

IT Services Business Growth Strategy

October 13, 2010

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IT Services Business Unit

Senior Vice President and Member of the Board

NEC Corporation

To be a leading global company
leveraging the power of innovation
to realize an information society
friendly to humans and the earth

NEC Group Vision 2017

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2 . Basic Direction of Business Development

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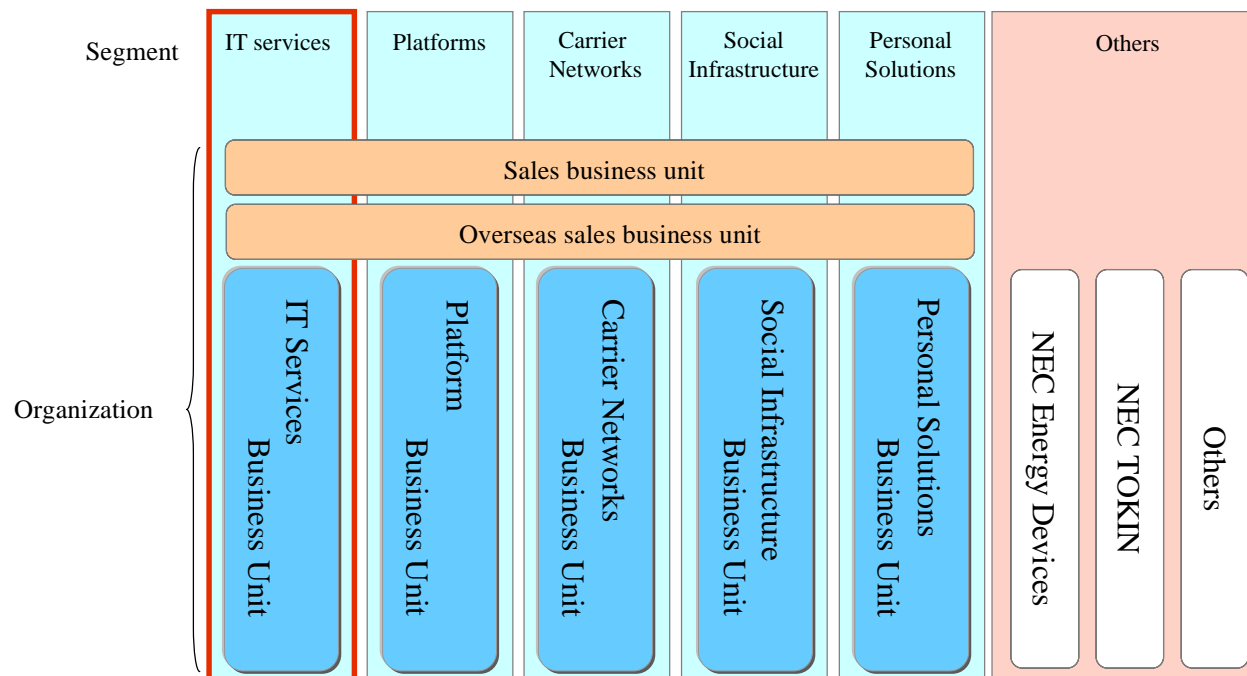
- 3 - 1 . Cloud Services Business
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4 . Towards V2012 target

The Mission and Position of NEC's IT Services Business

NEC provides integrated IT services covering everything from consulting through to System Integration, Operation, Maintenance and Outsourcing

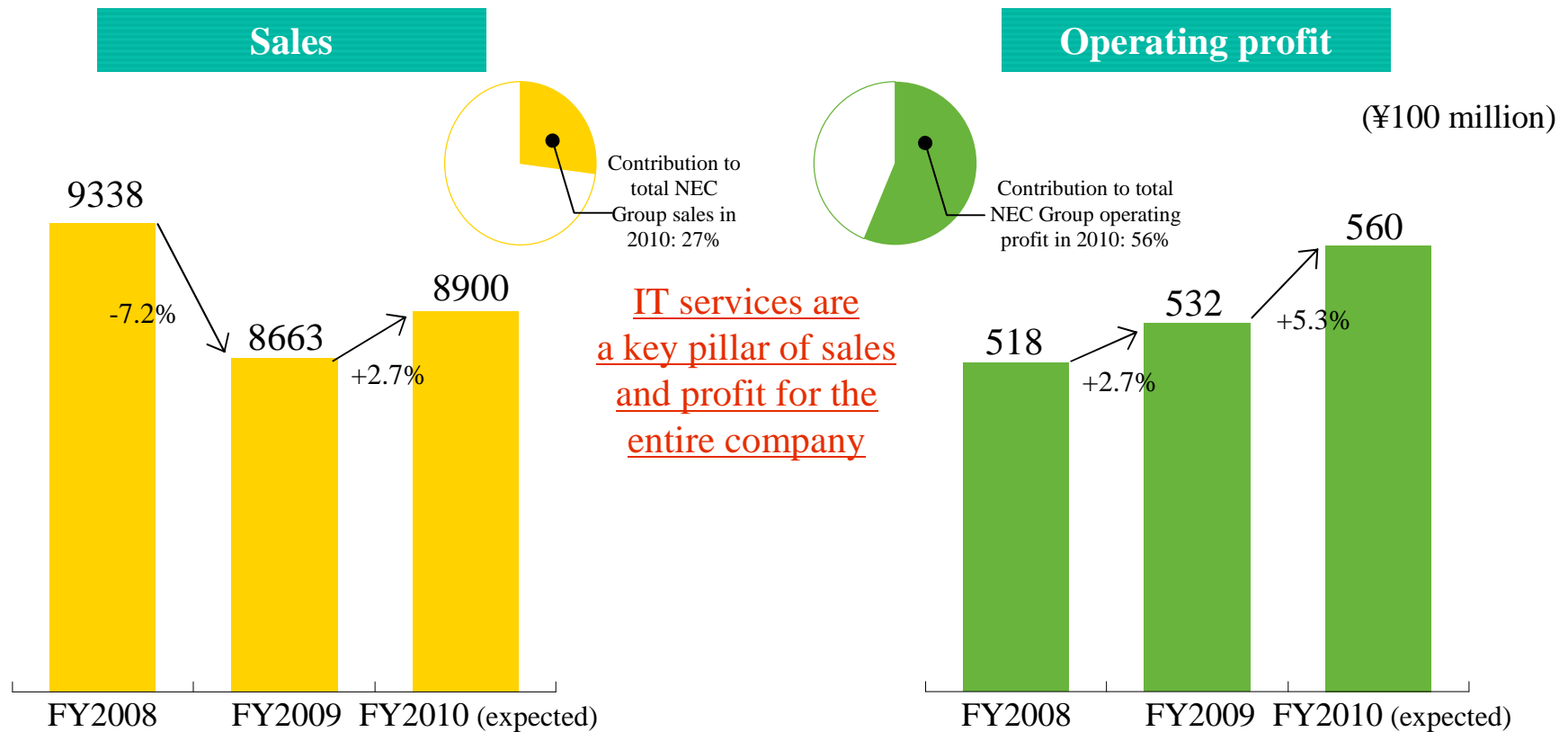
About 37,000 employees (including all group companies) and 29 Japanese subsidiaries and 28 overseas subsidiaries



Key subsidiaries	<ul style="list-style-type: none"> ● NEC Soft, NEC System Technologies ● NEC Fielding ● NEC Nexsolutions ● ABeam Consulting 	<ul style="list-style-type: none"> System development Maintenance SME market, outsourcing Consulting

Earning Trends for the IT Services Business

- Sales** shrank during FY2009 due to a general decline in IT investment. In FY2010, NEC is aiming for increased revenue by working with our customers as they make investments for future growth.
- Operating profit** increased during 2009 due to systematic reductions in fixed costs. In FY2010 NEC is aiming to increase profit through SI reforms.



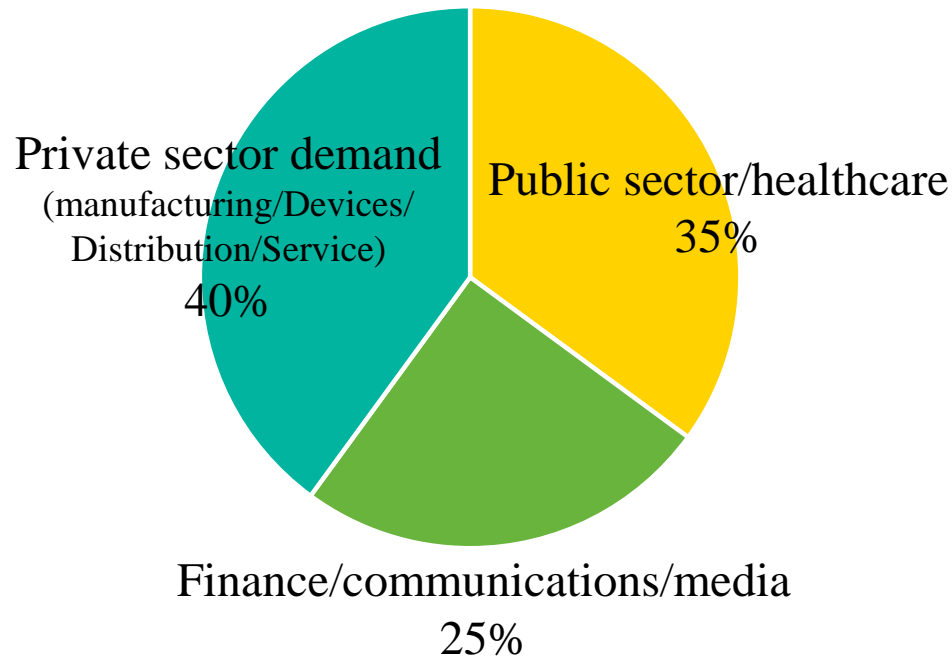
* Expected values as of October 13, 2010

Sales Composition (1/2)

- The business has expanded over a wide range of industries
 - ⇒ NEC supports the needs of diverse customers as an IT partner

Ratio of sales by industry (FY2009)

on a consolidated basis



Examples of systems provided by NEC



Public sector/Medicine
Systems for central government ministries
Resident information systems
Electric medical record systems



Finance/Communications/Media
Bank settlement systems
Billing systems for telecommunications carriers
Systems for broadcasters



Manufacturing/Devices
Production management systems
Sales management systems
Technical information management systems



Distribution/Services
Retail systems for stores and head offices
Hotel systems
Distribution management systems

Sales Composition (2/2)

NEC is a leading vendor in the Japanese IT services sector (the second largest service provider in Japan, and the eighth largest in the world)

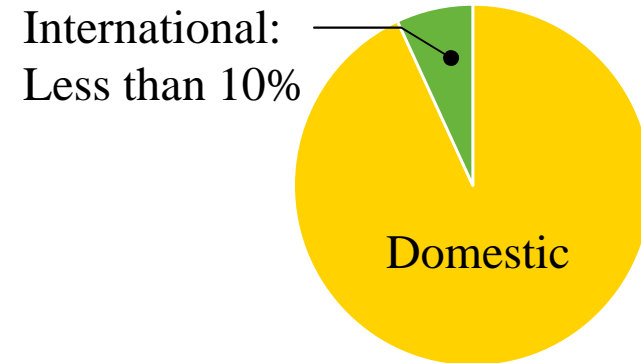
⇒ The drivers of future growth will be overseas operations and the services business

2009 rankings for sales of IT services

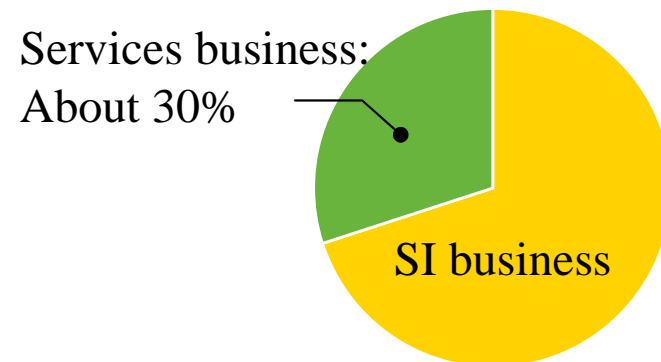
Rank	Japanese market	Global market
1	Fujitsu	IBM
2	NEC	HP
3	NTT Data	Fujitsu
4	Hitachi	Accenture
5	IBM Japan	CSC
6	Nomura Research Institute	Lockheed Martin
7	IT Holdings	Capgemini
8	Canon Marketing Japan	NEC
9	Nihon Unisys	NTT Data
10	ITOCHU Techno-Solutions	SAIC

Source: Gartner, “2009 IT Services Vendor Revenue”, August 20, 2010

Ratio of sales by region (FY2009)

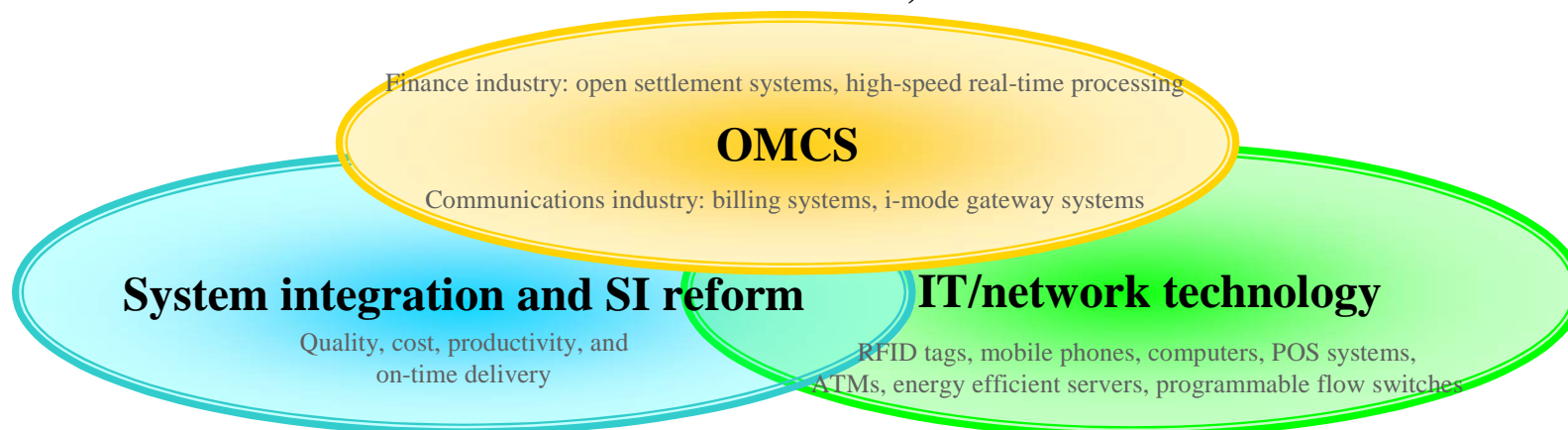
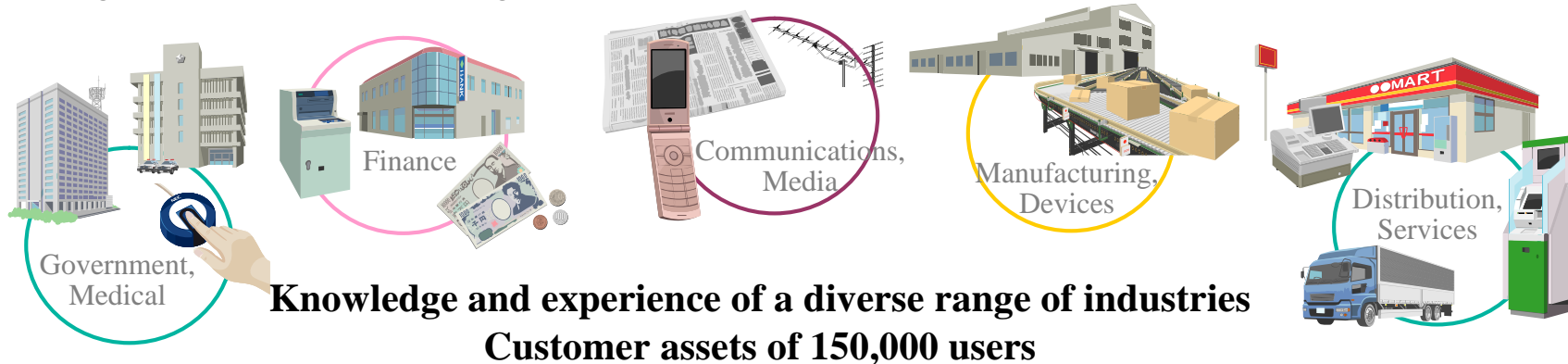


Ratio of sales by business (FY2009)



NEC's Strengths in IT Services

- Strong capabilities in SI (System Integration) and SI reform, acquired through responding to the high expectations of our Japanese customers
- Strong capabilities with large-scale Open Mission Critical Systems (OMCS), cultivated by taking the lead in the shift to open standards
- Technology assets in IT and networks, covering everything from contact devices and terminals through to cloud-based services
- Strong capabilities in creating solutions that anticipate future developments



1. Business Outline

2. Basic Direction of Business Development

3. Core Business Strategy

- 3-1. Cloud Services Business
- 3-2. International Business
- 3-3. Initiative for improving profitability in System Integration

4. Towards V2012 target

Mid-Term Market Trends and Business Opportunities

Market trends

Customers

An accelerating trend for companies to outsource their IT resources

- Relentless demands for cost reductions
- Rapid responses to risks and business opportunities



Business opportunities

Increased use of cloud services

- Cloud services in mission critical field
- Customers using clouds to create new businesses

