

Transformation into a Value Co-Creation Company



Seven Strengths for Becoming a Value Co-Creation Company





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Expanding Commercial Transactions through “d POINT” and “d CARD”

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I work on increasing our “peers” for “d POINT.” Together with partners, we deliver benefits, convenience and fun to customers.

▶▶ Business value

“+d” delivers new added value to customers

DOCOMO began offering a new point program “d POINT Club” in December 2015. An evolution of our “docomo Points” that accumulate through monthly mobile phone usage charges and other payments, “d POINTs” can be earned and used when shopping at participating neighborhood stores or online. As values diversify in modern society, changes are also taking place in consumer behavior. These include a growing number of customers who want shopping to be more convenient and to offer higher value. We created “d POINT” to meet such needs.

Through this program, we will leverage our payment services, customer base, customer referrals, and other business assets to add a new platform, consumer behavior, to the lifestyle infrastructure known as mobile phones, thereby delivering more benefits, fun and convenience to customers every day.

Our “d POINT Club,” is also based on the “+d” concept of aiming for the creation of new value with partner companies—in other words, “co-creation.” We will expand our smart life business and other businesses segment while realizing the benefits of collaboration with an array of partner companies. Through the distribution and expansion of “d POINTs,” for customers we expect to realize benefits, convenience and fun in consumer behavior, and for our partner companies we expect to realize mutual referrals of customers holding “d POINTs” and “d CARD.”

Seven strengths for achieving growth ▶▶ See page 3 for more information

Partnership



We have constructed the industry's largest-scale and most powerful partnerships through collaboration with approximately 21,000 “d POINT” participating stores and 33 “d CARD” store chains nationwide, and will use this scale to offer new value.


Customer base



With a solid customer base of approximately 58.5 million “d POINT Club” members and the top domestic share of mobile phone subscriptions at 43.6%, we make the adoption of new services and the development of new business models possible.

▶▶ Initiatives by DOCOMO

Expanding “+d” with “d POINT” at the core

With the launch of “d POINT Club,” we also reformed our earlier “docomo Point” and “DCMX” credit card to further heighten the advantages they offer. In addition to earning points through mobile phone usage, “d POINT” users can earn points by shopping at neighborhood “d POINT” participating stores or online through “dmarket”  and at sites that use “d Mobile Payment Plus,” which allows customers to make payments for these purchases through their mobile phone bills. At present, we have constructed an attractive network of approximately 21,000 “d POINT” participating stores,¹ including the major convenience store chain Lawson and McDonald’s, and 33 “d CARD” store chains.² We plan to continue our expansion of this network. Our “DCMX” service has also been renewed as “d CARD,” with added point card functionality and easier ways to earn “d POINTS.”

Our payment platforms such as carrier payments and e-money credit brand business “iD” are based on our mobile phone billing and payment system. This asset that we have accrued through our operations is now a key strength in developing services through “+d.” Combining our strength with further development of “+d” through “d POINT,” we will expand commercial transactions for “d CARD,” “d market,” and other businesses.

1. Number of “d POINT” participating stores (including those planning adoption by fall 2016)
2. Number of “d CARD” store chains (as of May 2016)

▶▶ Growth strategy

Creation of value through “+d”

Looking ahead, we will accelerate commercial transactions using “d POINTS” by increasing the number of partner companies, while highlighting differences from similar competing programs. At the same time, we will leverage the advantage of a program that is carrier-free³ and easily usable by anyone, and plan to grow the number of “d POINT Club” members. The expansion of the number of “d POINT” participating stores will offer more points of contact in

the “d POINT” trading area, and increase the number of our “peers.” For customers, increasing places to earn and spend points means that the points are even easier to use. By offering customers value in the form of points that are easy to understand, we plan to increase the usage rate and maximize the advantage of our ability to make referrals to partner companies from a customer base of 58.5 million users.⁴ Our customers will earn and use even more points, and partner companies will make use of points to attract more customers. Stimulating this cycle will raise the rate of usage of our payment platform and enhance profitability, while offering customers a richer and more convenient lifestyle platform together with our partner companies.

3. Customers are able to use our services regardless of whether or not they have a mobile phone subscription with DOCOMO
4. Number of “d POINT CLUB” members (as of June 30, 2016)

A valued partner (Lawson, Inc.)

With “d CARD” and “d POINTS,” Lawson offers greater value to customers.

We formed a business tie-up with DOCOMO in May 2015. From June 2015, we have offered a 3% discount for “d CARD” payments, and in December 2015 we began accepting “d POINT CARDS.”

DOCOMO customers include many persons in the housewife and senior citizen demographics, who are seen as generally difficult targets for convenience stores. Our tie-up with DOCOMO has broadened opportunities for attracting these customers to Lawson.

We hope to grow recognition through our continuing initiatives with DOCOMO, and hope to strengthen the partnership and generate synergies to attract even more customers.



Tooru Tachibana
Deputy Division Director,
Sales Strategy and Marketing
Division, Lawson, Inc.

