

Transforming Our Personnel and Organization to Create Value

The Fujitsu Group is transforming itself. We are stepping up data-driven management, raising productivity through the development of Group employees with the competence both to work in and design environments conducive to digital transformation, and advancing digital transformation based on inclusion, ownership, and innovation "ecosystems."

By encouraging Group employees to take the initiative in pursuing innovation, we will strengthen employee engagement as well as customer relationships. As a result, the organization will grow with a strong focus on Our Purpose and provide new value to customers and society.



Interview with the Chief Human Resources Officer

Q What is the objective of reforming the Fujitsu Group's human resources strategy?

A Our overriding aim is to foster a mindset and organizational culture that forge ahead with the transformation of the Fujitsu Group's businesses and contribute to the realization of Our Purpose. Digital transformation will be the growth driver of the Fujitsu Group. In other words, we will grow by helping customers transform and grow their businesses. To build the necessary capabilities, we need personnel who can identify issues and think and act independently. The development of such personnel is the objective of the human resources strategy that we are currently pursuing.

Our previous business model was based on made-to-order construction of IT systems for our customers, which called for the provision of services in accordance with given specifications. Although indispensable for the construction of stable systems, I think this role put us in a slightly passive position. Therefore, we believe that our human resources strategy must change to reflect the Group's future business model.

Q What specific measures are you taking to encourage employees to think and act independently?

A In 2020, we launched a series of measures aimed at realizing new workstyles and reforming organizational and human resources management, which we

referred to as our "Work Life Shift" initiative. In particular, the expansion of our internal job posting system and the introduction of job-based human resources management have emerged as important factors in encouraging employees to independently add to their skill sets and take on new challenges.

The introduction of job-based human resources management means a shift from the conventional approach of membership-based human resources management—in which the emphasis is on how to utilize the talent currently available—to a strategic approach to talent and organizational design in which the focus is on the type of human resources needed to execute business strategies.

Expanding and enhancing the internal job posting system has also markedly changed the relationship between the Group and its employees. Employees have far more opportunities to take the initiative in searching for and selecting positions advertised in-house, acquiring new skills as needed, and pursuing ambitious goals. Rather than management unilaterally deciding on the training and assignment of employees, the employees can now learn and build their careers proactively.

Internal job posting system **P32**

Job-based human resources management **P32**




"The introduction of job-based human resources management means a shift to an approach focused on talent and organizational design."

Hiroki Hiramatsu
CHRO

Q How have employees reacted to the major changes in the human resources system?

A The reaction has been more positive than expected. For example, more than 1,350 employees from across the Fujitsu Group responded to a recruitment drive for new managers in October 2020, and approximately 750 of the applicants received promotions to managerial positions. In addition, as of June 2021, nearly 2,900 employees had applied for open in-house positions, with more than 750 employees assuming new positions as a consequence.

In total, at least 1,500 personnel have transferred, demonstrating that employees have taken the management's seriousness about change on board. Moreover, those who have not yet applied for the advertised positions have expressed an interest in taking up the challenge in the future and developing their skills to this end. Overseas, Group company employees have asked for more information so that they can pursue their ambitions by applying for in-house positions. Through "Fujitsu VOICE" , a program for collecting employee feedback, we are able to receive employees' frank evaluations of measures in a timely manner and utilize the information to improve the systems that we have introduced.

The internal recruitment system is invigorating not only individual employees but the organization as a whole. To attract talent through the system, divisions must make themselves more appealing. Naturally, the engagement of existing division members will

also come under scrutiny. If managers want to attract personnel or retain existing personnel, they have to create environments where employees can take on challenges. To encourage the creation of such environments, one-on-one dialogues between managers and their subordinates are held Group-wide. Also, we are creating systems to ensure high-quality communication even when the participants are in different locations.

"Fujitsu VOICE"

P36

Q As well as the personnel assignment system, you have changed the personnel evaluation system. How exactly has it changed?

A We have emphasized linking personnel evaluation and Our Purpose. Creating an organization that is strongly focused on Our Purpose cannot be accomplished simply by the senior management team taking the lead in setting a direction for the Group. We believe the establishment of a vision that both managers and personnel from each division and Group company can relate to and endeavor to realize is also necessary. With this in mind, we have introduced a system that evaluates employees' contribution to the realization of our vision.

