

Business Growth of Fujitsu Uvance

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Fujitsu Limited

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Yoshinami Takahashi

- Yoshinami joined Sony Corporation in 1987 and mainly worked in the overseas business of the consumer division, taking assignments in North America and Europe and serving as executive officers at overseas offices.
- He joined Microsoft Japan Ltd. in 2014 and led the Cloud market development and partner collaboration as Executive Managing Officer from 2015, and enterprise customer DX support as Senior Executive Managing Officer from 2020.
- He joined Fujitsu Limited in June 2021 as Executive Vice President, leading the launch of the Uvance business with the goal of "revitalizing Japanese business and society."
- Currently Yoshinami leads the Fujitsu Uvance business, having been appointed Corporate Vice President, COO (in charge of Fujitsu Uvance) in April 2024.



1. Market Trends and the Environment Surrounding Our Company

Target Market of Fujitsu Uvance



A new service market whereby data is leveraged across industries to solve both societal and business challenges.

- A service market where inter-company data is utilized to solve issues such as sustainability and dynamic supply chains. Expected rapid growth in the future.
- Industry-specific processes hamper market acquisition with generic solutions. No big tech companies and no market leader yet.
- Pre-release offerings to this market. Acquiring the market ahead of competitors and establishing a leadership position.

FY2025 Global Market

Market size	25 trillion yen*
CAGR 2022 – 2025	25 % ↑
Target revenue	700 billion yen
Share	3 %

Consolidate our position as a global player and join the top 3 by 2030.

FY2025 Japanese Market

Market size	2 trillion yen*
CAGR 2022 – 2025	26 % ↑
Target revenue	400 billion yen
Share	25 %

Establish an overwhelming position and capture the top share.

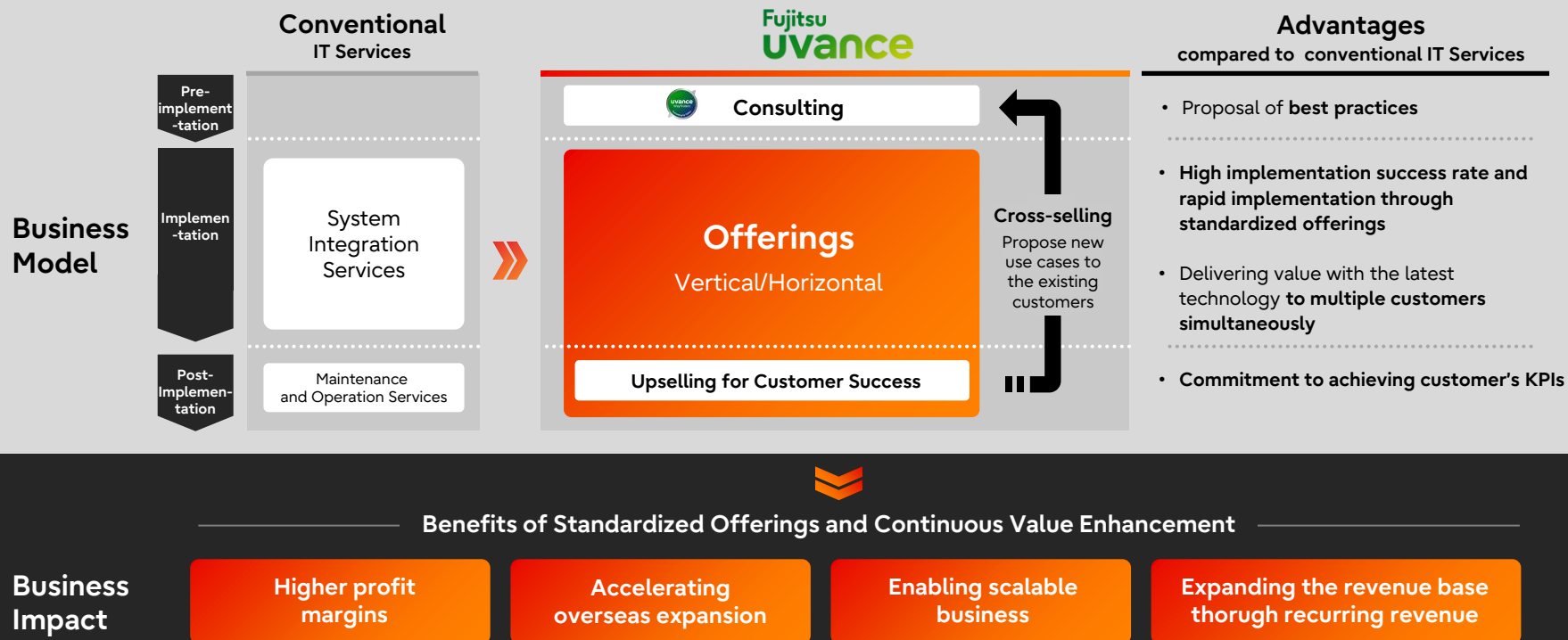
*Estimated by Fujitsu based on data from research companies

