

SaaS Annual Report

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2023-

2024

UB **V**ENTURES

SaaS is now a mature industry. Will it serve as infrastructure to support a depopulating society?

In spite of the decline in stock prices, SaaS businesses have continued to grow.

In 2024, Japan's top listed SaaS company exceeded JPY 30 billion in ARR (subscription revenue). Although many investors saw weak valuations and divested from SaaS, fundamentals demonstrate increasing strength. It is no exaggeration to say that SaaS has already become an established industry in Japan.

Growth drivers include multi-product offering and expansion of sales to large enterprises and SMEs. Leading SaaS companies pursuing the multi-product strategy are aggressively acquiring their peers, with the number of M&A deals reaching a record 16 in 2023.

In the enterprise domain, companies are providing more labor-intensive solutions, such as BPaaS (Business Process as a Service), which includes customizable ERP and consulting services, to meet the needs of large-scale customers that support higher unit prices.

SaaS itself is shifting its focus from quantitative change to qualitative change, and a new business ecosystem is forming around the evolution of major SaaS companies.

Moreover, a notable trend is the increasing number of vertical SaaS that tackle social issues in a uniquely Japanese context, rather than replicating models from the U.S. in a style coined "time-machine management." Japan has the fastest-declining population in the world, and labor shortage in legacy industries such as construction, manufacturing, and logistics, essential to our daily lives, has become a social issue.

As those legacy industries are faced with two choices: increase the workforce or improve productivity per worker, their expectations for vertical SaaS to boost productivity become even higher.

This report consists of three sections: "Overview" is a summary of the latest data on the SaaS market; "Vertical SaaS" provides an analysis of growth drivers in the rapidly growing vertical SaaS market; and "Depopulating Society" is a deep dive into key topics in a declining population.

With diverging macroeconomic trends between the U.S. and Japan, including the interest rate gap and demographic shifts, startups in the U.S. and Japan are beginning to go their separate ways. The future of SaaS in Japan does not lie in simply



Osamu Iwasawa

UB Ventures
Managing Partner & CEO

Under the theme of "Creating innovation in a depopulating society," Osamu leads startup investment and business growth support at the intersection of legacy industries and technology. Before joining Uzabase in 2011, he worked in equity research at Lehman Brothers and M&A advisory and turnaround management at Nomura Research Institute. As an executive officer of Uzabase, Osamu led business development and the overseas launch of SPEEDA, and was involved in Uzabase's IPO. After serving as Head of Asia business in Hong Kong, he returned to Japan and founded UB Ventures in 2018. He has an M.E. in Civil Engineering from Keio University.

following U.S. trends.

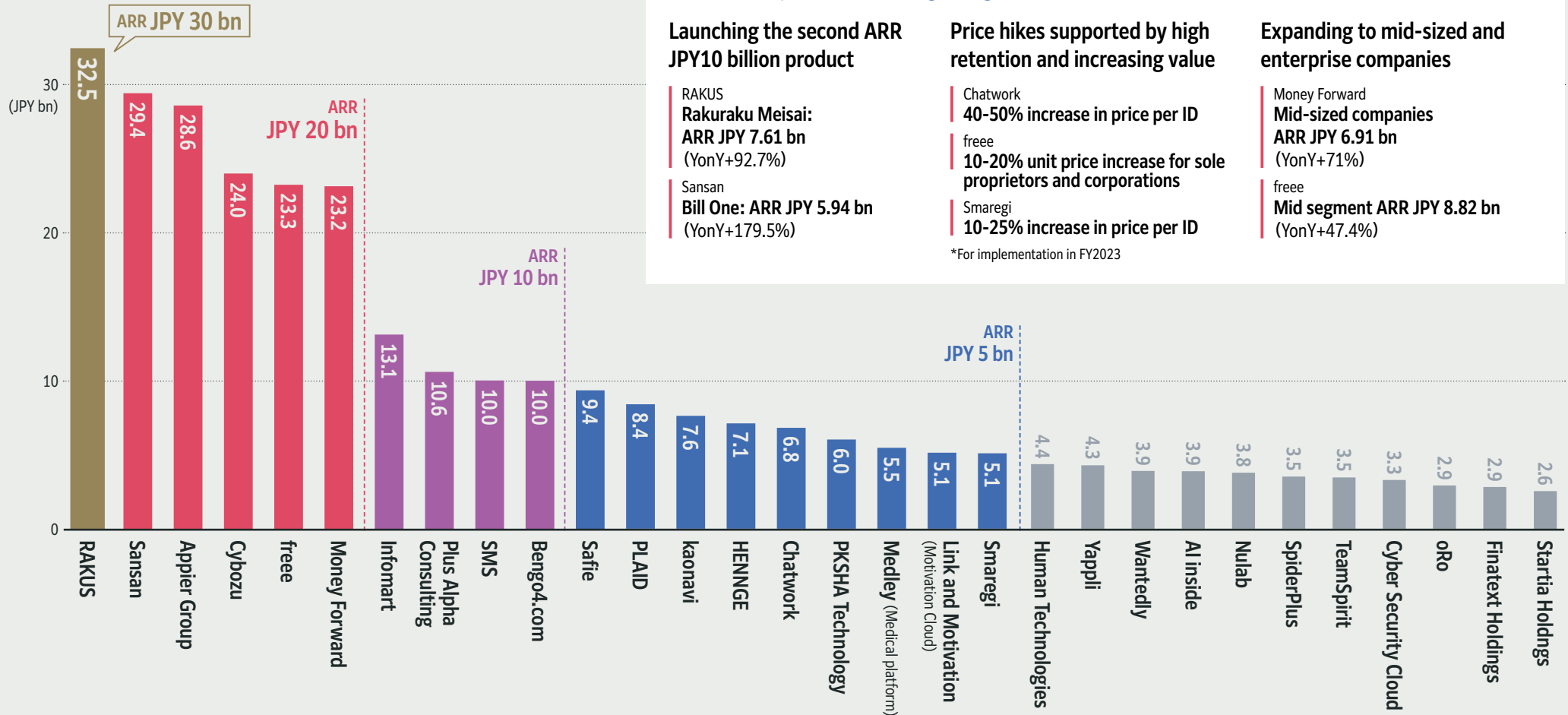
Japan's unique experience of population decline can also be seen as an advantageous opportunity. As other countries head towards depopulation, the world is watching to see what kind of innovations will take place in Japan. Hence, capturing this once-in-a-century opportunity to tackle urgent social issues can lead to disruptive growth for Japanese SaaS startups.

The SaaS industry has entered a stage of maturity. Will SaaS companies successfully tackle the wave of depopulation to solve massive problems? The true value of each player is being put to the test.

Theme:
ARR

Listed SaaS companies in Japan are reaching ARR JPY 30 billion. Top players offer multiple products to maintain growth.

Top listed SaaS companies in Japan by ARR (Feb. 2024)



How are companies maintaining ARR growth?

Launching the second ARR JPY10 billion product

- RAKUS
Rakuraku Meisai:
ARR JPY 7.61 bn
(YoY+92.7%)
- Sansan
Bill One: ARR JPY 5.94 bn
(YoY+179.5%)

Price hikes supported by high retention and increasing value

- Chatwork
40-50% increase in price per ID
- freee
10-20% unit price increase for sole proprietors and corporations
- Smaregi
10-25% increase in price per ID

*For implementation in FY2023

Expanding to mid-sized and enterprise companies

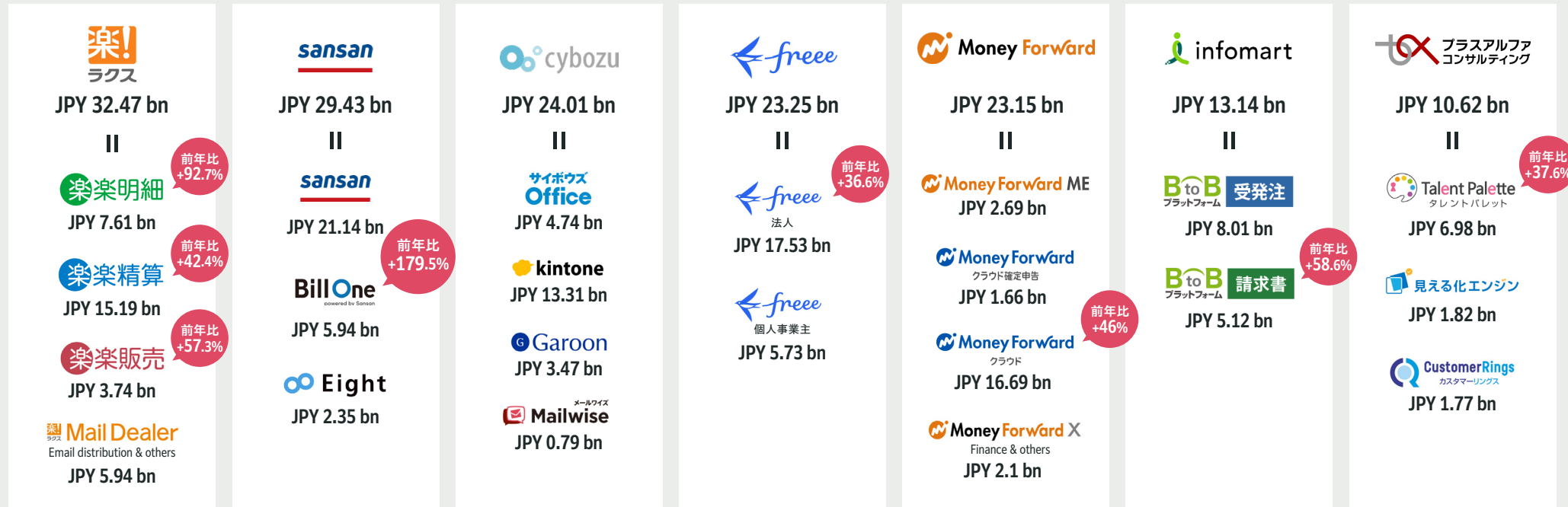
- Money Forward
Mid-sized companies
ARR JPY 6.91 bn
(YoY+71%)
- freee
Mid segment ARR JPY 8.82 bn
(YoY+47.4%)

*Compiled from company disclosures as of end February 2024. If not disclosed, ARR is calculated based on relevant data such as recurring sales. In principle, the ranking focuses on SaaS business revenue with a recurring nature.

