

Startups in Japan

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Why do we care?

| | <u>Market cap, \$B</u> |
|----------------|------------------------|
| Apple Computer | 480 |
| Google | 378 |
| Microsoft | 300 |
| Amazon | 182 |
| Oracle | 171 |
| Facebook | 142 |
| Intel | 127 |
| Cisco | 118 |
| eBay | 67 |
| EMC | 52 |
| ソフトバンク | 108 |
| ファナック | 43 |
| キーエンス | 27 |
| 楽天 | 23 |
| 日本電産 | 15 |

*The Japanese Entrepreneur:
Making the Desert Bloom*

緊急出版

起業特区で
日本経済の
復活を！

エドワード・A・フライゲンバウム
Edward A. Flegenbaum
デイビット・J・ブルナー
David J. Brunner
西岡幸二訳

日本経済新聞社

Causes of Japan's Poor Entrepreneurial Habitat

Governance

Conservative, modest goals of entrepreneurs

Boards of directors do not help/push management to pursue high-growth strategies

Startups usually not managed by CEOs capable of executing high-growth strategies

Financing

Bank loans often used to finance startups

Relatively little venture capital available

VCs do not have necessary expertise to help startups succeed

Human resources

Difficult for startups to hire experienced managers and skilled employees

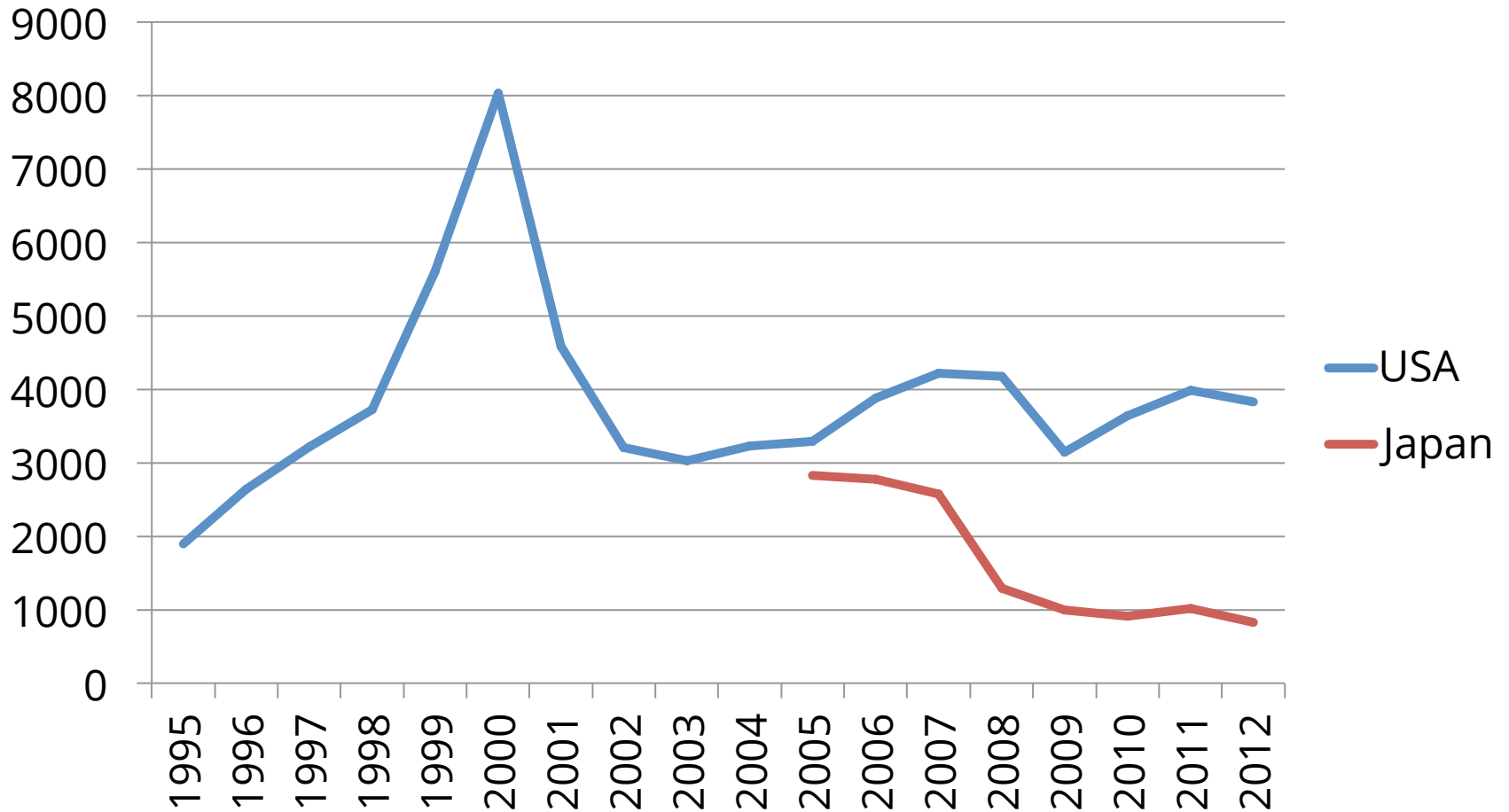
Hard to access critical professional services

