

Nomura Investment Forum 2011

# Management Direction Briefing

December 1, 2011

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Fujitsu Limited

## ■ Risk, Uncertainty, and the Future Role of ICT

### Stagnant Economy in Japan, the U.S. and Europe

- Financial & sovereign crisis
- High unemployment rate
- Strong yen

### Growth in Emerging Markets

- High GDP growth rate
- Resource & environmental issues

### Impact of Natural Disasters

- Impacts on global supply chain

### Themes of Corporate ICT Investment

- Traditional area: Focus on cost reductions
- New area: Support for new business development
- Demand for uniform, global ICT support

### New ICT Investments for an Ideal Society

- New ICT system for a sustainable society
- Resilient social infrastructure

- Shift Investment Focus from Back- to Front-end/Social Systems
- Increase in Investments for Flexible Adjustments to Risks/Uncertainties



# Core Group Strategy

## Achieving "Global Integration"

### Transformation (Pursuing 3 Growth Priorities)

**On Offense with Structural Reforms**  
(Strengthening Existing Businesses)

**Accelerating Globalization**

**Creating New Services Businesses**

**Fostering global talent, establishing a foundation for business**

### "Global Services Company"

- Uniform Delivery of Value to Customers
- Solutions Integration
- Product & Services Integration
- Business Platforms Integration

Vertical Integration

Global Partners

### Envisioned Performance Targets

	Near-Term Targets	L-T Vision
Operating Income Margin	>5%	>10%
Ratio of Sales Outside Japan	>40%	>50%
Free Cash Flow	> ¥150 bill./year	

## Technology-Based Globally Integrated Services Company

### 3 Growth Priorities

2011      2012      2013      ■ ■ ■



**On Offense with Structural Reforms**  
(Strengthening Existing Businesses)

Cloud-focused expansion  
Solutions platform  
Contributing to Japan's rebuilding

**➡ Dominant Position in Japan**

- Focus group-wide capabilities into services
- Transformation in solutions-delivery capabilities



**Accelerating Globalization**

Expanding volume  
Strengthening assurance

**➡ Accelerating Global Integration**

- Global unification via cross-cutting capabilities



**Creating New Services Businesses**

Developing advanced services  
Strengthening vertical integration

**➡ Bringing about a "Human-Centric Intelligent Society"**

- Establishing business models and contributing to growth



## ■ To Secure a Commanding Presence in Japan

### Reforms with Focus on the Cloud Business

- **The cloud as a core business**
  - Utilize Fujitsu's IP in cloud
- **Strengthen product lineup and sales for SME**
  - "SME cloud", "GLOVIA smart", "AZBOX"
  - Consolidate SME business functions in FJM
- **Realign SE resources in Japan**
  - Concentrate expertise, optimize resources, enhance cost competitiveness

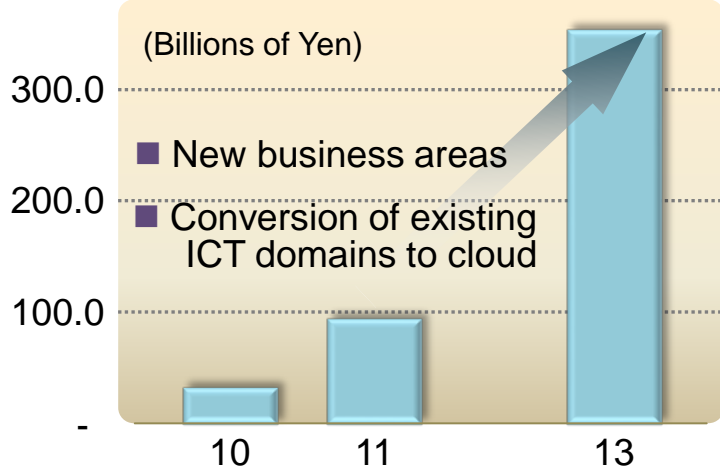


### Contribute to Earthquake Disaster Recovery

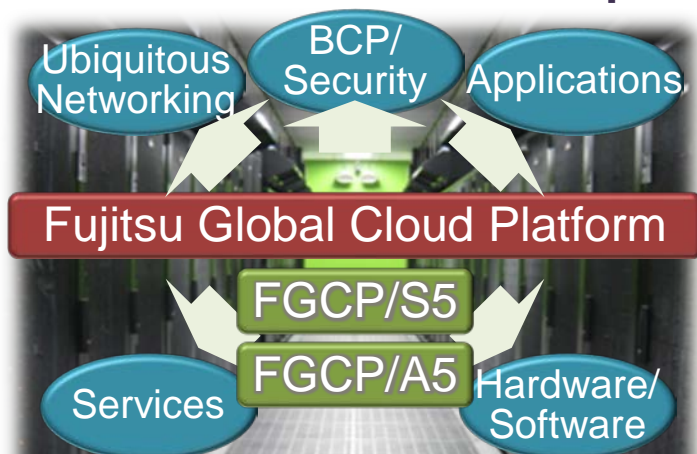
- **Advance new social infrastructure proposals that utilize ICT**
- **Shift gears from investments in recovery to proposing a 'city model' that realizes sustainable growth**



