



Latest Trends of IT market in Japan

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Offshore Promotion Office

Fujitsu India Limited

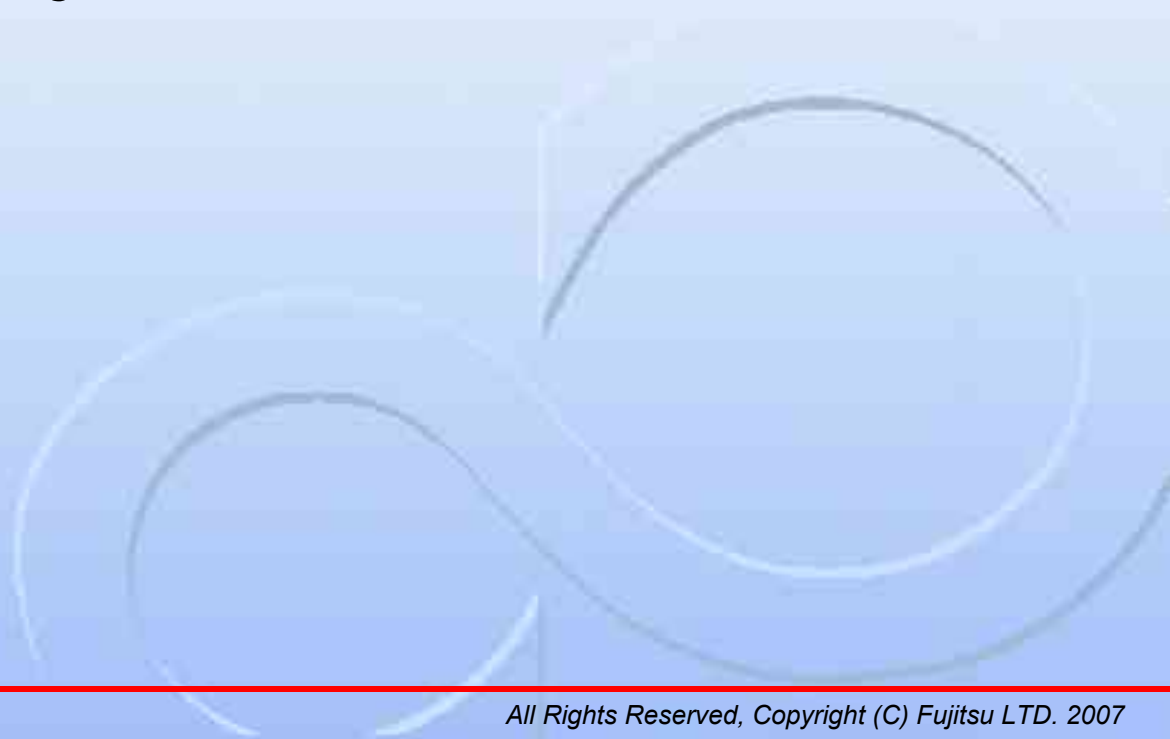
Agenda



- 1. Introduction of Fujitsu**
- 2. Trends of IT market in Japan**
- 3. Business opportunities for Indian companies**
- 4. KFS for Indian companies**



1. Fujitsu, who?



Fujitsu at a glance



**No.1 CIT company in Japan
and 3rd biggest in worldwide
with full product lines**

- **Headquarters: Tokyo, Japan**
- **President: Hiroaki Kurokawa**
- **Established: June 1935**
- **Net Sales: 5,100.1 billion yen (US\$ 43.2 billion)**
- **Net Income: 102.4 billion yen (US\$ 868 million)**
- **R&D Expenditure: 254.0 billion yen (US\$ 2.1 billion)**
- **Employees: 161,000 worldwide**
- **Principal Business Areas: Technology Solutions,
Ubiquitous Product Solutions, Device Solutions**
- **Stock Exchange Listings: Tokyo (Code: 6702), Osaka, Nagoya,
Frankfurt, London, Swiss**

Note: Consolidated net sales, net income and R&D expenditure for fiscal year ended March 31, 2007. US\$1 = ¥118. WW employees as of Mar. 31, 2007.

