

MESSAGE

Becoming a Global Digital Leader in the DX Market Focusing on the Three Value Areas of the “Environment,” “Resilience,” and “Security and Safety”

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Improving People’s QoL and Enhancing Value for Corporate Customers

The pace of digital transformation (DX), which reshapes society and business through digital technology, has accelerated globally since the emergence of the COVID-19 pandemic. Meanwhile, the world continues to face a variety of other challenges, including climate change, aging social infrastructure, and a rising incidence of cyberattacks, and it is against this background that Hitachi is focusing on the three value areas the “environment,” “resilience,” and “security and safety” to build a sustainable society as it seeks to improve people’s quality of life (QoL) and enhance value for its corporate customers.

Taking the lead in this Social Innovation Business and serving as a driving force behind Hitachi Group is the IT Sector of its operations.

Since the launch of Lumada in 2016, Hitachi has built up a strong track record of addressing the challenges facing society and business through digital solutions that combine its strengths in operational technology (OT), IT such as artificial intelligence (AI) and analytics, and product expertise.

In July 2021, GlobalLogic, Inc., a company that applies its advanced digital engineering and experience design capabilities to delivering digital innovation to customer businesses, joined the Hitachi Group. Hitachi is transforming itself into a digital company engaged in social infrastructure DX on a global scale.

Realizing the DX of Social Infrastructure through Innovative Digital Engineering Capabilities and Very Reliable SI

Hitachi is engaging in collaborative creation with customers to ensure that DX will create a better society, drawing on various data to identify the challenges facing society and business while also utilizing its innovative digital engineering capabilities to develop and supply solutions that address these challenges. Furthermore, integrating these solutions into existing customer systems demands very reliable system integration (SI) skills. SI has become an area of strength for Hitachi’s IT sector thanks to its past experience building mission-critical social infrastructure systems in Japan, including a railway seat reservation system and an online system for banks.

This strength of Hitachi in digital technology is also essential for the cyber-physical system (CPS) cycle, which exploits the Internet of Things (IoT) and involves the use

of AI and other software running in cyberspace (on the cloud) to visualize and analyze collected data so that solutions to challenges can be provided in the form of real-time feedback to physical space (existing systems and other equipment). Hitachi is making a strong push for DX in social infrastructure, using the term “mission-critical IoT” for such reliable, high-performance CPSs that generate value while also protecting important data and systems from both cyber and physical security threats.

The following are some of the initiatives being undertaken by Hitachi as it accelerates its growth in becoming a global digital company.

(1) Integrating the capabilities of Hitachi, GlobalLogic, and Hitachi Vantara

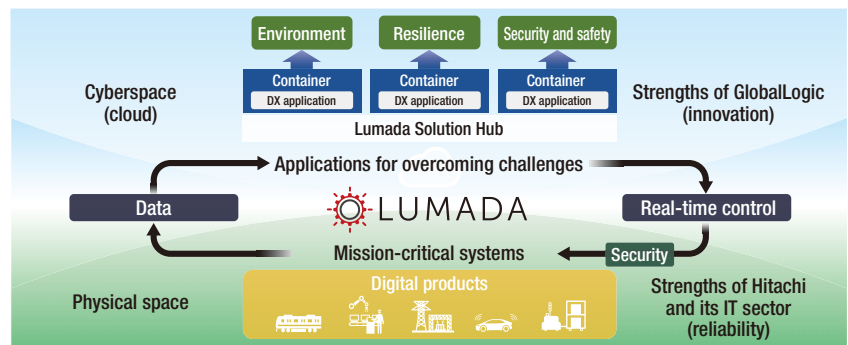
Lumada is made up of the following three elements in particular: collaborative creation with customers, cloud-based service delivery [otherwise known as X-as-a-service (XaaS)], and digital platforms. That is, Lumada provides business platforms for creating new value from workplace and other commercial data generated by these elements.

GlobalLogic, the company that joined Hitachi Group in July 2021, and Hitachi Vantara LLC, launched in September 2017, both play an important role in the global deployment of Lumada.

GlobalLogic has extensive experience engaging in collaborative creation with customers. The company is able to rapidly clarify and visualize the business challenges facing customers and utilizes its leading-edge digital engineering skills to find ways of solving these in the form of software. Along with its customer base of more than 400 companies located around the world, GlobalLogic has a large staff of highly experienced digital talent spread across its eight collaborative creation hubs and 38 delivery hubs.

Hitachi Vantara, meanwhile, supports the operations of its customers both by making the software produced through collaborative creation available on the Lumada Solution Hub and by the reliable delivery of digital solutions in a multi-cloud environment that combine this and other software to address business challenges.

Hitachi plans to continue maximizing the capabilities of



“Mission-critical IoT” That Leverages Hitachi’s Strengths to Pursue DX in Social Infrastructure

GlobalLogic and Hitachi Vantara as it steps up the global deployment of Lumada.

(2) Establishing and fostering ecosystems to overcome challenges

Collaborative creation with customers, partners, and a wide range of other stakeholders is essential to achieving social innovation. With the launch in November 2020 of the Lumada Alliance Program, Hitachi has established an ecosystem for working with stakeholders to create value through the shared application of technologies, expertise, and ideas. Likewise, Lumada Innovation Hub Tokyo (LIHT) opened in April 2021 as a venue for collaborative creation where parties can discuss and share their understanding of the challenges and work on developing solutions. LIHT serves as a hub for promoting practical collaborative creation, bringing together DX specialists such as design thinkers and data scientists, etc. and forging global links between a diversity of workplaces and people from both inside and outside Hitachi.

As part of this, Hitachi has established links between LIHT and GlobalLogic workplaces around the world and has launched a project to accelerate DX by leveraging the company's extensive DX experience, expertise in experience design, and chip-to-cloud software engineering skills. Hitachi is also putting a system in place to support DX for Japanese customers, including by making use of a digital engineering service based on GlobalLogic's design thinking, with service scheduled to commence during the 2022 fiscal year.

As a global DX partner, Hitachi is seeking to use these activities as a way to overcome societal challenges and create a society where people can live secure, safe, and comfortable lives. The world can look forward to more such initiatives by Hitachi in the future.