Digital Annealer Introduction

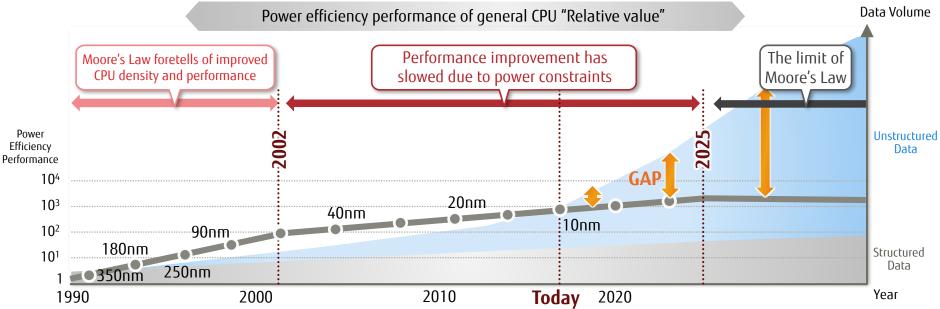
July5, 2019



FUJITSU Quantum-Inspired Computing Digital Annealer Fujitsu Limited

Reaching the Limit of Moore's Law

Computers must process increasingly massive and complex data at higher and higher speeds in order to support digital transformation in society and business. Moore's Law* is approaching its limit, threatening the drastic compute performance required in the coming future.



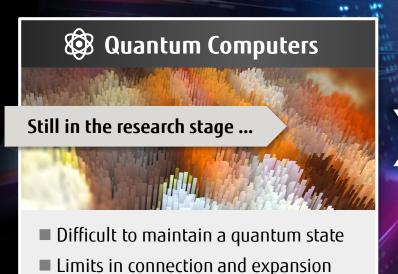
Quantum Computing is one promising prospect as a next generation computer

^{*}Moore's Law: An empirical rule in the semiconductor industry stating that the number of transistors in a dense integrated circuit doubles every 18~24 months.

Digital Annealer



A new architecture that solves "combinatorial optimization problems" at high speed with digital circuits inspired by quantum phenomena





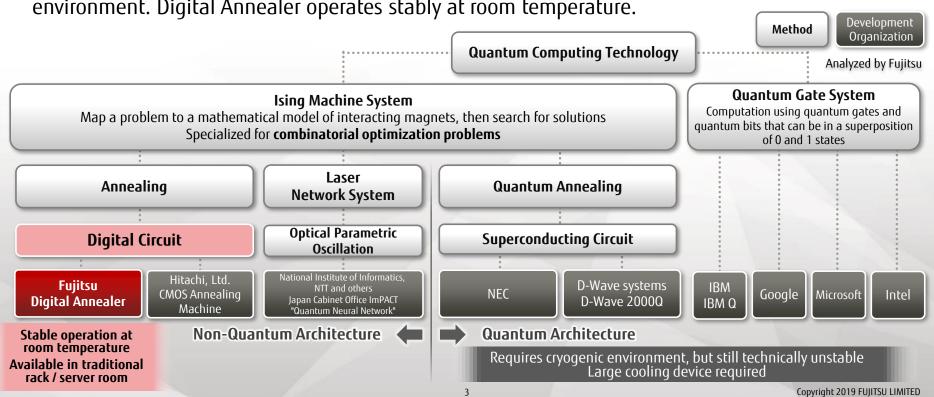
- Stable operation with digital circuit, and easy miniaturization
- Easy mapping of more complex problems with a fully-connected architecture

Digital Annealer Positioning



Digital Annealer makes use of the annealing method, specialized for combinatorial optimization.

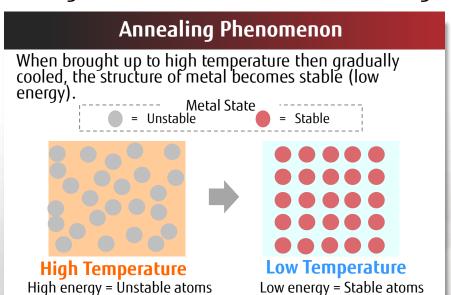
Unlike quantum computers, Digital Annealer does not require an extremely low temperature environment. Digital Annealer operates stably at room temperature.



What is the Annealing Method?



An algorithm based on the "annealing" metal processing phenomenon



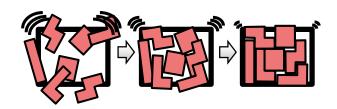
Round-Robin Method

Check all combinations by moving up in order to go back down if a combination does not work



Annealing Method

Find a way to quickly fit all the pieces by first shaking the whole system, then gradually reducing the shaking



When exploring optimal solutions, first search all solutions including those far from optimal, and then gradually close in to an optimal solution.

