

JETRO Japan-Canada Innovation Partnership Forum



Overview of NTT DATA Open Innovation

May 10, 2018

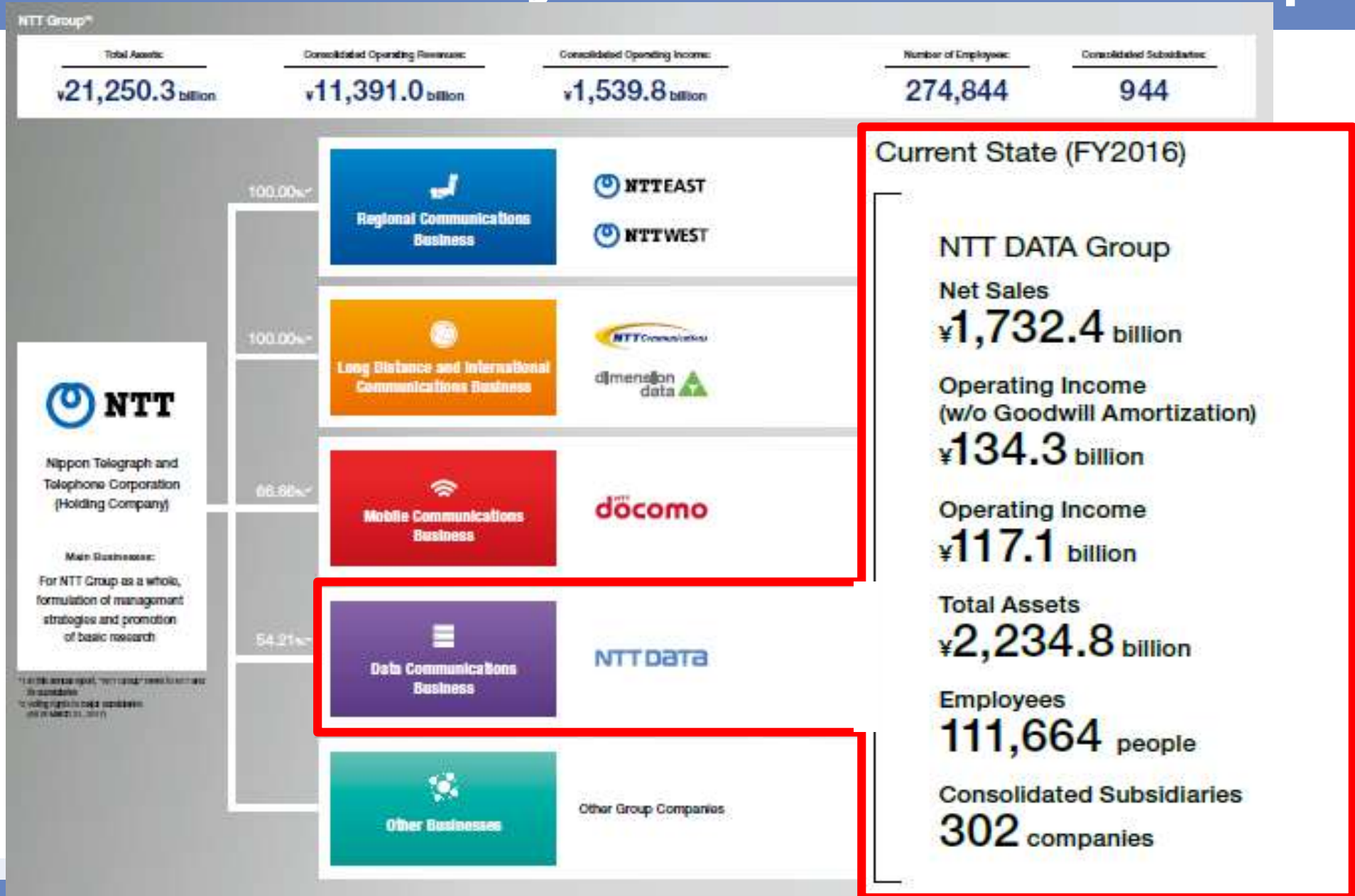
Kotaro Zamma

Head of Open Innovation and Business Incubation

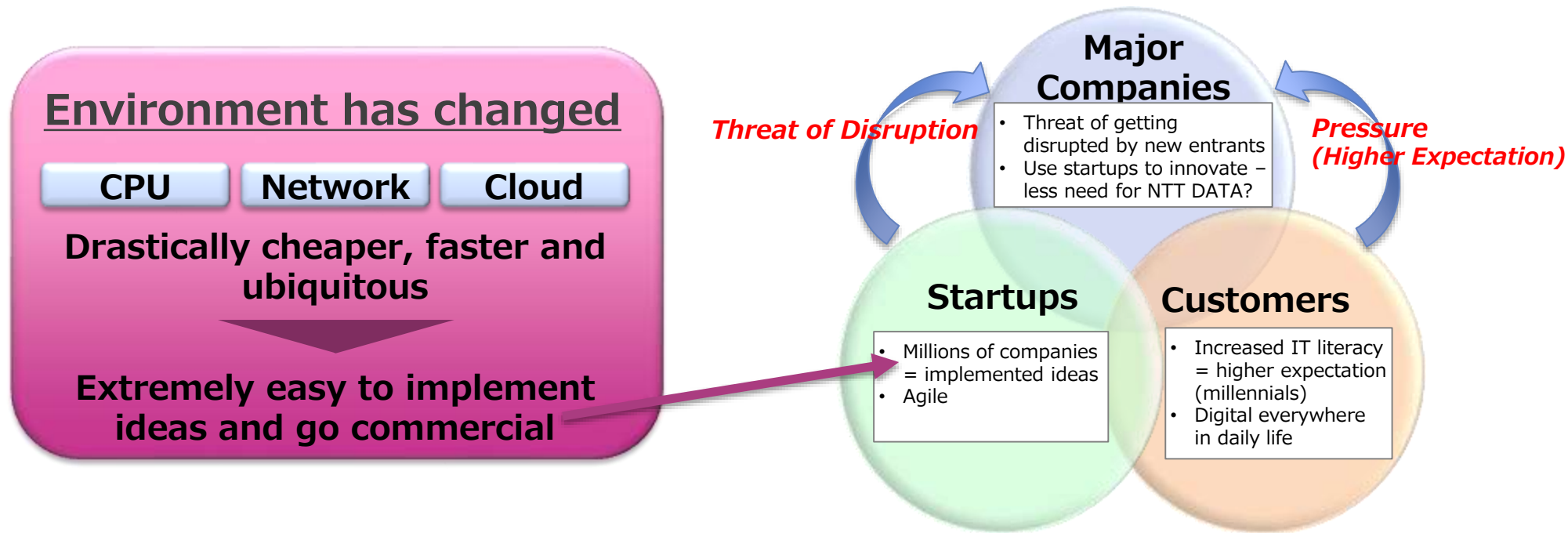
The goal is to co-create new business in which startups, our customers and NTT DATA are all winners. (Win-Win-Win relationship)



