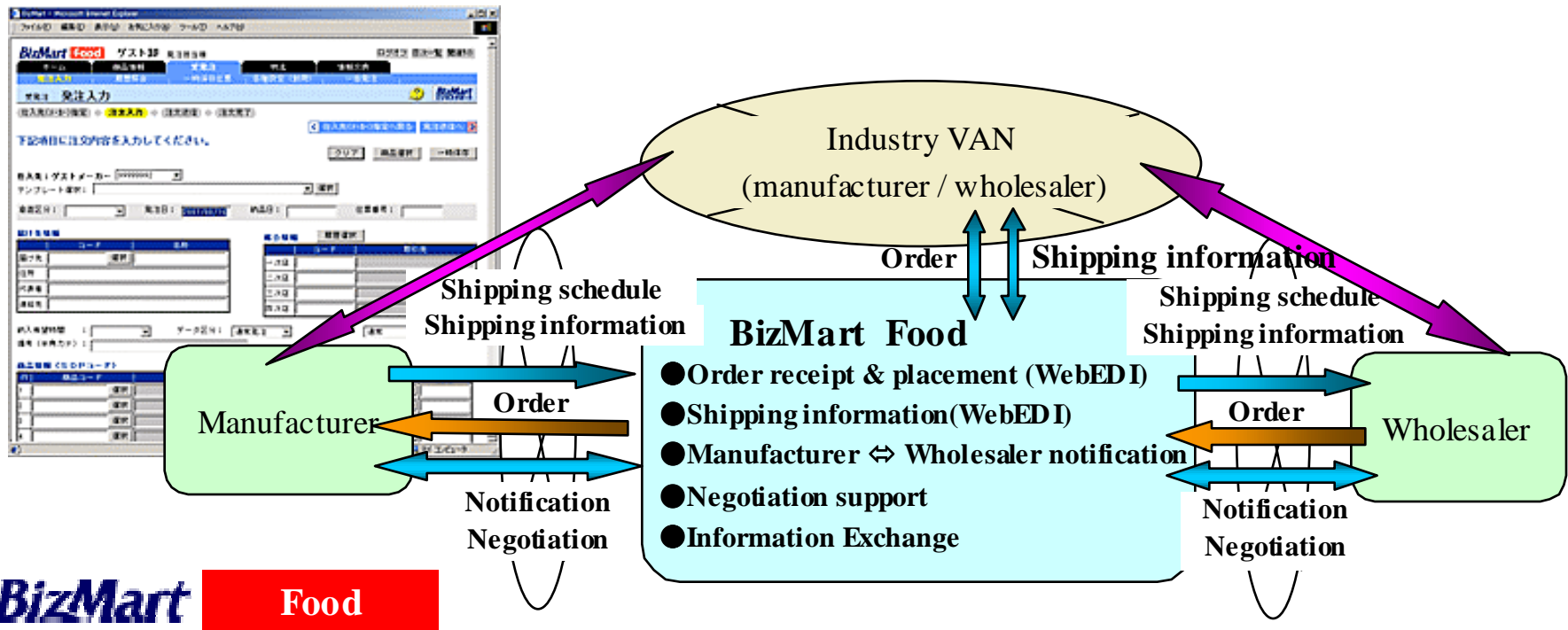
Back office Services for Securities companies	Systems for retail brokerage	STAR-III	Small and medium-sized brokerage houses and on-line brokerage houses etc(29)
	Systems for wholesale brokerage	I-STAR	Foreign and bank-affiliated brokerage houses(52)
Management services for asset management companies	Investment trust sales and account management systems	BESTWAY	Banks, insurances companies, investment trusts, and brokerage houses(122)
	Systems for investment trust account Management with respect to Japanese 401(k)	BESTPLAN	Life and no-life insurers and banks(58)
	Systems for investment trust management for investment trust companies	T-STAR	Investment trusts and trust banks (70)
Back office Services for Public sector	Packaged systems for silver human resources centers	AGELESS 80	Silver (elderly) human resources centers(635)

