



# Book The Six Immutable Laws of Mobile Business

Philip Sugai, Marco Koeder and Ludovico Ciferri  
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## Recommendation

Mobile phone technology is ascendant. With billions of subscribers across the globe and more signing on every day, it is the technology of today and tomorrow. Japanese firms are by far the leaders in the thriving “mobile market.” Three experts on Japan’s cellphone industry – Philip Sugai, Marco Koeder and Ludovico Ciferri – explain why, providing an in-depth, insightful report on where mobile is headed in the years to come. They also discuss six principles that mobile carriers and service providers around the world can learn from and may want to follow. *BooksInShort* recommends this book – with its informative foreword by Martin Koelling, the Japan correspondent for the *Financial Times* Germany – as a worthy reference guide for professionals in the mobile arena. In this area, as Japan goes, so goes the globe.

## Take-Aways

- Throughout Japan, mobile phones are becoming the ultimate “symbol of freedom.”
- By following six principles, Japanese mobile firms have become global industry leaders.
- The first principle, “value over culture,” says that Japan’s mobile firms thrive because they provide a superior customer experience, not because of cultural factors.
- The second, “the law of the ecosystem,” means that Japanese mobile companies work together, rather than competing ruthlessly, to deliver the best value to subscribers.
- The third, “mobility empowers,” explains that mobile devices give people more control.
- These devices enable people to “embrace” or mentally “escape” their surroundings.
- The fourth principle, “the value of time zones,” shows that people use mobile two ways:
- They either use it for short periods between tasks, or during leisurely “golden time.”
- The fifth principle states that “mobile-specific business models are essential” to the success of any mobile company.
- The sixth principle is “the future is simplicity”: The best mobile devices are easy to operate, though they are complex machines with advanced capabilities.

## Summary

### The Rise of “*Homo Digitalis*”

Who do Japanese car manufacturers see as their most formidable competitors? Other carmakers? Nope. They constantly look over their shoulders at their nation’s mobile phone companies – and for good reason. Most of Japan’s young men who previously spent their money on cars now spend large sums on sophisticated “voice and data services” for their handsets. Throughout the country, mobile phones are replacing automobiles as the ultimate “symbol of freedom.” Just as people once valued cars for the physical mobility they granted, they now prize mobile technology for its ability to connect them to “almost everything and everybody” wherever they go.

“This book distills the most important lessons from how Japanese businesses and consumers have optimized the mobile channel into Six Immutable Laws for mobile business, and through these provides the most viable path forward for global success of mobile Internet content, services and solutions.”

Of course, mobile services are popular worldwide. But in Japan and, to a lesser degree, South Korea, they dominate. Advanced third-generation (3G) mobile technology in Japan has a two-to-three year lead on cellphone technology in many other developed nations. The country’s more than 100 million subscribers are evolving from *homo sapiens* to *homo digitalis*. Though Apple, Google and other major high-tech companies are making great strides in their mobile offerings, these firms and the entire industry worldwide have much to learn from Japan, the “biggest field laboratory of the mobile net.” The country’s mobile companies teach a valuable lesson: Creating a superior user experience for consumers is more important than “quick returns.” Thus, Japan’s mobile firms work together to develop a

mobile “ecosystem” that benefits everyone.

## Mobile Technology at the Forefront

Today more than 50% of the globe’s population owns a mobile phone, and eventually everyone, everywhere, will have access to mobile networks. What does this mean for the World Wide Web and other media? According to the International Telecommunications Union, by 2009, mobile phone subscribers already outnumbered Internet subscribers four to one. Soon, mobile will also push past television as an attractive advertising medium. With the emergence of One-Seg, Digital Video Broadcasting-Handheld (DVBH) and additional mobile digital broadcasting technologies, the mobile phone “has actually become the television.” Mobile innovators will guide the way toward Internet Protocol Television, the “next generation of television.” Besides its TV function, the typical mobile device has also evolved into a “camera, a house key, a corporate security card, a credit card, an airplane boarding pass, a game machine, a music player, an Internet browser, a watch, an alarm clock, an excuse to leave a meeting early, a scheduling tool and a wallet.” And, yes, you can phone people with it, too.

