



December 21, 2016

FRONTEO to Provide New Solutions for Financial Institutions That Support FSA's Strategic Directions and Priorities

Aiming to help clients fulfill fiduciary duties and discover growth opportunities

TOKYO, Dec. 21, 2016 (GLOBE NEWSWIRE) -- FRONTEO, Inc. ("FRONTEO" or the "Company") (NASDAQ:FTEO) (TSE:2158), a leading provider of global eDiscovery and big data analysis services utilizing artificial intelligence ("AI") technology, announced today that the Company has started providing new solutions to deliver operational reforms for financial institutions by using FRONTEO's proprietary KIBIT AI engine to conduct compliance checks and expand sales opportunities.

The financial industry in Japan is experiencing significant changes. Fintech companies have emerged rapidly and falling interest rates have led to new market entrants. Furthermore, Financial Service Agency (the "FSA") announced its Strategic Directions and Provisions (the "Provisions") in October 2016, which require a move towards high-quality financial services. The FSA incorporated 55 new benchmarks that require changes in business models for financial institutions, aiming to create shared value for all. They also addressed Fintech in particular and encouraged the use of new financial technologies.

Since October 2015, Lit i View AI Sokedachi Samurai has been analyzing business data at over 20 financial institutions, including banks, securities firms and insurance companies. During test trials at these financial institutions, the Company used KIBIT to deliver services in areas of operational reform, sales promotion, and risk response. Based on the know-how and experience obtained through these opportunities, FRONTEO continues to use KIBIT to analyze the daily information gathered at these financial institutions. As a result, the Company believes it now can provide a new solution that delivers more efficient operational reform at a reasonable cost.

AI compliance checks can support the fulfillment of fiduciary duties.

- ┆ The KIBIT AI engine can detect inappropriate responses related to solicitation and contracts that infringe the laws such as the Financial Instruments and Exchange Act. This supports the fulfillment of the fiduciary duty under the FSA's Provisions.
- ┆ KIBIT can analyze the record of interactions between the salesperson and the customer and a risky record can be flagged as inappropriate.
- ┆ The quality of the verification process has improved and records can now be ranked by the level of riskiness, allowing for high-risk transactions to be easily identified.

AI can create opportunities for new business opportunities to solve clients' issues.

- ┆ The KIBIT AI engine can identify the problems and possible business opportunities for customers from the extensive daily sales reports generated by staff at branches. Such practices can create the opportunity to better tailor products and services to customer needs.
- ┆ Usually, business proposals for products and services at financial institutions are generated by responsible staff at branches based on issues found through client interviews. However, there is a chance that clients' issues might be overlooked and appropriate support was not provided due to the lack of experience and business knowledge from the branch's staff and their supervisors.
- ┆ Using KIBIT to analyze daily sales reports, responsible departments at headquarters can identify the issues and needs of customers, including those that might have been missed by the branch's staff. This can allow headquarters to reinforce customer support by working with staff who specialize in customer services.

The project team involves various departments at FRONTEO. For example, the Sales and Business Development team serves as the point of contact for solutions; the Technology Support Team performs analysis, and the Behavior Informatics Research Institute provides technical backup and operational support.

In addition to providing the AI product, FRONTEO will also provide services such as training programs and AI process outsourcing to enable rapid introduction of such effective AI solutions at a reasonable cost for these financial institutions.

About FRONTEO, Inc.

FRONTEO, Inc. ("FRONTEO") (NASDAQ:FTEO) (TSE:2158) supports the analysis of big data based on behavior informatics by utilizing its technology, "KIBIT". FRONTEO's KIBIT technology is driven by FRONTEO artificial intelligence

based on knowledge acquired through its litigation support services. KIBIT incorporates experts' tacit knowledge, including their experiences and intuitions, and utilizes that knowledge for big data analysis. FRONTEO continues to expand its business operations by applying KIBIT to new fields such as healthcare and marketing. FRONTEO was founded in 2003 as a provider of e-discovery and international litigation support services. These services include the preservation, investigation and analysis of evidence materials contained in electronic data, and computer forensic investigation. FRONTEO provides e-discovery and litigation support by making full use of its data analysis platform, "Lit i View", and its Predictive Coding technology adapted to Asian languages. The company name was changed from UBIC, Inc. to FRONTEO, Inc. as of July 1, 2016.

For more information about FRONTEO, contact global_pr@fronteo.com or visit <http://www.fronteo.com/global/>.

Safe Harbor Statement

This announcement contains forward-looking statements. These forward-looking statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, the amount of data that FRONTEO expects to manage this year and the potential uses for FRONTEO's new service in intellectual property-related litigation, contain forward-looking statements. FRONTEO may also make written or oral forward-looking statements in its reports filed with, or furnished to, the U.S. Securities and Exchange Commission, in its annual reports to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about FRONTEO's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: FRONTEO's goals and strategies; FRONTEO's expansion plans; the expected growth of the data center services market; expectations regarding demand for, and market acceptance of, FRONTEO's services; FRONTEO's expectations regarding keeping and strengthening its relationships with customers; FRONTEO's plans to invest in research and development to enhance its solution and service offerings; and general economic and business conditions in the regions where FRONTEO provides solutions and services. Further information regarding these and other risks is included in FRONTEO's reports filed with, or furnished to, the Securities and Exchange Commission. FRONTEO does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided in this press release and in the attachments is as of the date of this press release, and FRONTEO undertakes no duty to update such information, except as required under applicable law.

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