

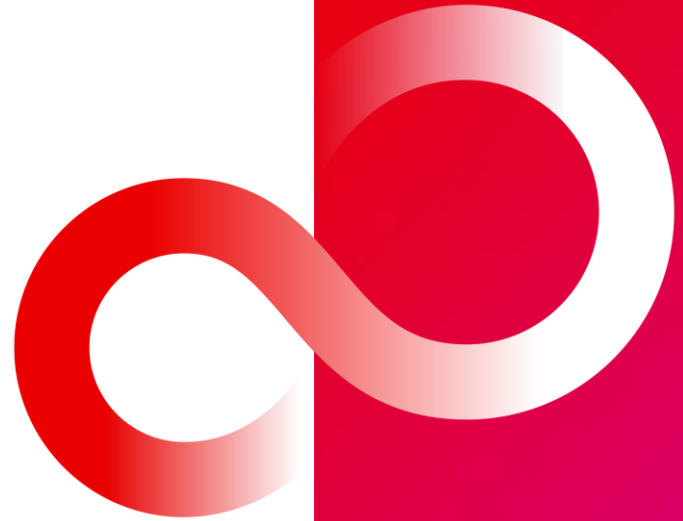
Delivery Strategy

Megumi Shimazu

SEVP, Head of Global Technology Solutions

Fujitsu Limited

May 29, 2023



Megumi Shimazu

SEVP, Head of Global Technology Solutions

Joined Fujitsu Limited in 1987 as a systems engineer in charge of large-scale system integration projects, mainly for construction and major oil companies.

I moved to the United States in 2009 where I was engaged in a local system integration project for a Japanese customer. In 2011, I took responsibility in the development of packaged software for the private sector.

From 2015, as the Head of the Infrastructure Service Business, I implemented improvements to realize a stable profit profile.

In addition to the Infrastructure Service Business, I have been in charge of the Global Delivery and Japan Global Gateway (JGG) since 2021.

In 2022, I moved to the UK to deploy further improvements in our Global Solutions/Service Delivery.



Today's agenda



I. Standardize delivery and improve productivity

Business Model and Portfolio Strategy

Grow Service Solutions

Shift to Growth Areas

Target high growth and profit in cloud and digital services, including Fujitsu Uvance

Focused Measures

- Expand consulting
- Develop strategic alliances
- Develop core technologies and improve business utilization and value delivered
- Develop and reskill employees

- Standardize delivery and improve productivity
- Expand modernization
- Stabilize and enhance quality and security

Revenue 2 trillion yen → 2.4 trillion yen (15%)

Adjusted Operating Profit Margin* 8% → 15%

On cloud digital services that contribute to customer's transformation, centered on Fujitsu Uvance

On premise core services that ensure a safe and secure environment for customers

Shift to cloud

FY2022 FY2025

*Indicator which represents an actual profit from core business calculated by deducting profits from business restructuring, M&A, etc. and one-off profits from changes in regulations. (Equivalent to previously known as operating profit excluding special items)

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II. Modernization Knowledge Center

Customer Success / Regional Strategy

Realize Customers' Optimal Modernization

Modernization

Use Fujitsu's unique strengths to create greater customer value by supporting their DX / GX* while optimizing their existing assets.

*GX: Green Transformation

Safe and Secure
Optimal and appropriate modernization of existing assets to meet future business needs.

Total Support
Total support for modernization needs, utilizing Fujitsu engineering capability cultivated from mainframe and other core systems experience.

The Right Solution
Provide global modernization services leveraging alliances with strategic partners.

Fujitsu's modernization services

01. Visualization of operations and assets

02. Overall design framework

03. Comprehensive information systems streamlining

04. Modernization

Fujitsu capabilities

- Transformation Partner (Ridgelinez)
- Specialized function (Modernization Knowledge Center)
- Delivery structure (35,000 employees by FY2025)
- Technology

