

The Role of Network Service System Development

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Recently, network services have been evolving at a startling pace. I heard a quiz question that asked, “The most important single item to keep with you when traveling abroad is your passport. What is the most important item to carry when you are traveling in Japan?” The answer was a mobile phone. This is because we constantly use mobile phones for a wide range of familiar applications; they serve as telephone set, e-mail terminal, clock, scheduler, address book, camera, voice recorder, and video recorder. We can even use them to reserve tickets or check train routes and schedules. In the future, we can expect that mobile phones will be used for even more diverse applications, such as electronic wallets and electronic passports.

In addition to mobile phones, new devices are appearing one after another, such as information appliances, wearable computers, and IC tags, and services are becoming increasingly diverse. Some of these services can be received using only the devices themselves in a stand-alone manner, but in many cases network connections are essential or raise the value of these services dramatically. Supporting this networking is at the core of the NTT Group’s business.

The proportion of Group business accounted for by networks and communication has changed dramatically. The availability of free or inexpensive IP phones indicates that we can no longer look to networks as a source of profits. Meanwhile, although the mobile phone content market is worth 216 billion yen, DoCoMo and other mobile communication car-

riers have secured only a very small segment of it— a mere 19 billion yen. (Source: Analysis by Booz Allen Hamilton (Japan) Inc., based on the 2004 Telecommunications White Paper; Shukan Diamond, Jan. 24, 2004)

Will the NTT Group break away from the network business, then? No. The essence of the NTT Group’s competitive strength is “networks,” as it has been in the past, so we believe that it would be a wise choice to continue to emphasize this business in the future. That means that many of the new business models that the NTT Group should work to create will need to be based on network services. In that sense, network service system development will play a very important role, and people will have great expectations of this field. However, such high expectations may not be fulfilled and we may consequently receive harsh criticisms. We must take such criticisms to heart, digest them, and respond to them by offering positive improvements.

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