

Current Situation of Information Systems Usage in Japan.

Koh SATO

Japan Users Association of Information Systems (JUAS)



Today's Agenda

- ▶ **◆ About JUAS**
 - ◆ **Business environment of Japanese enterprises**
 - ◆ **Characteristic of Japanese enterprise's utilization of IT and information-system (IS) organization**
 - ◆ **Trend of IT investment from last year to this year and the aim by utilization of IT in the future.**

JUAS : Japan Users Association of Information Systems

JUAS was established as Japan Data Processing Association in 1962, and it was reorganized and renamed in 1992.

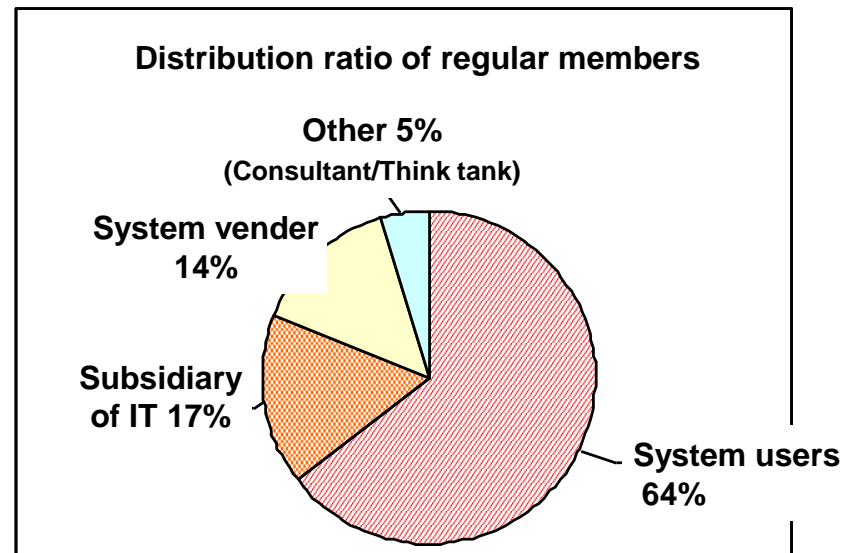
Object of activity : Promotion of Information Systems from the standpoint of system-users

◆Characteristic of JUAS

- **Members include major corporations of all industries in Japan included the following enterprises.**
 - Tokio Marine & Nichido Fire Insurance Co., Ltd.
 - ITOCHU Corporation
 - TOKYO electric power company
 - NIPPON Telegraph and Telephone east Corporation
 - SUMITOMO Electric industries, Ltd.
- **Provides a forum for exchanging information**
- **Aims to be the association that can offer the knowledge concerning with practical applications of information technology.**

◆No. of members as of July in 2009

Regular member	175 corporations
Associate member1	137 corporations
Associate member2 (only taking “privacy mark”)	330 corporations
Total no. of members	642 corporations



Activity chart of JUAS in 2009

Research

- Trend of systematization
- Software-metric

Diffusion of system reference manual

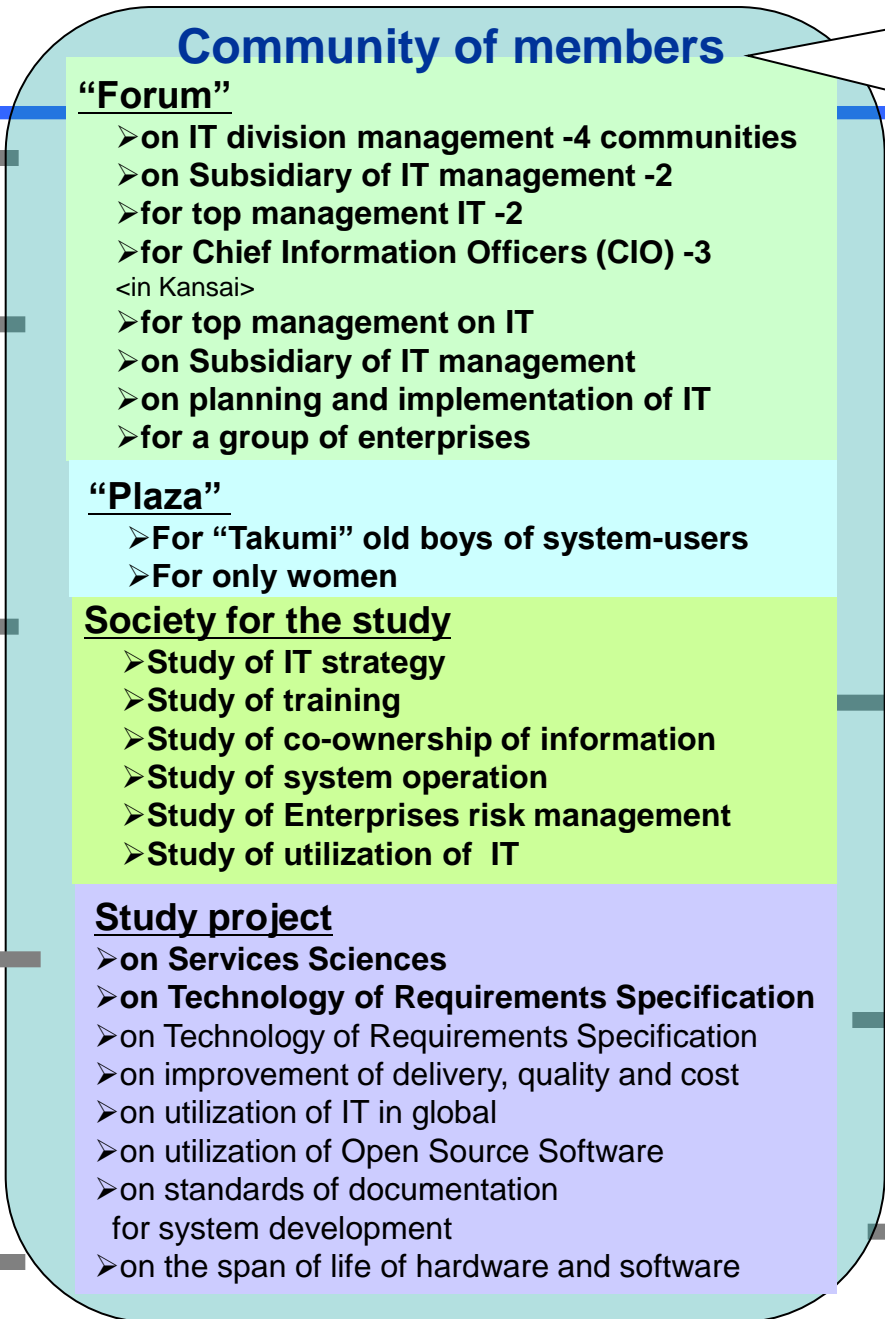
Research Project

- Technical research
- Information security
- System of Important infrastructure
- IT Management (large-sized enterprise)
- IT Management (Small and medium-sized enterprise)

information supplement JUAS academy

Security center
Inspection for approval of the Privacy Mark

UISS center
Users' Information Systems Skill Standards



✓ Almost 1000 persons joined 42 projects in 2009.
 ✓ Not only the system-users, but also the IT vender and IT consultant participating



Training of CIO “Innovation Management College”

System Users’ Symposium “JUAS Square”