Specifically, for senior officers worldwide, we have adopted a common "balanced scorecard"* to evaluate beneficial impact on Our Purpose, the tackling of

transformation tasks, contribution to financial and non-financial indicators, initiatives under the Global Responsible Business (GRB) platform, and performance in relation to indicators. For the management rank below senior officers, targets are broken down into numerical values, and beneficial impacts rather than the degrees of achievement are evaluated.

* The balanced scorecard is a strategy and business performance evaluation framework utilizing a well-balanced combination of management indicators that have an important bearing on the realization of a vision or strategy.

Q The Fujitsu Group is promoting diversity, inclusion, and wellbeing under the GRB platform. What is the relationship between this platform and the Work Life Shift initiative?

A Since the Work Life Shift initiative contributes to employee wellbeing and promotes diversity and inclusion within the Group, we are of course seeking synergies between this initiative and the GRB platform. The platform represents the Fujitsu Group's commitment as a global company and forms the basis of business management. Meanwhile, as Work Life Shift is part of efforts by the Group to transform itself, the initiative occupies a different position and is linked to business strategies. However, the common goal of the initiative and platform is to realize Our Purpose.

GRB

P44-45, 49-50

Progress in Human Resources and Organizational Transformation


Work Life Shift

In 2020, the Fujitsu Group launched its Work Life Shift initiative, which aims to realize employee wellbeing in the “new normal” era by transitioning from a focus solely on work to a view of work and lifestyle as part of an integrated whole. We are promoting this initiative based on three key approaches. The first one, “Smart Working,” enables employees to choose flexible workstyles fitted to particular types of work, objectives, or lifestyles. The second approach, which we call “Borderless Office,” encourages location-flexible workstyles and the development of comfortable office environments that are conducive to creativity. The third one, “Culture Change,” will transform our corporate culture through human resources management based on high degrees of employee autonomy and mutual trust.

Introduction of Job-based Human Resources System

Among the three approaches mentioned above, the “Culture Change” approach seeks to align Fujitsu’s human resources strategy and organizational design with its business strategy and also to innovate the current human resources system to promote a diversification of career options. The driver of “Culture Change” is a job-based human resources system that assigns the right people to the right jobs. To achieve such a system, it is important to determine clear job descriptions in terms of responsibilities, skills, and activities based on globally unified standards and rankings. Fujitsu introduced a job-based human resources system for managers in Japan in 2020, and plans to establish a common Groupwide global system by applying this system to all Group employees.

Expansion of the Internal Job Posting System

In 2020, Fujitsu launched an internal job posting system by expanding the existing in-house recruitment system. Within the system, any Group employee can apply via a Groupwide intranet site for vacant in-house positions. The system encourages employees who want to seek new challenges in a new work environment by providing valuable information on positions and results of employee engagement  surveys for each division on the intranet. The system is encouraging healthy competition of talent among the Fujitsu Group, with some divisions adding videos or presentation slides to their job offerings to give overviews of their divisions and illustrate the rewards and growth opportunities that they offer. The internal job posting system has revitalized the entire Fujitsu Group as the increase in transfers and personnel mobility is strengthening cross-divisional exchanges, which in turn generates collaboration among different business divisions.

Employee engagement

P35

Better Communication through One-on-One Dialogues

Fujitsu employs Groupwide one-on-one meetings between managers and their subordinates in order to encourage in-house communication. We realize how important it is for employees to be able to consult with their superiors about growth opportunities and future careers, receive appropriate advice, and gain an understanding of the mission of their division and the role they are expected to play over the medium and long term in order to realize their full potential. In addition, these dialogues have a highly positive impact on employee engagement and on the clarification of Fujitsu’s Purpose as they give the supervisors and their subordinates the opportunity to take a step back from their daily reporting and consultation routine in order to discuss and clarify common visions.

