Summary Translation of Question & Answer Session at FY2015 Fujitsu R&D Strategy Briefing

Date and Time: April 2, 2015, 13:30 – 14:30
Venue: Okada Memorial Hall, Fujitsu Laboratories Ltd.
Presenters: Hideyuki Saso, President, Fujitsu Laboratories Ltd.
                   Shoji Suzuki, Director, Fujitsu Laboratories Ltd.
                   Mitsuhiro Kishimoto, Head of Software Laboratory,
                   Fujitsu Laboratories Ltd.

Questioner A

Q1: What is the breakdown of your R&D budget of approximately 30 billion yen? I would like to know the allocation to your Kawasaki and Atsugi laboratories. In addition, amid such initiatives as your participation in governmental projects, joint research with external institutions, and investments in venture companies, to which areas are you allocating your budget, and how much R&D spending are you allocating for each area?

A1: (Saso) We do not disclose such R&D budget allocation details. In terms of comparisons by number of researchers, overall in Japan we have about 1,200 researchers, and approximately 350 of them are based in Atsugi. Our Atsugi laboratories primarily focus on research in devices, materials, and manufacturing. The scale of the budget relating to governmental projects is in the billions of yen, and we are participating in such projects jointly with Fujitsu.

Q2: In open innovation, in terms of the role expected of Fujitsu Laboratories, I think having a discerning eye is important in relation to joint research projects or venture companies. You mentioned that the budget for governmental projects is in the billions of yen, which is not a lot in relation to the overall R&D budget of 30 billion yen, but do you think your open innovation initiatives will increase over the medium term?

A2: (Saso) We are currently also considering a structure in which we would spin off some of our research technologies, so that such research would be pursued independently of the business units. We are trying to systematize our approach to ventures, which—as in the case of QD Laser (a venture-backed company)—had required internal deliberations on a case-by-case basis thus far. In addition, Fujitsu recently established a 5 billion yen corporate venture fund, so we are also thinking of leveraging that structure.

Q3: Some of your competitors, such as Hitachi and Toshiba, are rethinking their approach to R&D from the perspective of open innovation and non-linear models. It appears that, at Fujitsu, parts of the linear model still remain, but what is your view of these moves by your competitors? In addition, in the field of social innovation, are you considering bringing in researchers with a humanities background, or teaming up with Fujitsu Research Institute?

A3: (Saso) At our Applied Innovation Research Center, a majority of the researchers have collaborations with Fujitsu Group business units. For everything else—in other words, for research that cannot be performed and evaluated using the same Key Performance Indicators (KPI)—it can be said that how best to handle such research is

a common issue faced throughout most of the Japanese electronics industry. It is something we are deliberating on a company-wide basis. Fujitsu Research Institute has superior insights on future trends, so we have exchanges with their personnel and collaborations on a project-by-project basis.

Q4: *Professor Yoshikawa of the University of Tokyo talks about "Type-I Basic Research" and "Type-II Basic Research". In your "Advanced Research" domain, I imagine that there are some projects that started as "seeds-oriented" research, and other projects that are "human society" originated: in the latter case, do you pass these projects over to Fujitsu Research Institute?*

A4: (Saso) Yes, our "Advanced Research" domain includes both types of projects. For those from "human society", there are cases in which we pass them to Fujitsu Research Institute.

Q5: *I would like to ask how your researchers spend their time on a typical day. I think there are a variety of activities, such as experiments, simulations, field surveys, and meetings: what would a typical day look like?*

A5: (Saso) It differs depending on the area of research, so I cannot make a generalization.
(Kishimoto) In the case of an ICT software researcher, for example, much time is spent on software coding and algorithms, followed by a lot of time allotted to meetings with business unit personnel or Fujitsu's customers.
(Suzuki) Our researchers in social innovation, a field which tackles issues facing society, spend a great deal of time meeting with Fujitsu's customers and business unit personnel and conducting field work. Although we have collaborations with the business units, as systems in this area are made by integrating the technologies of Fujitsu Laboratories, we devote much time on relevant field work.