

PART 2

EVOLUTION OF THE GLOBAL MATRIX ORGANIZATION

The Fujitsu Group has been realigning its customer sales and service delivery structure under its global matrix organization, seeking to expand global business and raise profitability. In this section, we set out the aims, current status, and future expectations for the global matrix organization.

Background to Adoption of the Global Matrix Organization

Before the introduction of the global matrix organization, the Fujitsu Group had a separate front-end sales structure for customers in and outside of Japan, as well as corporate, delivery, and marketing functions that were handled on a local subsidiary basis. With the launch of the global matrix organization in April 2014, we established a new structure consisting of five regions—Japan, Asia, EMEIA, the Americas, and Oceania—and different business lines organized along products and services. At the same time, we integrated the marketing and corporate functions of overseas Group companies within Global Marketing and Global Corporate functions at Corporate Headquarters.

The introduction of the new structure was prompted by management's assessment that the engine of Fujitsu's growth had shifted from a growth-driven stage of different regional bases delivering their own services that evolved with their own distinct histories and cultures to a stage where we pursued growth through global development as "One Fujitsu." The aim was also to foster an organization and culture suited to a truly global company and to pool our strengths in each region by shifting from a Japan-centric structure to one in which Japan is treated as one of the world's regions.

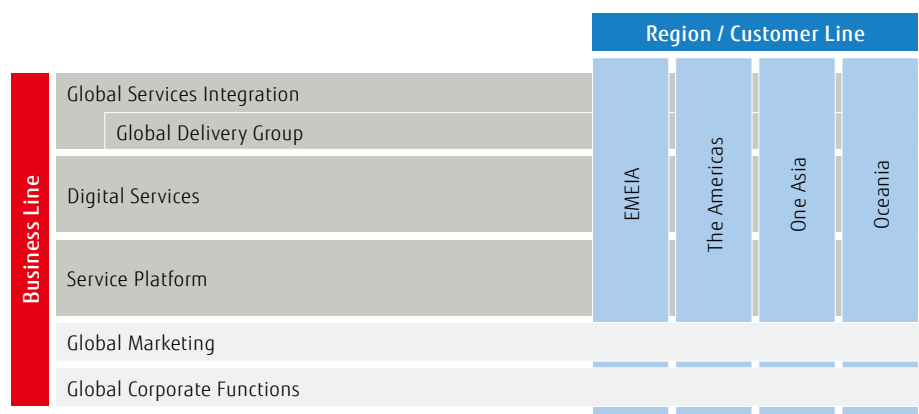
Current Status of the Global Matrix Organization

We have been stepping up our efforts to promote business model transformation to a structure that supports sustainable growth and global competitiveness as an ICT company. Measures here have included restructuring and reinforcing sales organizations and business units and clarifying the chain of command and division of roles between regions and business units in the global matrix organization.

In terms of regional structure, our 2015 Management Direction integrates sales and service delivery functions across Japan and Asia into "One Asia." Duncan Tait has been appointed Head of the Americas region concurrently with his position as Head of EMEIA. With regard to business lines, we integrated the Global Delivery Group into the Global Services Integration Business. At the same time, we launched a Digital Services Business, bringing under its umbrella IoT, AI, and other digital services-related resources. We now operate under three business units: Global Services Integration, Digital Services, and Service Platform.

Global Matrix Organization

(As of September 30, 2016)





From left

Hidenori Furuta
Corporate Executive Officer
EVP, Head of Global
Delivery Group

Shingo Kagawa
Corporate Executive Officer
SEVP, Head of Digital
Services Business

Akira Kabemoto
Corporate Executive Officer
SEVP, Head of Service
Platform Business

Norihiko Taniguchi
Director and Corporate
Executive Officer
SEVP, Head of Global Services
Integration Business

Hidehiro Tsukano
Director and Corporate
Executive Officer
SEVP, Head of Global
Corporate Functions

Hiroyuki Sakai
Corporate Executive Officer
EVP, Head of Global Marketing

Efforts to Promote Sharing and Full Utilization of Management Resources

The commitment to “competing globally as an ICT company” involves consistently providing top-quality and high-value-added services to customers in any region of the world. That demands a structure that goes beyond a regional framework to draw together and utilize the management resources of the Fujitsu Group, including the latest technologies and best practices extracted from past experience.