2. Our Competitive Advantages

Business Model of Fujitsu Uvance



Provide continuous value from consulting to offering implementation, supporting customers in achieving their KPIs.



Source of Fujitsu Uvance's Growth



Concentrate our resources on Data & AI, as a rare player that can provide technologies in both the data and AI. Further strengthen our competitiveness and gain an outstanding position.



Technology

- Fujitsu Kozuchi, AI platform developed in-house
- Fujitsu's own technologies that enable optimal use of generative AI (Knowledge graph extension RAG and mixing technologies)
- Ability to implement leading-edge technologies

Strengthening Measures

- Comprehensive and strategic partnership
- Joint development of specialized LLM with Cohere
- Development of domain-specific LLM applications ("Beyond chat")

Partnerships FY23 Results:
Rise with SAP, Strengthening strategic partnership with Palantir, ServiceNow strategic partnership



Knowledge

- Experienced technology consultants
- Japan's only Palantir- certified engineers
- Know-how gained through in-house practices

Strengthening Measures

- Further acquisition of highly skilled talent through reskilling, external hiring, and M&As
- Thorough use of AI in the company (Kozuchi utilization by 124,000 employees)

Main in-house projects: Visualization and elimination of unhealthy stocks, development of Scope3 supply chain, etc.
Technology Consultants: Target of 3,500 in FY2024



Customer Base

- Innovative use cases co-developed with advanced customers
- Offerings that have accumulated knowledge of industries and individual companies

Strengthening Measures

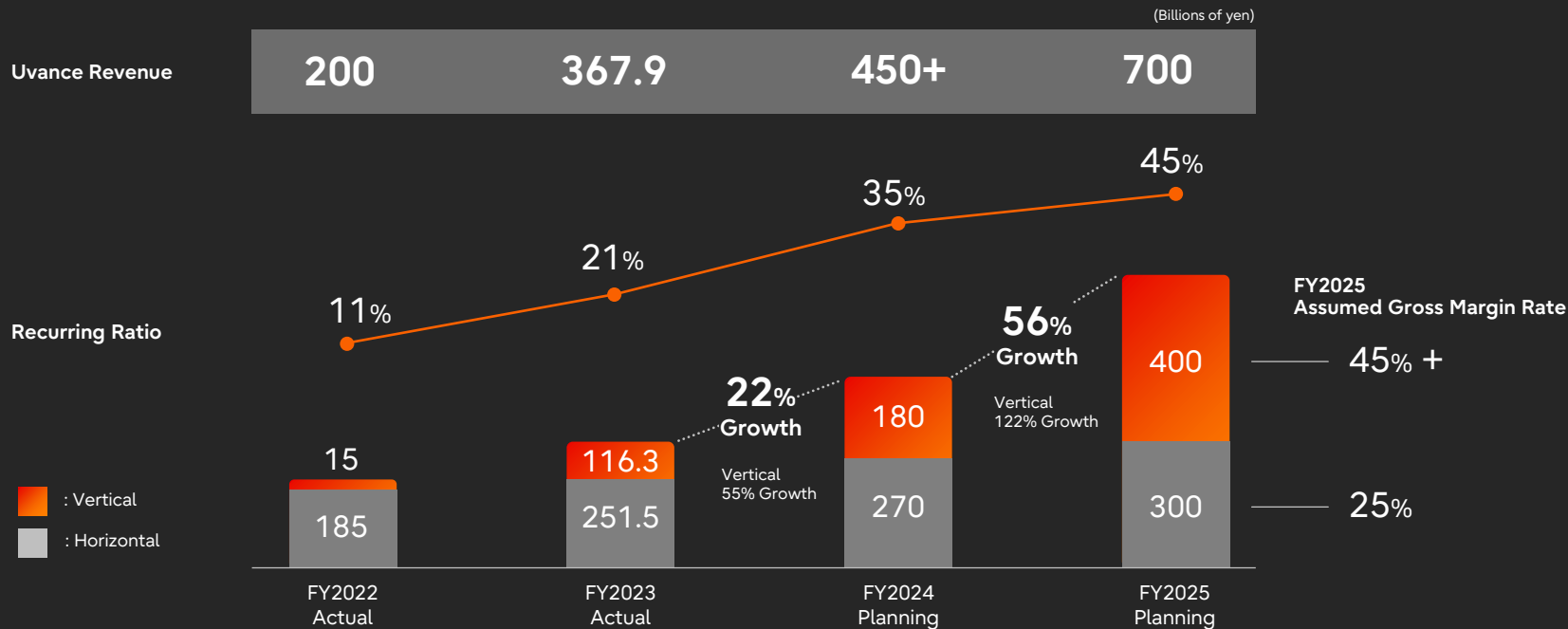
- Started joint development of domain-specific LLM with multiple customers
- Simultaneous deployment of offerings developed on a common data and AI platform to multiple industries and customers

