

Regional Innovation Policies and SMEs

Corporate Venturing in Japan

- The New Win-Win Movement of Industry-Start-up-Tie

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Japan's Recent Shock!!!

**Environment
Consciousness**

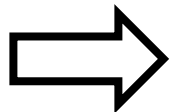
*Japanese Leading
Technology*

**Science & Tech.
Initiative Policy**

40 Years Ind.-Gov.
Collaboration & Investment

Solar Battery

PV (Photovoltaic Power Generation)



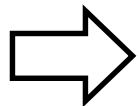
Japan lost to the Foreign start-ups in 2008.

China (Suntech Power)、Germany (Q Cells)、USA (First Solar)

Japan: “Strength” changed to “Weakness”

**“ Catch-up Business Model” is the Key Factor of
Japanese Big Success, after the World War-II
and Japanese Weakness of Today.**

**Less Entrepreneurship &
Closed Model &
One Sided Globalization**



Japan’s “Galápagos Phenomenon”

Business Week “Innovative Corporation” Top 25

Rank	Name	Nation	Established	Rank	Name	Nation	Established
1	Apple	USA	1976	14	Starbucks	USA	1971
2	Google	USA	1998	15	Target	USA	1881
3	Toyota	Japan	1937	16	BMW	Germany	1916
4	GE	USA	1878	17	Samsung	Korea	1938
5	Microsoft	USA	1975	18	Virgin	UK	1970
6	P&G	USA	1837	19	Intel	USA	1968
7	3M	USA	1902	20	Amazon	USA	1994
8	Walt Disney	USA	1923	21	Boeing	USA	1916
9	IBM	USA	1889	22	Dell	USA	1984
10	Sony	Japan	1946	23	Genentech	USA	1976
11	Wal-Mart	USA	1962	24	eBay	USA	1995
12	Honda	Japan	1948	25	Cisco Systems	USA	1984
13	Nokia	Finland	1865				

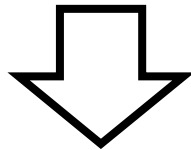


:Established After 1970 US: 9Co. Japan: Zero

Business Week May 4.2007

Strength of Start-ups

- 1. Global Integration**
- 2. Entrepreneurship**
- 3. Open Innovation**



New Business Model

Paradox of Large Corporation

Drucker: (Innovation and Entrepreneurship 1985)

**Entrepreneurship is needed for Large Corporation,
and it is possible to keep it.**

V.S.

Cristensen: Harvard (The Innovator's Dilemma 1997)

