

Section 7

Digitization of Homes and Companies

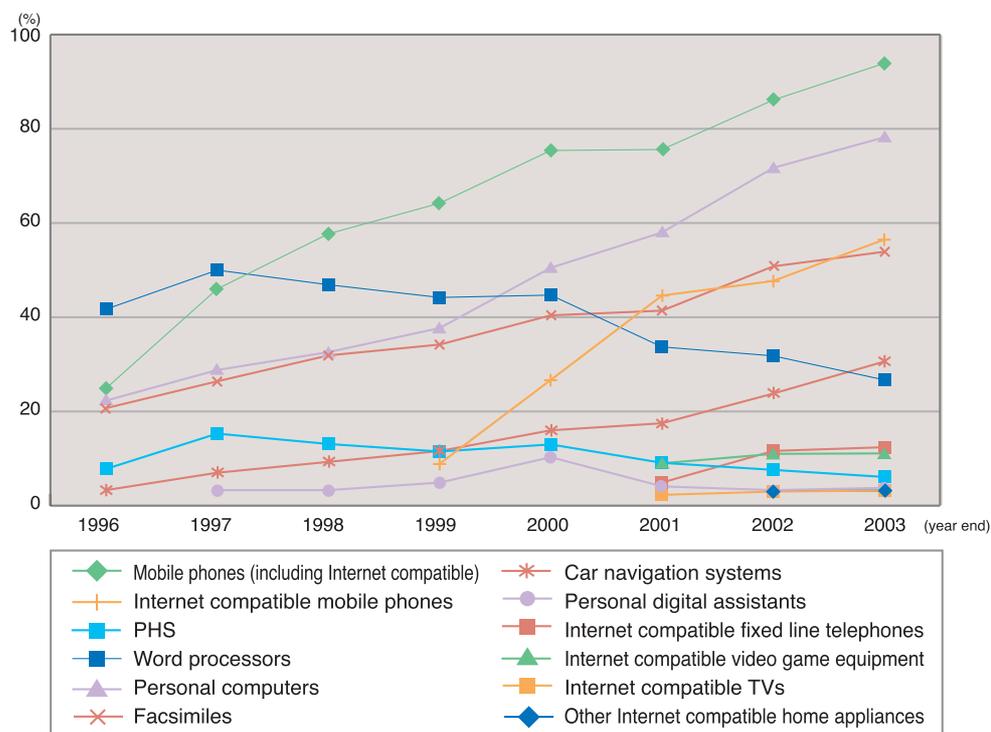
1. Digitization of Homes

As of the end of 2003, household penetration rates for information and communications equipment included 93.9% for mobile phones (a 7.8 point increase over the previous year), of which 56.5% were Internet compatible (an 8.8 point increase over the previous year). The household penetration rates stood at 78.2% for personal computers (a 6.5 point increase over the previous year), 53.9% for facsimiles (a 3.1 point increase over the previous year), and 30.6% for car navigation systems (a 6.8 point increase over the previous year), these showing a continuing increase (Figure 2-7-1).

Annual spending by household on information and

communications services (the total of telephone communication charges plus broadcast reception charges) totaled 141,372 yen (a 6.4% increase over the previous year). Of this, fixed telephone communication charges came to 51,034 yen (a 6.9% decrease from the previous year), mobile phone communication charges to 67,749 yen (a 21.7% increase over the previous year), and broadcast reception charges to 22,589 yen (a 0.9% increase over the previous year). The proportion of information and communications charges within household expenses increased to 3.9% (a 0.3 point increase over the previous year). Internet connection charges in 2003 came to 10,513 yen (a 33.2% increase over the previous year).