## Sales Target for Cloud Business in Japan



## Global Services Line-up

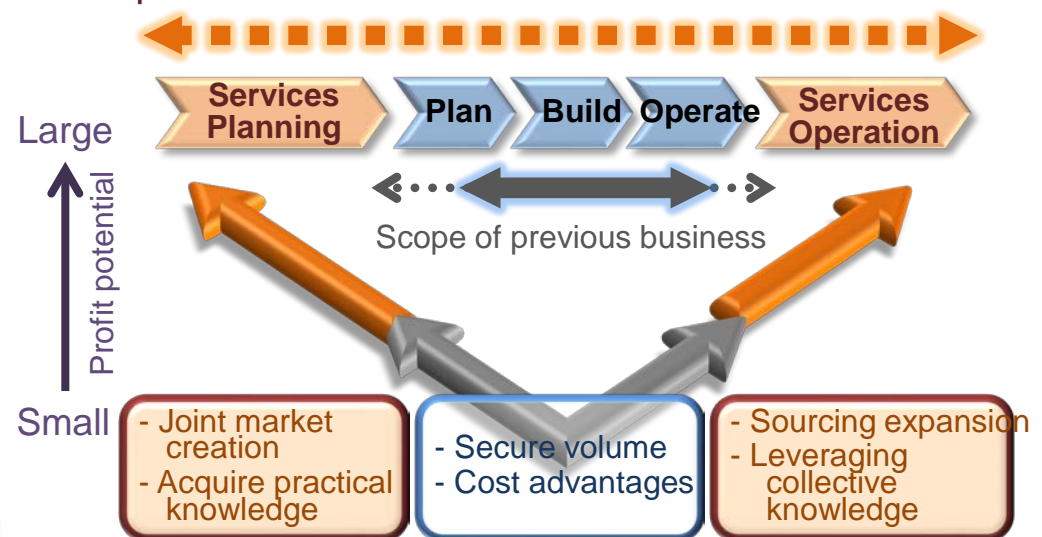


Expanding business through the cloud

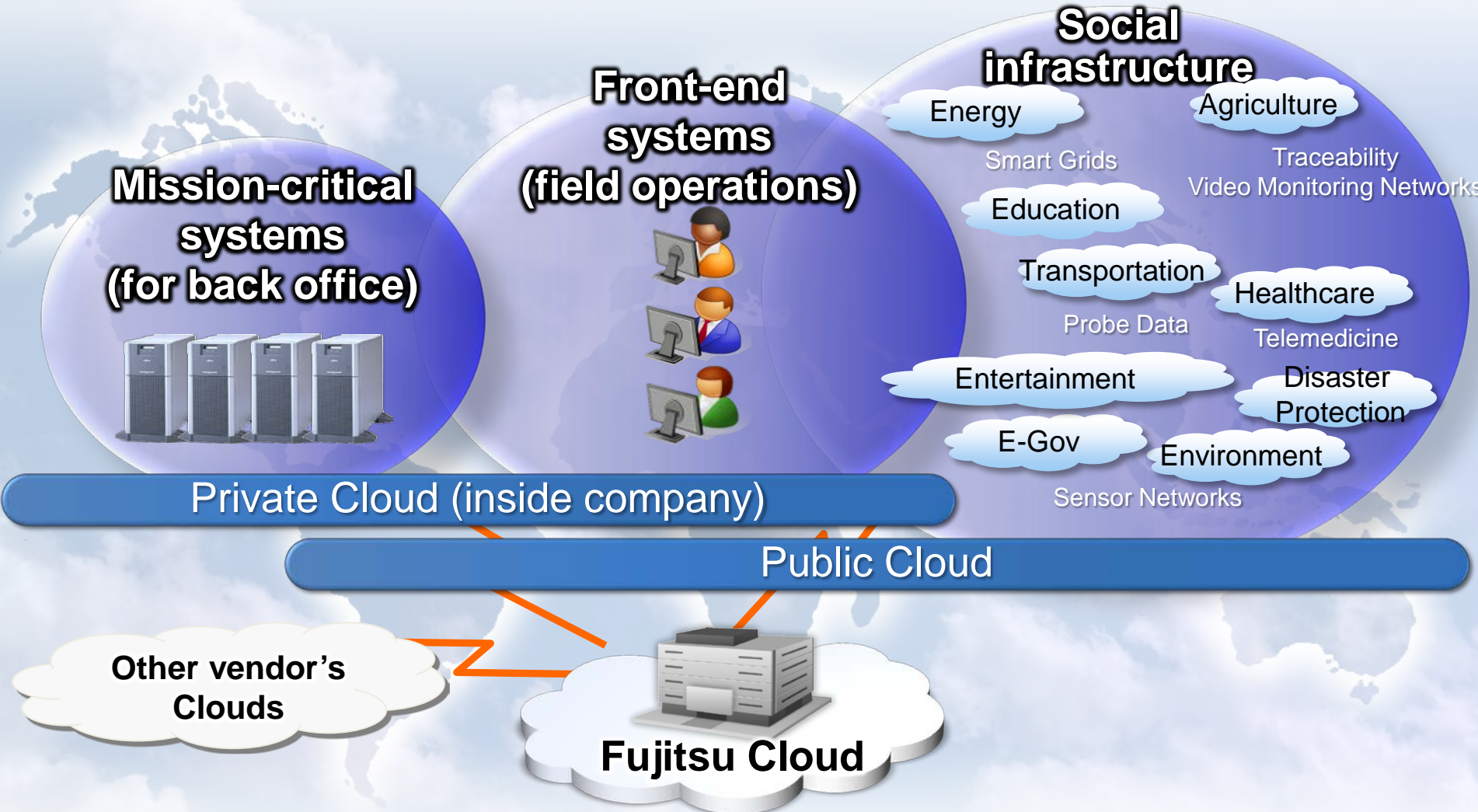
## Medium-Term Stance on Cloud Business

- Help to support transformation through the development of cloud business
  - Conversion to services, speed innovation, globalization
- Establish new services model integrating all group-wide businesses, with growth in new business areas
- Pursue group-wide growth by using cloud as a trigger to prevail over competitors and create new businesses

## Scope of Profit Generation via the Cloud



■ Shift from Cost Reduction Priorities to Quick Business Launches and Innovation





## ■ Canon/Fujitsu Offer a Global Document Management Services for Canon's MFP Users



### Canon's Data Asset

- MFP management tool
- Application PF for printers
- E-services PF
- Authentication PF
- Workplace LCM PF



