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## **FRONTEO and System Information enter partnership to provide products and services using KIBIT AI Engine**

TOKYO, October 18, 2018 -- FRONTEO, Inc. ("FRONTEO") (NASDAQ: FTEO) (TSE: 2158), a leading provider of artificial intelligence ("AI") based big data analysis services, and System Information Co., Ltd. ("System Information") (TSE: 3677) announced the execution of a partnership agreement to commence providing sales and services of products utilizing KIBIT, an AI engine independently developed in Japan by FRONTEO.

KIBIT is an artificial intelligence engine developed in Japan that is equipped with an algorithm that uses proprietary machine learning that does not only rely on the text analysis of keywords but focuses on and reproduces the "tacit knowledge" of experts and people with excellent intuition. KIBIT is a word coined by combining "kibi," a Japanese word meaning "subtlety," and "bit," the smallest unit of digital information. , In order to indicate an AI capable of understanding the subtle elements of human behavior and personality, KIBIT application has high natural language processing technology and analysis that can be achieved in a short period of time with little training data. FRONTEO has received high praises for the practical results achieved by companies that have installed KIBIT technology in areas such as transactions between financial institutions and their customers, patent research by manufacturers, human resources analysis, and fraud prevention and detection..

System Information has been promoting services for the installation of AI as well as the development of AI related systems for many companies. FRONTEO's partnership combines System Information's Cognitive (AI) Service and KIBIT. With KIBIT's long track record of superior data analysis technology, System Information will enable FRONTEO to increase and expand its development of new services and applications through diverse AI. FRONTEO and System Information's alliance will further strengthen the consulting and installation services of AI technology and enhance the delivery of business solutions to customers.

(\*) Cognitive Service [In Japanese]: <https://www.sysj.co.jp/service/service06.html>

[Note]

\*The listed details, price of products/services, specifications, contact for inquiries, and other information are correct at the time of this announcement. These may change subsequently without notice. In addition, various risks to the plans and targets, etc. at the time of the announcement and matters of uncertainty could mean the actual results differ from the forecast. Please take note of this.

### **About System Information**

System Information Co., Ltd. is a company that provides total service as a system integrator in areas such as the design, development, and maintenance of business applications and core infrastructure, as well as other IT solutions and consulting. In recent years, the company has established cognitive services and strengthened advanced services utilizing AI.



In an effort to improve project management capacity and to obtain the international qualification/standard PMP (\*1), there are currently 150 certified staff. In addition, initiatives have been introduced for the entire organization to improve software development processes in accordance with the model and assessment method for process improvement of organizations that conduct system development, CMMI (\*2), and the highest level of maturity, CMMI Level 5, was achieved in November 2012 (Level 5 was also retained in November 2015).

The company was listed on JASDAQ in October 2013, and in September 2018, the listing was changed to the Second Section of the Tokyo Stock Exchange. Capital is 302 million yen (as of October 2018).

(\*1) PMP: The abbreviation for Project Management Professional, a qualification relating to project management certified by PMI (Project Management Institute) in the US. The objective relates to measuring knowledge and the level of understanding in the project management area based on the guidebook released by PMI (PMBOK: A Guide to Project Management Body of Knowledge). Currently, this has become an international standard qualification for project management.

(\*2) CMMI: The abbreviation of Capability Maturity Model Integration, a capability maturity level model for software development processes developed by the Software Engineering Institute (SEI) at Carnegie Mellon University (CMU). This model for systematic process improvement assesses the process capability (maturity level) of an organization in five levels and fosters continuous improvement. Currently, this has become an international standard indicator for measuring software development capability.

### **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](mailto: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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