News Release

HITACHI
Inspire the Next

FOR IMMEDIATE RELEASE

Hitachi Establishes New "Generative AI Center" to Accelerate Value Creation and Improve Productivity in the Lumada business by promoting the use of Generative AI

Tokyo, 05 15, 2023 – Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced that it has established a new organization called "Generative AI Center" to promote the safe and effective use of Generative AI. The Center will accelerate Hitachi's growth by maximizing the value provided to customers and improving productivity through the Lumada business.

Generative AI is artificial intelligence that can interpret a huge amount of data and generate various content such as images, texts, sounds, and program code. It is expected to generate a huge paradigm shift in the future of technology and AI.

Hitachi's Generative AI Center will become a CoE (Center of Excellence) that brings specialists together, including data scientists and AI researchers who have knowledge of generative AI - as well as specialists in the fields of in-house IT, security, legal affairs, quality assurance, intellectual property, and other areas. Together they will promote the use of Generative AI whilst also importantly managing the risks.
The Generative AI Center will play a pivotal role in accumulating know-how and insights from using generative AI in the activities of the 320,000 employees of the Hitachi Group, including writing, summarizing, translation, and code generation, thereby powering a value creation cycle through which a safe and secure environment for customers can be offered. Specifically, for customers considering the use of Generative AI, the Center will start offering consulting services in June to support use cases and value creation, while controlling risks by combining its expertise in AI utilization, security, intellectual property, and other areas.

In addition, through collaboration with Microsoft Japan, a partner of the Lumada Alliance Program, Hitachi plans to provide environment building and operation support services that combine Azure OpenAI Service and Hitachi's strengths in mission-critical cloud system integration.

"Since its founding, Hitachi has been committed to solving the issues faced by our customers and society based on our corporate mission to 'Contribute to society through the development of superior, original technologies and products. " said Keiji Kojima, President and CEO, Hitachi. By capturing new innovations in the digital domain currently taking place around the world and utilizing data and technologies, we will accelerate the growth of our Social Innovation Business, which innovates social infrastructure and enhances people's quality of life. Even in generative AI, where technology is advancing at an accelerated pace, Hitachi will leverage its long-standing regulations and insights on privacy protection and AI ethics to safely use cutting-edge technologies while taking measures to reduce risks, thereby helping to solve future problems and contribute to the realization of a sustainable society."

Hitachi's initiatives to date
AI is a driving force for innovation that enriches society, and Hitachi has worked with customers on more than 100 projects utilizing AI and data analytics each year, led by the Lumada Data Science Lab. At the same time, Hitachi realizes that there are associated risks with considerable privacy and ethical implications. As such, Hitachi has been continuing to deepen insights, work to provide business support and improve governance through specialized organizations for many years. In July 2014, Hitachi established the Privacy Protection Advisory Committee, which has been assessing the privacy risk impact and implementing risk reduction measures on approximately 1,500 data use projects over a nine-year period, thereby

promoting the use of personal data and accumulating a variety of know-how on issues in actual projects in domestic and overseas trends and incidents. In February 2021, Hitachi formulated the AI Ethical Principles[*1], which have been used to evaluate more than 500 projects over the past two years, while also receiving advice from the AI Ethics Advisory Board which consists of external experts.

*1 News release on February 22, 2021: "Hitachi Establishes Principles guiding the ethical use of AI in its Social Innovation Business" https://www.hitachi.com/New/cnews/month/2021/02/210222.html

What the Generative AI Center will do

1. Creation of use cases /Provision services for consulting, environment-building and operation

The organization will actively engage in the creation of use cases utilizing generative AI, the development of new applications that come with Hitachi's own generative AI technology, and the training of Prompt Engineers[*2] and other digital talents.

In addition, this organization aggregates all kinds of use cases and knowledge to form a community where they can be interactively shared across the Hitachi Group including GlobalLogic and Hitachi Vantara based in Silicon Valley, while also having external experts, customers, and partners join the community to share and discuss issues from various perspectives, as well as respond to constantly changing industry trends and risks.

Hitachi's Digital Engineering Business Unit (BU), which was established in April to strengthen the digital business, will launch a consulting service that supports the utilization of generative AI in business. Furthermore, the Cloud Service Platform BU will provide environment-building and operation support services in collaboration with the Azure OpenAI Service.

In addition to utilizing de facto standard partner services in this way, Hitachi's own technologies and usage guidelines are combined to empower the End-to-End value creation cycle from upstream to implementation and operation, under Hitachi Digital which is leading Hitachi's company-wide digital strategy,

*2 Prompt Engineer: An engineer who is skilled at improving the accuracy of AI by adapting data and prompts for AI input.

2. Formulation of guidelines and provision of consultation contact points for employees

The Generative AI Center has formulated guidelines that comprehensively consider various risks in the use of generative AI. The first edition was published at the end of April. In the future, based on industry trends, the company will continuously update the guidelines as well as set up consultation contact points for employees to respond to inquiries and questions that are difficult to cover in the guidelines.

In addition, an in-house usage environment called "Generative AI Assistant Tool," that uses Azure OpenAI Service, etc., has been developed and will be available from the end of May. The Generative AI Center will support the internal use of the tool to improve business efficiency and productivity by, for example, promoting automatic generation of meeting minutes and low-code/ no-code system implementation. By feeding back such internal processes and results to customers and partners, they will strengthen the systems and improve literacy.

Comments from Satoshi Asano, Executive Officer, Managing Director, General Manager of Partner Business Division, Microsoft Japan

"Microsoft Japan sincerely welcomes Hitachi's establishment of the Generative AI Center and its use of Azure Open AI Service.
We are confident that the Azure Open AI Service, a managed product running on Microsoft Azure, will dramatically accelerate digital transformation for Hitachi and its global customers by ensuring enterprise-level security and responsible AI practices."

Trademarks
Microsoft and Azure are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries.
All other company and product names are trademarks or registered trademarks of their respective owners.

- End -

About Hitachi, Ltd.
Hitachi drives Social Innovation Business, creating a sustainable society through the use of data and technology. We solve customers' and society's challenges with Lumada solutions leveraging IT, OT (Operational Technology) and products. Hitachi operates under the business structure of “Digital Systems & Services” - supporting our customers’ digital transformation; “Green Energy & Mobility” - contributing to a decarbonized society through energy and railway systems, and “Connective Industries” - connecting products through digital technology to provide solutions in various industries. Driven by Digital, Green, and Innovation, we aim for growth through co-creation with our customers. The company’s consolidated revenues for fiscal year 2022 (ended March 31, 2023) totaled 10,881.1 billion yen, with 696 consolidated subsidiaries and approximately 320,000 employees worldwide. For more information on Hitachi, please visit the company's website at https://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.