### Fujitsu's Datacenter Managed Service

**In the office**

**In the field**



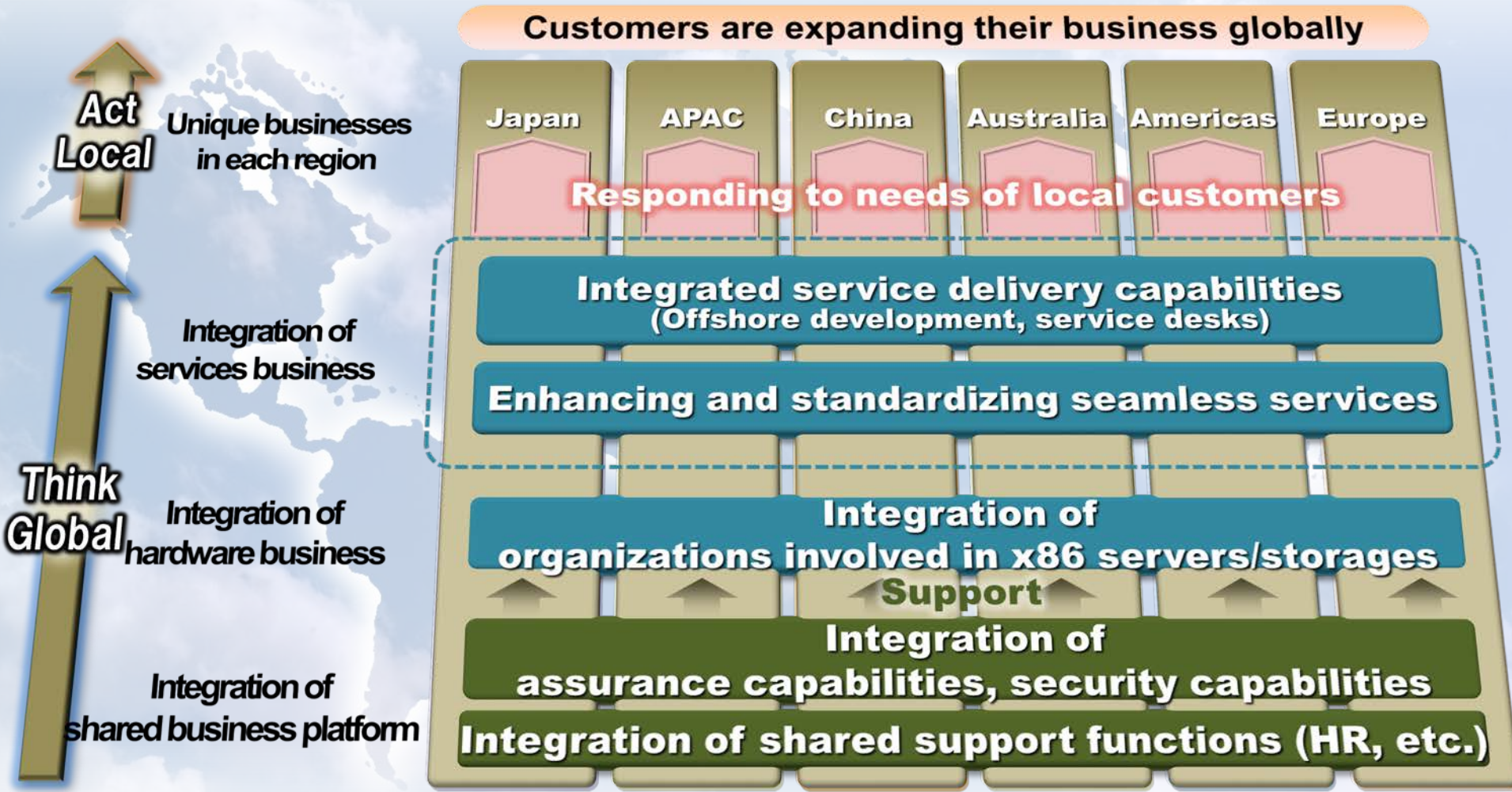
MFP, Printer management



Mobile access management

\*MFP = Multifunction printers, \*PF = Platform, \*LCM = Life cycle management

## Accelerating Global Integration





## ■ Moving Toward Growth in Sales and Profit

### Developed Countries: **Offering Unified Services with Focus on Global Customers**

- Shifting to private-sector customers (UK: 40% in FY10 -> 50% in FY11est.)
- Thorough assurance for large-scale project management
- SAP, DaaS, cloud service
- Combining storage, network devices and virtualization technology with x86 servers to expand as integrated 'all-in' products (*DI Blocks*)

### Emerging Markets: **Opening up Markets with Product Business Key**

- Develop marketing from global x86 server HQ in Germany (BRIICS + Eastern Europe, Turkey, Middle East and Africa)

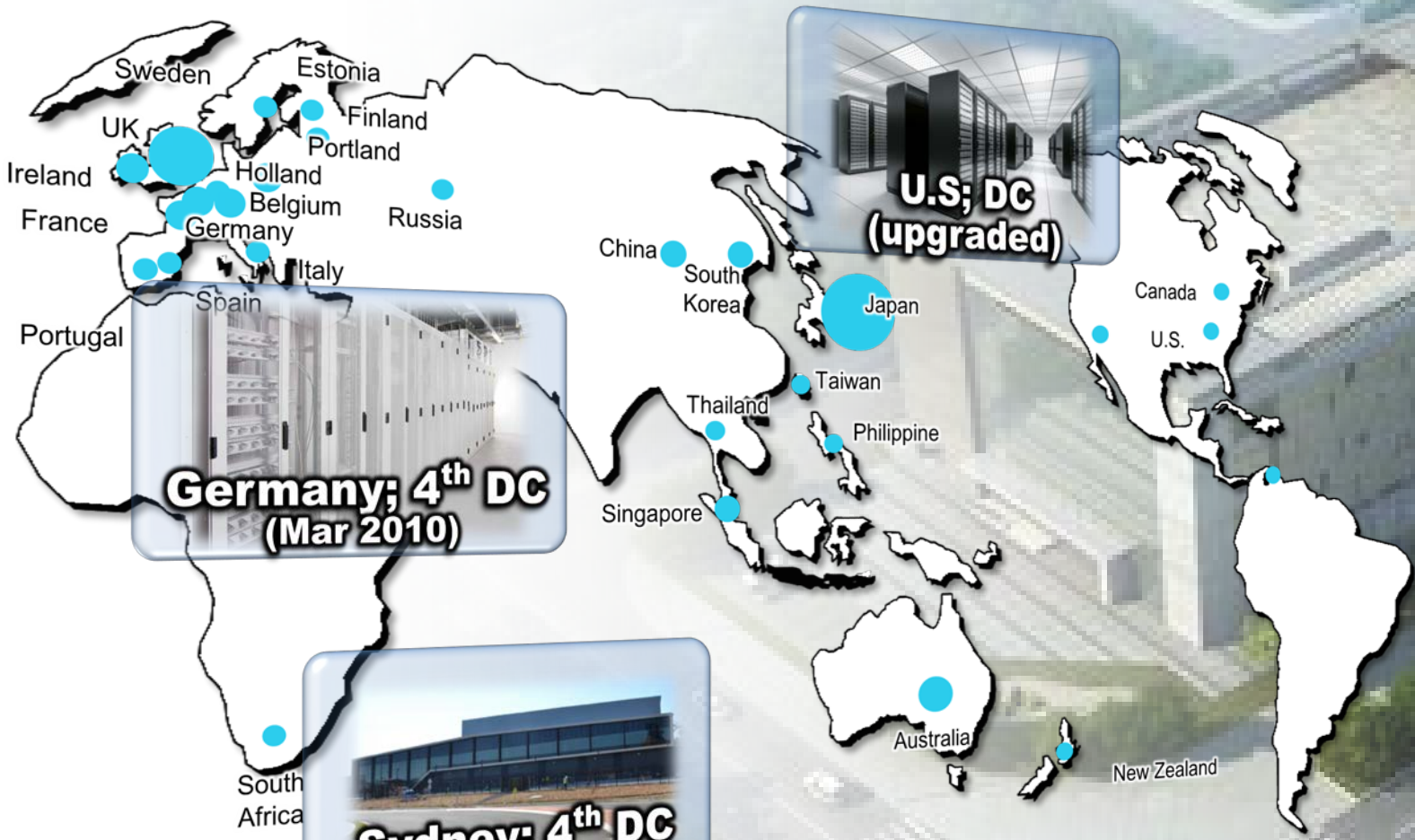
### **Building a Global Service Delivery Platform**

- Global datacenter, service desk, standardized service delivery

\*DI Blocks = Dynamic Infrastructure Blocks



## 100 Datacenters Globally *Fujitsu's 1st Datacenter in China to Open This Year*



South China DC in Guangdong Province (planned in 2011)

\*DC = Datacenter

■ Global Service Desks Accommodating 31 languages  
*Global Service Managers Stationed at Each Location*



Uniform Service Delivery Standards with High-Quality Service



## Offshore Operations Center in India

User



Service Owner



**Datacenter (Global)**

**RIM Service Center (Russia)**

**Datacenter (Japan)**

**RIM Service Center (India)**

**RIM Service Center (Philippines)**

- System monitoring
- Performance management
- Security monitoring
- Change, resource management

\*RIM = Remote Infrastructure Management

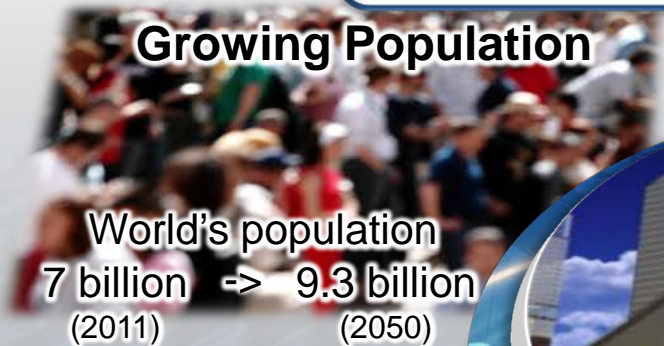


**In 2050, 70% of the World's Population Will Live in Cities**

**Efficient use of limited resources**

**Offering people comfortable and enriching lifestyles**

### Growing Population



World's population  
7 billion => 9.3 billion  
(2011) (2050)

### Aging Society



# of people supporting  
1 senior citizen\*  
4 -> 3  
(2011) (2050) \*In advanced countries



### Environment



World's CO2 emissions  
29.5 billion tons (2008)

