

Business Chances Emerge from Aging

Proposal by SECOM

By Kiyomasa SUGII

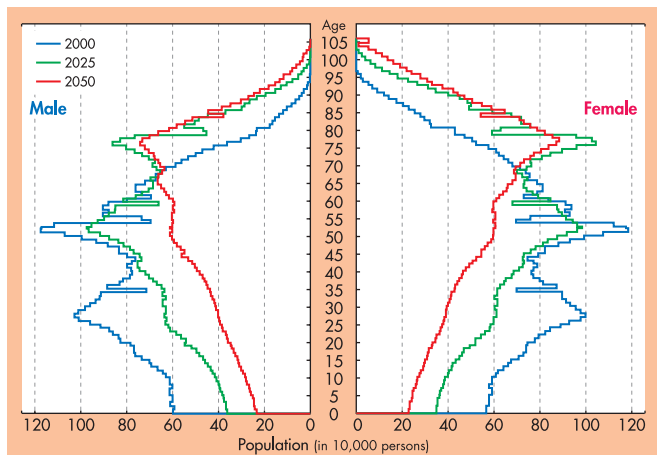
1. Aging of Japanese Population

Located between latitudes 20 and 45 degrees north, most of Japan belongs to the North Temperate Zone. Although liable to natural disasters such as typhoons and earthquakes, Japan has four distinct seasons and is favored with abundant water, verdure and hot springs, as well as products of the sea and mountains. Moreover, when viewed from an angle of social security, the National Health Insurance Law and the National Pension Law came into force in 1961, followed by the Long-Term Care Insurance Law in 2000. As such, Japan may well be considered a livable country for elderly people.

Nonetheless, as the Japanese population is aging at the fastest pace in the world, the preparation of nursing care facilities and personnel tends to lag, with an even greater delay predicted in the years ahead. For instance, the net growth of old people aged 75 and over, legally classified as “latter-period elderly persons,” is expected to reach about six million in 2020, and as much as 20% of them are deemed likely to require nursing support and care, indicating the need to secure enough nursing facilities and personnel to take care of an additional 1.2 million old people. (Chart 1)

Even among healthy old people, moreover, a further increase is expected in those living alone or only with their elderly spouses, making it necessary not only to support their livelihood, but also to take adequate measures to protect them from natural disasters and criminal acts. At the same time, an accelerating decline in the young population has also made it an urgent necessity to take proper measures to cope with the shrinkage of the working population and the government’s growing financial burden for the public insurance and pension systems.

CHART 1
Japan’s aging population (projections through 2050)



Source : Prepared from following data: 2000 = “Population Census,” Statistics Bureau, Ministry of Internal Affairs & Communications; 2025/2050 = “Population Projections for Japan: 2001-2050,” National Institute of Population & Social Security Research

Japan has become an aging society with an extremely limited birthrate – a phenomenon never before experienced by mankind. In the face of the diverse urgent needs as instanced above, which are bound to show an explosive expansion from now on, Japan has yet to develop adequate aging-related services that are attractive enough for elderly people to accept without anxiety.

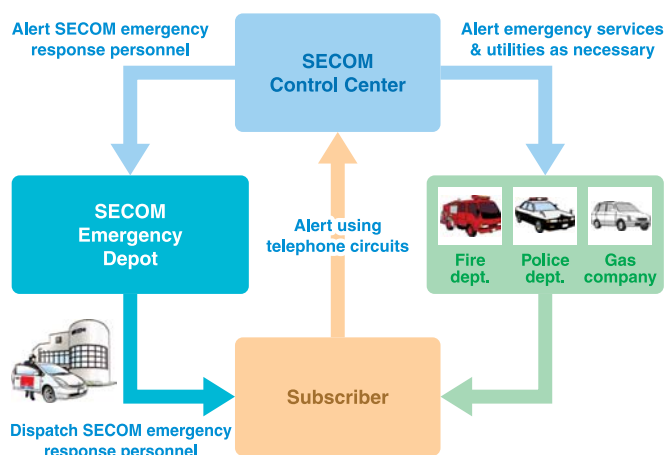
2. SECOM Business – History & Characteristics

SECOM Co. – the first-ever corporate provider of security service in Japan – has remained on top in this business since its founding. In 1962, SECOM set out with human services based on stationed or patrolling guards. In 1966, however, it evolved its services into the “Man-Machine System” of mechanized security service – based on a “sensor network” – for the first time in the world, making it possible to provide higher-grade security services over wide areas at a low cost by dividing the round-the-clock, 24/7 services into two spheres – those best done by machines and those requiring trained personnel.

This revolutionary innovation was first applied to security service for business establishments. Then in 1981, SECOM started to provide the “SECOM Home Security” service using this new technology. As of 2008, it chalked up service contracts with 773,000 business establishments and 438,000 homes. SECOM’s home security service was used by wide-ranging generations encompassing both working and retired elderly people. Those 438,000 homes accounted for about 1% of Japan’s overall households, and SECOM is looking forward to a steep rise in home security service contracts in parallel with the progress of population aging and the change of lifestyle.

