



## 2017 Business Briefing (Enterprise & Solutions Segment)

December 4, 2017  
NTT DATA Corporation  
Director and Executive Vice President  
Head of Enterprise & Solutions Segment and China & APAC Segment  
Shigeki Yamaguchi

# Profile



Shigeki  
Yamaguchi

April 1984: Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION

- Engaged in development of middle software for shared scientific computation systems
- Project leader of system development for distribution industry, etc.

July 2010: Head of Enterprise Business Consulting & Marketing Sector

- Engaged in establishment of NTT Data Business Consulting Corporation, a predecessor of QUNIE CORPORATION, a consulting firm of NTT DATA Group, and concurrently served as Director and Executive Vice President

January 2013: Representative Director and Senior Managing Director of JSOL Corporation

- Engaged in expansion of SAP business

June 2013: Senior Vice President, Head of Enterprise Business Consulting & Marketing Sector

- In charge of consulting and ERP (Biz[ ]) business

June 2014: Senior Vice President, Head of Third Enterprise Sector of NTT DATA

June 2016: Executive Vice President, Head of IT Services & Payments Services Sector of NTT DATA

- In charge of payment business, distribution and service industries

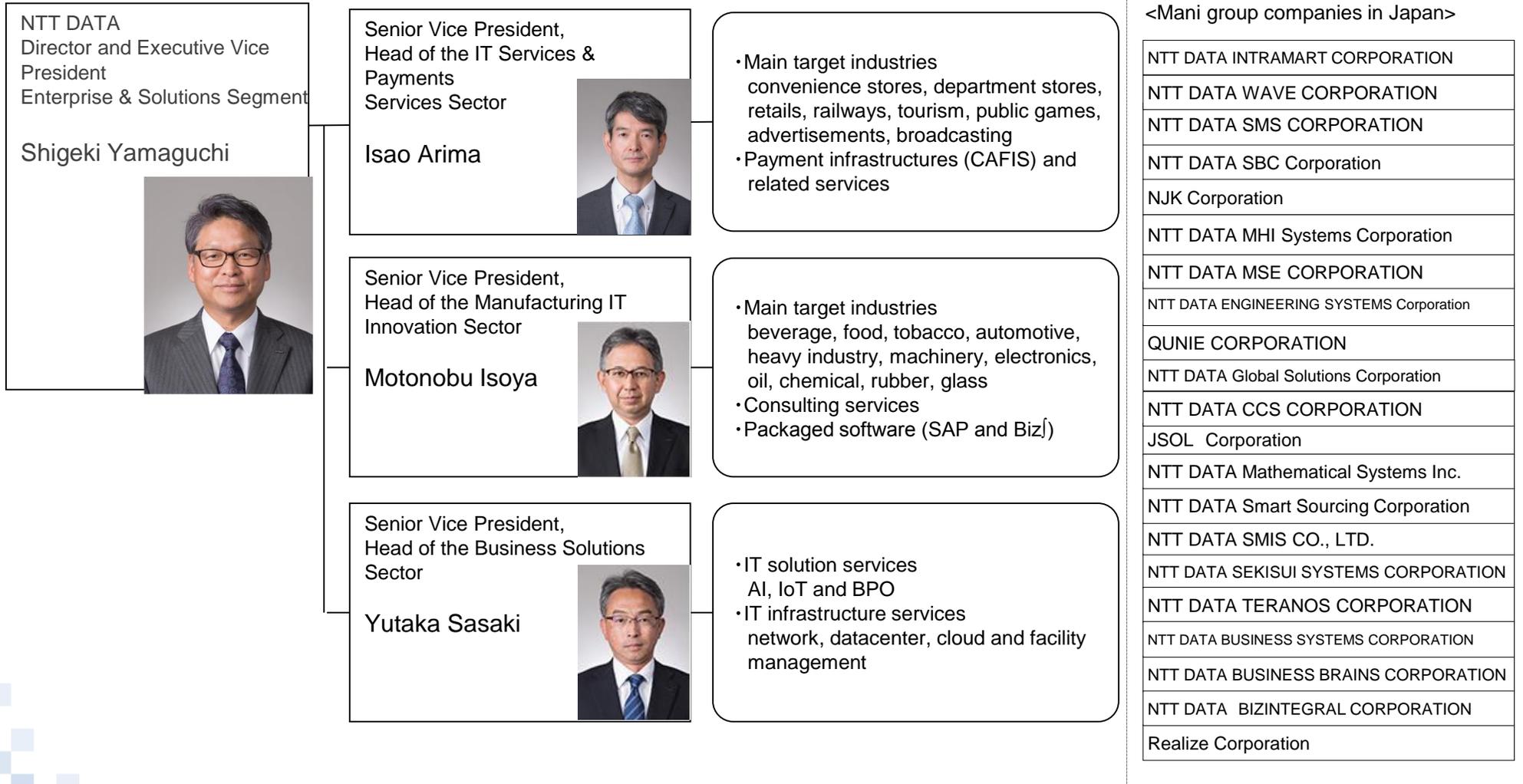
June 2017: Director and Executive Vice President in charge of Enterprise & Solutions Segment and China and APAC Segment

Field of specialty:

- Digital commerce, payment and consulting

# Organization

The Enterprise & Solutions Segment engages in IT services that support business activities in manufacturing, distribution and service industries as well as digital services and IT infrastructure business using cutting-edge technologies.



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2. Market Environment
3. Growth Strategy and Initiative Cases

## Notes

- \* Descriptions and predictions in this document are based on the current information and may change due to domestic and international economy, trend in the information service industry, development of new services and technologies. Therefore, our Group will not guarantee its certainty.
- \* Services and products described in this document are a registered trademark or trademark of NTT DATA CORPORATION and each of other companies.

