

News Release

HITACHI
Inspire the Next

FOR IMMEDIATE RELEASE

Establish a new company to foster human resource for the global rollout of the Social Innovation Business using digital technologies

Merging two companies of Hitachi Institute of Management Development, Hitachi Information Academy, and Hitachi Institute of Technology of Hitachi, Ltd.

Tokyo, Japan, October 11, 2018 — Hitachi, Ltd. (TSE:6501, “Hitachi”) announced today that as of April 1, 2019, it will establish a new company that combines the Hitachi Group’s existing education and training institutes and companies. The new company will be formed through a merger of Hitachi Institute of Management Development and Hitachi Information Academy Co., Ltd., with operations also being transferred from Hitachi Institute of Technology of Hitachi, Ltd.

Up to now, education and training at Hitachi have been provided by three entities: the Hitachi Institute of Management Development, which handles training mainly in management and business skills; Hitachi Information Academy, which focuses on training in IT, and the Hitachi Institute of Technology, which provides training mainly in operational technology (OT) and product technologies. The new company will integrate the education and training operations cultivated up to now by the Hitachi Group, and will lead employee training measures to accelerate the Social Innovation Business on a global scale, by implementing a wide range of activities, from strategy planning for human resource development in keeping with business strategies to actual training and operations. Furthermore, based on this track record and expertise, it will strengthen the employee training services that it has provided for customers in the past, and tie activities into Collaborative Creation with customers to create new value – for example through training in the use of digital technologies – in order to support the resolution of customer’s issues.

Following is the outline of the background, goals, and results of the integration.

1. Importance of training employees to lead digital transformation

Hitachi is expanding the Social Innovation Business using digital technologies, as part of its efforts to become an “Innovation Partner for the IoT Era,” as laid out in its 2018 Mid-term Management Plan. For this expansion, Hitachi has been accelerating human resource development to increase employees who can support customer’s digital transformation, with knowledge and skills of digital technologies, and Hitachi has set the target to increase the number of the data scientist at Hitachi Group companies worldwide, to 3,000 by FY2021*.

In addition, as noted in the “Future Investment Strategy 2018” laid out by the Japanese government, as a result of technology innovations brought about by the 4th Industrial Revolution, it has been said that AI and robots will replace humans in the execution of simple tasks and continuous, repetitive tasks, while at the same time, the shortage of human resource handling these technology innovations, including data scientists has also become an issue.

* News release “Accelerating the Development of Data Scientists for Further Expansion of Digital Solutions” announced on June 21, 2018
<http://www.hitachi.com/New/cnews/month/2018/06/180621.html>

2. Goals and effects of integration

Through this integration, Hitachi will further strengthen its ability to foster global leaders who will bring about and drive changes and transformations, and will also provide employee training services, both inside and outside of the Hitachi Group, which leverage each institute’s knowledge of employee training in business and technologies and enable trainees to obtain the skills required to lead the solutions business in response to the rising tide of digitalization.

(1) Strengthen the ability to support Hitachi’s growth strategies

The new company will strengthen the ability to foster human resource who will contribute to expanding Hitachi’s Social Innovation Business. For supporting customer’s digital transformation using digital technologies including AI and IoT, it is necessary to change and enhance employees’ skills. Hitachi will transform its human resource portfolio, by promoting recurrent education, which enables employees to undergo retraining in response to these changes, and by enhancing the “IT Professional Certification System” (an in-house qualification system). At the same time, it will accelerate the training of data scientists and human resource who can provide solutions across multiple fields as well as global leaders who will bring about and drive changes and transformations, to expand the Social Innovation Business.

(2) Improve the quality of training and increase the efficiency of training institute operations

The new company will provide highly specialized services based on past experience and expertise, and provide training and services driven by cutting-edge learning technologies. In the future, it will improve operating efficiency by investigating the standardization of training platforms, the aggregation of bases, and the integration of systems and facilities.

(3) Strengthen human resource training services for customers

In order to promote customer's business reforms, mainly including the users of Hitachi products, the new company will provide human resource training services capturing future needs in collaboration with Hitachi's various business units. The services provided by the new company include training services with a focus on IT and new training for digital transformations leveraging Hitachi's knowledge of OT.

By strengthening human resource training in this way, Hitachi will further accelerate the global expansion of the Social Innovation Business using digital technologies, and will contribute to the creation of new value for the customers as an "Innovation Partner for the IoT Era."

Outline of merged company: Hitachi Institute of Management Development

[as of March 31, 2018]

Corporate Name	Hitachi Institute of Management Development
Principal Office	Chiyoda-ku, Tokyo
Outline of Business	1. Planning and implementing training - Training in management, business, languages, and other skills 2. Consulting in corporate management training
Established	February 1961
Representative	President: Raizo Sakoda
Capital	30 million yen
Number of Employees	75
Shareholder and Shareholding Ratios	Hitachi, Ltd.: 100%

Outline of merged company: Hitachi Information Academy Co., Ltd.

[as of March 31, 2018]

Corporate Name	Hitachi Information Academy Co., Ltd.
Principal Office	Shinagawa-ku, Tokyo
Outline of Business	1. Planning and implementing training - Fostering IT engineers and sales/front office staff, and improving OT engineers' IT usage skills 2. Consulting in employee training 3. Employee training operations (BPO: Business Process Outsourcing) 4. Supporting the marketing of Hitachi products 5. Outside sales
Established	April 1995
Representative	President: Takuo Ishikawa
Capital	100 million yen
Number of Employees	290
Shareholder and Shareholding Ratios	Hitachi, Ltd.: 100%

Outline of division transferring operations: Hitachi Institute of Technology
[as of March 31, 2018]

Division Name	Hitachi Institute of Technology
Outline of Business	1. Planning and implementing training - Training in platforms and fundamental technologies; training in practical and integration technologies; training in front-line management; training in project management 2. Providing support in strengthening company-wide engineering capabilities
Established	August 1970
Representative	Director: Tsukasa Ariyoshi
Number of Employees	38

Outline of new company **[as of April 1, 2019 (tentative)]**

Corporate Name	Not decided
Principal Office	Taito-ku, Tokyo
Outline of Business	1. Planning and implementing training - Management training; training in technology fundamentals and applications; training of IT/OT engineers; project management training; training in front-line management; sales and front office training; and training in business, languages, and other skills 2. Consulting in employee training, planning support, and the operation of employee training (BPO) 3. Providing support in strengthening company-wide engineering capabilities 4. Supporting the marketing of Hitachi products, and conducting outside sales
To be Established	April 2019
Capital	100 million yen
Shareholder and Shareholding Ratios	Hitachi, Ltd.: 100%

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges, combining its operational technology, information technology, and products/systems. The company's consolidated revenues for fiscal 2017 (ended March 31, 2018) totaled 9,368.6 billion yen (\$88.4 billion). The Hitachi Group is an innovation partner for the IoT era, and it has approximately 307,000 employees worldwide. Through collaborative creation with customers, Hitachi is deploying Social Innovation Business using digital technologies in a broad range of sectors, including Power/Energy, Industry/Distribution/Water, Urban Development, and Finance/Social Infrastructure/Healthcare. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

###

Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