Fujitsu Principal Products

Technology Solutions

Service

- ▶ Solution/SI
- ▶ Infra Service

Other operations
¥490.4 billion
(US\$ 4.2billion)

System Products

- ▶ **Server System**
- ▶ **Storage System**
- ▶ **Middleware**

Network Products

- ▶ IP Network Equipment
- ▶ Mobile System
- ▶ Photonics System

¥3,157.0 billion
(US\$ 26.8 billion)

Ubiquitous Solutions

- ▶ Personal Computer
 Desktop PC, Note PC
 Tablet PC, PDA
- ▶ Cell phone
- ▶ HDD

¥1,118.3 billion
(US\$ 9.5 billion)

Device Solutions

- ▶ High performance
- ▶ Large scale integrated custom LSI
- ▶ Value added system LSI
- ▶ System Memory

¥762.6 billion
(US\$ 6.5 billion)

Total net sales
¥5,100.1 billion
(US\$ 43.2 billion)

Research and Development

Peta-Scale Computer, Autonomous Computer, Photonics telecommunication
 Quantum computer, Nano technology, Material, Robot, Environment technology (fuel cell etc.)

Fujitsu India Limited (FIL)

FETEX PCB Repair Center in Mohali (Punjab)
(Established in Aug, 2005)

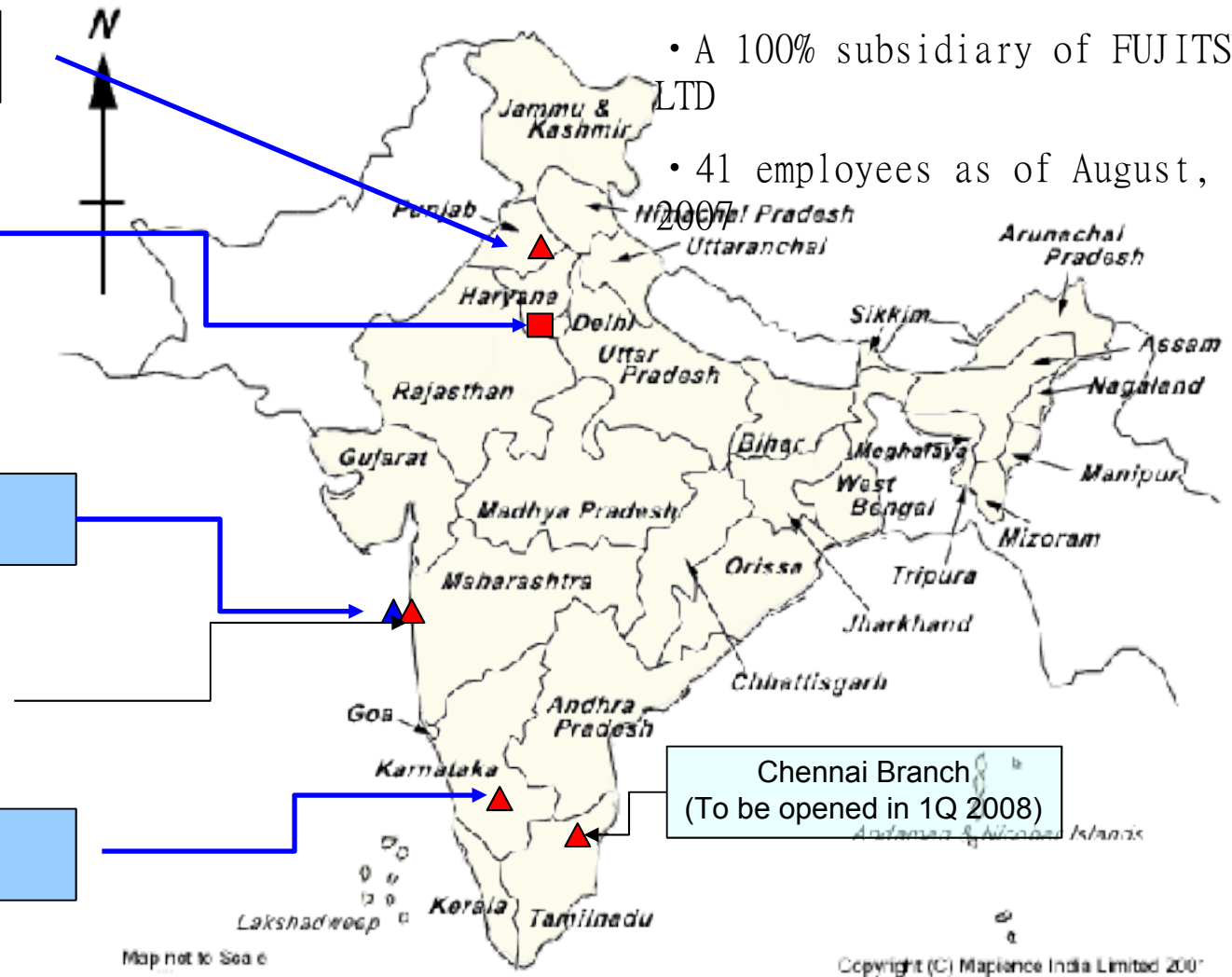
HQ, New Delhi
(Established in Oct, 1997)

