

Ever so cautiously, Japan moving to embrace cloud computing

As is often true in consensus driven Japan, change can take longer than desired. Such is the case with the uptake of cloud computing, where the Japanese government is taking its time to see what happens in the U.S. and the rest of the world before adopting cloud-related policies of its own.

The slow embrace of the cloud has been most acute among midsize Japanese firms that are still weighing the risks. A number of big national champions, including Marubeni Corp., Japan Airlines Co. and Calsonic Kansei Corp. have already taken the leap. So too have many smaller companies less concerned about regulatory and liability issues. Most midsize firms, however, are watching the behavior of more cautious institutions in the public and private sectors before deciding to take the plunge themselves.

According to Microsoft Corp.'s Tom Robertson, the private sector often looks toward the behavior of government as an early leader on matters such as these. Robertson is vice president and deputy general counsel at

Microsoft's U.S. headquarters. He is in charge of a legal team tasked with ensuring that Microsoft transitions from being a software company to a cloud-based one.

"People generally look to entities they think would be the most rigorous in their analysis," Robertson said. "The government is one of those. People think to themselves and say, 'Wow, the government has thought through it before they would move to the cloud. Now I feel comfortable given what I see in the government space.'"

In 2010, the U.S. Office of Management and Budget adopted a "cloud first" policy under which all government agencies must use cloud services wherever possible. Japan has no equivalent policy, noted Takaaki Tomizawa, director of technology policy at Microsoft Japan Co. "The Japanese government does not yet have a clear direction like the U.S.," Tomizawa said, adding, "Local government ordinances (*kyourei*) can prohibit cloud uptake."

It may only be a matter of time before the

majority of midsize Japanese firms take to the cloud. Microsoft's Stephane Ducable thinks the Abe government understands the importance of doing so.

"This country is friendly to the cloud and the new administration 'gets it,'" Ducable said. Ducable is director of corporate affairs and assistant general counsel at Microsoft Japan. He referred to a recent Business Software Alliance global study that ranked Japan as No. 1 in terms of cloud environment friendliness.

Ducable added: "At the moment, the government is looking at further deregulation, and we've seen some encouraging movement around export control liberalization in line with industry's recommendations. Japan will move massively in an organized fashion when the time is right."

The Abe government has already earmarked 59 cloud-related regulatory items affecting key sectors of the economy, including health care and education, for possible future relaxation. The recent appointment of Koichi Endo to the post of government chief information officer



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might also lead to more effective use of information technology — including use of the cloud — within the government. Endo is a former CIO and vice president of Ricoh Co.

Less certain, but still on the table, is the Trans-Pacific Partnership. The TPP contains draft legislation that might create a common market for data throughout Asia. Japan's participation in the pact could resolve one of the great conundrums facing those thinking about cloud issues: how to protect citizens and companies whose data resides on servers beyond the reach of Japan's legal jurisdiction. Harmonizing security and privacy rules between Japan's trading partners could free up global enterprises to more easily and cheaply move data from one place to another.

That could encourage more Japanese companies to adopt cost-effective, convenient cloud technologies and thereby help Japan to remain globally competitive.

Richard Solomon publishes regular Beacon Reports at www.beaconreports.net