

The Role of Information and Communication Technology for Local Revitalization

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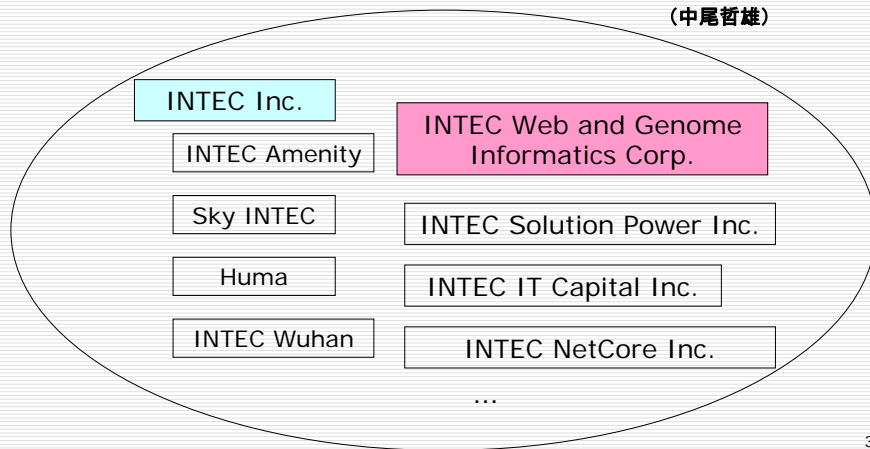
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INTEC Group

Turnover: 115 billion (2006)
Employee: Over 5000

INTEC Holdings Ltd. **Chairman & President,**
CEO: Tetsuo NAKAO
(中尾哲雄)



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The meaning of INTEC

- Originally (in 1970)
 - Information TECnology
 - International TELE-Communication
 - Integrated TECnology
 - INTellectual Echelon
- Now, additionally (since 1990's)
 - Interlink 7C
 - Interlink with Consumer
 - Interlink with Clients
 - Interlink with Cooperators
 - Interlink with Corporate-holder
 - Interlink by Communication
 - Interlink with Colleague
 - Interlink with Community

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Introduction of INTEC Inc.

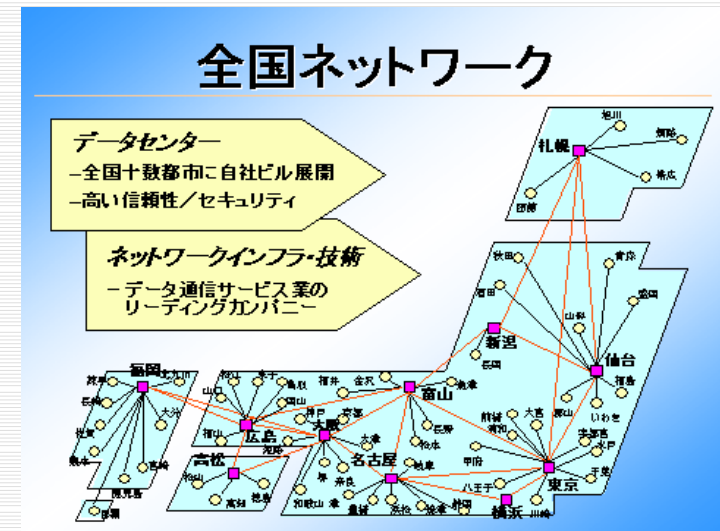
- Founded : January 11, 1964
- Current Paid-in-Capital (as of April 2006) : 20 Billion Yen
- President: Katsuki KANAOKA (金岡克己)
- Turnover (Year ended March 2006) : 96 Billion Yen
- Employees : 3,107 (as of April 2006)
- Offices in 24 cities in Japan, and 2 cities in China
- Business:
 - IT Consulting Service
 - Software Development Service
 - Systems Integration Service
 - Network and Outsourcing Service



Tower 111, Toyama city 5

<http://www.intec.co.jp>

Network of INTEC



Introduction of INTEC W&G

- Office: Tokyo and Toyama
- Employee: 85
- Turnover: 2 billion yen
- Business:
 - Bioinformatics
 - R&D support tools and services for genome research
 - Web technologies
 - Middleware for IT business and innovative applications
 - Advance Research
 - Joint research with universities and research agencies
- History:
 - 1989: Founded as "INTEC Systems Laboratory"
 - 2000: Changed name and went public on the "Mothers" section of Tokyo Stock Exchange
 - 2006: Created a holding company (INTEC Holdings) and became its subsidiary

<http://www.webgen.co.jp>

The Problem

- How to revitalize local areas?
 - Economic downturn
 - Decrease of public construction project
 - Business concentration to Tokyo
 - Depopulation
 - Young people go to Tokyo. Just elder people remain in local areas.
 - Competition with other local areas
 - Each area has to establish its identity.
 - ICT was thought to make it possible
 - to do R&D in local areas
 - to develop innovative products in local areas
 - to do business for urban areas remotely from local areas
- But, in reality, is it happening? Maybe, not.

