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FRONTEO’s “KIBIT Series” Gains Largest Share in AI-Based Text Analysis Market

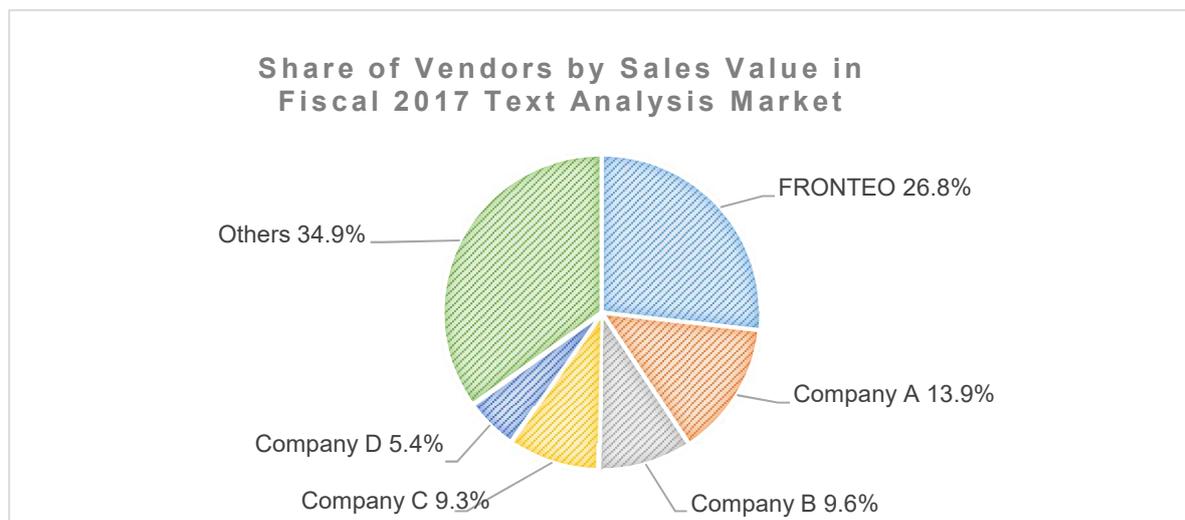
ITR survey places the KIBIT series of solutions at top of the market

TOKYO, January 7, 2019 – FRONTEO, Inc. (“FRONTEO”) (NASDAQ: FTEO) (TSE: 2158), a leading provider in artificial intelligence (“AI”) based big data analysis services, announced today that its “KIBIT Series”, a group of solutions incorporating KIBIT (the AI engine proprietary developed by FRONTEO), gained the largest share in the Japanese text analysis market* for fiscal 2016 and fiscal 2017 on the basis of sales by vendor, accounting for 26.8% of the market.

This achievement was announced in the “ITR Market View: AI Market 2018” (<https://www.itr.co.jp/report/marketview/M18001800.html>) (in Japanese), a market survey report released on December 11, 2018 by ITR Corporation, an independent, IT research and consulting company based in Japan.

ITR compiled the report based on its comprehensive evaluations utilizing information disclosed by respective vendors and collected through direct interviews, and the information accumulated through the technology research, vendor selection process and technological evaluations that the company has continuously conducted.

The “KIBIT Series” accounted for 26.8% of the Japanese text analysis market (in terms of sales by vendor) for fiscal 2017. The figure represents the top share among a variety of domestic and foreign vendors participating in the market, far ahead of the 13.9% share of the second-ranked vendor. The report also forecasts that the “KIBIT Series” will increase the share to 27.0% in fiscal 2018, maintaining the top rank.



Source: ITR Market View: AI Market 2018, ITR Corporation

According to the survey by ITR, the combined sales in the major five AI markets (image recognition, voice recognition, voice synthesis, text analysis and search) amounted to 11.6 billion yen for fiscal 2017, showing a rapid increase of 65.2% year-on-year. Of the major five markets, image recognition and text analysis are cited as the two markets that are particularly larger in size and expected to grow greatly going forward. Text analysis, which is increasingly adopted primarily at call centers, is projected to be used in an increasingly broader range of application areas.

The “KIBIT Series” of solutions are equipped with the text analysis technologies FRONTEO has developed proprietarily for the eDiscovery support business and digital forensic business it has worked on since its inception in 2003. The Company started applying the technology internally for its legal tech business in 2012, and launched its AI solution business in 2014 for its customers.

FRONTEO has successfully obtained and maintained the position of the leading company in Japan’s text analysis market. This is presumably because its solutions are utilized in a variety of business scenes, such as sales support and daily report analysis, human resources and labor relations, customer support, technological development, solution development and marketing, for a wide range of industries including manufacturers in chemical, machinery, materials and other areas as well as various financial institutions, and because the Company’s superior natural language processing technologies and know-how in operating and firmly incorporating the solutions into the customers’ processes have been highly acknowledged.

Going forward, FRONTEO will continue to support its customer companies to accelerate the development and expansion of their businesses by utilizing a variety of ever-increasing text data. By doing so, the Company will aim to expand its operations at a scale and speed that exceeds the market forecasts.

*Text analysis market

Solutions for text analysis utilize computers to analyze natural language, or language used in daily lives. The solutions perform such functions as syntax analysis, semantic analysis, context analysis and natural language classification.

Source: ITR Market View: AI Market 2018, ITR Corporation

■ About KIBIT Series

- KIBIT engine through API: “KIBIT-Connect”
- Business data analysis support system: “Knowledge Probe”
- Patent search & analysis system: “Patent Explorer”
- Automated email audit system: “Email Auditor”
- FAQ system: “Find Answer”

About KIBIT

KIBIT is an AI engine developed by FRONTEO. 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.



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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