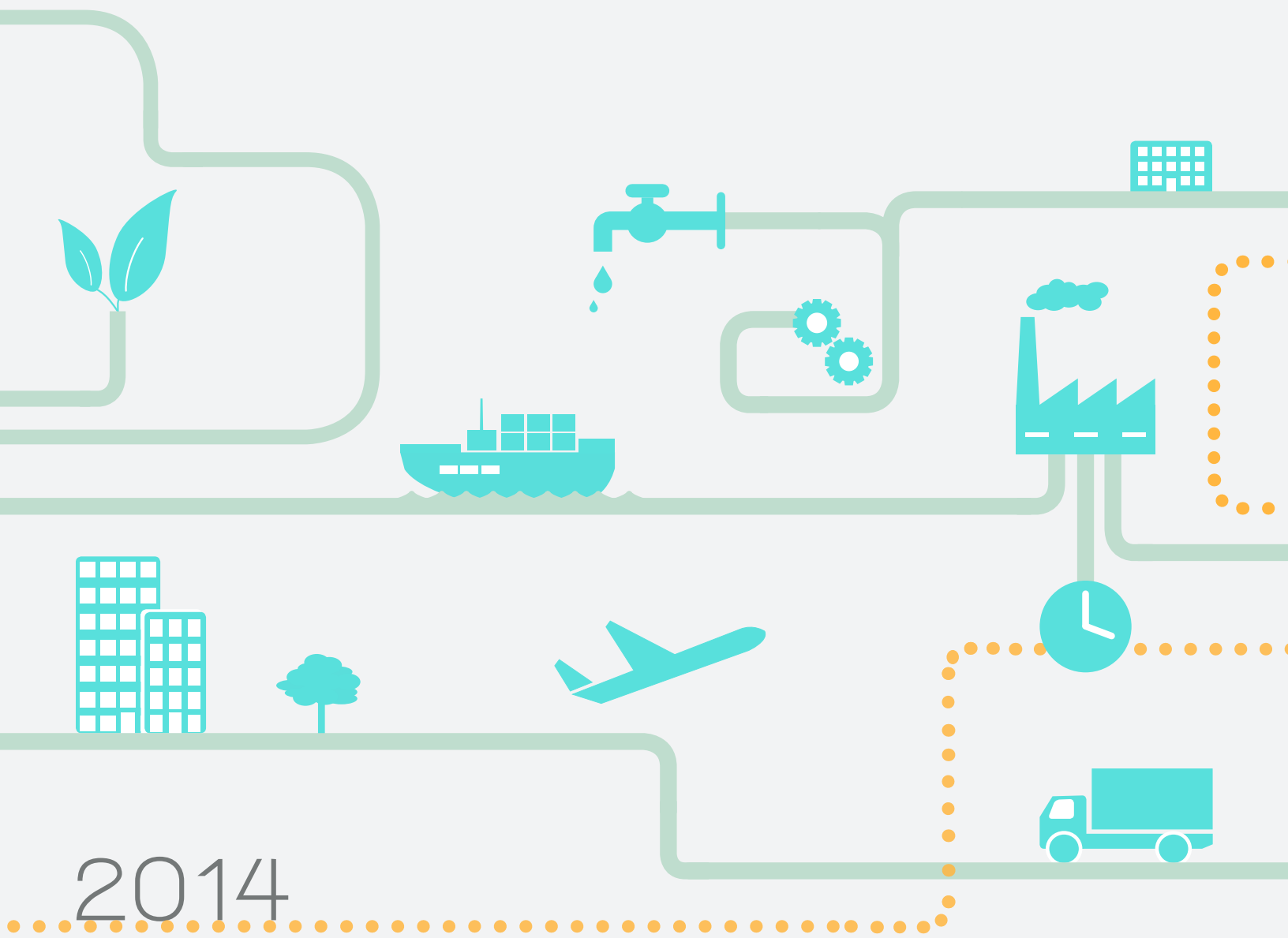


ESTABLISHING AN OFFICE IN JAPAN



2014

Japan's Business Advantages

As you expand your business globally, consider Japan as an attractive location for investment. By establishing a physical presence in Japan, global companies can benefit from special advantages.

