The Cluster Formation of IT Venture Business in the Metropolitan Area

networking is the key to the success in the contents business

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Collabo, Inc.

Yoji Kawaguchi

The current situation and needs of IT venture business

Process of Starting IT venture business

Employed by
IT company

business experiences within
a certain period
creating networks

start-up

Current situation of IT venture business

current situation

The number of IT venture
established in Tokyo since 1994
2811 companies

industry type

hardware   8.7

others   0.2

contents   21.8

software   69.3

area   Data provided by IT Venture Forum

Other areas
33.4

Chiyoda-ward, Chuo-ward,
Minato-ward, Shinjyuku-
ward,   66.6

Issues to be solved

Financial Resources

own fund, loans from private or government financial institutions and local government,
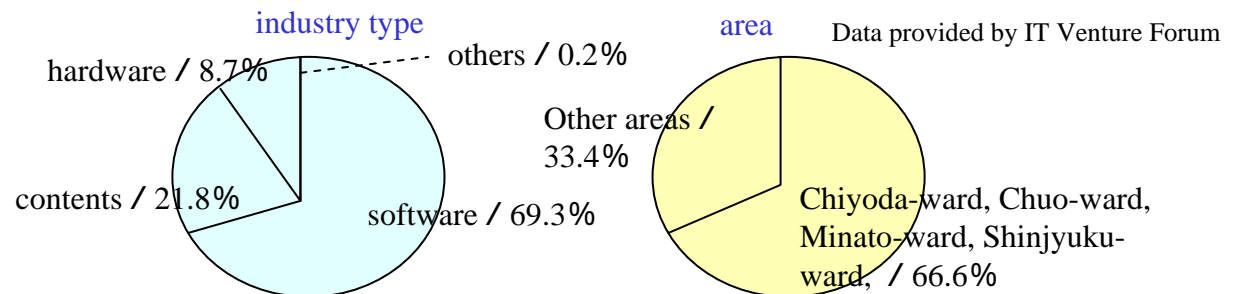investments by venture capitals

Sales

sales channel through the former employment career

Human Resources

personnel in the former employment
personnel through the networking during the former employment

About IT Venture Forum 1

Description

establishment

1999　13seminars and various workshops have been held, and also number of business matching were performed)

objectives

To provide environments for the creation of new business model in IT industry in the metropolitan area, as well as to cultivate global companies among the members, through developing support systems and promoting networking among companies, academics and governmental organizations.

target industry

Information related industry　mostly information network　contents　electric devices and others

area covered

Principally 4 prefectures in the metropolitan area　Tokyo-to, Kanagawa pref., Saitama pref., Chiba pref.

