

# Initiatives by Region

## JAPAN

### Market Trends

The Japanese IT market is expected to grow by 1.1% year on year in 2012. >> GRAPH 2

The domestic economy slumped in 2011 due to the effects of the Great East Japan Earthquake and Thai flood damage, but a recovery is expected to emerge in 2012, including a bounce-back from the previous year. Recovery will likely be gradual in the first half of the fiscal year due to European economic trends, foreign exchange trends and other uncertainties, as well as efforts to cope with anticipated electricity shortages during summer. Full-scale economic recovery is set to occur from the second half of the fiscal year, mainly in the manufacturing and distribution sectors, as the rebound in corporate earnings and progress in rebuilding from the earthquake become clear. In the public sector, measures to bolster disaster resistance have started since the earthquake, especially at government ministries and agencies. At local governments, deals to rebuild mission-critical systems have peaked, and in the healthcare field, regional medical collaboration is spreading.

Amid these trends, the server market in Japan is expected to contract more than 10% compared with the previous year. This is in large part due to a decline in the portion of supercomputer-related shipments recorded in the previous year. Anticipated contraction in the market, including lower prices, also reflects the growing use of datacenters with a view to risk avoidance, and projected acceleration in the trend toward server integration and consolidation.

Meanwhile, the Japanese telecommunications market is expected to grow 4.8% year on year. Construction of mobile phone base stations based on next-generation Long Term Evolution (LTE)

technology is expected to continue at a high level from 2011. Ongoing measures to deal with increased telecommunications traffic due to the spread of smartphones are also anticipated.

The Japanese IT services market is projected to grow 5.1% year on year as IT budgets recover gradually along with improved corporate earnings. Since the earthquake, demand has risen for use of datacenters with an eye toward business continuity planning (BCP). Similarly, reviews of IT system operation, as well as the introduction of new IT services through cloud computing, are expected to progress further. In addition, new IT usage that utilizes big data is attracting attention, with the IT services market poised to expand in the future.

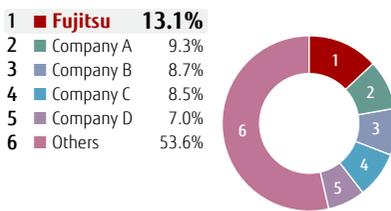
### Initiatives Going Forward

In the Japanese market, we will take on the challenge of three Group initiatives aimed at new growth—bolstering interaction with customers, enhancing system engineering (SE) capabilities, and further strengthening our technology. Our corporate structure has been reconfigured into a matrix organization along customer and business lines, further clarifying the account sales structure and bolstering sales capabilities in both quantitative and qualitative terms as we pursue higher sales.

In the system products business, mainly servers, Fujitsu is working to launch products into growth markets and to expand sales in new and undeveloped markets. To this end, we are successively launching energy-efficient rack servers for datacenters and bundle servers with virtualization functions for small and medium-sized businesses (SMBs), targeting mid-range high performance computers (HPCs), the embedded market, the datacenter market, and new channels. By introducing a model

GRAPH 1

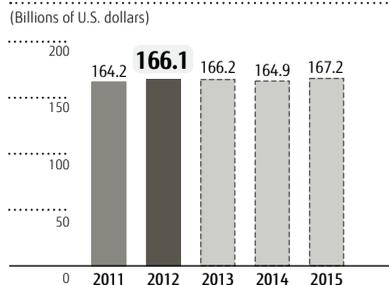
Share of 2011 IT Services Market Sales in Japan (Revenue Basis)



(Source: Gartner, "Market Share: IT Services 2011" 9 April 2012)

GRAPH 2

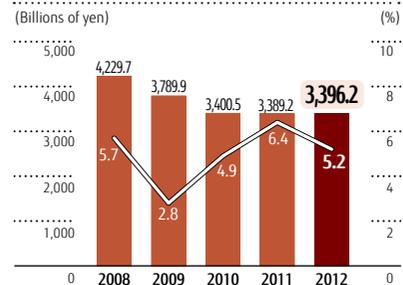
IT Market Forecasts (Japan)



(Source: IDC The Worldwide Black Book Q1 2012)

GRAPH 3

Net Sales\* and Operating Income Margin



(Years ended March 31)

■ Net sales (left scale)  
 — Operating income margin (right scale)

\* Including intersegment sales

equipped with Intel's latest CPU announced in early March 2012 ahead of rivals (only one other Japanese company has announced similar plans), we aim to increase sales by providing products sooner, especially to customers seeking high performance.

