Global Reorganization to Strengthen Synergies
Leveraging OT and IT

October 31st, 2023

Jun Abe
Senior Vice President and Executive Officer,
CEO of Cloud Services Platform Business Unit
Today's Key Messages

Accelerate global growth by capturing demand derived from Generative AI

1. Spin-off Hitachi Vantara's Digital Solutions business into a new company, Hitachi Digital Services, which provides OT and IT integration to social infrastructure and industrial customers globally. Focus investment on Generative AI.

2. Integrate Hitachi Vantara with IT Products Business Div. in Japan to improve operational efficiency and strengthen data infrastructure products and services for Hybrid Cloud to Support Generative AI.

3. These two companies and GlobalLogic will work together to grow the global IT services business, aiming for sales of 1 trillion yen, under a business structure that deploys "OT, IT and Products" as One Hitachi.
1. Overview of the Reorganization

- Spin-off of Hitachi Vantara LLC's Digital Solutions Business to form Hitachi Digital Services.
- Hitachi's domestic IT products Business to spin-off into newly established Hitachi Vantara, Ltd. through a qualified reorganization.

<table>
<thead>
<tr>
<th>Business Domain</th>
<th>Current</th>
<th>From FY2024</th>
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<tbody>
<tr>
<td>OT x IT Integration</td>
<td>Hitachi, Ltd. (Japan)</td>
<td>Cloud Services Business Div.</td>
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<tr>
<td>Managed Services</td>
<td>Digital Solutions Business</td>
<td>Hitachi, Ltd. (Japan)</td>
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<tr>
<td>Data Infrastructure</td>
<td>Digital Infra. Business (Sales &amp; Services)</td>
<td>Hitachi Digital Services</td>
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<td></td>
<td>IT Products Business Div. (Manufacturing &amp; Development)</td>
<td>CEO Roger Lvin</td>
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- Spin-off on 1st Nov. 2023
- Business Merger on 1st Apr. 2024

CEO Sheila Rohra
2. Objective of the Reorganization

Global deployment of Hitachi Digital Services’ domain solutions in collaboration with GEM/CI sector utilizing strength of GlobalLogic's digital engineering and Vantara's mission-critical data management.

Hitachi’s Social Innovation Business to realize a sustainable society through Data and Technology.

Transform Social Infrastructure through the delivery of Green and Digital value

Hitachi Digital Lead company-wide Digital Strategy

Transform Social Systems through the value provision of Digital Technology

Transform Industrial systems through the delivery of Connected and Digital value

One Hitachi

GEM Sector (Green Energy & Mobility)

Digital Centric

DSSセクター

GlobalLogic
- Experienced Design
- Digital Engineering

Hitachi Digital Services
- OT and IT Integration
  - Domain Solutions
  - Cloud Managed Services

Hitachi Vantara
- Data Infrastructure Product & Services

One Hitachi

CI Sector (Connective Industries)
### 3. Initiatives to date

Have continued investments in AI supporting enterprise data utilization and the arrival of the hybrid cloud era.

### Market Circumstances

2018 Mid-term Management Plan: Big Data/IoT

2021 Mid-term Management Plan: Public Cloud

2024 Mid-term Management Plan: Gen. AI: CAGR 42%*¹
                                          Hybrid Cloud: CAGR 18%*²

### Capabilities of Cloud Services Platform BU

- **Lumada Launch in May 2016**
- As-a-Service Model business started.
- Enterprise and Hybrid Cloud Storage, Data Infrastructure for Generative AI
- OT/IT Data Experience Platform and Managed Services for Hybrid Cloud
- Migration/Modernization, Cloud Integration, Building Partner Ecosystem

*¹: Bloomberg Intelligence, IDC, eMarketer, Statista  
*²: IDC & IMARC
4. Enhancement of Lumada Business

Incorporating innovation powered by Generative AI into Lumada co-creation approach to accelerate One Hitachi business.

