

Panel on ICT Growth—2nd Meeting

Summary of Minutes

1. Date and Time

Thursday, February 21, 2008; 15:00–17:00

2. Location

Special Conference Room 1, 8th floor, MIC

3. Attendees (honorifics omitted)

Panel Members: Murakami (Chair), Itami (Vice Chair), Asakura, Okamura, Kishi, Shinozaki, Nohara, Furukawa

Suzuki (Vice-Minister for Policy Coordination), Ogasawara (Director-General, Information and Communications Policy Bureau), Terasaki (Director-General, Telecommunications Bureau), Nakata (Director-General, Policy Planning), Matsumoto (Director-General, Technology Policy Coordination), Matsui (Deputy Director-General, Minister's Secretariat), Suzuki (Director, General Policy Division), Imagawa (Examiner, General Policy Division), Nagaya (Director, Government Information Systems Planning Division, Administrative Management Bureau), Tange (Director, Policy Planning Division, Local Administration Bureau)

4. Proceedings

(1) Following an opening address by Chair Murakami, Vice Chair Itami, who was appointed to the position at the previous meeting, made a speech as outlined below:

It is not just the direction in which various studies conducted by panels appointed by MIC have gone, but also the IT Strategic Headquarters' perspectives governing the national IT strategy that are somewhat biased. That could be one of the reasons the ICT strategy has not had much support. I think the bias is too much emphasis on the perspective of users. Of course, emphasizing the user perspective is definitely a good thing, but when we consider an ICT strategy for the entire nation, in particular, one with a focus on the country's growth, the concerns of the industry, which supplies ICT hardware, software and infrastructure, should be placed on an equal footing with those of users, like two wheels of one cart. An ICT strategy that does not incorporate these two perspectives will be unbalanced.

You cannot use ICT if no one is supplying the hardware, software or infrastructure. The economic growth of the entire country is supported by the industry. Citizens, as users, enjoy

the added value created by the industry. So, we must seriously consider whoever is creating the growth as a resource for added value, correct the current bias and discuss policies from both sides.

The perspective of the industry, which supplies a wide range of ICT essentials, from hardware to software to infrastructure, is often overlooked when a national policy is being developed. I suppose it is partly because MIC and METI develop and implement their industry policies independently. There may be cases where, trying not to tread on each other's toes, they don't go far enough or leave things out. They may have experienced a range of difficulties.

The IT Strategic Headquarters set the goal of becoming the world leader in broadband platforms in 2000, which was its starting point. This goal was very easy to understand and many people responded to it. And the Japan has become such a country. At that time, we considered both the user's wish to enjoy broadband platforms, as well as wishes from the supply-side to develop and supply broadband infrastructure. That motivated the industry on the supply side.

I believe that was very crucial. We must take into account the supply-side perspective. I also hope that we will be provided with objective documents that describe how MIC and METI have been implementing ICT policies.

(2) Representatives of each of the five companies observing gave a 15-minute presentation, based on reference documents.

Nippon Telegraph and Telephone Corporation (Reference 3)

Presenter: Mr. Noritaka Uji, Representative Director and Senior Executive Vice President

Jupiter Telecommunications Co., Ltd. (Reference 4)

Presenter: Mr. Toru Kato, Director, GM, Group Strategy Unit

Fuji Television Network, Inc. (Reference 5)

Presenter: Mr. Kazunobu Iijima, Senior Executive Managing Director

NEC Corporation (Reference 6)

Presenter: Mr. Botaro Hirosaki, Senior Executive Vice President and Member of the Board

NAVIT Co., Ltd. (Reference 7)

Presenter: Ms. Yasuyo Fukui, President

(3) Panel members, representatives from the five companies that made presentations and those

of the five companies that will make presentations at the third meeting (Google Japan, mixi Inc., East Japan Railway Company, Mitsui & Co., Ltd. and Toyota Motor Corporation) then engaged in a general discussion as outlined below.

