

Past JETRO Client

Scuderer Group Establishes Japan Office, Still 'Bullish' on Market Post-Quake

October 2011--Scuderer Group is a West Springfield, Mass.-based developer of engine technology. The company has designed and patented the Scuderer split-cycle air hybrid engine and seeks to license the technology to original equipment manufacturers (OEMs) worldwide. Scuderer Group established an office in Japan to expand operations to the country's substantial engine manufacturing market and to the larger Asia-Pacific region. We spoke with Bill Wrinn, Director of Marketing & Communications, and Deryk Langlais, Director of Asian Operations, about setting up the office and working with JETRO in the process.

Opportunities in Japan

Scuderer Group established a Japan office due to the size of the engine manufacturing market and the increasing interest in the company's engine technology from Japanese companies. "Japan is a key market in the automotive and engine manufacturing world," said Mr. Wrinn. "In some cases, you just can't ignore its size. Not only is Japan a massive market to address, but it provides a major portion of the entire global market." Mr. Langlais said, "Japan is a world leader in the automotive industry and any company that is serious about marketing to Japanese automotive OEMs must have a presence here."

"Japan is a world leader in the automotive industry and any company that is serious about marketing to Japanese automotive OEMs must have a presence [in Japan]."

After Germany, the market from which Scuderer Group was seeing the most interest in its engine technology was Japan. "Interest in our engine was becoming too strong to address it from the United States," said Mr. Wrinn. "We realized we needed somebody on the ground there." A vehicle computer simulation conducted by an independent research laboratory showed that fuel consumption could be decreased by up to 25 percent when the Scuderer Split-Cycle engine replaced the engine in a standard 2011 Nissan Sentra¹.

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¹ <http://www.scuderer.com/scuderer-engine-increases-mpg-in-nissan/>

JETRO's Free Office Setup Services Used

In the process of setting up the office, Scuderi Group used the following office setup services provided for free by JETRO:

- Showcased in the JETRO Zone at Nagoya Eco Clean Car Fair 2008, where Scuderi Group debuted the Scuderi Engine to the Japanese automotive industry
- Received information on market and sector
- Consulted with the Nagoya Auto Advisor
- Used Invest Japan Business Support Center (IBSC) in Nagoya for a total of 100 days
- Received advice on tax laws, acquiring rental office space, and opening a bank account

"[At Eco Clean Car Fair,] we were able to meet some key people in terms of continuing down the process of establishing a base in Japan," said Mr. Wrinn. "We were able to have early meetings with Deryk Langlais at that event; we were able to talk with JETRO more and learn from not only the Nagoya team, but also in Tokyo, where we were able to get a good education on what would be available to us in terms of help and assistance....It allowed us to get our feet on the ground to do things the right way and not rush into something not knowing what we were doing."

Mr. Langlais said, "It would be difficult, really, for me to overemphasize the importance of the contribution that JETRO and the IBSC played in our getting started in Japan. JETRO and IBSC are fantastic resources, and I would highly recommend any business thinking of establishing itself here to seriously look at the various ways that these resources can benefit them. The Greater Nagoya Initiative (GNI) shares office space with JETRO Nagoya and having both of those together was really a great help."

He continued, "The IBSC in Nagoya has a wealth of resources, starting with the free office space. Then we have immediate access to a lot of the people that are working there who already had careers in various fields. In my case in particular, there are a lot of guys who already had long careers in the automotive industry, so they were a very valuable resource....There are commercial enterprises

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that charge a lot of money for these services that JETRO provides for free. It's a fantastic resource....Because it became my responsibility to set up the office in Nagoya, looking at my various options, taking advantage of the JETRO resources seemed like the no-brainer."

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Benefits of Having a Local Office

The greatest benefit from having an office in Japan, both Mr. Wrinn and Mr. Langlais said, is simply the ability to be there physically to build the relationships needed to move the business forward. “We can just be in Japan and do what we need to do in terms of growing our relationships with these engine manufacturers,” said Mr. Wrinn. “To have someone there to meet with people, to network, to have their ears to the ground, so to speak, and know what’s going on has been very valuable....Also being able to have a solid Japanese element to our operation--Deryk speaks Japanese very well. He’s been there for 15 years, so he knows what’s going on and has a perspective that we just could never pick up on if it was just us doing it.”

Speaking from his extensive experience working and living in Japan, Mr. Langlais said, “To be taken seriously, you have to establish a presence in Japan--not just for the name recognition and the fact that you exist, but to build awareness of your company’s business....Being here is key to being able to build these relationships and improve communication with these companies....As a direct result of Scuderi Group’s office opening in Japan, I have had the opportunity to take advantage to build awareness of your company’s business of invitations and to present the Scuderi engine to various government and business leaders. Many of these were directly coordinated by either the JETRO Nagoya office or the GNI office.”

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And as for why Scuderi Group has made the Japan office its Asia headquarters, Mr. Langlais said, “Our primary motivation in opening the office in Japan was to have a base of operations from which to best serve the Asian market as a whole and the Japanese market in particular....Clearly, Japan is the epicenter of automobile production in Asia. Having an office here gives us ready access to the major players in that industry. Also, the modern infrastructure and standard of living in Japan is an attractive choice for a living and working base in Asia, for sure.”

Outlook

The March 11 earthquake and subsequent tsunami and nuclear disaster took place shortly after Scuderi Group established its Japan office, but through it all, the company remains committed to and optimistic about the market. Following the events, Mr. Wrinn recalled, “Our priorities turned from trying to sell a license to really helping out and doing what was needed to be done to respond....Japan is an awesome opportunity. It will obviously have challenges trying to deal with everything going on, but their manufacturing and their economy will never go away. We have a very positive outlook about the future in Japan....Our goal is to obtain licensing agreements with all the major engine manufacturers....We’ve raised about \$85 million. We’re properly funded, and we plan to go public next year.”

Mr. Langlais said, “The earthquake, tsunami, and the subsequent nuclear disaster were really terrible tragedies. The Scuderi Group is committed to being here for the long term. Immediately after the tsunami, the Scuderi Group made generous financial contributions to those relief efforts. At no point did we consider altering the plans for our Japan office....Our outlook for Japan is bullish. While some issues still need to be resolved in various industries, Japanese companies will overcome their current difficulties, in no small part thanks to the resilient and hardworking Japanese people.”

Japan Company Profile

Japan Company: Scuderi Group Asia
Established: January 2011
Employees: 1
Business: Developer of engine technology
Location: Dai 3 Horiuchi Bldg. 9F
4-6-23 Meieki Nakamura-ku
Nagoya, Aichi 450-0002
Japan
URL: www.scuderigroup.com
Parent company: Scuderi Group, LLC

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