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# Business Outline

# Business Outline: Segment Mission and Performance Trend

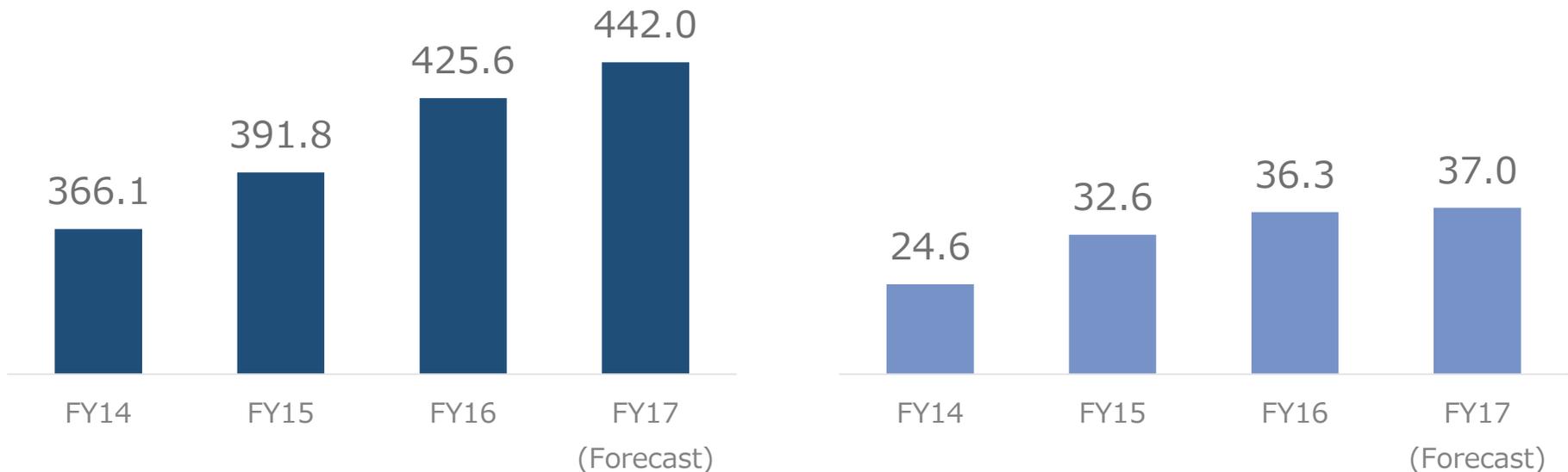
## Enterprise & Solutions Segment

Providing high-value-added IT services that support business activities in manufacturing, logistics and retail, and service industries as well as credit card and other payment services and platform solutions linked to each industry's IT services

【Net Sales】

【Operating Income】

(Unit: billion yen)



IT service vendor ranking in the enterprise market (Japan): **4th spot with a share of 5.2%\***

\* Gartner "Market Share: IT Services, 2016" 19 April 2017

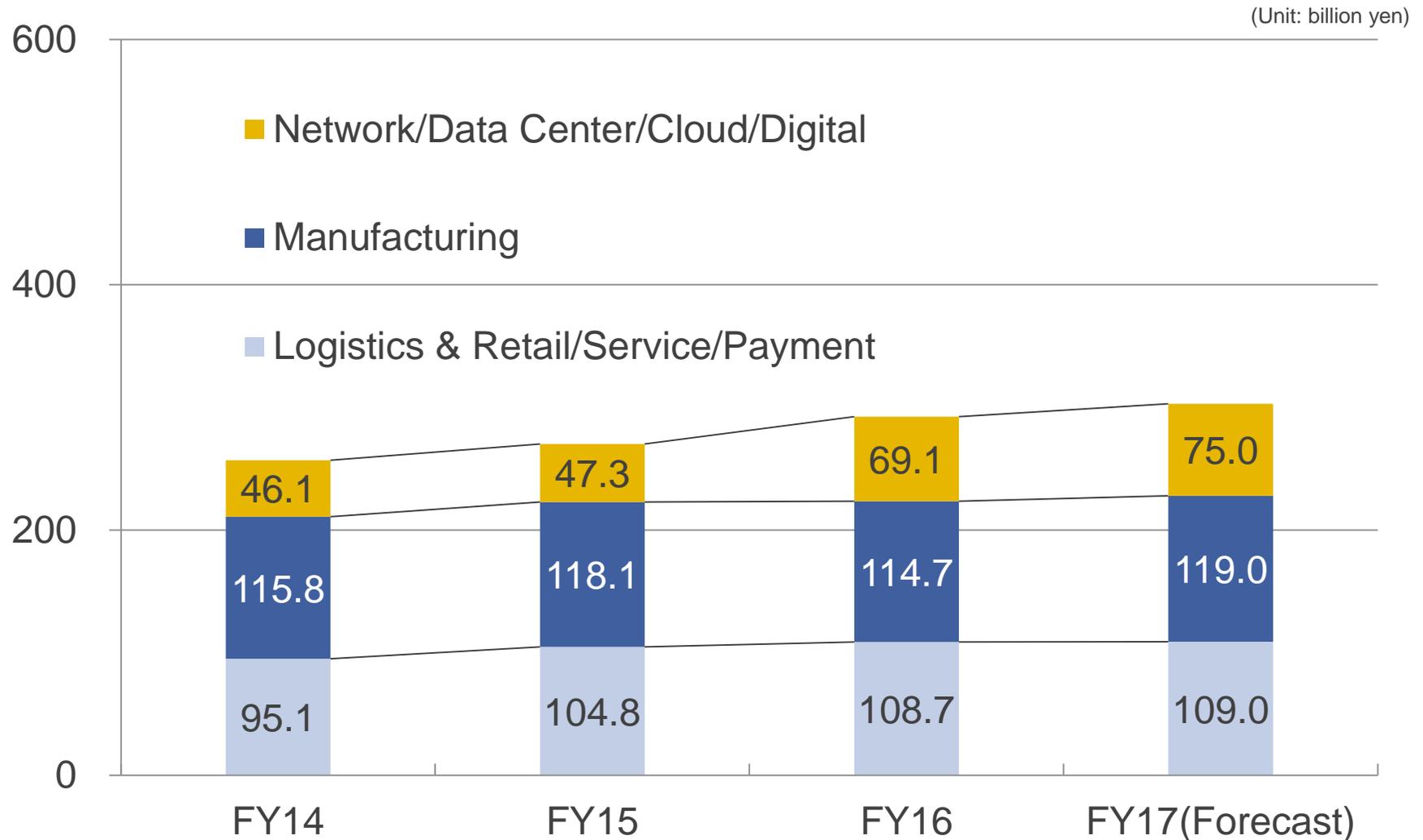
Enterprise = Transportation, Utilities, Wholesale Trade, Communications, Media & Services, Manufacturing & Natural Resources, Retail

Based on vendor revenue in 2016 IT service market

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# Business Outline: Breakdown of Net Sales (for Outside Clients)

Net sales in each business field have been rising, and further growth is also expected in the future.



# 2

# Market Environment

# Market Environment: Overview

Investments in digital domains have been growing in all business fields. We will capture this opportunity to pursue business development.