Support for Self-Motivated Learning

Fujitsu has not only introduced a new human resources system, but has also replaced its traditional rank-based training system with a system that encourages employees' to take charge of their own learning and growth throughout their careers. The Fujitsu Learning Experience, an on-demand platform in cooperation with Udemy, one of the world's largest online video learning platforms, offers employees a lineup of approximately 8,800 courses—accessible at any time and any place. Using this new platform, employees can register for their aspired positions and then receive recommendations on suitable e-learning courses. In this way, employees can acquire necessary skills and knowledge in order to prepare for challenging, new positions. The platform also provides content that aims to inspire employees' ambitions like "Edge Talk," where experts from inside and outside the Fujitsu Group talk about learning and their experiences.

Strengthening Human Resources to Lead Digital Transformation

As part of the digital transformation project "Fujitra," we are training all 130,000 Group employees with the skills and knowledge required to be a driver of digital transformation. Fujitsu has defined common skills and knowledge in three areas as "digital transformation (DX) literacy": "Agile Methodology," "Data Sciences," and "Design Thinking." Based on this system, Fujitsu is developing training courses where employees can acquire the necessary practical skills to nurture human resources able to drive digital transformation. By focusing on these three areas—"Agile Methodology," used for the development of systems and software, "Data Sciences," related to digital technologies, and "Design Thinking," an approach used by designers to develop new services and create innovation—we aim to expand our business in order to create new value and realize Our Purpose.

Nurturing of Business Producers

The Fujitsu Group aims to create value in the two business domains "For Growth" and "For Stability." To this end, Fujitsu has revised conventional practices where sales personnel were assigned to specific industries and accounts in our domestic business and redefined the staff's role as "business producers" who will be leaders to provide new value to our customers. Currently, we are promoting the reskilling and education of business producers so that they can fulfill their role and create value in future markets.

The goal of reskilling is to acquire techniques necessary to drive digital transformation to become a leader in the "value creation process," which we have defined in the form of model activities for business producers. Introductory courses include lectures on market analysis, how to prepare digital transformation concepts, and design thinking. Trainees then acquire practical skills by participating in customers' digital transformation projects. After finishing both the introductory training course and the practical skills phase, participants are evaluated based on their practical skills to drive the "value creation process" as well as their knowledge and understanding of their own role as business producers.

According to a survey, 97.0% of the reskilled personnel understood the need for and endorsed the change in their roles, and graduates of the course are enthusiastically using the skills they have acquired to address social issues and contribute to customers' digital transformation projects. In addition, as some system engineers have expressed their wish to participate in this training, we are considering to offer the course to a wider range of employees.

Advancement of Fujitra

Fujitsu is promoting the Groupwide digital transformation project “Fujitra,” an initiative to revolutionize our products and services, business models, organization and business processes and culture, aiming to further strengthen our competitiveness in today’s digital age. The goals of the Fujitra project are to analyze, test, and implement a digital transformation project integrating the whole organization as well as a “Japan-style” digital transformation project that will serve as a model for our domestic customers.

The project is led by a steering committee, comprising CEO and CDXO Takahito Tokita; CIO and Deputy CDXO Yuzuru Fukuda; COO and CDPO Hidenori Furuta; CFO Takeshi Isobe; CHRO Hiroki Hiramatsu; and CMO Taeko Yamamoto. Digital transformation officers, selected from 22 divisions, four Group companies in Japan, and five overseas regions report to the steering committee. These digital transformation officers are responsible for promoting reforms across divisions, advancing Companywide measures in each division and region, and leading digital transformation at each division level by gathering insights from frontline operations on a rolling basis.

The Fujitra project is focused on breaking down rigid corporate cultures such as vertically siloed systems and over-planning that have developed among business and corporate divisions. As a “Companywide DX model,” the project focuses on initiatives based on approaches from five areas: the growth of strategic business, the creation of new business, mutually beneficial systems and environments, process re-designing, and the enhancement of profitability of existing businesses. The senior management team and the Group’s approximately 130,000 employees will unite and realize digital transformation that takes maximum advantage of digital technologies with the aim to become an organization that is strongly focused on Our Purpose and to establish a corporate culture that aims to continuously adapt to the constant changes in society.

