

Optimum Solutions Supplied Globally by Hitachi's Consulting Service

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OVERVIEW: In the current environment of worldwide economic recession, in which markets in developed economies are maturing while emerging markets such as China and India are growing in prominence, corporations from developed economies such as Japan are setting about restructuring their business strategies and also expanding and accelerating their global economic activities. Such corporations have a growing need for measures such as the fusion of business strategy with IT and strategic outsourcing with aims that include boosting competitiveness and cutting costs. Hitachi established Hitachi Consulting Corporation in the USA in 2000, and has since opened offices in Europe, Japan, China, and India. The company supplies a full range of services throughout the world, extending from strategy formulation to business process innovation, IT systems consulting, development, and operational support. The company intends to support the global business activities of its customers by strengthening further the network between its offices and supplying optimum solutions and services by making its services more extensive.

INTRODUCTION

WITH demand in the infrastructure sector, which includes environment and energy, being evident in the global market, leading companies are responding sensitively to changes in the structure of the international economy and expanding their businesses into other countries in search of new markets and sources of revenue. Hitachi Consulting Corporation has been operating as a solution partner to companies such as these, providing support to the global operations of a large number of customers from its network of about 30 offices spread across a range of different countries with approximately 4,500 staff (see Fig. 1).

Hitachi Consulting plays a central role in supplying Hitachi's global IT (information technology) solutions and services. This article describes the company's global network and services together with details of example projects.

OVERVIEW OF GLOBAL CONSULTING BY HITACHI

Overview

Hitachi Consulting Corporation was established in 2000 by the acquisition of the IT consulting arm of US accounting firm Grant Thornton LLP. At that time, international trade and direct investment

were expanding rapidly driven by the advance of globalization, and Hitachi also needed to strengthen its IT services business outside Japan to meet the increasingly sophisticated demands of its customers.

The services sought by these customers were subject to ongoing changes in the global market, and to help meet this challenge, Hitachi Consulting used the acquisition of a dozen or more companies as its primary means of extending the range of services it was able to offer as well as expanding the geographic scope of its services by establishing companies in Europe, China, and India (see Fig. 2). For example, Sierra Atlantic, Inc., which was acquired in December 2010, has approximately 2,000 offshore development staff based in countries such as India and China, and supplies services that include implementation of ERP (enterprise resource planning) packages and the provision of remote operational support once the systems are up and running. By working together with Hitachi Consulting's offices, the acquisition has strengthened Hitachi's international service delivery capabilities. By strengthening this sort of coordination, Hitachi Consulting intends to build an organization that is able to supply consulting services to customers on an ongoing basis without being subject to geographical constraints.

