



Fujitsu's Initiatives in the Outsourcing Field

September 6, 2007

Fujitsu Limited

Market Share Ranking and Sales Targets

- The Fujitsu Group has had the **highest revenue** in Japan's outsourcing market **for three straight years**
- Our 9.2% sales growth outpaced overall Japan market growth of 6.7%*

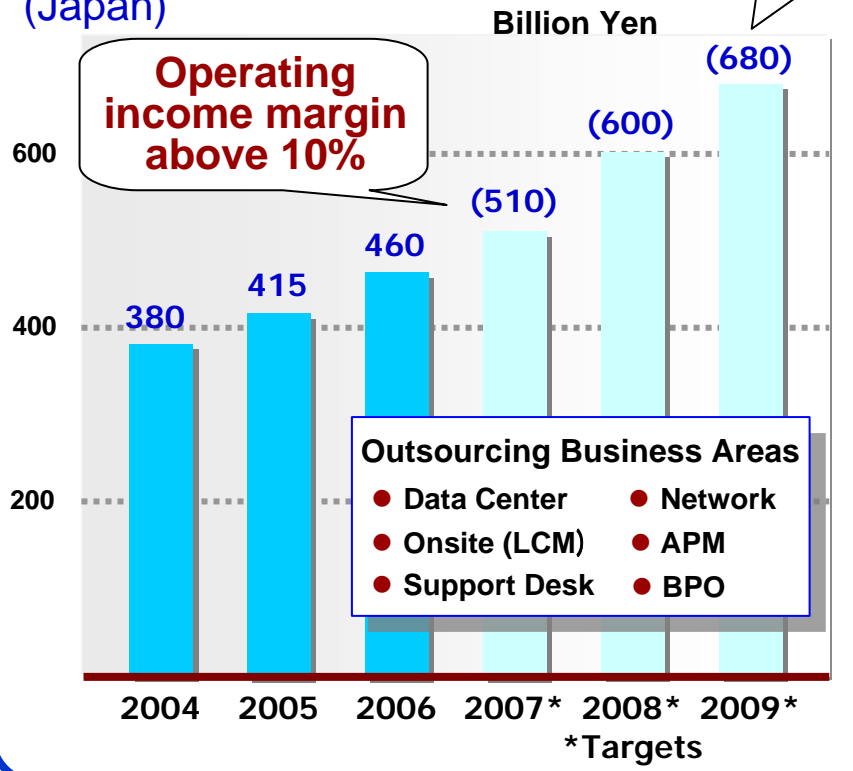
*Japan market growth rate is for calendar year 2005 to 2006; Fujitsu growth rate is for fiscal year 2005 to 2006
 Source: IDC Japan, "Competitive Analysis of Japan's IT Outsourcing Market for Fiscal 2006," August 2007,(J7250105)

Japan Market Share Ranking

	Company
1	FUJITSU
2	IBM
3	NTT Data
4	NEC
5	Hitachi

Source: IDC JAPAN, August 2007 (J7250105)

Outsourcing Sales Targets (Japan)



Outsourcing Business Model

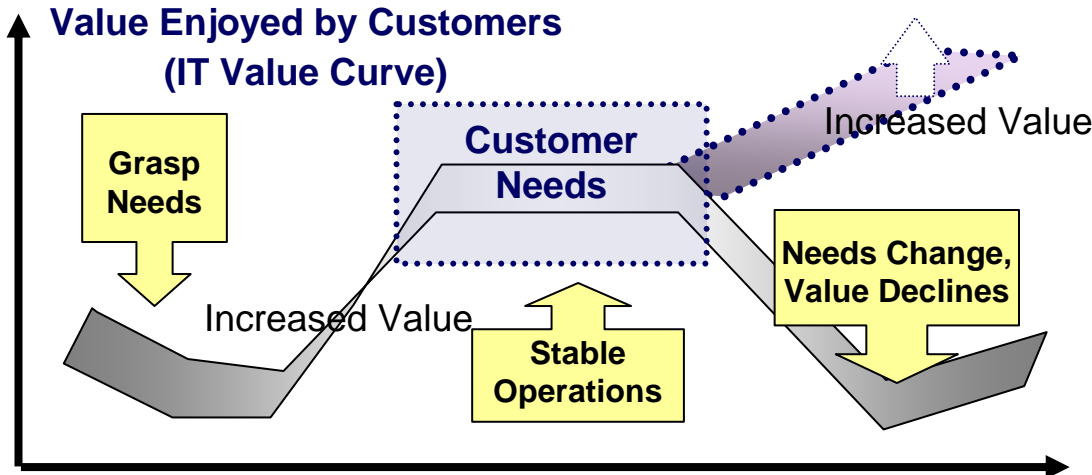
Generate long-term, recurring revenue by leveraging continuing customer relationships to deliver value through stable operations

Product Model (Increase Value)



- Tangible
- Higher prices for value added
- Vendor decides specifications
- Vendor determines end product

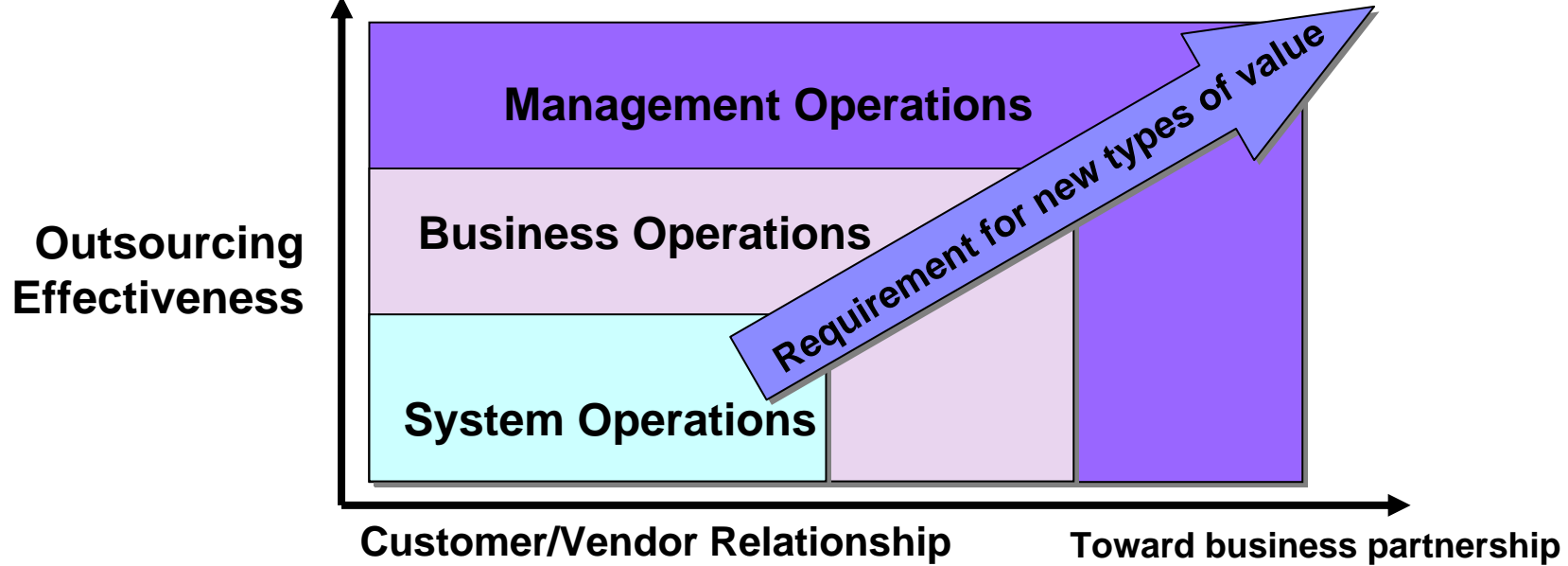
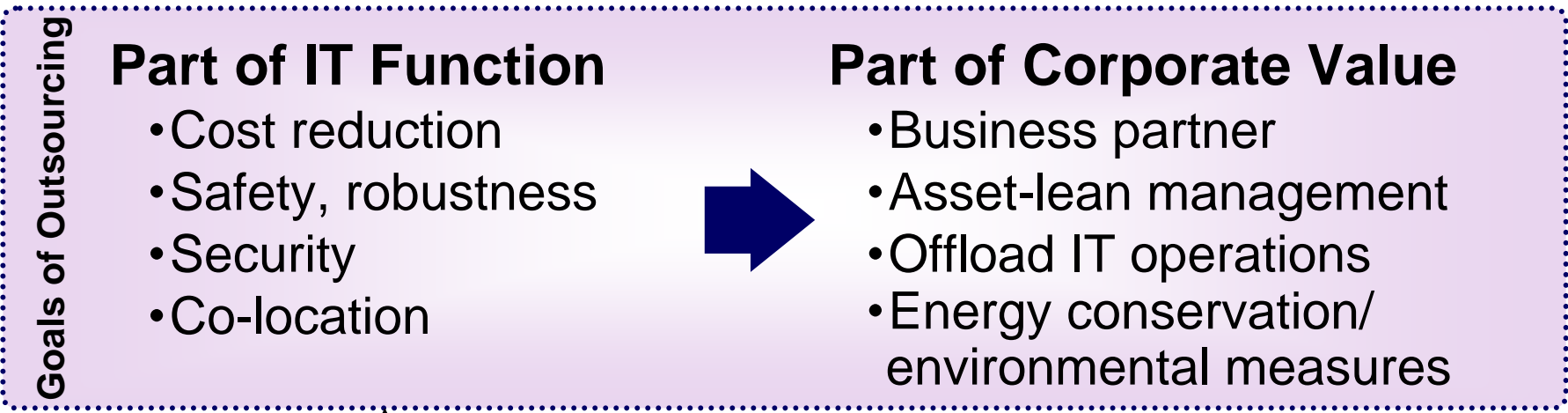
Outsourcing Model (Increase Value, Maintain Competitiveness, Respond to Change)