member

Active IT venture firms, and their supporters including individuals, firms and organizations. Currently 259 firms are the members of the Forum.
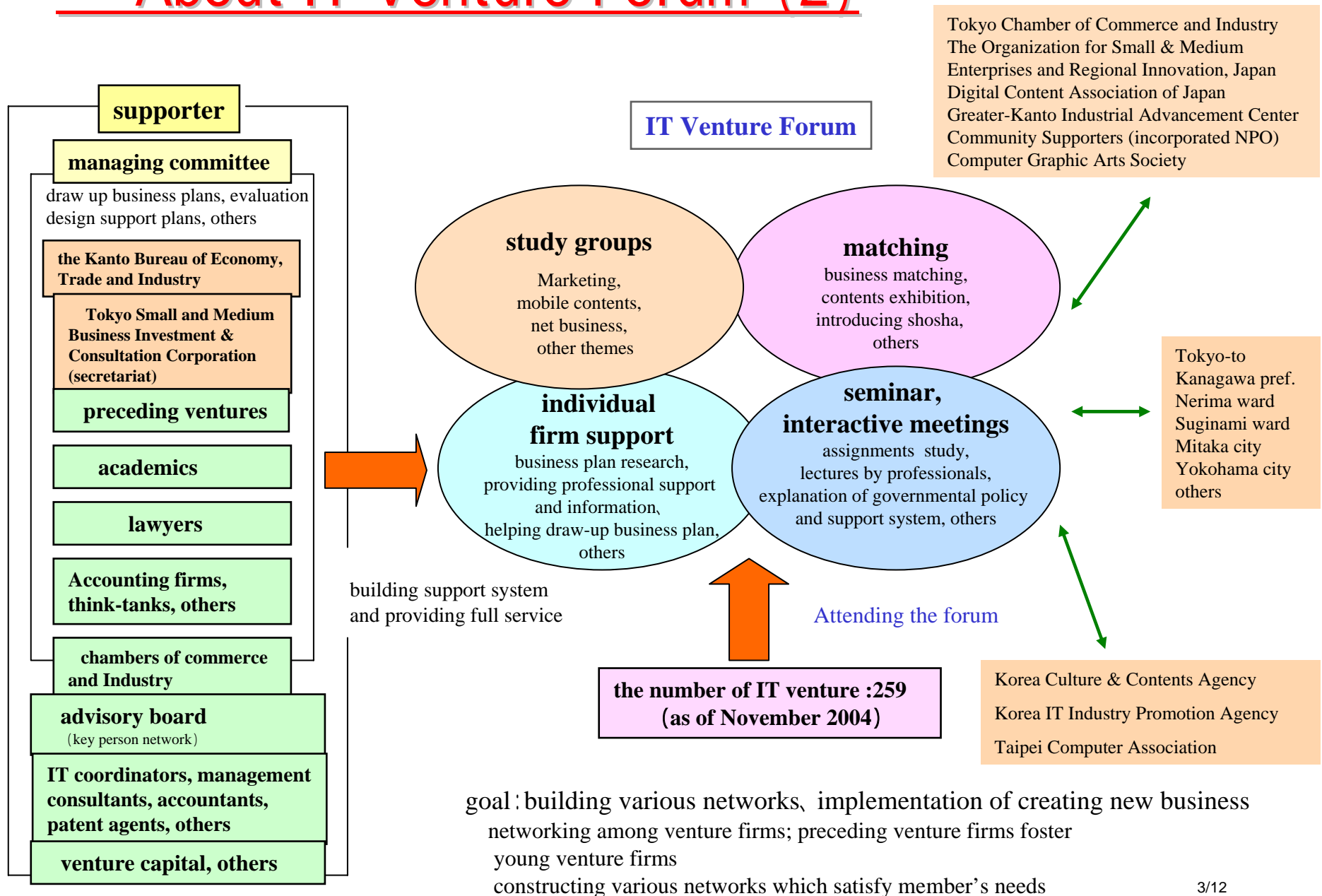
secretariat

Tokyo Small and Medium Business Investment & Consultation Corporation

others

One of the 19 industrial cluster projects of METI

About IT Venture Forum　2

supporter

managing committee

draw up business plans, evaluation
design support plans, others

the Kanto Bureau of Economy, Trade and Industry

Tokyo Small and Medium Business Investment & Consultation Corporation (secretariat)

preceding ventures

academics

lawyers

Accounting firms, think-tanks, others

chambers of commerce and Industry

advisory board
key person network

IT coordinators, management consultants, accountants, patent agents, others

venture capital, others

building support system
and providing full service

IT Venture Forum

study groups
Marketing,
mobile contents,
net business,
other themes

matching
business matching,
contents exhibition,
introducing shosha,
others

individual firm support
business plan research,
providing professional support
and information
helping draw-up business plan,
others

seminar, interactive meetings
assignments study,
lectures by professionals,
explanation of governmental policy
and support system, others

Attending the forum

the number of IT venture :259 as of November 2004

Tokyo Chamber of Commerce and Industry
The Organization for Small & Medium
Enterprises and Regional Innovation, Japan
Digital Content Association of Japan
Greater-Kanto Industrial Advancement Center
Community Supporters (incorporated NPO)
Computer Graphic Arts Society

Tokyo-to
Kanagawa pref.
Nerima ward
Suginami ward
Mitaka city
Yokohama city
others

Korea Culture & Contents Agency

Korea IT Industry Promotion Agency

Taipei Computer Association

goal building various networks implementation of creating new business
networking among venture firms; preceding venture firms foster
young venture firms
constructing various networks which satisfy member's needs

About IT Venture Forum 3

2004 business plan

IT Venture Forum 2004

formation of organic network

- advisory board
- seminar
- interactive meetings
- new member / supporter

new market development

- Online game workshop plenary session   unit session
- creating new business by utilizing major coorparation's assets

marketing support

- market trial
- Tokyo content market 2004

human resource development support

- contents business industry study fair

Other supporting activities

- Feasibility study
- Individual firm support

"   "

