

## **4. Management Direction**

### **Our Basic Stance on the Company's Business**

Information technology has moved beyond the realm of business and come to permeate nearly every aspect of our daily lives, rapidly expanding convenience and bringing us closer to a world of ubiquitous networking in which people can connect with anyone, anywhere and at any time. At the same time, the importance of IT to our customers' businesses has increased dramatically. When selecting a vendor to build and deploy their IT systems, customers require not simply a supplier of goods and services but rather a true partner with the ability to propose and implement solutions encompassing the entire IT system lifecycle.

Our mission is as follows:

Fujitsu continually seeks to create new value by providing customers with comprehensive solutions comprising highly reliable high-performance products and services based on powerful technologies. Through this, we aim to grow, realize profits and foster mutually beneficial relationships in our communities worldwide.

Based on a thorough understanding of the environments in which our customers operate and the overall nature of their operations, we create and deploy IT solutions that contribute to the growth and development of their businesses. In so doing, as a trusted business partner to our customers, we seek to grow as they grow.

### **Medium-Term Business Strategy and Priority Tasks**

While on a global basis IT investment is gradually increasing, in Japan there are disparities in the degree of recovery of such investment among different industries and companies, and evidence of a robust recovery is lacking. Moreover, the continuing trend toward downward pressure on prices for services and products, and intensifying competition, suggests that our operating environment will remain difficult going forward. Despite these challenges, we are striving for the earnings capacity that will enable us to achieve steady profitable growth. Achieving high earnings capacity will help make possible a stronger product line-up, expanded sales and reinvestment of profits, thereby laying the basis for long-term growth.

In fiscal 2004, we articulated and began pursuing four key challenges facing the Fujitsu Group: to strengthen our existing businesses, to create and cultivate new businesses, to reform our organization and approach, and to reform our management systems. Since then, the entire group has pulled together to address these challenges, and we are redoubling and accelerating our efforts in these areas in fiscal 2005.

#### **1) Strengthening our existing businesses**

We are working to raise quality, lower costs and increase speed in every aspect of our operations, including design, development, production and sales. In our production operations, we are continuing to pursue company-wide manufacturing innovation. In our contract software development operations, through such measures as the application from the beginning of this fiscal year of the percentage of completion method, we are making vigorous efforts to closely track and control project planning, progress and risk. Moreover, along with working to speed up software development, we are continuing initiatives such as the rigorous standardization of business processes for sales and systems engineering in order to strengthen our systems integration

business.

We are also working to boost the competitiveness of our server, storage, middleware and other products, and are engaged in a company-wide sales promotion effort for these products. In regard to our TRIOLE strategy for IT infrastructure optimization, we established a new company in Japan responsible for support of related software products and service operations in an effort to speed up the expansion of this business. As a complement to this, we plan to further expand businesses that we believe have strong growth potential going forward, such as product life cycle management (LCM) and outsourcing services.

## **(2) Creating and cultivating new businesses**

IT has traditionally been used mainly for back office corporate management operations. We are convinced, however, that the domains where IT use will grow in the future are the front lines where the movement of people and goods takes place. We will therefore place particular emphasis on helping to bring about IT-enabled innovation at these frontline operations. More specifically, we will help customers achieve greater efficiency through the deployment of IT at the front lines of such fields as manufacturing and retailing as well as R&D and sales. We will also work to foster greater dynamism, security, enjoyment and convenience in daily life through the application of IT at the front lines of such fields as travel, medical treatment, nursing care, and education.

In addition, we are actively working to grow our business around the world, including aggressive efforts to expand overseas sales of the new PRIMEQUEST series of mission-critical IA servers, which we launched in April of this year.

In the electronic devices area, in September of this year we began volume shipments of logic chips produced at our 300-mm wafer fab using leading-edge 90- and 65-nm process technologies. Aiming to recover our investment at an early date, we will work to strengthen this business going forward.

## **(3) Reforming our organization and approach**

To provide speedier service to customers and seamless support over the entire IT system lifecycle, we have been eliminating redundancy and internal competition in our operations and functions and realigning our organization. In July of this year we merged five development subsidiaries into Fujitsu Limited, thereby concentrating our capabilities in software and networking technologies, as well as product development and overall expertise. Through this and other measures, we have been making steady progress in building an organizational structure that will enable us to maximize the group's R&D potential. Going forward, while working to realize benefits from these initiatives, we will continue to reform our organization, strengthening connections with and among our group companies.

We will also continually review and revise our business portfolio as necessary.

## **(4) Reforming our management systems**

Based on the mission, values and code of conduct set forth in *The FUJITSU Way*, we will continue to emphasize sustainability in the management of our business. We will also strive to improve our internal business processes and strengthen our internal control functions. In addition, to make the most of our human resources, we will enhance our internal training and education programs.

We will work unceasingly to meet these challenges, serve as a trusted partner to our customers, and pursue further reforms as global company that contributes to the creation of a rich and dynamic networked economy and earns the trust of our customers and society at large.