

## Executive Vice President Messages

[Investor Day \(Digital Strategy\)](#)


**Toshiaki Tokunaga**

Executive Vice President and Executive Officer,  
General Manager of Digital Systems &  
Services Division

### Contribute to the Realization of a Sustainable Society with Digital Capabilities

#### Our Vision

The DSS sector, which drives Hitachi's digital strategy, solves various issues facing customers' businesses and society with digital capabilities to contribute to the realization of a sustainable society. The DSS sector provides digital value on its own, and at the same time, works together with The GEM and CI sectors to create Green x Digital and Connective x Digital synergies, aiming for the sustainable development of society and the economy while improving people's quality of life (QoL).

#### Business Strategy (Lumada Expansion)

We will promote the Lumada business, which forms the core of the digital strategy, through both "Digital Centric," in which the DSS sector directly solves customer issues, and "One Hitachi," in which DSS together with the OT sector solve customer issues. We will continue to support customers in their transformation to achieve their business growth, by focusing on market domains where Hitachi can maximize its IT x OT x Products advantages (energy, transport and logistics, finance, national and local governments, telecommunications and media, and manufacturing).

To continue the growth of the Lumada business, we will enhance our digital capabilities, including digital engineering and system integration and operation on the cloud. For GlobalLogic as a growth engine, we will continue to increase digital talent and expand delivery bases through a robust recruitment and training scheme and bolt-on acquisitions, in an attempt to maintain high business growth and expand regions and industries of their business. In addition, we will expand our digital engineering capabilities and the customer co-creation schemes, in which GlobalLogic has a proven track record, to the GEM and CI sectors. We will accelerate business operations under "One Hitachi" including the use of digital technologies in the OT sector and the development of talent with knowledge of both OT and digital technologies.

We are also strengthening our service delivery infrastructure, which enables highly reliable and efficient data management and flexible data utilization, aiming for global business expansion.

We are also strengthening and enhancing cloud solutions that support global service provision, such as deploying the Hitachi Application Reliability Centers (HARC) Service, which enables highly reliable and efficient cloud-native system operation, and expanding alliances with hyperscalers.

We will also be proactive in making investments to strengthen digital technologies supporting growth. In May 2023, we set up the "Generative AI Center" [📄](#), which promotes the safe, effective use of generative AI as a groundbreaking innovation. We are working to maximize the value we provide to customers through the Lumada business and improve the productivity of all Hitachi Group companies by pioneering uses of generative AI, which is evolving at an accelerated rate.

#### The Story of Value Co-creation

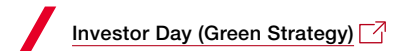
We have already provided solutions, which support the sophistication of materials development by accelerating Materials Informatics, for more than 50 companies and more than 100 projects. In co-creation with SEKISUI CHEMICAL, we are working on "laboratory automation," which automates the experiment environment to speed up materials development, by combining Hitachi High-Tech's expertise, which is unique to a measurement and analysis equipment manufacturer, with the digital engineering of GlobalLogic. We automate the process from data collection to analysis by seamlessly connecting experiment/measuring equipment and analysis environments, aiming to shorten the R&D period.



Materials research and development [📄](#)

## Executive Vice President Messages

### Ensure the Happiness of People around the Globe through Advancing a Sustainable “Greener” Future for All



#### Our Vision

The transition to “Green” is perhaps the greatest global shift since the industrial revolution. Hitachi is embracing this unparalleled challenge as an opportunity. I believe that Hitachi’s portfolio is well positioned to contribute to the realization of a carbon-neutral society. This is evident by the transformation of Hitachi’s portfolio and how it has accelerated in recent years like never before.

We have made major investments in Green, starting with the acquisition of the Ansaldo\* companies. This was followed by large investments in the Power Grids business from ABB, whilst divesting non-core businesses and businesses with a less promising market outlook. The acquisition of GlobalLogic further accelerates our Green strategy, materialising our DX x GX approach through embedded digital technologies. For example, in the next few years we see unparalleled opportunity in the electrification of mobility. Electric vehicles are not only a greener means of transport, in the future, they will rapidly become a catalyst for carrying and storing energy. This could contribute to the stabilisation of the grid with increased renewables further supported by second-life battery energy storage and energy management systems, expanding the EV ecosystem to energy and industry. This is a great example of how the worlds of Mobility, Energy and Digital combine. In this regard, Hitachi has unique insight, and through our far-reaching contributions, we will work to ensure the happiness of people worldwide by advancing a sustainable and greener future for all.

\*The Ansaldo companies are two rail systems companies that Hitachi acquired (100%) in 2015 and 2019.

#### Business Strategy (Lumada Expansion)

The Green transition remains a critical global challenge driving the transition to clean energy and the decarbonization of mobility and industry. This is being fuelled by enormous investments in both the public and private sectors worldwide, such as the Inflation Reduction Act in the United States or the REPowerEU funds in Europe. To support the transition, we are ready to deliver unique offerings.

