BUSINESS STRATEGY REVIEW
INSIGHTS FOR GLOBAL BUSINESS

INSIDE FUJITSU
Fujitsu is big in Japan, but less known elsewhere. Stuart Crainer and Des Dearlove were given unique access to the Japanese technology giant to learn more about its plans for change.

In a meeting room on the 32nd floor of Fujitsu HQ in central Tokyo, a group of managers is trying to describe the company. “It isn’t a smart and sexy sort of place,” says one. “We are quiet. Quiet and confident,” adds another. “We never give up,” ventures a third. “Our DNA is based on giving it a try, just doing it. At the same time we are solid. Craftsmanship is at the core of our manufacturing. Trustworthiness is also very important because we work very closely with customers.”

The discussion moves from English to Japanese. There is, we are told, a word in Japanese, which describes Fujitsu perfectly — ‘dorokusai’ — but no one is sure of the best translation. It has something to do with being pragmatic and reliable, and getting on with the job without a making fuss.

After more discussion, we agree that the closest English equivalent is down-to-earth. Fujitsu is down-to-earth.

This is an odd description for a high-tech company with Fujitsu’s pedigree: it is the third biggest player in the global IT services market, with sales of 4.6 trillion yen (US$50 billion) and 172,000 employees in 60 countries. It also has a long and distinguished track record as a technology pioneer. In 1954, Fujitsu developed the first Japanese computer, and in 1976 it created the first Japanese supercomputer. Fujitsu engineers made it possible to process Japanese kanji characters, creating the first computer with Japanese language capability in 1979; and in 1992 the company introduced the world’s first 21 inch full-colour display, followed in 1995 by the first 42 inch plasma screen. Today, it leads the Japanese domestic laptop market and is involved in a range of technologies from cloud computing to the next generation of supercomputers.

From simulation systems for train drivers to mobile phones. It is also closely involved in a variety of scientific projects in Japan and around the world, and in expanding the role of IT in agriculture, healthcare and education.
And yet, Fujitsu remains grounded—down-to-earth "dorokusai" in markets where it is long established—such as Europe and the United States—it retains a stubbornly low profile. In others, including China and India, it is barely known at all. For 75 years, Fujitsu has quietly gone about its business—a quiet giant. Now, under the leadership of its new president, Masami Yamamoto, the Japanese information and communication technology company is set on change.

Change, of course, is not unusual in the corporate world. But this is change with a difference. Led by the steely-eyed Yamamoto, Fujitsu is attempting to shape not just its own future but that of its customers—and, perhaps, society, too.

**Facts of corporate life**

Driving the change is the same down-to-earth pragmatism that is written into Fujitsu’s DNA. "If you look at the life cycle of companies they have a period of rapid growth, a period of stability and then they start declining. Each of these periods lasts 20 years," says Yamamoto, a 34-year Fujitsu veteran. “We are now 75 years old so the message is clear: we need to reinvent and reshape ourselves. The challenge for Fujitsu is to move onto the next growth stage. The danger is that if we don’t we will start to decline.”

Yamamoto’s C-suite colleagues are similarly frank. "We need to change things if we are to become a $100 billion company," says corporate senior executive vice president (EVP) Hideyuki Saso matter-of-factly. "For example, there are a lot of processes in our product development and there is the danger that, as time passes, people focus on the processes. It is like when people won’t cross the road until the light turns green even if there are no cars approaching. What we need in the organisation are intelligent traffic lights. We have to continually revisit what we do and figure out the best way.

Corporate senior executive vice president and director, Kazuo Ishida, warns: “If we want to globalise, we must change. If we are to bring in truly global standards and our knowledge and experience from throughout the world, there is not much time. This could be the last chance for Fujitsu to change."

Fujitsu’s Yamamoto and his senior management team are not the first to appreciate and lament the short-lived nature of corporate success. In his book, *Good Company,* the former Shell executive Ari de Geus pointed out that only a handful of companies last beyond a century. Reminders of corporate mortality are easily found. Look at Jim Collins and Jerry Porras’ business bestseller, *Built to Last,* and you will quickly discover that many of the companies have struggled since being held up as benchmarks of longevity.

Equally, examples of companies that have reinvented themselves are few and far between. Think of Nokia’s move from being a timber company to mobile phone giant. Famously, too, IBM transformed itself from a computer hardware company to a business solutions firm under Lou Gerstner.