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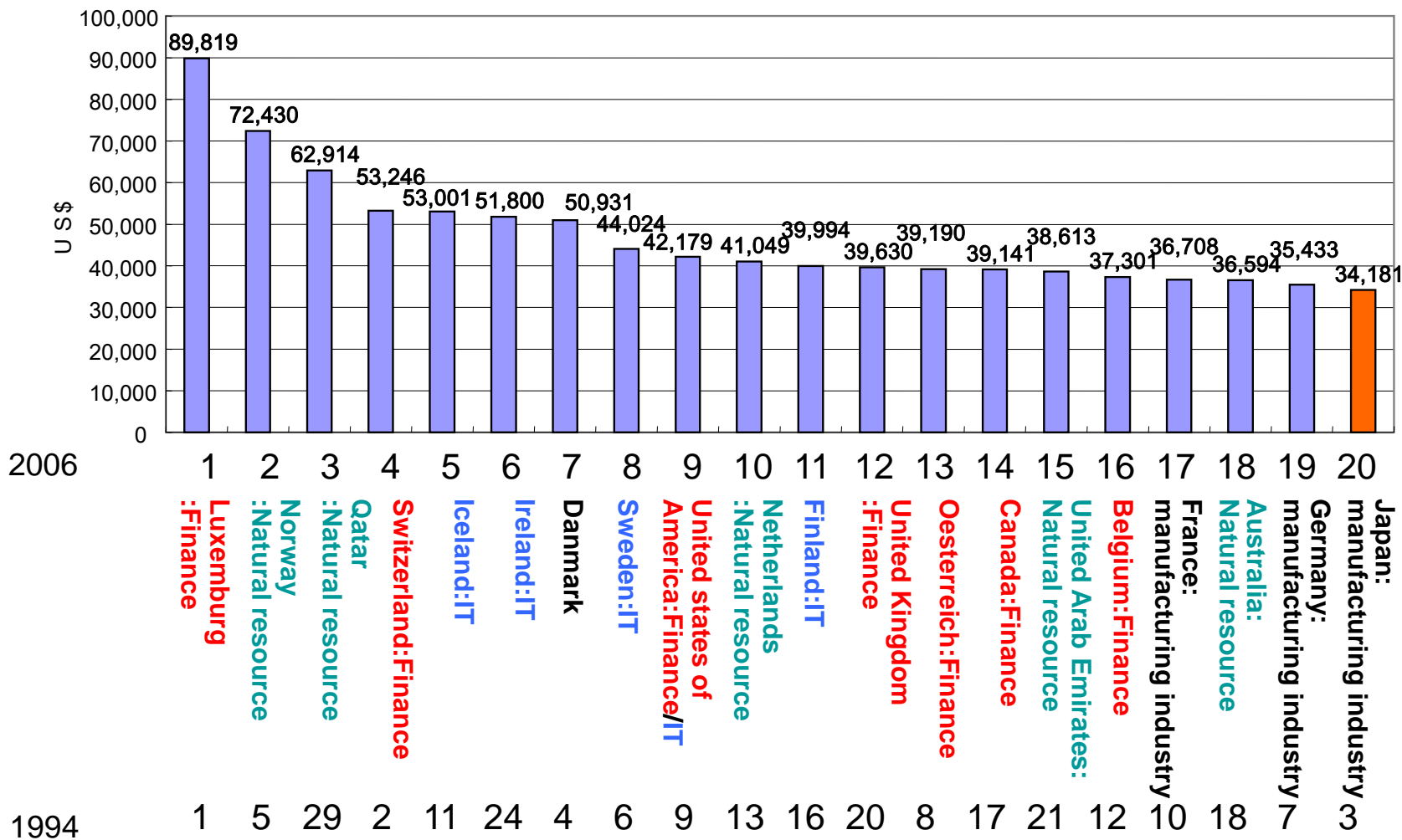
Business environment of Japanese enterprises

- Low birthrate and longevity
- Demand drop of the domestic market.
- Entry into global markets.
- Limits of resources
- Global financial crisis

