Customer Success / Regional Strategy

Fujitsu Limited

May 30, 2023
Customer Success Strategy

Corporate Executive Officer
SEVP, CRO
Shunsuke Onishi
He joined Fujitsu in 2019 as Vice Head of Enterprise Business Group. In 2020, he served as Head of Enterprise Business Group and led the launch of JGG (Japan Global Gateway), which paved the way for the One Global Delivery strategy.

In 2021, he led the overall planning of the Uvance Sustainable Manufacturing area. Appointed CRO and Head of Global Customer Success Business Group in 2023. He will be responsible for maximizing the revenue by driving the growth strategy globally based on customer focus.

For over 35 years, he has worked for Japanese and international IT services and consulting companies. For the last 20 years, he has supported the globalization of Japanese companies and cross-border PMI in a multinational environment. Before joining Fujitsu, he was President and CEO of NTT Data Global Solution, where he supported the global business development of Japanese companies using SAP. As the Country Head/Vice President of Infosys, he led business development and M&A in the Japanese market.

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In 2021, he led the overall planning of the Uvance Sustainable Manufacturing area.

From 2022, he served as the head of the Global Customer Success Business Group, integrating the manufacturing, distribution, and financial units to drive business with approximately 1,300 large enterprise customers.

Appointed CRO and Head of Global Customer Success Business Group in 2023. He will be responsible for maximizing the revenue by driving the growth strategy globally based on customer focus.
Global execution of customer success strategy

- Ensure global consistency and drive strategies for customer success, resulting in increased revenues for the entire group

**Business Model and Portfolio Strategy**
- Business segments and portfolio
- Shift to growth areas
- Customer engagement model

**Technology Strategy**
- Develop core technologies
- Business utilization of technologies (Enhance value delivered)

**Customer Success / Regional Strategy**
- Expand consulting
- Modernization
- International focus on services
- Strategic alliances
- Further stability of customers’ business

**People Strategy**
- Globally unified roles
- Improve productivity (per employee)
- Strengthen management foundation
CRO (Chief Revenue Officer) Mission

Responsible for and authorized to expand Fujitsu’s business revenues and grow Front BG and all regions’ businesses by developing and executing strategies to maximize revenues from a global perspective, without being restricted to specific areas or functions.

- Executing the front office strategy on a global basis

- Each region and delivery unit works individually
  - Individualized/non-structured

- New Structure
  - Driving a strong portfolio transformation to Uvance
  - Focus on Strategic Partner Offerings
  - Global Account Management

Old Structure

New Structure
Key Strategies and Measures

**Customer**
- Global standardization of account portfolio and usage of the CRM
- Rate card development based on value pricing approach

**Organization**
- Accelerate inter-regional collaboration through CRO governance
- Uvance and region alignment (fast, flexible)

**Operation**
- Establishment of a multi-region account management structure
- Expanding digital sales with technology

**Resource**
- Training GAD* to compete with global competitors
- Talent Acquisition from Global Markets

**Partner**
- Go to Market with strategic partners on a global scale
  - SAP
  - ServiceNow
  - Salesforce
  - Microsoft
  - AWS

GAD*: Global Account Director, 詳細は次スライド

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Appoint a Global Account Director (GAD) with revenue responsibility for all regions and businesses for clients with global operations.

Working in unison to help customers further expand their global business and solve social issues that transcend national and regional boundaries.

- Head office-regional communication only when necessary
- Limited governance over interregional accounts
- Operating model per region

- *Account General Manager (AGM) in each region
- Operating model that ensures global consistency
Regional Strategies – Regions (Japan)

Corporate Executive Officer
SEVP, Japan Region CEO
Hiroyuki Tsutsumi
Hiroyuki Tsutsumi has many years of experience in the ICT and healthcare industries. He has global management experience and has worked in a managerial role in Japanese, European, and American companies, as well as companies from other Asian countries. He also has experience in leading operations for B2B, B2C and B2B2C business models, and concentrates his efforts in the digital transformation business and value creation.

