

The Morgan Stanley and MUFG Japan Summit 2026

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Tsusaka: Thank you very much for attending this conference.

Deko-san, can you talk a little bit just as a short comment about the result, and also the business outlook from a financial point of view.

Deko: Personally, from this January, I don't know why people thought that we are the victim of SaaS-apocalypse, and I really believe that AI is a great tailwind for business, and our numbers are showing that it's the real thing. Also it's easier for me to be in a conference like this.

Tsusaka: Investors - some of them in this room - would like to learn about Recruit, want to gain a deeper understanding of Recruit itself..

I want you to walk us through what kind of journey you actually made with Indeed.com. When Recruit acquired Indeed.com in 2012, around that time, the revenue was almost zero, right?

Deko: No, no, no. It was 80 million, decent revenue.

Tsusaka: I know but currently billions of dollars are generated. I still remember that at that time of the IPO, Indeed itself was a small part of the Recruit equity story. Now 70% of EBITDA comes from Indeed.

I remember that after the IPO, Indeed's revenue was growing by one billion every single year. After a certain period of time, before and after COVID the business expanded a lot of fluctuation and now the business is re-accelerated.

What kind of journey did you actually have with Indeed? Can you walk me through? What kind of journey was it? Deko, you have been in Indeed, ever since Recruit acquired it. What was your journey?

Deko: It was a journey. First of all, I was very lucky to find out a very fantastic founders and a fantastic company asking them to join our team. At that time I could not speak English.

When I acquired Indeed, we had 40~50 people in Austin and I still remember that I was playing soccer with young engineers and I got injured a little bit and I had to pay 2,000 bucks because we didn't have insurance.

So my first job as a CEO was like "hey we need an insurance for employees." To do that I needed to hire a head of HR and we also didn't have maternity leave polices,. It was just a tiny startup. It was a great journey.

And also Austin, Texas was a really young, growing city. It was a kind of interesting journey. And then Indeed became really big and I got promoted to be a Recruit CEO and I started to do more Recruit side and I was working a lot on more like a merger of 70 years old RecruitHR business with Indeed Japan and at that time COVID happened. After COVID, Indeed became more like a very big slow company, but I got back to be a CEO of Indeed last June.

Now AI technology is booming and I really feel like this is a new startup moment.

I am telling all the R&D team and all the employers, “hey this is a moment to change, to be a startup mindset.” And then we started to grow really well and I feel better now.

Tsusaka: Thank you. You returned to the role of CEO of Indeed last June. Was the AI that you think you needed to engage more within Indeed management around this time last year, or was there anything else going on at Indeed?

Deko: Even I acquired Indeed, my vision was the same, how to simplify hiring processes. In the hiring processes, the whole HR industry, there is a lot of manual work.

If you talk with some executive search agents or HR staffing agents or recruiters, there are so many recruiters and big companies have thousands of recruiters. The biggest cost of the HR industry is human manual work cost and even like 15 years ago, when I acquired Indeed, my vision was how to automate a bunch of manual work.

Finally, in the last two years, AI technology is becoming a material thing. We are putting all AI automation technologies to improve the matching.

Can I explain a bit about how we improve matching? My simple explanation is that in the past, Indeed was more like a keyword search app, like a typical key world search app. Meaning, when somebody searches for a nurse, we show that. That’s it.

We couldn’t differentiate the experiences of the people who just graduated from high school or who just graduated from nursing school. We were charging \$1, \$1, \$1 for all clicks, from the clicks from the person who just graduated school or who is doing a nursing job like more than 10 years..

As a result, when employers are really trying to hire somebody, they increase the budget. What happened in the past was when they increased the budget, for example in Florida, everybody is trying to hire a nurse, all hospitals were desperate to hire nurses. When they increased the budget, what happened to us was, we wanted to consume all the budget.

