Changes in the Environment Surrounding Service Business

The “Network Society” has become a reality. The Internet is growing in both size and coverage. Recently, expansion in the use mobile devices, particularly portable phones, is also proceeding in high gear. For example, over 20 million people now use the i-mode service of NTT DoCoMo.

At the same time, the government is proceeding with deregulation. That will have a big impact, changing the structure of business and resulting in consolidation and combination. Some examples of changes to the structure of business and industry are [a] “entry into other business segments,” such as distribution companies becoming involved in finance, [b] increased merger activity, with the aim of improving enterprise power through increased scale, etc.

In addition, the start up of new ventures, centered around Internet business, continues apace. Because these businesses can be started with little investment in equipment, it may be said that this is an area suitable to start ups having weak capitalization. By maintaining unique strengths and skillfully creating a new business scheme, some venture businesses have built business models to compete alongside large companies who have raised external capital. In this field of Internet business, it seems that a good business scheme, thorough footwork, and speed are the factors which determine business success.

Expectations and Challenges

Our company, for many years has developed products related to information processing and communication and we have gained the patronage of numerous customers. To develop such products, we have invested in technical research and development and have actively pursued alliances with advanced companies all over the globe. Our focus has been on development of business based on the so-called B2B model, and fortunately we have been able to do business domestically with many customers, such as financial institutions, government and municipal offices, communications carriers, manufacturers and travel/transportation businesses.

From the standpoint of service businesses, in addition to our traditional services, such as maintenance service (for computer systems and communications systems) and network supervision services, we added total network service, including Internet business service for business use customers. We provided this service to many customers under the @PTOP brand, but basically it was a service within the scope that goes along with system construction. However, accompanying changes in the business environment, we recognized that for customers to attach high value to our business offerings, we would have to go as far as working together with them, as one, to create and commercialize new services.

We actively developed and expanded our product & system building business and created new service businesses. Then, based on the know-how we gained from our service business, we proceeded to develop new products. Repeating this cycle, and enjoying a synergy effect from the convergence of these factors, we are responding to the expectations of customers in ever broader ways. For our company, this represents a major business chance to strengthen and expand two businesses (products and services), so we plan to grasp the chance and actively take on this challenge. (Figure 1.)

The Areas Which SSC is Challenging

System Solutions Company (SSC) delivers a variety of solutions, such as financial channels, communications/transportation systems, electronic government, ITS, geolocational information, security, ERP, etc. These are provided to major users like financial institutions, government and municipal offices, and the travel/transportation industry. Among these, we hold the top share in the domestic (Japanese) market for ATM’s for
financial institutions and automatic ticket machines for the transportation industry. We are putting to use these strengths and actively developing our growing know-how into new products and e-businesses.

Last year, we established a new company, Japan Business Operations Co., Ltd., which is an ATM operations and management service. There is strong demand for improved efficiency through use of ATM’s as unmanned operations channels. Decreasing running cost of ATM’s was a big topic, and outsourcing is viewed as a means of accomplishing that. To respond to such customer needs, the new company provides a comprehensive service, from operation/maintenance of ATM’s to the business of operations supervision.

In addition, as Internet business has become a viable reality, we have prepared solutions based on software/services which can respond to needs in that area. These include “e-products” such as Web transactions, CRM, Internet settlements, and network security. These solutions have overcome some of the weaknesses of the Internet and have achieved “real-time capability, customer confidence (through reliability and safety), and convenience,” thus solving customer problems across the various stages from consulting to system construction and operations management. Putting these solutions to use, we are developing a variety of service businesses. As one element in this strategy, we established Payment First Corporation which is an Internet settlement service company. At present, to improve its business speed, it is developing its business from that of the SSC to an independent Internet business company.

In this special edition, in addition to the above two service businesses, we will introduce other services we have developed. These include [1] “Travel Marketplace,” a B2B infrastructure for the travel industry based on “cyber solutions” to the problems of the travel industry, such as a Web-based reservation system, a content hub, and electronic delivery of contract documents, [2] “MRO Business” which is being addressed by our affiliated company, Oki Customer Adtech Co., Ltd. and [3] a “vehicle management service” which utilizes GPCTI, a geolocational information which melds together CPS technology and CTI technology.

The Areas Which NSC is Challenging

At Network System Company (NSC), we are developing solutions related to the construction of networks for communications companies, (service) providers, government and municipal offices and business users.

Through IPnet Corp., which was established in 1999, we offer a “one stop” menu of integrated network solutions to customers. These include a Business Consulting Service, a Networking Integration Service, and a Professional Service, which are provided according to NSC’s overall plan. In addition, under the brand name of @PTOP, we are developing a provider service for enterprises, using our leading edge systems and technology. This will enable us to provide an integrated service, even including the function of Internet service provider.

Our Business Consulting Service focuses on how (from the viewpoint of TCO) to plan strategically and develop network evolutions which become the foundation for greater customer benefit from IT. In parallel, making use of our leading edge products and technology, we propose new businesses of the “mutual creation of value” type, to be done in cooperation with customers. Currently we are putting effort into developing such new services as: [1] a unified messaging service intended for communications companies which uses our CTStage as its core, [2] a Web diagnosis system aimed at service providers which utilizes IPnetVisy, [3] TCO reduction by means of VoIP which can be offered to business users, and [4] methods of improving the quality of customer service through CRM.

Our Network Integration Service, based on the concept of “confidence, high quality, and scalability” and building on the communications equipment manufacturing technology which our company has built up over many years, provides the following services: [1] design and construction of carrier networks aimed at the broadband era, [2] design and construction of intranets which integrate voice and data, and [3] design and construction of high-capacity, high reliability data centers. In particular, we are in the midst of developing a solution built around our carrier-class integrated service system, “Center Stage,” which was designed to meet the demand for company intranets to be outsourced from carriers, by means of IP-VPN. In addition, to respond to needs for image-services, which are expected to grow in the future, we are putting effort into development of a network service solution which, based on Linux servers, enables construction of high reliability data centers at a reasonable cost. Finally, we have completed a “network competency center” equipped with leading-edge broadband equipment / computer telephony equipment. This is intended to increase customer satisfaction through before-the-fact inspection / verification of customer systems, verification of the connectivity of multi-vendor equipment, verification of performance stability, etc.

As for our Professional Service, we provide a large-scale proxy-type Intranet operation service, working in connection with Oki Customer Adtech Co., Ltd., a major function of which is providing carrier-level 24-hour full-support maintenance service, by means of a service network of over 300 centers across Japan. In addition, we are developing the capability to provide ASP services, such as groupware / parts information assistant. These would be offered as applications for business customers through @PTOP.

Even today, customers’ perceive that the value of individual pieces of hardware is diminishing. In the future the issue of how to speedily achieve total solutions with a reasonable investment will become the most important Key Factor for Success (KFS). Oki Electric, as a network-centric solution provider which builds on its technological capability, is diligently proceeding to develop service products which have real value for customers.