Theme:
ARR

Product portfolios of top listed SaaS companies in Japan

SaaS product breakdown for companies with ARR over JPY 10 bn



The growth driver is not always the first product

In 2023, the “Compound Strategy,” in which companies expand through launching multiple products in a specific domain, gained strong interest among Japanese SaaS startups.

Among listed SaaS companies, leading players such as Money Forward and free center around accounting

software as they expand into various fields including HR, labor, contract, and SaaS ID management.

In addition, RAKUS' Rakuraku Series, Cybozu's kintone, and Plus Alpha Consulting's Talent Palette are notable cases of products launched post-IPO to become the growth driver of each company.

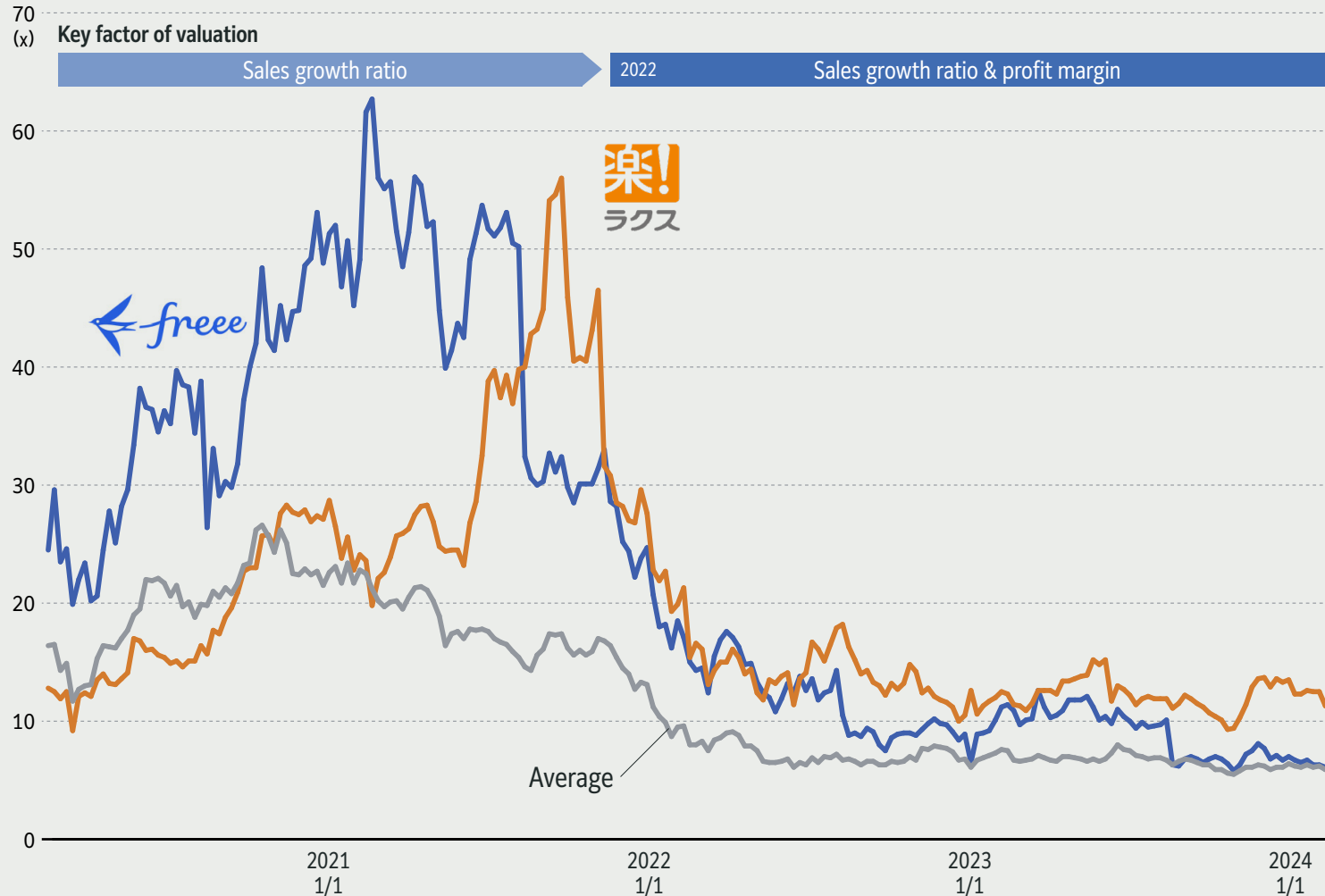
Until recently, startups mainly established themselves through organic growth. Going forward, as companies pursue growth strategies utilizing M&A, a key metric for a company's success will be the number of products generating JPY 10 billion in ARR.

*ARR calculation methods are as shown on the previous page. **ARR of Sansan's Eight business is estimated from disclosed data. Source: Compiled by UB Ventures based on SaaS KPI data from Next SaaS Media Primary

Theme:
Valuation

**Average PSR remains at 6-8x since 2022.
Profit was a clear valuation factor in 2023.**

Historical PSR: free, RAKUS, average of 28 listed SaaS companies



**Rule of 40% > Growth ratio
High growth alone is not enough**

The year 2023 was a major diverging point for SaaS companies in their paths to achieve profitability.

While multiples fell for companies that posted losses in anticipation of high growth, such as free, higher valuations were given to companies that balanced growth and profitability, such as RAKUS and eWeLL.

The average PSR of companies that achieved the Rule of 40% (sum of ARR growth ratio and profit margin exceeding 40%) by the end of February 2024 was 7.1, compared to 5.3 for companies yet to achieve the Rule.

Average PSR (End Feb. 2024)

Rule of 40%

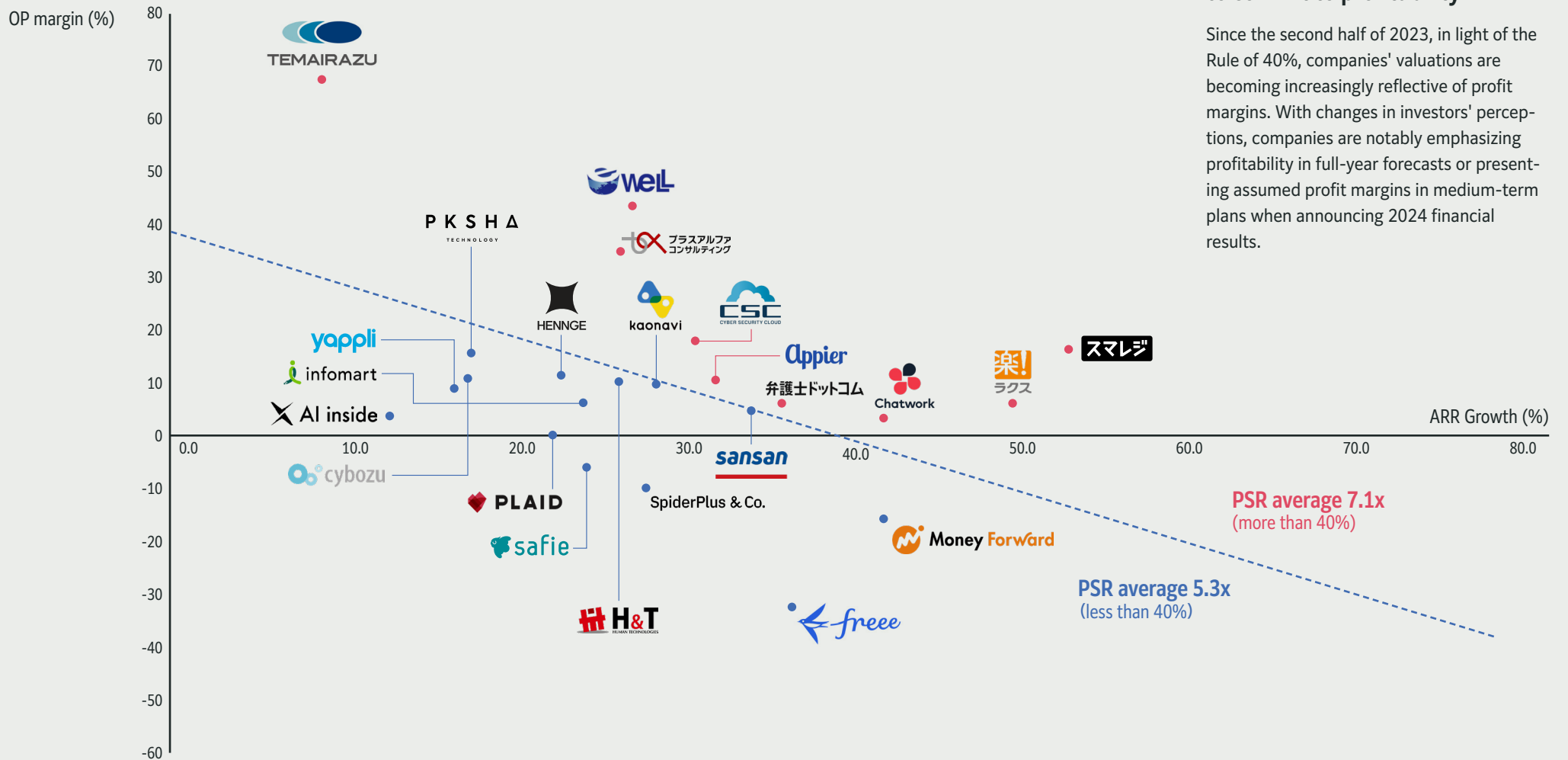
Achieved (11 companies)	7.1x
Unachieved (17 companies)	5.3x

