

Data Communications Business



Even as cutbacks in IT investment become more pronounced, customers continue to pursue lower costs, shorter lead times, and higher quality than ever before.

Aiming to become No. 1 in customer satisfaction, NTT DATA has forged ahead with proactive marketing activities and efficient systems development, and has striven to provide reliable and consistent services, together with the pursuit of medium-term management initiatives, including innovation in sales and marketing/development processes.

Performance in the Fiscal Year Ended March 31, 2009 Higher revenues and operating income from business expansion

Operating revenues increased by 6.4% year on year to ¥1,127.2 billion, primarily as a result of business expansion including an increase in the number of consolidated subsidiaries.

Operating expenses were 4.0% higher at ¥1,040.5 billion, partly due to an increase in revenue-linked expenses.

As a result, operating income climbed 47.5% year on year to ¥86.8 billion.

* All figures include intersegment transactions

Business Development and Strategy Focus

Various strategic measures have been taken to maintain and expand the Company's revenue base as well as to innovate and improve efficiencies in business processes

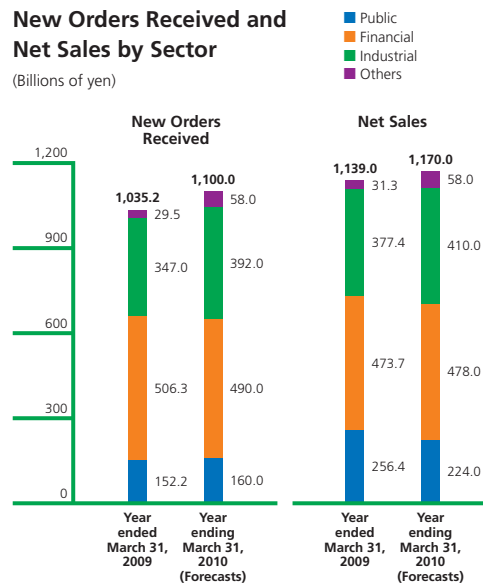
In the public administration sector, NTT DATA received big orders from Nippon Automated Cargo and Port Consolidated System, Inc. and from the National Tax Administration Agency, while launching operation of a system for the Ministry of Finance.

In the financial sector, NTT DATA expanded the shared use of the Regional Bank Integrated Services Center to seven financial institutions, the largest scale of its kind in Japan. Similarly, NTT DATA signed a basic agreement with the six financial institutions, to which the company currently provides its STAR-ACE system, concerning the usage of a new shared center targeting regional banks. With this move, the number of financial institutions deciding to adopt the NTT DATA Standard Banking System (BeSTA) has grown to 22 regional banks and 13 labor banks, making it Japan's largest-scale banking application. Additionally, a controlling interest was acquired in XNET Corporation, a major player in the services business in the field of solutions for capital securities management.

In the industrial sector, NTT DATA reached an agreement with Sumitomo Mitsui Financial Group, the Japan Research Institute, Limited ("JRI") and JRI Solutions, Limited on a broad-ranging business alliance between NTT DATA and JRI Solutions

New Orders Received and Net Sales by Sector

(Billions of yen)



in the IT services business field, as well as a capital partnership based on the alliance. Through this step, JRI Solutions, Limited made a new start under a new name, JSOL Corporation.

In line with the nationwide introduction of age-verifying cigarette vending machines compatible with taspo cards (contactless IC cards with e-money functions), NTT DATA was chosen as the prime contractor for operations pertaining to taspo management, as well as all aspects of system design, development and operation. These vending machine systems are now successfully in place across Japan.

Where management initiatives are concerned, to encourage innovation in sales and marketing processes, NTT DATA worked to deepen its expertise and know-how by internally sharing examples of exemplary customer satisfaction enhancement activities based on analyses of the achievements of improvement actions. As for realizing innovation in development processes, NTT DATA clarified customer demands at the initial stages of systems development, and worked to develop methodologies that accurately reflect customer demands in systems.

Regarding the promotion of more efficient Group management, along with progress in enhancing our development platform through the merger of four subsidiaries in the public administration sector, NTT DATA strengthened its alliance between existing German subsidiary itelligence AG, in which NTT DATA obtained a controlling interest from the BMW Group of Germany and Cirquent GmbH. Additionally, certain subsidiaries were dissolved as part of efforts directed at the improvement of the business portfolio. In the healthcare and embedded software business domains, the company's position was strengthened to put emphasis on growth engines. Furthermore, as part of human resources development, the company promoted the expansion and application of "professional CDP (Career Development Program)" and its adoption by NTT DATA group companies. In other areas, NTT DATA established an intermediate holding company to oversee three consulting companies, with the goal of strengthening the consulting business.

Plans for the Fiscal Year Ending March 31, 2010

Focus on "achieving quantitative expansion through, " instead of previous business objective of "shifting from quantity to quality"

In line with the prevailing economic climate and worsening corporate earnings, our customers have started to scale back their IT investments through such means as, narrowing investment to the bare minimum required for compliance and security, and postponing or prolonging their investment plans. At the same time, demand is holding firm with respect to shared system usage, which can reduce the total cost of ownership (TCO), and to the system integration needs stemming from industry realignment as well as to support customers' competitive capabilities on a global scale. Demand linked to investment in business process outsourcing and other areas also remains strong.

Customers are making increasingly stronger calls for lower prices, shorter lead times, and quality enhancements. In this tumultuous operating environment, NTT DATA remain committed to becoming No. 1 in customer satisfaction as a "Leading-edge innovator." To that end, NTT DATA will significantly alter the direction of corporate management, aiming for both sustainable business operations and growth-oriented management. Specifically, targeting net sales of ¥1.5 trillion in the fiscal year ending March 31, 2013, NTT DATA will actively work to enhance sales and marketing, strengthen SI competitiveness, refine and expand Group-wide business and develop human resources, while addressing environmentally conscious management in response to social requirements. Beyond its own response as a company to social requirements, NTT DATA will endeavor, from an IT services perspective, to assist customers in meeting society's demands in terms of their own environmental initiatives.

Topics

Strengthening Overseas Business Presence To Be a Global IT Innovator

The rapid growth in overseas expansion among Japanese companies in recent years has sparked an increasing need to have the same level of support abroad that they enjoy in Japan. To put a framework in place to flexibly answer this need, NTT DATA has aggressively created and strengthened its overseas business presence, and worked to establish a structure that can support its customers in globalizing their operations.

Starting with the purchase of The Revere Group, an SI vendor in the U.S., in 2005, the NTT DATA Group welcomed Germany-based itelligence AG in January 2008, followed in October of the same year by Germany-based Cirquent GmbH and other companies.

As of March 31, 2009, NTT DATA had an overseas network spanning 62 cities in 21 countries around the world, with 4,800 employees. Going forward, the company's task along with expanding geographical coverage will be to generate synergies by strengthening alliances among Group companies.