In the network products business, we will further expand our base station business as LTE rollout ramps up, and steadily advance business dealing with increased network traffic accompanying the rapid spread of smartphones. We will also aim to advance into new business fields, such as home-area networking utilizing LTE and optical access.

In the ICT services business, we will roll out new services centered on cloud computing. We will provide Data Utilization Platform Services that leverage big data, which is now attracting attention, to gather, compile, and integrate massive quantities of sensing data, apply knowledge, process it using real-time processing or batch processing, and use it to generate future

projections and other purposes. We will also roll out the public cloud service Fujitsu Global Cloud Platform in six countries around the world, responding to the global expansion of customers and their various other needs.

In addition, we will bolster our structure by unifying SE organizations and realigning regional SE companies, enhancing the flow of knowhow and resources and aiming to become a group of SE professionals with overwhelming competitiveness.

As a result of the spread of cloud computing, customers are now searching for the ideal new IT system. By leveraging our outstanding ability to provide a vertically integrated structure—from highly dependable, high-performance platforms such as networks, servers, and datacenters to top-line applications—we will lead the domestic ICT market by proposing new ICT possibilities to customers and do our utmost to respond to customer expectations.

## Customer Solution Profile

### National Hospital Organization Nagasaki Medical Center

#### Protection of clinical data and improved medical reliability realized through a cloud-based backup system

The National Hospital Organization's Nagasaki Medical Center is the largest top-tier, comprehensive medical facility in Japan's Nagasaki Prefecture, with approximately 12,800 inpatients annually and some 800 outpatient visits per day. To fulfill its role as a key regional hospital, the center is actively using ICT to upgrade and streamline treatment and to improve medical care for the region as a whole. Among other innovations, the center uses electronic medical records and participates in the Ajsai Network of regional medical facilities to collaborate with clinics and other medical facilities in the area.

As part of these efforts, Fujitsu's HumanBridge BCP Solution was utilized to build a disaster recovery backup system for the Nagasaki Medical Center at a Fujitsu datacenter. This system enables the center to avoid the risk of a disaster destroying hospital systems and all medical data being lost, but is also a pathway for continuing treatment by referencing past medical data from other medical facilities and evacuation centers.

If the Nagasaki Medical Center's electronic medical record system becomes unusable, doctors and nurses at evacuation centers and other medical facilities can refer to medical data stored at the datacenter through the Internet, based on patient approval, and can store on-site clinical records through the memo function. Since past clinical data and basic information can be referenced, medical staff coming from other regions can also provide treatment based on reliable data.

After the ICT platform at the center is rebuilt, backup data from the datacenter will be returned to the server to restore the electronic medical record system. Clinical records inputted using the memo function during a catastrophe can be referenced from the electronic medical record system as a disaster clinical record.

Fujitsu is committed to supporting the Nagasaki Medical Center's regional medical collaboration, provision of better medical care, and promotion of greater sophistication for overall medical care in the region from an ICT standpoint, by continuing to provide consulting, system building, and operational support.



National Hospital Organization Nagasaki Medical Center

# EMEA Europe, Middle East, Africa

## Market Trends

A continued recovery is forecast in the 2012 EMEA IT market, with 2.5% year-on-year growth. >> **GRAPH 2** By region, government spending cuts and constrained IT investment will remain issues in the UK, with severe conditions likely to linger going forward. Similarly, in Germany and the Nordic region where the economy had up until now been trending toward recovery against a backdrop of robust exports, growth rates are set to slow due to uncertainty surrounding countries in the euro zone. By contrast, IT markets in Eastern Europe and Africa are projected to expand as economies in these regions continue to grow.

The size of the IT services market is expected to recover modestly, with year-on-year growth of 1.1%. Although year-on-year declines are projected in system development and other traditional IT services, growth in outsourcing and other services conducted as cost-reduction efforts is expected to remain firm.

The overall EMEA server market is forecast to decline by 2.5% from the previous year. Market expansion is forecast mainly for Eastern Europe and Africa. However, mature Western European markets are likely to contract slightly against a backdrop of increasingly severe price competition. The high-end server market is expected to continue its precipitous decline as customers shift to low-end servers. Due to this shift, the market for low-end x86 servers, a mainstay product area for Fujitsu, is expected to grow, particularly in Eastern Europe, Africa and other emerging economies. The storage market is projected to recover strongly, with year-on-year growth of 4.8%, after ending lower

last year due to supply shortfalls caused by HDD component shortages in the wake of flooding in Thailand. The PC market, meanwhile, is anticipated to grow 7.0% over the previous year on the back of sharp growth projected in Eastern Europe, the Middle East, Africa and other emerging markets, along with economic recovery in Western Europe.

