New approach is needed to benefit from the Broadband in Japan

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Japan offers the fastest and cheapest broadband communications services in the world. When it comes to the question on whether people are getting benefits from this state of the art infrastructure, however, it is a different story.

Broadband Internet access is a rising tide in Japan, and price competition among service providers gives Japanese consumers plenty of choices.

According to a survey by the International Telecommunication Union (ITU), the United Nations organization that coordinates telecom policy, in April 2003, Japan was ranked No.1 both in price and speed in the broadband competition. The ITU first compared broadband internet connection fees as a percentage of average household income in various nations. Japan was ranked the lowest with 0.8 percent and the United States ranked 5th at 1.4 percent. When comparing the monthly cost per 100 kbps of service, Japan again topped the list with the cheapest, 0.18 dollars—it surpassed South Korea which used to be the frontrunner of broadband deployment. The United States ranked 8th at 2.86 dollars, about 16 times more expensive than in Japan.

Despite the popularity of broadband, the reality is that few subscribers actually have the need for all that speed. In a March 2003 Internet-use survey administered by the Ministry of Public Management, Home Affairs, Posts and Telecommunications (MPHPT), 65.3 percent of respondents said they use the Net for e-mail and 59.1 percent for information searching. Only 12.9 percent claimed that they use it for viewing video and 7.2 percent for online gaming--two of the main reasons for having a broadband connection. Moreover, e-Japan initiative, a government activity to facilitate the usage of the Net to expedite digitization of individuals and businesses widely, is not progressing as it had been expected.

Among other applications, Internet-based telephone service is extremely popular in Japan and the VoIP (Voice over IP) is emerging as a killer application for broadband access. Although regulation of VoIP is still an open issue in the United States, Japanese government was very quick to decide the regulatory framework on VoIP and started allocating phone numbers for IP phone service companies. As a result, IP telephony subscribers have already exceeded 4 million whereas it is still merely over 10,000 in the United States. Moreover, many communication companies in Japan are trying to provide converged services where not only voice but also text message, photo, and video contents are all digitized and sent over the broadband network seamlessly.

Another important sector where more effort is needed is in the government agencies. Although several transactions became possible on-line, there are still lots of paperwork which could be digitized and be conducted over the Net. The government should lead in stimulating productive usage of broadband; for example by

actualizing online election or by allowing online discussion between candidates and the public during elections.

The private sector should make an industry-wide effort to invent a new business model on broadband. Broadband is not just a high speed network. It is the next generation infrastructure which changes how people communicate and receive information and entertainment. Not only people but also machines can communicate a large amount of information over this platform. Since Japanese companies are strong in electronics, home network, where various types of home appliances can communicate with each others to make our life more convenient and secure, it could be the highest potential field.

For the people in the United States, if you want to know what will happen in the United States next, I recommend that you look at the Japanese broadband market as an example. In the United States, VoIP has just started and deployment of fiber access to the home is far from finished whereas in Japan, it is already there. U.S. companies are very strong in computer technology and video content. Together, the United States and Japan will be able to revitalize the gloom in the telecom industry and a way of life fitting the 21st century where people everywhere can communicate over broadband; where anybody can work at home without sacrificing productivity.

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