

## Feature

# Exploiting Intellectual Properties to the Utmost Concerted Strategic Use of Intellectual Properties Begins

Using character intellectual properties strategically will create a chain of profit-making opportunities. The SEGA SAMMY Group has begun concentrating on strategies that will bring its combined strength to bear on developing entertainment businesses. Here's a close-up of the organization leading this effort, the SEGA SAMMY Group Character Licensing Subcommittee, and the steps it is taking.

### Establishing the Character Licensing Subcommittee

When developing an entertainment business, vigorously capitalizing on character intellectual properties is a key differentiating factor. In recent years, strategic use of intellectual properties has become even more important as growth in Japan's market has slowed due to low birth rates. For example, we can increase profit-making opportunities by exposing customers to character intellectual properties at a range of points of contact in order to "lock in" customers or by rolling out character intellectual properties globally through a range of media.

The SEGA SAMMY Group boasts an abundance of highly appealing character intellectual properties such as *Sonic*. Until now, however, intellectual properties have been scattered across Group companies, with each company taking separate measures to increase the value of intellectual properties. Seeking closer collaboration among Group companies in order to fully realize the potential of its precious management resources, the Group established the SEGA SAMMY Group Character Licensing Subcommittee in April 2008.

Already, the subcommittee has initiated concrete measures for *BAKUGAN*, which is gaining popularity worldwide, and *Lil'Pri*, which SEGA and Shogakukan Inc. developed jointly.

Going forward, the subcommittee will lead efforts to maximize the value of intellectual properties efficiently and effectively through collaborations among Group companies that lead to the joint development or mutual use of the broad spectrum of intellectual properties that the SEGA SAMMY Group owns. Further, the subcommittee will develop and foster new intellectual properties, acquire powerful intellectual properties from outside the Group, and reinforce tie-ups with business partners. Such efforts will give the subcommittee a major role in bedding down character-merchandising structures throughout the Group.



## Members of the SEGA SAMMY Group Character Licensing Subcommittee



## Role of the Subcommittee

1. Mutual use of existing intellectual properties among Group companies

2. Development / fostering of new intellectual properties

3. Discovery/acquisition of powerful intellectual properties outside the Group

## We will consolidate character intellectual properties and strengthen collaboration within the Group.



A subcommittee meeting

Aiming to facilitate concerted efforts within the Group to maximize the value of character intellectual properties and develop and foster new character intellectual properties, SEGA SAMMY HOLDINGS and five mainstay Group companies established the SEGA SAMMY Group Character Licensing Subcommittee in April 2008.

The subcommittee plays a central role in enabling mutual use of Group companies' appealing character intellectual properties by encouraging collaboration among Group companies in planning, product commercialization, sales promotion, and marketing. The subcommittee's other tasks include developing and fostering new characters and discovering and acquiring character intellectual properties outside the Group or acquiring product commercialization rights.

## Feature



## BAKUGAN

### Strengthening Operations in Japan—Bakugan LLP

*BAKUGAN* is a toy that SEGA TOYS CO., LTD., and Spin Master Ltd., a toy manufacturer headquartered in Canada, developed jointly. Our customers can watch animation and buy products related to *BAKUGAN* in roughly 120 countries. On its own, the toy is a major hit, with 180 million units sold since launch. In November 2009, seeking to tap the burgeoning potential of *BAKUGAN* content in Japan's market, five SEGA SAMMY Group companies jointly invested in and established Bakugan Limited Liability Partnership (Bakugan LLP). With overall control of production and merchandising for the *BAKUGAN* business in Japan, Bakugan LLP is forging collaborations among Group companies.

### Multiplying Value through Cross-Media Strategies

For *BAKUGAN*, we are moving forward with a cross-media strategy covering toys that combine cards and *BAKUGAN*, animation, kids' card games, and a range of licensed products. As of June 18, 2010, we had granted licenses to 20 companies, and this number continues to grow. Also, we are creating synergies among these products. For example, licensed products are packaged with cards usable in the kids' card game machine *BAKUGAN Arcade Battlers*, released in July 2010, as well as with toys. At the same time, we are advancing various initiatives to expand the *BAKUGAN* fan base. These include familiarizing people with how to play *BAKUGAN* by holding teaching events and competitions throughout Japan.



