Policy and Strategy of Fujitsu Network Service Business: @nifty

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1. The spreading Internet world

1.1 Global market reformation in the Internet age

The Internet overcomes regional and country borders, and in a sense can break down the walls of space and time. It is becoming an essential social infrastructure and at the same time is becoming widely recognized as the future medium for markets around the world.

The information technology and new types of market access that the Internet has brought about is causing a reorganization and restructuring of sales and distribution channels in many businesses.

1.2 Fujitsu's activities

Fujitsu is known as a pioneer in the area of Information Technology (IT) because it provides customers with leading edge hardware and software solutions.

Today, as society shifts toward the Internet paradigm and markets become more and more unpredictable, businesses and consumers need more than just basic elements such as hardware and software in order to survive and grow.

The Fujitsu group acknowledges that competition in the market is intensifying because of the homogeneity of information technology and the rapid growth in the number of newcomers. At the same time, Fujitsu realizes that it must provide total business solutions for the Information Age to maintain its leading market position.

Furthermore, it is crucial for Fujitsu to make good use of its current business users and 4 million @nifty subscribers.

In the next stage of Fujitsu's Internet strategy of "Everything on the Internet," it is evident that @nifty will expand to cover many new kinds of activities, for example, further enhancement of mobile terminal services and consumer appliances such as TVs, providing next-generation Internet services for the broadband age, and making global alliances with overseas Internet Service Providers (ISPs) such as netvigator (Hong Kong), SINGNet (Singapore), UNITEL (Korea), T-Online (Europe), EarthLink (USA), and UOL (Brazil). Whatever the future brings, we would like to stress that, as members of a major corporation, we at Fujitsu are fully aware of our responsibilities to society (**Figure 1**).

*Direct (free) roaming *Content partnership *E-commerce partnership

Figure 1
Internet global alliance.

2. Fujitsu's Internet strategy
2.1 Everything on the Internet

As described above, based on an understanding of the times, Fujitsu announced its strategy of "Everything on the Internet" in July 1999. This is a corporate strategy for all aspects of the Internet, for example, software and services, telecommunications and computer hardware, and electronic devices. The first phase of the strategy will focus on sales activities and marketing.

2.2 What is @nifty

To implement our strategy, we decided to merge our Internet service provider "InfoWeb" and our integrated service provider "NIFTY SERVE" into a single mega ISP provider called "@nifty." The new ISP is the largest one in Japan; it has a domestic share exceeding 21.5%[note 1] and is expected to have more than 4 million subscribes by the end of September 2000 (**Figure 2**).

2.3 Fujitsu & @nifty: Connecting companies with consumers – Changing from a mega-provider to a service provider for all life styles

Over the next few years, more and more people will rely on the Internet in their everyday lives.
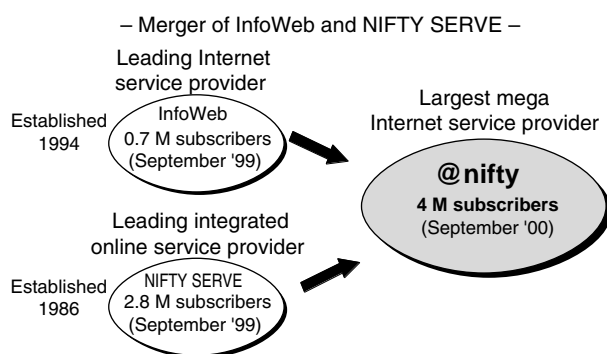
We intend to make @nifty into a well-appointed, well-founded, and well-ordered Internet metropolis that can support any lifestyle.

@nifty can help us realize this metropolis because it will not just be an ISP that provides connections to the Internet nor a search-engine-type portal that transfers users to other sites, but rather a service provider that supports multiple life styles and, by nature, is designed to evolve into whatever is best for its customers.

It is our responsibility to connect the more than 17 000 business units to which we are providing systems integration services together with the subscribers of the largest Japanese ISP. @nifty will be the supporting base for this connection.

We feel that the @nifty metropolis has enormous potential and will be very attractive to both @nifty subscribers and businesses.