	Opportunities	Threats
Logistics & Retail / Payment / Other Service Industries	<ul style="list-style-type: none"> <li>• Demands for IT investment aimed at expanding sales through enhanced touchpoints using digital technologies</li> <li>• Expanded settlement methods and needs for inbound tourism support functionality</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease of NTT DATA market share due to rapid changes in distribution and retail business models</li> <li>• Entry of new players such as Apple Inc. in the settlement market</li> </ul>
Manufacturing Industry	<ul style="list-style-type: none"> <li>• Needs for core system, ERP reconstruction, and corporate group integration</li> <li>• Comprehensive supply chain visualization, rationalization, and sophistication aimed at enhancing global competitiveness</li> <li>• IT investment in digital domains using IoT and AI</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced IT investment due to worsening management environment as a result of intensified global competition</li> </ul>
Network / Data Center / Cloud / Digital Services	<ul style="list-style-type: none"> <li>• Demands for global base linking networks</li> <li>• Increasing needs of hybrid/multi-cloud</li> <li>• Business innovation needs using digital technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Network commoditization</li> <li>• Intensified competition among cloud providers</li> </ul>

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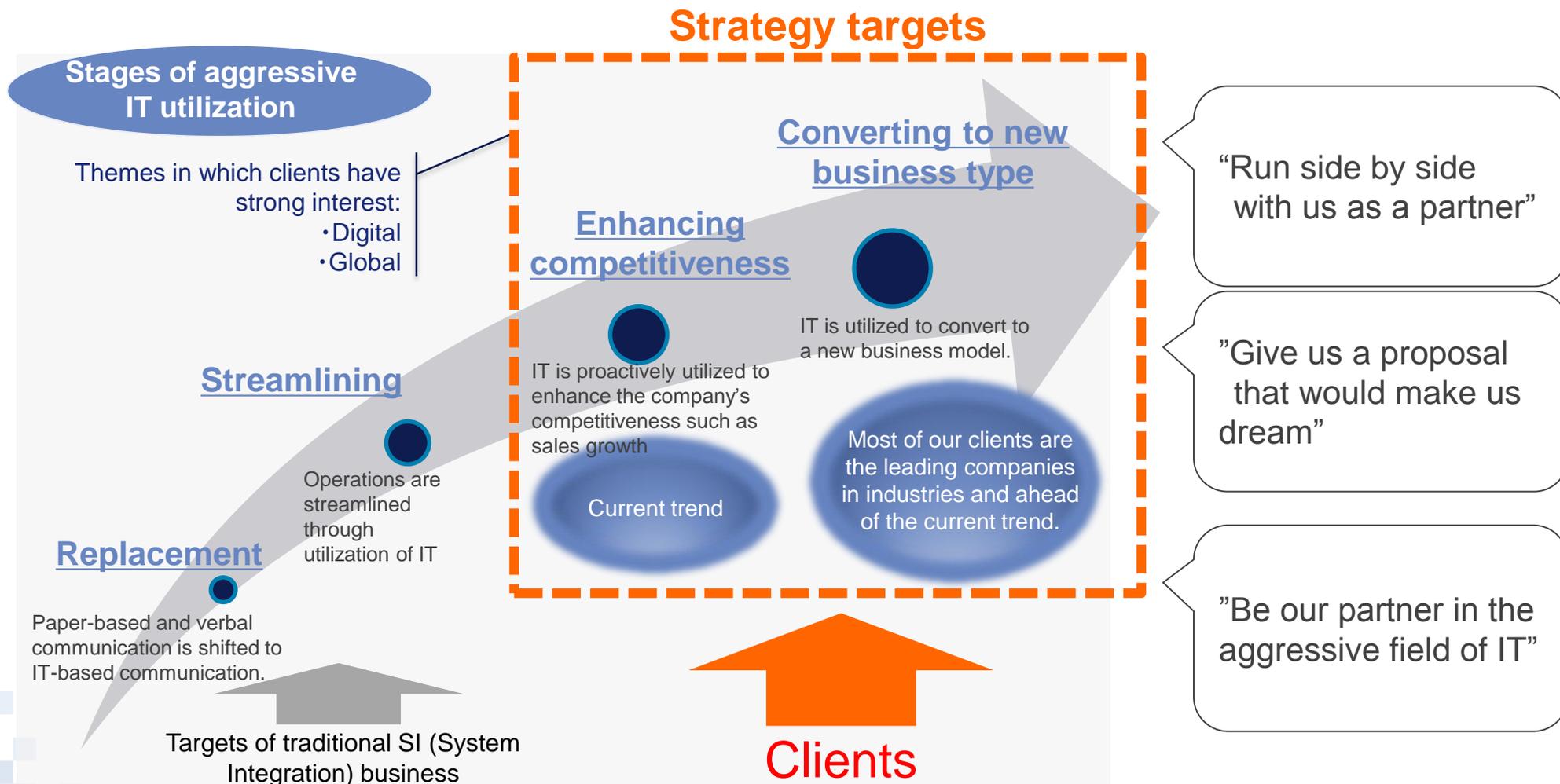
# Growth Strategy and Initiative Cases



# Our Vision

# Client Expectations

Many of our clients are at their “Enhancing competitiveness” or “Converting to new business type” stage and expect us to provide support for their business model changes as a strategic partner.



A close-up photograph of two people in business attire shaking hands. The person on the left is wearing a white shirt and dark trousers. The person on the right is wearing a white shirt with a red and white striped tie and dark trousers. The background is blurred, showing an outdoor setting with buildings.

# **Trusted Digital Partner** **making digital transformation “successful”**

- **A full range of professional services from consulting to design/development, service delivery, and operation**
- **Not only in Japan but also in China and APAC**



