🕐 NTT	JAP	ANESE	Sea	arch of NTT Group			9	
About NTT Group			About NTT Corpo	ration	F	Font Size S	ML	
▶ Press Releases	Group Companies	Social/Environmental Initiatives	NTT Facts	▶ To Investors	▶R&D	Career O	Opportunities	
NTT HOME > NTT Press Releases > 2013 > Submission for Approval of Business Operation Plan for the Fiscal Year Ending March 31, 2014								
	NTT P	ress Releases						

(News Release)

March 1, 2013

This English text is a translation of the Japanese original. The Japanese original is authoritative.

Submission for Approval of Business Operation Plan for the Fiscal Year Ending March 31, 2014

Nippon Telegraph and Telephone Corporation ("NTT") today submitted its business operation plan for the fiscal year ending March 31, 2014 to the Minister for Internal Affairs and Communications for approval.

Due to, among other things, the widespread use of the Internet, the information and communications services network and service environment are experiencing a dramatic evolution. Moreover, as the conditions for realizing a ubiquitous network society fall into place, expectations are ever increasing for this technology to contribute to greater efficiencies in socio-economic activities and bring greater convenience to the daily lives of individuals.

With the rapid progress of broadband services, the competitive environment in the information and communications services market has intensified due to numerous factors including service area expansion and price competition, enhancements in fiber-optic access, resulting from increased sophistication of wireless broadband, the diversification and advancement of technologies and services and the deployment of Wi-Fi access points. The market is also undergoing dramatic changes and development due to the demand for a more reliable communications infrastructure following the Great East Japan Earthquake, and the establishment of various new businesses that utilize networks.

To help ensure that universal services are maintained amid this evolving information and communications environment, NTT intends to provide all necessary advice, coordination, and other assistance to Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation (the "regional companies"). It will also endeavor to promote research and development in information communications technology, which serves as a foundation for telecommunications, in order to respond to society's demands for the development of a ubiquitous Internet society.

In addition, pursuant to NTT Group's "<u>Towards the Next Stage</u>" strategy announced last fall, NTT will serve as a "valued partner" that customers continue to select, and create a variety of simple, convenient, safe and secure services and business opportunities that are suitable for customers' needs. To achieve this, NTT will establish open and seamless usage environments enabling the deployment of a variety of services using the broadband networks of various market players and actively promote alliances with these market players while ensuring fair competitive conditions under the framework of existing laws. In addition to these efforts, NTT will also work to raise corporate value by establishing new business models and constructively managing its group companies for the development of NTT Group as a whole.

Based on these fundamental concepts in the management of business operations for the fiscal year ending March 31, 2014, NTT will aim to improve the management efficiency of NTT Group operations, including those of the regional companies, and develop new businesses to promote information and telecommunications, including improving the competitiveness of its network services. NTT will seek to ensure the stable development of its operations in the future, and to return the fruits of these efforts to customers, shareholders and the community at large by creating services responsive to globalization and strengthening its research and development to develop a disaster-resistant network based on the experience gained from the Great East Japan Earthquake.

Based on the above, under the business operation plan for the fiscal year ending March 31, 2014, NTT will manage its business by giving priority to the following activities, and will do so in a flexible manner so as to respond to changes in the business environment.

1. Advice, coordination, and other assistance

For the regional companies, NTT will exercise appropriate shareholder rights and provide all necessary advice, coordination and other assistance to ensure the maintenance of high-quality and stable universal services. These will include planning and coordination relating to the quality and upgrading of telecommunications networks, deployment of control and coordination capabilities when natural disasters and other emergencies occur, efficient fund-raising, and formulation of policies for material procurement.

NTT will support the efforts of each of the NTT Group companies, including the regional companies, to streamline their business operations and expand their business opportunities, and will assist with the development of human resources that will form the core of NTT Group.

2. Promotion of basic research and development

In order to create diverse services that are more convenient and can be used securely and safely, as well as to create business opportunities, NTT Group will work to harmoniously coordinate network platform technologies, technologies that provide a basis for new services and applications, as well as advanced and basic technologies in general. Through these efforts, NTT Group will focus its efforts on higher value-added research and development, as well as continue to be actively involved in expansion and standardization activities, such as participating in research and development activities in collaboration with other research and development institutions and in technology exchanges both in Japan and abroad.

To ensure the continuous execution of these basic research and development efforts, NTT will seek to further increase research efficiency with costs being borne by the regional companies and other NTT Group companies on an ongoing basis, who will in turn utilize the results of such efforts.

Specifically, priority will be given to the following areas in NTT's research and development activities:

(1) Infrastructure-related research and development

NTT Group will promote the creation of a convergence network that creates open and seamless usage environments; increase network capacity and consolidate its networks to meet increases in the number of users and communication traffic, market its devices through server virtualization, and share its network technologies with its peers. NTT Group will also pursue research and development that contributes to the creation of disaster-resistant networks and the lowering of operational costs. Further, in order to reduce its burden on the environment, NTT Group will promote research and development directed towards decreasing energy consumption, such as making network systems more energy efficient, decreasing the number of devices, and improving capacity to withstand power outages.

(2) User-related research and development

With a view towards creating advanced services that enrich the lives of and provide comfort to customers, NTT Group will promote research and development in technologies that integrate telecommunications and computer technology, such as media processing, lifestyle support, and global cloud networks. Specifically, NTT Group will promote research and development in content distribution technology that provides information with greater realism and convenience depending on the user and the user's location, lifestyle support technology that provides information to help and encourage people in their activities in an easy-to-understand manner, cloud platform technology for real-time dispersion processing of, and virtual unified management of, large-scale information, user interface technology enabling users of all types to easily receive services, and security-related technology, such as a SIEM (Security Information and Event Management) platforms, to ensure safety in information and telecommunications.

(3) Research and development in basic technologies

NTT is committed to securing a leadership position in basic technologies research that will support the future of information and telecommunications in Japan and contribute to its innovative improvement and development. To fulfill these commitments, NTT will pursue research and development activities that will contribute to realizing a photonic network enabling ultra high-speed, ultra high-volume petabit-level communications, for an age in which massive volumes of digital information circulate through networks. Specifically, this will include research in areas such as: ultra high-density wavelength division multiplexing and other optical communications technologies; optical packet router technologies to further enhance transmission capacity and fundamentally reduce energy consumption; optical component technologies, including optical amplification, optical wavelength multiplexers and demultiplexers, and optoelectronic fusion devices; quantum information processing technologies and nanodevice technologies, which serve as the foundation of innovative networks and have the potential to greatly surpass the existing optical and electronic technologies; communication sciences such as human science, which explore new possibilities in communications; and cutting-edge cryptographic theory. These will be combined with research on innovative new principles and new concepts for the next generation.

The following table presents an overview of the capital investment plan for the above-mentioned activities.

Attachment · Reference

- Table: Capital Investment Plan for the Fiscal Year Ending March 31, 2014
- Attachment 1: Revenues and Expenses Plan for the Fiscal Year Ending March 31, 2014.
- Attachment 2: Sources and Applications of Funds Plan for the Fiscal Year Ending March 31, 2014
- ▶ Reference: Summary of Business Operation Plan for the Fiscal Year Ending March 31, 2014
- Entire Report 1/2 [420KB]

For more information, please contact:

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NTT Press Releases Index

NTT Press Releases					
► Latest Press Releases					
▼ Back Number					
Japanese is here					
Search Among NTT Press Releases					

🔺 Page Top

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