Albert
Analytical technology

ALBERT Inc. (Ticker: 3906, TSE Mothers Market)

FY12/21 2QFinancial Results

August 13, 2021

ALBERT Inc.
Shinjuku Front Tower 15F
2-21-1, Kita-Shinjuku, Shinjuku-ku,
Tokyo, Japan, 169-0074
www.albert2005.co.jp/

Corporate Profile

Name	: ALBERT Inc.
Head office	: Shinjuku Front Tower 15F, 2-21-1, Kita-Shinjuku, Shinjuku-ku, Tokyo, Japan
Established	: July 1, 2005
Representative	: Takeshi Matsumoto, President
Listing	: TSE Mothers (ticker: 3906)
Capital stock*	: ¥ 1,044,322 thousand
Employees**	: 261 (227 data scientists)
Memberships	: The Japanese Society for Artificial Intelligence

*Capital stock, no. of employees as of June 30, 2021
**Employees include dispatch employees (including those in training) , part-time workers and subcontract workers.

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New MISSION

- As the company celebrates its 15th anniversary in 2020, we defined new mission by verbalizing our employees' own words of the thoughts and aspirations we have held dear up to this point.



MISSION

Building the future with data science

We are the CATALYST.

The data obtained in the past is just a collection of information by itself. Gathering and twisting it together with data science makes it possible to imagine the future and create new value that could not have been predicted before. As the use of artificial intelligence (AI) advances, and various visual and auditory information is beginning to take on more meaning than ever before, we hope that AI will not only replace conventional human judgements, but will also create new values that will lead to a better future, and that the new values we create will be inherited into the future. As a partner in the implementation of AI in society, we use the power of data science to co-create new value.

As a CATALYST

ALBERT has a “CATALYST Strategy” and aims to create an AI networked society through AI and data sharing between industries.
“CATALYST” means not only “catalyst” but also “accelerator” and “a person who gives an opportunity or stimulus to others”.
We hope to be a “CATALYST” that causes new chemical reactions between industries and brings about changes through the social implementation of data science.
Since its establishment, ALBERT has grown as a data scientist group with "analytical capabilities as its core". We will continue to contribute to solving problems in all industries with data solutions that make full use of AI and machine learning technology.

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The Effect of Spreading Infection COVID-19

- We are prioritizing the safety of its employees, business partners and other stakeholders, and shifting to flexible business operations in line with the “New Normal”. In addition, **the spread of COVID-19 will not negatively affect our sales activities and project execution teams.**
- our growth opportunities will be expanding due to **growing momentum of “ digital-transformation (DX)”.**

	Changing our business condition	Operating policy / Status
(1) Project-based services A development partner deploying AI in industry	• Increasing clients shifting to remote work. • Some of clients decrease their investment budget and delay their decision-making. • **Growing social momentum for utilizing Big data and AI due to changing business environment.**	• Establishing a remote environment and carrying out our operations as usual. • Occurring project delays and downward pressure on utilization rates since April. • **The pace of orders has been recovering since 3Q, and the impact of COVID-19 is limited.**
(2) Providing our own products	• Increasing inquiries to government offices from citizens due to changing in living conditions. • Increasing in non-face-to-face	• Carrying out our product development as before by working remotely. • Starting to provide our chatbot to local governments on free. The action aims to establish business relationships.
(3) Data scientist training support	• Difficulty in managing a group training course. • **Growing social momentum for enhancement resilience and investment in employee education.**	• Moving to an online training. • **Starting our new training program for optimizing Small and middle group training needs.**
Operating our business	• Urgent need to take measures to prevent the spread of infection to employees and business partners.	• Time difference work and working remotely are installed. 90% of our employees are working remotely. • Training and recruitment are conducted remotely.

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Executive Summary

■ Record-high sales and profit in 1H.

- Sales were 1,584 million yen (YoY +26.3%), gross profit was 895 million yen (YoY +17.2%), operating profit was 191 million yen (+162.9%) in 1H. Expanding continuous transactions with Priority customers incl. alliance partners. In this way, **sales and profit recorded record-high level on 1st half quarter basis.**
- The effect from COVID-19 in the business activities was resolved. The internal utilization rate rose to 77.8% in 2Q, and we consider the rate will remain 75~80% after 2Q.
- As of the end of June, the number of data scientists was 227, a slight downward trend. However, **business efficiency is improving** due to the improved accuracy of project pipeline management and the full-scale operation of the proprietary assignment system that we began developing at the end of last year, and there is **no obstacle to future sales growth**.

■ Starting to the alliance with SBI Holdings. And SBI Financial Services acquired ALBERT's common stock (1,383,100shares/ 31.1%) held by Whiz Asia Evolution Fund, ALBERT's major shareholder.

■ Increasing stock–type revenue such as long-term large-scale projects and AI system development projects. Focusing the quality of sales.

- Long-term large-scale projects and AI system development projects expected continuous orders from customers as stock-type revenue are upward trend. ALBERT is promoting the development of a customer base that can be expected to deepen long-term stable transactions.
- Due to the AI system development project order received was delay and appearing an additional production requirement, we accounted provision for less orders received 105million yen in 2Q. ALBERT is focusing to conclusion of development with the client.

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Start of capital and business alliance with SBI

- ALBERT signed the capital and business alliance with SBI Holdings Inc. (SBI) on June 9, 2021. Simultaneously, along with this alliance, SBI Financial Services Co., Ltd. (SBIFS) acquired ALBERT's common stock (31.1% of all issued stocks) held by Whiz Asia Evolution Fund (Whiz) on June 30, 2021.
- Aiming to reinforce effort to utilize big data and AI in advanced technology domain in SBI and its subsidiaries' Financial Service Business, Asset Management Business and Biotechnology, Healthcare & Medical Informatics Business, and upgrade existing businesses and creating new business.

SBI GROUP

- ✓ Online financial services with **the largest customers base of over 6 million.**
- ✓ In addition to the securities business, **a diverse business portfolio** including AM business, insurance, and medical services.
- ✓ **Collaboration with companies in diverse industries** for regional revitalization.
- ✓ Promoting **open alliances with companies outside the group to create synergies.**
- ✓ Proactive investment in IT and biotechnology companies.



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- ✓ Approximately **250 data scientists.**
- ✓ **Accumulated domain knowledge and data usage know-how** in the areas of finance, automotive, manufacturing, telecommunications, distribution and infrastructure.
- ✓ **Track record of collaboration with Japanese leading companies based on CATALYST strategy.**
- ✓ **Understanding of data sets** held by Japanese leading companies.

Synergy through capital and business alliance

- Promoting DX strategy within the SBI Group
- **Further promoting of ALBERT's "CATALYST Strategy"** by leveraging SBI Group's experience and know-how

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Shareholder Composition

■ Transferred all shares held by Whiz, our largest shareholder, to SBIFS, a wholly owned subsidiary of SBI and an intermediate holding company for financial services business, on June 30, 2021.

Before transfer as of Dec. 31,2020

green : CATALYST partner (alliance partner)

	Name of shareholder	No. of shares held	% of total shares (excl. treasury stocks)
1	Whiz Asia Evolution Fund	1,383,100	31.3%
2	**Toyota motor Corporation**	**165,800**	**3.8%**
3	**Mynavi Corporation**	**165,800**	**3.8%**
4	**MACNICA, Inc.**	**163,000**	**3.7%**
5	**Nihon Unisys, Ltd.**	**133,600**	**3.0%**
6	**KDDI Corporation**	**97,700**	**2.2%**
7	SBI SECURITIES Co., Ltd.	89,700	2.0%
8	BBH(LUX) FOR FIDELITY FUNDS PACIFIC FUND	87,900	2.0%
9	BNY GCM ACCOUNTS M NOM	77,100	1.7%
10	SUMITOMO LIFE INSURANCE COMPANY	71,300	1.6%
13	**Tokio Marine & Nichido Fire Insurance Co., ltd.**	**46,800**	**1.1%**

After transfer as of June 30, 2021

	Name of shareholder	No. of shares held	% of total shares (excl. treasury stocks)
1	**SBI Financial Services Co., Ltd.**	**1,383,100**	**31.1%**
2	**Toyota motor Corporation**	**165,800**	**3.7%**
3	**Mynavi Corporation**	**165,800**	**3.7%**
4	**MACNICA, Inc.**	**163,000**	**3.7%**
5	**Nihon Unisys, Ltd.**	**133,600**	**3.0%**
6	**KDDI Corporation**	**97,700**	**2.2%**
7	Rakuten Securities, Inc.	97,400	2.2%
8	BBH(LUX) FOR FIDELITY FUNDS PACIFIC FUND	87,900	2.0%
9	SUMITOMO LIFE INSURANCE COMPANY	78,300	1.8%
10	JAPAN SECURITIES FINANCE CO., LTD.	76,400	1.7%
12	**Tokio Marine & Nichido Fire Insurance Co., ltd.**	**46,800**	**1.1%**

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Establishment of a New Management

■ In accordance with the transfer, the four ALBERT's directors who joined from Whiz Partners, the management company of Whiz, have resigned and started procedures for the establishment of a new management. The details will be disclosed promptly.

