



A MESSAGE FROM THE MANAGING DIRECTOR

Shuichi Hirano
Managing Director
JETRO Sydney

Dear readers,

Thank you for reading the 2017 Winter edition of JETRO Sydney's newsletter.

An examination of the stock base of foreign direct investment (FDI) from Japan into Australia reveals that Japan has constantly ranked within the top 3 countries every year for the past 10 years. This indicates that Japan has been a reliable and consistent investor into Australia over that time period. Furthermore in 2015 Japan overtook the United Kingdom as the second largest investor in Australia, and is the only country to have seen an improvement in its country ranking in the past 2 years. This suggests that Japanese investment into Australia is increasing, and overall indicates that Japanese investment plays a large role in contributing to Australia's economy.

However we are concerned about a reduction in FDI into Australia from foreign countries, including Japan, in the future. At the moment a particular concern is the abolishment of 457 VISA, and a lot of companies across the board are worried about the impact on business.

For example, according to the new regulations, many of the jobs for company's staff, including the position of CEO, will be classified as short term program (STSOL) which allows them to stay a minimum of 2 years, and a maximum of 4 years.

This will not match with human resource's rotation and their company's product life cycle.

Some suggestions for the relaxation of the new conditions include an exemption of the English skill test, the removal of the police check requirements, and extension of the stay from 2 years to a time pe-

riod longer than 4 years and so on.

The changes to 457 VISA also impact on small businesses such as Japanese restaurant etc. which require highly trained chefs who may not have the necessary English skills under the new requirements.

I believe that one of the strengths of Australia is to make full use of the knowledge, skills and vitality of foreign workers. The removal of such workers would be a sad story for Australian's and their love of Japanese food.

From the 1st July 2017 the Australian government will review, based on advice from the Department of Employment, changes to the STSOL occupation list. I hope they will take further consideration and provide more positive results for all international businesses in Australia. ●

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FEATURE ARTICLE

Innovation Dojo – The Story so Far



Joshua Flannery
Co-Founder & CEO
Innovation Dojo

EARLY DAYS

In 2005 I was employed by a Sydney based tech company that provided Software as a Service solutions to universities who needed help managing student applications. It had been a few years into the job when I proposed to launch a spin-off company which would leverage and localise their products for the Japan market. They took a risk on me and provided enough funding for me to relocate to Osaka, Japan and begin what would be three years as a salary-man entrepreneur. I applied to be a part of an Osaka City run foreign business incubation program, and with their help I learnt all about being a "global entrepreneur".

In retrospect, knowing what I know now in terms of "lean startup" methodologies and doing business in Japan, I would have made some very different decisions and fast tracked a pivot of the product we were offering, potentially saving years of learning the hard way.

BRINGING JAPANESE INNOVATION TO AUSTRALIA

Innovation Dojo is a concept that came about aimed at helping others who might face the same challenges related to taking an Australian business to Japan. Business know-how. Networks. Cultural sensitivity. All these things and much more is why my co-founders, Ayumi Mizoshiri, Kaoru Nishinakagawa and I decided to create this initiative.

As a way to see if anybody else cared about the problem we are trying to solve, we held an event in early 2016 and to our delight students, entrepreneurs, companies and government filled the room. There was a real interest in linking Japan and Australia with innovation.

spin-out the initiative as a business and Innovation Dojo Pty Ltd came to life.

The basic concept is to run boot camp programs that bring together Australia and Japan based people interested in solving problems shared by both countries and using startups as the vehicle for solving those problems.

For the Australia based participants, they are given access to native Japanese team members during the validation process of their startup idea which fast tracks a realistic value proposition for the much larger Japanese market. Many of the Japanese participants who travelled to Sydney to participate are using the program as a way to acquire "startup English" whilst immersed in a real Western startup environment.



Innovation Dojo is a concept that came about aimed at helping others who might face the same challenges related to taking an Australian business to Japan. Business know-how. Networks. Cultural sensitivity. ”

THE DOJO

Whilst the concept and first event were born in UNSW, we decided the initiative is larger than what one university could contain so decided to

We ran the program at Haymarket HQ, Sydney's Asia-focused co-working space in

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From left: Sam Butler, Co-founder of ChewmonGo pitching to Tomokazu Morisawa, COO Producer of The Deck and Masaaki Yoshikawa, Director General of Osaka Innovation Hub, Osaka City Government.

