News Release

HITACHI
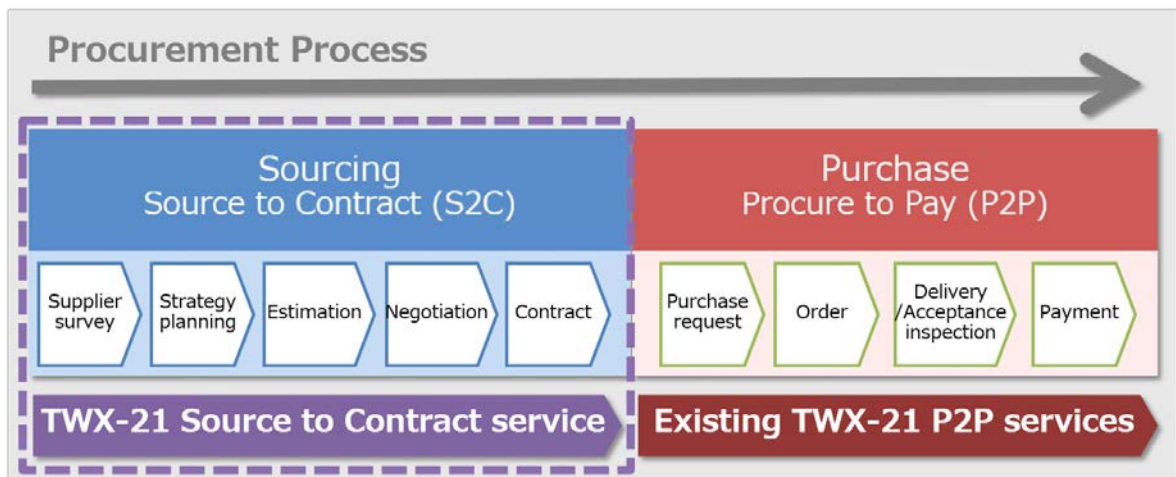Inspire the Next

Hitachi Launches "TWX-21 Source to Contract Service" a product of JAGGAER's S2C Application Suite and Hitachi's Installation Expertise

Hitachi promotes advanced procurement processes with installation of JAGGAER's S2C Application Suite.

Procurement process and range of TWX-21 Source to Contract service

Tokyo, December 4, 2018 --- Hitachi, Ltd. (TSE: 6501, President & CEO: Toshiaki Higashihara, hereinafter "Hitachi") and JAGGAER (CEO: Robert Bonavito, hereinafter "JAGGAER") announced that they signed a distribution agreement for JAGGAER's Source to Contract "S2C" Application Suite (hereinafter "JAGGAER's S2C Application Suite"). JAGGAER is a leading U.S. company in the strategic sourcing application market[*1], supporting digitalization of the S2C process from supplier survey through estimation, negotiation and contracting.

Prior to this agreement, Hitachi installed and utilized JAGGAER's S2C Application Suite in its actual operations as part of the procurement process reforms within the Hitachi Group on November 6, 2018, leading to a promotion of advanced procurement processes by visualizing the business processes via integrated management of the S2C process within the entire Hitachi Group, and by sharing knowledge, such as supplier assessment and contract negotiation, among personnel in charge.

Today, Hitachi launches the TWX-21 Source to Contract service by combining the JAGGAER's S2C Application Suite with an installation support service utilizing Hitachi's expertise. Hitachi provides the JAGGAER's S2C Application Suite which has

suppliers management functions such as assessment and development of suppliers, and sourcing management functions such as creating estimation and contracts. Hitachi supports strategic procurement activities to establish more highly-competitive value chains, by unifying procurement processes of the S2C, which has been individually optimized, and sharing knowledge throughout the company.

*1 Awarded as a leader in the strategic sourcing application market with the highest score for "Ability to Execute" in Gartner's 2018 "Magic Quadrant for Strategic Sourcing Application Suites

To survive in a highly competitive global market, procurement departments need to promote strategic activities from aspects such as stable supplies and risk assessment, in addition to reducing fundamental procurement costs. While the digitalized P2P range of the procurement processes is in widespread use, the S2C range has not advanced as rapidly. In most cases, the S2C range is independently optimized within the procurement departments of each country and region or even by individuals, and it is a challenge related to accumulating process knowledge within the overall global company groups, establishing more highly-competitive value chains. Over many years, Hitachi has implemented procurement process reforms, establishing and applying standards for its procurement department business processes, as well as the globally unified system within the Hitachi Group. TWX-21 was developed with this accumulated experience, and primarily offered as a cloud service to assist P2P process reforms, supporting trading conducted by about 66,000 customer companies[2] as well as the Hitachi Group. In order to accommodate the need to digitalize such a S2C process, TWX-21 Source to Contract service has been added to the TWX-21 service menu.

