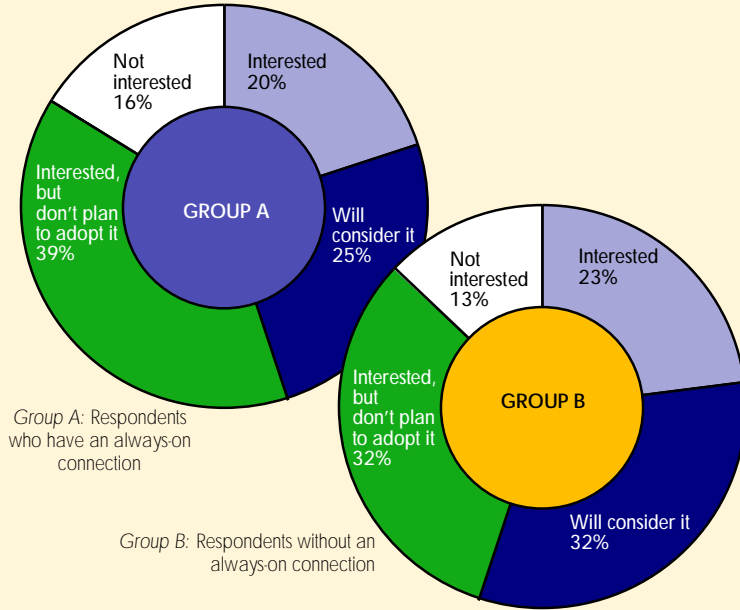


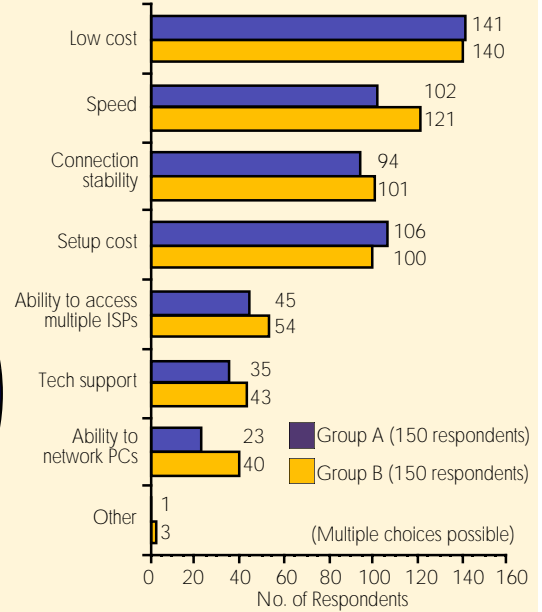
OPTICAL FIBER FAILS TO SHINE

Despite being mired in obsolete ISDN (integrated services digital network) technology, which provides users with two 64-kbps channels, NTT is planning this year to offer FTTH (fiber to the home) services in Tokyo's 23 wards and part of Osaka. Private competitors eAccess, IP Revolution, and Usen have similarly announced the start of high-speed services using newly-laid fiber or unused dark fiber leased from – who else? – NTT. But consumer interest in optical fiber, though growing, is still low – no surprise considering NTT's constant ISDN advertising drone. japaninternet.com and Info Plant surveyed 300 Net users (half using an always-on connection, half not) in February 2001, and found that interest in optic fiber was spotty at best. About 20 percent of each group stated a positive interest in using FTTH, while some 30 percent will "think about it." Cost is one consideration: Usen, for example, will ding new home subscribers with a ¥33,000 signup fee. Still, though, the monthly fee is a mere ¥6,300, and Usen does offer a 100-Mbps connection – fast enough to download the entire J@pan Inc Web site in just a couple of minutes. Maybe surfers will opt to switch when they realize just how blazingly fast that is.

ARE YOU INTERESTED IN USING OPTICAL FIBER?



WHAT FACTORS ARE IMPORTANT FOR ALWAYS-ON BROADBAND SERVICES?



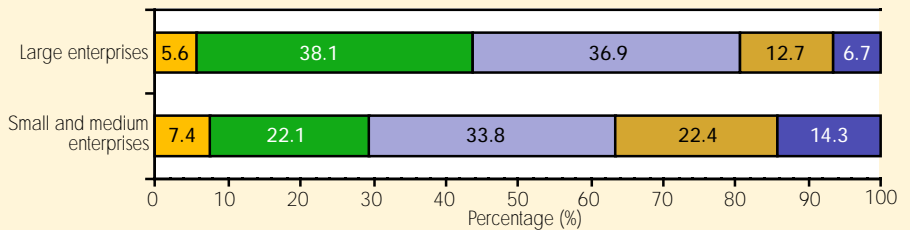
Source: japaninternet.com (www.internet.com) and Info Plant (www.info-plant.com)