3. @nifty services from the user's point of view
3.1 Growth of network infrastructure

Since the start of @nifty in November 1999, we have continued to enhance and expand our infrastructure by developing a highly redundant Internet Data Center (IDC) and by increasing the number of connecting lines (157 000 lines), access points (192 pops),[2] and servers to respond to user needs and provide a more secure, easy-to-use environment (**Figure 3**).

3.2 Service expansion

The attractive, high-quality services of @nifty have been expanded and matured over a period of more than 10 years, and users can now access more than 937 communities (e.g., Forum and Palette) with 1027 contents, 566 shops, and 165 000 subscriber homepages.[note 2]

In response to various media, for example, mobile platforms such as the rapidly growing i-mode, "mobile@nifty" provides optimal services

– Merger of InfoWeb and NIFTY SERVE –

Leading Internet service provider

Established 1994

InfoWeb
0.7 M subscribers
(September '99)

Largest mega Internet service provider

@nifty
4 M subscribers
(September '00)

Leading integrated online service provider

Established 1986

NIFTY SERVE
2.8 M subscribers
(September '99)

Figure 2
@nifty mega Internet service provider.

note 1)   Source: 2000 Internet Report (Impress), Access Media International & IAJ, 2000

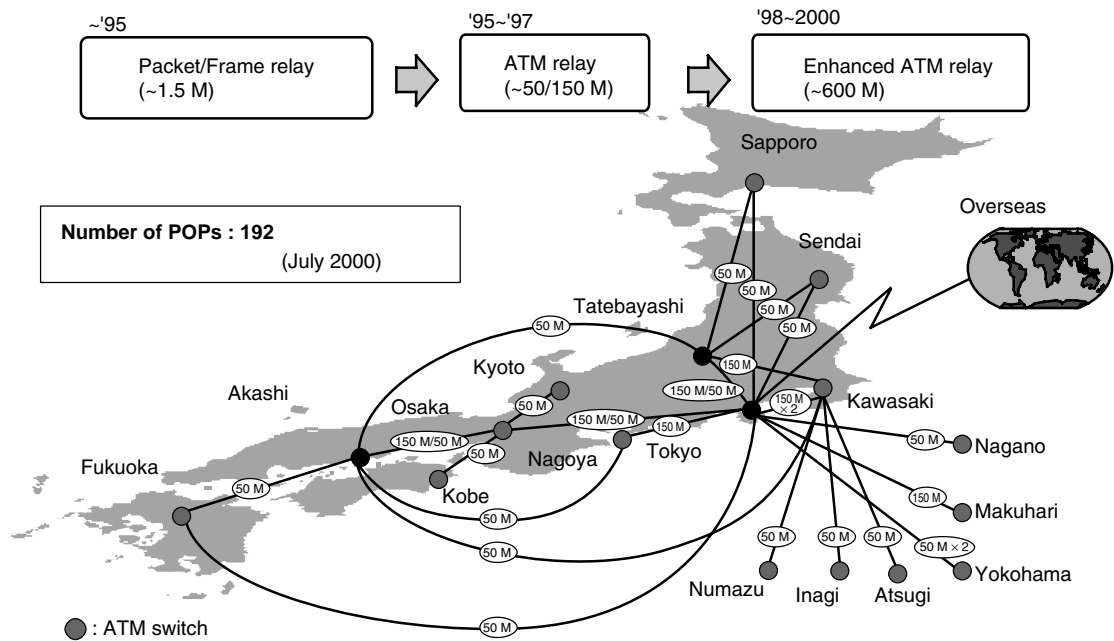note 2)   Data as of the end of September 2000
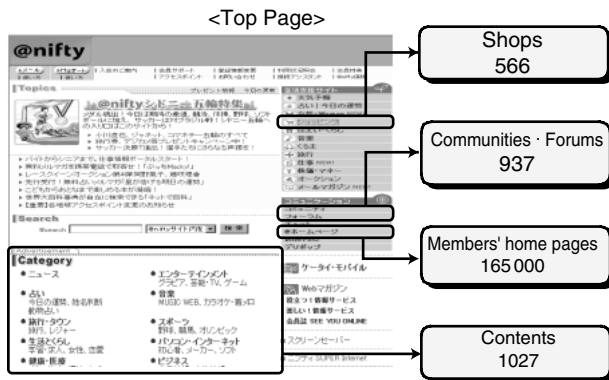
Figure 3
Backbone network.
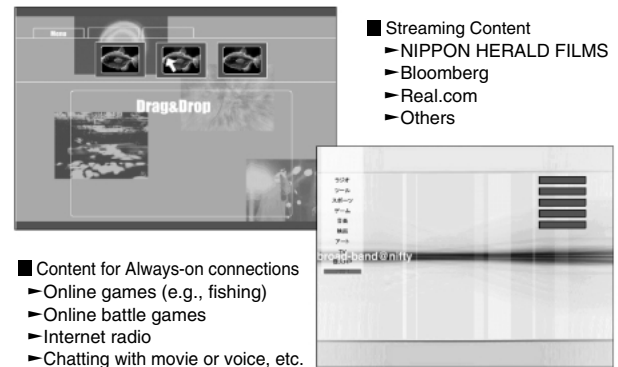