Focusing areas of the new management

1. Further promoting of ALBERT's "CATALYST strategy". (Continue to increase alliance partners.)
2. Accelerate the development of general-purpose solutions in the focus industries of automotive, manufacturing, telecommunications, distribution and infrastructure, and finance.
3. Establish a position as a "DX promotion partner" for leading companies in Japan. (Break out from short-term project order business.)
4. Implement management that emphasizes capital efficiency and a flexible capital policy while maintaining a sound financial structure.
5. Promotion of business growth and strengthening of governance functions by further enhancing the functions of the board of directors.
6. Implementation of IR activities with an emphasis on dialogue with institutional and individual investors.

Schedule for establishment of a new management

June 9, 2021	Conclusion of capital and business alliance agreement (SBI and ALBERT)
	Conclusion of share transfer agreement(Whiz and SBIFS)
June 30, 2021	Execution of share transfer
August 13, 2021 (Today)	Announcement of FY2021 2Q financial results
August 27, 2021	Extraordinary General Meeting of Shareholders
	"Resolution for election of new directors"

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Business Overview and Characteristics

- We offer three types of service: (1) project-based services through which we provide big data analytics tailored to individual clients, develop algorithms, and create AI systems, (2) providing our own general products to introduce AI at a wide range of clients, and (3) data scientist training support.

(1) Project-based services A development partner deploying AI in industry

Earnings from long-term outsourced projects

A focus on industries with high demand for investment in utilizing AI

- Focusing in particular on industries with a **robust demand for investment** in utilizing AI
- Our focusing industries
  1. **Automotive,**
  2. **Manufacturing**
  3. **Communications**
  4. **Distribution &Infrastructure**
  5. **Finance**

A full range of services, from big data collection to AI system deployment

- Address the issues individual companies and industries face through outsourced development projects
- Respond with a full range of AI development processes
  1. **AI utilization consultation**
  2. **Big data analytics**
  3. **Algorithm development**
  4. **System deployment**

A group of 227 data scientists

- An organization of data scientists mainly with **backgrounds in the field of mathematical statistics**
- Ongoing efforts to enhance skills through proprietary training program
- Our advanced technology team starts supporting the development of technology.

(2) Providing our own products

License earnings

- AI-advanced chat bot (Sugures)



- AI-image recognition service (Takuminome)



(3) Data scientist training support

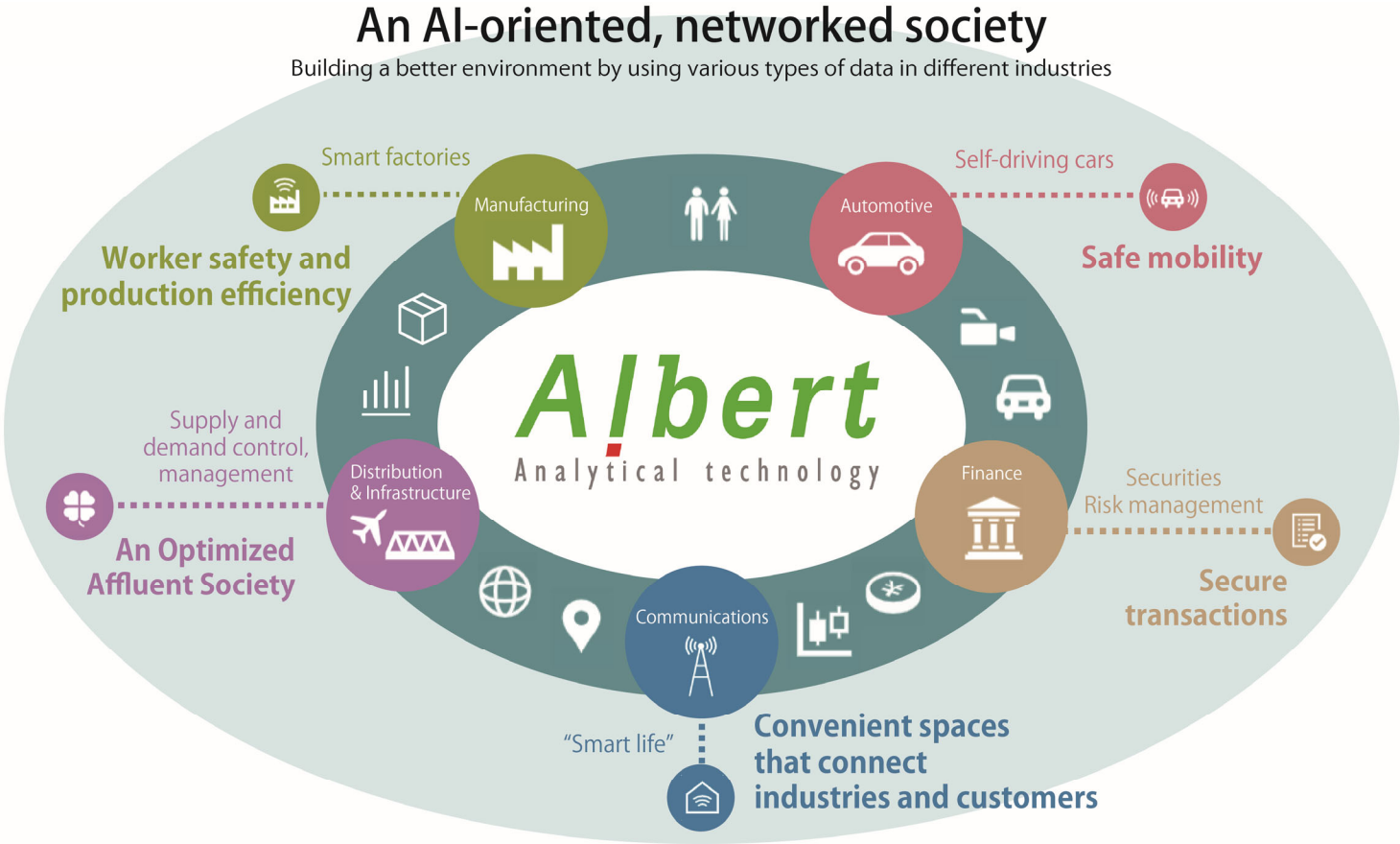
Earning from outsourced projects

- **Certified by the Ministry of Economy, Trade and Industry as a "Certification Program for Fourth Industrial Revolution Skills Courses"**
- Responding to need to cultivate data scientists in-house, mainly at capital & business partners
- **Co-development of industry-specific training programs** (refer to p.28)

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The CATALYST Strategy

- Working across a variety of industries, we aim to serve as **a catalyst in AI algorithms and in data** in our core industries. By promoting AI and data sharing between industries, we are working toward an AI-oriented, networked society.
- In the process of sharing, we aim to position ourselves in the center of the data society, doing big data accumulation & analytics, algorithm development (including jointly developed products), and system deployment thoroughly.



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CATALYST Partners Map

- SBI Group joins as a new CATALYST partner in the financial domain.
- As in the past, we plan to **further promote the "CATALYST Strategy"** with the aim of cross-industry data sharing.

Focus Industries	CATALYST Partners		Alliance Action
Automotive	TOYOTA	CATALYST Joint Partners	• Support constructing self-driving systems. • Support implementation AI and big data for subsidiary companies.
Manufacturing		MACNICA	• Support transforming "Smart factory". • Co-development of AI development and implementation services for manufacturing.
Communications	KDDI		• Support marketing analytics of life design services. • Joint promotion of external sales of DX solutions.
Distribution & Infrastructure	マイナビ	UNISYS	• Support digital transformation in Distribution and Infrastructure industries. • Promoting HR-related businesses using AI. • Co-development of DX human resources development service.
Finance	TOKIO MARINE NICHIDO, SMBC	SBI GROUP	• Co-development of accident video analysis system. • Improving finance services by big data. • **Promoting DX strategy within the SBI group.**

- We aim to spread partnership in each focus industries by our "Non-Exclusive Alliances".

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Sales Mix for Business Growth

■ ALBERT builds a foundation for linear growth with project-based services. And realizing discontinuous growth through expanding our original solutions and collaboration products.

