

Past JETRO Client
LABCYTE, INC.



June 2009 – Founded in 2000, Labcyte, Inc. specializes in low-volume liquid handling systems at the nanoliter scale for the life sciences. Such systems help pharmaceutical companies save money by enabling them to use much lower volumes of liquid when conducting experiments, helping them save compounds and lower disposable costs. Labcyte executives shared the steps they took in opening a Japan office in 2006 and about their experience working with JETRO.

Opportunities in Japan

Japan presented a large opportunity for Labcyte, whose target market consists of large pharmaceutical companies. Japan is home to a large number of pharmaceutical companies, both locally based and of overseas origin. Like many companies, Labcyte had the option to sell their systems through distributors in Japan. But the company decided to establish its own office instead. “The approach was to put a good foot forward with the Japanese market and show that we’re serious,” said Peter Scott, director of finance and human resources for Labcyte, Inc.

Market Entry

To begin the process of setting up the Japan office, Mr. Scott consulted with a major accounting firm on tax issues and also created initial cost structures using information on JETRO’s global website. During the summer of 2006, Mr. Scott then began speaking with JETRO more in depth about the different company structures in Japan, rules about structuring an employment agreement with a Japan representative director, and recommendations for next steps. He and other Labcyte representatives then used JETRO’s free temporary office space while taking care of initial steps on the ground in Japan. “It was a very helpful place to set up shop,” said Mr. Scott. “For anybody that goes into Japan, [JETRO] is definitely a good first point-of-contact. They pointed us in the right direction and eased our entry into the country.” In October 2006, Labcyte established its Japan office as an independent subsidiary, or Kabushiki Kaisha (KK), forming KK Labcyte.

KK Labcyte now serves as an intermediary between the parent company Labcyte, Inc. in the U.S. and its dealer in Japan. “We are not directly selling to customers, but we are using a dealer to make sales contracts with customers,” described Hiroshi Oginoya, director of KK Labcyte. “Then we ask the parent company to ship products to the dealer, and the dealer then delivers products to our customers.”

As it is often a challenge for companies to find qualified people for their Japan business, Mr. Scott expressed how fortunate Labcyte is to have found very good partners for the Japan business. KK Labcyte's main sales efforts are made by Mr. Hiroyuki Ishida, who has a history of experience within the pharmaceutical and biotechnology markets in Japan. And together with Mr. Oginoya, who brings an extensive business understanding, the two were able to develop the Japan business fairly quickly right from the beginning. Labcyte, Inc. came to find both Mr. Oginoya and Mr. Ishida through its industry network. Mr. Oginoya previously worked with other Labcyte, Inc. associates at a mutual former employer, and Mr. Ishida was the salesperson for a Japanese company from whom Labcyte, Inc. purchased equipment.

Results and Outlook

Since establishing the office, KK Labcyte has generated \$2.5 million in sales and has gained significant recognition within the pharmaceutical market in Japan, said Stephen Bates, Labcyte Inc.'s senior vice president of sales, support and marketing. For the fiscal year ending June 30, KK Labcyte revenues already represent between six and seven percent of Labcyte's global revenues, most of which are generated in the U.S., Europe and Japan. For the future, Mr. Bates said, "The company has developed new products of which we would envision Japan would be an important market for, so I think we're going to be in Japan for a long time."

Japan Company Profile

Japan Company: K.K. Labcyte
Established: October 2006
Employees: 2
Business: Liquid handling systems for life sciences industry
Location: 3F San-Ei Bldg
6-8-5, Nishikasai Edogawa-ku
Tokyo 134-0088 Japan

URL: <http://www.labcyte.com/>
Parent company: Labcyte, Inc.

Get this article online at www.jetro.go.jp/usa/pdf/labcyte.pdf

For more information about establishing your business in Japan, contact us at www.jetro.org/usa/contact

**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.*

**This material is distributed by JETRO San Francisco on behalf of Japan External Trade Organization, Tokyo, Japan. Additional information is available at the Department of Justice, Washington, D.C.*