CDMA Project Office, Mumbai
(Established in Dec, 2000)

Mumbai Branch
(To be opened in Oct. 2007)

Bangalore Branch
(Established in Dec, 2005)

- Established in Oct, 1997
- A 100% subsidiary of FUJITSU LTD
- 41 employees as of August, 2007



FIL's Responsibilities



Promote IT Business in India

- Focus on Enterprise business as well as SMB
- IT platforms ; Servers (PRIMEQUEST, PRIMEPOWER, PRIMEGY),
Storage (ETERNUS)
- PC/WS ; Laptop (LIFEBOOK), Desktop (ESPRIMO), Work Station
(CELSIUS)
- IT peripherals ; Scanners (ScanSnap) Biometrics Device (PalmSecure)

**Promote Fujitsu Offshore capabilities in India
and propose the utilization / optimization of
Offshore Services from India**

**Coordinate “One Fujitsu” in India
as a representative of Fujitsu**

FC India

- 1,200 employees (Dec 2006)
- Pune facility 1,160 seats available and additional 2,000 are planned
- Delhi facility 1,000 seats under construction
- Service Offerings include:
 - SAP
 - Oracle, PeopleSoft, Remote DBA
 - Microsoft, Open Systems, Quality Assurance and Testing (QAT), Legacy Modernization
 - Business Intelligence
 - Siebel
 - Business Support Services



Offshore Locations

■ Development Centers

- Pune (HQ)
- New Delhi
- Hyderabad

■ Office

- Bangalore



2. Trends of IT market in Japan

Japanese market – still on the way to recover

- It is not activated enough though it is in the recovery trend from the aftereffects of the bubble economy in 1990's.

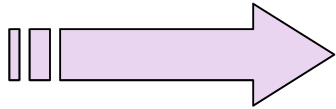
- Corporate integration and management rationalization for its survival
- Japanese SOX Act enforcement
- Protection of individual information Act enforcement
- Flourishing mobile industry

Impact to IT industry (key words)

- System integration/connecting business
- Legacy migration
- ERP system with strong internal control
- Products related to security
- Constant demand for embedded software
- Constant demand for application program development

What's happening in IT market?

- Corporate integration and management rationalization for its survival



- System integration/connecting business
- Legacy migration

3 mega banks appeared in a way we had never thought before;

Mizuho bank; integrated with Dai-ichi Kangyo bank, Nihon Kogyo bank and Fuji bank (2002)

Mitsubishi Tokyo UFJ bank; integrated with Mitsubishi bank, Tokyo bank and UFJ bank (2006)

Mitsui Sumitomo bank; integrated with Sakura bank and Sumitomo bank (2001)

Telecom industry was consolidated to 3 mega carrier groups; NTT group, KDDI group and Soft bank group

- The end of New Common Carriers' era has come.

NTT group; NTT and NTT DoCoMo

KDDI group; KDD, DDI, IDO and 8 cellular companies (2000)

Soft bank group; Soft bank (Yahoo Japan), Vodafone Japan and Japan telecom (2007)

**Huge volume
of business
opportunities
exist here.**

**They are using their old systems just connecting them.
Only few systems are integrated.**

- Huge software resources with scattered documents;
(more than 10 mega lines * no. of companies)
- IT department has not gotten used to control many IT vendors effectively.
- No one fully knows entire IT system in each company.

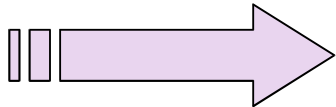
What's happening in IT market?

- **Japanese SOX* Act enforcement (to be effective from April,2008)**

*the Sarbanes-Oxley act of 2002;

Public Company Accounting Reform and Investor Protection Act
enforced after Enron issue in U.S.A., which requires strong code of compliance
to individual enterprise

**All listed companies are required to prepare to achieve internal control
that suits the law by the end of this fiscal year.**



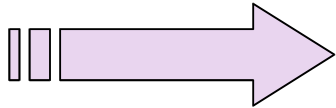
- ERP system with strong internal control

Applying a suited ERP package is the fastest way to achieve the requirement.