- Intangible
- Added value increases customer satisfaction
- Joint work with customers
- Emphasis on both end result and process

Expanding Business Potential of Outsourcing

From system operations partner to business partner

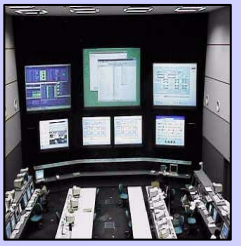


Our Outsourcing Strategy

Our Outsourcing Services Menu



- ◇ Business Process Outsourcing (BPO)
- ◇ Application Outsourcing (APM)

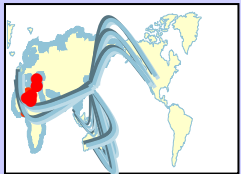


- ◆ Data Center Outsourcing
- ◆ ASP / SaaS
- ◆ On-Demand, Organic

Focus of today's presentation



- ◇ Onsite Outsourcing
 - PC-LCM Services / SV-LCM Services
 - Support Desk (SDK) Services



- ◇ Network Outsourcing
 - FENICS Network Services
 - FENICS IP Phone Services



Total Outsourcing Business

Data Center Business Status

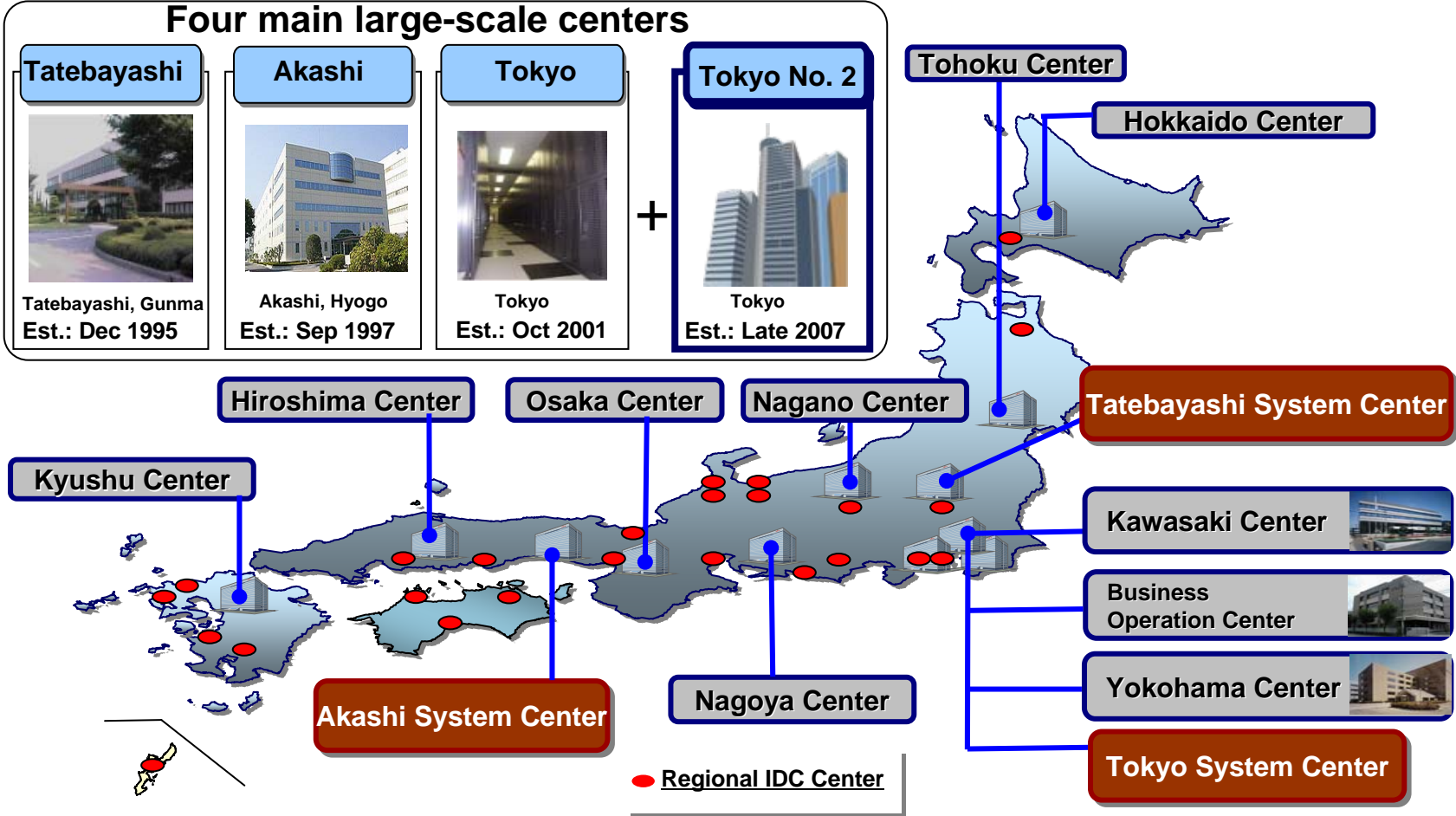
Steady growth in customers, dramatic jump in systems as a result of shift toward open standards, but able to restrain growth in personnel through efficiencies, standardization

	1995	2000	2006	Increase over past 10 years
Customers	350 cos.	1,300 cos.	2,100 cos.	6x
Systems	1,600	12,000	21,000	13x
Locations	13	34	50	4x
Personnel	400	700	1,200	3x

