

# Integration of Fujitsu Siemens Computers and Transformation of Fujitsu

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**March 30, 2009**

## **Fujitsu Limited**

Kuniaki Nozoe, President

Tatsuo Tomita, Corporate Senior Executive Vice President

Richard Christou, Corporate First Senior Vice President

# Overview of Today's Presentation



- Integrating Fujitsu Siemens Computers  
to **Transform Fujitsu's Business Portfolio**

Kuniaki Nozoe

- Integrating Fujitsu Siemens Computers  
to **Transform Fujitsu's IA Server Business**

Tatsuo Tomita

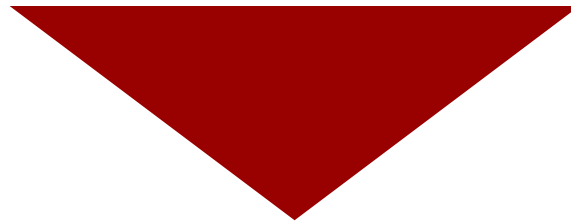
- Integrating Fujitsu Siemens Computers  
to **Transform Fujitsu's Global Business**

Richard Christou

# A New Start from April 1



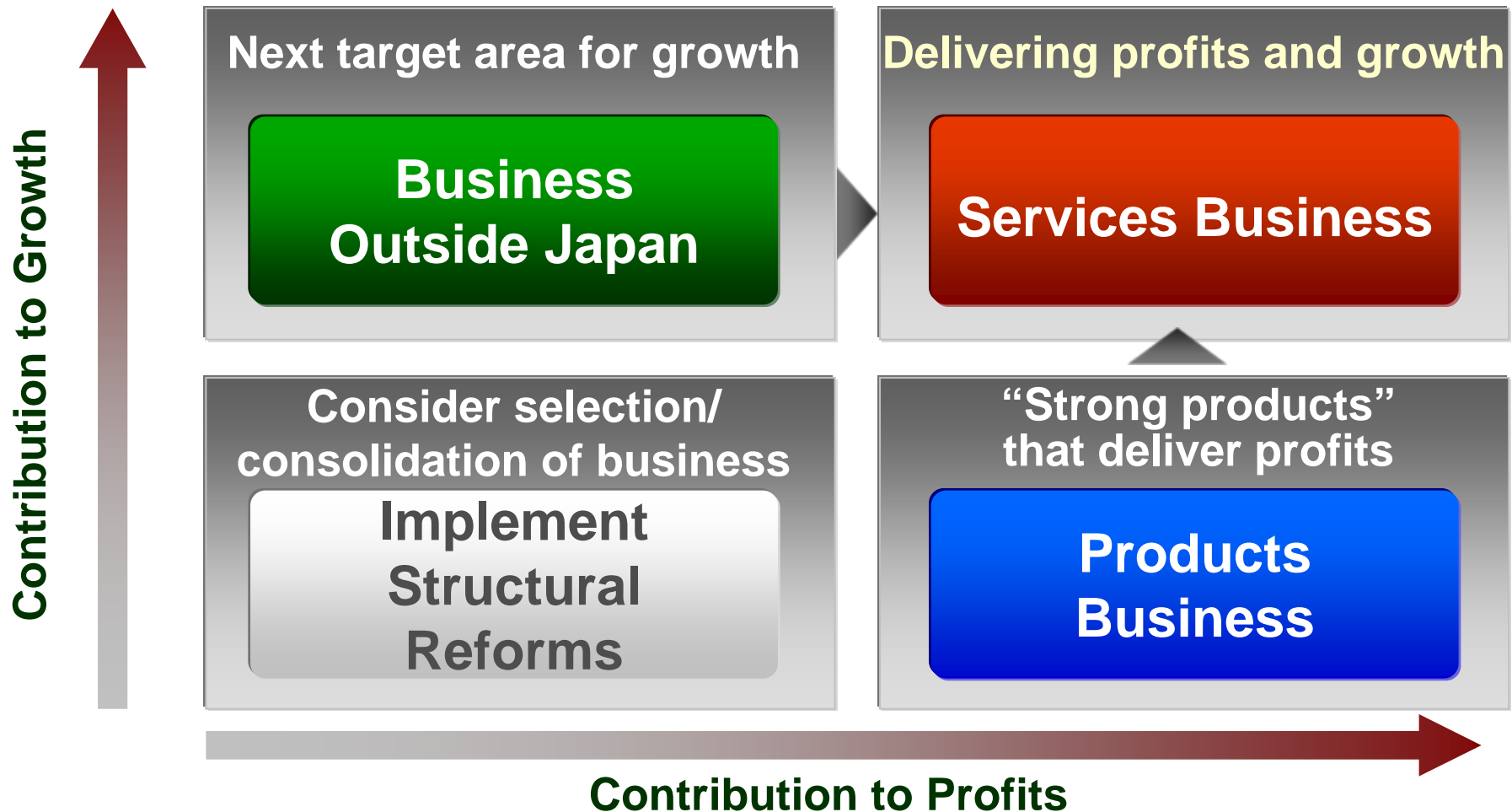
## Fujitsu Siemens Computers



## Fujitsu Technology Solutions

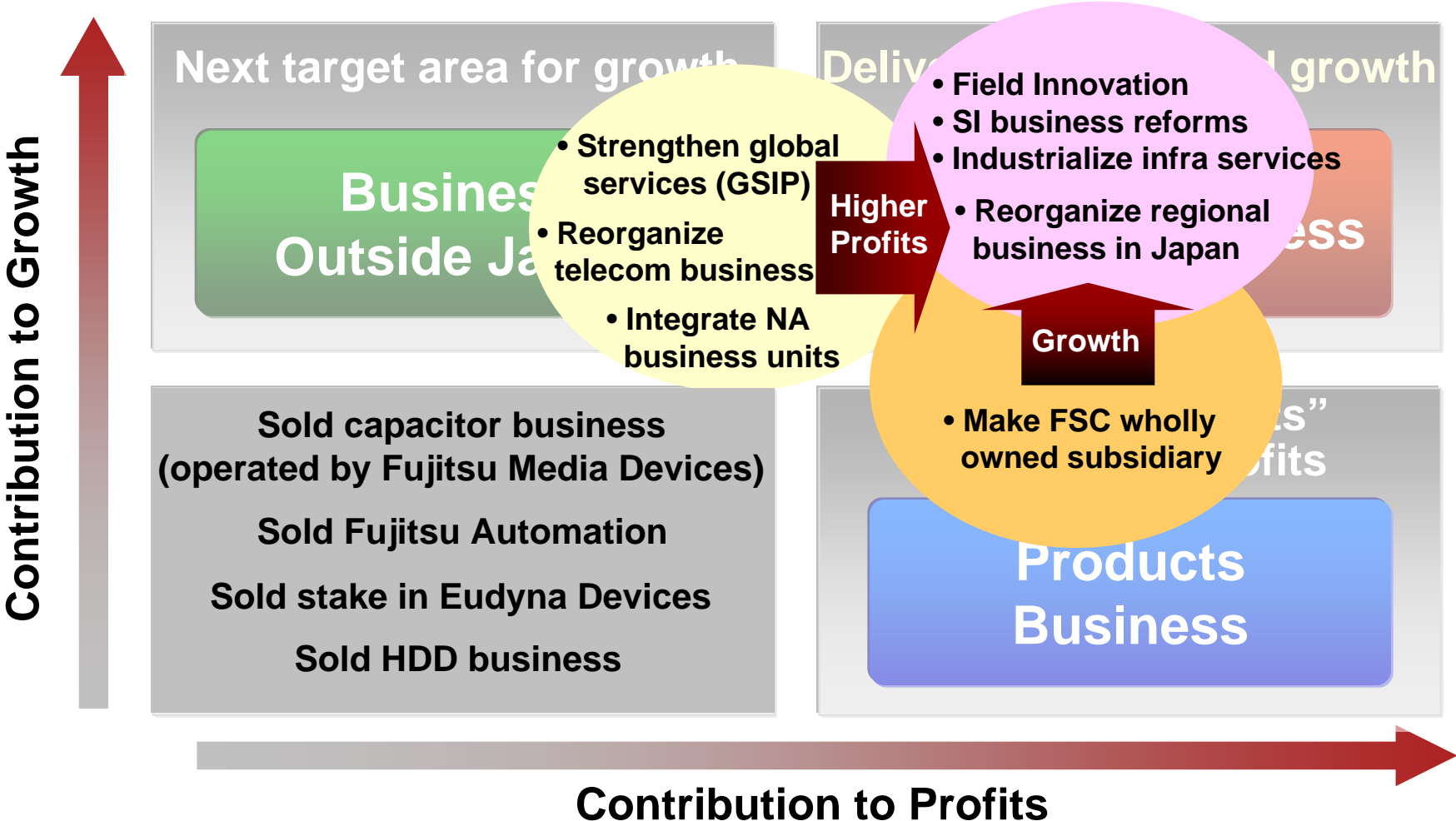
# Fujitsu's Business Portfolio

Contribution to profitability and growth will determine allocation of resources



# Fujitsu's Growth Strategy

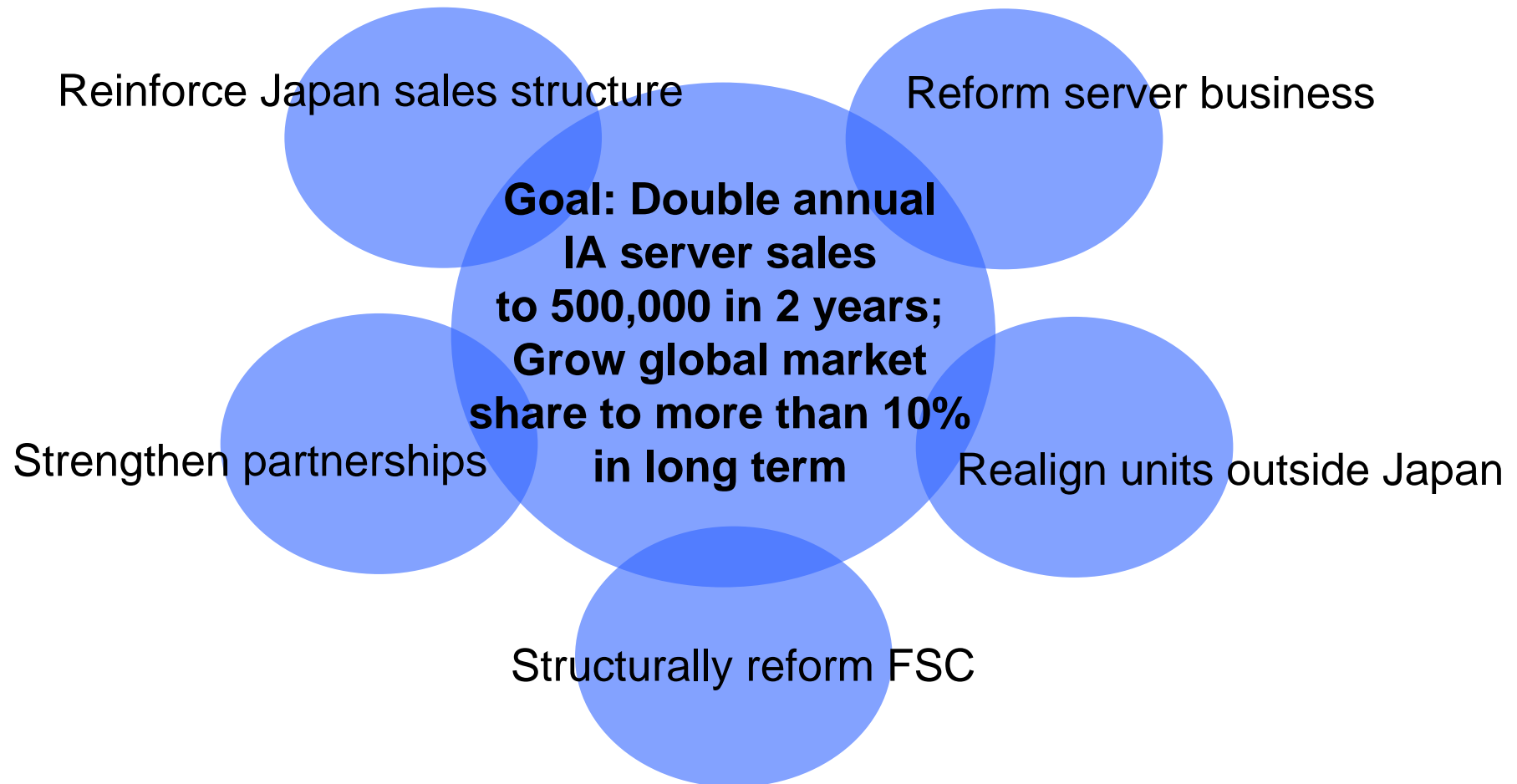
**Accelerate growth in products business, and enhance profitability of business outside Japan**