## Why Japan Leads the Pack

In Japan, where hundreds of millions of consumers subscribe to mobile networks, the mobile industry “penetration rate” is an estimated 70%. Though a few other countries have larger wireless populations, a closer look at Japan’s “mobile market” shows some remarkable statistics. For instance, four out of five Japanese mobile subscribers are “active high-speed” 3G users, and they represent “17% of all 3G subscribers” worldwide. That’s a large percentage, given that Japan’s mobile phone subscribers comprise less than 3% of all mobile customers around the globe. Moreover, Japan’s mobile market accounts for two-fifths of the revenue “generated globally from mobile data.”

“The Japanese mobile market is both a testing ground and an early warning system for the possibilities that a fully functioning mobile ecosystem can provide.”

Japan’s “mobile platform” experienced 10 years of rapid growth from 1999 to 2009, propelling the country to its current role as industry leader. Yet the West – along with “most of the East, North and South” – has yet to achieve “a fully functioning [mobile] value system.” Why? In Japan, customers sit at the head of the table, but this is not necessarily true in other nations. Elsewhere, a great divide exists between end users and mobile technology, resulting in wireless devices that consumers find overly complicated and hard to use. To address this problem, mobile firms need to merge simplicity with complexity to achieve “simplicity” in their technologies. But this is just one of “Six Immutable Laws” that govern the Japanese mobile market and that offer valuable lessons for mobile companies around the world:

### 1. “Value Over Culture”

Does mobile do so well in Japan because of the country’s culture? Is mobile technology’s success “just a Japanese thing”? Not at all. Those who hold this politically and factually incorrect view erroneously rely on four myths about Japan’s mobile marketplace. They mistakenly believe that “the mobile Internet succeeded in Japan because”:

1. **“Japan is a land of gadget-lovers”** – Research shows that South Korea and Hong Kong have a higher rate of “gadget adoption” among their citizens than Japan does, and China’s and Italy’s rates of adoption are not far behind. Clearly, mobile’s tremendous popularity in Japan must stem from some other cause.
2. **“The Japanese live in small houses and lack the space for a computer”** – Some people think that the Japanese are using mobile phones to go online because their homes don’t have room for PCs. In truth, computers are extremely popular in Japan, and they are common in many households.
3. **“The Japanese spend a lot of time on public transportation”** – On average, the Japanese use public transportation about half an hour daily, but most commuters do not spend a lot of time fidgeting with mobile devices while traveling. Research indicates that the Japanese use mobile more at work and at home.
4. **“Mobile-phone based communications suit the culture”** – A prevailing myth is that the Japanese have a “polite and quiet” disposition that makes them favor mobile phone-based communications. However, if the Japanese were choosing devices based on this temperament, they would naturally prefer communication forms such as Short Message Service (SMS) and email messaging instead. These methodologies are popular in the US and Europe, which don’t necessarily fit the description of “quiet culture.”

“The future is already here. It’s just not very evenly distributed.” (science fiction author William Gibson)

Clearly, Japan’s culture isn’t the reason for the nation’s widespread adoption of mobile technology. As Takeshi Natsuno, a pioneer in the wireless communications industry, explains, “It’s not about being Japanese. It’s about knowing what people want and how to sell it the right way.”

### 2. “The Law of the Ecosystem”

Japanese mobile firms generally do not engage in cutthroat competition to increase their profits. Instead, they work together, because their leaders understand that they can all do well in their flourishing mobile ecosystem. By striving toward a common goal, they demonstrate their devotion to *kaizen*, the concept of “ongoing improvement.”

“Consumers should not serve technology; technology should support us and serve our needs.”

At the heart of Japan’s cooperative mobile market are “network operators,” firms that offer “voice and data service packages” and network connectivity. These companies function as “benevolent dictators” that set guidelines and specifications for cellphone manufacturers while paying for a large amount of research and development. The Japanese network operator NTT DoCoMo is a prime example of a benevolent dictator. It holds on to only “9% of subscription revenues, passing 91%” on to its partner companies, such as service and content providers. In addition to network operators, seven categories of firms comprise the mobile ecosystem in Japan:

1. **“Infrastructure providers”** – These firms supply the “base stations, servers and subsystems” needed to ensure nonstop connectivity for subscribers.
2. **“Handset manufacturers”** – These companies make the actual mobile devices.

