

# Integrating SECOM Products and Services: Toward Realization of the Social System Industry



Since SECOM launched its first security systems for commercial establishments, the market for such services has expanded to more than six million locations. The market for home security systems—SECOM's other main line of business—is currently estimated at 47 million households. With the addition of new products and services, such as COCO-SECOM, non-life insurance and medical services, we estimate our total number of potential customers to be more than 100 million—evidence of our ability to tap demand by responding to society's increasingly complex needs.

We continue to expand our operations in pursuit of the Social System Industry vision. In 2002, we commenced the second stage of development of the Social System Industry, the focus of which is to maximize synergies between our diverse businesses and services. We have already made a positive start, developing such innovative services as COCO-SECOM, a suite of services for locating people and property that integrates security with IT and GIS, and MEDCOM, an unrestricted cancer treatment insurance policy that combines insurance and medical expertise. In the following pages, we invite you to take a closer look at these and other recent initiatives.



### The Continuing Story of Security System Development at SECOM

Since it was founded, SECOM has brought a succession of groundbreaking new security systems to success, earning the trust of its customers by faithfully offering two things: security and peace of mind. Underpinning this is an unwavering commitment to quality, which we have realized by maintaining control over every aspect of our services—an approach we call the “total package system”—from research and development and the manufacture of sensors and other equipment to planning, installation, 24-hour monitoring, emergency response and maintenance.

The Development Center and the SECOM Intelligence Systems Laboratory allow us to react swiftly to new concepts and respond flexibly to the ever changing needs of society. In recent years, we have integrated breakthroughs in imaging and transmission technologies into on-line security systems, producing the advanced SECOM AX and SECOM IX systems. These revolutionary systems make it possible to offer top-quality security to prevent criminal activity. For customers requiring self-contained systems, we developed and commercialized TOTAX ZETA, which integrates networking capabilities, a security system and various plant management functions into a comprehensive local control system for industrial complexes and buildings.

However, ideas for new services do not come only from leading-edge technology and systems integration.



We are also continually finding new ways to integrate the various functions and capabilities of the SECOM Group to create new services. COCO-SECOM services, which are a recent example, combine security with IT and GIS services to offer security for people on the move and for mobile objects.

### SECOM AX and SECOM IX—A New Generation of Security Systems

SECOM AX is an innovative security management system incorporating radically new image sensors. It allows SECOM Control Center staff to visually check the subscriber's premises using on-site image sensors when an emergency situation arises. The image sensors incorporate microphones to enable Control Center staff to communicate with people on the premises. These capabilities allow the staff to quickly and accurately assess the situation, dispatch emergency response personnel if necessary and contact the required authorities. The system also includes speakers on the premises so that intruders can be addressed and crimes avoided.

SECOM IX is a remote imaging system with special functions for

preventing robberies and other crimes at late-night retail outlets. It utilizes streaming video images provided by a closed circuit television (CCTV) monitoring system and integrated services digital network (ISDN) transmission capabilities in a two-way security system that monitors premises operating around-the-clock, such as convenience stores, restaurants and gas stations. When on-site personnel observe a crime or feel threatened, they can press an emergency button to commence transmitting images and sound from the premises to our Control Center. Or when loiterers or inebriated customers become troublesome, on-site personnel can press the call button or lift the SECOM Phone handset to request remote monitoring. With either scenario, the Control Center staff can use the speaker mounted in the store to make an announcement and reduce the chances of a crime being committed. As more convenience stores are now being equipped with automated teller machines (ATMs), their security requirements are rising and the number of stores opting to use the SECOM IX system is steadily increasing. Similarly, these systems are being introduced into kindergartens, day care centers and elementary schools to ward off individuals behaving suspiciously or seeking to commit break-ins during daytime operating hours.