Lack of business and entrepreneurship education

Customers

Governments and large companies do not want to buy from startups

VC deals



Sources

PricewaterhouseCoopers MoneyTree Report <https://www.pwcmoneytree.com/MTPublic/ns/nav.jsp?page=historical> (US)

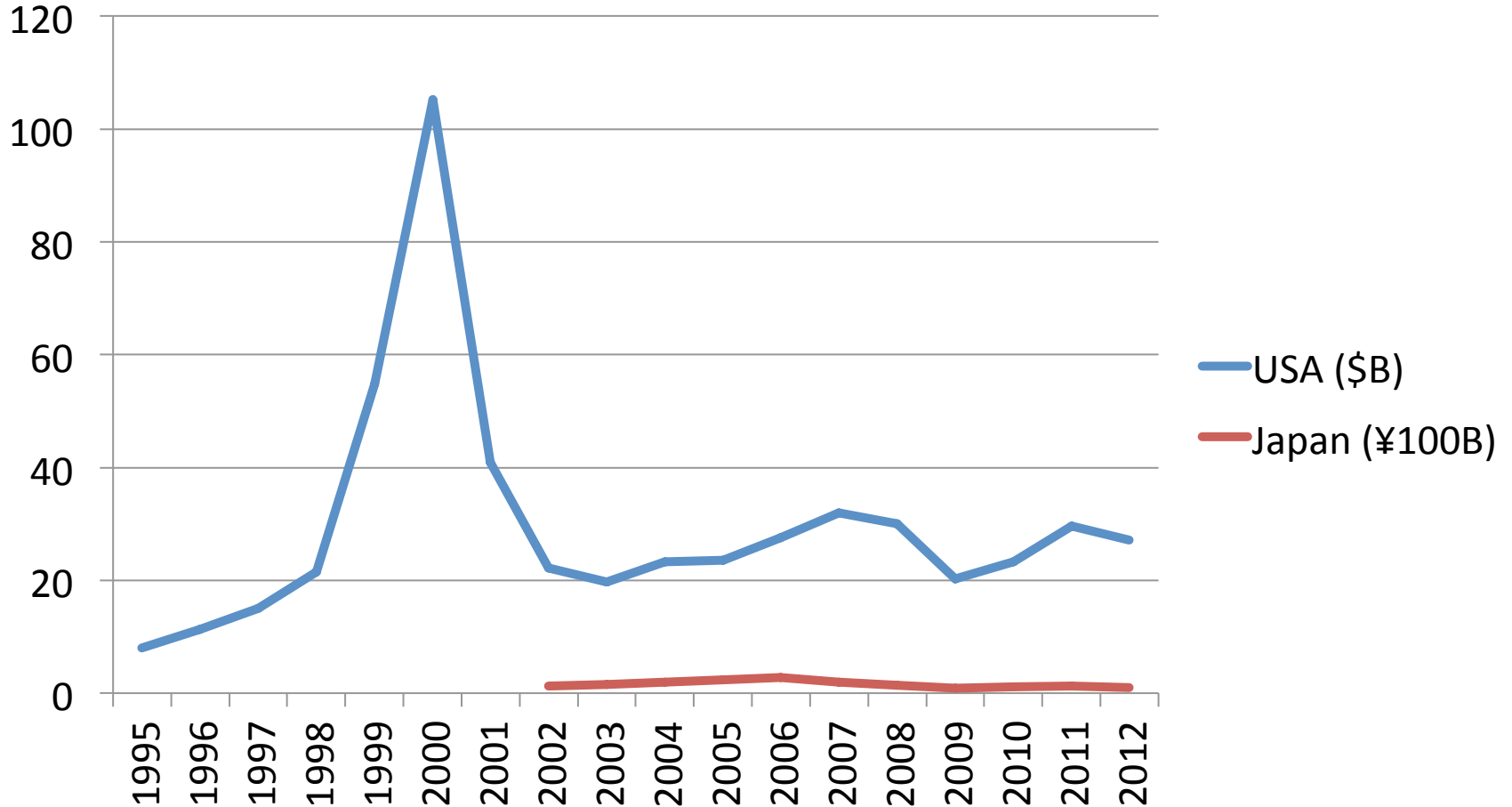
Venture Enterprise Center http://www.vec.or.jp/wordpress/wp-content/files/The_Survey_of_Venture_Capital_Investment_Trends_in_Japan_for_Fiscal_Year_2012.pdf