Fujitsu is setting out on its own journey. Yet, in conversations with Fujitsu’s executives, it is clear that IBM looms large in its world view. Historically, IBM was the giant and Fujitsu the pesky upstart. The rivalry goes back a long way and has provided a focus for the company and its managers for decades. Beating IBM is a common refrain when Fujitsu executives recount why they joined the company in the first place. IBM is still Fujitsu’s largest competitor. But, under Yamamoto, Fujitsu is intent on moving out of Big Blue’s shadow. “In our minds we still tend to see IBM as the big competitor, but there are others—like HP,” he observes.

It is also clear that the journey that Fujitsu is embarking on is a different kind of transformation. Big Blue was going broke and faced extinction unless it changed. Fujitsu faces no such crisis. Indeed, its 2009 operating income was just over $1 billion with more than $3 billion available in cash. And yet the urge to change is strong.

**Higher ambitions**

Avoiding decline is an understandable goal, of course, but Fujitsu’s ambition goes beyond simply ensuring its own survival.

The company has declared its intent to use technology to contribute to society. At the heart of its vision is the notion that computing should be configured around human beings and not the other way round. So while rival IBM trumpets its Smarter Planet concept, Fujitsu talks about using technology to enrich people’s lives. “This will involve collecting data on the behaviours of patterns of public organisations that mobile phones and other ubiquitous products generate, and taking advantage of cloud computing, supercomputers, and other technology infrastructure to analyse the data," explains Yamamoto. "This data has the potential to revolutionise all aspects of human life—from healthcare to transportation, and education to agriculture.”

Fujitsu predicts a big shift in the role of technology in business and society. While other IT providers tout a world view that sees an increased role for computing solutions to existing problems, Fujitsu emphasises how quality of life can be enhanced by technology. In this view of the future, technology is more than just an enabler; it is a journey, a dialogue with society.
For Fujitsu there are three pillars to this strategy. First, you have to get close enough to customers and end-users to see the world through their eyes. Second, you have to have a truly global perspective and reach, to offer local solutions anywhere in the world (a variation on the “think global, act local” dictum). And third, you have to be committed to a sustainable future. The third prong, in turn, has two elements: the greening of IT products; but also the opportunities to use new technology to tackle environmental issues — for example, using a supercomputer simulation to model global warming.

Underpinning all of it is the idea that technology has an essential role to play in the evolution of civilization. Says corporate senior EVP and director, Masami Fujita: “People used to see us as a mobile phone or PC company. Now, they see that we are contributing to society — we are shaping tomorrow, as our branding puts it — and that is very attractive to young people.”

Such higher aspirations are made real when you meet Aichirou Inoue, president of the Next Generation Technical Computing Unit. Inoue worked three years at another company and then joined Fujitsu where he was a driving force behind the company’s mainframe computer business for 27 years. Given his long service, Inoue could be forgiven for possessing an air of ennui. In reality, he is a ball of creative energy, excited and under pressure in equal measure. “In my previous roles, I couldn’t do the things I wanted to do. I wanted to build something by myself, not just to use it, but to build it,” he explains.

Now, his creativity and passionate leadership are about to bring a change in the world of the supercomputer. Inoue is charged with developing Fujitsu’s new supercomputer, collaborating with Japan’s Institute of Physical and Chemical Research, known as Riken. It is nicknamed the K Computer by Riken. K is a play on the Japanese word “kei” for the number 10 to the power of 16. It is a big number and a big build with a $1 billion total development budget and Fujitsu’s development group numbering some 1,000 people. Development of the K Computer began in 2007 and is scheduled to finish in 2012.

For Fujitsu, the K Computer is a play on the future. It is the shaping element that distinguishes the Fujitsu point of view from its competitors.

The answer from Fujitsu is that, first, you change the tone. Masami Yamamoto took over as president in April 2010 after the controversial — and, for Japan, highly unusual — departure of his predecessor. Yamamoto, the youngest president of the company for 30 years, brings a new perspective to Fujitsu’s business. He talks about going on the offensive and observes that the company has tended to be defensive.

On the offensive
While the bold ambitions of the K computer are alluring, any sort of organisational change is hard. The older you get, the harder it becomes for companies as well as people. Sprightly septuagenarians are rare — though less so in Japan. So how do you convince a 75-year-old company that it needs to change and then convert it into reality?

“We’re being more proactive with customers. If we don’t change our business will shrink.”

Sagawa, 29 years with the company, is the president of Fujitsu’s platform strategic planning unit. “We need to have more confidence to go to the next stage. Everyone inside Fujitsu knows we need to change. We need to move from optimising industrialisation to optimising how people live, it is a mix of philosophy and technology,” he says.

