

Peering into the Future with a Broad Viewpoint—Driving the Global Mobile Phone Market with a Spirit of Change and Challenge

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Overview

The market for mobile phones has entered a mature phase, and determining market needs has become an important issue. In response, NTT DOCOMO is promoting a “Change and Challenge” action plan based on New DOCOMO Commitments announced in 2008. We asked Senior Executive Vice President Kiyoyuki Tsujimura to tell us about the current state of the mobile phone market, technology development at NTT DOCOMO with an eye to driving the global market, and plans for deploying Long Term Evolution (LTE).

Services for today’s mature market

—Dr. Tsujimura, please tell us about the current state of the mobile phone market.

Japan’s mobile phone market has entered a mature phase with the number of subscribers now exceeding a hundred million or 90% of the population. Quantitatively speaking, this would indicate a state of saturation, but in terms of quality, we are still in a growth stage. As the growth in the number of subscribers begins to slow, I would not want to relax just because NTT DOCOMO has a market share above 50% in Japan. Rather, I would like to go back to basics and respond to customer needs, such as increasing the level of satisfaction of current subscribers, increasing the frequency of service use, and enhancing the feeling of convenience.

For example, NTT DOCOMO’s i-concier service (a mobile concierge service) [1] that was launched last

autumn provides location-based information, traffic conditions, and other useful information and plays the role of a personal assistant. In this way, we are changing the way that users view the mobile phone, from “What can it do?” to “What can it do for me?” Here, it is important that we adopt a mindset that welcomes the challenge of providing such new and compelling services.

—Under these circumstances, what will you focus on to expand business?

We have adopted the slogan “Change and Challenge” based on New DOCOMO Commitments and have taken up the challenge of entering new fields with the aim of improving customer satisfaction at all levels of the NTT DOCOMO Group. A good example of how such efforts can have an effect is area coverage. Being able to use one’s mobile phone wherever one might go is a convenience that the customer demands. It is

exactly for this reason that efforts have been made to raise the coverage rate to nearly 100% of the population. Nevertheless, there are still hard-to-find *dead zones* caused by, for example, building shadows.

To deal with this situation, we have launched a “48-hour response service” in which customers themselves help us to improve the coverage rate and get one step closer to perfect coverage. For example, if a customer reports having trouble connecting with his FOMA phone from his house, technicians will respond within 48 hours either by going there in person to examine those radio wave conditions or by remotely checking and rectifying the problem. The information collected in this way will then be used as a basis for improving the coverage rate. This service has received high praise from customers.

—Users seem to enjoy a service that reflects their personal opinions.

Responding to problems that we find out about directly from customers provides us with a shortcut to achieving perfect area coverage, but the point here is that we cannot let customers lose confidence in our company’s products. If they contacted us but then failed to get a quick response, their dissatisfaction would only be multiplied.

The “48-hour response service” also produces a positive effect for the staff of DOCOMO shops. The feeling of relief that the shop staff get from knowing that the technical staff will respond quickly to any problems makes them even more confident in recommending the company’s products. The fact is, a favorable environment within the company works to improve customer satisfaction. I want to make our customers all the more important by such day-to-day efforts.

Japan’s mobile phone market as a driver of the global market

—How would you rank Japan’s mobile phone market from a global viewpoint?

The Japanese mobile phone market is said to be one of the most advanced in the world. Users can watch TV on a Japanese mobile phone and make use of the i-concier service on an NTT DOCOMO phone. Voice calls are merely one of several mobile communications functions, so the term *mobile phone* is coming to be replaced by simply *mobile* or *smartphone* to better reflect this evolution in mobile communica-



tions. In Japan, for example, users who use the mobile Internet make up more than 80% of all subscribers, and those migrating to 3G (third-generation) make up more than 90%. From these figures, it is easy to infer the demands now being made on handsets.

To compete in this ever-changing market, interaction is indispensable: needs must be established, people in various disciplines must be consulted and products developed, and developed products must be placed on the market. Making service provision the focus of one’s business can hardly be accomplished with the ideas of just one person. Communication is extremely important.

A good example of a product born of such communication is the Osafu-Keitai (mobile phone with wallet functions) service [2], [3]. It includes a credit-card function that can be used to pay for not only goods and services but also train and taxi fares. We didn’t put it on the market until we were confident that it provided outstanding usability. The idea for this service was born from interaction with transportation-related companies, and discussions with chain-restaurant companies like McDonald’s led to the birth of the mobile-phone coupon. Most of my work involves communication (smiles). Through ongoing conversations with my staff, words and ideas take on form.

By the way, core themes must be firmly stated to give birth to new ideas. In the case of a mobile phone, these would be personalized functions, right here, right now. The mobile phone has realtime characteristics, and a GPS (global positioning system) function can identify one’s present location. In addition, determining how best to use properties like personal authentication and realtime immediacy made possible by a portable, hand-held device is fundamental to

coming up with new ideas. With these core themes in hand, we can explore action plans with partners in outside industries.

Where no one has gone before:
the virtually unlimited potential of mobile phones

—How do you see the mobile phone industry evolving from here on?