NTT DATA is a major arm of the NTT Group



Innovate or Die



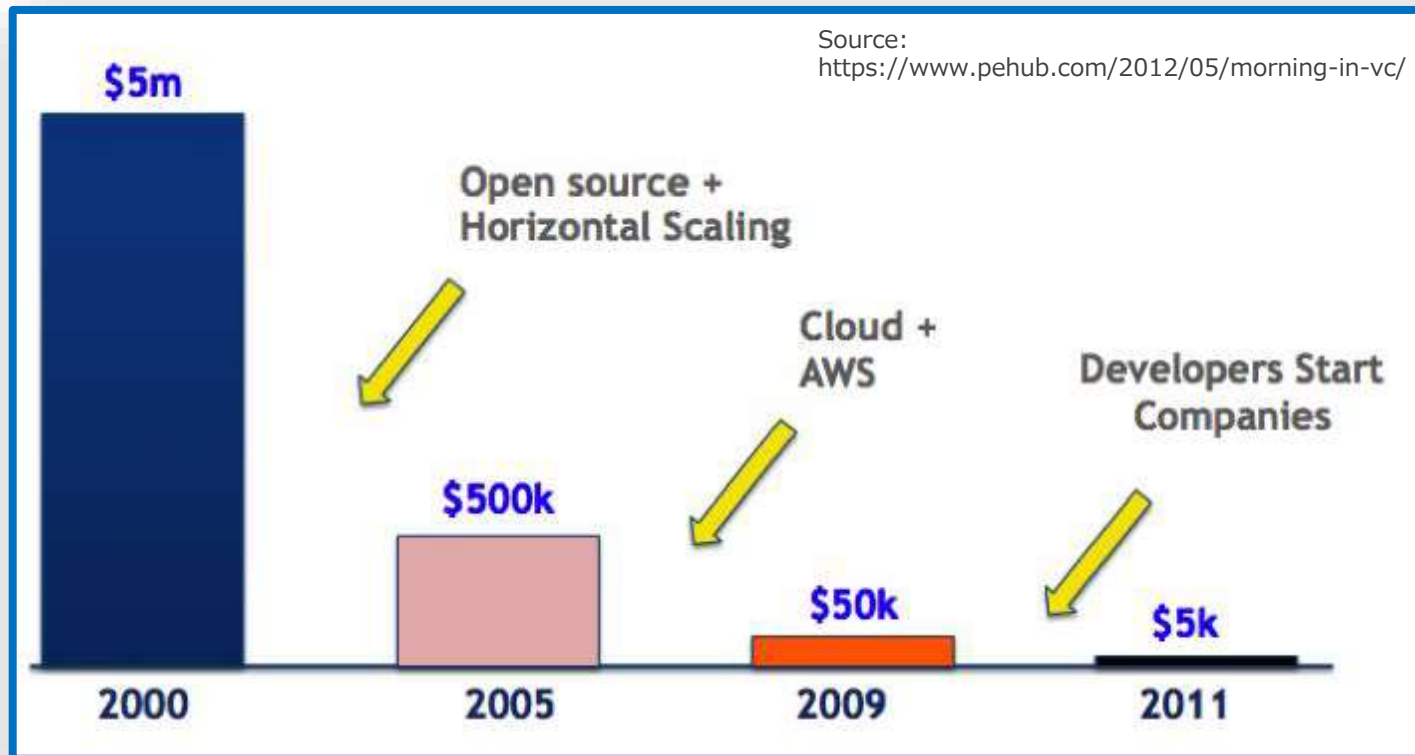
No one can compete alone in this paradigm where you must: compete against millions of ideas emerging from billions of people



Open Innovation is the way to go

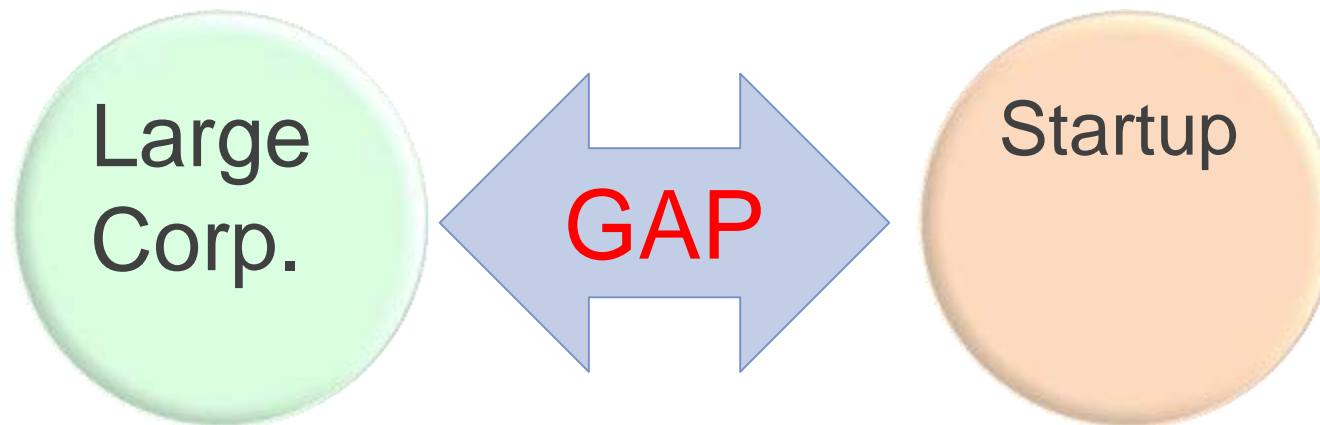
The number of startups will continue to increase