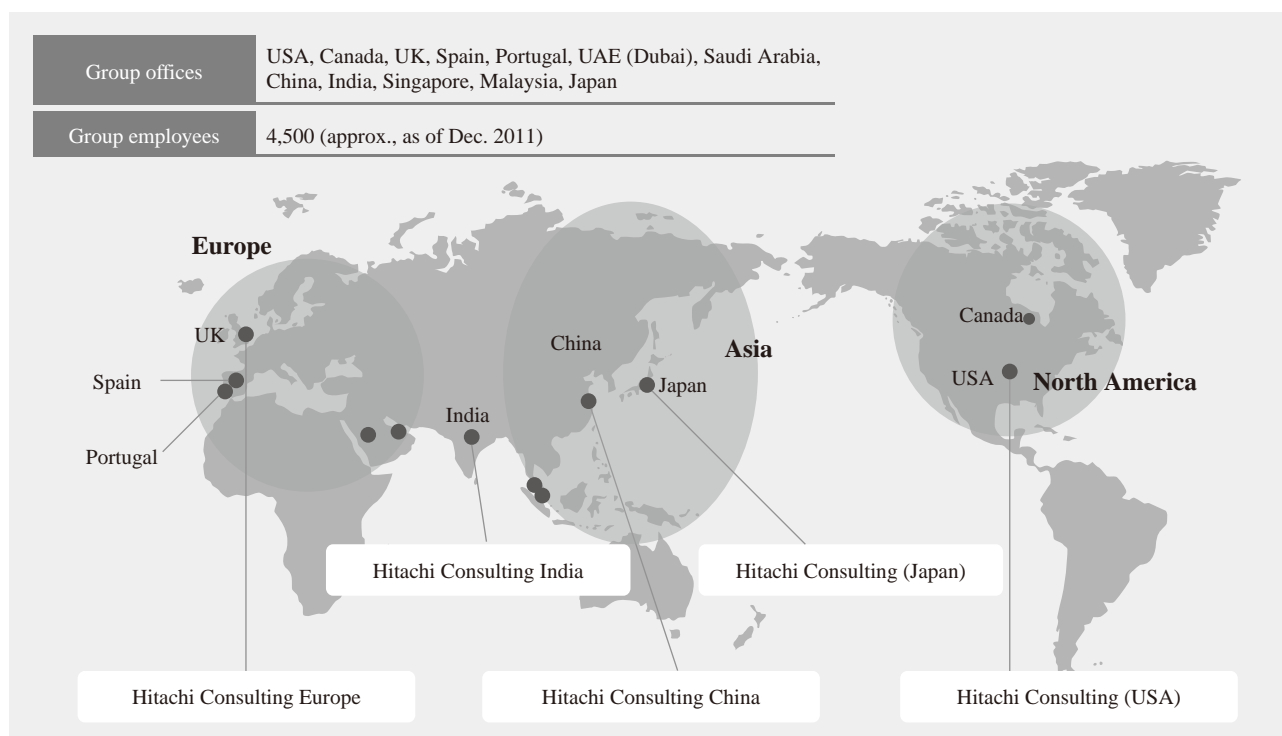


Fig. 1—Hitachi Consulting's Global Network.

Hitachi Consulting supports companies expanding internationally by utilizing its global network to provide IT (information technology) services in ways that work seamlessly both in Japan and overseas. It provides a one-stop service for the entire IT lifecycle that extends from formulating the initial system concept through to development of the system and its subsequent operation and maintenance.

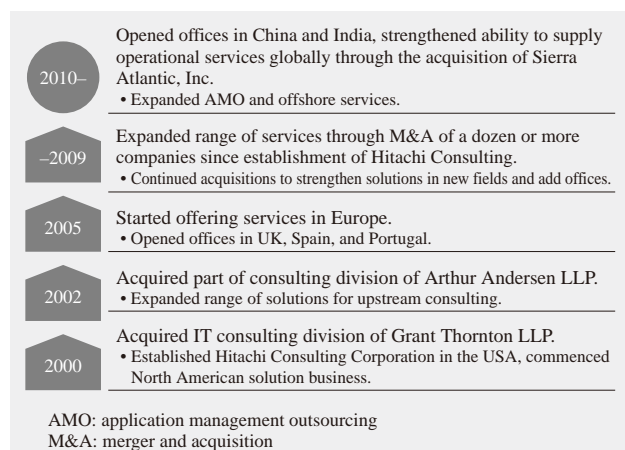


Fig. 2—Expansion in Services Offered by Hitachi Consulting.
The range and scope of services have been expanded to provide the best possible assistance to customers.

Features

The features of Hitachi Consulting's consulting business that have contributed in the past to customer value creation in the global market are as follows.

- (1) Provision of services in every part of the world that are rooted in the local economy
- (2) Provision of comprehensive support that extends from upstream functions (strategy, planning, and

design) to downstream functions (IT operations)

- (3) Provision of assistance to multinational corporations, including Japanese companies, for entry into and subsequent expansion in global markets

- (4) Provision of advanced solutions that utilize new technology

Hitachi Consulting has established offices in various parts of the world where consultants familiar with market trends and other aspects of the industrial situation provide services based on deep insight into the customer's business environment. The menu of solutions covers all phases of activity extending from the strategy formulation, planning, and business process design phases through to the IT systems for putting these plans into action and their operation after entering service. For the overseas operations of Japanese companies in particular, Hitachi Consulting supplies support in a way that takes account of distinctive background factors such as corporate culture and language through special teams that include bilingual consultants and Japanese sales staff. Hitachi is also able to supply solutions through a range of different channels including its Japanese business divisions that are seeking to strengthen their global businesses and Hitachi's various overseas subsidiaries.