IT

16 10 18   19
90   10,000

HP

Activities of IT Venture Forum

trial project 2004 Contents

Project/Problem Based Learning

IT Venture Forum develops PBL program in business schools and promotes the formation of university/industry community for the construction of university/industry collaboration structure in contents industry. In 2004, a trial project which enforces management abilities in animation industry is implemented. It aims at the creation of actual model in animation studios and learning know-how.

financial assistance
coordination, others

cooperation with education program,
supply data

IT Venture Forum

NPO community supporters
coordination

Telecom Animation Films, Co. Ltd.

Waseda University **volunteers**

TV and theater
Animation films

Other measures under consideration

consulting
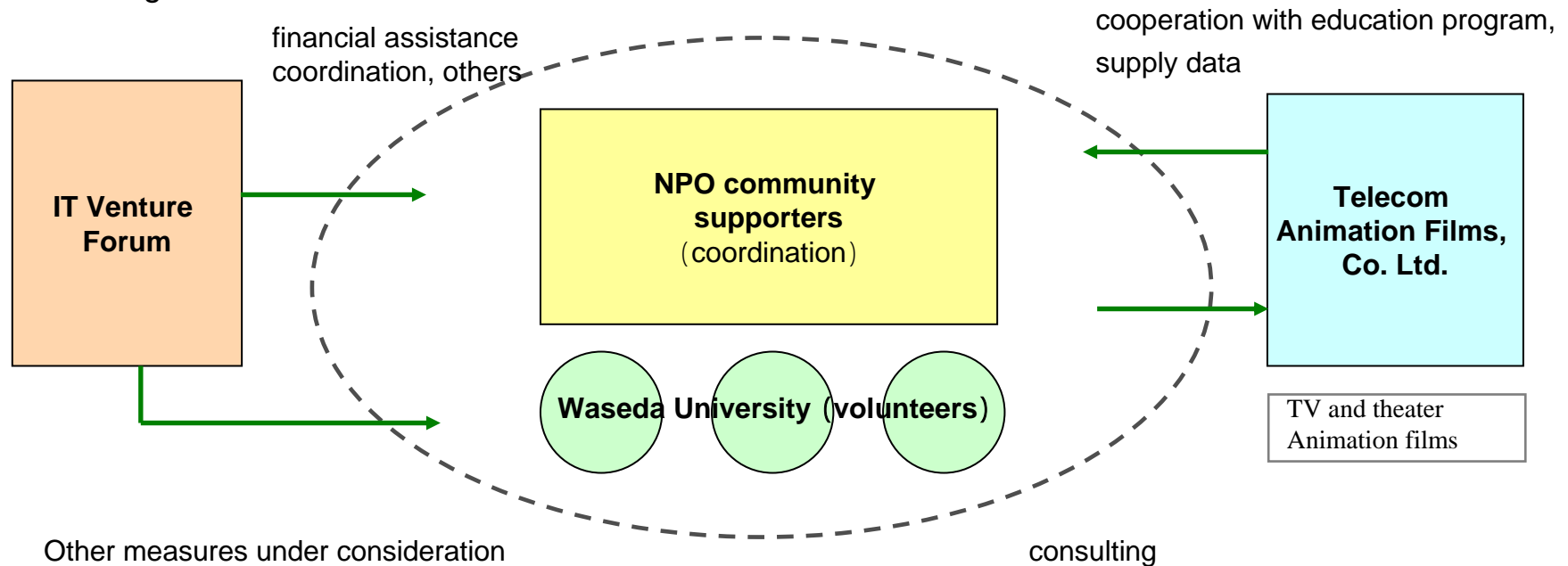
Activities of IT Venture Forum
Pilot Project 2004 major corporations and IT venture businesses