http://www.vec.or.jp/wordpress/wp-content/files/2013-sokuho20131111_eng2.pdf

<http://www.vec.or.jp/wordpress/wp-content/files/qe-report2010E.pdf>

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VC investment



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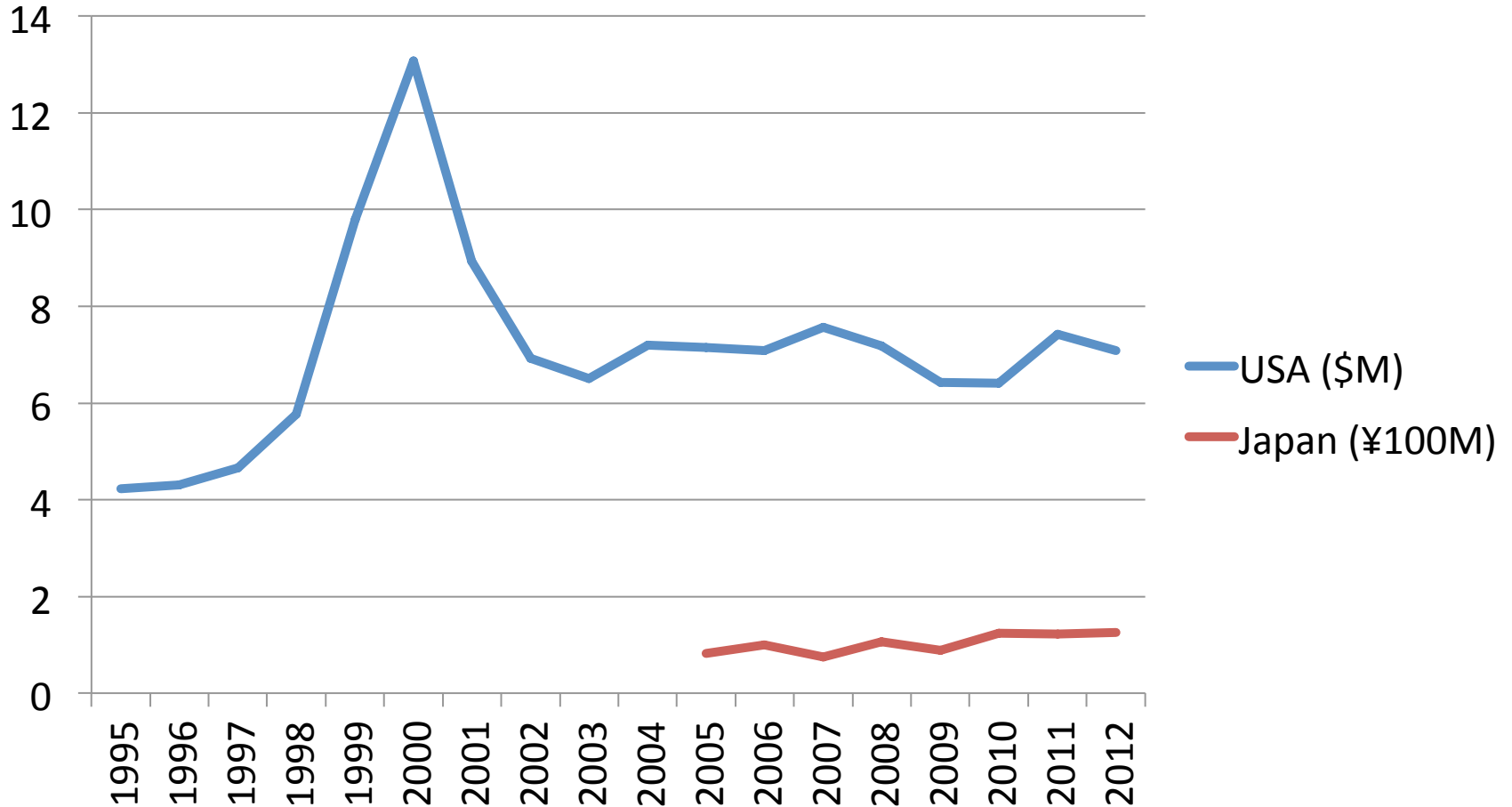
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Average deal size



