Customers' Evaluations Acting as Our Company's Compass

Toru Yamashita,
President and Chief Executive Officer of NTT DATA

Overview

Our third "View from the Top" interview is with NTT DATA. This year marks the 20th anniversary of NTT DATA's spinoff from NTT in 1988. Since then, NTT DATA has become a leading enterprise with sales increasing steadily. We talked to Toru Yamashita, President and Chief Executive Officer, to learn about NTT DATA's plans for improving customer satisfaction and enhancing internal communication with the aim of evolving from a service integration company into an information technology partner.

Improving employee satisfaction to improve customer satisfaction

—NTT DATA's medium-term management policy emphasizes shifting from quantity to quality and becoming No. 1 in customer satisfaction, doesn't it?

That's right. Those are our two main goals, but in the end, I think it all comes down to *becoming No. 1 in customer satisfaction*. If we can change our approach to work with the aim of improving customer satisfaction, I think we will naturally achieve the other goal of *shifting from quantity to quality*.

Furthermore, to improve customer satisfaction, we must also work on improving employee satisfaction. These two characteristics are related. Quite simply, as the degree of customer satisfaction rises, so does the degree of employee satisfaction, and vice versa. To this end, we need to think about the way we work.

—How can employee satisfaction be raised?

By making the content of work more important than the number of working hours spent on it. In other words, it's better to ask "What kind of value can be obtained by spending time on this work?" Here, the meaning of value is not so much monetary value but rather social recognition. We should ask ourselves "What work should be done and in what way should it be done to make it pleasurable and gain social recognition?"

In my younger days, the building of computer-based systems itself was of great value to a society that had distinct needs. At that time, special skills were needed to assemble programs, and only a relatively small number of engineers were capable of doing it. At the same time, many companies were looking to systematize their business tasks and make their work more efficient. By developing these computer-based systems, we were able to make work that had traditionally been done by hand—like inventory control and accounting—much more efficient, which made our customers extremely happy.

Long working hours were also common in those days. Staying overnight at the company was nothing out of the ordinary, and the idea of having two days off at the weekend did not exist. Despite these conditions, building systems was a very interesting endeavor. We took some pride in the fact that it was something that only we could do, and we worked with all our might to meet our targets. This gave us a sense of accomplishment and we were proud of fulfilling our

social mission. Constructing systems was difficult, to be sure, but the challenge made it worthwhile. For any endeavor, you only get back as much as you put into it.

Nowadays, however, the computer has become a commodity, and an up-and-running system is taken for granted. As a result, it takes more than just constructing a system to make the customer happy. Consequently, from the viewpoint of employee satisfaction, we have entered an era in which the constructing of systems itself is, unfortunately, not enough to provide a sense of accomplishment.

Today, customer needs are shifting from systemizing existing business to creating new business and services that would not be possible without systemization. For example, one company might want to combine separate processes performed by different departments into one process to reform business procedures, and another company might like to sell products that have traditionally been sold at brick-and-mortar stores on the Internet. NTT DATA, which has extensive experience and know-how in *how* to systemize, is dealing with diverse issues in order to propose a radical change in *what* to systemize. These issues are deeply involved with what society needs, and meeting our customers' expectations will no doubt give employees a great sense of worth.

—What kind of expectations do customers have of NTT DATA?

Every year, we perform a customer satisfaction survey, and last year's survey included a questionnaire on what the customer expects of NTT DATA and how it views the company.

Since our spinoff from NTT in 1988, our line of work has been expressed by the words *system integrator*. With this in mind, we asked our customers in last year's survey if they still saw us as a system integrator or whether they now see us as an information technology (IT) partner or business partner with which to solve management problems together from an IT or business viewpoint. Amazingly, a little over half of our customers said business or IT partner, while only 20% said system integrator. Moreover, with respect to customer satisfaction, we found that those customers that recognized NTT DATA as an IT partner were the most satisfied. As a result of this survey, we understood for the first time that customer awareness of NTT DATA is changing and that we were meeting customer expectations at least to some extent. All in all, the survey helped us feel much more confident about our efforts.

Today, with customer expectations of NTT DATA becoming much clearer in this way, our goal is to improve customer satisfaction by fulfilling our role not only as a system integrator but also on a higher level as an IT or business partner.

Changing the company through new ways of internal communication

—Doesn't Nexti have a big role in improving customer and employee satisfaction?

Yes, that's right. Nexti [1] is a social networking service (SNS) inside NTT DATA established in April 2006. Based on a study performed by a working group on behavioral reform, consisting of volunteer employees, Nexti was created to break down the walls to awareness, information, and cooperation created by various forms of sectionalism within the company. Quite frankly, I really didn't understand what Nexti was all about at first (smiles). At the same time, when I set out to actually use it, I had no idea that it would change the company to the extent that it already has.

—What kind of effect has been felt?

