

Toward the early realization of **Vision1000**: Creating added value as one team

Hideki Kaneko

Representative Director, President and CEO
Simplex Holdings, Inc.



A solid sense of progress gained from adversity

FY3/25, the first fiscal year of our Medium-Term Business Plan (MTBP2027), began under challenging circumstances. A large-scale project in the insurance field was cancelled, and as a result, both revenue and operating profit for the first half fell short of our initial forecasts. As CEO, I responded by working in close coordination with employees on the frontline to swiftly grasp the situation, manage risks, and lead an all-hands effort to recover performance. Ultimately, the project in question was brought to a close through a mutually agreed termination with the client, resolving the series of pending issues and enabling us to focus fully on business execution from the second half onward. As a result, for the full year, revenue significantly exceeded our initial forecast, and operating profit ended the year ¥200 million above expectations.

This past year can clearly be characterized as one in which the first half was dedicated to “laying the groundwork,” while the second half marked a “shift to offense.” We were once again reminded of the solid and resilient demand for digital transformation (DX), where we identify complex challenges faced by our client companies through consulting and put in place technology solutions. In particular, it was a year in which we strongly felt that increasing production capacity in our operating environment led directly to revenue growth. Having overcome this difficult phase and achieved a recovery, we as a Group have gained a renewed sense of confidence. I believe that for both myself and for each of our employees, it was a year in which we experienced first-hand the satisfaction of growing by turning adversity into a source of strength.

Lessons from the insurance project and rebuilding our strategy

The cancellation of the large-scale project in the insurance field was an event that made us keenly aware of the weight of management decisions, and it became a major turning point for us to fundamentally review our strategy and organizational structure.

Since 2013, our Group has been engaged in the insurance business in the front-office domain, primarily through online sales, and has developed systems for several life and non-life insurance companies. At the time of our re-listing in 2021, we had a client base of around 10 companies, and while expanding our coverage into the back-office domain, including contract management, we had been making full-scale investments under a strategy of turning the insurance field into a pillar of growth.

The project that was ultimately cancelled was an extremely challenging one involving a complete overhaul of legacy systems in a back-office domain in the insurance field. The scope of work was extensive, and the specifications of the existing systems had become increasingly complex. Moreover, at the client company, only a limited number of people understood the operational history and structure of the systems, making it difficult to gain a comprehensive understanding of the status quo (a prerequisite for the project). In our haste to expand within the insurance field, I cannot deny that it was my own decision to proceed without adequate preparation in terms of organization and personnel.

These individual difficulties also stem from structural issues shared across the insurance industry. Due in part to the effects of past consolidations and reorganizations, it is often the case that in-house knowledge of legacy system operations and design has not been properly passed down, making it difficult for companies to grasp the full picture of their business operations. In such an environment, it is essential to have a structure in place that can provide support from the stage of carefully visualizing and organizing current workflows. Taking these lessons to heart, we are rebuilding our strategy for the insurance field from the ground up.

Starting in FY3/26, consultants from Xspear—our Group’s internal consulting firm—will be stationed at client companies to focus on visualizing and organizing operations related to legacy systems. Building on this, when the need for new system development arises in future, Simplex will take full responsibility for implementation, establishing a structure that provides seamless support from planning through to operation, under a clear division of roles. In addition, we have integrated repeat orders and operational services for existing clients into Simplex’s Financial Retail business area to enhance organizational efficiency, while also consolidating related IR disclosures.

We have renewed our focus on the insurance field because it remains a highly attractive market. The scale of IT investment in the insurance sector surpasses that of market-related front-office operations in the securities and banking industries, which have been our Group’s primary battleground to date. It is also a domain where system responses will continue to be required in line with regulatory changes and societal demands. For that very reason, by applying the lessons of the past and building a structure capable of reliably delivering value, we will once again aim for growth in this field.

Expansion into non-financial domains

Our Group has regarded the period since the MBO in 2013 as our second founding phase and has actively driven the expansion into non-financial domains. Since our re-listing in 2021, Xspear has been at the center of these efforts, working to extend the strengths we have cultivated in the financial domain to other industries through strategy and DX consulting.

These initiatives not only address the solid and resilient demand for DX, but have also laid the foundation for expanding the value we provide to a broader range of industries. In fact, in the second half of FY3/25, the accumulation of projects—including those in non-financial domains—was one of the factors that supported our Group’s recovery in performance.

We now do business with approximately 120 companies, but what we place importance on is not simply expanding the number of clients, but building relationships in which we are trusted as a strategic partner. Our aim is to consistently deliver added value that exceeds expectations and to become a true strategic partner in every sense. By approaching both non-financial institutions and previously hard-to-reach departments within financial institutions, Xspear takes the lead in upstream processes such as issue identification and concept development, while Simplex can provide solutions in situations where specific technology is required. This complementary relationship is steadily expanding growth opportunities for our Group as a whole.



Management rooted in the frontline

My management philosophy can be described as an extension of a “player manager” approach. Rather than focusing solely on management and leaving everything to the frontline, I believe my strength lies in maintaining a close connection to on-the-ground realities and becoming deeply involved when necessary. Compared with a typical company, this could be seen as being too hands-on with frontline operations, but this reflects my passion and sense of responsibility as a business leader.

Above all, I find deep fulfillment in building teams and sharing in the process of achieving a common goal. We set an imaginary rival, share with the team the challenges our client companies face and the goals they aspire to, and then work together to craft a story toward realizing that vision. I am convinced that the exhilaration and shared sense of accomplishment when goals are reached are what strengthen organizations and serve as the driving force for developing people.

