Message from the CEO

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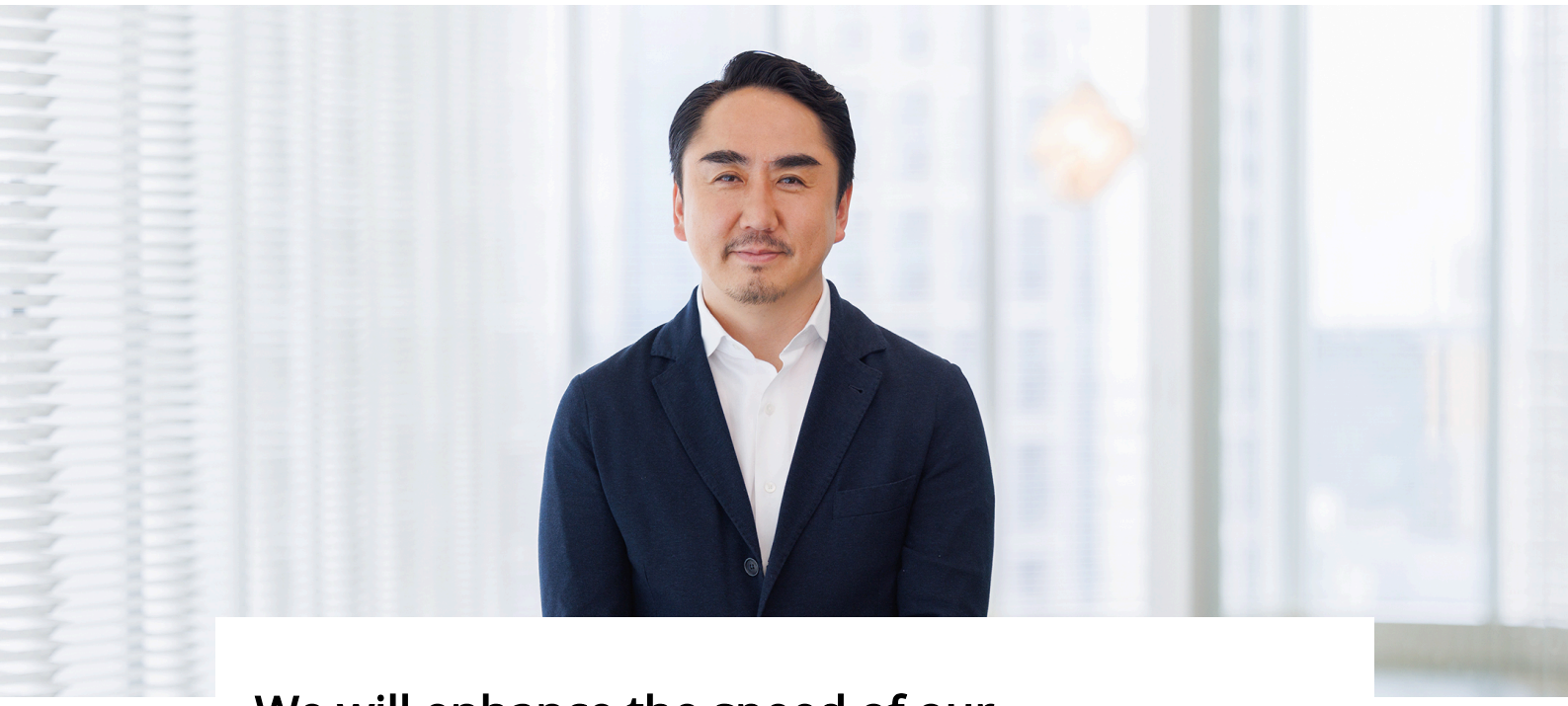

We will enhance the speed of our management, consistently pushing the boundaries to create new value that astonishes and uplifts all.

Takeshi Idezawa
President and Representative Director, CEO

In October 2023, we have made a fresh start as LY Corporation. The former core Group companies, including the former Z Holdings Corporation, LINE Corporation, and Yahoo Japan Corporation, have become one to create new value that thrills and inspires people under our new corporate mission: “Create an amazing life platform that brings WOW! to our users.”

Companies will not survive without continuous transformations.

The Internet industry is currently undergoing a major transformation. In addition to the intensifying competition among a wide range of players including global Internet giants and startups, the most noteworthy development in the industry must be the rapid evolution of generative AI from late 2022.

AI is bound to surpass human intelligence in the near future. This is largely taken for granted, universally expected. What is important is how to prepare for this future—what kind of action plans can we formulate with a view to the next ten years? Changes are accompanied with risks, but neither companies nor individuals can survive without continuous transformations. Embracing change as a positive development and having the motivation and energy to move forward are crucial.

In April 2023, I assumed the post as a single CEO. In May the following month, we established a task force dedicated to generative AI, and appointed an officer for the task force. In June, we officially launched the Generative AI Application Promotion Office with currently over 60 people. In addition to incorporating generative AI into the interface of all our services, we have started adopting the technology for engineers’ system development operations—all of which is being carried out at a rapid pace.

