

NORTHERN CALIFORNIA

Produced by: NIHON GLOBAL MEDIA

The Bay Area and Japan expand fields of investment

California and Japan's shared heritage can be traced back to the first significant wave of Japanese immigrants that arrived in the late 1800s to work on the state's fruit and produce farms. While those farms might have benefited from the additional workforce, California likewise acquired centuries-old knowledge in agriculture, particularly in the cultivation of rice. Serving as an initial pillar of that relationship, agriculture still plays a major role in the relationship between California and Japan. In fact, the Asian country imports more agricultural products from the United States than from any other country. In 2012, exports of agricultural products to Japan reached \$7 billion.

"California's relationship with Japan is very important. It is one that we value greatly because of how long we have been trading partners," stated **California Department of Food and Agriculture Secretary Karen Ross**.

Of the many relationships that have prospered between Japan and the state's agriculture sector, California rice has been the most notable success. In the last 20 years, California has grown from a provider of bulk commodity rice to an exporter of high quality short- and medium-grain Japonica varieties not only to Japan, but also the rest of the world.

"About half of the annual rice harvested in California is exported and Japan is, and has been, our largest export market for decades. Japan takes about 25 percent of our total crop every year, which is very consistent," explained **California Rice Commission President Tim Johnson**.

As California's agricultural exports to Japan grew, so did its understanding of the high standards set by the Japanese market. This has resulted in the consistent improvement in quality from the American side.

"I have seen the influence of the Japanese consumer on our industry being very pervasive. Rice mills in California have the ability to mill to the highest standards of Japanese quality. California rice mills use Japanese equipment, handling technology and taste machines for rice. The Japanese consumer has influenced our industry and allowed us to harvest rice to a gold standard of quality," stressed Johnson.

With that strong commitment to meet the demands of each other's market, businesses have identified other investment opportunities that capitalize on their own strengths and expertise.

"I think science and technology are areas where we have huge common interests. There are many opportunities for us to assure each other that we will keep our markets open and provide the protection we want for our



Consul General of Japan in San Francisco Masato Watanabe

“ The Bay Area presents many new areas of business opportunities for the Japanese to get involved in. ”

countries," said Ross. While their shared history may have begun with agriculture, California and Japan are also bringing their relationship into the 21st century.

Arguably the center of the global technology sector, the Bay Area, specifically Silicon Valley, has attracted the attention of tech-savvy Japanese for the new way it is doing business and developing a new breed of companies dominating the digital economy.

"Many Japanese political leaders and companies are very interested in looking at Northern California and the Bay Area specifically for innovation," said **Consul General of Japan in San Francisco Masato Watanabe**.

Whether it is in information and communications technology, biotechnology, clean technology or regenerative medicine, American and Japanese companies are identifying new industries where they can collaborate.

"The Bay Area presents many new areas of business opportunities for the Japanese to get involved in. If we can promote a model here for future American-Japanese business collaboration, then that would contribute to strengthening ties between both countries," stressed Watanabe.

While innovation is the new buzzword used to characterize Silicon Valley, many have not forgotten that Japan was once the center of state-of-the-art technology in the late 20th century. In certain areas, albeit in more traditional industries like in manufacturing and electronics, Japan still is.

Several Japanese companies, including Sony, Toshiba, Hitachi, Canon, Toyota, Nissan and Honda, still retain their dominance in their industries and enjoy very high brand awareness.

While competition from other parts of Asia has emerged, Japan's reputation for innovation remains intact.

"From a technology perspective, Japan is still the No. 1 country in the region when it comes to setting the gold standard," said **Nadeem Sheikh, Vice President and Managing Director for Asia**

Pacific & Japan of U.S.-based software company Opower. **Patrick Harshman, President and Chief Executive Officer of Harmonic Inc.,** which develops video delivery technology for media providers, has also staked his future in Japan: "Right from the beginning of the founding of the company, we identified

doing business in Japan as a core aspiration and a strategic imperative."

