

# Japanese entrepreneurs aim for Silicon Valley

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In this Dec. 1, 2011 photo, Noaoki Shibata, a co-founder of the AppGrooves, an iPhone application discovery tool, holds a smart phone in Tokyo. Small but growing numbers of Japanese entrepreneurs are jumping into the startup scene in northern California, particularly since the earthquake and tsunami last March. (AP Photo/Koji Sasahara)

For an emerging generation of Japanese innovators, the dream isn't a job for life at a big company. They have new ambitions, and they're determined to go places. Especially Silicon Valley.

Small but growing numbers of Japanese entrepreneurs are jumping into the startup scene in northern California, particularly since the earthquake

and tsunami last March. They include Naoki Shibata, who took the plunge by giving up the sort of life many Japanese in past decades spent their lives trying to attain.

Only 30, Shibata had an executive-level position at online retailing giant Rakuten Inc. and an assistant professorship at the prestigious University of Tokyo, where he earned a Ph.D. Last June he launched AppGrooves, an [iPhone](#) application discovery tool.

"I wanted a global company from the first moment," he said. "If you want to reach a global market, then you have to start from Silicon Valley."

Shibata and others say they are seeing a major uptick in Japanese entrepreneurs migrating to Silicon Valley or seriously contemplating a move, as their country struggles with two decades of economic stagnation and a rapidly shrinking and aging population.

Some [venture capitalists](#) believe the earthquake, tsunami and the nuclear disaster that followed compelled many Japanese to take an increasingly uncertain future into their own hands.

"Whenever there's a natural disaster, people are pushed and pressed against the wall," said Annis Uzzaman, one of the founders of San Jose, Calif.-based Fenox Venture Capital. "And they want to come out as number one."

Attorney Yoichiro Taku, a partner at Silicon Valley firm Wilson Sonsini Goodrich & Rosati, has taken on AppGrooves as a client, as well as Japanese-founded social network startups Wondershake and Mieple. Taku, who has among the most active startup practices in the U.S., said it's the most Japanese startup traffic he has ever seen in his Silicon Valley career.

More than the earthquake, Taku believes the trend has more to do with the sprouting seeds of entrepreneurship back in Japan, cultivated by the emergence of Tokyo-based incubators like Open Network Lab and Samurai Incubate. Some will naturally want to aim bigger.

"It's like Ichiro Suzuki wanting to play in Major League Baseball," Taku said.

Shibata also suggested that it's just easier to be offbeat in the U.S.

"The biggest difference between Silicon Valley and Japan is when I hack something in Japan, I'll be punished first," Shibata said of making unscripted modifications. "But in Silicon Valley, when I hack something, I will be encouraged to do more."

Technology and innovation have long been sources of pride in Japan. The country's phenomenal economic development in the 20th century was fueled by visionary entrepreneurs and industrialists whose ventures are now some of the country's most well-known brands like Sony Corp. and Panasonic Corp.

But as Japan grew into one of the world's biggest economies, it seemed to lose its pioneering spirit. Business leaders, officials and academics in recent years have blamed the country's dearth of entrepreneurship on a mix of social and structural factors that constrict new innovators.

The Japanese, they say, have become risk-averse, opting to stick to the safety of lifetime employment at established companies. Venture capital is scarce. Exits in the form of mergers and acquisitions or initial public offerings are too difficult.

The Global Entrepreneurship Monitor, which measures attitudes toward starting new businesses around the world, found in its 2010 report that

Japan ranked lowest among 22 advanced economies. The same survey found that Japanese citizens were least likely to consider entrepreneurship a good career choice.

This reality, however, has spurred new action among individuals and groups trying to rekindle the country's entrepreneurial ambitions and build a viable startup ecosystem.

"There's a lot more startup companies, and there's probably more support for them now," said Taku, the attorney. "Just mathematically, some percent of them have some aspiration to go the U.S. because they speak English or they studied in the U.S."

The demographics of applicants to Open Network Lab, a Tokyo startup incubator, shifted dramatically after the earthquake, managing partner Hironori Maeda said. Before the disaster, applications tended to come from recent university graduates or freelance programmers. But now, Maeda said, they're coming from employees at large Internet companies who are willing to quit their jobs if accepted.

"Japan was all about harmony and longevity," he said. "Then the earthquake hit them, and everyone is all of a sudden put into uncertainty. That kind of woke everyone up. It probably made a lot of people consider what they should do with their lives."

Open Network Lab, a joint effort among listed tech companies Digital Garage Inc., netprice.com and kakaku.com, launched less than two years ago with the aim of finding startups with the potential to go global. Teams accepted into its three-month seed accelerator program are given 1 million yen (\$12,800) in funding, office space, mentoring and access to its extensive network of entrepreneurs and partners.

Interest has soared since its first class, when it received 47 applications.

For its fourth class that started in January, nearly 100 teams applied.

Other initiatives are also sparking change.

William Saito, a Japanese-American entrepreneur and venture capitalist in Tokyo, has made it his personal mission to reinvigorate Japan. He co-founded Impact Japan to serve as a hub and clearinghouse for innovation, helping organize local events for the annual Global Entrepreneurship Week and launching scholarships for study abroad.

For the past three years, he has taken groups of about 30 Japanese students, researchers and would-be entrepreneurs to Silicon Valley to expose them to the global marketplace.

"I think we're finally turning a curve," Saito said of entrepreneurship in Japan.

Along with Saito's efforts, journalist Lisa Katayama and designer Tomo Saito launched the Tofu Project in San Francisco last year. The unique initiative brought 10 young Japanese entrepreneurs to California in late October for a weeklong boot camp in Silicon Valley-style design thinking and innovation.

Satoshi Suzuki, the 22-year-old president of a social networking startup called Wondershake, took part in the program. He, too, is determined to make it in [Silicon Valley](#).

He describes Wondershake as an icebreaker for the real world, designed to facilitate immediate face-to-face connections at events, schools and other venues. As soon as visas are approved for him and his four partners, Suzuki plans to move to the San Francisco Bay Area.

"No one expects me to succeed, and 99 percent of people don't succeed,

so a lot of people could just give up," he said. "But the main reason I'm doing this is because the product is really something I want to create for the world."

Suzuki said the broader issue isn't that Japanese people are afraid of risk, but that they lack mentors and examples of success to encourage them.

That can be overcome if there are actually people who've done it and can say, "You can do it too," he said.

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