Reconnecting with its DNA
If changing the tone is the first element, the second in kick-starting change at Fujitsu was to gather the ammunition to back the need for change. Engineers — and that is primarily what Fujitsu’s people are — respond to data.

Research by Fujitsu’s corporate brand office found that understanding of what the company did and stood for was often very limited in the global marketplace. Only a small percentage in some key markets outside of Japan identified Fujitsu as an IT company. This was exacerbated by a lack of coherence between its various global operations. It looked muddled and confused, an assemblage of companies, ventures, cultures, products and brands.

To better understand its employees, as well as its customers, Fujitsu surveyed 85,000 of its employees outside of Japan. It also surveyed customers and employees outside of Japan. The research identified three key characteristics of its brand: responsive, ambitious and genuine. Says Masahiro Terauchi, general manager of the Fujitsu corporate brand office: “The brand promise is what we want to be known for; the brand attributes are how we deliver the brand promise, and the brand positioning...”

“I want the young engineers working on this project to be excited and to enjoy their work,” says Inoue. “But, let’s be clear: the K Computer will make the future for Fujitsu, Japan and for human beings. It will give us the ability to look at the weather of the future and there are a huge number of healthcare uses. That’s what I mean about its power to change humanity. A computer is just a big box; what’s interesting is to see it as a tool to help mankind and societies around the world.”

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Fujitsu’s flexible electronic paper features an image memory function. This enables continuous display of the same image even when electricity is turned off.

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is who we are and what makes us special — we are the Japanese global information and communication technology (ICT) company with a commitment to local service.

Armed with a clear idea of what it stood for, in 2010 the company announced a new brand promise: “shaping tomorrow with you.” It is the first truly global branding exercise ever undertaken and implemented by Fujitsu and is intended to provide a rallying point as the company changes.

The phrasing may be new, but it is emerging from the heart of the company. “It describes quintessentially Fujitsu,” the company’s brand manager claims. “It’s a way of describing what we have always stood for,” president Yamamoto. “It is already in our DNA, but stating it in this way crystallises what makes us different. It is a catalyst for change.”

And change is something that Fujitsu cannot ignore because the world it inhabits is changing. The provision of resources, software and expertise is no longer a matter of simply loading new technology — the technology is capable of, and will be loaded, by individuals rather than the technology itself. Instead, it regards the importance of being at technology’s cutting edge.

Visit its Technology Hall in Kawasaki City on the outskirts of Tokyo and you are struck by the sheer range of its set-ups — from cloud computing to electronic medical record systems, plastic displays and point of sale displays at supermarkets. The range of products it offers is a balanced portfolio and a radar of the changing technology landscape. Fujitsu is constantly adapting its products to meet the demands of its customers. In this way, it is shaping the future of technology for its customers.

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While aiming to globalise alongside its customers, Fujitsu is also clear that it remains a Japanese company. “We still need a base to hold this global company together and that is in Tokyo. That’s why we talk about a global Japanese company,” says head of RD&I Kazu Miurano.

A new business model

The second big challenge facing Fujitsu is changing its business model. Big IT providers have already felt the pain of an economic downturn, the banking crisis and the arrival of a new era of computing. Fujitsu is no exception. A decline in its solutions business has led to sweeping reductions since 2008 in costs and expenses across the company.

Key operations have been restructured. In 2009, for example, the company completed the transfer of its hard-disc drive business to Toshiba. Fujitsu’s LV business also shifted to a so-called “fab-lite” business model — whereby the company minimises its own production scale by outsourcing to external foundries.

More fundamental structural changes can be anticipated, but there are signs that the worst may be over. The company raised its operating income from 68.7 billion yen in 2008 to 94.3 billion yen in 2009. It also set an ambitious target of 158.5 billion yen for 2010.

Financial discipline is the first step. But Fujitsu needs to renew itself. Renewal comes from the roots and the roots of Fujitsu have always been firmly anchored in innovation. As president Yamamoto explains: “Computing is going through a transformation. IT used to be in a finite area. Now, we see that through cloud computing there is an opportunity to expand its role. Think of areas such as agriculture. These are the new areas we are exploring.”

These applications of technology are the new areas we are exploring. These applications of technology are the new areas we are exploring. Of areas such as agriculture. These applications of technology are the new areas we are exploring. These applications of technology are the new areas we are exploring.

