Our progress

The Fujitsu Group is committed to value creation in two business domains: “For Growth,” which contributes to the transformation and growth of customers’ businesses, and “For Stability,” which contributes to improving operation of customers’ IT infrastructure and supports customers’ stable business operations. At the same time, we are strengthening the foundations for value creation by establishing non-financial management indicators that show the progress of our own transformation and pursuing the optimal form of human resource and organizational management required of a DX company.
Entering the final lap for the medium-term plan

March 31, 2023, marks the end of fiscal 2022 and the time limit for achieving the targets of our medium-term plan. There are only several months left to go. When we formulated our medium-term targets we did not envisage a pandemic, but the resulting impacts that included supply chain disruptions compelled us to review our financial targets for revenue. Although our target for operating profit margin remains challenging, we believe that it is achievable. Our confidence is based on our progress in the "For Growth" and “For Stability” business domains, in which we have been making operational headways in four priority issues for creating value.

Rebuilding our global business strategy

Despite the impact of procurement delays for components owing to the global chip shortage, we successfully achieved profitability for all regions in the fiscal year ended March 31, 2022, as we finally realized the results of our structural reforms implemented up to the fiscal year ended March 31, 2021. Although we have just begun to establish a structure to generate stable profits and achieve growth, our growth path is becoming clearer.

In April 2022, the former Global Solutions Business Unit was reorganized into the Global Solutions Business Group and the Global Customer Success Business Group. With this move, some of our solutions development operations, which were previously carried out regionally, have now been integrated into the Global Solutions Business Group. This has created a structure in which our four regions—Japan, Europe, the Americas, and Asia Pacific—can concentrate their management resources on sales and service delivery.
Four elements: offerings, accounts, delivery, and alliances

We are working to prepare the four elements that are essential for global business growth: global offerings, global accounts, global delivery, and global alliances.

First, we made rapid progress in expanding our global offerings during the fiscal year ended March 31, 2022. This has been our highest priority over the past two years, and an urgent issue in the sense that businesses cannot exist without products and services to sell. We are now seeing the results with growing orders for offerings based on collaboration with partners including SAP, Salesforce, and ServiceNow.

In global accounts, which clarify the approach for strategic customers with global business operations, we have completed the formulation of account plans and sales strategies, and we are now at the stage of implementing them under the Global Customer Success Business Group.

In terms of global delivery, we have internalized utilizing our Global Delivery Centers (GDCs), which are sites for development, in each region, including Japan. As our next step, we will continue to expand the scale of our GDCs from the current level of 20,000 people while pursuing further efficiency and productivity gains through the use of AI and automation.

Second, we will expand the scope of our “Centers of Excellence” (CoE), from mere knowledge accumulation points to centers to cover more specialized fields than previous infrastructure services and help desks. Finally, with regard to global alliances, we will collaborate with the aforementioned partners SAP, Salesforce, and ServiceNow and also Microsoft to pursue added value that only the Fujitsu Group can provide. The source of added value is our hands-on insights gained through extensive internal practice and the potential to combine partner services with proprietary technologies such as our Digital Annealer.* Moving forward, we will continue to work with leading partners while assessing customer needs.

Fujitsu Uvance

To accelerate the growth of our global business, we are currently focusing our efforts on Fujitsu Uvance, which defines our vision for society in 2030. We do not yet have an established, comprehensive service portfolio as we have just started providing services under Fujitsu Uvance in 2022. The reason is that Fujitsu Uvance is to continue changing and developing in step with the constantly evolving market up to 2030.

For the fiscal year ending March 31, 2023, we will begin providing services in Horizontal areas, which we have built based on our global offerings, and in Vertical areas, such as Sustainable Manufacturing, where we already have a certain number of offerings prepared. In parallel, the Fujitsu Group plans to develop its own original services and to expand services through collaboration with global alliance partners, working toward a full roll-out in the fiscal year ending March 31, 2024. In Vertical areas in particular, we will step up our efforts on service development through co-creation with customers.

Strengthening problem-solving capabilities in Japan

The success of our efforts to reskill our 8,000 sales personnel in Japan is reflected in the data in OneCRM, an integrated customer relations management program. As of March 31, 2022, in half of our business deals in Japan, we have made proposals for helping to strengthen sustainability management, including measures to reduce CO2 emissions, that go beyond the requirements of the requests for proposal (RFP) documents provided by customers. Of these cases, around half of the customers have reacted positively, remarking that the Fujitsu Group proposed novel solutions to their challenges and pointed out new possibilities. I believe this is the best proof that we are gradually developing a mindset of thinking first and foremost as a business producer about what customers want to achieve and what they need to succeed.

* Fujitsu’s proprietary quantum-inspired digital computing technology that can rapidly solve combinatorial optimization problems that prove difficult to solve using current conventional computers
Helping to make customers’ businesses even more stable

The Group’s primary earnings base is currently in the Japan market. In this area, the Japan Global Gateway (JGG) plays a driving role in increasing profitability and ultimately achieving our operating profit margin target. JGG is an organization responsible for service standardization and expansion of shared services. It is the key to increasing productivity through expanding the use of GDCs in the domestic business.