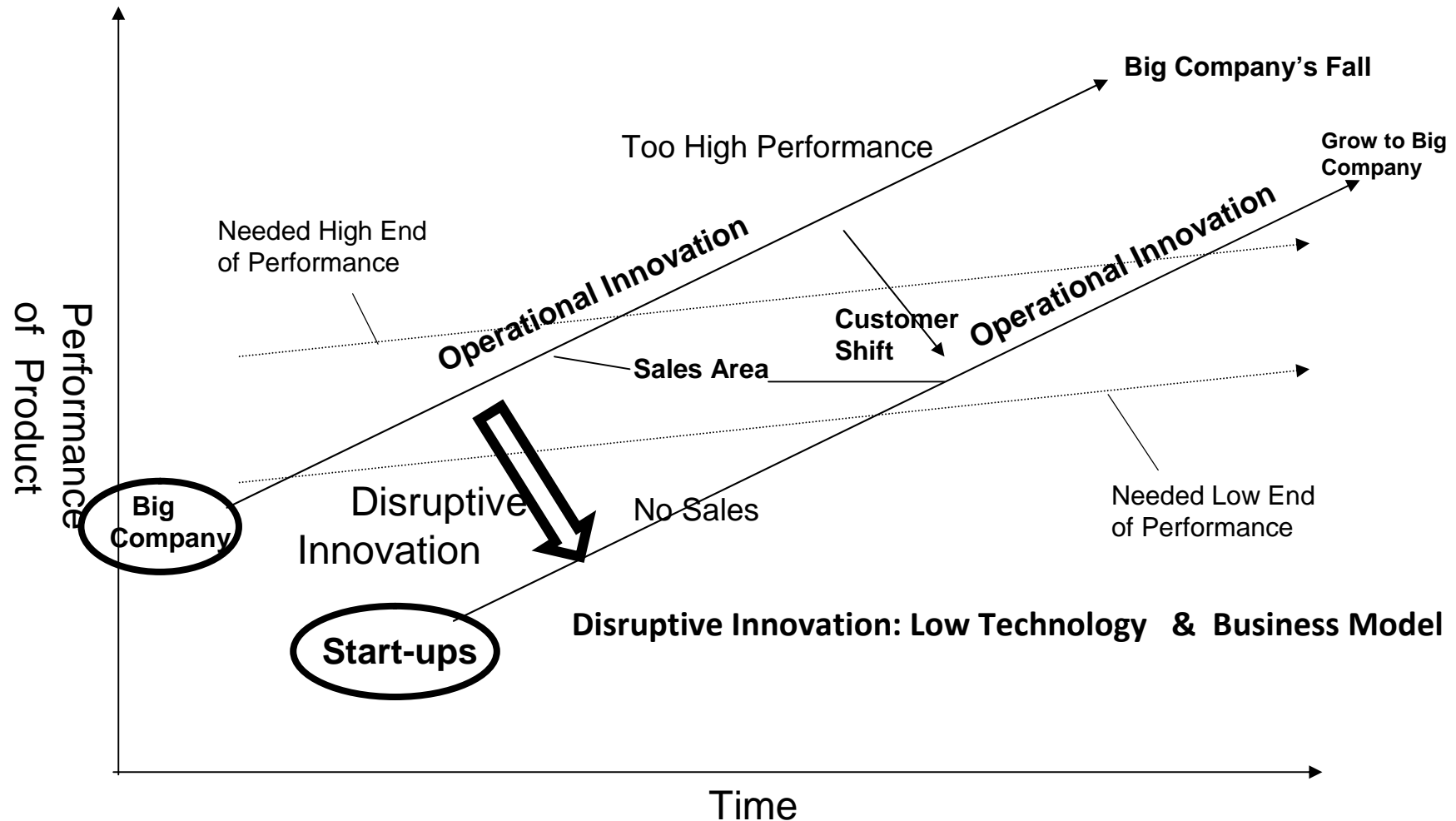
**Large Corporations, meeting to customer satisfactions,
can't achieve disruptive change.**