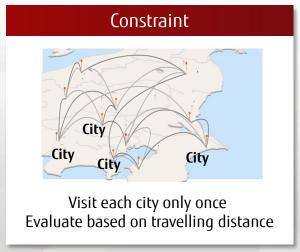
Combinatorial Optimization Problems



Seek *combinations* or *sequences* that satisfy given constraints, with the goal of finding the best out of all available combinations

Example: The Traveling Salesman Problem

"Which is the shortest route that visits each city exactly once and returns to the origin city?"





With 5 cities → 120 possible routes. With 32 cities → 2.63x10³⁵ possible routes The number of combinations increases exponentially!

Solving Combinatorial Optimization Problems – An Example (1) FUITSU



Traveling Salesman Problem

Find the **shortest-distance route** (shortest path) that visits **every city exactly once** and then returns to the starting point

1. Define an Optimum Solution for the problem to be solved

Optimum Solution:

Shortest total distance route



With the Traveling Salesman Problem, the shortest route (minimum value) is defined as the optimum solution, but optimum solutions for combinatorial optimization problems can also be defined as maximum values depending on the type of problem.

Which pieces of information are combined in order to lead to the shortest route?

2. Define Variables and Constraints

In order to find the shortest route, combine the Variables:

> Order to visit

Cities to visit

Variables are the elements of the problem that must be defined in order to seek optimum solutions.

Define Constraints for the problem:

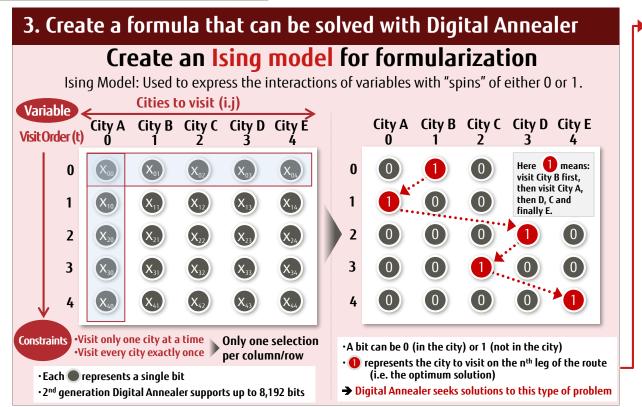
visit every city exactly once

After defining an optimum solution, variables & constraints, how is the problem formulated for Digital Annealer?

Solving Combinatorial Optimization Problems – An Example (2) FUJITSU

Traveling Salesman Problem

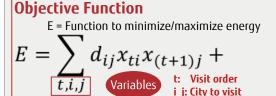
Find the **shortest-distance route** (shortest path) that visits **every city exactly once** and then returns to the starting point

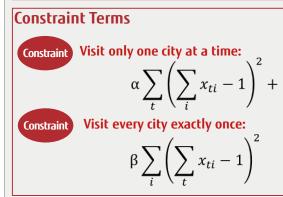


4. Use Digital Annealer to find solutions

Send formula to Digital Annealer to

Send formula to Digital Annealer to obtain optimum solution (values)





Combinatorial Optimization Problems Across All Industries & Business



Applicable to New Areas



Autonomous Vehicles



















Improve Precision and Reduce Time

to solve existing combinatorial optimization problems











Applicable Area Examples

Digital Annealer Application Cases





Search for molecular similarity

Seek overall similarity of compounds



Big Data Visualization Toolkit

Clustering of big data for visualization



Traffic Optimization

Select non-overlapping distribution routes for vehicles driving to each destination from multiple departure locations



Investment Portfolio (QHRP)

Select investment portfolio assets which are not affected by correlations



Optimizing HR Planning

Develop HR planning according to staff requests, capabilities, desired schedule, attendance conditions, etc

Optimizing Inventory Allocation

Optimize combinations parts and products to meet destination requirements

Production Planning Optimization

Optimize overall operation scheduling of multiple machines performing tasks with interrelated sequences

Optimizing Flow Line in Factory

Select optimal shelf arrangement and parts pick up routes within factories



1. High Precision Molecular Similarity Search for Drug Discovery Fuir



Contributing to the development of highly effective medicines

Issues

The conventional Finger Print method determines the presence or absence of an atomic group, but does not consider the molecular shape. Thus, a precise search cannot be performed.

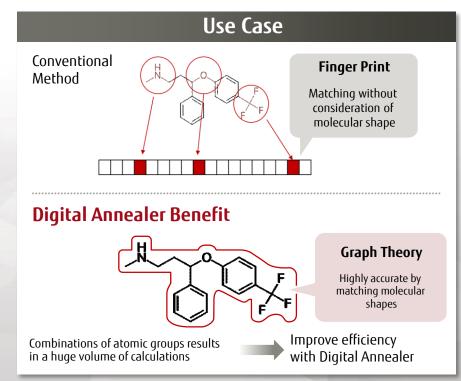
Finger Print: A method of representing the presence or absence of an atomic group as 0 or 1 and expressing the molecule as a Boolean vector

Technique

By converting the molecular structure to a graph and handling atomic groups as nodes and bonds as edges:

- Precision is improving by considering molecular shape
- Calculations are performed at high speed by Digital Annealer