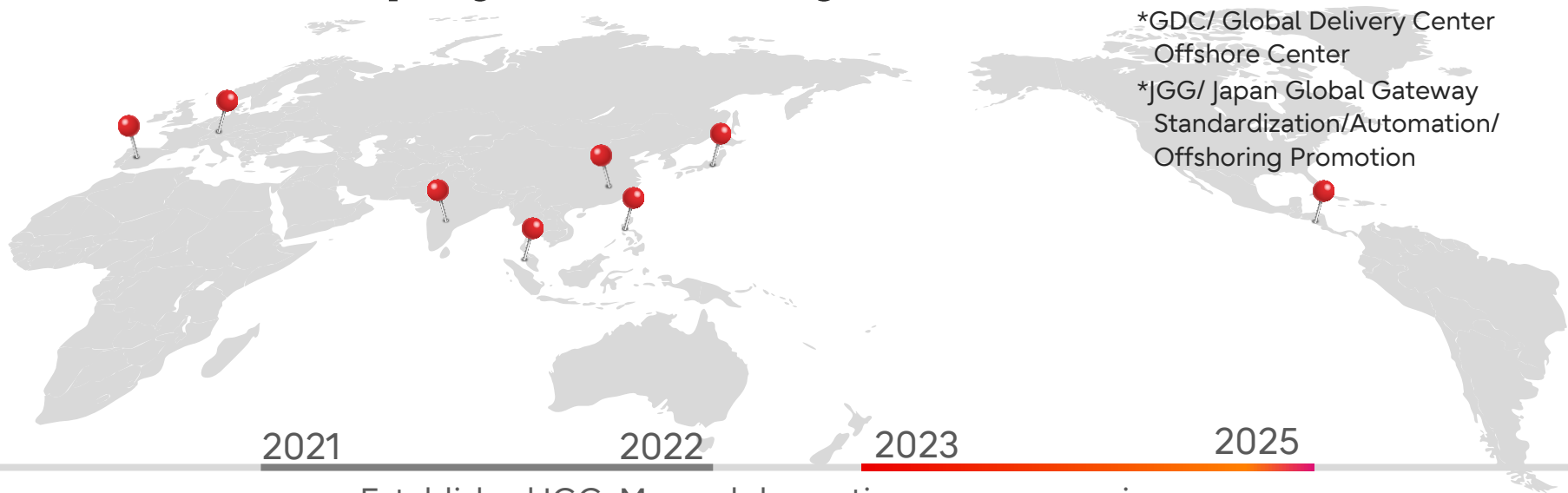
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* An excerpt from Medium-term Management Plan materials (May 24)

- I. Standardize delivery and improve productivity**
 - GDC/JGG initiatives**

Number of Employees in GDC/JGG



*GDC/ Global Delivery Center
Offshore Center
*JGG/ Japan Global Gateway
Standardization/Automation/
Offshoring Promotion

Established JGG, Merged domestic group companies



Profitability improvement Initiatives by GDC/JGG



Expansion of offshoring

- Offshoring from early stages supported by improved demand forecasting



Expansion of internal IT development

- Shift from partner dependency



Expansion of leveraging JGG

- (Standardization/Automation)
- Fujitsu Developers Platform
 - Shared Service
 - AI technology