Utterback: MIT

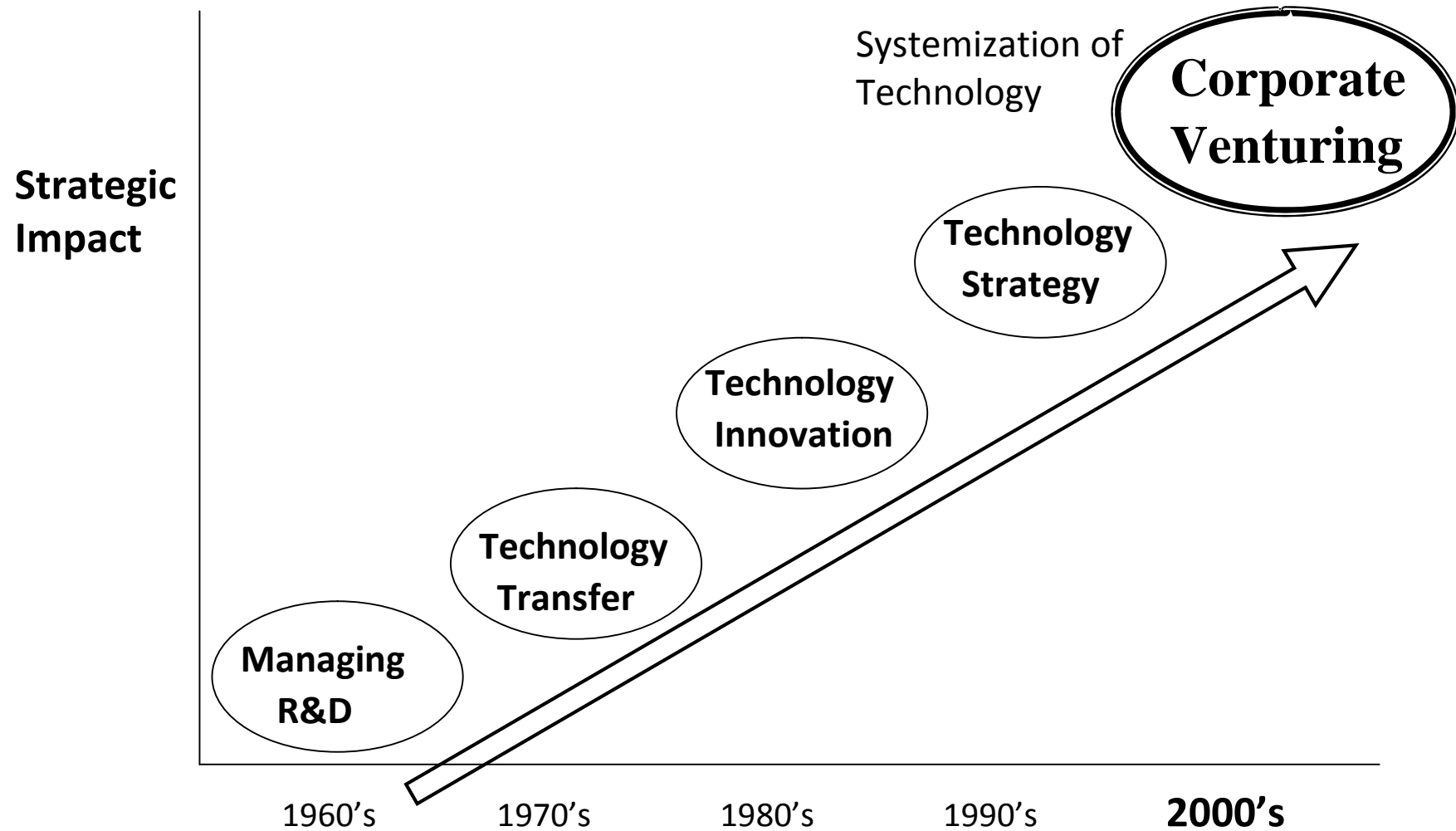
Radical Innovation never comes from Market Leader.

Innovator's Dilemma Basic Theory

Many Big Companies are losing to Start-ups, because Big Companies are doing right on Business Strategy, that is Customer Satisfaction.



Evolution of MOT Themes in USA

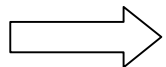


Presentation of Prof. David Weber. MIT Sloan at
International MOT Workshop, Tokyo March 4, 2003

Corporate Venturing

Recover Big Corporation Weakness, Embedding Start-ups' Entrepreneurship.

- 1. Invest to Start-ups.**
- 2. Alliance with Start-ups.**
- 3. Support the establishment of Start-ups.**
- 4. Joint development with Start-ups.**
- 5. Incubate Start-ups.**
- 6. M&A of Start-ups.**
- 7. MBO, MBI, Carve-out**
- 8. In-house Start-ups**



Need to keep Good Relations with Spin-out Engineers.

