

## 2017 JAPAN-US INNOVATION AWARDS SYMPOSIUM

*Connecting the best of Japanese creativity and American entrepreneurial skills to form unimagined opportunities*

The seventh annual Innovation Awards Symposium, hosted by the Japan Society of Northern California in cooperation with the US Asia Technology Management Center on July 28, 2017 at Stanford University, was an excellent example of what can happen when one combines Japan's technological expertise and creativity with the Silicon Valley entrepreneurial environment. The program included a half day of mentoring sessions for five start-up companies from Japan and a half-day conference where we honored innovative Japanese and American companies, featured a keynote dialogue with cross-border venture capitalists and profiled five Japanese start-ups.

### *Innovation Showcase*

We had an exciting lineup for this year's showcase start-ups from Japan who all shared a passion for applying technology to address pressing social and economic problems of our day. **Fracta, Inc.**, for example, is using machine learning to undertake sophisticated predictive analysis that is helping water companies identify which pipes are the most vulnerable and most in need of replacement – the resulting savings worldwide will total billions of dollars. **Megakaryon Corporation** plans to lead a second revolution in blood supply by artificially producing platelets, saving lives, particularly in cases of large-scale disasters, and reducing costs for health care. **Seven Dreamers Laboratories, Inc.** specializes in making unique products, such as its laundry folding robot, that would improve people's lives and meet needs that you may not even know you had.

**TBM Co., Ltd.**, a company which uses its unique technology to make paper from limestone, aims to create a green low carbon alternative to paper which consumes much of the world's trees and water. **Treasure Data** is offering a new approach to collecting, harnessing and monetizing a company's own data to use for its own benefit; its technology is used by the world largest online shopping site in the developing world called wish.com, which serves the global bottom 99%.

The Showcase companies engaged in breakout sessions with hand-picked advisers/mentors who together discussed the companies' vision, opportunities and challenges. In a following group discussion with all the showcase companies, the companies' founders explained what about Silicon Valley appealed to them. The founders cited the Valley's culture of optimism, the readiness to work with unproven companies and technologies, and the willingness to talk about "crazy ideas" as important differences from the Japanese business culture. Diversity was also important – "Silicon Valley is the UN of technology" said one participant, observing that here in Silicon Valley you can tap the talents and technology of entrepreneurs and technologists from all over Asia.

### *Keynote Dialogue on Cross Border VC*

Following an excellent opening address from **Ranjana Clark**, Head, Transaction Banking & Bay Area President, MUFG Union Bank, a panel of experts convened to discuss their experiences in cross border venture capital. Each had a different perspective on the question. **Ann Miura-Ko** said that when she evaluates early stage start-ups, she looks for “authenticity,” persistence in the face of adversity, and a technology with a dominating competitive advantage that was not easily copied. **David Chao**, founder of DCM which invests in Japan, China and the US, said he looked more for flexible entrepreneurs who could pivot quickly if the business environment changed.

**Ashvin Bachireddy**, a co-founder of Geodesic Capital that focuses on US start-ups with an interest in expanding globally, especially Japan, focused on later stage ventures who needed to go global to create scale and lock in competitive advantage against foreign rivals. He noted that Japan was an important market for American start-ups, citing Github, Slack and Twitter as examples of Silicon Valley companies that went early to Japan and prospered. Chao agreed that Japan was seeing many more stories of entrepreneurial success, which he attributed to the slow demise of the life-time employment model, the rise of entrepreneurial heroes like Masayoshi Son and Hiroshi Mikitani, and an enthusiastic younger generation.

### *Emerging Leaders Awardees*

This year’s Emerging Leader awards went to:

**Cylance Inc.**, that has revolutionized traditional antivirus by applying artificial intelligence, algorithmic science and machine learning to endpoint security which offers cybersecurity solutions that predict, prevent and protect customers, and

**Preferred Networks, Inc.**, a Tokyo-based company focusing on applications of the latest artificial intelligence technologies to emerging problems in the IoT.

Cylance Inc. recently burst onto the international stage through its application of AI to cybersecurity, particularly to detect and disable malware. Humans can’t track millions of pieces of code to find malware, but AI can, and Cylance has learned how to harness AI for that purpose. They entered the Japanese market following the disastrous high profile hack in 2015 of the Government Investment Pension Fund, whose leaders realized they needed a workable alternative to traditional security approaches. The company’s Japan business is growing rapidly.

Preferred Networks, Inc. discussed its work using artificial intelligence to make very smart machines, with an emphasis on self-driving cars and smart robots that could train themselves to pick up irregular objects. PFN explained that its major challenge was how to scale without having to create its own large and expensive marketing and sales infrastructure – the firm

thinks it is on its way to resolving this problem through a recently concluded partnership with Microsoft who will sell its software.

### *Special Award for Collaboration*

This year we gave a very special award to an American and Japanese company who collaborated closely to create one of the most innovative games of the last several years, Pokémon GO. The game was jointly developed by **Niantic, Inc.**, a geospatial data spin-off from Google, and **The Pokémon Company**, which manages the Pokémon characters. Executives from the two explained the extraordinary impact of the game – since its inception, players of the game have walked the equivalent of three times the distance between the earth and Pluto. They also pointed to some of the challenges of collaborating between two very different cultures in different time zones. The main challenge appears to have been the clash between the desire of the American team to use a test prototype, open to subsequent change and tweaking, and the Japan's side preoccupation with producing a perfect product from the start. Building mutual trust was the key to overcoming these challenges. Creating that level of trust happened at a very human level - Pokémon executives were impressed with Niantic CEO John Hanke's encyclopedic knowledge of Pokémon characters and Niantic was similarly awed by Pokémon CEO Tsunekazu Ishihara's mastery of Ingress, the first game developed by Niantic.

The Japan Society of Northern California and the US Asia Technology Management Center would like to congratulate the awardees, thank the participants, members of the Innovation Advisory Committee and the 250 attendees at the program. A big thank you to our sponsors: MUFG Union Bank, N.A., United Airlines, Mistletoe, Rakuten, Inc., SunBridge, Google, Pasona N A, Inc., BNY Mellon Wealth Management, Martingale Asset Management, Mitsubishi Corporation (Americas), NTT Data Services, Sephora, and our podcast contributor, Disrupting Japan. Without their support, we would not have been able to produce such a wonderful event. A special thanks to Richard Dasher and the US Asia Technology Management Center for their partnership and to thank John Thomas, JSNC Vice Chair for his leadership and guidance. With everyone's support, the 2017 Innovation Symposium was a great success.