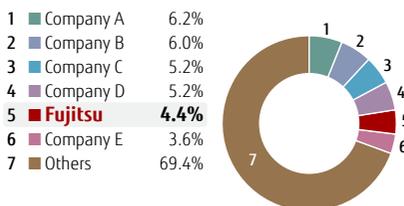
## Initiatives Going Forward

In the UK and Ireland, we will diversify risk through customer segment optimization. This will involve bolstering resources to private-sector business, pursuing further expansion in this business with an emphasis on global enterprises, and lessening our reliance on government and public-sector projects. As we continue striving to expand our infrastructure services, which comprise about 70% of our business in the region, we are shifting the business portfolio toward PaaS, SaaS and other high-value-added services to realize a highly profitable business structure. Moreover, we will move to expand our range of offerings and enhance relations with customers by pursuing expanded sales of Fujitsu-brand servers and storage, as well as reinforcement of applications, network solutions, and other businesses.

In continental Europe, we are eyeing business expansion through greater geographic coverage of emerging markets, most notably those with high market growth such as India, Russia and the Middle East. Steps will be taken to boost competitiveness in the services business by promoting delivery standardization and offshore utilization, coupled with an enhanced lineup of cloud

GRAPH 1

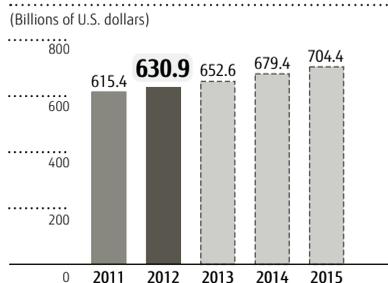
Share of 2011 IT Services Market in the UK (Revenue Basis)



(Source: Gartner, "Market Share: IT Services 2011" 9 April 2012)

GRAPH 2

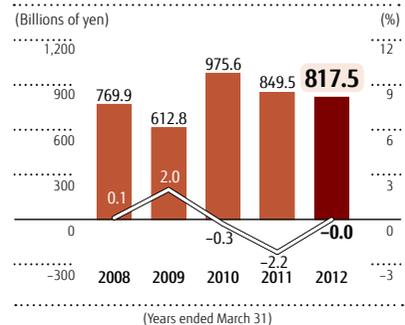
IT Market Forecasts (EMEA)



(Source: IDC The Worldwide Black Book Q1 2012)

GRAPH 3

Net Sales\* and Operating Income Margin



■ Net sales (left scale)  
 — Operating income margin (right scale)

\* Including intersegment sales

offerings. Meanwhile, sales channel reinforcement via the introduction of telesales, online sales and other tools will strengthen our x86 server and PC-centered product business. By advancing cross-selling in tandem with services, we will aim for stable growth and profit expansion.

In the Nordic region, we will use our track record in the services business with locally based global enterprises as a springboard for strengthening our approach to supporting customers developing their operations globally, with sights on business expansion. To improve profitability in the services business, we are moving forward on standardizing and sharing delivery and business processes, coupled with boosting assurance functions. Our push to improve efficiency and profitability will also include moving forward with the integration of back-office operations and service desks in the region.

## Customer Solution Profile

### Mitchells & Butlers

## UK's biggest pub & restaurant operator goes cloud with Fujitsu

With 1,600 sites in the UK, Mitchells & Butlers is a leading restaurant and pub operator whose portfolio includes many well-known brands such as All Bar One. The company devised a plan for a renewed ICT system to drive efficiencies in its business and create a platform to develop new guest-focused services, while reducing costs.

In May 2011, Mitchells & Butlers engaged in a two-phase project with Fujitsu that was designed to deliver these business outcomes. The first phase was the delivery of a superfast broadband network to the company's 1,600 businesses, including Wide Area Network (WAN) services supporting individual outlet needs, access to central applications and services to the point of sale (POS) terminals to take payments, and Ethernet for offices. The consumer-based services also include a wired and wireless Local Area Network (LAN). The second phase was the migration of old and inefficient applications to a new cloud environment hosted by Fujitsu. As anticipated, business continuity was maintained during the transition project.

Through this innovative renewal of ICT infrastructure, applications are running on average 10% faster, and those reliant on databases up to 30% faster. The company can now launch new services quickly and easily thanks to a highly efficient on-demand system, and critically, the company now has guaranteed service availability, ensuring that its business runs smoothly across all of its locations.