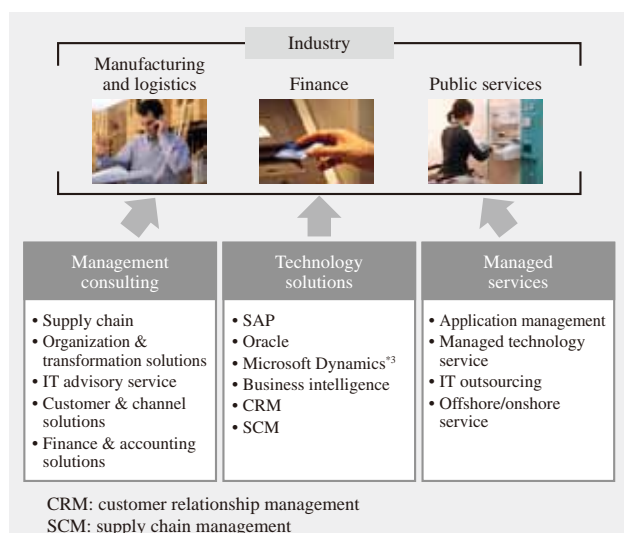


Fig. 3—Global Consulting Services Supplied by Hitachi Consulting.

In each industry, Hitachi Consulting assembles optimum solutions based on its extensive experience and supplies them to customers.

In terms of applying new technology, Hitachi Consulting always comes up with advanced solutions that match market needs. For the environment and energy sectors, Hitachi from 2010 began supplying environmental sustainability solutions, which use the SAP^{*1} Carbon Impact platform to measure and administer impacts on the environment and are designed both to minimize energy consumption and generate revenue.

Services

Hitachi Consulting's highly experienced consultants are able to assemble and offer ideal solutions for a wide range of industries extending from manufacturing and logistics to finance and public services (see Fig. 3).

In the field of management consulting, Hitachi Consulting can provide a variety of methods for responding to challenges such as supply chain globalization and speeding up corporate decision making processes that can quickly fit into the management environment. It has made numerous acquisitions in these upstream consulting services, particularly in the USA, and has accumulated the tools, methodologies, and other know-how for activities such as strategy formulation and business process innovation that allow it to offer highly competitive solutions that help customers to build their businesses.

In the field of technology solutions, Hitachi Consulting has established strong links with leading vendors including SAP, Oracle^{*2}, and Microsoft^{*3}, and supports the business strategies of its customers using the latest technologies, which include ERP systems, business intelligence tools, CRM (customer relationship management) systems, and SCM (supply chain management) systems. Hitachi Consulting has also developed numerous industry-specific templates for package applications such as those referred to above, which increase the speed and reduce the cost of system configuration. In the field of managed services, where there is growing customer demand for selecting and concentrating business tasks, Hitachi Consulting provides comprehensive maintenance and operation solutions for IT systems together with services such as outsourcing combined with business innovation.

EXAMPLES OF GLOBAL CONSULTING PROJECTS

Utilizing the many consulting services described above, Hitachi consultants with expertise in various different industries provide strong support for customers' businesses in the global market. The following sections describe three examples of this work.

Example 1: ERP Implementation in the USA

A US company headquartered in Alabama is a world-leading provider of IT infrastructure management solutions, has OEM (original equipment manufacturing) arrangements in place with a major IT vendor, and conducts sales, operations, and research and development at 28 sites around the world, including Japan.

While the company was experiencing steady growth, customers with whom it was conducting a growing volume of business were asking for realtime inventory and distribution information. The company also faced standardization and efficiency issues because its key systems in different countries had been implemented independently. In response, Hitachi Consulting proposed the following measures to help the customer formulate an IT strategy.

- (1) Conduct a technology assessment of existing systems.
- (2) Help the company formulate a roadmap for future systems.

^{*1} SAP is a registered trademark of SAP AG in Germany and in several other countries.

^{*2} Oracle and Oracle Payroll are registered trademarks of Oracle and/or its affiliates.

^{*3} Microsoft and Microsoft Dynamics are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries.

(3) Evaluate software vendors in accordance with business model and growth strategy.

Through this process, Hitachi Consulting profiled the company's existing systems, including the strengths and weaknesses of their quality and configurations. Based on this, the company was able to implement SAP ERP supply chain and accounting systems at all of its US sites in just eight months. By raising the visibility of supply chain information, which was achieved through the logistics system (which covered procurement, warehousing, transport, and delivery), the company was able to reduce inventory and supply chain costs after implementing the new systems. Other benefits included the provision of timely information to customers and being able to estimate product demand based on customer inventory forecasts, which was made possible by combining inventory and customer information.

