



# FRONTEO

FRONTEO, Inc.  
Company Profile

# Bright Value

## Identify Risks and Opportunities Buried in Records

FRONTEO strives to offer optimal solutions that identify risks and opportunities buried in records through the power of AI to implement a fair society where people can access information they need.



**FRONTEO = being at the most advanced position (from the English “front”) + moving forward (from the Latin “eo”).**

It also stands for “**Frontier Technology Organization**,” expressing the company’s nature as being “progressive, leading-edge value creator.”

The FRONTEO logo features multiple axes radiating outward, representing the expansion and future potential of the company and its business, with a focus on AI platforms. The unifying capacity and centrifugal force represented visually by the color gradations symbolize FRONTEO’s diversity and strength.

## To Achieve Fairness in Information-Oriented Society

FRONTEO is a data analysis company specializing in natural language processing. Our main business is to support information analysis with our proprietary AI engines “KIBIT” and “Concept Encoder”.

Since its establishment in 2003, our mission has been to protect companies facing predicaments because they cannot find information required for litigation due to underdeveloped data-analysis technology. FRONTEO has been active in the LegalTech field, supporting the discovery of evidence for legal cases and fraud investigations.

FRONTEO has expanded its business, based on the AI technology developed in the LegalTech field. Today, it serves customers in fields such as finance, intellectual property, human resources, and healthcare, where it works to provide broader and more in-depth solutions to social issues.

FRONTEO is fully committed to delivering “Bright Value” — identifying risks and opportunities buried in records, and realizing a bright future where people can access the information they need.

Masahiro Morimoto  
CEO and Chairman of the Board  
FRONTEO, Inc.



# Company Overview

## NASDAQ-Listed Company Specializing in AI Technology

In August 2003, Masahiro Morimoto, CEO of FRONTEO, founded a LegalTech pioneer company “UBIC (former FRONTEO)” in Japan. The company was listed on the Tokyo Stock Exchange Mothers market in 2007 and on the NASDAQ in 2013, respectively. In July 2016, with the goal of expanding use of its AI technology developed in its LegalTech business, and of becoming a company that makes valuable future, UBIC launched new AI business and changed its name to FRONTEO.



At the NASDAQ closing bell ceremony held in New York

## Global Offices

FRONTEO group is comprised of FRONTEO, Inc. and its subsidiaries: two in Japan, and three overseas. FRONTEO is headquartered in Tokyo and maintains offices in 10 different cities in the U.S. and Asia. We have employees with diverse nationalities and 53% of them hold non-Japanese citizenship.



## Natural Language x AI

Kibi+  
concept Encoder

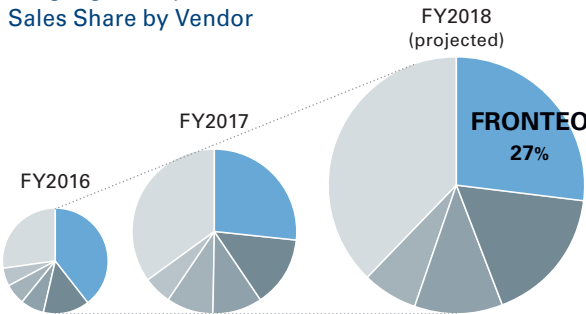
FRONTEO has developed two proprietary AI engines: KIBIT, which supports improved operational efficiency by supporting human decision-making in various areas of companies’ business, and Concept Encoder, designed specifically for the healthcare industry to support the development of medical treatment and research. Both AI engines offer superior natural language processing.

## A Leader in the Practical Realization of AI

No.1 share in Japan’s language analysis market for 3 consecutive years

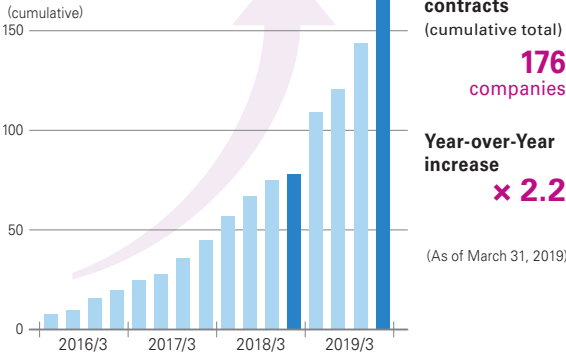
FRONTEO AI products implemented at over 170 companies

Language Analysis Market: Sales Share by Vendor



Source: ITR “ITR Market View: AI Market 2018”