"We have always looked at Japan as a real leader in terms of what is coming next," he added. Such sentiments only highlight the huge potential that exists for collaboration between two places that put a huge premium on innovation.

In July 2013, Japanese telecom and Internet giant SoftBank Corp. increased its stake in U.S. telecom company Sprint Corp. to 80 percent via a \$21.6 billion investment. Clearly showing a very optimistic view of how global business will develop.

"Mankind has had the agricultural revolution, the industrial revolution and now this third one — the information revolution," said **SoftBank Corp. Chairman and Chief Executive Officer Masayoshi Son** in an interview earlier this year.

On the other hand, the enormous success of big American companies such as Yahoo!, Salesforce.com and Evernote in Japan has heightened interest

among small U.S. startups hoping to find similar success across the Pacific.

While most American corporations have been concentrating their international expansion toward China for the past two decades, there is a growing consensus that Japan needs to make its investment climate more attractive to U.S. businesses.

The Japanese government, through the Ministry of Economy, Trade and Industry, has recognized the situation and set up the Invest Japan program, which aims to attract foreign direct investment and promote the country as Asia's leading business center.

"The United States and Japan are very important partners, not just economically, but also politically and in many other areas. Closer ties, as well as more extensive and intensive collaboration, will certainly help the U.S. and Japan in their activities in other parts of the world. Maybe the U.S. and Japan can also do better in other parts of the world to promote peace and stability," said Watanabe.



A container ship crosses under the iconic Golden Gate Bridge in San Francisco Bay. Every year, an estimated 1.24 million metric tons of cargo passes through the Port of San Francisco.

A new breed of American firms in center of renewed enthusiasm toward Japan

Since the 1980's, Japanese investment in the United States has climbed consistently. According to a 2013 report by the Bureau of Economic Analysis of the U.S. Department of Commerce, foreign direct investment from Japan reached \$308.3 billion the previous year, making the Asian country the second-largest source of FDI.

On the other hand, the United States has been the largest contributor of FDI in Japan. That same report states that American FDI rose to \$134 billion in 2012, an increase of 6.3 percent from the previous year.

With the rise of China the past 20 years, many companies seem to overlook Japan in their Asian

expansion plans. But, there remain some American firms that firmly believe in the wisdom of entering the Japanese market, particularly those from the technology sector.

Yahoo!, Evernote and Salesforce.com are among those American companies that have overseen success in entering Japan.

"From the beginning, Evernote and its leaders had a genuine love for Japan, one of the reasons for our success. (Japan) is a big source of innovators and talent, and we have developed win-win relationships with our local partners," said **Evernote Japan Chairman Hitoshi Hokamura**.

In the wake of those success

stories, other U.S. companies have been inspired to duplicate those experiences.

"Japan is a great entry point for us into Asia Pacific because of the sophistication of technology within its culture. That environment allowed us to find high quality partners that understood the value of our product right away," explained **Livescribe Chief Executive Officer Gilles Bouchard**, whose company designs and manufactures "smartpens."

Livescribe's smartpens are able to convert handwritten notes and recorded audio files into digital format that is accessible through various devices.

Given how discriminating the typical Japanese consumer is, only the most-innovative American tech products have a chance of making a significant impact on the market.

"You cannot get away with mediocre service especially in Japan, where it is very sophisticated with fast moving businesses. It is great for us to be exposed to that because of the influences it has on our companies," said **Leslie Stretch, Chief Executive Officer of CallidusCloud**, a leading provider of sales and marketing effectiveness software.

A fellow American technology entrepreneur believes in agility and flexibility.

"Success in Japan requires localizing our product to that market. We made that investment early, and that has accounted for our success in Japan," said **Howard Ting, Vice**

President of Marketing and Product Management of Nutanix, a developer of state-of-the-art infrastructure specifically for business data centers.

So, a new breed of American corporate leaders has made a strong push toward gaining a better understanding of the intricacies and nuances of doing business in Japan.

"About five or 10 years ago, most U.S. businesses going to Japan that we took care of were mostly online services or software or mobile apps. Now, things have shifted toward business models that never existed in Japan," said **Brandon K. Hill, Chief Executive Officer of btrax, Inc.** an integrated marketing services firm that help American companies set up operations in Japan.