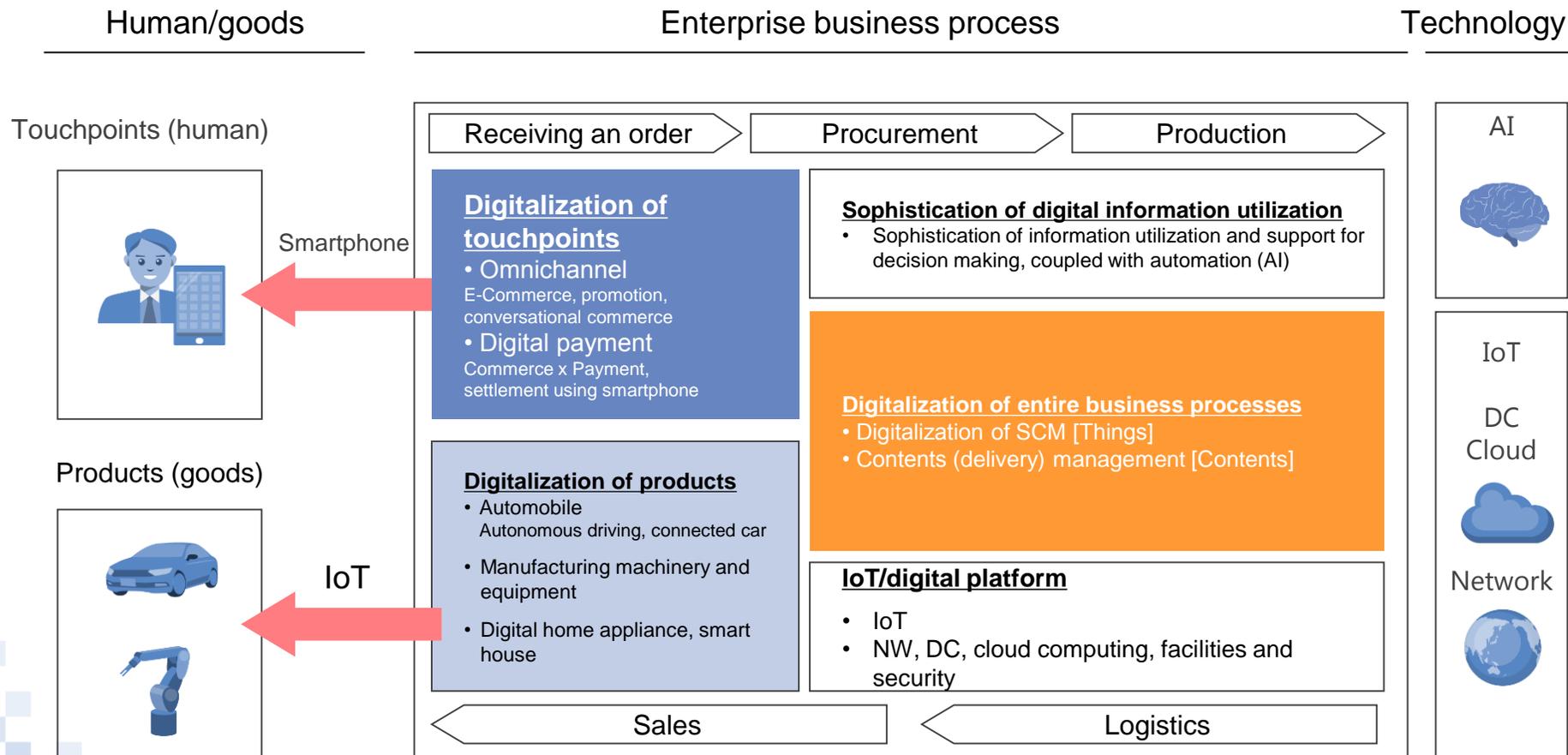
# Approach to Digitalization



# Approach to Digitalization

Development of existing technologies and realization of new technologies will lead to a society highly advanced in the “digitalization of touchpoints (human),” “digitalization of products (goods),” and “digitalization of entire business processes.”

Instead of thinking on the basis of a single technology, we will employ an approach designed for values provided to end users and nature of business of client companies. (Value Create Technology)



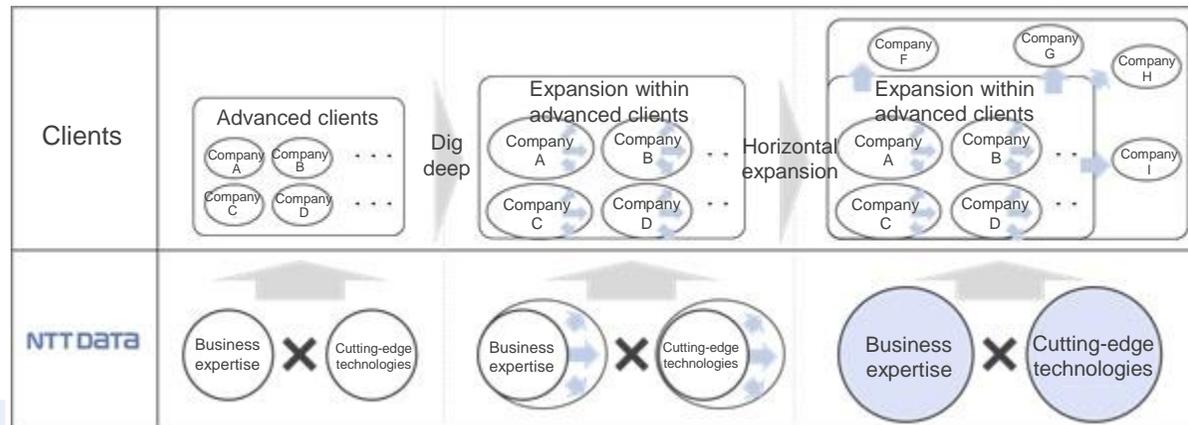
# Sense of Direction for Strategy

## Create business value hand-in-hand with dynamic clients

- Support clients to “realize” business value creation by using digital service through working hand-in-hand with clients who are positive towards digital transformation
- Foster human resources capable of co-creating businesses with clients

## Hone our “strengths” and expand them horizontally (repeat)

- Hone our “strengths” by servicing advanced clients and expand the “strengths” horizontally for new clients



- ✓ Business expertise  
SPA, logistics and retail,  
tourism, automobile,  
machinery, foods/beverage, etc.
- ✓ Cutting-edge technologies  
Digital commerce  
payment, AI/analytics  
IoT platform, etc.

A man in a white shirt and tie is standing in a meeting room, pointing at a glass wall covered with colorful sticky notes. The sticky notes are in various colors including pink, green, yellow, and orange. The man is looking up at the notes. The background shows a modern office environment with glass walls and a white ceiling.

# Focused Fields / Use Cases

# Focused Fields

The Enterprise & Solutions Segment, having specified four focused fields, is enhancing and expanding efforts to realize them.