Figure 2-7-1 Transition in the Ownership Rate of Information and Communications Equipment (households)



(%)	(Year end)	1996	1997	1998	1999	2000	2001	2002	2003
Mobile phones (including Internet compatible)		24.9	46.0	57.7	64.2	75.4	75.6	86.1	93.9
Internet compatible mobile phones		-	-	-	8.9	26.7	44.6	47.7	56.5
PHS		7.8	15.3	13.1	11.5	13.0	9.1	7.6	6.1
Word processors		41.7	50.0	46.9	44.2	44.7	33.7	31.8	26.7
Personal computers		22.3	28.8	32.6	37.7	50.5	58.0	71.7	78.2
Facsimiles		20.7	26.4	31.9	34.2	40.4	41.4	50.8	53.9
Car navigation systems		3.3	7.0	9.3	11.6	16.0	17.5	23.8	30.6
Personal digital assistants		-	3.3	3.3	4.9	10.3	4.1	3.3	3.8
Internet compatible fixed line telephones		-	-	-	-	-	5.0	11.6	12.1
Internet compatible video game equipment		-	-	-	-	-	9.0	11.0	11.1
Internet compatible TVs		-	-	-	-	-	2.3	3.0	3.2
Other Internet compatible home appliances		-	-	-	-	-	-	3.2	3.2

Source: Communications Usage Trend Survey, MPHPT

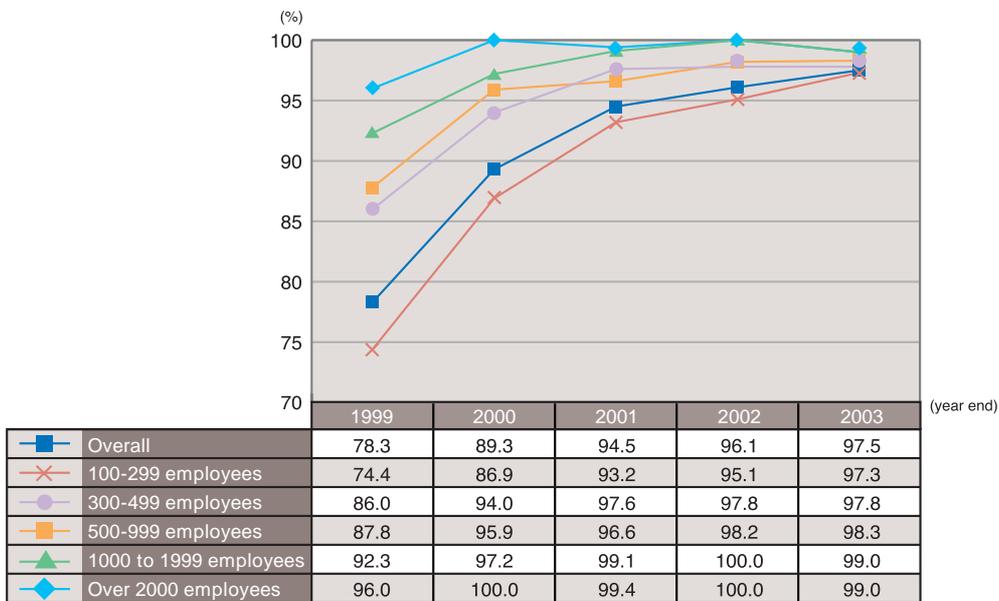
2. Digitization of Companies

The percentage of corporate Internet usage (companies with more than 100 full-time employees) is increasing from year to year, and had reached 97.5% by the end of 2003 (a 1.4 point increase over the previous year). Comparatively smaller companies with between 100 and 299 employees had a rate of 97.3% (a 2.2 point increase over the previous year), so the gap due to company size has almost been eliminated (**Figure 2-7-2**).

The MPHPT also noted in its 2003 Communications Usage Trend Survey that 9.4% of companies were implementing teleworking (a 1.0 point increase over the previous year). Among the reasons given for introducing

teleworking, the most numerous were “increases in work productivity” and “a reduction in commuting times for employees”. Of the companies that had introduced teleworking, 30.9% replied that it had produced excellent results, and 66.1% that there had been some improvement, so that the majority of companies that had introduced teleworking recognized positive results.

Figure 2-7-2 Trends in Internet Usage Rate of Companies



Source: Communications Usage Trend Survey in 2003, MPHPT