- Highly precise molecular similarity search becomes possible
- Expected to improve the efficiency of drug development leading to new highly effective medicines





2. High-Speed Clustering for Big Data Utilization



Visualizing large-scale datasets for more accurate analysis

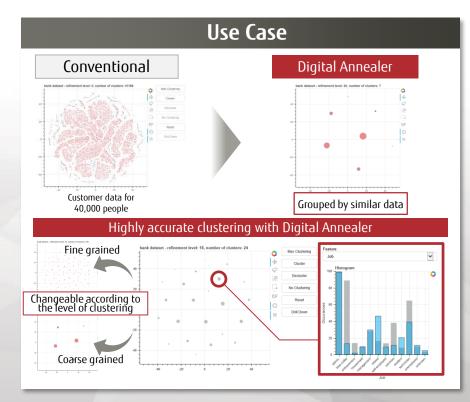
Issues

As the importance and prevalence of big data increases, highspeed data processing is necessary to effectively derive business insights

Technique

High precision clustering with hierarchical structures is implemented by compressing high dimensional data and segmenting it into portions that can be clustered

- Clustering is accelerated from several hours with conventional methods to just a few minutes with Digital Annealer
- Large scale data sets can be visualized and analyzed
- The level of clustering can be changed to enhance analysis





3. Route Optimization to Reduce Traffic Congestion



Reduce overall travel time by distributing routes throughout a city or factory to avoid congestion

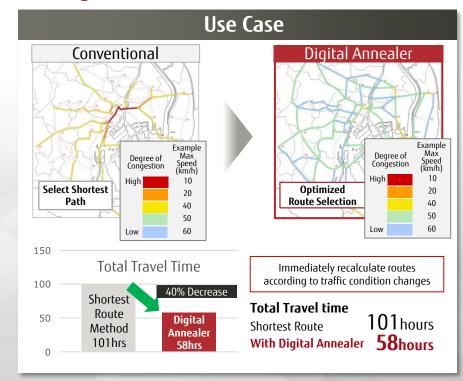
Issues

With conventional routing systems, there is a tendency to assign the shortest distance route, leading to traffic congestion in the city center

Technique

- Optimize route selection to avoid overlap
- Prioritize route options by adding conditions, such as: speed limits, number of lanes, etc.

- Reduce traffic congestion by up to 40% by dispersing traffic
- Apply to cases of iterative simulation used for road development planning
- Applicable to other routing problems, such as warehouse collection and distribution, AGV (Automated Guided Vehicles), and network traffic





4. Investment Portfolio Optimization Through Risk Diversification



Instant clustering for the correlation of 500 stocks to compose a risk-resistant portfolio

Issues

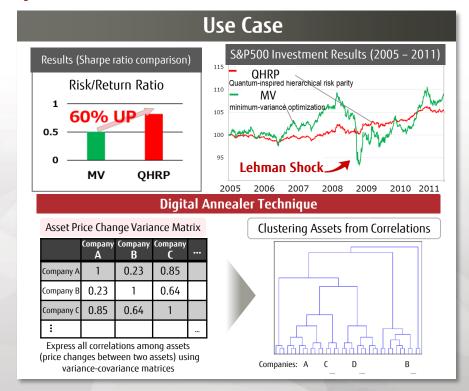
The commonly used Minimum Variance (MV) method for portfolio optimization is susceptible to the influence of market fluctuation

Technique

Quantum-inspired Hierarchical Risk Parity (QHRP) portfolio optimization method provides for:

- The clustering of assets into a tree diagram based on risk correlations
- Composition of risk-diversified portfolios with low correlativity

- Create portfolios with resistance to market fluctuations that continue to provide stable returns
- 60% higher Sharpe Ratio compared to MV method





5. Manpower Management



Optimize manpower management and eliminate dependencies on individual skills

Issues

- Securing correct manpower difficult due to increases in conditions to be considered
- Difficult to quickly respond to sudden changes in scheduling conditions
- Manpower management-related shift planning dependent on specialist skills

Technique

- Digital Annealer's 8192-bit scale & 64-bit gradations handle detailed requirements simultaneously: e.g. preferred dates, consecutive day work restrictions, and 5-day work week
- High-speed processing allows for prompt recalculation when staffing conditions change

Results

- Shift planning requirement reduced from 34 staff to 29 after optimization
- Work dependent on individual skills reduced, and shift planning completed quickly

 Applicable to work style reform in various industries.