- The cost of startup has become 1/1,000 of what it was 10 years ago. (Source: Mark Suster, <https://www.pehub.com/2012/05/morning-in-vc/>)
- 1 in 4 millennials hopes to be an entrepreneur, 1 in 5 has a plan to do so within the next 12 months. (Source: Brett King “Augmented” “Enter the entrepreneurs” mintel Nov. 19, 2014)



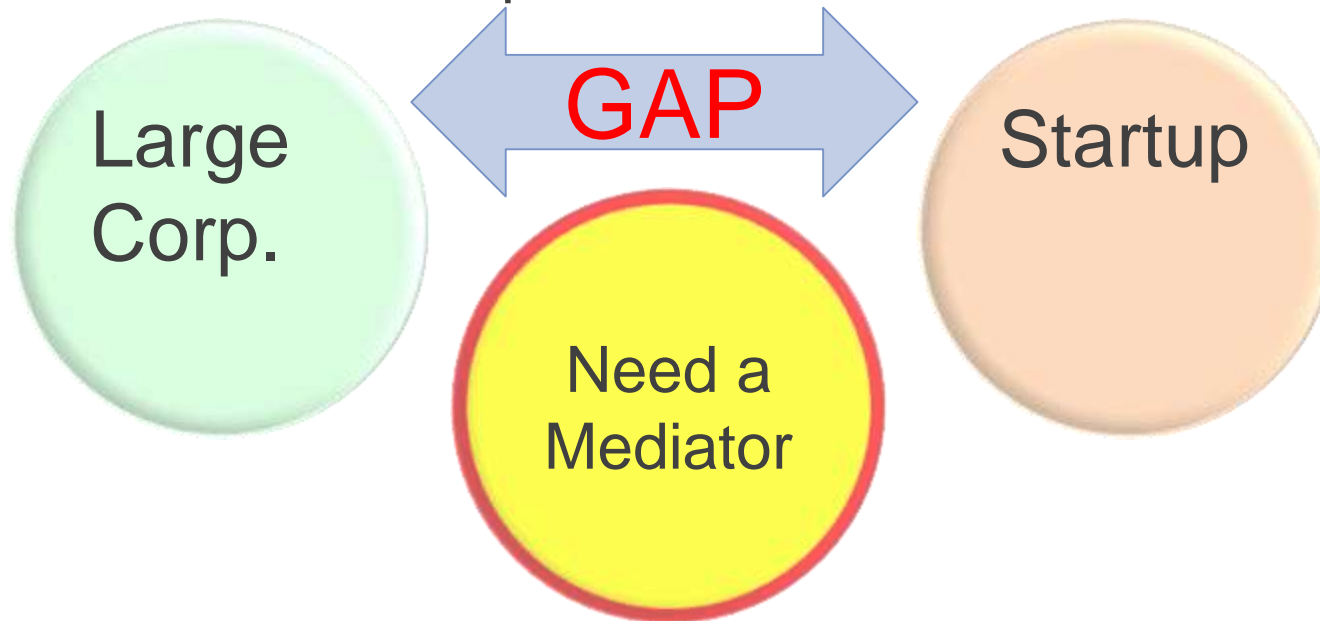
However, open innovation is not easy

- Startups and large corporations move at **different speeds**
- Large corporations struggle to confidently **assess the technology of startups**
- Agree on the concept and do POC together, but **hard to reach commercialization**