According to Tony Bentham, Chief Information Officer at Mitchells & Butlers: "As a result of a genuinely innovative partnership with Fujitsu that delivered equivalent innovation in technology and business processes, Mitchells & Butlers now has a robust and reliable platform on which to build our future."



# THE AMERICAS

## Market Trends

The IT market in the Americas in 2012 is expected to grow at a comparatively high rate of 7.4% year on year. This represents a trend of continued growth, despite falling short of the considerable 7.0% growth rate in 2011. In the United States, the economy is rebounding firmly overall, with concerns of a double-dip recession having mostly dissipated. Although causes for concern persist, among them high unemployment and escalating gasoline and crude oil prices, business performance and profitability are on the rise among large companies. >> GRAPH 2

In 2012, the IT services business in the Americas is expected to grow 4.8% year on year, a modest but positive improvement following the 4.5% growth of the previous year. Substantial growth is anticipated in fields such as cloud computing, social networking and big data analysis. In addition, the growing use of smartphones, tablet PCs and other mobile devices is expected to drive the market.

The hardware market is expected to remain on an overall growth trajectory during 2012, though there are signs of unevenness in individual products. The server market is projected to expand 0.1% overall, virtually flat from the 0.3% year-on-year growth in 2011. The market for high-end servers is expected to decline 21.0% year on year, a sharp contraction compared to the relatively modest decline of 1.6% in 2011. The mid-range server market is projected to expand considerably, by 10.4%, continuing growth albeit at a slower pace compared to the 13.0% growth of the previous year. The market for low-end servers is expected to

rise 5.9% year on year, substantially reversing the year-on-year decline of 0.9% in 2011. The storage market is projected to expand steadily with 7.0% growth, largely the same level as the 7.5% growth seen in 2011. The PC market is expected to see significant growth of 12.6%, further exceeding the 10.9% growth in 2011 and reflecting greater consumer and corporate demand for tablet computers. The communication devices market is projected to continue expanding steadily at a high rate of growth, although the 11.0% growth expected for 2012 is sharply lower than the 20.3% seen in 2011.

## Initiatives Going Forward

In April 2009, Fujitsu merged three of its North American subsidiaries to establish Fujitsu America as the core of business operations in the Americas. An innovation program designed to promote expansion in business scale and boost market name recognition in the Americas is currently being implemented.

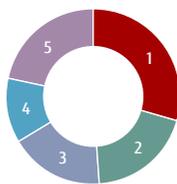
As a result, we were able in 2011 to win large-scale business deals for infrastructure services in the United States that will provide momentum for operations. We will continue the push to win more deals of this type in 2012. Furthermore, we are raising the added value of infrastructure services, including cloud business deals, and promoting a greater rate of return by focusing on the application businesses of partner companies such as SAP, Oracle, Salesforce.com, and Microsoft.

In the platform products business, we will continue to promote x86 server sales through channel upgrades and other sales

GRAPH 1

Next-Generation Metro WDM Market Share in North America (Revenue Basis)

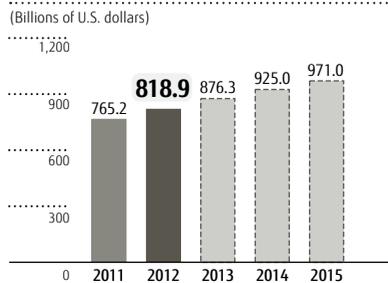
1	Fujitsu	29.6%
2	Company A	19.3%
3	Company B	17.6%
4	Company C	12.0%
5	Others	21.5%



(Source: Ovum, Market Share: 1Q12 ON Global, June 2012)

GRAPH 2

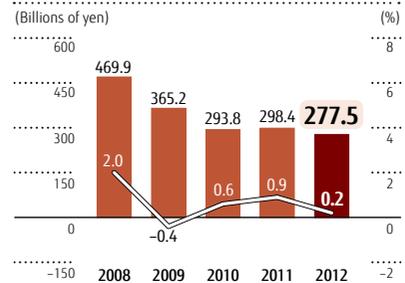
IT Market Forecasts (Americas)



(Source: IDC The Worldwide Black Book Q1 2012) (Americas: North and South America)

GRAPH 3

Net Sales\* and Operating Income Margin



(Years ended March 31)

■ Net sales (left scale)  
 — Operating income margin (right scale)

\* Including intersegment sales

structure enhancements. Plans call for applying this same model to storage and PCs to spur revitalization in the platform products business as a whole.

