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So-net Media Networks Corporation

So-net Media Networks Launches Advertising Distribution Service
with Real-Time Bidding (RTB) Capabilities

Optimized Ad Distribution with “*Logicad*”

http://www.so-netmedia.jp/news/pdf/pr_release_20111226_english.pdf

TOKYO–December 26, 2011–So-net Media Networks Corporation (Headquarters: Shinagawa Ward, Tokyo; CEO: Satoshi Hoyano) has announced the launch of an advertising distribution service with real-time bidding (RTB*1) capabilities via *Logicad* to optimize distribution for display advertising.

Real-time bidding has expanded rapidly in the online display advertising industry, particularly in the United States. The Japanese domestic market is expected to follow the same trend.

Logicad, provided by So-net Media Networks comes with a robust system infrastructure that processes massive volumes of distribution logs and audience data, both rapidly and stably. *Logicad* uses a distinctive algorithm to distribute ads with RTB capability, to maximize the effectiveness of display ads placed by advertisers.

■ Key functions of *Logicad*

- Ad distribution with RTB capabilities.
- Audience targeting
- Optimized distribution for Cost Per Action (CPA)
- Retargeting, etc.

* Functions will be progressively upgraded. Future plans to provide solution as a demand side platform (DSP *2), to advertisers and agencies .

■ RTB connection capabilities for *Logicad*

- The *TrustClick* advertising network serviced by So-net Media Networks (scheduled for connection in the near future)
- DoubleClick Ad Exchange

* Plans to progressively support connectivity with other ad exchanges (*3) and sell side platforms (SSP *4).

■ Infrastructure to optimize advertising effectively.

1. Distinctive algorithm for optimizing ad distribution

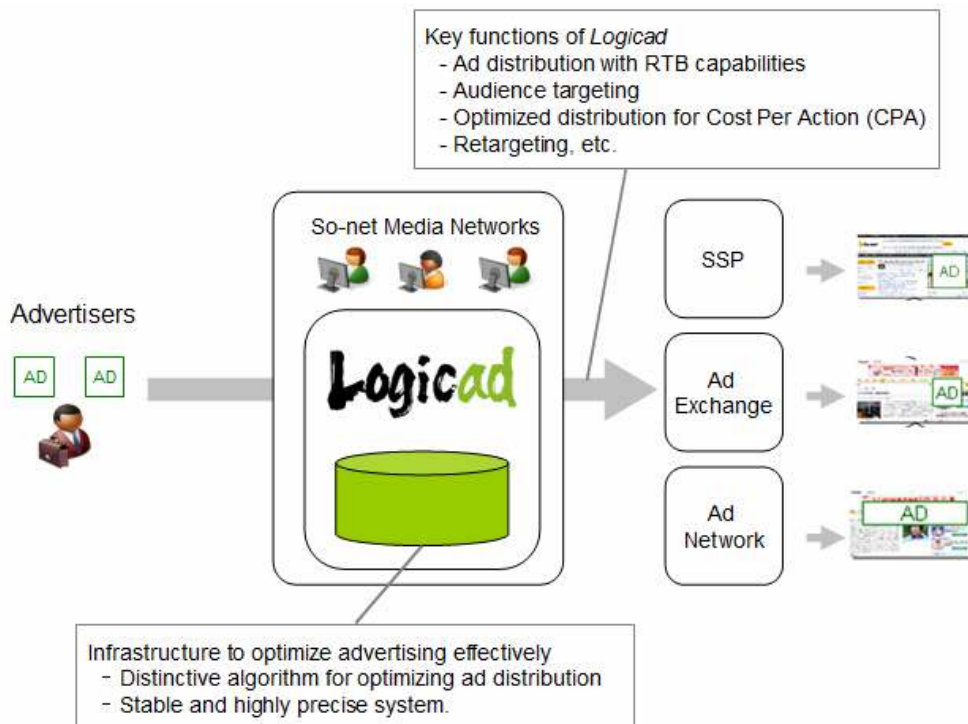
- The customized algorithm has the ability to forecast expected CTR, CVR, eCPM, etc. with a high degree of accuracy, by combining massive funnels, such as distribution destination, day of the week, time of day, etc. to rapidly analyze distribution results.
- The algorithm also has the ability to carry out simulations (mathematical programming, etc.) for distribution planning and optimization, according to various scenarios (restriction conditions), such as cost per day, CPA, target number of conversions, etc.

* Fully in-house developed algorithm will be updated constantly, with further distribution results and operational expertise.

2. Stable and highly precise system.

- To implement a high-precision system that can fully utilize our custom distribution algorithm, we have developed the core distribution-related system internally, taking advantage of our talented progressive engineering resources within the So-net Group.
- To create a system infrastructure that can process large volumes of data rapidly and stably, we have used database solutions by Citrusleaf (*5) in part of our infrastructure. Citrusleaf has a strong background in providing solutions to multiple US advertising distribution companies that support RTB.

■ Overview of the distribution system



- ※ 1 RTB (Real Time Bidding): A methodology that allows bidding for each individual ad impressions, which are conducted in real time..
- ※ 2 DSP (Demand Side Platform): A distribution platform for optimizing the effects of ad distribution for advertisers
- ※ 3 Ad Exchange: A sales channel that brings together buyers and sellers of advertising inventory.
- ※ 4 SSP: A platform for maximizing advertising profit for media companies
- ※ 5 Citrusleaf, Inc.: A US company that provides cutting-edge database solutions that use noSQL (Not only SQL) to perform rapid searches on large volumes of data (<http://citrusleaf.net/>)

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