What can we learn from history?

- The case of “Baiyaku”

- “Baiyaku” (売薬) = Traveling drug salesperson
 - Since more than 300 years ago
 - Traveling all over Japan and selling nonprescription drug to consumers at home
 - Traditional business started in Toyama, became famous in Japan
 - Unique business style
 - The method of “provide service first, collect money later” (先用後利, “Senyou-Kouri”)
 - A kind of credit system



What can we learn from history?

- The case of “Baiyaku”

- “Baiyaku was started because Toyama was faced with financial difficulties.”
- “Baiyaku was a great business with sophisticated management. They made effective use of information for business.” (from the talk by Mr. Hiroshi Yonehara, director of Tateyama Museum)
 - Information on market
 - They collect information from various areas, exchanges them, and made use of it for their business.
 - Information on each customer
 - Customer relationship management using “Kakebacho” (懸場帳, customer database)

What can we learn from history?

- The case of “Kitamaesen”

- “Kitamaesen” (北前船) = Cargo ship sailing in the Sea of Japan engaging in the trade between Hokkaido and other cities in Japan.
 - Since 18th century to the last of Meiji era
 - “High risk and high return” business

What can we learn from history?

- The case of “Kitamaesen”

- “The success of Baiyaku owes much to Kitamaesen.” (from the talk by Mr. Hiroshi Yonehara, director of Tateyama Museum)
 - Rare materials for nonprescription drug imported from China were transported to Toyama by “Kitamaesen”.
 - “Baiyaku” took advantage of “konbu” (dried kelp) transported from Hokkaido for market exploration.
 - Creation of the virtual “konbu” road from Hokkaido to Okinawa

What can we learn from history?

- Venture spirit
 - Even if faced with tough situations, going out to seek opportunities.
- Management
 - Achieving results with limited resources
- Marketing
 - Creating customers and satisfying them
- Information
 - Making effective use of information for business

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Inevitable consequence or accidental result?

- Founder of INTEC (late Mr. Koji Kanaoka, 金岡幸二) is from a family of “Baiyaku” wholesaler.
 - The family of Kanaoka had been doing business as a “Baiyaku” wholesaler since the “Edo” era.
 - After the Meiji restoration,
 - “Kanaoka the first” founded the origin of Hokuriku electric power company
 - “Kanaoka the second” founded Toyama First Bank
 - “Kanaoka the third” (Mr. Koji Kanaoka) believed in the future of information and communication technology and founded INTEC in 1964.

History of INTEC (from local to global)

- 1964: Started as “Toyama computing center corp.”
- 1966: Inaugurate office in Niigata.
- 1967: Inaugurate office in Tokyo.
- 1968: Inaugurate office in Nagoya.
- 1970: Inaugurate office in Sendai and renamed as INTEC Inc.
- 1972: Inaugurate office in Sapporo.
- ...
- 1986: Listed on the first section of Tokyo Stock Exchange
- 1989: Founded INTEC Systems Laboratory (current INTEC Web and Genome Informatics)
- 2003: Inaugurate office in Dalian (in China) and founded “INTEC Wuhan” in Wuhan (in China)
- 2006: Created a holding company (INTEC Holdings)

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The Problem (again)

- How to revitalize local areas?
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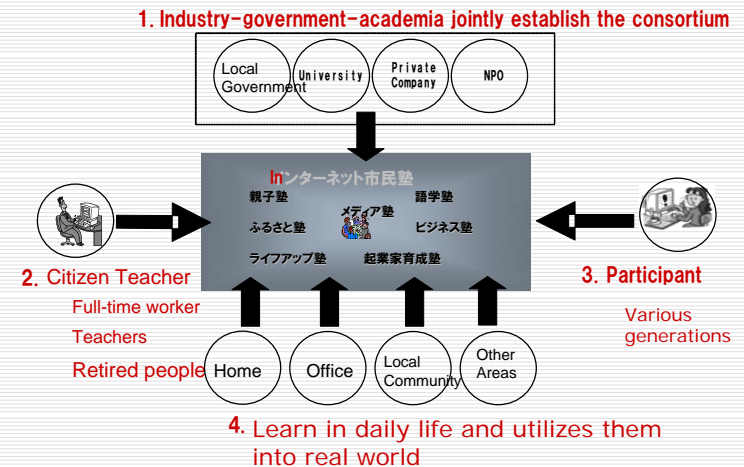
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An approach of "Internet Shiminjuku"

- "Internet Shiminjuku" (Internet 市民塾) = private tutoring school for citizens using Internet
 - An active e-learning platform using information and communication technology
 - Started in 1998 by Toyama prefecture, Toyama University and INTEC as a joint research and experiment
 - In 2002, established a promotion consortium and started joint operation with other local areas
 - About 100 thousand (cumulative) people participate in the activity in a year.