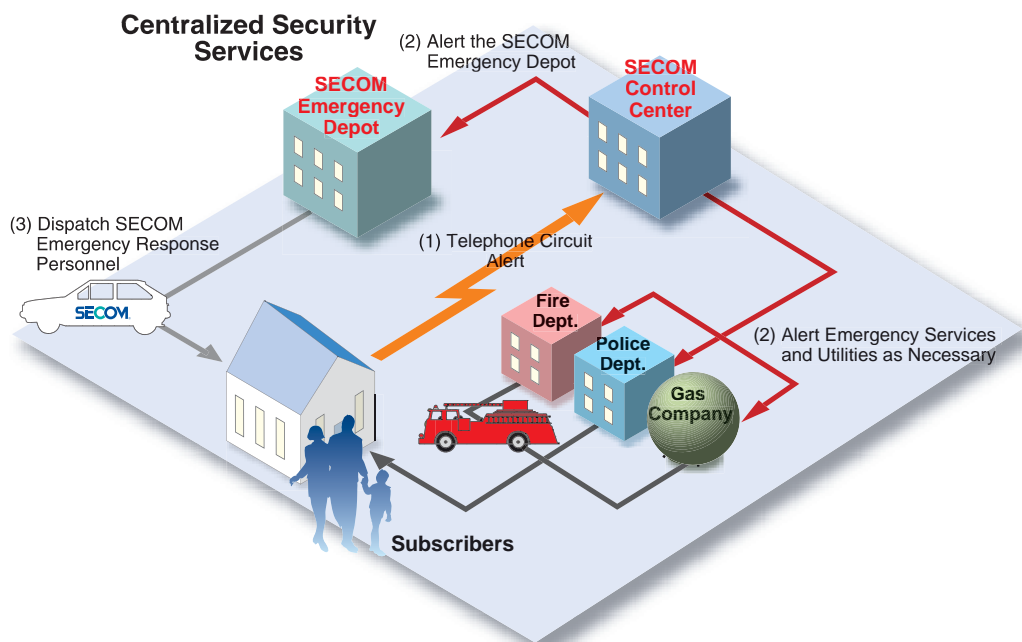
**TOTAX ZETA—Integrated Security and Equipment Management**  
 SECOM's long-standing expertise in setting up security systems in large-scale complexes has been intricately



married with network technologies in the development of TOTAX ZETA, a large-scale proprietary system launched in January 2002.

“Building management system” is a term generally used to refer to the many systems that control building equipment, such as the electrical system, air conditioning, lighting,

sanitation, fire control system, antitheft system, access control system, visual monitoring system, communications equipment and elevators. The demands placed on building management systems have been steadily increasing to the point where it has become difficult for any one manufacturer to provide



## SPECIAL FEATURE

satisfactory solutions. Moreover, building operators have been looking for systems that will integrate the products of many different manufacturers, allowing them to pick and choose the best equipment for their needs.

TOTAX ZETA is the solution they have been seeking. This system uses the industry standard communications protocol, BACnet, to make connections with equipment from other manufacturers easy. Orders for this system in Japan's metropolitan areas have been brisk since the product launch.

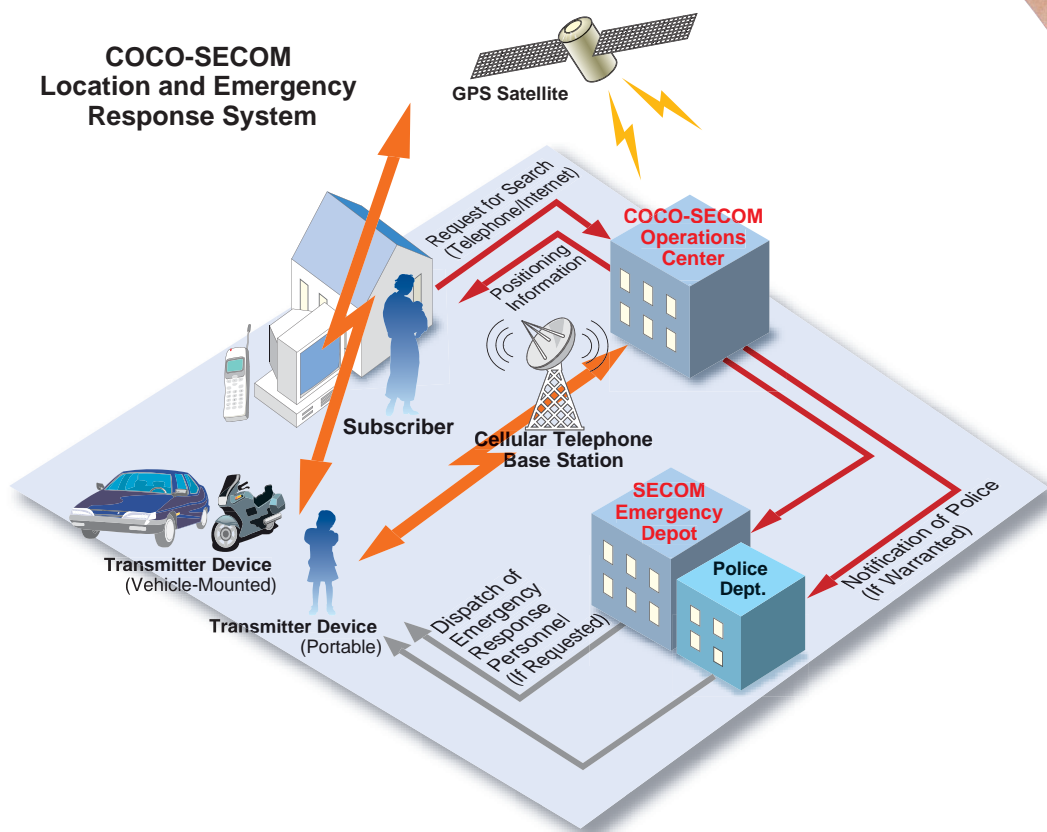
### COCO-SECOM—Integrated Security and GIS