As a result, we started to show this ad to the person who is searching for healthcare. So what happened was, we started to consume all the budget, but I know we were sending more and more applications from the people who are not a great qualified candidate for this job.

But now what is happening is with the AI, we know more about job seekers, we know more about employers' demand. We are differentiating the experiences for job seekers and employers. And now we can, for example, bid 100 times more towards the people who are well-qualified for this job. And maybe we are trying to get \$0.01 for this click, \$1 for that click. Because now we can evolve from a job advertisement business to be a real AI matching business. And now we are becoming a real AI matching business.

Basically, most of the employers are saying, "if we couldn't find the great candidate Indeed, we need to reach out to staffing agencies, recruiting agencies to fill this position. Then we need to pay 20%, 25% of the first year salary." So now we started to eat somebody's wallet share because we are now delivering more qualified candidates with AI matching.

Tsusaka: Sounds like the data itself is very important. I was always asked by investors which platform has high quality data, since generative AI needs data. This has been my general theme on AI and also service area companies.

So, the more engagement happening on the Indeed platform, then, the more data you accumulate.

Deko: Let me explain a little bit. If I'm explaining too much, you need to stop me. It's my bad habit. For example, I built a restaurant booking platform in the past. Most of the time, most of the cities have, let's say, top 10 popular restaurants. Can you book the top 10 popular restaurants for tomorrow's dinner? Almost impossible, because these restaurants are so popular.

Think about an AI player starting an HR platform. AI players can show popular jobs but they do not know about the inventory information. So what all we know is, "OK, I understand you prefer this job. You like this job, but most of these jobs are really popular." So we know when somebody posts a job on Monday morning, just in 2 hours, this job gets 1,000 applications since this is a really popular job.

So we need to think "Should we keep showing this job to job seekers or not?" This is what we have been thinking all the time. When I checked other job search engines on Wednesday, Thursday, they're still showing this job because they think in their algorithm, they only know job seekers' preferences. They believe these are popular jobs so that it is good for job seekers. They are just showing it.

The important thing is that's why job seekers are complaining "I applied for 100 jobs with AI, whatever, but nobody's responding." By the way, it is not only the job seekers fault.

One big US bank asked me, saying "Hey, we want to renew all the backend systems. We want to hire thousands of engineers. We have a huge budget, so you should help me." I said "OK. I'm happy to help. What kind of engineers do you want to hire?" and answered, "Oh, we want to hire ex-major tech company guys." So I would reply like "For this job? Sorry, I cannot help you"

What I mean is that it is almost like a compromise type of matching. I understand this employer wants to hire these kinds of people, but they need to realize what is the reality. Maybe they should increase the salary, or they need to change the title.

But at the same time, job seekers need to think about what's a good compromise for them. So this is the real matching. That kind of nuance is having a great fit with AI technology. Because AI, a large language model is a really nuanced model and not a 01-01 type of model.

Even if somebody wants to say and most of the time employers are saying "Hey, I really want to hire somebody who has more than 10 years of experience," but in reality their data is showing that most of the time they are not hiring their ideal candidates.

They are like "Oh because this person has just three years of experience with this, but similar five years of experience with that, and the title is that and coming from this company. That is why it's OK."

This kind of nuanced matching is literally proprietary data for us. And also all employers have really different criteria, even if they have almost the same job description.

Tsusaka: Is there any change happening on the job seeker side or the company side? On the company side, we are not seeing much recovery in terms of recruiting activities. Your data you just published, and also the government data suggested that there is no great recovery happening. After implementation of AI, is there any behaviour change or engagement change happening both on the jobseeker side and also the employer side?

Deko: Now our job advertisement product itself is becoming more like, we start to deliver AI screening, AI sourcing products for employers. AI sourcing product is "Hey! We are going to help your talent acquisition team with our AI recruiter. Our AI recruiter will reach out to job seekers based on your data." It's basically what we're doing for employees and our Sponsored Job which is an advertisement product but there is a job recommendation function.

