# Corporate Initiatives for Sustainability Growth ╱ Digital Strategy

Hitachi is pushing forward with its Social Innovation Business, which solves social issues together with customers by leveraging IT x OT x Products. Lumada ⤤ is the name of methodologies, solutions and use cases that promotes the Social Innovation Business by leveraging digital technology. Hitachi will create new value by quickly achieving DX for customers through Lumada. Aiming to expand the Lumada business revenues to 2,650 billion yen during the Mid-term Management Plan 2024, Hitachi will work to expand the Lumada business while training and strengthening digital talent and acquiring assets in North America, a growth area.

▶ Lumada's Customer Co-creation Framework

To further accelerate the Lumada business, multiple sectors and business units in each global region will work together as One Hitachi based on customers co-creation framework to enhance our competitive advantages. Lumada's customer co-creation framework is a method for the realization of circular businesses that increase the value provided to customers while continuously executing a cycle that starts with understanding our customer management challenges (PLAN: upper right quadrant), developing and implementing solutions with IT x OT x Products (BUILD: lower right quadrant), operation (OPERATE: lower left quadrant), and maintenance (MAINTAIN: upper left quadrant) by using data and technology. With the acquisition of GlobalLogic, which possesses design thinking and digital engineering capabilities able to capture customer and social issues and incorporate them into agile solutions, we will continuously and rapidly execute the four-quadrant cycle within Hitachi's business footprint to accelerate growth (click here for cases of Lumada co-creation ⤤).
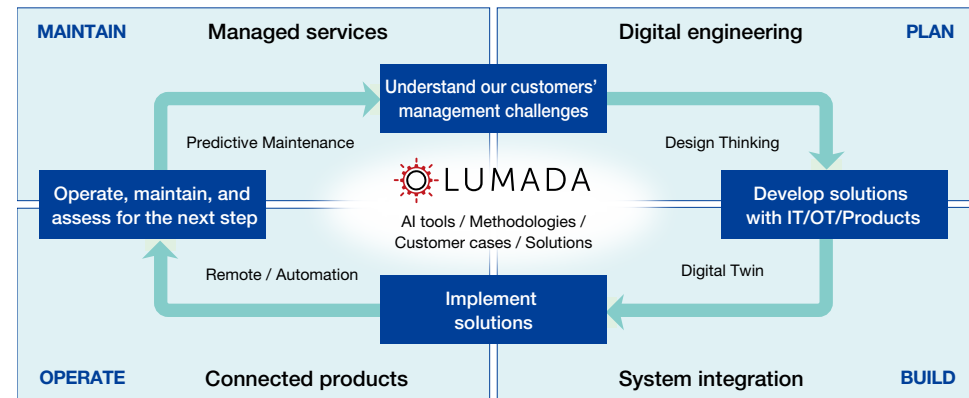
▶ Hitachi Digital—Driving the Lumada Business Globally

In April 2022, we established Hitachi Digital in Silicon Valley in the United States as a control tower for the acceleration of the global development of Lumada. Hitachi Digital leads the formulation and execution of digital strategies to expand the Lumada business globally. In fiscal 2022, the first year of its establishment, Hitachi Digital crossed the boundaries between business units and carried out various activities to accelerate the integration of IT x OT x Products. One representative initiative was the establishment of the Decision & Advisory Board in June 2022. The Board consists of the CEOs of Hitachi Energy, Hitachi Rail, GlobalLogic, and Hitachi Vantara and the heads of the business units of the DSS sector, etc. It leads regular discussion of digital strategies to promote the development and execution of digital strategies across the Hitachi Group, and approximately 20 projects had been launched as of February 2023. Another initiative was "Hitachi Digital Summit 2022," which was held for the first time in October 2022. To accelerate customer co-creation as One Hitachi, 127 executives and leaders of the Hitachi Group from across the world gathered in the United States to energetically discuss issues and

exchange opinions. In addition, Hitachi Digital CEO Jun Taniguchi led the team of Chief Lumada Business Officers (CLBOs) who have been assigned in each business field and they took responsibility for the expanding Lumada business in each field and cooperated with each other. As a result, we achieved Lumada business revenues of approximately 2 trillion yen in fiscal 2022, exceeding the initial plan.

Thanks to its leadership creating synergies throughout the group, Hitachi Digital launched 13 new businesses in fiscal 2022 alone, and the expansion of the Lumada business as One Hitachi is progressing steadily.

From left: Gajen Kandiah, CEO of Hitachi Vantara, Nitesh Banga, CEO of GlobalLogic, Jun Taniguchi, CEO of Hitachi Digital