Technology

Increasing digitization

- Widespread adoption of contact devices, such as IC cards, sensors and RFID tags
 - Automobiles, homes, shops, medical centers, satellites, etc
- Evolving networks (NGN, LTE, WiMAX)



Increased utilization of information from contact devices

- Widespread application in social and corporate systems
- Service platforms that can quickly process large volumes of information in real time

Markets

The base of Economic growth has shifted to developing nations

- Sluggish growth in developed economies (the New Normal)
- China and the Asia-Pacific are to becoming one huge economic zone



Buoyant demand for IT in developing nations

- Active investment by local companies, in addition to investment by companies from developed nations
- Increased demand for social infrastructure

Market Trends

Japanese market for IT services

Investment trends as the Japanese economy recovers

Year-on-year % change	2009	2010	2011	2012	10-12 CAGR
Project-Oriented (SI/Consulting)	1.6	1.8	3.0	4.1	3.6
Support & Training	-8.8	-4.2	1.7	2.1	1.9
Maintenance/ training	-5.6	-2.9	-0.9	-0.4	-0.6
Overall market	-3.9	-1.3	1.8	2.5	2.1

Source: Japan IT Services 2010-2014 Forecast Update and 2009 Review by Vertical Segments: First-Half 2010

Global market for IT services

Developed nations

North America, Western Europe

- Market size in 2014: \$666B
- CAGR for 2009 to 2014: 3.9%

Developing nations

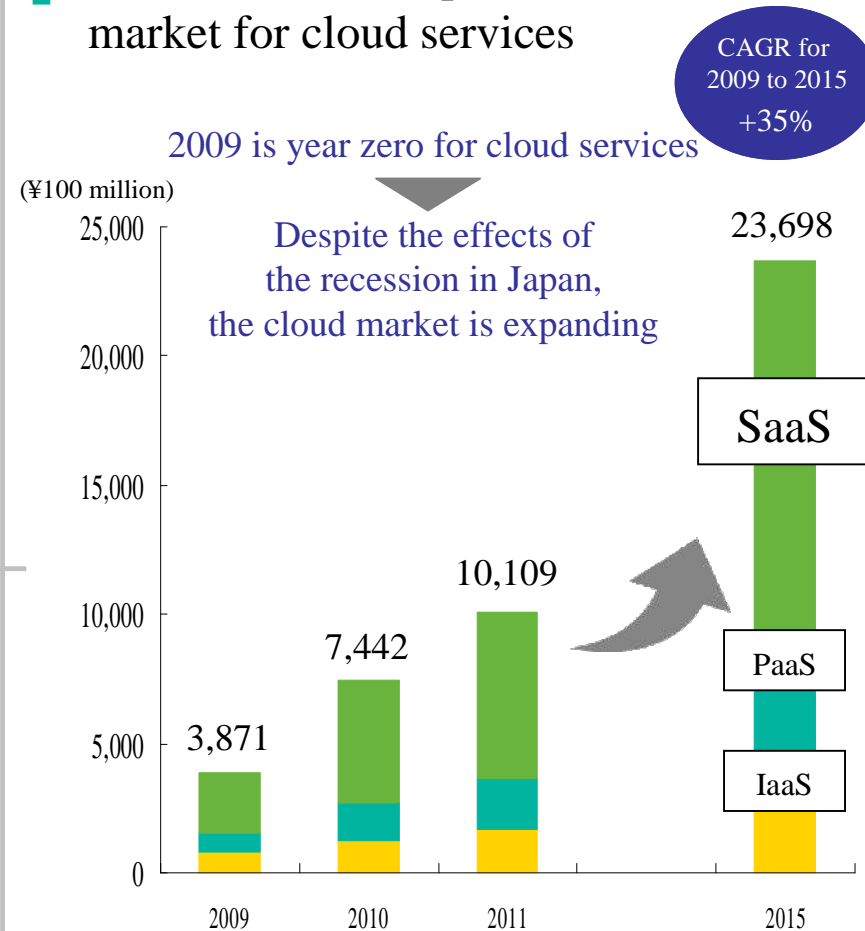
Asia Pacific, Central & North America, Middle East, Africa, Eastern Europe

- Market size in 2014: \$162B
- CAGR for 2009 to 2014: **8.9%**

- Growth opportunities in developing nations
- China and the Asia-Pacific region in particular are the key to success

Source: Gartner "IT Services Market Forecast by Segment, June 2010" July 23, 2010

Forecast for the Japanese market for cloud services



Source: 2010 WHITE PAPER Information and Communications in Japan (MIC)

Examples of Initiatives for New Market Opportunities

Cloud (mission critical business area)

Three cities in Fukuoka Prefecture*

- NEC is using clouds to provide mission critical systems for local governments (such as resident information systems)

* Three local governments in the southern part of the Kasuya region of Fukuoka Prefecture (Umimachi, Shimemachi, Suemachi)

TCO is expected to be cut by about 40% through work reforms and using cloud-based services



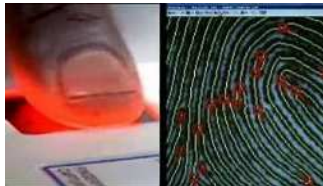
Proactive approach to the market where large expansion is expected in the future

Plurinational State of Bolivia

Developing nation

- NEC has created a large-scale fingerprint matching system to prevent voters from enrolling more than once for the presidential elections

NEC has installed three thousand fingerprint registration devices around the country, which have been used by four million voters



Basic Policy for Business Expansion

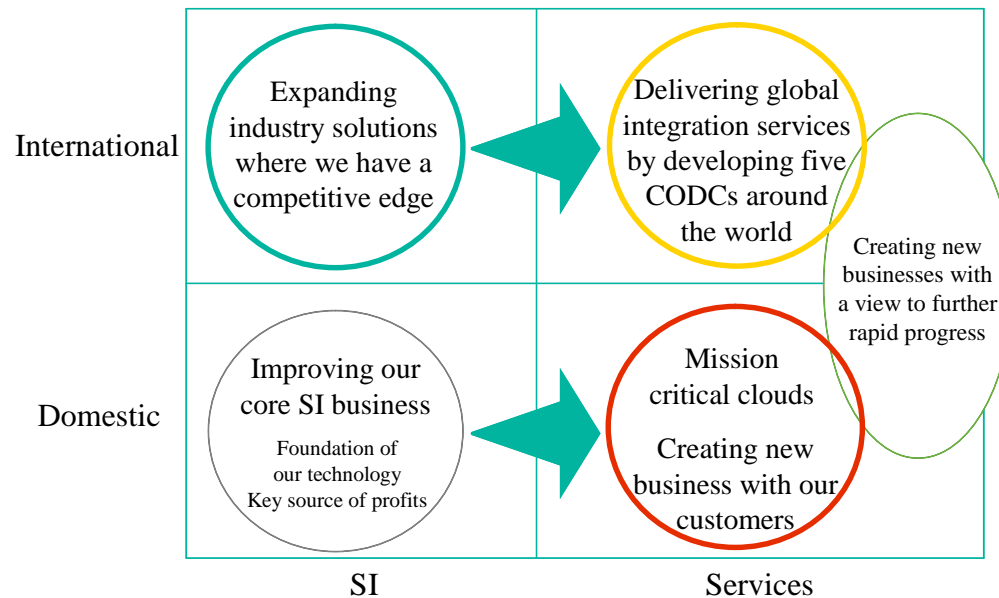
To expand our business by utilizing our relationships with 150,000 customers in Japan

- NEC will expand its cloud services while still strengthening its core systems integration (SI) business

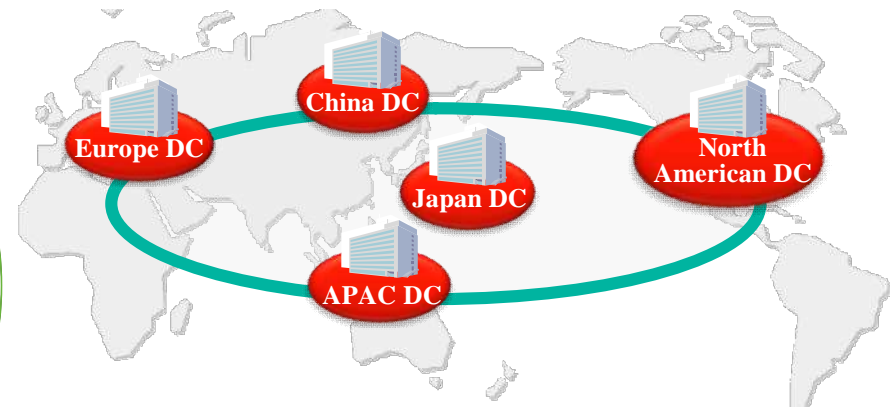
To accelerate the expansion of our global business by creating services based on our SI industry solutions.

- NEC will launch five Cloud Oriented Data Centers (CODC)*

Future direction for business expansion



Developing five CODCs around the world



* Our Cloud Oriented Data Centers (CODC) are data centers where a service delivery infrastructure system has been created using a system model with a track record of use with NEC's own mission critical systems

International development of CODC Business

Creating a Global Services Network to deliver cloud services to customers around the world

(1) Providing mission critical systems with a flexible service delivery model

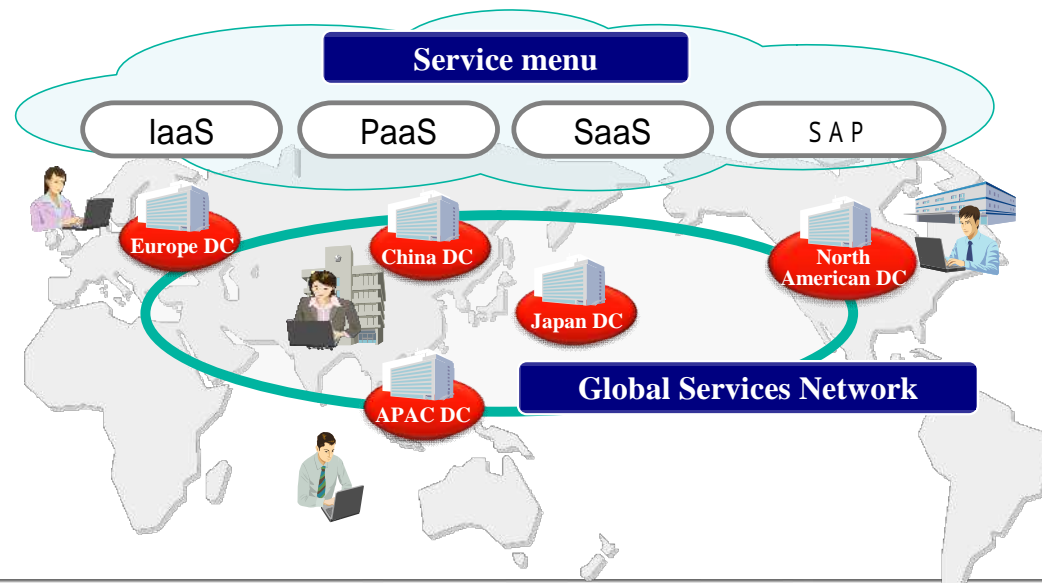
- Mission critical service (Mainly with NEC's SAP infrastructure system) IaaS, PaaS, SaaS

(2) Providing a globally consistent service menu and SLA (SLA= Service Level Agreement)

(3) Partnerships with major players in each region, such as system integrators, service providers and application providers with large customer bases.

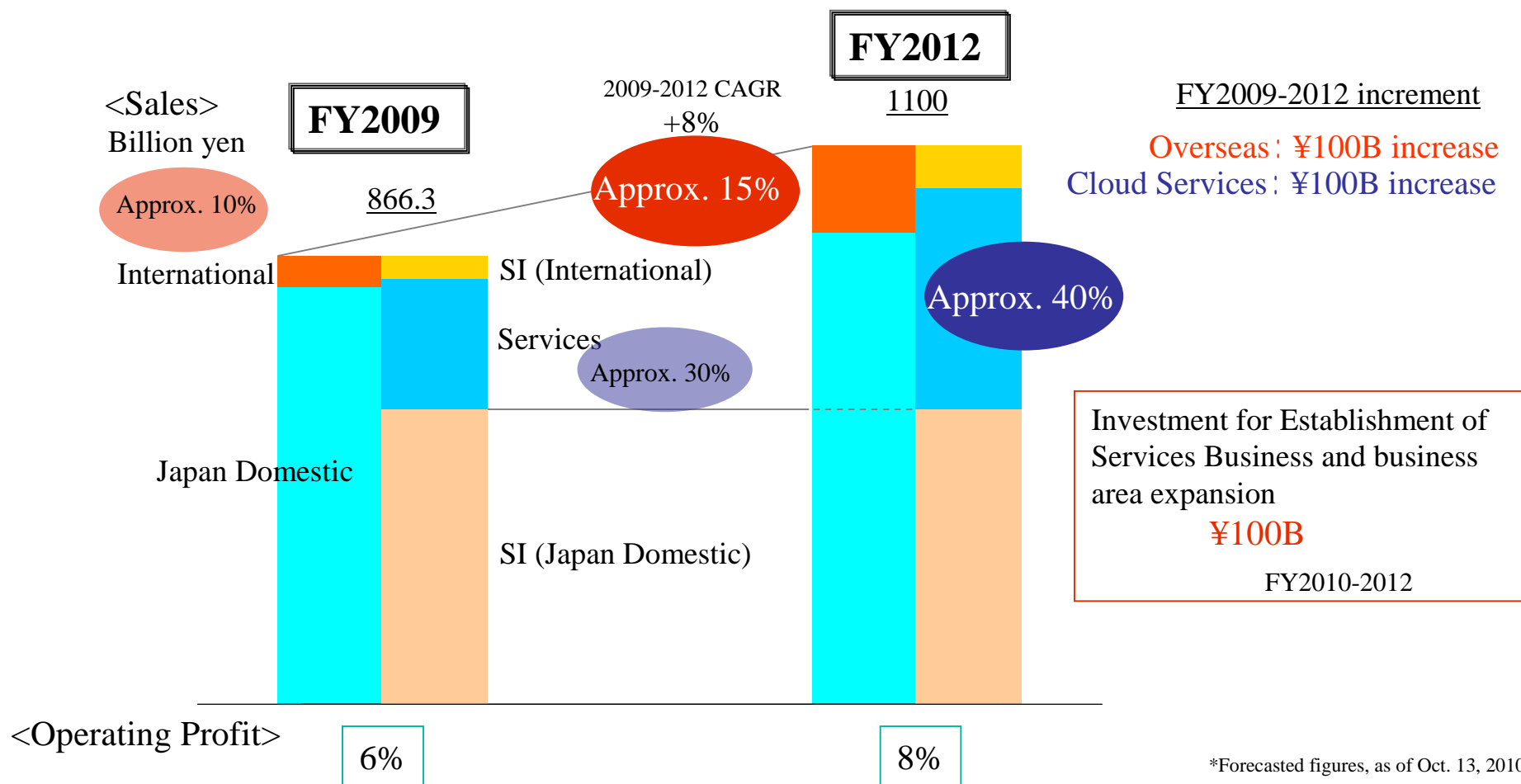
(4) Partnerships with global product vendors (CODC infrastructure)

(5) Expanding in harmony with the particular features of each region

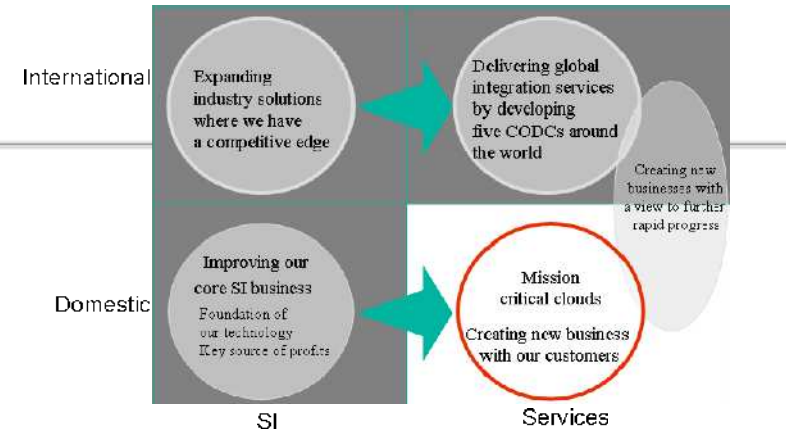


Business Target

- Business driver: Cloud Services Business and worldwide business expansion
- Generate profit from System Integration (SI) business.
- Investment are made for Services Business establishment and business area expansion



*Forecasted figures, as of Oct. 13, 2010



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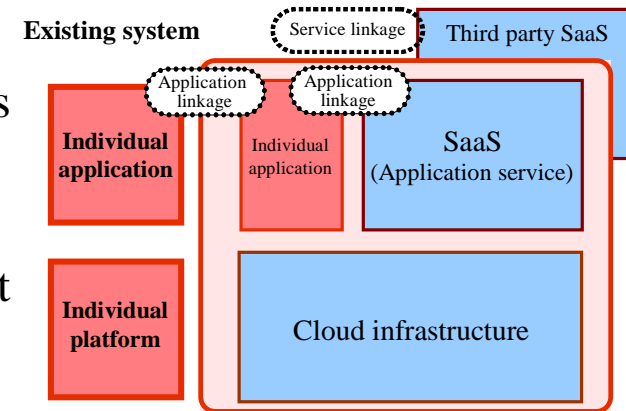
● 3-3. Initiative for improving profitability in System Integration

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Capabilities Demanded in the Cloud Era

Information systems for the cloud era

- There is a need to link cloud services to existing systems and third-party services
- For organizations such as companies in particular, there is a demand for highly reliable, high quality systems that utilize OMCS technology