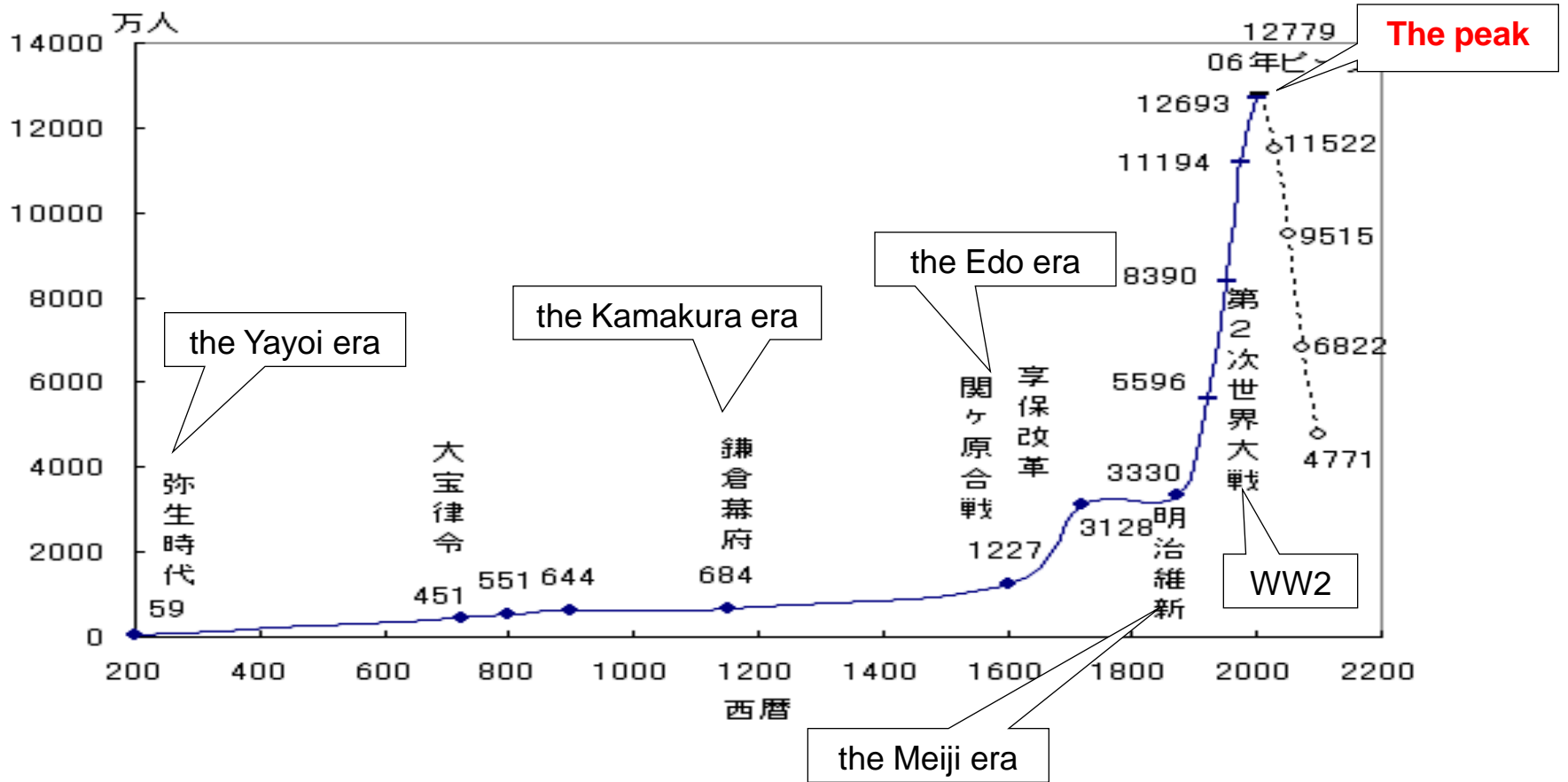
Comparing GDP 1994-2006

Growing industry 1: Finance 2: IT 3: Natural resource

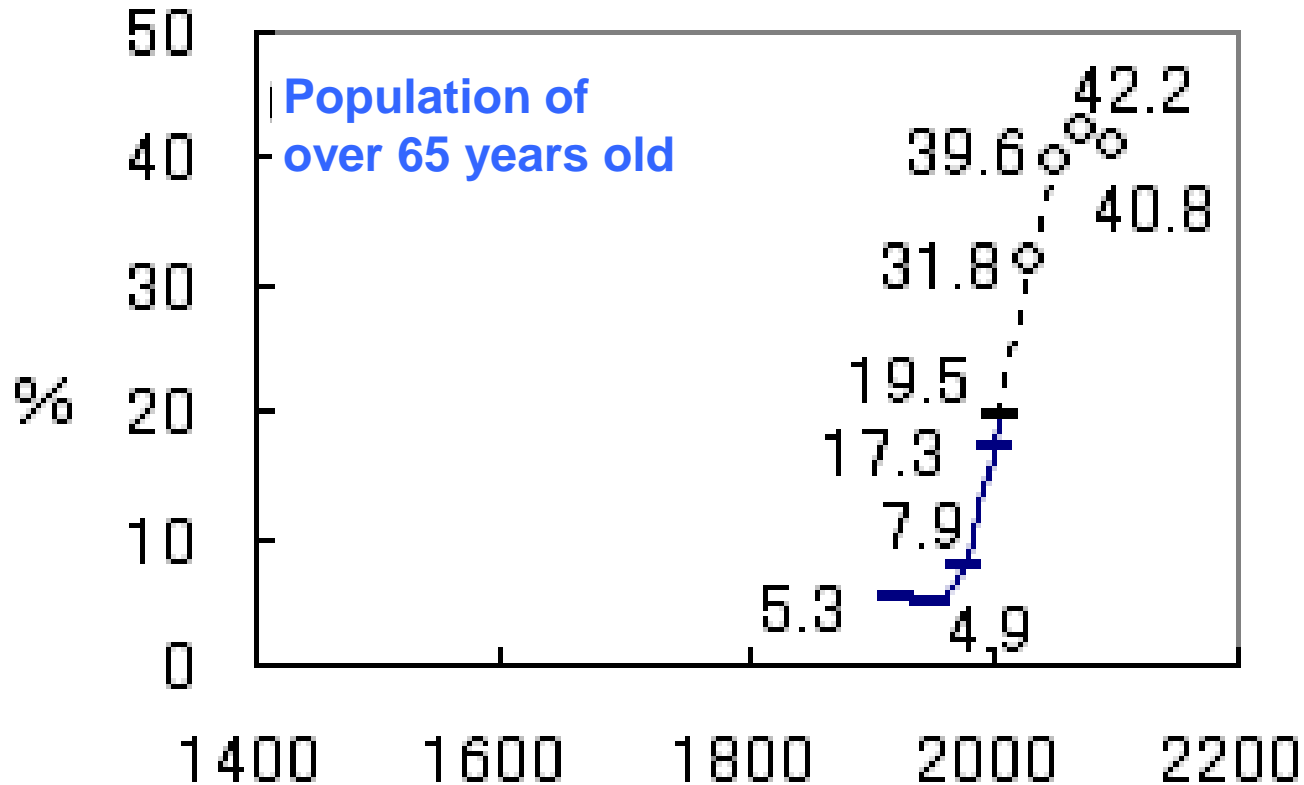
GDP per one person in 2006



Transition of population in Japan



Transition of population in Japan



Export and Import on Japan

The amount of exporting increased 1.6 times and the amount of importing increased 2 times In 8 years.

The globalization of business has progressed.

	Export	Import	Population
FY2000	460,894	345,870	126,926
FY2008	740,613	702,020	127,771
increase-decrease rate	1.61	2.03	1.006

*dollars in millions

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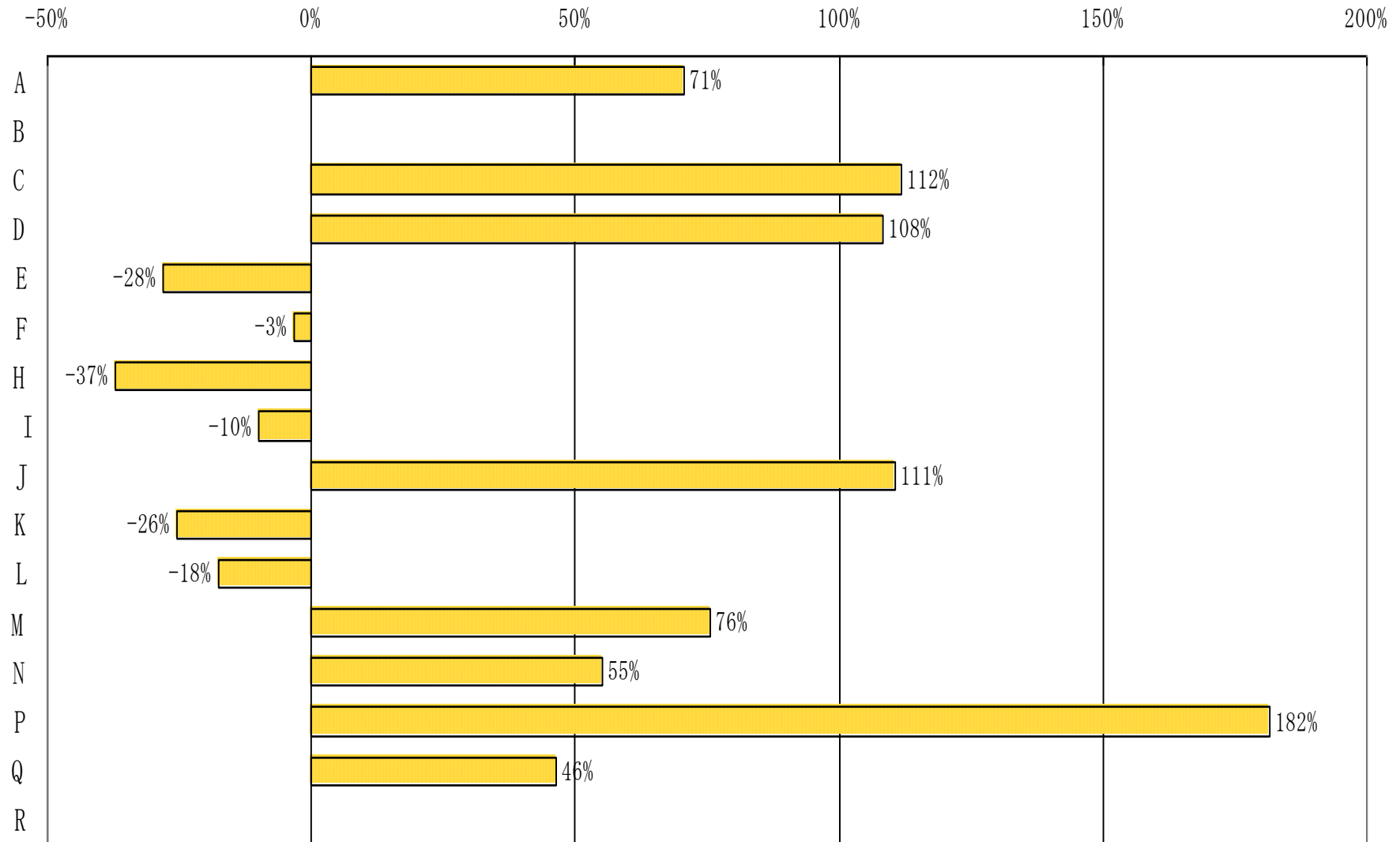
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Characteristic of Japanese enterprise's utilization of IT