Photo: Courtesy of Innovation Dojo

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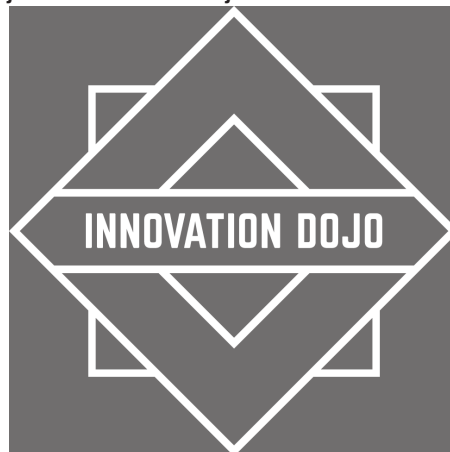
December 2016 and 25 participants were trained intensely on startup and Japan business know-how. 24 seasoned mentors from Japan and Australia mentored and supported the formation of seven teams, three of which are operating as real startups today.

PROGRAM RESULTS

In April this year two of these top teams, Virtual Reality for language learning startup V-KAIWA and Artificial Intelligence for translation app ChewmonGo, were awarded a trip to Japan where they met potential partners and advisors from the buzzing Osaka and Tokyo innovation ecosystems.

Last month over 100 people from government, industry and the startup ecosystem came to PwC in Barangaroo to hear of the experiences these teams had in Japan and there was an overwhelming sentiment of support for the success and leadership shown by these young, talented entrepreneurs. There is evidently more support for innovation across the Japan-Australia borders than ever before and I am excited to see what the next generation of startups will achieve for the relationship of these two old friends, Japan and Australia. ●

Joshua is Co-Founder and CEO of Innovation Dojo. For more information please visit <http://innovationdojo.com.au/> or contact Joshua directly at +61 403 523 766 or joshua@innovationdojo.com.au



INNOVATION DOJO 2017

Students and young executives in Australia and Japan have the opportunity to work with a top of class mentors on a carefully curated program combining events and online collaboration to launch real businesses that solve real problems.

Applications are now open for the Innovation Dojo program for 2017.

INNOVATION DOJO STARTUPS



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a micro global agency

SUCCESS CASE: doq®

WHAT DOES DOQ® OFFER?

doq® is a cross cultural marketing consultancy ideated in Chicago and established in Sydney in 2009, with a vision of connecting Japan to the rest of the world through marketing communications.

Yoshinori Sakuno, Founder and Managing Director of doq Pty Ltd and the Managing Director of the newly established doq Japan k.k., Ko Yamura, both come from U.S. based multinational advertising agency Leo Burnett Tokyo (Beacon Communications k.k.).

Every employee at doq® has a multicultural background and deep cross cultural business experience across a diverse group of industries that range from digital technology, marketing communications, creative design, PR, journalism, retail marketing, event planning and management consulting. It is this global network and multicultural competency that is utilised to successfully engage with businesses across Asia, Oceania, the U.S. and Europe. This small and selective team with a broad global reach is the reason why doq® has come to call itself 'a micro global agency'.

From the beginning, doq® has engaged in cross cultural marketing for Japanese national

and regional government organisations, Japanese corporations, as well as international affiliates of Japanese corporations. Examples include the Japan National Tourism Organization (JNTO) and Hoshino Resorts in the tourism sector, the Ministry of Agriculture, Forestry and Fisheries of Japan in the food sector, and the Japanese Film Festival by Japan Foundation in the culture and entertainment sectors.

SERVICES PROVIDED BY DOQ®

1. Global marketing solutions for Japanese companies and organisations
 - Marketing/PR strategy and plan development based on market analysis and customer insights
 - Creative development and production based on marketing strategy
 - Media planning, media buying, event and promotion planning and implementation
2. Marketing solutions for non-Japanese companies and organisations in the Japan market
 - Customising or regenerating a marketing strategy to work in the Japanese market
 - Creative development and production based on marketing strategy
 - Media planning, media buying, event and promotion planning and implementation in Japan

3. Cross cultural brand development for a global context

- Brand development and marketing strategy created for a global context, for organisations, products and services
- Creative development and production of a logo, design template and brand guidelines
- Implementation, education and support for launching a new brand within an organisation