Capabilities demanded in the cloud era

Expanding our cloud business

System integration and operation

Process reform consulting, BPM tools, etc

Business relationships cultivated through the system integration business, company size and financial strength, etc

Business consulting capabilities supporting service application

Partnership capabilities for working with customers to create new businesses

Product planning, Service & Sales Structure, Delivery Structure/Operations, methodology

Technology and know-how cultivated through system integration
 Capability to create large-scale, open distributed systems (OMCS), knowledge and experiences of customers and industries, application development and project management capabilities, quality, productivity, etc

The cloud business is a contest of total capabilities

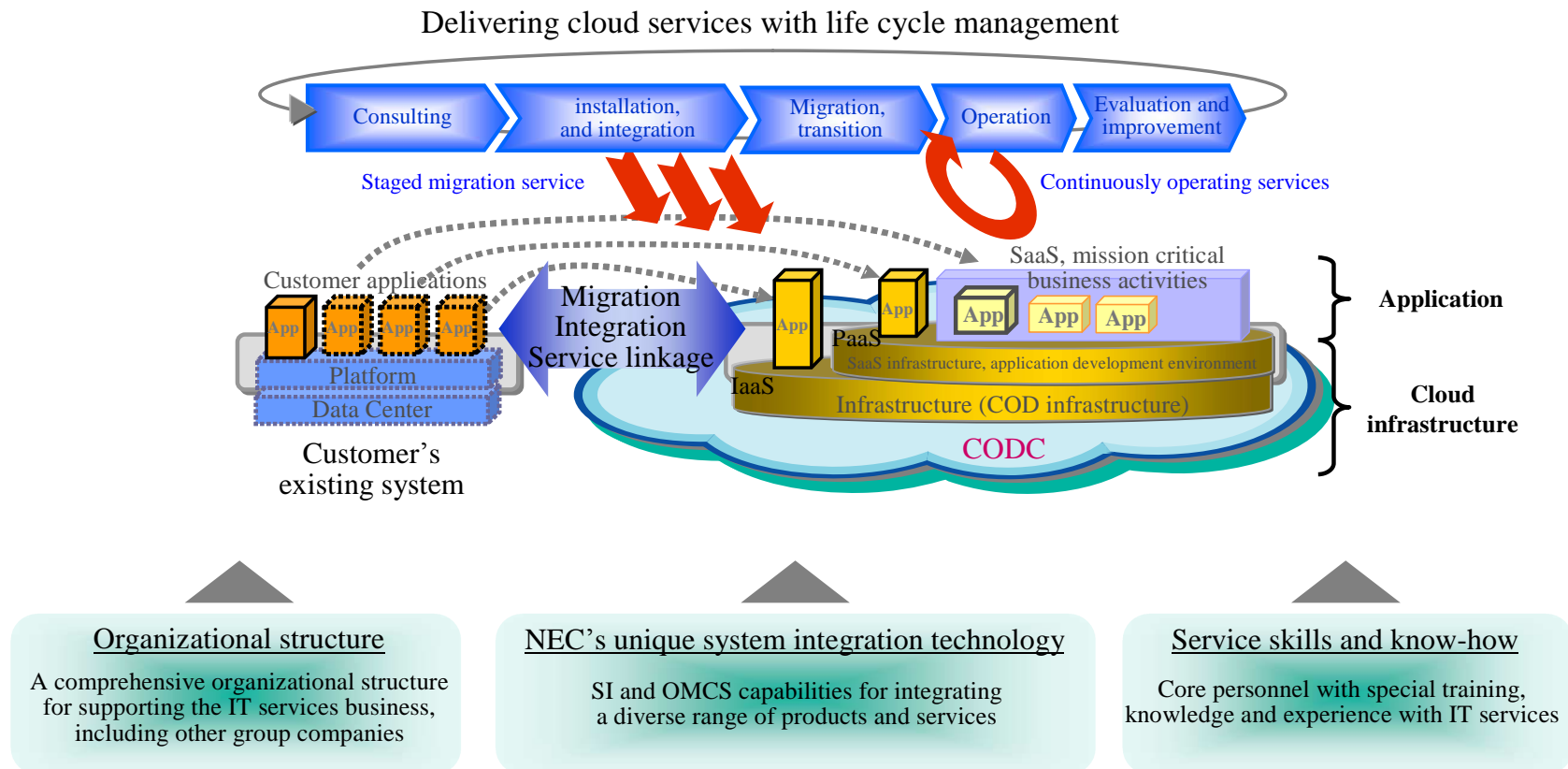
The strengths we have developed through the System Integration business are a great advantage in the cloud era

An Overview of NEC's Cloud Vision (LCM Service)

LCM=Life Cycle Management

NEC supports its customers' systems over the full lifecycle by continuously providing staged migration from their existing systems over to cloud environments (LCM services)

⇒ Cloud services cannot be provided without system integration capabilities

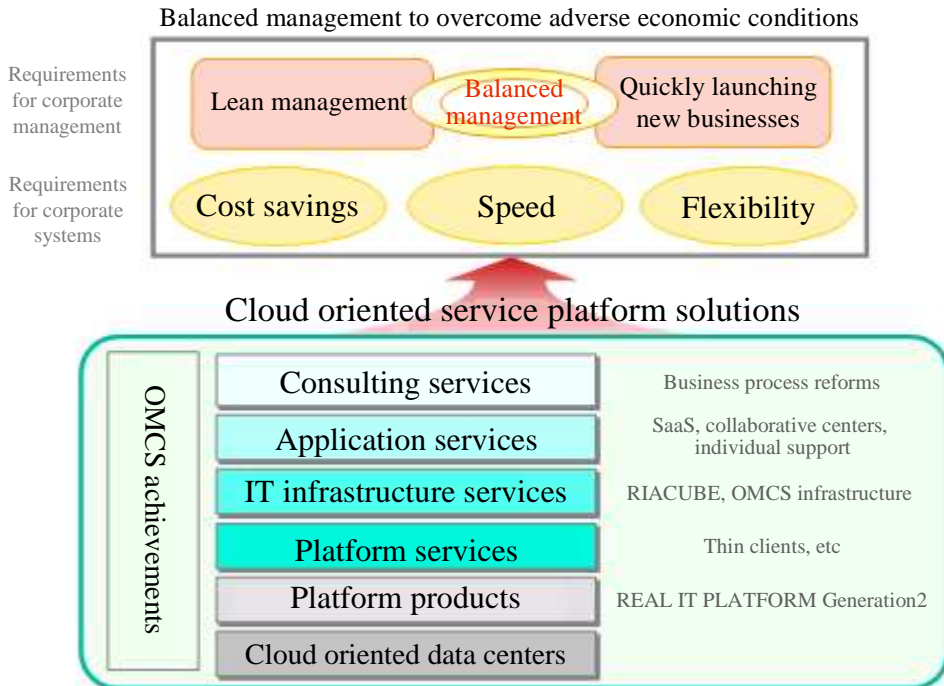


Developing Cloud-Oriented Service Platform Solutions

Taking the lead in strengthening cloud-oriented initiatives

Cloud oriented service platform solutions

Announced April 2009



NEC's practical knowledge and experience with management system reforms

NEC Cloud Plaza

Opened October 2009

- The plaza has received visits from 1700 people from 550 companies since its opening
- The plaza gives visitors a real sense of the value of cloud solutions



Customer feedback

- "I was able to understand how standardizing business activities is essential for clouds"
- "I felt that clouds are the top-down promotion of management strategies."
- "I found the fact that clouds can be installed quickly and at low cost extremely attractive when it comes to addressing IFRS (International Financial Reporting Standard)."

Rapidly expanding service menu

42 lineups (initially) → 110 lineups (current)

NEC's Track Record with Cloud Services

Sales from cloud services in FY 2009: About ¥10 billion

Providing wide-range of services by types of industry. Expanding services for future needs.

(Reference) Key cloud-related press releases

●: New service announcement ◆: Collaboration

Public Sector/Healthcare

- Electronic medical records/regional medical solution (July 2009)
- ◆ Trials of a diagnosis support system for pathology images at MGH in the US (October)
- Systematization of health care solutions (October)
- GPRIME for SaaS (January 2010)
- ◆ Collaboration with Sanyo on a regional medical care solution (June)
- ◆ Collaboration with SomaLogic: Aptamer business launched (August)
- GPRIME for SaaS/Library (August)
- GPRIME for SaaS/Convenience store document issuing (September)
- GPRIME at three cities in Kasuya, Fukuoka Prefecture (October)
- Educational Cloud "Nao Web Service" (Sennan-shi) (October)

Finance/Communications/Media

- Telefónica: SaaS project (July 2009)
- PanelDirector digital signage service (July)
- Japan Agricultural Cooperatives: JA point system (September)
- Tokio Marine and Nichido Fire Insurance: Thin client system (September)
- ◆ KDDI au: Digital signage experiment in stores (November)
- ◆ Telefónica: Cloud collaboration in Central and South America (February 2010)
- ◆ Shinsegae Group: Digital signage collaboration (May)
- NEC European Cloud Competence Center (May)
- ◆ Sumitomo Life Insurance Company: Cloud service for asset management (July)
- K-Opticom Corporation: Advertisement distribution service (September)

Manufacturing and distribution services

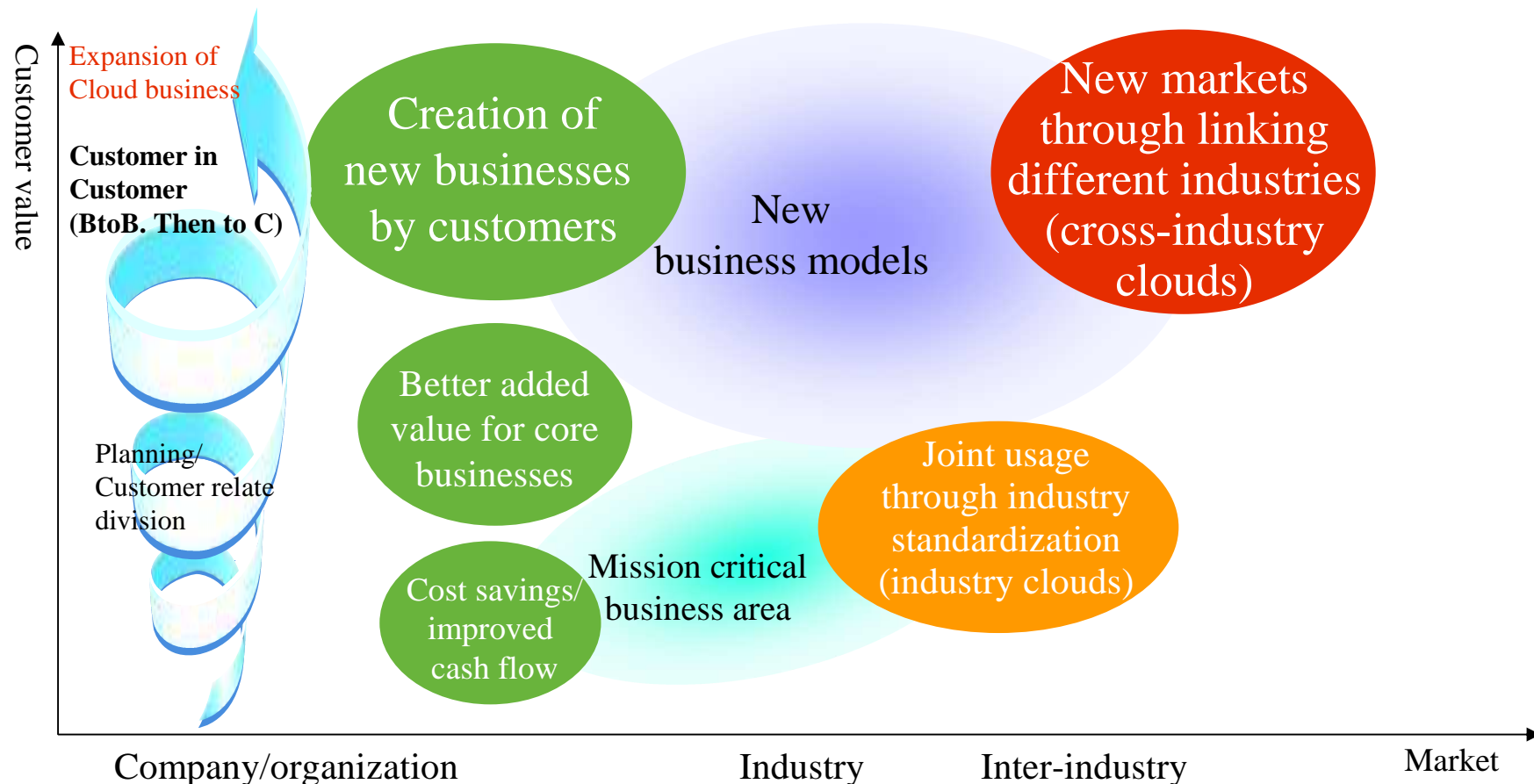
- *EXPLANNER* for SaaS ERP service (August 2009)
- Kirin Breweries: Product information system (September)
- *NeoSarf/EC* Large-scale EC service (October)
- Exedy: Cloud oriented accounting service (May, 2010)
- ◆ Sumitomo Forestry: Cloud service collaboration for the housing industry (July)
- Nippon View Hotel: Integrated hotel cloud service (July)
- Consulting service for cloud service applications (July)
- ◆ Collaboration with SAP (BusinessObjects) (August)
- ◆ Obligato III (Cloud version) (October)
- ◆ Integrated Construction companies Cooperation of Core infrastructure service (October)

Common to all industries

- Cloud oriented service platform solution (April 2009)
- NEC Cloud Plaza established (October)
- On-site Life Cycle Management (January 2010)
- Expanded SaaS solutions for SMEs (February)
- World Sentosa (Singaporean resort): IT management service (March)
- ◆ KDDI: Mobile cloud service collaboration (May)
- ◆ Neusoft (China): Cloud service collaboration (August)
- ◆ Epson Sales Japan: Mobile cloud verification trial (September)
- JR West Trading Procurement System (September)

Expansion of business Opportunities for future Cloud Business

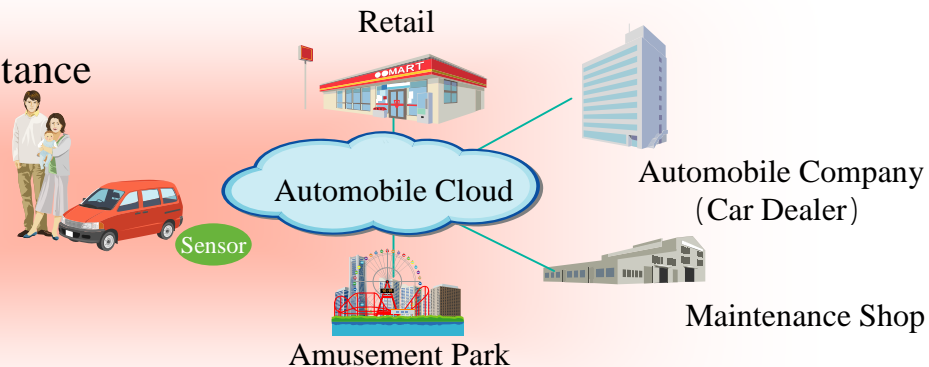
- Use of cloud services among the customers are at planning & end-user related divisions and further down to customers within customers.
- For the creation of new business, cooperation/alliance comes from one company/group to single industry and different industry



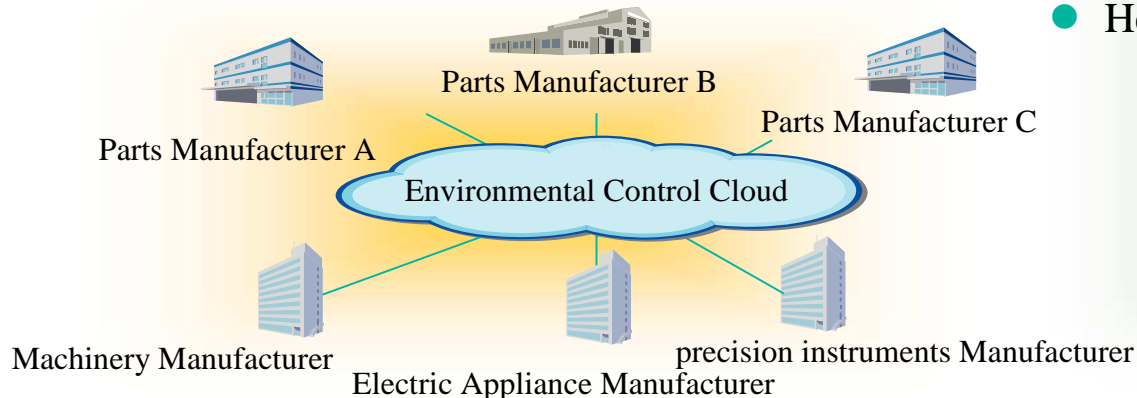
(Reference) Expanding Cloud Services Opportunity

Establishment of a variety of Cloud Services Platform: Enterprise, Single-Industry, Cross-Industry

- Automobile Enterprise
- Remote Maintenance/Roadside assistance
- Personalized Navigation support



- Manufacturing Industry Industry
 - Environmental regulation



- Healthcare Cross Industry
 - Medical checkup (Preventive care)
 - Health maintenance