# Fujitsu Siemens Computers: A Catalyst for Transforming Fujitsu



## A shared goal for the entire Fujitsu Group



- Integrating Fujitsu Siemens Computers

to Transform Fujitsu's Business Portfolio

Kuniaki Nozoe

- Integrating Fujitsu Siemens Computers

to Transform Fujitsu's IA Server Business

Tatsuo Tomita

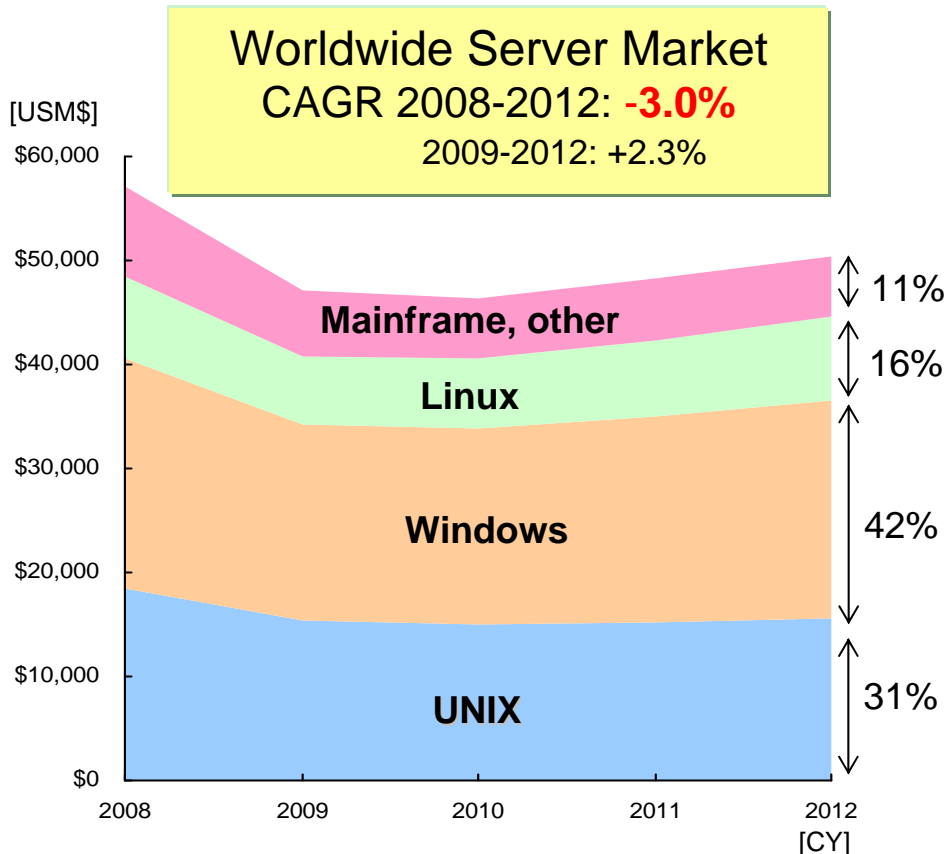
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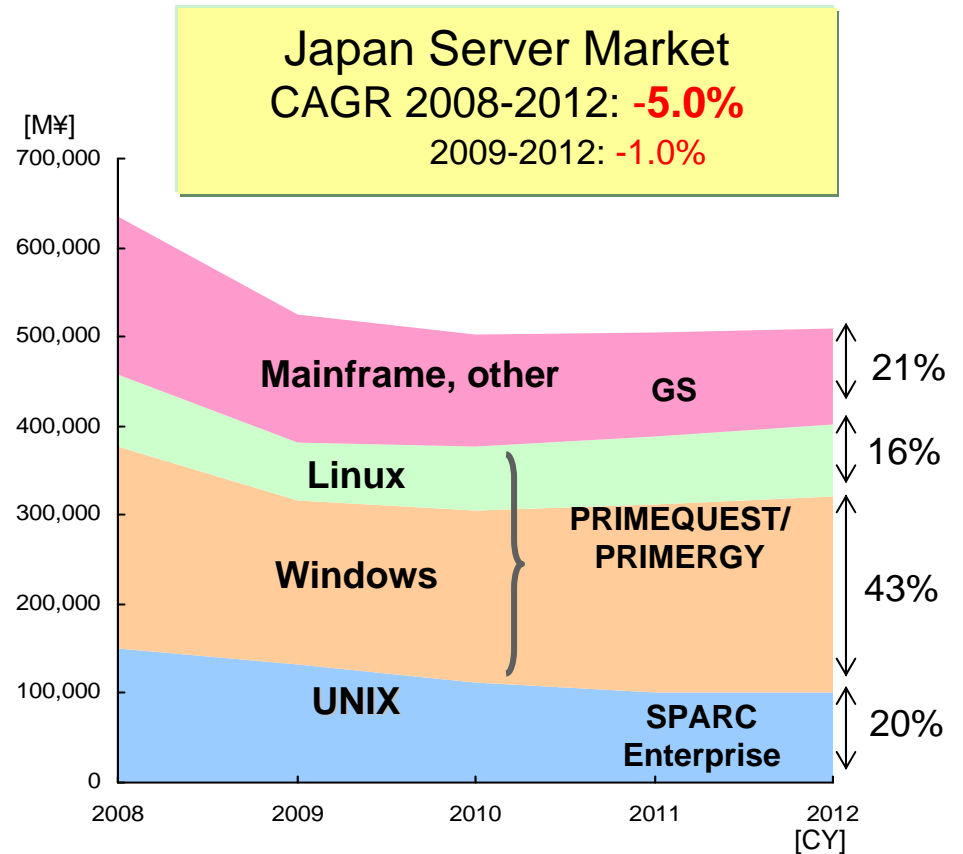
Richard Christou

# Server Market Trends

- Fujitsu sells a complete line of server products
- Mainframe, UNIX, Windows, Linux servers



Source: IDC's Worldwide Quarterly Server Forecast as of 2008 Q4









Source: IDC Japan's Japan Quarterly Server Forecast CY2008 Q4



# Maintaining a Complete Server Lineup To Support Customers Long Term



- Continual support for every OS protects customers' application assets
  - Efficient development system allows Fujitsu to maintain complete server line