The creation of a scheme for the collaboration process with GDCs through JGG is largely complete. The process of matching requests from the front lines of customer service with human resources from JGG/GDCs has been considerably streamlined with a system that utilizes AI, and the utilization of GDCs is now expanding steadily. By the end of fiscal 2021, approximately 40% of all projects in Japan had adopted service standardization, and we plan to increase this to 50% by the end of this fiscal year. In terms of personnel, out of the 20,000 GDC members, the number of personnel assigned for Japan was 8,400 as of July 2022, up from 4,000 as of April 2021, and is scheduled to increase to 9,000 by September.

In response to a security incident in Japan, we have been promoting total inspections and drastic reforms of all systems, including IT, governance, organizations, human resources, and business processes. With regard to organizations and human resources, we established the Global Information Security Unit in October 2021 and are increasing the numbers of our security personnel.

Being the customer’s best DX partner

In the Global Customer Success Business Group, we have strategically assigned highly skilled and experienced business producers to global accounts as “Account General Managers” (AGMs). The mission of the AGMs is to carefully consider and identify customers’ management issues and the social issues that they are facing. Naturally, it is not enough to just talk with the customers’ IT divisions; it is also necessary to approach the so-called “CxO” management level, such as the CEO, CIO, and CDO. In 2021, we assigned AGMs to some of our customers in industries such as manufacturing and distribution, and, as a result, more in-depth proposals were made. We therefore started to expand these assignments to global accounts in all industries in April 2022.

Medium-term growth

I have explained that JGG and the GDCs are key to achieving our medium-term targets, in particular our operating profit margin target. However, our true goal for realizing Our Purpose lies beyond that. In pursuing sustainable corporate value, we will make a supreme effort to promote Fujitsu Uvance with a view to achieving medium-term growth, and to reform our security framework in order to maintain and strengthen the Fujitsu brand.
Progress of key measures and future policies: Capability enhancement

Ridgelinez

Toshiya Imai
Chief Executive Officer
Ridgelinez Limited

Progress through the fiscal year ended March 31, 2022

- Ridgelinez started operations in April 2020 as a new Fujitsu Group company that provides consulting services key to navigating DX for our customers.
- The company works to solve management and business issues faced by customers, providing them with optimal technologies that go beyond Fujitsu Group products and services when implementing digital technologies.
- We focus on four areas: business transformation aimed at improvement of customer experience, optimization of business execution, organizational and personnel reforms that bring about improvement of employee engagement, and data-driven management. We use digital technology as a driver to accelerate transformation in these areas, with the establishment of ICT infrastructure and cloud migration as the main pillars.
- In the fiscal year ended March 31, 2022, orders received grew by nearly 30% year on year due to the success of strengthening approaches to customers' management and expanding brand recognition through proactive marketing activities.
- We completed the introduction of a human resources system to maximize employee performance and put in place a human resource management framework as a consulting firm. We have also strengthened recruitment activities; the percentage of employees from the Fujitsu Group, which accounted for most of the employees immediately after the start of operations, has leveled off, and currently about half of the employees were recruited externally by Ridgelinez.

 Policies and targets for the fiscal year ending March 31, 2023

- We continue to pursue a basic policy of focusing on four areas and utilizing digital technology as a driver of change, as well as on the customers' management level approach, aiming to expand the order pipeline and achieve stable growth.
- To strengthen the foundations that support stable growth, we aim to build an organizational structure that continuously generates profit, and emphasize the realization of companywide transformation utilizing the "4X* + Digital" framework as a companion for further customer transformation.
- We are deepening our alignment with Fujitsu Uvance to develop upstream consulting functions that are essential for providing services starting from social issues, including sustainability management and carbon neutrality.
* Customer experience, operational excellence, employee experience, management excellence

Medium-term issues

- Raise brand recognition as a consulting firm
- Continuously recruit high-quality talent and prepare for the launch of international offices for the consulting business

Strategic Growth & Investments (SG&I)

Nicholas Fraser
Corporate Executive Officer
SVP, Strategic Growth & Investments

Progress through the fiscal year ended March 31, 2022

- We launched SG&I in March 2020, with a mission to establish a capability to guide and govern inorganic growth activities across the company worldwide. Since then, we have built a world-class team that collectively delivers domestic and international mergers and acquisitions, global venture investments, and professional support for various "business-building" activities, such as joint ventures or new business formulations. The team today has a global mandate which it delivers from the home office in Tokyo, and a team in London established in late 2021.
- In addition to building and managing a diverse global team of experts and transactions, we are responsible for creating a centralized global governance structure for investing and also for establishing and running the committees to ensure timely and balanced decision-making.
- With our governance committees now in place, we have completed one acquisition in Japan and three in Oceania (Versor, oobe, and Enable Professional Services) and have made nine venture investments (notably, Autofleet in Israel and QunaSys in Japan). We have supported major efforts to launch new businesses in Japan including a strategic alliance and investment with Palantir, a joint venture with drug-discovery start-up PeptiDream, and a strategic partnership with Dentsu/ISID.