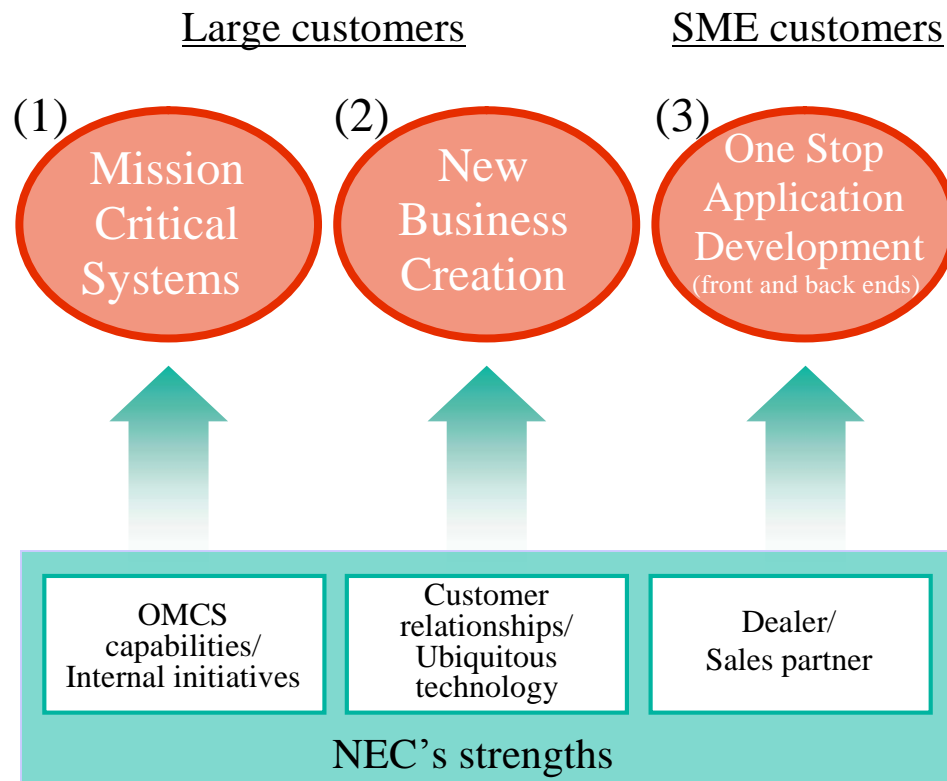


Future Development of the Cloud Service Business

NEC is focusing on creating and expanding its business in three key areas where we can take advantage of our strengths

- Mission critical systems, new business creation, and “one stop” services for SMEs

Three key areas



NEC's positioning

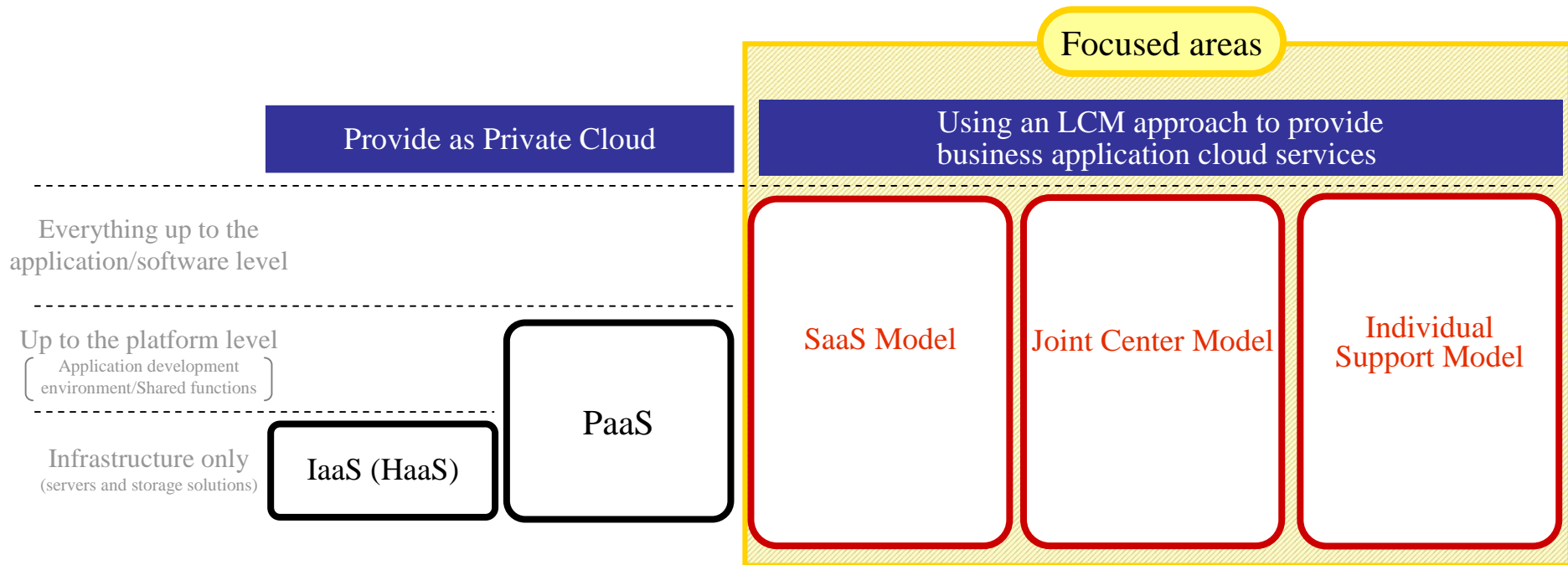
	Government agencies, large companies	SMEs
Creating new businesses	Cloud services where NEC is focusing	
Mission critical systems	Cloud oriented service platform solutions	SaaS for SMEs
Front end systems	Application/SaaS vendors Internet service vendors	
Office automation	Platform vendors	
Individual applications/SaaS		
IaaS/PaaS (Public)		

- Cloud oriented service platform solutions (announced April 2009)
- SaaS solutions for SMEs (February 2010)

(Reference) Key Areas from a Cloud Services Layer Perspective

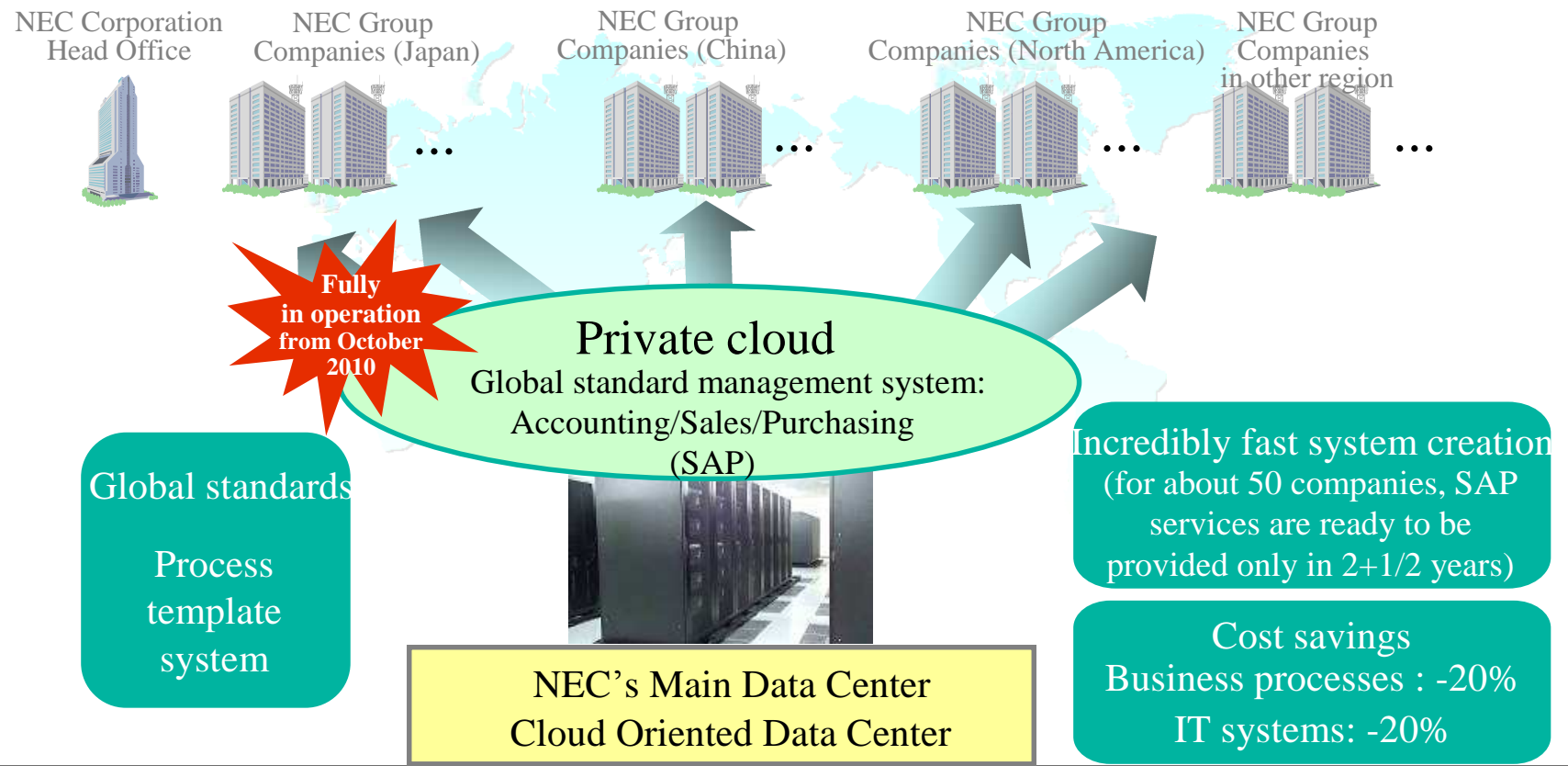
NEC is focusing on cloud businesses with high added value, that include the provision of business applications where we can take advantage of our system integration capabilities

- Three delivery models: the SaaS model, the Joint Center model, and the Individual Support model
- Provide IaaS and PaaS models by Private cloud
- NEC supports its customers' cloud-era information systems over the full lifecycle (LCM approach)



(1) Mission Critical Systems Private cloud initiatives on a global scale

- Mission critical business area for 120,000 people in the NEC Group, are shifting to cloud-based systems
- Reforms to business processes and IT systems can be achieved in a short time, delivering real cost savings.
- Provide service to customers by basis of NEC's know-how and actual results. (incl. global companies)
 - ⇒ NEC is actively seeking to provide mission critical systems to new customers



(Reference) Starting with Consultation

The challenges our customers face

From a presentation on NEC's management system reforms

- Disparate business processes and IT systems
“We have created separate business processes and IT systems for each division at head office, and for each of our affiliates. There is a lot of duplication and waste.” (machine tools industry Company)
- Management information cannot be made visible
“We haven't been able to standardize codes.” (for accounts, clients, items, etc) (automotive components company)
- Cost blowout complying with regulations and international standards
“REACH regulations, internal controls, IFRS, ... it's a constant battle.” (Beverage company)
- Struggling with IT governance at a global level
“Our IT subsidiaries are not very engaged with our overseas businesses.”
“We need to restructure the roles of our IT organization.” (Electronics company)

NEC's management system reforms

NEC strengthens your ability to support changes and internal controls

- NEC creates and applies standard business processes and standard systems at a global level
- Code standardization at a global level (27 types)
- NEC makes management information visible



NEC creates mechanisms for continuous improvement and maintenance

- Stronger IT strategies and governance at the group level
- NEC adopts systems for process and code ownership at a global level
 - NEC maintains and improves standard business processes and standard code schemas

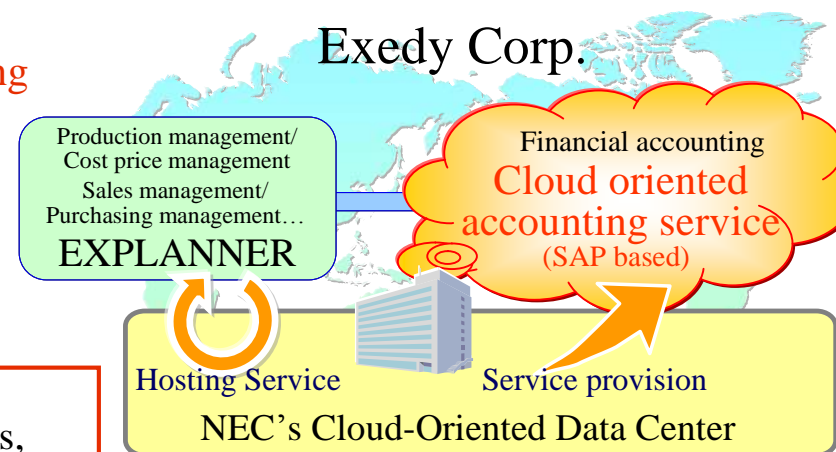
Customer comment: “The things we were having difficulties with were exactly the things that NEC was already working on!”

NEC's Track Record with Mission Critical Systems

Exedy

- Exedy has adopted NEC's **cloud-oriented accounting service for its** global accounting system
- This has resulted in **cost savings** while also **supporting IFRS** in anticipation of further global development

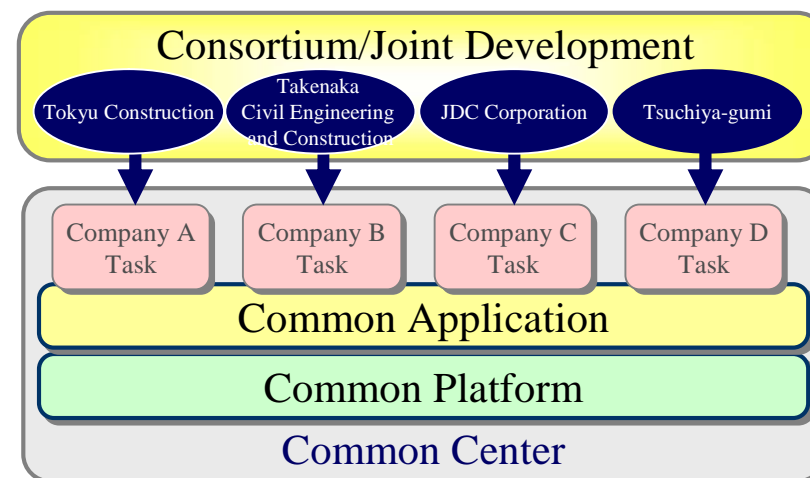
Cloud oriented accounting service: NEC has already received consulting orders from several major players, and is in discussions with more than 50 companies



Collaboration between four construction companies

(Tokyu Construction, Takenaka Civil Engineering and Construction, JDC Corporation and Tsuchiya-gumi)

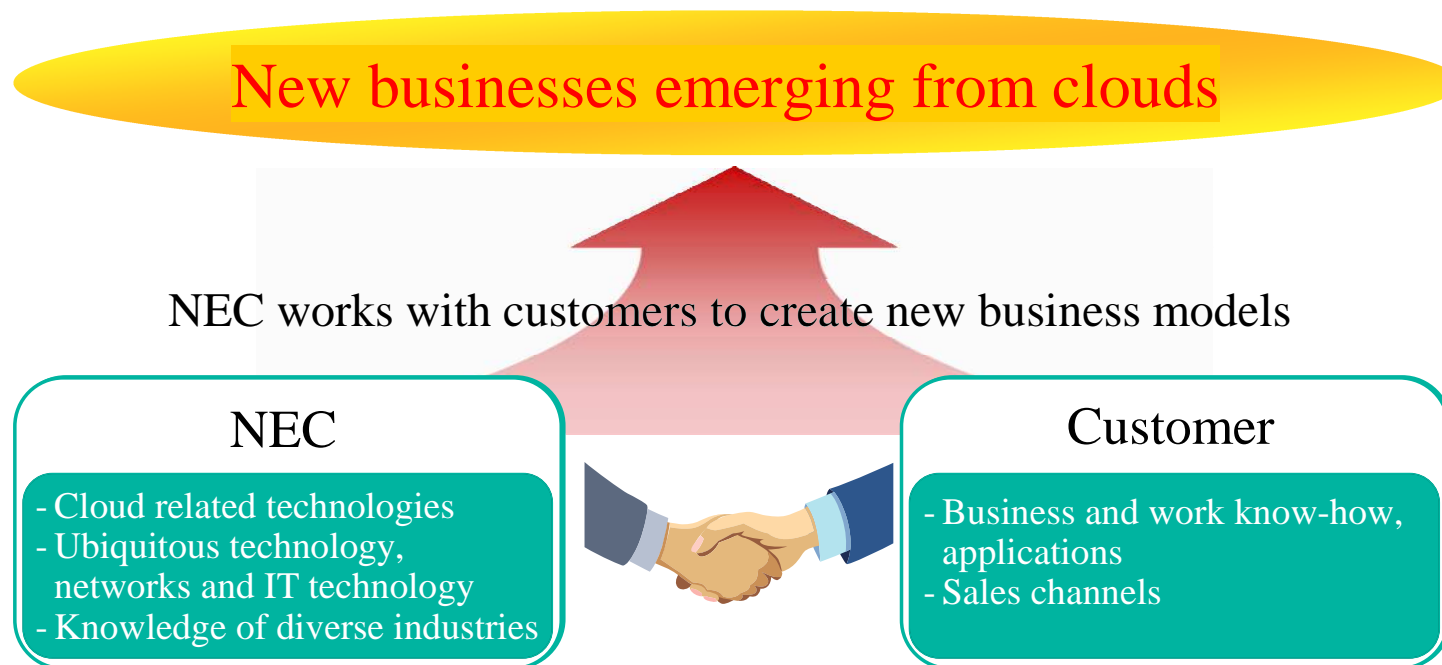
- NEC is providing **mission critical systems for the construction and civil engineering industry using cloud services based on a joint industry center model**, that has been jointly designed by four construction companies.