COCO-SECOM is a new suite of services that integrate security with IT and GIS to tap new demand. People, vehicles and precious items are the main focus of these services, which have made steady inroads in the market since their debut in April 2001. COCO-SECOM services are designed to provide solutions to rising concern about people going missing as a result of kidnapping or senile dementia, for example, and to increasing automotive and motorcycle theft. The services have created quite a stir for their novel abilities to locate moving people and vehicles. They incorporate locating technologies based on data from Global Positioning System (GPS) satellites and cellular telephone base stations, together with SECOM's accumulated security know-how, technologies and network expertise. Customers can also request our



emergency response personnel to go to the person or object in question.

Since the services were introduced, more customers have expressed relief at subscribing for them than we ever could have imagined, and we have received numerous requests for new services, which we





are incorporating into a revised service menu. In May 2001, we launched an automobile emergency monitoring service. With this service, an automobile equipped with a tiny mobile transmitter sends a signal to a COCO-SECOM operations center when the vehicle is moved from its parking spot, allowing operations center staff to alert the owner. In September 2001, we introduced COCO-SECOM Car Alarm 2, which adds antitheft functions to the basic service. Suspicious behavior is monitored while the car is parked and an alarm sounds if an emergency is detected. The service was introduced to combat the increase in thefts of luxury vehicles and has been highly successful in reducing customers' concern for their property.

In December 2001, we released COCO-SECOM EZ. This service operates with mobile phones provided by KDDI, adding a medical emergency alert function to the basic COCO-SECOM services. When customers feel ill after leaving home, they can send an emergency alert signal to SECOM by mobile phone, using a very simple procedure. As Japan's first mobile phone-based emergency alert service, COCO-SECOM EZ is

attracting considerable attention from all sectors.

We have also launched a COCO-SECOM service for baggage and cargo. On November 27, 2001, a bag containing jewelry worth approximately ¥100 million was stolen from a Shinkansen bullet train at Tokyo Station. Fortunately for the owner, the bag contained a COCO-SECOM transmitter. The thief was caught approximately an hour after notification and the goods were returned to the owner. We were able to use this incident as a very effective promotional tool to market this service to people carrying or transporting cash, jewelry or other precious cargo in bags or briefcases.

In April 2002, at the request of corporate customers, we expanded the COCO-SECOM service menu with the addition of COCO-SECOM G-Manager, which assists in the management of automobile fleets and sales forces. The distinguishing feature of this service is its group search function, which allows the subscriber to pinpoint simultaneously the location of a number of automobiles or people. An extensive selection of packages offers rate options for different requirements, making COCO-SECOM G-Manager an attractive option for most companies. The service is thus contributing significantly to improved efficiency, customer service and security for transport companies, taxi firms and companies with large groups of sales or maintenance staff.

We will continue to add new COCO-SECOM services as we increase our awareness of customer

needs, and will ensure these services are affordable and convenient. By doing so, we will continue to tap the growing market for mobile security.