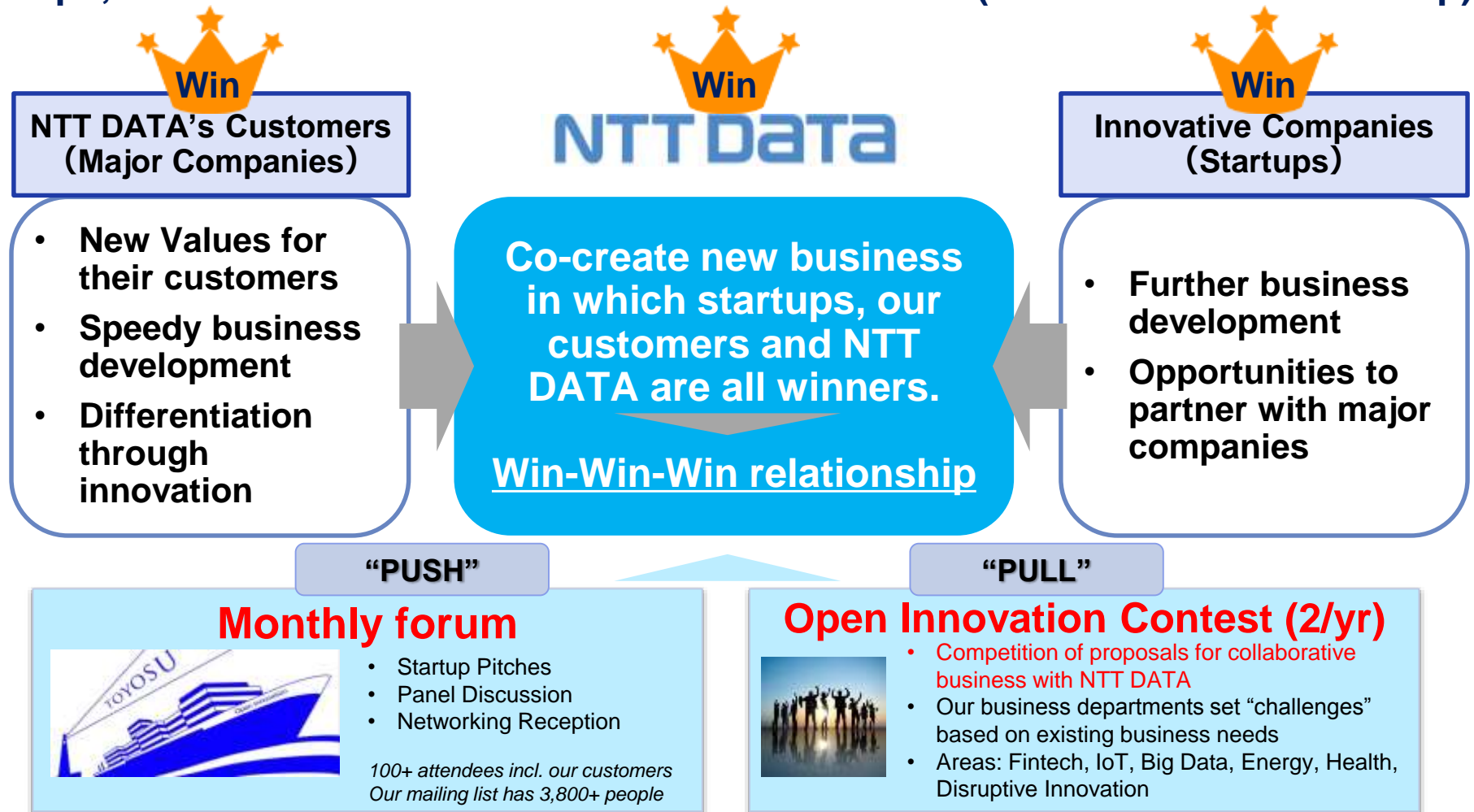
Open innovation requires Win-Win-Win

- Somebody must fill **the gap** between large corporations and startups
- That somebody must have a deep knowledge of **the large corporation's business and systems**, so that the **startup's technology can be integrated easily**
- By repeating **lean POCs** with the startup, risk assessment becomes possible



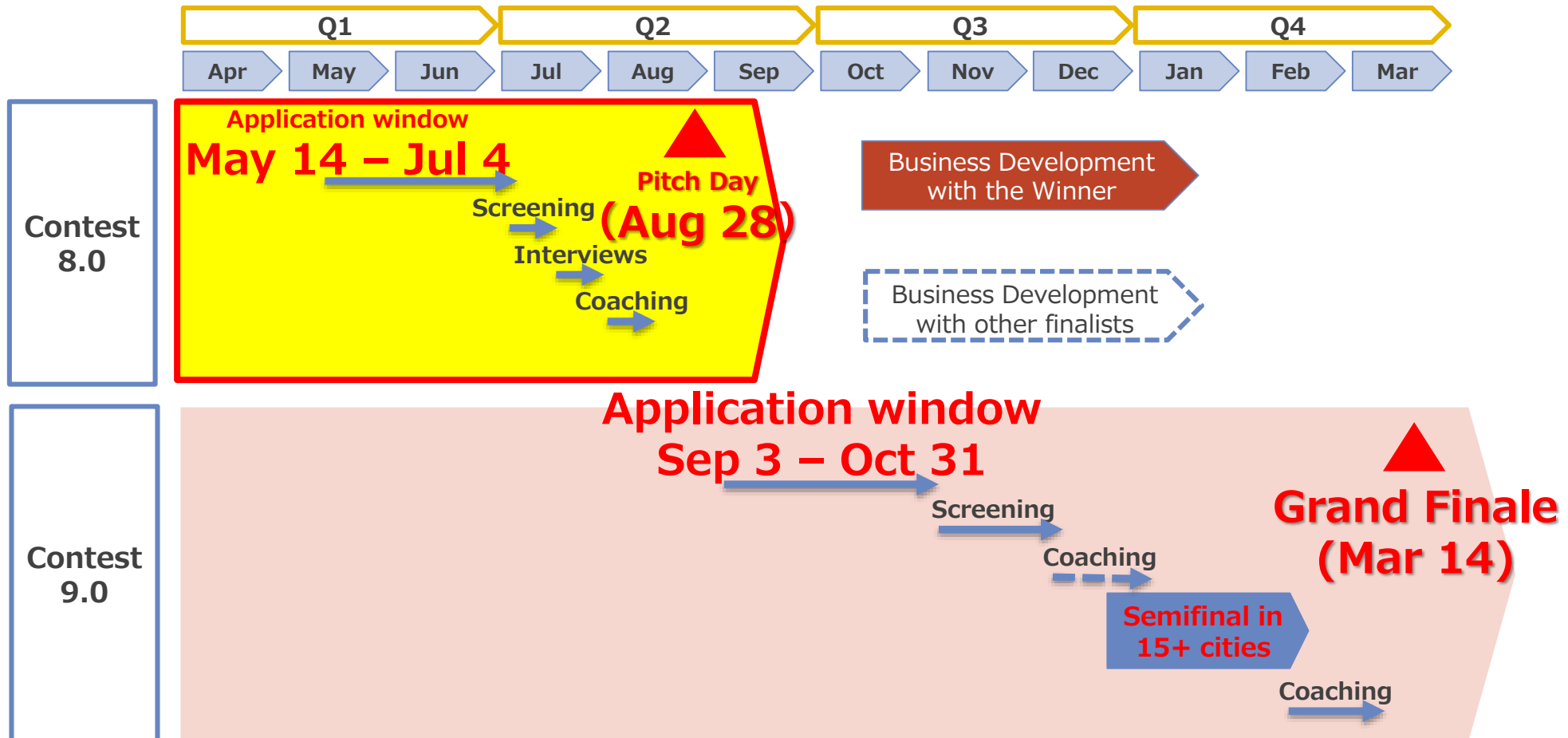
NTT DATA's Open Innovation

The goal is to co-create new business in which startups, our customers and NTT DATA are all winners. (Win-Win-Win relationship)



Open Innovation and Business Incubation Section is the internal business accelerator. (Innovation Catalyst)

NTT DATA Open Innovation Contest will be held **twice** in FY2018



Optimizing for the local environment

Partner with local accelerators in order to **optimize the contest for each local ecosystem**





NTT DATA is the first Japanese company to partner with MaRS

In September, 2016, NTT DATA became **the first Japanese company to partner with MaRS**, the largest innovation hub in North America and a public-private partnership led by the Ontario government.