(2) Working with Our Customers to Create New Businesses

At NEC, we work with our customers as an innovation partner to create new businesses utilizing clouds

- NECs creates clouds for certain industries and clouds to link different industries (cross-industry clouds) together with our customers
- NEC provides clouds that take advantage of technical strength in the areas of ubiquitous technology, networks and IT (to make effective use of the information gained from contact devices)

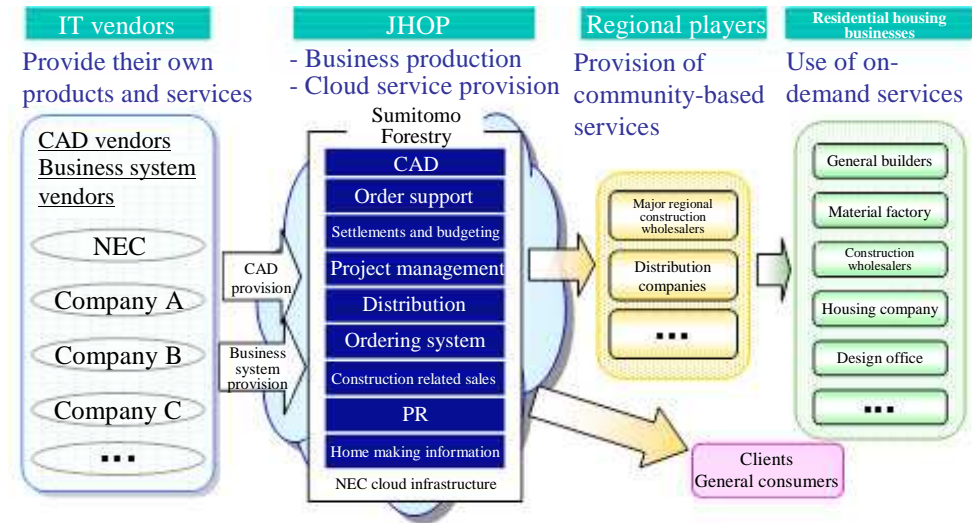


Examples of New Businesses Created in Collaboration with Our Customers

Consider new business model jointly with the customers from planning stage

Sumitomo Forestry

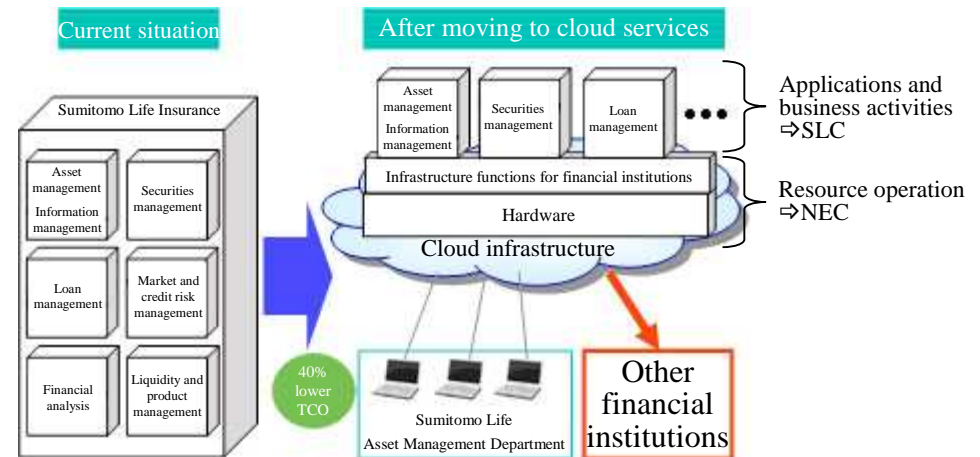
- Sumitomo Forestry provides a business system to residential housing businesses as a cloud service, based on its own knowledge, experience and sales channels.



Sumitomo Life Insurance: "Sumisei" information system

- Sumitomo Life is aiming to cut TCO by about 40%* by converting its asset management system to a cloud service
- Sumitomo Life will also sell this service to other financial institutions

* Over five years



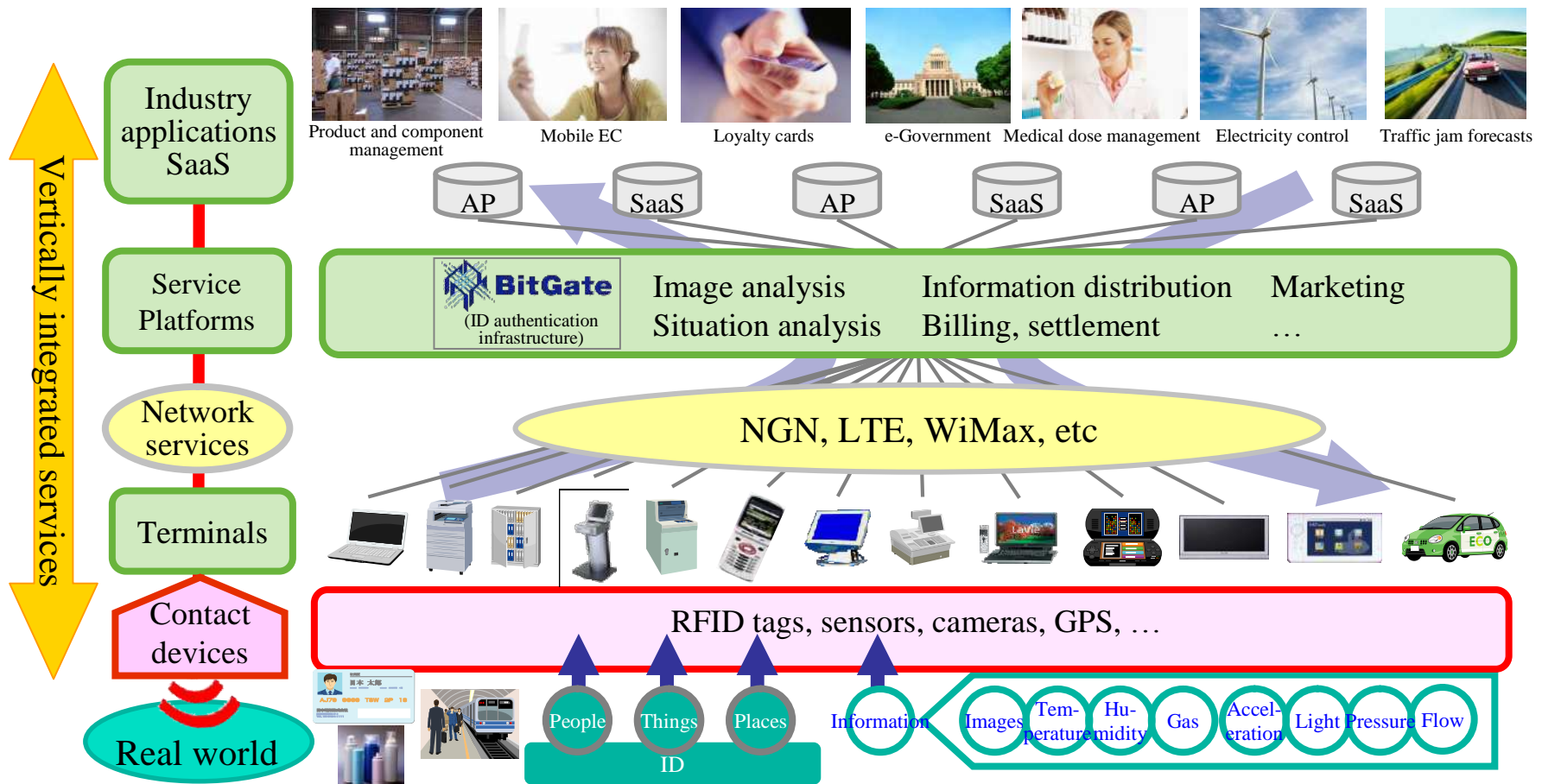
NEC Provides Cloud Services Platform Based on Our Technical Strengths

(Ubiquitous technology and IT and network technology)

Mission Critical Systems
New Business Creation
SMEs

- NEC provides platform services from terminals to application platform, centered on a service platform that can process the huge volumes of data collected from contact devices in real time

Customer construct/use various cloud services on NEC's platform



An Example of Vertically Integrated Services: A Mobile Cloud Service

- Jointly developed with KDDI, and is scheduled for delivery by the end of 2010,
- By using mobile phone with RFID read-writer, the information required for product management and maintenance inspections can be collected and managed quickly,
- NEC is conducting joint trials with Epson Sales (for centrally managing information from the display devices in large electrical appliance stores)

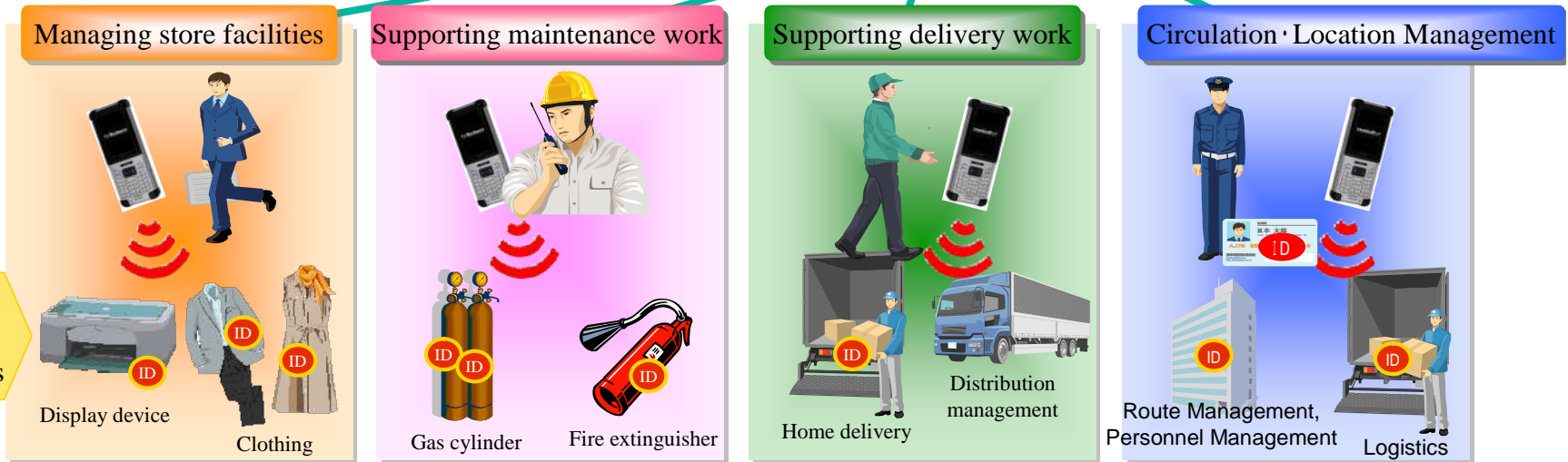
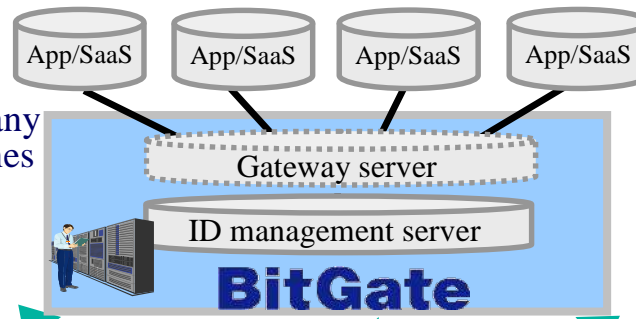
RFID Multi Reader/Writer
- Support for dynamic recognition in three frequency bands



Implemented as an SDIO card
- Small size and low power consumption for mobile use



RFID company mobile phones



Joint trial with Epson Sales

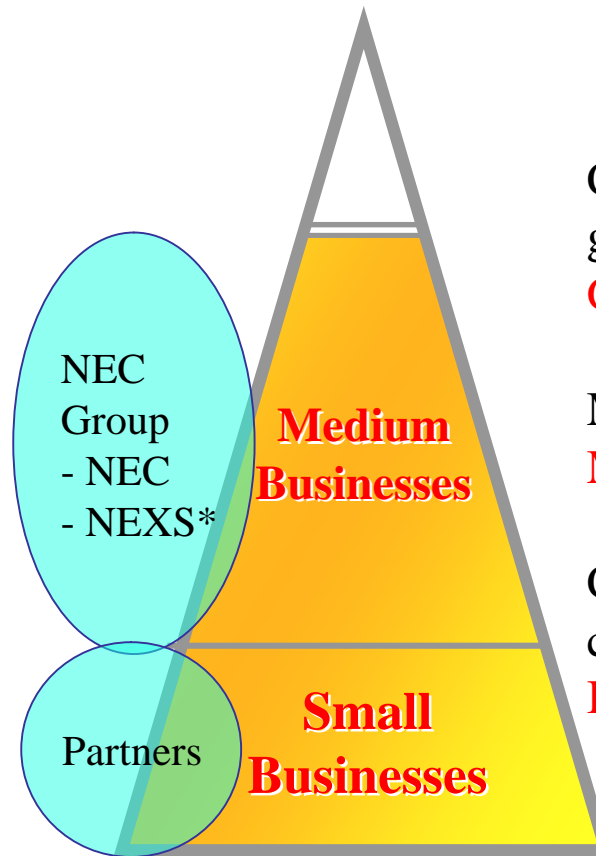
(3) Initiatives for Small and Medium Businesses, Organizations

- Provide for small and medium businesses, local governments and healthcare services.
- Surpass the scale of the IT assets of customers themselves and enjoy the benefits of cloud computing.

Enterprises

Provided to customers in a wide range of industries with a focus on private sector demand

ERP as a Service
EXPLANNER for SaaS



Organizations

Cloud computing for local governments

GPRIME for SaaS

Medical cloud computing
MegaOakSR for SaaS

Community healthcare coordination solution
ID-Link

* NEC Nexsolutions

Deployment of SaaS Solutions for Small and Medium Businesses

- One-stop provision of a wide assortment of products from infrastructure to front-office and mission-critical tasks
- As a form of support for partners, the NEC SaaS Partner Program is operated by NEC Nexsolutions and a 200 person team. Support is provided for the prompt launching, development and sales promotion of partner SaaS businesses.