SMALL AND MEDIUM ENTERPRISES BALK AT B2B

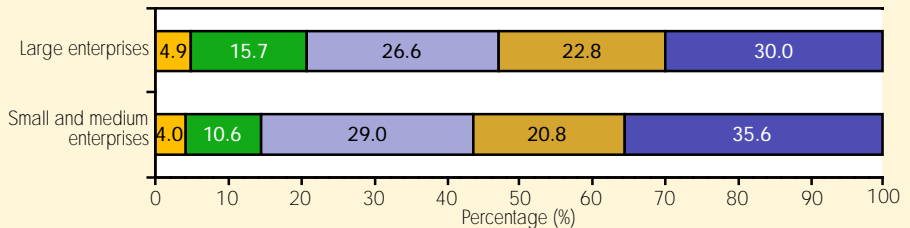
We've told you before that Japanese companies are keen on EDI – the electronic exchange of data between business partners (see "Betting on B2B," page 68, April 2001) – and it's only a matter of time before enterprises here shift this activity onto the Net. Large enterprises (capitalized at ¥100 million and over) are already leading the way, but smaller ones (under ¥100 million cap) are hesitating: staff shortages, costs, and lack of knowledge are slowing them down. The Fuji Research Institute surveyed 824 client companies, of which approximately one third came from manufacturing, one third from wholesale, and the rest from services, construction, retail, and telecommunications. Fifty-eight percent of respondents already employ some type of B2B e-commerce technology.

Rating scale: 5 (very), 4, 3, 2, 1 (hardly)

IS NET-BASED B2B E-COMMERCE EFFECTIVE?



ARE YOU INTERESTED IN USING NET-BASED B2B EXCHANGES?



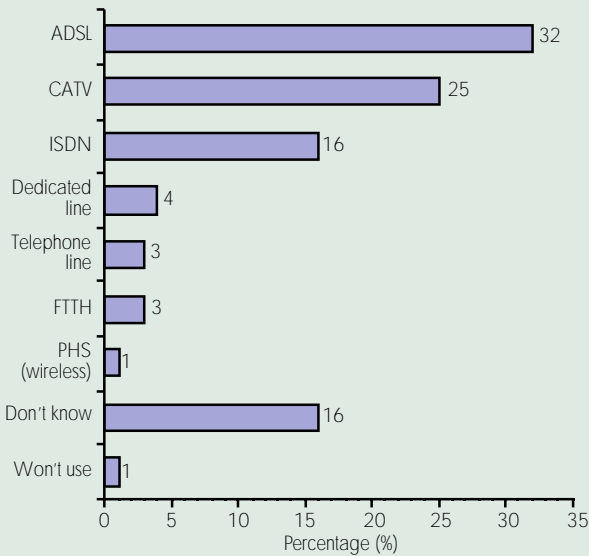
Source: Fuji Research Institute, November 2000
 Respondents: 268 large enterprises, 526 small and medium enterprises



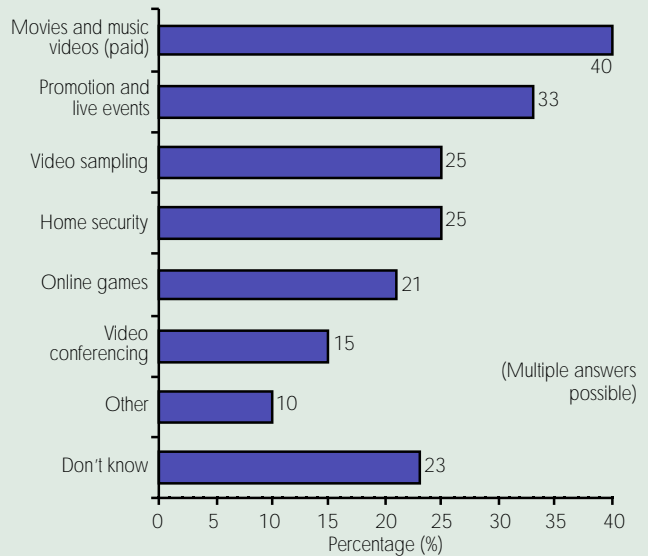
JAPAN GETS BROADBAND

2001 is the year of the snake; it's also the year of the fat pipe. Broadband, the carrying of several data channels simultaneously over the same connection, came to Japan in 1988, when NTT launched its public ISDN service. Considered cutting-edge at the time, ISDN's 64 Kbps per channel would choke on a GLAY music video download, but NTT is desperate to recoup its \$6 billion ISDN network investment and is still pushing the service (new subscribers now pay nothing for the phone line and can get flat-rate pricing). But the competition's getting tough. ADSL, cable, and wireless are all as cheap as or much cheaper than ISDN in terms of cost per unit of bandwidth, the new services are more flexible, and the providers are more aggressive. Independent research firm My Voice Communications conducted an online survey in February 2001 (8,114 respondents) to determine broadband preferences and concerns. ADSL (asymmetrical digital subscriber line) tops the charts, followed by cable (CATV), with ISDN a distant third. Interestingly, interest in FTTH – one of the central planks in the government's e-Japan IT initiative – is quite low. Respondents say they want the fat pipe for movies, music videos, and gaming, but are still wary of initial costs, hardware requirements, and security.