Skills shift towards growth areas

- Expansion of Uvance capabilities



Outgrowing optimal hubs

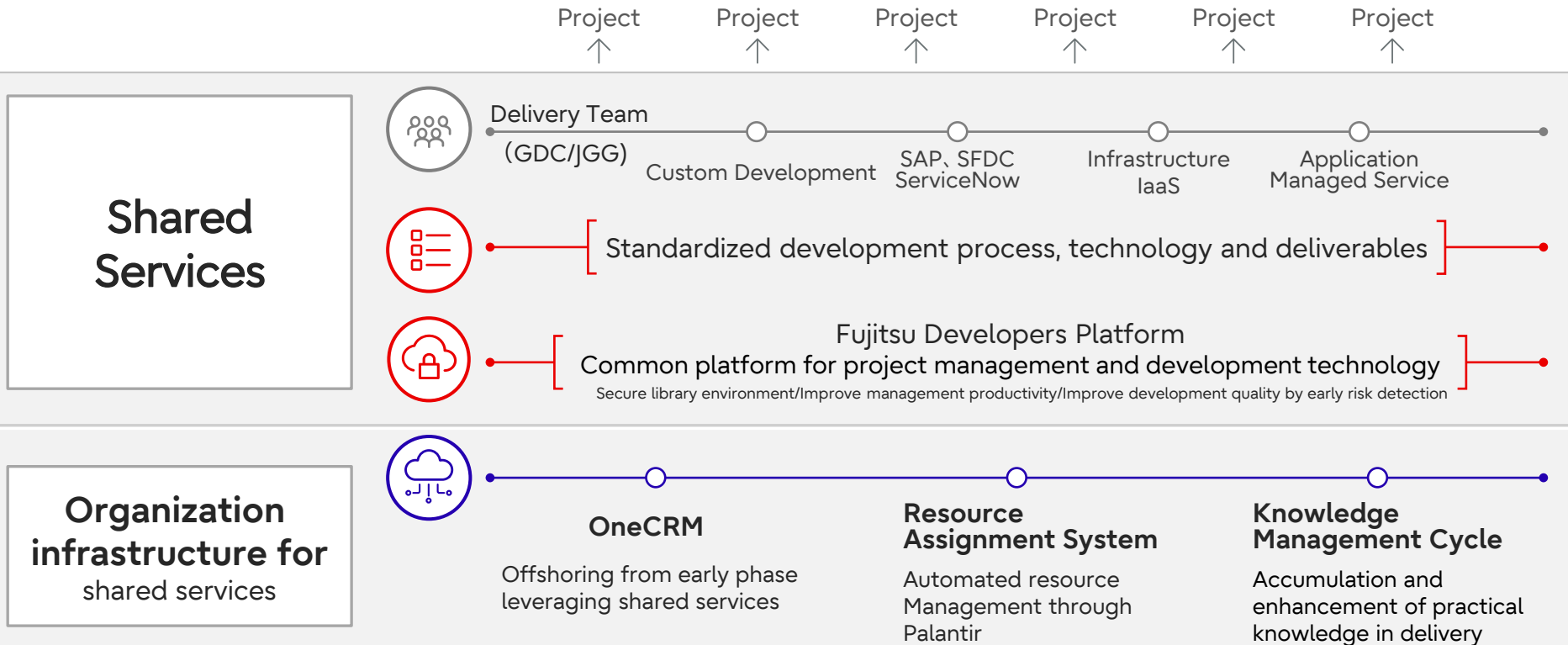
- Global Resource Management
- Increased resiliency (Responding to Geopolitical Risks)



High Employee Engagement

Delivery Model

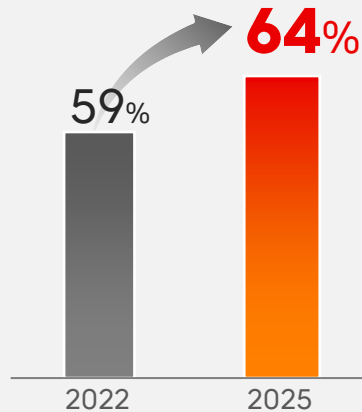
Promotion of standardization and automation through shared services



Improvement of Quality, Productivity, and Utilization **FUJITSU**

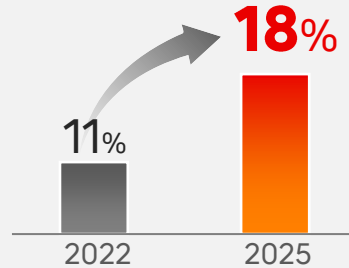
Improve quality, productivity, and utilization rate by expanding insourcing, offshoring and, standardization/automation

Insourcing



- Accumulation of technical capabilities and delivery knowledge
- Cash out suppression
- Using real time data in project management and preemption of unprofitability

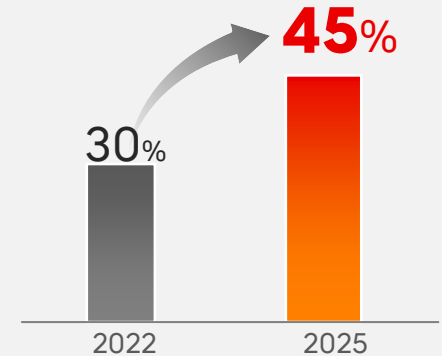
Offshoring



- Cost reduction due to difference in unit price
- Stable resource supply
- Promotion of global standardization

JGG use

(Standardization/Automation)



- Improvement of insourcing rate and GDC utilization rate
- Investment optimization
- Optimal assignment of engineers
- Securing capabilities for growth areas

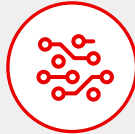
Delivery Capability Expansion into Growth Areas - GDC **FUJITSU**

Employee ratio
In growth areas

10%
2022



45%
2025



Resource Management Enhancement

- Data-driven management that links demand, operation status, and skill map
- Enhancement plans jointly formulated and implemented by business units and corporate functions



Reskilling

- Establishment of a reskilling program
- Utilizing knowledge from Enable (Australia) which has ample delivery experience
- Collaboration with strategic partners in creating and implementing learning programs