*“Rule of 40%” on this page refers to the sum of ARR growth ratio (YoY) for the latest fiscal year and projected operating margin.

Theme:
Rule of 40%

Meeting the Rule of 40% is required for high valuations. Earnings forecasts are shifting focus from growth to profitability.

Japanese listed SaaS companies mapped against Rule of 40%



SaaS companies are now expected to commit to profitability

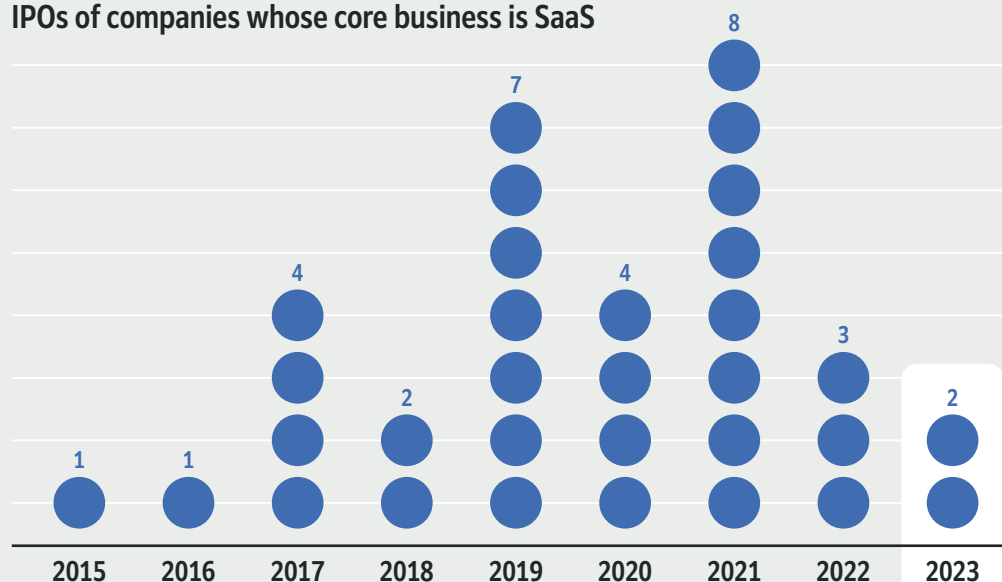
Since the second half of 2023, in light of the Rule of 40%, companies' valuations are becoming increasingly reflective of profit margins. With changes in investors' perceptions, companies are notably emphasizing profitability in full-year forecasts or presenting assumed profit margins in medium-term plans when announcing 2024 financial results.

Source of data: Compiled from SaaS KPI data and valuation data from Next SaaS Media Primary
*OP margin is based on forecast; ARR growth rate is based on recent results. **Data as of the beginning of March 2024

Theme:
IPO

SaaS IPOs were down in number and scale in 2023. Companies that raised funds while valuations were high should be closely watched.

IPOs of companies whose core business is SaaS



Will the IPO market come back to life in 2024? Companies emerging from the IPO winter

In 2023, the number of SaaS company IPOs was the lowest since 2018, with only DreamArts and Human Technologies. These two companies had not been financed by VCs, which means that there were no IPOs by start-up-style SaaS companies.

As shown on the Valuation page, multiples remained flat through 2022 and 2023. Companies that raised funds in 2021 or before have struggled to exceed valuations given at previous financing rounds, which resulted in a difficult environment for IPOs.

As the market shifts focus from growth to profitability, some companies say that are wary of rushing into an IPO.

Meanwhile, despite such market conditions, a fair number of companies are making steady progress in the mid- and late-stage rounds to increase corporate value. KAKEHASHI and CADDi are notable examples of large-scale fundraising announced in 2023.

We look forward to large-scale IPOs unaffected by changes in the market.

		ARR at IPO	Market cap based on offering price	PSR (at time of offering)
DreamArts Provider of no-code development tool of enterprise portals for large companies	Oct. 27, 2023	JPY 2.88 bn	JPY 11.1 bn	2.3x
H&T HUMAN TECHNOLOGIES Provider of attendance management system KING OF TIME	Dec. 22, 2023	JPY 4.36 bn	JPY 10.8 bn	2.5x

Significant Series C or later financing by SaaS companies in 2023

	Funding round	Valuation at fundraising	Release Date
KAKEHASHI	Series C	JPY 42.3 bn	2023/03/29
CADDi	Series C	JPY 66.0 bn	2023/07/05

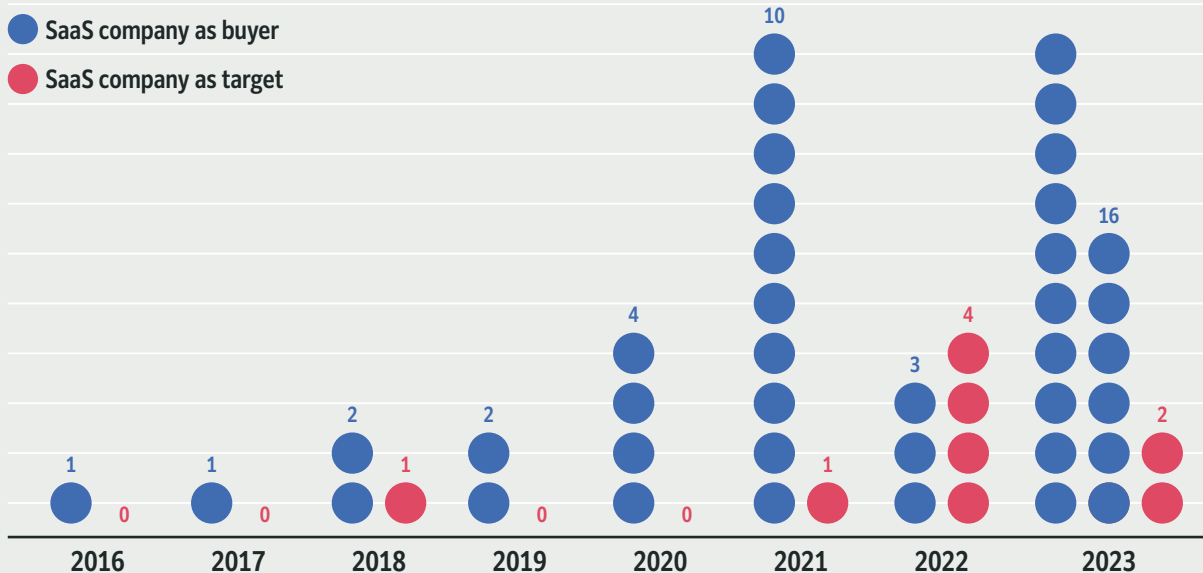
Source: SaaS IPO Data from Next SaaS Media Primary, Japan Exchange Group website

Theme:
M&A

2023 saw a record number of M&As involving SaaS startups.

High-profile M&As by Japanese SaaS Companies in 2023

Release Date	Buyer	Target	Target business	Feature
2023.12.11	ITANDI	Housmart	System for realtors	Integration of vertical SaaS and startup
2023.10.4	EQT	HRBrain	Talent management system	PE investment in later-stage startup
2023.10.4	Kaminashi	StatHack	Image recognition AI model	Acquisition of startup for AI technology
2023.10.2	SmartHR	Metaps Cloud (business transfer)	SaaS centralized management	M&A as expansion strategy by later-stage startup
2023.7.21	Bengo4.com	Lisse	AI contract review	Multi-product expansion in legal tech
2023.1.20	freee	sweep	Invoice management	Expanding functional coverage in ERP domain



Emerging M&A trends

In 2023, about 20 M&A deals (including minority acquisitions and other capital transactions) involving SaaS companies were observed, a record high level. In addition to deals associated with business expansion, emerging trends include PE funds making secondary investments in later-stage startups.