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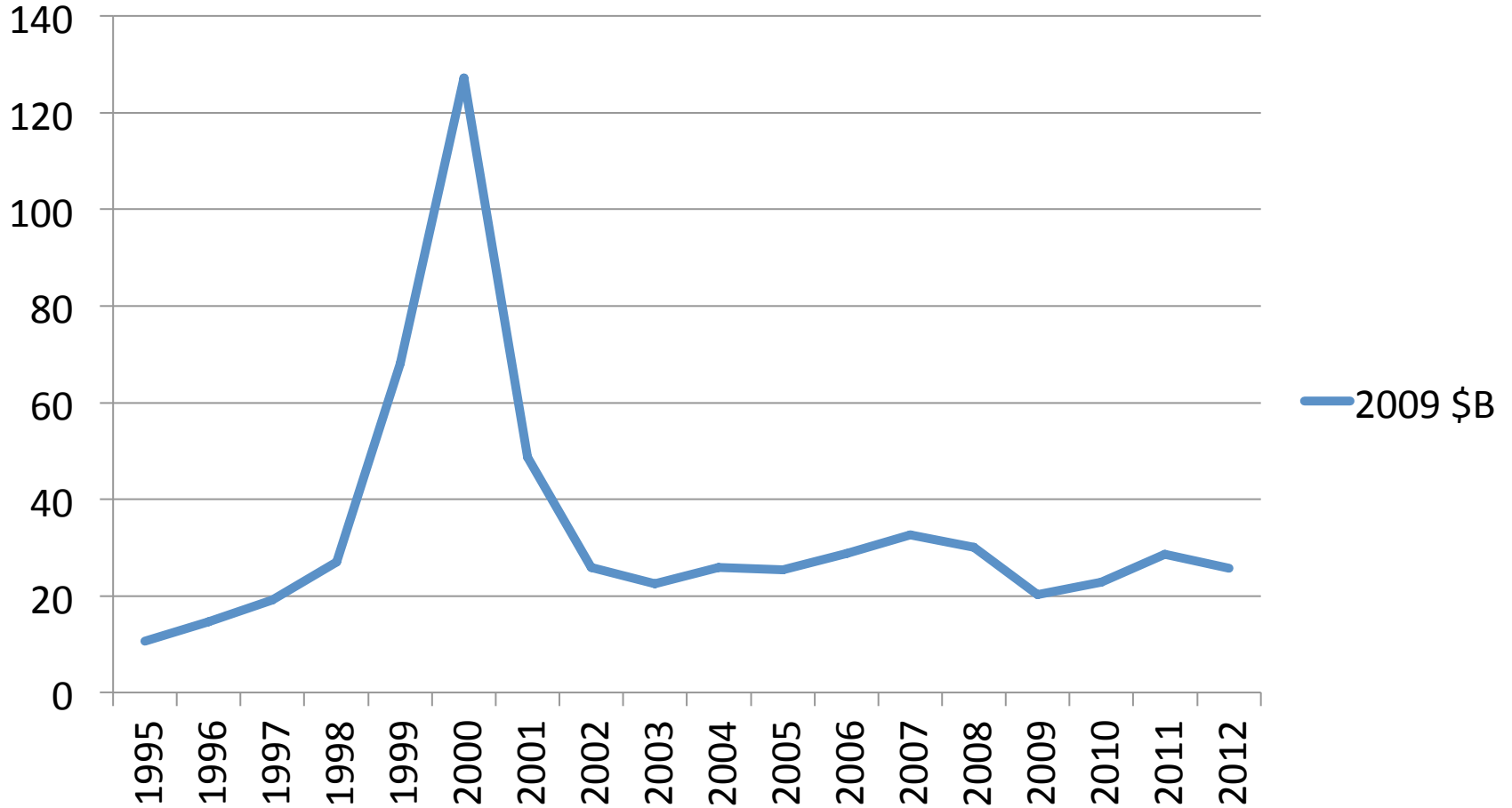
Venture Enterprise Center http://www.vec.or.jp/wordpress/wp-content/files/The_Survey_of_Venture_Capital_Investment_Trends_in_Japan_for_Fiscal_Year_2012.pdf