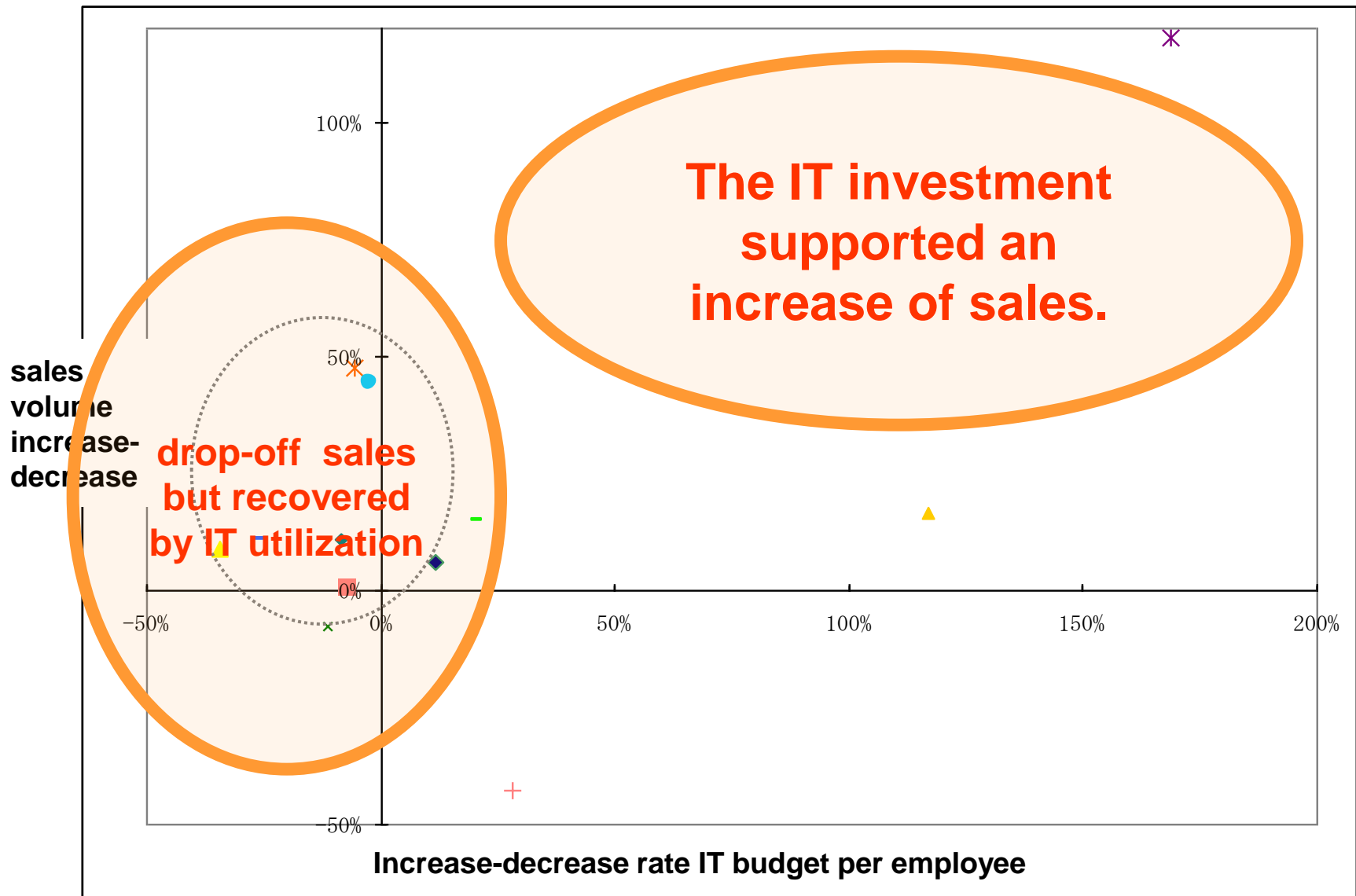
- ◆ **Affected the stagnation in Japanese economy, Japanese enterprise's aimed the following by utilization of IT**
 - **IT Invest for Innovation Business model or Business process.**
 - **Cutting down the IT property that is already.**

Ten-years Increase-decrease rate of All IT budget (2006/1996)

Increase-decrease rate of All IT budget

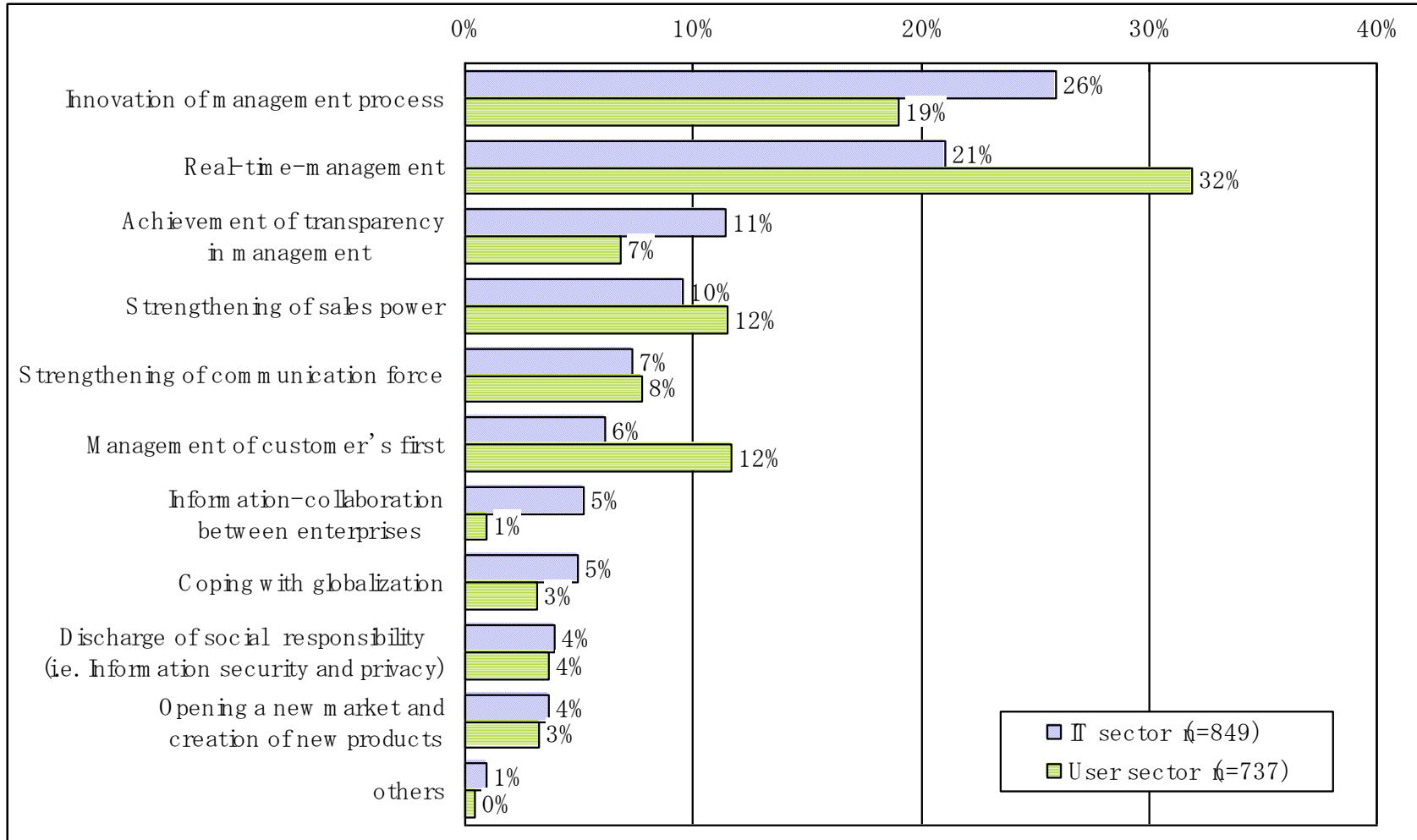


Correlation of sales volume increase-decrease rate and IT budget per employee Increase-decrease rate



The theme of IT investment 2008

The theme that the management planning section wants to emphasize first is real-time-management. i.e. the speed at which executive management can get information about organizational performance.