## [Focused Field 1]

Enhance and expand the “Digital Commerce × Payment” initiative

## [Focused Field 2]

Commercialize AI and IoT projects

## [Focused Field 3]

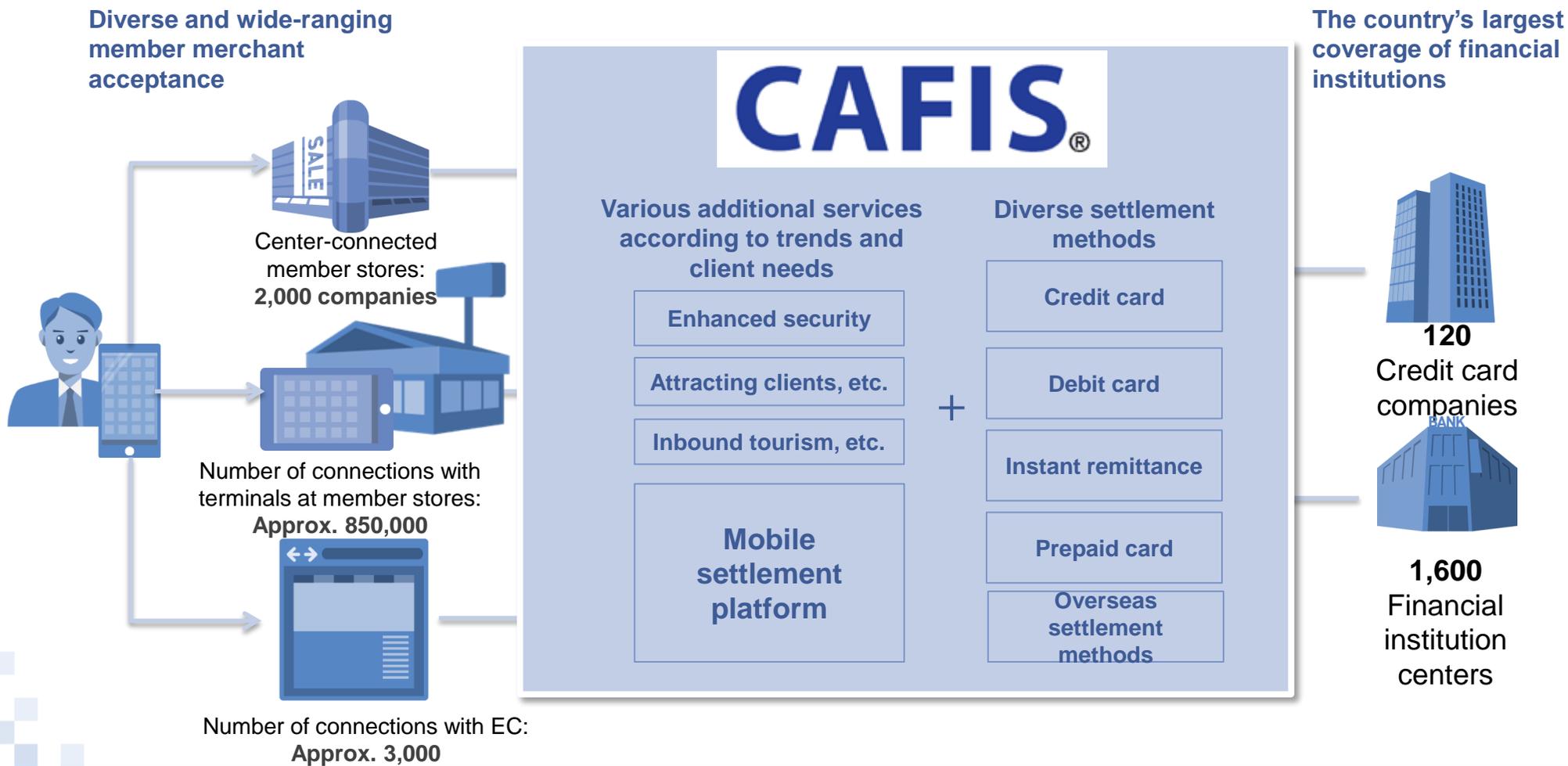
Expand the Global Operation Platform

## [Focused Field 4]

Platform that supports digital business

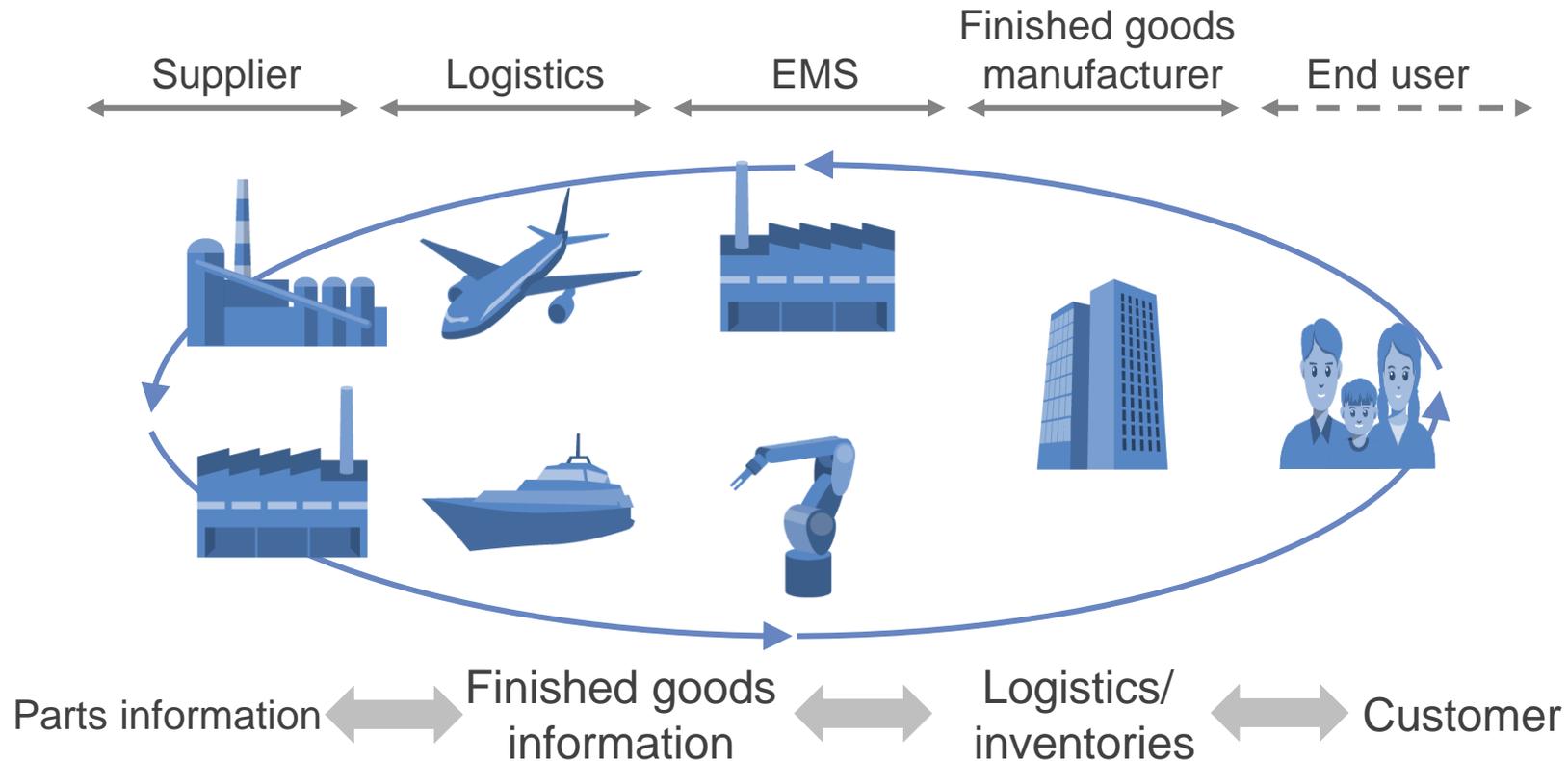
# Smartphone Settlement (CAFIS)