WHICH BROADBAND TECHNOLOGY DO YOU WISH TO USE?



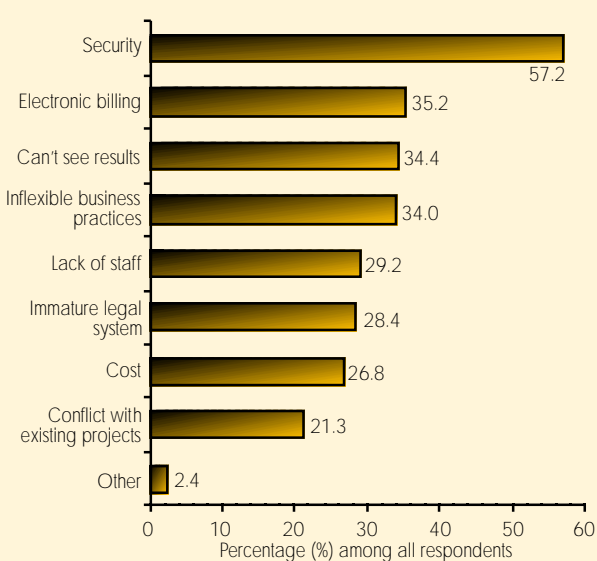
WHAT KIND OF CONTENT ARE YOU INTERESTED IN?



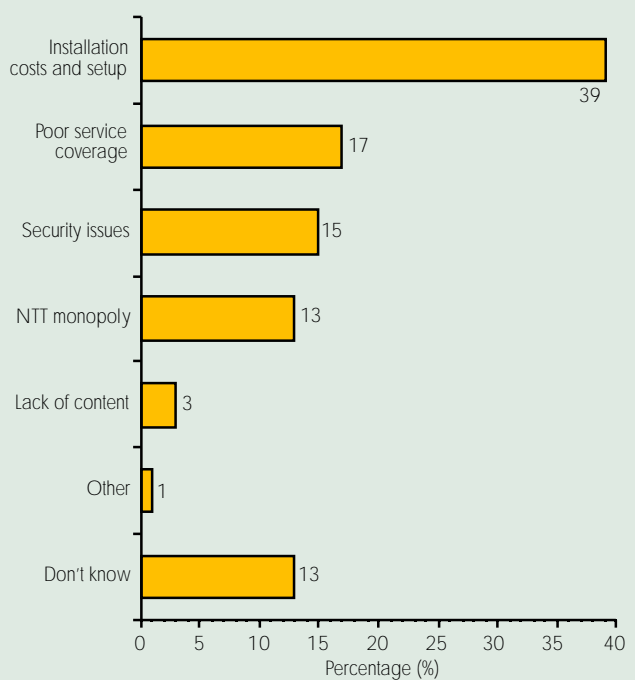
Compiled by Chiaki Kitada (chiaki@japaninc.net)

Note: All statistics apply to Japan unless otherwise noted.

WHAT CONCERNS YOU REGARDING E-COMMERCE?



WHAT DO YOU THINK HINDERS BROADBAND PENETRATION?



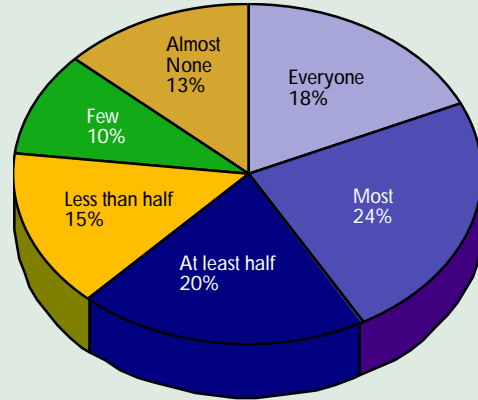
Source: My Voice Communications (www.myvoice.co.jp/voice/)