Consolidated data for data center outsourcing and ASP services in Japan

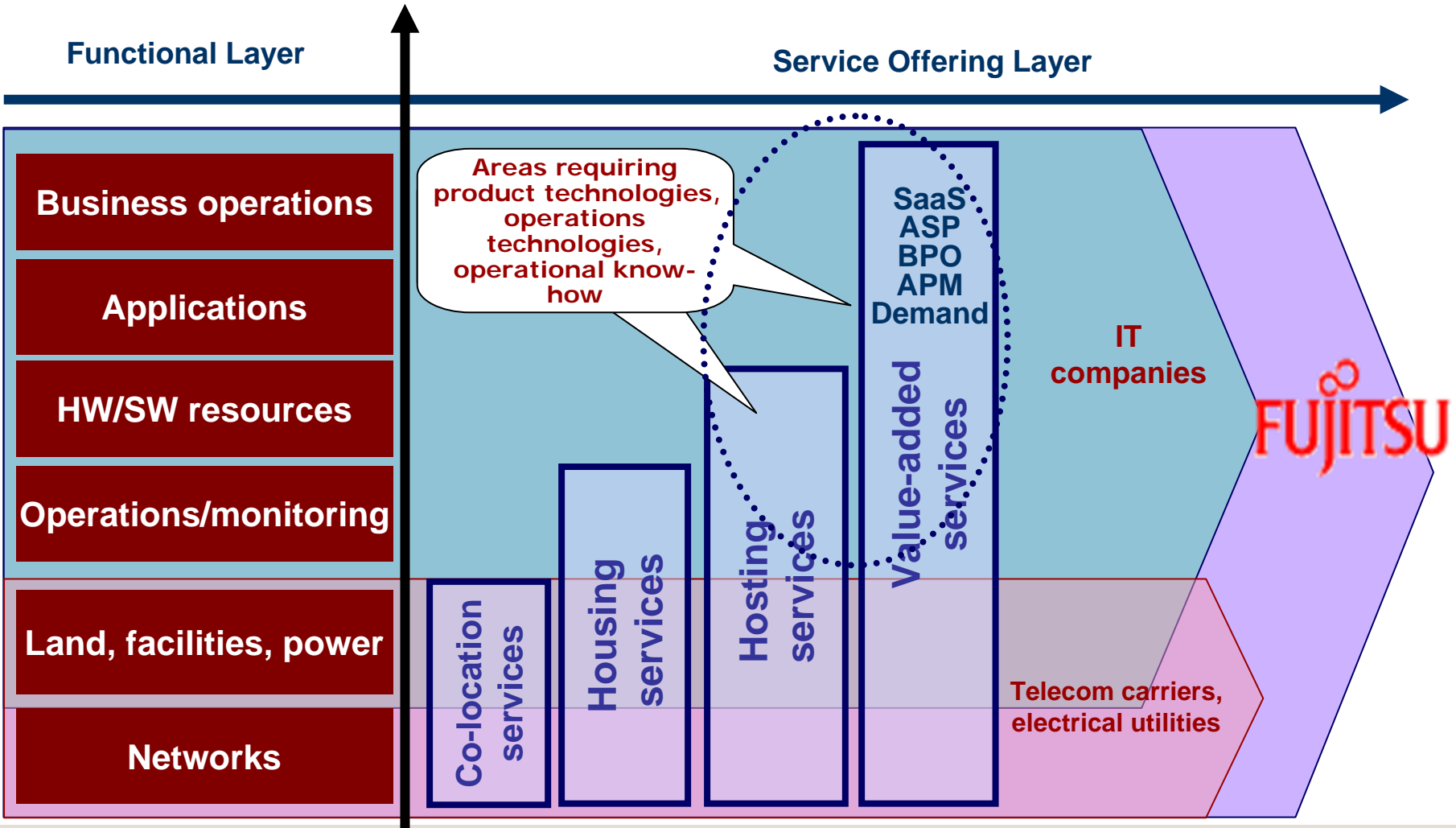
Expansion of Data Centers

50 data centers throughout Japan at present



Competitive Positioning of Service Offerings

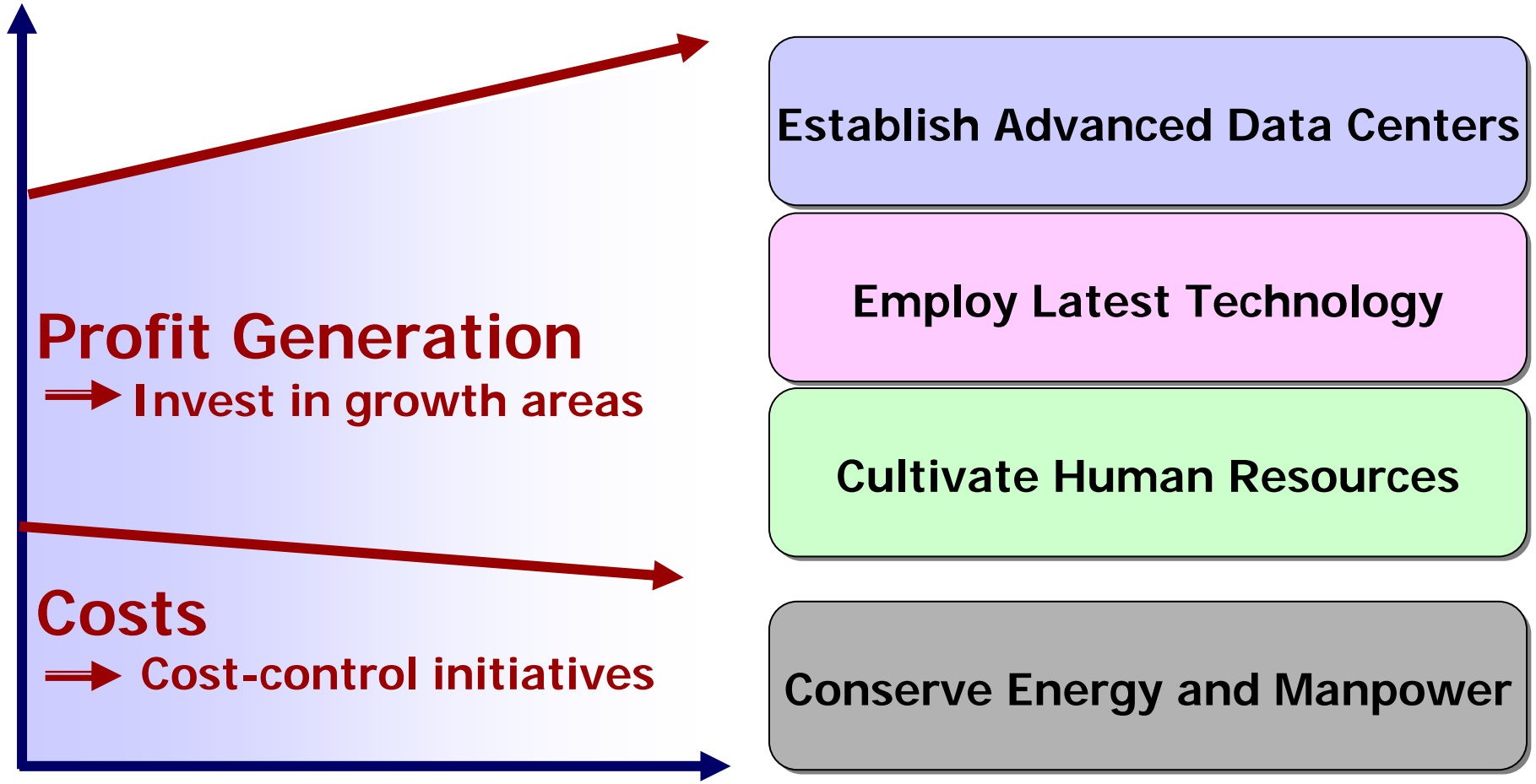
Only Fujitsu can create and provide uniform offerings extending to high-value-added services, products and networks