Example 2: Managed Service Supplied to UK Company

A large broadcast network operator in the UK acquired a telecommunications company in 2008, and had subsequently been operating the acquired company's payroll management system in parallel with its own. They investigated migrating and integrating the two systems to create a single payroll system that linked to existing accounting and human resource systems.

To implement a payroll payment system that suited the broadcaster's distinctive remuneration and employment practices, Hitachi Consulting selected Oracle Payroll^{*2} as the payroll calculation module and

then added templates it had developed itself to provide additional functions.

To help the company to cut costs and to reduce workloads in its noncore businesses, Hitachi Consulting also proposed that they use hosting and managed services to outsource their human resources and payroll system, and now supplies them with a flexible globally standardized service from a data center. Hitachi Consulting is also using AMO (application management outsourcing) to supply them with a 24-hour/365-day one-stop service, which extends from monitoring, maintenance, and operation through to security.

Example 3: ERP Implementation at Overseas Subsidiary of Japanese Company

As many Japanese companies are moving towards globally consolidated business structures, they are confronted with the new challenge of how to coordinate their overseas subsidiaries efficiently.

This example involves a car parts manufacturer that already used SAP ERP for its Japanese operations. At its overseas subsidiaries, however, the production management, sales management, and other core systems as well as the accounting systems had all been developed and administered separately. With the aim of standardizing operations at its overseas subsidiaries and strengthening IT governance, the company decided to standardize on the SAP ERP they already used in Japan for all of their core systems.

As the objectives of the company's Japanese management were global optimization and IT governance, whereas the US management wanted to optimize their own local operations, the SAP ERP implementation in the USA had to satisfy the differing requirements of both groups. To achieve this, a bilingual consultant based in the Japan office of Hitachi Consulting took on the role of project manager in a global project team comprised primarily of local US-based consultants (see Fig. 4).

By adopting this project structure, Hitachi Consulting was able to satisfy the headquarters' requirements precisely through its Japan office while information was meticulously collected from the local consultants in the US office. This not only made it possible to standardize business processes in a way that allowed internal control to be exercised, it also resulted in the successful implementation of a system for the local subsidiary that complied with US regulatory requirements and other aspects of local business practice.

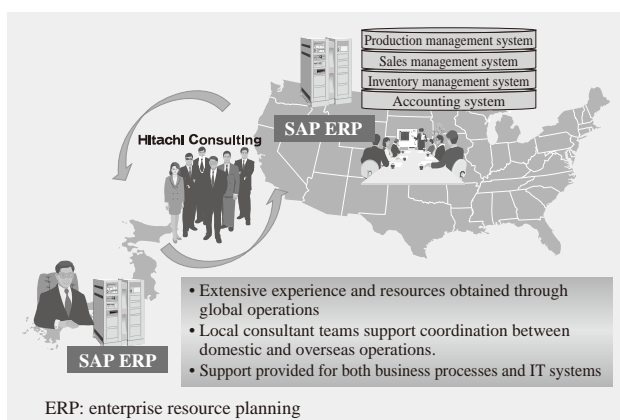


Fig. 4—Support for Overseas ERP Implementation by Japanese Company.

Hitachi Consulting's network supports the construction and consolidation of the overseas system with the Japan office playing the central role.

CONCLUSIONS

This article has described Hitachi Consulting's global network and services together with details of example projects.

As indicated by the example projects, Hitachi Consulting supports customers' businesses with comprehensive solutions that extend from evaluation of existing systems to IT strategy planning, ERP system implementation, and business process standardization. In addition, by utilizing its offshore operations to supply advanced outsourcing services, Hitachi Consulting is creating an environment that allows customers to respond flexibly and promptly to changes in the business environment, and make ongoing improvements in their competitiveness. Furthermore, to help Japanese companies strengthen

their global market coordination and operations, Hitachi Consulting can work with its offices in North America, Europe, China, Southeast Asia, India, and elsewhere to provide bidirectional support between Japan and the rest of the world.

Hitachi Consulting intends to continue expanding its services and act as a reliable partner for customers through its integrated support organization in the global market.

REFERENCE

- (1) Cabinet Office, Government of Japan, "Annual Report on the Japanese Economy and Public Finance 2010 (Economy White Paper)," (July 2010).

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