Brand and social reputation



We will work to establish new services, making use of the high name recognition and customer trust that we have built up as a business operator that continuously provides high-quality communications services throughout Japan.

Financial capital



With a shareholders’ equity ratio of 73.5% and a debt-to-equity ratio of 0.04, we possess a strong financial foundation, and will accelerate our development of services by leveraging investment capabilities based on abundant capital.

Innovation to Pioneer the Future of Japan's Agriculture



▶▶ Business value

Nurturing the seeds of agricultural innovation with “+d”

Agriculture in Japan is now facing a major transitional period, and we recognize that there are major issues facing agricultural management. The aging of persons engaged in agriculture, and the associated decline in the agricultural labor force present a serious dilemma, while price competition from imported agricultural goods is becoming fiercer. At the same time, as national policy turns from protectionism to self-reliance, there are increasing opportunities to reconsider agriculture as a business. One example is the movement by large-scale retailers and the restaurant industry to produce their agricultural product offerings through contracted farms or their own farms. With such movements taking place in the agriculture sector, DOCOMO believes that we can play a major role in agricultural innovation by making use of our telecommunications network and other business assets. Our mobile network, which provides a stable telecommunications environment in farmland and mountain valleys around the country, will be at the core. Through “+d,” we are able to partner with companies and local governments that have varied skills and idea generation capabilities, aggregate their learning and know-how, and spur the development of agricultural innovation by reducing required labor.



Hiroshi Uehara
Senior Manager,
Agriculture ICT Promotion
Project Team, Corporate Sales
and Marketing Department I

Initiatives to resolve issues in agriculture in Japan have just begun. We will energize agriculture with “+d.”

Seven strengths for achieving growth ▶▶ See page 3 for more information

Partnership



Rice paddy sensors and the collected and analyzed digital data, which are provided by partner companies, connect over our mobile network. We believe this is one solution that will help resolve social issues.

Telecommunications equipment



Our stable telecommunications environment supports the evolution of agricultural innovation through an expansive and intricate mobile network that extends over residential areas, farmland, and even mountain valleys throughout the country.

▶▶ Initiatives by DOCOMO

Organizing an agricultural ICT platform in Niigata City

Partnering with Niigata City and agricultural venture companies, we have launched a project using sensor applications and mobile telecommunications networks in a new form of agricultural business. Niigata City, which has Japan's largest cultivated rice paddy area, is one of Japan's designated National Strategic Economic Growth Areas. The Cloud-Based Rice Paddy Management System that we have developed, deployed in rice paddies in Niigata City as a way to reduce labor in rice farming, has attracted considerable attention. In this system, sensors placed in rice paddies collect information on the status of the paddies, aggregating the data on cloud-based servers via DOCOMO's mobile network. Water levels in each paddy section can be measured to the millimeter, and water temperature, air temperature and other data can be checked on tablets and smartphones. The sensors use an original design developed by a partner company (Vegetalia, Inc.) that has refined its sensor technology in the agricultural field. The system successfully creates data from the instincts and experience of veteran producers, allowing producers with less experience and in smaller numbers to manage a greater number of rice paddies. In addition, for agricultural producers who perform much of their work outdoors, the ability to check information at any time and any place using tablets and smartphones is a big merit. The synergy born from our partner company's advanced technology and our own full-fledged mobile network has made the construction of a stable system possible. We believe that the agricultural system born of this partnership will make a great contribution to the consolidation of rice paddies and the resolution of the labor problem.

▶▶ Growth strategy

Accelerating sales activities for nationwide expansion

DOCOMO plans to establish this advanced initiative in Niigata City as a model case and expand it to other regions. In order to do so,

we are constructing an enterprise sales structure capable of covering the entire nation and expanding in any direction. Through this initiative we hope to capture the circumstances and needs of every region and uncover partner companies that possess outstanding know-how. In addition, female sales representatives nationwide are voluntarily carrying out sales activities as "Agri-girls." The Agri-girls are female employees on the Agriculture ICT Promotion Project Team who have already delivered solid results in initiatives such as the rollout of the "Mobile Gyuonkei" calving monitoring service in collaboration with the JA Group. DOCOMO's mobile network covers not only urban areas but also extends widely to farmlands and mountain valleys, offering great potential for the creation of wide-area systems. We will continue utilizing the agriculture "+d" framework in initiatives to resolve Japan's agricultural issues in livestock, dairy, crop and other areas of farming, and aim to create new agricultural businesses.

A valued partner (Niigata City)

We will realize innovation in agricultural with DOCOMO.

Our project in cooperation with DOCOMO received high praise from various agricultural parties, and through verification trials last fiscal year we reduced the labor required for water management. In May 2016, Minister of State for the National Strategic Special Zones Shigeru Ishiba observed the project and commented, "Niigata is at the forefront of Japan's agricultural sector."

By actively incorporating ICT into agricultural management in partnership with DOCOMO, we will put innovative agriculture into practice.



Akira Shinoda
Mayor of Niigata City

Human resources



We have a 200-person enterprise sales structure, including the Agriculture ICT Promotion Project Team, and will continue to accumulate the skills and know-how needed to conduct speedy sales activities nationwide.