Policies and targets for the fiscal year ending March 31, 2023

- We entered the current fiscal year with a pipeline of transformational and strategic acquisition opportunities that support both the transformation of the Company’s services and the new Uvance agenda. Working closely with both business groups and Uvance sponsors, SG&I will help accelerate the transformation of traditional IT services ("Modernizing the Core") and enhance our portfolio of new solutions ("Building the New—Uvance").
- This year will mark the establishment of a new incubation program called Fujitsu Launchpad within SG&I. It focuses on helping Fujitsu individuals and business groups develop, evaluate, and commercialize innovations.
- Despite economic and geopolitical headwinds, we anticipate this year to mark the start of Fujitsu’s wave of programmatic inorganic activity, with SG&I team members providing professional guidance every step of the way.

Medium-term issues

- Attracting, developing, and retaining a global pool of world-class talent
- Maintaining a healthy pipeline of growth opportunities across M&As, venture investments, business building, and new business development
- Global economic outlook and geopolitical stability
Progress through the fiscal year ended March 31, 2022

As the organization spearheading the Fujitsu Group’s transformation, we have promoted the integration of the sales/SE (sales and production) organizations and the transformation of the delivery model, i.e., standardization of services through collaboration with JGG and realization of the expanded use of GDCs.

We started activities by assigning Account General Managers, who are integrators of production and sales, mainly in the manufacturing industry, to specific customers with global business operations. In addition, we have promoted the development of DX business consultants who accompany customers in solving their issues.

Progress through the fiscal year ended March 31, 2022

In our Japan Region business, we target the central government, telecommunications and media, electricity and gas, social infrastructure, and other mission-critical companies and businesses in Japan. In addition, Fujitsu Japan, a subsidiary of Fujitsu, operates in the areas of the local government/private sector demand, healthcare, and education businesses.

As “One Team,” we have been breaking down silos and creating synergies to promote customer-oriented, speedy business, and organizational transformation. Deployment of Account General Managers, which has been underway since the previous fiscal year, has expanded to large customers in all areas of the industries for which we are responsible.

We intend to design and implement global customer programs and take a leading role, as a point of contact to customers, in globally promoting Fujitsu Uvance and other offerings and business development.

We are strengthening proposals and deployment of global offering-based solutions to solve management issues faced by target customers.

We are focusing on building a business that will be a showcase for Fujitsu Uvance.

We will further promote efficiency in service delivery by embedding behavioral change among business producers and expanding the use of JGG and the GDCs.

We aim to curb the occurrence of unprofitable projects by identifying and preventing potential issues and strengthening quality and risk management through the use of AI and data.

Medium-term issues

We will give shape to the adoption of DX in the infrastructure systems that support society, including the Japanese government’s vision of a Digital Garden City Nation, and contribute to their expansion.

We will strengthen proposals for new business and business transformation to customers and create strategic medium- to long-term projects.

We will expand the ecosystem to collaborate with companies and organizations outside of the Fujitsu Group to solve social issues.

Policies and targets for the fiscal year ending March 31, 2023

In Japan, a subsidiary of Fujitsu, operates in the areas of local government, communications and media, electricity and gas, social infrastructure, and other mission-critical companies and businesses in Japan. In addition, Fujitsu Japan Limited was established in October 2020 after the reorganization of the former Global Solutions Business.

In collaboration with JGG, we are further ensuring standardization and the use of the GDCs.

Policies and targets for the fiscal year ending March 31, 2023

Fujitsu Japan is concentrating its management resources in markets and offerings where it has a strong competitive edge, to achieve growth and contribute to the Group’s goal of achieving a 10% operating profit margin in Technology Solutions.

We are accelerating the shift to a solution-proposing business that takes customer issues as its starting point.

In collaboration with JGG, we are further ensuring standardization and accelerating the improvement of productivity and quality of services.

Medium-term issues

Fujitsu Uvance offerings will be integrated into Fujitsu Japan’s proposals to our target customers to help solve their challenges.
Improving service quality and productivity through the use of Japan Global Gateway (JGG) and Global Delivery Centers (GDCs)

What are JGG and the GDCs?

JGG supports the provision of IT services and DX offerings in Japan with approximately 7,500* system engineers (SEs). Specifically, JGG is responsible for all processes from service delivery and offering implementation to operation and maintenance for projects ordered by customers via business producers and customer-facing industry SEs—the point of contact with customers.

The GDCs, on the other hand, support the global business development of the Fujitsu Group with approximately 20,000* personnel, and are responsible for a wide range of operations including software and application development, operation services, and call center outsourcing services. GDCs are located in the Philippines, India, Poland, Costa Rica, and other countries and regions with a high concentration of highly skilled IT professionals, providing services in more than 40 languages in four regions—Japan, Europe, the Americas, and Asia Pacific.

Until recently, the Group’s business in Japan has been centered on the development and operation of customized systems on the basis of individual-customer contracts, which has limited the standardization of services and prevented the GDCs from being fully utilized. As a result, service quality was inconsistent and productivity was low. At the same time, it was difficult to secure sufficient domestic SE resources that should have been allocated to high-value-added DX projects. JGG was established to resolve these issues and maximize the use of GDC resources to simultaneously improve service quality and productivity.

