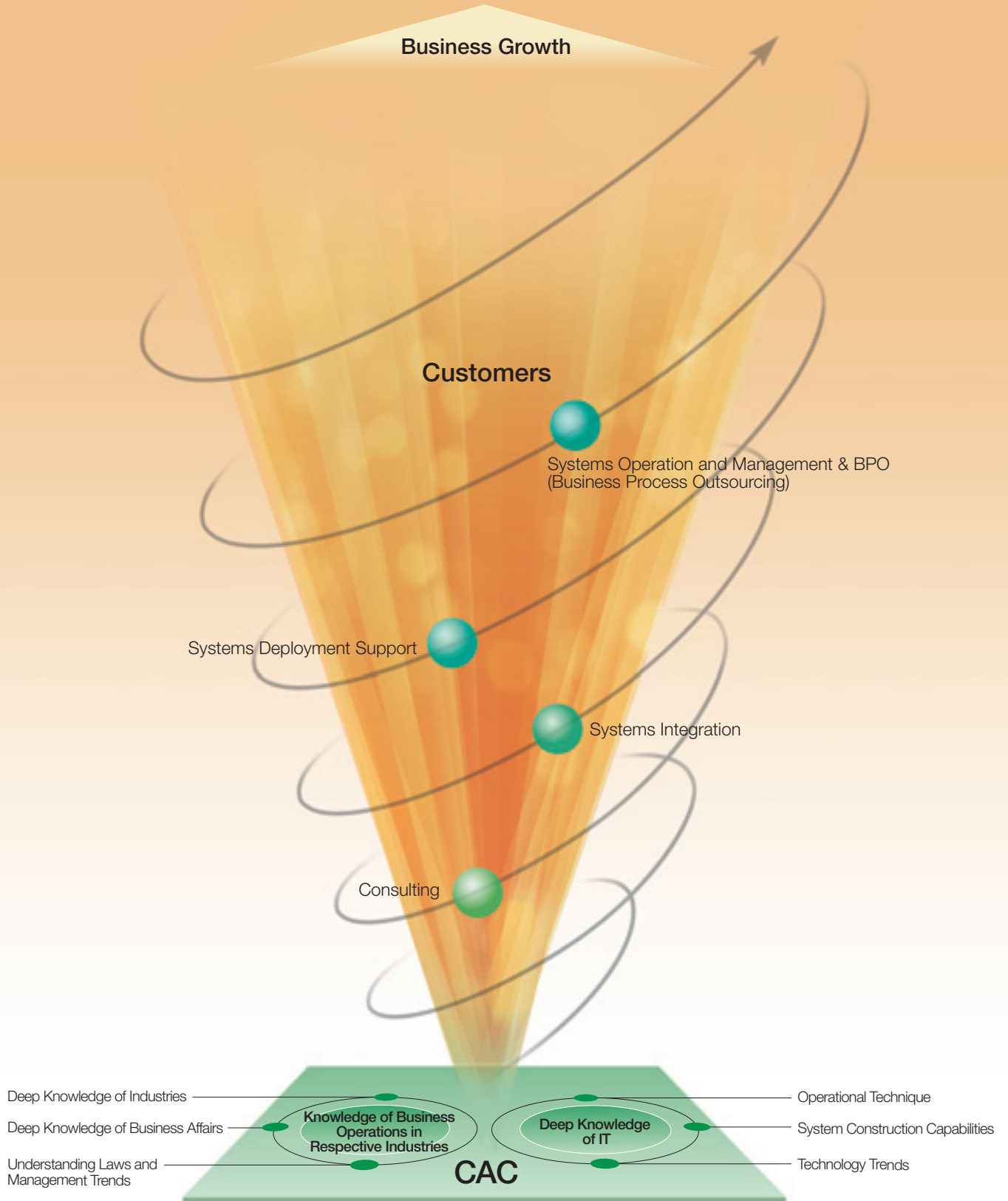




Business Technology Company, CAC

## Ongoing Support for Enhancement of Customer's Corporate Value



Since 1966, when CAC was established as Japan's first independent software development company, our business has steadily grown and prospered on a foundation of IT services, ranging from IT implementation strategies and system construction to operation and management, involving more than 10,000 projects. As a vendor-neutral company operating independently from computer manufacturing companies, CAC serves as a prime contractor that is able to propose the best possible systems for our customers. The breadth of our experience has given us a deep understanding of our customers' business operations, and we have gained extensive knowledge of industry-specific ventures, areas of expertise, and laws and regulations, giving us advantages that set us apart from the competition. We particularly excel in the financial service, pharmaceutical, and food service industries, where customers highly value the results we can deliver based on our strengths.

Another advantage is our consistent service encompassing system operation and management based on a structured methodology, reaching beyond consulting and system construction.

The challenges of the system and business processes we identify through our operation and management services drive us to develop fresh approaches for both improving existing systems and proposing next-generation systems. Ultimately, these services are essential for contributing to the sustainable growth of our clients.

The corporate management environment faces rapid and dramatic change, from an aging society with decreasing fertility rates to the broadening reach of deregulation and intensifying international competition.

Companies that seek continued growth must effectively adapt to these changes and constantly strive for innovation in management for a more competitive corporate structure.