"If you look at the examples of Airbnb, Square or Uber, those companies provide services that never existed in Japan. U.S. businesses used to simply provide better services than those that already existed in Japan. But today, more innovative services are getting to the market," Hill added.

As innovation takes center stage, many U.S. companies have looked toward Japan as an excellent expansion location.

"Japan is the market we are investing most heavily in outside of the United States. It is possible for American companies to be extremely successful in Japan if they dedicate themselves to the task, and approach the market in an appropriate way," pointed out **Dan Levin, Chief Operating Officer of Box**, a cloud-based storage and platform provider.

This renewed enthusiasm in doing business in Japan has been infectious among new American companies.

"Japan is the most important geographical region for our expansion in 2014. We are taking a deliberate approach into the Japanese market," said **Giacomo Marini, President and Chief Executive Officer of Neato Robotics**, a maker of smart household cleaning robots.

The interest in Japan has extended beyond the IT companies. Efforts by the Japanese government to ease regulatory barriers into the Japanese market have ignited excitement in the medical technology industry also.

Based in Northern California, medical device makers **Spiracur, Vital Connect and Proteus Digital Health** have embarked on plans to offer their unique products to Japanese patients.

With business between Northern California and Japan predicted to rise in the longterm, Japan's All Nippon Airways began to operate two routes to and from the Bay Area, with flights from either San Francisco or San Jose.

"When we started operations back in 1998, our passengers were 98 percent Japanese. Today, we see that ratio divided 50-50," said **ANA San Francisco and San Jose Office Sales Director Hiro Yamada**.

On a larger scale, the Japanese carrier has also positioned itself to service the expanding passenger traffic between the Americas and Asia. A successful joint venture with American carrier United

Airlines for selected trans-Pacific routes has increased capacity and coverage of the two airlines.

That combination of opportunity and accessibility has created the optimum conditions for both Japanese and American companies to develop their businesses overseas.

Whether it be in venture capital, consultancy or food, California-based firms such as **SunBridge Partners, AZCA Inc., Scrum Ventures, Turnstone Ventures, Cross Cultural Communications, RedBay Consulting and Sugimura Intellectual Property Services** have seen positive results in their trans-Pacific business.

"We have tremendous opportunity to bring American companies to Japan. It is my honor and enjoyment to see American and Japanese companies succeed," said philanthropist **Nobuko Saito Cleary**, who is also **Chief Executive Officer and President of consultancy firm Cross-Cultural Communications**.

The thriving business between both countries has also facilitated notable cultural and charitable exchanges. Saito Cleary is also chairperson of Japanese Programs of the Community School of Music and Arts in Mountain View California, where she hosted former first lady of Japan Kayoko Hosokawa during a special concert that featured musicians with autism from both countries.

Clearly, the growth of business between Northern California and Japan is showing no sign of slowing down.

Fujitsu stays on top of the game

Before the original tech boom of the 1990s, Japan was a global hotbed for high-tech innovation. Japanese companies impressed the world with highly coveted electronic products and gadgets.

With the rise of Silicon Valley, Japanese leaders, including **Fujitsu Semiconductor America**, adapted swiftly to the changing demands and landscape of the industry.

From its headquarters in Sunnyvale, FSA provides industry-leading semiconductor products, integrating hardware and software to create intelligent, cost-effective platforms that reduce the development time for advanced, environmentally friendly solutions required in the global consumer, communications, automotive and industrial markets.

These include imaging, graphics, memory and other products.

President Satoru Yamaguchi

believes it is vital for FSA to be in Silicon Valley.

"In the Bay Area, there are very many venture capitalists, lawyers, incubation centers, universities and other factors that support start-up companies. Being located at the heart of innovation, we have access to all those resources that are determining the future of the market," Yamaguchi said.

Doubling as a marketing and sales branch for the Fujitsu parent company in Japan, FSA succeeds in the United States because of the local knowledge provided by its workforce, which is 85 percent American.