*1 As of April 2022

Optimal allocation of human resources using AI

The first piece of business that JGG undertook was to subdivide all work processes from design, development, and testing to service delivery and offering implementation into tasks, thoroughly define them, and standardize them. By eliminating as much as possible ambiguous elements such as manufacturing in accordance with conventions established through longstanding business relationships with customers, and by standardizing work processes and work content, we have created a system that allows GDC members to clearly understand the scope of work. By April 2022, standardization had been applied to all projects in which GDC participates in Japan. As a result, we are working together with approximately 8,400* GDC members, including 4,300 English-speaking personnel, and we plan to reach 9,000 GDC members by September 2022, six months ahead of schedule for the current fiscal year, for the establishment of a development system for GDC members.

Next, we introduced the “shared service model” to JGG. This is a shift from the previous system in which a lead SE was assigned to each customer to one in which a lead SE is assigned to each type of service. The SEs assigned to a particular “shared service” and the GDC members who work with them are responsible for the entire process from development and implementation to operation and maintenance as professional engineers who provide such services, regardless of the customer. The “shared service model” has enabled the speedy provision of high-quality services to customers, while SEs belonging to JGG and the GDCs, respectively, have been able to improve their own expertise and know-how to enhance work efficiency.

We are also planning to build a system that uses AI to match the skill sets required by business producers and industry SEs—the points of contact with customers, with the skill sets possessed by JGG’s engineers. By visually mapping the skills and operating information of JGG members, we expect to realize DX, in which we will be able to respond to requests from the project side with prompt and appropriate staffing.

*2 As of July 2022

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<td>1. Custom application development&lt;br&gt; System structure design-IT process for system integration development</td>
<td>2. SAP&lt;br&gt; Installation–support services</td>
<td>3. Technical architecture&lt;br&gt; Construction, operation, and maintenance processes for infrastructure</td>
<td>4. Custom application managed service&lt;br&gt; Operation and maintenance processes for applications</td>
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The center team participates from the planning phase and is responsible for design and development throughout.
An industry (public sector) SE's view

Tsubasa Nozawa
Manager

With the availability of JGG’s shared services, even for large-scale projects, the construction of infrastructure such as cloud computing and operating systems is now left to JGG. We, the industry (public sector) SEs who are the point of contact with our customers, have a clear division of labor, coordinating the distribution of work among SEs with specialized skill sets such as middleware and databases. In addition, since the JGG members assigned to projects serve as a bridge between the customer-facing front office and the GDC, we, in a positive sense, no longer have to focus on the GDCs, and have come to concentrate solely on communication with the JGG engineers, which has made project management more efficient.

The tools required for infrastructure construction projects have been standardized and automated to minimize manual work. The quality of the materials and deliverables provided by JGG during the course of the project are also top-notch, reflecting its experience in carrying out numerous projects. This is also highly valued by customers, together with the speed and cost advantages JGG offers.

By feeding back the know-how of industry SEs to JGG, we are looking to co-create with JGG the expansion of shared services and the delivery of even higher quality services.

A JGG SE’s view

Takayuki Misu
Senior Manager

The Fujitsu Group’s service delivery transformation is being felt within JGG. As a specialized engineering group, JGG’s SEs are now able to focus on more specialized integration, and it has become commonplace for one SE to carry out multiple projects in parallel. With the development of shared services, GDC members have become more capable, and there are almost no more situations where they have to communicate work procedures manually from scratch. A system in which JGG SEs and GDC SEs work together as “buddies” has been introduced; they communicate on a regular basis and work together based on mutual understanding. The previous relationship between SEs who requested work and GDCs who took care of it has changed to one where they work together as members of the same project.

In the future, I would like to take on the challenge of integration using the latest technologies and integration of large-scale projects. With the shortage of IT personnel in Japan, JGG, as the delivery manager, will take the lead in standardizing the latest technology, globalization, and best practices.

A GDC SE’s view

Christen Paul Zamora
Senior Engineer

I joined the Philippines GDC a few months before JGG became fully operational in April 2021. With the jump start of JGG, the GDC’s work for Japan has rapidly expanded. Today, it is not uncommon for one development project to begin before the previous one is completed. My own skills as an SE are enhanced by working on numerous projects and gaining experience.

The presence of a “buddy” at JGG helps to deepen mutual understanding of work arrangements and progress between the JGG and GDC sides, which is a big plus for smooth development of offerings. From the perspective of controlling risks or resolving problems in the early stages, it is important to have a structure where concerns and unclear points that arise in the course of work can be easily communicated and resolved with a “buddy” via chat.