	Strategy	Details	Profit
Stock Business	**Expanding Collaboration Products** (CATALYST strategy)	• Develop products with CATALYST partners. • ALBERT holds intellectual property and earns license fee.	Monthly fee Pay-per-use charge IP revenue
	Expanding our original solutions (from Oct. 2018)	• Develop product based on common know-how of projects. スワレス　タクミノメ	
Flow Business	**CATALYST strategy** (from Jul. 2018)	• Supporting data sharing as catalyst between industries. • Connecting data from TOYOTA's and TOKIO Marine's for advanced self-driving system.	Service charge per project
	Providing customized data analytics solutions	• Provide customized analytics services tailored to the client's challenges. • Business consulting and implementation for data utilization	

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Performance Highlights

Income Statement

In thousand yen	FY12/20 2Q cum.	**FY12/21 2Q cum.**	**Change**	**Percentage change**	FY12/21 forecast (announced Feb. 15)	Progress rate
Net sales	1,255,091	**1,584,906**	**+329,815**	**+26.3%**	3,380,000	46.9%
Gross profit	763,525	**895,146**	**+131,621**	**+17.2%**	–	–
Gross profit margin	60.8%	**56.5%** (63.2% *excl. the provision)	**-4.4pt**	–	–	–
Operating profit (loss)	72,827	**191,500**	**+118,672**	**+162.9%**	404,000	47.4%
Operating profit margin	5.8%	**12.1%** (18.8% *excl. the provision)	**+6.3pt**	–	12.0%	–
Profit (loss)	-114,251	**147,286**	**+261,537**	–	267,000	55.2%

■ Continuous sales from priority customers (incl. CATALYST partners) led our business growth. Recording record-high sales in 1H.

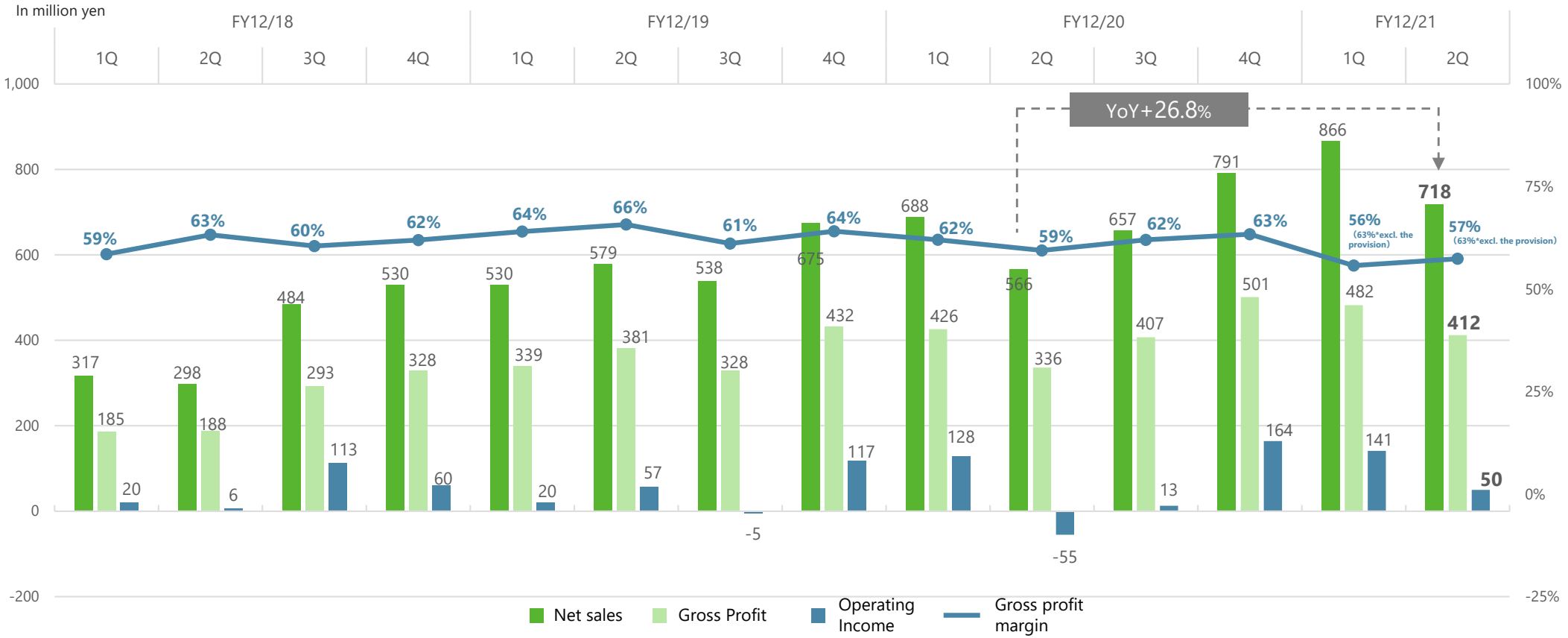
- Promoting transactions with existing priority customers strategically, which promoting led the business growth.
- Sales and profit were driven by the start of operations of the newly large-scale project, expected long-term transaction.
- The effect from COVID-19 in the business activities was resolved and will be limited if the infection spread forward.

■ Some of AI system development projects are in operation, which projects are expected continuous orders from customers. However, accounting provision for less on orders received at a part of the projects.

- We focus on the AI system development project, which is expected to sustainable and continuous transaction.
- Accounting 105 million yen the provision for less on orders received in 2Q, as a delay from the initially expected schedule on the development project.

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Quarterly Performance



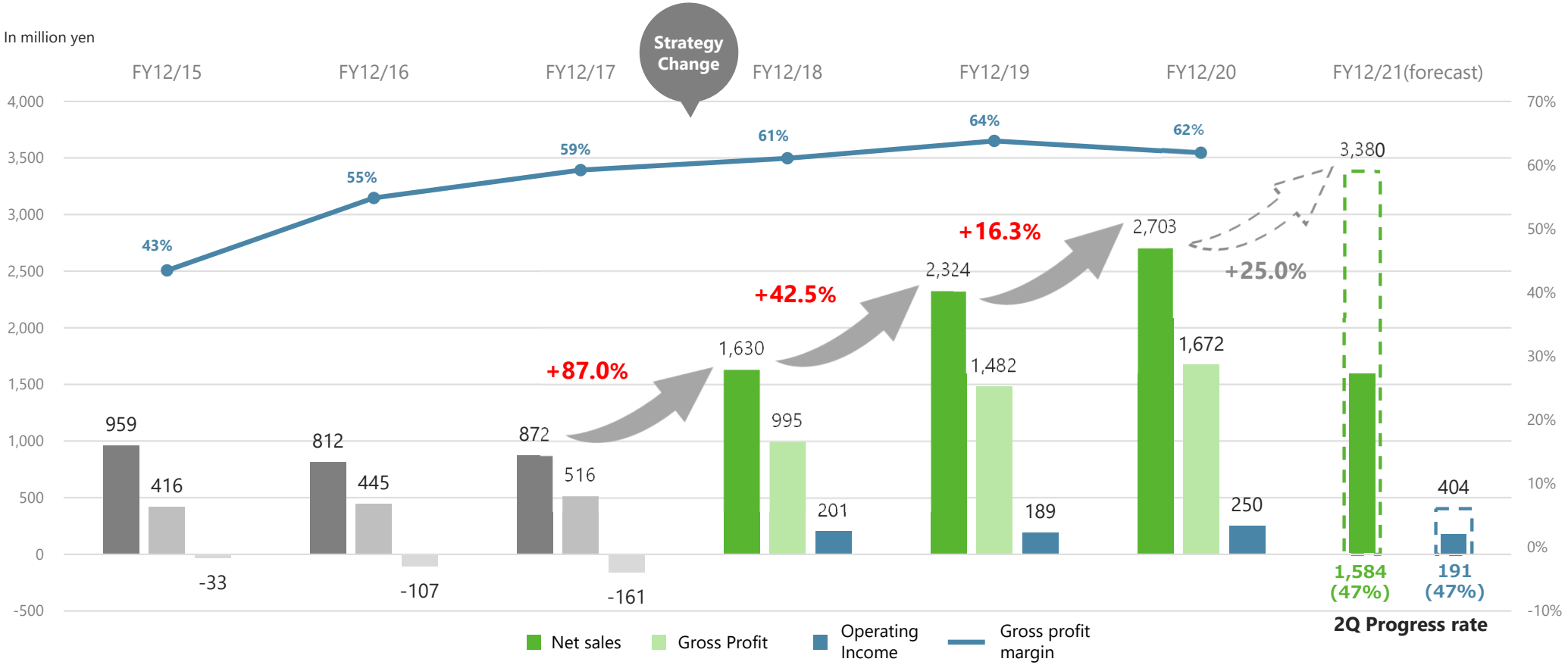
■ Our business grew by expanding transaction with priority customers incl. alliance partners.

- Improving the quality of sales such as expanding stock-type revenue by increasing customers collaborating in multiple theme and received continuous orders.
- Although 2Q gross profit margin was affected by accounting the provision for loss on orders received, the margin remained usual level excl. the provision.
- Since the orders received is increasing smoothly, sales and profit as will be expected to accelerate in 2H as previous FY.