Use Cas

Shift Planning Example

			Mor	nday		Tuesday					Satu	rday		Sunday					
Planr	ned Workload	· '				220					200				180				
Work	er Capacity per day	T1	T2	T3	T4	T1	T2	Т3	T4		T1	T2	T3	T4	T1	T2	T3	T	
0	(008):	×	×	×	×	×	×	0	0		×	×	×	×	×	×	×	(
2		S	2	N	M	\sim	N	VA	\sim		M	S	8	S	AA	M	S	V	
8	(012):	×	×	×	0	×	×	0	0		0	0	0	×	×	0	×	(
M		8	~	\sim	S	2	\sim	%	8	\sim	\sim	S	8	\sim	2	S	S	V	
24	(005):	×	×	×	0	0	0	×	×		×	×	0	0	×	0	0	(
25	(014):	0	0	0	×	0	×	×	×		×	0	0	0	0	0	×	(
		?	W	N	\sim	\sim	\mathcal{N}	\sim	\sim		$\wedge \wedge$	M	\sim	M	AA	S	S	V	
32	(010):	0	×	×	×	0	0	×	×		×	0	×	0	×	0	×	:	
33	(012):	-	0	×	0	0	0	×	×		0	×	0	×	×	0	×	(
	rkload (gap om plan)		221	(1)			222	(2)				199	(-1)			180	(0)		

©: Determined Shift. O: Preferred. ×: Not Preferred

Before:

34 Workers Required

With Digital Annealer: 29 Workers Required

of workers 29 (-5)



6. Production Control Scheduling



Optimize equipment allocation to reduce production process time

Issues

- Varied product types leads to different process times, requiring efficient utilization of equipment to reduce production times
- Allocation is time consuming as jobs are allocated manually

Technique

- High-speed processing enables instant optimization, even when sudden machine failures occur or jobs requests change
- Digital Annealer's 8192-bit scale & 64-bit gradations handle multiple jobs, varying process times, and process-combination conditions

Results

- Efficient equipment allocation leads to a 30% reduction in processing time
- Allocation plans created quickly and without the need for specialist skills
- Applicable to equipment verification and the purchasing of new equipment
- Also applicable to various industries with scenarios consisting of the combination of multiple processes

Use Case

Job Process Table

	Proce	ess0	Pro	cess1	Process ~	Proc	ess5	Pro	cess6
	Machine	Time	Machine	Time		Machine	Time	Machine	Time
job0	4	2	6	2		1	3	2	3
job1	1	3	4	3		2	1	6	3
job2	3	2	5	2		1	2	2	3
~		^	,		~		-	-	
job7	6	3	2	3		4	3	0	1
job8	1	2	5	2		6	2	3	3
job9	3	3	0	2		4	3	2	1

- Each job proceeds in order of process number
- Each machine can process only 1 job at a time
- Job processing time varies depending on machine/process

Job Allocation - Before

	1	2	3	4	5	6	7	8	9	10	11		27	28	29	30	31	32	33	34	35	36	37	38	39	40	41
Machine0					job0		job1		job5		job2					job8								job7			
Machine1	job1			job8		job3							job5					job7			job9						
Machine2				job3		job5			job6			~															job9
Machine3	job2		job5	job6		job0			job4							job7			job8								
Machine4	job0		job3	job1			job2				job5			job8							job7			job9			
Machine5			job2		job4				job0				job7			job9											
Machine6			job0		job7			job2									job8						job9				

Job Allocation – with Digital Annealer

30% Reduction



7. Inventory Allocation Optimization



Optimize parts allocation and inventory for the assembly of multiple product models

Issues

- Due to increases in product type variation, complexity growing for parts selection from inventory. Enormous time required to create production parts combinations.
- Manual optimization difficult due to complexity

Technique

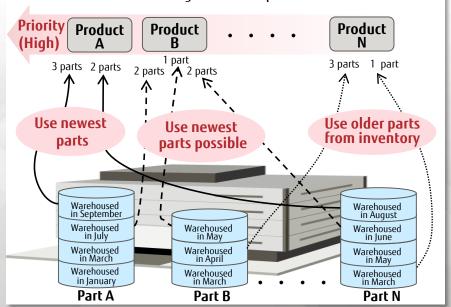
- Digital Annealer's 8192-bit scale & 64-bit gradations handle large variety of products, parts and production conditions
- High-speed calculation enables real-time parts allocation

Results

- Real-time recognition of parts that meet conditions, improving efficiency of inventory and quality control
- Eliminate work dependent on specialist skills
- Also applicable to retail and distribution warehouses

Use Case

- Prioritize allocation to products with high unit price and profit
- Prioritize allocation to high-demand products





8. Factory Parts Pick Up Optimization



Reduce travel distance for warehouse parts pick up by up to 45% Now in use at Fujitsu IT Products

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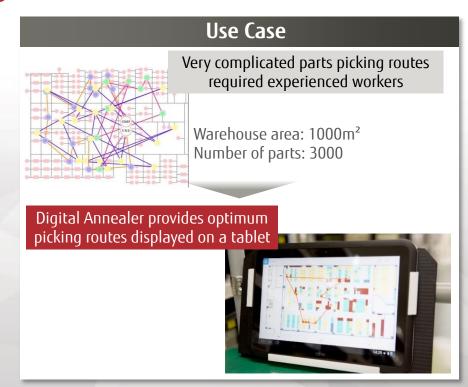
Issues