Prototype development with customers on common data & AI platform: 21 companies including manufacturing, heavy industry, automobile, electric power, food, logistics, and finance

3. Mid-Term Goals and Business Plan

Business Plan

Aim to exceed 450 billion yen of revenue in FY2024, and solidify the foundation to 700 billion yen. Growth in the Vertical area is key to achieving 700 billion yen in revenue in FY2025.



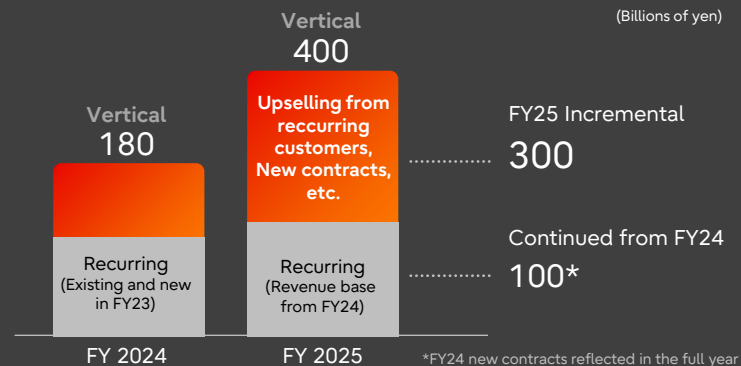
Expansion of Vertical Areas through Recurring Business FUJITSU

Secure a stable revenue base through recurring revenue and achieve rapid growth in the Vertical areas by increasing its ratio.

- Expand the revenue base every year through recurring revenue, which is not found in conventional IT services, and use it as the foundation for our revenue.
- Advance the standardization of the offerings developed with the first users and expand horizontally to new customers, as well as strengthen upselling (unit price/number of users) to existing customers, thereby improving the recurring revenue ratio.

Image of Vertical Revenue

If the recurring ratio is 40%, 1/4 of the FY2025 Vertical revenue target will be carried over from existing contracts



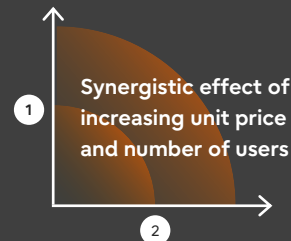
Revenue and profit expansion through upselling and horizontal expansion

1 Unit Price

Expanding the unit price by proposing additional use cases to existing customers.

2 Expansion to New Customers

Horizontally expanding standardized offerings from the same industry to different industries. Increase the number of users.



Pipeline Coverage

Vertical FY2024
177%

Vertical FY2025
48%

Example of Horizontal Expansion of Dynamic Supply Chains

Use Case Development with 1st User

Major Manufacturer

Achieve business transformation with overwhelming speed, from data integration to application development.



Further development and evolution of use cases

Manufacturing traceability management

Transportation optimization

Optimize global production, sales, and inventory planning

Efficiency in specification formulation and design work

Standardization of Offerings

D-SCM Offering

9

Applications

Sales and shipping risk management

Quality control

Sales and manufacturing risk management

Production process and operation control

Inventory value control

Management of shortage risk and allocation

Shortage risk & order management

Supplier management

Disaster and emergency risk management

Horizontal Expansion

Expansion of Standardized Offering

Under Proposal

100+
Companies

Deal size

500-800
million yen per deal



Development of use cases with customers in new areas is underway **11** Companies



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Case 1

Global Retail



Evolving Offerings

GK+Fujitsu enhances its presence in the retail sector

Annual revenue growth of over 30%. High GM rate supports the rapid growth of the Vertical area.