3. **“Middleware providers”** – These businesses offer “intermediary services” that connect “back-end databases and mobile devices.”
4. **“Application developers”** – These include various companies that build or sell software.
5. **“Content providers”** – These firms create the enjoyable, useful content that makes the mobile experience satisfying for end users.
6. **“Service providers”** – These companies dispense the content to customers.
7. **“Consumers”** – As the “ultimate target for offerings,” these individuals are possibly the most vital link in the chain.

### 3. “Mobility Empowers”

Mobile devices give subscribers better control over their lives and their surroundings. People using mobile technology can mentally “escape” from unappealing environments, such as a dilapidated airport lounge. Alternatively, they can use this technology to “embrace” positive environments by phoning, texting or messaging other people. For example, someone who is headed to a trendy restaurant can send a text message to his or her mobile social network, inviting friends and contacts along. Mobile also exerts a great influence on consumerism. In fact, companies throughout Japan take advantage of its capabilities to “attract and retain” loyal clients.

### 4. “The Value of Time Zones”

Usually, the Japanese are not in motion when they use their mobile devices. More often, they are in “fixed locations,” such as home or work. They “take two approaches to content irrespective of location and time,” either spending lengthy periods intensely focused on specific mobile phone activities, or using mobile in quick “bursts.” Conceptualize “access time” for mobile devices as a matter of defined zones of time, that is, the use of mobile communication within different time constraints. The first zone is “in-between time,” when you have a few free minutes, say, to check the news, and the second is “golden time,” when you have the leisure to engage fully with your mobile device and enjoy “gaming and TV content,” for example. If you provide mobile content, be aware of the concept of time zones as you plan your material.

### 5. “Mobile-Specific Business Models Are Essential”

Japan’s mobile firms are masters at creating mashups of mobile Internet content – for example, “combining pictures, maps and GPS information” – to offer exciting, engaging mobile experiences. They help mobile device users access material that enriches and empowers their lives. In Japan, mobile devices are changing “the consumption of online content from a passive activity to an active one.” Japanese mobile technology has advanced so rapidly in this area that people may eventually call it “Web 3.0.” Popular, advanced Japanese mobile services include the social networks mixi and GREE, as well as Mahou no Island (“Magic Island”), which offers a way to create free personal homepages on a mobile device instead of a computer.

### 6. “The Future Is Simplicity”

Though technology geeks may enjoy fiddling with complex devices, most users don’t want their handsets to challenge them. Instead, they seek intuitive interfaces and easy-to-use features. To continue to grow, mobile needs to offer a natural, effortless user experience while enabling a multitude of attractive, engaging features. This combination of front-end simplicity and back-end complexity melds into simplicity, a crucial target for mobile companies looking toward the future. To be successful in the field of mobile devices, you must design, build and offer handsets on the basis of this all-important principle.

## Brave New World

Today, mobile devices are about a great deal more than just telephony. Consider Amazon’s e-book reader, the Kindle, which comes with a “mobile phone network chipset” that lets you browse Amazon’s online bookshop and download e-books without a mobile phone contract or fees. Expect to see other innovative devices and applications that use the mobile Internet in creative, convenient ways.

“The customer is god, not a mere king.” (Japanese proverb)

Future growth in the worldwide mobile industry will occur primarily in developing countries. But to do well anywhere, tomorrow’s mobile devices will have to provide the benefits and services customers want in an accessible, personalized way. These machines will act as “mobile widgets,” serving a “user-driven, preference- and behavior-based personal net” that works on a variety of devices. They will be “gear,” not “gadgets,” in that they will help people attain their goals or accomplish their tasks. And they will integrate the web with the real world in a seamless manner.

## About the Authors

**Philip Sugai** directs the Mobile Consumer Lab at the International University of Japan. **Marco Koeder** heads CyberMedia K.K., a Japanese digital media agency. **Ludovico Ciferri** is a research manager for Istituto Superiore Mario Boella.

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