How can the CAC Group become a powerful business partner for our customers? One answer is to transform into a Business Technology Company that is capable of developing proposals that improve our customers' corporate value and applying information technology to put these proposals into practice. CAC is not a conventional IT business specialist who simply addresses immediate customer concerns; our full range of services, from proposal to operation and management, allows us to provide a level of support that exceeds customer expectations.

Therefore, we should recognize IT as a primary resource for enhancing both the businesses and the corporate value of our customers. Defining our role in this way enables us to consistently surpass customer expectations and brings us to the table as an essential partner in their ongoing growth. This is the goal of the CAC Group.

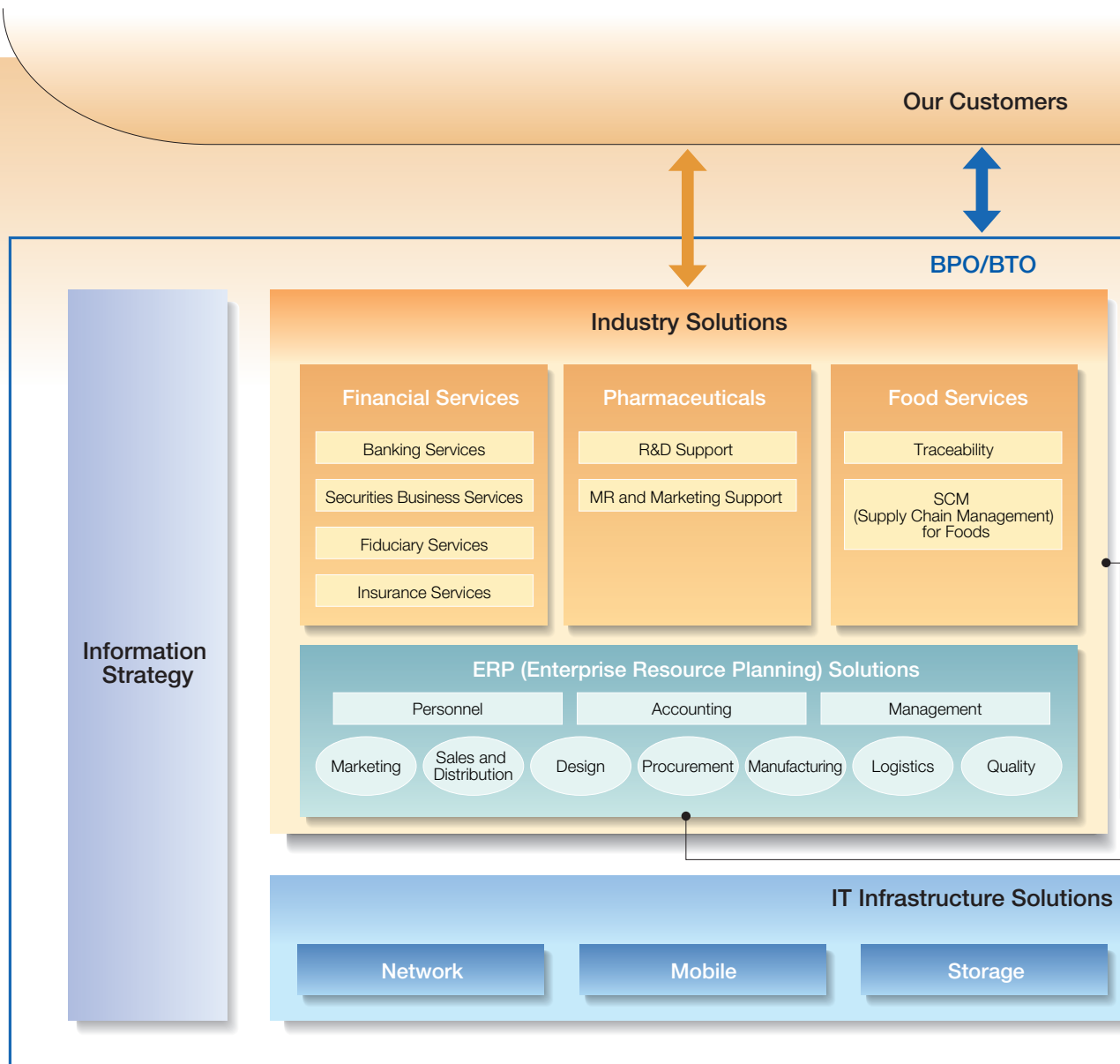
We will constantly strive to grow and change in order to seize a substantial competitive advantage in our fields of specialization, never becoming complacent with our traditions or past accomplishments. Moreover, we will fulfill our corporate responsibility to every stakeholder and to society as a whole by intensifying our corporate compliance efforts by developing human resources to serve as leadership in the next generation.