Staying close to customers is one thing, helping them shape tomorrow is quite another. Co-creation is a buzzword, popularised by the late CK Prahalad, is fashionable. Many companies talk about developing products and services with customers. But in reality it is far easier to provide solutions to customers than it is to develop them with customers. It goes beyond co-creation to true co-innovation. The latter takes an endless reservoir of time and patience Western companies are not known for either. Yet Fujitsu, “stubbornly trustworthy” and endlessly patient, is a company that is built for co-innovation. It may well be its greatest asset.

Fujitsu’s new business model is all about co-innovation. “This ability is probably the biggest attribute we have at Fujitsu,” says Sagawa. “But we need to change the way we work and think. In the past we helped customers solve problems they identified, in the future we need to share common challenges. We need to move beyond listening to customers to innovating with them.”

“Shaping tomorrow with you” is a big promise. We asked Fujitsu president Masami Yamamoto what he wanted the company to be famous for in a decade. His answer was typically bold but matter-of-fact. “Contributing to society. Making society more prosperous and more convenient. It is all about changing new areas with customers. That is also an important message for our employees. It is about shaping tomorrow.”

The clarity is clear. But the philosophy remains grounded. It is “dorokusai” — down to earth. But “dorokusai” with a new-found confidence.
「10兆円企業に成長するためには、変革が必要である」

「変革」。もちろん、それ自体は決して珍しいものではない。しかし、富士通の変革は、一般的な企業のそれと異なる。富士通は自身のためだけではなく、お客様のために、共に豊かな未来を創造しようとしているからだ。

企業のライフサイクルの真実
down-to-earthで表現することができる富士通のDNAは、理屈よりも現状を重視する、いわば現実主義を貫くことにある。勤続34年目を迎えた山本社長は、「企業のライフサイクルには、創業期、成長期、成熟期、衰退期があり、それぞれが20年周期で訪れる」と前置きし、「富士通は2010年に75周年を迎えた。企業のライフサイクルを当てはめれば、私たちは衰退期にある。それならば、富士通には改革の必要があることは明らかだ。」

成長への挑戦
「衰退を回避する」というのは、説得力を持つ、わかり易いゴールである。しかし、富士通は単に生き残りを賭けるだけではなく、さらなる成長に向けて変革しようとしている。

富士通は、技術によって社会へ貢献していくことを宣言している。このビジョンの中心となっているのは、コンピュータは人間のために活用されるものであり、コンピュータのために人間が存在するのではなく、という観念である。IBMがSmarter Planetというコンセプトを高らかに宣言する一方で、富士通は人々の生活を豊かにするためにICTを活用すると宣言しているのもそのためだ。

「この概念は、携帯電話をはじめとするユビキタス製品や、各種センサーなどによって集められた人や組織の行動パターンをデータとして蓄積し、それを、クラウド・コンピューティングやスーパーコンピュータの能力によって、新たな結論を導き出すことが可能だ」と山本社長は説明する。そして、「ここで導き出されたデータは、医療から運輸、教育、農業をはじめ、あらゆる面で人々の生活を豊かにしていく可能性を秘めている」と続ける。

富士通は、ビジネスや社会において、ICTが果たす役割が大きく変化するとみている。他のIT企業は、課題解決のためにITソリューションをいかに活用するかという点に注目しているが、富士通は、ICTによって人々の生活を改善することを主張している。

1935
富士電機製造株式会社(現・富士電機ホールディングス株式会社)の電話部所管業務を分離し、富士通信機製造株式会社(現・富士通株式会社)を設立

1940
日本初の国民自動交換機“IT型交換機”を発売

1954
日本初のリレー式自動計算機「FACOM 100」を完成

1964
日本初のデータ通信システム「FACOM 323」を完成、日興証券株式会社に納入

1980
コンピュータ上流階級で国内トップに躍進

1995
携帯電話「らくらくホンシリーズ」の累計販売台数が1,200万台を突破

2005
42型のカラーPDP(プラズマディスプレイパネル)を世界で初めで商品化

2008
非接触型手のひら静脈認証装置「PalmSecure」ビジネスをワールドワイドに展開

2019
富士通は、日本初の携帯電話製造業者であることが確認される。
豊かにしていくことに着目している。この視点は、技術とは「何か」を実現するものに留まらず、富士通は、人々が自由で未来を形づくることが可能な社会の実現を目指している。この富士通の考え方は、競合他社との差異化を決定づける重要な要素である。