It is becoming like an AI agent, an AI recruiter is reaching out to job seekers. This is a secret source.

Think about when we send an email to job seekers which would be more appealing? "Hey, we're Indeed, we have a great job for you to check" or "This very popular employer really wants to talk to you." The open ratio is probably 10 times higher in the latter one. The return ratio might be 10 times different. Job seekers are happier. Instead they apply a thousand times through different AI startups. Nobody gets responses.

The important thing is how they are getting real opportunities from the real employers. That's why a two-sided decision-making marketplace model is having a great fit with AI technology.

Tsusaka: You talked about an AI recruiter. AI recruiter, I kind of understand that. AI recruiter itself is not a product, right?

Deko: It is a product.

Tsusaka: Oh, it is a product. Like you are selling an AI recruiter and charging for it?

Deko: Yes.

Tsusaka: Oh ok. Sorry about that. Not knowing about that. How do you like the price index increase? Now, you kindly disclosed the price per job posting. What investors would like to know is what is really driving the US APRJ growth?

You achieved 25% ARPJ in Q4. You indicated you are expecting roughly a 20% increase this year and that you expect that it is going to continue. The percentage wise, it can fluctuate, but currently what is driving ARPJ or the price index?

Deko: Ultimately, this advertisement model will be more like a cost per performance, cost per hire model. Because if we can deliver great qualified candidates, employers might say "Wow, this candidate is almost like a trained, hire-ready. I want to hire this person immediately." That is almost like a current recruiting agency's human being recruiter's job.

So that's the goal. Meaning that instead of delivering hundreds of unqualified candidates and charging hundreds of unqualified candidates' click, we seek how we can deliver actual, very close to hire type of qualified candidate. That's why ultimately for me, a very important thing is the repeat ratio ultimately. Right now especially for the small businesses.

Let me explain a little bit more about the example of a restaurant to explain why people are spending more towards our products. Think about the restaurant which has two chefs and 10 servers. You are running the restaurant. If you lost one server, you might say "I need to post a job". But it is just one out of 10. Maybe on Friday, customers might need to wait but it is still OK. But, if you lose one chef out of two chefs, it is an emergency.

That is why most of the time it is like "Hey, I really need to hire a chef and it has to be a very good chef who has a good experience like 10 years of experience. I need to hire a chef as soon as possible." That is why now we are offering a Premium product which is like "Hey, we are going to deliver a more highly qualified candidate."

Our current data is showing, with Premium, they can hire 50% faster. Hospitals in the US have 500 beds, they need thousands of nurses and sometimes they have more beds than nurses and obviously all trucking companies in the US have more trucks than drivers. That is why all three of them have a driver's school by themselves.

And the datacenter. Everybody wants to build a data center. We do not know how they can hire people. They need a bunch of electricians, not construction workers but electricians. Most of the electricians are really old.

They don't want to move to get a new job 400 miles away. So the reality is there are so many businesses which are struggling to fill positions and they are happy to pay more money if they can get a very qualified candidate.

I think this is why, right now, compared to Standard Sponsored Jobs, which is also our product, like a typical job advertisement product, Premium Sponsored Jobs have a 20% better retention ratio. I think that's good data, in which we can confirm that employees are paying more but they are happier.

Tsusaka: Have you ever looked at competitors? What are competitors doing? It sounds like you are not really looking at competitors. You are looking at yourself as a competitor, like yesterday's yourself is a competitor. Kind of like that mindset. Do you really look at the competitive dynamics of your business?

Deko: I don't care much about that. But I do know, there are so many startups doing blah, blah, blah. And I've been doing this business for 15 years. I've met with almost all startups, but I know most of the time they are focusing on one side, one industry, one segment, one type of job. So if they can focus on one segment, one job, they can be really good at doing this. But I've never seen a company which can expand its domain or sectors. But we'll see.