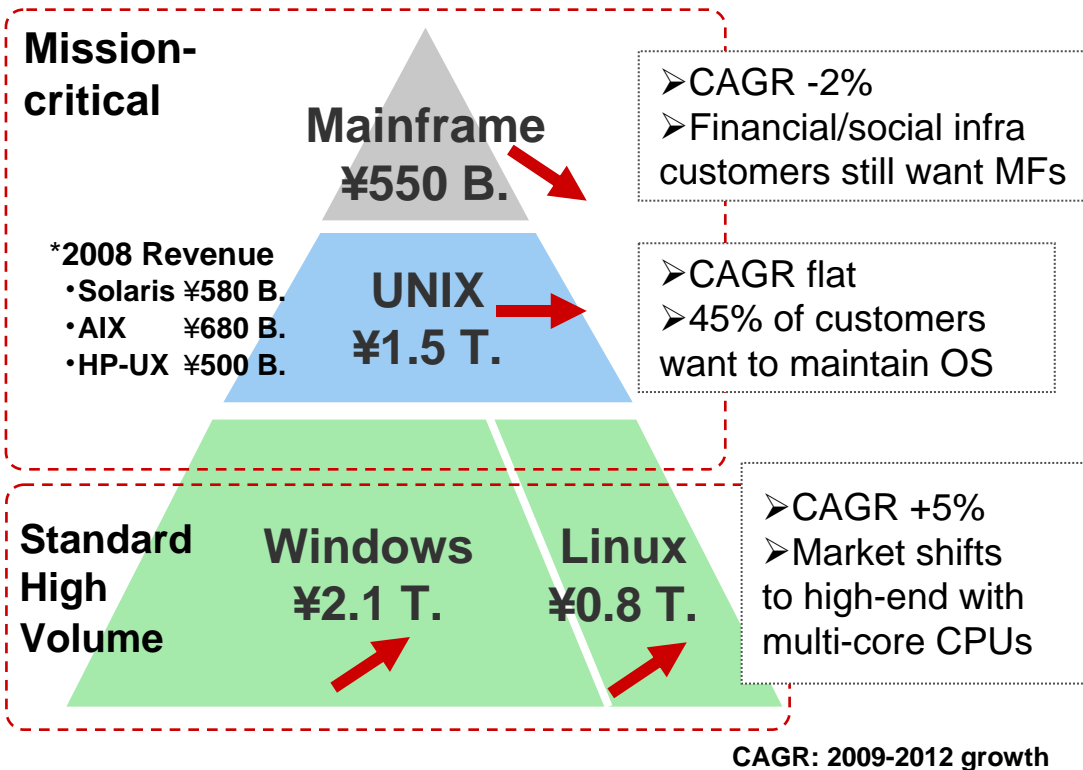
| System Scale                       | Mainframe   |           | UNIX Server (Solaris)  | IA Server (Windows/Linux) | Office Computer  |  |  |
|------------------------------------|---|-----------|--|---------------------------|--|--|--|
| High-end Mission-Critical Servers  | <p><b>BS2000</b></p>  |           | <p><b>GS21/PRIMEFORCE</b></p>  |                           | <p><b>SPARC Enterprise</b></p>  | <p><b>PRIMEQUEST</b></p>  | <p><b>PRIMERGY 6000</b></p>  |
| Mid-Range Mission-Critical Servers |   |           |  |                           | <p><b>PRIMERGY</b></p>         |  |  |
| Front-End Servers                  | (FTS)   | (Fujitsu) | (Fujitsu/FTS)  |                           | (Fujitsu)  |  |  |

FTS: Fujitsu Technology Solutions

# Market Shifts to IA Server

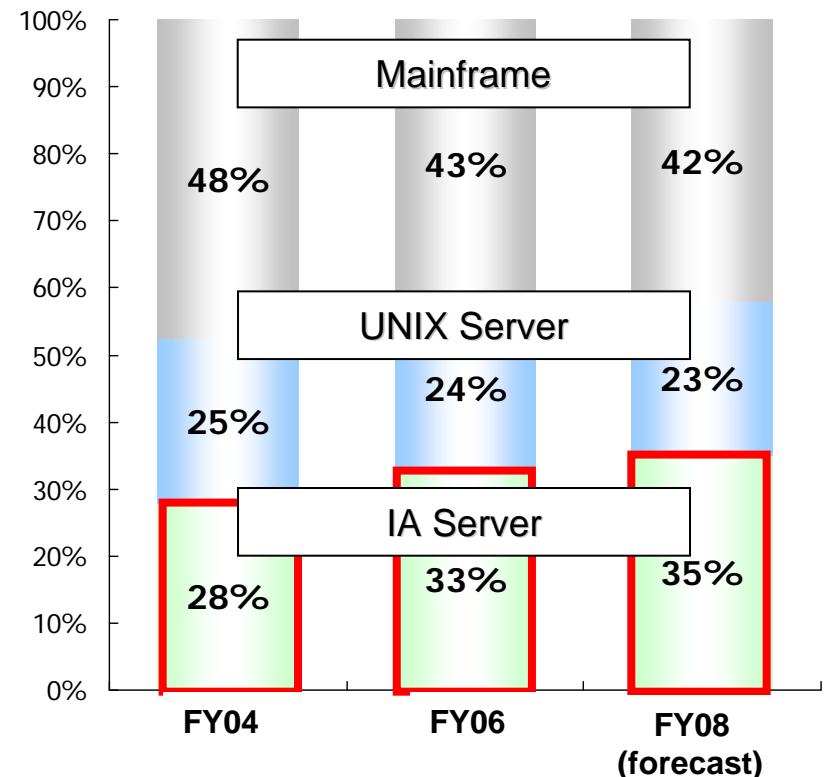
- Shift from mainframes/UNIX to IA servers (Windows/Linux)
- Fujitsu is shifting resources to IA server business

## 2012 Worldwide Server Market Forecast by OS



Source: IDC Worldwide Quarterly Server Forecast 2008/4Q

## Fujitsu/Fujitsu Technology Solutions Server Business Trends



# Integrating Fujitsu Siemens Computers To Strengthen IA Server Business



## ■ Globally competitive IA servers

- Globally unified products (from April)
- “Server View” monitoring S/W delivered worldwide
- Optimal global parts warehousing network

## ■ Unified and rapid R&D

- PRIMERGY R&D centralized at FTS  
(Japan execs, blade developers relocate to Germany)
- Duplicate evaluation teams in Japan eliminated
- Unified manufacturing/testing structure  
to prepare for globalized mass production