To strengthen industrial competitiveness by creating innovation through effective collaboration between major corporations and venture firms (many IT venture businesses are in the metropolitan area)
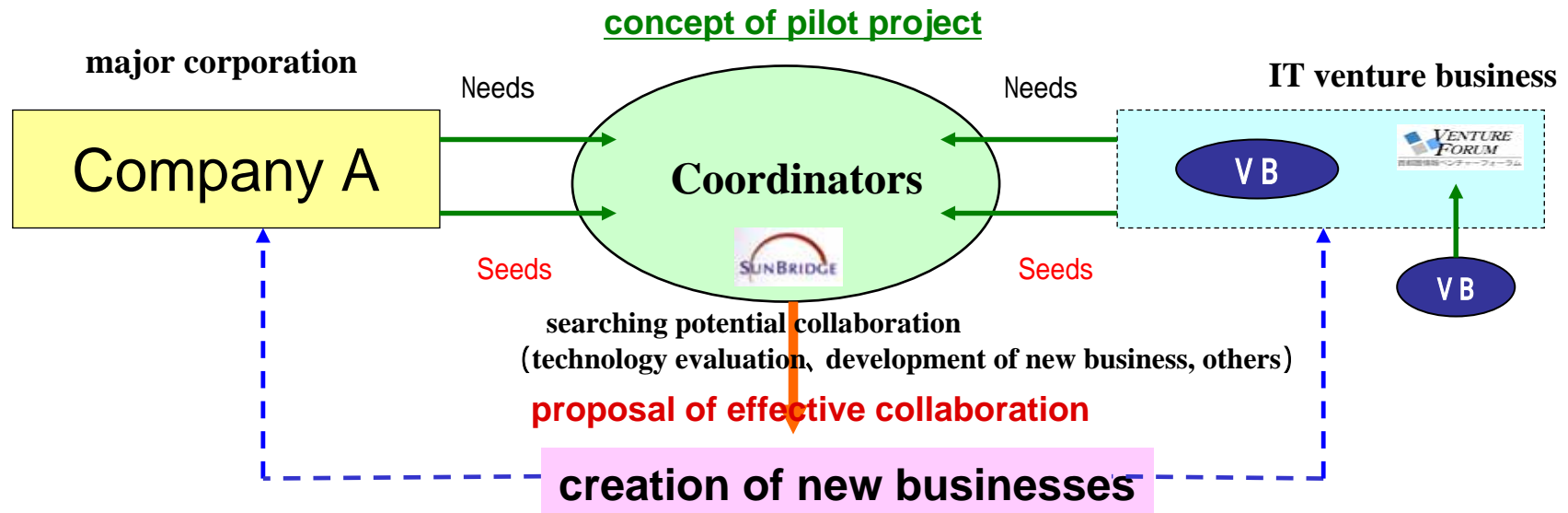In 2004, effective collaboration between major corporations and venture firms is explored through both scheme study group and implementing work group.

scheme study work group	
implementation work group pilot project	

concept of pilot project

major corporation

Needs   Needs

IT venture business

Company A   Coordinators

Seeds   Seeds

SUNBRIDGE

searching potential collaboration
technology evaluation   development of new business, others

