Japanese-German Business Association

2nd meeting of the "IT" working group within DJW in Dusseldorf

Dusseldorf, 24.05.2013

The topic for the symposium at this year's Japanese Business Day was "Distribution of the future", so we decided to talk about the distribution of software and data worldwide with a focus on German and Japanese companies.

Whereas 20 years ago software was delivered mostly on physical storage media, today distribution takes place over content delivery networks and cloud services. Depending on the country, different technical and legal issues need to be addressed in order to provide high-quality and reliable service.

Companies, especially in Germany, are very much concerned about security risks and legal constraints, therefore Germany-based cloud services and in-house solutions are preferred over internationally operated cloud providers. Apparently, Japanese companies have recently used more pragmatic approaches and don't show as much bias toward big US-based cloud providers (e.g., Google, Dropbox) as they used to. However low margins in the hardware business have forced manufacturers to focus more on providing complementary software solutions, especially appliances.

Japan's big advantage is a fast and reliable internet infrastructure. As computing and storage capacity continue to increase according to Moore's law, slow networks and laggy connections often become a bottle neck. In Germany, even with VDSL and LTE available now, this will continue to be a challenge for carriers, especially considering the steady growth of traffic from mobile devices. With regard to smartphones, it appears Japanese manufacturers were sticking too long with their "Galapagos Keitai" and were surprised by the market shift due to the introduction of the iPhone in 2007. However, there are features like NFC that are unique to Japanese phones allowing for mobile payment and other business models which still may seem futuristic in Europe.

Products and services are more interwoven today than ever before. A central topic is how to communicate a company's offerings in the context of different cultures and countries. In many cases it is not enough to provide a list of features; companies must specifically address user cases and needs. It was proposed that today's customers need to understand IT products in order to accept and purchase them. Here, social media can help to improve transparency and communication.

Germany and Japan are both well known as high-quality product manufacturers that are worth their premium price. However, in the consumer market mediocre low-priced products seem to sell quite well for now. Here the question about sustainability needs to be raised. On the one hand, data show that Japan's industry is currently moving back to more traditional branches of engineering and manufacturing whereas the high-tech and consumer electronics sector is shrinking continuously. On the other hand, digital media (e.g., music, video, e-books) is on the rise, opening new possibilities for content providers. Key for successful distribution of content and applications are brokers or "stores" that can take care of payment, security, curation and legal issues.

Hence it becomes clear how healthy hardware/software ecosystems are vital for the distribution of virtual goods and services, and therefore for the success of global companies.

We come to the conclusion that Japanese and German companies can learn much from each other, in terms of technology and customer service as well as in terms of marketing and communication.

For the summer meeting 2013 which will take place in Munich, a number of topics were proposed:

1. Cloud components: SaaS, PaaS, IaaS, network stack, legal aspects
2. Cloud providers in Japan and Germany: customer acceptance, access and infrastructure, requirements depending company type / size
3. Touch Interfaces: shapes and patterns in the context of different cultures
4. Japanese Web Design: "Noisy websites" vs. "Wabi Sabi"
5. Possibilities of NFC, Bluetooth and the Web of Things

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