### **A Solid Platform for Medical Services Development**

On March 1, 2002, we reorganized our medical services business by merging our medical services department with three related subsidiaries—Secom Home Medical System Co., Ltd., Secom Care Service Co., Ltd., and Secom Kampo System Co., Ltd.—into a new company under the name of Secom Medical System. This move arose from our realization that a flexible organizational structure would be required to keep decision making apace with the changes in Japan's medical system and the evolving medical services market. As the principal company in our medical services business, Secom Medical System is responsible for planning and coordinating all Group medical services. It is also charged with managing and developing medical, health and personal care services as an integrated business, thereby enabling the Group to ensure the highest standard of service. The company's current operations include pharmaceutical services, home nursing services, home personal care services, health food sales, the Hospinet remote image diagnosis support service, an electronic medical report system and medical equipment sales.

Our pharmaceutical services include preparing intravenous solutions in the SECOM Pharmacy



cleanroom and delivering them to patients' houses, assisting patients to convalesce in the comfort of their own home.

Our home nursing services involve nurses acting under the guidance of patients' primary doctors to visit them at home, observe their medical condition, treat them for bedsores or manage catheters and assist them with rehabilitation. We are expanding our network of visiting nurse stations throughout the country, thereby enabling us to extend home nursing services that fall under the national health insurance and long-term care insurance schemes in more communities.

We also provide Medidata, an on-line home medical support system. This system integrates medical expertise with IT to test and transmit data on physical parameters, including blood pressure, temperature, heart rate and blood oxygen saturation rate. The data obtained by an automated device in the home is transmitted on-line to a nursing facility, where a nurse checks it for abnormalities and reports the results to the subscriber's primary physician. This paves the way for early diagnosis even before a patient may be aware of explicit symptoms.

As the pioneer of home-based medical care in Japan, we provide home personal care services. These include dispatching a helper to assist with personal hygiene, bathing, exercise, meals and other activities required in daily life.

Our medical services business also encompasses SECOM Health Food, a line of health food products



prepared from natural ingredients in accordance with Chinese herbal knowledge.

Hospinet integrates medical services with IT to create Japan's first remote image diagnosis support service. Offered to medical institutions, this service transmits images obtained with medical scanning equipment, such as magnetic resonance imaging (MRI) and computerized tomography (CT) devices, over ISDN circuits to the Hospinet center, where our diagnostic experts examine the data and provide consultation to the primary physician. Hospinet is of great benefit to patients because it assists the primary physician in correctly diagnosing and treating the illness. From the institution's perspective, the service makes efficient use of the advanced diagnostic equipment in the region's hospitals and examination centers.

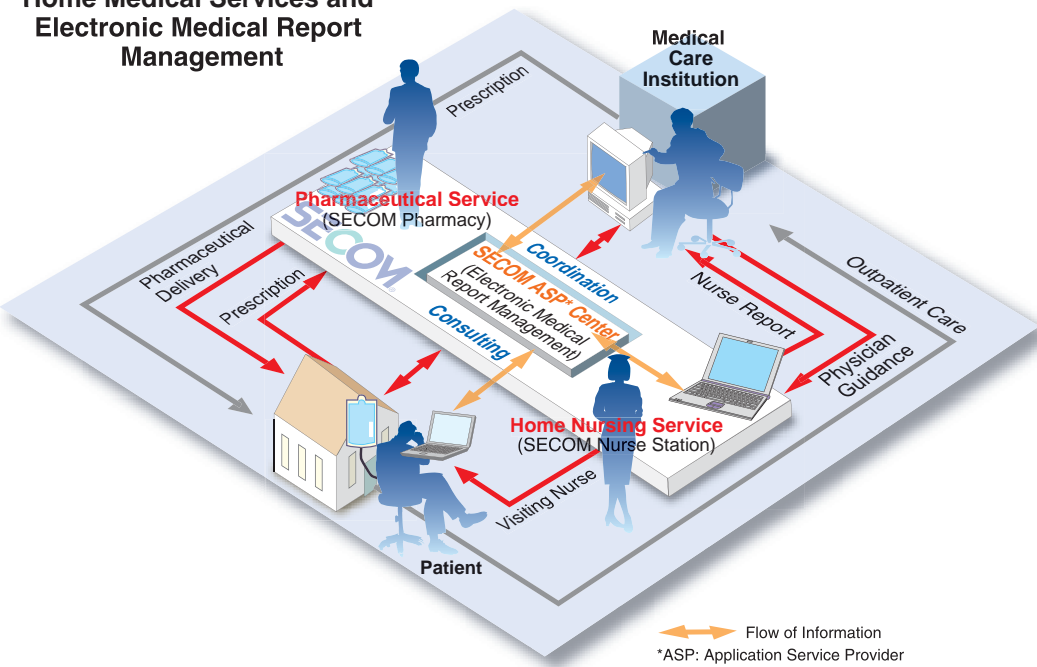
In March 2002, we launched another system that integrates medical services with IT: SECOM Ubiquitous EMR. Patients recuperating at home require treatment from a team that may involve the primary physician, visiting physicians, visiting nurses and pharmacy. Members of the team must share data about the patient's treatment. SECOM