## ■ Optimized global manufacturing structure

- Manufacturing consolidated at Augsburg and Fukushima
- Augsburg plant will support expanded production in  
other countries if new plants are built

### IA Server Manufacturing Sites



Germany  
(Augsburg)

Japan  
(Fukushima Prefecture)



# Enhanced Cost-Competitiveness Through Supply Chain Optimization

- **Globally integrated procurement structure**
  - Establish Global Purchasing Center as central negotiator
  - Create procurement strategy for each part to maximize bargaining power
  - Integrate Taiwan, China procurement offices in first half FY09
  
- **Lower costs through supply chain optimization**
  - Maximize QCD by globalizing Japan, Germany strengths
  - Set common KPI and start benchmark evaluations
    - Lead time
    - Delivery success rate
    - SCM cost
    - Inventory turnover rate

# Strengthening the IA Server Lineup

## ■ Time to market

- New 2Way CPU model with latest Intel processor (Nehalem)
  - March 30: FSC announces (Intel announcement same day)
  - April 6: Fujitsu announces in Japan (Intel event in Japan same day)

## ■ High-end blade server (May 2009)

- World-class scalability (number of blade slots)
  - Proprietary cooling technology
- Green design: World-class energy efficiency
  - Development of highly efficient parts (unit, CPU power)
- Power control for entire system
  - Unified control for server, storage, middleware

**PRIMERGY BX600 (current model)**



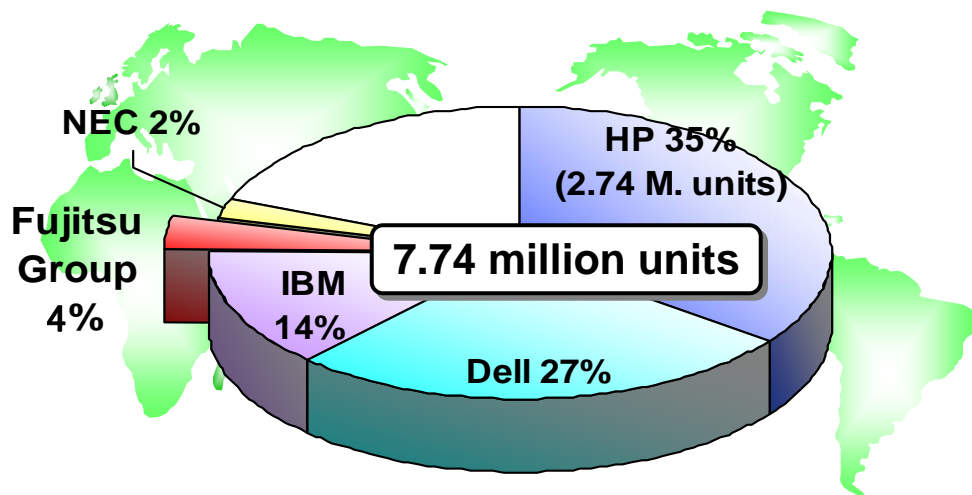
# IA Server Business Plan, Worldwide

## ■ Fujitsu Group market share in 2008

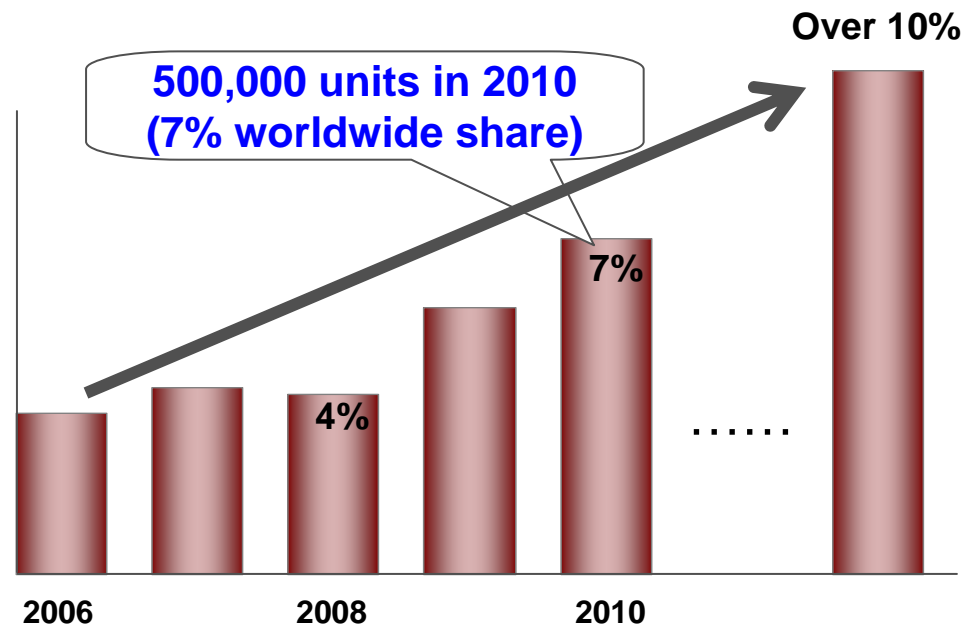
- Worldwide x86 market: 4% share (270K units, No. 4 global ranking)

➔ **Target share: Over 10%**

### Worldwide x86 Server Market, 2008



### Fujitsu Group Target Market Share



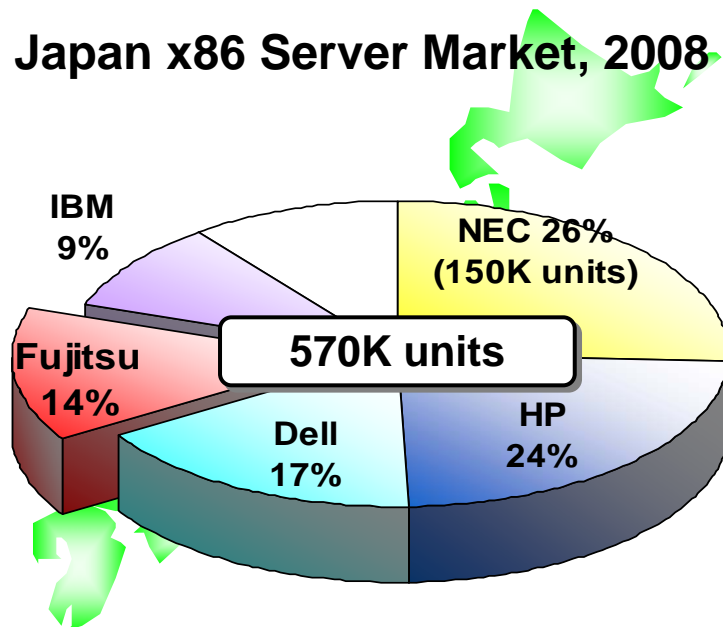
Source: IDC Worldwide Quarterly Server Tracker, 2008Q4