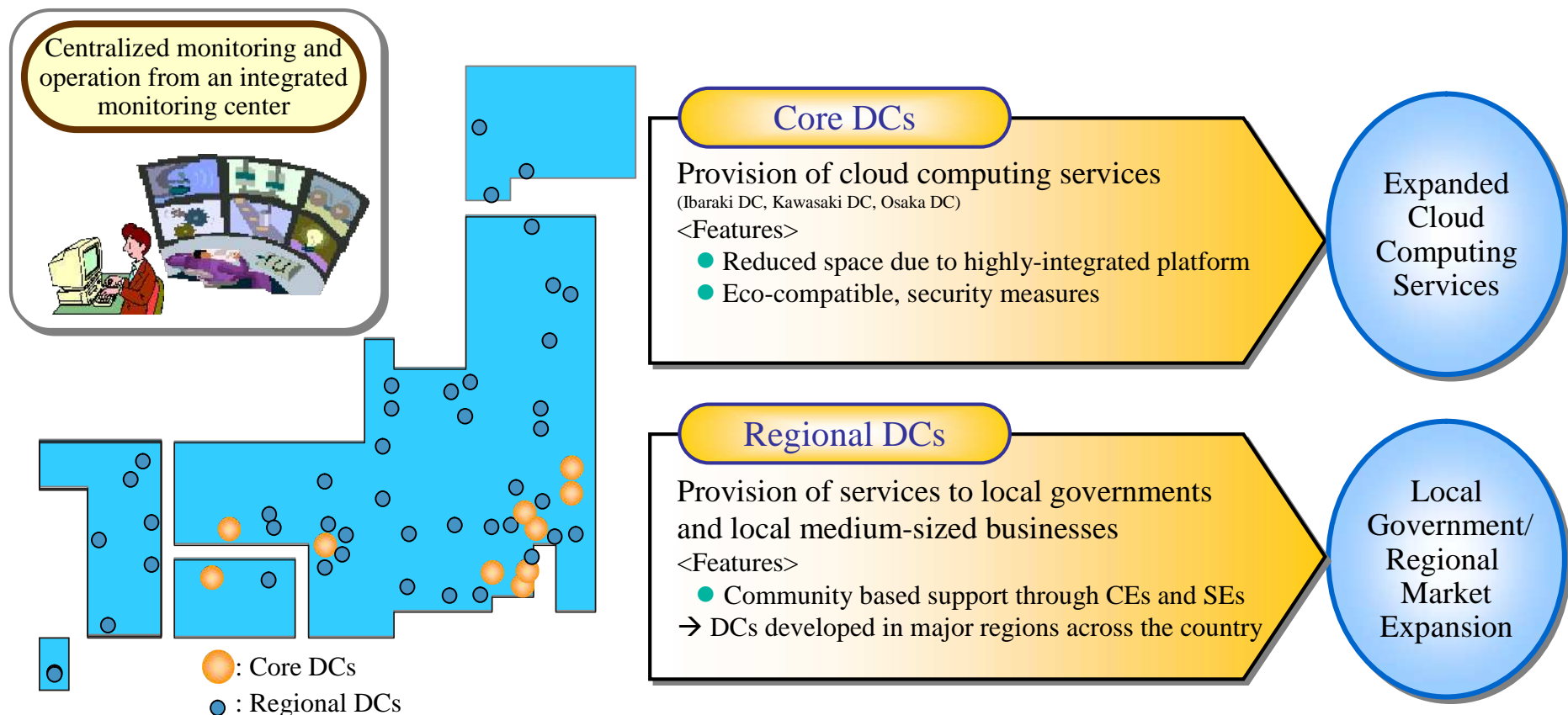
Category	Services Offered	Key Points												
Front Office	Portal	Introduction to the service and commence usage.												
	<table border="1" style="width: 100%;"> <tr> <td>Email</td> <td>Schedule Management</td> <td>Address Book</td> <td>Facility Reservations</td> </tr> <tr> <td>Web Meetings</td> <td>Knowledge</td> <td>SFA</td> <td>BI</td> </tr> </table>		Email	Schedule Management	Address Book	Facility Reservations	Web Meetings	Knowledge	SFA	BI				
	Email		Schedule Management	Address Book	Facility Reservations									
Web Meetings	Knowledge	SFA	BI											
<table border="1" style="width: 100%;"> <tr> <td>Form Tools</td> <td>Workflow</td> <td>Job Management</td> </tr> </table>	Form Tools	Workflow	Job Management											
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Mission Critical Tasks/ Peripheral Tasks	<table border="1" style="width: 100%;"> <tr> <td>Management Visualization (BSC)</td> <td>Received Order Visualization (Integrated Order Receipt)</td> <td>Logistics Visualization (Integrated Inventory)</td> <td>Expenditure Settlement</td> <td>E-learning</td> <td>Corporate Screening</td> <td>Other</td> </tr> </table>	Management Visualization (BSC)	Received Order Visualization (Integrated Order Receipt)	Logistics Visualization (Integrated Inventory)	Expenditure Settlement	E-learning	Corporate Screening	Other	A wide range of services for tasks peripheral to mission-critical tasks, expanding the task coverage rate and effects.					
	Management Visualization (BSC)	Received Order Visualization (Integrated Order Receipt)	Logistics Visualization (Integrated Inventory)	Expenditure Settlement	E-learning	Corporate Screening	Other							
	Partner Applications													
	<table border="1" style="width: 100%;"> <tr> <td>Sales Debts and Credits</td> <td>Production</td> <td>Logistics</td> <td>Indirect Material Purchasing</td> <td>Hotels</td> <td>Retail/ Shopping Centers</td> <td>EDI Linkage with other systems</td> </tr> <tr> <td>Accounting Fixed Assets</td> <td>Personnel Affairs</td> <td>Salaries</td> <td>Wholesale Business</td> <td>Housing</td> <td>Wire</td> <td>Other Industry Templates</td> </tr> </table>	Sales Debts and Credits	Production	Logistics	Indirect Material Purchasing	Hotels	Retail/ Shopping Centers	EDI Linkage with other systems		Accounting Fixed Assets	Personnel Affairs	Salaries	Wholesale Business	Housing
Sales Debts and Credits	Production	Logistics	Indirect Material Purchasing	Hotels	Retail/ Shopping Centers	EDI Linkage with other systems								
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IT Governance Planning Services	Cloud Computing Application Diagnostic Service	Operational Support Services for Mission-Critical Tasks	ID Integrated Management Service	Individual Support BPO Service										
Consulting Service		Mission-critical systems can be selected in line with business size and industry characteristics.												
Network Security	Security Measure Support Service	Total support from planning and introduction support to operation.												
Clients	Network													
SaaS Infrastructure	Thin Clients													
SaaS Infrastructure	Utility Hosting													
SaaS Infrastructure	Housing Services	A safe, secure and stable platform to support enterprise systems.												
SaaS Infrastructure	<table border="1" style="width: 100%;"> <tr> <td>Billing Management</td> <td>Payment Management</td> <td>Tenant Management</td> <td>Contract Management</td> <td>Log Management</td> <td>User Management</td> </tr> </table>		Billing Management	Payment Management	Tenant Management	Contract Management	Log Management	User Management						
Billing Management	Payment Management	Tenant Management	Contract Management	Log Management	User Management									

50 lineups

Enhancement of Service Business Platform 1. Data Center (DC) Services

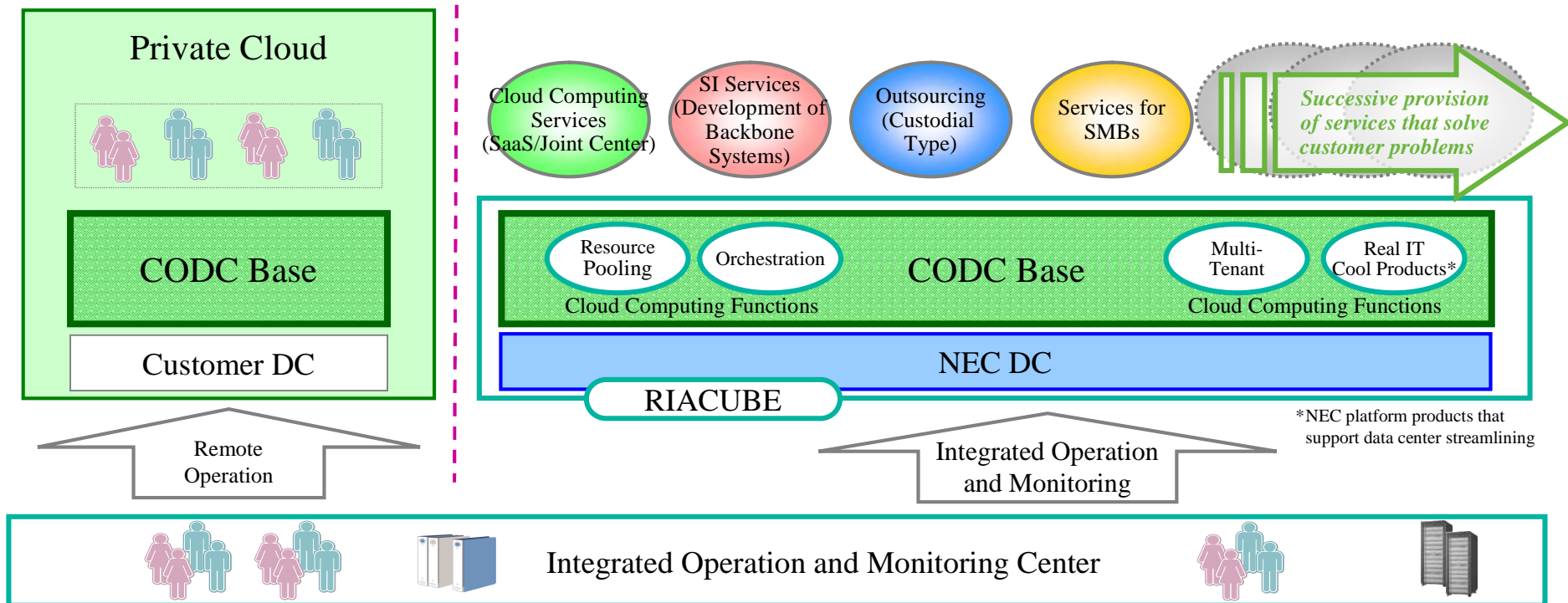
DC Services: Housing, hosting, ITO (Platform operation and maintenance, AP operation, service desk, etc.)

- Focused investments in 10 Core DCs that support cloud computing services
- Through the utilization of the NEC Fielding nationwide support network and partner cooperation, an across-the-board deployment of regional DCs has been expanded.



Enhancement of Service Business Platform 2. Common Platform Base

- Create a common base (base for cloud-oriented data centers, or CODCs) for service businesses (cloud computing, outsourcing) and SI services and seek overall optimization.
- Employ cloud computing technologies such as virtualization, resource pooling and orchestration to enhance competitiveness of services in the era of cloud computing.



(Reference) Utilization of Cloud Computing Platform Technology and Eco-Compatibility at Data Centers

- By utilizing NEC's high-density platform and the latest virtualization technology, the number of operating servers per rack has been vastly improved, resulting in significant reduction in installation space.
- Cooling efficiency has been improved due to power-saving facilities, achieving greater integration of DC space and energy-saving operation.

- Thorough energy-savings, space-savings and reduced weight through the employment of high-density products

- Efficient cooling of high heat-generation through localized cooling

Exhaust heat from equipment is sucked in by localized cooling units. Cold air is efficiently produced and supplied to IT equipment.

クラウド指向プラットフォーム
Cloud Platform Suite™
 Server, Storage, NW product
Express5800 ECO CENTER

Power-Saving


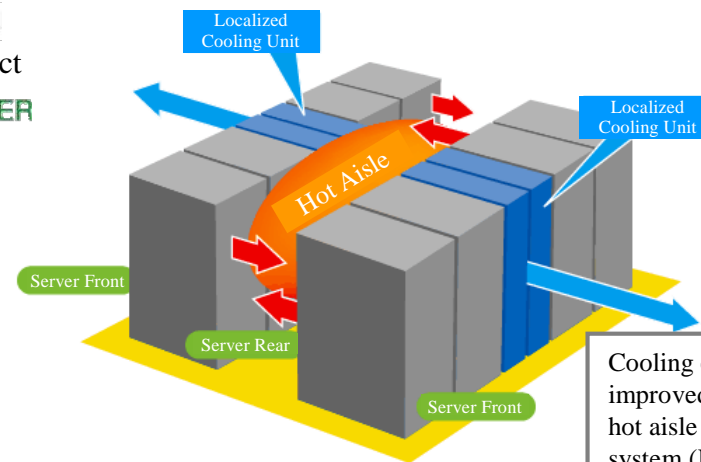
Low Cost

Reduced Weight

Space-Saving

SIGMA BLADE

Storage efficiency of up to 240 servers per rack

Cooling efficiency is improved by adopting a hot aisle containment system (HACS) that encloses hot aisles.

Data Centers for the Cloud Computing Era



Services can be provided in **around one tenth** of the **installation area** previously required.

Enhancing the Implementation System for Cloud Computing Services

SE

Develop SI-focused SEs into personnel that are also largely capable of service proposals and the building and operation of systems for data centers (establish a 11,000 SE-strong force across the group FY2012).

Sales

Expand activities to through a cloud computing sales expansion team working closely with service/solution business units and sales departments for each industry.

Planning

The Cloud Strategy Office, which will engage in the development of cloud computing services under the “OneNEC” concept, has been newly established (50-person team, October 1, 2010)

→ The office will coordinate with the approximately 350 cloud computing personnel assigned to various business units



- Full development of education, including group companies, through e-learning
- Thorough provision of specialized education for core human resources
- Sharing of proposal examples, expertise

Putting forth every effort
as our customers' partner



- Consulting personnel who achieve business innovation and system innovation together with customers
- Service managers to whom system operation can be entrusted with peace of mind
- Operational personnel with a commitment to highly reliable and high quality operation

Service Personnel: 11,000*

Core Personnel: 2,000*

*: FY2012 targets

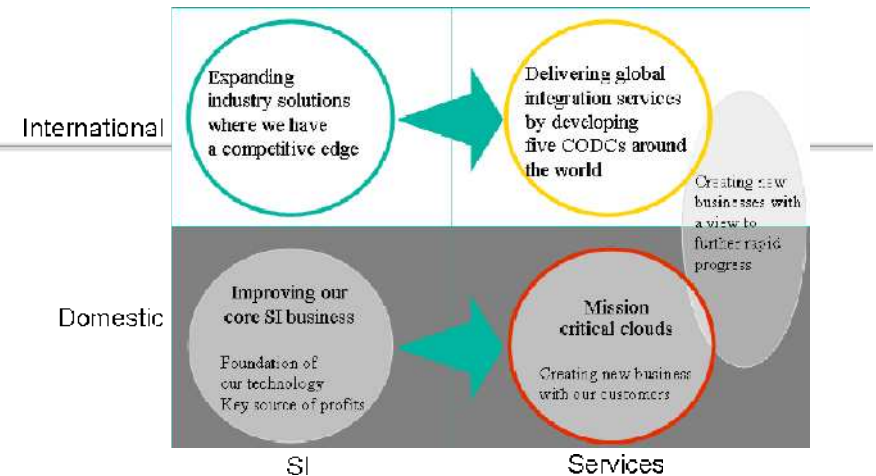
1. Business Outline

2. Basic Direction of Business Development

3. Core Business Strategy

- 3-1. Cloud Services Business
- **3-2. International Business**
- 3-3. Initiative for improving profitability in System Integration

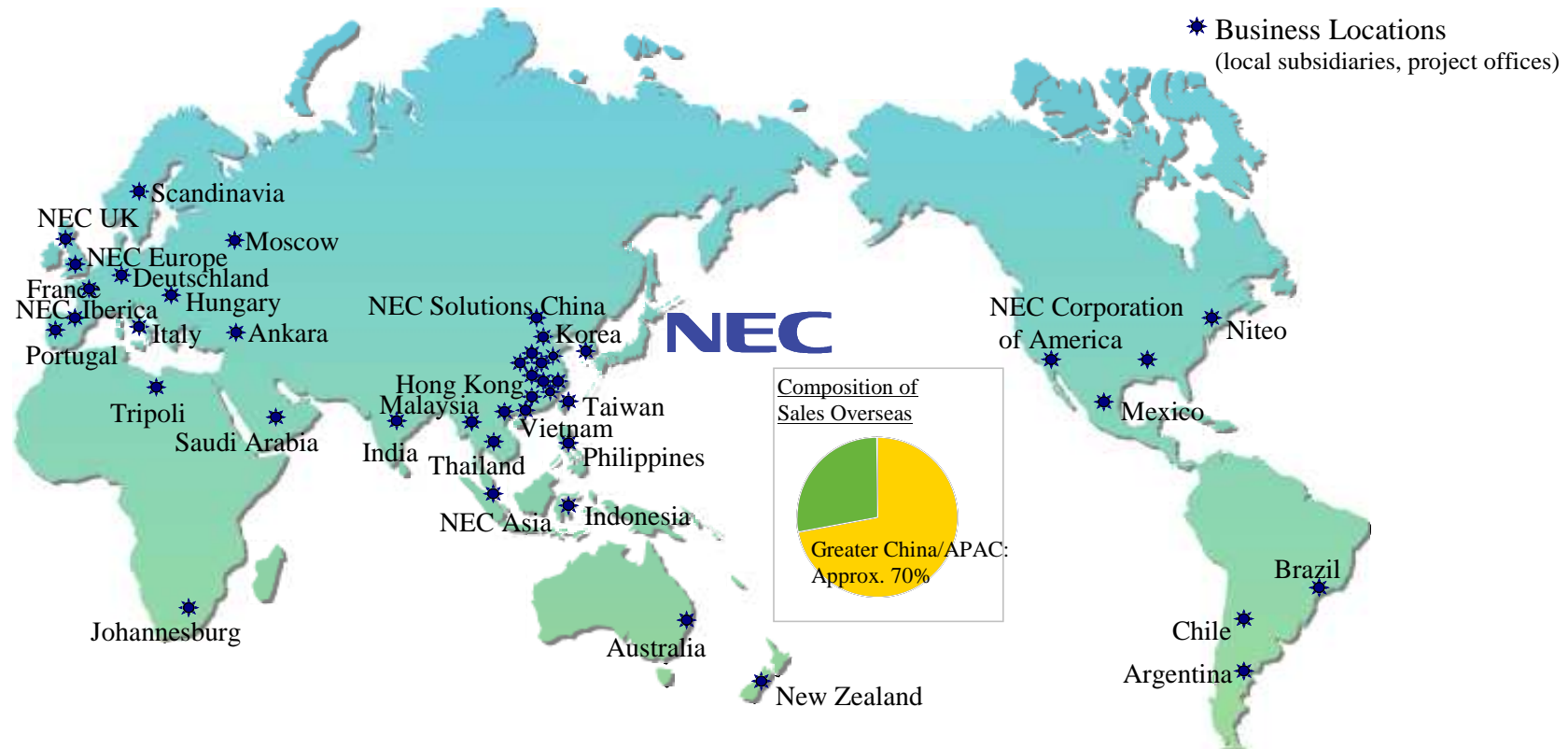
4. Towards V2012 target



State of International Business Expansion of IT Services Business (1/2)

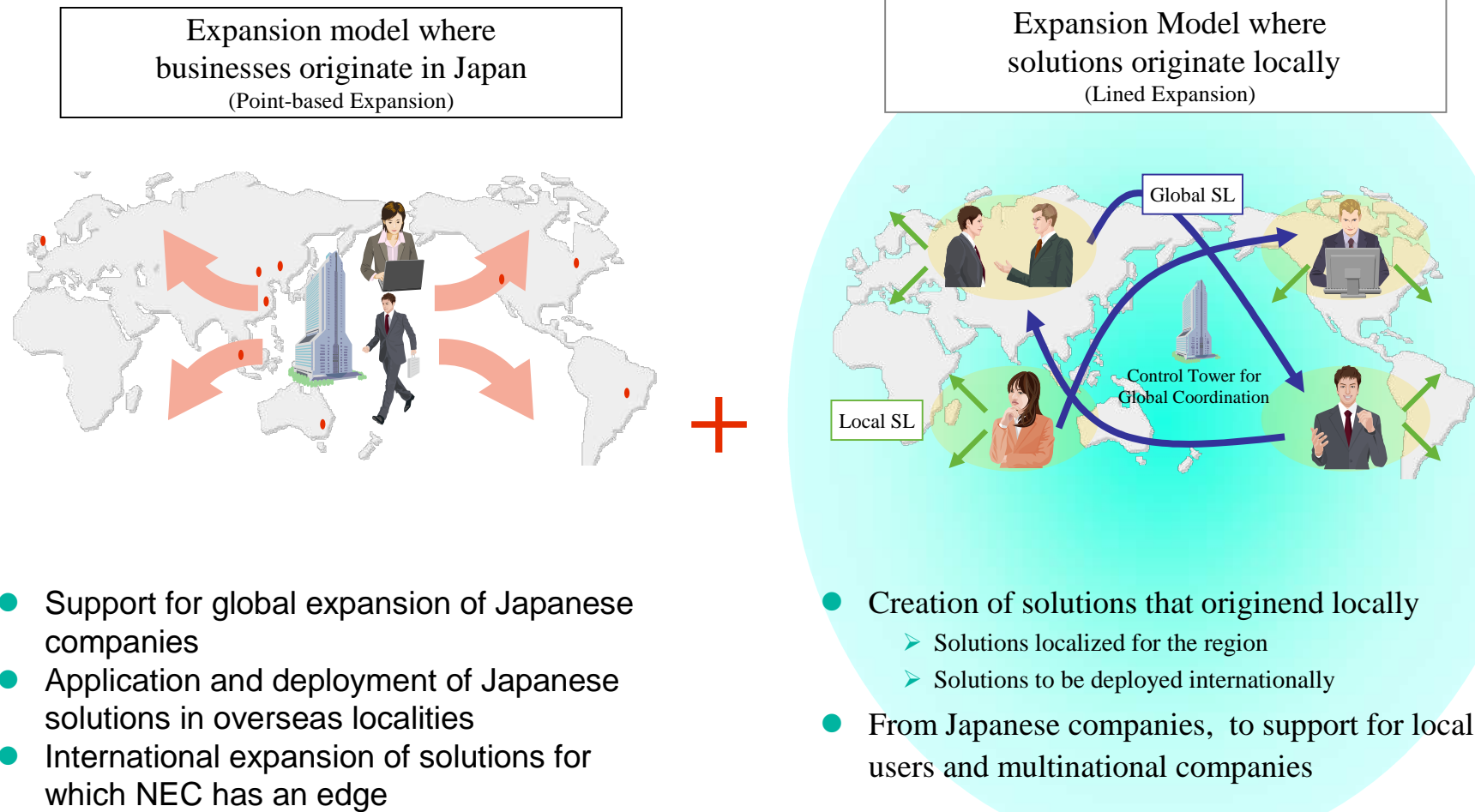
- Industry-based solutions businesses aimed at Japanese companies deployed mainly throughout Greater China and APAC
- In the field of public safety, business is growing in North America and developing nations in Africa and the Middle East
- Development of new fields: Public services, healthcare, telecom carriers, POS, etc.