proposal of effective collaboration

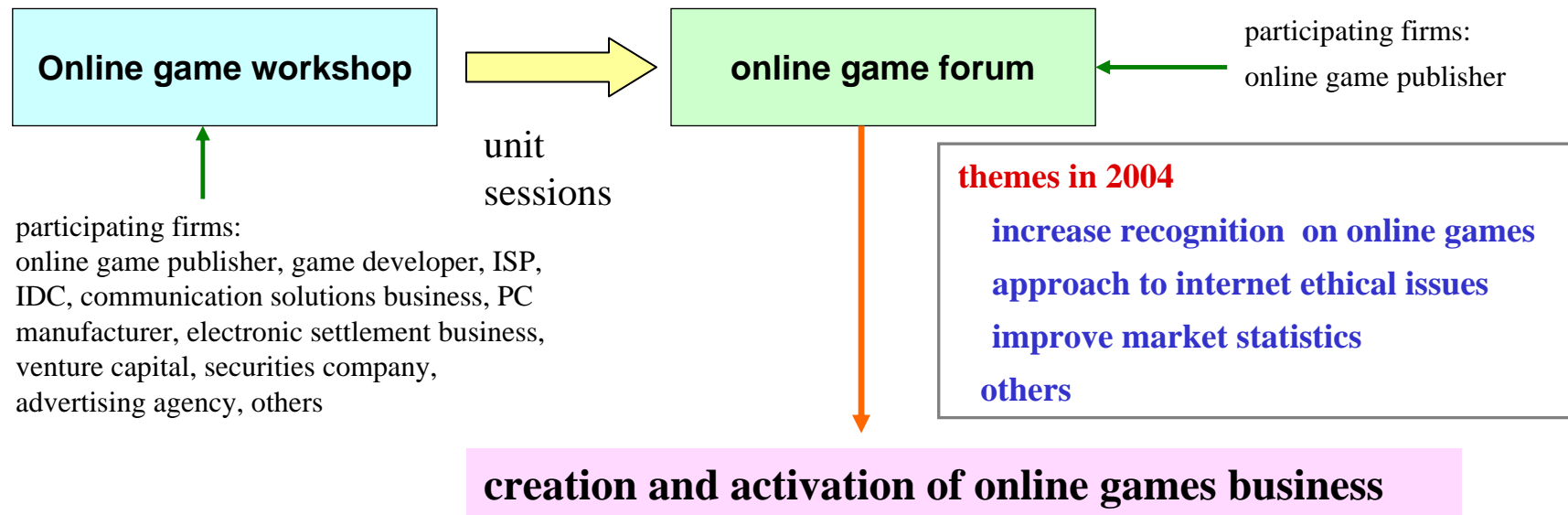**creation of new businesses**

Activities of IT Venture Forum
project 2004　online game forum
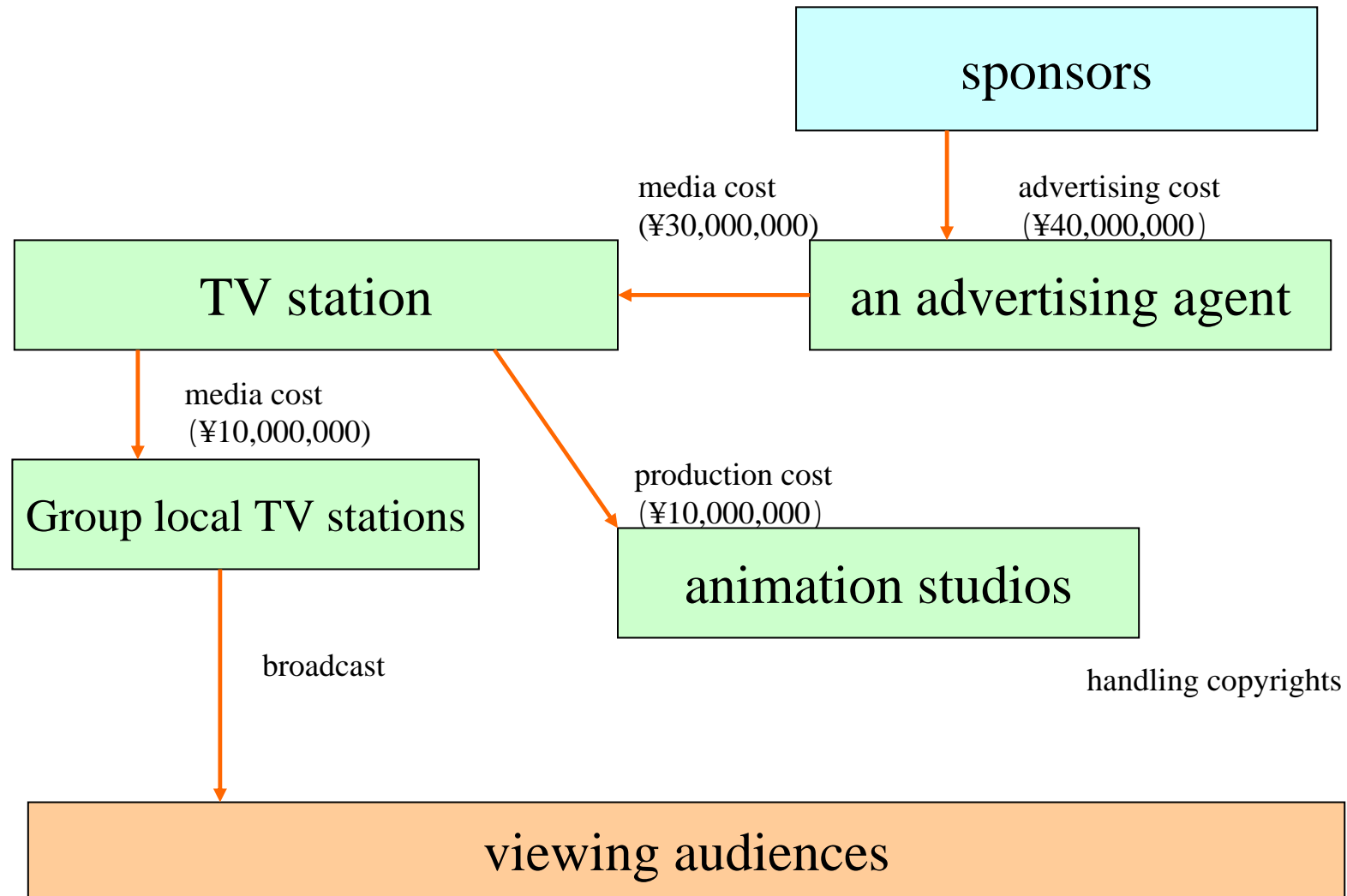
Established : 2003