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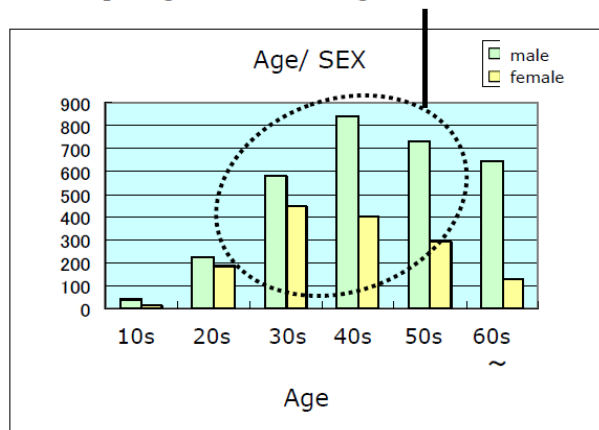
Scheme of "Internet Shiminjuku"



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Breakdown of participants

Participating a lot of Working Generation



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Dissemination of knowledge among generations

A citizen teacher, Mr. Y (50s)



A course on how to utilize ICT

A student, Ms. T (30s)



Student

A student, Ms. H (70s)



Student

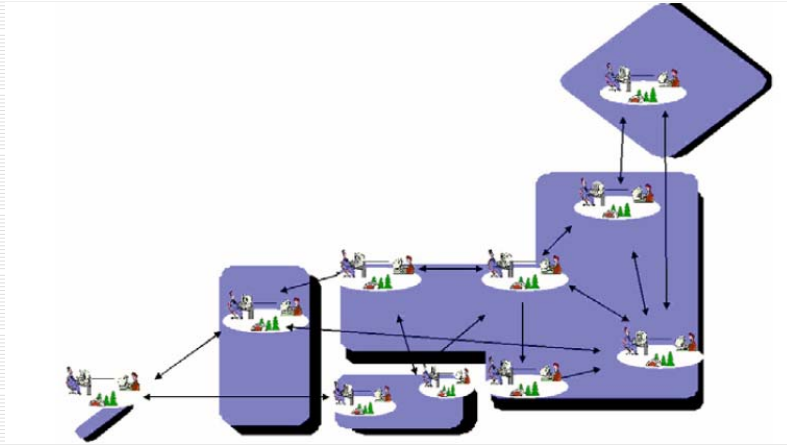
Becomes a citizen teacher of a course on how to enjoy tea

Becomes a teacher on healthy diet

- To join a course as a student --- the first step of using ICT
- Becomes a lecturer --- the first step for active participation to the society
 - To teach is the best learning.
 - To teach is to empower oneself.
- Can understand the local area well and can understand what he/she can do --- the first step for challenge

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Dissemination and networking of “Shiminjuku” system



Toyama, Tokushima, Wakayama, Kochi, Setagaya(Tokyo),
Kyoto (in preparation), Okinawa (in preparation)

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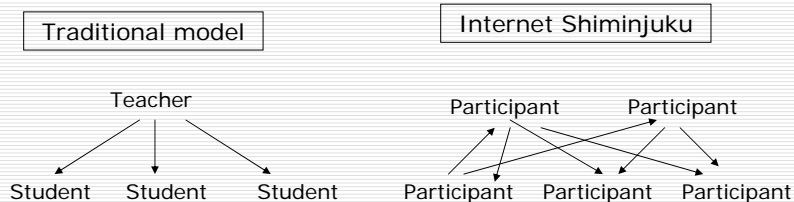
Awards

- “Excellent information system commendation” during “Informationization month” (October, 2000)
- Nikkei Internet Award “Local revitalization central award” (October, 2001)
- Internet use education practice contest “Prime minister’s prize” (March, 2002)
- Electronic local government grand prize “Administrative division’s section prize” (March 2004)

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The points of “Internet Shiminjuku”

- Enabled not just by information and communication technology, but also by human support network
- Mutual teaching/learning, not one-way



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Challenges ahead

- How can we create new business from local areas?
 - Remember the challenges of “Baiyaku” and “Kitamaesen”, businesses created from tough conditions.
- ICT can play an big role in local revitalization, but how?
 - “Internet Shiminjuku” has been successful in creating a new kind of e-learning community and connecting people to people.
 - How can we proceed from there?
- From global (in Japan) to global (in northeast Asia)
 - Is the “offshore development” the only way to go?
 - No. Just to seek cost merit will lead to dead end. We need to seek new values.
 - History shows that mixing of cultures creates new things.
 - From producer-and-consumer model to cooperator model

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