Future Growth Areas

Outsourcing Business Growth Strategy

Raise competitiveness and improve earnings by controlling costs and aggressively investing in growth areas to generate profits



1. Establish Advanced Data Centers

Tokyo System Center No. 2

Opening dedicated services hosting center based on next-generation IDC model (December 2007)

1. Respond to Customers' Changing Needs

- Greater electrical capacity (2x higher than current center)
- Fewer operational staff (1/10 that of current center)
- Improved accessibility (1 min to nearest station); direct Internet exchange point

2. New Technology Platforms

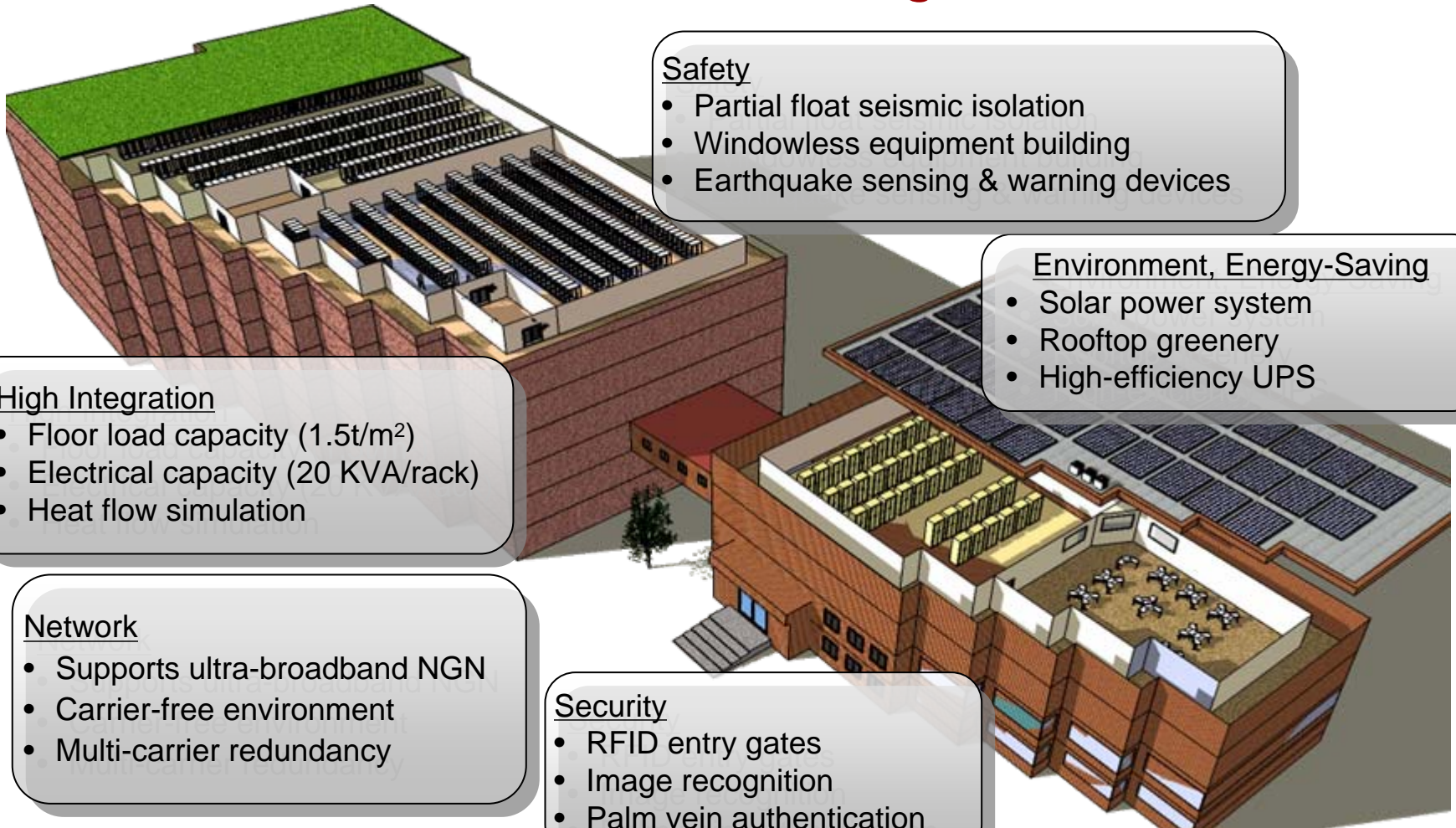
- RFID (intrusion detection, automated alerts) to prevent unauthorized entry
- Heat build-up monitoring, power consumption monitoring
- Global standard specifications (highest tier standards/FISC compliant)



1. Establish Advanced Data Centers

Next-Generation Facility Concept

Building state-of-the-art data center with countermeasures for environmental, energy saving, Tier 4, natural disaster, and terrorism contingencies



Safety

- Partial float seismic isolation
- Windowless equipment building
- Earthquake sensing & warning devices

Environment, Energy-Saving

- Solar power system
- Rooftop greenery
- High-efficiency UPS

High Integration

- Floor load capacity (1.5t/m²)
- Electrical capacity (20 KVA/rack)
- Heat flow simulation

Network

- Supports ultra-broadband NGN
- Carrier-free environment
- Multi-carrier redundancy