Number of clients



# FRONTEO's AI

AI that Depicts Human Judgments with Small Amount of Training Data

# Kibi+

KIBIT was created as an AI that depicts how people make decisions and select information by learning the judgment mechanisms and intuitions (i.e., tacit knowledge) of individuals. Using FRONTEO's proprietary "landscaping" AI technology, which handles learning and assessment, and behavior informatics-based knowledge collected and systematized through on-site experiences of data analysis, KIBIT analyzes unstructured textual data such as emails and documents. Its key characteristics include the ability to perform analysis based on a small amount of training data, the short time required to introduce the product, and its light processing requirements, which eliminate the need for large computational resources. KIBIT is adopted cross-sectionally in products in FRONTEO's LegalTech AI and Business Intelligence fields. Technology may be applied in a wide range of social situations by understanding subtleties of human thought that cannot be expressed in language, such as capturing the judgment mechanisms of lawyers, executives, and managers.

Can start with a few dozen data items

Analysis can be performed with a single laptop

Analysis speed 4,000 times faster than a human

Dedicated Facilities Supporting AI R&D and Implementation



## Behavior Informatics Laboratories

This facility is engaged in developing next-generation discovery support software for use around the world, along with serving as a center for KIBIT R&D.



## LegalTech Solution Lab.

Serving the LegalTech field, this facility leverages KIBIT to enable large-scale investigations to be carried out within a short period of time. This lab combines expertise based on many years' experience with investigations and international capabilities.



## AI BizDevOps Lab.

The aim of this lab is to develop and provide "usable AI." It is engaged in activities such as supporting the creation and optimization of training data, interpreting analysis results, proposing implementation methods, and giving feedback on technology development.

AI that Enables Utilization of Medical Big Data

# concept Encoder

Concept Encoder is an AI for the healthcare industry developed by FRONTEO's subsidiary FRONTEO Healthcare. In the healthcare field, considerable emphasis is placed on evidence-based medicine (EBM). When considering the use of AI, the fact that the underlying processes are concealed in a black box is an issue. To resolve this issue, Concept Encoder was developed as an AI that combines objectivity, transparency, and reproducibility by incorporating statistical techniques that have been used for many years in the healthcare industry. It also enables co-analysis of numerical data such as genetic expression information and analysis/application based on evidence from medical big data.

Uses natural sentences in electronic medical records and research papers

Evidence-based analysis

Enables co-analysis of numerical data

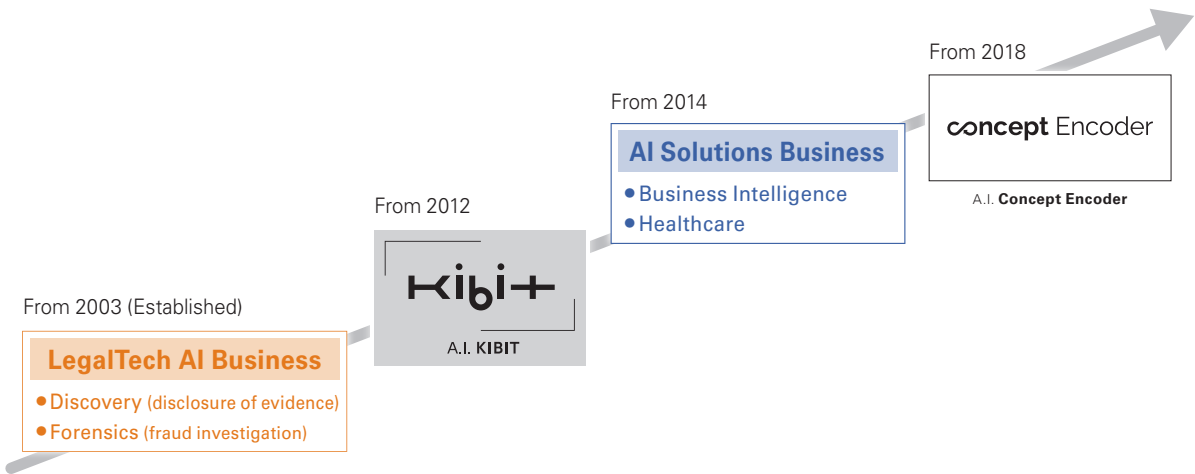
# Business Field

FRONTEO’s business is comprised of the LegalTech AI Business and AI Solutions Business that demonstrate the real value of the company’s proprietary AI technology.

With a focus on value of the records (documents, text, etc.) that are not efficiently used due to its massive quantities, FRONTEO offers services to the customers that leverage AI to support human decision-making, increase the efficiency of operations, and transform data into knowledge.

