



**Stephen Pollock**  
**Chairman**

# Consortium Meetings Calendar

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OS Roadmap Tech Update	Jan 18, 11 AM
EDSFair Executive Reception	Jan 26, 6 PM
CEO Forecast Panel	Feb 2, 6 PM
Export Control Update	Feb 3, 8:30 AM
DATE Executive Reception	Mar 8, 6 PM
Spring Meeting & Election	May 31, 6 PM
Details at <a href="http://www.edac.org">www.edac.org</a>	

# Export Control Regulation and Legislation Update

## Presenters

- Larry Disenhof, Cadence Design
- Erik Oliver, Synopsys

## DETAILS

Friday, Feb. 3, 2006  
8:30 – 10:30 A.M.  
Cadence in San Jose

## CO-SPONSORS



Register online at [www.acteva.com/go/edac](http://www.acteva.com/go/edac)

# Launching & Growing Your Business in Japan

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## WELCOME

–Stephen Pollock, JEDA Technologies

## MODERATOR

–Alan Naumann, CoWare

## PANEL

- Jan Goodsell, CoWare K.K.
- Jim Girand, Technology Strategies & Investments
- Makoto Abe, Japan External Trade Organization



# ***“Launching and Growing Your Business in Japan”***

Emerging Companies Panel

January 12, 2006

Jan Goodsell

**CoWare**

# Agenda

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- Cultural & Business Fundamentals
  - Cultural things
  - Business practices
- EDA/IP Distribution Alternatives
  - Third parties
  - Direct operations
- Marketing & Support

# Cultural Differences

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- NO's:
  - being late
  - tossing name cards across the table or writing on them
  - pressing too hard too soon for some kind of a commitment
  - chewing gum during the meeting!
- YES's:
  - Bowing slightly @introductions, exits, P.O.' (deeper depending on the order)
  - Studying the person's namecard and asking a gentle question
  - Follow up thank you email/fax/letter
  - Introduction through someone who is respected by customer
  - Dinner at some point

# Business Differences

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- Step by step, often longer, more consensus oriented decision process
  - Need to meet various constituents and levels
  - Grow transaction volume through the evidence of your superior technology, hard work and sincerity
  - Be patient!
- Stronger loyalty
  - Usually harder to switch customer from incumbent vendor
- ***The Koza!***
  - You must qualify to be on a list of “qualified vendors” to do business with large Japanese companies
  - Can take one year or more
  - Can be bypassed if you are not established in Japan or use distributor
- Contracts/Payment terms/Taxes
  - Contract process tends to be slow. In some cases it can take about one year
  - Longer payment terms are typical, often effectively 60-90 days
  - It may be necessary for you/customer to deduct 10% from their payment for transactions made to outside of Japan unless you take certain procedures to avoid *withholding tax*
  - If you establish a Japanese company/branch/entity, then you will be obligated to pay income taxes on your profit in Japan

# Distribution Alternatives

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- Distributors: +’s-low cost, account coverage, customer relationships
  - Giants: C. Itoh, Sumitomo, Marubeni,..
    - Pulling out of the business
  - Medium size independents: Innotech, Soliton,...
    - Warily selecting vendors
    - Multiple lines—will you get enough attention, do you compete w/other lines, can you get best staff?
  - Small guys: Keystone, IVIS, NTT Advanced Technology, Paltek/Spinnaker, JEDAT,...
    - Make draw attention as one of 2-3 lines, but do they have account coverage?
  - Incubation: Aisys,...
    - Requires upfront or monthly/quarterly expense, offers infrastructure
  - Japanese EDA vendor: Zuken,...
    - You may be second fiddle to their own products
- Direct Sales: +’s-more control, focused attention
  - Gaining momentum as a general practice
    - Focused team, but limited account coverage
    - More willingness for Japanese to join foreign companies
    - More upfront costs
  - Establish Japan subsidiary/branch office
    - Legal, accounting, office, personnel costs
    - Challenging to find, evaluate, manage and motivate staff
  - Employ one or two individuals to work from Japan as corporate employees
    - Legal, tax issues
    - Not all individuals willing to work without office/entity in Japan

