

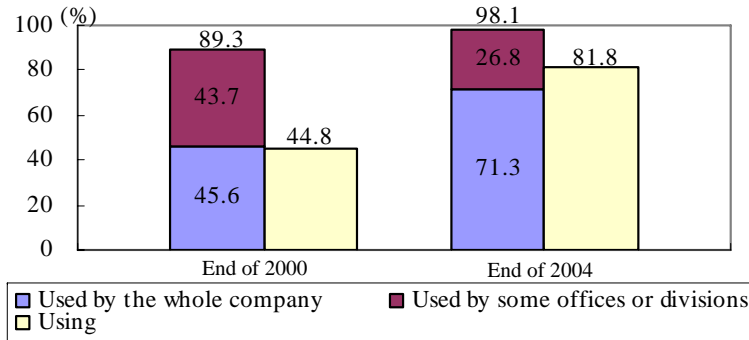
### III ICT Use by Companies

#### 1-1 Enhanced Use of ICT by Companies

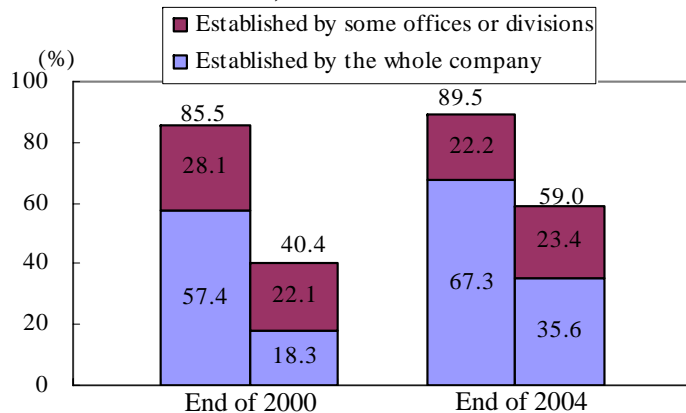
(Use of the Internet, Construction of Corporate Communications Networks, etc.)

- ◆ Companies' Internet utilization rate was 98.1%, which indicates that most companies are using the Internet.
- ◆ The construction rate of intra-corporate networks was 89.5%, while that of inter-corporate networks was 59.0%.
- ◆ Companies' mobile phone utilization rate was 65.8% and the styles of use were diversified with users not only for calls, but also for accessing the corporate intranet.