I hope LY Corporation will be the one that boosts the Internet industry in Japan and Asia as generative AI dynamically transforms our world. As the company with the largest number of users in Japan, we will be committed to continuously creating positive value that makes people’s lives more convenient and prosperous leveraging cutting-edge technologies.

The principal aim of the Group reorganization is expediting business execution.

Following the transition to a single CEO structure in April 2023, we have made a new start as LY Corporation in October 2023. The principal aim of the series of structural change is to expedite business execution. I intend to accelerate the speed of all our business aspects throughout the Company, including the development and launch of services and decision-making by removing the barriers that existed between the former companies and organizations.

Since our establishment around two and a half years ago in March 2021 through the business integration of LINE Corporation and Z Holdings Corporation, we have been seeking to generate synergies as quickly as possible. I believe we have steadily generated new added value over the past two years through the launch of Yahoo! JAPAN Mart by ASKUL, a quick commerce service provided in collaboration with Demae-can Co., Ltd. and ASKUL Corporation; the proactive introduction of LINE Official Accounts by stores on Yahoo! JAPAN Shopping; the distribution of Yahoo! JAPAN Ads on the LINE NEWS section; and the expansion of LINE GIFT, the social gift service, by linking products on Yahoo! JAPAN Shopping. In terms of business performance, we achieved record-high revenue and adjusted EBITDA of JPY1.67 trillion and JPY332.6 billion, respectively, in FY2022.

Meanwhile, I regret to say that we failed to generate the integration effects at the speed initially expected due to the complex management structure resulting from the business integration and delays in eliminating overlapping businesses and services. This I felt as an issue that should be addressed and felt that a fundamental reform was needed to maximize the Group's value. I shared this awareness with our internal and outside directors and through a series of discussions, we arrived at this decision of reorganization.

LY Corporation is a truly unique company. We are the only company in the world that offers search, communications, e-commerce, payments, and finance services, each with an extremely large market share. The most important thing is to connect these powerful assets to create synergy and new services, which will serve as the source of our competitiveness. We must create new and even more user benefits from the cross-use of LINE, Yahoo! JAPAN, PayPay, ZOZO, and ASKUL. In addition to the visible benefits, we must also design mechanisms that are unconsciously felt by users as convenient. Going forward, the LY Corporation Group will make committed efforts to accelerate synergy creation.

We will work on both; taking on new challenges and strengthening earnings power.

I believe that we must remain acutely sensitive to change. If we only protect what we have because our existing business is doing well, we will quickly miss the new wave. As paradoxical as it may sound, the only way for companies to achieve sustainable growth is to keep taking on challenges. The larger the size of the company, the more it will become subject to this type of defensive bias. Thus, I believe it is crucial for us, the management, to consciously steer the company in the direction of changes and challenges.

However, just working on new challenges will shake the company's foothold. The key is to firmly grow existing businesses and secure earnings power, while at the same time creating new products and services. The growth of a company depends on its ability to successfully juggle these two initiatives.

In this respect, FY2023 is an extremely important year for us. This year, we will be committed to strengthening our product creation power, which serves as the foundation for providing new value to users. At the same time, we will step our efforts to bring efficiency and to selectively focus on key businesses and transform ourselves into a more lean and mean business structure with high earning power.

Our priority is reinforcing media and search.

Our top priority will be to reinforce the media and search domains. Yahoo! JAPAN's Top Page, in particular, is one of our main products, accessed by a very large number of users. The display ads displayed on this page is very profitable, and the search window at the top of the page directly leads to search ads revenue. Increasing the number of users who visit Yahoo! JAPAN's Top Page is in itself a significant factor in the growth of our advertising revenue.

Since most of the users who visit Yahoo! JAPAN's Top Page either check the news or search for something through the search window, that is where we should focus our efforts. Regarding news, we are strengthening the timeline feature that recommends news articles suited to the interests of each user, in addition to enriching video news. For the search service, the key is how to provide value that goes one step beyond ordinary web searches. We must increase our overall appeal as a search service to differentiate from competitors. In this context, application of generative AI should naturally be implemented, but I want to go beyond and realize a world in which users can, for example, browse menus or read reviews on the search result page of Yahoo! JAPAN Search when searching for a local restaurant or hair salon and make bookings directly from there, or buy products at better prices when searching for products on Yahoo! JAPAN Search.

We will also strengthen traffic referrals through service collaborations. In June 2023, we switched the web search function within the LINE app to Yahoo! JAPAN Search. As a result, we are now able to direct over 95 million LINE users to Yahoo! JAPAN Search. Since LINE and PayPay each have one of the largest customer bases in Japan, I am very excited about the positive impact of traffic referral between these two services.

In considering the medium- to long-term growth of the advertising business, the ID linkage between Yahoo! JAPAN, LINE, and PayPay is extremely important. Although the advertising business is our most profitable business, there is still room for improvement in our ad unit price when compared to our rivals. While user consent is a prerequisite for ID linkage, the linkage will enable us to distribute ads better catered to each user's shopping preferences and lifestyle, more than ever before. As the accuracy of ad distribution improves, we can expect ad unit prices to increase over the medium to long term.

A new membership program will be the core catalyst of user referrals.

