

Study Group on the Communications Platform—1st Meeting
Summary of Minutes

1. Date and Time

Wednesday, February 27, 2008; 16:00–18:00

2. Location

Conference Room 1, 1st floor, MIC

3. Attendees (honorifics omitted; in the order of Japanese syllabary)

Study Group Members

Hitoshi Aida (Chair), Izumi Aizu, Takanori Ida, Hiroshi Esaki, Kiyohisa Ota, Makiko Kawamura, Shunichi Kita, Mikio Goto, Harumasa Sato (Vice-Chair), Tetsuro Tsusaka, Mikio Tokai, Sawako Nohara, Mariko Fujiwara, Masayuki Funada, Hiroyuki Morikawa, Noriyuki Yanagawa

MIC Representatives

Terasaki (Director-General, Telecommunications Bureau), Takeuchi (Director-General, Telecommunications Business Department), Ando (Director, General Affairs Division), Taniwaki (Director, Telecommunications Policy Division), Furuichi (Director, Tariff Division), Takachi (Senior Planning Officer, Telecommunications Policy Division), Abe (Assistant Director, Telecommunications Policy Division)

4. Details of Meeting Proceedings

Opening

Meeting proceedings

5. Key Agenda

(1) Outline of the study group meetings

The draft outline of the study group meetings, which was proposed by the secretariat, was approved.

(2) Selection of chair and designation of vice chair

Mr. Aida was selected to chair the meetings. Chair Aida then designated Mr. Sato to be the vice chair.

(3) Current status and issues of communications platform

(4) How to proceed with discussions at future meetings of the Study Group on the Communications Platform

* The secretariat explained the above two agenda items based on the distributed reference.

Q: One of the issues (in reference document 1-1) is “enhanced links between platforms,” not “making platform functions open.” Does this imply that making platforms open, as they have a bottleneck, is not a point of our argument?

A: That is correct. From the perspective of fair competition rules, we aim to achieve win-win relationships between relevant parties instead of strongly demanding openness, so we used the word “link.”

Q: The reference divides platform functions into various categories. I suppose that, in principle, we should discuss platform functions of communications providers that own networks. Is my understanding correct, or are any other types of platform functions assumed?

A: Under the current business models of mobile communications in general, for example, communications providers offer platform functions of authentication and billing in an integrated manner, based on which content providers offer content or services. If that is the premise of our discussion, we may need to consider the providers that have networks and those that do not separately. Providers may further diversify in the future, but established providers such as railroad companies or credit card companies, in particular, have provided functions such as authentication and billing, so our discussion should cover various types of providers.

Q: Many people think that the intent of our discussion is for tightening regulations. I believe that our discussion aims to contribute to creation of new businesses, so we should send out a message to correct the misconception.

A: We should build consensus with a wide variety of relevant parties, with a goal of diversifying business models. I think this study group is an opportunity for such consensus building.

Q: Should this study group discuss platform functions of fixed communications separately from those of mobile communications?

A: It is difficult to draw a clear line on this point. With regard to fixed communications, NGN (next-generation network) is the assumption of our discussion. However, NTT East and NTT West are not planning to incorporate SDP (service delivery platform) in their networks for the time being. We may need to keep on watching how open interfaces will be secured for SNI (application server-network interface) and NNI (network-network interface). We would like to inform you of the outcome of the discussions held at the Telecommunications Council on interconnection rules. As for mobile communications, we should separate dominant providers from non-dominant providers. As FMC (fixed-mobile convergence) has yet to be implemented in an extensive scale, we may separate fixed

communications from mobile communications. Considering ASP (application service provider) and SaaS (software as a service), however, we may also need to have a perspective as to how we can discuss issues without separating fixed from mobile so much. We should advance our discussions depending on the situation.

Q: The reference differentiates the impacts of the upper layers on the lower layers from the impacts of the lower layers on the upper layers. I believe that past MIC regulations were on networks, so we do not have experiences, examples or tools related to the impacts of the upper layers on the lower layers. If there are any problems on this point at all, they might have been caused by the general competition policy.