Asakura:

- The presentations got me thinking about individual empowerment through ICT. What I think is great about NAVIT is that it started from the idea that various needs exist in our immediate surroundings. Moreover, user participation led to the creation of new types of value—an ideal business model.
- NTT emphasized that high reliability is the key to utilizing NGNs in relation to ICT use by individuals, an argument that I found very convincing. If users do not have confidence in the safety and reliability of network services available, they will not use them. SaaS, or software as a service, which is used widely in the business world, could be used in by regular people in their daily lives or in the life of the nation. That is, by separating software, content and data, as SaaS does, individuals can be more empowered.
- The strength of J:COM is the cable-based connection. Such a company that makes a strong connection with users from the beginning can develop that feature to its full potential. Being ubiquitous means being connected. Such a company may be able to propose new services and innovations.

Shinozaki:

- We should enter into the process of developing specific initiatives to combine Japan's strengths and solve issues as we implement such initiatives. In other words, if we do not launch large-scale national projects with budgets of tens of billions of yen, including ODA budgets, to integrate hardware, software, content, support for human resources and so on from a global perspective and with a view to laying a groundwork for the next generation, and deal with specific issues and solutions during the process, people will remain preoccupied with the argument of domestic demarcation. What we should aim for is to implement ICT projects, including support for education and human resources development, in developing countries that have a strong interest in Japan and large population of young people, so that in 20 years' time there are people from developing countries that feel affection for Japan all over the world. I suggest this panel develop a plan to drive specific projects.

Okamura:

- When I spoke to a person from a Kyoto-based broadcaster about the lack of content, I was

told that the broadcaster has piles of valuable photographs but cannot afford to digitize them, so they are just deteriorating. And that is not the only case. I have heard that there are numerous properties as valuable as national treasures and important cultural properties in Kyoto, but people don't know how to deal with rights involved in displaying digitized images of such properties. What is lacking is not content but efforts to discover and integrate content.

- I once saw a presentation on the possibility of a new digital divide that might be created by terrestrial digital broadcasting and was impressed by two interesting remarks. One was that in receiving terrestrial digitally broadcast programs, due to various reasons, delays of up to four seconds can occur as the point of reception is located further from key stations in Tokyo. Similar delay can occur in emergency broadcasting. This will also become a problem for participants in "fastest fingers first" quiz programs that use two-way communications. The speaker pointed out that there might be other types of divides as well. The other remark related to the issue of spillover of broadcast waves. For example, in Saga Prefecture, Saga TV is the only broadcaster besides NHK, but it is actually possible to watch analog programs broadcast in Fukuoka Prefecture and Kumamoto Prefecture. So a decent number of channels is available. However, with terrestrial digital broadcasting, which can strictly limit the service areas, the number of commercial broadcasters could be just one. If no measure is taken, other kinds of divide might be created. That was their point.

Nohara:

- It is great to provide services based on ideas you get from users about their needs, but it is rather a common practice in the service layer. The stance will be different, for example in the infrastructure layer, depending on the role or the layer. The industry perspective is necessary, but it is inappropriate to discuss issues on the basis that industry and users are a pair.
- The agenda items listed in Reference 2 include having specific visions of the future. How shall we deal with this? With the widespread use of the Internet, services that we could not imagine 10 years ago are now available. It is somewhat difficult to come up with specific vision of the future. Rather, we should discuss possible future directions of technologies and services, or specific ways to revitalize society by enhancing international competitiveness.

Furukawa:

- As we saw in NTT's presentation, we must promote working from home, and we need to take the perspective that those workers, regardless of gender, who do not need to commute

don't have to. The term "telework" sounds very 20th century. Is there a better expression for it? I advocate working from home because I wonder if a society that only works when a great number of people go to their workplaces can function following the outbreak of new type of flu or other contingencies. We need to increase telework as soon as possible.

