

Management Direction

Basic Business Stance

Although the information technology industry is temporarily beset by severe market conditions, the networked economy is steadily expanding, and IT continues to permeate every aspect of daily life. The central role that the IT industry is destined to play in supporting future generations of society remains unchanged.

Moreover, IT is becoming increasingly integral to customers' businesses. In selecting a partner to build and deploy their IT systems, customers are looking for vendors who go beyond simply supplying products and services. Rather, they are seeking to build trust-based, long-term relationships with partners who can provide superior proposals and implementation covering the entire IT lifecycle.

Fujitsu has long pursued a collaborative business style of developing applications together with customers based on a deep understanding of their management and business situations. In the current environment, our strengths in helping customers make the most of their existing application assets and quickly developing systems that can accommodate dramatic shifts in business conditions place us in an extremely favorable position, and we intend to further build on these strengths.

In addition, as IT systems have increased in complexity, improving equipment efficiency, lightening operational loads, and assuring reliability have become vital concerns. In this regard, there are limitations to the conventional systems construction approach of combining independent off-the-shelf products. Instead, there is increasing demand for comprehensive capability to build and manage entire systems as well as for highly reliable integrative products.

As an IT industry leader, Fujitsu is committed to continuously supplying comprehensive solutions that utilize top-quality products and services based on the most advanced and reliable high-performance technologies. By further enhancing our overall strengths – from cutting-edge technologies to services – we aim to contribute to our customers' business success and grow together with them.

Business Strategy

In response to changes in the external environment, we have made strides in revamping our business structure during the last two years. As a result, we have been able to reduce fixed costs, streamline operations and boost efficiency. We intend to continue to further strengthen these efforts in response to changes in customer needs and market conditions.

Customers today are most concerned with reducing total cost of ownership and making IT investments that generate immediate returns. We are taking the following specific measures to address these concerns.

Providing comprehensive solutions on a continuing basis

Most companies' IT systems today are distributed along operational lines. There is also growing need to link these systems with various external systems, so the issue of interconnectivity among systems is expected to become increasingly important. Moreover, amidst a rapidly changing

business environment, design and development of business systems must be accomplished more quickly than ever before.

Taking advantage of our experience and know-how in large, complex applications development, we are aggressively pursuing improvements in software development productivity and interconnectivity by promoting application componentization and embedding of common functionality.

And through an end-to-end series of processes covering all of the customers' business systems – from development through operation and maintenance – we are helping to reduce their overall IT costs.

Leveraging our superior understanding of our customers' businesses and our wide range of capabilities, we will provide our customers with comprehensive service proposals on a continuing basis throughout the lifecycles of their systems. By building and strengthening long-term relationships of mutual trust with our customers in this way, we will expand our business.

Strengthening the foundation for the next generation of IT

The elements that comprise today's IT systems are becoming increasingly diverse and complex. We are further strengthening our efforts to develop and provide the foundation for the next generation of IT by creating stable, flexible systems that use advanced middleware to fuse and interlink open standard servers, storage and network resources. Specifically, we are working to reduce operational loads and ensure stable operations by leveraging our mainframe-class high-reliability design and high-stability operational technology strengths to develop core autonomic, virtualization and integration technologies and extend their application to open standard system elements.

Priority Tasks

Thanks to the improvements in our profit structure as a result of the restructuring carried out during the last two years, we were able to achieve a major improvement in operating income in comparison with the previous fiscal year. In addition to the business strategies outlined above, we will take the following measures to pursue customer-centric management, further strengthen our operational profit structure and improve our financial position.

Strengthening operational profit structure

In regard to our Software & Services business, which is already securing higher sales and profits, we are working to further increase profitability by accelerating the aforementioned efforts to improve application development productivity. In addition, we are also expanding our business by shifting our focus to segments and fields with high growth potential, such as healthcare, large manufacturers and distributors, and amalgamating local governments in Japan, as well as CRM, ERP, e-learning and mobility, respectively. Organizationally, as well, we are working to improve our responsiveness to customers by bringing together sales and system engineering personnel and, through the introduction of dedicated customer-specific system engineers, to deliver solutions that will help strengthen our customers' competitive position from the long-term management perspective.

In Platforms, we are pursuing a company-wide innovation initiative to adopt integrated digital processes utilizing the latest 3D CAD and other tools that will enable us to reduce development

times, improve quality, and increase common components. At the same time, we are placing special emphasis on improving the operations at each of our manufacturing facilities. Through these measures, we are striving to enhance our product development capabilities and cost competitiveness overall. Carrying the integration of information processing and telecommunications fields a step further, we are creating an organizational formation that will enable us to play a leadership role in the emerging era of network-centric ubiquitous computing and communications.

Regarding our Electronic Devices business, in particular logic devices, we will seek to improve our profitability structure by concentrating resources on markets with high growth potential, such as information appliances and mobile terminals. In addition, to strengthen the competitiveness of our servers, network and other IT systems products, we will continue to pursue development of advanced CMOS technology.

Improving our financial position

To expedite improvement of our financial position, we will make cash flow a major management priority. Increasing the profitability of our core operations is of top importance. In addition, we will strive to foster the soundness of our financial position by effectively utilizing our assets to enhance shareholders' equity and reduce interest-bearing debt.

Other initiatives

One of our main priorities is to provide our customers with a high degree of reliability. Toward this end, we will work at every level of our operations to improve the quality of our products and services.

In the networked economy, protecting individual and corporate data as well as maintaining network security is becoming ever more vital. At Fujitsu, we are committed to providing products and services with enhanced security features. Within the company as well, we are strengthening internal information management and systems as well as implementing employee education programs and other measures in accordance with our position as a leader in the IT industry.

By continuously applying our efforts to the accomplishment of these tasks, we are striving to become a global company that is trusted by our customers and society, and that can make a significant contribution to building a prosperous and dynamic networked economy.