### Urbanization



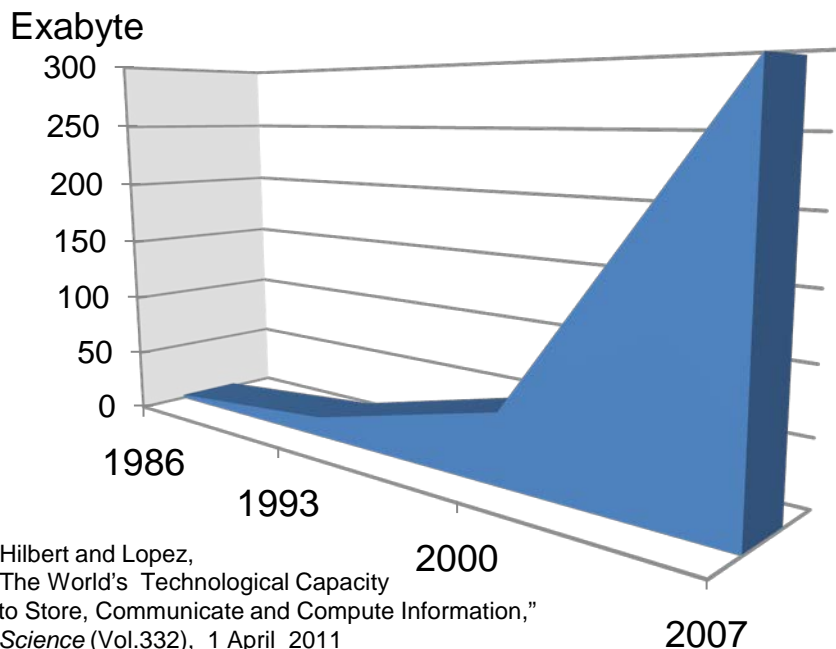
Countries with 50%+ urbanization  
18 (2009) -> 30 (2050)

**➤ The Ideal City Model has Sustainable Capacity and Competitiveness**

## ■ New Insights from Various Data Offered as Highly Useful Services to Megacity Residents

### **Growth in Digital, Unstructured Data**

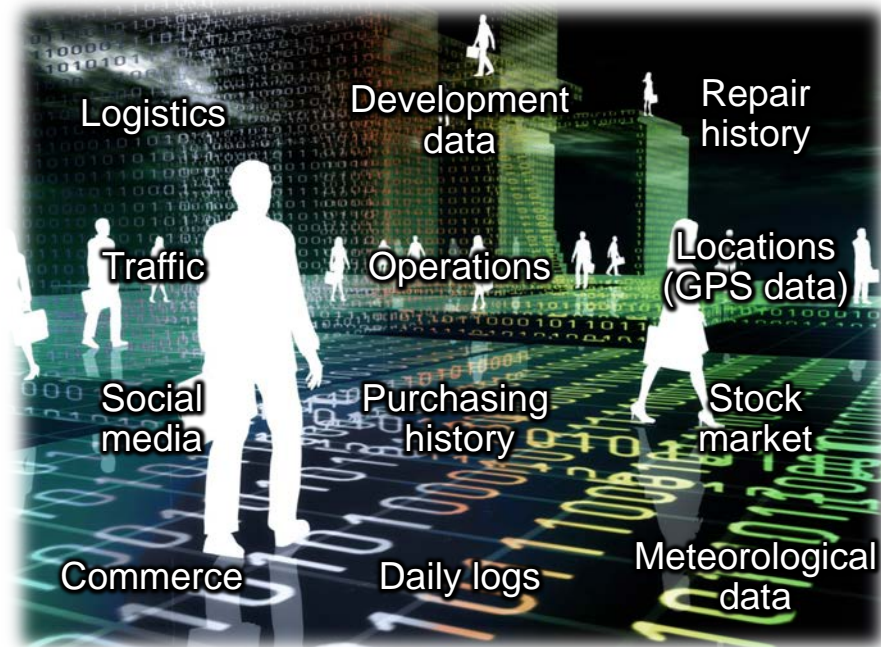
- From 2000, explosive data growth 60K times the data of the U.S. Library of Congress every year
- Approx. 80% of corporate data is unstructured



- Hilbert and Lopez, "The World's Technological Capacity to Store, Communicate and Compute Information," *Science* (Vol.332), 1 April 2011  
 - Gartner (Oct, 2009) 'Magic Quadrant for ECM'

### **Utilization of Unstructured Data**

- Analysis of voice, handwritten files, visuals
- Correlation analysis to understand trends and predictions



\*Unstructured data: Unlike database data, unstructured data has no pre-defined structure. Examples include videos, images, and voice data.



## Utilizing Big Data for an Improved QOL *"Human Centric Intelligent Society"*



Big data to support decision making



Exploring science frontier with computing



Offering new technology and services for 'smart city'