Three types of IT investment

IT investment by enterprises can be categorized into three types: i.e. Infrastructure-type investment, rationalization-type investment and strategic type investment.

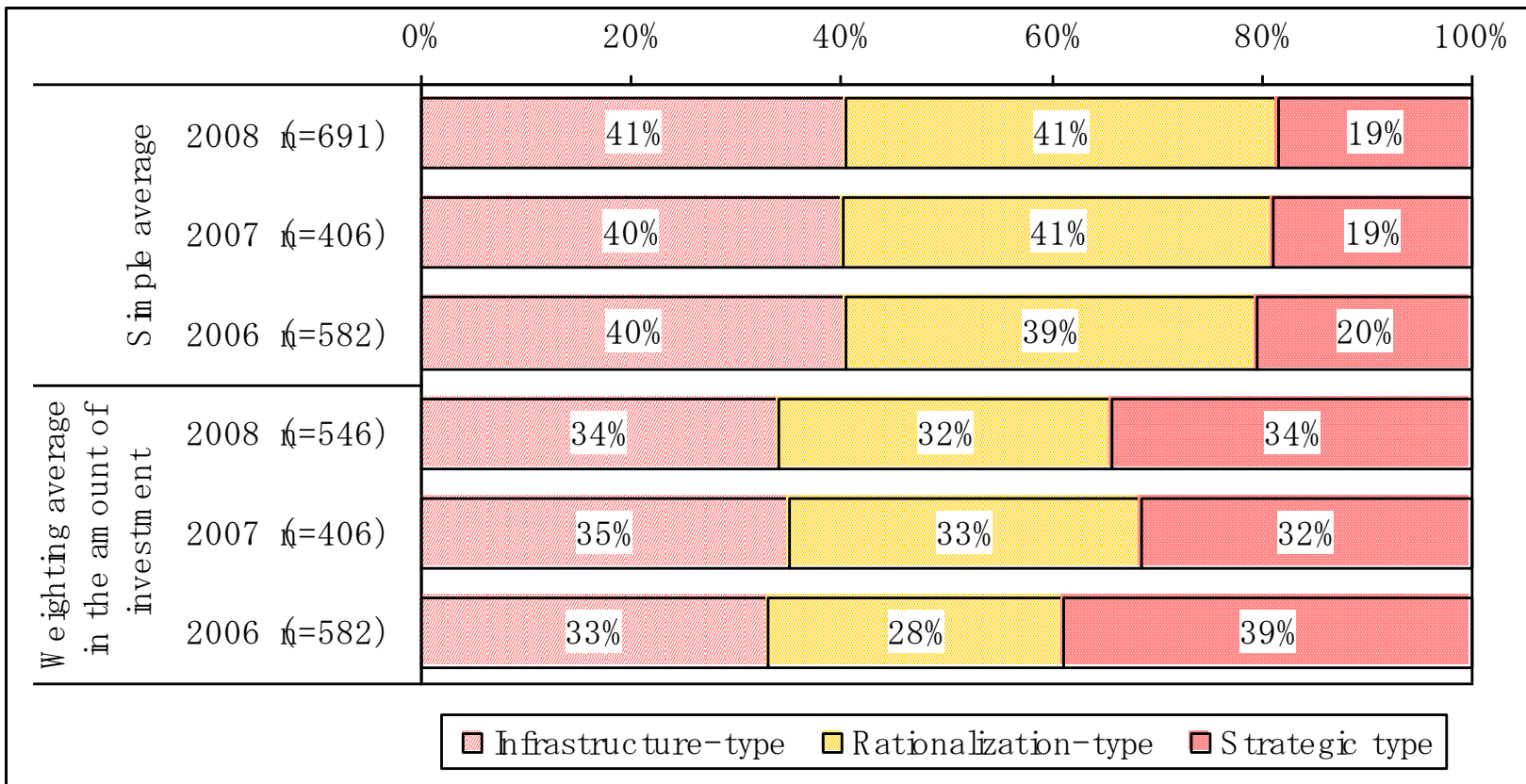
Investment type	Features	Method of evaluation
Infrastructure-type investment	Is the basis of general business processes, such as groupware, networks, and includes investments relating to security.	They decide its investment on the responsibility of top management with reference to investment amount to the amount sold, or investment amount per employee per year. (They don't evaluate it in special measure.)
Rationalization-type investment	It is measurable, such as labor saving, reduction of goods in stock, reduction of costs, improvement of yield rates and so on.	ROI is usually 2 or 3 years
Strategic type investment	The impact of IT on a firm's ability to build brand equity, customer satisfaction, etc. is often difficult to measure, making it harder to justify and measure the success using traditional measures	<ul style="list-style-type: none"> Concerned with measurable items; goals focus on "Key Performance Indicators" and customer satisfaction. <p>Ultimate investment decision focuses on profitability of its business. → Application-ownership is effective.</p>

The ratio of Three types IT investment

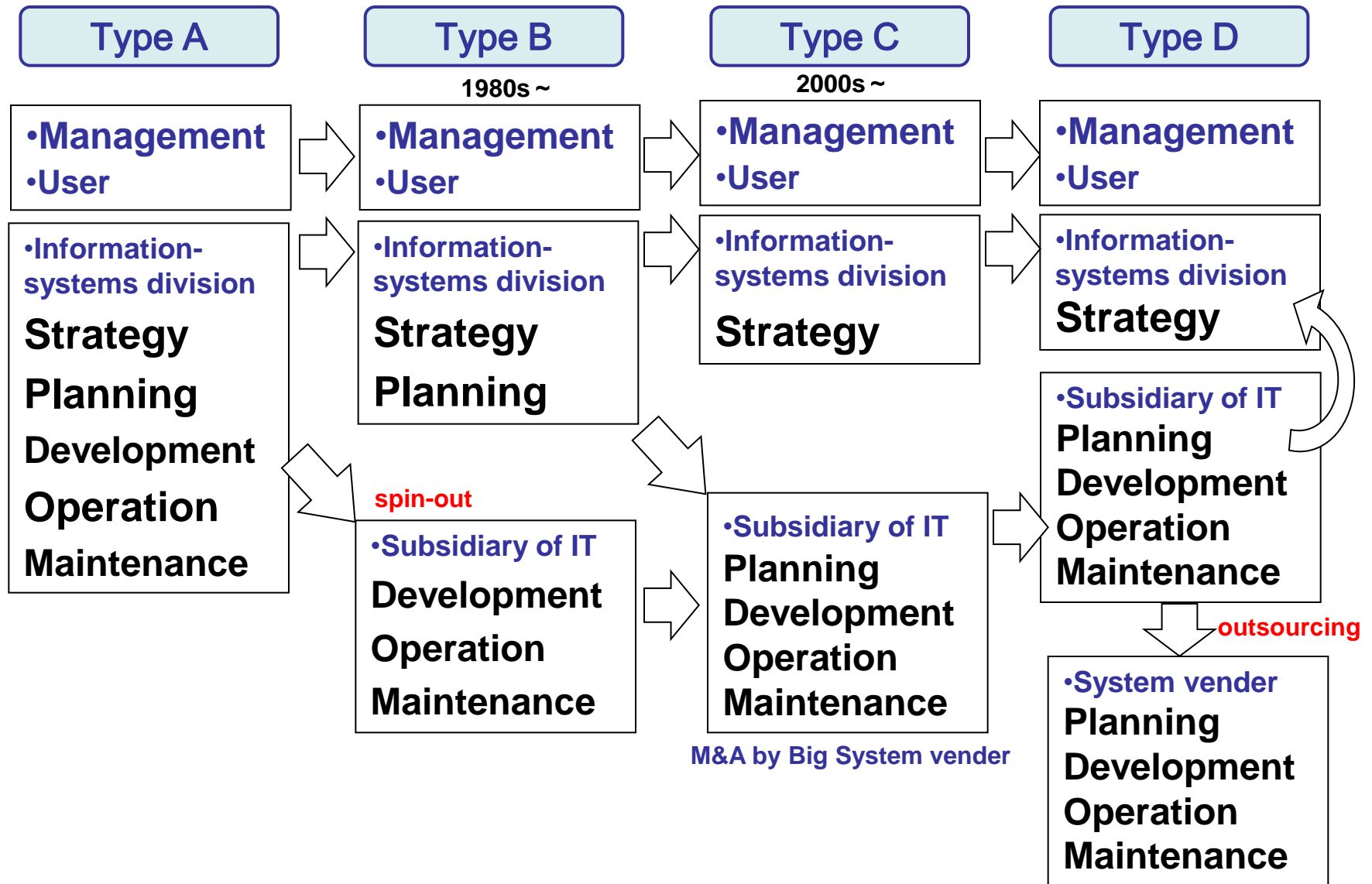
By a simple average, the infrastructure-type investment is 40%, the rationalization-type investment is 40%, and the strategic type investment is 20%.