1. PEs investing in later-stage startups



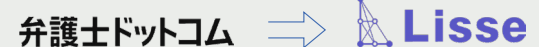
As a secondary transaction by an existing VC, European PE fund EQT acquired a majority stake in HRBrain. The company is targeting JPY 100 bn in market capitalization without opting for an IPO.

2. M&A strategy towards multi-product category king



A growing number of M&As aim for synergies and cross-selling after the company has acquired users in a specific domain. This remains a compelling strategy for vertical SaaS. Deals in the horizontal domain include the acquisition of sweep by freee.

3. Acquisition of AI technology

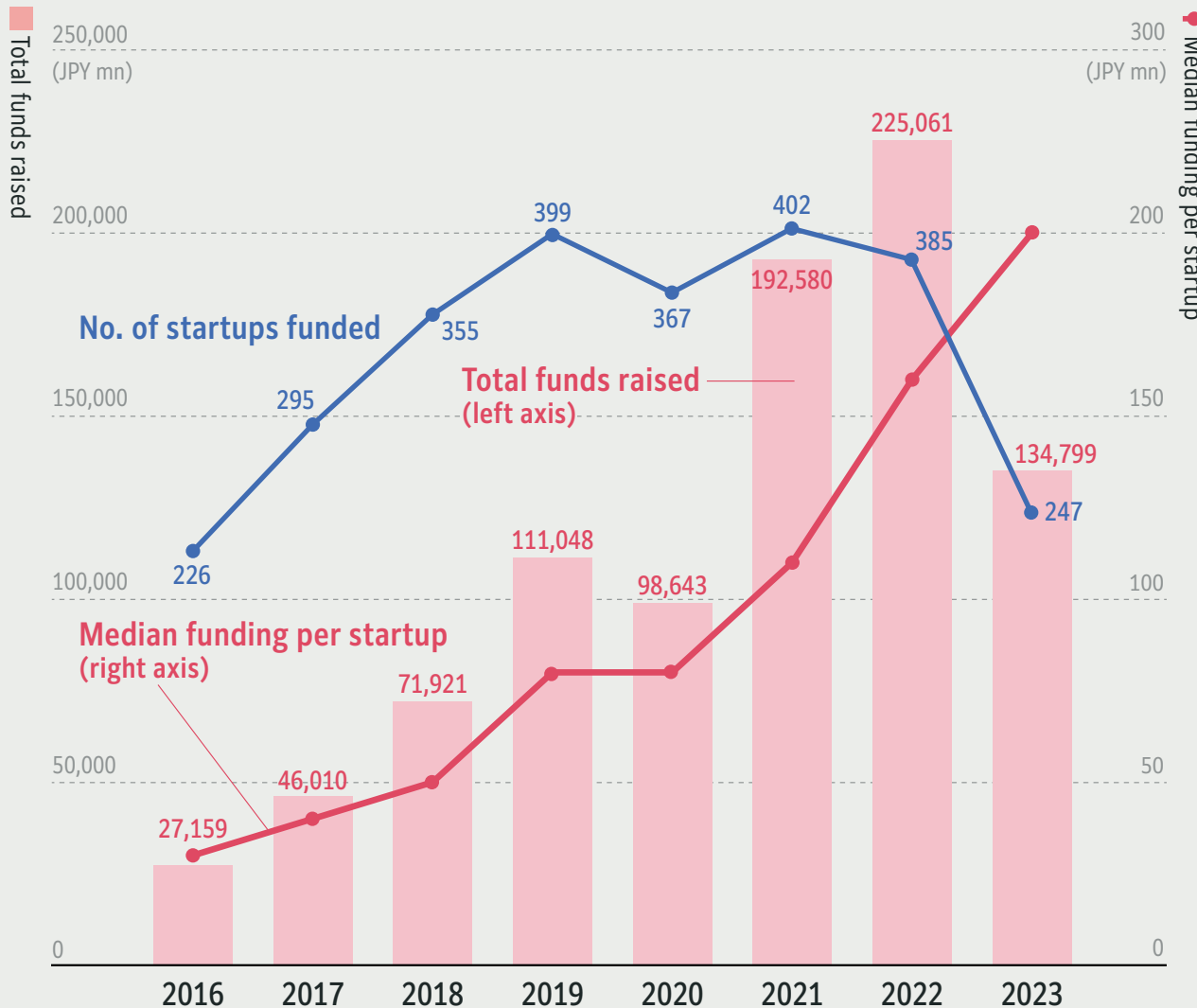


With the emergence of generative AI, companies in legal and other fields with high affinity for AI are accelerating investments.

Source: Compiled from company disclosures and SaaS M&A data provided by Primary

Theme:
**Startup
Fundraising**

Number of companies financed and total funds raised among Japanese SaaS startups



The amount and cases of SaaS startup investment decreased. SaaS accounted for 18% of startup investment in Japan.

The downturn in Japanese startup investment in 2023 was also felt in the SaaS market.

Total investment was down 41% from 2022, and the number of invested companies down 37%, indicating a difficult financing environment and stricter screening for investment targets. SaaS accounted for 18% of startup investment in Japan, which totaled JPY 753.6 bn in 2023, a smaller share compared to the previous year.

On the other hand, financing rounds are increasing in scale. The median investment per startup was up 34% YoY, especially in Series A and other early-stage cases. This trend especially is prominent when a serial entrepreneur sets out to finance their next startup.

Large-scale fundraising observed in 2023 (SaaS companies started by serial entrepreneurs)

Date of Funding	Company	Founder	Round / Aggregate funds raised
Sep. 2023	ゼヨーシス	Yasukane Matsumoto	Series B JPY 18.1 bn
Sep. 2023	Pathos Logos	Masayuki Makino	Pre-Series A JPY 3.3 bn
Nov. 2023	LayerX	Yoshinori Fukushima	Series A JPY 13.3 bn
Nov. 2023	_KNOWLEDGE WORK	Koji Asano	Series B JPY 6.1 bn

Source: Compiled by UB Ventures based on February 2024 aggregate values from INITIAL

Theme:
ARR Acquisition Efficiency

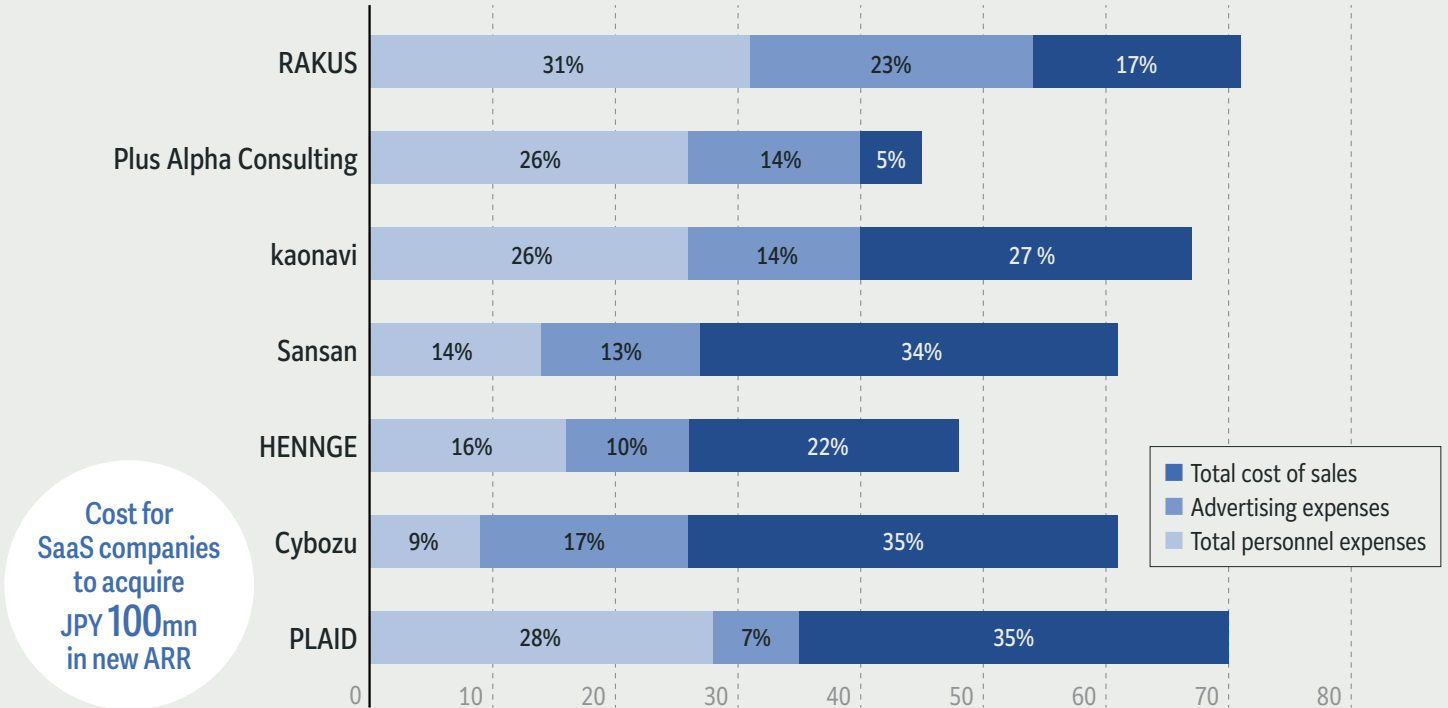
Profitable companies demonstrate strength in ARR acquisition

