

Plug and Play Japan KK

The Silicon Valley-based Plug and Play Tech Center, one of the biggest startup accelerators/ VC in the US, established its Japanese arm, Plug and Play Japan, in Tokyo in July 2017. Plug and Play Japan is headquartered in Shibuya and was established with the support of the Tokyu Land Corporation. It provides global acceleration support services similar to those in the US to startups in partnering with the MUFG Bank, Ltd. and other large Japanese corporations. We asked Phillip Seiji Vincent, Managing Partner of the Japanese subsidiary, about its future outlook.

The Plug and Play Tech Center (PnP) is a technology startup accelerator with a network of tens of thousands of startups across 26 locations in 12 countries, including Germany, France, the Netherlands, Spain, Mexico, China, Singapore and Indonesia, in addition to the US.

Since PnP's inception in 2006, the startups in the PnP community have successfully raised a total of 6 billion US dollars (over 660 billion yen) in funding. In the last few years, PnP has provided support to more than 2,000 startups, while the Silicon Valley headquarters continues to support about 400 startups. The companies supported so far include PayPal (acquired by eBay), Vudu (acquired by Walmart), Danger and Powerset (acquired by Microsoft), Lending Club (IPO with a market value of 9 billion dollars), and Dropbox (market value of over 10 billion dollars). It invests in world-renowned startups such as the above in their early stages of development.

PLUGANDPLAY JAPAN

PnP's strength: An extensive global startup network

Phillip Seiji Vincent, Managing Partner of Plug and Play Japan, talked about PnP's strength as follows: "An extensive global startup network is PnP's strength. The company has developed business relationships with many large corporations and venture capitalists (VCs) worldwide who are able to give advice regarding the presented business ideas of potential partner startups. The more feedback a company gets, the more its ideas become refined and the

closer it comes to success. There exists this image that startups proceed with business independently; however, we feel that partnerships are all the more important for startups. Rather than going solo, collaborating with fellow startups and other companies, and receiving various advice, will make them a more appealing business and increase their success rate dramatically. Providing environments that enable startups to enter into partnerships with many companies is PnP's strength."

Moreover, Mr. Vincent stated that PnP's startup network promotes the growth of the company itself. "The feedback received has been accumulated in-house, helping us to develop the ability to assess startups and thus to easily identify potentially successful businesses. We have also learned how to give advice regarding matching approaches and programs necessary for their success. This accumulation of knowhow makes PnP what it is today."



Phillip Seiji Vincent
Managing Partner, Plug and Play Japan

Leader's passion and support by major corporations have led to the establishment of Japanese office

Looking back, Mr. Vincent said, “My personal desire to enter the Japanese market was there from the beginning. We were able to eventually open a Japanese office thanks to the support of major Japanese corporations, coupled with success in convincing PnP headquarters. Although the headquarters was familiar with Japan since some of the Silicon Valley startup received investment from large Japanese corporations, the company had little interest in the Japanese startup market itself. Even with the increasing number of overseas locations in Europe and Asia, no suggestion was made regarding a Japanese base. However, I knew that some major Japanese corporations were interested in our business and I also believed in the potential of Japan, the country with the world’s third largest GDP. Believing in this potential and that opportunities will arise, I decided that to take initiative to set up PnP’s Japan office.”

Soon several Japanese companies made offers to him. “Initially, the MUFG Bank, Ltd. made a very encouraging proposal to be our first partner when we launch our service in Japan. This triggered a steady stream of offers of cooperation from other companies.” With the support of Tokyu Land Corporation, the company opened its Japanese office in Shibuya, a mecca for Japanese startups, by establishing “Plug and Play Shibuya, powered by Tokyu Land Corporation,” an incubation facility for running acceleration programs.

One of the world’s largest startup ecosystems revitalizes Japan’s startup market

Currently, the Japanese government has made a national commitment to providing support for creating and developing startups that have the potential to lead the Japanese economy into the next generation and create new markets. The financial inflow into the Japanese startup market has become active

with the domestic investment by Japanese VCs exceeding 100 billion yen (FY2016). However, the global community evaluates the Japanese market low due to its fewer investable startups, the small scale of their business, their lack of global business contents and other factors. Mr. Vincent stated that one reason behind this situation is the fact that a startup ecosystem has not been fully established.

He described PnP’s startup ecosystem as follows: “Our ecosystem involves the development of startups that aim to succeed in the global market. Even startups with excellent potential will have difficulty growing without such aspiration. Our system includes the entire process from acceleration and incubation programs to providing support for global expansion. For example, Japanese startups can develop their global awareness at an early stage as they have the opportunity to pitch ideas at Silicon Valley.”

Although the company itself is new in Japan, the story of its ecosystem seems to have already attracted potential applicants. “Our aim is to create a global innovation platform in Japan that will enable more and more Japanese startups to go overseas and accelerate the development of their business. Furthermore, we help non-Japanese startups to enter into the Japanese market. Currently, 8 Japanese companies and 13 overseas companies were selected (Batch 0) and refine their businesses by learning from others under our program. Japan has a developed business market with excellent companies and talented workers. I expect that once a proper ecosystem has been established, the Japanese startup market will demonstrate its distinctive strength that cannot be seen in other overseas market. To this end, we need to increase corporate membership. This is not something we can do as a single company; it requires cooperation with other incubators and accelerators as well. We spend every day considering how to establish such a

framework.”



Opening event of Plug and Play Shibuya Powered by Tokyu Land Corporation (November 2017); Mr. Vincent in the center front

Investment in 50 Japanese startups by 2020

Mr. Vincent spoke enthusiastically about the company’s future development. “We intend to invest in 50 startups and obtain the cooperation of 50 major corporations by 2020, as well as establish additional business bases in Japan beside Tokyo. Currently, the global startup community holds the view that the Japanese market is hard to enter. Through our activities,

we would like to change this image by creating a society where startups are active as business as usual.”

JETRO’s support

The JETRO Invest Japan Business Support Center (IBSC) arranged interviews with local Japanese governments and provided information on subsidies at JETRO’s San Francisco office, and provided consultation on labor matters at JETRO headquarters. Mr. Vincent said the following about JETRO’s support: “JETRO introduced us to startups, large corporations, and municipalities that could be our future service recipients and business partners. JETRO’s network is very attractive; its cosponsored events in Silicon Valley encouraged new encounters. We are looking forward to working with JETRO as a partner in Japan.”

(January 2018 interview)

Corporate history

2006	Establishment of the Plug and Play Tech Center (US headquarters)
2014	Six M&As and two IPOs from the Plug and Play community (a single year)
2015	Acceleration of 200 startups
2017 (Jul.)	Establishment of Plug and Play Japan
2017 (Oct.)	Start of the “SHIBUYA Startup 100” project with Tokyu Land Corporation

Plug and Play Japan

Establishment:	July 2017
Business:	Acceleration support for startups
Parent company:	Plug and Play Tech Center (US)
Address:	Shibuya Dogenzaka Tokyu Building, 1-10-8 Dogenzaka, Shibuya-ward, Tokyo, 150-0043
URL:	http://japan.plugandplaytechcenter.com/

JETRO’s support

- Interviews arrangement with local Japanese governments (San Francisco office)
- Provision of information on subsidies (San Francisco office)
- Consultation on labor matters (Headquarters)