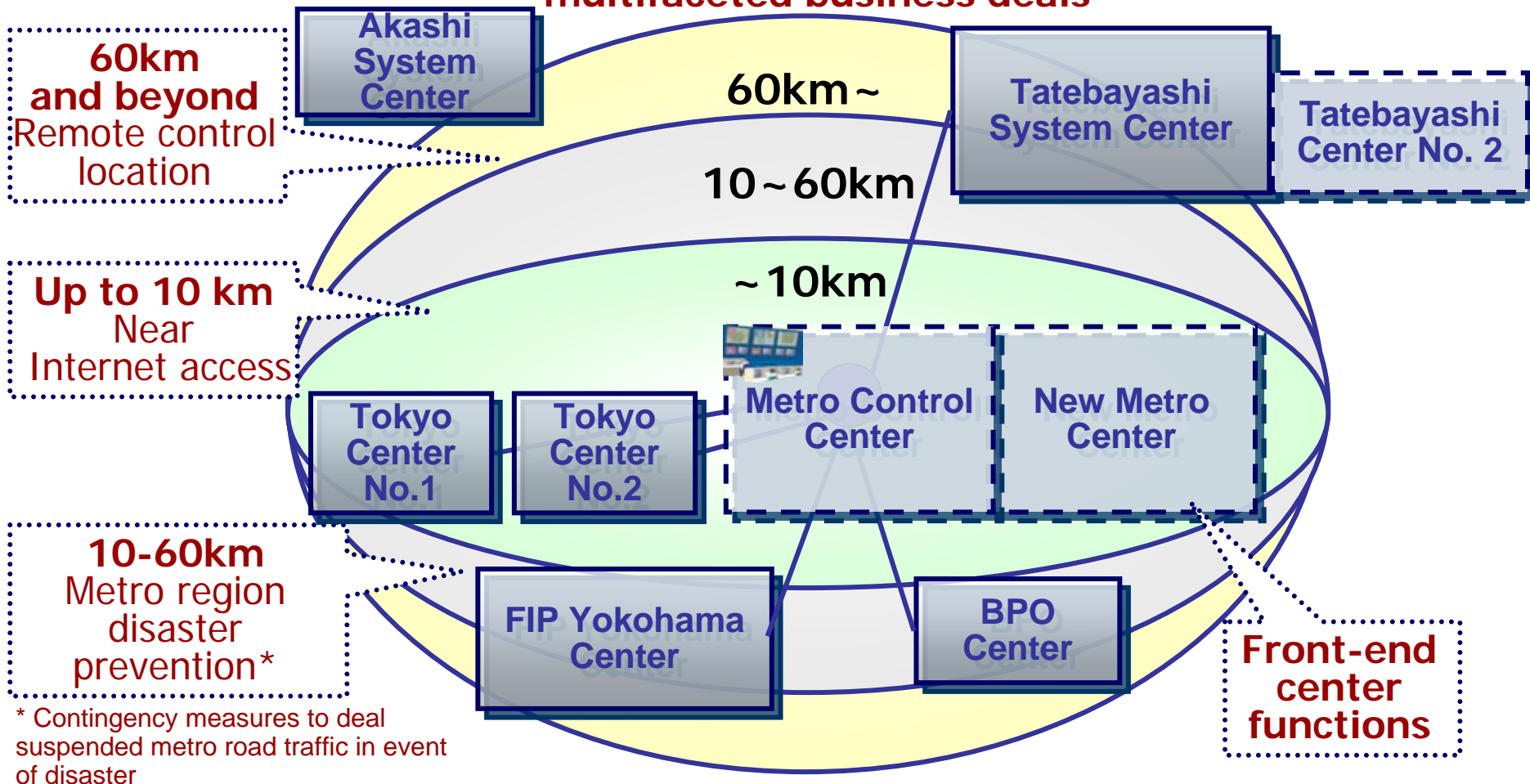
Security

- RFID entry gates
- Image recognition
- Palm vein authentication

1. Establish Advanced Data Centers Multi-location Concept

Deploying dedicated centers for particular access and specification requirements

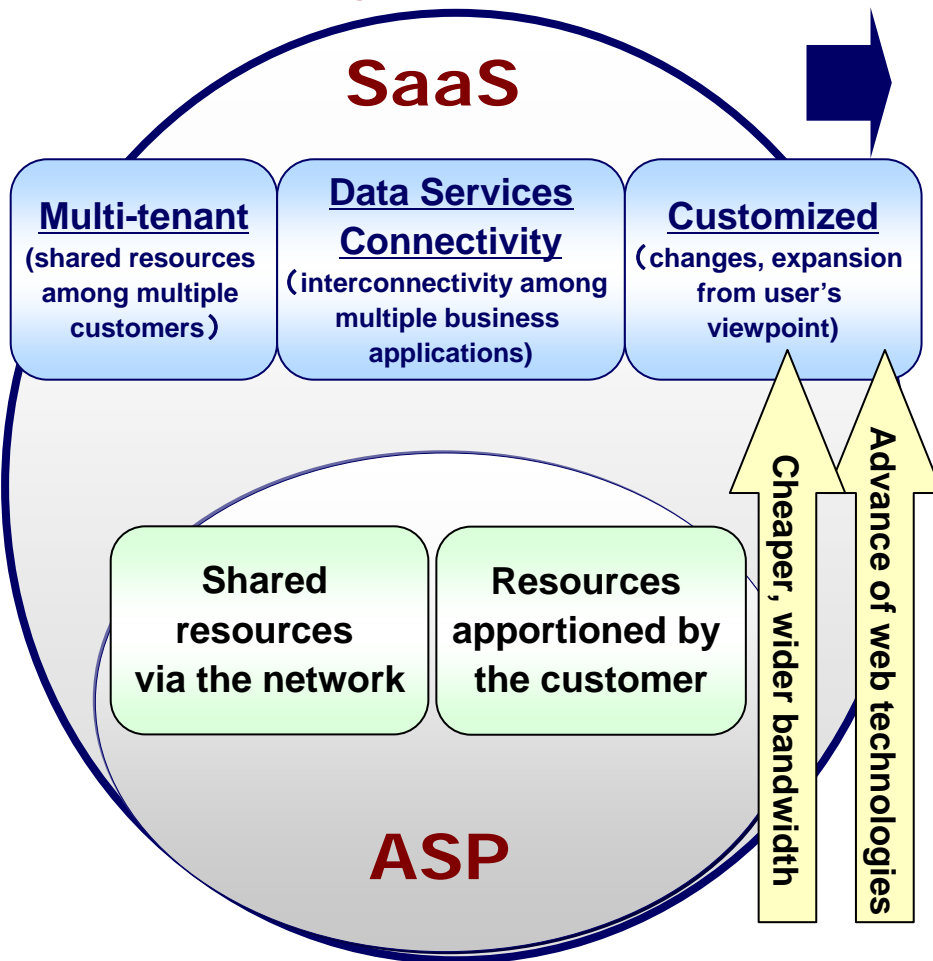
Responsive to diverse customer needs; opens possibility for multifaceted business deals



2. Employ New Technology SaaS (Software as a Service)

Providing application functionality over the network as a service

Business development using SaaS as a springboard for creating a new model of linking people and businesses (to be announced in 3rd quarter)



Customer's Viewpoint

Change to flexible, agile management operating environment

- Shift from “making” & “owing” to “using”
- Improved flexibility, operability, usability
- Minimize investment, expedite operational start-up

