

Message from the Chairman



***Arigato no kokoro and bushi no seishin*—We will continue to give form to ALSOK’s unchanging philosophy as a principled company with talented human resources.**

Atsushi Murai
Chairman and Representative Director
Chief Executive Officer (CEO)

New Role of the ALSOK Group

In the fiscal year ended March 31, 2016, the ALSOK Group’s operating environment continued to experience a modest economic recovery trend. However, conditions in certain sectors proved weak due to sluggish growth in consumer spending and stagnancy in terms of capital investment. In regard to public safety in Japan, the number of reported crimes continued to decrease. Regardless, the incessant media coverage of crimes targeting children and senior citizens and acts of international terrorism contributed to a situation in which this decrease did not translate to an improvement in perceived safety.

In this environment, demand continues to grow for security services that can support the safety and security of society, and these services have come to function as an inseparable component of social infrastructure in such areas as newly constructed buildings and office spaces. Meanwhile, labor shortfalls arising from the declining birthrate and aging of the population have led to diversification in the types of outsourcing needs requested of security services companies, which now include operation of financial institutions’ ATMs and monitoring of public infrastructure and facilities. Furthermore, the need for security services to watch over individuals, such as senior citizens and children, is also on the rise. The ALSOK Group thus recognizes that it is now expected to leverage its nationwide network consisting of roughly 30,000 employees to provide various services that address these needs.

In the year under review, acting based on its policy of “responding accurately to customers’ various risks and outsourcing needs,” the ALSOK Group continued working to strengthen and expand its mainstay security services operations while also growing businesses in peripheral fields that are highly compatible with security services, such as long-term care and building maintenance. At the same time, we pursued cost reductions through improved operational efficiency in security services operations realized by having human resources handle a broader range of functions. Through these efforts, we succeeded in achieving higher sales and income for the sixth consecutive year.

The ALSOK Group’s Vision and Management Philosophy

Thanks to the support of all of its stakeholders, ALSOK was able to celebrate the 50th anniversary of its founding in 2015. I view this accomplish as a testament of the bonds of trust we have forged with customers as we humbly advanced our business, always staying true to the principles of *arigato no kokoro*, an ever-present feeling of gratefulness and gratitude, and *bushi no seishin*, a strong and noble samurai spirit, in our ongoing quest to protect the safety and security of society.

We seek to continue moving forward over the next 50 years. In pursuing this goal, we will further the expansion and evolution of

our security services operations, an area in which we have steadily built our track record by advancing these operations as the core of our business since the Company’s founding. At the same time, we will forge ahead with the development of new businesses and new services with the potential to support our business, such as long-term care services and general property management and fire protection services, both areas from which we anticipate synergies. As we grow our business in this manner, we will aggressively expand our business overseas while still keeping our eye on economic trends in Japan. Outside of Japan, the focus of our business has previously been on providing security solutions to support the overseas expansion efforts of Japanese companies. Looking ahead, however, we will leverage the expertise we have cultivated both inside and outside of Japan to provide high-quality, “Japanese-style” security services to local overseas companies and other new customers.

In Japan, it is projected that the birthrate will continue to decline and that the population will continue to age, a situation that presents the risk of further exacerbating social issues, such as labor shortages and market shrinkage. Faced with this realization, the ALSOK Group remains committed to improving the quality of its security services. As one approach toward accomplishing this goal, we will provide new security styles, such as those that utilize artificial intelligence, or AI; the Internet of Things, or IoT; robots; and other new technologies to prevent and predict crimes. Another approach will be the promotion of labor savings to better position our human resources and otherwise realize more efficient management.

Through these efforts, we aim to grow the scale of the ALSOK Group’s sales to roughly ¥1 trillion over the next decade. This goal entails the ongoing development of the Company, and therefore will not be accomplished simply by expanding our business scope and earnings. Furthermore, over the next 50 years there will be no change to our basic policy of functioning as a form of social infrastructure that supports safety and security. Progressing toward the future, we will work to become an even more highly principled company, always guided by our unchanging management philosophy, as we strive to further improve ALSOK’s corporate value.

Strengths of the ALSOK Group’s Human Resources

If ALSOK is to continue developing, it is crucial for our employees to be able to feel motivated in their work and always be capable of exercising their talents. For this reason, it is important for management to possess the appropriate mind-set and stance toward managing. At the same time, ALSOK must be a highly principled company with a just, upright, and open corporate culture. If we can maintain these characteristics, the daily efforts of our employees to learn and succeed will fuel the rapid development of the Company. It is in this manner that we aim to make ALSOK into a company that is truly of the highest caliber.

The ALSOK Group currently offers security services 24 hours a day, 365 days a year with a staff of approximately 30,000 located across Japan. These faithful employees, who possess the exceptional skills necessary to continue giving form to our management philosophy, are a precious asset and one of ALSOK’s core strengths.

It goes without saying that providing security services requires one to acquire specialized knowledge and develop high-level skills. Moreover, one must see value in protecting the lives, bodies, and assets of people and be able to earn customer trust by going about their duties in a disciplined manner. To cultivate this type of employee, ALSOK implements various training programs, including training for new employees as well as rank-based training. In all of our training programs, we further understanding of and entrench the fundamental spirit that we have adhered to since our foundation, which is described in our management philosophy, management policies, and code of conduct. We have thus established a training system that ensures we put this spirit into practice in all aspects of our business operations. We also frequently use the Company’s internal newsletter and the messages from management distributed in the internal email magazine as venues for reiterating the importance of this spirit. In this way, we are exerting daily effort to guarantee that all of our employees and the Company itself are highly principled. The corporate culture fostered through these efforts places extreme emphasis on both sincerity and integrity and is yet another strength that we can take pride in.

We provide fine-tuned, long-term development programs and ongoing follow-up support that encompass hiring, post-hiring training, and career development. The aim of these programs is to foster human resources capable of working in and forming the core of organizations in a wide range of the Company’s business areas—from strategic businesses related to new businesses, overseas businesses, and mergers and acquisitions (M&As) through to sales and frontline operations. Furthermore, ALSOK was named on Tokyo 2020 official Partner (Security Services and Planning) in October 2015. Aware of the responsibility this position entails, we have enhanced our human resources development programs from the perspective of the global market. This involves not only education on language proficiency and cultural understanding but also on manners.

As the role of the ALSOK Group grows more expansive, the range of fields in which our female employees can exercise their skills is also widening.

Looking ahead, we will continue to develop a workplace environment in which each of our talented human resources can fully exert their individuality and skills. By pushing forward with efforts on this front, we aim to ensure that we can always function as a form of social infrastructure that supports safety and security and therefore keep giving form to the basic spirit that we have held since our founding, which is our desire to contribute to a safer Japan.

* ALSOK is a Tokyo 2020 Official Partner (Security Services and Planning).