Gross burn (cost of sales + SG&A) / new ARR

RAKUS	3.2
Plus Alpha Consulting	3.3
Smaregi	3.3
Net loss Chatwork	3.4
Cyber Security Cloud	3.8
kaonavi	4.1
rakumo	4.1
Sansan	4.6
HENNGE	4.6
Net loss SpiderPlus	5.2
Infomart	5.3
Net loss freee	6.0
Net loss Money Forward	6.0
Cybozu	6.1
Yappli	6.9
Net loss PLAID	7.1
Net loss Photosynth	7.1
Net loss Safie	7.7
oRo	8.2
AI inside	9.1
Net loss TeamSpirit	9.2
Net loss Unipos	10.1
Net loss CS-C	40.7

Gross Burn / New ARR

Cost breakdown of top/middle/bottom tiers of growth efficiency



Cost for SaaS companies to acquire JPY 100mn in new ARR

While the valuations of SaaS companies are increasingly correlating to profits from 2023, a returning focus on growth rates is also seen in the U.S. since the beginning of 2024. Facing the need for both revenue growth and profit, the top-tier companies in the table are those that demonstrate disciplined investment and solid growth.

The top performer among the SaaS companies is RAKUS, which in 2023 dwarfed its peers in top-line growth, adding JPY 9.7 bn in new

ARR in a single year.

The top three companies all have positive operating profits, establishing a profitable structure while maintaining high growth.

The lower-performing companies show diminishing growth and efficiency, including ARR growth of less than 10%.

*Gross burn: (cost of sales and SG&A) / New ARR based on latest quarterly results

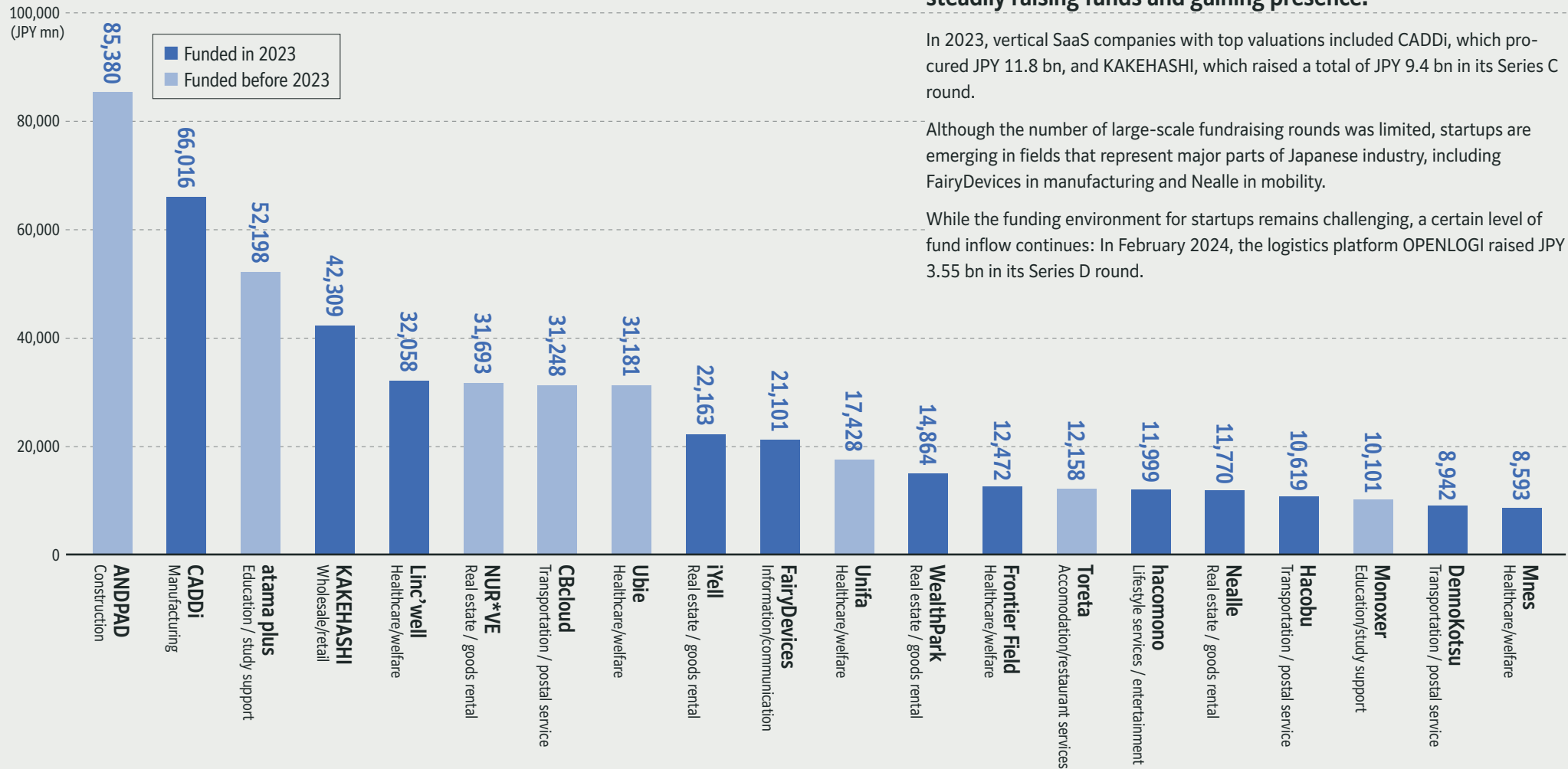
**Data based on the latest quarterly results as of Dec. 31, 2023. Cost of sales and SG&A expenses are converted to 12 months from figures of the latest quarter.

***In cases where ARR is not disclosed, it is calculated as quarterly recurring sales x 4, etc., and newly acquired ARR is estimated from YoY differences.

Theme:
Vertical SaaS/
Private Companies

Top vertical SaaS startups in Japan by valuation

Top 20 vertical SaaS startups by valuation



While large-scale financing is limited, many startups are steadily raising funds and gaining presence.

In 2023, vertical SaaS companies with top valuations included CADDi, which procured JPY 11.8 bn, and KAKEHASHI, which raised a total of JPY 9.4 bn in its Series C round.

Although the number of large-scale fundraising rounds was limited, startups are emerging in fields that represent major parts of Japanese industry, including FairyDevices in manufacturing and Nealle in mobility.

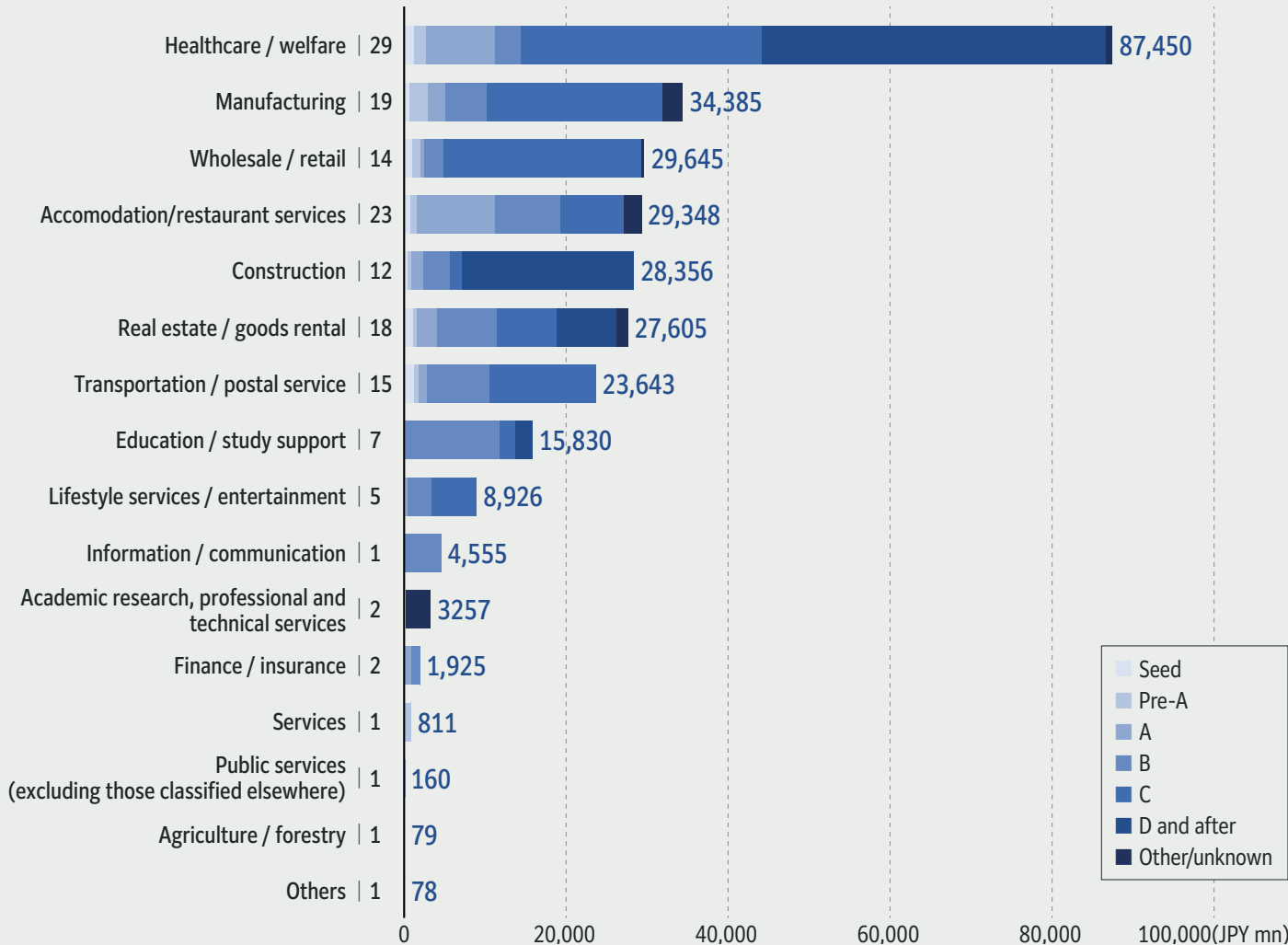
While the funding environment for startups remains challenging, a certain level of fund inflow continues: In February 2024, the logistics platform OPENLOGI raised JPY 3.55 bn in its Series D round.