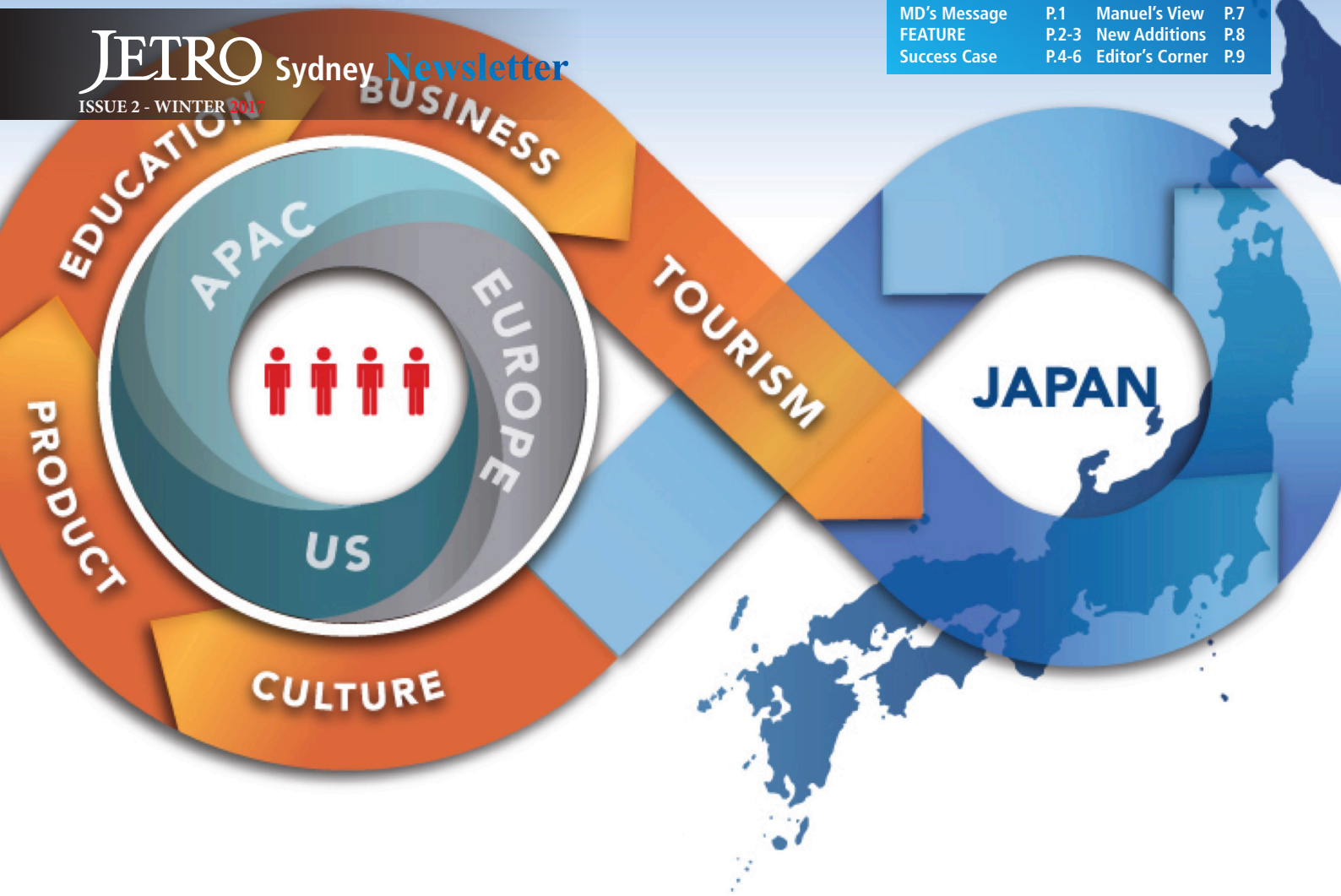
THE INCREASED NEED FOR CROSS CULTURAL MARKETING

Japan is experiencing a wave of cross cultural influence through an increase in foreign travellers to Japan and heightened activity of Japanese companies abroad, in addition to ongoing globalisation. While the first to experience this impact were governments and large-scale corporations, it has now reached a phase of also impacting small and medium-sized enterprises. Questions such as "How do we engage non-Japanese customers?" and "How do we create interest in our products from non-Japanese customers?", have become commonplace in the minds of the Japanese business community.