In between projects, I try to learn new skills and acquire certifications. It is very rewarding because I can actually use the skills I have learned through the acquisition of certification on projects. By growing myself, I hope to contribute to the growth of the Group as well.
Europe Region

Paul Patterson
Corporate Executive Officer
EVP, CEO, Europe Region

Progress through the fiscal year ended March 31, 2022
- We undertook structural improvements in two regions, Northern & Western Europe (NWE) and Central & Eastern Europe (CEE), including simplifying our operating model and withdrawing from low-margin and unprofitable businesses.
- Development of Global Offerings, which had been partially conducted at the Regional level, was transferred to the Global Solutions Business Group to simplify internal processes and accelerate time to market.
- Our focus on strengthening customer relationships and improvements to service delivery, both in-country and using our Global Delivery Centers, resulted in improved customer satisfaction scores.

Policies and targets for the fiscal year ending March 31, 2023
- In April 2022, the Service businesses in NWE and CEE were merged into the new Europe Region to increase our focus on growth particularly in Digital Services market segments. The Products business moved into the System Platform Business Group.
- We are focusing on selected strategic accounts and qualified new business to build closer customer relationships.
- We continue to build consulting and sector expertise to proactively identify solutions for our customers' business issues.
- We are building skills for the future by recruiting, retaining, and developing a diverse workforce.

Medium-term issues
- Geopolitical instability and rising inflation in Europe are pointing toward reduced market growth and economic challenges. Our plans will adapt to focus on opportunities to support our customers while mitigating adverse impacts to our cost base.
- We will strengthen capabilities, including through M&As, to increase our ability to digitally transform our customers and implement Fujitsu Uvance's growth strategies.

Americas Region

Doug Moore
SVP, CEO, Americas Region

Progress through the fiscal year ended March 31, 2022
- Withdrawing from unprofitable business areas in North America and accelerating the shift to digital services contributed to the growth of the Americas business in fiscal 2021.
- To improve profitability of our services business, we shifted resources to large strategic accounts focusing on global offerings and optimized delivery through standardization using Fujitsu's global delivery methodology.
- Major subsidiaries in North America were integrated into one entity during fiscal 2021.

Policies and targets for the fiscal year ending March 31, 2023
- Our focus for the fiscal year is to achieve profitable and proportional growth by driving new accounts in underserved territories such as the public sector in the US and the private sector in Canada.
- We aim to sell more global offerings and improve profitability by strengthening our global alliances through augmentation of our partners' services with Fujitsu solutions such as GLOVIA OM, and through increased use of our Global Delivery capabilities and automation.

Medium-term issues
- Looking further out, as we implement the Fujitsu Uvance growth strategy, we will build on our digital core capabilities to further develop into a consultative digital services business.
- We will deliver sustainable enterprise transformation and superior business value to customers across industry sectors enabled by Fujitsu Uvance's horizontal and vertical offerings.

Asia Pacific Region

Graeme Beardsell
Corporate Executive Officer
EVP, CEO, Asia Pacific Region

Progress through the fiscal year ended March 31, 2022
- Established industry-oriented go-to-market model with an objective of strengthening our industry insight and relevance.
- Inorganic growth strategy continues to gain momentum. Two acquisitions completed, strengthening the capabilities required to provide value-added services business.
- Expanded the use of GDCs in service delivery, continuously enhancing delivery capabilities and quality.
- Improved gender equality at Fujitsu Oceania and launched Māori and Pacific Peoples Inclusion Plan in Aotearoa New Zealand.

Policies and targets for the fiscal year ending March 31, 2023
- Launch new organization structure for APAC Region.
- Refine strategy across APAC. Focus on bringing strategy to life through Fujitsu Uvance, with a strong industry lens and a consulting-led manner.
- Focus on implementing an APAC operating model to strengthen capabilities across the region; leverage our scale through resource sharing where appropriate.
- Continue with pragmatic M&A strategy. Complete third acquisition.
- Further Purpose actions:
  - Promote digital inclusion through First Nations-led program.
  - Continue to be a diverse and inclusive employer of choice.
  - Execute renewable power purchasing agreement to reduce carbon emissions by 30% or more in Australia.

Medium-term issues
- Full-scale rollout of Fujitsu Uvance.
- Utilize GDCs, automation, and standardization to improve customer outcomes and productivity.
- Continue to leverage inorganic growth strategy to strengthen capabilities and transform business across APAC.
Non-financial indicators

With regard to the three non-financial indicators set forth in the management objectives, we asked the executives in charge why the indicator is important to the Fujitsu Group, what the numerical target means, and what improvements are planned in the future.

Customer Net Promoter Score℠ (NPS®)

Taeko Yamamoto
Corporate Executive Officer, EVP, Chief Marketing Officer (CMO)

Listening to customers through a common global survey
Customer NPS℠ is a metric that enables objective evaluation of customer loyalty, i.e., the customers’ level of trust and attachment toward a company. Unlike customer satisfaction, which indicates the degree of satisfaction or dissatisfaction with a purchased product or service, customer loyalty is characterized by its ability to determine the degree of customer attachment and the likelihood of repeat purchases.

The Group uses Customer NPS as one of its non-financial indicators in order to realize customer-centric management. By listening to our customers through Customer NPS and providing services that accurately meet their needs, or by making proposals that anticipate their needs, the value of the customer experience is enhanced, and Customer NPS is further increased. We believe that creating such a positive cycle will result in the enhancement of the Fujitsu Group’s corporate value.