Figure 4
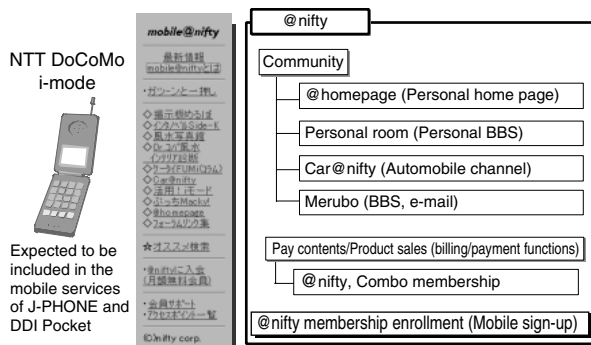Overview of @nifty services.

Figure 6
Broadband@nifty.

Figure 5
Mobile Internet services "mobile@nifty."

such as the instant messenger "Delipop," the community BBS service "Merubo," and the Web contents conversion service "Mobile Fitter." Also, we are providing next-generation broadband services such as @nifty's CATV and an ADSL service called "Broadband @nifty" (**Figures 4** to **6**).
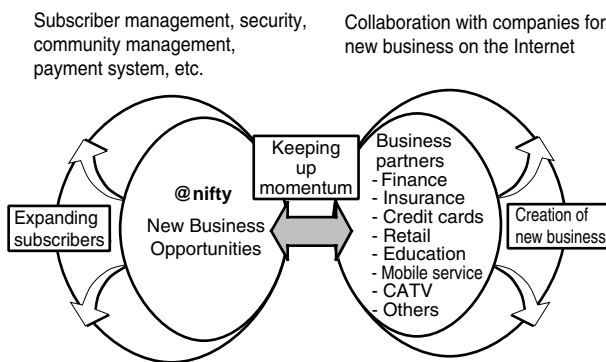
Figure 7
New business opportunities.

Figure 8
Outline of @nifty for business.

4. @nifty services from the corporate point of view

4.1 Advantages of @nifty
– The best solution for business innovation and new opportunities

Companies are always trying to reengineer their business processes. However, many companies are finding that the revision of relations between their business and the market is not so simple.

In order for a business to be successful on the Internet, given the fact that the market is very large and multifaceted, it is very important to determine which message should be sent to whom.

@nifty has many corporate and personal users, and the demographics of @nifty users (e.g., gender, age, region) closely mirror the demographics in the total population. Therefore, @nifty is a treasure house of living market information and is a media with an incomparably high usage value.

@nifty is a place where businesses can directly connect companies with the largest Internet market in Japan, enabling them to effectively use current business assets and provide them with solutions for quick and easy reinnovation of business structure, BPR, SCM, and CRM (**Figure 7**).

