



# JRI news release

July 23, 2003

To Whom It May Concern:

Nagasaki Prefectural Government  
The Japan Research Institute, Ltd.

## Notice of Application for a Patent on a Business Model

(Related to the method, for using financial resources efficiently in system development through cooperation among businesses, universities and local governments, invented by the Nagasaki Prefectural Government and The Japan Research Institute)

This is to inform those concerned that the Nagasaki Prefectural Government and The Japan Research Institute, Ltd. jointly applied for a patent on July 22, 2003. Details of this application are shown in the following:

1. Title of the invention: A system and a method for supporting the building of electronic governments
2. Outline of the invention: This invention deals with a method for efficiently using the limited financial resources, in a prefecture as a whole, in relation to local governments' efforts for system development building. The method involves the provision of safe and high-quality open sources based on cooperation among businesses, universities and local governments.
3. Joint applicants: The Nagasaki Prefectural Government and The Japan Research Institute, Ltd. (with 50% interests for each applicant)
4. Application date: July 22 (Tue.), 2003
5. Inventor: Hideyo Shimamura (Director General of General Affairs Department, Nagasaki Prefectural Government)
6. Others: Further details of the application are shown on separate sheets.

\* The "business model patent" is a patent category specified in the patent law. It is also referred to as "patent on business method." For the acquisition of a patent, the law requires that an invention be not a mere "artificial arrangement," but an authentic

invention with novelty, a contribution to a technical field and other necessary features.

(Outline of the Business Model Patent Application)

\* Current problems

#### 1. Problems for local governments

(i) As a result of the currently planned decentralization of power, additional financial resources, shifted from the central government, will become available for local governments. However, since the total amount of the said financial resources tends to decrease, measures must be taken for the efficient use of resources in a prefecture.

(ii) If demand in a local area is not satisfied by local industries, employment opportunities in that area will decrease, resulting in economic stagnation. In particular, the ability of local areas to develop outstanding IT (Information Technology) engineers has been diminishing.

(iii) If the tendency toward the integration of electronic governments progresses, only major IT companies with sufficient resources may be able to meet resulting demands, causing the decline of their local competitors.

(iv) Human resources have not been developed efficiently, partly because of lack of definition in the roles of businesses, universities and local governments.

#### 2. Problems for local businesses

(i) Traditionally, local IT companies have been dealing mainly with personal computers and other hardware equipment. Recently, however, their revenues have been declining due to the shift of focus in the IT industry toward system (software) development.

(ii) It is difficult for local IT companies to enhance their technology, because they lack sufficient funds for acquiring technical expertise in new fields.

(iii) Currently, local governments are promoting the use of open sources. However, this effort may not result in increased revenues of local IT companies if demand for open source software does not grow in the corresponding prefecture.

**The Nagasaki Prefectural Government and The Japan Research Institute, Ltd. have invented the present business model as a method for improving this situation, and applied for patenting this invention as a business model patent.**

\* On the contents of the application

#### 1. Role of a prefecture

(i) Ahead of cities and other municipalities in its area, a prefecture should develop a system efficiently and at a low cost, using open sources.

(ii) The prefecture should design the developed system as an open source, and provide it with detailed specifications to local companies.

(iii) Prior to the provision of the system to local companies, the prefecture should commission a university to check the system for possible security holes, and evaluate the quality of its program.

(iv) The prefecture should introduce the system to its municipalities, and invite them to use it, in order to promote the demand of the said system as open source.

#### 2. Role of a university

(i) On commission by the prefecture, a university should check the system for possible security holes, and evaluate the quality of its program. The university should engage in these activities as its business, thereby benefiting from the tendency toward the reorganization of universities as independent administrative centers.

(ii) The university should also design the results of its related research as open sources, and provide them to local companies and other entities.

#### 3. Role of a local company

(i) A local company should use the system (provided as open source) for its research, and thereby turn it to an asset in its sales activities aimed at other prefectural governments or municipalities.

(ii) The company should publicize changes on the original system, and maintain it as open source.

#### 4. Role of a coordinator (e.g. a system specialist or a NPO)

(i) A coordinator should adjust the specifications of the system provided by the prefecture, in order to meet the demands of each municipality.

(ii) The coordinator should also coordinate the efforts of local companies with those of the prefecture, municipalities and universities, to ensure that the said companies can focus on system development.

(iii) Through its coordination, the coordinator should also develop a database commonly used by municipalities in the prefecture, and thereby establish a basis for efficient

system building.

\* Effects

The above business model will enable municipalities to use their financial resources efficiently.

It will also promote the activation of local companies by creating a demand for open sources; and assist these companies in developing human resources by furthering cooperation among businesses, universities and local governments.

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