Message from the President and CEO  
Toshio Shimada

## Becoming a Business Technology Company that contributes to improving the corporate value of our customers

As a strategic partner for our customers, we offer future-oriented solutions while continuing to support improvement in corporate value

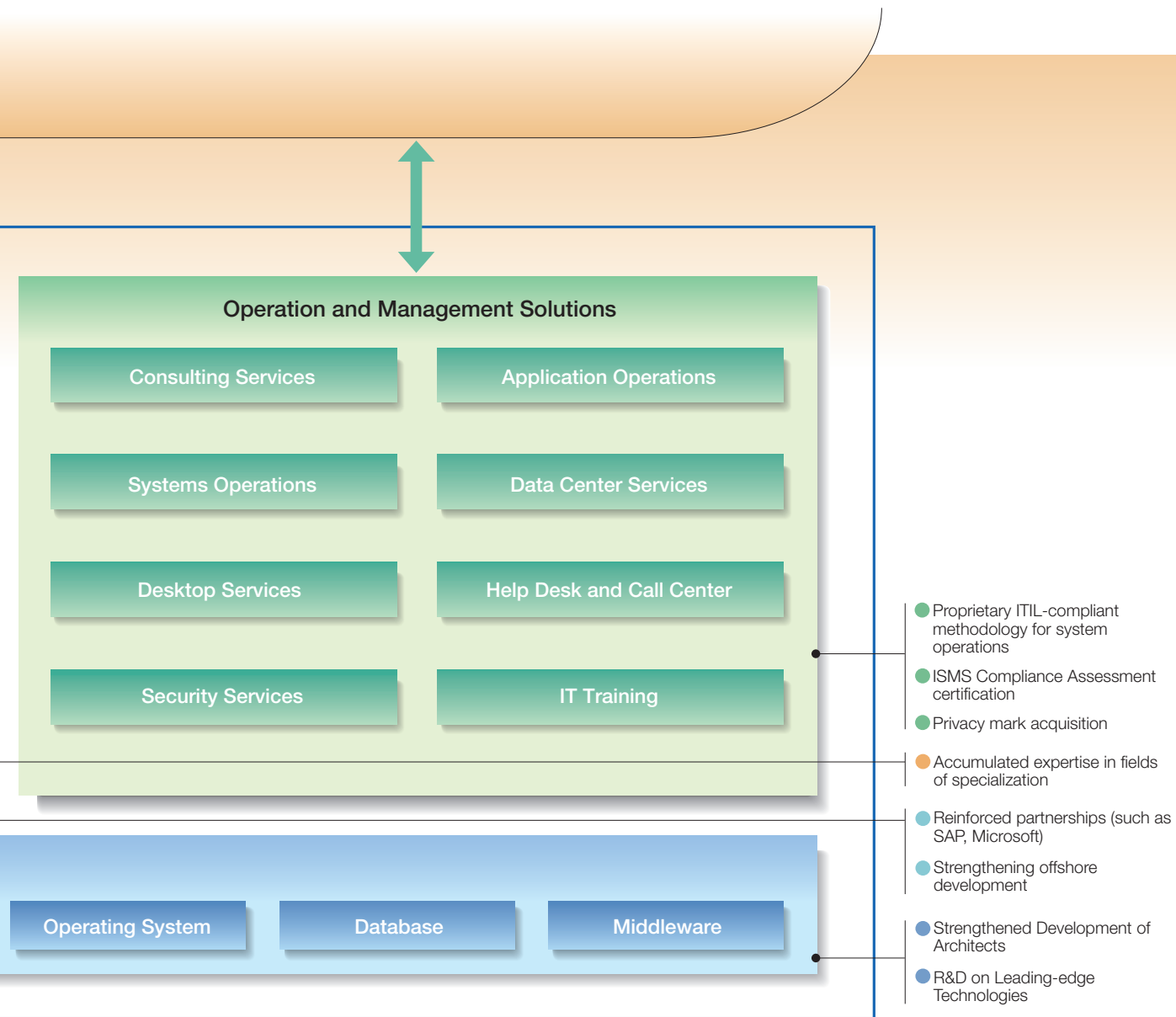


**CAC proposes solutions that capitalize on business trends.**

Dramatic change in the corporate management environment is readily discernable when looking at the impact of consumption in an aging society with decreasing fertility rates, the ongoing progress of deregulation, intensifying international competition, and growing concerns for compliance and corporate governance. CAC will contribute to the growth of our customers' businesses, now and for the future, by proposing future-oriented solutions focused on emerging trends in related industries and across the world.

**CAC contributes to raising the corporate value of customers.**

CAC offers customers advanced business and service models, from the perspective of the marketplace, in light of the evolving competitive landscape and constructs information systems to support the implementation of these models. We assist in raising the corporate value of our customers by providing solutions that directly impact the reforming of their earning structure and help prepare customers for the changing times.



**CAC meticulously responds to industry-specific challenges.**

CAC's extensive experience in addressing various customer challenges as an independent system integrator has given us thorough knowledge of customer businesses as well as industry-specific business knowledge and an understanding of related laws. We are particularly well-staffed with experts in the financial, pharmaceutical, and food service industries. Our meticulous contributions utilize this experience and have been highly valued by customers.