Hiroyuki Tsutsumi was appointed as SEVP and Japan Region CEO in April, 2022. He is currently in charge of Fujitsu's public sector & social infrastructure business in Japan, mission critical business, business with local governments along with private sector demand, healthcare, and educational institutions, as well as partnership policies.

Prior to joining Fujitsu, Hiroyuki Tsutsumi served as President and Representative Director of Philips Japan/SVP of Royal Philips, President of Samsung Electronics Japan/EVP of Samsung Electronics, VP of Cisco Systems, and a Senior Manager/Secretary to the President in the NEC Corporation.

He is passionate about the promotion of digital transformation, education, and sustainability. He has been invited to various summits and forums as a guest speaker, as well as to universities as a visiting professor. In addition, he serves as an ambassador of Yamanashi Prefecture, an External Director of ALLM, Director of Temple University, Japan Campus, Director of the general incorporated association Japan Sports Health Care Design Alliance, and a member of the Sports Future Development Conference.
Reflecting on Fiscal Years 2020 through 2022

**Full-scale Start of Fujitsu Japan**

- Strengthening the services frontlines in Japan
  - Establishing a dominant position in the Japanese marketplace
  - Increasing profitability in regional Japan markets

**Restructuring of System Integration Group Companies**

- Transformation in the delivery of services
  - Bringing together the knowledge and strengths dispersed throughout Fujitsu and mobilizing our collective capabilities
  - Improving profitability through our new system integration organization

**Business Producer Transformation**

- Increasing our consulting capabilities through reskilling sales personnel
  - Completed reskilling training for approximately 8,000 sales personnel
  - Collaborating with customers to promote digital transformation

**Establishment of Ridgelinez**

- Becoming a transformation partner/strengthening our ability to handle upstream processes
  - Supporting the transformation of our customers and creating a new and disruptive future that is not an extension of the past
  - Improving the quality of business deals
The Current Status of Regions (Japan)

**Enterprise**

(Manufacturing/ Retailing and Distribution/Finance)

- Offering Japan-wide support to customers, from global major players to regional and medium-sized companies
- Providing a wide range of services from the application of global solutions to individual system integration
- Providing a wide range of support for manufacturing, retail and distribution, and finance companies

**Public Sector**

(Telecommunications/Media/Services/Public*/Government/Local Municipalities)

- We have built social infrastructure and systems in Japan, and have operated them for many years
- Supporting mission-critical operations with high quality and high level-technical capabilities
- Driving the modernization of legacy systems
- Excelling in services for large-scale hospitals, such as university hospitals
- (Market shares of electronic medical records: over 65% of private universities and over 40% of public universities)

*Public: petroleum/gas, electricity/water, medical/life sciences/education

Our shares by market in fiscal 2022

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing</th>
<th>Retailing and Distribution</th>
<th>Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.1</td>
<td>(10.0%)</td>
<td>No.1 (12.4%)</td>
<td>No.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(8.5%)</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th></th>
<th>Manufacturing</th>
<th>Public</th>
<th>Government/Local Municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.1</td>
<td>(9.0%)</td>
<td>No.1 (11.2%)</td>
<td>No.1 (21.6%)</td>
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(The graph was created by Fujitsu based on Gartner research. The figures shown here were calculated by Fujitsu.)