## Lil'Pri

### Pursuing an Array of Profit-Making Opportunities

*Lil'Pri* is content for girls that SEGA and Shogakukan developed jointly. Deriving its name from an abbreviation of "little princess," *Lil'Pri* is a treasure trove of things little girls love, such as songs, dances, fashion, magic, and celebrities. We are optimizing the value of character intellectual properties through multi-faceted development of content. Working in collaboration, the SEGA SAMMY Group and the Shogakukan Group are installing kids' card games at amusement centers, marketing toys, launching software for Nintendo DS, releasing serialized comics, producing animation, and creating tie-ups with celebrities.





## Toys

When playing *BAKUGAN*, players use their fingers to shoot *BAKUGAN* plastic balls over cards, which transform the balls into figures instantaneously. Players then compete for the cards. The player with the best shooting technique and card strategy wins. Because there are 120 types of *BAKUGAN* and 200 kinds of cards, players can develop unique playing styles and skills and enjoy an almost infinite variety of battles with opponents.

### PC/Mobile Phone Content



A dedicated web site is packed with everything players need to know about *BAKUGAN*, including information on *BAKUGAN* playing methods, explanations of terminology, a blog by *BAKUGAN* master *Moetaro Honoo*, event information, and new product information.

### Animation



At present, 25 TV stations, including TV TOKYO Corporation affiliates, air *Bakugan Battle Brawlers: New Vestroia*. Our multimedia roll-out strategy is a major reason why *BAKUGAN* captivates kids. In the same month as new characters appear in the animation series, we launch corresponding toys.



## Games

We unveiled *BAKUGAN* kids' card game machines in July. The cards that the machines pay out are not only usable in the kids' card game but also in *BAKUGAN* toy battles. Linking kids' card games and toys adds even more ways to enjoy *BAKUGAN*. Moreover, we plan to launch software for Nintendo DS in December.



## Related Goods

Helping the popularity of *BAKUGAN* snowball, companies outside the Group market an extensive range of licensed products. Various goods tie in with *BAKUGAN* by including *BAKUGAN* cards usable in kids' card game amusement arcade machines and toys.



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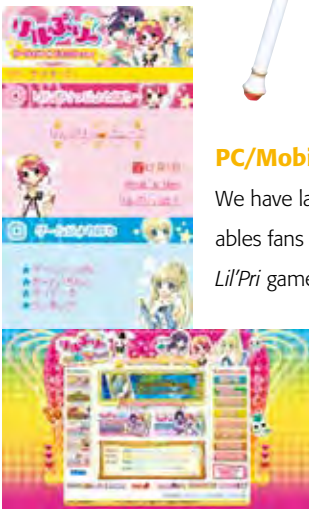


## Toys

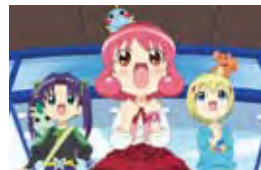
SEGA TOYS offers toys for dress-up games and role-playing games featuring the fashion items that the main characters wear in the animation series. The toys include original cards usable in kids' card game machines.

### PC/Mobile Phone Content

We have launched an official web site that enables fans to check latest information on *Lil'Pri* games, comics, and goods. In addition, a web site for mobile phones includes a rich lineup of content, ringtones, and wallpaper linked to kids' card game machines.



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TV stations, including six TV TOKYO affiliates, are currently showing the *Hime Chen! Otogi Chikku Idol Lil'Pri* animation series.

## Animation

Six TV TOKYO affiliates and other TV stations began broadcasting the *Hime Chen! Otogi Chikku Idol Lil'Pri* animation series from April 2010.

## Games

Achieving high utilization rates, *Lil'Pri—Yubi Puru Hime Chen!* is a kids' card game machine featuring a dress-up game and a rhythm game. Impressive upper and lower monitors and panels that cause the screens to vibrate when players touch them differentiate this machine. August saw the debut of software for Nintendo DS, *Lil'Pri—DS Hime Chen! Apple Pink*, which enables players to enjoy original stories.

