IT Services

Domestic IT Services, Digital Government / Digital Finance

Business Overview

NEC's IT services business supports the activities of various customers, including government agencies, local municipalities, telecommunications carriers, financial institutions, manufacturers, and retailers. It also helps to realize social and industrial transformation by utilizing the latest technologies in areas such as AI, security, and networks.

In recent years, expectations for ICT systems to play a role in resolving the problems faced by society and businesses have grown. Companies are working to reform their business models and implement data-driven management, while leveraging AI to improve efficiency and create new value. Government and public organizations are making efforts to digitize administration to improve user convenience and streamline operations.

NEC has been installing mission-critical systems for a large base of customers, mainly in Japan, for many years. In addition to our long-cultivated system development capabilities and wealth of knowledge in a diverse range of industries and operations, we also utilize the latest technologies in AI, security, and networks to provide optimal solutions for our customers.

In addition, our overseas IT services business is centered on the digital government / digital finance (DGDF) domains and IT services aimed at telecommunications carriers. In the DGDF domains, we are building on the customer bases and software of the three European companies (SWS, KMD, and Avaloq) we acquired between 2018 and 2020 to promote the autonomous growth of each company while expanding regional development by leveraging NEC's sales and support systems in Japan and elsewhere in Asia. As for our IT services aimed at telecommunications carriers, we provide network monitoring, control, and automation solutions, primarily through our U.S.-based subsidiary Netcracker. In May 2026, NEC also acquired CSG, a U.S. software company serving telecommunications carriers and broadband service providers.

Business Domain

Japan

Government Agencies and Local Municipalities



In addition to core systems and base systems, we aim to realize a country and local communities in which people can live safely, securely, and comfortably by providing solutions that support the digitalization of government, public–private data collaboration, and administrative DX.

Telecommunications



NEC provides operational support systems and services, including infrastructure systems for network monitoring, control, and billing, supporting the networks that are the core of the digital society.

Financial Institutions



We provide core systems for financial institutions such as banks, securities firms, and insurance companies, which require a high level of reliability, and provide new financial services that utilize digital technologies such as face recognition and AI.

Retail



NEC aims to address a variety of operational challenges faced by customers who operate convenience stores and supermarkets through DX, with a focus on store-centered solutions. Our goal is to enhance the shopping experience for consumers, making it more enjoyable and smarter.

Manufacturing Industry



With next-generation manufacturing that uses AI, IoT, and 5G, we are helping to improve our production sites and support continuous expansion by making the entire supply chain smarter in terms of design, procurement, production, and logistics.

Transportation and Logistics



We contribute to optimizing the movement of people and goods through transportation and logistics with digital technology, helping to improve the efficiency of delivery networks and reduce CO_2 emissions.

Overseas

NEC Software Solutions UK Limited (SWS) (Acquired in 2018)

SWS is an IT services company based in the United Kingdom. The company features a strong customer base and a shared business platform that can be used for a variety of sectors, including policing, tax collection, social security benefits, and public housing management. SWS provides systems to local municipalities in the United Kingdom.

KMD A/S (KMD) (Acquired in 2019)

KMD is Denmark's largest IT company. Leveraging its strong customer base among government agencies and municipalities and its wide-ranging platforms, the company has supported the digitalization of the Danish government.

Avaloq Group Ltd. (Avaloq) (Acquired in 2020)

The Swiss software company Avaloq primarily engages in recurring business from the provision of software to financial institutions via a Software as a Service (SaaS) business model in the wealth management domain.

NetCracker Technology Corporation (Netcracker) / CSG Systems International, Inc. (CSG)

Netcracker and CSG globally provide network monitoring, control, and automation solutions for telecommunications carriers.

Strengths

- A proven track record in operating mission-critical systems across a wide range of industries, along with leading-edge cases that NEC has implemented and amassed by using itself as a testing ground.
- Systems and resources that can consistently meet customers' DX needs from upstream consulting to implementation, operation, and maintenance.
- Robust training programs aimed at further expanding and developing employees' AI capabilities.

Business Strategy

Japan

In Japan, customer demand for DX remains strong as companies seek to strengthen their market competitiveness through the use of AI. In particular, demand for modernization is increasing, and businesses in areas where NEC can make full use of its expertise and industry know-how are growing. We are also ramping up human resource capabilities to respond to strong demand, including through the implementation of AI-related training programs.