Win – Win Samples in Japan

<u>Start-up</u>	<u>Give Birth Company</u>	<u>Foster Company</u>
Lattice Technology	Ricoh	Toyota
Powdec	Sony	Ulvac
Property Data Bank	Shimizu	J-Reit Fund Co.
Land Solution	Kurita Water ind.	& Dowa Group
Euphonic Technologies	Real Vision	NEC
Accela Technology	Fujitsu	Fujitsu
THine Electronics	Toshiba	Samsung

MEXT Corporate Venturing Study Committee 2009

Win-Win Success Factors

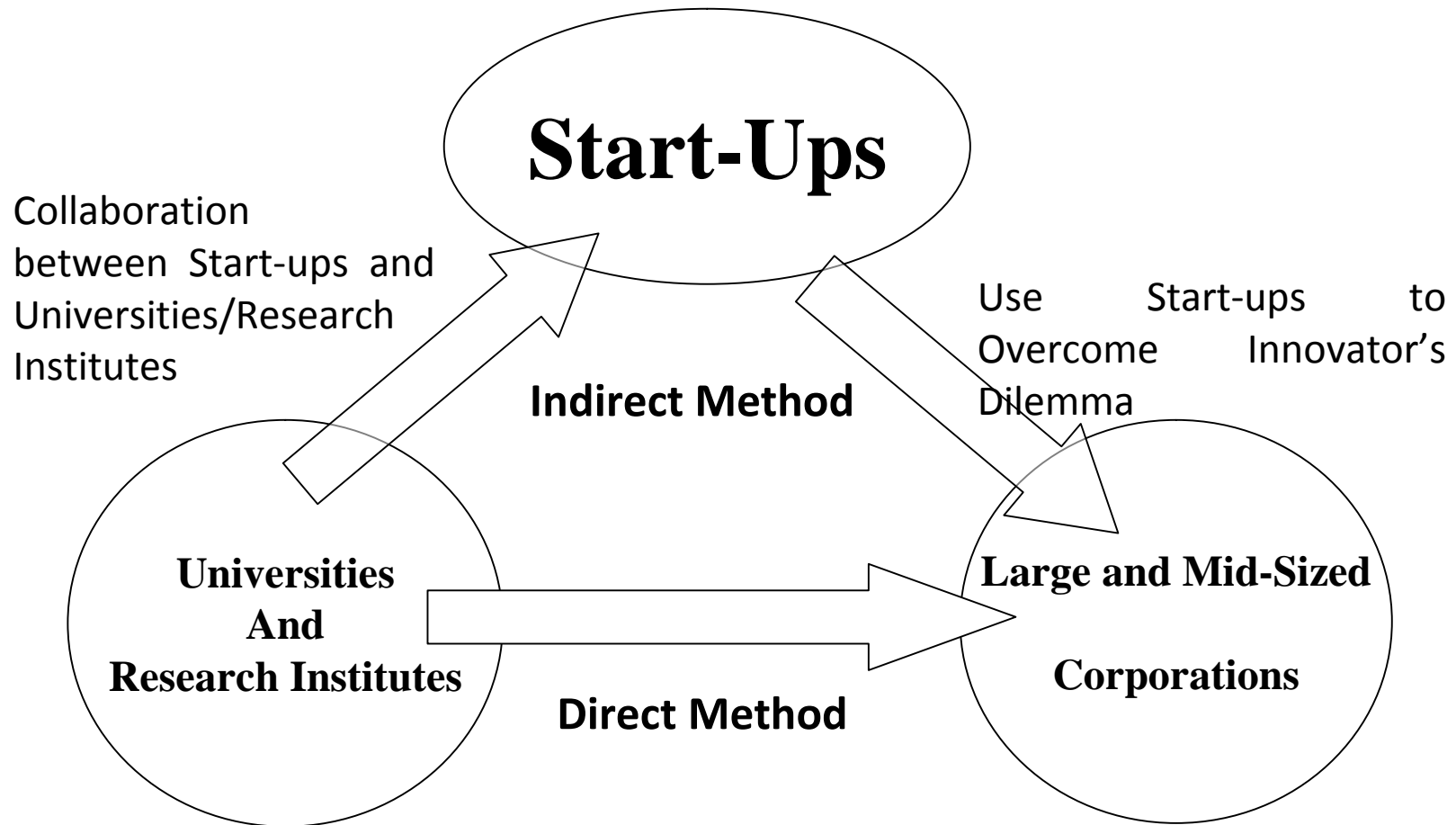
- Give Birth Co.:**
- 1. Spin off Non-Core Technologies as Start-ups, and Get outside Resources and Know-how .**
 - 2. Support outside Start-ups, directly and Indirectly, with Stock options, Staff, Legal, Apply IPR, Laboratory**
 - 3. Exclusive License**

