

## | A Special Conversation |

# Leadership on the Global Stage

Participants

**Koichi Suzuki**, Chairman & CEO

**Eijiro Katsu**, President & COO

IIJ recently bolstered its management team, naming Koichi Suzuki as Chairman and CEO and Eijiro Katsu as President and COO. The following is a conversation between Mr. Suzuki and Mr. Katsu about IIJ's future and the IT industry in general.

## IIJ: Taking the Next Step

### **Suzuki**

Katsu-san, you haven't changed a bit in all the time I've known you. Always very dignified. Do you remember the first time we met?

### **Katsu**

I believe it was something like 20 years ago, right?

### **Suzuki**

We always seemed to be crossing paths at parties. I don't think we actually discussed work in all that time.

### **Katsu**

Yes. We were both so busy, we never really got many chances to meet.

### **Suzuki**

It was quite some time ago when I first invited you to come to IIJ.

### **Katsu**

I thought you were kidding at first (laughs). Of course, it was a great honor.

### **Suzuki**

After affiliate Crosswave Communications Inc. went out of business, I spent 10 years rebuilding IIJ. During that time, I was so focused on getting the company back on track, I really wasn't in a position to do anything audacious personnel-wise. But more recently, I started to think that IIJ needed to transform itself if we were going to take the next step.

Japan's IT industry is very insulated, and we haven't seen anyone who can lead the industry with innovation. That's why Japan has been trailing the rest of the world in this field. We have been relying on America for technology, which we copy and build upon here. In other words, Japan has no "technological soul" right now. I knew if we were going to change, we needed someone like Katsu-san to come in and make a breakthrough into Japan's IT industry.

So, I made what excuses I could to meet Katsu-san more often. I believe it was a lunch meeting last summer, wasn't it? At that sushi restaurant, where I gave you the hard-sell (laughs).



Photographer : Shigeki Watanabe

**Katsu**

I received a formal offer to join the company after I retired from the Ministry of Finance. It was my respect for Suzuki-san that was the biggest reason I accepted the offer.

To start a business—particularly in a field as new as the Internet—takes technical skills, obviously. But, it also takes a lot of energy and funding. Japan isn't necessarily the most flexible of countries when it comes to change. Despite the challenges, Suzuki-san was able to found IIJ, take on new challenges, and turn the company into a major player. It must have been a tremendous struggle. And to stay on top, IIJ had to anticipate new needs in the world. Doing something like that for 20 years is no easy task.

**Suzuki**

When we started, I couldn't really even pay a decent wage. But, I was telling everyone we were going to beat NTT. That was something of a daydream (laughs). But, even from the beginning, I believed we would need to become a much bigger company to be a player on the global stage.

**Katsu**

In talking with IIJ staff, some say that IIJ is just the right size as it is. For example, a town factory making bolts can essentially make a living relying on a single technology, correct? But, for a firm like IIJ to survive the waves of global change, we have to win the battle of price competition, while producing new technologies and new services. Without a certain scale and capacity, a company inevitably stops moving forward; maybe it even starts to contract. That's why I believe we have to continue to grow, to globalize and reach a scale at which we can meet the coming challenges.

**Suzuki**

It would be difficult to try and exist solely inside the Japanese market.

**Katsu**

Exactly right.

**Suzuki**

As it stands, there are few companies out there that might be able to survive relying on the Japanese market solely. IIJ must expand more overseas, and create an organization that can offer and support services on a global scale. We can't stay small. If we're too small, then we lose our ability to compete. IIJ is a technology firm, but we're not in the kind of business that can stay small and survive. Look out there, and you'll see that IIJ is the only independent ISP still around. It's time for us to take the next step forward.



**Suzuki Koichi**

Born in Kanagawa in 1946, Suzuki attended Waseda University, where he graduated from the Faculty of Letters, Arts and Sciences. In 1992, Suzuki founded Internet Initiative Planning Inc. (presently IIJ). In 1993, IIJ provided the first commercial Internet connectivity service in Japan. Mr. Suzuki was named president in 1994, and assumed his current position in June 2013.

## Looking 20 Years Ahead

### Suzuki

When I started IIJ, I thought the most fascinating thing about the Internet would be its ability to change the structure of society fundamentally. At the time, IIJ might have been the only company to really see the potential of the Internet.

Of course, the government and the politicians had no idea, so things were very difficult. There was a very apparent difference in attitude in America as opposed to Japan. The same applies to engineers; young engineers came to IIJ simply because they thought the Internet would be interesting. On the other hand, the Internet brought with it some scary issues. The technology could destroy every long-standing structure, completely changing society. At the time, there was no one who had a clear understanding. I wanted to bring people to IIJ who could embrace this fear, see how the world was going to change, and exercise a spirit to adapt to this major revolution.

When we announced that Katsu-san was to be named president, every news outlet made a point to mention that this was an unprecedented move. It was actually quite amusing (laughs). Finally, it was Japan's turn to see an experienced and talented outsider come in and take over the helm of a major IT company.

### Katsu

Our society will be completely different in the next 10 or 20 years. I see two factors driving that change. The first factor is the Internet. With smart devices, cloud computing, and big data all interconnected, we already see the beginnings of social upheaval. The entire world is moving in this direction, so the Internet has to be a core part of corporate business strategy.