4.2 The marketing effect

@nifty is the perfect new media for marketing activities such as advertising, sales pro-
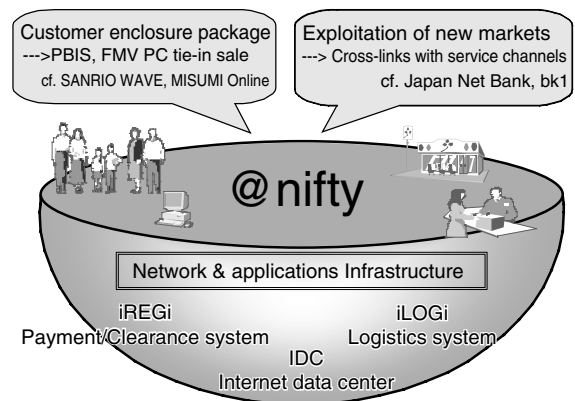
motions, and market surveys, not only because it has been easier to use than conventional media, but also because it produces more direct results at a lower cost (**Figure 8**). @nifty provides the following important facilities:

A place for advertising and promotion

– Can be used to intensify synergy with traditional businesses (i.e., real stores)

– Makes it easy to plan strategic multimedia advertisements

A place for selling and trading

– Makes it easy to analyze consumers' tastes and needs

– Makes it easy to expand channels and reduce costs

A place for public relations (PR)

– Makes it easy to develop a brand image for merchandise or a company

– Can be used to directly promote corporate ideas to a wide audience

5. EC services menu
5.1 Marketing support in channels

To ensure that @nifty provides a full range of services that are easy to find and use, @nifty has set up a new type of market place called a "channel" in which businesses with the same attributes and functions are grouped together in their own category. This makes it easy for users to find companies that offer services.

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In the channel page, @nifty supports marketing by enabling companies with shops in @nifty to position themselves as joint marketing partners by, for example, setting up a special editing area and providing banner advertising and exposure in a subscriber magazine, enabling those businesses to get more customers and generally expand.

The platform enables companies to clearly grasp the merits of establishing businesses.

As of the end of October, 2000, @nifty provides 10 channels: Shopping@nifty, Finance@nifty, Woman@nifty, Myhome@nifty, MusicWeb, Car@nifty, Travel@nifty, Job@nifty, Study@nifty, URANAI@nifty (fortunetelling).

In the near future, we aim to improve these services and expand and enhance them with various new categories, for example, regional services, culture, health care, leisure, and sports.

5.2 Shop operations support service

In our Shopping@nifty shopping channel, we provide a job operation support service that enables the fast establishment and operation of shops with great flexibility and expandability.

The main features of this service are as follows:

1) Enables use of numerous credit and settlement services.
– iREGi credit card payment system
– Cash-on-delivery system connected with iLOGi parcel delivery companies
– Convenience store payment method
– EBPP[note 3] by an Internet bank, for example, Japan Net Bank

We are continually developing new types of settlement systems, for example, online escrow and monthly installments.

2) Enables quick and easy establishment of a shop under flexible and expandable management.
– Function that automatically creates a Web

note 3) Electronic Bill Presentment and Payment

page after it has been given the necessary merchandise data
– Web server rental service to minimize running cost

3) Gives the ability to choose a joint marketing partner plan.
– The use of @nifty features such as banner advertisement placement and shop registration in Shopping@nifty and in other channels and pages.
– The use of joint advertising campaigns in media such as e-mail, DM, and magazines.

5.3 Private brand Internet service: PBIS

The PBIS service is a Web-hosting Internet service that enables users, for example, to have their own domain name, mailing address, and control capabilities. However, PBIS is more than just a Web-hosting service because it also allows businesses to access @nifty services and the @nifty subscriber base (**Figure 9**).

This service makes it possible to quickly construct a network, so a company can quickly and easily gather customers and manage various sales promotion and R&D plans if they already operate a subscriber system that publishes members' magazines or coupons.

6. Web-based professional services: Web Integration Service
6.1 Total solutions for Web-based businesses

The leading Web integration consultants in North America include companies such as Sapient, marchFirst, and Razorfish. These companies provide a service called a Strategic Internet Professional Service (SIPS).

In Japan, the Fujitsu Group is the leader in the field of transforming legacy systems into Web-based network computing systems. Fujitsu has been providing total Internet-based solutions to companies with legacy systems through our Web-based Web Integration Service.