- Foster Co.:**
- 1. Jointly Develop Immature Technology for Years.**
 - 2. Invest Money for Capital, R&D**
 - 3. Sell and Use the Technology to Business Units of the company.**
 - 4. Absorb Know-how, Entrepreneurship from Start-ups.**
 - 5. Open the Joint Work to public at a certain point.**

- Start-ups:**
- 1. Show High technology Image openly, by getting Public Award.**
 - 2. Quick Technical Response to Big Corporation to gain Credibility.**
 - 3. Equal Partner Contract to Big Corporation.**
 - 4. Max use of Big Corp. Brand after success.**

New Way of Collaborating with Start-Ups

From Industry-Academia-Research Institute Collaboration
To Industry-Start-up-Academia-Research Institute Collaboration



P&G 's Transformation

2000: P&G Shock Stock market 31% Down
New CEO Focus on High Cost Structure Change

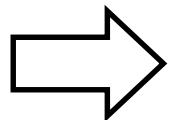
Closed Model → Open Model

“Connect & Development”

Human Resource: Inside Oriented → 40% from Outside
New Business: Own Business Oriented → M&A
R&D: Inside Oriented → Outside Usage

R&D Efficiency : 60%up 60% of Total Innovation from Outside

“Use Entrepreneurship of 1,500,000 outside researches!” ··· CEO

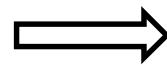


Win-Win : Big Corporation + Start-ups Open Innovation

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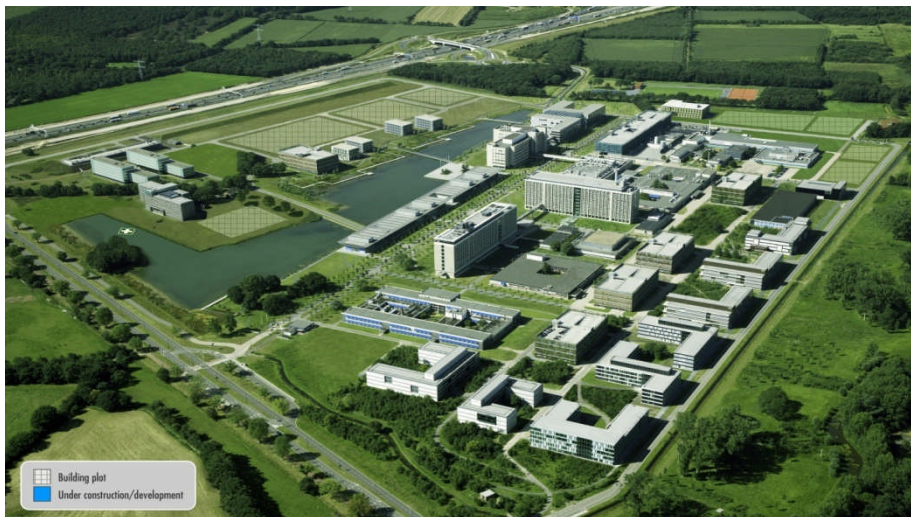
Philips & “High Tech Campus Eindhoven”

1999: Philips R&D Site
(100 hectares)