"The more innovation that comes out of America, the more important Fujitsu becomes. America is Fujitsu Semiconductor's most important market, so we are definitely committed to the U.S. and our customers here," Yamaguchi said.

→ www.fujitsu.com/us/semiconductors



Fujitsu Semiconductor America President Satoru Yamaguchi

California Rice builds on strong connection with Japan

Contributing more than \$5 billion and more than 25,000 jobs, California's rice industry is an established and valuable component of the state's economy.

In fact, nearly half of its annual production of Japonica-style rice (a sticky variety very popular in Asia) goes abroad, with Japan being the biggest customer.

California rice growers have attributed their exacting standards for quality and product safety to their long-standing relationship with the Japanese rice industry.

"The Japanese market has the highest standards. We have to go through lots of testing and quality sampling just to get our rice to Japan. That has brought the California rice industry to a higher level," explained fifth-generation rice grower **Charley Mathews Jr.**, also a former chairman of the **California Rice Commission**.

"There are very few locations in the world that can match our quality, our variety and our food safety. This gives us a significant advantage, especially in Japan where the consumer looks

for the safest product. On the quality side, we are the best," Mathews added.

Having established a steady relationship over the past two decades, California rice growers have expressed hope that business ties will further expand in the Japanese market.

"It may be a challenging topic but what we would like to see is access to the consumer in Japan. Access to the actual store shelf has been very slow. But we fully understand that these things take time. Our goal is not to disrupt the rice farming system in Japan, but only to augment the available choices for the consumers out there," Mathews stressed.

"We are not a competitor of Japan and its rice farmers. This is about a relationship we have spent decades developing. Our high standards and quality are a by-product of that relationship. As we move forward, we recognize that our relationship with Japan is the most important and we always make sure that all our commitments are fulfilled. Japan is the main focus for California rice," he added.

→ www.calrice.org



Charley Mathews Jr., a fifth-generation California rice grower



California rice contributes billions of dollars to the state's economy.

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An early focus on Japan pays off

Driven by Silicon Valley's ethos of innovation, **Marvell Semiconductor** ventured into uncharted areas of silicon technology and semiconductor devices for the communication and storage markets. By using conventional digital

technology, Marvell enables high-performance, low-power and cost-effective storage and communication solutions. "When we started in 1995, we had zero percent market share, but we have a 60 percent market share now. By applying

our competitive advantage technologies to the storage device business, we became today's market leader," said **Chief Executive Officer and Co-Founder Dr. Sehat Sutardja**.

When Marvell was established almost 20 years ago, it quickly focused on Japan, a decision that positively impacted the company significantly and eventually catapulted Marvell to the top of its segment. Today, Marvell is a global leader in providing complete silicon solutions from storage to mobile communications, Internet of Things (IoT), cloud infrastructure, digital entertainment and in-home content delivery.

"We owe our success in this business to our Japanese friends. Today, we are a much larger company and we have significantly improved our technology because of Japan. We would love to engage with more customers in Japan now and in the years to come," said Sutardja.



Marvell Semiconductor Chief Executive Officer and Co-Founder Dr. Sehat Sutardja

Reaping the benefits of an early focus on Japan, Marvell looks forward to more collaboration in that very tech-savvy market. → www.marvell.com



Marvell Semiconductor headquarters in Silicon Valley

The express lane to U.S. and Japanese markets

Sitting on about 4,200 acres of land, the **Port of Stockton** has served as the main gateway to California's Central Valley and several areas outside California. Since it opened 80 years ago, the port has capitalized on its relationship with rice growers in northern California to consolidate its growth.

"Our relationship with Japan goes back many decades. Japan is very important to us. We actually maintain an overseas representative in Tokyo," said **Director Richard Aschieris**.

As business shows signs of further improvement, the private sector has recognized the huge potential of the port. It has orchestrated \$2.3 billion worth of projects, including the expansion of port facilities, and

the development of support infrastructure for related business, such as a biomass plant that supplies energy to the port.