Our short-term strategy is very simple but robust. We will support customers’ demands by delivering products and systems (e.g., HVDC for interconnections, Green rail systems). The growth of the Order Backlog has been at record highs over the last few years, and one of our key focuses is to deliver it as planned. Through this execution, we will improve profitability of our key product businesses.

In addition, we are closely collaborating with Hitachi Digital to leverage our huge installed base worldwide. Hitachi’s uniqueness and strengths include (1) Enormous domain knowledge and experience in many industries such as “OT and Products;” (2) Cutting-edge IT capability and expertise to resolve customers’ challenges, and (3) Offerings combining “IT x OT x Products” solutions to many different customers. Our business growth strategy in Green is to deliver sustainable, digitally enabled solutions throughout the product/system life cycle – from design to decommissioning.

#### The Story of Value Co-creation

Digital is the great enabler for the Green Transition. [One good example is the smart mobility in Genoa, Italy.](#) Here, Lumada Intelligent Mobility Management has digitally connected all transportation networks in the city, while the “360Pass” mobile app offers hands-free payment for both public transportation and car sharing. These solutions are founded in creating a digital twin of Genoa’s entire transport network, enabling real-time understanding of people flow and operation data.

In further opportunities, we are building enhanced capability in multiple domains with Hitachi Digital and GlobalLogic. By delivering Green solutions, we will contribute to invaluable social and industrial transformation. The resulting positive cycle of change will give our portfolio a new level of depth and aptitude for the future. The market is ready – the green light is on – and we’re prepared to drive continued success.



“360Pass” in Genoa, Italy



**Alistair Dormer**

Executive Vice President and Executive Officer,  
General Manager of Green Energy &  
Mobility Strategy Planning Division

## Executive Vice President Messages

[Investor Day \(Connective Strategy\)](#) 



**Masakazu Aoki**

Executive Vice President and Executive Officer,  
General Manager of Connective Industries  
Division



### Bringing Together Unrivalled Products and Providing Solutions That Seamlessly Connect Boundaries

#### Our Vision

“We shall not be complacent in our traditional product business. We shall not fear change, we need to embrace it.” The CI sector was created based on this strong belief. We aim to create new value that is “connective.” Our purpose is “Connecting data, value, industry, and society.” Bringing together Hitachi’s unrivalled products and solutions that seamlessly connect boundaries — between management and workplace, one company and another, people and industry — will transform industries and society and generate sustainable value.

Social issues in recent years have become increasingly complex, and the number of issues that cannot be solved within a single field have been increasing. It is thus important to solve interdisciplinary boundary issues. In this environment, the CI sector is striving to expand the Total Seamless Solution, which leverages the strength that comes from having products, OT and IT, and “domain SI” gained through collaborative creation with customers and takes advantage of Hitachi’s proprietary technologies and extensive empirical knowledge to solve boundary issues, from industry to urban and healthcare fields. The sector is also working to strengthen recurring business. In doing so, it aims to achieve further global growth. To this end, we have been developing business primarily in the digital field with the DSS sector. We will further expand our business into the “Green” field with the GEM sector.

#### Business Strategy (Lumada Expansion)

We have three growth strategies. The first is the evolution and expansion of the Total Seamless Solution using the Lumada framework for collaborative creation with customers. We have already produced several results using AI, which is attracting attention. At sales workplaces, we have optimized order placement using an [AI demand prediction solution](#)  and thereby significantly reduced the time for placing orders and preventing stockouts, which were customers’ challenges. We have built a track record in the food and apparel industries and then will expand business into many different fields. We will also optimize solutions according to issues and make contributions in the “Green” field. Looking at [solutions for carbon neutrality, primarily solutions related to electric vehicles](#),  we are developing solutions across the entire EV value chain, including EV chargers that have high-voltage power receiving, ultra-rapid, multi-point switching functions; a V2X\*1 system that enhances the resilience of buildings; and an EV battery LCM\*2 solution.

The second strategy is strengthening the recurring business. We continue to provide sustainable value to customers with the Total Seamless Solution and strengthen the business foundations in the CI sector.

The third is accelerating global growth. We are strengthening businesses primarily in North America through an M&A strategy.

\*1 V2X: Vehicle to X (a general term for technologies related to connections and links between automobiles and other items) \*2 LCM: Life Cycle Management

#### The Story of Value Co-creation

As a recent topic, let’s look at an example of collaborative creation with Lion Electric, an EV manufacturer in North America. It manufactures EV school buses. An urgent challenge for Lion Electric is to quickly establish a system for increasing EV battery production to meet the rapidly growing EV demand to achieve zero emissions and reduce our environmental impact. For this reason, it selected JR Automation, an American subsidiary of Hitachi that possesses advanced robotic SI technology, to be its main contractor. By supervising the overall project and developing the prototyping and full production lines for EV batteries in parallel, the two companies have succeeded in quickly establishing safe, highly efficient, high-performance production lines through collaborative creation, despite time constraints.



EV battery production lines 