**SOX Act consulting business and ERP package business are emerging.
(SAP is preferred most in many industries.)**

What's happening in IT market?

- Protection of individual information Act enforcement(2003)



- Products related to security

Case :

There leaked 10 million subscribers' individual information from some telecom carrier and the company had to pay 500 yen each as the penalty to all subscribers with apologize letter. **Damage control costs more than US\$50 million.**

Security products for PC

Surveillance camera for office

Biometrics system for office/PC/ATM

- finger print
- palm vein
- finger vein

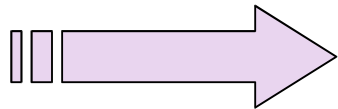
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Biometrics system is becoming 'ultimate ID' for individual person at banks, offices and public institutions

What's happening in IT market?

- Flourishing mobile industry (New products and new services tend to be provided every three month by each telecom company.)



- Constant demand for embedded software
- Constant demand for application program development

Once you enter the mobile industry, continuous orders are coming in
- High risk to change current IT vendor



**Do we have to
continue
to give orders to IT
companies to win this
hard competition?**

Big issues to be solved in Japanese IT industry

Social factors

- A decrease in domestic work force
- Bad image of IT industry
described by 3K(“kitsui”, “kibisii”, “kaerenai”)
(tight schedule, severe, impossible to return home)

IT companies' problem

- Hollowed constitution
- Low-priced competition
- Un-correct and un-appropriate IT requirement

- Immediate Supplement of IT engineer
(both in no. and skills)
- Quick paradigm shift to
Upstream Process