As a mechanism for listening to customers’ opinions and improving the customer experience globally, CX leaders are assigned to each region to lead improvement activities at the field level, and on the management side, the CX Steering Board, chaired by CEO Takahiko Tokita and attended by business managers from each region, is held quarterly. This mechanism creates a “feedback loop” that addresses customers’ issues as management issues, proposes improvement actions, examines areas for investment, and verifies the effectiveness of the measures.

Aiming for continuous action for improvement
While there are many companies globally that utilize Customer NPS, there are very few that publicly announce it as a management indicator along with a numerical target. In this context, the Fujitsu Group has set a target of a 3.7-point year-on-year improvement for the fiscal year ending March 31, 2023, as we are committed to building relationships of trust with our customers. The fact that the target is not an absolute value but a point improvement over the previous fiscal year also reflects our determination to continuously enhance the value of the customer experience by reflecting customer feedback, as no score is ever enough.

In setting the target, we carefully examined each of the approximately 2,000 responses we received from customers in our global survey and aggregated the number of points that could be improved through actions taken in the current fiscal year. Considering that the actual improvement in the fiscal year ended March 31, 2022, when we took a similar approach, was 2.3 points year on year, we believe that the 3.7-point year-on-year improvement we are aiming for this fiscal year is a high target that cannot be achieved merely through an extension of our previous efforts.

It is important to note that the Customer NPS is only an indicator, and “score improvement” is not the objective in itself. It is important to carefully listen to customers’ opinions through NPS surveys, and to continuously implement improvement actions that contribute to enhancing the value of the customer experience. In the fiscal year ending March 31, 2023, we will work to improve the value of the customer experience by taking concrete actions such as strengthening our DX proposals, building a mechanism for sharing best practices globally to strengthen our proposals, and introducing a system that will enable us to quickly follow up on customer feedback, particularly with regard to critical feedback.
Employee engagement

Hiroki Hiramatsu
Corporate Executive Officer, EVP, Chief Human Resources Officer (CHRO)

Aiming for both personal and corporate growth
The Fujitsu Group’s greatest management resource is its employees, who are the source of the value it provides to customers. Our experience has shown that highly engaged employees are better able to provide customers with high-quality services, and that positive customer evaluations correlate with employees having a more positive attitude toward their work. We believe that increasing the engagement of each and every employee leads to the growth for both the individual and the Group.

Based on this belief, we have set “employee engagement,” which demonstrates empathy for Our Purpose and organizational culture and enthusiasm for work, as an indicator to measure the sustainable growth of the Group, and we are promoting various initiatives to improve it. Sharing of the organizational vision is one example. The heads of each division or team verbalize their vision for the realization of Our Purpose and share it with the members to elicit empathy and motivate them. In addition, supervisors who interact with members are also working to strengthen workplace management. One-on-one meetings are held to help members understand their role and the Company’s expectations, and to put this understanding into practice. In addition, as a company, we support career ownership by providing opportunities to think about careers and a wide range of growth and challenging opportunities.

Setting goals appropriate for a global company
The Fujitsu Group has clearly stated its aspiration to be a purpose-driven company and has introduced measures to broaden the range of work options for employees. In this context, we conduct a survey to measure employee engagement twice a year on a global basis in order to grasp changes in organizational culture, employee workstyles, opinions, and awareness in a timely manner, and to reflect the results in our management in a speedy manner.

The target value of 75 is a number that has been determined using global companies as a benchmark. The actual number varies widely, as it is affected by a company’s business, the business environment in different countries and regions, and the diversity of countries from which employees come. Frankly speaking, 75 is clearly a high target for our Group. Nevertheless, we aim to achieve our goal, determined to claim our place as a leading global company.

Survey results are disclosed on an intranet page available to all Group employees. The results for each department are also shown to encourage managers to use the results to make changes to improve day-to-day management and engagement in their respective workplaces. In addition, departmental results are also utilized in a posting system to meet the information needs of employees who are willing to take on challenges in a new environment.

Through analysis of the survey results, it became clear that there is a strong correlation between one-on-one meetings and employee engagement. This indicates that discussing and clarifying a vision that supervisors and subordinates can share, apart from routine work reporting and consultation, is extremely important from the perspective of employee engagement and creating a purpose-driven organization. On the other hand, my own perception is that there is no panacea for improving engagement drastically. We will continue to support individual growth by using data to communicate with all employees and understand their diverse values.
Capturing changes in the process toward the realization of Our Purpose

The definition of “DX” for the Fujitsu Group is based on the description of the “DX Promotion Indices” set by the Japanese Ministry of Economy, Trade and Industry for the purpose of promoting corporate digital management reform. In order to grasp the changes the Group is undergoing in the process of achieving Our Purpose, we have set up the DX Promotion Indices as one of the non-financial indicators, and are conducting a diagnosis of the maturity level of DX promotion in a common format on a global and Groupwide basis. By conducting detailed diagnostics for each division, we are able to grasp the progress of reform and the results of measures and to take appropriate action.