■ Continue Strengthen capabilities (increasing no. of data scientists, enhancement techniques, stock domain knowledge).

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Performance since Listing



■ Business growth accelerated from FY12/18 through changing strategy. Increasing transactions with major domestic companies.

- Launched systematic initiatives for business growth, such as shifting to a project-based business, setting up priority industries, expanding capabilities, and increasing capacity utilization. We return to profitability for the first time since it was listed in 2018.
- Accelerated collaboration through alliances with leading companies in key industries based on CATALYST strategy, starting with Toyota Motor Corporation.
- **In FY12/19 and beyond, expanding business by expanding capabilities, deepening transactions with priority customers, and acquiring domain knowledge.**

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Balance Sheet

in thousand yen	FY12/20 Ended Dec. 31,	**FY12/21 Ended Jun. 30,**	**Change**	**Percentage change**
Current assets	3,224,577	**3,583,448**	**+358,870**	**+11.1%**
(Of which, cash and deposits)	2,603,793	**2,865,431**	**+261,637**	**+10.0%**
(Of which, trade notes and accounts receivable)	557,175	**502,367**	**-54,807**	**-9.8%**
Non-current assets	524,895	**467,261**	**-57,633**	**-11.0%**
Total assets	3,749,473	**4,050,710**	**+301,236**	**+8.0%**
Current liabilities	363,158	**494,919**	**+131,760**	**+36.3%**
Non-current liabilities	24,548	**0**	**-24,548**	**-**
Total liabilities	387,706	**494,919**	**+107,212**	**+27.7%**
Total net assets	3,361,766	**3,555,790**	**+194,024**	**+5.8%**
Total liabilities and net assets	3,749,473	**4,050,710**	**+301,236**	**+8.0%**

- Current liabilities increased due to the temporary accounting of 105,993 thousand yen in the provision for loss on orders received. Scheduled to be reversed upon completion of the project.

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Forecast for FY12/21 (Disclosed Feb. 15, 2021)

in thousand yen	FY12/19 Actual	FY12/20 Actual	**FY12/21 Forecast**	Percentage change
Net sales	2,324,335	2,703,698	**3,380,000**	+25.0%
Operating profit	189,527	250,425	**404,000**	+61.3%
Operating profit margin	8.2%	9.3%	**12.0%**	–
Profit	187,536	146,115	**267,000**	+82.7%

■ We aim for sales growth based on deepening transactions with priority clients, mainly CATALYST partners.

- We aim for liner growth by deepening transactions with priority customers who are active in the use of data.
- Our policy of utilization rate maintains around 75~80%. We aim to maintain the pace of growth by scaling organization through recruitment (new graduates and mid-careers), expanding our capabilities through alliances.

■ We continue to explore capital and business partnerships with leading companies in focus industries.

- We will continue to search for capital and business alliance partners. We are also considering new business development through AI and data sharing (CATALYST strategy) among business partners.
- Not including the sales from projects with new alliance partners on the forecast.

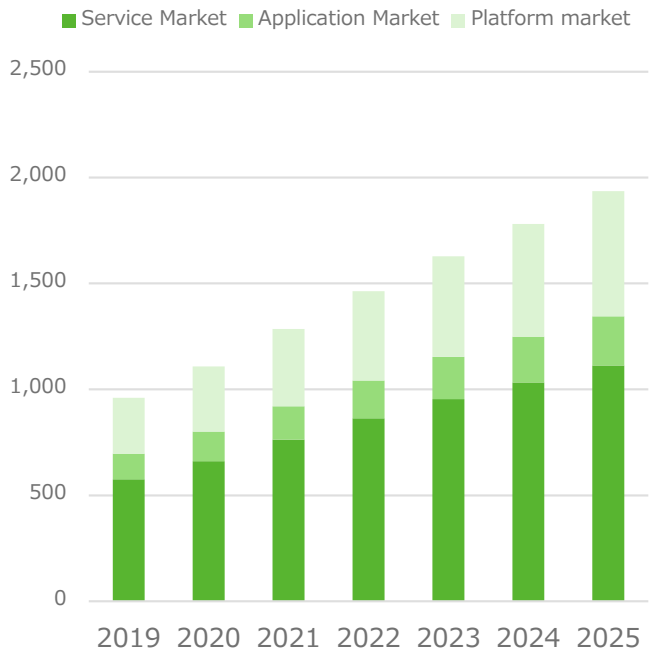
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Business Progress

Our Business Condition

Market scale

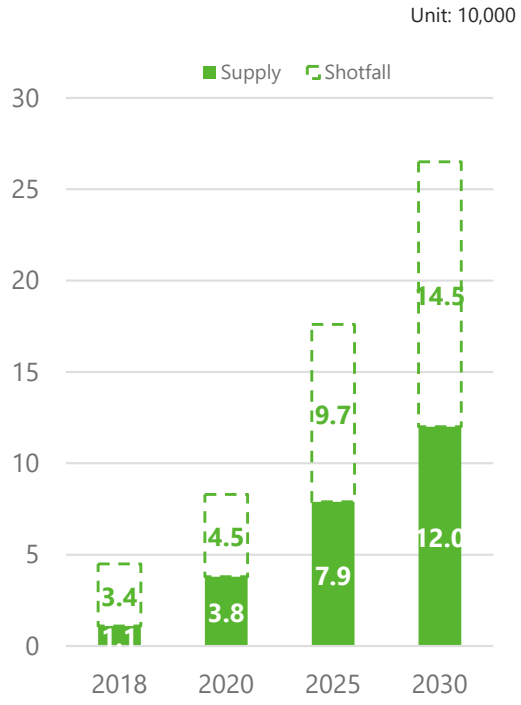
The market in which our business domain operates is expected to continue growing at an annual rate of 12.4%.



Source: "2020 Artificial Intelligence Business Research" Fuji Chimera Research Institute, Inc

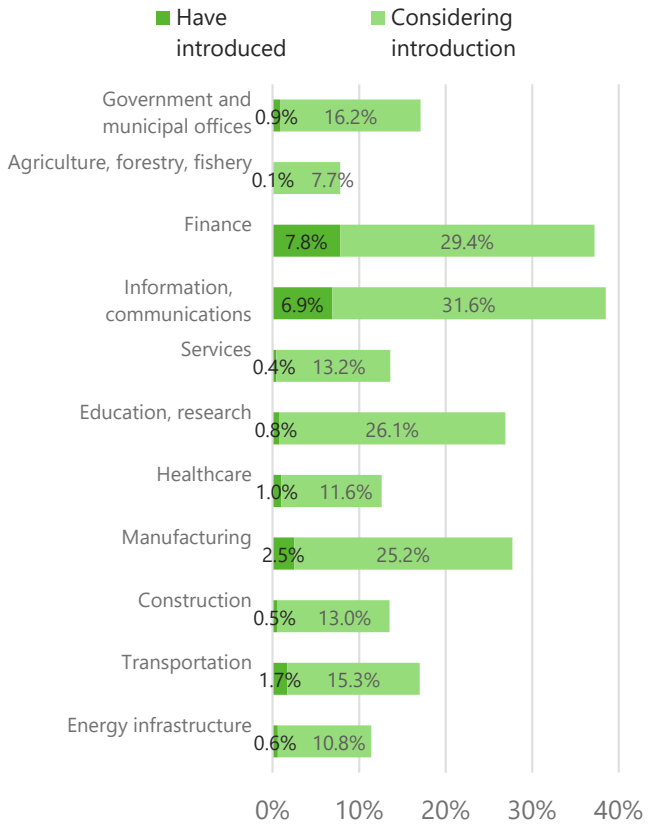
Shortage of data scientists

Estimated supply/demand of advanced IT human resources



Source: Ministry of Economy, Trade, and Industry, and Mizuho Information & Research Institute, Inc. "Survey/Survey Report on Supply and Demand of IT Human Resources" (March 2019)

Industries considering the introduction of AI



Source: "Business Analytics Market Development, 2019 Edition," MIC Research Institute Ltd.