Development of Business in 32 Countries and Regions Around the World



State of International Business Expansion of IT Services Business (2/2)

With the expanded scale of operations, in addition to businesses expanding from Japan, the localization of businesses and solutions is also being driven.



Examples of Solutions of Local Origin

Local Power × Advanced Qualities
 (Global) (Innovative)

China: RFID Solution

- Supplied Jointown Pharmaceutical Group* with a temperature traceability system utilizing RFID

* China's third-largest pharmaceutical distributor and wholesaler

Visualized the distribution process and ensured the safety of pharmaceuticals



North America: Healthcare Services

- Collaborated with U.S. firm SomaLogic to provide a next-generation blood test service utilizing aptamer technologies

Successively expanded service accessibility from drug manufacturers and research institutes to individuals.



SomaLogic

APAC: Payment Services

- Provided Singaporean firm Decillion with a SWIFT* connection service and also began provision of payment services such as debit payment and trade finance

* A common network for the carrying out of remittances and settlements, etc. between financial institutions

Acquired and expanded the business of the company in 2004



APAC: IT Managed Services

- Provided Resort World Sentosa* with services including an IT systems service desk, security measures and asset management

* A theme park complex located on Sentosa Island, Singapore

Comprehensive three-year service contract



International Expansion of Operations in the Field of Public Safety

World-top Tiers

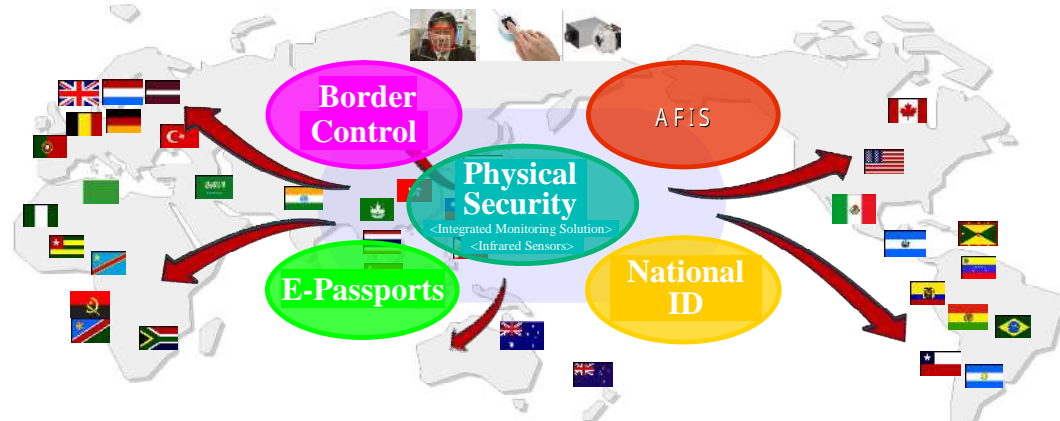
Based on AFIS technologies, installing over 200 biometrics solutions in over 30 countries.

- Extensive track record includes Ministry of Justice (Japan), United States Police, Singapore e-Passport, South African national identity documents, Bolivian elections, Brazilian state ID, Columbian prisons, etc.

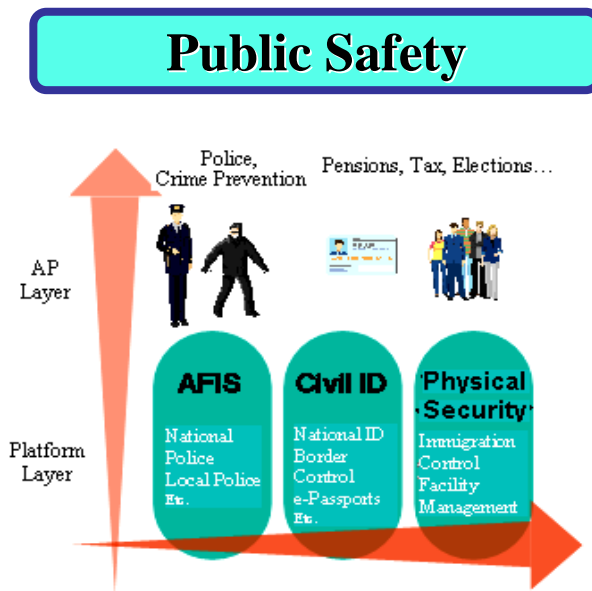
Expanded horizontally into the fields of Civil ID and physical security based on technology cultivated through AFIS*, towards vertical expansion, including into the AP field. Through the “OneNEC” approach, NEC has developed the field of large-scale social infrastructure.

*AFIS: Automated Fingerprint Identification System

NEC has established a Global Development Center and Competence Center to enhance worldwide integration and support.



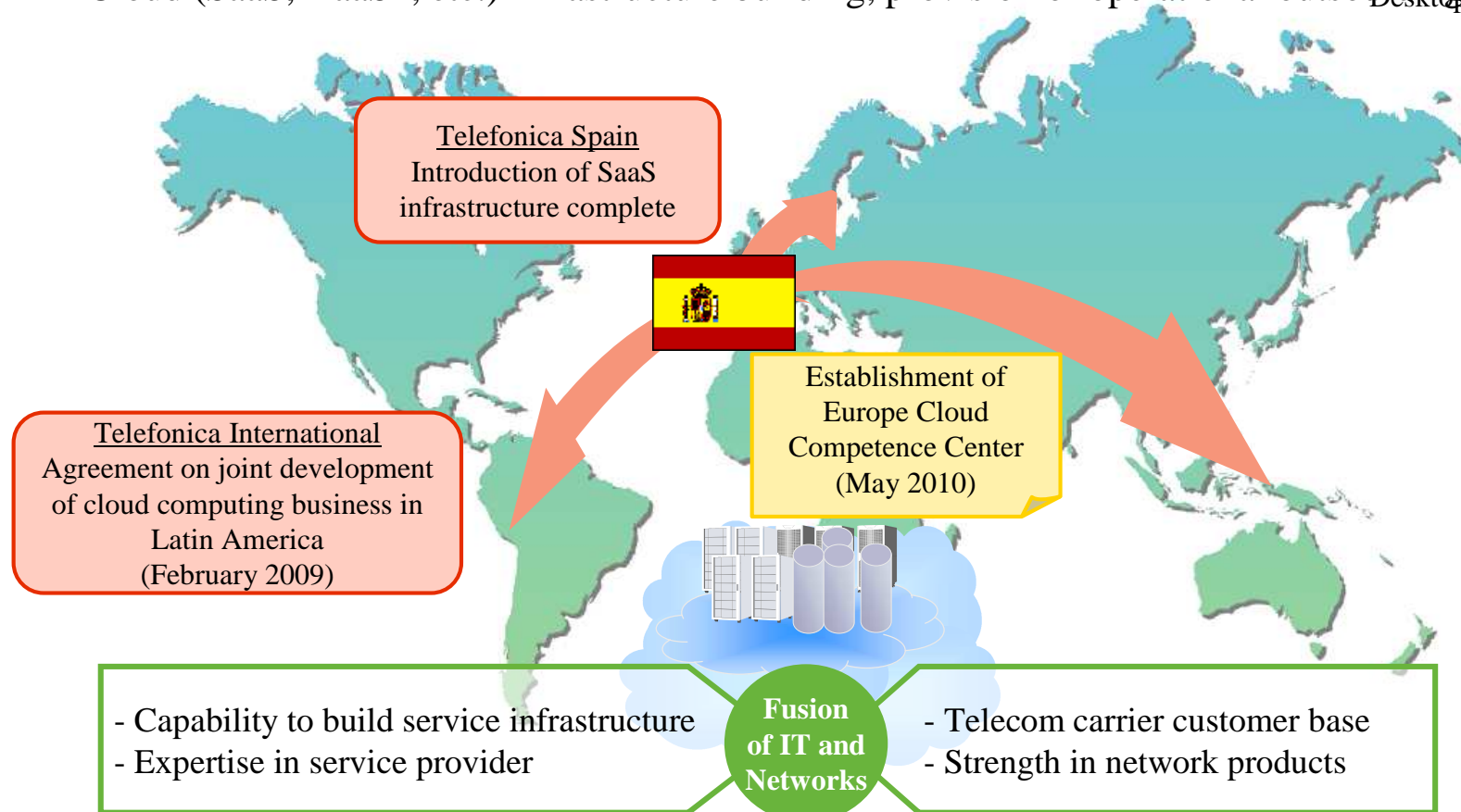
- NEC established the NEC Biometrics Excellence Center in Bangalore, India, and the Competence Center in Argentina.
- In September 2010, a new Competence Center was established in Singapore. New Center will be planned to open in Europe, next fiscal year.



Expansion of the Cloud Computing Business for Telecom Carriers

Based on achievement building systems for Spanish carrier Telefonica, systems are being horizontally deployed for telecom carriers in various countries throughout Europe, Latin America and Asia

- New business model: Revenue share model
- Cloud (SaaS, DaaS*, etc.) infrastructure building, provision of operational outsourcing services, Desktop as a Service



Future International Business Expansion

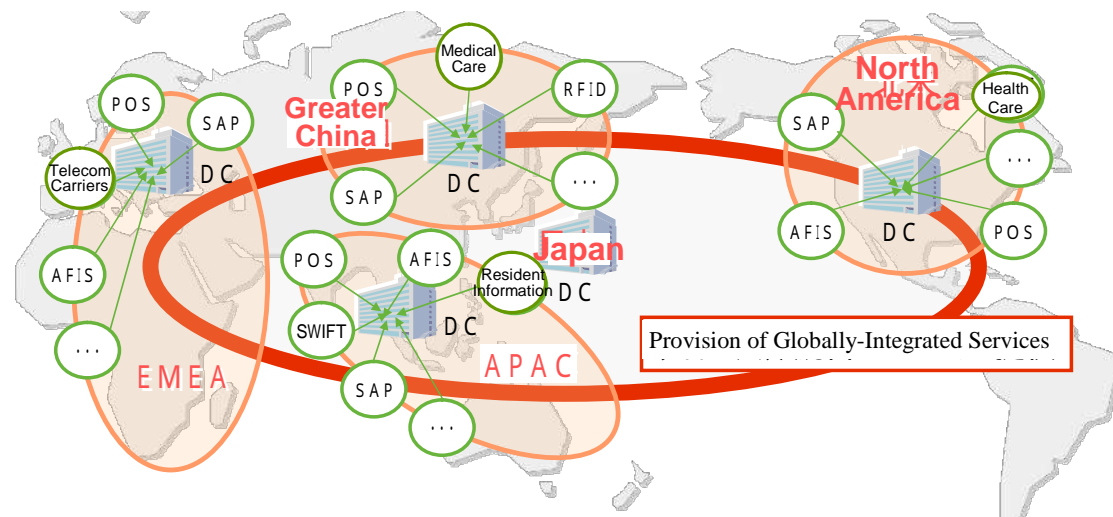
Drive further localization of business

- Enhance local solutions structure
 - Enhance marketing capabilities
 - Expansion of SE and delivery structure
 - Coordination with partners (sales and solution development)
- IT cross sell cultivated by corporate network users (200K users)

Launch CODC business

- Deploy across five global regions
Greater China, APAC, EMEA, North America, Japan
- Alliances with powerful partners
- Utilize cloud-oriented data centers (CODCs) to develop SI Based solutions into a service

International expansion in terms of coordination of both to provide globally-integrated services



Utilizing CODCs to make SI-based Solutions into Services

Transform advantageous solutions for each industry into service business models

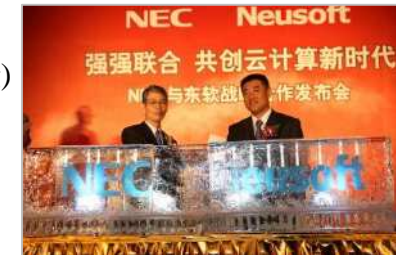
Industry Solutions		Efforts to Transform into a Service Business	Target Business Model
Government	Security utilizing biometric authentication	Horizontal development of common authentication services business	MaaS (Matching as a Service) authentication service
Public Services	Resident information	National cloud-based deployment of resident information packages (South East Asia Country A)	Local Govt. cloud computing by region/country
Medical Care	Disease detection services	Aptamer blood testing service	Healthcare services for individuals
Finance	Payment services	Development of comprehensive payment service	Cloud-based services for payment solutions
Communications	Operational support services for cloud computing providers	SaaS, DaaS services	Collaborative cloud-based services in conjunction with global telecom carrier
Manufacturing	Cloud computing for SAP mission-critical tasks	Accounting cloud JOC global rollout	LCM cloud service for mission-critical tasks
Logistics	POS/In-store solutions	Service desk service for POS and in-store systems	LCM cloud service for global retailing

Expanding the CODC Business through Alliances with Powerful Companies

- Established NEC Neusoft Information Technologies Co., Ltd. as a first step for five regional structure of CODCs.
- The new company will provide SaaS service based on advanced cloud technologies.