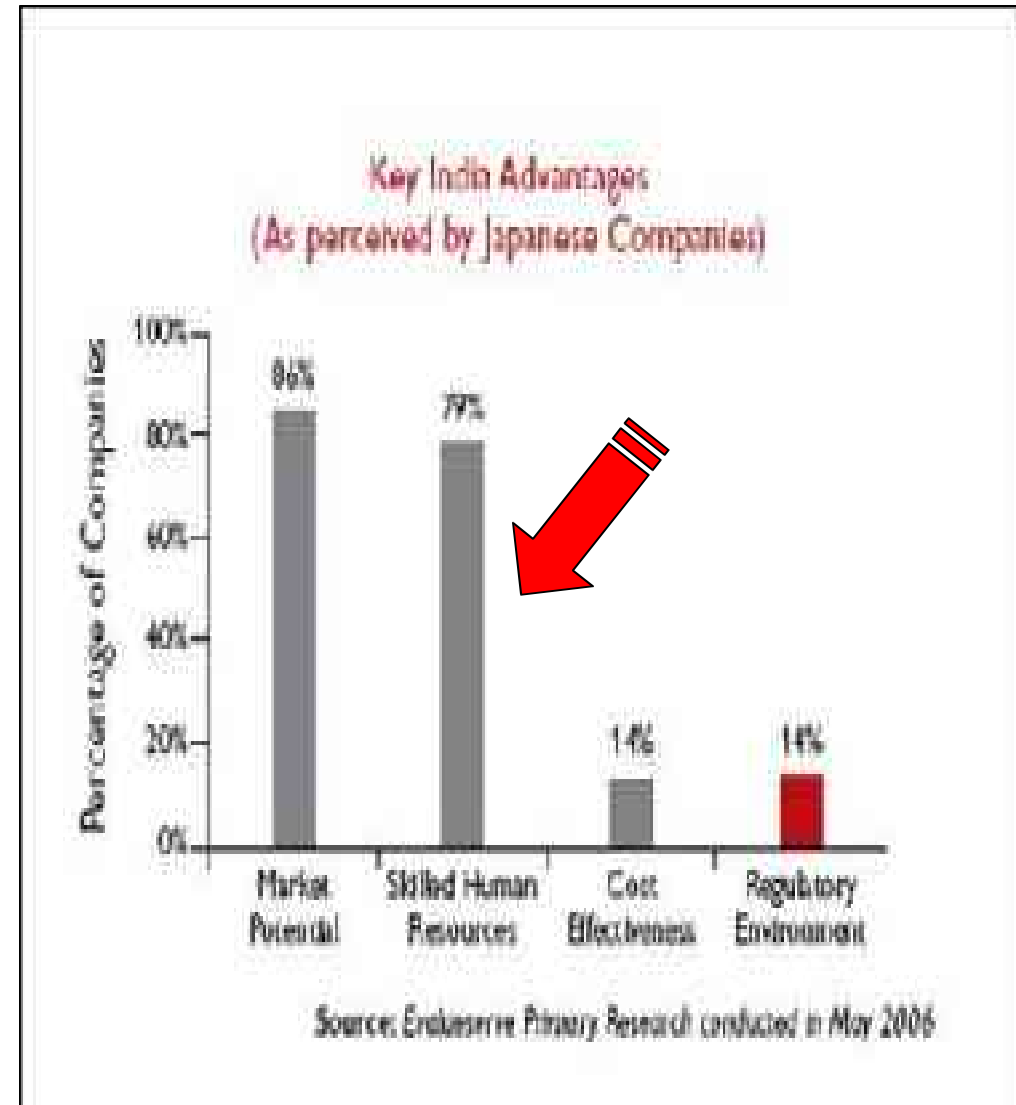


3. **Business opportunities for Indian companies**

Which area in Japanese IT market should we go to? ...with our strong points

- **Dynamic Economy and a Stable government**
- **Low Cost of Infrastructure and Operation**
 - Not so low comparing to China
- **Young and Skilled talent pool**
 - Number of IT institutes - 1400
 - Number of IT graduates every year :50,0000
- **Well Established Software Technology parks**
- **24X7 working model**
- **Quality Edge**
 - high percentage of CMM/ISO certified companies.
- **Innovative**
 - Nearly 35% of Silicon Valley startups are by Indians.
- **Good analytical and rational skills**
- **True Global citizens**
 - Adaptable and Flexible to new languages and cultures

Common knowledge in Japan





4. **KFS for Indian companies**

How do we meet the requests of customers?

<< Typical Japanese customer's requests >>

- Understanding of customer's business

We can learn

- High quality products

Our advantage

- just in time delivery

An effective on shore/off shore delivery model

- Long term maintenance (in low cost)

- easy communication (in Japanese)

We can learn

How long does it take?

When do Japanese feel at ease during conversation?

Mutual understanding without much conversation

“I- sin den-sin”

Know Japanese way of thinking and find the best way to cope up with them



**Speaking in Japanese correctly is not sufficient.
You should rather know how they think (for “i-sin den-sin”).**

Japan is a “high context” country, not like western countries.

- Only one common language**
- (almost) one race with almost the same educational/cultural background**

**Therefore Japanese (think they) can understand each other
without saying things clearly and it happens most of the time (but not always).**

“Isshou kenmei”

“Yokonarabi”

“Toriaezu yattemiyou”

“Okyakusama wa kamisama desu”

Japan is basically an agricultural country and that affects subconscious mind of most Japanese

**We can't predict the climate precisely and can't control it
but if we put our strength together, God will help us.
...this means that a bad result is not due to us but to God as long as we try our best.**

“Isshou kenmei”

= (If you try hard) for the sake of your life, (good result will follow you.)

“Yokonarabi”

= In the middle is the best way and never be a frontier

You can't have enough harvest without many helping hands from the family and the community which you belong to. If you can't contribute to the organization, you will be isolated to die in hunger.

**”Mura hachibu”(80% neglected by Community) means never to contact to the one unless the funeral of the one(20%),
only in order to show respect for the dead and to avoid of disease spread.**

“Torიაეზუ ყათემიყუ”

= Anyway, let's start and think while running even if the goal is unclear .



Japan is basically an agricultural country and that affects subconscious mind of most Japanese (cont.)

“Okyakusama wa kamisama desu”
=Customer’s voice is God’s voice

**They tend to worship their customer as an absolute existence
like uncontrollable nature.**

It is extremely correct from the viewpoint of marketing...

**But most failures of projects start
when customer’s word is swallowed on trust.**

Feel tired to cope up with Japanese? Don't worry.

- Largest Customer Base in Japan
- Largest No. of field engineers/ project managers who keep close relationship w/ Customers and knew well how to grasp Customers' heart by "i-sin den-sin"
- High quality hardware



Indian companies



FUJITSU



customer

• Abundant skilled human resources

At the ending



We have different strong points such as high quality hardware in Japan and high quality software skill in India.

Why don't we collaborate with each other more closely both for India and for Japan?

FUJITSU

THE POSSIBILITIES ARE INFINITE