

DTI Global Watch Mission

Exploiting the broadband opportunity: lessons from South Korea and Japan

Erratum: Comments and Corrections

Following publication of the Mission Report a number of comments were received from NTT (Nippon Telegraph and Telephone Corporation) highlighting some factual and typographical errors and some comments questioning some of the reports findings. These comments and corrections are highlighted below.

p9: Correction to text

The reference to NTT should read as follows:

NTT (Nippon Telegraph and Telephone Corporation) is the incumbent telecoms operator in Japan. In 1999, NTT's operations were reorganized into a holding company structure, and it transferred its businesses to three new wholly owned subsidiaries, NTT East, NTT West, and NTT Communications. NTT Data and NTT DoCoMo are also major NTT Group Companies.

p22. Correction: Typographic error in the chart (should read as below).

	South Korea 15.8 m households	Japan 42 m households	United Kingdom 22.4 m households
Fixed			
Total Broadband	11.9 m (Dec 04) ¹	20.5 m (June 05) ²	8.8 m (Sept 05) ³
xDSL	6.9m (Dec 04)	14 m (June 05)	6.4 m (Sept 05)
Cable	4 m (Dec 04)	3.25 m (June 05)	2.4 m (Sept 05)
FTTx	1m (Dec 04)	3.25 m (June 05)	-
Mobile⁴			
Total Mobile	38.3 m (Q4 2005)	90.2 m (Q4 2005)	65.5 m (Q4 2005)
2G	25.8 m (Q4 2005)	61m (Q4 2005)	60.6 m (Q4 2005)
3G	12.5 m (Q4 2005)	29 m (Q4 2005)	4.9 m (Q4 2005)

p24. Correction regarding NTT's NGN deployment plans

'NTT is targeting at the end of 2008 for the full deployment of the next generation network.' NTT have stressed that they are not targeting the "full" deployment of the next generation network at the end of 2008. Rather they will begin deploying edge nodes and service control functions in the second half of FY2007. NTT will then start providing services using the next-generation network as Step 2.

For more information on NTT's mid term management strategy see:

<http://www.ntt.co.jp/news/news05e/0511phgg/051109.html> (II, 1. (2) Roadmap for building the next-generation network), and

¹ South Korea Broadband Stats, end 2004: Source: ITU

² Japan Broadband Statistics, June 2005

(* for more recent data see http://www.soumu.go.jp/joho_tsusin/eng/Statistics/number_access0506.html) Source NTT

³ UK Broadband Statistics, September 2005: Source Point Topic

⁴ Mobile Statistics end 2005: Source Informa

http://www.ntt.co.jp/ir/events_e/results/2005/051109eb.pdf (page 3. Building Next Generation Network "Roadmap")

p43. Comment regarding NTT's FTTH deployment

During their brief visit, the report's authors did not gain a sufficiently clear understanding of the business case underlying NTT's plans for the deployment of FTTH. As a result they commented on page 43 of the report that *"it is difficult to see a commercial logic for some key plans, NTT's roll-out plan to have 30 million FTTH connections by 2010 having no discernible business justification, for example."*

Since publication NTT has stressed that it has a sound commercial case based on the additional capability that optical fibre services will provide:

"Our investment plan is certainly justifiable for the reasons described below. The problem lies not in our investment plan, but rather in [the fact that the] current Japanese regulatory system does not satisfy the fair return on investment in fibre optical network whereas deregulation of unbundling the optical fibre network is in progress in Europe. Thus we are claiming the modification of the current regulation.

NTT has been actively working on installing optical fibre infrastructure for access network based on the following plans which were released after the privatisation of NTT:

- VI&P Concept (1990)
- Basic Concept for the Coming Multimedia Age (1994)
- Vision for a New Optical Generation (2002)

Our activities are based on our idea that, if we take into [account] the inevitable replacement of the current metallic network, installing broadband network of optical fibre in order to meet the user needs for the broadband and IP communications is most appropriate. We realised through the accumulation of such activities the most advanced broadband communications environment through optical fibre network.

Telecommunications operators outside Japan are also starting installing optical fibre in their local access network and thus the optical fibre network + IP communications is the global trend.

Thus we are in the position that our activities thus far certainly has discernible business justification."

p44. Correction regarding IPTV plans

'NTT is also moving into IP-based TV broadcasting services. It provides broadcast services in partnership with KDDI since KDDI is registered as a broadcaster and provides Hikari Plus TV.'

This is incorrect, NTT is not in partnership with KDDI and these sentences should therefore be disregarded.

p60. Correction

NTT refers to Nippon Telegraph and Telephone Corporation and not Nippon Telecom Group as mentioned on p.60.