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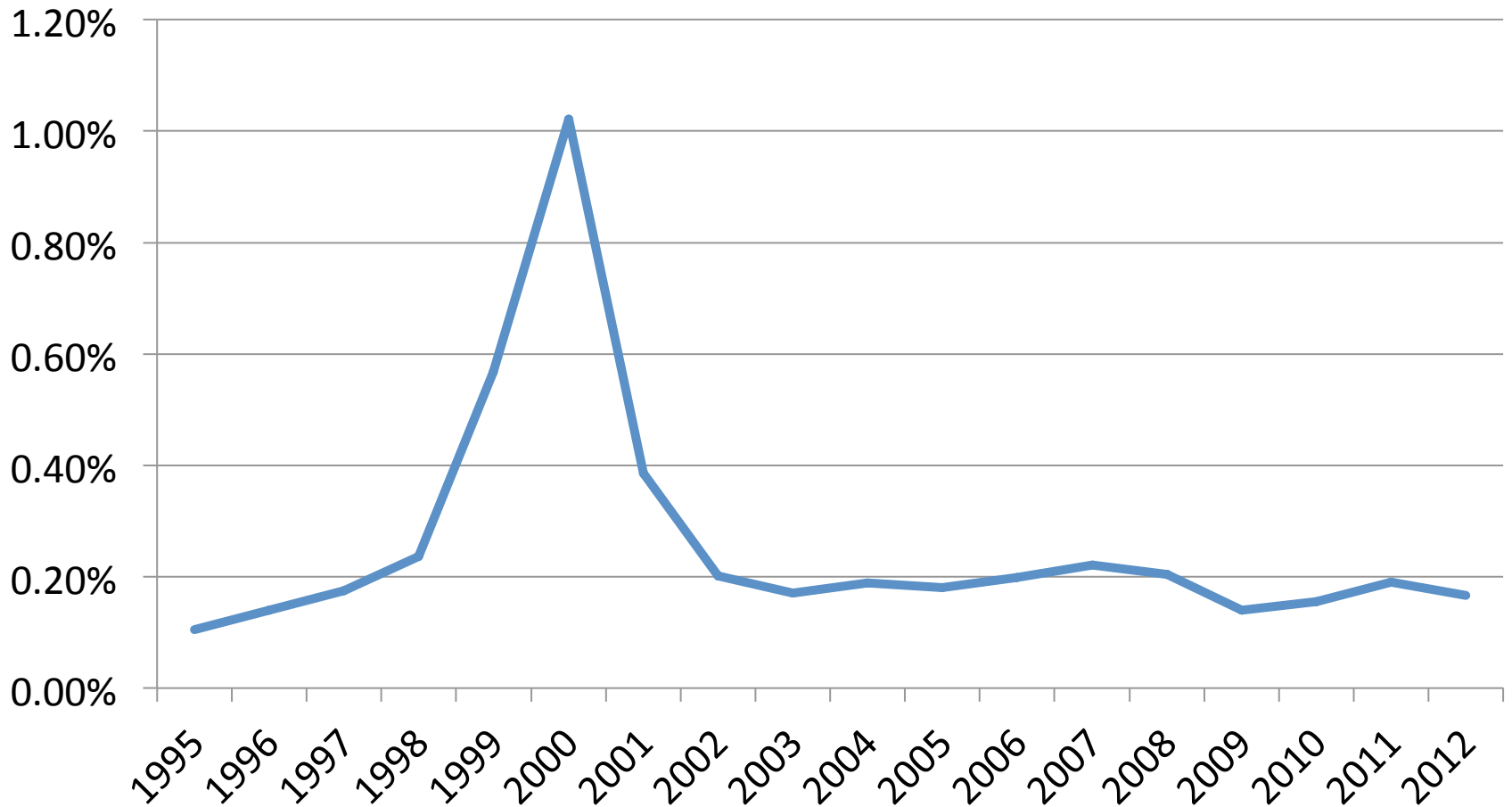
<http://www.vec.or.jp/wordpress/wp-content/files/qe-report2010E.pdf>

