Happy New Year, everyone.
I would like to make a few remarks to all of you to kick off the start of 2017.
In 2016, things happened around the world that none of us could have expected. For example, Brexit; violent terrorist attacks in Belgium and France; and there was a major earthquake in Kumamoto, Japan that caused extensive damage.

Many people were also very surprised at the results of the US presidential election. The thing that we can learn from all these events is that we are living in an uncertain time, where anything can happen.

Looking back at 2016, this was a year where I felt the need to accept unexpected events calmly, avoiding rigid ideas and preconceptions, and bringing knowledge and wisdom from many perspectives in order to move Hitachi toward a better future.

For Hitachi, in April we made the transition to a Business Unit system comprising three layers – Front, Platforms, and Products – in order to accommodate significant changes in digitalization and globalization. By establishing small Business Units, we have achieved measurable increases in the speed of our operations, decision-making, and responses to issues. We have also seen steady improvements in the business performance of each Business Unit. In May, we started up services of our IoT platform “Lumada,” to succeed in competition involving global digitalization, and began activities with the Hitachi Insight Group in the US, to promote Hitachi’s IoT business on a global scale.

We also announced the “2018 Mid-term Management Plan,” showing the ideal shape for Hitachi three years in the future. In Hitachi’s 2nd quarter Consolidated Financial Results announced in October, we demonstrated that we had succeeded in improving cash flow and we will be absorbing the effects of cost reductions and other factors, even in the condition of fluctuating exchange rates. This financial performance shows our determination to meet our performance targets for Fiscal Year 2016 with no revisions in those targets. This resulted in some positive response, but we have still not been able to earn the trust of the capital market, in part because we have failed to achieve our performance targets for the past two consecutive years.

Looking back on all these factors, 2016 was a year in which we solidified the foundations for Hitachi’s business, but we must change 2017 into a year for new leaps forward. To do that, the first and most important issue will be to achieve our goals for business performance in Fiscal Year 2016, without fail. This is Hitachi’s commitment to our stakeholders, and I would ask that you join with me in doing whatever it takes to carry through on this promise. This year, we will need to really get down to business and conduct detailed discussions about the type of blueprint that the Hitachi Group is putting forward, and how we will achieve future growth.
The digitalization is accelerating even more than we imagined, and this paradigm shift will no doubt continue at an increasing pace in 2017 as well. This era of dramatic changes offers Hitachi, with its IT, OT, and product capabilities, an outstanding opportunity to resolve issues and create new value through Collaborative Creation with customers, and to make great leaps forward as an Innovation Partner for the IoT era. To make the most of this opportunity and achieve further growth, we must use Lumada effectively and create new use cases that links to business of our customers, one after another, as a spiral of our growth. Based on my discussions with business leaders throughout the world, I am confident that we will be able to achieve Hitachi’s unique growth.

When I talk about growth, I am not only referring to the numbers laid out in the 2018 Mid-term Management Plan: revenues of 10 trillion yen, adjusted operating income of more than 8%, and 400 billion yen in net income attributable to Hitachi, Ltd. stockholders. The growth of you and the growth of every employee is essential. In order to achieve individual growth, you must set clear goals. Create an image of where you want to be three years from now, the type of growth that you want to achieve, and what you need to do to get there. After one year has passed, look back on your plan, clearly define your growth up to that point, and identify the gap you need to fill. This will serve as the driving force behind your next stage of growth.

We will also show a strong determination to reform our way of working. No matter where you are in the world, I would like each and every one of you to think about whether your work style is really effective for Hitachi’s goals today, so that we can improve overall work efficiency and demonstrate even better results. The more people we have with this heightened awareness, the stronger the organization will be and to the greater our teamwork will be. With this strong teamwork, we will be able to respond to unexpected situations. This truly is the “Harmony” in Hitachi Founding Spirit of “Harmony,” “Sincerity,” and “Pioneering spirit.” Through open and impartial discussions that respect the opinions of others, and with determination, we will press forward as one toward a common goal. Let us now combine the strengths of the Hitachi Group, and make this a year in which we attain new level of growth as “One Hitachi.”

All the best for the New Year. I look forward to seeing what you are capable of achieving. Please accept my best wishes for health and happiness for you and your families in the New Year.

January 4, 2017

J. Higashihara