Another aim of the DX Promotion Indices as a non-financial indicator is to accumulate knowledge as a partner that can spearhead our customers’ DX efforts. By implementing initiatives in accordance with the DX Promotion Indices and increasing the maturity level of DX, the Group will be able to provide the knowledge gained in this process to our customers through our business.

The DX Promotion Indices are set on the premise that companies conduct their own self-diagnosis. In order to ensure objectivity in self-diagnosis, the Fujitsu Group uses the opinions of all Group employees, which are compiled every six months, as the basis for scoring, and incorporates a third-party evaluation by Ridgelinez. The feedback collected in this process is also used by the DX officer in charge of DX promotion in each division to determine the progress of divisional initiatives, make decisions on measures to be taken next, and revise the course of action in the Groupwide DX project Fujitsu Transformation, or “Fujitra.”

Internal change is the key to continuous improvement

We have set a numerical target for the DX Promotion Indices of 3.5 by the end of the fiscal year ending March 31, 2023. According to the Ministry of Economy, Trade and Industry’s “DX Promotion Indices,” a company is classified as a “DX leading company” if it achieves an average of 3 or more across all qualitative indicators for all surveyed locations.* Therefore, by achieving this goal, we are aiming to become one of Japan’s leading DX companies, with a level that we can be proud of on a global scale.

Of course, 3.5 is not the goal. We believe that internal reforms in the three areas of “mindset and corporate culture,” “human resource development and retention,” and “incorporation into business operations” will help us achieve our goals. In terms of “human resource development and retention,” it is essential to firmly establish and activate human resource development measures, such as reskilling education and the exPractice program for DX talent enhancement, as well as human resource mobility measures, such as the job posting system. The “incorporation into business operations” largely involves the acceleration of measures such as Fujitsu Uvance, service delivery transformation, and business process transformation.

We will utilize the DX Promotion Indices to enable all Group employees and external stakeholders to monitor the progress of the Group’s reforms, while also ensuring that the initiatives we have promoted to date take root and permeate the Group.

Challenges of the Task Force on Non-Financial Indicators

Toward clarifying the relationship between the three non-financial indicators, GRBs, and financial indicators

The Fujitsu Group aims to contribute to the sustainability of society through the promotion of business that has the resolution of social issues at its core, while also practicing its own sustainability management to achieve its Purpose. Financial and non-financial indicators measure the progress of these business activities and sustainability management, and are set as medium-term targets in our Management Direction.

In January 2022, we established a Task Force on Non-Financial Indicators to determine—based on data—what initiatives contribute to the improvement of the non-financial management indicators of Customer NPS®, employee engagement, and DX Promotion Indices, how GRB (Global Responsible Business) ® initiatives affect non-financial indicators, and what relationship exists between financial and non-financial indicators.

In order to examine non-financial management indicators from various perspectives, members from many departments participate in the task force. We spoke with the members about their sense of purpose in participating in the task force and what they focus on in their efforts.

Clarifying the relationship between GRB and non-financial indicators

We believe that financial and non-financial indicators should be related to each other, rather than each of them existing independently. However, at this point, the relationship between the two has not been verified by data, so it is still a matter of hypothesis and speculation. As we are a company that advocates data-driven management, we were determined to clarify the relationship between financial and non-financial indicators and to highlight it to the Group and others. This is what encouraged us to form a task force.

From a macro perspective, there is a major trend toward increased stakeholder interest in the impact of environmental, social, and governance (ESG) initiatives on corporate value. Moves toward standardization of global disclosure standards are also taking shape, and companies are stepping up their proactive disclosure of non-financial information. We believe that it is necessary to organize the logic of non-financial indicators with a view to responding to these new frameworks.

As a participant from a department that promotes sustainability management, I am eager to elucidate how GRB relates to non-financial indicators. Sustainability initiatives tend to be abstract, but they, too, will accelerate if they are data-driven and have a clear relationship with value creation. On the other hand, if the data shows that the KPIs set by GRB are not relevant in terms of value creation for the Group, I expect that this will lead to a concrete action of track correction.

Linking “trade-on” to employee satisfaction

Fujitsu’s mission is to “make the world more sustainable by building trust in society through innovation,” and we think that it is a major proposition to examine how to explain the logic of the “trade-on” (the positive mutual effect) between sustainability and enhanced corporate value. In other words, “trade-on” means that financial and non-financial indicators are connected. Our task force’s objective is to elucidate this relationship based on data and communicate it in an easy-to-understand manner to which employees can relate. In analyzing this relationship, we aim to build a logic model that is unique to the Fujitsu Group.

Ultimately, we believe that one of our goals is to ensure that these trade-ons lead to the satisfaction of each individual. If we can visualize data showing that our sustainability management initiatives in such areas as human rights, diversity, and the environment are contributing to our financial
performance, or that we are helping to solve social issues through our customers, we believe that we will be able to better realize that our own work is leading to an increase in corporate value. In the future, if we can utilize our own technology to analyze large volumes of data, we believe this will further strengthen Fujitsu's identity.

In developing this initiative as a practical example of data-driven management, I believe it is important to create an environment where the entire Group, from employees on, can realistically empathize with the results and feel pride and confidence in their own work.