Another key feature of FRONTEO’s services is its team of experts, knowledgeable in both business and technology in their respective fields, providing a full range of consulting services to help customers implement AI technology.

With the thorough knowledge FRONTEO possesses of the challenge customers face when implementing new AI technology, it can propose effective solutions and apply that expertise to future AI technology.



## LegalTech AI Business



### Dramatically Increasing the Efficiency of Evidence Discovery in Legal Cases and Fraud Investigations by Implementing AI

As globalization advances, international litigation is becoming more and more commonplace for companies. However, due to lack of familiarity with litigation processes and differences in culture and language, this by no means is a favorable environment for companies. By harnessing the power of AI to analyze electronic data, FRONTEO’s solutions eliminate disadvantages stemming from differences in country or language. Its technology has also been used in many in-house corporate fraud investigations in Japan. As of March 2019, FRONTEO was involved in more than 9,150 international litigation discovery and fraud investigation cases.

## AI Solutions Business



### Business Intelligence

#### Provide Comprehensive Support from Operational Efficiency to Management Decision-Making Using Companies’ Textual Data Resources

Data is an invaluable resource for companies. Analyses, forecasts, trends, and other elements derived from data are indispensable in making successful management decisions. FRONTEO supports business-related decisions by extracting information of genuine value from data. By learning from experts and sharing that knowledge, customers can increase the decision-making capabilities of their entire organization.



### Healthcare

#### Contributing to Improved Medical Treatment by Creating and Providing Information Analysis Solutions for the Healthcare Field

The mission of FRONTEO Healthcare is to contribute to improved medical treatment by promoting patient-first, evidence-based R&D. By providing services based on FRONTEO’s proprietary Concept Encoder AI, the company strives to tackle issues such as supporting diagnosis, increasing the efficiency of healthcare work, and enhancing the development capabilities of pharmaceutical companies.



# Examples of FRONTEO’s Services

## Discovery in International Litigation

### Find Valuable Evidence for Litigation from Extensive Amount of Emails and Documents that the Company Possesses

The U.S. legal system includes the discovery process, in which companies are required to submit evidence themselves in lawsuits or investigations of cartels and the like by authorities. In recent years, with the evolving IT and IoT, the volume of textual data involved in discovery has grown dramatically. FRONTEO’s Lit i View software, which leverages KIBIT AI and offers superior analysis of Asian languages, can rapidly find documents that represent key evidence from massive volumes of data. It enables highly accurate, and remarkably efficient information disclosure.

## Supporting Fraud Investigations by Third Party Committee

### Facts finding from Computer and Cell Phone Data in Fraud Investigations with Specific Deadlines

In cases such as scandals that have a significant impact on a company’s reputation, a committee made up of neutral third parties with no direct interest with those involved will be formed to find facts. FRONTEO supports companies to clarify the cause of fraud by investigating digital data requested by the committee, such as investigating targets’ emails and documents within a designated period of time, by utilizing AI and advanced digital forensics technology. As of May 2019, FRONTEO has handled all 18 public cases.

## Compliance Countermeasure Support in the Finance Industry

### Checking for Inappropriate Solicitation in Financial Product Sales from Communication Records with Customers

At financial institutions, considerable time and manpower are devoted to determining whether there are any inappropriate solicitations when selling financial products, from communication records with customers. KIBIT is able to check records that are not feasible with keyword searches, by judging which conversations are inappropriate based on the overall context. It increases operational efficiency by performing twice as fast and with four times more accuracy\* than human review alone. At present, this technology has been implemented in multiple financial institutions.

\*Financial Services Agency “FinTech Experiment Hub” test results published on August 1, 2018

## Utilization of Business and Marketing Data

### Extracting Information Leading to Business Opportunities from Customer Feedback and Day-to-Day Business Records

At companies, there are large volume of valuable records (documents) that could be useful in business—daily reports, communication records with customers, feedback provided to customer support departments, etc.—that need to be checked by humans. KIBIT supports more efficient use of these records by learning the decisions- made by well experienced employees and specialists based on their tacit knowledge (experiences, instincts, etc.), analyzing the data, and extracting information that will support a company’s business and improve its products and services.