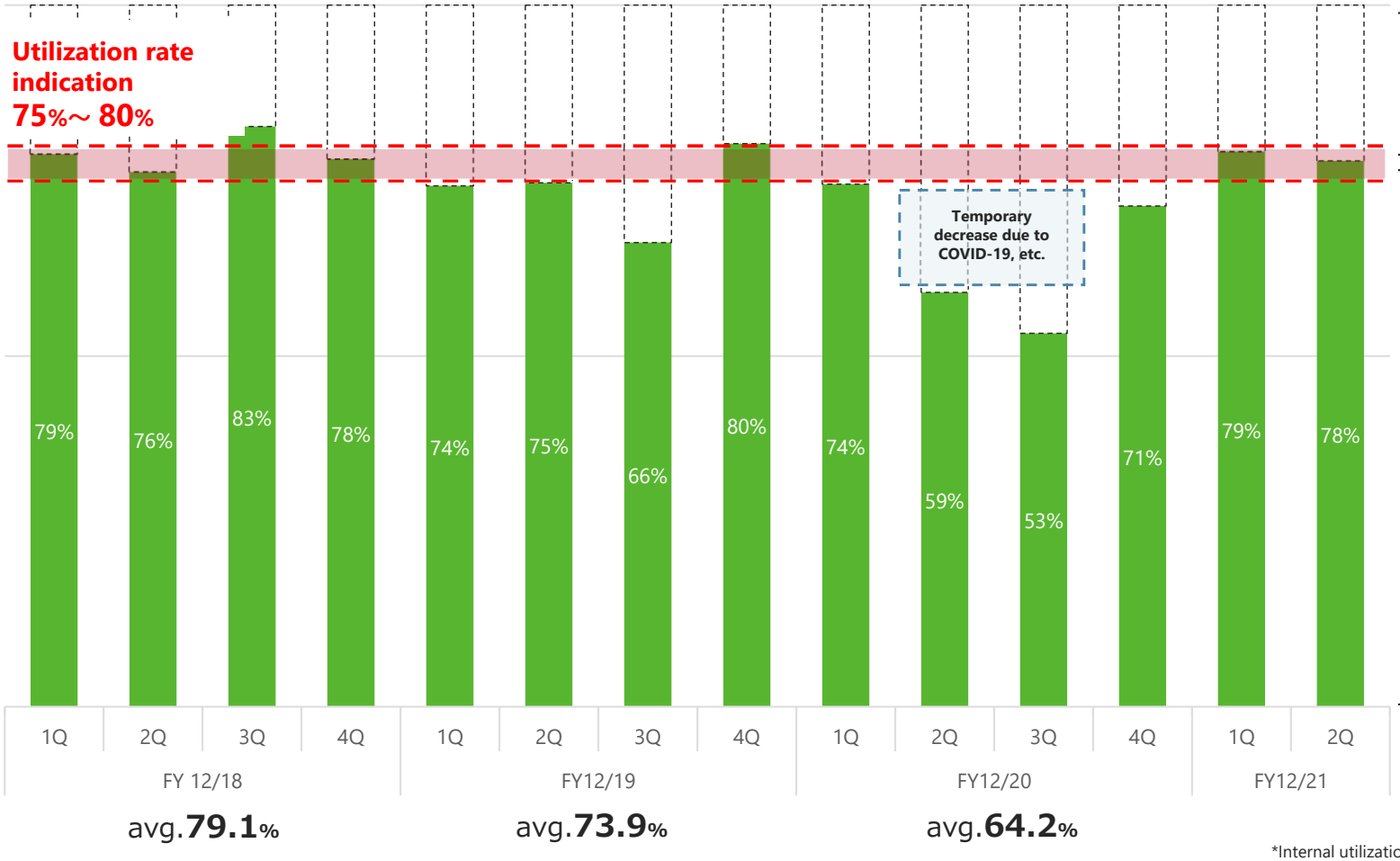
- The AI business market, which consists of the services market, applications market and platform market, is expected to expand from 960.1 billion yen in 2019 to 1,935.6 billion yen by 2025, at a compound annual growth rate (CAGR) of **12.4%.**
- While market growth is slated to be robust, the shortage of data scientists is expected to increase. The government has launched plans for developing AI human resources, and we anticipate increased awareness of **HR development** in various fields in the future.
- The number of companies in the finance, information and communications, and manufacturing sectors, which considers the introduction of AI is growing.

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Internal Utilization Rate

- Our policy of internal utilization rate is **around 75~80%,** using the remained 20~25% for improving data scientists' technological skills.
- In FY12/20, the utilization rate temporarily declined due to the impact of COVID-19 and other factors, but **it is expected to remain stable as the business environment normalizes.**

Trend in internal utilization rate of data scientists



avg.**79.1%** avg.**73.9%** avg.**64.2%**

Securing R&D time
Preparing for future environmental shifts through studying papers and researching leading-edge technologies.

Project advancement time
(Around 75% of our optimum level)
Earnings from project execution and product development.

*Internal utilization rate = percentage of data scientists' available hours billed

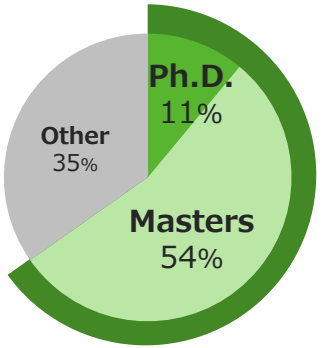
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Capabilities

■ Securing a quantitative of data scientists and achieving high quality output through our training curriculum.

One of the Best Data Science Companies in Japan

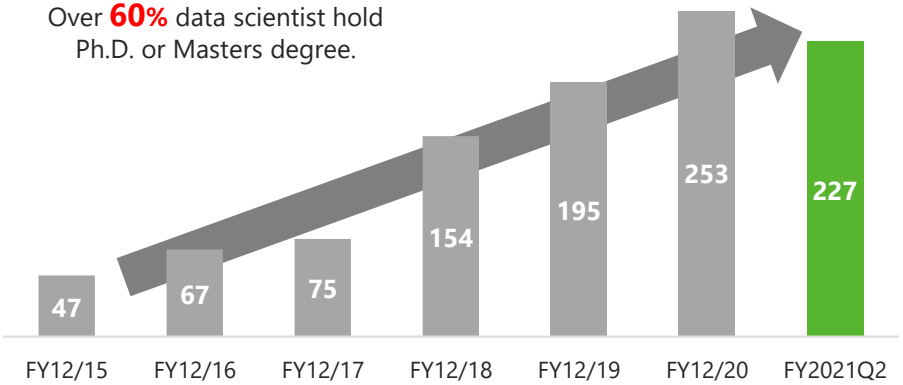
- 227 data scientists conduct analysis projects. Joined 10 data scientists in April.
- Incl. project managers, analysts, engineers and researchers. ALBERT can response various requests from customers.
- Sharing know-how among data scientists for growth.



Over **60%** data scientist hold Ph.D. or Masters degree.

Number of data scientists are increasing steady.*

Although total number decreases temporally due to decrease for non-regular employees, our **business efficiency is improving, there is no obstacle to future sales growth.**



* Incl. Employees, dispatch, part-time and subcontract workers.

ALBERT HR Strategy

- Building education scheme about Techno-Pro capabilities for strengthening.
- Offer "Data Scientist education program" to partners.
- Established independent department for data scientist educational business.
- Granting restricted stock compensation to data scientists.

Education scheme of alliance with Techno Pro, Inc.

TECHNOPRO Design × Albert Analytical technology

ALBERT supports education for Techno Pro engineers.
Therefore, engineers join our project as data scientist.

Our training program is Certified **"IT-Skill Training to Meet the Era of the Forth Industrial Revolution"** from METI.

経済産業省 Ministry of Economy, Trade and Industry　Reスキル講座

Providing our original curriculums which have been updated from founding.