By leveraging the superiority of Credit And Finance Information System (CAFIS), a system connected with almost all financial institutions and member stores in Japan, we will expand smartphone settlement services in cooperation with players such as financial institutions and distribution industry that have various consumer touchpoints.



# IoT Platform

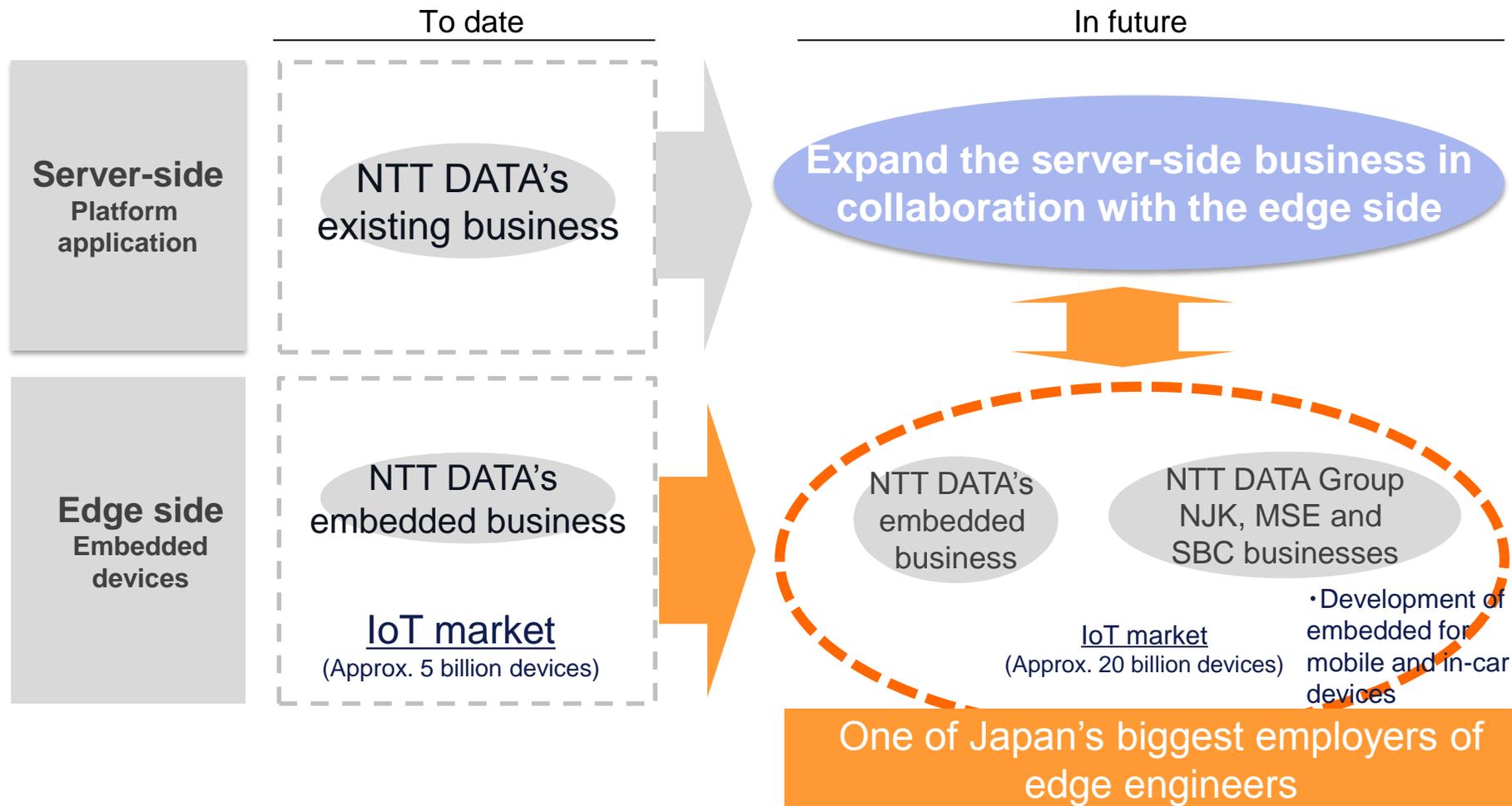
By connecting supply chain plan and result information between enterprises, we enable multiple companies to achieve supply chain reform. We are working on commercialization efforts through concept formulation to empirical experiments as a partner.



Generate value by building an eco-system with about 100 suppliers and enabling “connection” via digital information