(Note) Numbers of clients in parenthesis are as of 31 March, 2002

# NRI Concentrate areas of business Distribution: Self-sponsored Business Development



**BtoB total solutions service providing e -platforms to meet a variety of corporate business needs.**



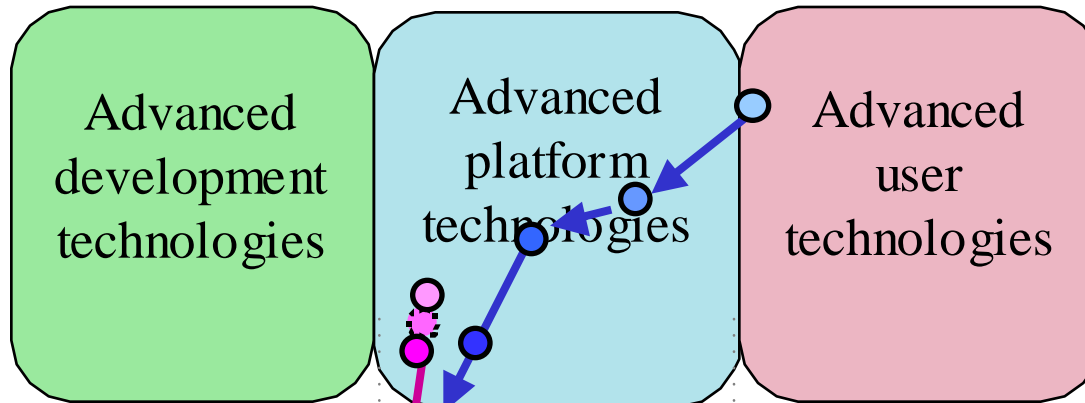
The BizMart Food service is a site for EDI transactions and collaboration between manufacturers and wholesalers in the alcohol and food industries. The service provides data exchange such as order and shipping information, information exchange such as negotiations and notifications between members, and functions such as information gathering for a range of industries.



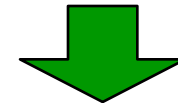
# R&D focused on the future of our client

## The keyword is Reliability

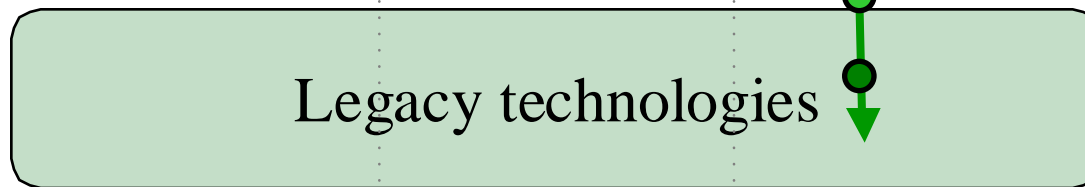
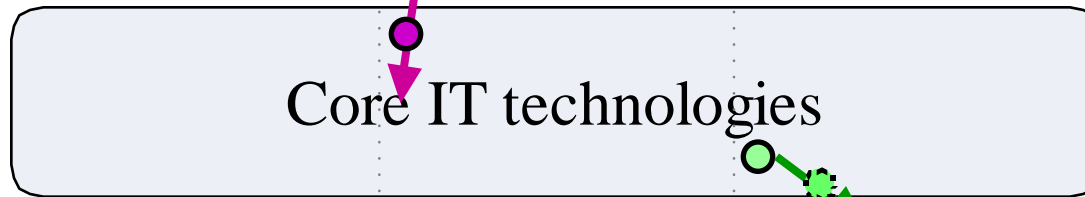
Advanced technologies



Research & evaluate new technologies



Introduce emerging and highly reliable core IT technologies to our client's systems