# Marketing & Support

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- Communicating about your company and products thru the media is very important
  - Helps contact individuals who are part of consensus sale that you may not have direct contact with
  - Seminars are very popular, well attended (density of customers in Tokyo and Osaka areas) and effective (with translation)
  - Vast majority of Japanese electronics executives and engineers do not read the US business press
  - Need to get coverage of your company in Japanese press: Nikkei Electronics/MicroDevice, DesignWave, Daily Industrial Newspapers, various websites
- Good, very prompt technical support is extremely important
  - Japanese engineers tend to work very hard: 9 AM to 10 PM everyday is typical
  - They expect you to work equally hard, maybe harder
  - Holidays and working hours are different: dissatisfaction is sometimes bred through this
  - Email generally works, but periodic face-to-face work is also essential from time to time for emotional communication, in depth understanding, relationship building
  - Job mobility in Japan is still very low. Don't blow it, the same people will probably be there practically forever

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# EDA Consortium

Launching and Growing Your Business in  
Japan

January 12, 2006

James F. Girand

Technology Strategies & Investments

[www.girand.com](http://www.girand.com)

# 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

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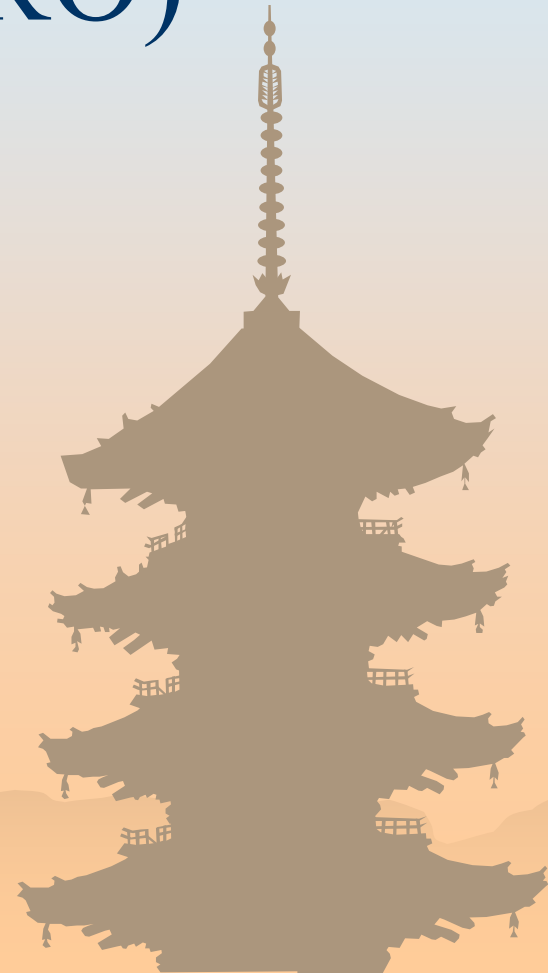
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# Japan External Trade Organization (JETRO)

For EDA Consortium

January 12, 2006



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# JETRO is

- ❁ Nonprofit government organization affiliated with the Japanese Ministry of Economy, Trade, and Industry (METI)
- ❁ Promotes businesses between Japan and the rest of the world
- ❁ Established in 1958
- ❁ Worldwide Offices: Six Locations in the U.S. including San Francisco



# JETRO San Francisco

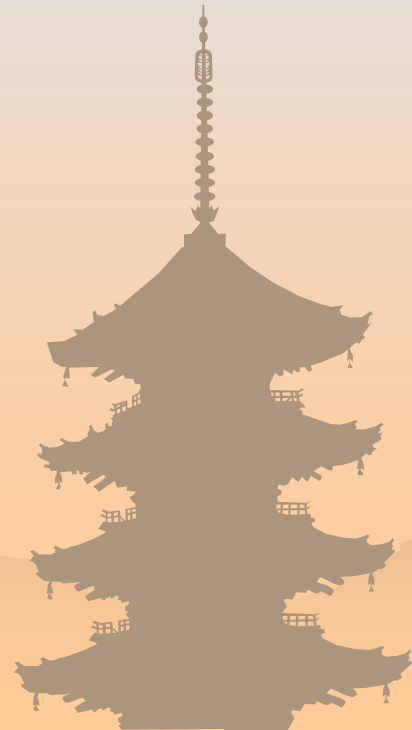
- ❁ Works with U.S. companies in Northern California, Northern Nevada, Oregon, Washington, Idaho, Montana, Wyoming, and Alaska
- ❁ Helps U.S. companies in our region expand business in Japan, by finding partners, establishing offices, etc.
- ❁ Majority of our clients are semiconductor, IT, and other high tech companies