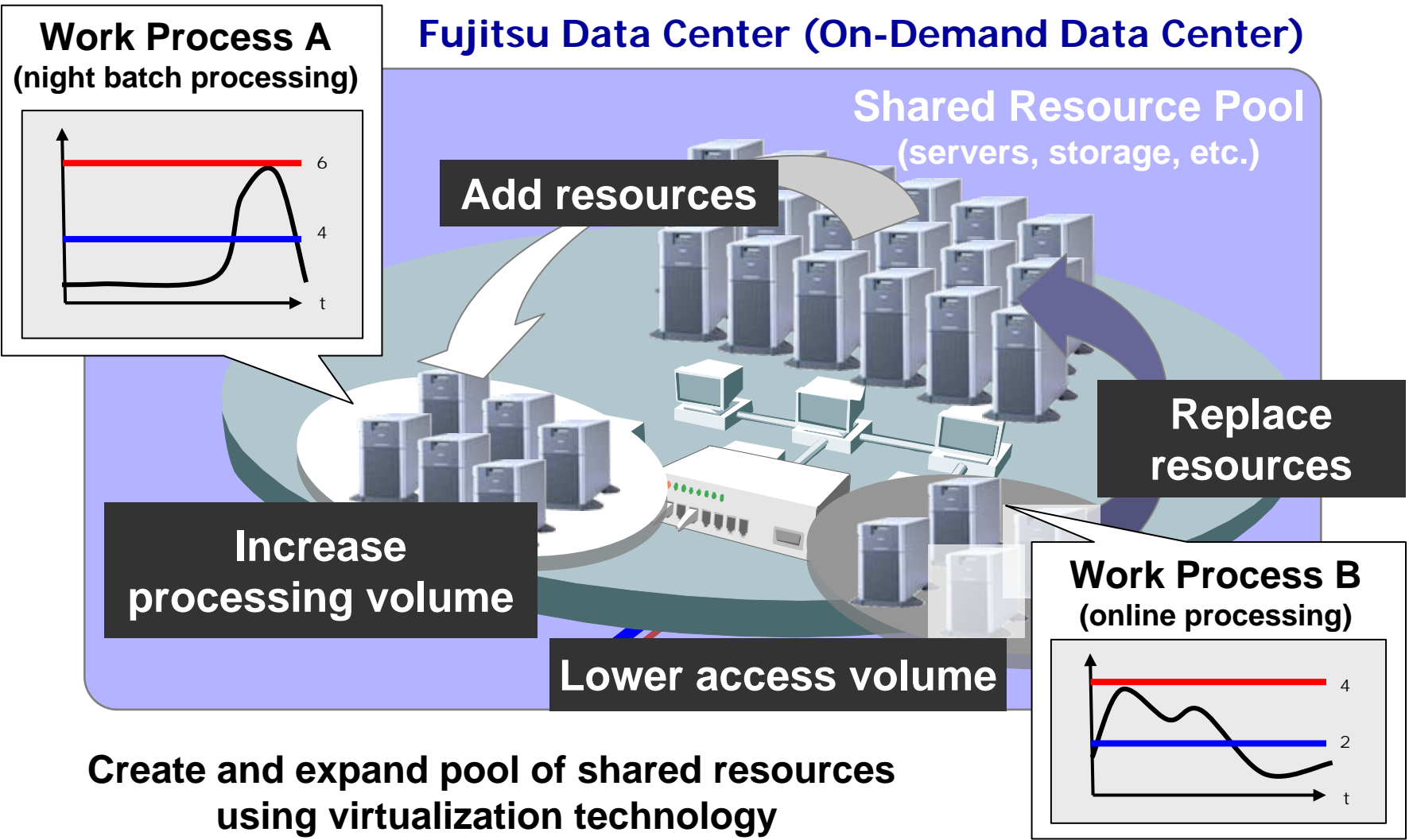
Fujitsu's Viewpoint

Consolidate new technology on data center platform

- Change from selling products to selling services
- Expand “long tail” market horizon beyond large companies
- Realize cost efficiencies through consolidation and use of templates

2. Employ New Technology On-Demand Data Center

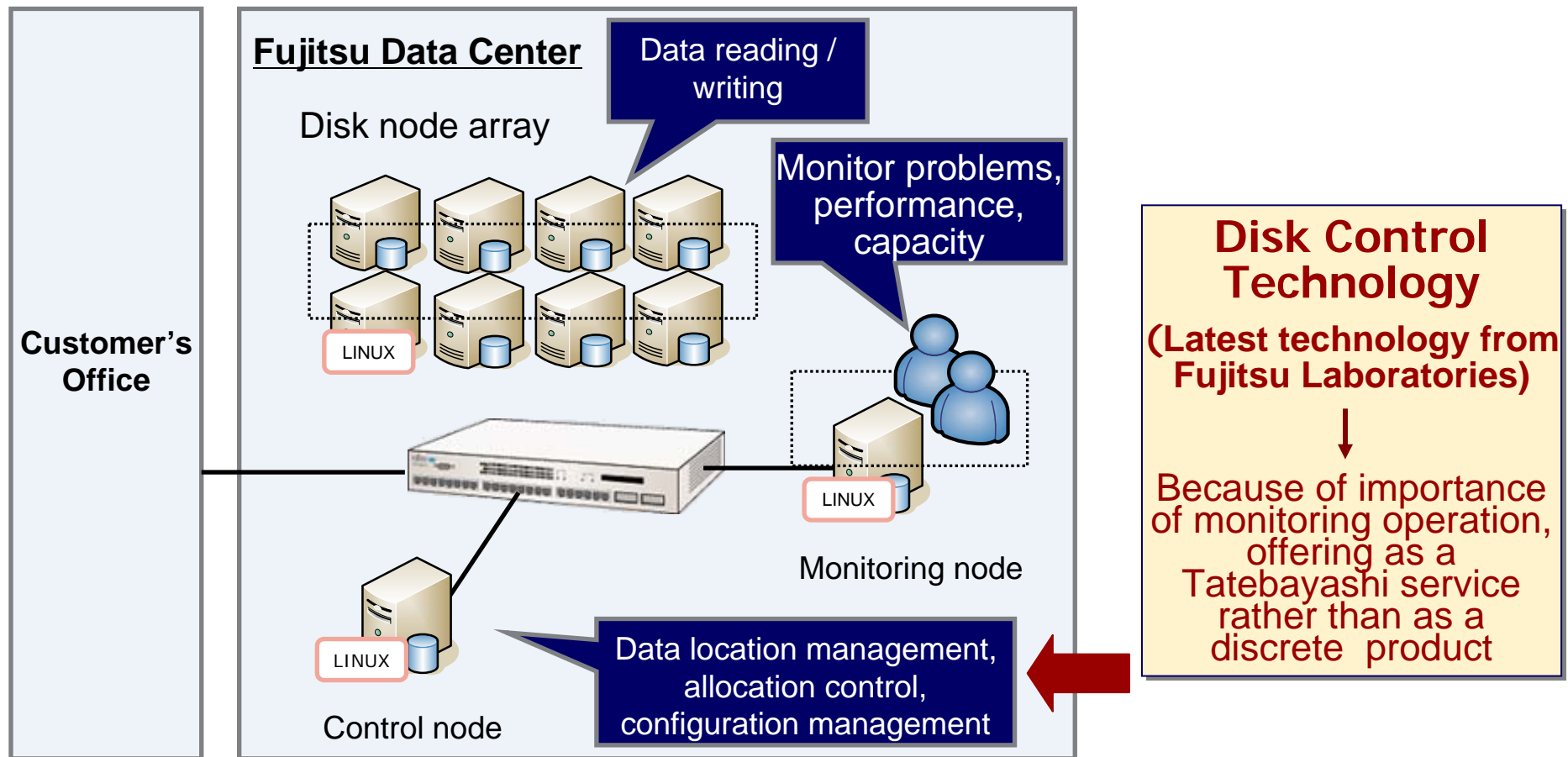
Making customer investment in IT operations a variable cost



2. Employ New Technology Organic Storage

Deploying PC-price-level disk nodes in data centers

Possible services include autonomic error correction,
long-term archiving, usage-based fee structure