The signing ceremony was held at NTT DATA HQ in Tokyo, attended by the Canadian ambassador and the premier of Ontario.



Open Innovation Contest 7.0 – Regional contests



 **Tel Aviv**
Pitch Day: 12/6 ➔




 **Guiyang**
Pitch Day: 12/14 ➔



 **Singapore**
Pitch Day: 1/11 ➔



 **Mumbai**
Pitch Day: 1/16 ➔




 **Tokyo**
Pitch Day: 1/19 ➔



 **Santiago**
Pitch Day: 1/24 ➔



 **Melbourne**
Pitch Day: 2/1 ➔



 **Toronto**
Pitch Day: 2/6 ➔



 **San Francisco**
Pitch Day: 2/8 ➔




 **Barcelona**
Pitch Day: 2/12 ➔



 **Madrid**
Pitch Day: 2/14 ➔




 **Lisbon**
Pitch Day: 2/20 ➔



 **London**
Pitch Day: 2/22 ➔



 **São Paulo**
Pitch Day: 2/27 ➔



 **Milan**
Pitch Day: 3/2 ➔



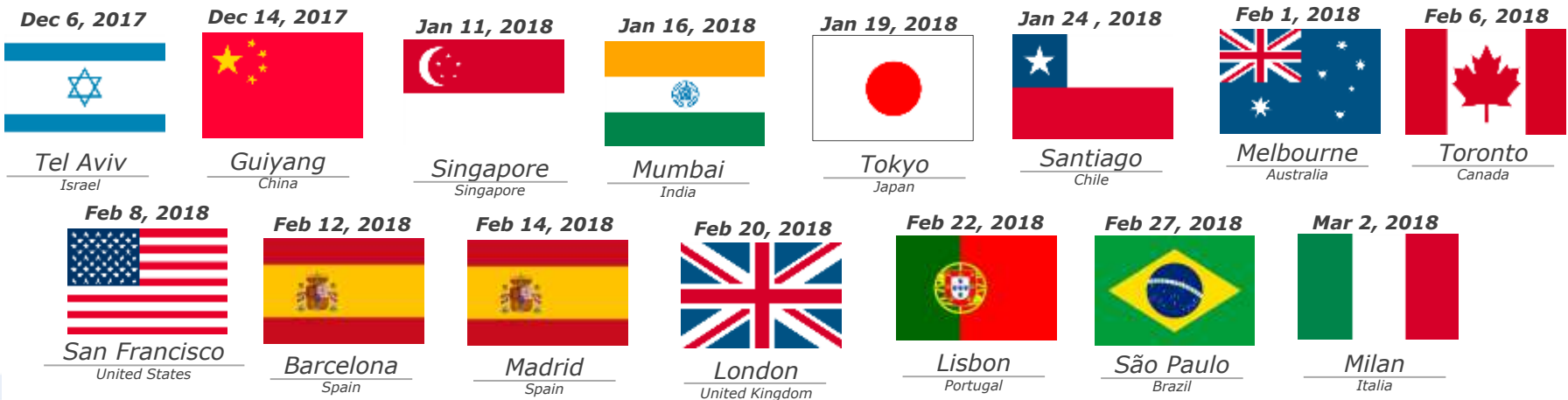
NTT DATA presents

Open Innovation Contest 7.0

第7回 豊洲の港から presents
グローバルオープンイノベーションコンテスト

Expanded to **15 cities in 14 countries**, spread across 5 continents

- **270 startups** survived the screening by the partners in 15 cities.
- **129 startups** passed NTT DATA (challenge host) screening and pitched in the semifinal.
- **60 startups** won the semifinal or an award.
- **15 startups** that won the 15-city semifinal competed in the **Grand Finale in Tokyo** on March 22.




















330 seats sold out for Toronto semifinal at MaRS
























“Challenges” hosted by business departments [Contest 7.0]

35 challenges are listed and explained on the contest website, **categorized into 7 industries and 14 technologies.**

Industry

 	FinTech
	Connected Car
	Smart Home
  	Insurance Tech
 	Healthcare Tech
  	RegTech
  	Financial Inclusion

Technology

  	IoT	Big Data	
	Drone	Personal Data	
	Digital Archive	Blockchain	 
	Digital Marketing	API	  
 	BPM	AI	 
	VR/AR	Wearable	
	Virtual Remote Office		
	Exponential Technology		

Evaluation Criteria

Each pitch are evaluated on the following factors:

Business plan

- novelty, feasibility, competitive advantage

Synergy with NTT DATA

Size of business

- user needs, market size, growth potential

Passion

- How passionate the presenter is in the pitch

Another criterion: Sustainable Development Goals (SDGs)

Contribution to the SDGs is an explicit evaluation factor starting this fiscal year.



Source: UNDP

Major benefits that NTT DATA can bring to partner startups

Client networks

NTT DATA is serving clients in 210 areas of 50 countries. Our clients include major corporations, government organizations and financial institutions.

ICT infrastructure

As a former government-run company, NTT DATA provides a variety of ICT infrastructure and platforms all over the world.

Funding


NTT DATA can provide funding for the collaborative business, if found necessary.