**CAC supports customers' business continuously by consistent advancement through operation processes.**

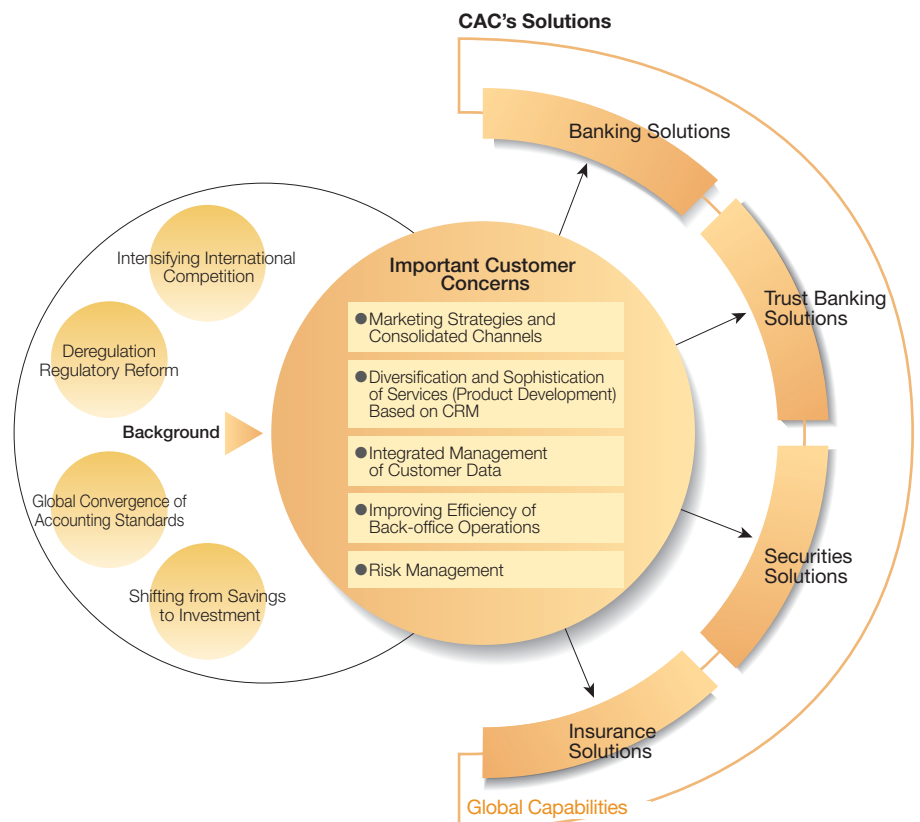
CAC offers complete solutions that extend beyond consulting and system construction to include efficient, reliable system operation and maintenance through consistently applied methodologies. Drawing upon our track record in resolving a wide range of issues along with our expertise gained from systems operations, we are able to, not only recommend improvements in existing systems, but propose next-generation systems as well. Our approach will constantly evolve to ensure continuous support for our customers' businesses.



## Drawing upon a rich and extensive history of knowledge and expertise to present solutions for sustaining the global operations of financial institutions

In the 40 years since its founding, CAC has established an impressive track record in financial information systems, primarily related to international business, pensions, and securities. Not only have we pursued technical expertise, we have also sought to acquire and accumulate a solid foundation of knowledge about our customers' business operations, working with them from the initial stages of planning and design to develop ideal, fully integrated systems. Furthermore, we strive to provide solutions that more thoroughly enhance customer operations by including maintenance services and addressing structural changes that may follow in the wake of the introduction of system operations. Now that the resolution of bad debt and industry restructuring have settled into a period of relative stability, financial institutions in Japan are aggressively pursuing strategies for the next stage of growth, including more innovative financial information systems. For example, financial system reforms have

opened up competition in products and services among such business sectors as banking, corporate securities, and insurance. Flexible information systems are indispensable for gaining a competitive edge by enabling a financial institution to quickly release new financial products and services, develop multiple sales channels, and ensure the integrated management of customer information. The effective application of information technology to internal controls represents another significant challenge for customers. Furthermore, megabanks have launched large-scale IT investments to secure world-class competitiveness. CAC will continue to adapt its organizational structure to swiftly and appropriately address the diverse needs of financial institutions and present solutions for strengthening customers' marketing efforts and streamlining their back-office operations, thereby contributing to the enhancement of their corporate value.



## Banking Solutions

Offering system solutions for flexibly responding to diversification and sophistication in banking services

Deregulation is driving the expansion of products and services offered by banks, which are focusing on one-stop services to meet the diverse needs of their customers. Advanced IT functions, such as CRM systems, are essential for quickly delivering the ideal products for each customer from their rich product line. In addition, such systems must be flexible and scalable to swiftly and appropriately adapt to institutional reform and deregulation.

CAC is responding to these advanced needs through the construction of systems that select the most effective architectures and components for realizing the necessary flexibility and scalability. Moreover, services provided by our overseas offices, located mainly in North America, Europe, and Asia, assist megabanks in developing their worldwide ventures.

### Major Systems Development Accomplishments

- Deposit Operation Systems
- Loan Operation Systems
- Foreign Exchange Systems
- Domestic Exchange Systems
- Foreign Securities Systems
- Global Investment Banking Systems
- Securitization Systems
- Dealing Systems
- Interest Rate Swap Systems
- Off-balance Systems
- Global Trading Information Systems
- Value at Risk Calculation Systems
- Integrated Risk Management Systems
- Systems for OTC Sales of Government Bonds
- Municipal Bond and Corporate Bond Systems
- Finance and Accounting Systems
- Office Work Statistics, Cost Accounting, Profit Management
- Sales Support
- Sales Support Systems for Overseas Branches
- External Connectivity Systems
- Firm Banking Systems
- Electronic Banking Systems

## Trusts Solutions

Promoting system architecture that is flexible and scalable enough for more complex, advanced pension systems

The environment surrounding pensions has been dramatically changing over the past several years. Following the start of qualified retirement pension plans and defined benefits pensions, new types have emerged, such as total remuneration systems, new corporate pension schemes, and cash balance pension plans. Information systems that excel in flexibility and scalability are in demand to manage these increasingly complex, diversified pension systems.