**Figure 1: Transition in the Internet utilization rate (left: enterprises; right: establishments)**

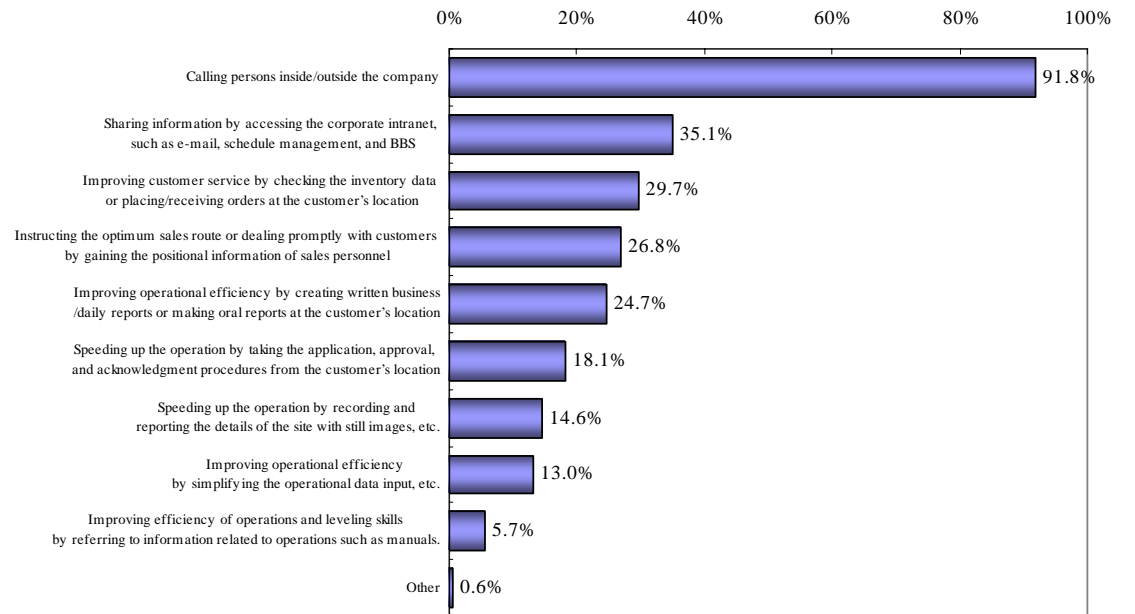


**Figure 2: Transition in the construction rate of intra/inter-corporate networks (left: enterprises; right: establishments)**



Source for Figures 1 and 2: "Communications Usage Trend Survey"

**Figure 3: Purposes of use of mobile phones in companies (multiple responses possible)**

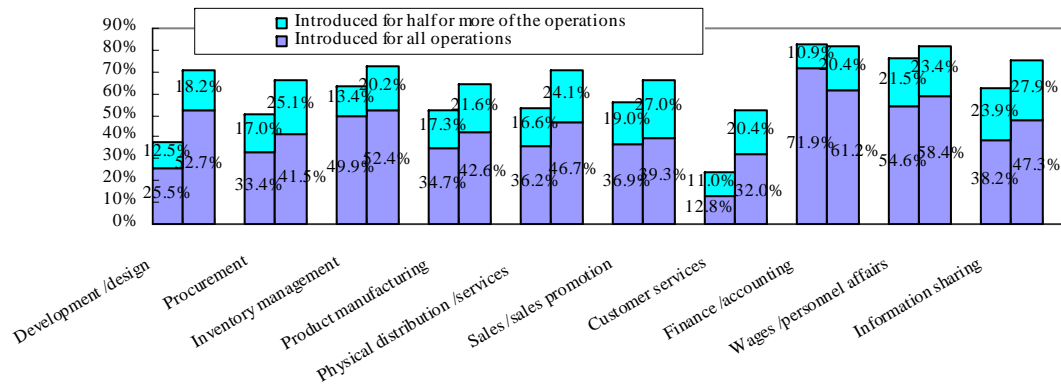


Source for Figure 3: "Survey on the Current Status of ICT Use by Companies" (Web Survey)

## 1-2-1 Enhanced Use of ICT by Companies (Introduction of ICT Systems)

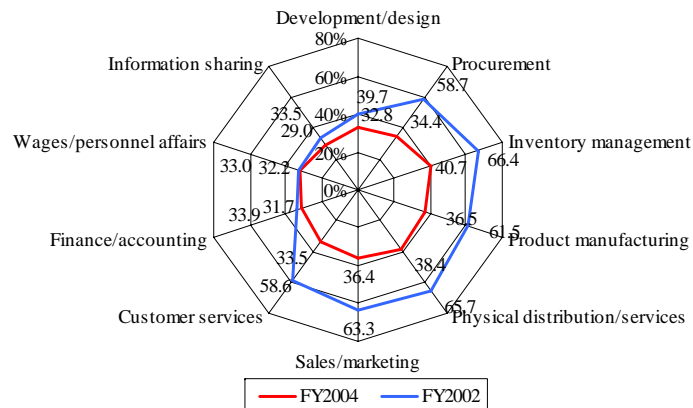
- ◆ The introduction of ICT systems has made progress in almost all operations. While use of custom-made application software has decreased, use of package application software increased. In addition, connection of ICT systems between companies has advanced.