- I have a story to tell in relation to J:COM's presentation. Many of the visitors who stay at hotels in hot-spring resorts in Saga Prefecture are from China and South Korea. They ask the prefectural government to broadcast Chinese and South Korean news and other TV programs, but the high initial costs hinders the implementation of specific measures. Meanwhile, I heard that Japanese people living outside Japan can enjoy Japanese TV programs via the Internet. I hope we can make the best of such a service to provide tourists to Japan with their own country's news at a low price.
- This is related to the Fuji TV's presentation. I have been wondering why the mobile TV that I watch in the car has poor image quality, even in Tokyo. Some people are arguing about program retransmission outside service areas, that is, retransmitting TV programs produced by one broadcaster for one prefecture to another prefecture via cable TV. A broadcaster in Fukuoka Prefecture has been permitted to retransmit its programs in Saga, which is outside its service area, even after the transition to digital broadcasting is completed. This is a rare case across all of Japan. In order to prevent any area from becoming unable to receive broadcast as a result of digitization, we should keep up with developments in the relevant cases.
- In relation to NEC's presentation, I wonder if computers, which cost as much as refrigerators, can have as long a lifespan as refrigerators. I suspect that short life cycle is an obstacle preventing the further penetration of computers.
- As for the issue of regional gaps, I got an impression that elderly people are not familiar with ICT, and that resolving that issue is a challenge. Also, in order to familiarize children with ICT, sending experts who have knowledge, proficiency and teaching skills with regard to ICT technology to schools may be an option to raise children's awareness and improve their ICT skills.

Vice Chair Itami:

- ICT that makes our life more convenient is certainly a wonderful idea, but the basic mandate of this panel is growth. An important point of our discussion is how many jobs will be created as a result. We should investigate measures for that.
- One of the roles of government is to make initial investments in projects that are too risky

for the private sector to invest in. Meanwhile, infrastructure companies should make their best efforts to lower the costs of their services.

- I totally agree on the point that we should create businesses that can compete on the global stage, but we cannot have practical discussion on growth unless we take into account radical restructuring of the industry map.

Kishi:

- We should not dwell on blaming the vertically segmented administrative system of the government. There are many things we can do even under this system.
- Because the various members have wide-ranging perspectives which cover the spectrum from individual to global to regional, we need to structure our discussions.
- With regard to the ICT industry as well as the surrounding industries, we need to analyze data to discover promising areas and future trends, and determine what we should focus on. Furthermore, we, which includes both government and industry, need to identify the areas where we can improve productivity through ICT utilization, and possible barriers to doing so. We should also organize the agenda to examine the industrial system, such as strengthening the constitution of venture companies.

Asakura:

- Some people speculate that super high vision will revitalize the market in 2015, but manufacturers of commercial AV devices are not invited to present their views to this panel. I would like to ask, for example, Sony and Matsushita what future displays will look like, what, specifically, is the information revolution, how will networks change, or how will media change. If we cannot envisage the technical aspects, such as the technologies that will be available by around 2015, we cannot foresee what lies beyond the last one mile.
- I really want to know the vision companies have and how they envision their services in 2015, and I would like the companies who are scheduled to give presentations at the next meeting to consider such points.

Hirosaki (NEC Corporation):

- Attention to the details is one of Japan's strength. If we leverage such a characteristic in international competition, we may be able to propose systems that can strike a chord with people, systems that are totally different from those created by people overseas who are inclined to standardize, average or establish processes for everything. Or, this characteristic can be give as an edge with regard to non-price competition. I strongly feel that we should give these points more consideration in the future.

Uji (Nippon Telegraph and Telephone Corporation):

- There was a reference to how many jobs will be created. We have often observed that development of infrastructures for ubiquitous networks brought about new opportunities for companies to use the networks. If a wide variety of people utilize the infrastructures, a considerable effect can be achieved. Taking such aspect into consideration will lead to enhanced growth.
- At NTT, the telework system has applied not only to women but also to men. I suggest we use the work “u-work,” after the term, “u-Japan.”
- SaaS represents new opportunities to be created as people gain confidence in network reliability and safety. I am thinking about how such networks can be optimized, particularly in areas related to money, corporate confidentiality and individuals (health, electronics, etc.) Libraries have content that can be digitized. I once talked with the Director of the National Diet Library on how we can utilize its content by via an NGN. As the National Diet Library is a public sector organization, the government could take the initiative to launch an interesting project.