

Editorial note

Connexion has to progressively achieve a double objective: to be a link for the Hitachi Science & Technology Forum members, to inform membership about Hitachi major corporate developments.

The working group set up during the Krefeld meeting is getting into full gear. It will meet with us in Brussels on March 10-11, 2000 to prepare the agenda of the Irish meeting which will be held on May 19, 20 and 21, 2000. Practical arrangements are well underway and we will be contacting you shortly with detailed information.

Once the draft agenda will have been finalized it will be sent to you for comments and suggestions which I kindly ask you to send directly to the working group chairman, Mr. Michael Verhagen (micha.verhagen@philips.com). Again, please be sure that this meeting will be your meeting, its success is your success. Your support is both needed and very welcome.

The reproduction, in this issue, of the corporate advertisement published by leading business papers around the world illustrates the Hitachi's commitment to drastic change. Our President, Mr. Shoyama, makes a commitment on Hitachi becoming the best-solutions partner through its leadership in information technology. I encourage you to read the i.e. Hitachi Plan available at <http://www.hitachi.co.jp/New/cnews/E/1999/plan/contents.html>. It illustrates our firm belief that Society will undergo major changes with Internet and in general with information technology. I hope you will share our enthusiasm for Hitachi becoming increasingly closer and closer to the societal expectations brought forward by this huge technological change.

I look forward to welcoming you in Ireland on May 19, 20 and 21 where new members from the United Kingdom and Ireland will be joining us.

Norikiyo Koide
General Manager, Hitachi Corporate Office, Europe

INRIA and Hitachi form research and development partnership in Information Technology

In December 1999, Hitachi, Ltd. and INRIA (Institut National de Recherche en Informatique et en Automatique), the French National Institute for Research in Computer Science and Control, announced that they have signed a general agreement in information technology research and development. This is the first time a

major Japanese company has entered into an agreement of this type with a French public research institute in the Information Technology domain.

This agreement will enable both partners to develop new Internet-related technologies with a particular focus on achieving standardisation and com-

mercialisation. Under the framework of the agreement, INRIA and Hitachi will plan joint R&D projects. Moreover, Hitachi has agreed to finance a professorship, which will enhance the number of beneficial results generated from the projects.

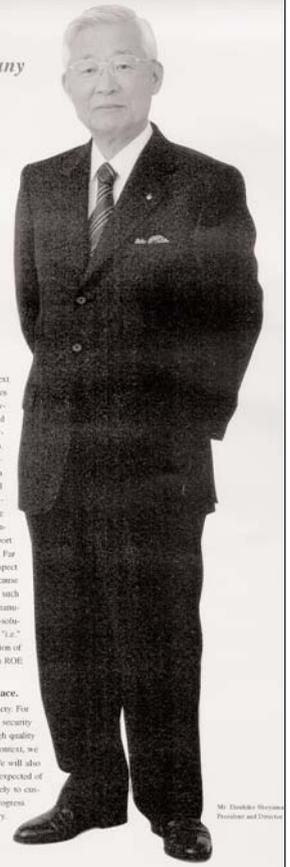
"I promise you there will be one company you can believe in for the 21st century. The company that will lead the info-electronics revolution. i.e. Hitachi."

In April last year we embarked on major management reforms under the slogan "reliability and speed." We took decisive measures, adopting a semi-autonomous business unit system and establishing a single policy-making council. The results are striking: we're on the track for the first half of the 1999 fiscal year and markets have responded positively to our progress. Over the same period we set a course for the 21st century and made many new alliances, mergers and acquisitions to promote vigorous growth. Some of these are with our so-called rivals, as we seek to think and act "out of the box," and progress along the path we have chosen for the year 2000 and beyond.

The information electronics leader, i.e. Hitachi, will become your best-solutions Internet partner.

At Hitachi, "i.e." stands for information electronics. The "I" signifies our direction for the next century, recognizing the key role of information in our world and its potential to make our lives easier and more convenient. The "e" is for Hitachi's electrical and electronics technology, covering the complete range from home appliances to electric power plants. By integrating "I" and "e," we are positioning Hitachi as the brand that contributes more to the knowledge and information economy of tomorrow, backed by the comprehensive capabilities of the Hitachi Group. As part of this initiative, we are establishing an Internet solutions company that will use encryption and electronic payments to implement highly reliable network services under a unified Hitachi brand for both businesses and consumers. We are also expanding into financial services for business-to-business electronic commerce. Meanwhile, we are intensifying IT-oriented investments in alliances, mergers and acquisitions, while increasing our system competence distribution to provide solutions that will best meet customer needs. Intelligent transport systems, biotechnology, and environmental solutions are also fields where Hitachi is a leader. Far from being limited to computer technology, information electronics offers answers in every aspect of our lives: education, medicine, the workplace, energy issues, the elderly and the home. Because Hitachi makes hardware and software, as well as major infrastructure and home appliances, such info-electronics applications are a natural fit for us. This initiative means a shift away from manufacturing, and toward knowledge and information-based services, as we grow into the best-solutions Internet partner that will meet the challenges of the future. Of course, the two letters "i.e." from the Latin id est also mean simply "that is." So when I see i.e., I think, yes, that is my vision of Hitachi: A Hitachi growing in strength and financial vitality. A Hitachi that I will drive to an ROE target of 8% by fiscal year 2002.