Within the global matrix organization, the Global Delivery Group plays a pivotal role in service delivery, providing human resources, tools, and standardized services to our customers across regions. In negotiating business deals with customers expanding their presence globally, our cross-regional strategic sales support teams provide backup to regional sales representatives in finalizing contracts involving services across regions and countries. Comprehensive support to delivery centers around the world is also provided by technical support teams and quality assurance teams.

Enhancing Efficiency through Common Management Infrastructure

Integrating the management functions of overseas Group companies within Global Corporate functions at Corporate Headquarters has enhanced the efficiency of Group management. The establishment of the common “Global Corporate” management infrastructure is not only bringing clear benefits in reducing administrative costs but also helping us identify best practices and resources and, by extension, “globalize” management. With human resources, for example, the system provides for the selection of leaders and the assignment of the right people to the right places globally and flexibly, supporting business expansion. (▶▶ For more information, please refer to “Human Capital” on pages 44–45.)

In addition, after having launched the cloud-based “FUJITSU Digital Business Platform MetaArc” in Japan in September 2015, we began to provide the platform in EMEA in May 2016. This has led to a number of promising business deals, and we are already moving forward on expanding our efforts to provide standardized high-quality services around the world.

The Role of Global Delivery Centers

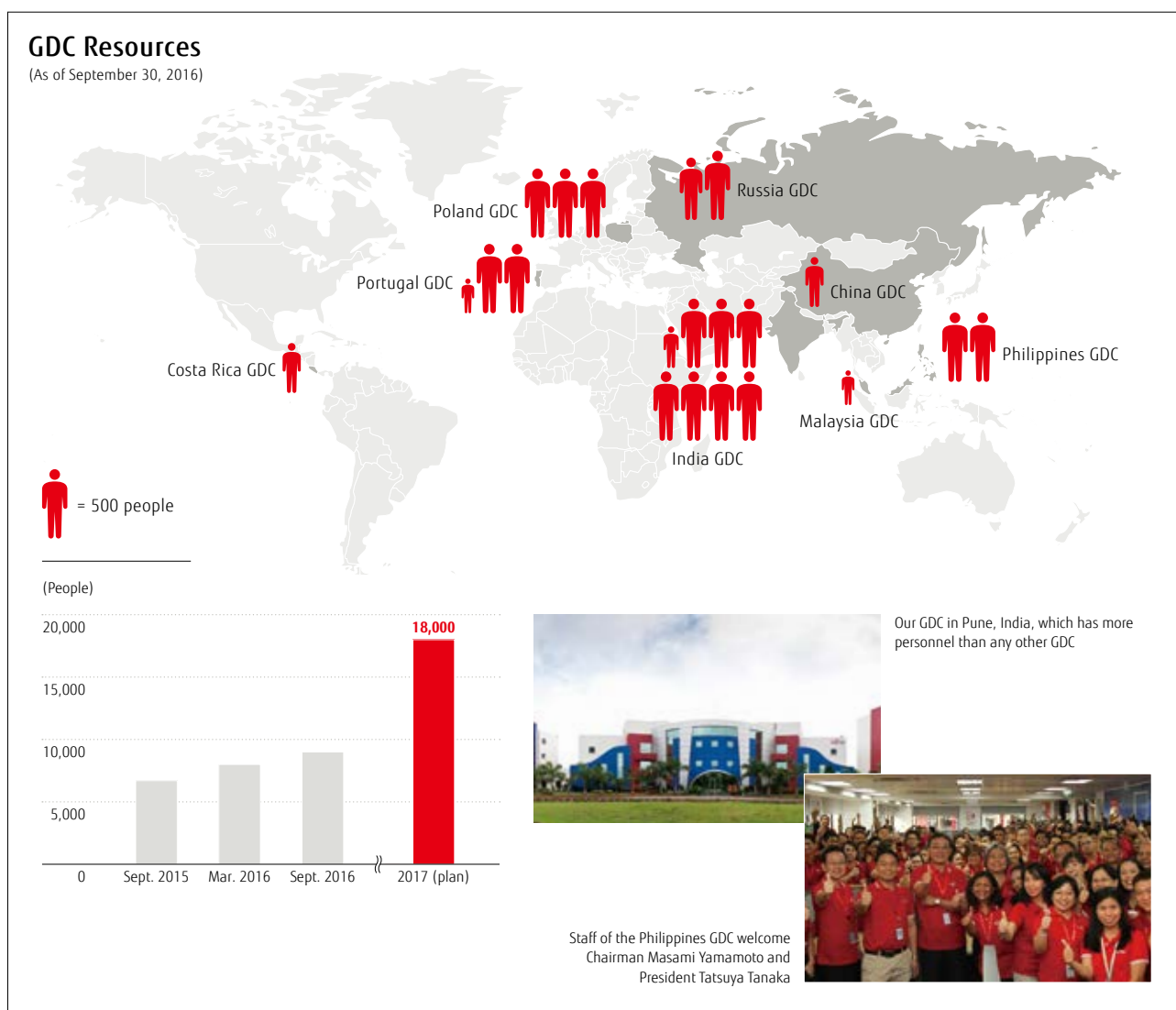
To compete successfully against overseas IT vendors—particularly in the face of the increasing challenges posed by Indian businesses in recent years—and global IT service companies, we must not only offer high-value-added, high-quality services but also optimize service delivery costs.