Objectives: provide solutions to general tasks in online game industry, interaction among business partners

Activities: discussions on financing scheme, settlement and others; various meetings; sharing the latest information; business matching; interaction with Korean and Taiwan firms; function as the only cross-industrial meeting in this business filed; 6 meetings have been held since 2003.

Online game forum was established in 2004 as an unit session of online game workshops by online publishers, who are on the cutting edge of the online game business. It has been held through the year when needed.

Online game workshop → **online game forum**

participating firms:
online game publisher

unit sessions

participating firms:
online game publisher, game developer, ISP, IDC, communication solutions business, PC manufacturer, electronic settlement business, venture capital, securities company, advertising agency, others

themes in 2004

increase recognition on online games

approach to internet ethical issues

improve market statistics

others

creation and activation of online games business

TV animation business scheme example

sponsors

media cost
(¥30,000,000)

advertising cost
¥40,000,000

TV station

an advertising agent

media cost
¥10,000,000)

production cost
¥10,000,000

Group local TV stations

animation studios

broadcast

handling copyrights

viewing audiences

Console game business scheme   example

Production cost   average ¥50,000,000

| a publisher | | developers |

Profit   ¥2,200   ¥2,800

| hardware manufacturers |

royalty of OS   disc press cost   ¥1,000   ¥1,200

| distributors / retailers | distribution/sales margin   ¥2,000   ¥2,500)
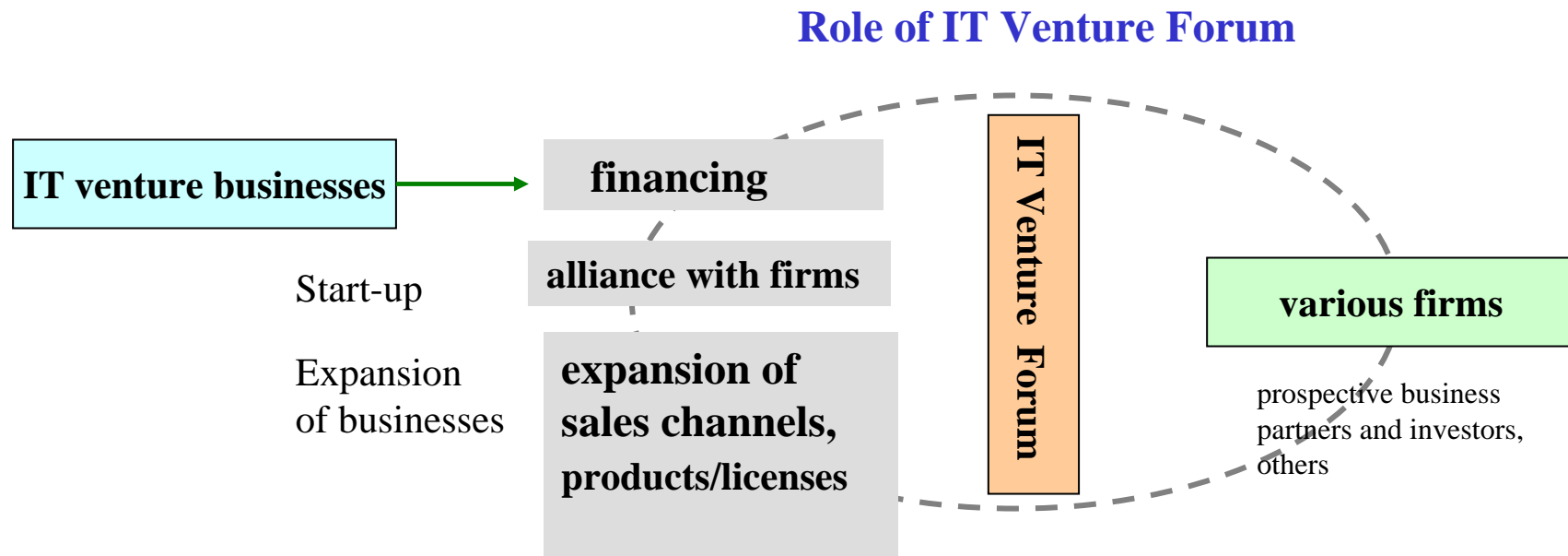
regular price ¥5,800