Future evolution of the mobile phone industry can be divided into *real-world and cyber-world convergence, conversion to broadband, and globalization*.

First, the Osaifu-Keitai service that I mentioned earlier is a good example of real-world and cyber-world convergence. Using your mobile phone, you can make and cancel reservations for Japan's Shinkansen railway lines as many times as necessary to cope with changing circumstances while you are on the move. The objective here is to have Osaifu-Keitai grow into a personal tool for optimizing one's daily activities.

Next, conversion to broadband is a basic direction in the evolution of mobile communications technology, but as technology advances, attention should also be given to what broadband capabilities can do for the customer. For example, if a user enters the keywords "cherry-blossom viewing" on a handset with a broadband connection, he or she should be able to watch a video showing the current state of cherry-trees blossoming in various different places.



Meeting customer needs in this way is the key to making the most of broadband capabilities.

In addition, the deployment of the Long Term Evolution (LTE) wireless scheme [4] will enable the provision of information at even greater capacities. This deployment is scheduled for the second half of fiscal year 2010, and preparations are progressing smoothly. Specific services are still under study, but the provision of video is expected to be a mainstream service along with the i-concier service. High-speed, large-capacity capabilities will facilitate the provision of video services. At present, we are providing video content especially designed for handsets through a joint venture with the Avex Group, and we are also cooperating with television studios in this regard. Since LTE deployment is only about a year away, I hope everyone will look forward to the services that will eventually be offered.

Finally, as for globalization, the number of mobile phone subscribers in the world currently stands at about four billion, with an annual rate of increase of about 20%. Japan's handset technology is about two or three steps in front of the global average, and the day when Japan's mobile communications industry sets global trends is certainly coming. In fact, mobile communications operators throughout the world are already taking a good look at the Osaifu-Keitai service. Since evolution here occurs by matching up technology with market needs, the world is bound to follow Japan's lead. Although specific formats and technologies may differ overseas, I would like to provide our know-how to other countries. To me, globalization means the expansion of advanced technology from one country to another.

NTT DOCOMO has already entered the markets in India, Bangladesh, and elsewhere, and we have found that an enthusiastic spirit ready for a challenge and a desire to communicate are very important when bringing technology into another country. Of course, it's not just a matter of deploying a Japanese service. The special circumstances of each country must be taken into account, and we must train our staff to have a global perspective so that they can adapt the content appropriately. A globally oriented employee is a person who has a firm understanding of our business and mobile communications while being skillful at developing services.

Now is the first time in history that people can walk around with so much information at their fingertips. The future of mobile communications is an unexplored region unprecedented in human history, and the virtually unlimited potential of mobile phones is

truly fascinating.

Social responsibility as a pioneering company

—*NTT DOCOMO now has the image of a global player. What role should the company play as a pioneering company?*

Our sales for fiscal year 2008 were about 4.4 trillion yen (US\$ 46 billion), but as a leading company, we mustn't rest on our laurels. I want to take on the challenges before us with a proactive, persevering spirit that is part of the company's DNA that we inherit.

For example, a very important mission for us at this time is to research ways of using a handset's GPS function and key technologies like Osaifu-Keitai to enhance medical care, environmental protection, etc.

It must also be considered that new technologies are not always used for good purposes. There is also a dark side to technologies as reflected by recent problems such as children getting caught up in criminal activities through online dating sites and the elderly becoming victims of bank transfer scams. NTT DOCOMO provides an important platform to society, and we see it as our social responsibility to face up to this dark side of technology and deal with it accordingly. This viewpoint gave birth to NTT DOCOMO's Kids' Phone—a child-friendly handset—that comes equipped with various safety functions including an anti-crime alarm and a GPS location function.

I would like to ask all employees to think hard about ways that they can contribute to society through NTT DOCOMO. If one responds to social needs through a company, one can accomplish much more than one can with individual efforts. To all employees, I would say, "Take bold actions."

References

- [1] <http://www.nttdocomo.co.jp/english/service/imode/make/content/iconcier/index.html>
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- [4] S. Abeta and M. Ishii, "Standardization Trend for Super 3G (LTE)," NTT Technical Review, Vol. 6, No. 11, 2008. <https://www.ntt-review.jp/archive/ntttechnical.php?contents=ntr200811sf4.html>



Interviewee profile

■ Career highlights

Dr. Tsujimura received a master's degree from the Tokyo Institute of Technology Graduate School of Science and Engineering in 1975 and a master's degree from the MIT Sloan School of Management in 1987. He holds a doctorate in social engineering. Since entering Nippon Telegraph and Telephone Public Corporation (now NTT) in 1975, Dr. Tsujimura has held a number of key posts including Managing Director of NTT America, Managing Director of the Corporate Strategy and Planning Department of NTT Mobile Communications Network (which became NTT DOCOMO), Managing Director of the Global Business Department of NTT DOCOMO, Managing Director of the Corporate Strategy and Planning Department of NTT DOCOMO, member of the NTT DOCOMO Board of Directors, and Managing Director of the Products and Services Division of NTT DOCOMO. He has held his current position since June 2008.