2003: Opened to SMEs

**Microsystems
High Tech Systems
Embedded Systems
Life Sciences
Infotainment**



**50 Nationalities
90 Companies
7,000 R&D Engineers
40 Start-ups**

Global Entrepreneurship Monitor 2000

GDP
Growth
Rate

8 %

7

6

5

4

3

2

1

*Is Japan really not good at
Entrepreneurial Activities?*

South Korea

USA

Entrepreneurial
Activity Rate

2000

0

2

4

6

8

10

12%

Japan

Germany

Denmark

Italy

UK

Israel

Sweden

Finland

France

Spain

Norway

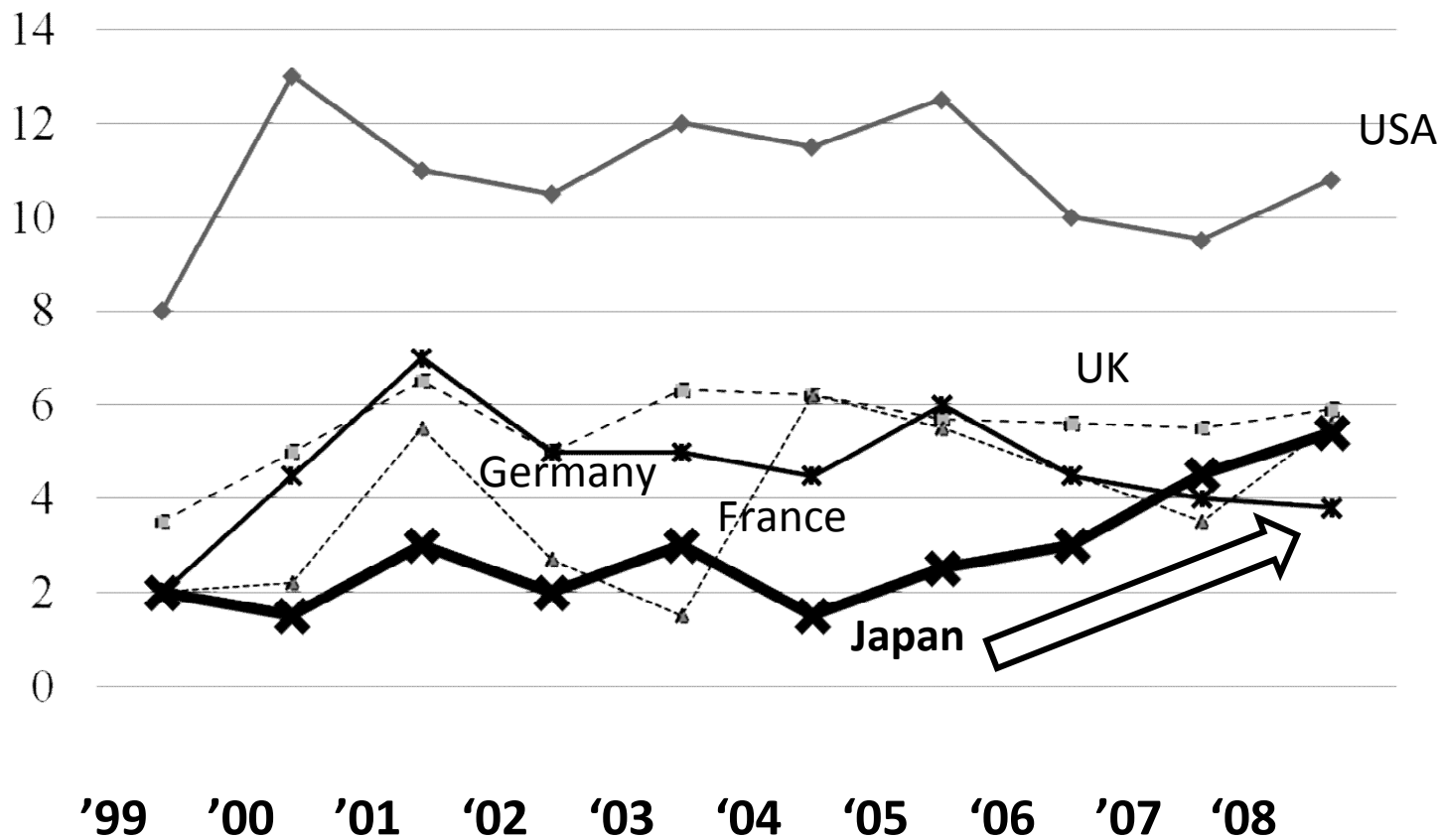