Employees Engagement

Engagement
Score

83

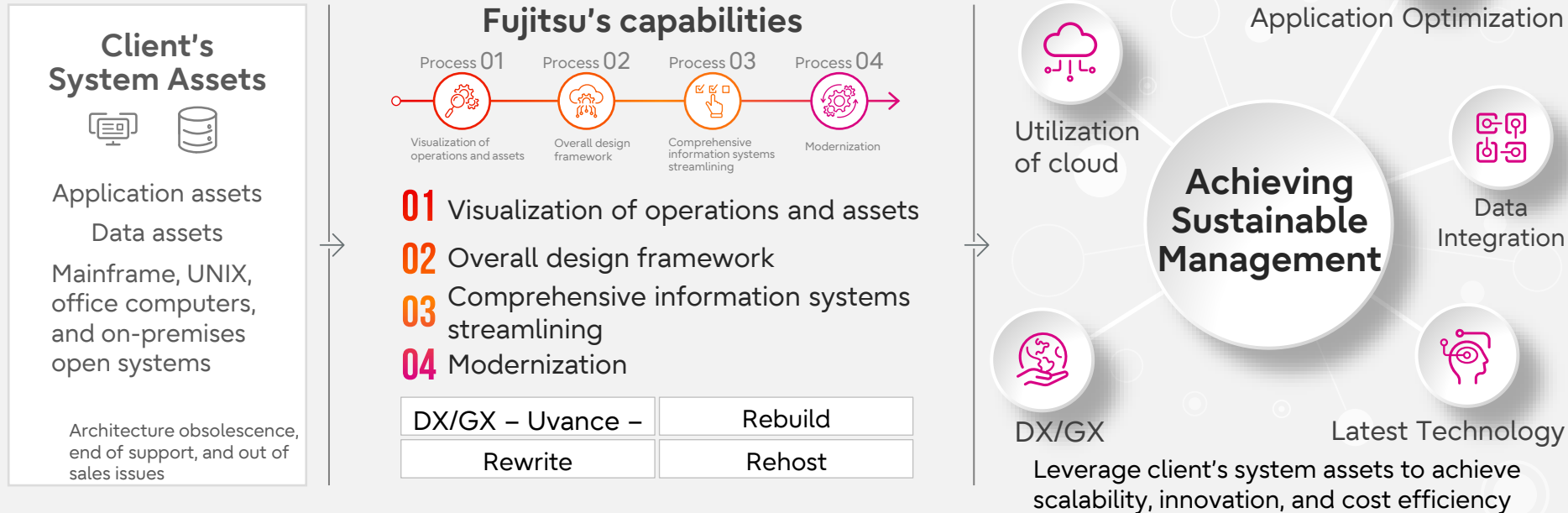
- Human resource management across GDCs
- Active participation in SDGs community activities
- Promoting challenge by providing reskilling opportunities

(compared to global benchmark +8)

II. Modernization Knowledge Center

What is Modernization?

Platforms and application frameworks that make the most of valuable application assets of the client's system change and modernize architectures, transforming them into optimal IT infrastructures such as cloud systems

