

Case Study



Fujitsu adapts to a changing environment with a move to eXtensible Business Reporting Language (XBRL)

Overview

Fujitsu, one of the five largest IT service providers in the world, develops products for the semiconductor, computer systems and services, telecommunications, and software markets. The company has a global presence with operations in 47 countries, and 500 subsidiary companies, generates \$48 billion in annual revenues and employs approximately 175,000 people worldwide.

Over the last few years, there have been a series of changes in the business and economic environment that have warranted an evaluation of the underlying IT systems at Fujitsu to respond to these changes. The drive towards adopting a single accounting standard like International Financial Reporting Standards (IFRS) and the need to comply with regulations such as Sarbanes Oxley has resulted in the company needing to make fundamental changes to the way in which its financial data is handled. In addition, as environmental protection and green purchasing are intrinsic to the company's corporate values, they needed to be globally incorporated into business practices.

Goals

- ♦ Standardized reporting practices (adopt IFRS)
- ♦ Shared strategy and values across all subsidiaries and regions
- ♦ Drive corporate performance management with better data management

Challenges: Upgrading core technology while maintaining operations

Fujitsu believes that technology is crucial to integrating corporate goals with business practices consistently across all regions. Like many conglomerates that are results of rapid organic growth, mergers and acquisitions, Fujitsu has a complex hierarchy of systems that span the globe. An enormous amount of business information is created and stored and it is difficult to consolidate across the disparate software packages.

Over 69 different systems, 1279 system interfaces, 400 forms, and one million product code masters make up the Fujitsu IT landscape!

At the heart of all operations is the Fujitsu Order Control System (FOCS), which processes the company's \$48 billion in annual orders. Upon assessment, this system was competent, but decades old. Despite best efforts, repeated attempts in the past to modernize this system had failed – mainly because the changes were too rapid and disruptive to business. Without foregoing its main objective, this time Fujitsu decided to take a phased approach to revamping the system based on the principles of interoperability and reusability.

Solution: Use of XBRL and SOA to connect the dots

The newly developed system is based on Service Oriented Architecture (SOA) and allows the various business units to continue the use of their existing back-office systems from multiple vendors. A centralized Business Activity Recorder was developed for data control and to maintain audit trails. Fundamental to this new system is the use of XBRL and XML as the standard data exchange formats between the various systems to support interoperability. With SOA, Fujitsu could reuse systems and established processes while using XBRL to automate mundane, repetitive labor and reduce errors.

Fujitsu leveraged XBRL's Global Ledger (XBRL-GL) framework, a set of modules designed to efficiently handle financial and non-financial business information. It represents the underlying details of operational, business and

Industry:

- ♦ Electronics

Offering Group:

- ♦ Software Group

Solution Area:

- ♦ Financial Solutions

Region:

- ♦ Global

Challenges:

- ♦ Revamp internal IT systems to make global operations more efficient in order to speed up management decisions and improve financial governance
- ♦ Create an integrated financial reporting platform from a complex hierarchy of systems that span the globe

Benefits:

- ♦ Key processes were identified and automated
- ♦ Transactions are verified for accuracy
- ♦ All required data can now be recorded, and historical data from previous systems has been migrated to the new system – without disrupting daily operations
- ♦ The new SOA-based system is capable of processing company-wide sales data
- ♦ The Business Activity Recorder lets both the existing sales data as well as the newly customized data co-exist

accounting systems so as to support outbound reporting as well as facilitate ERP integration. During the first phase, Fujitsu implemented XBRL-GL for the data exchange of detail account slips as well as journal slips. The new system (Figure 1) now provides Fujitsu with a standardized view of the ERP system data.

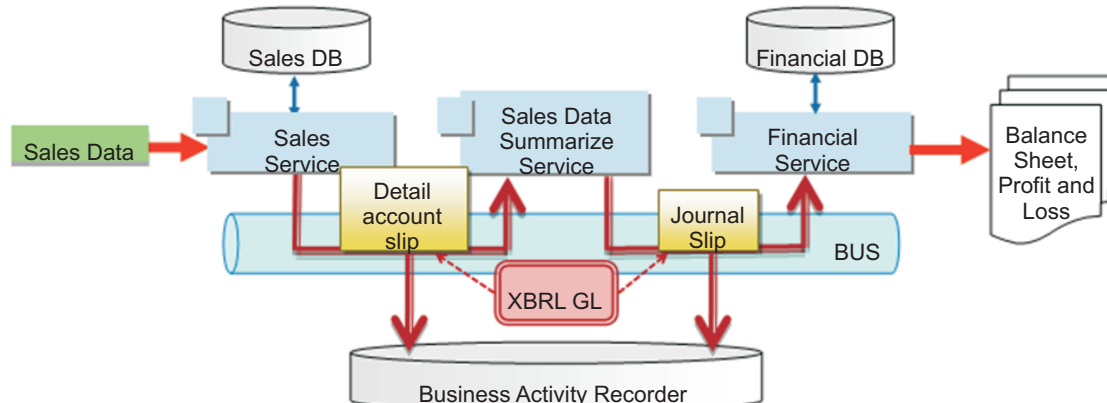


Figure 1: Updated System Diagram

Results: Seamless transition to a modernized system

Tight collaboration between the CFO and CIO, cross-disciplinary training for the core team, selective use of technology and XBRL software (see box) were key success factors. While the scale of the transition gives the appearance of a major disruption to core systems, the project was managed such that the change was virtually invisible to end users. The success of the transition is evidenced in many ways.

From a technical perspective, key processes were identified and automated, transactions are verified for accuracy, all required data can now be recorded, and historical data from previous systems has been migrated to the new system – without disrupting daily operations.

The performance of the new SOA-based system has also been verified to be capable of processing the Fujitsu company-wide sales data. Both existing sales data as well as newly customized data can co-exist in the Business Activity Recorder. This allows a wider variety of users – including executives, managers, and operations staff – to access the data for better insight. More importantly, user interfaces remained unchanged but now provide richer data.

Thus, with judicious use of technology Fujitsu has paved its way to success by instituting a shared strategy across all its business units and has improved corporate performance management.

Interstage® XWand® Software

Fujitsu leveraged its own Interstage XWand to provide the required support for XBRL. The outcome of an industry leader's pioneering efforts in the evolution of the XBRL standard, Interstage XWand is a market tested solution used by regulators, financial institutions and major enterprises across the world. Its track record in helping Fujitsu and its customers reach their goals continues to be leveraged in the broader marketplace.

Key benefits include:

- ◆ Shortened time to market of XBRL projects
- ◆ Lowered cost of XBRL document and application development
- ◆ Built-in enhanced validation to reduce risk of errors
- ◆ Continued support for changes in the XBRL specification
- ◆ Shorter learning curve with automated and easy to use features

Flexibility to use with multiple applications such as Microsoft Excel and application layer technologies like Java and .NET

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