# IA Server Business Plan, Japan

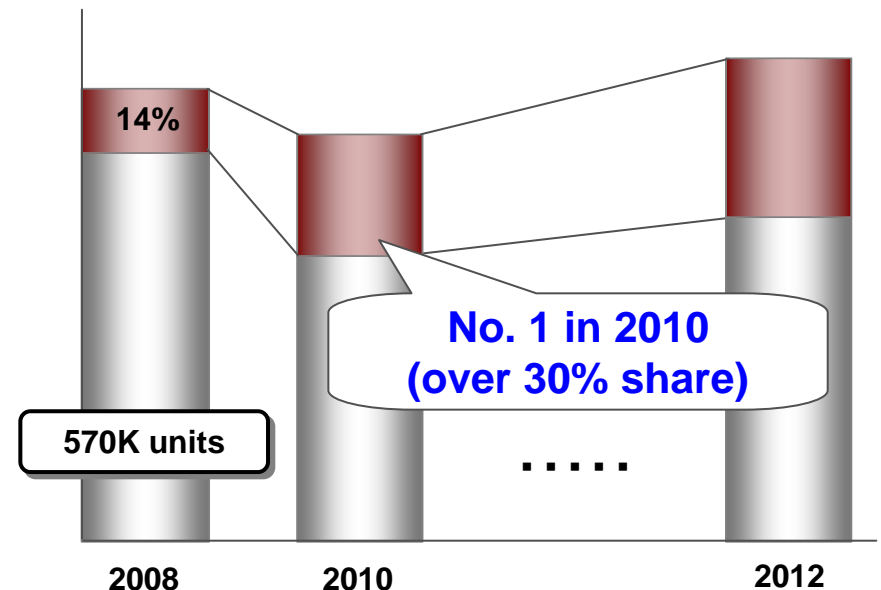
- Fujitsu Group market share in 2008
  - No. 1 in server sales by revenue
  - x86 server market: 14% share (80K units, No. 4 ranking in Japan)

➔ **Target Market Share: No. 1 (over 30%)**

### Japan x86 Server Market, 2008



### Fujitsu Group Target Market Share



Source: IDC Japan's Japan Server Quarterly Model Analysis, CY08Q4

- **IA Server Unit formed (December 2008)**
  - PRIMEQUEST and PRIMERGY units consolidated under one business unit
  
- **Platform Solution Business Group formed (February 2009)**
  - Japan sales promotion division, partner support and sales division, and technical support division consolidated into one business group (700 employees)
  - One-stop sales, SE and partner support
  
- **Japan sales structure to be enhanced (April 2009)**
  - Platform experts to join Fujitsu direct sales divisions nationwide
  - Form new division dedicated to expanding channel partners



## ■ Strengthening product competitiveness

- Expand product lineup, competitive pricing
- Simplify and accelerate system deployment with expanded infrastructure delivery services (infrastructure industrialization)
- Introduce long-term after-sales support and maintenance

## ■ Strengthening partner sales

- Enhance structure for technical support
- Support partner proposals with joint proposal development
- Grow partner program

## ■ Strengthening strategic partnerships with ISVs

- Collaborate with Microsoft on solutions business (March 26 announcement)

- **Fujitsu will continue to be engaged in PC business in EMEA through FTS as part of its global products strategy**
  - Brand will become “Fujitsu” and portfolio will shift towards high value-added models
  
- **Greater value for customers as PC product lineup and service/support structure are globally unified**
  - Improved product development and stronger products offering
  - Higher efficiency and cost reduction by global SCM structure
  - Global support and service structure

EMEA : Europe, Middle East and Africa

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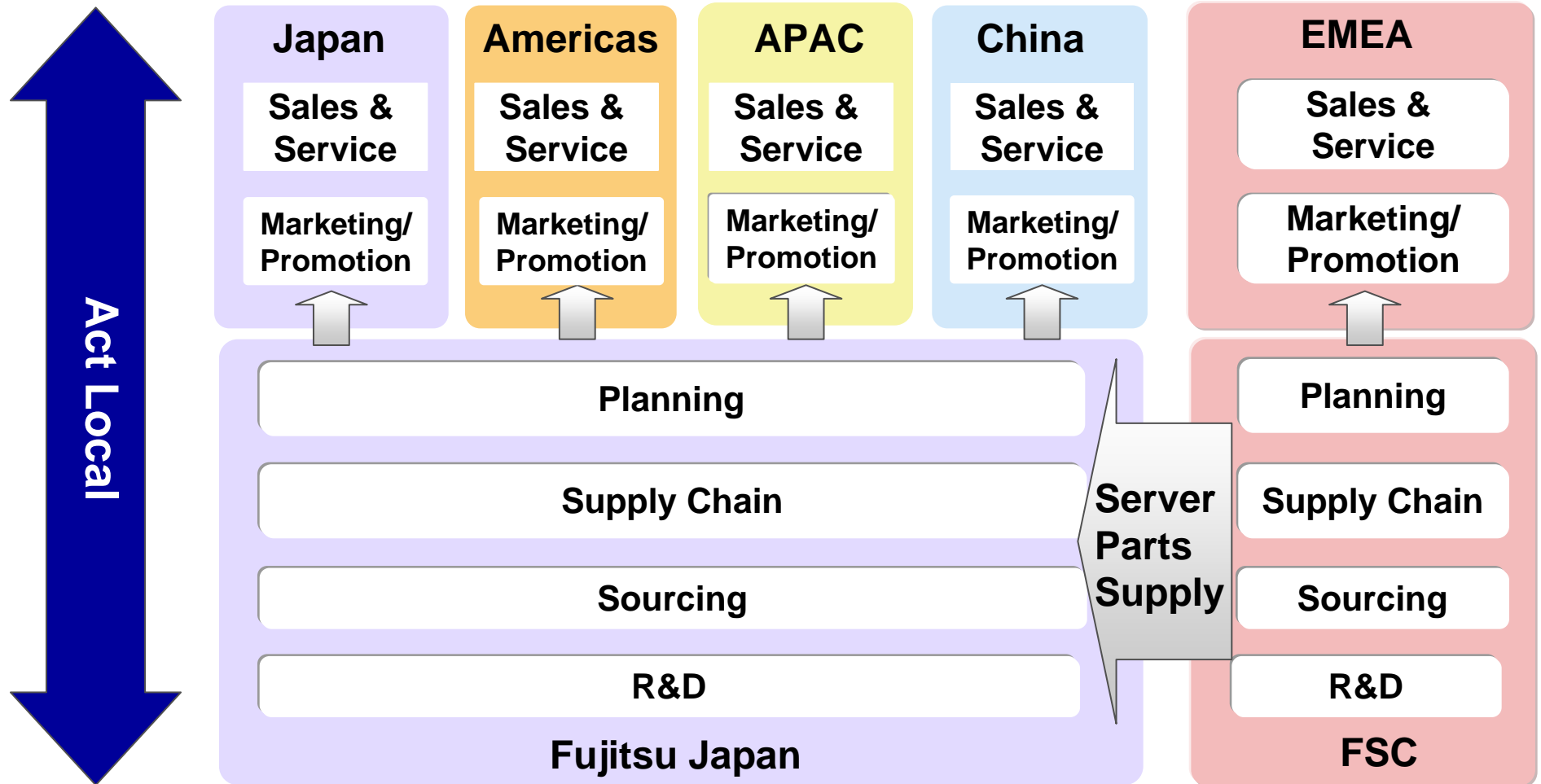
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# Building a Global Server Business