**Figure 1: Transition in the introduction of ICT systems by type of operations**



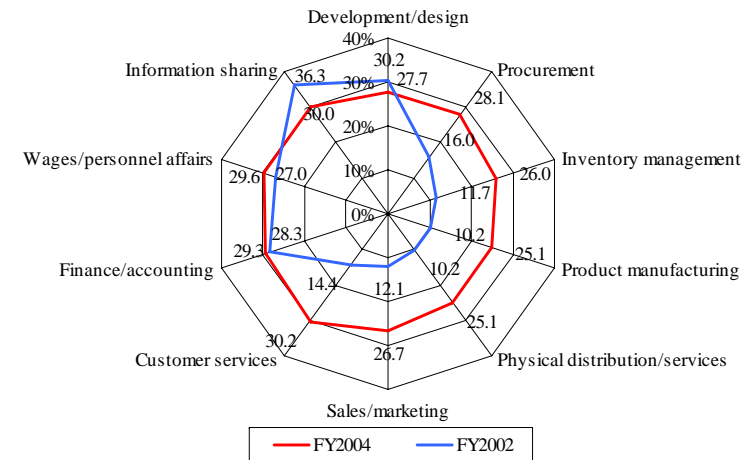
\* For each item, the left graph shows the values for FY 2002, and the right graph shows the values for FY 2004.

**Figure 3: Use of ICT system application software (custom-made)**

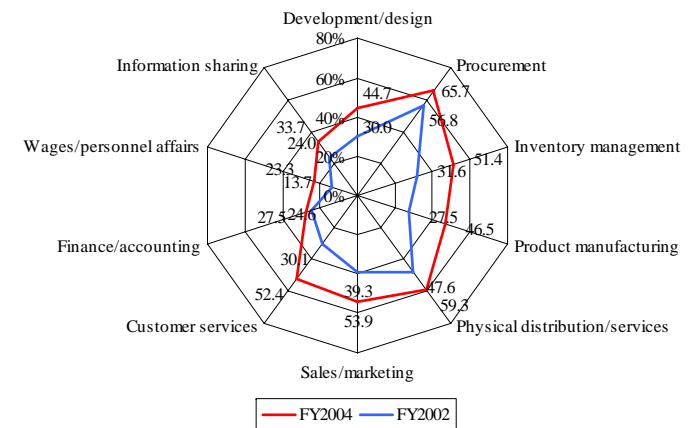


Note: Survey on Japanese companies for FY 2002 was conducted by postal mail.

**Figure 2: Use of ICT system application software (package)**



**Figure 4: Status of connection of ICT systems between companies**

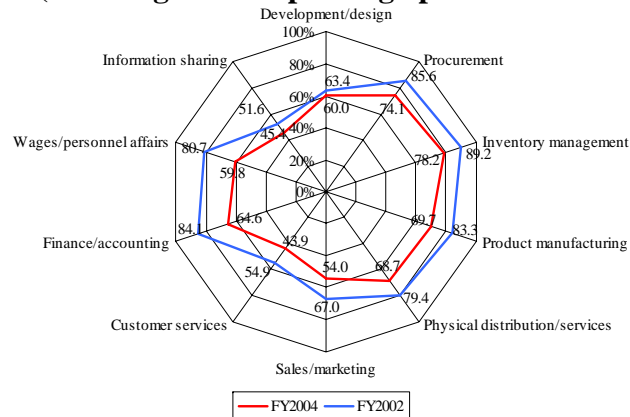


Source: "Survey on the Current Status of ICT Use by Companies" (Web Survey)

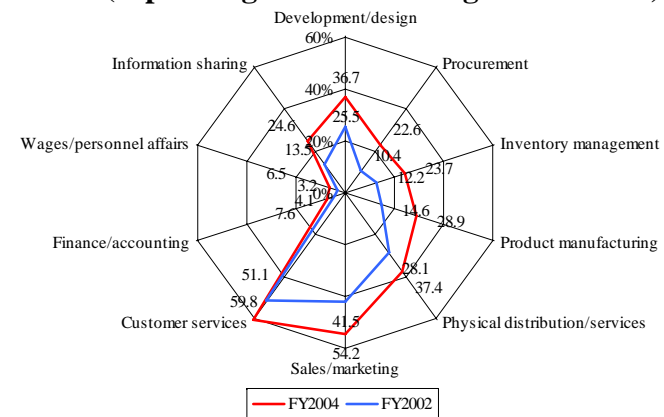
## 1-2-2 Enhanced Use of ICT by Companies (Purpose for Introducing ICT Systems, Effects of Introduction, etc.)