Source: compiled from SaaS startup data by Next SaaS Media Primary and INITIAL

Theme:
Vertical SaaS/
Private Companies

Investment increased in vertical SaaS that tackle the “2024 problem.” CADDi leads large-scale financing in the manufacturing industry.

Total funds raised in vertical SaaS, by industry and round



Labor shortage may be a rare opportunity

Japan is on the verge of the so-called “2024 problem,” a severe shortage of labor triggered by the Workplace Reform Act enforcing restrictions on overtime work in various industries.

Due to increased demand, X Mile, a SaaS provider for non-desk workers, doubled its installations to 10,000 offices, and has raised JPY 1.8 bn in Series B.

Ascend, which provides digital solutions for logistics, expanded sales of Logix, a cloud-based business system for transportation companies, and underwent series A financing. These are cases of investments increasing in areas that had been slow in adopting SaaS, to address the labor shortage and other issues.

In 2023, the largest investment in vertical SaaS was in CADDi, which procured JPY 11.8 bn in series C. CADDi is expanding its drawing data management SaaS in Japan and the U.S.

Startups are facing the challenge of tackling different issues arising from the decline in the workforce in various industries.

Source: Compiled from SaaS startup data from Next SaaS Media Primary and INITIAL. The graph includes funds raised by vertical SaaS companies in the last 6 years.

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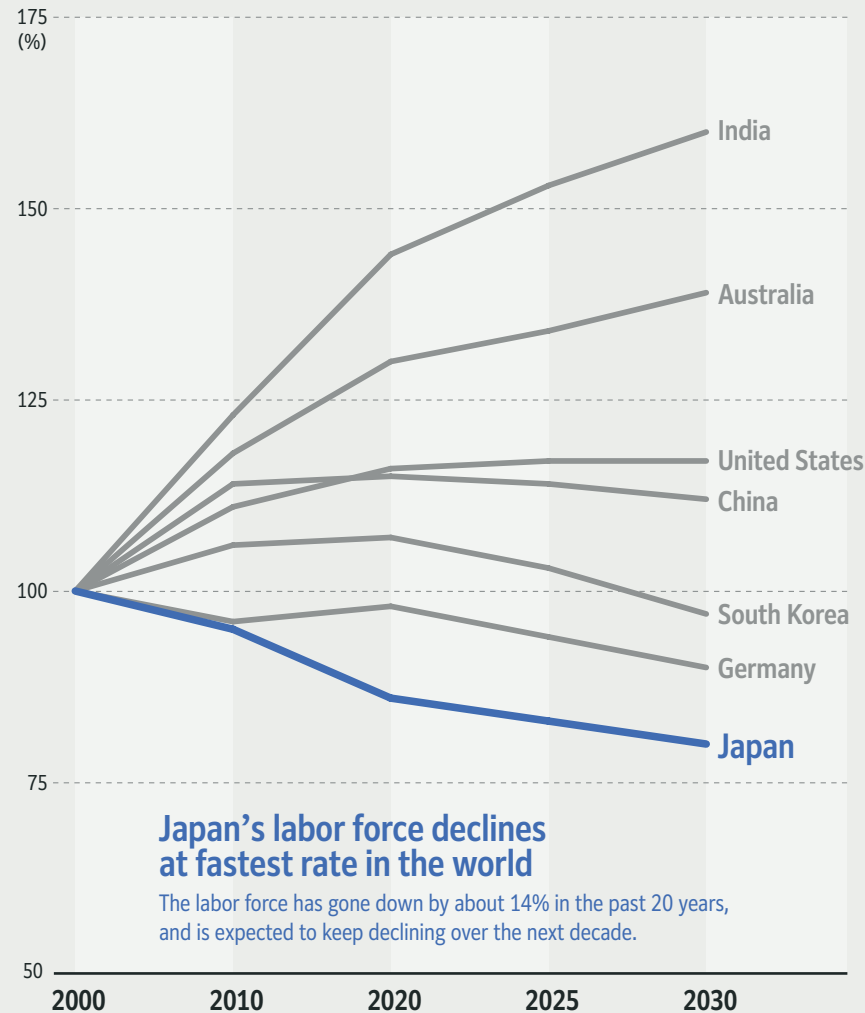
SaaS Annual Report 2023-2024

Innovation in a Depopulating Society

Innovation in a Depopulating Society

Can Japan overcome the world's fastest decline of its workforce?

Relative changes in working-age population (year 2000=100)



$$\text{GDP (Value added)} = \text{Labor productivity} \times \text{Working population}$$

↓ Lowest level in developed countries ↓ 40% decrease in the next 40 years

Japan's labor force declining the fastest in the world

In order to maintain economic wealth (GDP) with a shrinking workforce, effective measures to increase labor productivity are required alongside measures to increase the labor population.

Policies to address the declining birthrate are long-term initiatives, with limited immediate impact.

In the short term, there are only two options: improving productivity through the use of SaaS, robotics, and other technologies; and expanding the workforce through reskilling and utilizing talent from overseas.

To improve GDP...

$$\text{GDP growth} = \text{Labor productivity} \times \text{Working population}$$

↑ UP! ↑ UP!

*Compiled by UB Ventures from "Databook: International Labor Comparison 2022," Japan Institute for Labour Policy and Training

Eight key themes to tackle the population decline

Labor productivity

Measures to increase labor productivity per capita



Tech-driven productivity improvement

Improving work efficiency by replicating best practices using vertical SaaS, automation, robotics, AI, etc.



Age tech to support a super-aging society

Next-generation social infrastructure, including elderly care, inheritance, and post-death procedures, to maintain productivity of the working generation



Well-being tech to improve the satisfaction of workers

Improving the sense of fulfillment of each individual and increasing productivity of the limited workforce



HR and payroll infrastructure towards improving wages

Systems for workers to negotiate with companies under fair conditions, including HR/payroll databases, matching platforms, and media"

Labor population

Measures to expand the workforce



Reception and support of foreign workers

Establishment of shared services and multilingual support systems to smoothly accept highly skilled foreign workers



Reskilling of senior generation

Reskilling of senior workers to broaden their job options and expand the workforce



Women's empowerment in the workforce and Femtech

To increase diversity in Japanese organizations, facilitating social change, infrastructure, and technology to stop gender from being a reason to give up a career