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There are 3 key reasons why doq® invested in its expansion to Japan. Firstly, to provide more hands-on client service offerings to the global head office of Japanese organisations. While some companies have local affiliates with a certain level of autonomy in Australia, often, the key decision makers are based in Japan. To provide better partnership and quality of services, it was important for doq® to be able to support their clients with more agile, flexible and hands-on services locally in Japan. Secondly, it was important to provide solutions for other markets aside from Australia. While our operations are based in Australia, doq® also has a clientele base of Japanese organisations with needs to develop marketing plan for regions such as North America, Europe and ASEAN. There have been situations where clients have wanted to take the Australian market results as a successful best practice case and apply a similar approach to other markets with doq®. In order to form a more effective team to continue to build on international market opportunities with our clients, it was critical to have a team based in Tokyo. Thirdly, in the fast changing industry of

marketing communications, it is imperative to be dynamic and have a strong pulse to the ground on target insights - both of our consumers and clients. Having teams based both in Japan and Australia enables doq® to have a real time understanding of the latest trends and innovation in both markets.

Japan also launched an opening party at the new office providing Australian inspired catering to celebrate with clients, partners and family.

THE IBSC WAS A BASE OF STEPPING INTO JAPAN

doq® fully utilised the support from the JETRO Invest Japan Business Support Centre (IBSC).



doq® leveraged the consulting services provided by JETRO including tax consultancy, HR and Immigration consultancy, in order to understand the litigation and operate the business smoothly from the start.”

WORD OF MOUTH AMONG KEY INDUSTRY INFLUENCERS

The leadership team at doq® consists of all Japanese members with strong experiences and networks in the Japanese marketing industry. This made it relatively easy to establish our presence early on. Referrals and positive word of mouth from influencers within the industry was a key factor to establish awareness and presence when the company first started in Japan. doq

Although the leadership team is Japanese and there were no language challenges, there were still multiple areas that were important to learn and resolve in the beginning, particularly issues such as differences in the legal system, taxation and human resource requirements, compared to Australia. doq® leveraged the consulting services provided by JETRO including tax consul-

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Pictured: doq Japan k.k. Tokyo office in Higashi Nihonbashi

Photo: Courtesy of doq

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tancy, HR and Immigration consultancy, in order to understand the litigation and operate the business smoothly from the start. From July 4th to October 21st, 2017 doq® was also based in a shared office provided by JETRO at the Invest Japan Business Support Center in Tokyo - a very well equipped facility and extremely convenient location.

NO.1 CROSS CULTURAL MARKETING BETWEEN JAPAN AND THE REST OF APAC

doq® now has its own Tokyo office in Higashi Nihonbashi, known historically as the cultural dock of key Japanese districts crossing the Sumida River and Kanda River. Currently, doq Japan k.k. has a team of 5 employees and is proactively recruiting talent who share the same purpose and vision.

As a group of companies, doq® consists of 3 different entities: doq Pty Ltd, global head office based in Sydney providing cross cultural marketing solutions between Japan and the rest of the world, doq Japan k.k. based in Tokyo as a branch office of doq Pty Ltd, and d.doq Pty Ltd based in Sydney (to be incorporated in July 2017) which focuses on digital technologies and digital marketing solutions. The new entity

"d.doq" is led by Ryuichi Kaneda, a former COO of Mullenlowe Proferro k.k., the largest global independent digital agency from the UK. d.doq aims to design new business models and ideas for digital transformation, disrupting the current cross-border marketing landscape to provide customised digital marketing solutions.

doq® has also launched its own digital media network available only in Japanese restaurants in Australia. The content is all about subtly promoting Japan destinations, brands and culture in the most ambient way, blending seamlessly with the customer's dining experi-

ence. This will target Australian foodies who are interested in Japanese culture or travel.

With the objective of becoming the 'No. 1 cross cultural marketing company between Japan and the rest of APAC by 2020', doq® group is also considering extending its footprint to Singapore in the near future. ●

For more information regarding this article and doq, please contact Yoshinori Sakuno, Group Managing Director, doq Pty Ltd.

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Left: Ko Yamura Managing Director doq Japan k.k.