- ◆ The purpose for introducing ICT systems has changed from “reducing costs/improving operational efficiency” to “expanding sales/increasing added value.”
- ◆ Efforts toward increasing effectiveness of ICT system investment has made progress in terms of “verifying cost-effectiveness” and “organizational/institutional reform for management of ICT systems.”
- ◆ An increased number of companies indicated that introducing ICT system was effective.

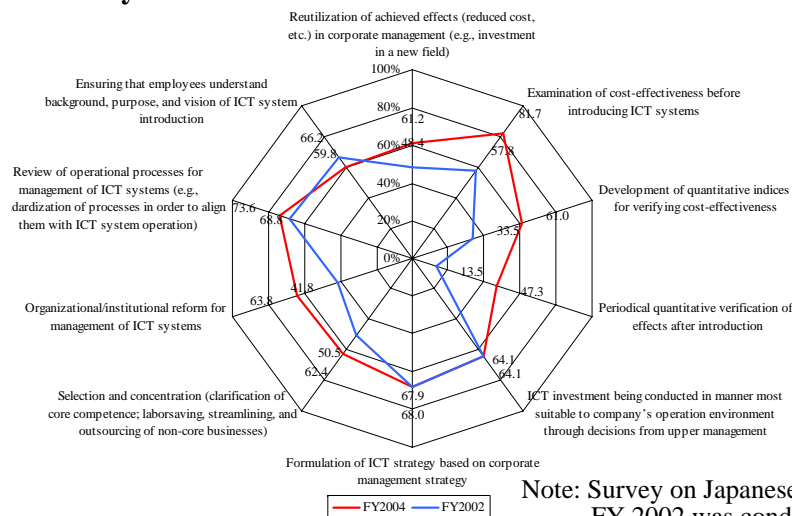
**Figure 1: Purpose for introducing ICT systems (reducing costs/improving operational efficiency)**



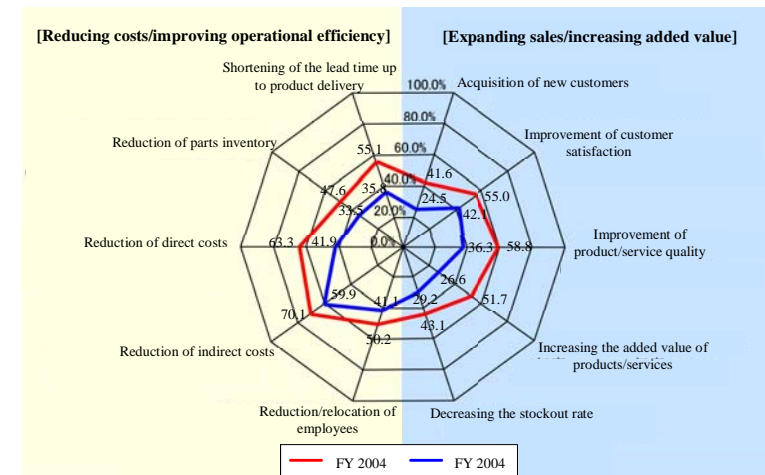
**Figure 2: Purpose for introducing ICT systems (expanding sales/increasing added value)**



**Figure 3: Efforts toward increasing effectiveness of ICT system investment**



**Figure 4: Effects of introducing ICT system**



Note: Survey on Japanese companies for FY 2002 was conducted by postal mail.

Source: “Survey on the Current Status of ICT Use by Companies” (Web Survey)

## 1-3 Enhanced Use of ICT by Companies (Open Source Software, Shift from Mainframes to Open Systems)

- ◆ The rate of introducing open source software (OSS) as the server OS is the highest in the United States at 33.0%, while the rate was 21.0% in Japan and the Republic of Korea. The OSS was highly evaluated in terms of the “low introduction/operational cost” and “flexible customization.” On the other hand, it was poorly evaluated in terms of the “development/maintenance system” and “support system.”
- ◆ Due to various efforts, progress can be seen in the shift from mainframe systems to open systems in Japan, the United States, as well as the Republic of Korea. The rate of concurrently using both mainframes and open systems is relatively high in Japan. The reason for continuing to use the mainframes was the “stability of operation” and “use of existing software assets.”