The board also recently approved a contract for a major American railroad operator to operate train lines in and out of the port. With the import of Japanese-made steel expected surge this year, the Port of Stockton in positioning itself as an efficient and cost-effective option to other ports, which have grown more congested in the past few years.

"We are very conscious about the quality of service at our facilities. We have these great transportation assets that are really good for reaching into the rest of the country.

We have invested and continue to invest, whether it is on the ship channel, the rail systems, or our marine highway barge services. We have a lot of great logistics synergies all coming together right here in the Central Valley and away from areas that have really been hit hard by congestion," said Aschieris.

"I cannot tell you enough how important Japan really is to the success of the Port of Stockton. Companies in Japan have enjoyed personal and quick service. We have very good attention to detail, which is appreciated in Japan. We recognize the value of the Japanese market to us and are open to expanding our business relationship with Japan," he added.

→ www.portofstockton.com



Port of Stockton Director Richard Aschieris

Creating successful U.S.-Japan medical device partnerships

Based in Menlo Park, California, **Synergy Ventures** has brought together pioneering medical technology companies in the United States and Japanese corporations and investors for nearly two decades.

Led by founders **Allan Johnston and Robert Okun**, Synergy has fostered more than 30 Japan-U.S. medical device relationships and has been involved in transactions totaling over \$700 million — including Synergy Fund investments and Japan partnerships.

"By understanding the needs of both sides, we help establish long-term mutually beneficial relationships in Japan," said Dr. Johnston.

This ability to understand the needs of investors and the acuity to form strong connections with partners comprise the company's prescription for success.



"Our company is called Synergy because we value the importance of blending the strengths of all sides. This is the best formula for success when collaboration takes place between the U.S. and Japan. It has to be a win-win situation," Okun explained.

"We strive to establish long-term success for each side. This philosophy is critical to our success in corporate deals and Synergy's venture funds, and we're continuing this mission in the Synergy Ventures III fund, with a select group of forward thinking Japan corporate investors," he added.

→ www.synergyventures.net

Skylark Group taps Applied Predictive Technologies' advanced software

American-owned **Applied Predictive Technologies**, the world's largest purely cloud-based predictive analytics software company, announced in April that the Skylark Group has licensed APT's Test & Learn solution.

Skylark will be using the software to test a variety of critical business issues, including promotions, pricing, *chirashi* (news-paper inserts) and remodels to accurately measure the impact of such initiatives and target program rollouts.

An advanced test management solution, APT's Test & Learn software helps organizations efficiently design and execute tests to analyze a variety of programs. It also allows them to accurately understand the profit impact of new programs, identify which areas or customers respond best and fine-tune elements of the



program to maximize profitability.

Headed by **Chief Executive Officer Anthony Bruce**, APT currently works with more than 100 companies across the globe, including Walmart, Starbucks, Procter & Gamble, Subway and Hilton Hotels.

With offices on the East and West coasts of the United States, APT also has regional offices in Taipei, Tokyo and London. → www.predictivetechologies.com

Empowering employees, powering projects

Clarizen has unveiled a game-changing solution to project management. Based on its robust growth around the world, the San Mateo-based company has attracted a host of early adopters in only nine years.

Developed mainly to raise productivity and profitability, Clarizen's software can be found powering projects within more than 2,500 organizations in 76 countries across the globe, including more than a quarter of Fortune 500 companies.

"There are three micro-trends happening in the market right now supporting Clarizen's growth. The first trend is that enterprises have moved to using cloud computing. The second trend is social networking for enterprises. We see a lot of promise in this area because we are basically bringing a new type of collaboration for the workplace that drives results," explained **Chief Executive Officer Avinoam Nowogrodski**.

"Thirdly, we are also in the era of user empowerment, wherein users have a voice in the company. We provide a platform where employees can collaborate together with coworkers and truly be impactful for the company," Nowogrodski added.

In Japan, where the ethos of *kaizen* (continuous improvement) is deeply ingrained, award-win-



Clarizen Chief Executive Officer Avinoam Nowogrodski

ning Clarizen has experienced huge success and is close to finalizing joint ventures with several companies in the country.