Tsusaka: Something probably the investors would like to ask you is overhang of your share price. And you just explained to us that a lot of labour shortages are happening everywhere indicating employers are having a difficult time finding people.

But at the same time, conceptually AI is replacing people, so that total labour demand is going to shrink and your business domain is recruiting services. I often hear this type of pushback.

Do you have any counter argument for that?

Deko: My answer is very boring. Because everytime I went to some conferences like Davos or whatever, everybody asks me like "Hey what do you think? This AI specialist said it is going to be 30% of unemployment rate and 20% GDP growth. " "Wow, I don't know, what is the calculation formula?" I don't know but I know it's just shocking and it's nice for all newspapers to get more clicks. I think the reality is , again my story is probably boring, but based on all the data, we have a Indeed Hiring Lab which is a research team. We published a new research paper. Probably you guys should check our research paper that we just published last friday.

We researched the AI impact and also the aging population impact for the next 15 years of the US labour force. Actually, aging population is impacting bigger than AI in terms of replacing the labour force. This is a good example, by the way. If somebody is saying, "it's going to be 20%, 30% unemployment rate in five years", we should challenge them, "what kind of sectors will be having 30% or 50% unemployment?" Because information, finance, but professional businesses, these sectors will have a big impact with AI. But as you can imagine, manufacturing, retail. By the way, retail productivity has been already getting better all the time with the machine and whatever, not AI. So it's going to be decreasing, it's just a trend.

And the government is also the same. Because it includes public teaching. So that is why it's going down. Because the number of public students will go down. Leisure, hospitality, construction, of course, AI cannot impact, AI cannot replace their jobs for at least next 15 years. That is why our research is showing that it is impossible to have a 10% unemployment rate.

Instead, for example, as I said, electricians are hard to control in the US. Nurses, car electricians and plumbers, they are really old. People are retiring more. And it's not only in the US, most of the developed countries don't have a good pipeline of skilled labour.

By the way, in the US, one out of four healthcare workers are immigrants, and the US started to kick them out. And we don't have a good pipeline. So from my point of view, I have been saying the same thing for the last five years. AI is a scary thing, but in reality is more of the aging workforce, and also sector by sector type of research and how AI will impact it.

Think about the fact that software engineers are generally young and car technicians are old. And we don't have a good pipeline. I think if you live in the US, people know that if you find out a water leaking, sometimes you have to wait for two weeks, three weeks. It's terrible.

And in the UK, it is terrible, you have to wait surgery for six months. And in Wales, they cannot empty a trash can once in a month. So the reality is how can we have a skilled labor force and pipeline management is very important. I understand this is a very boring story and nobody will click it. Probably, it's easier to say "It's going to be 30% unemployment rate."

But I really believe that investors are smart. I think people need to check the data, and data is not showing a 30% unemployment rate clearly.

Tsusaka: Thank you. Okay. We took that out. So now we open to the audience for questions.

Audience 1: Deko-san, thanks so much for joining here for Morgan Stanley Conference. Can you talk about the concrete steps you're doing to expand more the enterprise segment? Because I know obviously you guys have some killer products like Smart Screening, you're doing annual deals, but can you talk more about the sales team changes, like you talked about at the earnings call, maybe marketing team, how you're reallocating, would be helpful.

Deko: Great question. Indeed has been really good and strong to build a marketplace model and which had a great fit with the small businesses because our product itself has been more like a cost per click product, which is almost like an electricity bill or water bill.

And for example, when I met with the CEO of whatever company in Davos or this conference, and even if this company is paying to us like \$10 million, \$5 million, I didn't have any topic to discuss because, again, it's almost like an electricity bill. Oh, your jobs were that clicks and you need to pay \$5 million. That's it.

And if people are clicking more you have to pay more, that's it. So most of the time like. head of HR whatever wanted to negotiate with us but when somebody is clicking more you need to pay more. That's it. It was a very scalable product but we didn't have any negotiation point, but finally we built an AI tool, an AI products which is connected to our pay-per-click job product like AI screening or AI sourcing.