In Canada, along with maintaining our traditional strengths in consulting and the solutions business, we are looking to diversify our offerings by strengthening our hand in the new field of managed services. We will also use Saskatchewan-based business and IT consulting solution and services provider TMC, acquired by Fujitsu in 2012, to reinforce business development in Central and Western Canada.

With respect to business development in emerging markets, in product-centered Brazil, we will promote business expansion,

including in the services business. We will also position Brazil as a hub market from which we will push for business development in other regions in South America. Specifically, we will support the business development of customers from Europe in South America and target winning business deals for global accounts.

In North America's optical transmission systems market, investments to enhance mobile backhaul and other backbone infrastructure to cope with LTE (Long Term Evolution) and the increase in data traffic are set to continue during 2012. Along with working to win business deals that these trends present, Fujitsu will advance initiatives for developing the Canadian market and achieving expansion in the services business.

## Customer Solution Profile

### Blue Cross and Blue Shield of North Carolina

#### Fujitsu America enters into major ICT infrastructure services outsource agreement with Blue Cross and Blue Shield of North Carolina

Blue Cross and Blue Shield of North Carolina (BCBSNC) is a well-known leader in delivering innovative health care products, services and information to over 3.6 million members, including approximately 900,000 served on behalf of other Blue Plans. For over 78 years, the state's largest health insurer has served its customers by offering health insurance at a competitive price and has served the people of North Carolina through support of community organizations, programs and events that promote good health.

In December, Fujitsu America, Inc. (FAI) signed a major agreement with BCBSNC, under which FAI purchased the BCBSNC data center (located in Research Triangle Park, NC) and is providing a variety of ICT infrastructure services to BCBSNC. As part of this infrastructure, Fujitsu also welcomed approximately 185 talented employees from BCBSNC to FAI.

The agreement is valued at \$250 million over five years and includes ownership, management and support of various technology systems and functions—such as computer mainframes, servers, desktop PCs, telephone systems, networks and technology security. Fujitsu is taking over a 32,000-square-foot facility that includes about 18,000 square feet of space devoted to ICT functions. About half of that ICT space is currently being used.

"We entered into this agreement to find ways to reduce costs and increase flexibility while maintaining high levels of quality and service," said BCBSNC CIO Jo Abernathy. "We're pleased with Fujitsu America's strong, comprehensive and continued commitment to our people, business needs and technology."



# APAC, CHINA

## Market Trends

China's IT market is expected to continue its strong growth, despite the impact from a decline in exports to Europe, and a slight slowdown in the economic growth rate. Over the longer term, the country's economic structure will shift from dependence on exports to being driven by private-sector domestic consumption, and IT investment will increase with greater urbanization as foreign corporations gain more of a presence. IT investment in 2012 is projected to rise around 12.7% year on year, with strong growth expected to continue at an average annual rate of around 8.3% for the period from 2011 to 2015. >> **GRAPH 1** This continued investment is expected as China's 12th Five-Year Plan for state policy specifies information networking as an area for strategic development and cultivation, and because companies expanding into China are making plans to bolster production and sales to meet domestic demand.

In Asia-Pacific (APAC), excluding China, growth in the IT market is expected to be around 9.6% in 2012. In the short term, curbs on investment will continue in response to the slowdown in economic growth triggered by the European debt crisis and other factors. Over the longer term, however, countries will push ahead with infrastructure upgrades in line with economic development, and growing companies will continue their IT investment. For the period from 2011 to 2015, IT spending in the region is projected to remain strong with growth of around 8.9% annually.

In ASEAN countries, economic growth is slowing as a result of the flooding in Thailand. In other countries, however, public and private-sector IT investment continues to increase amid growth in

consumer spending and capital expenditure. In the East Asia region, the European debt crisis is slowing economies in the near term, constraining IT investment. Over the longer term, however, the IT market is projected to expand as a result of continued economic growth. In India, internal demand, centered on public-works projects and consumer spending, along with external demand in areas such as software services as an export industry, are expected to bring about high economic growth. Against this backdrop the willingness to invest in IT is increasing, with a projected rise of around 18.7% in 2012, and a strong average annual growth rate of 17.9% between 2011 and 2015. >> **GRAPH 2**

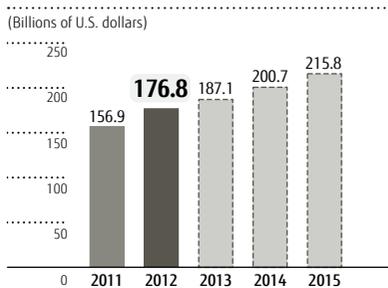
In the Oceania region, exports to China are substantial, making the region easily swayed by the Chinese economy. However, economic growth remains steady, supported by demand for natural resources, and increased IT investment during 2012 is expected to continue.