FY2024 GK's contracted projects



SAMSUNG



Integration of our technologies and enhancement of offerings

Cross-selling our offerings to GK customers

Merge & Match
Preventing shoplifting in Self-checkout system (SCO)



- Apply Fujitsu Kozuchi to GK's SCO
- Proof-of-concept trial at a major retailer in Europe

Profit Protection for monitoring
Detecting and suppressing employee fraud



Extraction of risk behaviors in store operations

- Inventory control
- Discount
- Backyard
- Cash register
- Service counter

- Fraud detection decreased by 15 – 25%. Introduced at 7,300 stores worldwide
- Cross-sell to GK customers by integrating GK's PoS data

Combining products of market leader GK and Fujitsu's technology.
Enhance the competitiveness of offerings and expand the business through cross-selling between the two companies.

Case 2

Healthcare



LC-SCRUM-Asia, an industry-academia collaborative project led by the National Cancer Center Hospital East.

Past Initiatives of the cloud-based platform for the healthcare sector under Uvance Healthy Living

Announced in January 2023
Sapporo Medical University
Personalized Healthcare Services /
Data Portability

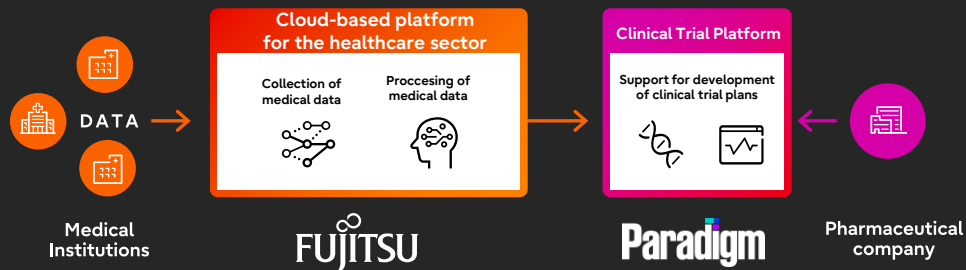
Announced on August 26, 2024
Paradigm, National Cancer Center Hospital East
New business strategies and partnerships in clinical trials

Evolving Offerings

Leveraging Data & AI to transform Clinical Trial Processes in Japan

Data & AI

To solve the challenges of drug loss, build an ecosystem that utilizes medical data and expand the number of international joint clinical trials attracted to Japan.



- By leveraging Paradigm's platform for clinical trial and Fujitsu's cloud-based platform for the healthcare sector and our AI platform "Fujitsu Kozuchi", we promote the collection and processing of medical data held by medical institutions, achieving efficiency and shortening of clinical trial planning processes.
- Provide an offering for the automatic generation of clinical trial-related documents using a trial-specific LLM (automatically generating 80% of documents and halving the work time)

Leverage our unique strengths in the healthcare field to expand our use cases in various fields. Aim to enhance our value proposition and increase unit price and number of users.

4. Future Outlook

Toward the future

A sustainable future enabled by technology

In this future, the dramatic evolution and widespread adoption of AI has led to a drastic reduction in the environmental burden of AI training. Meanwhile, AI's immense processing power helps to prevent emergencies such as natural disasters, before they occur. By flexibly utilizing AI in harmony with people and society, we aim for a future where societal challenges are eliminated.

2025 700 billion yen

2024 450 billion yen +

2022 200 billion yen

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Cautionary Statement

These materials may contain forward-looking statements that are based on management's current information, views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors listed below.

- General economic and market conditions in key markets (particularly in Japan, Europe, North America, Oceania, and Asia, including China)
- Fluctuations in exchange rates or interest rates
- Fluctuations in capital markets
- Intensifying price competition
- Changes in market positioning due to competition in R&D
- Changes in the environment for the procurement of parts and components
- Changes in competitive relationships relating to collaborations, alliances and technical provisions
- Risks related to public regulations, public policy and tax matters
- Risks related to product or services defects
- Potential emergence of unprofitable projects
- Risks related to R&D investments, capital expenditures, business acquisitions, business restructuring, etc.
- Risks related to natural disasters and unforeseen events
- Changes in accounting policies