What's unique about our contest

It's a **competition of proposals for collaborative business** that leverages NTT DATA's existing services/solutions and makes our customers happy and changes the world.

Business-oriented contest




1. **Business units publish “challenges” based on their innovation needs**
2. Startups respond by presenting solutions and proposing a collaborative business
3. Business units evaluate the proposals, best proposals win, all good ideas will be explored
4. Winner and business units engage in business development for 3+ months, assisted by a team of consultants hired by NTT DATA

- 
- **No cash prize**
 - ✓ Business opportunity is the prize
 - **Winning is not necessary**
 - ✓ All decent proposals will be read by relevant business units.
 - ✓ All finalists enjoy media exposure.

Grand Finale Results



AI-assisted visual recognition of human gestures to enable contactless machine operation and consumption of information

Judges' Special Award	 FOMO Pay Singapore	Mobile payment solution that aggregates various QR codes and cross-border capable
	 SightCall San Francisco	AR-enabled video support solution for casualty insurance claims adjustment
Audience Award	 ftcash Mumbai	A combined solution that enables SMB retailers to accept electronic payment and also receive financing



The Venue



The Finalists



Zoom.ai – the Toronto Winner in Contest 7.0

Four business units are engaged in business development

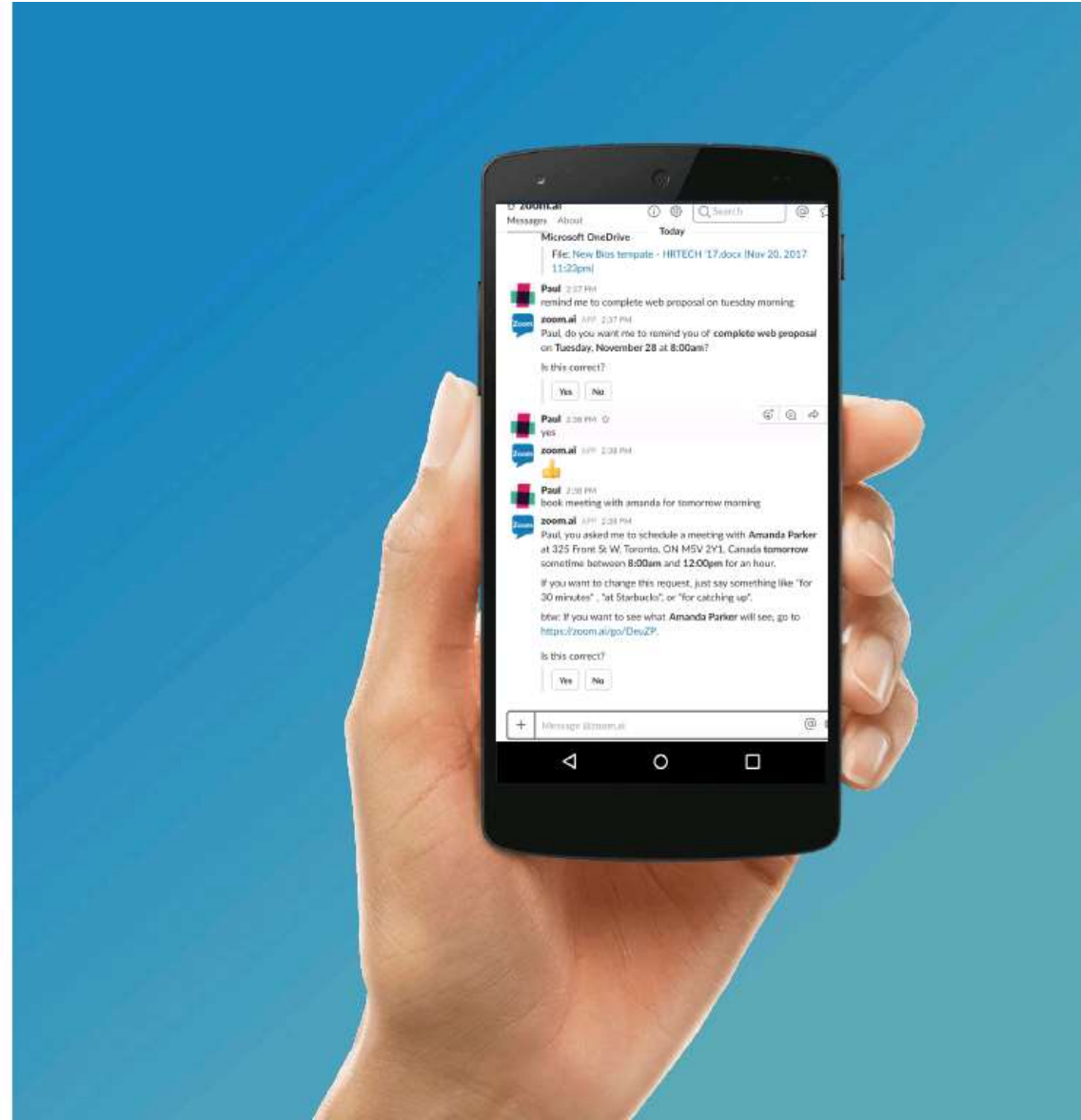
Zoom.ai Vision

**AI-powered automated assistant
inside an organization's existing
chat platform**

Intelligent middleware to modernize the
employee experience

Leverage machine learning to understand
employee behaviour and preferences

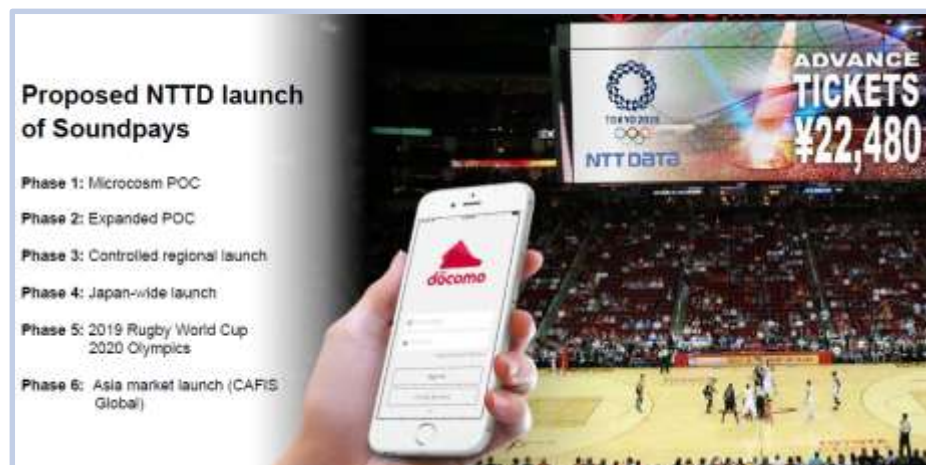
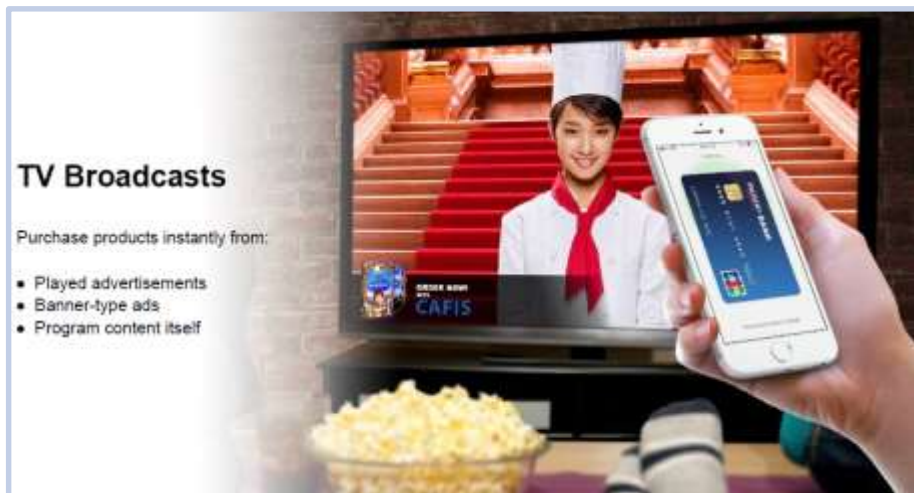
Natural Language Processing to understand
human requests, context and intent





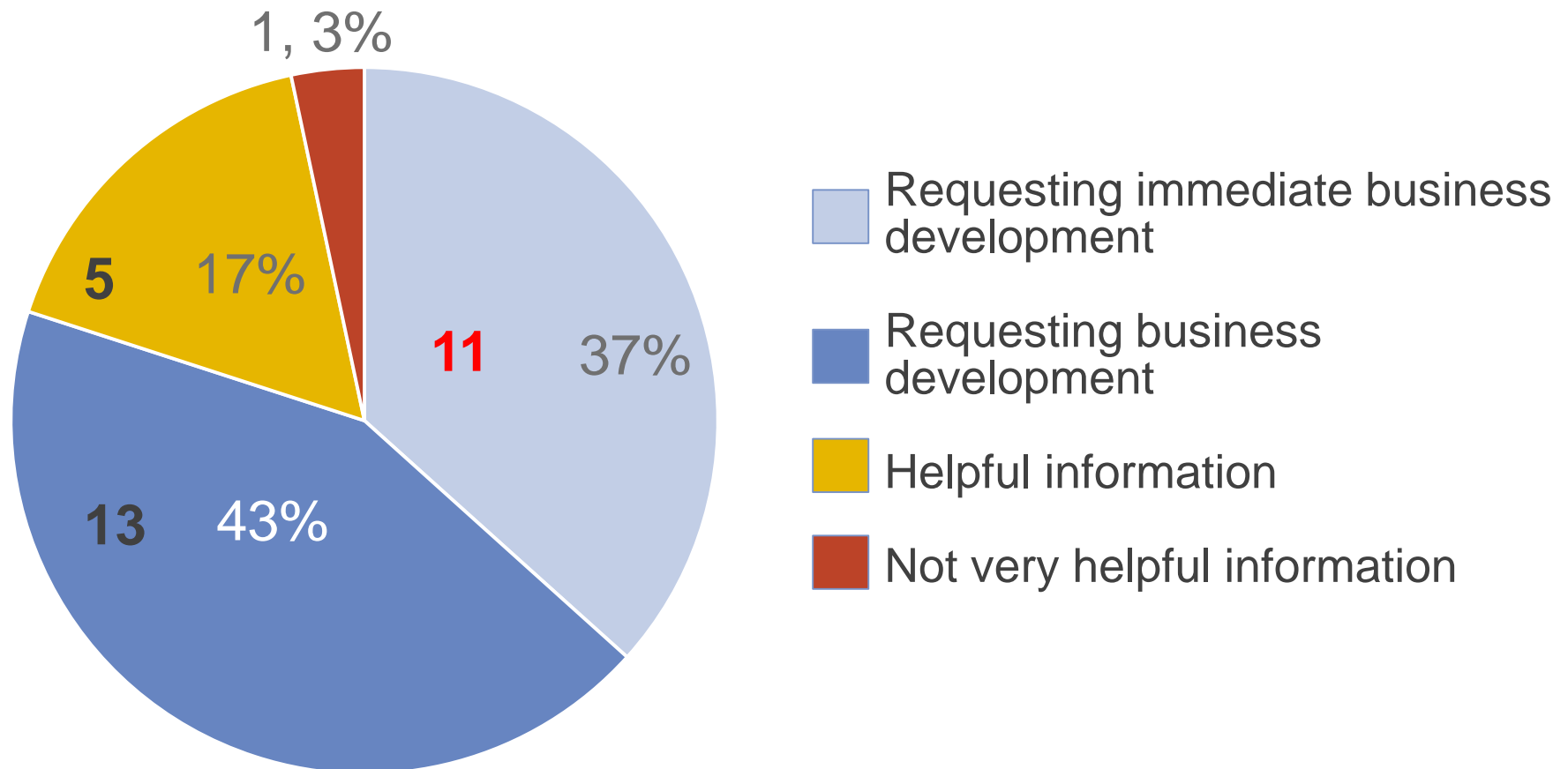
Soundpays won the Audience Award in Contest 5.0 Grand Finale