"We have partnerships in Singapore and other countries in the Asia Pacific. However, our current partnerships and potential partnerships in Japan are the most essential to Clarizen's future," Nowogrodski stressed.

→ www.clarizen.com



Silicon Image sets standard for mobile and consumer electronics connectivity

For nearly 20 years, **Silicon Image** has set the benchmark for delivering connectivity solutions across a wide array of devices in the home, office and on the go. The company led the creation of the highly successful DVI™, HDMI® and MHL® standards, and more recently became a driving force behind the 60GHz WirelessHD™ standard.

Chances are, your mobile phone, tablet, DTV or notebook PC all include Silicon Image's technology. The majority of global brands in the mobile, consumer electronics and PC markets include either the company's semiconductor products or intellectual property to let these devices connect and interact with each other.

In marketing Silicon Image's connectivity products, **Chief Executive Officer Camillo Martino** continues to develop partnerships in Japan and establish relationships that have greatly contributed to the company's success.

"Our typical model has been to form a founding group with industry leading companies and work together to develop the best technology for a given market application. From there, we continue our collaboration with the top industry leaders and partners who can truly make the technology a worldwide standard. Japanese companies have played a very important role in that process," said Martino.

The Sunnyvale, California-based company, founded in 1995, made its first foray into the industry standards business with the creation of DVI in 1999, followed in 2002 by the creation of the highly successful HDMI



Silicon Image Chief Executive Officer Camillo Martino

specification, the digital interface technology that can now be found in over four billion products worldwide.

Hitachi, Panasonic, Sony and Toshiba joined Silicon Image in developing the HDMI specification, in addition to Philips and Technicolor S.A. (formerly Thomson S.A.).

"Our customers in Japan were amongst the first to adopt HDMI technology in their products and helped pave the way for the worldwide adoption of the HDMI standard," said Martino. "Japan has always been an advanced technology partner for us, pushing

the limits of technology innovations to drive richer product features ultimately providing a better consumer experience. This is why Japan is very important to Silicon Image and why we will continue to work on building long-term, mutually beneficial strategic relationships with our Japanese customers for many years to come."

Following the creation of HDMI, Silicon Image was joined by Sony, Toshiba, Samsung and Nokia to develop MHL, the mobile connectivity standard now found in four of the top five smartphone brands and in

nine of the top ten DTV brands. The MHL technology standard, launched in 2010, is now in more than half a billion products across the globe.

For 2014, the company hopes to see Japan account for 25 percent of total business revenue, driven by continuing advancements in its HDMI, MHL and 60GHz solutions. Martino points out that Japan is critical to Silicon Image's model for growth worldwide, as Japan is recognized globally for its early adoption of the latest technology innovations and standards.

→ www.siliconimage.com

At the global core of innovation

Around the world, Silicon Valley has become synonymous with innovation and transformation. Located in the world's hotbed of high technology, **Renesas Electronics America Inc.** has played an essential part in the Japanese parent company's initiative to grow globally.

"Our company is going through a transformation process and as part of this process, we are first and foremost transitioning from being Japan-centric to being global. Compared to other overseas headquartered companies operating in the Americas, we can say that we are one of, if not the most global company out here," said **President and Chief Executive Officer Ali Sebt**.

"Many CEOs in Silicon Valley will say that it is not com-

petition, but market transformations that make them lose sleep. And many transformations are happening here. Silicon Valley creates new paradigms, whereas other regions are more focused on inventing new solutions," he also said.

Renesas Electronics America has also fully capitalized on the huge talent pool in the area.

"Hiring Silicon Valley talent allows us to take part in the innovation cycle. We also benefit from very rich software ecosystems that are redefining our economy. When you look at the new apps economy, it was invented and is being nurtured here," Sebt said.

"All of this is being accomplished based on the acknowledgment that we now live in a borderless society," he added.

→ <http://am.renesas.com>



Renesas Electronics America Inc. President and Chief Executive Officer Ali Sebt