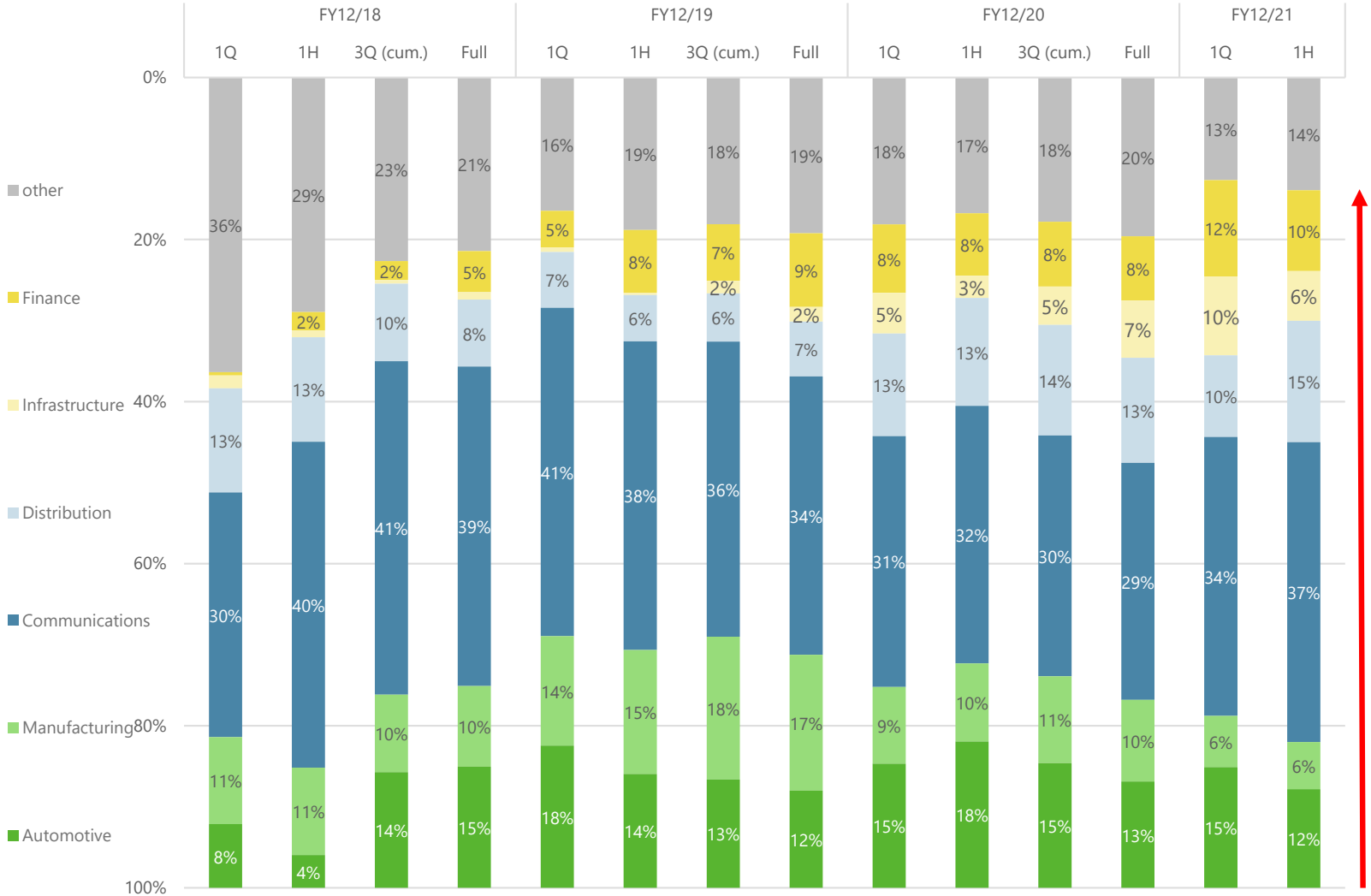
METI website https://www.meti.go.jp/english/index.html

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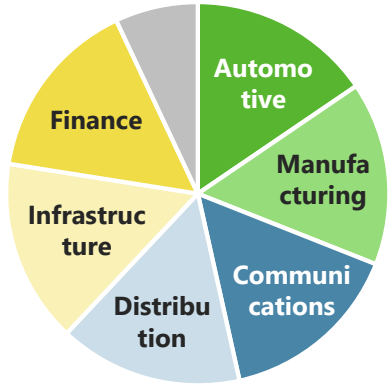
The Percentage of Our Focus Industries

- We aim to improve our service quality by acquiring domain knowledge and expanding transactions.
- To realize stable sales composition, aim for a well-balanced sales composition ratio that is not dependent on specific industries.

Composition of Sales from each industries



Sales from focus industries **86%**



ALBERT aims to **long-term stable sales composition** based on strategic alliances.

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CATALYST Strategy: The Formulation of “CATALYST” (1/2)

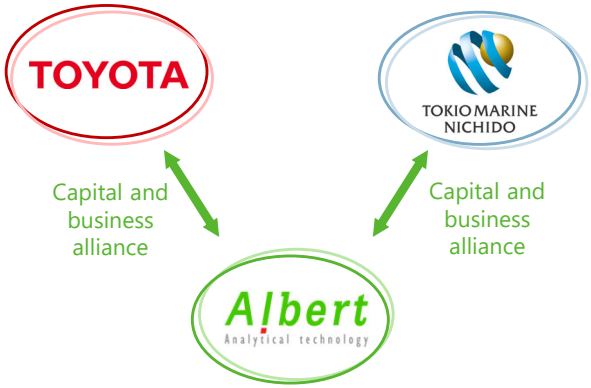
To date

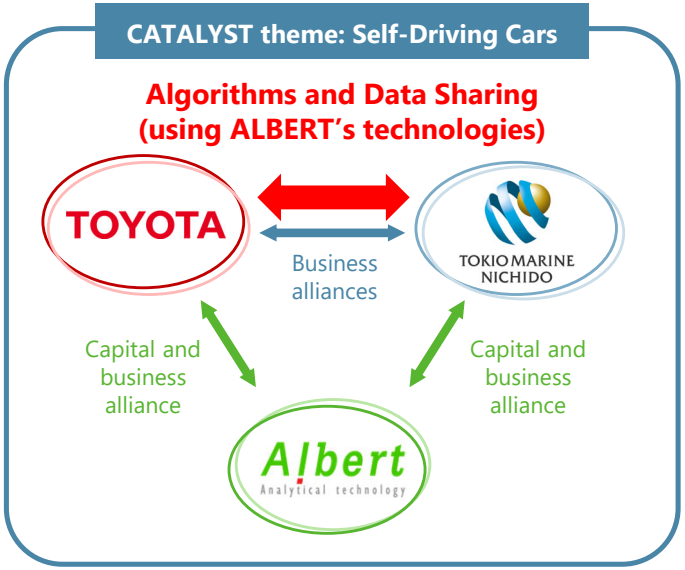
Going forward

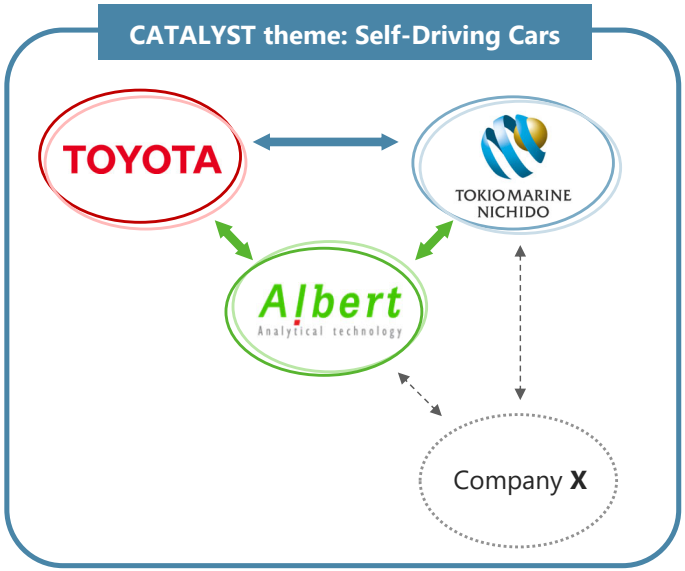
Cultivating business and entering capital and business alliances with various companies

Providing technical support for cooperation between companies

Cultivate catalyst themes







- We entered capital and business alliances with Toyota Motor Corporation in May 2018 and with Tokio Marine & Nichido Fire Insurance Co., Ltd. in October 2018.

- ALBERT provides technical support via a business alliance to realize advanced self-driving cars among three companies: Toyota Motor Corporation, Toyota Research Institute-Advanced Development, Inc., (Woven Core, Inc.)and Tokio Marine & Nichido Fire Insurance Co., Ltd.
- We have created “self-driving cars” as a catalyst theme.

- We will cultivate transactions with Company X and form an alliance.
- We will help Company X and our existing business partners with AI and data sharing.
- We will cultivate “self-driving cars” as a catalyst theme.

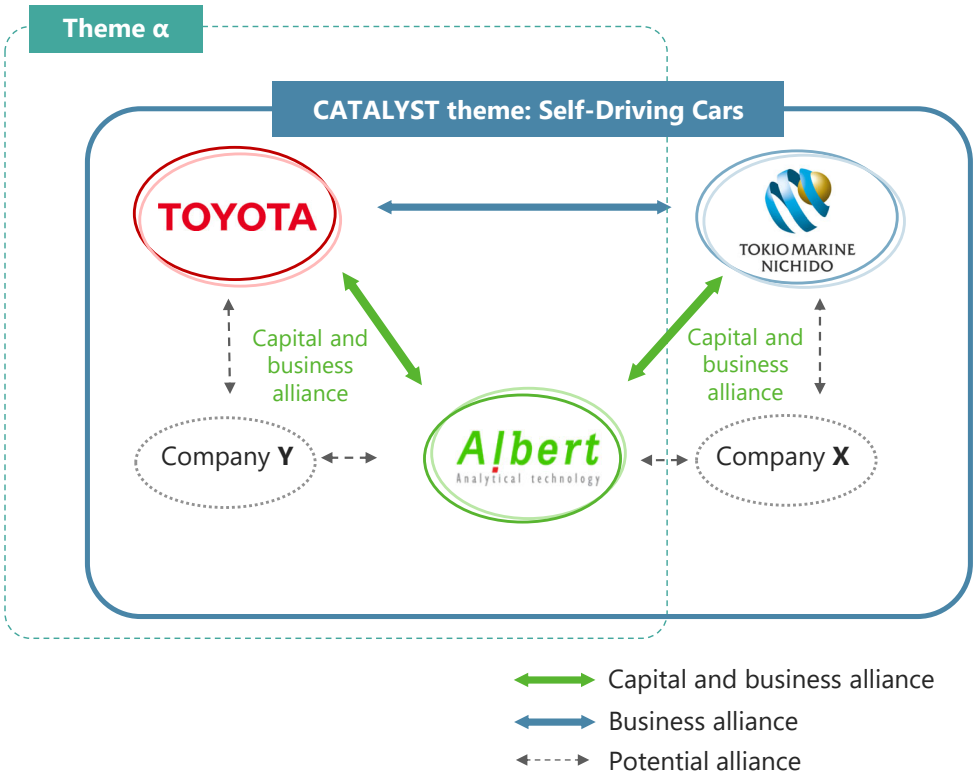
Note: The above figure is fictional scheme and do not any decision about this.

