Interview with President Akikusa

President Naoyuki Akikusa Discusses Fujitsu's Strategic Direction
Meeting the Challenges of the Next Stage of "Everything on the Internet"

"Everything on the Internet"—Two years ago, the Fujitsu Group adopted a corporate strategy summarized in this phrase, and since then we have been concentrating our resources on fields with the Internet at their core. With the arrival of broadband Internet access, the corporate strategy of the Group is about to enter a new stage. President Naoyuki Akikusa talks about his view of this evolution and the company's management direction going forward.

Boldly Advancing Selection and Concentration

In implementing the business strategy of the Fujitsu Group, what priorities were emphasized in fiscal 2000?

In order to remain globally competitive in today's dramatically changing IT industry, it is essential for us to keep on top of changes in our business environment. During fiscal 2000, we rigorously pursued the Fujitsu Group's business strategy of focusing our various activities on the Internet, and we boldly applied the concept of "selection and concentration" across our business units.

In technologies, centering on electronic devices, we continued to shift into fields with high added value, such as system LSI (SOC), flash memory and compound semiconductors. In platforms, integrating information processing and communications, we shifted to open systems in such areas as Unix servers and storage systems, and we concentrated on new types of communications infrastructure, such as photonic transmission and 3G mobile networks. In services, which we are developing and expanding based on these technologies and platforms, we focused on growing our business in new areas, such as Internet solutions and outsourcing.

You moved forcefully restructure your overseas operations in fiscal 2000, didn't you?

First of all, we shifted the business focus of our U.S.-based subsidiary, Amdahl, from legacy systems, which it had been handling for 30 years, to an open systems model centering on Unix and IA servers, and we undertook management changes. At DMR Consulting, also based in the U.S., we strengthened consulting capabilities and further focused on solutions for the telecommunications and finance industries. We took advantage of the strengths of U.K.-based ICL in both the U.K. and Scandinavian markets, concentrating further on Internet-based systems integration and outsourcing services. We also reevaluated low-margin businesses and cut costs in order to improve profitability. We intend to change the names of DMR Consulting and ICL to the Fujitsu brand and pursue a unified solutions business strategy for the Fujitsu Group.

Amdahl, DMR Consulting and ICL all have valuable, long-standing customer assets of their own. We would like to maintain and expand these relationships while enhancing competitiveness and improving profitability.

Implementing Our Corporate Strategy

The Internet is about to enter the broadband era. In light of this new development, what are the most important points to keep in mind as you carry out your strategy?

As we advance the Fujitsu Group's corporate strategy to the next phase, I believe that the following three points are especially important.

The first is to gain a firm grasp of the changes in the business environment that the broadband Internet will bring. Our vision of the broadband Internet era goes beyond simply transmitting images over greater bandwidth. Instead, we think of it as an era in which forms of communication will change significantly—becoming interactive, always on, and mobile—and in which the terminals used to access information, as well as the fields of usage, will become increasingly diversified. I want us to develop our business based on a clear understanding of the changes that will occur in this emerging era.

The second point is to create new relationships with our customers based on broadband Internet. I want the Fujitsu Group to become an essential business partner that our customers can rely upon to help grow their businesses. We will strive to make better proposals to our customers and enable them to add value to their businesses by providing Internet-based solutions for their core enterprise systems.

The third point is to further expand our global alliances. As the scope of IT use continues to grow, it is no longer possible for any one company to handle the entire range on its own. We currently have a variety of alliances in place, but choosing the most appropriate collaborative partners will be an increasingly important issue for us going forward. This issue runs parallel to our strategy of "selection and concentration." I believe that making sure that we choose the right global corporate alliances—the ones most likely to succeed—will be an especially significant consideration.

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Close Links among Our Three Core Businesses

The Fujitsu Group seems to be putting considerable effort into the much-discussed programming language XML (eXtensible Markup Language).

What are the greatest strengths that the Fujitsu Group can draw on as you implement your strategy for the broadband Internet era?

XML is a shared language for exchanging such information as electronic documents and data, not only within a single company but also between companies and organizations, in a way that transcends industries and national boundaries. As a standard platform enabling the seamless distribution of information, I believe XML will become increasingly important in the era of broadband Internet. The Fujitsu Group has been a leader in applying XML to the development of cutting-edge technologies in all of our businesses. We have developed XML applications for all types of advanced systems, such as trade finance EDI. We also have been proactive in adopting XML within our organization. We recently started a company-wide project on XML and are intensively committing resources toward this effort. We believe that fully exploiting the promise of XML will allow our customers to expand their Internet businesses and bring added convenience to people's lives.