August 31, 2010
Press Conference (Beijing)



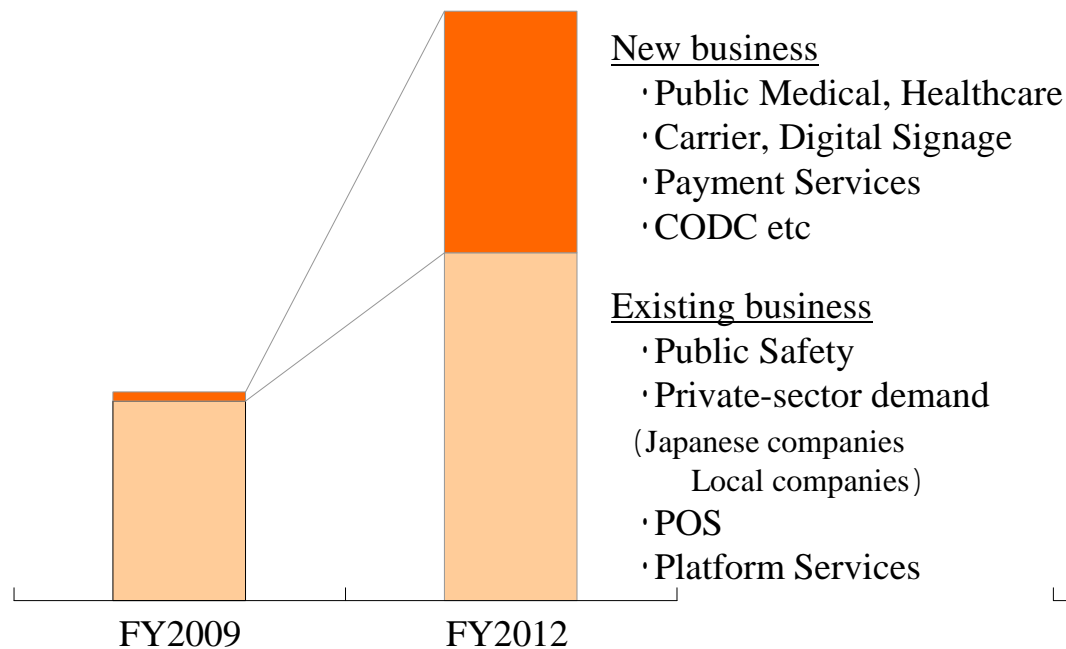
Neusoft	<ul style="list-style-type: none"> · Acquisition of customers in the Chinese market through advanced SI technical capabilities and implementation of support · Provide applications
NEC	<ul style="list-style-type: none"> · Development of NEC IT and cloud computing technologies and utilization of its global network · Provide applications

China as a start, expanding into APAC, EMEA and North America

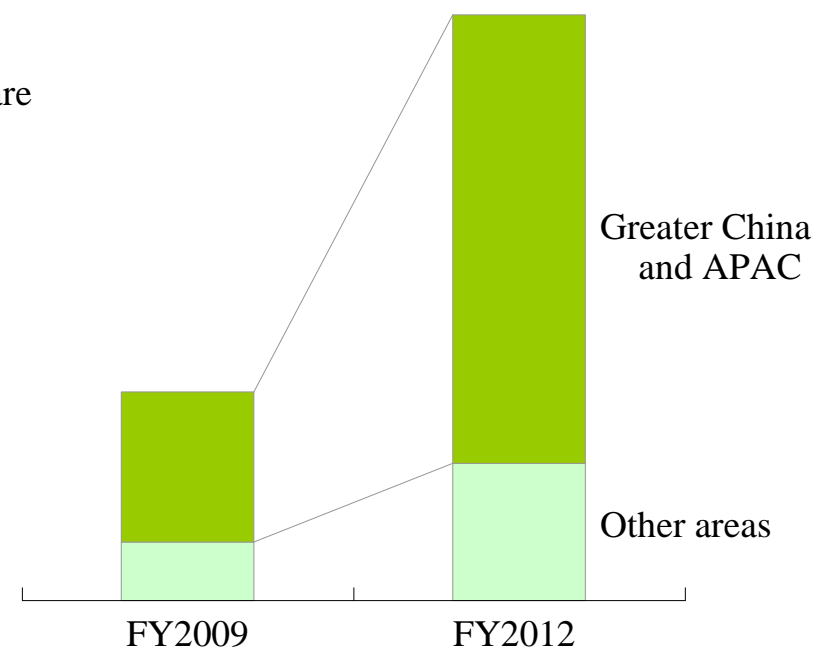
Growth fields of our International Business

- Continuously expand Public Safety business and business for local companies in existing business fields
- Develop new business by competitive solutions (Public, Healthcare, Carrier, Digital Signage, etc.)
 Develop locally originated solutions. Promote the transformation of solutions into a Global Service by utilizing CODC
- Focus on Greater China and APAC

Sales by business



Sales by region



*Expected values as of October 13, 2010

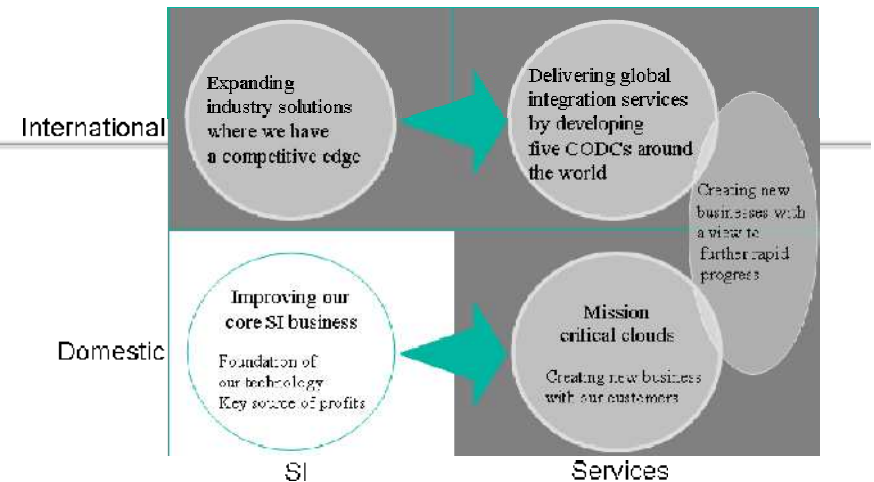
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4. Towards V2012 target




Recognizing Challenges in the SI Business

Growth of SI Business

SI continues to serve as the axis of NEC's IT services business, but amid an increasing shift of services, significant growth cannot be expected.

Importance of SI Business

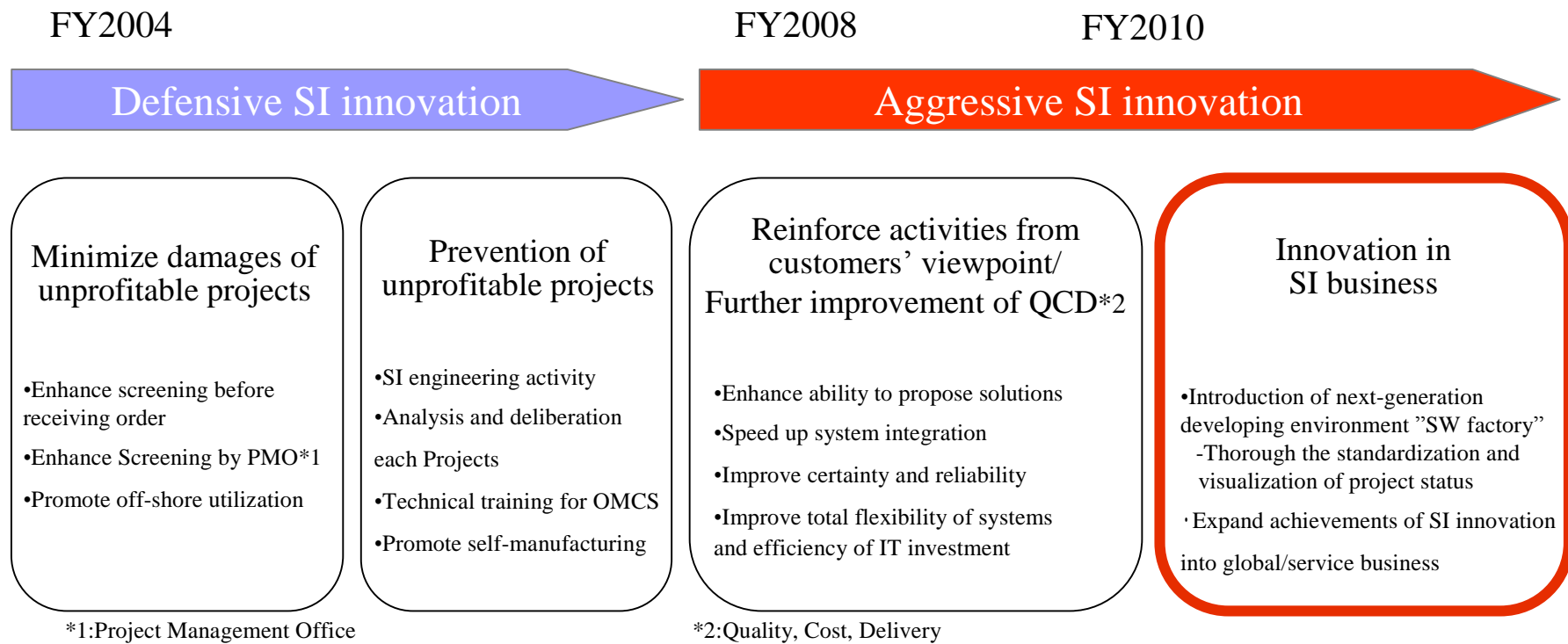
- Expand Service and Global business by maintaining profit of SI business which is a revenue base.
- Strong SI capabilities are essential for a strong services business



Refine SI capabilities and enhance
the earning strength of the SI business
(Achieve this through SI innovation activities)

Initiative for improving profitability in System Integration

Strengthen SI capabilities organizationally and continuously (SI innovation Activity)



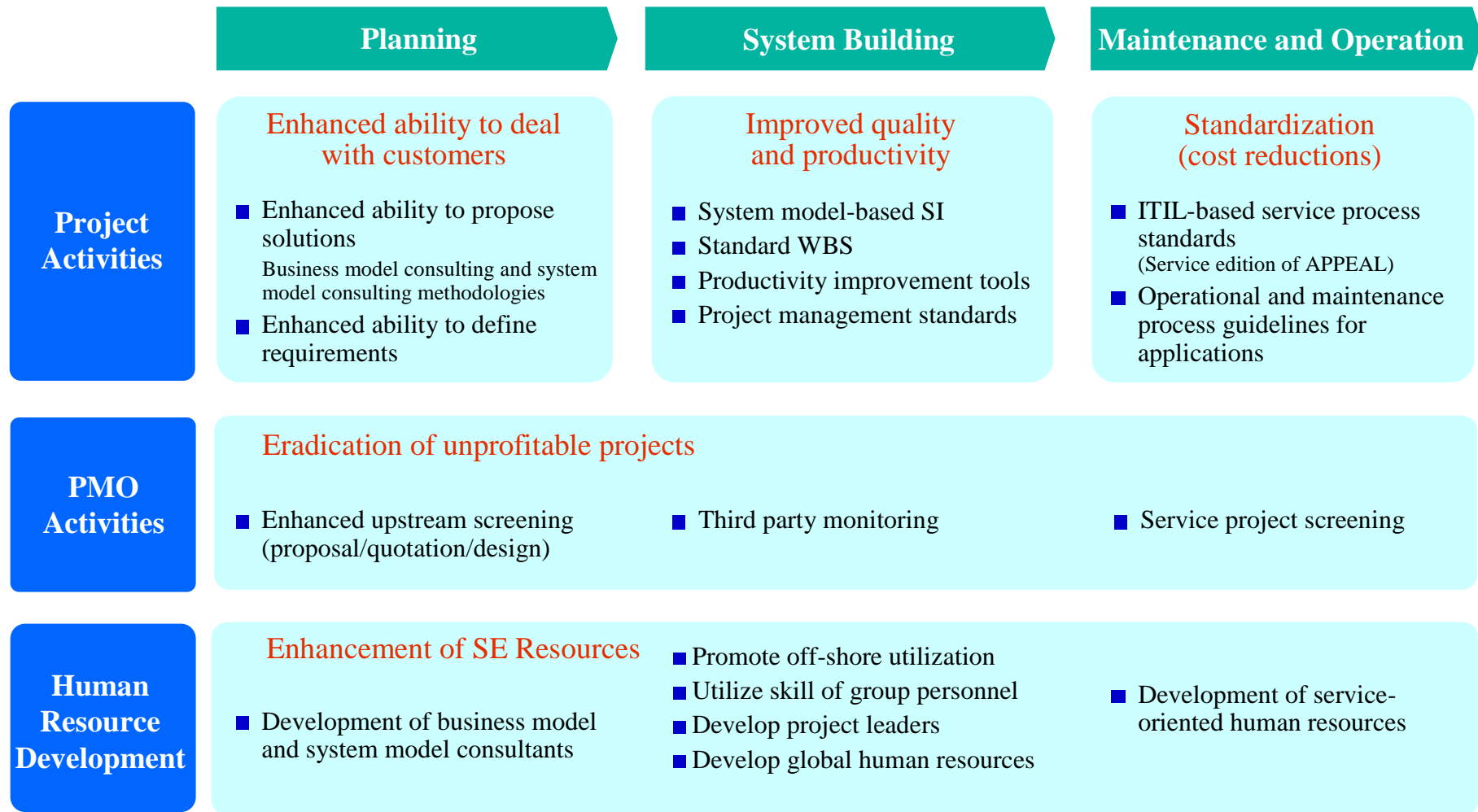
Achievements *3

Decreased the amount of unprofitable projects **by half**.
SI costs **reduced by more than 10%**

*3: FY2009 actual compared to FY2003

(Reference) SI Innovation Activity Implementation Measures

Deploy innovation activities across all areas (planning, building, maintenance and operation) of SI.

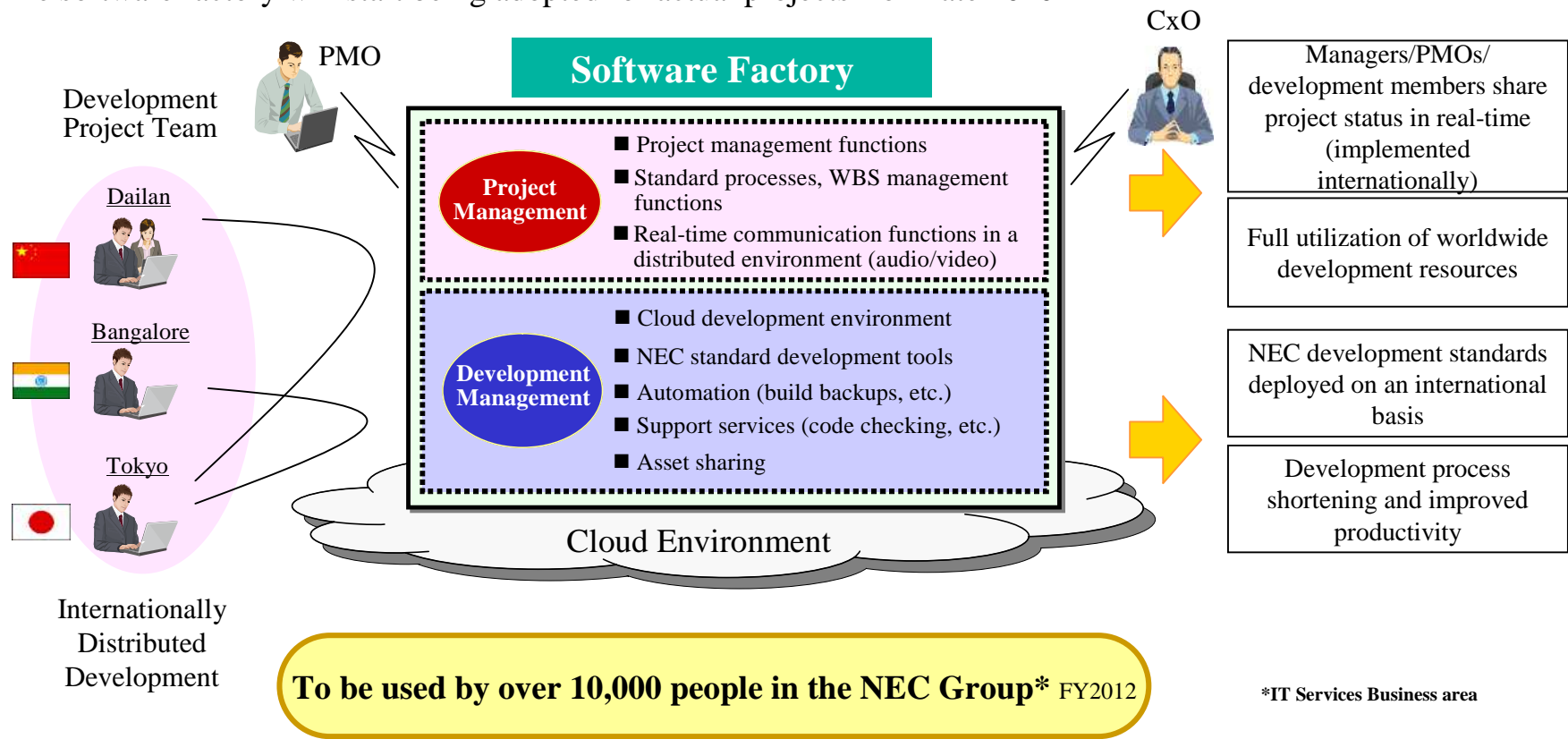


Software Factory Introduction

- Achieving Innovation in Software Development -

NEC built a software factory as the basis for supporting the international deployment and acceleration of the products of SI innovation.

- Achieves integrated management of both the development environment (**object management**) and the development process (**project management**) through cloud computing.
- Through automation, rework prevention, cost streamlining and other measures, processes will be shortened by 30% and costs reduced by 20% (target).
- The software factory will start being adopted for actual projects from late 2010



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Towards V2012 target

Achieve business growth by “Cloud Service Business” and “International Business”

● Cloud Service Business

+100 billion yen *

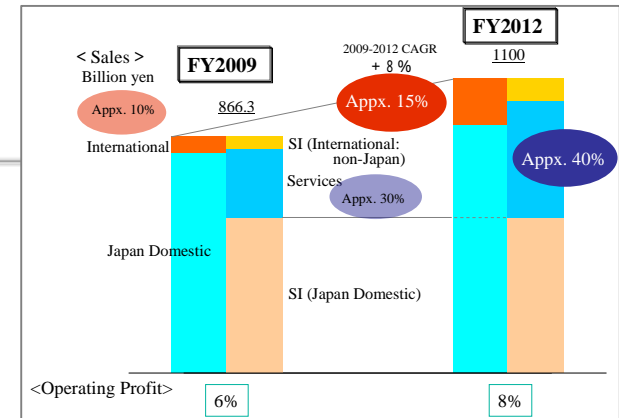
- create new businesses by utilizing cloud with our customers as an innovation partner
- Catch the tide of expanding cloud business such as clouds for certain industries and cloud to link different industries (inter-industry cloud)

● International Business

+100 billion yen *

*:increase (FY09 FY12)

- Create locally originated solutions and develop SI based solutions into a service by utilizing five regional structure of CODCs



Continuous improvement of profitability operating profit ratio **8%**

(Target in FY2012. Improve 2pt compared to FY2009 actual)

- Carry on the “aggressive SI innovation” (Standard WBS, SW factory, etc.)

Target in the medium- and long-term

Top IT service provider in Asia

*Expected values as of October 13, 2010

Empowered by Innovation

NEC

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