Our solutions include a wide-range of services,

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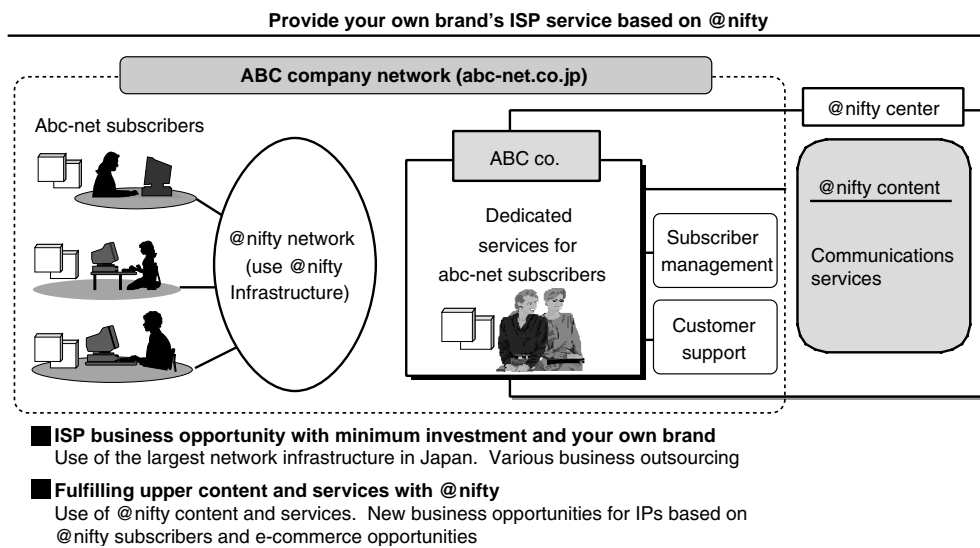**Provide your own brand's ISP service based on @nifty**
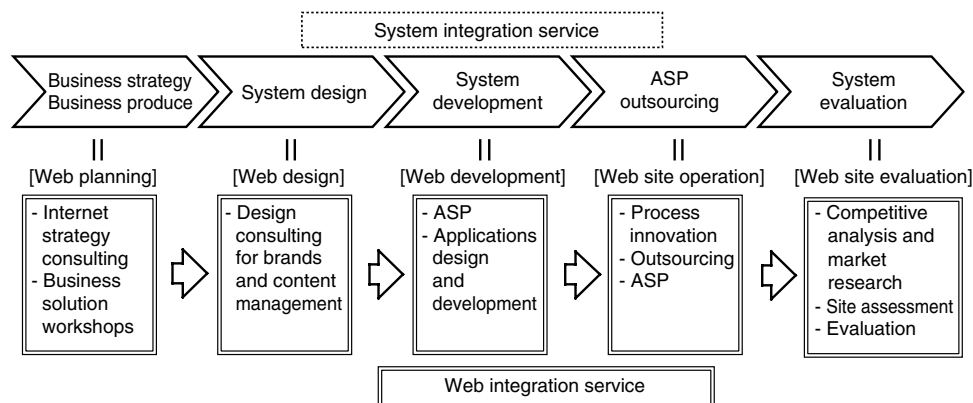

Figure 9
Private brand ISP service (PBIS).

Figure 10
Web-based professional service: Web Integration Service.

for example, ASP, Internet data center outsourcing, and network infrastructure services. Fujitsu performs system analysis, planning, design, development, operations, and evaluation to create these total solutions (**Figure 10**).

6.2 Professional services menu

In addition to the basic system integration service, we provide the following services for mission-critical Internet business needs:

1) Web planning: Internet strategy consulting, business solution workshops
2) Web design: Design consulting for brands,

and content management
3) Web development: ASP development and applications development
4) Web site operation: Process innovation, outsourcing, ASP
5) Web site evaluation: Competitive analysis and market research, site assessment, evaluation

@nifty's home page is
http://www.nifty.com
Fujitsu's home page is
http://www.fujitsu.co.jp/ or
http://www.fujitsu.com

Daisuke Haji received the B.A. degree in Economics from Kyoto University, Kyoto, Japan in 1987.
He joined Fujitsu Ltd., Japan in 1987, where he worked in the Administration Department of the International Operations Group for about 8 years.
In 1994, he was assigned as a member of the planning staff of the new network business project "SD Business Group."
Then, in 1997, at the end of the project, he was transferred to the Business Planning and Administrative Department of the Network Services Group, which at that time was called the Multimedia Contents Business Development Group.
Since then, he has been in charge of planning and development in this group, especially, planning and development of global business.

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