

May 30, 2018

Marubeni Corporation

Hitachi, Ltd.

Strengthen our Competitive Edge in the Domestic Power Retailing Business
by Utilizing Digital Technology

Marubeni Corporation (President and CEO: Fumiya Kokubu / hereinafter, "Marubeni") introduced an advanced AI market analysis model (hereinafter, "the/this Model") with the cooperation of Hitachi, Ltd. (Representative Executive Officer, President & CEO: Toshiaki Higashihara / hereinafter, "Hitachi"), which was applied to Japan's electricity retail business. Marubeni developed this Model by utilizing Hitachi's IoT platform "Lumada" with its latest digital technologies, such as AI and big data analysis, in order to upgrade market analysis methods for the domestic electricity retail business.

Along with the full liberalization of the electricity retail market beginning in April 2016, the market size of the new power business continues to expand by 3 to 4% every year. Marubeni considers Japan to be one of the main areas to focus on in terms of electricity supply and delivers approximately 5,000 GWh (FY 2017) to customers through its subsidiary, Marubeni Power Retail Corporation. Recently, as the market has expanded, advanced market analytics has become one of the most important issues.

Marubeni and Hitachi have been studying this Model since August 2017 and have succeeded in developing this unique Model by integrating Marubeni's data analysis method with algorithms and Hitachi's machine learning engine which was developed for the purpose of predicting demand trends in retail and distribution fields. Marubeni first used this Model to conduct a trial verification to analyze and predict the market price and demand trends for electric power (among other things). The trial results proved to be effective on business improvement and cost reduction, so the Model was fully implemented.

On April 1st, 2017 Marubeni reorganized the "IoT · Big Data Strategy Office" and established the new "Digital Innovation Department" on April 1st, 2018. The new department's purpose is the promotion and creation of new business models through the use of digital technology. Marubeni will apply the Model to the power business field in order to further strengthen its competitive edge (which is already strong). Marubeni will continue to contribute to the efficiency of Japan's industrial structure by also applying this Model to other fields.

Hitachi will support efforts to create new business models promoted by Marubeni through the use of digital technology; the support they offer will be based in their achievements and knowledge of the IoT platform "Lumada", a combination of OT (operational technology) and advanced IT, which they have accumulated through experience in a wide range of business fields over the course of many years.

■ About the Model

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