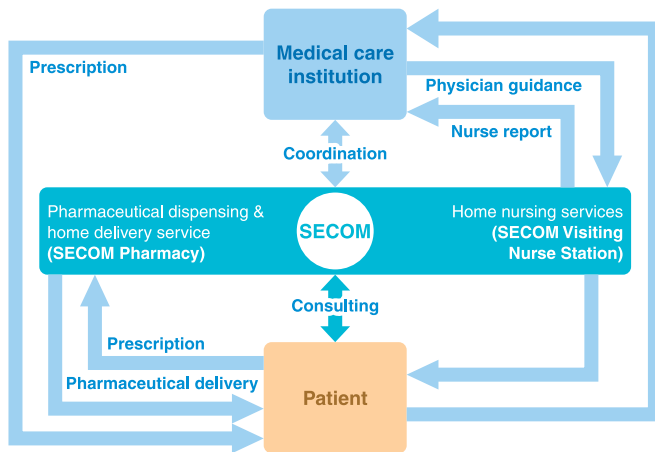
In 1989, SECOM issued the “Declaration on the Social System

CHART 2
Centralized online security systems



Source : SECOM Co.

CHART 3
Home medical services



Source : SECOM Co.

Industry” with the aim of providing services designed to ensure ever greater safety, comfort and convenience in various fields, such as medical care and education, in addition to security services by taking advantage of the potential capabilities of computerization and networking. Since then, it has developed new businesses keyed to that basic design. Following are examples of such services specifically intended to deal with the aging of population:

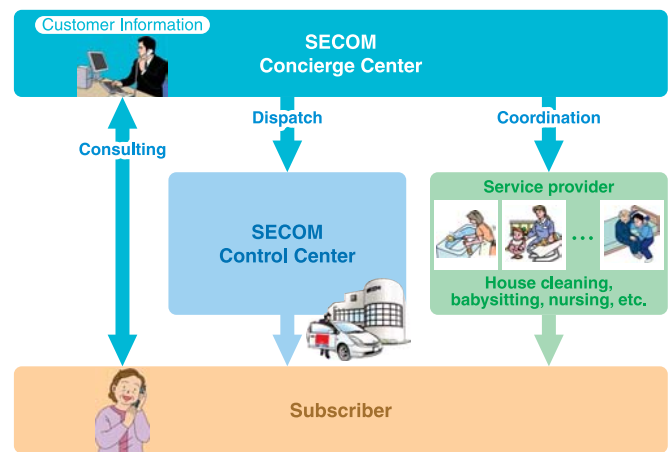
- Security-related services: Home security services for the prevention of crimes and disasters as well as for emergency notification, and COCO-SECOM that uses the global positioning system (GPS) to confirm the location of people and protect them upon request (Chart 2)
- Medical care services: Health clubs, home healthcare (using contracted hospitals and clinics for backup), nursing and welfare projects, and nursery homes for fee-paying users (Chart 3) (For further particulars, please visit <http://www.secom.co.jp>)

Next, let me take up two services – COCO-SECOM and home healthcare – as typical examples. COCO-SECOM uses GPS satellites and cellular-phone base stations to pinpoint locations of people with great accuracy via portable transmitters carried by them. Moreover, notification to the SECOM Control Center is possible through a simple push-button process, and emergency-response personnel on standby round the clock at about 2,200 SECOM emergency depots throughout Japan are dispatched to any location if a subscriber requests assistance. For instance, COCO-SECOM is an effective means to prevent child abduction, protect women going out alone at night, enable instant notification and proper treatment when one is suddenly taken ill away from home, and search for an aged wanderer.

SECOM’s home healthcare system guarantees high-grade services by visiting nurses, equipped with advanced medical expertise and excellent nursing techniques, according to physicians’ guidance. About 260 nurses are on standby at about 40 SECOM visiting nurse stations scattered across the country.

As is clear from the above-cited examples, SECOM’s business models are basically characterized by the Man-Machine System combining cutting-edge information and communication technology (ICT) with highly specialized experts.

CHART 4
Life concierge services



Source : SECOM Co.

3. SECOM Eyes New Social-System Industry: “Life Concierge Service”

The 2007 edition of the White Paper on Aged Society stated: “The ratio of the aged population (65 years old and over) to the productive-age population (15 to 64 years old) as of 2005 was 1 to 3.3...In 2055, this ratio will change to 1 to 1.3.” This is the prospective image of Japan’s aged society with fewer children.

Confronted with this unavoidable reality, Japan has to tackle the common problem of how best to achieve a society in which both the working and aged generations will be able to lead pleasant and care-free lives. If we can successfully resolve this problem, it could also prove to be helpful to other nations facing a similar problem.

SECOM is also convinced that facing up to this challenging problem will enable it to make the most of business opportunities arising from the aging of population. SECOM aims to inaugurate “Life Concierge Service” – a new social-system industry capable of providing one-stop support services to ensure peace of mind, assist in housework, resolve trouble and offer counsel on the basis of the business models it has so far developed in security services. (Chart 4) The idea is to see to it that the working generation can devote themselves to their work and bring up their children without anxiety, and both the working and aged generations can enjoy a healthy and long life together.

SECOM is also fully aware that what is important before anything else is people’s trust in SECOM in order for this “concierge service” to permeate homes in general that constitute its place of business. How much SECOM is trusted is evident from the fact that it is entrusted with keys by its clients and that its dispatch personnel can enter clients’ homes in case of emergency.

The aging of population is a phenomenon that will inevitably befall almost all countries in the world sooner or later. It may be said that a society in which attractive services for coping with aging can be chosen freely is a truly affluent society, and we would like the SECOM model to serve as a paragon in such society. **JS**

Kiyomasa Sugii is executive officer, SECOM Co. He is also director of SECOM’s Intelligent Systems Laboratory. He has a Ph.D. in engineering, engaging in R&D on social security and healthcare.