CAC has applied its skills to develop and provide information systems for the trust sector, and particularly, for pension products. We have offered solutions for all pension services, including pension administration, pension actuary, pension plan accounting, and pension investment.

For example, under commission from a major trust bank, CAC has used

a .NET platform to achieve the creation of one of the largest pension management system in Japan, with the flexibility and scalability to easily adapt to system changes. This system received high recognition and is being implemented by other banks as well.

### Major Systems Development Accomplishments

- Pension Operation Systems**
  - Participant Administration Systems
  - Beneficiary Administration Systems
  - Pension Payment Systems
  - Pension Actuarial Operation Systems
  - Pension Asset Management Systems
  - Pension Asset Investment Systems
  - Pension Fund Management Systems
- Others**
  - Fiduciary Asset Management Systems
  - Sales Support Systems
  - Currency Overlay Management and Administration Systems

## Securities Solutions

Comprehensively supporting advances in the securities business by constructing a new system for responding to institutional reforms

CAC initiated the T+1/STP Study Group to identify the institutional and customer needs prior to the reform of the securities clearing system. This effort resulted in developing the T+1/STP response system for major securities companies and a clearing system for exchanging information. With respect to transfers of investment trusts and electronic stock certificates, we are prepared to extend our support beyond the range of services afforded by typical systems integrators to provide comprehensive support encompassing the organization of institutional requirements, planning, and the defining of system requirements, as well as system development, maintenance, and operation.

### Major Systems Development Accomplishments

- Securities Operations**
  - Stock Order Placement and Execution Systems
  - Futures and Options Operation Systems
  - Online Securities Execution Systems
  - Securities Systems for Overseas Branches
  - Securities Company Back Office Systems
- Services for Securities Clearing and Settlement System**
  - Securities Exchange Clearing Systems
  - Verification and Settlement Systems
  - Account Management Institution Systems
  - Issue Payment Agent Systems

## Insurance Solutions

Leading the industry in the development of information systems utilizing our wealth of knowledge in the insurance and non-life insurance fields

CAC has steadfastly provided a wide range of support for the insurance sector, from the organization of business system requirements to design, development, maintenance, and operations. In life insurance, we have taken the lead in systems development that requires advanced operational knowledge, such as actuarial operation and systems development to support sales representatives doing insurance calculations.

In non-life insurance, we have for many years engaged in system development and maintenance related to administering a range of

operations, from insurance policy applications processing to procedures for the expiry of insurance terms, and we have consequently accumulated a wealth of specialized knowledge in this field.

### Major Systems Development Accomplishments

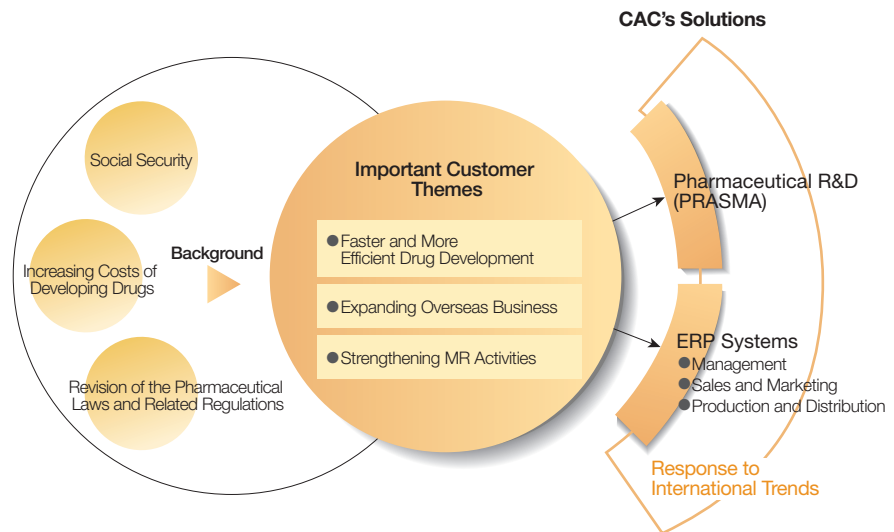
- Insurance Operation**
  - Life Insurance Policy Management Systems
  - Life Insurance Sales Support Systems
  - Non-life Insurance Policy Management Systems
  - Non-life Insurance Policy Premium Management Systems
  - Non-life Insurance Sales Performance, Agent Management

## Promoting advanced solutions that support globalization and progress in the pharmaceutical industry

The pharmaceutical industry in Japan today faces enormous challenges, such as social security reform, including medical service fees and drug pricing, as well as intensifying competition with pharmaceutical giants based in Europe and North America. Consequently, the trend toward industry-wide reorganization for survival is accelerating.

Therefore, every pharmaceutical company is taking a number of actions, including: strengthening the structure and improving the performance of R&D to expand the pipeline for new medications; reinforcing the efforts of

medical representatives (MRs); expanding overseas business; and responding to global regulation. In response to industry challenges, we have established an optimal system that consists of a team of specialists with ample experience and extensive knowledge of the pharmaceutical industry. Our broad spectrum of solutions ranges from R&D, production, sales, and distribution to personnel and accounting. Moreover, our service network extends overseas to support our customers' international operations as well.



