Summary of QA in the results briefing for 1st quarter of fiscal year ending May 2020

Q1. I would like to ask you to share the sales contribution of Tokyo datacenter you opened that May and further updates of Osaka datacenter you will open in the future.

Our Tokyo region datacenter has very successful start. In fact the usage in our Tokyo datacenter is increasing higher than any other datacenters in the world.

Our customers are buying into our Autonomous database cloud, and they continue to run trials on our datacenter. And also a lot of customers are in the process of converting those trials to real use cases

On your second question about the Osaka datacenter, we expect it will open in Q3 of this fiscal year.

Q2. We can see your marketing expense has been higher. Please share your forecast for following quarters with us?

We had the opening event for the new data center in Q1. We don't see high add expense for rest of the year.

Q3. Your employee related cost increased in Q1. I would like to ask about your prospect.

The reason is same as in the past, we continue to invest in our sales headcount and our services headcount to enable to cloud adoption by the customers.

I don't expect it grows much higher than the rate seen today.

All of we are aware of conscious of our margins, we will continue to deliver the high margin.

Q4. I would like to ask about your pipeline status of your license sales by quarters this year.

We will continue to see ups and downs in our license business, we look at license business rolling four quarter basis.

We continue to see strong demand and strong pipeline for our license business, as also we see a lot of Japanese customers modernizing their systems. We are happy with our prospects this year.

Q5. New CEO has been appointed. Are there any changes in your operation which impact on your PL and BS?

We have the new CEO Kenneth Johansen, and our previous CEO Frank Obermeier continues to be associated with Oracle Japan in the capacity of the president. We are very happy with Frank Obermeier brought to the table last two years. Thus Kenneth Johansen will continue to work on the same strategy, and add or modify for requirements.

We have made sure of the business continuity, Frank Obermeier continues to oversee Oracle Japan.

Q6. The External contractor cost decreased. Please tell us about the reason of that decrease and your prospects.

Overall we see in full year is not much changed in our outsourcing expense. The reduction in Q1 is mainly due to the adjustment entry in Q2 last year. So I don't see any different trend of the outsourcing expense.

Q7. Please tell us about the demand for your Autonomous Database Cloud, and what kind of customers are increasing, customers shifting from existing cloud environment, from on-premise environment, or customers newly adopting cloud environment?

Our Autonomous Database cloud is very revolutionary product in the market. There is no other vendor who can provide autonomous capability. The Autonomous Database takes care of tuning by itself and security by itself. As a result, we see a lot of customer's interest in our Autonomous Database. This is all existing customers and new customers. We see a lot of our on-premise customers are slowly adopting Autonomous Database in the Cloud. As you may be aware that we recently announced the partnership with Microsoft and VMware, all of these will accelerate customer adoption of our Autonomous Database cloud.

Q8. Please tell us about your competition situation with SAP.
We believe we have the best ERP software on the cloud on the planet. Larry Ellison said last week that SAP hasn't started working cloud ERP software. They offer their on premise software hosted on the cloud environment. So we believe we are very strong position in terms of competition as far as ERP business concern. We are going to continue to gain market share in ERP cloud.

Q9. I would like to ask you about your ERP business situation of NetSuite and Fusion ERP respectively.

Fusion ERP and NetSuite are two of our products which are for different type customers. Fusion ERP is for midsize and larger size customers, and NetSuite is for small and medium size customers. We have clear market segmentation and two different sales forces to sell them.