Our major strength is the record of reliability and trust that we have earned by cultivating good relations with numerous customers over the years and growing together with them. The expertise that we have developed by offering comprehensive solutions based on strong technology and products is our greatest asset. We are gathering together this expertise as a knowledge management system for the Fujitsu Group.

In the broadband Internet era, we will continue to capitalize on these same strengths and concentrate on increasing the competitiveness of our core Internet-focused operations in technologies, platforms and services, as well as further bolstering linkages among each area.

Individuals

Services

Technologies

SOLUTIONS

Platfor

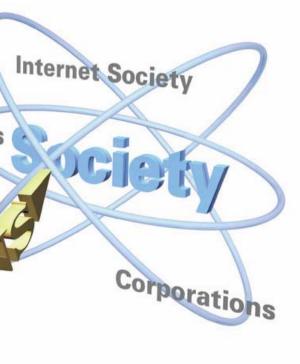## Raising the Competitiveness of Each Business To a Higher Level

You've spoken about implementing a policy of selection and concentration, but in order to stay ahead of global competitors, isn't it necessary to increase the competitiveness of each business segment, as well?

As a global company, it is extremely important for us to be among the front-runners in each of our product and business areas. In the services and software business, the Fujitsu Group ranks number three in the world and number one in Japan. The major points that distinguish us from the competition in this field are our world-class human resources and our systems construction capabilities and know-how. In our Internet-related services business, we have enhanced our @Vision Series solutions products. We are also putting emphasis on web integration services,

which involves providing comprehensive support for every aspect of business-related Internet usage, from strategic planning to system design, construction, operation and maintenance.

In the information processing business, our highly reliable, high-performance servers continue to hold the top position in the Japanese market. We have placed special emphasis on high-end Unix servers, concentrating our development resources in that area. Furthermore, in the telecommunications business, in October 2000 we introduced a 1.76 terabits/sec wavelength division multiplexing (WDM) transmission system—the world's largest capacity WDM system—in the North American market. We intend to maintain our position as a leading player in the global market by building on our record of success with North American communications carriers in the synchronous optical networks (SONET) area as well as our strength in WDM technology.

In electronic devices, we are putting special attention on system LSI, or system-on-chip. In designing large-scale, high-speed system LSI with more than a million gates, we are able to take advantage of the high-level design

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techniques and expertise that we have developed in the process of manufacturing high-performance LSI chips for our own servers and communications devices. Our system LSI business provides solutions to help create high-performance products, and this is an area in which we can also make use of the know-how we have developed in our systems integration business. In the future, we would like to increase the synergy among our various business segments to further strengthen our competitiveness and thereby increase the confidence that our customers have in us.

Pursuing "Internet Management"

Fujitsu has set for itself the goals of being the leading provider of Internet solutions, the number one Internet service provider in Japan, and the top Internet user. Could you tell us something about the thinking behind the Fujitsu Group's pursuit of "Internet management"?

Firstly, we view being the number one Internet user as the basis for being number one in Internet solutions and Japan's number one Internet service provider. In other words, we are convinced that thoroughly immersing ourselves in the Internet will enable us to offer the most appropriate

solutions to our customers and play a leading role in building the Internet society.

In my view, "Internet management" refers to the use of the Internet to change decision-making processes, systems and organizations in order to accelerate management speed and responsiveness. As among the largest Internet users in Japan, the Fujitsu Group is thoroughly integrating the Internet into management processes as we continue to reinvent ourselves.

To that end, it is essential to foster the development of human resources to manage the Fujitsu Group of tomorrow. As part of that effort, we established our Global Knowledge Institute for training the next generation of world-class management leaders on a group-wide basis. Managers in the broadband Internet era will have to make and implement decisions about how to use information technology in an organization, how to maximize the utility of IT in management, and how to manage organizations by taking advantage of knowledge systems.

I believe that the era of broadband Internet will be one in which our main products will be our knowledge and experience. I am firmly convinced that the most valuable knowledge and technology we possess as an Internet solutions and services provider will emerge from our own experience as the number one Internet user.