### Encompassing all phases of pharmaceutical R&D

CAC provides PRASMA (Pharmaceutical Research Advanced Solutions and Management), which represents a comprehensive solution encompassing all five phases of pharmaceutical R&D, featuring expendability to support the system integration opportunities that may arise in the course of mergers involving domestic and overseas companies, as well as also supporting a high level of security.



### Total support for ERP

We offer complete solutions that improve operations by addressing the mission-critical tasks of the pharmaceutical industry, such as management, sales and marketing, and production and distribution. CAC's proprietary solutions, such as support for MRs and marketing, contribute to strengthening the sales and marketing of pharmaceutical companies.

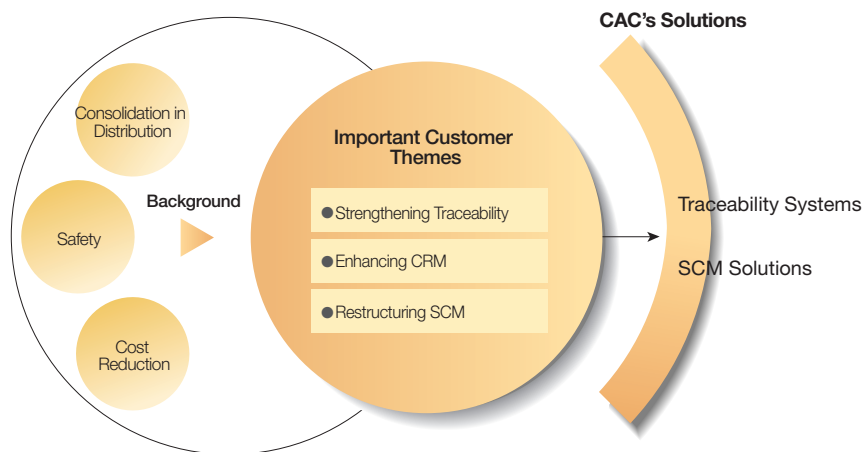




## Offering comprehensive SCM solutions for the reengineering of the food services industry

The food services industry is confronting a number of challenges associated with the maturing domestic consumer market, the domination of retail business by convenience stores and large retailers, and the increasing bargaining power of distributors and retailers driven by mergers and acquisitions. Food safety concerns are also rising due to problems like BSE. In

this context, food manufacturing companies face significant issues, such as the need to develop more attractive goods, expand into fields including health food, establish traceability systems to ensure food safety, reduce costs through supply chain management, and lower sales promotion expenses.



### Complete support to food manufacturers for constructing SCM systems

CAC offers a total SCM solution that includes traceability and fully supports comprehensive consulting; construction, introduction, and operation and management services; and reengineering and the changing of worker

attitudes. Our services also extend into direct marketing to bridge information gaps with retailers and solutions for improving the effectiveness of mass marketing.

## ERP Solutions



## Delivering broad IT solutions for enhancing the promotion of customer businesses

In today's rapidly evolving business environment, corporations must integrate and manage diverse management information through the strategic deployment of IT, while improving overall management performance. In response to the times, CAC provides IT solutions to boost the performance

and effectiveness of corporate management in every business setting, such as: value chain management, encompassing design, procurement, manufacturing, sales, and distribution; corporate management, including personnel and accounting; and information management, through an enterprise information portal.

### Installations of SAP ERP, the most widely used ERP system on the market

Capitalizing on its 40 years of experience in the development and operation of enterprise information systems, CAC has developed a practical method for introducing SAP ERP that

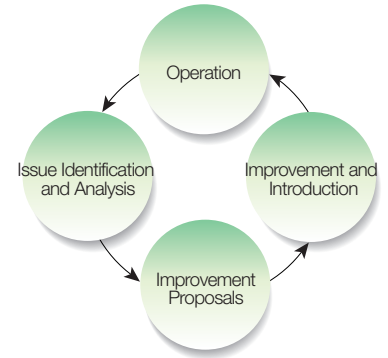
has made it possible to provide optimal implementation in a short period of time and at reasonable cost.

# Contributing to sustainable growth through a structured approach to systems operation and management services, as well as business process outsourcing

## Concept

### Raising the corporate value of our customers through future-oriented operation and management services

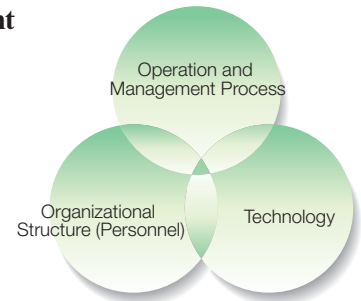
An information system demonstrates its true worth under actual business operations. Therefore, CAC's operation and management solutions emphasize an accurate understanding of customer business strategies and operational characteristics. This approach leads to optimized systems operations that meticulously address customer needs and timely respond to the evolving business environment. Moreover, through this involvement, CAC is able to propose future improvements by identifying process issues, a capability that is also a big part of CAC's systems operation and management. Consequently, we aim to strengthen customer competitiveness and corporate value, utilizing proactive systems operations that focus on the next step, which is CAC's fundamental operation and management solution.