## Initiatives Going Forward

In China, Fujitsu will grow its services business for both Japanese and foreign-capitalized companies, and will develop local businesses in an effort to increase its solutions business overall. We will utilize the South China Datacenter in Foshan, Guangdong Province opened in April to the greatest extent possible, and pursue business deals for private cloud services as one of Fujitsu's core middleware products. For the platform business, we will raise sales to existing customers by focusing on value-added businesses that offer x86 servers and storage as a set.

GRAPH 1

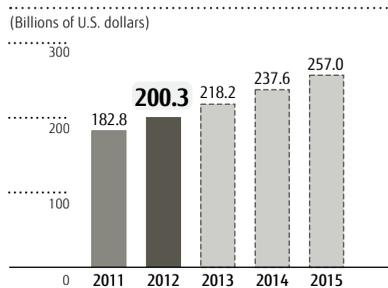
### IT Market Forecasts (China)



(Source: IDC The Worldwide Black Book Q1 2012)  
(China: Including Hong Kong)

GRAPH 2

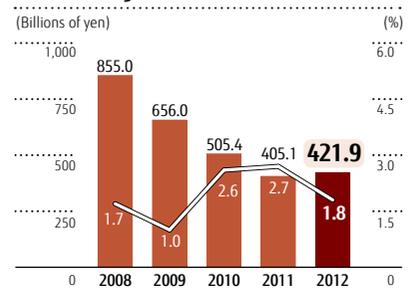
### IT Market Forecasts (APAC)



(Source: IDC The Worldwide Black Book Q1 2012)  
(APAC: Excludes Japan, China, and Hong Kong)

GRAPH 3

### Net Sales\* and Operating Income Margin



(Years ended March 31)

■ Net sales (left scale)  
— Operating income margin (right scale)

\* Including intersegment sales

In the ASEAN region, Fujitsu will expand in three areas: business services to Japanese corporations, the datacenter business, and the application development business. We are also utilizing the Fujitsu Global Cloud Platform to achieve growth in the cloud services business.

In the East Asia region, Fujitsu will increase sales of x86 servers and storage through tie-ups with local partners, and expand its cloud services business. We are also strengthening ties with major Japanese retailers and distributors and other successful companies with aggressive overseas expansion programs, and developing businesses that generate steady revenue streams.

In India, we intend to continue efforts to increase business from Europe and the United States by boosting our offshore resources. Fujitsu Technology Solutions will lead our strategy and

planning of the ICT infrastructure business in India, which will improve business in terms of both scale and management quality. We will also aggressively expand our sales of system products such as x86 servers.

In the Oceania region, Fujitsu will make its cloud services available across the entire market, build a business model to grow Fujitsu Group business outside of Japan, and pursue a larger market share and develop its business laterally across the region. By industry type, Fujitsu currently holds a strong position in public sector business, but also plans to bolster its client portfolio and broaden business scope. We will do this through full-fledged implementation of network and broadband contracts acquired in 2011, and by offering infrastructure services to the finance industry.

## Customer Solution Profile

### Australia Post

#### Long-term partnership helps Australia Post align delivery capabilities with market demands

Australia Post is the oldest continually operating organisation in Australia. Each year Australia Post delivers more than 5 billion items to 10.9 million addresses across Australia. With more than 4,400 outlets across the nation, Australia Post has the largest retail network in Australia with over 2,500 of these outlets in rural and remote areas. Australia Post is a self-funding business and receives no taxpayer funding.

Fujitsu has enjoyed a long-term relationship with Australia Post spanning over 20 years and has played an important role in supporting the company's systems. Fujitsu is engaged with the organisation on a number of initiatives including ensuring that Australia Post can leverage its long-term investment in legacy applications while staying focused on responding to current and future market demands. Fujitsu is also assisting Australia Post in initiatives in new technology areas such as digital media in new-look, retail superstores and initiatives to integrate e-commerce with delivery models under the Australia Post Future Ready program.

Australia Post Chief Information Officer Andrew Walduck said: "Fujitsu is a key technology partner for Australia Post. As well as helping us to ensure that a number of our key systems continue to support our business objectives, Fujitsu leverages its national and international base of skills to work with us to ensure we have the right technology in place to meet our future business needs."