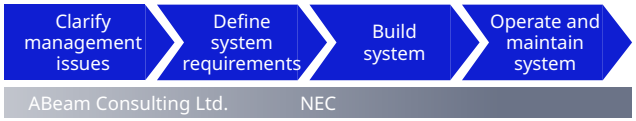
Business Model Reform via Common Platforms

To promote DX, we are working to consolidate our products, services, and assets that had been individually optimized for each industry and customer into a unified common platform based on NEC's own technologies and expertise. By systemizing this platform under the value creation model, NEC BluStellar, the Company can not only provide cutting-edge services to our customers at greater speed but also shift to a value-pricing method, thereby contributing to improved profitability.

Resolving Management Issues by Providing Consistent Value Starting with Strategic Consulting

As the scope of ICT applications expands, the need to view their use from a management perspective is becoming increasingly important. Together with ABeam Consulting Ltd., a company that boasts some of the best consulting resources in Japan, NEC will provide a system that enables its customers to resolve issues by incorporating their management issues into digital strategies.

IT System Introduction Process



Contributions Toward the Digitalization of Government

Since the establishment of Japan's Digital Agency in 2021, digitalization initiatives have advanced across the public sector, including the standardization of local government information systems. NEC is contributing to the enhancement of government services by leveraging its extensive experience and expertise, along with advanced technologies, to meet high demands for security, quality, speed, and flexibility in government. In addition, NEC is working with KMD, a company that has long supported Denmark's efforts to digitalize public administration, and is actively proposing solutions aimed at resolving digitalization issues.

Overseas

Digital Government / Digital Finance (DGDF)

In the DGDF domains, we will strive to grow our business by stabilizing our business foundation and expanding synergies with the three European companies.

Meanwhile, Avaloq's business in the DF domain is expanding in the Asia-Pacific region by utilizing NEC's sales channels, and is also gaining traction among customers in Japan. In addition, we expect to see profitability improve at an accelerated pace going forward, as steady progress is being made in efforts such as reducing development costs through the sharing of offshore resources, implementing portfolio transformation such as the sale of KMD's low-profit business, and launching Avaloq's SaaS model. As a result, each of the three European companies is now capable of achieving profit margins in excess of 10%.

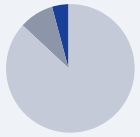
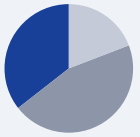
Going forward, we will continue to roll out the software of SWS and KMD, which have a strong track record of delivering results in the United Kingdom and Denmark—two digitally advanced countries—and leverage the expertise in promoting government digitalization, to the Asia-Pacific region and Japan, where NEC has selling power. We are also expanding the value we provide by leveraging Avaloq's innovative solutions in the wealth management domain and our strategic partnership with BlackRock, Inc.

Looking ahead, while making investments as necessary, we will focus more closely on the software businesses of the three European companies and implement initiatives aimed at further enhancing business value and improving profitability, including the promotion of a shift to an SaaS model.

Software for Telecommunications Carriers

Demand continues to grow in the operation support system (OSS) and business support system (BSS) domains served by Netcracker, and demand for initiatives that utilize generative AI is also robust. CSG, a U.S.-based software company acquired by NEC in May 2026, has built a strong customer base through its BSS offerings and provides software for customer experience management, payments, and other functions to customers across a wide range of industries, including financial services and healthcare. The two companies have highly complementary geographic coverage, customer bases, and technologies. Through the integrated management of the two companies, NEC will strengthen its ability to provide end-to-end solutions, establish a strong business foundation in the United States, and expand its global software and services business.

Strategic Rationale of the Acquisition

	CSG	Netcracker
Headquarters	Colorado, U.S.	Massachusetts, U.S.
Geographic Footprint (Revenue by Region)*	Primarily U.S.-based  	Global 
Main End Market	Telecom / BB, Financial services, Healthcare, etc.	Telecom
Solutions	BSS, CX, Payment	BSS / OSS

* Calculated based on regional revenue by geography (CSG: FY24/12 / Netcracker: FY25/3)