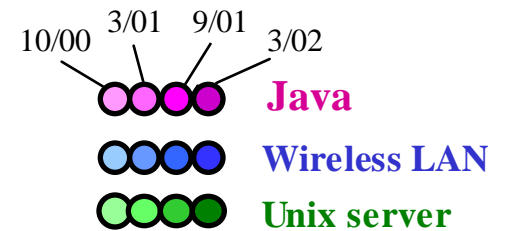


Mature technologies

Development technologies

Platform technologies

User technologies







# R&D focused on the future of our client Strength in Platform Technologies

オブジェクトワークスが  
フロントEAIを実現



Next generation  
middle ware



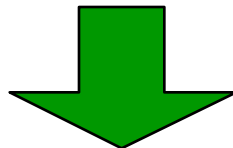
オブジェクトワークスは、多様なチャネルとバックエンドサーバ群をつなぐフロントEAIプラットフォーム製品です。WWWシステムテクノロジーをベースに、様々なチャネルをフロントエンドとし、既存システムを有効活用しながらフロントEAIを実現します。

Framework required to improve system development capabilities

Handle multiple vendors

Respond quickly to new technologies

Guarantee reliability and connectivity



Develop “Object Works”  
as NRI middleware



# NRI R&D focused on the future of our client Launching Knowledge Business

## NRI Cyber Patent

Offering “NRI Cyber Patent Desk”, Japan’s first full-scale Internet patent information service

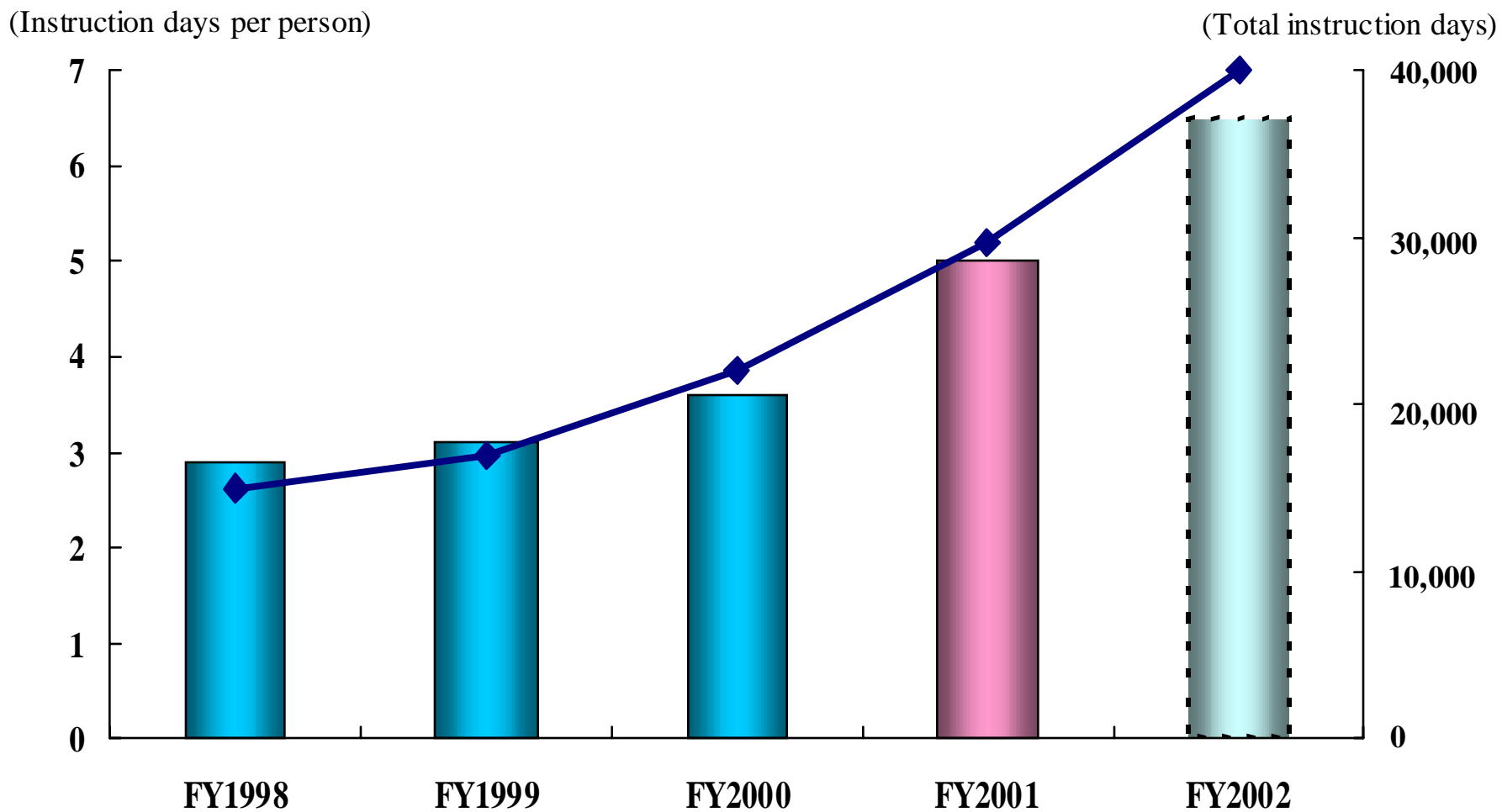
種別	企業・団体名	発明名称	特許番号	特許公開日	サービス開始時期(特許公開日)
特許	NTT	インターネット上の...	特許第2004-000000号	2004年10月	2004年10月
		インターネット上の...	特許第2004-000001号	2004年10月	2004年10月
		インターネット上の...	特許第2004-000002号	2004年10月	2004年10月
		インターネット上の...	特許第2004-000003号	2004年10月	2004年10月
		インターネット上の...	特許第2004-000004号	2004年10月	2004年10月
		インターネット上の...	特許第2004-000005号	2004年10月	2004年10月
		インターネット上の...	特許第2004-000006号	2004年10月	2004年10月
		インターネット上の...	特許第2004-000007号	2004年10月	2004年10月
		インターネット上の...	特許第2004-000008号	2004年10月	2004年10月
		インターネット上の...	特許第2004-000009号	2004年10月	2004年10月
サービス	インターネット上の...	特許第2004-000010号	2004年10月	2004年10月	