Building a 21st century information infrastructure for the age of cyberspace.
Hitachi's business ventures have always involved the key industries and infrastructure of society. For the 21st century, it is our duty to use information electronics technologies wisely, to enhance security and convenience, and to add more value for customers and shareholders, underpinned by high quality and productivity. Reaching these many goals will require our total group capabilities. In this context, we will reorganize from our current six groups into a more nimble number of around fifteen. We will also formulate a set of "Hitachi Values" guidelines clarifying the values and standards of conduct expected of managers. From now on, we must embrace change, move with agility, and respond sensitively to customer needs, both as a corporation and at the level of individual employee attitudes. As we progress on this path, I promise you there will be one company you can believe in for the 21st century. The company that will lead the info-electronics revolution, i.e. Hitachi.



Mr. Shoyama
President and Director

■ Corporate advertisement in the *Financial Times*.

The i.e. HITACHI Plan

Hitachi's medium-Term Plan to become a Best-Solutions Partner

The i.e. HITACHI Plan is a declaration of Hitachi's vision to become a best-solutions partner by applying its wealth of knowledge and in particular in information technology.

i.e. Hitachi Plan's key objectives

1. Transformation from a manufacturing company to a solutions-providing company: Best-solutions partner

Hitachi's aim is to be a partner to a broad spectrum of customers in sectors that include business as well as the home, and to be the company that these customers trust above all others in the world to create value for them. That is what "best solutions partners" means. These efforts will be backed up by the broad-based business experience, powerful, comprehensive technological and financial capabilities, and high quality and reliability of the entire Hitachi Group, which includes 36 companies listed on stock exchanges.

With this serving as the driving force, Hitachi is strengthening its services business to expand sales target. In particular, Hitachi will promote services vigorously in new sectors, such as the environment, life science, broadcasting and telecommunications, and financial services, with separately established companies and new corporate entities.

2. Expansion of Internet-based solutions businesses

The Internet-based provision of diversified solutions for corporate and individ-

ual customers will form a core business. To that end, by 2003 Hitachi will invest some 50 billion yen, establish a company which provides various network-based services, and use advanced encryption, electronic watermarks and other such technologies to implement highly reliable network services, and endeavor to achieve the rapid dissemination of its Internet business among customers, under the consolidated brand of the Hitachi Group.

3. Prioritizing management resources to achieve a high-profit structure

Hitachi's objective is to improve its asset and capital efficiency over the medium-to-long term and to form itself into a corporate entity that is able to consistently ensure the securing of high profits. To achieve this, with information systems and electronics as the core of a profit-oriented business structure, management resources will be prioritized. Specifically, investments will be made into research and development as well as plant and equipment in the solutions and leading-edge devices business sectors on a strictly prioritized basis. Furthermore, at an early stage in the plan's implementation, some 300 billion yen will be committed to acquisitions, equity participation and alliances.

4. Building a business foundation based on a strategic use of knowledge and information technology

Hitachi will move ahead to lay a foundation as a knowledge enterprise able to provide advanced solutions that go

beyond industry divisions and formats and, for creating new businesses, able to comprehensively utilize, as its assets, outstanding technology and extensive experience and expertise, both internal and external. In President Shoyama's "Project 21" plan for establishing a high-profit structure and implementing management reforms, building this infrastructure is an important topic. Thus, Hitachi will make efforts to use total supply chain management (TSCM) to initiate radical reforms, of processes and systems, strengthen its intellectual property strategy and expand the funding of venture businesses, and some 200 billion yen will be invested in IT by 2002.

5. Introduction of results based evaluation and remuneration system

For achieving the goals of the i.e. HITACHI Plan, a set of guidelines entitled "HITACHI VALUE" will be formulated to clearly define the values and standards of conduct that should be shared by all managers. This will also form the basis for the introduction of a personnel system for managers that is based on ability, not seniority. The introduction of a stock-option system will also be studied to strengthen the emphasis on the shareholders' perspective.

Full i.e. Hitachi plan:

<http://www.hitachi.co.jp/New/cnews/E/1999/plan/contents.html>

Let's work ...

Working group meeting in March 10&11, 2000, Brussels

During last year's plenary meeting in Germany (C.f. Connexion Special Edition, November 1999), Forum Members were invited to share their views regarding the future of the Forum. A lot of ideas have come out to contribute to European Society, together with Hitachi. Several topics were proposed and a working group of 9 members was set up. Coordinated by Mr. Michael Verhagen, the group is currently studying "Electronic Commerce and its impact on Society".

Working group members have already identified several issues, and will meet in Brussels on March 10-11, 2000, with the support of Hitachi Corporate Office, Europe. They will select key issues, and convey their ideas for the preparation of the next plenary meeting of Hitachi Science & Technology Forum which will take place in Dublin on May 19, 20 and 21, 2000.

European Connexion is published by Norikiyo Koide and edited by Grégoire Poisson.

Hitachi Corporate Office, Europe welcomes and encourages your comments and ideas.

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