Figure 1: Status of introduction of OSS as the server OS

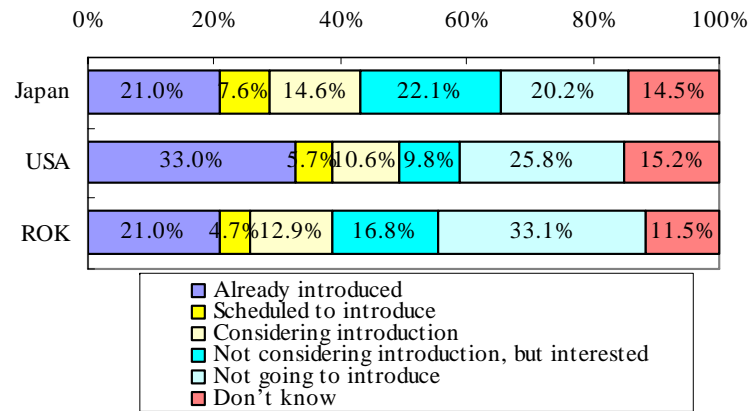


Figure 3: Status of the shift from mainframes to open systems

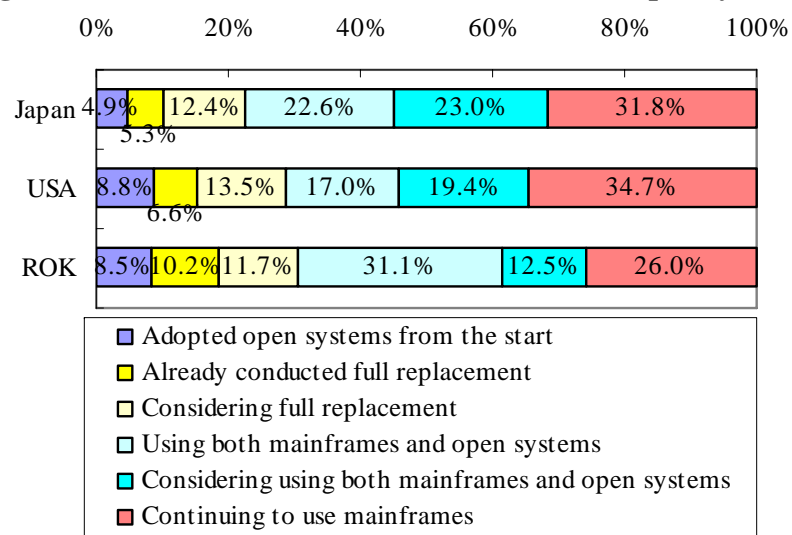


Figure 2: Characteristics of OSS

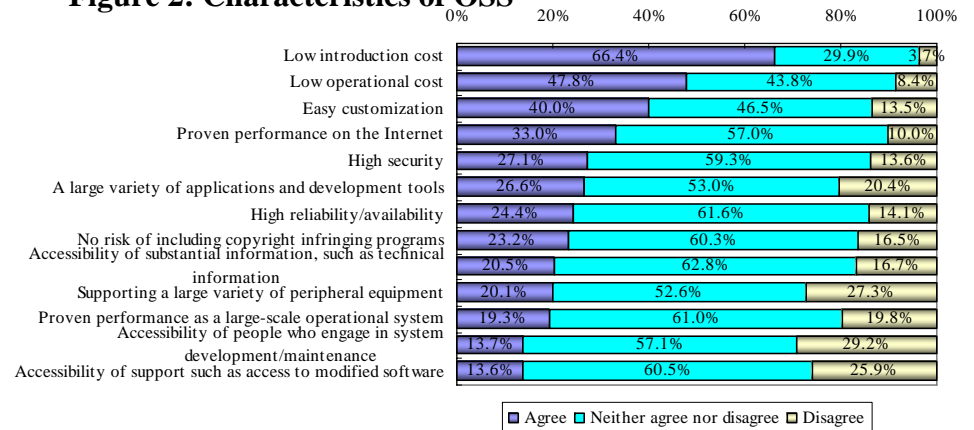
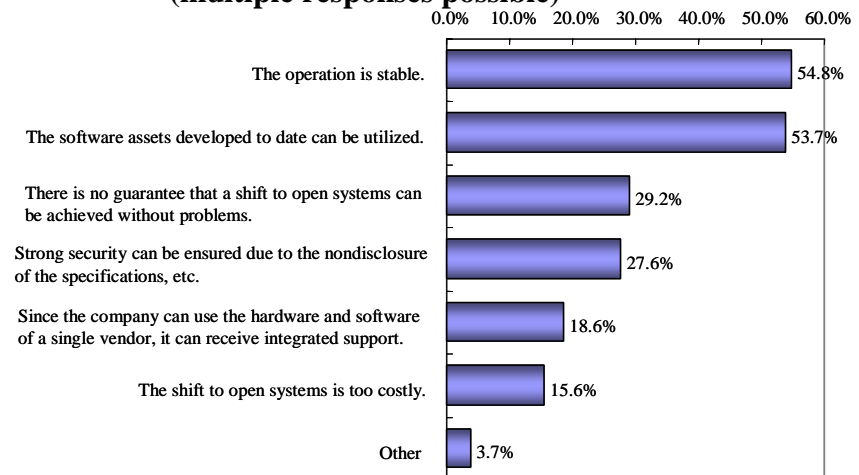


