

EDA Consortium

Launching and Growing Your Business in
Japan

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Japan Distribution Channel Trends

- Sea change in channel structure underway
- Major EDA suppliers acquiring companies and absorbing them into direct organizations
- Select trading companies moving from distributor to representative model
- Trading companies making smaller initial commitment
 - Pre-purchases
 - Human infrastructure

New selling organizations emerging

Implications are profound

Channel Attributes and Alternatives

- Trading Company: least costly,quickest access, local relationships, accepted by end users, least control and visibility
- Corporate 'K.K.': Good structure for technical support, sense of permanence, headquarters control,most expensive, difficult to find good people
- Hybrid: A.E. in a trading company articulates product strategy, conducts complicated benchmarks and seminars, enables trading company to sell and manage the channel,attractive to end user, moderately expensive
- Direct:Excellent entry, good product input, attractive to a third party distributor, excludes the supplier from the broad market, becomes a major distraction and expense,evolves to another organization described earlier

Characteristics of a successful Japan distribution strategy

- Successful Japan distribution strategy transcends structure
- Strong local management and technical support is mandatory - supplier scheduled presence in country
- Invest in the chosen structure through training, formal sales plans, measuring performance, treat the organization as a strategic partner and replicate the marketing functions
- Well done, the rewards will amaze you!

Which structure is best for your company?

- The Japan distribution channel structure is different from any other country
- Are you prepared to make the level of commitment necessary to achieve 20% or more of your revenue from Japan?
- Examine the core values and complexity of the product strategy of your Company and establish a channel structure that is consistent
- Recognize the level of service and support expected by the end user are greater than anywhere else and the time to pay off longer
- Long time to recover if the channel structure has a misfire