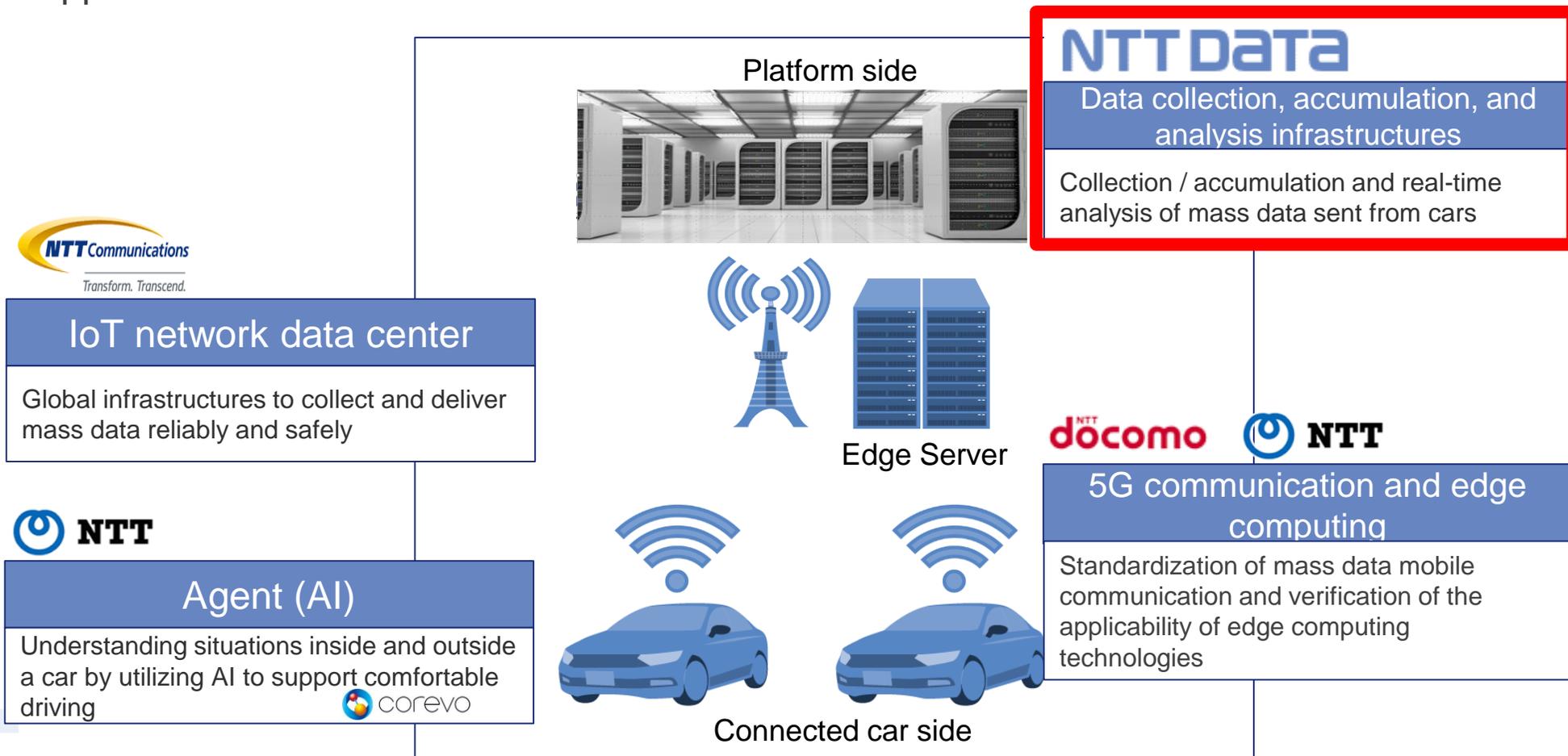
# Enhancement of Edge Side Development Skills

We are enhancing our embedded software area for in-car devices, home appliances and mobile devices. The NTT DATA Group, being one of Japan's biggest employers of edge engineers (over 1,500 persons), is expanding operations in collaboration with the server-side business.



# Connected Car

Partnership between Toyota Motor Corporation and NTT Group in the connected car field. Aiming to realize a sustainable smart mobility society from a global perspective, the Company is engaged in research designed to create ICT platform technologies that will support the connected cars.



# SAP (a pharmaceutical company)

As a consultant, NTT DATA supports and co-creates the client's global information system strategy. We are building a global delivery structure in collaboration with itelligence Denmark, a firm offering optimal solutions for cross-border project needs.

## The pharmaceutical company's structure

### Japan HQs



- Ownership of a global IS (\*1) strategy
- Deliberating over an SAP program rollout in line with a European PMI (\*2), driven by HQs IS
- Wants to move forward with a European SAP program rollout in conformity with the firm's global IS strategy

### European local subsidiary



- Responsible for the operation and control of an existing SAP program
- Supports a new company in implementing an SAP system mainly concerning the environment in addition to enhancing the existing SAP system in the European PMI
- Wants to obtain support for its SAP implementation and rollout near the site

## NTT DATA Group's structure

### Global Delivery Structure

**NTT DATA**

- Co-create and practice the global IS strategy with HQs IS, turning it into a project
- Consultants who are able to discuss with business units support PM of the HQs IS as PMOs

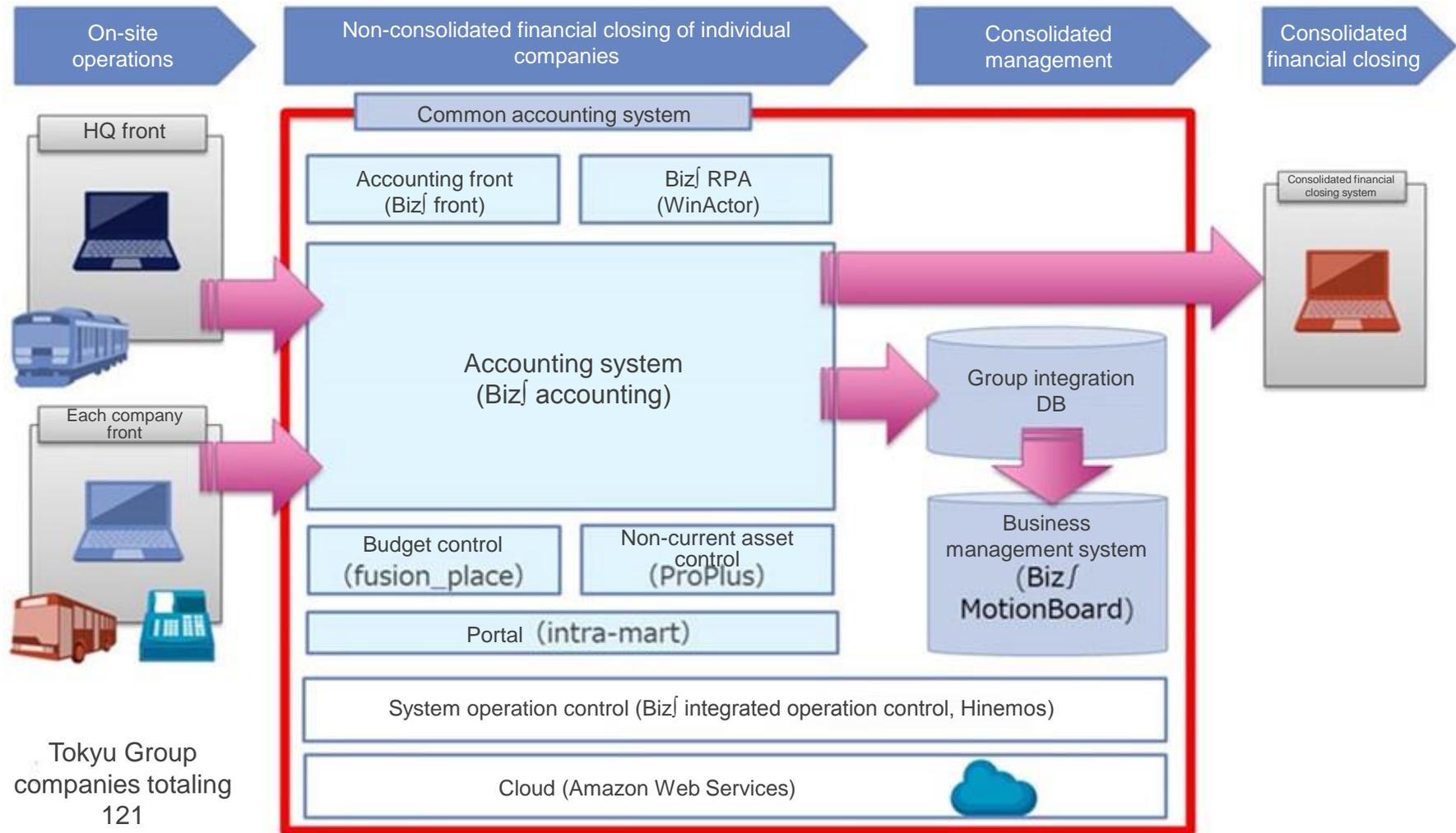
**itelligence** NTT DATA Business Solutions