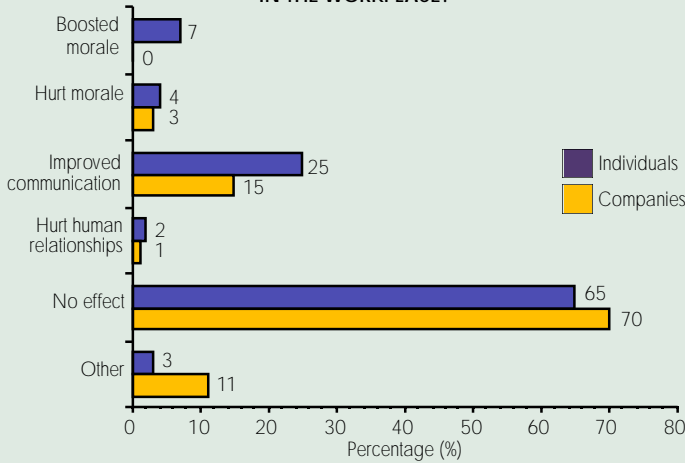
SURFING ON THE COMPANY DIME

Japan's productivity growth, already at abysmal levels (in recent years it has been below 1 percent, according to a March 2000 Japan Economic Foundation report), doesn't appear to be affected by workers surfing on company time. Think-inside-the-box critics feared that allowing workers unfettered Net access in the workplace would further hurt productivity, but this hasn't happened, even with some *salari-man* sneaking the odd peak at their stock portfolios during office hours. In a recent Multimedia Promotion Center survey, 70% of respondent companies and 65% of individuals say allowing workers to access the Internet on company time has had no effect on worker productivity; 75% of the companies say they've had no problems with workers' personal Net use; while 11% have faced some difficulties (viruses and IT problems were the two main culprits). Surprisingly for this land of Kafkaesque rules and regulations, only 16% of surveyed companies had a written policy covering Net use by employees, and 67% had no policy whatsoever.

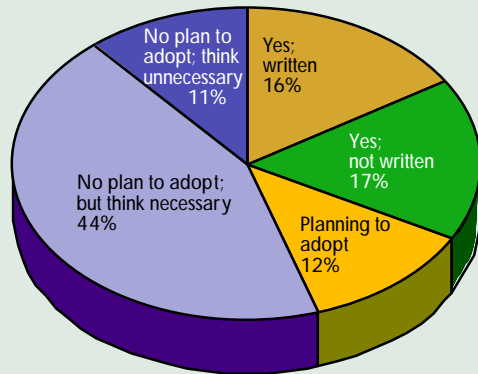
WHAT PERCENT OF WORKERS ACCESS THE NET AT WORK FOR PRIVATE PURPOSES?



WHAT HAS BEEN THE EFFECT OF ALLOWING PERSONAL INTERNET USE IN THE WORKPLACE?



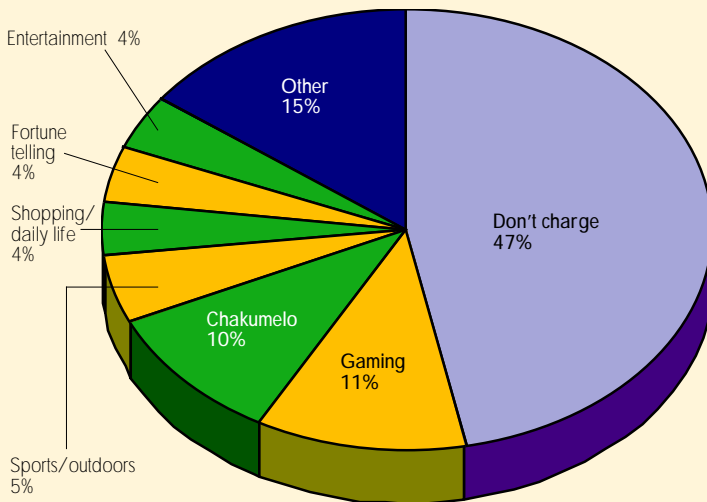
DOES YOUR WORKPLACE HAVE A POLICY COVERING NET USE?



Source: Multimedia Promotion Council: 1,000 individuals and 663 companies surveyed in July and August 2000.

I-MODE USERS PAY FOR CONTENT

CONTENT OFFICIAL I-MODE SITES CHARGE FOR



Conventional wisdom says that savvy Web surfers just won't pay for content. But this may not be entirely true. On a sufficiently large network (like the Internet itself), any content provider that tries to bill visitors is virtually guaranteed to be undercut by a plethora of similar sites, thus driving prices to zero. It's not that surfers won't pay – they simply don't have to. But on a smaller Walled Garden network, like NTT DoCoMo's i-mode, content alternatives are limited; hence site visitors have to and *do* pay. Jupiter Research recently surveyed i-mode official content providers (i.e. those listed on the default browsing menu) and found that just over half were charging for content. On a related note, the *Nikkei* reported in March that average click-through rates for mobile phone ads were exceeding 24%. The most successful campaigns combine electronic coupons with offers of prizes and giveaways. Even wigmaker Aderans is getting a 2 percent click-through rate against 600,000 page views per month.

Note: Survey excluded financial service sites.

Source: "Opportunities for Profit on Japan's Mobile Net," © Jupiter Research, January 2001; used by permission