Nippon New Market "Hercules"

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Japan Communications Inc. Moves Toward Offering Data Communication Services through Mobile Phones

Today, in preparation to offer data communication services through mobile phones, Japan Communications Inc. (JCI) announced their submittal of a proposal to NTT DoCoMo Inc. (DoCoMo) for a connection with DoCoMo's packet switching equipment used for i-mode mobile wireless devices.

DoCoMo's mobile phones are equipped with both voice and data communication functions. Currently, DoCoMo's mobile phones use the i-mode platform for data communication, but JCI holds that there exists great potential need for cell phone data functions to be used without relying on the i-mode platform. Because of this, JCI is examining the possibility of offering services to connect from DoCoMo's cellular phones to other networks, such as directly to corporate networks, without going through the i-mode platform (see Fig. 1). In preparation for doing so, based upon DoCoMo's interconnection agreement, JCI proposed a connection with i-mode switching equipment.

DoCoMo's cellular phone customers frequently use i-mode for purposes other than voice communication, such as i-mode mail and the i-mode browser (for browsing i-mode and other content). However, in the current enterprise market, there are few cases in which i-mode mail is used as part of the corporate mail system. For some corporations there are problems with forwarding work-related mail to the external i-mode platform in light of corporate security policies, as well as resistance to communicate with contacts from an i-mode address rather than a corporate address.

It is hoped that, in the enterprise market, mail over cellular phones will come to be used in a similar fashion as mail over PCs; that is, making direct connections from cellular phones to corporate mail servers, without going through the i-mode platform. Similarly, for web browsing over cellular phones, direct connections would be made to corporate intranets without going through i-mode, allowing cellular phones to be used, like PCs, as data communication terminals.

Furthermore, banks, security firms and other content providers are currently offering services over i-mode, but if they could construct a customized networks between cellular phones and companies without going through the i-mode platform, it will be possible for them to apply that advantage toward the development of new services. Today, although cellular phones are commonplace, JCI is providing support for the development of new services that will allow cellular phone data connectivity functions to be used more freely, and the number of corporations that are ready to consider the move to offer these services is quickly increasing.

The cellular phone market is currently moving towards greater consumer choice, following the the separation of cellular phone terminals and cellular networks into two separate and distinct layers (see Fig. 2). Following the introduction last year of the mobile number portability system, there has been widespread debate within the market on issues such as terminal sales subsidies and SIM Lock. JCI holds that it is only a matter of time before customers will be able to use a phone number that they have had for many years with the cellular phone terminal they want on a network of their choice. Therefore, unlike the i-mode platform, where the cell phone provider bundles the platform with the network, customers should be able to choose the platform they want to use, and JCI continues to drive this forward.

JCI's proposal will build upon a standard menu of items from the interconnection agreement that DoCoMo has officially announced. DoCoMo has already established conditions that would allow connections to be made. Notification of the initial dates and charges for specific service offerings will be made once preparations are in order.

In addition, the start of this service is expected to have an impact on performance for this fiscal year; as this influence becomes clear, and if it is highly significant, further notification will be made at that time.

Figure 1.

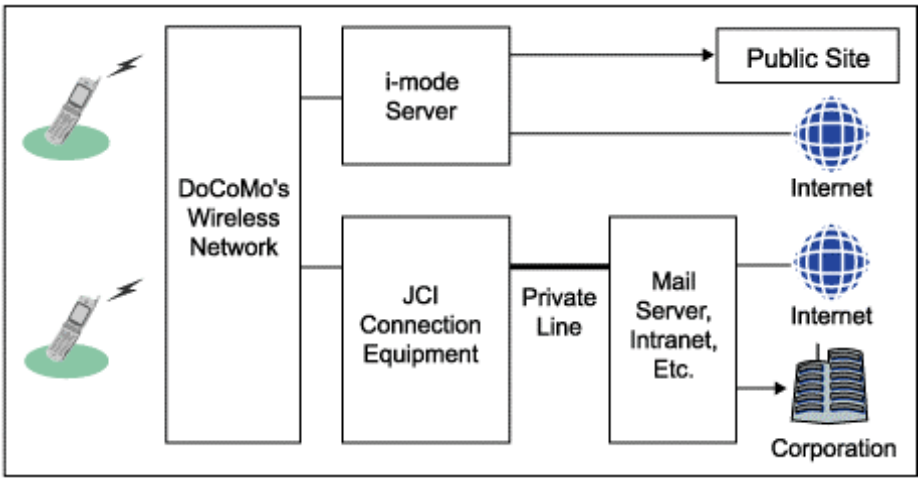
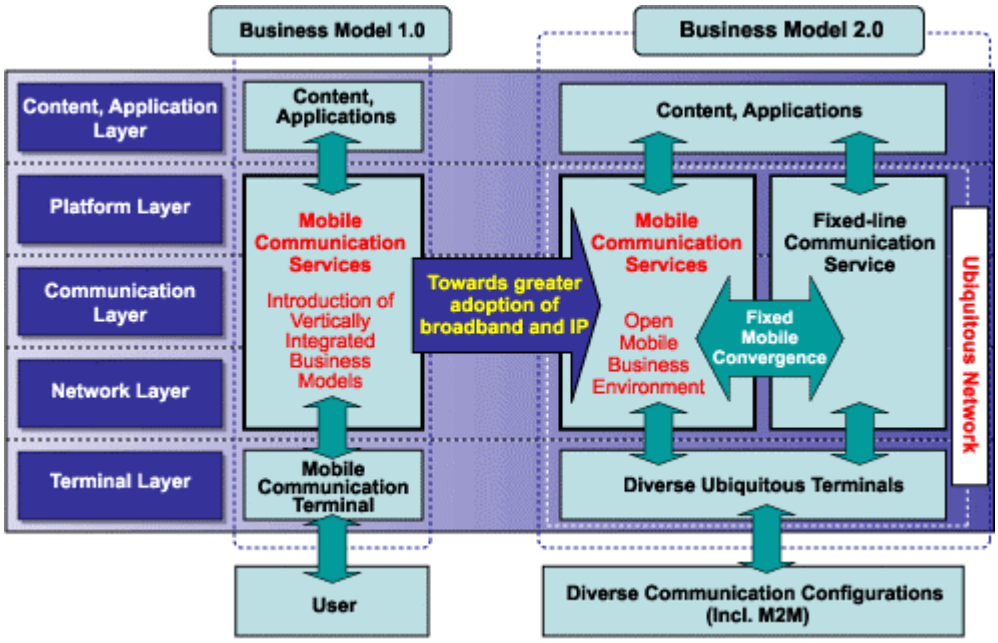


Figure 2.



Source: Ministry of Internal Affairs and Communication "Mobile Business Research Group Report – Toward the Realization of an Open Mobile Business Environment (Draft)"

About JCI

Japan Communications Inc. (JCI) was the first to introduce the Mobile Virtual Network Provider (MVNO) business model to the world in 1996. JCI, a publicly listed company in Japan (JPN-9424), is the first and the largest data MVNO in the world. It has pioneered wireless data solutions, which address particular needs of specific customers both in consumer and enterprise markets. Operating as an integrator of wireless and fixed network services with information technology, it is the leading provider of end-to-end wireless data solutions.