## NRI Secure Technologies

Providing companies and government with outsourcing services to prevent illegal access to information systems



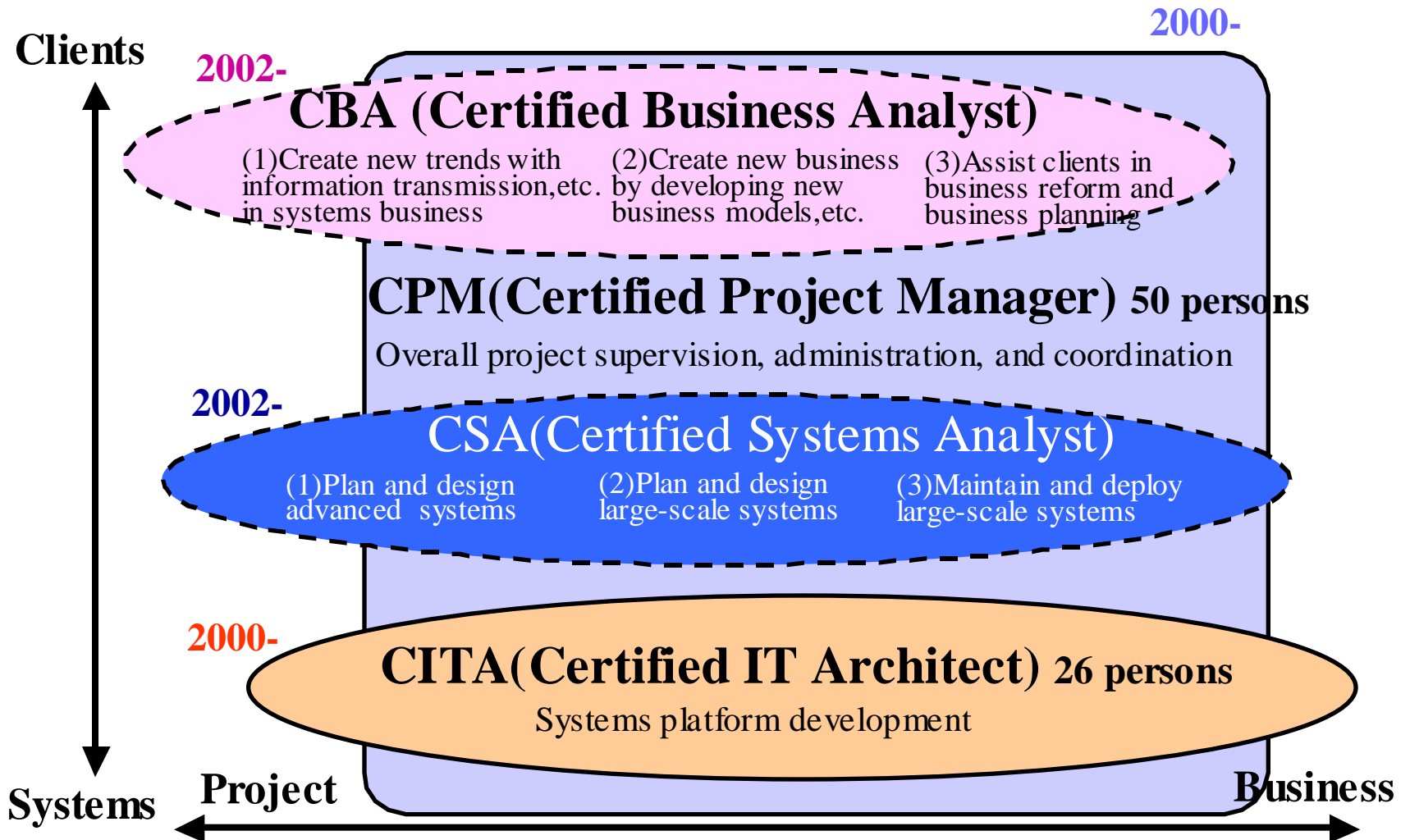
# NRI Invest in human resources required for growth Increase Human Resource Investment



Line graph: Total number of instruction days, including training for new personnel (right scale)  
 Column graph: Instruction days per employee, excluding training for new personnel (left scale)



# Invest in human resources required for growth Company Certification & Qualification System



(Note) Number of certified personnel as of April 2002.    ○ In operation    ◌ In planning

# **NRI** Highly Talented & Specialized Professionals

(Unit: number of persons)

	<b>2001.3</b>	<b>2002.3</b>	<b>growth</b>
<b>System analysts</b>	85	100	15
<b>System inspectors</b>	92	97	5
<b>Project managers</b>	85	98	13
<b>Application engineers</b>	346	373	27
<b>System operators and managers</b>	30	41	11
<b>Network specialists</b>	250	257	7
<b>Top grade system administrators</b>	14	18	4
<b>Database specialists</b>	74	97	23
<b>CMA (Security analysts)</b>	119	135	16



## **Invest in human resources required for growth Draw on Outside Human Resources**

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- **Organize partner companies ( approx. 300 companies with 6,000 employees) into the following groups:**
  - **Core partners**
  - **Technical specializations**
  - **Others**
  
- **Use offshore development in China: bridge concept**
  - **Five partner companies in China (two in shanghai, two in Beijing, and one in Dalian)**
  - **Local development system : 230 persons (March 2002)**
  - **Invest in local development in both countries and organize bridge teams with both NRI and local Chinese companies employing systems engineers(SE) fluent in both Japanese and Chinese that can move flexibly between the two countries.**



# Management System Required to Achieve Goals

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**Create added value and enhance enterprise value**