Figure 4: Reasons for continuing to use mainframes (multiple responses possible)



Source: “Survey on the Current Status of ICT Use by Companies” (Web Survey)

## 2 Expansion of E-Commerce

- ◆ B2C transactions via PC Internet were conducted by 28.9% of all companies, and those via mobile phones were conducted by 9.1%. Many companies were scheduled or considering to conduct B2C transactions via mobile phones in the future. The implementation rate of B2C transactions via PC Internet was the highest in the United States. The future market size of B2C (market size in FY 2006 based on the 2003 level) is predicted to roughly triple in Japan and the Republic of Korea, while it is expected to achieve a smaller growth by roughly doubling in the United States.
- ◆ The characteristics of the B2C transactions via mobile phones include sales in conjunction with other media such as magazines and TV.

Figure 1: Implementation of e-commerce via PCs/mobile phones

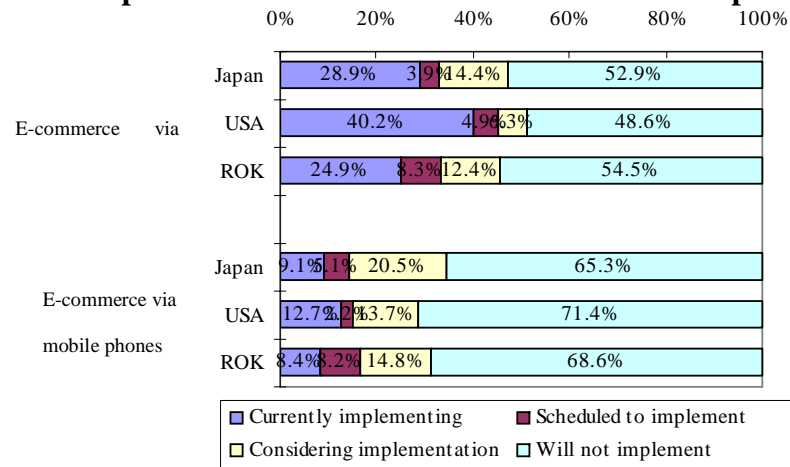


Figure 2: Predicted market size of e-commerce via PCs/mobile phones

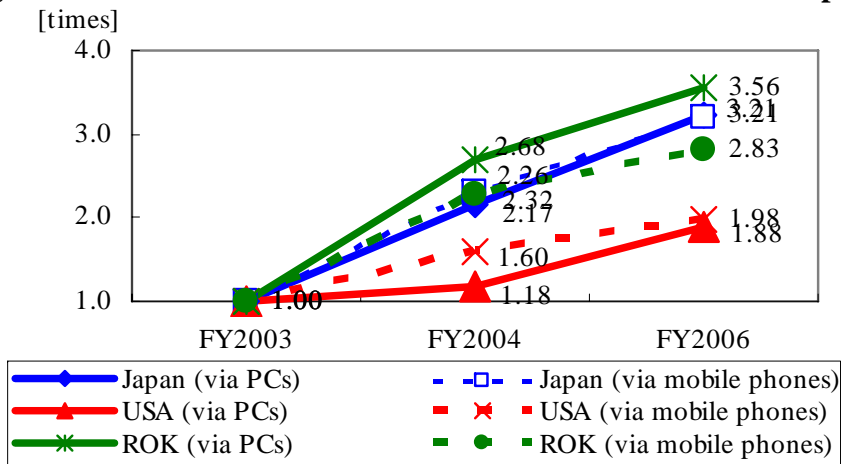
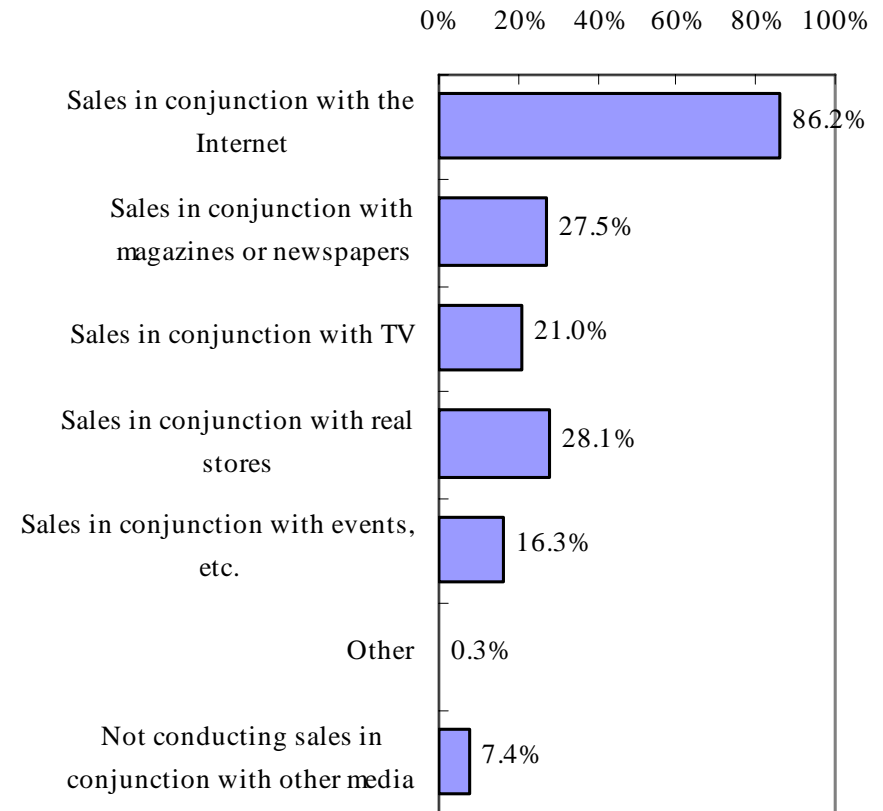


Figure 3: Styles of e-commerce via mobile phones

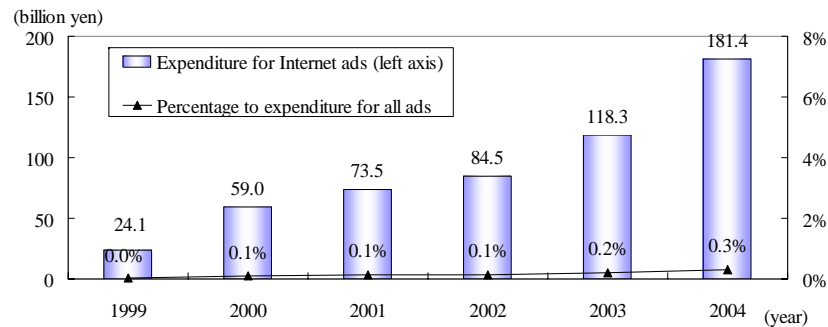


Source: "Survey on the Current Status of ICT Use by Companies" (Web Survey)

### 3 Expansion of New Businesses Using ICT

◆ In line with the spread of the Internet, new businesses using the Internet have rapidly grown over the past five years. With the expenditure for Internet ads exceeding that for radio ads in 2004, the Internet became the fourth largest ad medium. The amount of Internet transactions accounted for about a quarter of all securities transactions. The balance at Internet-only banks almost quadrupled in two years (from FY 2001 to FY 2003). The amount of sales by mobile contents providers tripled in three years.

