

## NTT DOCOMO's Shift in Strategy: A Sweeping Turn toward Improving Customer Satisfaction

**Ryuji Yamada,**  
*President and Chief Executive Officer of  
NTT DOCOMO*



### Overview

For this issue's View from the Top, we talked with Ryuji Yamada, President and Chief Executive Officer of NTT DOCOMO. To acquire new subscribers in today's mobile phone industry, a mobile operator must gear up for battle in an age of severe competition. It wasn't too long ago that NTT DOCOMO was referred to as "the lone loser," but today it is making sweeping reforms to regain its good name and go on the offensive again. We asked President Ryuji Yamada to tell us more about NTT DOCOMO's current efforts in this competitive market.

### Developing services in a more customer-focused and considerate way

—*Mr. Yamada, you are now making sweeping reforms within the company following the declaration of "New DOCOMO Commitments." What, in particular, are you focusing your efforts on now?*

NTT DOCOMO's new keywords are *change and challenge*. These two concepts act as pillars supporting our execution of the New NTT DOCOMO Commitments and help to promote our reforms.

The Japanese mobile phone market is coming out of its growth phase and entering a mature period. When thinking about the path that we should take under these conditions, I would like to transform NTT DOCOMO through change that can be demonstrated by our actions. In terms of challenge, I would like to drive innovation for diverse services.

From the viewpoint of the mobile phone penetration rate, the market is now in a saturated state, clearly demonstrating the shift from a growth period to a mature one. Needless to say, the strategy that one

must take differs between these two periods, and we have made a distinct transformation in strategy. At one time, we were called "the lone loser," and there's no doubt that there was a time when the number of new subscribers fell off sharply. Nevertheless, we still have many valued customers who keep their contracts intact and receive our services. Thus, for starters, we decided to extend the depth and duration of our existing relationships with 53 million subscribers, by improving customer satisfaction.

It is often said that this goal of improving the satisfaction level of existing customers is somewhat inward looking and conservative. We, however, do not think of it in this way. Rather, we believe that improving the degree of satisfaction perceived by our existing customers will lead us to acquire new customers through word of mouth. It is our desire to provide services that are especially attentive to the needs of our customers who enjoy our services and products.

This grand shift in strategy will produce a big effect in the near future. In addition to improving customer satisfaction, the New NTT DOCOMO Commitments

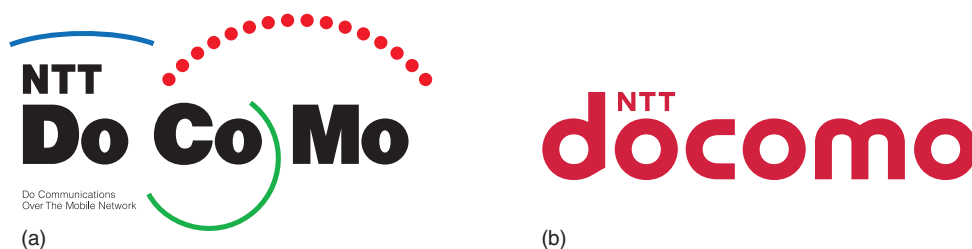


Fig. 1. (a) Old brand logo (1992–June 2008) and (b) new brand logo (July 2008–).

also call for refining the corporate brand. To reflect this goal, we have changed our brand logo for the first time since the company's foundation (**Fig. 1**).

—*What kinds of reviews are you performing?*

Our reforms got under way in August 2007. We used to carry out reforms by having our main office make decisions and regional offices implement these decisions in the field. With this approach, however, on-site staff could hardly feel much involvement in what they did. To resolve this situation, we decided to have on-site personnel, especially brand promotion leaders and others in charge, participate in establishing reforms and to have them conduct studies. In this way, we accumulated opinions throughout DOCOMO and asked participants to make serious proposals about what reforms needed to be made. These opinions were then given careful study.

For improving customer satisfaction, the usual approach would be to improve the skills of personnel dealing with customers at representative offices and call centers. This time, however, I would first like to see employees undergo their own transformation. I would then like them to see things from a customer's point of view and to think about how after-sales service and the network service area should be transformed. In short, I want to review all facets of NTT DOCOMO.

We are also studying the specifications of our products. At present, our handset portfolio consists of just two series of handsets: the 70X and 90X series. However, customer preferences vary depending on the age group, attribution, and preferences. So, with this in mind, we are moving forward with the development of handsets that suit these customer segments.

—*What are you doing in terms of challenge?*

By *challenge* we mean developing innovative services. The penetration of mobile phones themselves in the Japanese market has already topped a hundred million units, so we can't really expect a significant jump in sales. The functions provided by mobile phones, however, are still evolving!

Taking this situation into consideration, we are taking a close look at three key characteristics of mobile phones. The first is immediacy, whereby a user has his or her mobile phone close at hand for 24 hours a day in one form or another, even as a bedside companion while sleeping. The second is the distinctiveness of the mobile phone that is called for depending on who the user is. The third is the GPS function, which can determine where the user is (GPS: global positioning system). In-depth study of these three characteristics would enable us to develop widely varying yet compelling services. Undertaking the provision of these services is our challenge.