- SAP consultants equipped with a wealth of experience in Europe performs the implementation for the new company
- Support SAP users in collaboration with local IS

(\*1) Information Systems (\*2) Post Merger Integration

# Common Group Accounting System (BizJ)

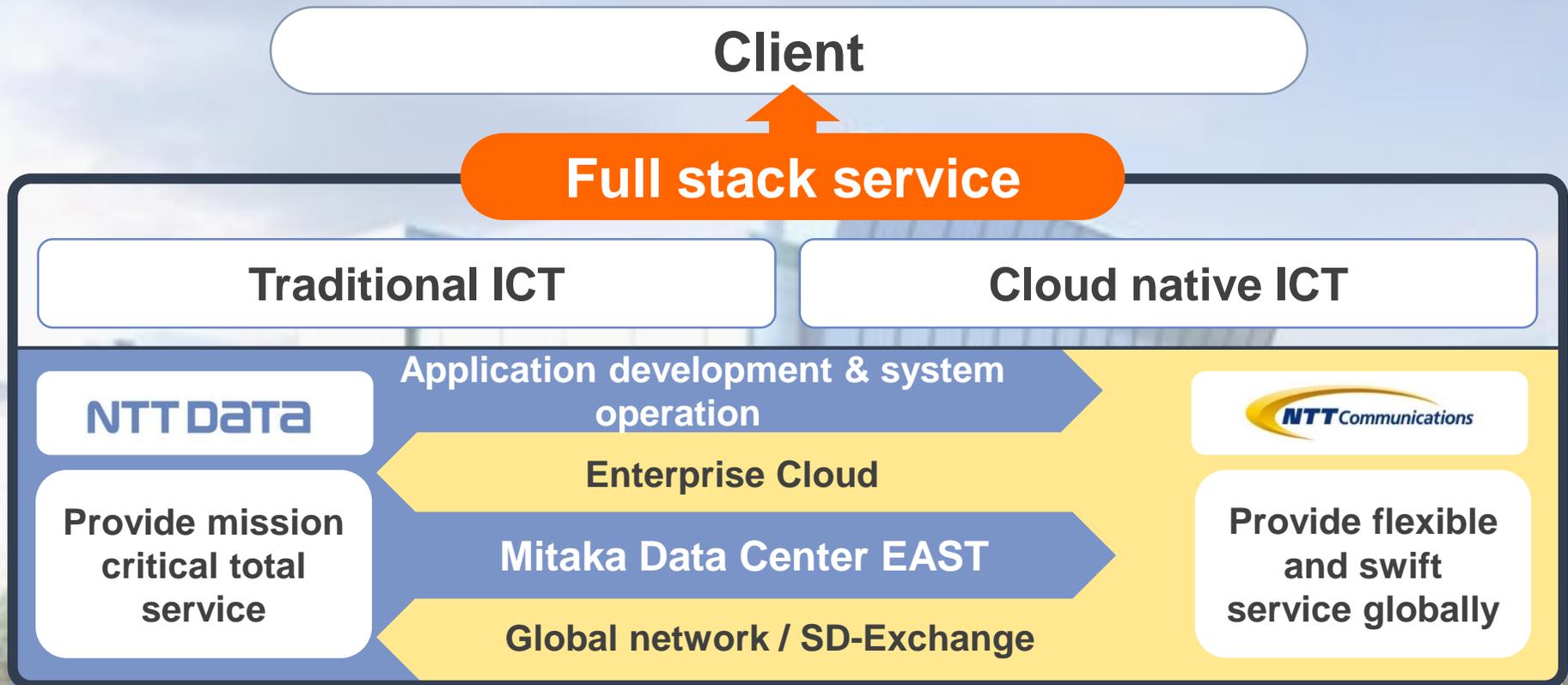
We plan to deploy and implement a common accounting system in each of the total of 121 Tokyu Group companies including Tokyu Corporation by FY2020.



# NTT DATA Mitaka Data Center EAST

NTT DATA works with NTT Communications Corporation to provide an ICT environment on a full stack basis. In collaborating with each other, both companies deliver enterprise systems (traditional ICT) and digital business service (cloud native ICT) on a one-stop basis, thus enabling clients to attain a digital transformation.

Service launch in April 2018



# Partnership with Mitsubishi Heavy Industries, Ltd. in the Information System Field

NTT DATA established NTT DATA MHI Systems Corporation jointly with Mitsubishi Heavy Industries, Ltd. (“MHI”). The newly-founded company will improve the QCD of IT service and advance its quality for the MHI Group to strengthen ICT in a manner that helps raise the group’s business competitiveness.

Aiming to raise the enterprise value of the three companies



- Advance IT services and strengthen global response capabilities

NTT DATA

- Build a long-term partnership
- Solidify the business platform in the manufacturing industry

株式会社NTTデータMHIシステムズ

NTT DATA MHI Systems Corporation

- Reinforce development skills and fostering of human-resources through partnership with NTT DATA
- Contribute to clients by improving the quality of IT services



# NTT DATA

Global IT Innovator