# JETRO Services for U.S. Companies

- ❁ Mostly Free of Charge
- ❁ Provided for those U.S. companies with intentions to establish offices/facilities in Japan sometime in the future

- 1. Information Services*
- 2. Business Matching Services*
- 3. Japan Study Trips*
- 4. Seminars and Trade Shows*
- 5. Japan Office Setup Services*



# *1. Information Services*

- ❁ Market Information
- ❁ Product Information
- ❁ Company Information
- ❁ Government Regulations (if any)
- ❁ Japan Office Setup Information
  - Setup Options
  - Setup Processes
  - Cost Estimates
  - Employment, Taxes, etc.
- ❁ Other Information Related to Expanding Business in Japan



## *2. Business Matching Services*

- ❁ JETRO Bizmatch at Major Trade Shows, such as Consumer Electronics Shows (CES), Combined Exhibition of Advanced Technologies (CEATEC), etc.
- ❁ Other Business Matching Events in Japan and U.S.
- ❁ Individual Introductions to Japanese Companies (Case by Case)



# *3. Japan Study Trips*

## ❁ Business Mission to Japan

- 10-day group tour visiting two to three cities in Japan
- Five to ten companies in one group
- Each group focused on specific industry (Robotics, Food, and Information Security for 2005)
- Field trips and seminars
- Business matching with local Japanese companies
- Basic expenses paid by JETRO



## 4. *Seminars and Trade Shows*

- ❁ Japan business seminars focused on particular industries (such as digital consumer electronics, telematics, biotechnology, etc.), business strategies, office setup, etc.
- ❁ JETRO exhibits at trade shows (environmental technologies, robotics, biotechnology, food, etc.)
- ❁ JETRO sponsored (co-sponsored) trade shows



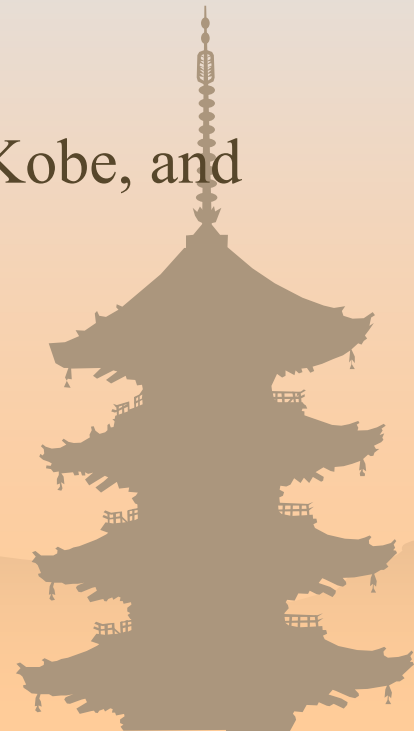
# 5. *Japan Office Setup Services (1)*

- ❁ Information Services and Business Seminars
- ❁ Free Consultation Services at JETRO Tokyo
  - Registering your Japan office
  - Local hiring
  - Office location
  - Visa issues
  - Legal issues
  - Tax and accounting issues
  - Salaries, social security, health insurance, and other mandatory and non-mandatory employee benefits