The “One Fujitsu” Program

Fujitsu is currently promoting the “One Fujitsu” program as part of the Fujitra project, a program to reform its data infrastructure to make data-driven management possible.

The purpose of the program is to optimize decision making, actions, management, and operations at all levels of the organization from senior executives through to frontline personnel by enabling real-time analysis and the prediction of management and operations based on the latest data.

“One Fujitsu” is a management and operation reform program to standardize the data and business processes of the Fujitsu Group worldwide on a single system. The renewal of our IT systems is one step toward achieving this goal.

As the first step of the program, we are currently promoting the One ERP+ Project as part of our Enterprise Resource Planning (ERP) program, which aims to maximize value from limited resources like human resources, goods, money, and time.

The key to this project, which involves fundamental reform of existing operations, is the Group employees’ participation in and commitment to the reforms. We have assigned a data & process owner who directly reports on the progress of the project to the CEO for each significant business process, such as business negotiation management, accounting, and procurement. Under this system, we are promoting standardization and digitalization across businesses and regions.

With ERP as a starting point, we will ultimately extend the “One Fujitsu” program to encompass all operations. Globally, the program will standardize Fujitsu’s Groupwide management, business processes, data, and IT to realize management and operations that are based on a data-driven, predictive model.

Non-Financial Indicators

To realize Our Purpose, we are taking financial and non-financial measures. With regard to non-financial measures, the Group is promoting organizational transformation while focusing on seven priority issues within its **Global Responsible Business (GRB)**  platform: Human Rights and Diversity & Inclusion, Wellbeing, Environment, Compliance, Supply Chain, Occupational Health and Safety, and Community. We believe that conducting business in a way that meets our responsibilities to all our stakeholders earns the trust of customers and society and increases employee engagement. To measure our performance in these areas, we have established the customer Net Promoter ScoreSM (NPS[®]), employee engagement, and DX Promotion Indices, which show progress in advancing our organizational culture as non-financial indicators.

Employees with high engagement levels can provide customers with high-quality services, while positive evaluation from customers further increases the motivation of employees. Setting the customer NPS[®], employee engagement, and DX Promotion Indices as non-financial indicators enables us to monitor our transformation into a business organization that is strongly focused on Our Purpose and value creation for our customers.

Over the medium to long term, we will analyze and clarify the relationship between performance data based on financial and non-financial indicators as well as between performance data based on Global Responsible Business initiatives and non-financial indicators with the goals of demonstrating our dynamism as a data-driven organization and creating innovative value.

Global Responsible Business (GRB)

P44-45, 49-50

Net Promoter ScoreSM (NPS[®])


NPS[®] is a metric to measure “customer loyalty” (the customers’ levels of trust and attachment toward a company, product, or service) and is used for analyzing the level of customer experience and its improvement. While conventional customer satisfaction surveys ask about current levels of satisfaction, customer NPS[®] is calculated based on a single question concerning the probability of recommendation to another person: “How likely are you to recommend our product or service to a friend or colleague?” The resulting score is then used to predict changes in

customer behavior. The customer NPS[®] will help us to gain honest responses from our customers regarding their expectations toward our company as well as outstanding tasks. We will incorporate the insights gained from these responses in our management, operations, and products, in order to create new value and use this feedback to continuously improve our business.

In 2020, we conducted a survey that mainly targeted strategically important customers in 30 countries. We have furthermore established the CX Steering Board, a project headed by the CEO where senior management team members and customer experience leaders responsible for customer experience initiatives in each region examine business strategies and measures based on customer NPS[®] analysis. Internal discussions are also currently underway to set a Groupwide common global target for customer NPS[®] for the fiscal year ending March 31, 2022.

Employee Engagement

The Fujitsu Group has set “Employee Engagement” as a non-financial indicator and a management goal. Employee Engagement shows the level of employees’ empathy toward Our Purpose and the overall direction of our company. It furthermore measures their degree of loyalty toward the organization and gives better understanding about how autonomous and self-directed employees work and contribute to the Company. We aim to achieve an Employee Engagement score* of 75 by the fiscal year ending March 31, 2023. In 2020, the Group conducted a global Employee Engagement survey to clarify goals for Fujitsu as a group and for workstyles with the aim to speedily incorporate the employees’ feedback and changes in awareness in our business management.