Right: Yoshinori Sakuno Managing Director doq Pty Ltd

Photo: Courtesy of doq

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Photo: pexels.com

Japanese Investment in Australia: Not Scared of New Commitment



Manuel Panagiotopolous
Australian & Japanese
Economic Intelligence

According to the latest ABS data, Japan has maintained its position as the second highest source of Foreign Direct Investment (FDI) into Australia with a total of \$91 billion at the end of 2016 in stock terms. This is \$23 billion higher than the UK and \$51 billion higher than China's.

Let's take a look at the period 2009-2016. Contrary to what you expect if you were being guided by media coverage, Japanese investment into Australia since the GFC has been 40% higher than from China. Since 2009, Japan's FDI has a cumulative average growth rate of 14% per annum and the level of investment has doubled in that period, an injection of \$45 billion in seven years.

The commitment of Japanese companies into Australia, beginning sixty years ago and

establishing the foundations of entire industries such as iron ore and LNG, continues unabated. The distinguishing feature of Japanese FDI in more recent years is its diversity: food and beverages, IT services, manufacturing, recruitment, advertising, financial services, insurance, logistics, construction, distribution, retail chains



Japanese investment into Australia since the GFC has been 40% higher than from China. [...] Japan's FDI has a cumulative average growth rate of 14% per annum."

and others.

What does direct investment mean? It's another way of saying long-term commitment. It also means the continuing reinvestment of earnings for decades. It means long-term jobs and

the adoption of new technologies.

There are stories of new manufacturing capacity being added: Rinnai in advanced water heating systems and Oji Fibre Solutions with specialty cardboards. There are also brand new, first time investors, such as Terra Drone (geospatial surveying) and Softbank software development.

Direct investment also means real innovation. Many leading edge Japanese firms are bringing capital and ideas into Australia first because it is an advanced market with high expectations and open to new technology. If it works in Australia it can be successful elsewhere.

Both Australia and Japan are keen to explore global business opportunities. The newest trends see emerging synergies in third markets, such as Lion/Kirin, Toll/Japan Post and Kajima/Cockram. These new types of complementary capabilities brought together through shared capital are leading the way as these Japanese-Australian firms are realizing opportunities in Asia and North America. ●

WANT TO DO BUSINESS IN JAPAN? CONTACT JETRO SYDNEY:

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New Additions at JETRO Sydney

From the beginning of the new Japanese financial year, 1st April 2017, JETRO Sydney welcomed two new staff members from Japan, Mr Hiroyuki Tahara and Mr Takuya Fujiwara. Joining them from this June is new local staff member Ms Ayumi Nitta, replacing the outgoing Ms Kaoru Nagasaki. Ms Nagasaki worked at JETRO Sydney for over 6 years, her passion and kind heart will be sorely missed, and we wish her success in her future endeavours.

Mr Tahara will take on the role of Assistant Business Development Director. Over 16 years, Mr Tahara has held a variety of positions at the Osaka City Government, including the Board of Education, and the City Planning Bureau.

He was also involved in the re-development of a major land area north of Osaka station. As part of the re-development he assisted in the establishment and operations of Osaka Innovation Hub, a new initiative to support startups, entrepreneurs, SMEs, and universities, also collaborating in the creation of new business projects. Recently he has taken a temporary transfer to JETRO, working at JETRO Osaka for 1 year, in the Business Information Department,

before transferring to JETRO Sydney for a 1 year placement.

Mr Fujiwara will take on the role of Assistant Research Director. For over 15 years, Mr Fujiwara has worked at the Agriculture & Livestock Industries Corporation (ALIC), overseeing the import and sale of dairy products. At ALIC he supported Japanese local producers through implementing price gap subsidy schemes.

He recently has taken a secondment at JETRO, spending 1 year working at JETRO Tokyo headquarters in the Agriculture, Forestry, Fisheries, and Food Department, and now a 2 year placement at JETRO Sydney.

Ms Nitta will take on the role of Executive Assistant to the Managing Director/Administration Officer. After working in Japan's private sector, Ms Nitta moved to Australia and has been living here for 8 years so far. During this time she has worked in a variety of roles, in particular at Japanese language media outlets Nichigo Press and NNA Australia.