Canada

Argentina

Australia

GEM Entrepreneurial Activity Rate Trend

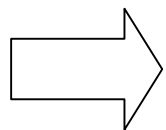
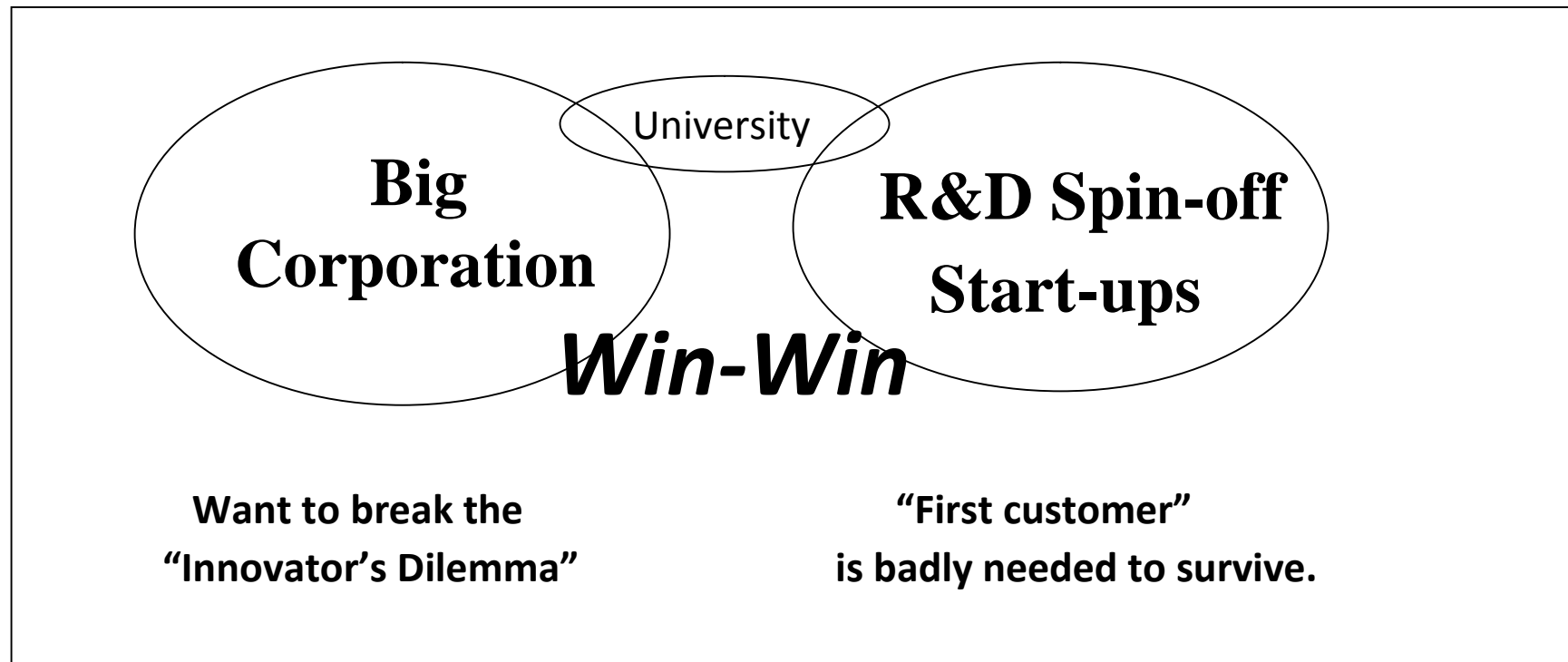
*Japan is sharply increasing the Entrepreneurial Activity rate.
Many start-up support policies are working in these years.*



GEM: Global Entrepreneurship Monitor

“Spin-off Start-ups” cure the Innovator’s Dilemma!

Start-ups challenges the Death-Valley with Entrepreneurship



Unless Foster High-tech Start-ups, Big Co. will not grow.