- High-mix, low-volume factory production requires a large variety of parts for each product. Time and labor required dependent on the experience level of each worker
- Inconsistent and inefficient parts pick up process

Technique

- Routes and shelf population are minimized as combinatorial optimization problems
- Correlation of frequently used shelves identified

- Even inexperienced workers can realize efficient parts picking
- Travel distances reduced by up to 45% per month through route and shelf location optimization
- Optimization methods to be deployed to other factories, as well as other processes such as warehouse management





8. Case Study:

Factory Parts Pick Up Optimization - At Fujitsu IT Products

Company Profile

Company Name Fujitsu IT Products Limited

Location 1-1, Kasajima-to, Kahoku-shi, Ishikawa, 929-1196, Japan

Capital 100 million yen (wholly owned subsidiary of Fujitsu Limited)

Establishment April 1, 2002 Employees 455 people

Manufacture of servers, supercomputers, storage systems, software, etc.

Source: http://www.fujitsu.com/jp/group/fjit/ (Japanese)

Digital Annealer Project Schedule

Discussion from September 2017

Industry

PoC from October 2017

Service in February 2018

Case Study: http://www.fujitsu.com/global/digitalannealer/case-studies/201804-fjit/

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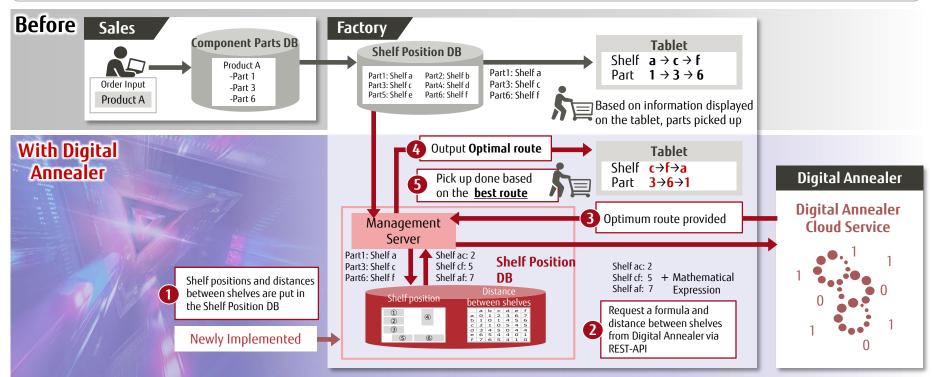


8. Case Study:

Factory Parts Pick Up Optimization - Configuration



Goal: Leverage existing operation, and create a new shelf position database to use Digital Annealer to calculate optimal pick up routes



Digital Annealer Advantages



Applicable to real world problems with the stability and balance of scale, connectivity, and precision

Scale Ready to scale up for 8,192bit problems

Connectivity Easy to use with total bit coupling

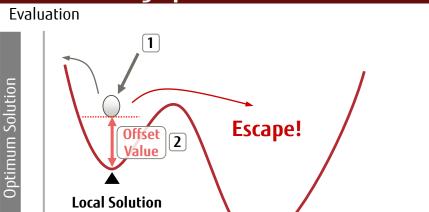
Precision High precision with 64bit graduations

Stability Stable operation at room temperature with digital circuits

Unique Technology Improves Optimum Solution Accuracy



Digital Annealer increases the probability of finding optimum solution



1 Detect localized solution reached

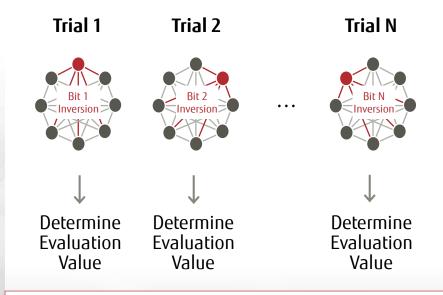
Search Space

Optimum Solution

2 Apply offset value

Encourage escape from local solutions, leading to optimum solution

Rapidly find optimum solution with Digital Annealer parallel evaluation



Evaluating the bit inversions for each trial in parallel, leads rapidly to the optimum solution

➤ State

Specification Comparison



Applicable to real world problems with the stability and balance of scale, connectivity, and precision

	Digital Annealer (2 nd generation)	Company A	Company B
Implementation Technology	Digital Circuit (Using existing technology)	Superconductive Circuit (Cryogenic cooling required)	Non-Linear Optical (1km ring device)
Number of Bits	8192	2048	2048
Amount of Coupling	Total Coupling	6 - Partly Coupled (64bit total coupling equivalent)	Total Coupling
Evaluation Accuracy	64bit Gradations	32 Gradations	3 Gradations



Digital Annealer Service Overview (Japan Market)



- Cloud Service & Technical Service launched in May 2018
- On-Premises Service launched in February 2019