E-Commerce payment solution to encourage impulse buy, using ultrasound













Business prospects discovered by Contest 7.0

- ✓ 11 business units requesting immediate business development
- ✓ 13 business units requesting business development



Businesses created from NTT DATA Open Innovation

Incubation Model	Partner Startup	Service	Vertical	Launched
Platform-Leveraged	Sassor 	Electric power management service via ECONO-CREA that leverages IoT	IoT	Dec. 2015
	Money Forward / freee 	Fintech service enabled by the online banking platform "ANSER"	Fintech	Feb. 2016
	MODIFACE (Represented by Tech Power) 	The killer app included in Dai-ichi Life's health promotion app	Insurance	Mar. 2017
	Payke 	Marketing solution for inbound international tourists, via "CAFIS Attendant"	Digital Marketing	Sep. 2017
	Various Fintech startups 	Fintech service via the SoE platform "OpenCanvas"	Fintech	Sep. 2017
	Japan Medical Data Center 	Added a new feature to Dai-ichi Life's health promotion app	Insurance	Oct. 2017
Disruptive	Daon 	Biometric authentication platform for SMBC	Fintech	Sep. 2016
	Unerry 	Marketing based on beacon-based geolocation	Digital Marketing	Mar. 2017
	MarkLogic 	Next-generation database business focused on unstructured data	Big Data	Jun. 2017
	Social Coin 	AI-enabled discovery of social problems	AI	Jan. 2018

Canadian startup MODIFACE deployed in the Japanese market

MODIFACE – the Canadian startup that offers AR-assisted simulation for skincare products – participated in our monthly forum, represented by their Japanese reseller Tech Power. This led to Japan's tier-one life insurance company Dai-ichi Life deploying MODIFACE technology as Aging Simulator in their health promotion app.

MODIFACE

September 14, 2016

**NTT DATA
Open Innovation
Monthly Forum**

Topic: VR-enabled
New Business



How the contestants see the Japanese market and our contest

1. What was the reason for applying?

We are trying to get international and we see Japan as potential strategic market. [European contestant]

2. How satisfied are you after having participated in the contest and what was the biggest benefit?

We were very pleased with our participation in the contest. The cooperation with NTT DATA helped us get in touch with several divisions within the Corporation to help us reach new potential clients. [Middle Eastern contestant]

3. How much, and what kind of interest do you have in the Japanese market, and why?

Japan is a big and mature market. Mature market means high barrier to entry, but it also means high stability and low risk. Once we penetrate into the Japanese market, our business could grow exponentially. [Latin American contestant]

The Japanese government is encouraging Open Innovation

- Keidanren (Japan Business Federation) proposed in December, 2015, that the **industry shall:**
 - **recognize startups...as equal partners in management strategy and for creation of new business and future business**
 - **promote collaboration with startups through full-scale open innovation.**
- The Japanese government has updated Japan Revitalization Strategy in April, 2016, and it **promotes collaboration between large corporations and startups.**
- Ministry of Economy, Trade and Industry obtained Cabinet Approvals to move forward with the **creation of project-based Regulatory Sandbox** on Feb. 9, 2018.

(Source: <http://www.keidanren.or.jp/policy/2015/118.html>)

(Source: VEC Yearbook 2017, Venture Enterprise Center)
<http://www.dlmarket.jp/products/detail/47952>
<http://www.amazon.co.jp/dp/4908965013/>

(Source: http://www.meti.go.jp/english/press/2018/0209_002.html)

**What is the key
to a successful
open innovation?**

Real voices of open innovation partners – The secret of success

Payke CEO



NTT DATA professional

Source: logmi

The communication between us was “you and I” rather than “your company and my company.” We had weekend brunch meetings and had frequent communication. This was helpful.

For instance, if the large corporation says “you must revise that document because it will never pass in my company” the startup will surely get upset. Meanwhile, the large corporation is also upset that the startup is proposing something unrealistic for a large corporation.

However, because we were personally trusting each other, there was no hostility between us, and we managed to maintain the atmosphere of collaboration.

Real voices of open innovation partners – The secret of success



Moderator:

Ivan, as the CEO of Social Coin, how did you communicate with Mr. Takano so that your frustration is understood on his end?

Ivan:

If I have any complaint for NTT DATA, it would be that Mr. Takano is neither eating enough nor sleeping enough. *[audience laughing]*

I sincerely hope that he remains healthy, because otherwise our business will not succeed. This is my biggest concern.

Source: logmi

**Overwhelmingly strong
mutual trust between a
person and the counterpart
is the key to a successful
open innovation.**

Summary

- For large corporations in Japan, open innovation is an **important strategy** to remain competitive.
- **Mediator function** is required for a successful open innovation in Japan.
- NTT DATA Open Innovation Contest as an example of Japanese open innovation
 - Partnering with local ecosystems to **optimize for each region**
 - Seeking collaboration proposals for **7 industries and 14 technologies**, and **evaluation criteria including SDGs**
 - **3 benefits** we can bring to the startups are: **channels, platforms and necessary funding**
 - **10 Businesses created** from NTT DATA Open Innovation
 - Contestants see the Japanese market as **mature**, but suspect language and regulatory barriers. **Once inside, it is a stable, low-risk, large market.**
- The **Japanese government is promoting open innovation**, and various support program are becoming available.
- **For an open innovation to succeed, Peer-to-Peer trusting relationship** is as important as the design.

The slogan is...



Let's change the world together!