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USA VC Investment: Constant \$

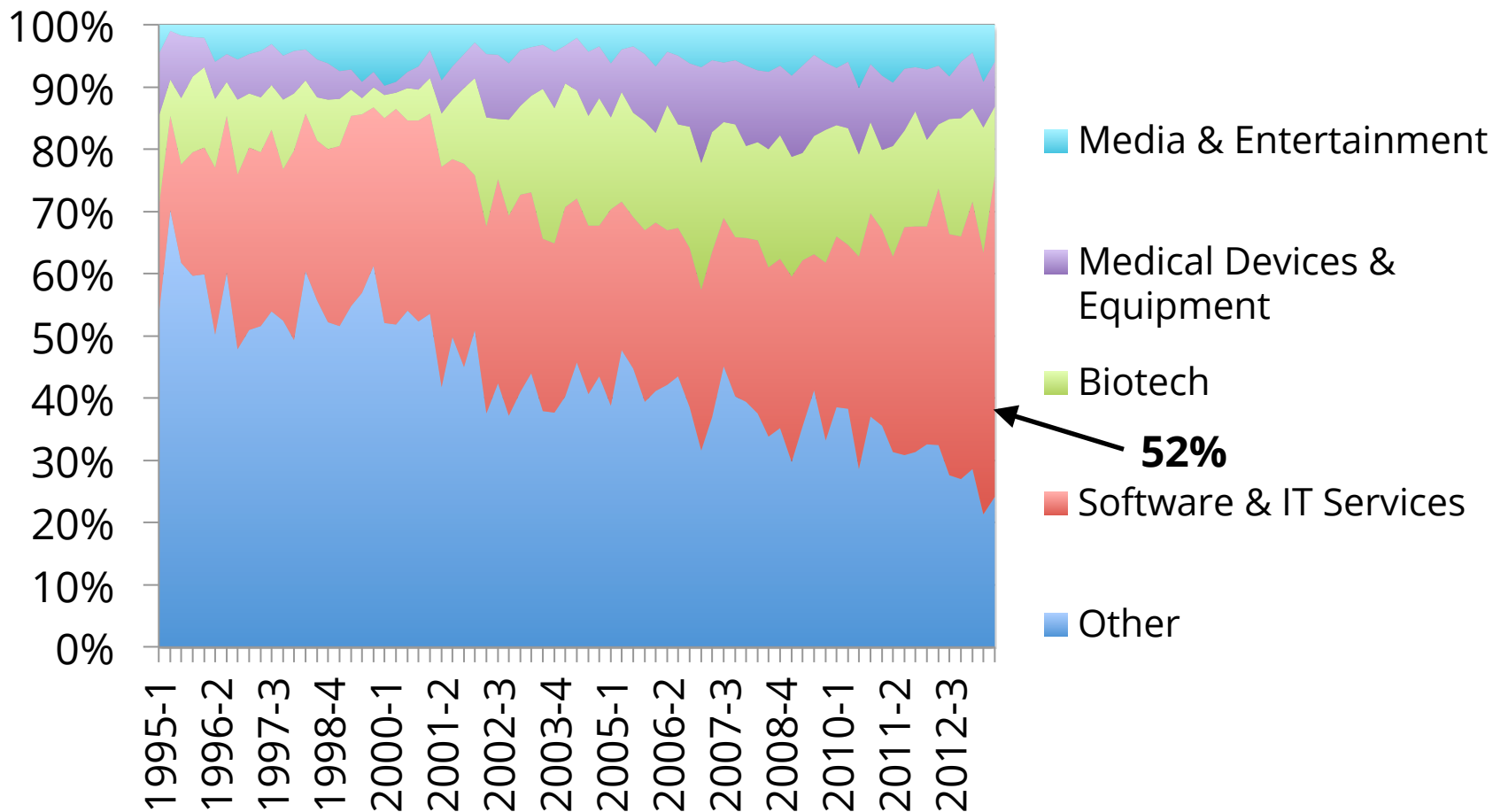


USA VC Investment: % of GDP



USA: Software Takes Over

% of VC investment



Sources
PricewaterhouseCoopers MoneyTree Report <https://www.pwcmoneytree.com/MTPublic/ns/nav.jsp?page=historical> (US)