Deliver high speed processing for combinatorial optimization problems



FUJITSU Quantum-Inspired Computing Digital Annealer

Cloud Service



FUJITSU Quantum-Inspired Computing Digital Annealer

On-Premises Service

Support for Digital Annealer utilization



Digital Annealer Technical Service



Combinatorial Optimization Problems Faced in Actual Business



General Formula Type

(QUBO API)

Submit Ising model (QUBO) formulas through Web API

Customer Site

Fujitsu Datacenter









Solution-Specific Type

(Optimization Solutions API)

Submit solution-specific data and receive optimal solution

Customer Site

Fujitsu Datacenter





(Solution-Specific)

Optimum

Solution





Solutions



Warehouse Pickup Optimization API

A Web API service that finds the shortest distance route for picking up specified products from multiple locations within a warehouse

- A list of products to pickup is input and the optimal pickup order is output
- Supports up to 32 locations with the same priority
- Warehouse map files (coordinate data) are pre-registered in the cloud

Map Product List . Rack A 3. Rack C



Customer Site



Request Digital **Annealer** Infrastructure **Find Optimal** (Solution-Specific) Solutions



Optimum Solution

Web API

FUJITSU Quantum-Inspired Computing Digital Annealer



Cloud Service Menu (Japan Domestic Market Only)

Service Type		Fee	Remarks
General Formula Type	Premium	Basic fee (fixed monthly)	Usage time is not limited
(QUBO API)	Standard	Basic fee (fixed monthly) + Metered rate (by usage)	Processing time is metered (calculated in seconds; data transfer time is not included)
Solution-Specific Type (Optimization Solutions API)	Warehouse Pickup Optimization API	Individual quotation	



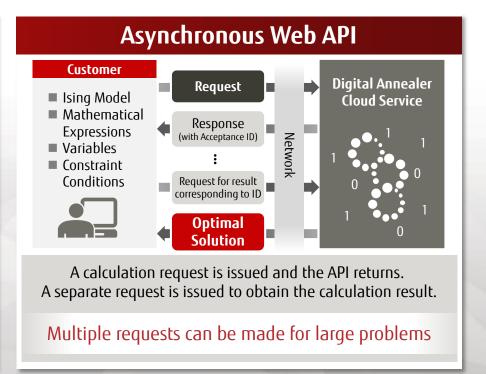
FUJITSU Quantum-Inspired Computing Digital Annealer

Cloud Service Web APIs



Synchronous Web API (basic) and Asynchronous Web API (optional) offerings:

Synchronous Web API Customer Digital Annealer Request Ising Model **Cloud Service** Mathematical **Optimal Expressions** Network Solution Variables Constraint Conditions The API requests calculation results synchronously. The API returns when the calculation process has completed. The problem is processed in real time







Service Details for Digital Annealer Cloud Service Subscribers:

Service Hours V	Weekdays 9:00-17:00 (JST) *Closed on Japanese holidays									
Inquiry Contact Method	Email		Language		Japanese					
			tings and usage of the Di nds when the Digital Anr		nealer Cloud Service oud Service does not function correctly					
Trouble Notification		Maintenance Noti	fication	Servi	ce Detail / Update Guide					
Detail Notification from the tim occurs, functions impacted		Detail Notification of Dig planned or emerg date/time, functio	ital Annealer Cloud Service ency maintenance ns impacted, etc.	Detail	Notification of new functionality and improvements made to the Digital Annealer Cloud Service					
Method Portal/Email		Method Portal/Email		Method	Portal/Email					

Important Notes

Inquiries received outside service hours will be processed after 9:00am on the following business day

The following inquiries are **excluded** from the Help Desk Service:

- Processing speed tuning (performance evaluation resulting from customer's APP design, implementation and operation, etc.)
- ·Consulting (advice on creation, design, implementation and operation of mathematical models)
- · Disclosure of information related to our cloud service environment and logs
- ·Calculation result accuracy

Service Fee

Calculated as 5% of the Web-API usage service fee

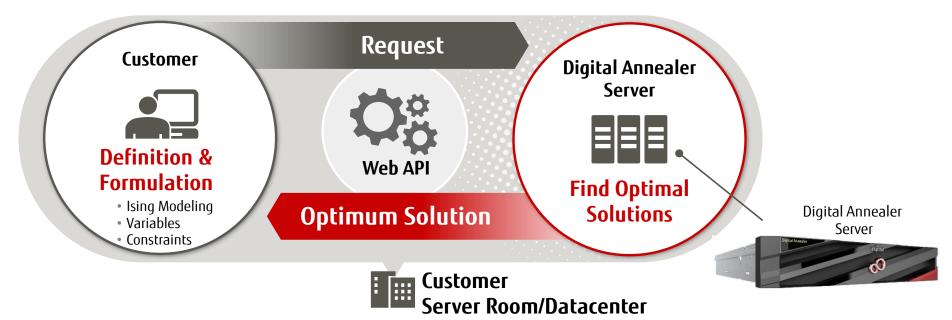


FUJITSU Quantum-Inspired Computing Digital Annealer



Digital Annealer On-Premises Service Offering

- Digital Annealer Server installed at the Customer site for a monthly subscription
- Supporting 8,192-bit full connectivity and flexible partitioning for parallel operation and scaling to match problem size and precision requirements.