## Pre-Integration: Overlapping production and sales functions



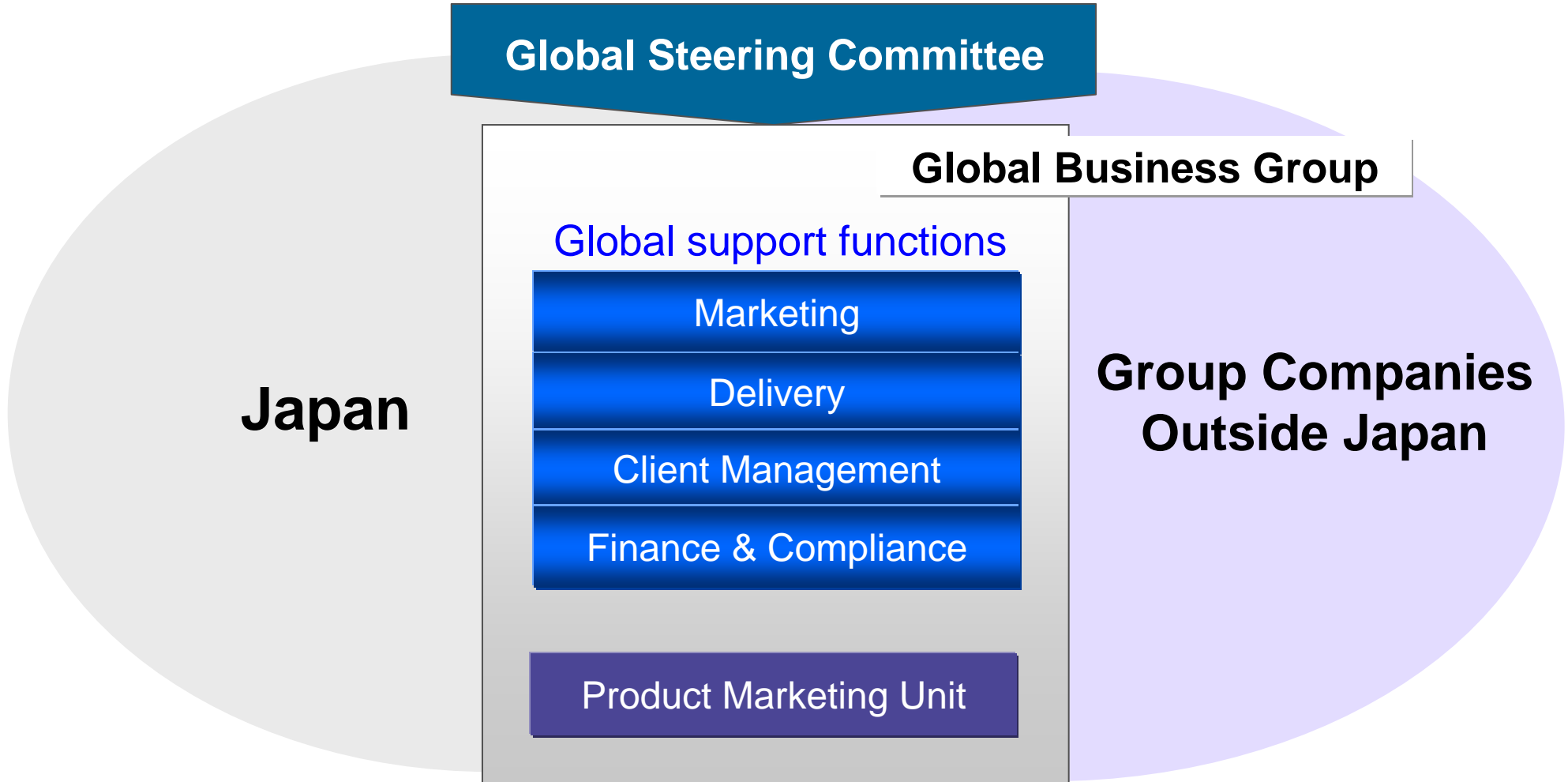
# Building a Global Server Business

Post-Integration: Unified planning, supply chain, sourcing and R&D



# Taking “Think Global” A Step Further

## Global Business Group reorganized into 4 functions



# Strengthen Global Delivery Structure

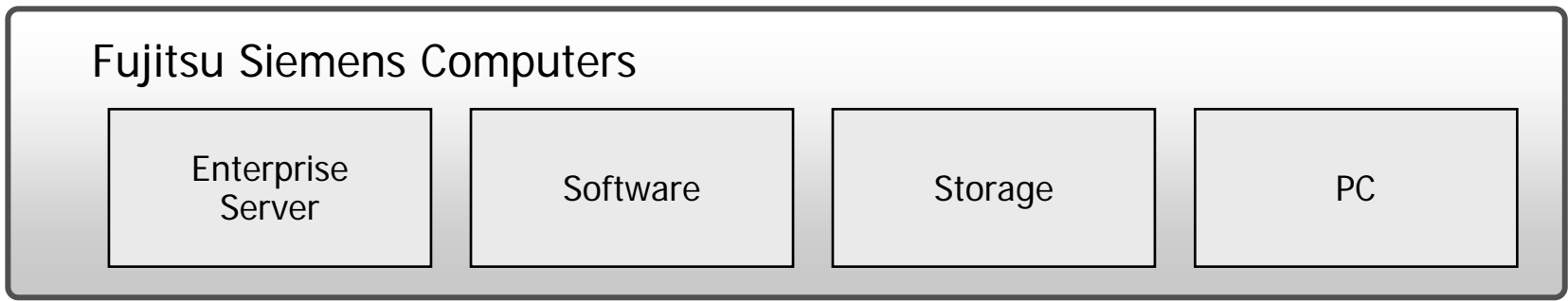
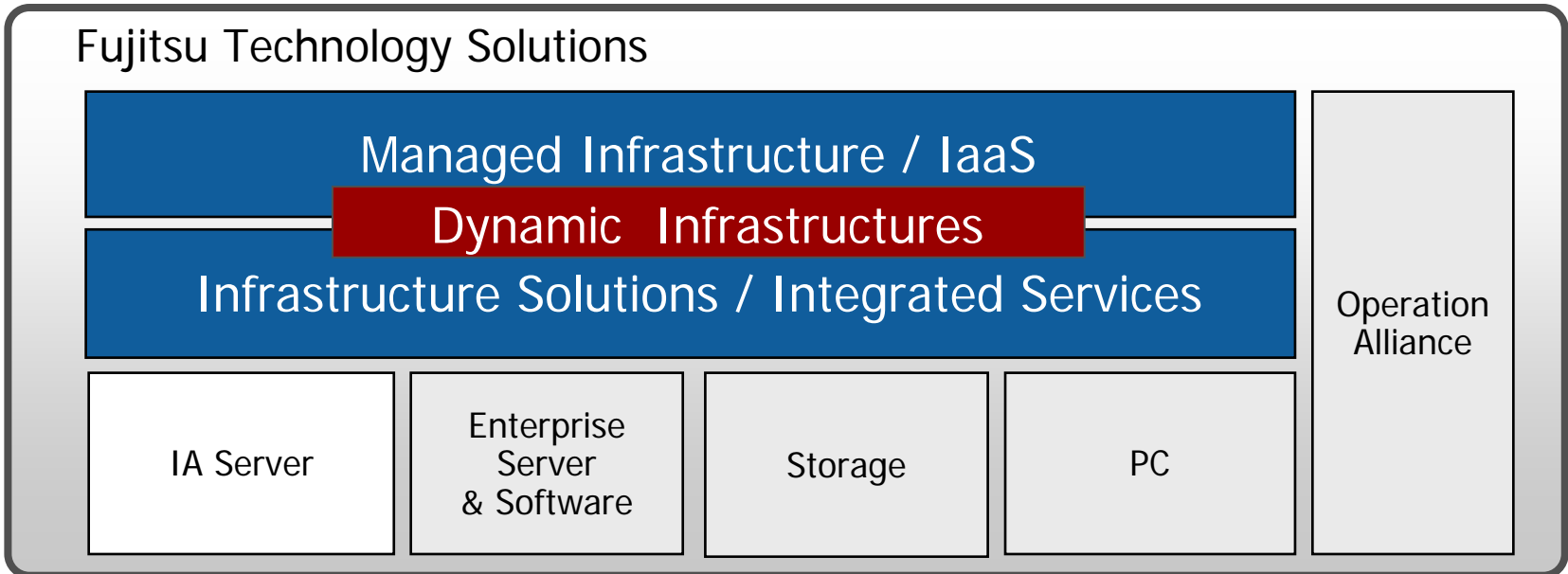


- **North America:** Establish Fujitsu America Inc. to provide products, consulting and integrated solutions (April 1)
- **EMEA:** Integrated product & end-to-end IT solutions from Fujitsu Services and Fujitsu Technology Solutions
- **China:** Reorganize sales structure
- **APAC:** Strengthen IT services and technology in Australia through the acquisition of KAZ\*

(\* ) Subject to the approval by Australian authorities

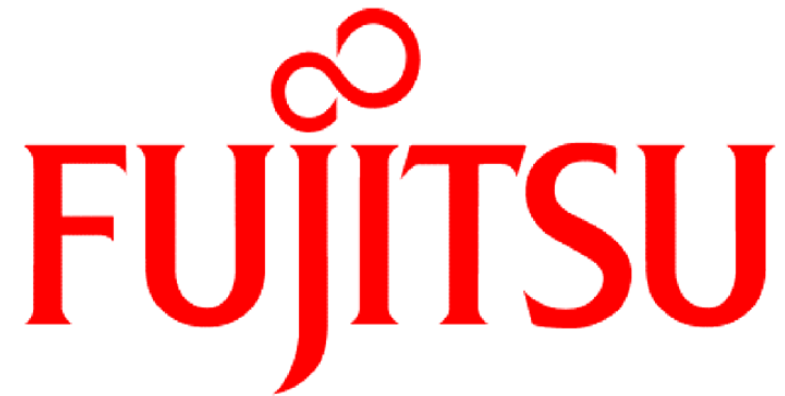
# Transforming Fujitsu Technology Solutions

## Expanding from products to integrated systems





**Fujitsu is expanding its business globally around Technology Solutions driven by platform products and IT services.**



**FUJITSU**

**THE POSSIBILITIES ARE INFINITE**

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- rapid technological change, fluctuations in customer demand and intensifying price competition in the IT, telecommunications, and microelectronics markets in which Fujitsu competes;
- Fujitsu's ability to dispose of non-core businesses and related assets through strategic alliances and sales on commercially reasonable terms, and the effect of realization of losses which may result from such transactions;
- uncertainty as to Fujitsu's access to, or protection for, certain intellectual property rights;
- uncertainty as to the performance of Fujitsu's strategic business partners;
- declines in the market prices of Japanese and foreign equity securities held by Fujitsu which could cause Fujitsu to recognize significant losses in the value of its holdings and require Fujitsu to make significant additional contributions to its pension funds in order to make up shortfalls in minimum reserve requirements resulting from such declines;
- poor operating results, inability to access financing on commercially reasonable terms, insolvency or bankruptcy of Fujitsu's customers, any of which factors could adversely affect or preclude these customers' ability to timely pay accounts receivables owed to Fujitsu; and
- fluctuations in rates of exchange for the yen and other currencies in which Fujitsu makes significant sales or in which Fujitsu's assets and liabilities are denominated, particularly between the yen and the British pound and U.S. dollar, respectively.