



The Greening of Fujitsu

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With its parent **Fujitsu Ltd.'s** strong environmental posture, **Fujitsu Transaction Solutions**, a maker of products for the retail market such as Point-of-Sale (POS) equipment, is on the forefront of preparedness for upcoming regulation and, as a result, is building a competitive advantage.

The Bottom Line: Compliance events are market-changing initiatives; as such they can be used to build a sustainable competitive advantage.

What It Means: Fujitsu Transaction Solutions is closely aligned with the strategies for environmental compliance outlined in the *AMR Research Report* "Environmental Compliance: Assessing Product Exposure and Executing a Strategy for Readiness," August 2005. The company faces significant exposure because a significant portion of its revenue falls under the Restriction of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE) directives. Its parent company dictated that all products must be compliant and ready for sale by April 1, 2006.

The following are a sampling of processes and challenges that are a result of the effort:

- **Building the team.** The company appointed a steering committee comprised of business leads from the entire organization, including the senior vice president with the company's Profit and Loss (P&L) responsibility. The committee appointed the person that managed its Y2K transformation to lead its compliance strategy. Ultimately, 30 cross-functional people became part of the team that was divided into three groups: a WEEE group that focused on logistics and reporting, a RoHS group that concentrated on supplier and design issues, and a group dedicated to IT and documentation.
- **Suppliers continue to create the biggest challenge.** In March, the company contacted its 200-plus suppliers to create a dialog. Central to the discussion was the understanding of the supplier's conversion plans. Unfortunately, a small sample could articulate strategies—even worse many still have yet to define timelines. As a result, Fujitsu has already dropped vendors and sourced replacement parts.
- **Looking for engineers.** In January 2006, the company will start certifying components, assembling products, and testing for functionality and reliability. It estimates that it will roughly double its engineering force to accommodate these processes. It also has developed mitigation plans for product redesign to rectify component sourcing and performance problems.
- **Business continues.** Competition for resources and adherence to timelines creates an interesting dynamic as new products are rolled out while the entire existing product line is requalified. Adding further complexity, the Fujitsu Transaction Solutions product data management system is in the midst of a platform shift. These potential stumbling blocks are managed through constant reprioritization and coordination.

Earning competitive advantages

As the company has improved its preparedness, it has begun capturing competitive advantages, taking the form of design changes and building relationships. Because it had relatively early discussions with suppliers, the company found that many were passing compliance costs on to customers. As a result, the company began redesigning so more common parts can be used across product lines, allowing for bulk purchases. The company now feels that competitors will be at a price disadvantage as compliant products roll out.

The company also instigates dialogue with customers about the regulations and its preparation, something its competitors do not do. This has helped turn it into a trusted partner rather than simply a supplier, and also has exposed Fujitsu to additional decision-makers. Ordinarily the company has access to operations personnel and possibly the CIO; however, discussing risk exposure obtains access to legal counsel and the CFO.

Where to turn for help

Fujitsu turned to **PRTM** for an initial exposure assessment and roadmap. Other service-oriented companies with products in this market include **Accenture, IBM, EDS, Linx-AS, Wipro, The GoodBye Chain Group, Solectron,** and **UL**.

Product Lifecycle Management (PLM) technology and services are available from **MatrixOne, Agile, SAP, PTC, Oracle,** and **UGS**. Additional help may be found with **i2 Technologies, MDSMap, E2Open, RiverOne,** and **Synapsis**. And providers offering content include **Arrow, Partminer,** and **Avnet**.

Conclusion: Fujitsu provides a great example of a company that has a well-articulated strategy for compliance. It also details the way in which regulations are changing the market. The company is winning new accounts because of its preparation and collaboration. Simultaneously, it is changing its supply base because vendors cannot deliver to the environmental standards.