A: The relationship between the upper layers and the lower layers was discussed at the Panel on Neutrality of Networks. The Panel tentatively concluded that the acts of the upper layers to hinder competition from the lower layers, which is namely dominance, should be handled under the Antimonopoly Law. The current Telecommunications Business Law primarily focuses on the impact of the lower layers on the upper layers. Despite these circumstances, we should see their relations from both perspectives, not from a single perspective.

Q: From the standpoint of regulating communication carriers, our agenda should be the market power of the lower layers over the upper layers. If we need to discuss possible business models, or possible expansion of the market, we should have in-depth discussions on platform functions separately from those on market power. There is a possibility that the platform functions may generate the market power—if such market power is connected with the upper or lower layers, they may cause new problems or become a counterbalancing force against other providers. In addition, before the issue of the market power, we need to think of how platform functions can generate profits. As it is difficult to generate profits from platform functions alone, they need to be linked with something. Demanding openness under the current situation, where platform functions are generating profits by being linked with carriers, will make profit-making more difficult. I think the right order of action is that we have in-depth discussions on possible links for successful business, and then move onto other issues such as regulations.

A: As you have pointed out, we should not just focus on the relation between the upper and lower layers, but view each platform function independently. We should discuss specific functions, rather than having ideological discussions. I suggest that we ask observers to provide us their opinions from specific business perspectives.

Q: Will this study group discuss immediate issues or extensive issues, including the future?

A: The key is how to set the temporal axis. We would like to focus on the immediate issues first. I believe that we will be able to extract basic frameworks and concepts from specific ideas, and that such an approach will help us to ensure coherence in mid- to long-term discussions as well.

Q: Upper layer demands on NGN are not clear. I guess it is because the players in the upper layers are not cooperating with each other. It may be a MIC role to facilitate cooperation among them. Meanwhile, security is a crucial issue in ID portability. Monitoring by a neutral, third-party organization may be needed.

A: NTT has not completed development of NGN, so they have not gotten all of the information. However, they would present specific SNIs and NNIs in the future. Other providers may need to see their move if a wide variety of business models can be built.

Q: Do platform functions, which are the agenda of this study group, cover conventional platform functions on the Internet? If so, what do we think about the current authentication and settlement market? We may need to conduct discussions by differentiating the general theory of platform functions from the status of mobile, NGN, and conventional Internet platform functions.

A: We are not considering an exclusion of particular platform functions. We do not have any specific vision of future discussions, either. We rather hope that all the members of this study group will take this opportunity to develop an extensive argument.

Q: As for authentication, which is one of the platform functions, it is important to design it from the perspectives of sustainability and robustness. From the former perspective, there should be multiple entities to provide the authentication function, so that the function can be secured even in the event of a failure of any of such entities. Having multiple entities is also crucial from the competition perspective. Furthermore, for discussions on platform functions, the relation between platform functions and the Act on the Protection of Personal Information must be clarified. In terms of the provision of IDs and data, the perspective of robustness is critical. We need to study whether the design should optimize platform functions of a single standard or link platform functions of various standards. We need to consider both efficiency and proper competition. In addition, our discussion should differentiate the issue of ID from platform functions, as well as differentiate who will use them from what to do with them.

A: We should consider this opinion in our future discussions.

Q: I agree overall, but I think that we must consider each opinion carefully. As I study ID management, I believe the issues must be in line with international discussions. They also relate to national security. Moreover, some parts that relate to the market are unclear, and do not fit conventional regulations. When we see them under a system, we need to pay attention to governance by various players. Personally, I focus on advanced users and heavy users. We need to watch them, as they have intensive experience, and build a market for them ahead of general users.

A: It is very important to invite a wide variety of opinions, particularly on ID, as it relates to all citizens.

We should make efforts to present the issue in an easy-to-understand way and receive as many opinions as possible.

Q: We may need to hear opinions from broadcasters on the content layer.

A: Currently, we are thinking that the target of our discussion is the platform functions of communications business. There is a separate study group on a comprehensive legal system for communications and broadcasting, and their discussion covers broadcasting. We should see how their discussion develops.

Q: I think goal setting is the key. An important first step is to develop the domestic market environment. Subsequently, we should set global goals for such as exporting content to Asian countries or other parts of the world, or providing platform functions, followed by development of the environment for creativity, such as the launch of a wide variety of terminals.

Q: It is desirable to include the perspective of global competition more.