At present, there are about 6000 employees registered with Nexti. It supports almost 900 communities that involve not just work but hobbies and other private activities as well. The degree of information sharing across departments and generations that we see now is completely different from what we saw in the past without it. There was, of course, a lack of information sharing between different departments, but even in the case of large projects within the same department, there were few chances to speak face-to-face with people in higher positions. At most work sites, the norm was to work in teams of five to six people, but now, with the help of Nexti, an employee can have the sense of working together with several thousand colleagues in a virtual manner.

One very convenient function of Nexti is Q&A (questions and answers). To give you an example, a certain employee was visiting a customer one morning and was asked something complicated about electronic money. On returning to work, this employee entered the question "Please tell me something about xyz with regard to e-money" into Nexti's Q&A corner. In no time at all, a virtual colleague responded to that query, and on the basis of the information so

received, the employee was able to answer the customer's question the same day. I heard that the customer was very impressed with the speedy reply. I visit this Q&A corner a lot and sometimes respond directly to employee questions. I believe that such a speedy sharing of information throughout the company can help employees make great progress in their work.

The daily sharing of information within the company by this rapid means of communication should help create good relationships with customers and, as a result, improve the degree of satisfaction for both customers and employees.

Raising synergy through complementary use of NTT DATA technology and NTT Laboratories technology

—What role does NTT DATA play in terms of R&D?

In today's revolutionary times, we are looking to expand business related to the three arrows of (i) system integration, our traditional line of work, (ii) service, and (iii) software (applying the Japanese saying that three arrows bundled together are harder to break than one arrow by itself). Researchers in NTT DATA's R&D department are focusing their energies on three technical fields corresponding to these arrows: business intelligence with an emphasis on service, a system integration architecture centered on systems, and software engineering that promotes software collaboration.

In software engineering, for example, researchers are reexamining the development process for open source software and embedded software with the aim of developing systems that are even more productive. By pooling these three technical areas with our customers' diverse areas of business, we are looking to expand into growth-oriented fields such as web services, social infrastructure, and health care.

—What kind of relationship are you building with NTT Laboratories, the research center for the NTT Group?

We are actively involved in both personal and technical exchanges with NTT Laboratories. If NTT DATA were to undertake all R&D on its own, it would be limited by time, personnel, and cost. While NTT DATA's research laboratories conduct application research with an emphasis on business, NTT Laboratories concentrates on fundamental research from the viewpoint of long-term results. It also has resources that only a major research institution like that can have, and it has proven research results cultivated over a long history. In this sense, NTT Laboratories is indispensable to NTT DATA, and we are very grateful for the opportunity to collaborate with it.

Likewise, in the IT field, NTT Laboratories has performed fundamental research for many years, and more than a few technologies have finally been realized and put to good use. By finding efficient ways of connecting the fruits of NTT research with application research and business and making complementary use of both companies' technologies, I believe we will be able to respond quickly to our customers' needs.

—Please tell us your expectations of researchers and NTT DATA's aspirations for the future.

Because of company policies, this is not necessarily an era in which one can research whatever one likes. But just the same, the characteristics that I find necessary in a researcher are originality and perseverance as well as consistency. Since managers and the company tend to call the shots, policy reversals can occur suddenly. Nevertheless, even if the company should give up on a certain line of research, it's sometimes important that a researcher maintain his or her sense of individuality and keep going. There have been overseas researchers who researched their favorite subject secretly on their own after normal working hours and went on to receive a Nobel prize. It's that kind of spirit that I like to see in research!

The IT field is making a transition from making business more efficient through systemization to the next step in its evolution. As part of this flow, we too are striving to broaden services and software fields while continuing to promote system integration as a core business and to transform ourselves for a new phase of meeting customer needs. If we regard the establishment of the Data Communications Bureau in Nippon Telegraph and Telephone Public Corporation about 40 years ago as our first founding and the spinoff of NTT DATA Corporation from NTT into an independent company about 20 years ago as our second founding, I believe that we are now going through a third founding. We plan to make as many proposals as we can for things that can be achieved only through IT, and by attaching great importance to working together with our customers in getting results, we aim to evolve into a leading edge innovator.

Reference

[1] M. Kanbe and S. Yamamoto, "Knowledge Creation and Knowledge Management by Enterprise SNS," NTT Technical Journal, Vol. 20, No. 7, pp. 51–54, 2008 (in Japanese).

Interviewee profile

■ Career highlights

Toru Yamashita joined Nippon Telegraph and Telephone Public Corporation (now NTT) in 1971. Following the separation of the former NTT DATA Communications Systems Corporation from NTT in 1988, he served successively at NTT DATA as Senior Executive Manager of the Planning Sector of the Research and Development Headquarters, Senior Executive Manager at the Industry Sales Headquarters, Senior Executive Manager of the Business Planning Development Headquarters, Senior Executive Manager of the IT Business Development Sector, and Senior Executive Manager at the Corporate Strategy Planning Headquarters. In 2005, he was named Senior Executive Vice President and Representative Director. He was appointed President and Chief Executive Officer of NTT DATA on June 22, 2007.