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CATALYST Strategy: The Formulation of “CATALYST” (2/2)

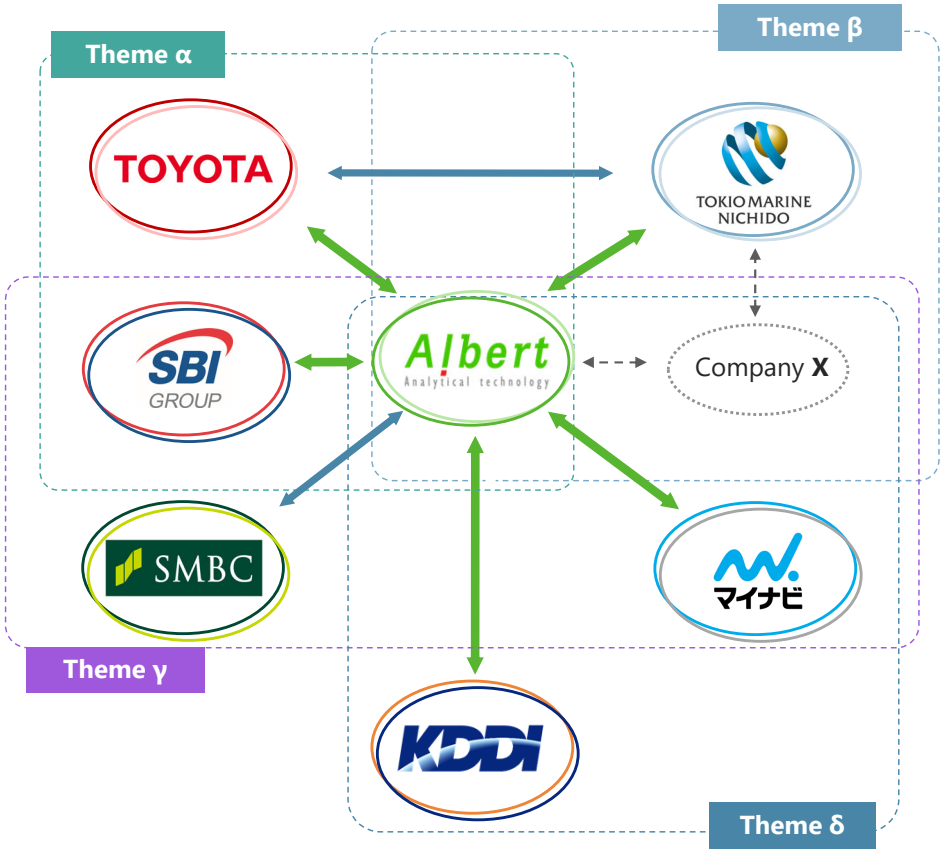
Going forward

Creating new CATALYSTs



- ALBERT cultivates business with Company Y and forms an alliance.
- ALBERT helps Company Y and our existing business partners with AI and data sharing.
- We act as a catalyst on new themes.

Creating CATALYSTs between multiple companies and industries



- We act as a catalyst on new themes between other companies and industries.

Note: The above figure is fictional scheme and do not any decision about this.

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Product Development

■ In 2018 we carried out a comprehensive review of existing products with the aim of optimizing management resources, taking into account competitiveness, growth potential and marketability. Starting in 2019, we commenced full-fledged investigations into the viability of products (including co-developed products) created through the CATALYST strategy.

Policy and Status		Main Products at Present	
Up to 2017	■ Selling multiple marketing support tools and recommendation-related products. ■ Commoditization resulted in a loss of competitive advantage and profitability.	スクレス (from Dec. 2016) ※ ※public beta release date	• AI - advanced chat bot • Natural language processing/automatic learning • Demonstrations in Shibuya Ward and Kumamoto Prefecture • Joint sales with KDDI
2018	■ Robust demand for AI development projects. ■ Corporate resources shifted to projects through “selection and centralization” of products.	タクミノメ (from Oct. 2018)	• AI - image recognition service • Able to quickly verify the likelihood of practical applications of AI
		タクミノメ 異常検知 (from Feb. 2019)	• Detecting abnormalities through image recognition • Reduce visual inspection man-hours, standardize/level judgment criteria • Visual inspections for manufacturing industries
2019 and beyond	■ Identify the viability of unique solutions and jointly developed products from the CATALYST strategy with the aim of securing inorganic growth factors. ■ Build up stock income from licensing fees.	タクミノメ アノテーション (from Feb. 2019)	• Annotation service • Solve problems related to quality control, staff shortages, and utilization methods
		タクミノメ	• Launching monthly fare ¥200 thousand services as the “Light Plan” • New functions such as object detection, area detection and image generation

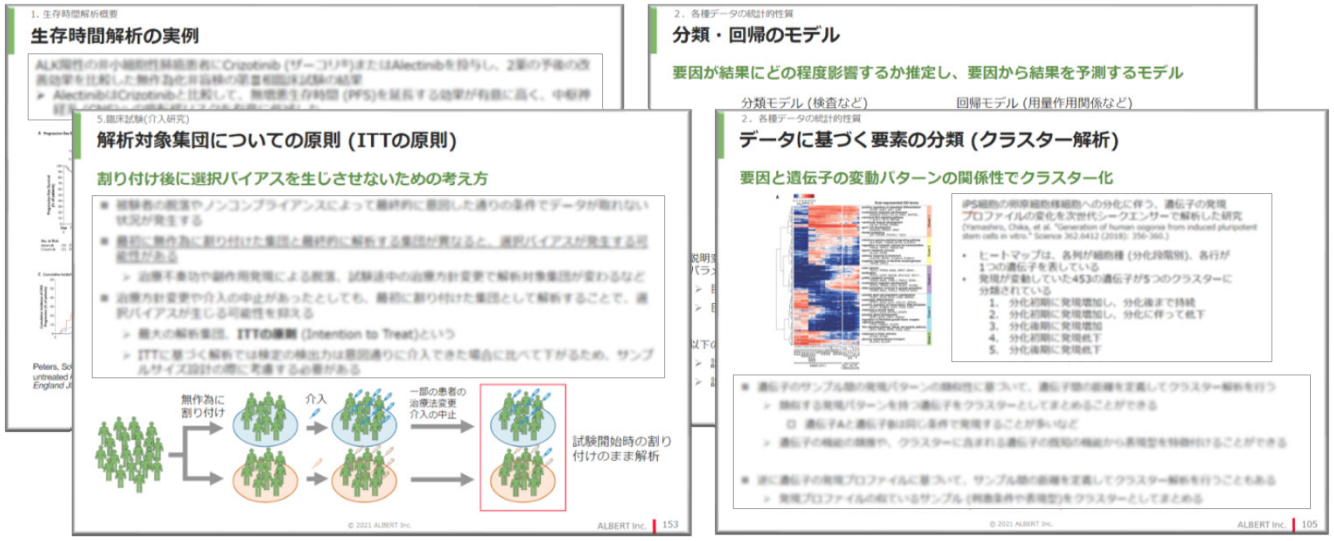
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Appendix

【TOPICS】Co-development with Chugai Pharmaceutical Co., Ltd.

- Chugai and ALBERT **co-developed Data Scientist Training Program specialized in pharmaceutical industry** as one of the initiatives of Chugai's "CHUGAI DIGITAL ACADEMY" based on Chugai's DX strategy "CHUGAI DIGITAL VISION 2030".
- The program for employees of Chugai group companies started from June 2021, to promotion of DX through train digital human resources as acquisition of data utilization skills incl. pharmaceutical-specific elements.