## System to Mitigate In-Patient’s Risk of Falling

### Predicting Risk of Falling from Medical Records - Support Medical Institutions and Creating More Time for Patient Care

With the increasing number of elderly patients receiving care, inpatient’s risk of falling is an issue of growing importance at medical institutions. FRONTEO Healthcare has developed a Fall Prediction System that reduces this risk. It identifies inpatients who are at risk of falling by using the patented Concept Encoder AI to analyze nursing records extracted from an institution’s electric medical record system. By reducing the burden of conducting risk assessments, this system creates more time for medical professionals to provide patient-facing care.

## Searching for Information on New Medications Candidate

### Making R&D More Efficient through Early Identification of Compounds of the potential new medication from huge amount of International Research Information

In medical supplies’ R&D department, it is indispensable to regularly check research papers and public databases and update related information for early discovery of new drug candidates. However, the tremendous time and labor required for researchers to perform these tasks is becoming a significant issue. FRONTEO Healthcare has developed and launched a technology that enables validation to be quickly concluded and makes R&D more efficient by using Concept Encoder to enable easy acquisition of information related to researchers’ hypotheses.

# History

|   |  |  |  |  |  |   |  |   |  |   |  |
|---|--|--|--|--|--|---|--|---|--|---|--|
| 2003  |  | 2004   |  | 2005   |  | 2007  |  | 2009  |  | 2010  |  |
| ■ Established UBIC, Inc.  |  | ■ Acquired exclusive rights to import and sell forensics-related tools in Japan from US-based forensic tool developers |  | ■ Established a forensics lab  |  | ■ Listed on Tokyo Stock Exchange Mothers 1  |  | ■ Started Document Review Service 2   |  | ■ Established Payment Card Forensics, Inc., a subsidiary specializing in credit card fraud investigation (now P.C.F. FRONTEO, Inc.) |  |
|   |  |  |  | ■ Started computer forensic services (computer forensic investigation service and discovery support service) |  | ■ Established subsidiary UBIC North America, Inc. to enhance the FRONTEO brand in the U.S.                                    |  | ■ Launched Lit i View, the world’s first discovery support system for Asian languages 3                 |  |   |  |
| 2011  |  | 2012   |  | 2013   |  |   |  | 2014  |  |   |  |
| ■ Established UBIC Taiwan, Inc. (now FRONTEO Taiwan, Inc.)  |  | ■ Began utilizing proprietary AI (later known as KIBIT) in the LegalTech field   |  | ■ Listed on NASDAQ   |  | Rang the Closing Bell at the Nasdaq Marketsite 4  |  | ■ Began rolling out AI-based technologies in new business areas   |  | ■ Established DOC (Discovery Operation Center), a data analysis lab specializing in discovery                                       |  |
| ■ Established UBIC Korea, Inc. (now FRONTEO Korea, Inc.)  |  |  |  |  |  |   |  | ■ Converted forensics lab into FOC (Forensics Operation Center), handling advanced information analysis |  | ■ Established Behavior Informatics Laboratories to conduct AI-related R&D and pursue its application in new business areas          |  |
|   |  |  |  |  |  |   |  | ■ Acquired US discovery company TechLaw Solutions, Inc., making it a consolidated subsidiary            |  |   |  |
| 2015  |  | 2016   |  |  |  |   |  | 2018  |  | 2019  |  |
| ■ Established UBIC MEDICAL, Inc. to conduct the medical information analysis business (consolidated subsidiary, now FRONTEO Healthcare, Inc.) |  | ■ Changed trade name to FRONTEO, Inc.  |  | ■ Established FRONTEO USA, Inc., by merging three US consolidated subsidiaries                               |  | ■ FRONTEO USA, Inc., acquired the business rights of Essential Discovery, Inc., an US company specializing in document review |  | ■ FRONTEO Healthcare officially launched its Concept Encoder AI designed for the healthcare industry    |  | ■ Established LegalTech Solution Lab in order to offer enhanced operations capabilities   |  |
| ■ Acquired US discovery company, EvD, Inc., making it a consolidated subsidiary   |  |  |  |  |  |   |  | ■ Launched KIBIT G2 next-generation AI engine   |  |   |  |
| ■ Announced KIBIT, as a proprietary AI  |  |  |  |  |  |   |  | ■ Established FRONTEO AI BizDevOps Lab to handle front-line AI implementation                           |  |   |  |



# FRONTEO Motto

## ● Passion, Perseverance and Inspiration

FRONTEO has adopted “Passion, Perseverance and Inspiration” as its motto (principles of action), to achieve Bright Value. FRONTEO’s goal is to make Bright Value a reality by accepting challenges that it finds inspiring, persevering with a strong never-give-up attitude, and acting together with a shared passion.