富士通の経営には3つの起点がある。1つ目はユーザー視点で世界を見ること。「守りから攻め」への挑戦である。2つ目は特定の地域でしか使えないソリューションを世界中で提供すること。「think global, act local」がその指標である。そして3つ目は、お客様に持続可能な未来を約束することである。これは、IT製品のエコ化とともに、環境問題を解決するために新たな技術を活用することを指している。スーパーコンピュータを使った地球温暖化シミュレーションがその一例だ。
ビジネスレビュー

山本社長の考えは、クリスチ伝統に基づいたグローバル化への取り組みである。「IBMやOracleのような大きな企業が、グローバルに向けた取り組みを進める中で、さらなる進捗度を示す。」と山本社長は語る。「IBMやOracleのような大きな企業が、グローバルに向けた取り組みを進める中で、さらなる進捗度を示す。」と山本社長は語る。

富士通の経営術

「富士通は経営者である私、お客様と共に、新しい未来を創り出す」ことから始まりました。富士通は、お客様と共に、新しい未来を創り出すことが目的です。お客様と共に、新しい未来を創り出すことが目的です。

日本人の泉のリーダーシップ

山本社長は、日本人のリーダーシップを重視し、お客様と共に、新しい未来を創り出すことが目的です。お客様と共に、新しい未来を創り出すことが目的です。

戦略の変革

富士通は、戦略の変革を進めてきています。戦略の変革を進めてきています。戦略の変革を進めてきています。

グローバルビジネスを持つ

グローバルビジネスを持つためには、日本国内だけでなく、世界中のビジネス環境を理解することが重要です。グローバルビジネスを持つためには、日本国内だけでなく、世界中のビジネス環境を理解することが重要です。


新しいビジネスモデル
富士通が直面している2つ目の挑戦
は、ビジネスモデルの変革である。
大手ITプロバイダーの多くは、景気の低迷、金融不安、ICT新時代の到来といった市場変化の影響を受けている。それは富士通も例外ではない。2008年に始まったソリューションビジネスの業績悪化は、会社全体に推奨した経費削減を余儀なくさせた。それは主要な事業の再編にもつながっている。2009年にハードディスク事業を東芝に売却。米国LSI事業も、「fab-lite」と呼ばれる半導体製造設備を維持しながら、新規製造設備を外部委託するビジネスモデルへと移行した。さらに、今後も抜本的な構造改革が予想される。しかし、その一方で最悪の状態を抜け出したともいえるサインがいくつかみられる。営業利益は2008年度の687億円から、2009年度は943億円へと増益を達成。さらに2010年度の営業利益は1,850億円を見込んでいる。会計上の改善は変革の第一歩である。だが、富士通そのものが変わらないと、ルーツはイノベーションにあり、変革はそこから生まれる。山本社長の説明によると、「かつてのICTは、限定した範囲で使われていたが、クラウド・コンピューティングによって、その役割を拡大するチャンスが出てきた。農業分野での活用はそのひとつ。昔は考えられなかったことが今は出来るようになっている。私たちはもっと未知の領域に踏み出さなくてはならない。」

新しいビジネスモデル

「shaping tomorrow with you」とお客様との約束である。しかし、お客様は任務を有している訳ではない。富士通は、お客様としての役割を果たす。お客様と一体となったグローバル化を目指す方針で、お客様と企業の役割を定義している。「グローバル企業としてビジネスを展開する場合にも日本に軸足を置く。これこそが富士通が日本発のグローバルICTカンパニーだと言えるゆえん」と、富士通研究所の村野和雄会長は語る。

富士通の新たなビジネスモデルにおいて、協働革新が重視されている。「協働革新が出来るのは、富士通がもつ最大の特徴」と佐川本部長は胸を張る。しかし、私たちは仕事のやり方、考え方を変える必要がある。今まではお客様が認識している課題の解消をサポートしてきたが、これからはお客様と共に問題を解決する必要がある。すなわちお客様のニーズを踏まえながら、お客様と共に解決できるようになっていなければない。」

shaping tomorrow with you

実際、富士通は未知の領域に足を踏み入れている。グローバル化すると同時に、社会における役割が拡大してきている。特にIT分野において、先進的役割の目指す富士通の取り組みは、新たなチャレンジがある。だから、富士通は、お客様の役割と基本を実に推進する、そのチャレンジと目標が連続でできるたと時点している。これが「with you」に込めた想い、顧客との関係を強化することである。現実的でない高端な目標を掲げ、顧客がその目指す方向に進む方向を示しこれを「shaping tomorrow」とする。新たなチャレンジの明確な目標を持っていると、富士通の将来は光のように見えている。現実的でないことには変わりはない。もしかしたら、これは、顧客に裏づけられた、どう見ても大きなことである。