#### Evolution of the mobile phone from an information search tool to a personal assistant

—*What kinds of services should be possible with mobile phones having immediacy, distinctiveness, and GPS function?*

The mobile phone evolved from a device you can make voice calls from on the go to one that enables you to acquire various information through email, Internet connection, and other methods. Today, the mobile wallet and GPS functions embedded in your handset work as your lifestyle-support tools.

At this stage, NTT DOCOMO would like to give additional value in the form of *behavior support*. In short, we would like to provide information in sync with the customer's interests and preferences by per-

sonalizing the mobile phone. This is accomplished by what we call an *agent function*, which will provide behavior support closely tied to the individual in real time.

The behavior support will provide users on the go with useful information such as travel delays of commuter-trains and updates on events in their locations immediately. For example, consider a user strolling along Ginza's pedestrian streets on Sunday. Information about nearby events that this user might enjoy will be delivered to only that person's handset. The user doesn't need to perform individual, time-consuming searches to acquire information. In the mechanism used for behavior support, information based on personal preferences registered in advance by the user will be delivered to the person's mobile phone automatically.

Experiences like these can be realized by the immediacy, distinctiveness, and GPS function in mobile phones. This way, additional value is given to our service to support individual behavior, in the role of a *mobile concierge*.

### Toward LTE (Super 3G) deployment by 2010

—Mr. Yamada, please tell us about LTE (Super3G), on which NTT DOCOMO is expending much effort in technology development.

LTE (Long Term Evolution), which we sometimes call *Super3G* to use our own term, is an advanced mobile communications network technology. NTT DOCOMO has been working on LTE system development since 2006. Specifically, LTE is a high-speed version of W-CDMA (wideband code division multiple access). In February 2008, we recorded a downlink transmission rate of 250 Mbit/s and an uplink of 50 Mbit/s over a high-speed wireless network in an outdoor test. The plan is to commercialize LTE from 2010 or later, and by that time, we aim to achieve maximum bit rates of 300 Mbit/s in the downlink and 75 Mbit/s in the uplink. On a worldwide basis, LTE is attracting a lot of attention as the next-generation communications standard, and NTT DOCOMO is collaborating with companies in Japan as well as those overseas for its practical application.

—What do you think are the benefits of LTE commercialization?

There are two major benefits of the LTE network. The first has to do with the functional aspects of ter-

minals connected to the network. The higher speeds achievable with LTE will give displays smoother motion with three-dimensional (3D) information and multiple screens. The delay required for connection and transmission will decrease to a large extent.

The second benefit relates to services. The LTE network will be able to accommodate richer content such as 3D images and moving pictures. It will also enable fighting games online, sporting events and concerts delivered instantaneously, or large files representing books and other documents to be downloaded in a blink.

The provision of these services can be achieved only when the connection is sustainable and the network is capable enough to accommodate the transmission. Should these conditions be achieved, terminals and servers over the network would be able to show much higher performance. The data load imposed on terminals could therefore be eased because it would no longer be necessary for all functions and applications to be loaded on the terminal side. It would certainly lower the cost of the terminal side, as well.

—Is NTT DOCOMO developing this technology on its own?

NTT DOCOMO has been strong in wireless technology from its start, but the services wanted these days need to integrate wireless, fixed, and other forms of access. Thus, in the development of technology for the services, we must carefully consider integrating technologies. For the technologies and experience that we don't have, I believe we must engage in joint development and collaboration with other companies.

Needless to say, NTT Laboratories has a great deal of technical know-how in telecommunications, but it has expertise in content development as well. We think that all kinds of synergetic effects ought to be achieved by linking up with the NTT Group in various ways.

From a fundamental standpoint, NTT DOCOMO will revamp its brand and drive innovation with the spirit of challenge. The innovation supports the spirit of challenge and technology development upholds the innovation. From the perspective of a global strategy, I would first like to turn NTT DOCOMO's wireless communications technologies into world standards. Here as well, I want to promote reform through robust technology and business know-how.

**Interviewee profile****■ Career highlights**

Ryuji Yamada received the M.E. degree in telecommunication engineering from Osaka University's Graduate School of Engineering and joined Nippon Telegraph and Telephone Public Corporation (now NTT) in 1973. In 1994, he took the lead in drawing up NTT's strategic plan for transition from voice-oriented services to advanced IP (Internet protocol) services for the Internet age, which continue to underpin the NTT Group's long-term vision. Over the years, he was also a central figure in planning NTT's 1.7-trillion-yen network of nationwide facilities. From July 1999 to June 2004, he held various top managerial positions at NTT West, where he played a key role in making the company profitable just three years after NTT's reorganization in 1999. In June 2004, he took up the post of Senior Executive Vice President for NTT, where he oversaw its world-class research center and the development of the company's Next Generation Network (NGN). Since joining NTT DOCOMO as a Senior Executive Vice President, a Member of the Board of Directors, and Managing Director of the Corporate Marketing Division in June 2007, he has contributed greatly to the growth and advancement of the mobile market for corporate customers. He assumed the posts of President and Chief Executive Officer of NTT DOCOMO in June 2008.