- Managed Services
  - Hitachi Digital Services
    - Cloud Managed Services
- Digital Engineering
  - Consulting, Design and Digital Engineering
    - Acquired GlobalLogic. Continuing to strengthen through bolt-on M&A.
- GEM/CI Sector’s Main Engine, Facility and Products
- Connected Products
- Mission-critical Data Management
- Mission-critical Infrastructure (Hybrid Cloud)
- Domain Solutions
- Systems Integration

Generative AI Common Platform – Datacenter, Unique Model, Common Tool
5-1. Hitachi Digital Services – Domain Solutions

- Connect and systematize group-wide OT/IT capabilities – Business practice with Hitachi Rail
- Gather the knowledge and talent of Hitachi’s OT/IT to expand the integration practices

**Intercity Express Programme (UK)**

**Service Details**
Condition base maintenance with HFMT for over 240 train cars.

HFMT: Hitachi Fleet Management Tool

**Value Proposition**
Reduction of maintenance costs and failures caused by maintenance
Prolonging the lifespan of train cars

**Hitachi Rail**
Insights into railway vehicles and maintenance

**Hitachi Digital Services**
Solutions for railways maintenance (Data Collection Method for Train cars/ Stations/ Signaling system, Data analytics, Cloud Integration, etc.)
5-2. Hitachi Digital Services – Cloud Managed Services

- Provide managed services for the entire business system including applications and data.
- Achieve high agility through development and operation integration, and realize operational automation and streamline by tools

Maintenance A/C Facilities for Building (US)

HARC service to solve system troubles and issues by building on a public cloud for on-site facility maintenance staff for 24×7 global HVAC / disaster prevention services.

Value Proposition

- Reduction of alert noise — Increased Availability to 99%
- Optimizing incident management — System error 90% Proactive response
- Automation of routine tasks — Tasks to be automated*1 30% reduction

HARC: Hitachi Application Reliability Centers
*1: Routine operational tasks done repeatedly by manual labor
The trend toward hybrid clouds, where mission-critical data is stored in the cloud and data for a variety of applications is stored in the public cloud, is accelerating with the advent of generative AI.

Data Management for Hybrid Cloud Storage

Mission-critical data to be managed independently
On-premises/Private cloud

Cross-Cloud Data Virtualization Technology

Data to be processed/analyzed in a variety of applications
Public cloud

Hitachi Enterprise Storage

Cloud Migration Disaster Recovery

Hitachi high-reliability SDS

Market Size for Hybrid Cloud Storage
(Hitachi estimate)

$90B  $206B  $475B
2022  2027  2032

CAGR 18%
6-2. Re-aligned Hitachi Vantara – Data Infrastructure Services(1)

Providing hybrid cloud service for verticals with Hitachi’s domain knowledge and partner solutions

Hybrid Cloud Solution/Service for Vertical

**EverFlex from Hitachi** (Delivered as-a-service model)

- **Hitachi’s Domain Knowledge**
  - Anomaly Detection Model
  - Production Management Model
  - Autonomous Control Model

- **Data Infrastructure**
  - Hybrid Cloud Storage
  - GPU Infrastructure
  - Security

- **Partner Solution** (Cloud Infrastructure)
  - powered by AWS
  - Google Cloud
  - Microsoft
  - Red Hat

**Eco-System**
Data Infrastructure Service (Asia)

Service Details
• Storage service that allows on-premises data to be used in the cloud.
• Operational monitoring and automated operations services from on-premises to near-cloud and cloud

Value Proposition
Secure data management, easy operational management, and strategic IT investment optimization

- Data is stored on-premises to ensure compliance with the quality of service stipulated in the contract with the customer.
- Temporary use of cloud resources to perform work in response to fluctuating workloads
Summary

Digital Strategy

- Pursuing the growth of the Lumada business with OT, IT and Products
- Accelerate growth of global IT services business with GlobalLogic

Global IT Service Business
Target sales 1 trillion yen

Digital Centric

One Hitachi

Generative AI

Hybrid Cloud
Introduction of New Leaders
CEO
Hitachi Digital Services LLC
Roger Lvin

A serial business builder, driving growth and scale in the High-Tech industry with a distinguished 20+ year career in leadership roles.
Drove Hitachi Vantara Digital Solutions (DSBU) to achieve double-digit growth and improved margins, transitioning it into a profitable business during tenure as President

Experienced Fortune 500 executive adept at orchestrating holistic transformations within multi-billion-dollar corporations

• As an SVP and Business Head at Cognizant, scaled the BPO and Automation unit to a multi-billion dollar business.
• Prior served as the Head of Media and Entertainment industry practice at Cognizant.
• Held multiple senior leadership positions, showcasing a comprehensive understanding of technology consultancy and business strategy.