What is Japan good at?

| Year | Model | % made in Japan |
|------|-------|-----------------|
| 1982 | 767 | 16 |
| 1995 | 777 | 21 |
| 2011 | 787 | 35 |

Sources:

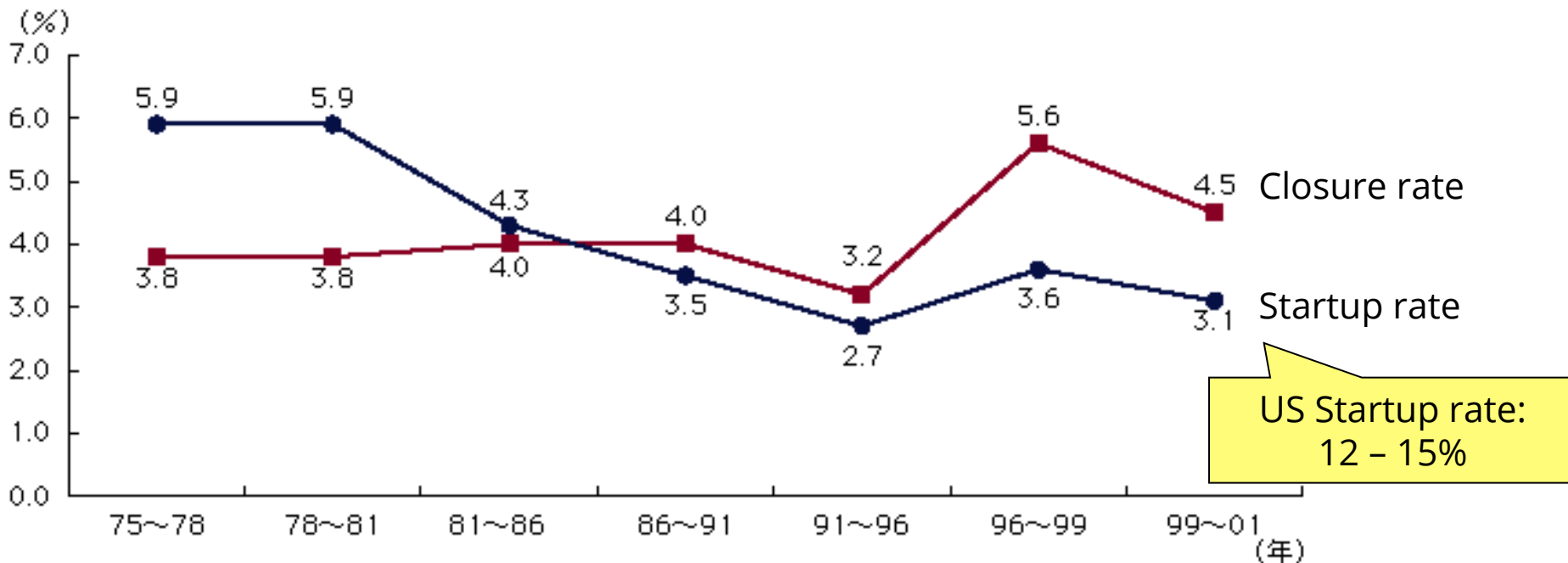
Eamonn Fingleton, "Boeing Goes to Pieces", *The American Conservative*, 8 Jan 2014.

<http://www.theamericanconservative.com/articles/boeing-goes-to-pieces/>

More data

How dynamic is the economy?

Japan enterprise startup and closure rates
(annual average, excluding primary industries)



資料：総務省「事業所・企業統計調査」

- (注) 1. 1991年までは「事業所統計調査」、1994年は「事業所名簿整備調査」として行われた。
2. 開業率、廃業率の計算方法については、付注2-2-1を参照。

How many entrepreneurs?