Figure 1: Transition in expenditure for Internet ads



Produced from materials from Dentsu.

Figure 3: Transition in the balance and number of accounts of Internet-only banks (four major banks)

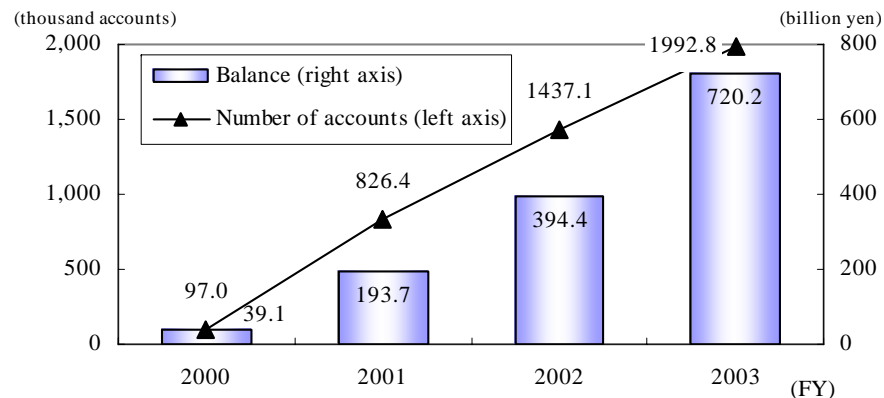
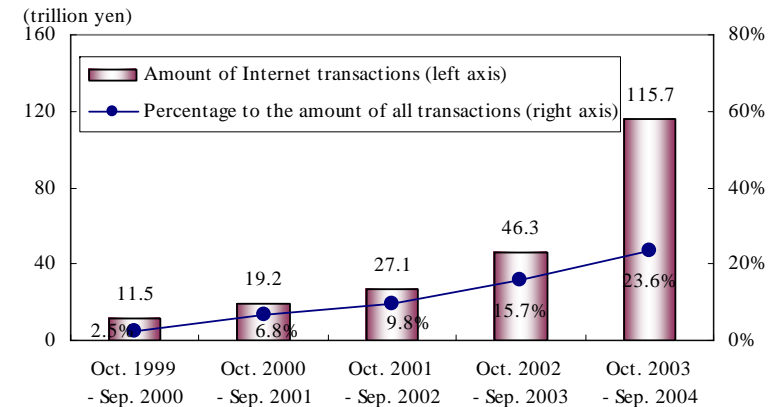
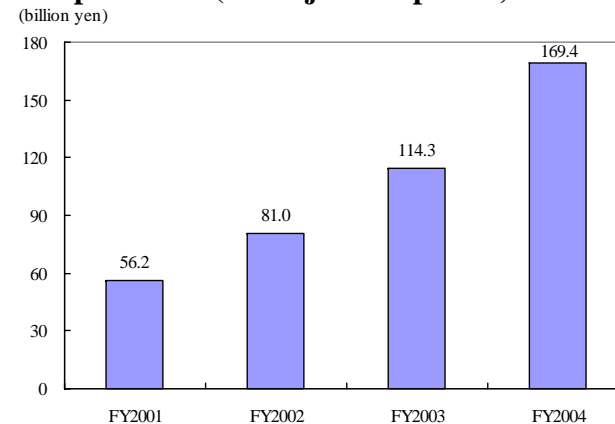


Figure 2: Transition in the amount of Internet securities transactions



Source: Based on Japan Securities Dealers Association, "Research on Internet Transactions."

Figure 4: Transition in the amount of sales by mobile contents providers (15 major companies)



Source for Figures 3 and 4: Produced from materials from the respective companies. 32