It has a great fit especially with the enterprise clients which have thousands of jobs, and all CEOs can understand "Hey, we send you two million applications. Think about it, even if your talent acquisition team is spending five minutes for one application, that's like millions of hours." And so we have just started to discuss with executives.

We didn't have a good executive-executive type of connections or partnerships, but we have started Red Bull, Formula One sponsorship, World Cup sponsorship, Brentford Premier League sponsorship. We're trying to invite more executive guys from enterprise clients. This is our new muscle we're trying to build.

Personally, I have been doing Recruit business, which is more of an enterprise type, if you're Japanese, people know Recruit is a very sales heavy company, and I know how it works. So I'm trying to build new muscle on top of a self-serve, small business marketplace. But now it's finally helping our growth of revenue. And we're building that new capability.

Audience 2: I just feel like enterprises can internally develop their AI tools to screen the millions of resumes by themselves. They can do the measurements by themselves with minimal cost using AI agents. There is a risk that you cannot get more users for AI screening products. Is it really difficult to develop that kind of product without HR related data?

Deko: Great question. What we are trying to do is how can we build a two-sided market place model instead of a SaaS kind of tool. Because SaaS kind of tools will be attacked by a bunch of cheap AI software with cheap AI things. So what we are focusing on now is, for example when we dig deeper into the screening process, how we can automate it. From our point of view, let's say people are applying like 10 times to similar jobs and job seekers are answering the same questions 10 times, and for example they are asking for a nurse certificate or "what kind of certificate do you have? What are the test results?"

They are being asked the same questions. What we are trying to build is once jobseekers answer these questions, we want to use it for the next employers and it should be easier for job seekers.

Then we are going to use these data to be connected with employer side AI sourcing. Most of the time, big enterprise employers have two teams, recruiting talent acquisition team and sourcing type of team. This team (recruiting talent acquisition team) is getting a bunch of thousands of applications and trying to check thousand applications. This team (sourcing team) is trying to reach out resumes and approach like "hey I found your resume, let's talk."

What we are trying to build is we're using this screening data to build AI sourcing. And I think that's the best way for employers to reduce the real HR cost. We are getting new clients everyday, because it's clearly easier and it's actually cheaper.

Audience 3: Sorry to ask this, you said a boring answer, but around the macro implications, I think you have some of the best real time data in the world, probably especially around the U.S.. U.S. college graduates have really struggled and unemployment rates in that age group have ticked up as AI is supposed to replace their jobs and employers have been hesitant to hire.

Recent data shows that unemployment rates are actually going back down. Maybe people were a little bit too optimistic about that narrative before, and just wanted to see what you're seeing in terms of data around that sort of younger age group in the U.S..

Deko: First of all, the younger age group unemployment rate went up several times, this is not the first time. Every time when the economy is getting worse, enterprise employers prefer to hire more skilled laborers, so the same thing is happening. But one more thing which is especially last, let's say five years or ten years, most of the universities invested into the computer science field a lot, and we have a lot of computer science-related kids now.

For example, if you study mining in the U.S., everybody can get a job, right? So this is a typical moment that AI is changing the requirements for the new jobs. So I think that even when we think about history, 50 years ago, our technicians and software engineers, we didn't have 50 times the difference of the salary 50 years ago.

But because of the supply and demand constraint, software engineers, we needed to train more. Everybody said, they started reskilling whatever but now we realize this reskilling is not a good way to invest in people. It's actually more opposite.

So I think right now, what we are saying is, a good number I can share is software engineering hiring demand is, compared to before COVID, it's almost like 50% down. But in the last six months, we saw a little bit of an uptick of software engineers hiring. We found a lot of new job titles which are related to AI.