## Approach

### Systematization and standardization of expertise in operation and management

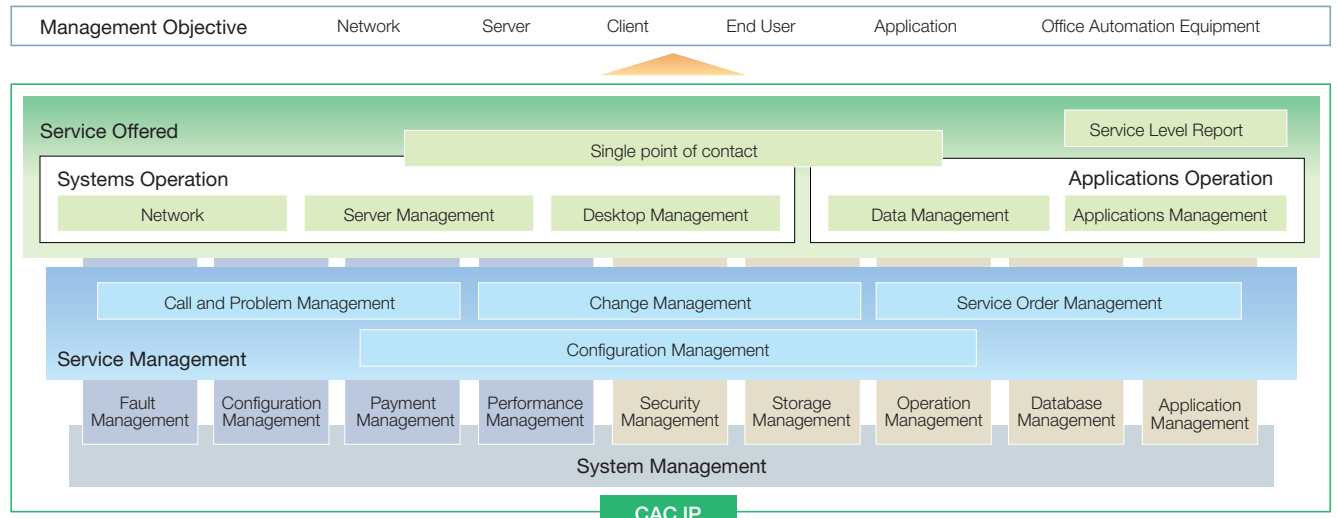
CAC constructs systems operation and management structures from three perspectives: the operation and management process, including operational procedures and management standards; the technologies to sustain the process, such as related tools; and the organizational structure for executing the process. CAC-IP, our unique systematized expertise in operation and management, is the foundation of our methodology. Operations are safe and efficient as a result of applying CAC-IP as the standard to all areas of our operation and management business.



## Operation and Management Methodology

### Establishment of an ITIL-compliant methodology for operation and management

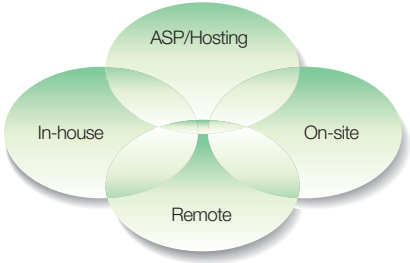
ITIL (IT Infrastructure Library), which was compiled by a British organization to capture the best practices in systems operation and management, has been accepted as an international standard. CAC has monitored ITIL from early in its history and had drawn from it for the development of CAC-IP to enhance the quality of our service.



## Service Lineup

### Outsourcing services to meet all customer operations needs

CAC's operation and management solutions encompass a wide domain, from the operation of PC servers to mainframes and networks. We meet all customer needs related to application operation, including monitoring services, infrastructure systems operation, application management of operation systems, IT training, and security management. Service delivery options span the on-site, remote, and centralized modes.

