Providing “Ba” for the Interaction between Global
Needs and Seeds Holders for Innovation

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Summary
After more than 10 years of business slump in Japan and worldwide, many high-tech industries are desperately trying to survive and hopefully become competitive. However, through various major restructuring processes over years, many such high-tech industries have drastically cut investment into R&D that had stayed about 10% of revenue for many years, in order to achieve the “black ink” business result. However, this “cut of R&D” results in the failure of new innovations from inside R&D, causing the danger of “cut the future growth”. Now more and more innovations are born at many global ventures. So, these high-tech industries need to get such innovation seeds from global ventures. On the other hand, after the outbreak of the bubble of high-tech electronics ventures during the last few years, high-tech ventures have been striving hard to find strong companies that can manufacture the technologies developed by these venture companies. Especially, many such ventures have tried to access Japanese companies to achieve successful alliance and/or exit. However, the difference in culture and management structure blocked the smooth interactions between such ventures and Japanese companies. Especially, it was very difficult to realize direct face-to-face meetings.

Author started a new innovative scheme “GVIN = Global Ventures Industries Network” to provide “Ba” - opportunity and place - of direct interactions between the top of both global ventures and Japanese companies. Direct interactions are achieved by means of forums – presentations by ventures to senior people in industries people and “face-to-face meetings” between two parties. The emphasis is on the latter. GVIN started in April of 2002 and gradually got attention and participation of global ventures. Through the actual hands-on management of GVIN from the start to the present stage, the author experienced many issues, especially those related to cultural difference – culture based on nation, large companies, east and west. Overcoming such issues is not easy, but essential to realize true success of GVIN – providing “Ba” of direct interactions between global ventures and Japanese industries.

This paper will describe the actual experience of starting and managing a new innovative scheme “GVIN” to provide such “Ba”.

Objectives of GVIN
Objectives of GVIN are:
(1) Effectively create the best opportunities and places - “Ba” - for the most promising global high-tech ventures (SEEDS Holders) to meet the best suited & the most capable industrial
companies (NEEDS Holders) in Japan and other countries
(3) Provide global high-tech ventures opportunities to effectively find the best strategic partners, mainly in Japan
(4) Provide global ventures and Japanese Industries, new business opportunities and innovations

Activities and Key Features of GVIN
GVIN’s activities are:
(1) Network to connect world’s most promising high-tech ventures and leading mainly Japanese industries
(2) Provide the meeting opportunities by forum, with attendants from key leading mainly Japanese companies
(3) Face-to-face meetings to achieve strategic alliances leading to accelerated commercialization
(4) Any necessary consultation
Among the above four items, the most important and crucial one is the “face-to-face” meeting between the executives of both global ventures and Japanese industries.
Also, key points in the implementation of GVIN concept are summarized below.
(1) Implemented scheme should be simple, clear, and fair to both SEEDS & NEEDS Holders
(2) GVIN should not be a not be a voluntary or charity scheme, but it should be a healthy business, by maintaining reasonable financial growth
(3) GVIN consists of members
(4) GVIN introduces new promising global ventures to mainly Japanese industries by direct face-to-face top-level meetings and forums

Structure of GVIN concept
Global ventures are categorized as “SEEDS Holders”, while Japanese industries are categorized as “NEEDS Holders”. GVIN will get requests from both the “SEEDS Holders” and “NEEDS Holders”, and will find out the most suited strategic partners to cooperate in business in Japan, as well as giving the most suitable advice and consultation if needed.

Evaluation of Seeds and Needs
It is very important that GVIN has capable evaluators. This is because GVIN must perform the best matching of global ventures and Japanese industries. This requires the full knowledge of both parties. It is fortunate that GVIN has a number of such capable senior people who worked for FMT member companies.

Cross-cultural Issues
When we actually started the operation of GVIN, we faced various situations of cross-cultural issues. The first such issue was the perceptual difference between the top of ventures and top of
Japanese industries Top of Japanese industries will rarely say “we will go” at the first meeting, even when he feels confident that the technology of the global venture will definitely give benefit to his company. In stead, he will say something cautious so that his confidence will survive any possible difficulties. However, this kind of Japanese manager’s behavior cannot be sensed rightly by the top of global venture. In stead it will be taken as the sign of “no interest”. The second issue is the difference of culture among global ventures. Especially, ventures from the UK are totally different in the presentation style. US ventures explained the remaining problems as the possible “solvable” issues in positive way, while UK ventures explained the same issue as “difficult” and “unsolved” issues in a bit negative way. This causes some confusion among attendants, because they are not much sensitive with cultural difference. Apparently, US ventures will appeal better, and impress more to the attendants, while UK ventures will be recognized less. Cultures are different between types of companies, and between any two companies. However, in the process of decision-making, many large Japanese companies have lots of commonality – always looking at other competitive companies, so that they do not get behind the competitors as well as avoid the risk of taking initiatives. This traditional way of starting a new project is actually quite hazardous to GVIN, because GVIN will introduce the most advanced front line technology ventures to Japanese industrial companies. Japanese industries must take leading roles of starting new technology projects.

Future Plan
We have now about 20 portfolio ventures as our GVIN members in the near future. Through our experience, it is more beneficial to organize Forums for global ventures as their first exposure to Japanese industries, rather than the face-to-face meetings. It seems that face-to-face meetings can take place in a bit later phase, with ample preparation time. In the future, more ventures will join from the US, because now there are many US venture capitals that are strongly resonated with GVIN concept and scheme. Also, there will be ventures from China and India. In Europe, ventures from Finland, Denmark, are interested in joining GVIN. Also, various venture capitals in the US will join. It was originally hoped that GVIN will become a company in the future, and this possibility may be realized, including even the opening on the stock market, although it will take a long time.

Conclusions
GVIN concept to connect global ventures and Japanese industries was proposed a year ago by the author and his friend Mr. Takashi Matsuo. In late April of 2002, GVIN started its operation. The first “Ba” was realized by “Forum” and went into great success. The second “Ba” was realized by “direct face-to-face meetings” between global ventures and Japanese industries in November of 2002. Again, this “Ba” connected two global ventures with several leading Japanese industries.
Through GVIN global ventures can accelerate the process of finding the strategic partners in Japan that can commercialize the technology of global ventures. At the same, Japanese industries can find new seeds for innovation for future growth and enhancement of their competitiveness. In this way, both global ventures and mainly Japanese industrial companies get benefit by GVIN scheme. This win-win goal of GVIN is now gradually being achieved. GVIN is taking off.

References