*2 As of November 2018.

Based on the knowledge gained through the adoption of the JAGGAER's S2C Application Suite within the Hitachi Group for expanding its global business, the TWX-21 Source to Contract service offers a complete suite, from installation through application, maintenance and operation, in combination with the JAGGAER's S2C Application Suite. These services include providing activity consultation for the improvement and standardization of the S2C process; designing workflows, such as setting KPIs[3] and templates; providing SE support, user's manuals and help desks. Through these services, Hitachi supports the visualization and digitalization of the S2C process. The JAGGAER's S2C Application Suite offers sourcing management functions, such as for creating RFx[4], which is a request for suppliers, asking for a response, creating contracts, negotiations and signatures, in addition to supplier management functions, including scoring from a variety of information related to

suppliers. Specifically, by creating and updating scorecards for respective suppliers based on various pieces of information, including compliance, handling of sourcing tasks, on-time delivery rate calculated based on actual trading, defective rate and qualification examination as well as risk assessment results, the JAGGAER's S2C Application Suite allows the continual and multilateral assessment of suppliers. In addition, using the system users can establish programs for collaborative creation with suppliers or the human resource development. Through these activities, they can jointly improve suppliers' performance and reduce risks, building a strategic partnership. Moreover, in combination with the TWX-21 P2P service[5], this system offers an integrated management system environment throughout the entire procurement processes, which will support the strategic procurement processes of customers in global businesses.

*3 KPI: Key Performance Indicator (Indicator to measure and assess the intermediate process for achieving the final goal set within organizations or teams)

*4 Collective term for RFI (Request for Information), RFP (Request for Proposal) and RFQ (Request for Quote)
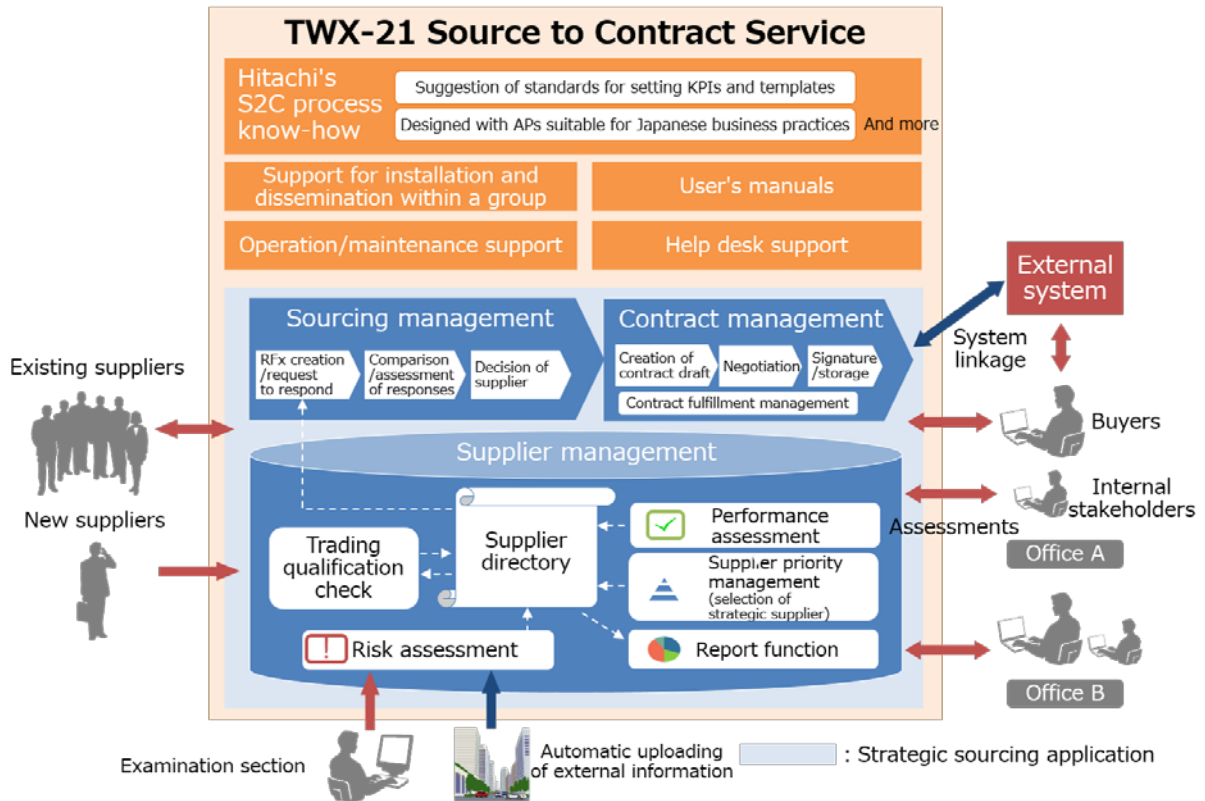
*5 EDI (Electronic Data Interchange) service, Web-EDI Global service, cloud type purchase service, e-sourcing/MRO centralized purchasing service and others.