JETRO Sydney hopes you enjoy working with our new staff in this exciting new phase of the relationship between Japan & Australia. ●

INVEST  JAPAN

When it comes to doing business in Japan

TALK
TO
JETRO
FIRST.

日本貿易振興機構(ジェトロ)



The Japanese Government would like to invite you to subscribe to its new Online Newsletter: 'We Are Tomodachi' at: <http://www.japan.go.jp/tomodachi/>



JETRO



JETRO Global Channel
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Editor's Corner: Increase in Inbound Tourism Boosting Business Opportunities



Adam Sims
Editor

Inbound tourists to Japan in 2016 reached the highest ever figure of approximately 24 million, an increase of 21.8% over a year earlier. The Japanese government has indicated that going forward it plans to focus on attracting more foreign tourists to Japan and has set a target of 40 million for 2020 and 60 million for 2030. In addition, it has set a target of increasing the spending by inbound tourists to JPY8 trillion in 2020, the year the Tokyo Olympics and Paralympics are scheduled to be held. As a result, consumption is expected to increase in various areas of the service industry.

24 million inbound tourists arrived in Japan in 2016, and in the coming years that number is expected to increase further due to relaxation of visa norms and various promotions. Moreover, with the increase in repeat visitors to Japan, the demand is shifting from earlier "consumption of things" to "enjoying the quality of life" i.e. experiencing various services in Japan. It is expected that going forward the contents of service will also diversify. The Japanese government expects that an increase in inbound tourists will be an important element for Japan's economic growth in the future, and it is adopting initiatives on

a priority basis such as deregulation and legal reform.

One such example of this, on June 9th, the Japanese Diet formally approved the new law authorizing the leasing out of private residences for short-term accommodations, also known as minpaku rentals or Airbnb-style rentals. The new law will likely become effective in early 2018. Airbnb-style rentals have been instrumental in meeting the demand for accommodations by foreign visitors to Japan, although there have been issues with neighbours concerning noise, safety, etc. Under the new law, the maximum days of operation will be 180 days a year, although this time period can be shortened by the local authorities.

Airbnb established its Japanese subsidiary Airbnb Japan in May 2014. Recently, it has added new functionalities to receive reservations for Japan experience programs, and has indicated its willingness to expand their business model to offering comprehensive travel services such as arrangement of airplanes and rental cars.

Another example of a foreign company expanding their services for international tourists in Japan is the Chinese company Tujia. Tujia is a leading company in vacation rental business, and established its subsidiary in Japan in February 2017. In the light of approval of the aforesaid law, Tujia has started recruiting hosts who are willing to offer lodging to Chinese tourists in

Japan. It aims at tapping the affluent Chinese who wish to experience Japanese services, and aims to register 5000 properties in Japan by 2020. It will tie up with Japanese company Loco Partners, Inc. that operates the Japanese inn reservation site "Relux", accepting reservations for premium Inns in Japan.

In addition to the expansion of services catering to international tourists for vacation rentals and accommodation, across Japan more proactive business expansion by foreign companies has also been seen in the leisure and recreation industries.

As of 1st April 2017, UK attractions company Merlin Entertainments held the grand opening of Legoland Japan in Nagoya. It is the first Legoland theme park in Japan, the second in Asia, and the eighth worldwide. The park is projected to attract over 2 million visitors annually from not only Nagoya and its vicinity, but from all over Japan. In 2018, it plans to open Legoland Hotel and an aquarium within the same premises, to create a resort complex, as a part of their strategy to increase visitor stay and duration.

Whilst a number of foreign companies have found success in Japan focusing only on local customers, with the increase in number of foreign visitors to Japan, it is important to keep foreigners in perspective for future business expansion. ●

TALK TO JETRO FIRST.

About Business in Japan.

Japan welcomes global companies with open arms! This is an ideal country for innovation, with business and living environments unparalleled in the world.

JETRO is Japan's core governmental organization for promoting inward foreign direct investment and has supported over 14,000 overseas companies. Our Invest Japan Business Support Center (IBSC) offers comprehensive support services to provide our clients with the resources they need to get started and grow in Japan. Together with JETRO's IBSC, the Tokyo One-Stop Business Establishment Center (TOSBEC) streamlines the process of setting up a business including registration, taxes, and more. We are a partner you can count on.

When it comes to doing business in Japan, please "Talk to JETRO first!"