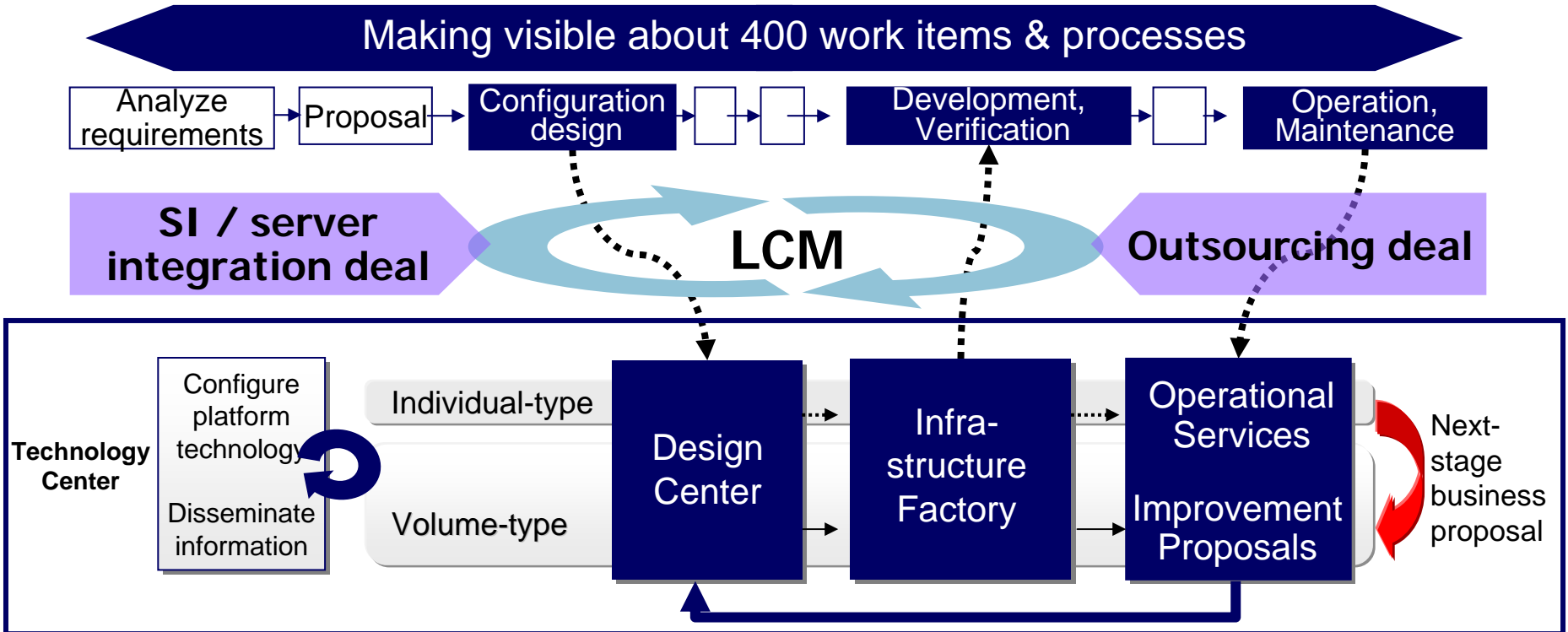


2. Employ New Technology

Industrialization of Infrastructure

From system configuration selection, design, construction (assembly) to verification, all processes are integrated at "infrastructure factory"

Reduces process costs and increases profitability



Promote broad application, from SI to outsourcing (onsite data center)

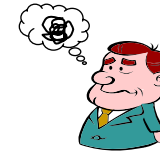
2. Cultivate Human Resources Service Managers

Responsibility for controlling and managing customers' IT operations

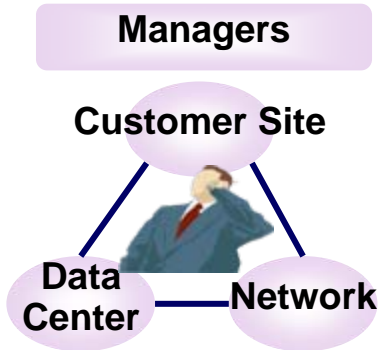
Important factors for outsourcing services' added value and quality improvement:

Customer Issues

- Top management doesn't have someone to whom to communicate direction for next period
- Service elements are provided piecemeal
- No proposals for improvements
- Pricing is not transparent



Service Manager's Role



- Maintain regular communication with top management
- Make operation of multiple services uniform
- Overall service control
- Control operators, related divisions
- Make proposals for optimization, improvement of operations

Service Manager Training System

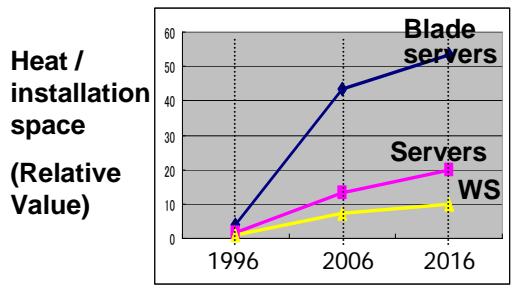
Certification system, including HR compensation system



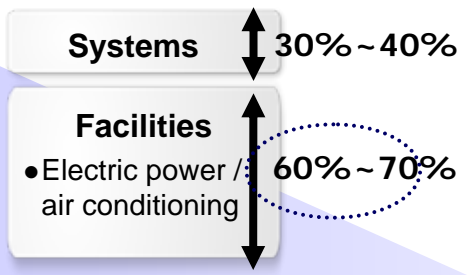
4. Energy Saving and Environmental Countermeasures

Energy Environment Status

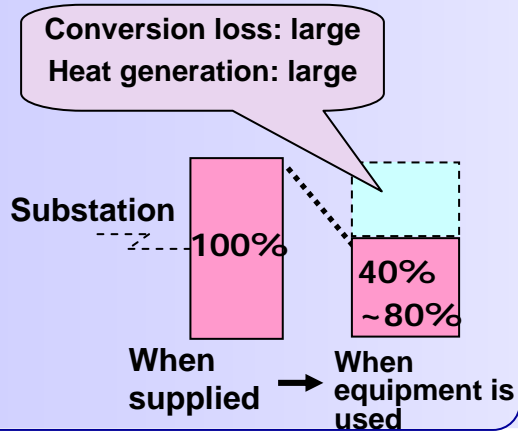
Highly integrated servers consume 40x the power of 10 years ago and this trend will continue.



Facilities consume greater proportion of power than systems and must be included in energy saving measures.



Conversion loss is common in power access facilities. More efficient use of supplied power is needed.



Measures, Initiatives

Tatebayashi

- Installed energy-efficient lighting / solar roof panels
- Added one in-house generator, built new electric power room
- Installed precision-mounted zone air-conditioning equipment (14 units)
- Installing high-efficiency turbo cooling equipment (2008)

Tokyo Center No.1

- Changed configuration based on heat flow simulation

Tokyo Center No.2

- Deployed 4 KVA per rack power supply (twice previous level)

Other

- Established new organization of first-class architects. Organized energy efficiency diagnosis and environmental strategy center and design services.

*In the event of a shortage in power supply, in-house power generation and multiple fuel oil delivery contracts ensure that customer systems are kept operating.



Global Expansion Initiatives

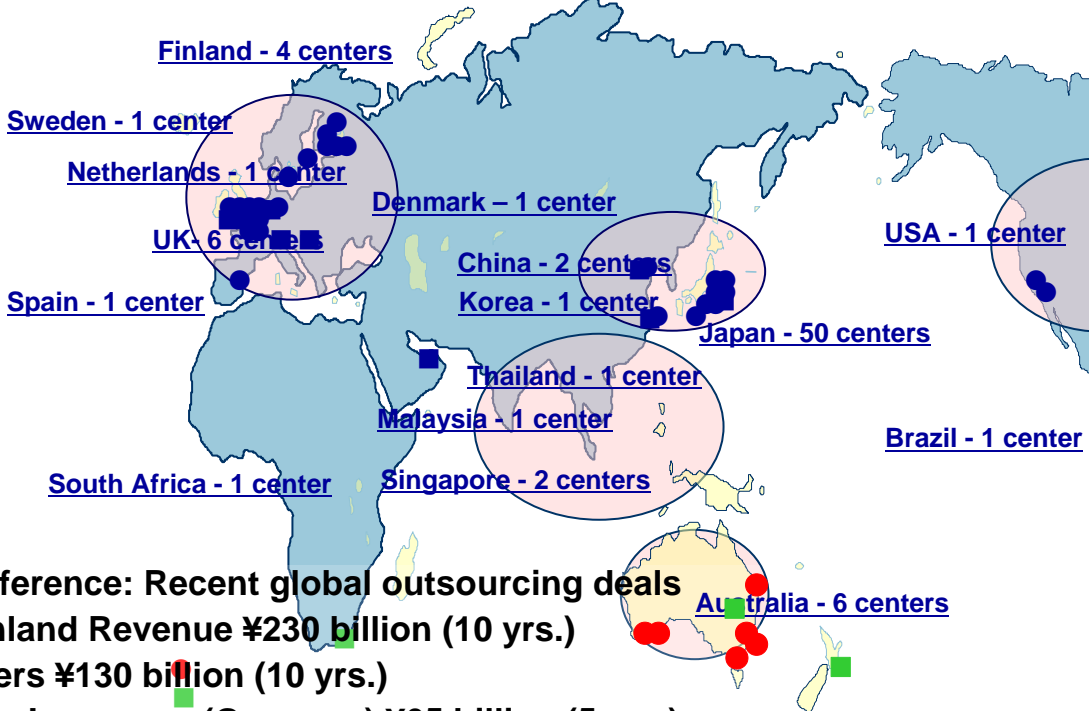
We now have 80 data centers and operate call centers in 29 languages in 16 countries around the world.