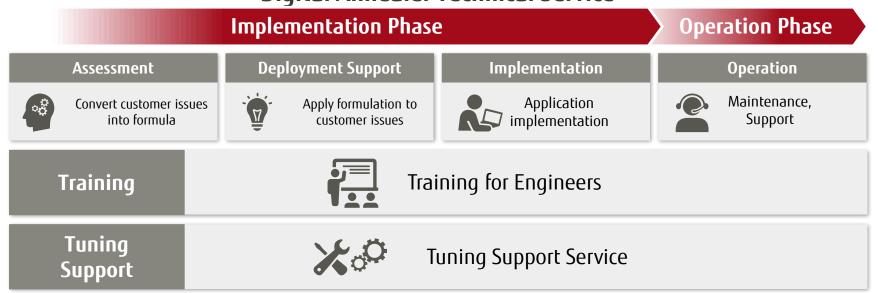




Digital Annealer Technical Service - Outline

Technical experts with advanced mathematics knowledge and data analysis capabilities support you in resolving your optimization problems

Digital Annealer Technical Service



Complete support from introduction to operation, leveraging Digital Annealer for customer business



Digital Annealer Technical Service

Digital Annealer Technical Service Details





Formulation Verification

Verify the customer's problem can be converted to a combinatorial optimization problem, and generate a mathematical model to solve with Digital Annealer.



Development Support

PoC planning for customer Digital Annealer use. Evaluate mathematical model implementation and results. Support requirements definition for customer Digital Annealer deployment.



Implementation

Develop and deploy application for use with Digital Annealer: Deploy on customer systems, establish connection to Digital Annealer, process input / output data, and perform post processing of output.



Operation

Answer questions and solve problems for the deployed Digital Annealer application.



Training

F2F instructor-led Digital Annealer training:

- Basic: Digital Annealer features and mechanisms
- Hands-on: Solve optimization problems using Digital Annealer Cloud Service



Tuning Support

Problem solving support including parameter tuning for Digital Annealer Cloud Service customers.



Digital Annealer Technical Service Digital Annealer Project Example



Typical Project Duration: 4-6 months

7	· · · J				
	2~3 m	nonths	← 2~3 n	nonths	
Pre-Phase	Phase 1 Technical Check	Phase 2 Select business target for PoC	Phase 3 Model Construction	Phase 4 PoC	Next Step
 Procedure Agreement Conclude NDA (As needed) 	 Pre-meeting (2-3 times) Technical Introduction Technical Verification 	Select target businessAgreement on Expectations	 PoC Plan Agreement Formulation Ising Model Construction 	 PoC on Digital Annealer -Confirm Functions -Performance, UX, etc PoC Result Summary 	
Available Digital Annealer Services		rvice: Maximu Tech	i m 6 months tr i nical Service (F	0 0	Premium/Standard Cloud Service (Fee-based)
			0 0	0 0	0

Digital Annealer Case Studies

Mitsubishi UFJ Trust Investment Technology Institute Co., Ltd.

Fixstars Corporation



Fujifilm Corporation

Technical verification of portfolio optimization in asset management

Touhoku University

A new service in the quantum computing area

Technical verification of production lines for high-mix low-volume models in factories

Recruit Communications Co., Ltd.

Solving combinatorial optimization problems to control Automated Guided Vehicles (AGVs)

Participation in the MITOU Program of METI / IPA



Using Digital Annealer to foster talent and start-up companies in technical fields

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New marketing technology research and development for real-world business problems

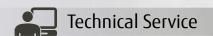
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Digital Annealer Roadmap