Sustainable energy and raising food self-sufficiency

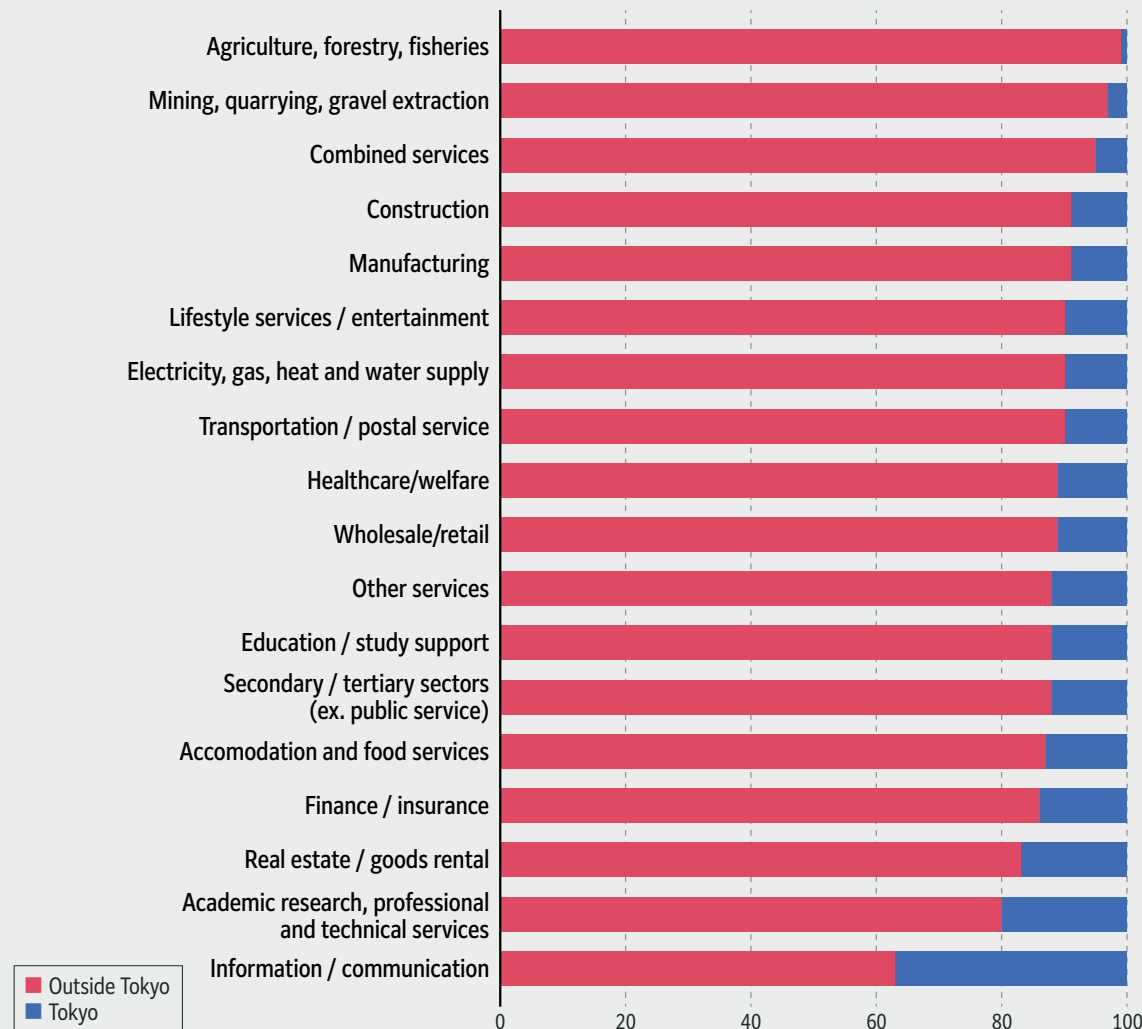
Renewable energy and agri-tech to increase energy and food self-sufficiency, which are believed to be linked to population in the long term

*Themes have been selected by UB Ventures Research Team.

Vertical SaaS has growth potential in regional economies

Vertical x regions: 3 barriers and how to overcome them

Regional dependence by number of businesses (outside Tokyo vs. Tokyo)



Developing a market in a different way from horizontal SaaS

Of all the businesses in Japan, those in Tokyo account for only around 10%, with the exception of ICT, real estate, and finance. Further growth potential for many industries is scattered across the country.

Vertical SaaS players with the ability to serve customers consistently in multiple regions will be the category leader in each industry.

Three barriers need to be overcome in the regional expansion of vertical SaaS.



Source: Compiled by UB Ventures based on the 2021 Economic Census (activity survey, aggregate data on establishments, cross-industry aggregate data on number of establishments and employees)

Asking a pioneer in regional expansion

Good and bad mindsets for SaaS expansion

	Good mindset	Bad mindset
Partner relationship	Commit to the success of your partner	Expect the partner to “sell for you”
Position of cloud services	While online communication is spreading, face-to-face interaction is more important than in Tokyo	Assume that online communication is a given after the pandemic
Promoting SaaS	Understand the customer’s business, culture, and level of IT literacy and establish common ground using digital technology	Talk about the actual functions and benefits of the SaaS product itself
	Collaborate with regional banks and create community through regional networks	Conduct sales activities without engagement with the region
Setting goals and KPIs	Correctly understand your market and the customer's context before planning viable outcomes and steps	Seek similar results to what was achieved in Tokyo from the first year

Unlearn your success in Tokyo and make a strong commitment

The single most important factor in regional expansion of SaaS is that your organization is strongly committed to sales activities tailored to each region.

Even if you succeed in partnering with a major local IT company or systems integrator, at that point you are still one of many SaaS providers. You will then need the determination and energy to succeed together with your partner based on an understanding of their business model.

Rather than bringing your perceptions of SaaS and online tools cultivated in Tokyo, it is important to set the steps for market development and growth by learning about the local market and customers through engaging with local partners, key individuals, and communities.

























Mr. Kazuhiro Imamura

Mr. Imamura joined salesforce.com in 2004, where he led the development of regional growth markets, starting in Kyushu and Okinawa, and served as executive officer. He then joined the Uzabase Group as executive officer of B2B SaaS. He currently supports digitalization efforts in regional markets as advisor for SystemForest inc.



*Compiled by UB Ventures based on an interview with Mr. Imamura

24 startups tackling the challenges of a depopulating society

<p>Agriculture, forestry</p>  <p>DeepForest Technologies Seed</p> <p>Improving efficiency of forest management with DF Scanner, an analytic software using aerial drone imagery</p>	<p>Fisheries</p>  <p>Regional Fish B</p> <p>Combining breeding technologies including genome editing with smart aquaculture technology</p>	<p>Livestock</p>  <p>Eco-Pork B</p> <p>Building a sustainable livestock industry through Porker, a management tool for pig farming</p>	<p>Construction</p>  <p>SoftRoid* Seed</p> <p>Improving productivity at construction sites with zenshot, an AI service for remote construction management</p>	<p>Manufacturing</p>  <p>Skillnote B</p> <p>Optimizing personnel management in the manufacturing industry with Skillnote, a skill management system</p>	<p>Utilities</p>  <p>ASIOT* Pre-A</p> <p>Significant labor savings with automatic meter reading SaaS</p>	<p>Local government</p>  <p>Graffer B</p> <p>Digitalizing municipal government with Graffer, a platform for public administration</p>	<p>Transportation / postal service</p>  <p>XMile B</p> <p>SaaS for non-desk service providers that aims to resolve labor shortage and low labor productivity</p>
<p>Finance/insurance</p>  <p>enpay B</p> <p>Eliminating inefficient cash collection at childcare and education facilities</p>	<p>Real estate</p>  <p>THIRD B</p> <p>AI cloud system for building management that transforms building maintenance from a labor-intensive to data-intensive business</p>	<p>Food and beverage service</p>  <p>Timee D</p> <p>Part-time job service that matches the schedules of those who want to work and stores looking for workers</p>	<p>Accommodation</p>  <p>Edeyans A</p> <p>Jtas, a SaaS for hotel housekeeping management, aiming to become an infrastructure for the hotel industry</p>	<p>Lifestyle services and entertainment</p>  <p>hacomono C</p> <p>hacomono, a customer management/reservation/payment system that streamlines store staff operations</p>	<p>Education and study support</p>  <p>Monoxer* B</p> <p>Reform the way teachers work by using Monoxer, a SaaS service to support memory retention</p>	<p>Healthcare/welfare</p>  <p>Henry B</p> <p>A cloud-based electronic medical record system that contributes to efficiency and cost reduction at small and mid-sized hospitals</p>	<p>Wholesale/retail</p>  <p>XMart B</p> <p>XOrder, an ordering platform that digitizes operations of restaurants and wholesalers</p>
<p>Technology</p>  <p>al+ D</p> <p>Aiming to eliminate unproductive labor with personal artificial intelligence al+</p>	<p>Super-aging society</p>  <p>Triple W Japan D</p> <p>Supporting elderly people live independently with DFree, a device that predicts urination</p>	<p>Well-being</p>  <p>HataLuck and Person C</p> <p>Improving shift workers' satisfaction and productivity with HataLuck, a store management tool</p>	<p>Wage improvement</p>  <p>WorkCircle Seed</p> <p>Enabling workers to make the best career choices with WorkCircle, an anonymous career-themed social media platform</p>	<p>Foreign workers</p>  <p>AIRVISA 100% subsidiary of SmartHR</p> <p>AIRVISA, a cloud software for visa management and application of foreign employees</p>	<p>End of life / inheritance</p>  <p>famitra A</p> <p>Supporting the formation of family trusts for asset management in the era of the 100 year-life</p>	<p>Female empowerment, Femtech</p>  <p>mederi C</p> <p>Supporting women's health with mederi Pill, an online pill prescription service</p>	<p>Sustainable energy</p>  <p>Challenergy C</p> <p>Aiming for widespread use of wind power generation in Japan with propellerless Magnus Wind Turbine</p>

Criteria for inclusion:

*Startups that provide services/products that improve productivity and/or create new sources of labor in their respective industry/theme