| users |
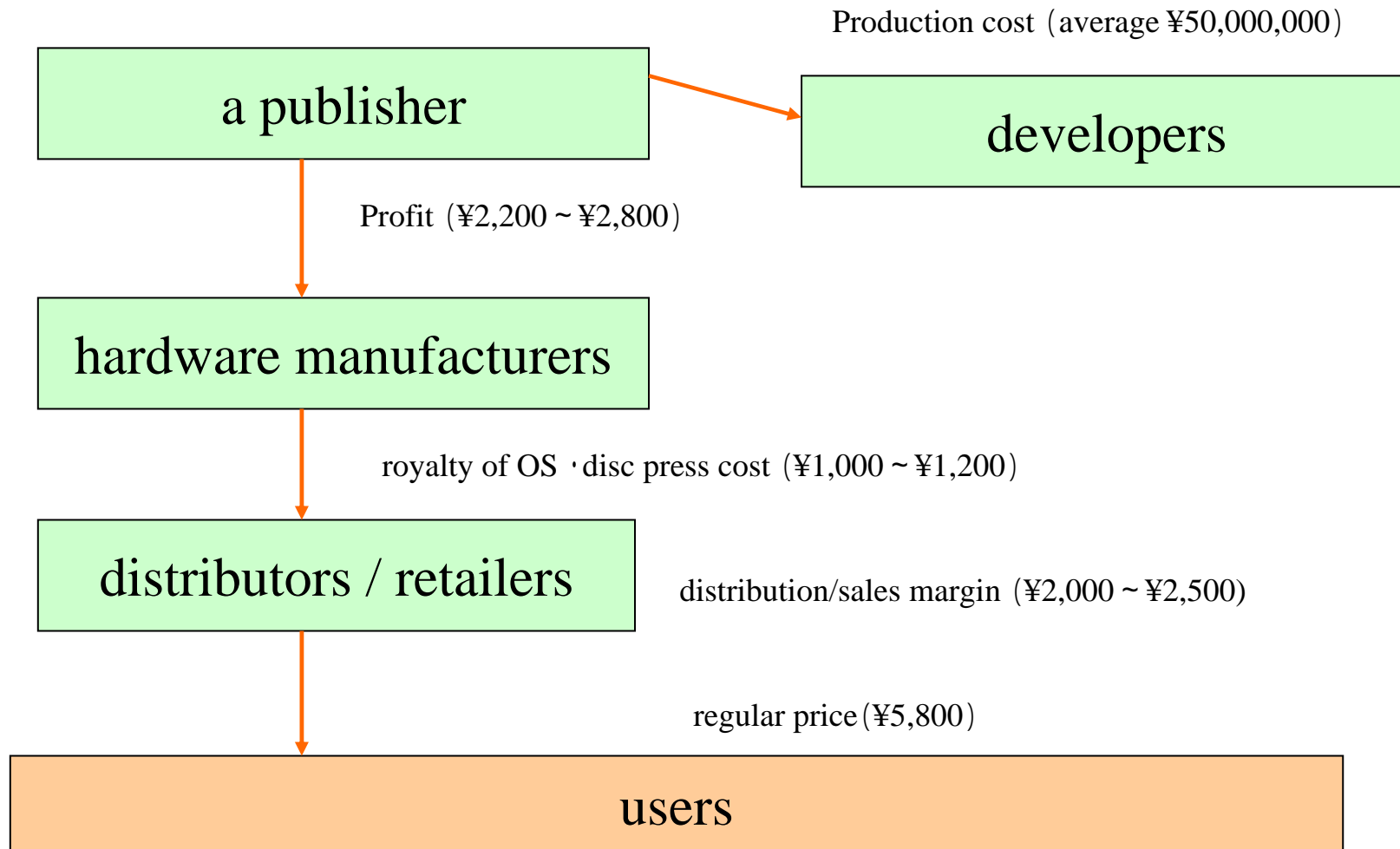
Role of IT Venture Forum and creation of new business ~in the case of contents business~