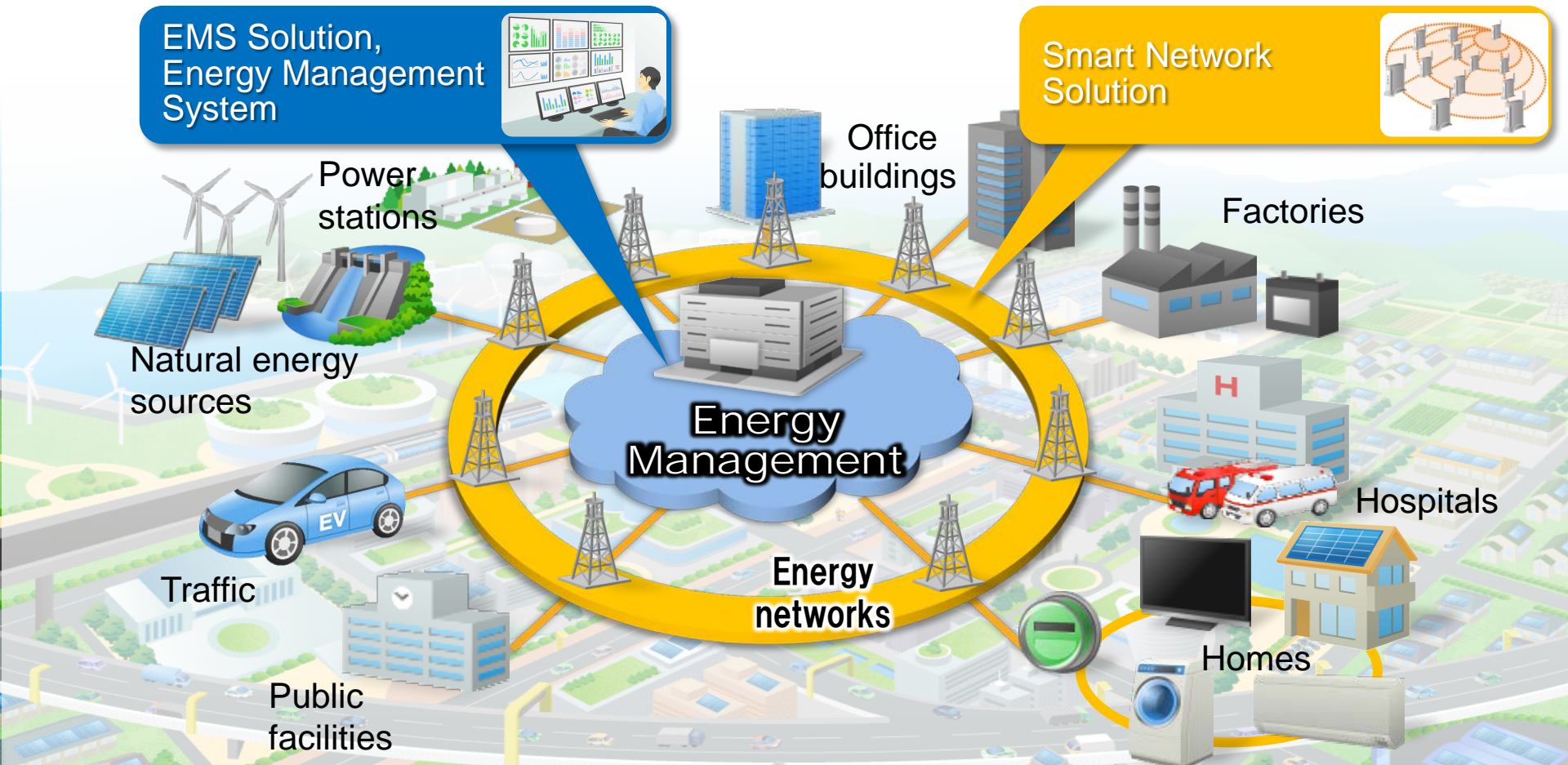


Developing new services with mobile cloud computing

\*QOL = Quality of Life

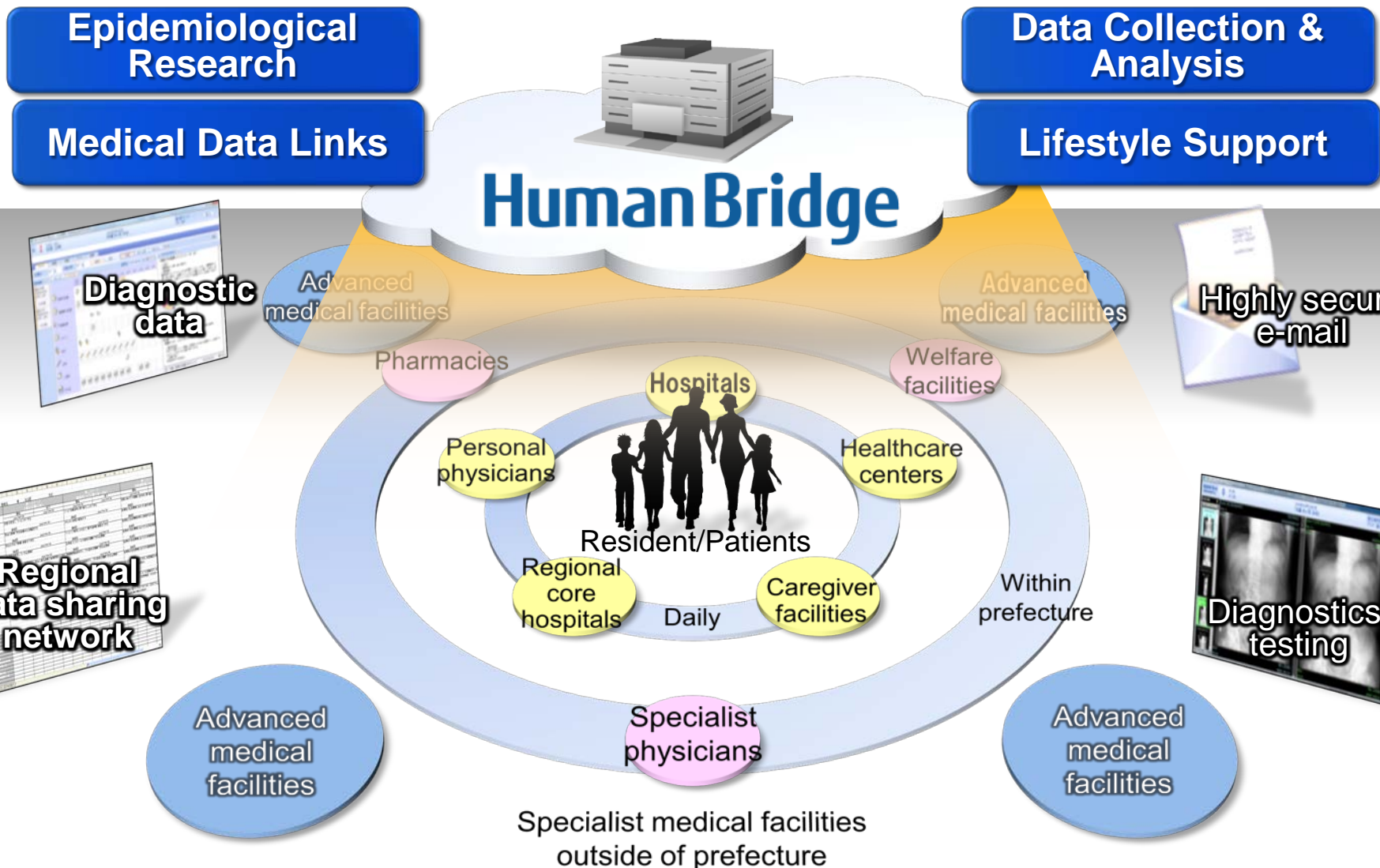


## ICT for Energy Management that Will Support Future Communities



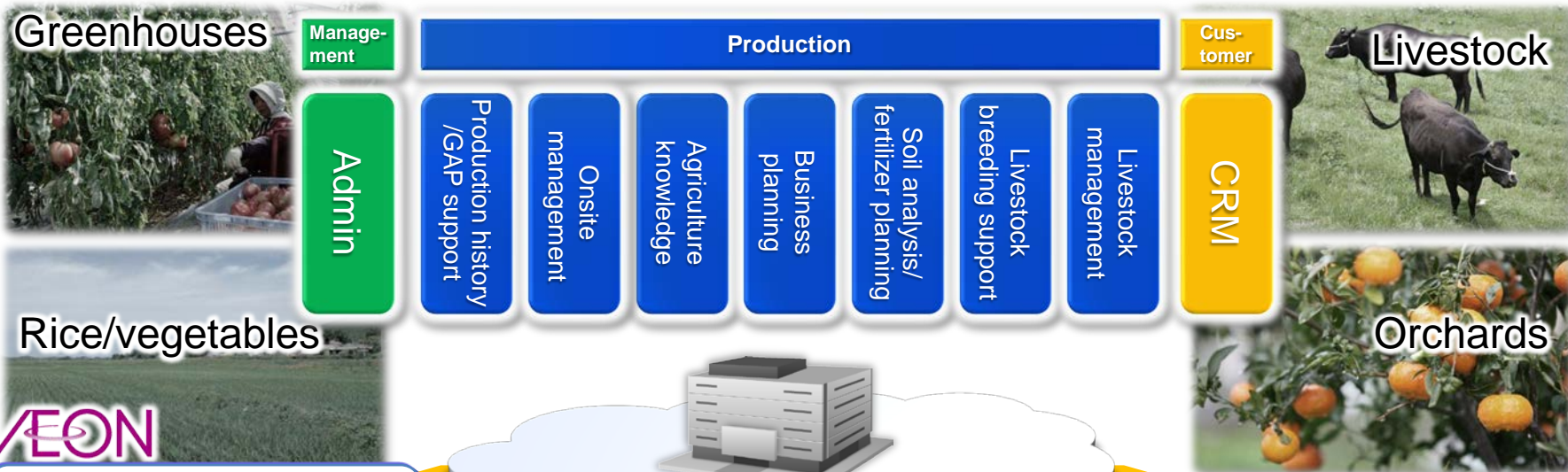
ICT Helps Bring Smart Cities to Reality

## Seamless Integration among Clinics and Hospitals

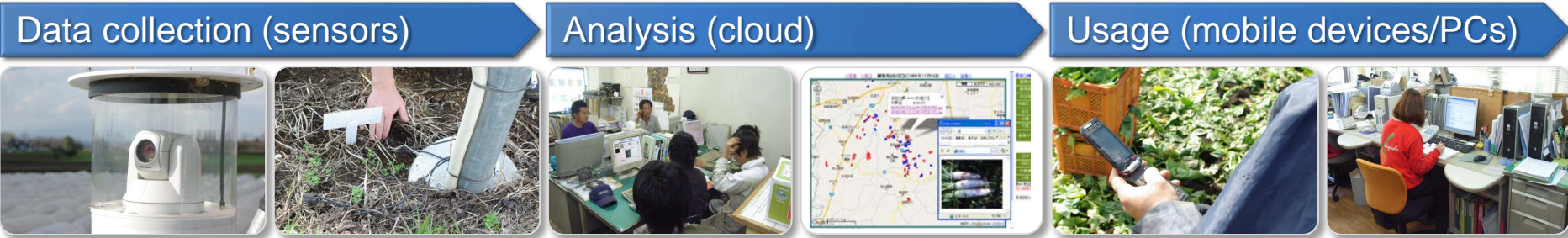




## Using ICT to Share Experience and Skill to Grow Profit



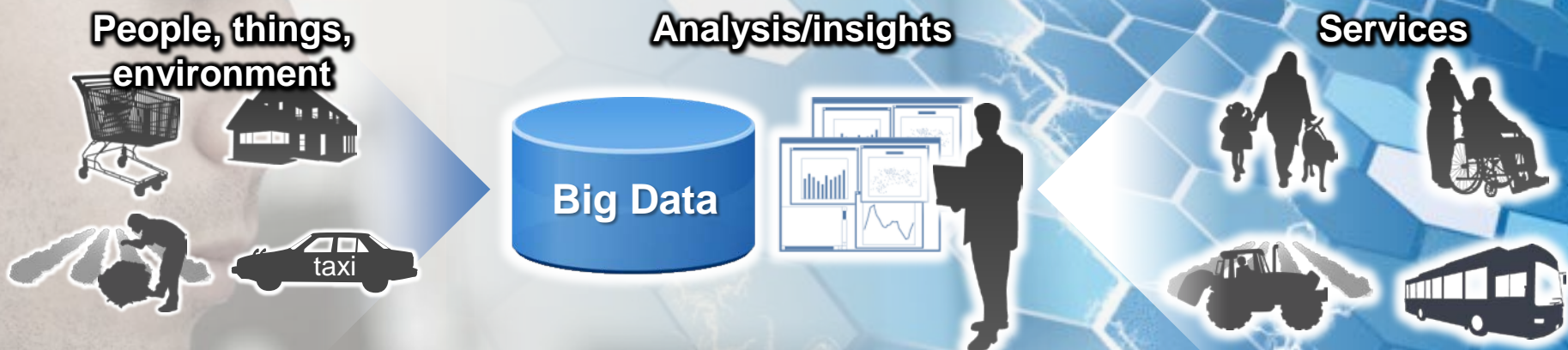
Start joint testing experiment with AEON Agri Create Co. Ltd (Nov. 2011)