Using a weighted average the infrastructure-type investment is 30%, the rationalization-type investment is 30%, and the strategic type investment is 40%.

The infrastructure-type investment is increasing, and rationalization-type investment is decreasing.



Transition of Japanese IS organization

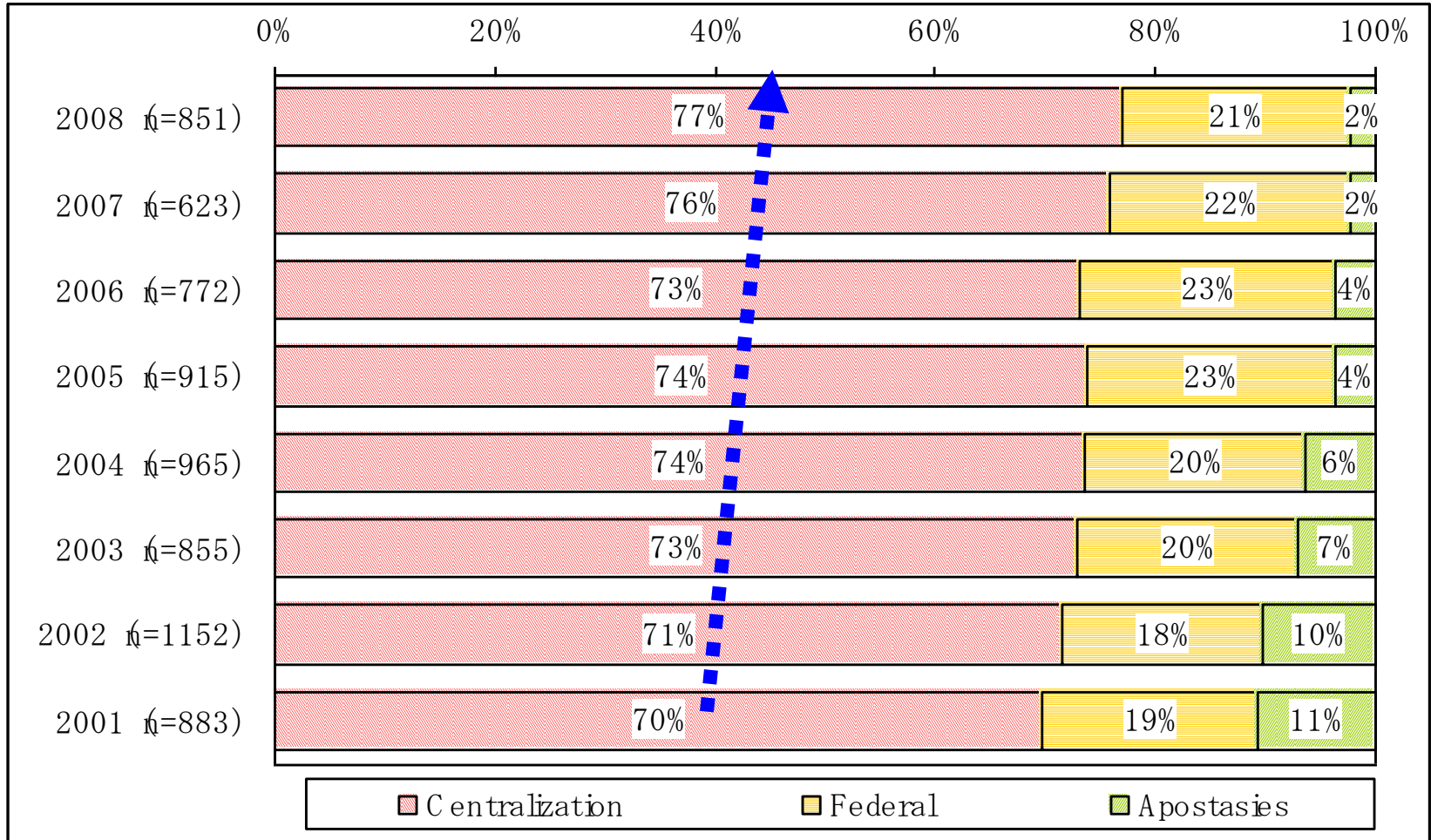


Japanese information-system organization

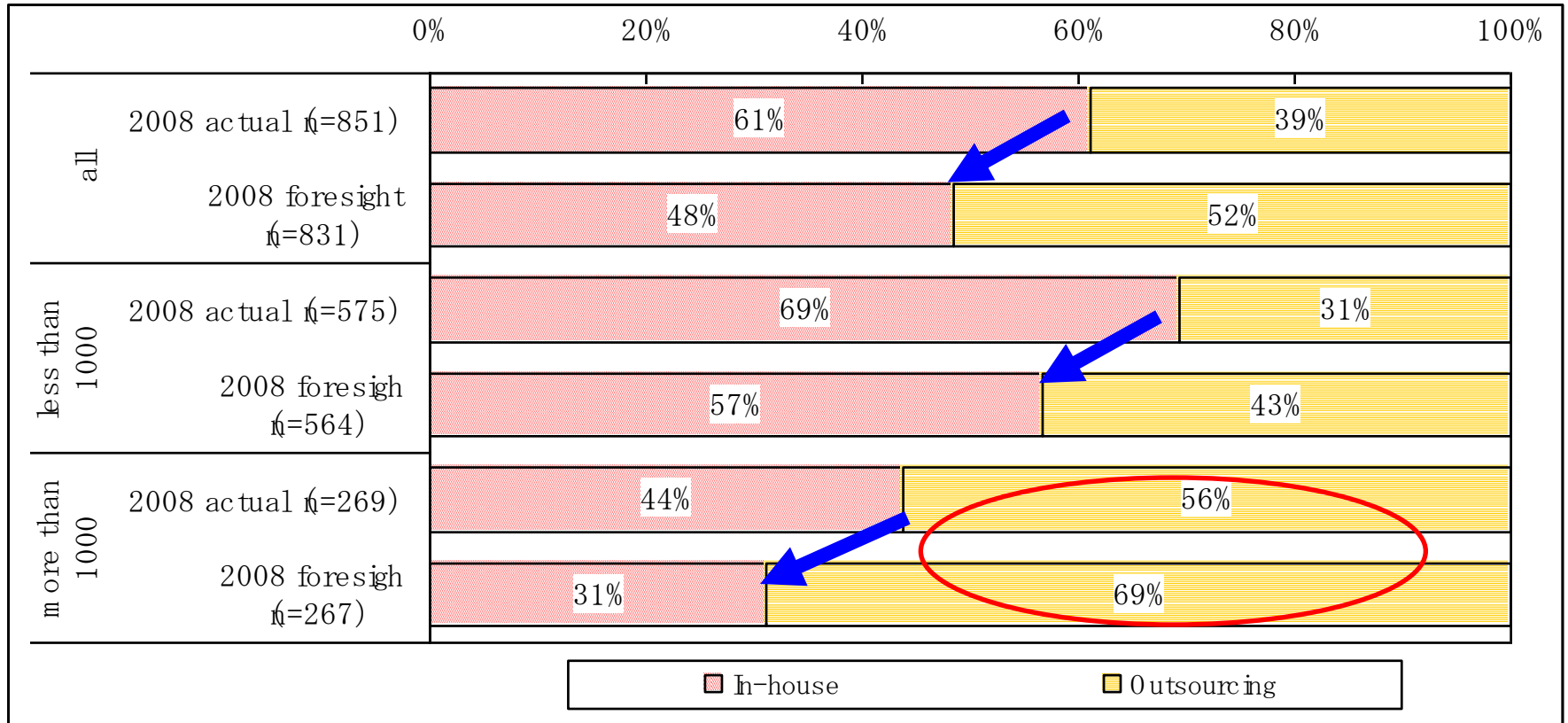
Formation	Assigning tasks		
	company-wide	division	<ul style="list-style-type: none"> •Subsidiary of IT •System vender
Centralization type A	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;">Strategy Planning</div> <div style="border: 1px solid black; padding: 2px;">Development</div> <div style="border: 1px solid black; padding: 2px;">Operation</div> </div>		
Centralization type B	<div style="border: 1px solid black; padding: 2px; margin: 0 auto;">Strategy Planning</div>		<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;">Development</div> <div style="border: 1px solid black; padding: 2px;">Operation</div> </div>
Centralization type C	<div style="border: 1px solid black; padding: 2px; margin: 0 auto;">Strategy</div>		<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;">Planning</div> <div style="border: 1px solid black; padding: 2px;">Development</div> <div style="border: 1px solid black; padding: 2px;">Operation</div> </div>
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The ratio of Formation information-system organization

The Centralization's ratio increases.
 Japanese enterprises tries to strengthen IT governance



Outsourcing seems to expanded In large enterprises.