Tasks of IT Venture Business

Networking for performing the tasks

Constructing networks and creating new businesses

Role of IT Venture Forum

| IT venture businesses | | | | |

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IT venture businesses  ──►  financing

         Start-up          alliance with firms

         Expansion         expansion of
         of businesses     sales channels,
                           products/licenses
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IT Venture Forum

various firms

prospective business partners and investors, others

Expanding market and support
~in the case of contents business~

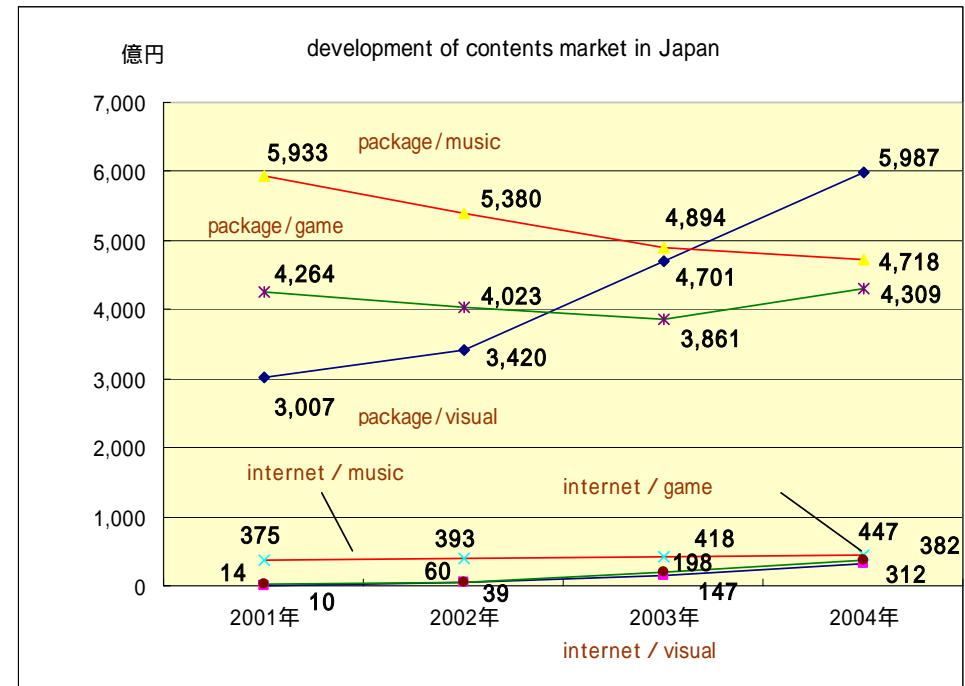***Current state of the expansion of sales channel and market**
-contents business market and its development

*Needs for Japanese contents business
-contents business and east Asian market

*Information gathering and networking in east Asian Market
-case study on the move into east Asia

development of contents market in Japan

	2001	2002	2003	2004
package/music	5,933	5,380	4,894	4,718
package/game	4,264	4,023	3,861	4,309
package/visual	3,007	3,420	4,701	5,987
internet music	375	393	418	447
internet game	14	60	198	382
internet visual	10	39	147	312

Resource: digital contents white paper 2004

11/12

Further networking for creation of venture businesses ~in the case of contents business~

Proactive utilization of business seeds from researches

Possibilities and issues on collaboration with major corporations

Possibilities and issues on university-industry collaboration

current situation

Business seeds are not easily accessible

Few schemes have realistic assumptions

Few universities or research institutions take up contents as their study subjects

universities /research institutions

not understanding venture businesses' needs

lack of adequate information on venture businesses as prospective partners

IT venture businesses

Business seeds are not easily accessible

Few companies are positive about license business

major corporations

not understanding venture businesses' needs

lack of adequate information on venture businesses as prospective partners