➤ Business Development Support Based on Ubiquitous Front End Devices and the Cloud



**■** An Ideal Service Platform to Utilize Big Data  
*From Data to Services by Extracting Useful Information*



**Sensing**

**Data collection/detection**

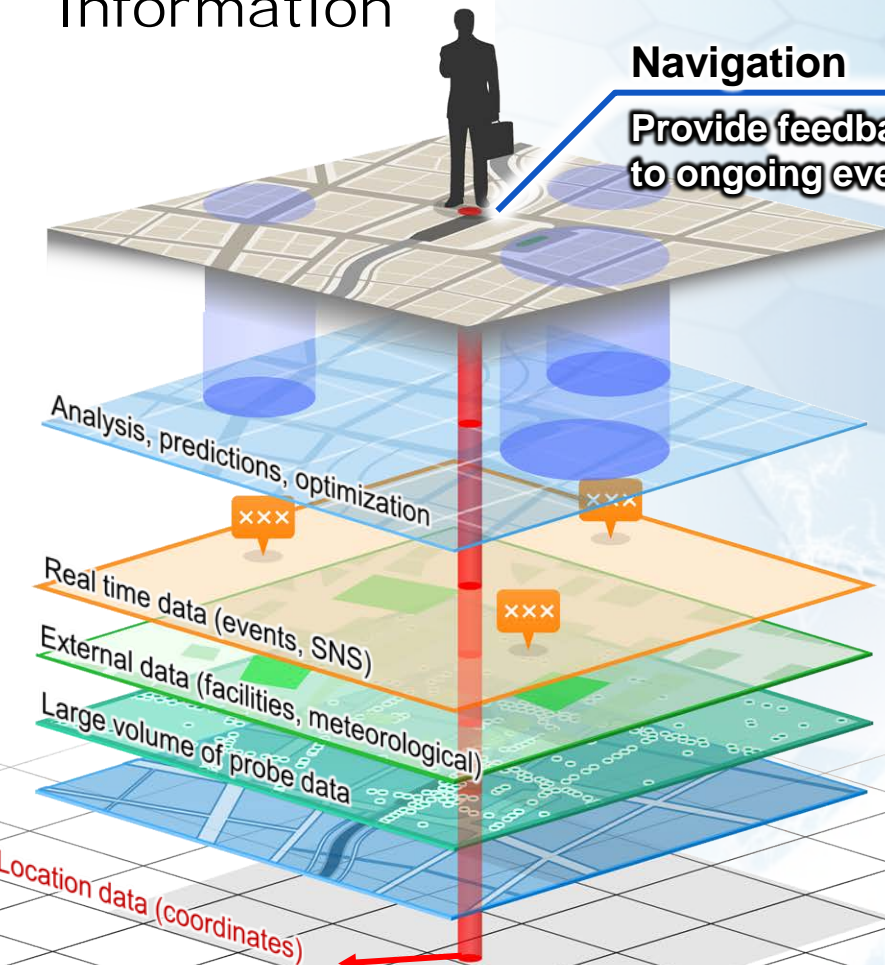
**Management/integration**

**Analysis**

**Data usage, automatic control**

## Convergence Service Platform

The Convergence Service Platform is used to Manage and Utilize a Range of Integrated Data Gained from Location Information



