



Panel 2: Leveraging Opportunities

BAY AREA/SILICON VALLEY PARTNERSHIPS IN JAPAN

Opening Remarks by

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Goal of this panel

Explore how partnerships with Japanese corporations (especially large firms) are benefitting Silicon Valley startup companies ...

- Expand into Japan market, or
- Use their Japan partnership as a launching pad for third-country international expansion

Traditional patterns of Japan expansion by U.S. firms

Grow company in U.S. domestic market to about \$50M / year revenue

Find a distributor or JV partner(s) to get into Japan market

Often with the help of a big trading company

Most of the Silicon Valley giants have Japan presence

Google expanding rapidly in Japan over last three years

Has just moved into 35-storey building in Shibuya,
opened “Google for Startups” accelerator there

Yahoo! Japan probably played key role in **Yahoo!** (parent) survival

This pattern still continues

Unicorns like **Contrast Security** (Series D, founded 2014) have Japan subsidiary

Synthego (synthetic RNA for CRISPR) has distributor in Japan

New pattern of Japan expansion by U.S. startups

Startups are under pressure for early internationalization

- Once their idea is public, competitors can appear anywhere

- Some countries' startups go international early and aggressively

- IT / cloud-based business – relatively low expansion costs

Large Japanese firms here are actively courting startups overseas:

- CVC investments, joint development projects, POC requests

- Why are U.S. startups interested in CVC investment from Japan?

 - It's not just the money

 - Large Japanese firms are often potential strategic partners

 - Combined capability facilitates expansion to Japan, world

Some Japanese firms with active CVC in Bay Area

Company	Year CVC started
Presidio Ventures (Sumitomo Corp.)	1998
ITOCHU Technology Ventures	2000
Takeda Ventures	2001
Docomo Capital	2005
KDDI Open Innovation Fund	2015
Yamaha Motor Ventures	2015
Acario Ventures (Tokyo Gas)	2017
Conductive Ventures (Panasonic)	2018
Toyota AI Ventures	2019

Source: Bay Area Council, *Japan in the Bay Area*, 2019.

Accelerators in Japan showcase SV startups

Plug and Play Japan – Finsurtech pitch event (Tokyo, Summer 2019)

Batch 1 included seven Fintech and three Insurtech companies

Of which, four Bay Area companies presented

DataTron – single model governance platform for AI, ML,
data science models

Neener Analytics – social media analytics for risk evaluation
of underserved potential customers

Omniscience – underwriting automation & risk assessment

Quantstamp – smart contract security

– also involved with Fujitsu accelerator program

Other accelerator programs: Keihanna Research Complex Global Startup
Demo Day, Digital Garage Open Network Lab, Harada Accelerator Japan
Entry Program ...

Hard to get comprehensive data on partnerships

My observation: Pressure for open innovation is definitely leading to an upsurge in Japanese companies actively pursuing POCs here

Explore new business models as well as enabling technologies

Some are announced in the press – a couple of recent examples:

PredPol – predictive analytics for law enforcement agencies

Featured in Mitsui & Company Smart City Initiatives (10/2018)

Waagu Inc. – collaborative mobile customer engagement platform

POC with Sumitomo Life (announced 3/2019)

Often kept rather quiet for strategic reasons

Fortunate to have some real cases to explore today

How partnerships with Japanese companies have led Silicon Valley startups to develop business in Japan or in world markets



Neeti Mehta Shukla
Co-Founder and SVP
Automation Anywhere



Christian Sanz
Founder & CEO
Skycatch



Kevin Kuhn
General Manager,
Silicon Valley
Branch
Mitsubishi Corp.
(Americas)

Panelists





Questions?



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Thank You



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