

## Taking on the Market with Vision— Using Brand Power to Pioneer Novel Services



### *Toshihiko Kumamoto, Senior Executive Vice President, NTT WEST*

#### **Overview**

NTT WEST is executing a variety of measures to survive and thrive in many highly competitive areas. It is involved in a series of new projects such as Smart Hikari Town in various regions in Japan having diverse cultural and social needs. We asked Senior Executive Vice President Toshihiko Kumamoto about the frame of mind that NTT WEST must adopt to ensure growth going forward.

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#### Smart Hikari Town project got off to a good start

—Mr. Kumamoto, please tell us about the company’s current endeavors in western Japan.

At present, there are more than 8 million subscribers to the FLET’S HIKARI optical broadband service at NTT WEST. We have set a target of 9 million subscribers, and to this end, we are engaged in providing a variety of price plans and a diverse lineup of services. In addition, I feel that we, as a company, have great potential—there are still many things that we can accomplish.

Our work from here on will not simply be the deployment of more optical fiber networks. Rather, it will be to help solve all sorts of problems and issues within the home and the company by making full use of our technologies. In short, we want to make our technologies useful in diverse scenarios of everyday life including education and shopping, emergency/disaster response, and implementation of energy-saving methods.

—Smart Hikari Town seems to be an example of using those technologies in a comprehensive manner.

That’s right. Let me tell you about Smart Hikari Town Kumamoto as a showcase example of that.

In 2012, NTT WEST entered into a “comprehensive cooperation agreement for regional revitalization through ICT (information and communication technology) utilization” with Kumamoto Prefecture and Kumamoto City as part of a plan to stimulate regional communities and improve community services. Through this project, we aim to collaborate with local residents on improving community services and achieving a new style of information distribution using ICT. We will explore ideas such as the use of television (TV) technology to monitor elderly people or children who need constant nursing care, and the visualization of current service conditions in municipal bus and railway systems.

In this project, information belonging to the local government and data submitted by residents such as posts in social networking services and word-of-mouth information will be collected and stored on the

cloud based on a geographic information system. This huge volume of data in different formats that we call “big data” will be combined and visualized in a form useful for city management. Our target is urban development based on efficient and effective town-type clouds.

This project has gotten off to a smooth start for two main reasons. First, Kumamoto City, among many local governments, is a prefectural capital that has an appropriate scale in terms of population and area. Second, the governments of Kumamoto Prefecture and Kumamoto City have been extremely cooperative in this pioneering endeavor. In this experiment, it will be necessary to test the usability and other aspects of this smart city from diverse viewpoints. These will include our viewpoint as preparers of this environment and the viewpoints of users such as managers of retail stores and their customers.

Actually, we have already collected opinions of people living in the smart city and those of people visiting as tourists and have received comments in line with our expectations as well as comments that we did not expect at all. Some people commented on how they enjoyed the town guidance provided by the region’s character mascot named “Kumamon,” but others voiced concerns about convenience.

#### Importance of generating interest in NTT WEST technologies

I believe it is important that we get our customers interested in the services and technologies of NTT WEST, and hearing comments such as “It’s interesting!” and “It’s fun!” is a good place to start. From the viewpoint of users, it should be easier to become familiar with services and technologies that are interesting and fun to use.

In this regard, NTT Solmare, a subsidiary of NTT WEST, is in the business of delivering content such as e-books (electronic books) and dating games oriented to smartphones, personal computers, and tablets. This year marks the tenth anniversary of its “comic CmoA” e-comic delivery service that has become one of Japan’s long-standing top-level sites. It has grown into a hugely popular site focused on worldwide delivery of e-comics. NTT may have an image of being serious and rigid, but our young employees had lots of fun working out ways of displaying cartoon balloons on the screen of a smartphone.

—Where did this unique approach of NTT WEST originate?



Each of the 30 prefectures in which NTT WEST provides services includes competing operators. We therefore find ourselves in severe competition with other companies in the Internet communications business, so we regularly have to start various new endeavors in order to maintain a competitive edge. To effectively cover a wide area with many cultural and lifestyle differences, we must first of all provide a high-quality network and other telecommunication infrastructure facilities on a uniform basis. Then, in terms of services, we must make sure that the sales department obtains a firm understanding of the features and needs of each individual area.

We are fortunate to have high brand power in the name NTT WEST that has been nourished since the days of Nippon Telegraph and Telephone Public Corporation. This brand is associated with a “sense of security,” that is, an awareness of NTT WEST as a company that will never disappoint its customers when it comes to technology and services. It’s true that customers sometimes make comments to the effect that “fees are too high,” but this can also be taken to mean that they are using NTT WEST services with confidence and expecting us to work harder to reduce costs.