## Navigation

Provide feedback and add-value to ongoing events in real time

## Convergence Service

Prediction

Develop insights



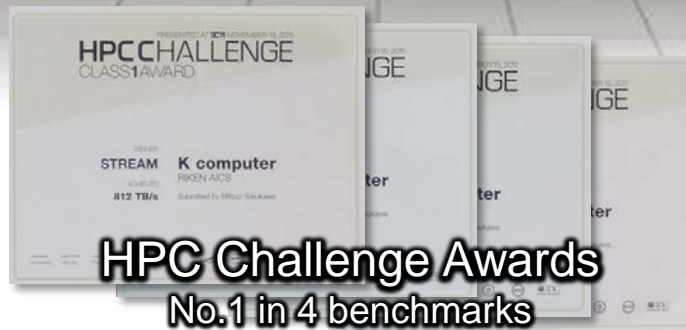
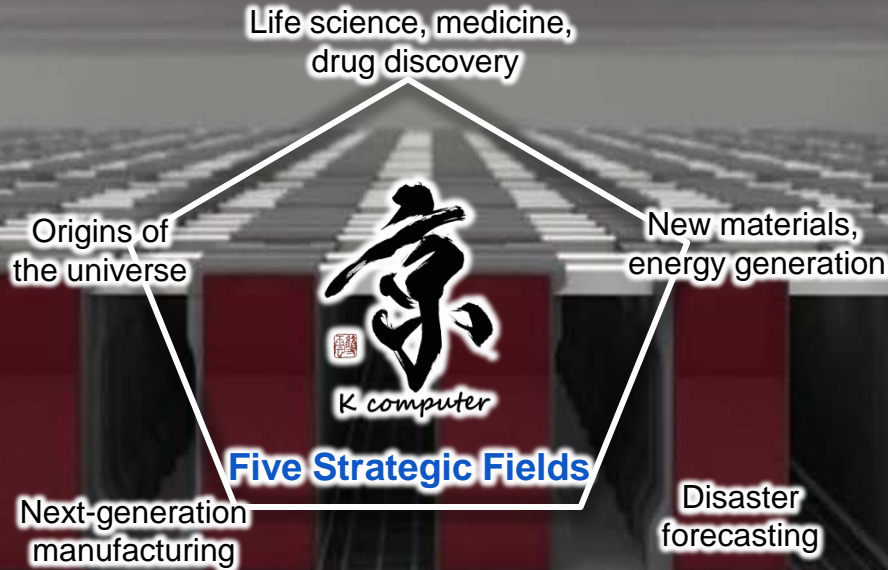
Customer analysis

Device/facility control

Data positioned by coordinates



Leading the TOP500 List for 2 Consecutive Terms  
*World's Fastest at 10.51 Petaflops; Computing Efficiency Ratio of 93.2%*

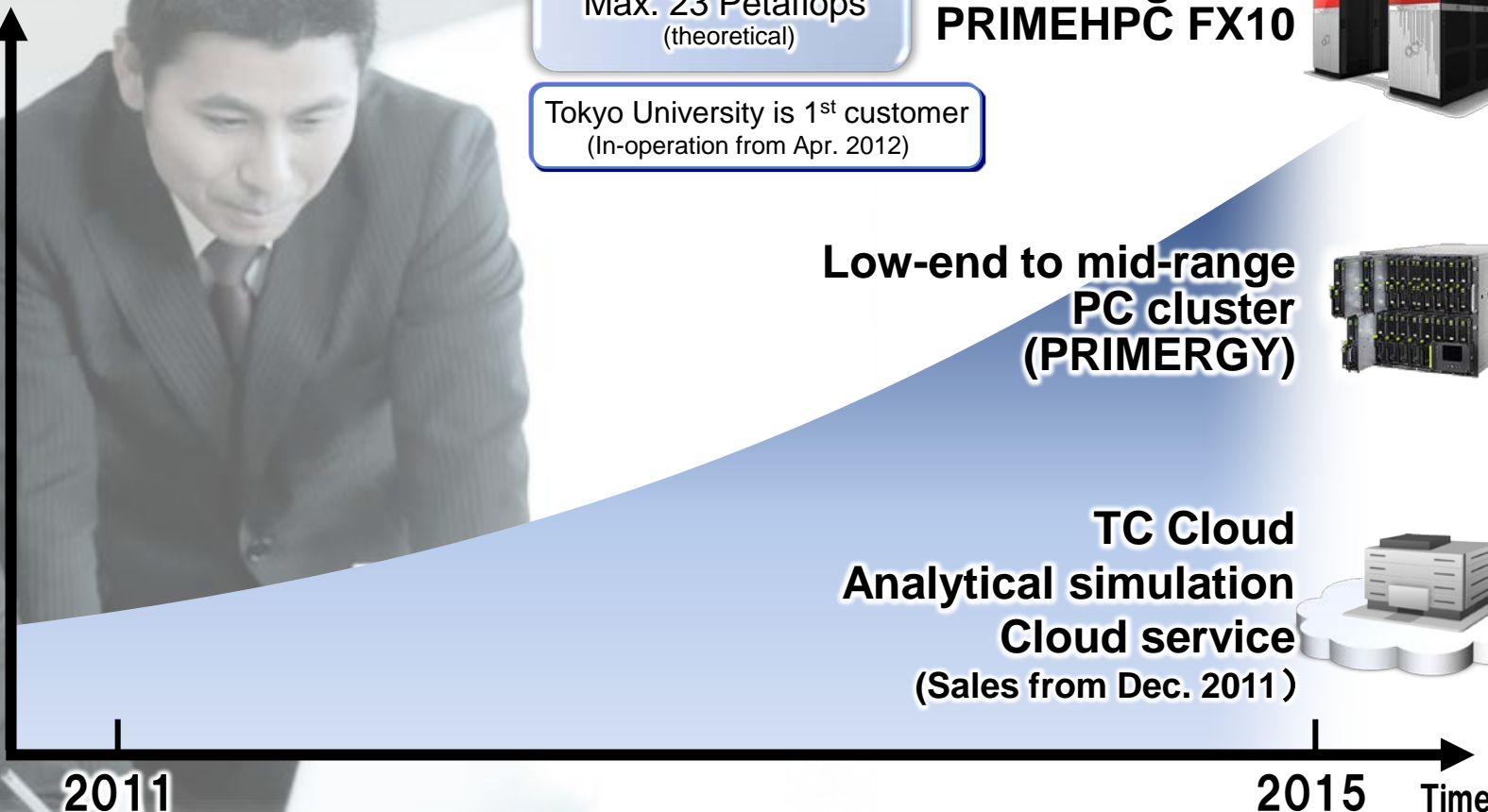


\*Note: The 'K computer' is the nickname RIKEN has been using for this next-generation supercomputer since July 2010



## Global Market Launch of World-Class Supercomputer

Volume



**World's top level**

Max. 23 Petaflops  
(theoretical)

Tokyo University is 1<sup>st</sup> customer  
(In-operation from Apr. 2012)