Here our offshore and near-shore Global Delivery Centers (GDCs) play a vital role in providing standardized high-quality services to customers around the world. Specifically, GDCs, located in eight countries around the world, develop and operate business applications for customers, maintain support desks that provide multilingual support in more than 30 languages, and remotely manage customers' IT infrastructure with remote infrastructure management. They also undertake

business process outsourcing for the Fujitsu Group, covering such areas as accounting, human resources, order processing, and translation.

We are also expanding the functions of the Center of Excellence in aggregating Fujitsu's technologies and business expertise and developing services globally.

Under the management of the Global Delivery Group, we plan to increase the number of GDC staff to 18,000 during fiscal 2017 and have been making good progress toward that goal. We are also focusing on staff education, especially in such areas as languages, open source software technology training, and the standardization of development methods, in order to bring our growing team quickly up to speed and further enhance the reach and effectiveness of GDCs.





Initiatives to Expand and Make Optimal Use of the GDC Network

Norihiko Taniguchi
Director and Corporate Executive Officer
SEVP, Head of Global Services Integration Business

Making full use of GDCs is the key to raising service cost efficiency. With the Japan business, currently the Group's earnings bedrock, we plan to generate aggregate cost savings of ¥30 billion in the three years from fiscal 2015 through the use of GDCs. We expect to save about ¥10 billion by the end of fiscal 2016. The Fujitsu Group is increasing the number of GDC personnel. In Japan, however, language often presents a hurdle to making full use of GDCs. With that in mind, we are currently focusing on raising the number of GDC staff in India with Japanese-language proficiency in fiscal 2016.

In EMEA and the Americas, our emphasis thus far has been on developing managed infrastructure service (MIS) business. We are now looking to expand business application services (BAS), including IT consulting. While making full use of our wide-ranging established

strengths in meeting customer needs in the MIS field, we are expanding high-value-added BAS services driven by MetaArc. In this area, where we are uniquely placed to differentiate ourselves, we expect to see GDCs make a growing contribution.



India GDC managing Japanese companies' infrastructure remotely

A Flexible Global Delivery Organization