Ubiquitous EMR is the first electronic report service for home medical care in Japan that supports a team approach. No matter where they happen to be, authorized personnel can quickly obtain and record the information required to treat the patient. We view this service as an essential part of the IT infrastructure for team-oriented medical treatment and, since there are no additional burdens placed on physicians or medical institutions, we believe it will play a critical role in expanding acceptance of home-based medical services.



**Home Medical Services and Electronic Medical Report Management**



In our medical equipment business, we are addressing the needs of individuals with disabilities. The My Spoon robot, for example, helps people who have difficulty moving their arms to eat with only minimal movement of one part of the body, essentially eliminating the need for assistance from others. Users can adapt the robot's operational mode and control device to suit their own capabilities and requirements.

As the examples above show, our goal in the medical services business is to provide products and services that contribute in meaningful ways to a higher quality of life.

**Packaging Insurance Services—  
A Complete Continuum of Care**

Prompted by our belief that the delivery of true security and peace of mind requires preparation before the fact and guarantees after the fact, the SECOM Group entered the casualty insurance field in 1998 by acquiring a stake in Toyo Fire and Marine Insurance Co., Ltd., which was subsequently renamed Secom General Insurance. Since then, we have used our resources to maximum effect in creating a steady stream of innovative insurance products that combine aspects of security and medical services with insurance. In 1998, we released Secom *Anshin My Car*, an automotive insurance policy that makes use of our security network to include on-site dispatch services with traditional insurance benefits. Then we issued Security Discount Fire Policy, for commercial subscribers to centralized security systems, and Secom *Anshin My Home*, a comprehensive fire insurance policy for residential subscribers. Both policies feature reduced premiums, reflecting the risk-lowering factor of the security system.

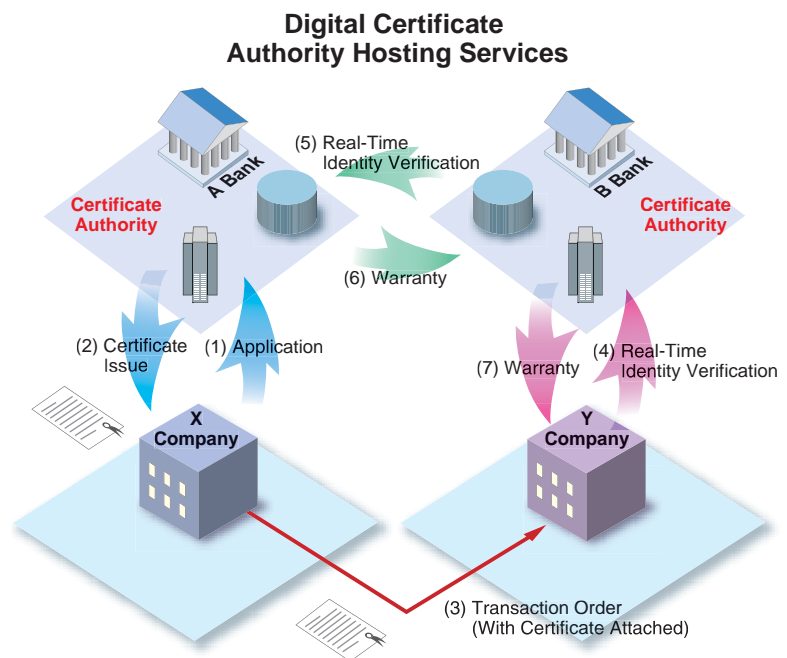
In October 2001, we created MEDCOM, an unrestricted cancer treatment policy combining insurance services with medical expertise. MEDCOM is the first insurance product in Japan to fund cutting-edge treatments. Although most Japanese residents participate at some level in the national health insurance scheme, its scope of coverage is limited. As effective treatment varies for each cancer patient