- **Strengthen corporate governance**
- **Thorough project evaluation and risk management**
- **Clarity performance management indicators**



■ **Reorganize Board of Directors**

**Reduce number of directors : 23 => 14 directors**

**Shorten term of directors : 2 => 1 year**

**Introduce executive officer system : Separate management and execution**

**Appoint outside director : Mr. Kunio Takeda  
(President, Takeda Chemical Industries,Ltd.)**

■ **Strengthen Board of Corporate Auditors**

**Establish Audits' Department**

**Appoint outside corporate auditor : Mr. Hiroshi Izumitani  
(Executive Vice President, Murata Manufacturing Co.,Ltd.)**



Internal management system

# Thorough Project Evaluation & Risk Management

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- **Compliance Committee**
- **Systems Development Committee**
- **R&D Committee**
- **Capital Investment Appraisal Committee**
- **Crisis Management Committee**
- **Investment Board**
- **Information Security Board**





Performance evaluation

# Clarify Performance Management Indicators

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## ■ Company-wide

■ Operating cash flow

■ Operating profit

■ ROA

## ■ Divisions (internal management)

■ Sales

■ Operating profit

■ ROA

## ■ Projects (individual management)

■ ROI



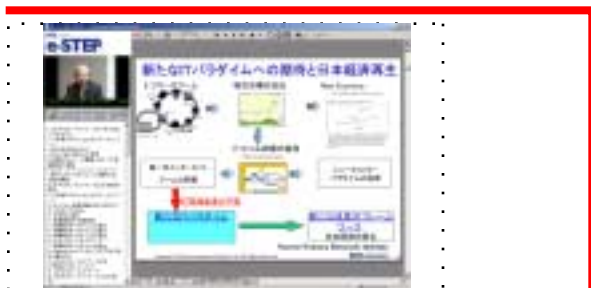
## (Reference) Profile of New President

### Akihisa Fujinuma, President, CEO&COO

- **18 years in systems development for Nomura Securities**
  - 2<sup>nd</sup> Online systems and 3<sup>rd</sup> Online systems
  - From business systems to sales/investment information and trading systems
- **Activity in Advanced Information Technology Division**
  - Promote open systems (downsizing)
- **Sector COO of Financial and Insurance Solution Sector**

March 1974	Completed Master's Program in Control Engineering at Tokyo Institute of Technology on April, joined Nomura Computer Systems Co., Ltd. (Became Nomura Research Institute in 1988 as a result of merger)
June 1994	Director Deputy Division Manager of Advance Information Technology Division and General Manager of Advanced Systems Department
June 1999	Managing Director Division Manager of Advanced Information Technology Division and in charge of Systems Consulting Department
June 2001	Executive Managing Director Sector Coo of Financial & Insurance Solution Sector
April 2002	President, CEO & COO