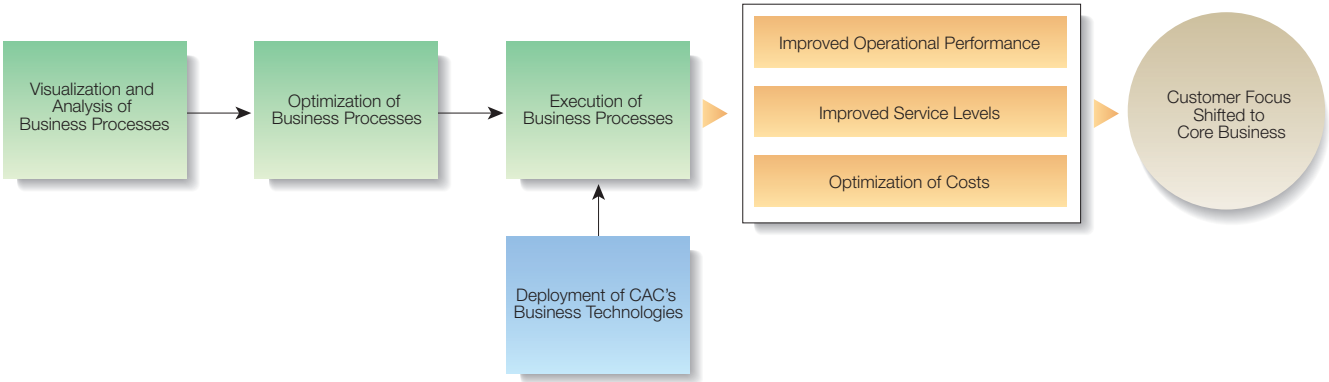


<p><b>Operation Consulting</b> Operation process improvements through our extensive knowledge of operation and management</p> <p><b>Systems Operation</b> Systems operation services for managing mainframes, networks, and servers, to ensure stable, 24/7 operation of customer information systems</p> <p><b>Application Operation</b> Operation services with in-depth knowledge of both customer businesses and applications to ensure customers smooth implementation of their businesses</p> <p><b>Desktop Services</b> On-site user support, from introduction to upgrades and troubleshooting for both hardware and software</p>	<p><b>Data Center Services</b> A variety of services related to infrastructure, circuits, and disaster recovery in cooperation with NTT Communications Corporation</p> <p><b>Help Desk and Call Center</b> Call center and help desk operation support for customers, from consultation to introduction and operation</p> <p><b>Security Services</b> Security environments that correspond to the degree of associated risk, including system introduction, security policies, and support for the establishment of security measures, as well as vulnerability scanning and server monitoring</p>
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## BPO (Business Process Outsourcing)

### BPO services that improve customer operational performance and services

CAC promotes business process outsourcing (BPO), in which we take full charge of the operations and systems that are necessary for customers to execute their businesses. Extending beyond the simple outsourcing of operations, our BPO takes full advantage of the technologies, IT expertise, and operational experience we have gained over the years to optimize and visualize customer operational processes and contribute to improved operational efficiencies and service levels.



## Enhancing future performance by delivering multilateral support for customer growth

### The Goal of Group Management

#### High-Quality IT Services Overseas

##### Empowering customer's overseas development

With the steady acceleration of economic globalization, the CAC Group has positioned itself to reach beyond Japan into overseas markets in North America (New York), Europe (London), and China (Shanghai and Soshu), forming a quadrilateral structure for supporting customer's IT utilization. We are particularly focusing on expanding our support system in China, where demand for IT services has rapidly developed alongside the country's fast-growing economy over recent years. Looking ahead, we will further strengthen cooperation among the four poles of our network, toward achieving higher quality and added value.

#### Reinforcing Offshore Development Organization

##### Striving to optimize the speed and cost of development

In order to meet customer expectations for reduced costs and faster development, CAC has endeavored to increase production capacity through overseas outsourcing. Our current top priority is strengthening our offshore development organization in China.

CAC has taken steps to standardize operation and development processes across Japan and China, while establishing the Bridge SE\* system. Moreover, we intend to further bolster our organization by increasing the number of local experts, stepping up our efforts in Japanese language education, and improving skills through internships nationwide.

\* Bridge SE: An engineer who possesses IT skills along with a strong understanding of the languages, cultures, and business customs of two countries, and who is therefore capable of assuming a role in promoting smooth project development



## Research and Development Activities

### **Planting the seeds of new technologies and greater added value**

Under our goal of creating new technology seeds and greater added value, we actively pursue R&D.

#### **Ubiquitous Technology**

We live in a ubiquitous information society with a great many telecommunications devices incorporated into our work and personal lives, allowing us to receive and transmit information anywhere, anytime. CAC is conducting R&D of ubiquitous technology, part of which has already been commercialized.

##### **(1) Sensor Network Technology**

CAC is engaged in activities for the collection of data via numerous compact wireless sensor devices and the processing and application of those data. A specific example of this is our system for monitoring office meeting room availability. This system has already been commercialized.

##### **(2) Data Stream Management System**

Our data stream management system (DSMS) is a technology that continually analyses a constant flow of data such as sensor data, information on share prices and exchange rates, and network access logs, and performs real-time processing of these data. Through cooperation with American venture companies and other measures, our company is applying this system, and is already producing and marketing Japanese language versions of software designed to assist in the monitoring of inappropriate network transactions.

#### **Ambient Intelligence**

Ambient intelligence is technology that provides various types of user support tailored to meet the circumstances of each user through intelligent processing of data gathered from telecommunications devices used in personal life and office environments. Building on the results of ubiquitous technology research conducted to date, such as sensor networks, CAC is promoting research in this field.

## Focusing on human resource development and corporate governance to ensure continuous growth along with our clients

### Human Resource Development

#### **Cultivating human resources with extensive technical and operational knowledge and superior service capabilities**

Providing IT solutions that deliver complete customer satisfaction requires human resources with extensive operational knowledge and communication abilities, as well as an uncompromising desire for self-improvement and an attitude to sincerely respond to customer requests, in addition to the highest levels of technical skill. CAC's employee training and development efforts are designed according to staff level and career goals, and cultivate extensive technical and operational knowledge as well as superior customer relations skills. We also regularly dispatch employees to overseas research institutions to promote joint studies. Beyond improving technical skills and knowledge, we also strive to ensure ethical conduct and legal compliance through our training efforts.



### Corporate Governance

#### **Emphasizing management transparency and compliance to fulfill our corporate social responsibilities**

CAC recognizes that the foundation of corporate governance—one of the top issues facing management—is the achievement of improved management performance, incorporating sound principles and transparency. Therefore, we appoint a board of directors once a year to renew shareholders' confidence. We also appoint outside directors and auditors to solicit constructive opinions on management issues and to more effectively respond to changes in the business environment from an external perspective.

With respect to compliance, we have developed a comprehensive compliance manual, including general concepts and action guidelines, to increase the awareness of officers and employees related to these issues and to ensure that regulations concerning daily business operations are followed.





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