and because we believe patients should have access to advanced and innovative treatments, we found it worthwhile to offer an unrestricted treatment policy that enables policyholders to take advantage of courses of treatment not covered by the national health insurance scheme without worrying about how to fund them. The policy is not limited to financial coverage; it also includes referrals to selected top cancer treatment centers, assistance with hospital admittance procedures, consultation with specialists and the solicitation of second opinions. We are proud to offer this policy and the accompanying services as part of our mission to provide security and peace of mind to customers and to remove some of the worries of cancer patients and their families.



**Cyber Security—Protection for the  
Wired World**

The cyber security field has given the SECOM Group an opportunity to showcase its ability to fuse security expertise with IT know-how to create new businesses. The SECOM Group entered the networking business in 1985, the year the field was liberalized and opened to private-sector participation in





Japan. We lost no time in establishing a solid body of expertise in information security.

The Internet is rapidly becoming a key tool for many activities, but the cyber world, like the real world, is not without its dangers. Security measures are required to cope with unauthorized intrusions and other on-line criminal acts. The reliability of the Internet also requires data centers to be designed to ensure stability. To answer the call for security and peace of mind in the cyber dimension, Secom Trust.net built the SECOM Secure Data Center. This center is the culmination of SECOM's expertise in physical security, cyber security, networking technology and operations. The Center houses customers' servers and sees to the operation and monitoring of the computers as well as their connections to the Internet. The physical safety and stability of the systems are protected by the building's security systems and strictly enforced access limitations, while Internet-based intrusions and viruses are prevented by the 24-hour vigilance of our cyber security systems. We consider the SECOM Secure Data Center to be an essential component of the infrastructure necessary for establishing the Social System Industry.

As part of its cyber security services, Secom Trust.net offers digital authentication services and network security monitoring services. In the digital authentication market, public key infrastructure (PKI) services are furnishing the Internet with an effective means of establishing

credibility among users. SECOM Passport for Web, which issues digital authentication certificates, provides the assurance that a web site is legitimate when a person makes a purchase or other financial transaction, and encrypts the information to protect the privacy of individuals and companies. Similarly, SECOM Passport for Members issues digital authentication certificates to individuals who are members of companies or organizations. In addition, we draw on our digital certification expertise to set up and operate systems for organizations wishing to establish their own digital certificate authority. We have already received orders to set up and operate digital certificate authorities for four major financial institutions in Japan, based on the Identrus protocol established by major banks in Japan, North America and Europe. We have also had the occasion to demonstrate our mastery of government public key infrastructure (GPKI) services.

Our network security monitoring services are designed to provide security and stability for our customers' IT systems. We monitor and report on threats to security, as well as network operating status and network traffic. SECOM Intrusion Detection Service supplies around-the-clock protection against unauthorized access and SECOM Virus Monitoring Service monitors and protects against malignant digital viruses.

We are currently working to establish a "Trusted Service Provider" business, which combines cyber security with network services. Our

intention is to offer the same level of creativity in providing security for our customers' information assets as we have for their buildings, equipment and other physical assets.

### **Toward Realization of the Social System Industry**

The integration of the SECOM Group's businesses and services has just begun. As we embark on the second stage of development of the Social System Industry, we plan to package products and services to create unprecedented, socially beneficial offerings that will catapult the Social System Industry into reality. Our target markets encompass both the workplace and the home, fixed and mobile security, and physical and cyber security. To win customer acceptance, we will not just invest our resources effectively to create competitive products and services. More importantly, we will concentrate on raising customer satisfaction. When we succeed in these objectives, and more and more customers are enjoying the Group's products and services, we will transcend the second stage of development of the Social System Industry and enter a new phase of growth.