**Companies that are innovative in terms of technology, market approach, etc.

***Companies that are active in fundraising, earnings growth, product releases, etc. even after 2022, when the startup market cooled down

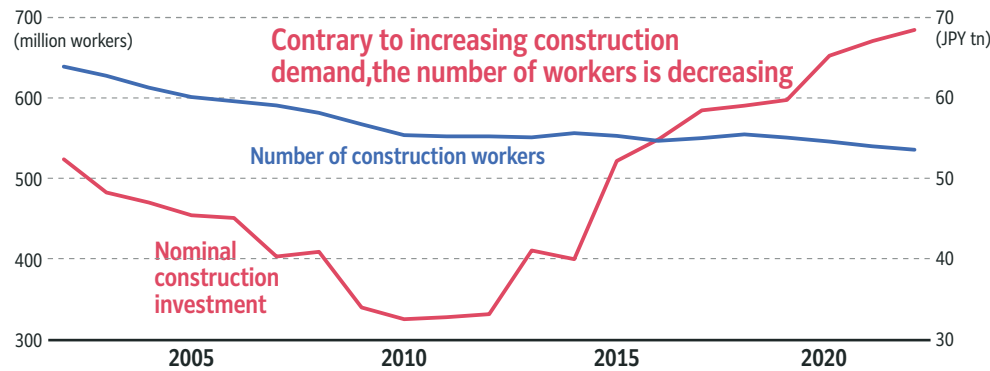
Labor Productivity Startups and population decline

Issues and solutions in the construction industry

Fact

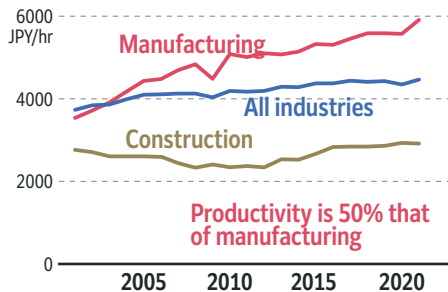
- A shortage of 1 million workers is predicted in the next 10 years.
- The burden on workers remains high, with many working 6-day weeks, indicating an urgent need to improve productivity.

No. of workers and investment in construction



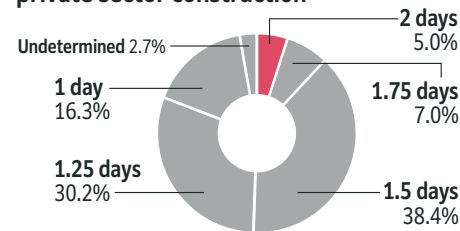
Based on "Labor Force Survey" by Ministry of Internal Affairs and Communications and "Construction Investment Outlook" by Ministry of Land, Infrastructure, Transport and Tourism

Labor productivity



Based on "Construction Investment Outlook" by Ministry of Land, Infrastructure, Transport and Tourism

Actual days off per week in private sector construction



Only 5% taking 2 days off per week

Based on "Survey on Workplace Reform through the Setting of Appropriate Construction Periods, etc. (2022)" by Ministry of Land, Infrastructure, Transport and Tourism

Needs Saving labor in low-productivity (non-core) work

Off-site remote management

Breaking away from analog management relying on experience and intuition

Solution **SoftRoid** AI remote construction management SaaS

- Just by walking around the construction site with a camera, entire sites can be converted into data and managed remotely.
- AI site supervision improves quality while reducing the number of site visits.

Representative Director/CEO
 SoftRoid Inc.
Mr. Hiroki Nozaki



Construction sites are facing an increasingly severe shortage of labor, creating an urgent need to break away from conventional analog management and manual processes.

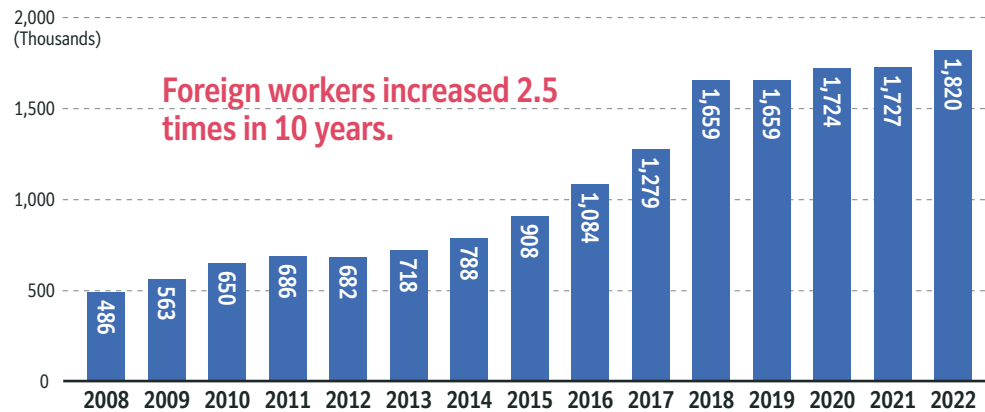
It is clear that existing operations and systems are no longer viable as they are, and no time can be wasted to establish a management system that improves productivity and quality control. This is precisely the time for digitalization to demonstrate its true value in the construction domain.

Labor Population Startups and population decline

Issues and solutions in employment of foreign workers

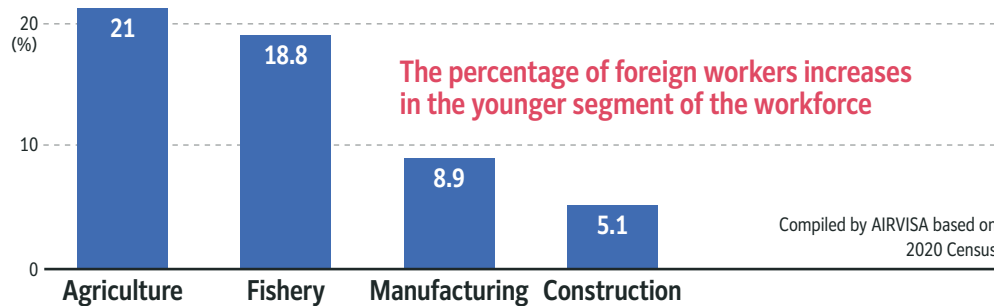
Fact ■ With a declining workforce, Japan is already a major immigration destination
 ■ Immigrants account for a critical portion of essential workers

Filings of “Employment Status of Foreign Nationals”



From “Employment Status of Foreign Nationals” published by the Ministry of Health, Labor and Welfare

Percentage of foreign workers in the young labor force (age 20-39)



Compiled by AIRVISA based on 2020 Census

Needs

Residency management

Multi-language communication

Compliance Management

Online visa application

Solution



SaaS for management of foreign employee visas

Cloud-based software to assist companies in managing and applying for visas for their foreign employees. One-stop support for research, management, and procedures related to employment of foreign nationals



While Japan's declining workforce has increased the need for foreign labor, securing employees is becoming more difficult due to the weak yen and the rise of economies such as South Korea. In addition to providing support for visa status procedures and removing language barriers, Japanese companies now need to make efforts to be a chosen place to work.

AIRVISA, Inc.
Representative Director, CEO and Founder

Mr. Gafar Ahmed

An Enduring Vision: A VC for Entrepreneurs, by Entrepreneurs

UB Ventures is a team of venture capitalists with hands-on experience, supporting the growth of entrepreneurs and businesses pioneering new industries worldwide. We strive to empower startups from Asia to expand their horizons and achieve lasting success on a global scale.

UB *V*ENTURES

SAIL BEYOND



Company	UB Ventures, Inc.
Business	Venture capital
Theme	Technology for innovation in a depopulating society
No. of portfolio companies	32 (as of Feb. 2024)
Regions	Japan + Asia
Address	Mitsubishi Building 1F, 2-chōme-5-2 Marunouchi, Chiyoda City, Tokyo
Date of Establishment	February 16, 2018

Our Purpose

Paradigm shift in social infrastructure due to declining workforce

Severe labor shortage in industry and infrastructure

Shortage of drivers, mechanics, and construction workers in the hundreds of thousands
Dependence on experienced elderly workers, failure to transfer skills resulting in mass business closures
Failure of logistics, infrastructure, and maintenance networks"

Lifeline costs skyrocketing

52% of bridges will be over 50 years old by 2029
Water bills will be 1.4 times higher in 2040; surging costs of supplying electricity/gas/water predicted in remote areas
1.1 billion tons of cargo (1/3 of demand) cannot be delivered due to driver shortage in 2030

Entering a super-aging society

One in five of the population will be over 75 by 2025
Further distortion in workforce distribution due to increased demand for nursing care
Lack of infrastructure to support a society with 1.6 million deaths per year

Innovation is essential in a depopulating society

VERTICAL FOCUSED

Innovation in legacy industries

FUTURE OF WORK

New ways of working

HARDWARE ENABLED

Integration with hardware

INDUSTRIAL AI/IoT

Industrial sensing technology

We support startups tackling Japan's social issue of depopulation

UB VENTURES

PRODUCT-LED

AUTOMATION

MARKETPLACE

METaverse

SaaS Annual Report 2023-2024

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Data References INITIAL
<https://initial.inc/>

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