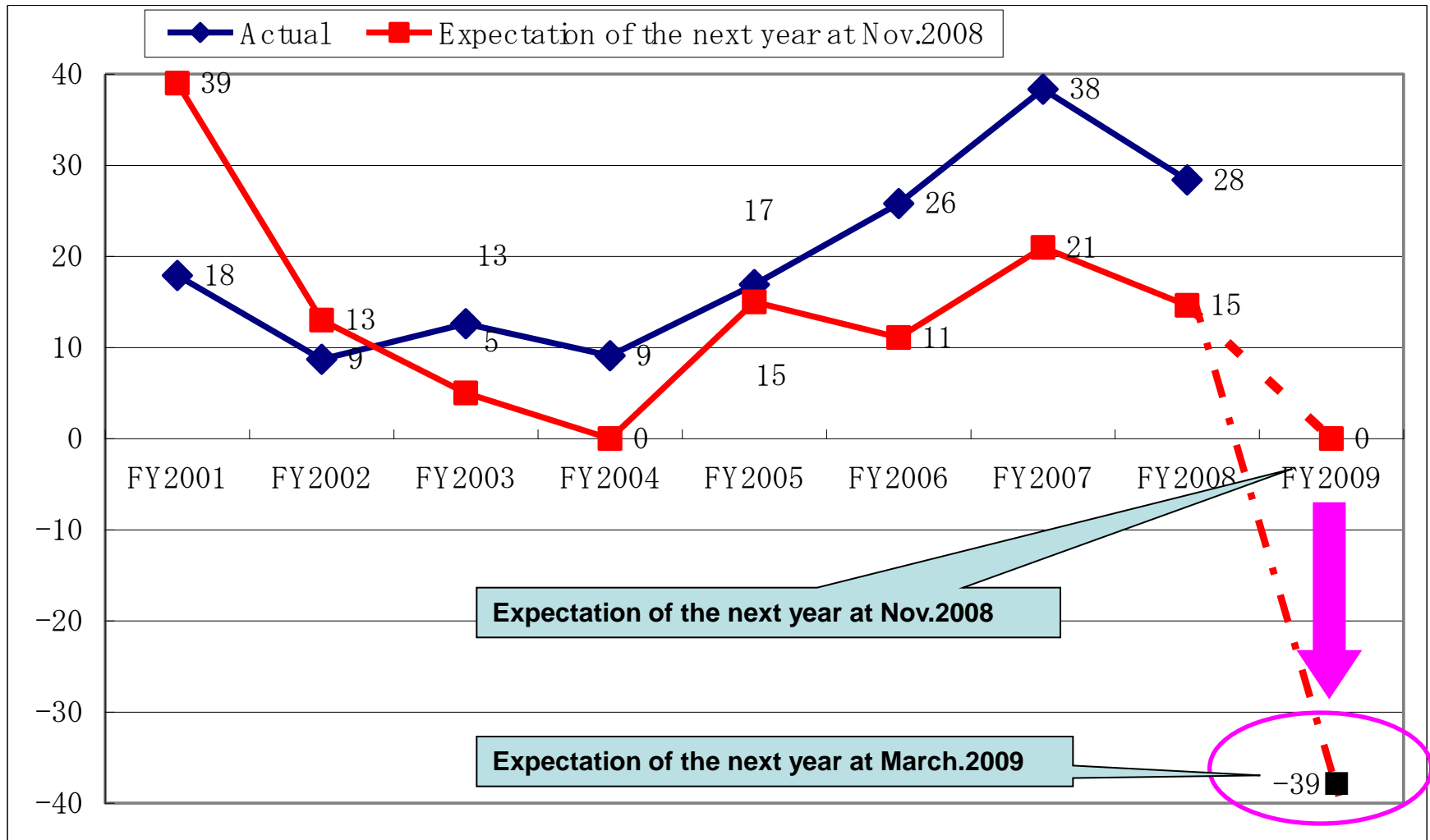


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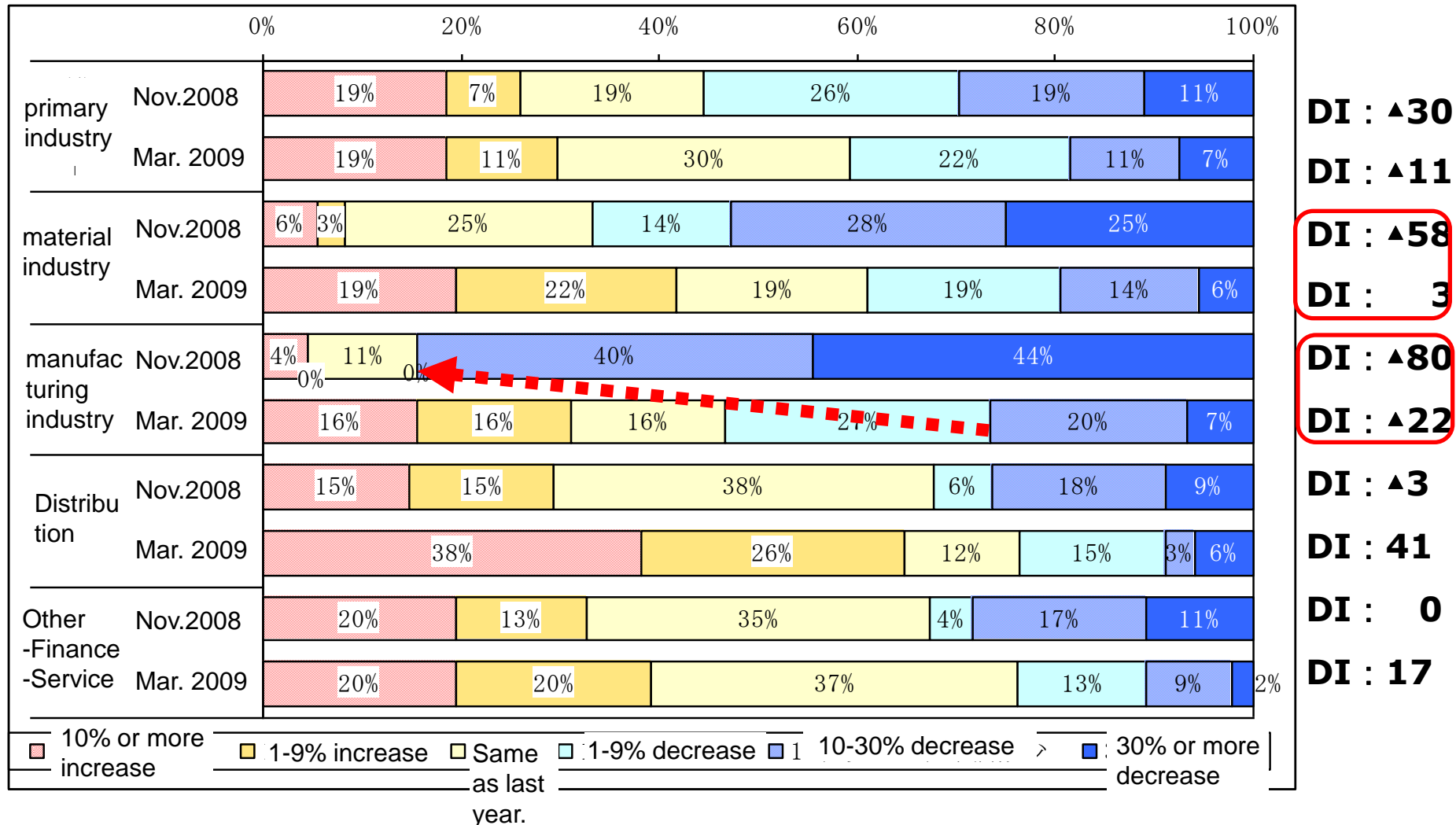
IT Budget from the latter half of 2008 to 2009

The big drop in IT Budget's DI (Diffusion Index)
The average of IT Budget decreased 10%



IT Budget from the latter half of 2008 to 2009 by industry

Material industries and Manufacturing industries plans to cut the IT Budget.



Business environment of Japanese enterprises from last year to this year



Because of The ever difficult economic environment by Global financial crisis, the information-system division have to reduce costs.

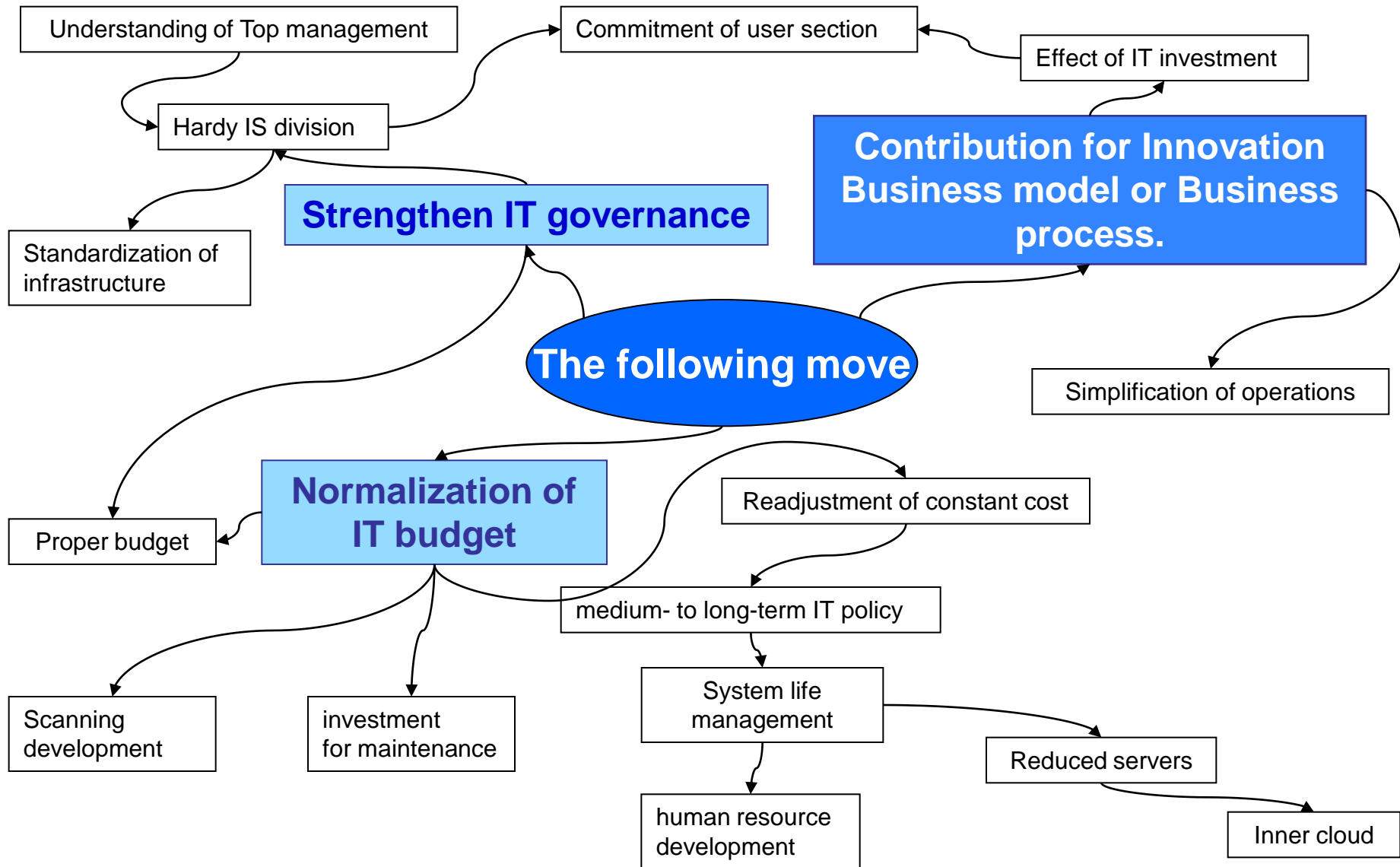
But Is a quiet economic recovery good ..only waiting..?

The enterprise should survives.

The enterprise should ready "The following move" of utilization of IT for the next age.

"The following move" utilization of IT

Opinions on IT division management forum



Shift of human resource of IS division

Case A company (food manufacturer)



Persons who make a contribution for Innovation Business model or Business process while having the point of view of management,



Persons who make point of contact with customers while having the point of view of marketing.



Persons who make judgments of Information technology and IT cost

Thank you for listening.

JUAS

<http://www.juas.or.jp/>