Providing data that leads to employee success and growth

Hidehiko Satake
VP, Head of Engagement & Growth Division, Employee Success Unit

We view "engagement" from two aspects: a high level of willingness to contribute to the Company and a high level of motivation to work. We believe that employees that are highly motivated to contribute and to work are more willing to make proposals to customers who are worried about their decisions in an uncertain environment where the future is difficult to predict. This willingness in turn affects service quality and productivity, and ultimately business performance. It is with this belief in mind that the Fujitsu Group has set "employee engagement" as a non-financial indicator.

As a member of the HR department working to improve employee engagement, I am participating in this task force to determine the relationship of employee engagement to two non-financial indicators, the Customer NPS® and the DX Promotion Indices, as well as financial performance such as revenue and profit, and data related to management such as one-on-one meetings.

What I would like to achieve through the task force is to show the relationship between employee engagement and various data. By doing so, we can expect to accelerate the movement of each department and organization to make serious efforts to improve engagement. Such improvement will, for example, help individual employees gain a deeper understanding of the meaning of their own work. In addition, we believe that self-motivated career development, in which employees recognize their own strengths and consider how to demonstrate these strengths within the Company, as well as working style and human resource mobility with a sense of ownership that emerges from this process, will lead to the transformation of the Group's organizational culture as a DX company.

Taking action to improve the value of the customer experience

Makoto Tamura
Head of Global Intelligence Division, Portfolio Strategy Unit

I am promoting efforts to improve the Customer Experience (CX) and participating in this task force, as Customer NPS, a measure of customer loyalty, has been adopted as one of the non-financial indicators.

The Group officially launched the global Customer NPS survey in the second half of 2020. Since the survey has only been conducted three times so far, we are still in the process of accumulating data to ensure its statistical significance. In addition, as a company focused on business-to-business transactions, our business deals with customers that have a relatively long-term horizon, and there tends to be a gap between improvements in the Customer NPS score and business impact in terms of order pipeline or financial performance. Despite this difficulty, the Fujitsu Group sets Customer NPS as one of its non-financial indicators as it places importance on improving the value of the customer experience through a feedback loop of investigation, analysis, action, and improvement.

I am participating in this task force to clarify the relationship between the Customer NPS and the other non-financial indicators of employee engagement and DX Promotion Indices, as well as financial performance such as revenues and orders. In other words, our goal is to prove that employee engagement, Customer NPS, and DX Promotion Indices are all linked to business growth.

In addition, we collect, analyze, and examine data on the three non-financial indicators broken down by division and organizational units, with the aim of creating a mechanism to encourage concrete actions by divisions and organizational units by feeding back the findings obtained by the task force to business units.
Focusing on DX as a driver

Yuka Yamaguchi
Senior Director of CDXO Division, Corporate Executive Office

The DX Promotion Indices are a set of non-financial indicators that measure the maturity of the Fujitsu Group's transformation, using the evaluation indices for digital management reform set up by the Ministry of Economy, Trade and Industry. Fujitsu Transformation, or “Fujitra,” a Groupwide DX project, views these DX Promotion Indices as the current state of our own DX, and uses them to formulate and implement measures necessary for the transformation of the entire Group and each organization within it. I am participating in this task force because I am promoting the “Fujitsu VOICE program” in Fujitra to collect and visualize the voices of customers and employees, which are an important source of information for evaluating non-financial indicators.

Data analysis has revealed a gradual correlation between organizational transformation through DX initiatives and organizational credibility, as well as a tendency for customers to recommend Fujitsu as a DX partner when they are introduced to the Group’s own DX initiatives. We therefore believe that improving the DX Promotion Indices—that is, transforming the Group—not only directly contributes to increasing our corporate value but also serves as a driver for improving the other two non-financial management indicators.

We believe that clarifying this kind of causal relationship through the task force will convince employees to take action to improve DX Promotion Indices and other non-financial indicators, and we expect that this will be a starting point for all employees to change their behavior.

Establishing a speedy data analysis cycle

Eiji Ikeda
Head of Social Value Office, Sustainability Unit

The Data Analytics Center is a new organization created in November 2021 to lead the enhancement of data-driven management. I am participating in the task force in my capacity as an expert in generating insights through data analysis and building “dashboards,” easy-to-understand interfaces.

Compared to financial indicators, the sources of information for non-financial indicators are extremely diverse, including information on human resources accumulated by the HR department, information on customers held by the marketing department, and information on sustainability accumulated through the promotion of GRB.

First of all, it is necessary to prepare the data for the problems to be solved in order to extract information from these sources that is consistent over time and across organizations and comparable. Members from many departments participate in the task force as it is essential to consider effective task setting and data preparation from a broad and professional perspective.

When data is actually collected and analyzed, the results may differ from the hypothesis. We then discuss what is different from the hypothesis, verify the data, and evaluate the results. We emphasize the importance of continuously and speedily repeating this cycle. We are also designing a dashboard that visualizes information in real time, with the goal of sharing findings from the data within the Group and linking them to employee actions.