*Public: petroleum/gas, electricity/water, medical/life sciences/education
Our Targets for Fiscal 2025 and Measures for Achieving Them

Revenue
(operating profit margin)

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise</td>
<td>1,194.6</td>
<td>1,450.0</td>
</tr>
<tr>
<td>Public Sector</td>
<td>500.0</td>
<td>500.0</td>
</tr>
</tbody>
</table>

- **01 Expanding revenue**
  - Fujitsu Uvance
  - Fiscal 2025: 210.0 (Billions of yen)

- **02 Modernization**
  - Fiscal 2025: 250.0 (Billions of yen)

- **03 Transforming front function**
- **04 Optimizing development**
  - (Gross margin +1%/year)
- **05 Strengthening quality management**

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Expanding revenue

01. Uvance
02. Modernization
Fujitsu Uvance

As part of our mission to solve societal issues, we will shift our focus away from individual companies to industries and cross-industries. The sales frontlines, together with the technology consultants, will aggregate market needs, test and verify business models, and realign our offerings.
Modernization

We will guide our mainframe and UNIX customers toward modernization, consolidate the knowledge we have gained into our modernization knowledge center, and also approach non-Fujitsu mainframe users by utilizing this knowhow.

<table>
<thead>
<tr>
<th>Reference</th>
<th>(Current operating assets)</th>
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<tbody>
<tr>
<td><strong>Mainframe</strong></td>
<td>FY22 700 units / 350 customers</td>
</tr>
<tr>
<td><strong>UNIX</strong></td>
<td>FY22 9,400 units / 730 customers</td>
</tr>
</tbody>
</table>

**Revenue in 2025**

250.0 Billion yen

**Large-scale cases of Modernization (Cloud) orders**

<table>
<thead>
<tr>
<th>Case</th>
<th>Industry</th>
<th>Order Size (Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Government agencies</td>
<td>83.0</td>
</tr>
<tr>
<td>B</td>
<td>Government agencies</td>
<td>31.0</td>
</tr>
<tr>
<td>C</td>
<td>Mobile carrier</td>
<td>8.0</td>
</tr>
<tr>
<td>D</td>
<td>Financial institution</td>
<td>37.0</td>
</tr>
<tr>
<td>E</td>
<td>Electronics company</td>
<td>50.0</td>
</tr>
<tr>
<td>F</td>
<td>Food manufacturer</td>
<td>11.0</td>
</tr>
<tr>
<td>G</td>
<td>Pharmaceutical company</td>
<td>12.0</td>
</tr>
</tbody>
</table>
Transforming front function

01. Consulting approach
02. Offering Sales and Digital Sales
02. Engagement with our partners
Integrated consulting approach with Ridgelinez

Case study of top executive approach: An electronics company

Program management for business transformation

Ridgelinez will promote the overall management of the transformation, including building consensus with management

- Development of a system of business operation standards for other business divisions and locations
- Fujitrus practical knowledge of transformation
- Transformation of digital marketing and sales
- Strategic collaboration with information technology subsidiaries

Creating data utilization infrastructure

- Concept plan for executing core infrastructure strategies other than ERP
- Data utilization consulting and creation of data-driven management structure
- Creation of data analysis infrastructure

Building a core standard for ERP

- Utilization of internal system implementation initiatives
- Creation of a system that utilizes our knowledge
- Modernization through S4 HANA Bluefield conversion

Creating further opportunities

- Development of a system of business operation standards for other business divisions and locations
- Fujitrus practical knowledge of transformation
- Transformation of digital marketing and sales
- Strategic collaboration with information technology subsidiaries
Offerings Sales and Digital Sales

Market development through new approach

New business development

Lead generation

Business deal

After - sales

Business Producer

User portfolio → Examine the list → Alignment → 01 Offering sales → 02 BDR* → 03 SDR** → Digital sales (Develop new contacts, nurturing) → Digital sales Proposal and trial → Continued support

* BDR: Business Development Representative
** SDR: Sales Development Representative
Engagement with our partners

Expanding our business by further strengthening our engagement with our partners in Japan

01
A single point of contact for partners

02
Core business transformation from Products to Digital Service expansion, Uvance as the center

Solution dealers

Sales partners
- Partners throughout all of Japan 8
- Partners in regions in Japan 450

FCA* 108

* The name of Fujitsu’s partners association
Development Efficiencies Enhancement of Quality Management
Development Efficiencies