# NRI (Reference) In-house training using Intranet(e-STEP)



Live video seminar and documents



Live video seminar distribution



Live video lecture interface with presentation documents





## (Reference) Highly Talented & Specialized Professionals

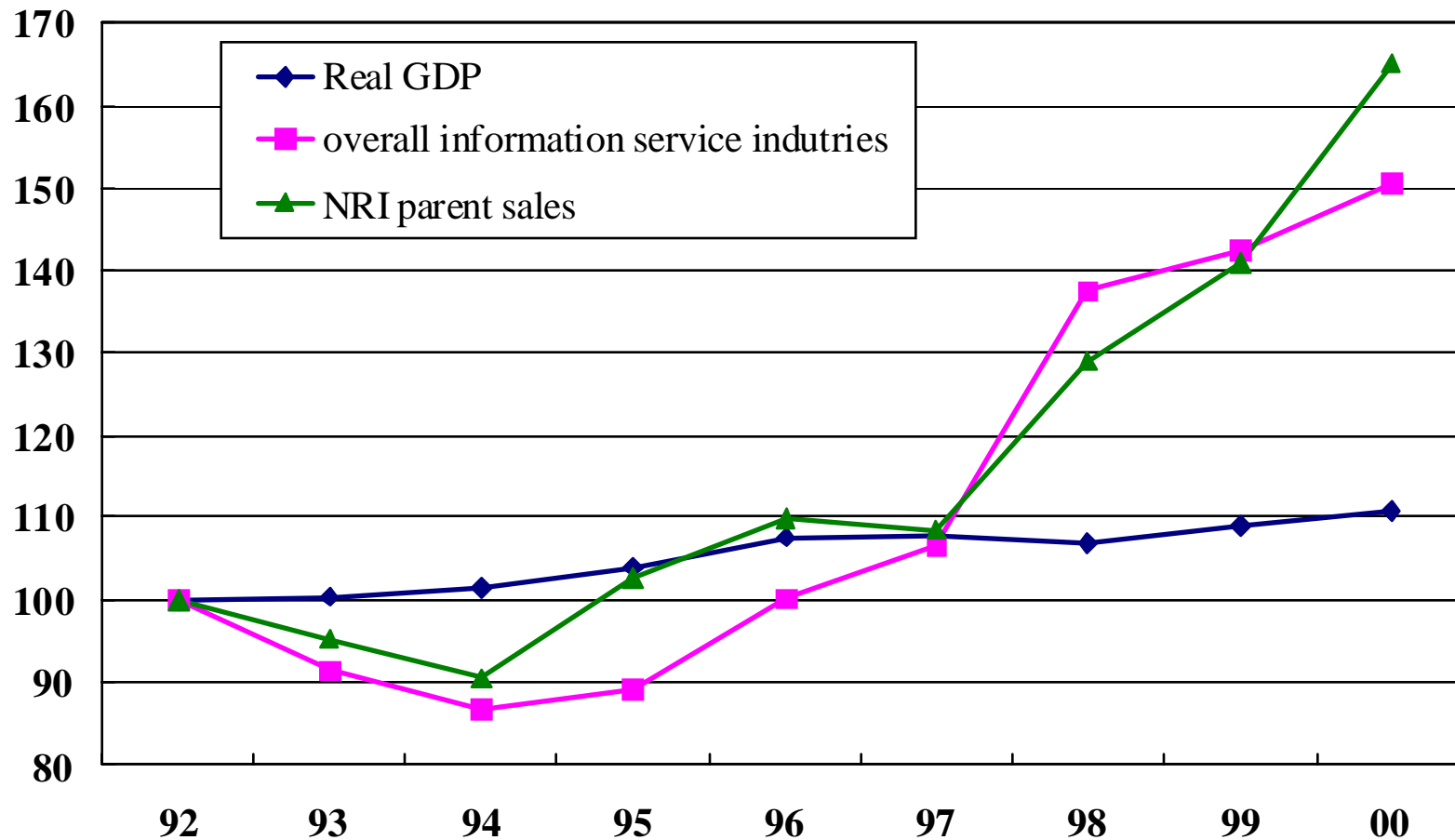
	<b>NRI</b>	<b>NTT Data</b>	<b>Hitachi Software</b>	<b>TIS</b>	<b>Hitachi Information systems</b>
System analysts	1	5	4	2	3
System inspectors	1	5	3	4	2
Project managers	2	5	3	1	4
Application engineers	1	5	2	4	3
System operators and managers	1	5	4	2	3
Network specialists	1	4	3	2	5
Top grade systems administrators	2	4	3	5	1
Database specialists	1	4	3	2	5

- (Note) 1. Ranking based on qualified staff as a % of total staff  
2. Parent basis, figures for the year to March 2001  
3. Figures for qualified staff are disclosed by the companies. Figures for total staff from 'Shikiho'



# (Reference) Environment recognition of Information service industry

## Information service industry shows steady growth



(Note) Index based on 1992 as 100

(Source) Market Size of Information Service Industries from Survey on 'Specified Service Industries by METI'

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