2019

2018



Cloud 1st Gen

May 2nd Gen

Cloud Dec

On-Premises Service 4Q

Next Generation

Scale: **1024** bit

Precision: 16 bit

65536 Gradations



Max Scale: 8192 bit

Max Precision: **64** bit

1.845x10¹⁹ Gradations

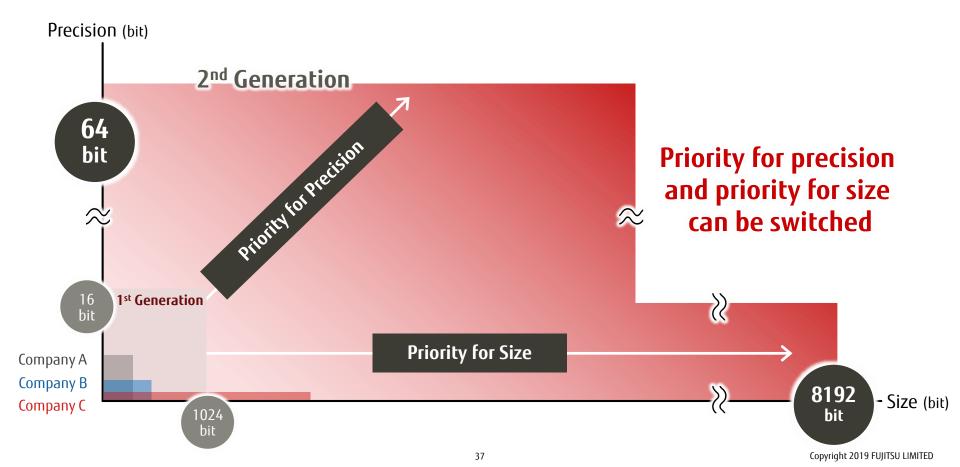


Large-Scale Parallel **Processing**

Expand applications from technical verification to real-world business value

Application Areas Surpassing the Competition - 2nd Generation



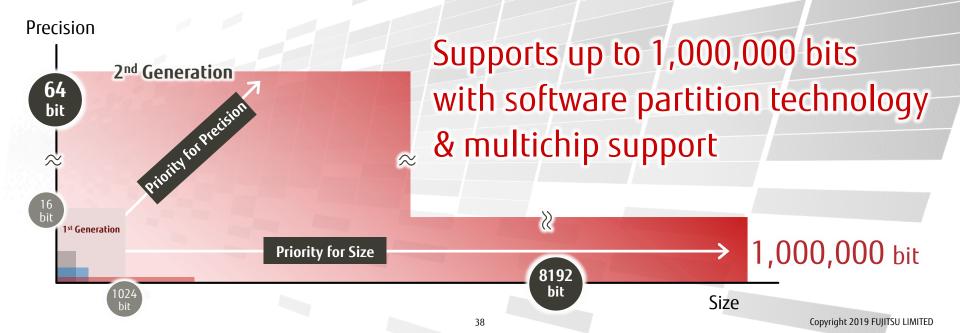


Application Areas Surpassing the Competition – Next Generation



Develop further large-scale application technology

2019



Tackling Extremely Large Scale Problems

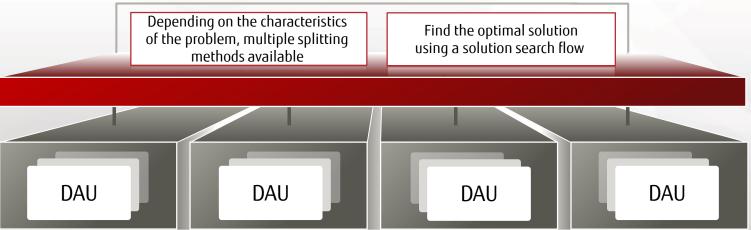


Fujitsu is developing a problem-splitting method to solve extremely large-scale problems

This method extracts a portion of a problem according to problem characteristics; processing each portion on Digital Annealer, then assembling the output from multiple calculations to derive the total optimal solution using search flow.

- This method allows a single 2nd generation (8192 bit) Digital Annealer to solve <u>100,000 bit scale</u> problems
- Further software and hardware enhancements will expand the scale to 1 million bits (planned for CY2019)

Large scale problems split into manageable portions by software



Hardware technology links multiple Digital Annealer Units (DAUs) to execute large scale parallel processing

Digital Annealer Global Rollout



- Global service now available
- On-Premises Service launched in 2019 (Global launch planned)

EMEIA

- Cloud Service
- Technical Service Launched in FY 2019*

APAC / Oceania

- Cloud Service
- Technical Service

Launched in FY 2019*

Japan

- Cloud Service
- Technical Service
- On-Premises Service
 Now Available

Americas

- Cloud Service
- Technical Service
 Now Available

*Please contact us regarding the service start date in each country.







Collaborative research in cutting-edge areas



Confronting new issues in society



WASEDA University 早稲田大学

Promotion of combinatorial optimization as a way to solve societal issues



1QBit middleware implemented on Digital Annealer



Expansion of application areas



Digital Annealer

Partnership with 1QBit



- The world's #1 vendor of software for quantum computers
- Conducting joint business around the world
- Digital Annealer incorporated in 1QBit Cloud Service in FY2019



Middleware

Mathematical formulas and algorithms for computation



Hardware

The processing power to solve problems with high speed and high precision





Partnership with University of Toronto





- World-class research university in the fields of AI and quantum computing
- New joint research center established with the University of Toronto in November, 2017: Fujitsu Co-Creation Research Laboratory at the University of Toronto
- Joint research in smart transportation, networks, finance, and healthcare fields





Joint Research with the University of Toronto







- Huge computational load required for simulation before a treatment plan can be made.
- Current technology needs multiple hours to a few days to calculate the combinatorial optimum.
 - → Digital Annealer takes only a few minutes

Huge number of irradiation patterns (number of combinations) with variations such as range, direction, and intensity of irradiation

Even when the beams are from only one direction, the number of combinations would be: 10150

In case of irradiation against a 1cm² tumor with a precision of 1mm² and 32 intensity levels from one direction







shaping tomorrow with you