Brand and social reputation



We are the number one domestic brand in terms of brand value* and have the ability to smoothly and steadily execute projects on a nationwide scale.

*Source: Interbrand Japan, *Best Japan Brands 2016*

Creation of an Innovative Translation Service for 2020



Daisuke Nagatsuma
Senior Manager,
Platform Business
Strategy Office,
Smart-life Planning
Department

We will quickly capture the widening inbound market and achieve “B to B to C.”

▶▶ Business value

Making languages barrier-free will accelerate globalization

The number of foreign visitors to Japan increased 47% year on year, reaching about 20 million persons in 2015.* Moreover, with the Tokyo Olympic and Paralympic Games planned for 2020, the number of foreigners visiting Japan is expected to increase even more, ushering in an age that calls for everyday communication in different languages even within Japan. This language barrier is a very large problem at present, and demands prompt resolution. Using original technology, DOCOMO has developed a translation service through which we are contributing to the development of a truly global society.

* Source: Japan National Tourism Organization (JNTO)

▶▶ Initiatives by DOCOMO

An innovative translation service born from voice recognition and machine translation technologies

The “Hanashite Hon’yaku” service we released in 2012 is a translation application that makes use of voice recognition technology and machine translation technology under research for many years by DOCOMO. The application, which translates spoken words into another target language and works with the varied conversational content of general consumers, has been well-received worldwide, and led to the 2014 release of our “JSpeak” service for overseas use

Seven strengths for achieving growth ▶▶ See page 3 for more information

R&D capabilities



We have been involved in the development of voice recognition, machine translation and other translation-related technologies for many years, and are creating innovative and high-quality services.

Partnership



The combination of technologies and know-how from multiple partner companies with translation technologies researched and developed by DOCOMO, makes possible new translation services that offer high levels of convenience.

of “Hanashite Hon’yaku.” Following additional research and development, we now also offer “Tegaki Hon’yaku,” which can translate text written by hand on a tablet or smartphone. In addition to recognition of hand-written text, the service can be used in combination with illustrations and images. The function is helpful in scenarios such as guiding travelers to their destination along a hand-drawn map on the screen, providing translation along the way. A trial run of the service conducted at Haneda Airport received a positive response, and nationwide corporate sales activities have led to its adoption by many companies. Looking ahead to 2020, in 2014 DOCOMO established Mirai Translate, Inc., a company dedicated to the machine translation business. Developments in technology and services that realize the world’s highest level of translation precision give us opportunities to enter markets where people have traditionally performed translations. Furthermore, we will create new markets for machine translation, and aim to develop services such as real-time translation services for consumers in everyday scenarios such as shopping and tourism, and expert domain translation services for enterprises.

▶▶ Growth strategy

Toward the realization of “B to B to C”

In June 2016, DOCOMO launched “Hanashite Hon’yaku for Biz,” a new enterprise service for use in interaction with customers from overseas. We customized our “B to C” service to create a “B to B to C” service, employing a face-to-face interface specialized for customer interaction. Within a single application, we offer an integrated service that combines multilingual set expressions, automatic translation and operator translation for enterprise customers who need to interact with guests from overseas. The service leverages DOCOMO’s unique and superior speech translation with accumulated customer interactions in the retail and hotel industries. At the same time, operator translation services through our call center make higher-level interactions possible. With a proven track record in the telecommunications business, the combination of these components make up a service unique to DOCOMO.

In addition, in July 2016 we launched “Hanashite Hon’yaku for Biz Premium” as an ASP service for enterprises. Targeting enterprise customers that require in-house integrated translation functions, this service provides DOCOMO’s speech translation functions through the use of API. Going forward, we aim for continued profitability and business expansion by meeting the various needs for translation. In order to quickly capture the growing inbound market, we plan to both expand services and strengthen our enterprise sales structure, and realize the “B to B to C” goal of “+d.”

A valued partner (RIGHT-ON Co., Ltd.)

DOCOMO helps us promote conversation and put staff at ease.

RIGHT-ON, a specialty retailer of jeans and other casual clothing, receives many visitors from other countries. The resulting language barrier can often be a source of stress for our store staff. “Hanashite Hon’yaku for Biz,” which we adopted to conduct verification trials, is compatible with multiple languages, and allows the entry of unique phrases often used in our stores, such as “second item half price.” This lets staff respond to customers with ease.

Looking ahead, we plan to incorporate the service in stores with a large volume of duty-free sales, particularly in the Osaka and Okinawa areas.



Kazuhiro Hamada
Systems Team,
Operations Reform Office
Enterprise Division
RIGHT-ON Co., Ltd.

Customer base



Machine translation services learn and grow in precision in correlation with the number of times they are used. Offered by DOCOMO, with the top share of mobile phone subscriptions in Japan, the service can undergo dramatic growth in quality.

Human resources



From telecommunications to networks and translation, we develop innovative services through collaboration between R&D staff, who continually create innovation, and business development staff, who make speedy commercialization possible.