APAC

Expanding outsourcing affiliates (Korea, Thailand, Singapore)
 ⇒ Transfer of know-how from Japan, verification of offshore service

Europe, Americas

Sharing know-how in advanced areas of specialization
 ⇒ Exchanges of high-level managers, standardization of various operating frameworks, business deal evaluation meetings



For reference: Global Outsourcing Market Share IDC 2006.12

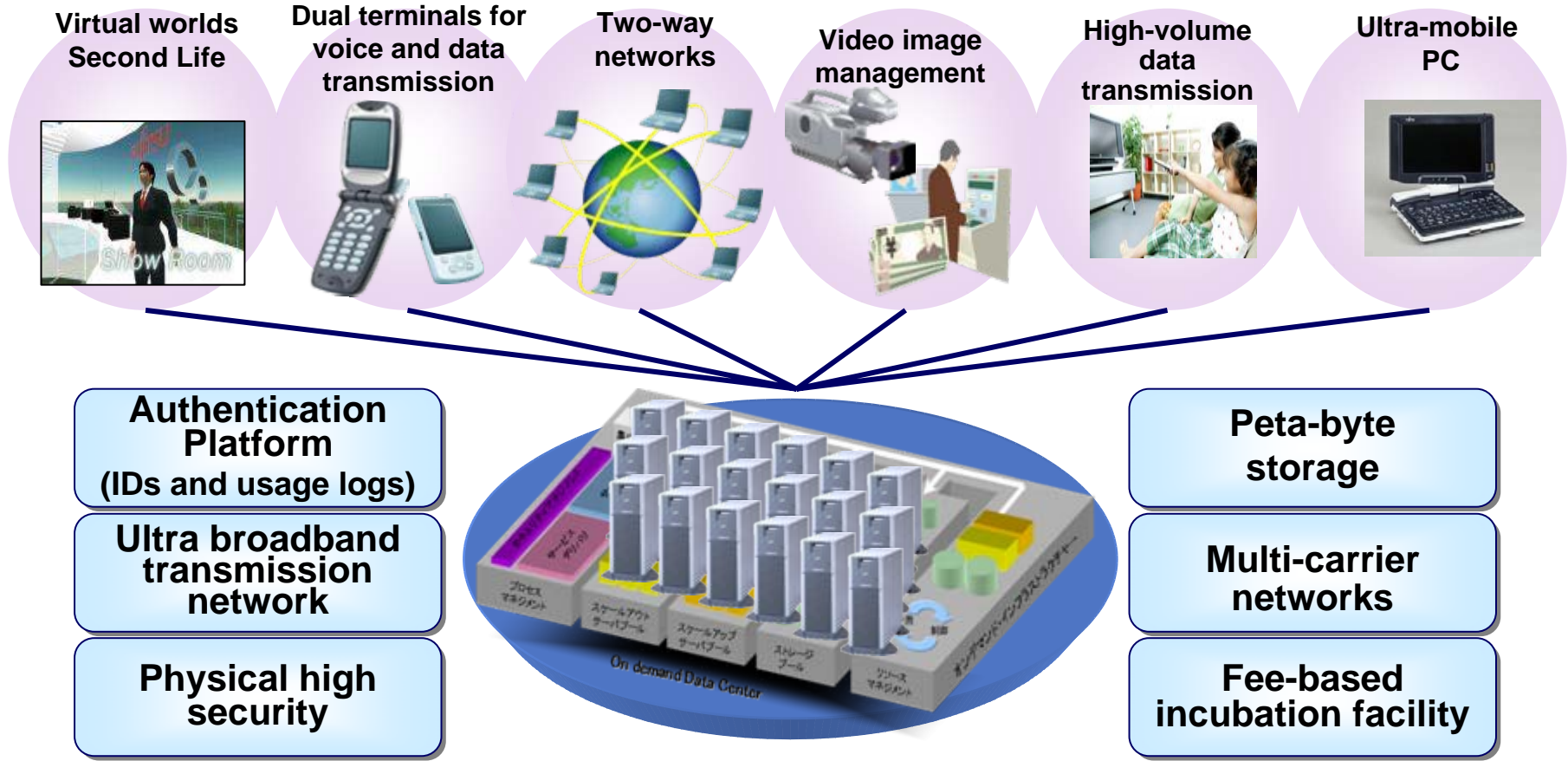
	Vendor	Share
1	IBM	15.2%
2	EDS	12.8%
3	CSC	5.1%
4	FUJITSU	4.6%
5	Atos Origin	3.1%

*For reference: Recent global outsourcing deals
 UK Inland Revenue ¥230 billion (10 yrs.)
 Reuters ¥130 billion (10 yrs.)
 Allianz Insurance (Germany) ¥65 billion (5 yrs.)
 Yarra Valley Water (Australia) ¥1.8 billion (7 yrs.)

Role of the Data Center in the Network Era

Advances in networks are bringing individuals closer to business

A platform providing consolidated security and content management of multiple user environments is what is necessary



In Conclusion

Going forward, value-added outsourcing services that combine operational, product, and environmental technologies will become even more important



We will leverage our unique strengths to pioneer new business areas in pursuit of further growth in our outsourcing business

For Reference: What is Outsourcing?

Customer Issues

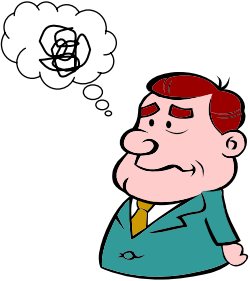
Management Approach Alternatives

Improve planning

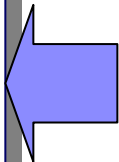
More stable operations

Reduce Costs

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A cartoon illustration of a man with a red head, wearing a green suit and yellow tie, looking thoughtful with a hand on his chin. A thought bubble above him contains a dollar sign with a question mark.



Definition:

Refers to the practice of **contracting out or sourcing from outside vendors** specific management functions or resources, such as general affairs, HR administration, sales, and manufacturing.

Definition in the IT Field:

Refers to **strategically contracting** to have an outside vendor design, provide or operate IT systems.

IT Outsourcing in General

- Application Development
- Consulting
- Maintenance

Basic IT Outsourcing

- Data Center Outsourcing
- Onsite Outsourcing
- Network Outsourcing

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FUJITSU

THE POSSIBILITIES ARE INFINITE

Cautionary Statement

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- general economic and market conditions in the major geographic markets for Fujitsu's services and products, which are the United States, EU, Japan and elsewhere in Asia, particularly as such conditions may effect customer spending;
- rapid technological change, fluctuations in customer demand and intensifying price competition in the IT, telecommunications, and microelectronics markets in which Fujitsu competes;
- Fujitsu's ability to dispose of non-core businesses and related assets through strategic alliances and sales on commercially reasonable terms, and the effect of realization of losses which may result from such transactions;
- uncertainty as to Fujitsu's access to, or protection for, certain intellectual property rights;
- uncertainty as to the performance of Fujitsu's strategic business partners;
- declines in the market prices of Japanese and foreign equity securities held by Fujitsu which could cause Fujitsu to recognize significant losses in the value of its holdings and require Fujitsu to make significant additional contributions to its pension funds in order to make up shortfalls in minimum reserve requirements resulting from such declines;
- poor operating results, inability to access financing on commercially reasonable terms, insolvency or bankruptcy of Fujitsu's customers, any of which factors could adversely affect or preclude these customers' ability to timely pay accounts receivables owed to Fujitsu; and
- fluctuations in rates of exchange for the yen and other currencies in which Fujitsu makes significant sales or in which Fujitsu's assets and liabilities are denominated, particularly between the yen and the British pound and U.S. dollar, respectively.