Mission
To transform enterprises through industry centric OT and IT integration.
CEO
Hitachi Vantara LLC
Sheila Rohra

Experienced strategist, transformation, and customer success leader with over 20 years in High Tech Leadership roles

Fortune 500 executive roles spanning strategy to execution with proven experience transforming multi-billion dollar companies:

• Senior Vice President and General Manager, Data Infrastructure Business at Hewlett Packard Enterprise
• Senior Vice President of Customer Success, NetApp
• Chief Transformation Officer, NetApp
• Business Operations Leader, Cisco

Hitachi Vantara

• President, Data Infrastructure Business at Hitachi Vantara (since July ’23)
• Focused on accelerating growth through transformation and innovation with a customer-first mindset

Mission
Empowering businesses to innovate and scale through diverse and talented people who deliver data infrastructure and experiences.
President
Hitachi Vantara, Ltd. (Tentative)

Akinobu Shimada

Careers
• Apr. 1989  Joined Hitachi, Ltd.
• Apr. 2014  Senior Vice President of Corporate Strategy & Planning, Hitachi Data Systems Corporation(USA)
• Apr. 2016  Division Vice President
             IT Platform Products Management Division
• Jan. 2020  Chief Product Planning Officer
             Chief Product Planning Office, Hitachi Vantara LLC(USA)
• Apr. 2021  Corporate Officer/
             Vice President, IT Platform Products Management Division

Mission
Centered around storage product, driving the global expansion of data infrastructure services.
Hitachi Social Innovation is POWERING GOOD
Appendix
Accelerate modernization of existing applications while maintaining core system stability

While inheriting legacy OLTP applications, safely and steadily convert them to microservices in stages.

Phased migration of online transactional applications while maintaining core system stability

I can make a gradual and safe transition in small units! I can also achieve business improvement results quickly!

Easier development with no need for complex coding for transaction control!

Modernization Support - Hitachi Microservices Platform
(News Release: Oct. 19, 2023)
Hybrid Cloud Solution
- EverFlex from Hitachi (News Release: Sep. 19, 2023)

Subscription-type Solution for IT infrastructure layer with "speed and flexibility", "investment optimization" and "operational sophistication and labor savings"

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<th>Modernization</th>
<th>Security</th>
<th>Data Protection</th>
<th>Location</th>
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<tr>
<td>- Legacy system</td>
<td>- OSS Professional Service</td>
<td>- Managed Security Service</td>
<td>- Data Encryption</td>
<td>- Facility Provision</td>
</tr>
<tr>
<td>- Database</td>
<td>- DevOps</td>
<td>- Vulnerability Assessment</td>
<td>- Backup</td>
<td>- Cloud Connect</td>
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Data Infrastructure
- Hardware Infrastructure (Server/Storage/Network)

Virtualized Infrastructure
- Virtualization
- Container
- Azure Stack HCI
- HCI (VMware vSAN)

Public Cloud Integration
- VSP on cloud
- VMC on AWS
- Near Cloud

Workspace Infrastructure
- Consolidated Client
- Azure Virtual Desktop
- Zero Trust

Mission Critical Infrastructure
- High Reliability Servers (AIX/High Reliability Linux)
- Cloud Connect

Legend
- ■ as a Service available
- □ Existing Professional Service to be as a Service
- : Added Portfolio

as a Service IT Platform

EverFlex from Hitachi

These are the core services, and more services will be expanded sequentially.
Consolidation of various current storage products and services into “Hitachi Virtual Storage Platform One”, hybrid cloud data platform

The product offering is scheduled in 2024 for the Japanese market.
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