## ● Challenging from Zero to 1 and Connecting to Remarkable Result

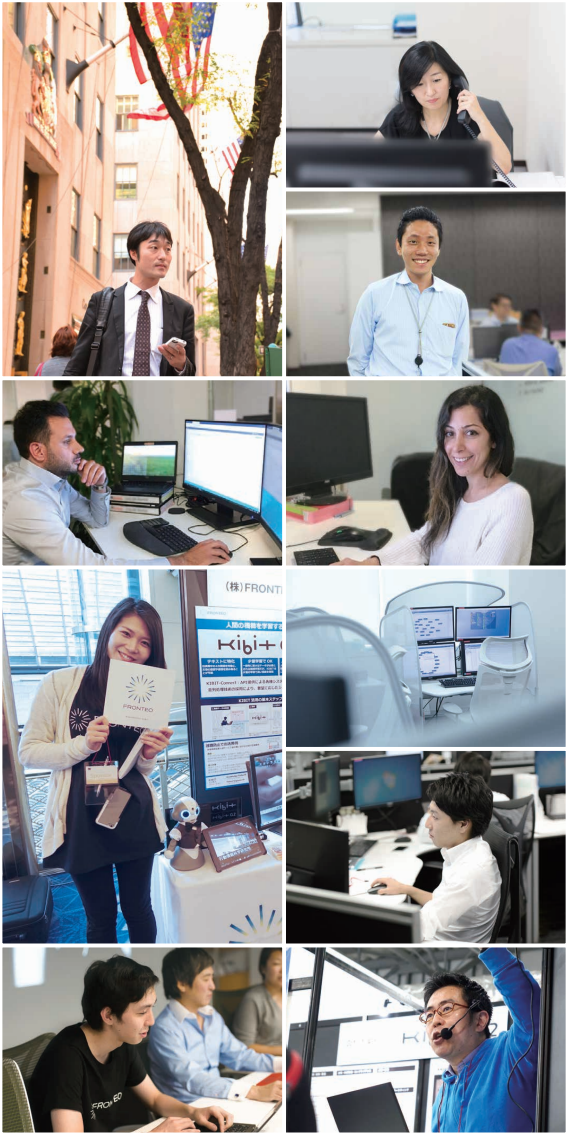
Ever since its establishment, the projects tackled by FRONTEO have always been pioneering initiatives that break new ground. Even if something has never been done anywhere in the world before, FRONTEO will boldly take up the challenge if it believes that doing so will address social issues and lead to the creation of Bright Value. What’s more, pursuing initiatives and achieving results that deliver this newly created value to society have been made a priority.

## ● Ability to Get Things Done

The integral part of FRONTEO’s culture, now more than ever, is the ability to get things done. What this means is having both the capacity to create rigorous, high-quality plans for activities and the ability to reliably carry those out. FRONTEO believes this combination is an essential factor in advancing projects to the next stage.

## ● Opportunities for All

FRONTEO’s work environment consists of staff with various ages, genders, nationalities, and ethnicities. Both internally and through its projects and services, FRONTEO promotes an environment where anyone with the right skills and motivation has a chance to succeed, with the aim of creating a more diverse workforce and society.



# Company Information (As of March 31, 2019)

Trade name: FRONTEO, Inc.

Established: August 2003

HQ address: 2-12-23 Konan, Minato-ku, Tokyo, 108-0075 Japan

CEO and  
Chairman of the Board: Masahiro Morimoto

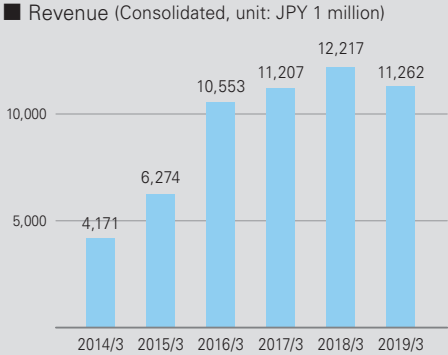
Number of Employees: 387 (Consolidated)

Capital: JPY 2,559,206,000

Revenue: JPY 11,262,070,000 (Consolidated)

Markets Listed in: Tokyo Stock Exchange Mothers (Code : 2158)  
The Nasdaq Stock Market (Symbol : FTEO)

Main Customers: Government agencies (law enforcement agencies, various surveillance committees), domestic and overseas law offices, private companies (automobile, machinery, precision machinery, electric, pharmaceutical, petrochemical, data communications, trading companies, etc.), medical institutions





**FRONTEO, Inc.**

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