**High-end  
PRIMEHPC FX10**



**Low-end to mid-range  
PC cluster  
(PRIMERGY)**



**TC Cloud  
Analytical simulation  
Cloud service  
(Sales from Dec. 2011)**



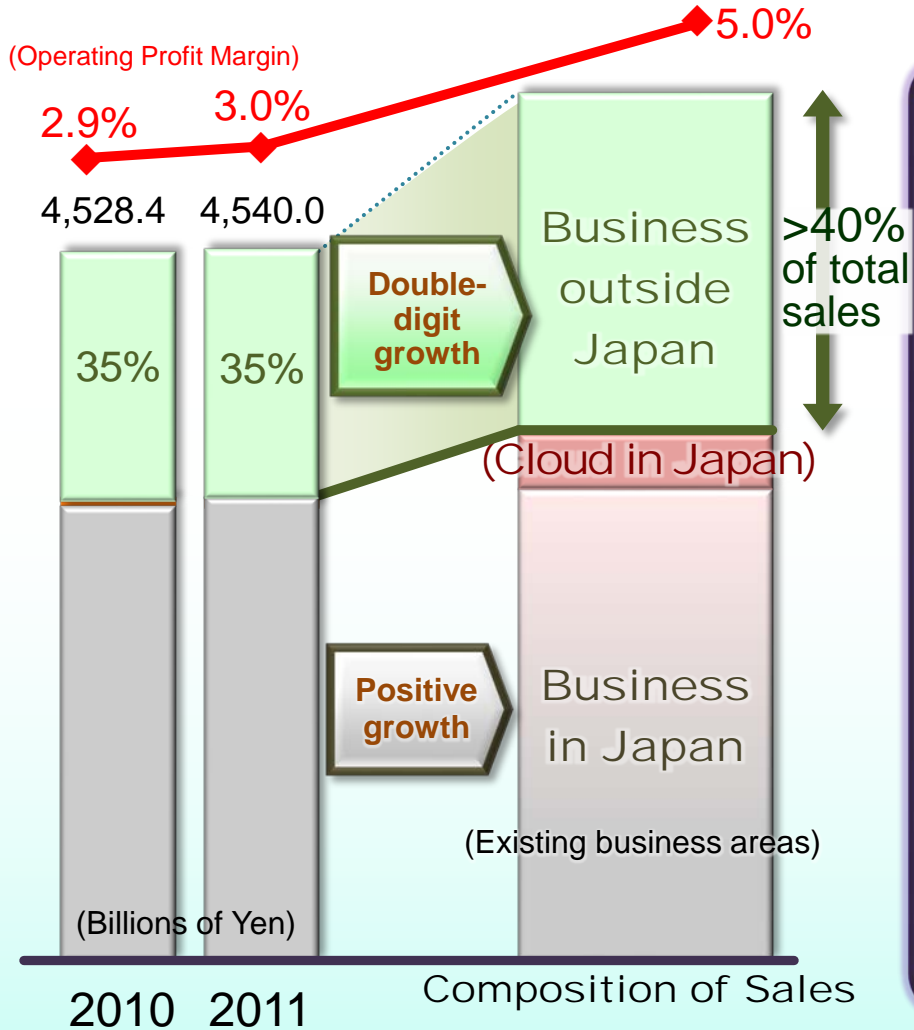
2011

2015 Time

### Boosting Share in a Market Worth 1 Trillion Yen by 2015

\*HPC = High Performance Computing

## ■ Taking up the Challenge of Achieving an Operating Income Margin of >5% in the Near Term



### Near-Term Performance Targets

The minimum required to move beyond past performance, secure growth trajectory

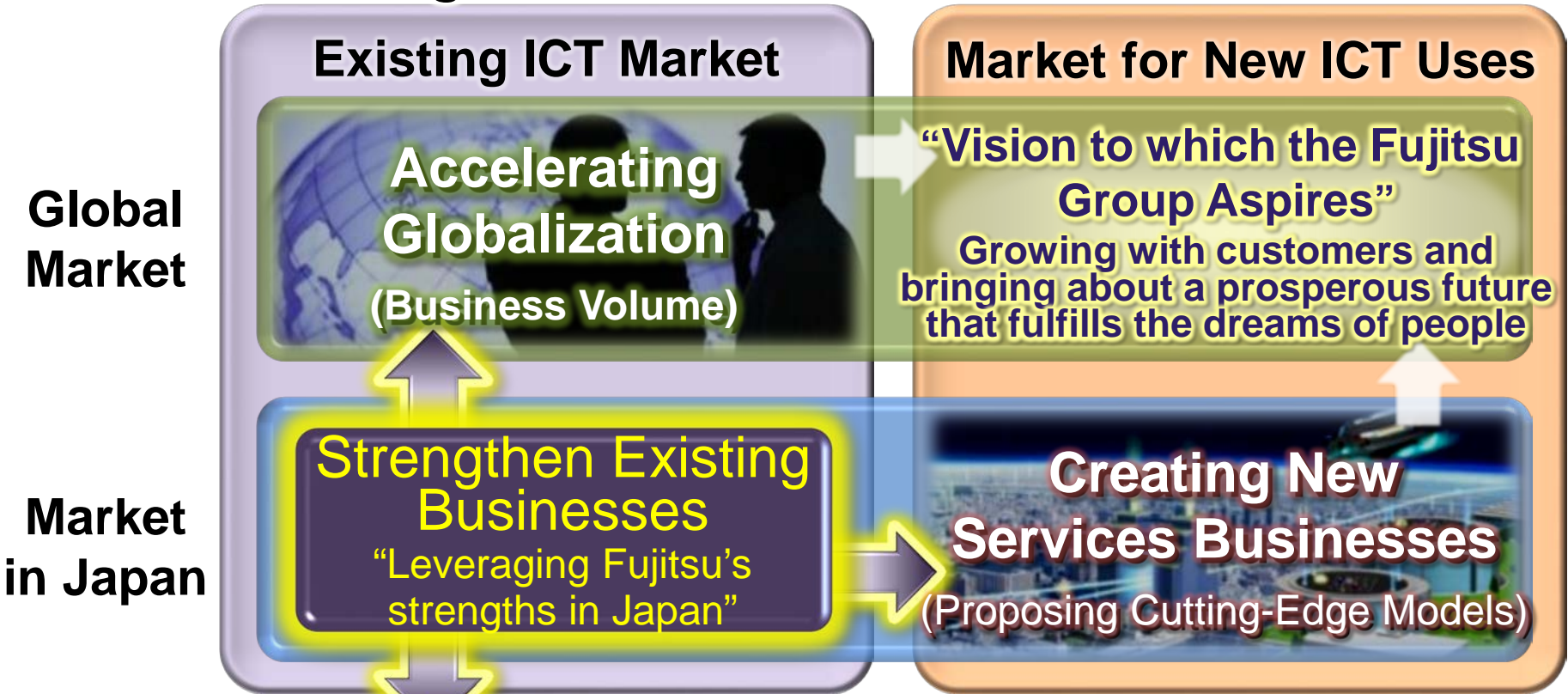
- Consolidated Operating Margin: > 5%
- % of Sales Outside Japan: > 40%
- FCF: > ¥150 billion/year

In light of evolving operating environment, sales targets will be reviewed accordingly

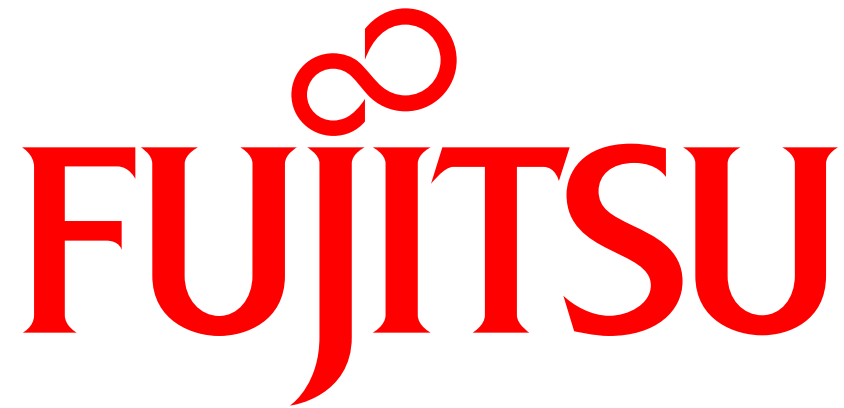
Aim to achieve in near-term, accelerating investments for growth while fostering talent and technology



## ■ Leveraging Fujitsu's Strengths in Japan and Sharing a Core Management Stance



Fostering global talent, establishing a foundation for business.



shaping tomorrow with you



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These presentation materials and other information on our meeting may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Words such as "anticipates," "believes," "expects," "estimates," "intends," "plans," "projects," and similar expressions which indicate future events and trends identify forward-looking statements.

Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors:

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- 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.