As the leader of a listed company, I consider it one of my most important responsibilities to earn the trust and support of three key stakeholders: our shareholders, our client companies, and our employees. I aim to deliver sustained growth in corporate value to our shareholders, to be a partner our clients can rely on even in difficult times, and to provide an environment where employees can grow and feel a sense of pride in their work. I constantly ask myself whether I am truly earning the confidence of all three as I carry out my duties.

When selecting a successor to lead the Group in the future, I place the greatest importance on whether that individual can earn the trust of all three stakeholders. Regardless of how strong their track record or expertise may be, the most important quality for a future leader is the ability to sincerely engage with the perspectives and expectations of shareholders, client companies, and employees. That, to me, is the essential attribute of someone capable of sustaining the management of our Group into the future.

Strengthening human capital

One reason the Group has been able to continuously generate added value is the presence of “hybrid talent”, personnel well-versed in both business and technology. Rather than seeking such talent externally, we have focused on hiring high-potential individuals and developing them internally. This approach has built the foundation for a professional organization capable of delivering reproducible value.

For such talent to fully demonstrate their capabilities, it is essential to have an environment that respects each individual’s creativity and draws out their strengths. Therefore, our Group has introduced a “Commitment Style” system. Employees above a certain grade select one of three working styles—Style α, Style β, or Style γ—discuss their choice with their team in advance, and then carry out their duties accordingly. Style α is a flexible approach that adapts working hours to the needs of the project; Style β assumes, in principle, approximately two hours of overtime per day; and Style γ assumes, in principle, no overtime. None of the styles is considered superior or inferior, and all are evaluated fairly based on results and contribution. This system enables employees to choose a working style that suits their values and life stage, align mutual expectations with their teams, and perform at a high level.

We are also focused on fostering an environment that encourages employees to take on new challenges. In the technology domain in particular, we have cultivated a culture of exploring the potential of new technologies and solutions. Employees who demonstrate independent thinking, market awareness, and a clear vision can secure R&D funding and support to bring their approved proposals to life. In addition, with the launch of Xspear and the expansion of our business areas, internal mobility across the Group has increased. Employees who have honed expertise in the financial domain are redefining their skills and value by moving into new areas and achieving further growth.

These multifaceted initiatives support each employee’s ambition and self-directed growth, while respecting their freedom in choosing a career path. At the same time, they foster a culture of proactive value creation and management-oriented thinking. We believe that creating this kind of environment is a solid foundation for supporting our Group’s sustainable growth. Professionals who identify with our 5 DNAs as a code of conduct—and who find meaning and motivation even in the face of difficulty—embody the kind of people the Simplex Group aspires to cultivate.

Toward the early realization of Vision1000

Under MTBP2027, we are targeting revenue of ¥60 billion and operating profit of ¥15 billion by FY3/27—and the likelihood of achieving these targets through organic growth alone is steadily increasing. Taking this situation into account, from FY3/26 onward we will begin a new challenge: how to accelerate the realization of Vision1000 (our long-term growth strategy aiming for revenue of ¥100 billion, with a current target timeframe in the early 2030s).

By the time Vision1000 is achieved, we aim to have raised our operating profit margin from 22.8% in FY3/25 to 30%. To that end, we will curb the SG&A ratio, increase the share of revenue from high-margin strategy and DX consulting, and, looking ahead, also explore the creation of business models with lower labor intensity.

Another key to realizing Vision1000 will be increasing the number of clients with annual revenue of around ¥5 billion. Moreover, both before and after achieving that milestone, we are also eyeing a new challenge: securing multiple clients with annual revenue of around ¥10 billion. In addition to expanding our client base, we will also strengthen strategic partnerships with leading companies across various industries, in line with our Group’s DNA: “If we enter a new domain, we will aim to be the leader in that domain.”

We also intend to actively leverage M&A as an effective means of shortening the timeframe for realizing Vision1000. While we have previously limited ourselves to minority investments, going forward we will proactively pursue M&A opportunities, including acquisitions and business integrations. In doing so, we will place the highest priority on cultural fit, carefully identifying partners who will support the expansion of our business domains.

Achieving Vision1000 is not simply about reaching a numerical target for expanding business scale; it signifies our aspiration to become a socially influential force and a game changer across diverse industries in the DX era. Given our high profit margins, we believe that achieving ¥30 billion in operating profit would carry an impact comparable to that of a company with revenue of around ¥300 billion. With this in mind, we are also committed to pursuing every growth initiative possible toward the early realization of Vision1000.



Annual General Meeting held on Saturday, Jun 14, 2025

From entrepreneur to business leader

In our previous Integrated Report, I stated that only when we could consistently generate ¥10 billion in operating profit would I consider I had made the leap from entrepreneur to business leader. Achieving this milestone for the first time in FY3/25 served as a renewed confirmation of our Group's capacity for sustainable growth and the strength of our management foundation.

I personally regard this achievement as merely a waypoint. It is true that the business I launched as an entrepreneur has grown into an organization capable of consistently delivering value to society—but our journey is far from over. As we move forward from here, we will set our sights even farther and aim even higher.

Realizing Vision1000 is not merely about expanding our business performance. It is a challenge that will test our true worth as a deliverer of innovation from Japan to the world. We will continue to deliver value sincerely to society and our client companies, and pursue sustainable growth together with our employees. By remaining steadfast in this approach, we will advance to the next stage of our growth.

Hideki Kaneko

Representative Director, President and CEO
Simplex Holdings, Inc.