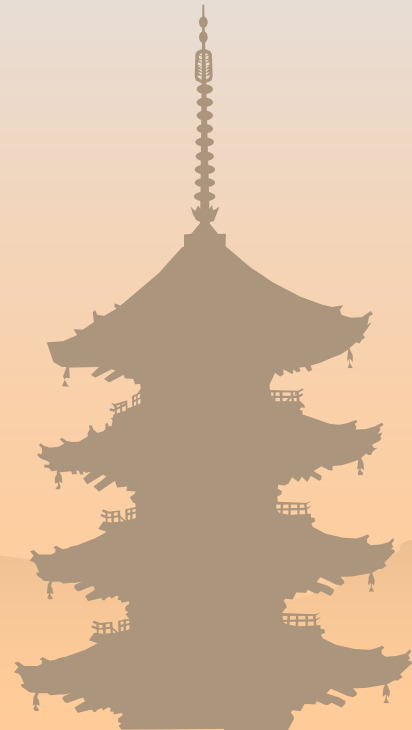
# 5. *Japan Office Setup Services (2)*

- ❁ Free Temporary Office Spaces in Tokyo, Yokohama, Nagoya, Osaka, Kobe, and Fukuoka (called JETRO IBSC)
  - Individual Office Spaces for 2 to 4 People
  - Up to 2 months in Tokyo
  - Up to 4 months in Yokohama, Nagoya, Osaka, Kobe, and Fukuoka
  - Comes with Free Advisory Services
  - Business Library
  - Exhibition Hall and Auditorium (Tokyo)



# 5. *Japan Office Setup Services (3)*

- ❁ Introduction and Referral to Experienced / Bilingual Specialists
  - Company Registration Specialists
  - Visa Specialists
  - Payroll and Benefits Specialists
  - Lawyers
  - Accountants
  - Real Estate Firms
  - Employment Firms



# JETRO Clients

## ❁ EDA-Related Clients that used JETRO IBSC (2005)

- Brion Technologies
- Silicon Design Systems
- Tharas Systems

## ❁ Other Clients that opened up offices in Japan (1993 - 2005)

Symantec, GAP (Clothing), CostCo (Wholesale), NetScape, eBay, Aligo, Analogic Tech, BioZak, BitFone, Caspian Networks, Coyote Engineering, Ecrio, Environmental Chemical Corporation, Elanex, Frontier Semiconductor, Global Locate, Innova Solutions, Kagoor Networks, KornBerg, LookSmart, Peribit, Sapidyne Instruments, Whistle Communications, etc.



# EDA-Related Clients that opened up offices in Japan, or are actively pursuing the Japanese Market

- ❁ Verification and Estimation Tools - 7
- ❁ Synthesis Tools - 2
- ❁ Design Platforms - 2
- ❁ Design Solutions for Lithography Processes - 1
- ❁ Silicon IP - 2
- ❁ Engineering Design Houses - 5
- ❁ Soft Error Solutions - 1



# Adding Offices in Japan (1)

- ❁ Is there life after Tokyo / Yokohama?
- ❁ Office Setup Support by Local Governments
  - Subsidies and Incentives\*
  - Local Business Missions\*
  - Local Business Matching Events\*
  - Introduction to Local Japanese Companies\*
  - Other Hands-on Assistance, etc. \*

\* Offered by Local Japanese Government Offices



# Adding Offices in Japan (2)

JETRO San Francisco is connected to local Japanese government offices

- Osaka San Francisco Office
- Aichi (Nagoya) San Francisco Office (inside JETRO SF)
- Fukuoka San Jose Office
- Sendai Representative used to be located at JETRO SF



# Contact

## **Makoto Abe**

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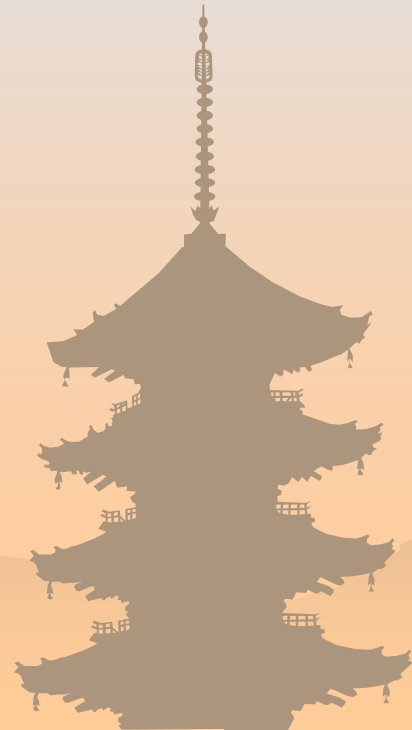
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