

## Past JETRO Client

### Home Entertainment Networking Solutions Maker Entropic Sets Up in Japan to Get Ahead of Market Shift

May 2011--Entropic Communications is a fabless semiconductor company that develops silicon and software solutions to enable consumers to connect multiple consumer electronics--including TVs, Blu-ray players and computers--to a home entertainment network. In July 2010, Entropic established a Japan office, and in the process, utilized JETRO's free office setup services. Bill Bradford, Senior Vice President for Worldwide Sales at Entropic, talks about the opportunities the company sought in Japan, using JETRO's services, and the benefits they have seen from having a local office.



#### Opportunities in Japan

Entropic's silicon solutions are currently used by cable, satellite and telco companies to enable set-top boxes to connect devices within the home to the network. But more consumers are wanting to, for example, be able to play a show that was recorded on a device in one room, on a TV in another room, Mr. Bradford said. To help make this happen, Entropic sought to get their technology into the devices themselves, and in order to do that, they went to Japan. "The key opportunity for us in Japan is the consumer electronics leadership that Japan has in many devices, such as televisions and Blu-ray players," said Mr. Bradford. The growing number of households who want to connect multiple devices to their home entertainment networks "is creating an opportunity to have our products designed into these consumer electronics. Japanese companies will be among the first to add key features into televisions and other consumer electronic devices, so it was imperative that we were there to establish relationships with those customers."

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"Japan is also a very important market from the local perspective, to serve the set-top box and satellite dish products for paid-TV providers there," he said.

## Timeline of Market Entry

- 2004 Successful field trial in Japan of Entropic's Ethernet-over-Coax silicon and software solution for multi-dwelling-unit (MDU) broadband access applications, validated by Panasonic and Kansai-Cable Net Group
- 2005 Successful field trial with J-COM, Japan's largest broadband and cable company, to deliver high-speed Internet service to its customers at 100Mbps speeds using the standard, pre-existing coax wiring through deployment of Entropic's Ethernet-over-Coax silicon and software solution
- 2010 Hires Japan country manager, Akira Yamaki. Uses JETRO's services. Registers Japan company

## JETRO's Free Office Setup Services Used

- **Temporary office space and conference room** - "We took full advantage of this, and it was extremely helpful in terms of having a base of operations while we were trying to find or locate our own office and getting our business established. We used it for the 50 business days offered by JETRO. We also used the conference room for various customer meetings, and specifically to hold our press conference announcing our official opening in Japan."
- **Consultations with experts** - "General information around the establishment of the KK was absolutely helpful."
- **Introductions to professionals** - Entropic was introduced to law firms.

## Benefits of Having a Local Office

Even after only a year, Entropic has seen significant benefits from having a local office. "It's very clear that we've gained credibility, which is allowing us to get better access into the key customers," said Mr. Bradford. "In Japan, more than in many countries, that commitment of really being established there--versus trying to manage it remotely or not making a full investment--is very important to customers in Japan."

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He continued, "Our early indications are very positive for us that the objectives we have to penetrate the Japan market will be met. While I can't share specifics of what those objectives are, we're very pleased so far. Without having established a

local presence, we would not have made nearly as much progress as we have over the last six to nine months since we announced the office to our customers.”

### **Outlook**

While Entropic’s Japan revenue currently represents a small percentage of the company total, Mr. Bradford says, “We expect Japan to grow faster than our company’s growth overall. When you start at a small base, that’s an obvious expectation, but we think it will grow into a fairly meaningful portion of our revenue over the next three to five years. We will be expanding resources accordingly as we grow, and we absolutely believe that Japan will contribute to our expansion into consumer electronic devices that want to connect into home networks.”

### **Minimal Impact from March 11 Earthquake**

In addressing whether Entropic’s business was affected by the earthquake, he said, “We were fortunate, both from our own supply-chain base and the customers we’re currently dealing with. A few programs were slowed a little, as the customers were dealing with maybe reallocation of resources depending on how their specific businesses were impacted, but there was no material impact on our business due to the earthquake.”

## Japan Company Profile

Japan Company: Entropic Communications Japan K.K.  
Established: July 2010  
Employees: 2  
Business: Fabless semiconductor company that designs, develops and markets system solutions to enable connected home entertainment  
Location: Nisso-12 Building 2F-209  
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URL: <http://www.entropic.com/>  
Parent company: Entropic Communications

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*\*Note: The opinions contained in this article are based on the experiences of the interviewee. They are not representative of all experiences in Japan or working with Japanese companies, and do not reflect the opinions of JETRO.*

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