Gross Margin +1%/year

Delivery Transformation

One CRM
Proper allocation of resources

GDC/JGG
Thorough usage

Development standardization

Remote/ Concentration

Agile development
Enhancement of Quality Management

- Chief Quality Officer Governance
- Information Security
- One Delivery Process
- Fujitsu Developers Platform
New Initiative in Innovation
Expanding Deployment of Renewable Energy and Improving the Maintenance of Transmission Equipment

Chugoku Electric Power network

Vibration Data

Natural changes such as wind

Conversion

OPGW Environmental data

Utilization trials

Drone operation support

Problem solving

Enhancing Maintenance work

Expanding deployment of renewable energy

*Optical Ground Wire

Transmission line temperature

Dynamic rating

Problem solving

Useful for judging whether or not to fly and improving safety

Calculate transmission capacity

Utilization trials

Problem solving

Enhancing Maintenance work

Expanding deployment of renewable energy

Digital Shifts

Fujitsu

uvance
Data driven business in the area of health care

Implementing data standardization and consent-based data utilization infrastructure to create value through analytics

Diagnostic data
- Medical facilities
  - Diagnostic data
  - Give consent

Personal health records
- Individuals
  - Give consent

Governments and local municipalities
  - Medical examinations
  - Vaccinations
  - Patient care

Pharmaceutical companies
- Life and casualty insurance companies
- Medical device companies
- Food manufacturers

Hospitals collaborating companies
- Fujitsu Group
  - Joint development of advanced healthcare products and services
  - Diagnostic support and treatment support
  - Health and disease prevention-related analyses and feedback

Output
- toB
- toC
- toH

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Creating a prosperous future for Japan through Service Solutions
Regional Strategies – Regions (International)

Representative Director, COO
Hidenori Furuta
Overview

Regions (International)

※FY22 Figures

Revenue: 581.7 Billion yen
Operating Profit (%): 10.3 Billion yen (1.8%)
Countries: 32 countries
Employees: 22,700 people
Services: MIS, BAS*

Americas:
- 9 countries
- 1,600 people
  - BAS

Europe:
- 14 countries
- 16,300 people
  - MIS, BAS

Asia Pacific:
- 9 countries
- 4,800 people
  - MIS, BAS

*MIS Managed Infrastructure Services
BAS Business Applications Services
Look Back FY2020 ~ 2022

**Americas**

Business Portfolio Transformation
- Product
- Hosting
- Retail hardware
- Break/Fix

Closed

Focused on service business

Achieved Profitability

**Europe**

Select and Concentrate
- Closed non-profitable counties
- Separated product business
- Selected service business focused countries (14)

Shifted focus to high margin service business

Built foundation to expand services business

**Asia Pacific**

Business Model Transformation
- Shift to industry business model and consulting led business
- Acquired Versor, Oobe, Enable, InPhySec to enhance DX capabilities

Expanded/Strengthend DX capabilities

**Common Initiatives**

- **Offerings**
  - Global offerings
- **Accounts**
  - Chose regional focused accounts
- **Delivery**
  - GDC collaboration and usage
  - Improved productivity
- **Alliances**
  - Strengthened partner business on a global and regional level with strategic alliance
## Key Strategies

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Description</th>
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</table>
| **Business Model and Portfolio Strategy** | • Accelerate shift from **MIS to BAS business** to improve profitability  
• Strengthen **alignment with global organization** (*BGs*) to expand business  
  Governance over offering development/investment/delivery/sales, common KPI/incentive scheme |
| **Customer Success / Regional Strategy** | • Develop and expand **consulting capabilities/approach methodologies**  
• Standardized **customer facing organization structure** |
| **Technology Strategy** | • Utilize new technology implementation framework  
• **Build/Roll out lead customer and use cases** |
| **People Strategy** | • **Reskill** people for growth  
• Bring value via **strategic alliance & partnership**  
  **SAP, ServiceNOW, Salesforce, Microsoft, AWS** |
Thank you