すべての革新は患者さんのために
CHUGAI 中外製薬 × Albert Analytical technology
Roche ロシュ グループ



(Source) Excerpts from the lecture materials

- A data scientist from ALBERT with expertise in the healthcare domain participated in the development of the program based on Chugai's DX strategy.
- **The program incl. pharmaceutical-specific elements is a rare content in the data science industry.**
- The program is not only for use within Chugai group, but is also designed to offer outside to train of digital human resources for pharmaceutical industry.

※Chugai Website Digital Transformation "CHUGAI DIGITAL" https://www.chugai-pharm.co.jp/english/profile/digital/index.html
※Chugai Website News https://www.chugai-pharm.co.jp/english/news/detail/20210625170001_836.html

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【TOPICS】 Co-development with MACNICA, Inc.

- **Macnica and ALBERT have co-developed** a library for "automated image caption generation" using multimodal AI, and will start providing it on Macnica's AI operation support service "Re:Alize" in February 2021.
- Users can achieve from technical verification to the start of operation in as little as one month with a clear understanding of the time frame and cost.

MACNICA × Albert Analytical technology

What's multimodal AI

AI that can process and judge image recognition and voice recognition in a complex manner, which is classified as "specialized AI" widely used in current business domains. This is expected to bring the AI closer to the problem-solving ability of a skilled person who makes decisions by integrating diverse information.。

Multimodal AI

1．"One on One" AI (Returns one different output to one input data)

Object task	Input	Encode	"One on One" AI	Decode	Output
Ex.) Generate image caption	Image, video	→	→	→	Text: Making a lane change
Voice synthesis	Text: A bumper is badly damaged	→	→	→	Sound

2．"Plural to One" AI (Returns one output by judging totally several kinds of input data)

Object task	Input	Encode	"Plural to One" AI	Decode	Output
Ex.) Risk assessment utilizing several kinds of data	Image, Video / Sound / Text / Location Information	→	→	→	Totally Judgment: Low Risk OR High Risk

■ Image of automated image caption generation



Automatic output

- There's a white car parked on the road.
- A white car is crashing into a guardrail.
- The car's going over the curb.
- The front of the white car is damaged.
- The hood of the car is warped and off.
- Cracks in the windshield.
- There are trees growing on both sides of the road.

■ Use Case Example

・Improving efficiency of reporting in the insurance industry

・Application to the linguistic explanation of the rationale for decision making in operation control systems.

・ Visual aids for the visually impaired
(Image→Caption→Data conversion by voice)

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【TOPICS】Co-development with Tokio Marine Nichido Fire Insurance Co., Ltd.

■ **Tokio Marine Nichido and ALBERT co-develop "Accident Reproducing system"** which reproduces the situation of accidents and calculates percentage of fault by artificial intelligence. The system is the first launching case in Japanese Insurance markets.

TOKIO MARINE NICHIDO 東京海上日動 × Albert Analytical technology

Strength of Tokio Marine Nichido
- Accumulation of actual samples of traffic accidents and of calculation records for the percentage of fault in Japan.
- Accumulation of data from drive recorders which rent to customers.

Strength of ALBERT
- Technology and Know-how for big data analysis, development AI algorithm and development AI systems.

■ Based on the accident video recorded on the drive recorder, data from GPS and acceleration sensors, AI analyzes the color of the traffic lights, the strength and direction of impact at the time of the collision, and terrain and road information to reproduce the accident situation.

■ In a case where an investigation of the accident scene is necessary, it takes about **a week** to confirm the status of the accident, but after receiving the data of the accident, AI calculates the accident status and the percentage of fault within **about five minutes**.



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【TOPICS】Support to the MHLW Cluster Measures Team etc.

■ As a countermeasure against the rapid spread of COVID-19, we began **supporting the Ministry of Health, Labour and Welfare's Cluster measures Team** by analyzing big data. In addition, the Company began providing its "Sugres" chatbot to local governments free of charge.



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報道関係者各位

News Release

2020 年 4 月 14 日
株式会社ＡＬＢＥＲＴ（アルベルト）

【ALBERT】厚生労働省クラスター対策班との協働による、新型コロナウイルス感染拡大防止に向けたビッグデータ分析、AI アルゴリズム開発支援を開始

厚生労働省
Ministry of Health, Labour and Welfare
新型コロナウイルス感染症対策本部
クラスター対策班

×

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株式会社 ALBERT（アルベルト、本社：東京都新宿区、代表取締役社長兼 CEO：松本壮志、以下 ALBERT）は、2020 年 4 月 10 日、厚生労働省の新型コロナウイルス感染症対策本部クラスター対策班（以下「クラスター対策班」）に対し、新型コロナウイルスの感染拡大防止に向けたビッグデータ分析、アルゴリズム開発のための人的支援を開始しました。

国内で感染が急拡大している新型コロナウイルスの感染拡大防止等に向けたデータ分析及び AI アルゴリズム開発業務において、ALBERT がもつ知見を提供し、政府及び自治体における感染防止対策を全面的に支援します。

Support Overview

■ The data scientists of ALBERT support big data analysis to prevent the spread of COVID-19 by utilizing various data accumulated under the cluster measures team.

■ In collaboration with Tohoku University and Niigata University, conducting analysis and visualization of the frequency based on location information.

Providing to local governments

■ The number of inquiries to local governments is increasing, we have started to **provide AI chatbot "Sugures" for free of charge.**

■ Since the announcement of this support program, inquiries from municipalities across the country have been received.

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Business Highlights

2018	Mar.	Appointed Takeshi Matsumoto as president (became chief executive officer in August 2017)
	Apr.	Certified as a Google Cloud Platform service partner
	May	Entered business and capital alliance with Toyota Motor Corporation
	Jul.	Course for training data scientists certified by the Ministry of Economy, Trade and Industry under the Certification Program for Fourth Industrial Revolution Skills Courses
	Aug.	Began cooperating with KDDI Corporation to utilize AI chat bots and promoted work style reform
		Commenced verification testing of a consultation support program using artificial intelligence (AI) and LINE in a program by Kumamoto Prefecture on the use of AI to assist with safety in child rearing
	Oct.	Entered a capital and business alliance with Tokio Marine & Nichido Fire Insurance Co., Ltd.
		Released official version of Takuminome, an AI-based image recognition service
		Supported KDDI Corporation's data scientist cultivation program, in collaboration with ARISE analytics Inc.
		Announced the provision of technical support for big data analytics and the development of AI algorithms for a three-company (Toyota Motor Corporation, Toyota Research Institute-Advanced Development, Inc., and Tokio Marine & Nichido Fire Insurance Co., Ltd.) business alliance to realize advanced self-driving cars
	Dec.	Entered capital and business alliance with KDDI Corporation
2019	Feb.	Began providing official versions of Takuminome Anomaly Detection and Takuminome Annotation
		Collaborated in running the data scientist cultivation program of Tokio Marine Holdings, Inc.
	Apr.	Opened Tokai branch (Nagoya Lucent Tower 8F, Ushijimacho 6-1, Nishi-ku, Nagoya-shi, Aichi)
	Jul.	Entered a business alliance with Sumitomo Mitsui Financial Group, Inc.
	Nov.	Entered a capital and business alliances with MACNICA, Inc. and Nihon Unisys, Ltd..
2020	Apr.	Start supporting the Ministry of Health, Labour and Welfare's Cluster measures Team to prevent spreading of infection COVID-19
	Dec.	Entered capital and business alliance with Mynavi Corporation
2021	Jun.	Entered capital and business alliance with SBI Holdings Inc.

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Technologies for Support the CATALYST Strategy

- As AI technologies are independent of domains, they can be applied across all core industries. Through ongoing research on state-of-the-art technologies, we retain the technological capabilities to promote the CATALYST strategy.

AI technologies are domain-independent

Areas of research into leading-edge technologies

Technological capabilities supporting the CATALYST strategy

Theme of AI utilization

- **Demand forecasting**
  State-space model
  Decision tree model etc.
- **Image analysis**
  Deep learning etc.
- **Fault detection**
  Statistics model
  State-space model etc.
- **Marketing mix**
  SEM
  Logistic regression
  State-space model etc.
- **Simulation (Digital twin)**
  Integration of CAE and deep learning

The focus research areas

- **Robotics**
  Space recognition
  Robot action planning
  HMI etc.
- **Image analysis**
  Action recognition
  Caption generation
  Voice authorization
  Self-supervised learning etc.
- **Co-development**
  Sharing of Intellectual Property

Development of data foundations (IoT Platform)

- **General database**
  Data integration
  Format conversion (automatically) etc.
- **Rule-based automation**
  Multiple factor analysis
  Clustering of time series data
  Fault detection etc.
- **Advanced data analysis**
  Yield improving
  Advance prediction of equipment failure
  Demand forecasting
  Production adjustment etc.

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- Such risks and uncertainties include general industry and market conditions, fluctuations in interest and currency exchange rates, and other general domestic and international economic conditions.

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