The second factor is the pace of technological progress today. The rate of change is increasing almost exponentially. Genetic engineering, biotechnology, nanotechnology, robotics engineering—every imaginable field is becoming more digital and more connected, and this environment tangential to the Internet continues to evolve.

More than 20 years have passed since the founding of IIJ, but I don't think anyone could have imagined today's society back then. And, I think we're in for many more dramatic changes over the next 20 years.

### Suzuki

I think we're in a position to completely change how the world sees Japan's IT industry, as long as we can project where the world is headed and have Katsu-san exercise strong leadership in taking us there.



**Eijiro Katsu**  
Born in Saitama in 1950, Katsu attended the University of Tokyo, where he graduated from the Faculty of Law in 1975. After graduation, Katsu joined the Ministry of Finance, serving in positions including Director-General of the Finance Bureau, Deputy Vice Minister of Finance, and Director-General of the Ministry's Budget Bureau. In July 2010, Katsu was named Vice Minister of Finance. Katsu retired from the Ministry of Finance in August 2012, joining IIJ as a Special Advisor in November. Mr. Katsu was named IIJ President & COO in June 2013.

## Becoming a Truly Global Company

### **Suzuki**

Many big companies get that way after the next generation takes over from the founder. Toyota and Honda are good examples. The founder's job is usually to struggle securing the cash (laughs).

### **Katsu**

Sure, but the first president is the company's founder—there are a lot of founders out there with a unique style and charisma.

### **Suzuki**

Once the founder has taken the company to a certain size, then it's time for the next step. Management structure needs to evolve as well. As times change, it's only natural that leaders change, too. The second generation, with different personalities and talents than the first, make the transition to the next step smooth.

For example, Soichiro Honda was a racer. That's what he wanted to do—race. But, if he had stayed at the top forever, I don't think Honda could have won in F1. The people who took over from him kept his ideals alive while making the company bigger. Many, many talented engineers come to Honda, which is why I believe they had so much success. Of course, that Honda kept racing attests to the fact Honda-san's spirit remained alive within the company.

I believe IIJ is the same. We need to scale bigger and work at a higher level where we will be able to accomplish our true goals on a global stage. Right now, even if we introduce a conceptually interesting idea, we aren't at a place to develop it into a technology or service at a level to attract the interest of Google or Amazon.

### **Katsu**

A founder quite literally starts a company, so he or she takes on all of the risk. Some succeed and some fail. As a company gets larger, the next generation is more reluctant to take on risks. I think the companies that can continue to take on risk are the ones that eventually grow.

So, it's important for a company to nail down what the needs are in the world. To do that, you have to invest in new technologies and product development. Cutting costs and downsizing don't lead to growth. Of course, it's one thing to say you have to have foresight. To actually have it is another thing entirely. I really respect Suzuki-san for your foresight.

### **Suzuki**

With respect to the Internet, it wasn't all that difficult. From the start, there was just the cloud computing and big data.

### **Katsu**

That's right. IIJ was into the cloud and big data many years ago. That kind of foresight is truly impressive.

### **Suzuki**

We believed that when the Internet really caught on, then people from all over the world would be sharing information. Naturally, that would translate into enormous volumes of data. I feel we've finally reached a practical era of the cloud and big data. The ethics and usage of this data is a separate question altogether.

As big data and the cloud become more popular, all systems, structures, and media will converge to the Internet. But, I think that Katsu-san has a better feel than I about that process and how specifically the world is going to change. I'm counting on you to establish the groundwork to set plans and build an ambitious framework for IIJ moving forward.

## A Willingness to Face New Challenges

### **Suzuki**

It must have been a big decision for you to jump into a completely new world in your sixties. Maybe I turned out to be lucky after all, getting Katsu-san to come to IIJ (laughs).

### **Katsu**

I don't think many people get the chance to take on a completely new career at my age. I believe this is a really big opportunity for me. A company like IIJ is one that is willing to face new challenges, and I want to face a new challenge, too.

### **Suzuki**

I will be relying on Katsu-san to bring us your experience and unique viewpoint, providing your insight and vision toward the next stage. I'll be the one taking the lead in breaking down that vision into technological development. If that wasn't the case, I think there could be some challenges in corralling the young engineers in a company with a casual culture as we have (laughs).

### **Katsu**

This might come as a surprise, but IIJ's culture is actually similar to the Ministry of Finance where I worked. People are free to express their opinions. In government agencies, staff reassignments are so frequent that at most, a supervisor might be in a position for two years. That's why there's more freedom of expression.

### **Suzuki**

I've been the president here at IIJ since the beginning, but I think we do have that kind of culture where people can speak their minds.

### **Katsu**

There's something else I felt when I came to IIJ. China has an old story called Water Margin. I think the IIJ technology group is like the world in Water Margin. A stronghold is home to many unique personalities.

### **Suzuki**

Katsu-san, with your open-mindedness, I think you'll have no problems communicating with our staff.

### **Katsu**

I want to respect the spirit and corporate culture that IIJ has created.

### **Suzuki**

Well, I certainly look forward to working closely with you for the foreseeable future.