Fujitsu is currently promoting “**Fujitsu VOICE**”  as one of its internal digital transformation initiatives. The aim of the program is to collect feedback from customers and employees (including the Employee Engagement survey) and incorporate it into our business management. The engagement survey results are available to all Fujitsu Group employees and incorporated into the daily management of workplaces. Each business, division, and Group company is continuously reshaping its culture to improve employee engagement.

* An average score calculated by assigning scores between 0 and 100 to each of the five answer options of survey questions

“Fujitsu VOICE”

P36

DX Promotion Indices

In 2021, the Fujitsu Group began disclosing “DX Promotion Indices,” a set of non-financial indicators in order to give external stakeholders access to objective information on the Group’s self-transformation. The indices have been established by Japan’s Ministry of Economy, Trade and Industry (METI) with the aim of encouraging companies to promote digital management reforms. To this end, the indices provide opportunities for senior executives; personnel engaged in business operations, digital transformation, and IT; and other stakeholders to share their awareness of current situations and challenges in the promotion of digital transformation and to utilize the resulting insights for further actions. Based on 35 qualitative and other indices, companies conduct self-diagnoses and submit the results to the Information-technology Promotion Agency, a neutral organization that comprehensively analyzes the diagnosis results and benchmarks them against those of other participating companies.

The Fujitsu Group will use the DX Promotion Indices to regularly measure the [Fujitra](#) project’s progress in renewing in-house processes and information infrastructure, realizing data-driven management, and revamping human resources and organizations. We will furthermore use the indices to set targets to improve our digital transformation initiatives. In the fiscal year ended March 31, 2021, when Fujitra officially started, the Group’s performance based on the indices improved from the previous fiscal year’s 1.9 points to 2.4 points. Fujitsu is accelerating its transformation initiatives with the aim to raise performance to 3.5 points in the fiscal year ending March 31, 2023.

In 2020, we were selected by METI and the Tokyo Stock Exchange as one of the “DX Stock” companies for our digital transformation initiatives. In 2021, the Group was named a “Noteworthy DX Company,” a designation given to companies with high overall evaluations or that engage in initiatives meriting particular attention. Furthermore, in March 2021 we were certified as a “DX-Certified Business Operator” under a digital transformation certification program established by METI.

Fujitra

P34

Aggregated Results of Self-Diagnosis Based on DX Promotion Indices in 2020

	n	Current average (all indices)	Average target for three years (all indices)
All companies	305	1.60	3.21
Large companies with at least 1,000 employees	141	1.98	3.57
DX-certified companies	33	2.71	4.24

Source: Report on Analysis of Self-Diagnosis Based on the DX Promotion Indices (2020 edition), issued June 14, 2021, Information-technology Promotion Agency

“Fujitsu VOICE”

“Fujitsu VOICE” is based on a common digital service that uses feedback from customers and Group employees to increase the momentum of in-house and business transformation initiatives by frequently collecting and analyzing quantitative and qualitative data and managing measures taken in light of this data. The program uses AI and analytics to digitally collect and analyze data on the emotions, experiences, and opinions of customers and Group employees. This helps us to understand the backgrounds to and reasons for specific events and reactions and enables us to incorporate these findings into our business management.

[Work Life Shift](#) is a good example of how the use of “Fujitsu VOICE” has initiated transformation. In May 2020, we conducted a two-week survey of all Group employees. The approximately 37,000 responses delivered us insights regarding the design of specific systems as well as the prioritization of measures to be incorporated into the Work Life Shift initiative. As the data-based visualization of employees’ opinions allowed for faster decisions and reforms, we were able to shorten the planning process and accelerate the launch of this system. As a Companywide initiative, “Fujitsu VOICE” is also helping us to flexibly improve our structures based on the employees’ feedback.

By collecting and analyzing not only employee opinions but also feedback from customers on their expectations, requests, and service evaluations, the Group will utilize data to enhance customer experience and deliver value to our customers.

Work Life Shift

P32