And we might be seeing a new job is actually blooming in the market. Actually, what's happening is I think that's the supply-demand gap with the old-school investment. I think we all need to think about how we invest into the school. I think that's the idea.

Audience 4: You said you are focusing on the two-sided liquidity of the marketplace and not on SaaS. I'm curious about your thoughts on Ashby. What do you think about their product?

Deko: We are integrating with 400-500ish ATSs, CRHS and a bunch of HR data systems. As you know, nobody has more than 5% market share. Because every time it's very difficult to explain HR business. Basically everybody, like 7 billion people need jobs and people have jobs. Different segments have different ways to hire people.

What Indeed has been trying to do is, how can we be a marketplace model to deliver candidates easily. It has to be connected with the employer system. I do not care about SaaS, ATS, or CRM. You can connect it and there are so many startups happening and thousands of startups we have already connected and I think what needs to do is "what is the best way to improve the experience for job seekers." If it's easier for them to apply one more time, it's a good experience. If it's easier for job seekers to receive one response faster, it's a good experience. That's what I have been focusing on. That's how I'm thinking. I'm happy to connect with any systems if it's helping job seekers' experience.

Audience 5: Can you explain a bit how you are using AI to optimize your own cost base? To drive the margin improvements that you are clearly delivering.

Deko: Great question. For example, if I want to know how many applications happen in the last hour in Japan, I can ask my AI. What I've been pushing to all the teams is, for example, people are asking IT teams to be like "Hey, I need this dashboard, I need this chart", whatever. But what I'm pushing is "Why do we need charts? Why do we need a dashboard?" That is for a human being.

We should not build any more dashboards, because that's the AI change, that's the AI innovation. We needed to build tools for people, not a middleman "Okay sales, R&D, engineers, how can we build actual products and how can we sell and maximize it?"

I really believe that if you can build a real tool for frontline people, we can improve the productivity of all from nine people and we should reduce the percentage of managers, which percentage of the middleman or SG&A team, which is not talking to employers, talking to clients, which is not actually building a new product. I really believe we can reduce it.

I just believe it has to be done more like a top-down approach, because nobody likes it. For example, one manager, eight sales guys. Why do we need to keep this ratio with AI? It has to be like 20 to 1 or 100 to 1.

And AI can check all the sales pitches. Then we can teach all the front line guys "Hey, your sales pitch was not great because top sales guys are saying things like this, but you didn't say this or you didn't say that." I think they can do a better job than sales managers.

Audience 6: Thank you for the opportunity. Your ultimate goal is to change the charge model to cost per hire. Under what condition do you think you can achieve that? With that charging model, what would be the appropriate rate in your mind? Do you need human being recruiters with that model?

Deko: Great question. By the way, we have so many recruiters in different departments, not HR tech. That's also why I really know what they're doing. What we are trying to do is basically deliver new technologies to improve their productivity, recruiters' productivity.

We think we can deliver more, better productivity with human beings plus an AI type of moment. Realistically speaking, probably we will have like 10-15 years of human plus AI type of moments. That's probably the best way.

And there's so many clients, there's so many people who really want to have a human to human type of moment, and I think it's more like AI discrimination. Even if AI is saying the same thing, people might say "oh i cannot trust it." It is like how I trust automatic driving, I love my car, if my car just hit the bottom because of automatic driving, I'm fine with it. But people might say "that's scary. "But "why it is so cool." There are so many people and clients, so I think mixing is the best way.

Audience 6: Currently 20-30 for human being recruiters.

Deko: 20-25% of the first year salary requires a lot of cost. Recruiter is like "hey this hire is made by me" and it's actually you need to fight against even the internal recruiters because sometimes their incentive and bonus plans are connected to that and they might say "oh no no it's me, not outside people"

That's meaning like I don't want to touch that much complex world. What I believe is that if we can deliver a really qualified candidate, and if employers are saying like "wow it's a great candidate, I really want to hire right now," then we can get there.

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