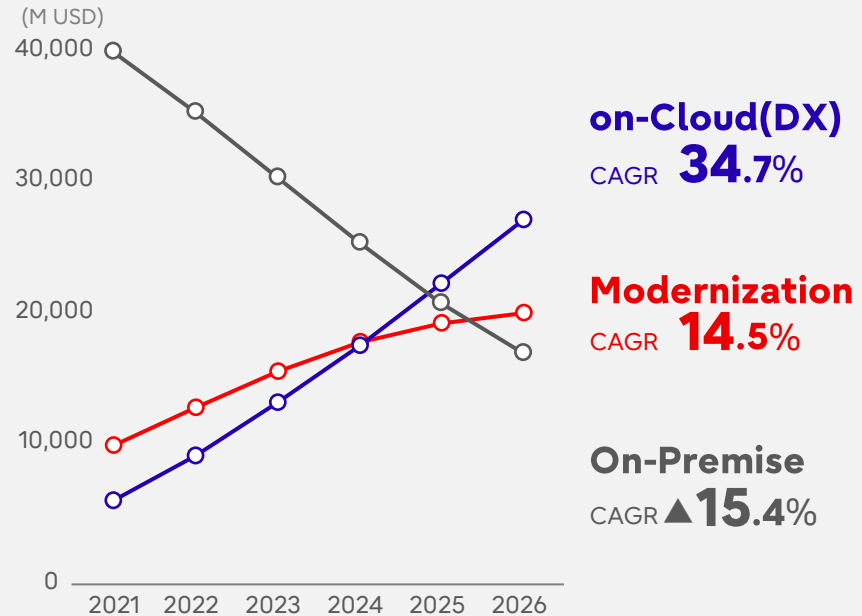


Modernization Market



Japan Market

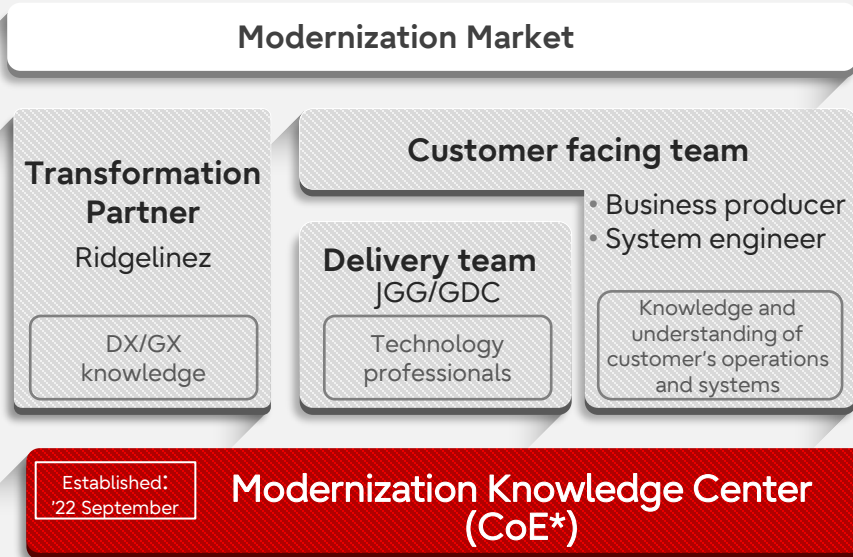
- As the “2025 Digital Cliff” identified by Japan’s Ministry of Economy, Trade and Industry DX Report approaches, the demand for modernizing existing information systems (modernization) increases as clients take the lead in DX initiatives
- Accelerate the shift from legacy systems such as mainframes and on-premises open server systems to the cloud
- Modernization's market size will grow through 2026 in line with the growth in cloud adoption



Source: Estimated by Fujitsu based on data from each research company

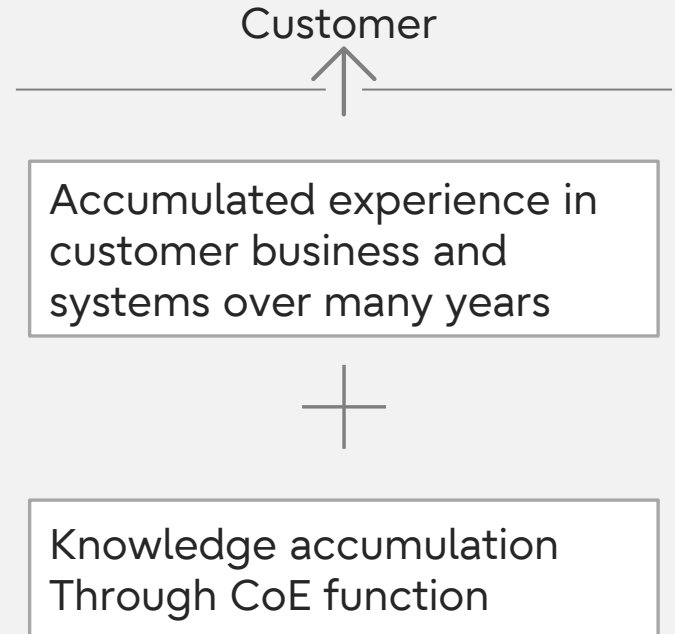
Expansion of modernization and On-Cloud (DX) business that will exceed the expected scaling down of mainframes and UNIX servers

Aggressive Modernization



- Deal, technical support
- Knowledge gathering and deployment
- Methods and tool improvement
- Providing global modernization tool "PROGRESSION" in Japan
- Following up the status of implementation of modernization of client systems
- Promotion of co-creation with strategic alliance partners

*Center of Excellence



The background of the slide is a large, diverse group of people, including men and women of various ethnicities, all smiling and reaching their hands towards the camera. The image is overlaid with a semi-transparent dark horizontal band containing white text.

**Contribute to GM +1%/year improvement
through GDC/JGG and Modernization initiatives**

Thank you