When sales personnel visit a potential customer for the first time, the familiarity of the NTT WEST brand means that we are almost never turned away at the door and enables us to at least present our proposal to a receptive audience. This is testimony to the trust that customers place in NTT WEST compared with other operators. In addition, we have inherited NTT’s long-time reputation of providing “bridges.” We have a strong sense of mission to restore telecommunication facilities as quickly as possible when a natural disaster or other mishap occurs so that customers can continue to enjoy services.

With this brand power and worthy mission in hand, we venture forth into the market, but to survive the severe competition that I mentioned, we must create new value such as smart cities and e-comics.

We still have great potential as a company—taking on the market with vision

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*—In the end, the foundation to such novel services is technological expertise. What message would you have for NTT researchers?*

I believe that we have great latent abilities including untapped strategies. As for issues that we need to address, price will always be a matter of concern, but it's technology that supports services and product quality. Technology is continuously evolving, and we must make sure to introduce it in a timely manner to respond effectively to customer needs. It is you, our researchers, who support this technology. I would ask you to keep your eye on the market at all times and to take up the challenge of developing innovative technologies with a sense of vision.

Of course, we at NTT WEST must also face the market with vision and discern customer needs. Going forward, I would like all of us to work together to create convenient, low-cost, and high-quality prod-



ucts. For example, while Japan has achieved a globally high penetration of infrastructure facilities for optical fiber networks, we would like to see more research and development (R&D) done to ensure that the repeater span-length in an optical transmission can be even longer, that the circuit can be switched without interrupting services, and that the network configuration can be simplified.

In addition, the growth in the use of optical broadband service for the home is slowing, so we are very interested in R&D that will enable a greater use of bidirectional communication via TV and Internet lines. We are also interested in the delivery of 4K/8K ultra high-definition video. I'm sure all of you remember the impact of converting from analog to digital media a while back, but I would now like you to pour your efforts into R&D of high-presence video that will generate an even greater impact on users. On our side, we will take a proactive approach to using events such as public viewings as opportunities for exposing our customers to your research achievements.

A change of pace is important—taking a break can raise performance!

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*—What is important to you in your work?*

Today, ICT is more than just a communication tool—it has become an essential means of making our everyday life easier and our business activities smoother. For this reason, I'm sure that the importance of ICT and the convenience that it provides will continue to increase in the years to come. On the other hand, ICT has given birth to conditions in which we are always in contact with someone; that is, we are always in an "active" state. They say it is now difficult to make "downtime" for ourselves in which we can relax and catch our breath.

A 24-hour day is provided equally to all. How those 24 hours are utilized depends, of course, on the individual. For me, dividing up that limited amount of time into active and downtime states is very important. The time that we have to concentrate heavily on things is not really as long as we might think. Moreover, keeping our attention on one thing from one angle may cause us to miss other things of importance. I believe that adding some variety in one's life and changing one's viewpoint and mood from time to time will bring unexpected ideas to the surface. If we don't employ some foresight not only on a day-to-day basis but also over several days or even several

months, I think it will be difficult to allocate time in a satisfactory manner.

— *Mr. Kumamoto, can you leave us with a message for all NTT WEST employees?*

Putting the things that you are involved in to good use in society—such as making the technology that you develop into practical products, turning your designs into actual facilities, and getting our customers to actually use the fruits of our efforts—is one of the great blessings of work. At the same time, relationships with colleagues with whom you work can deepen with each passing year, and the number of people that can come to your aid in times of emergencies can increase. For me, this is the joy of living!

I believe that I would not be where I am today if I did not have such bonds with people. Forming long-time associations with people both inside and outside the company and from a variety of backgrounds can support your individual growth. I would like everyone to put the formation of relationships with all kinds of people regardless of their age or position at the top of their agenda.



### **Interviewee profile**

#### **■ Career highlights**

Toshihiko Kumamoto entered Nippon Telegraph & Telephone Public Corporation in 1980. After serving as Senior Manager of the Planning Department and Director of Personnel Department No. 2 at NTT WEST and as Manager of the NTT WEST Kumamoto Branch, he became President of NTT West Home Techno Kansai in 2008, NTT WEST Senior Vice President Tokai Regional Headquarters and Manager of the NTT WEST Nagoya Branch in 2010, and NTT WEST Senior Vice President and General Manager of the Network Department, Plant Headquarters in 2012. He assumed his present position in June 2014.