Hitachi continues to expand and strengthen the TWX-21 service and support customers' strategic global management with its advanced procurement processes by meeting customers' needs and business process challenges.

Robert Bonavito, CEO, JAGGAER

"We expect that customers in the Asia region, including Japan, will be able to accelerate digital transformation, and improve procurement processes through adopting the "TWX - 21 Source to Contract service" in combination with Hitachi's Installation expertise and "JAGGAER's S2C Application Suite ."

■ Overview of the TWX-21 Source to Contract Service

■ List of the JAGGAER's S2C Application Suite Features

Modules	Basic Features		Overview of Features
Supplier management	Supplier registration		Registration and management of suppliers (organizations) by buyers
	Trade acceptability check		Risk assessment, examination of whether trading can be started or continued without issues, and approval
	Risk assessment		Based on supplier input information, external information and other sources, the system scores trading risks related to finance, violation of laws and regulations, CSR[6] and other aspects.
	Performance assessment		The system scores the assessment results of the supplier's performance, such as QCD[7], through actual trading, as entered by the relevant department personnel in charge.
	Supplier development		Establishment of a plan for improving supplier performance and fulfillment management (Tasks can also be requested to a supplier.)
Sourcing	RFx	For buyers	Creation of RFI/RFP/RFQ, request to respond and comparison/assessment of responses from suppliers
		For suppliers	Creation of responses for RFI/RFP/RFQ
	Auction	For buyers	Auctioning including reverse auctioning
		For suppliers	Participation in auction
	Contract management	For buyers	Management of stipulations, creation of contract templates, internal review, negotiation, signature and history management
		For suppliers	Negotiation, signature, and history check

*6 CSR: Corporate Social Responsibility (private business responsibility as a citizen, for example, setting fair employment and labor conditions with consideration for human rights, taking appropriate actions for consumers, caring about environmental issues, and contributing to local society, while maintaining dividends through gains and observing laws and regulations)
*7 QCD: Quality, Cost (price)andDelivery (due date)

■ Price and Release Date of Service

Name	Contents	Price	Release Date of the Service
TWX–21 Source to Contract Service	・ Installation support (for example, support for workflow designs, SE support) ・ Operation/maintenance (for example, user's manuals, help desk) ・ Supplier management (for example, management of supplier information, trading examination) ・ Sourcing management (for example, RFx, selection of suppliers) ・ Contract management (for example, Template creation, negotiation, version management)	Individual estimates	January 2019

About JAGGAER

JAGGAER is the world's largest independent spend management company, with nearly 2000 customers connected to a network of 3.7 million suppliers in 70 countries, served by offices located in North America, Latin America, throughout Europe, the United Kingdom, Australia, Asia, and the Middle East. JAGGAER offers complete SaaS-based Source to Pay eProcurement solutions with advanced Spend Analytics, Sourcing, Supplier Management, Contract Lifecycle Management, Savings Tracking, and intelligent workflow capabilities. JAGGAER has pioneered spend solutions for over two decades and continues to lead the innovation curve by listening to customers and analysing the market. Our solution suites are trusted by the world's largest manufacturing, education, health care, retail, consumer package goods, logistics, construction, utilities companies and public service organizations. Additionally, JAGGAER holds 38 patents–more than any other spend management company. www.JAGGAER.com

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges, combining its operational technology, information technology, and products/systems. The company's consolidated revenues for fiscal

2017 (ended March 31, 2018) totaled 9,368.6 billion yen ($88.4 billion). The Hitachi Group is an innovation partner for the IoT era, and it has approximately 307,000 employees worldwide. Through collaborative creation with customers, Hitachi is deploying Social Innovation Business using digital technologies in a broad range of sectors, including Power/Energy, Industry/Distribution/Water, Urban Development, and Finance/Social Infrastructure/Healthcare. For more information on Hitachi, please visit the company's website at http://www.hitachi.com.

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