We will also continue our efforts on our Commerce Business. What is different from the past is how we view our portfolio. In the past, we had placed a significant emphasis on increasing the transaction value of Yahoo! JAPAN Shopping. While the large-scale point reward initiative that had been carried out since the days of Yahoo Japan Corporation contributed to the significant increase in transaction value, it did not lead to sufficient user retention. In order to overcome this situation, we made a major change in the policy of our Commerce Business last fiscal year. Yahoo! JAPAN Shopping is currently being streamlined, with the focus of the business shifting from acquiring users through simple point rewards to ensuring continued use of the service.

I believe the strength of our Commerce Business lies in its diverse portfolio, i.e., having a wide range of e-commerce services. In addition to our shopping mall-type e-commerce platform, we are seeing powerful performance in the highly profitable reuse business, the travel business which is experiencing large growth due to the recovery from the pandemic, and especially our e-commerce subsidiaries with distinctive characteristics, such as ZOZO, Inc. and ASKUL Corporation. The efficient growth of this e-commerce portfolio will be the key in the future operations of the Commerce Business.

The key factor is user referral within our ecosystem. To take advantage of our strength in having a diverse e-commerce portfolio, it is imperative to have our users use many of our Group's services. The core catalyst we are preparing at the moment is the Group-wide paid membership program, "LYP Premium," which will be launched in November. This is a new membership service upgrading Yahoo! JAPAN Premium, Yahoo! JAPAN's paid membership program with approximately 24 million members. Current members who agree to the ID linkage will be able to newly enjoy the benefits of LINE in addition to the previous benefits of Yahoo! JAPAN Premium. I also believe that through this new membership program, LINE's 95 million users will be referred to Yahoo! JAPAN's various e-commerce services. We intend to update the membership benefits as necessary.

We are determined to firmly develop an environment in which users can make a seamless use of the Group's wide-ranging services, including PayPay, which has an unparalleled share in the Japanese QR code payment market.

Lean and mean business management through extensive structural reforms.

Enhancing business efficiency is one of the most important themes when taking on new challenges and reinforcing profitability at the same time. How we can improve our cost efficiency and selectively focus on key businesses within this fiscal year will become particularly important. We are implementing thorough and speedy structural reforms to produce outcomes.

We are first streamlining overlapping services. In the financial domain, we halted the project for launching LINE Bank in April 2023. In June, we announced the transfer of the securities business of LINE Securities Corporation to Nomura Securities Co. Ltd. within FY2024. In the video domain, we terminated GYAO!, a video distribution service, and the live distribution service, LINE LIVE, and concentrated the video-related resources to LINE VOOM, a vertically displayed short-video service.

We are also making a thorough effort in enhancing cost efficiency. As mentioned before, we drastically reviewed the way we use promotional cost in the Commerce Business. We are also improving efficiency in expenses related to human resources, such as personnel expense and business commissions. Furthermore, we are improving operational efficiency leveraging AI. In July this year, we have already begun the provision of an original interactive chat-type AI assistant service utilizing APIs provided by Open AI L.L.C. to approximately 20,000 employees. We are also introducing generative AI to development systems used by our engineers.

What is important is whether all employees can make concerted efforts towards one goal.

I believe that the source of an IT company's competitiveness lies in its ability to create services and products. And it is the power of people that can generate such ability. We need to successfully implement a cycle in which all of our employees shine with vitality and deliver outstanding services and amazing products to the world. To maximize the performance of our employees, we are taking a variety of initiatives including the introduction of diverse work styles that suit different lifestyles and life stages, the creation of systems that support mental and physical health, as well as a rewarding work environment.

In particular, internal communication is extremely important at this time when multiple Group companies are becoming one and when the company is going through a major transformation. Whether or not all employees can make concerted efforts towards one goal will be the key. We, the management, need to clearly present to the employees where the company is headed. We must be able to present to the employees matters such as why we need to do this now, and what lies ahead when we accomplish these efforts. A united driving force can only be generated when these visions are shared and understood by each and every employee. And this force will propel the company forward.

Since we announced the Group reorganization in February 2022, we have held online townhall meetings every month for the employees of the companies subject to the reorganization. The management, including myself, directly share matters that are discussed daily among the management team with the employees. To the extent possible, we share the information at real time, and the topics covered include the status of the reorganization, introduction of newly established organizations, new initiatives on generative AI, personnel systems, and many more. We always have time set aside to receive questions from the employees and are mindful of holding interactive communication with the employees.

In these forums, I repeatedly say to the employees, "Let's enjoy the changes!" I say so because it is imperative that each employee has the enthusiasm, grit, and a challenging spirit to overcome changes. I firmly believe that LY Corporation can grow even larger if all employees can share the sensation of working together to overcome these challenges or creating new changes themselves.

We will steadily deliver results one after another.

From October 2023, we took a new step forward as LY Corporation. It is imperative that we quickly generate synergies in the future and realize a variety of Group values that have not yet become apparent. I recognize that it is my responsibility as CEO to steadily deliver results one by one to this end.

LY Corporation will continue to strive to create new value by addressing the future of society and technology. Please look forward to our future growth.