- One of the largest economies in the world
- Large numbers of leading global companies and Small-to-Medium-sized companies (SMEs) with proprietary technologies
- Industry clusters of innovative companies with outstanding technologies and R&D capabilities
- Highly-skilled work force
- Exceptionally high Japanese consumer demands that foster the design of products and services that are competitive in world markets
- Attractive and strategic government incentives
- Advanced business infrastructure
- Well-developed laws and regulations (Intellectual Property Rights, etc.)
- Higher quality of life (safety, convenient transportation systems, etc.)

Find more information:

www.jetro.go.jp/en/invest/whyjapan



Incentive Programs

The Japanese national and local governments offer subsidies, preferential taxation and fast-track immigration procedure to encourage investment in Japan. JETRO can help you collect information on relevant incentive programs to make your entry into the Japanese market as cost effective as possible.

Subsidy Program for Projects Promoting Foreign Direct Investment, Site Location and Regional Development in Japan (Project of Site Location for Global Companies)

Every year, the Ministry of Economy, Trade and Industry (METI) of Japan funds a highly competitive subsidy program. This program offers incentives of up to 500 million Japanese yen to global companies who plan to establish new high-value-added business operations in Japan such as regional headquarters or R&D facilities. The program subsidizes survey design costs, facility costs, equipment costs and facility rental charges, which lower a company's overall costs of entering the Japanese market. Since 2010, METI has funded over 20 projects from companies around the globe, including 8 U.S.-owned companies.



For more information:

Incentive Programs

▶ www.jetro.go.jp/en/invest/incentive_programs/

Regional Information

▶ www.jetro.go.jp/en/invest/region/

Opening an Office in Japan

Sponsored by the Japanese government, JETRO helps companies establish an office in Japan. Our business development specialists will guide you through the process of opening an office in Japan at no cost.

Since Fiscal Year 2003, JETRO has supported over 10,000 foreign companies establishing a presence in Japan. Over 1,000 companies successfully opened their Japan office, utilizing JETRO's services.

Individual Consultation

JETRO serves as Japan's one-stop center to set up your business in Japan. JETRO staff walks you through procedures of establishing an office in Japan and provides information on all aspects of doing business such as market and industry information, incentive programs, regulatory guidance, company registration, taxation, labor and legal issues, staff hiring, and residence and work visas.

JETRO can also make referrals to our affiliated service providers to receive fee-based services such as company registration, legal/tax/social insurance reporting, office rental, hiring and payroll processing, and other services.

Temporary Office Space

At JETRO's Invest Japan Business Support Center (IBSC), free, temporary office space is available to serve as your base of operations while you register your company and set up permanent office facilities in Japan. The IBSC is staffed with experts in a variety of business disciplines who can provide advice and information critical to establishing a corporate presence in Japan. The IBSC

may be the most convenient, cost-effective way to enter into the Japanese market. The IBSC is:

- Located in six major Japanese cities: Tokyo, Yokohama, Nagoya, Osaka, Kobe, and Fukuoka
- Close to major government offices
- Conveniently located near key business resources

JETRO can also assist you in finding permanent office spaces.



Find more information:

- ▶ How to Set Up Business in Japan
www.jetro.go.jp/en/invest/setting_up/
- ▶ JETRO's IBSC
www.jetro.go.jp/en/invest/ibsc/

JETRO USA

Clients

JETRO has assisted many companies across a wide variety of industries. Find the experiences of our U.S. clients who successfully expanded their business to Japan at:

www.jetro.org/usa/usatojapan/JETROclients/

Automotive

Cooper-Standard Automotive

(automotive systems
& components)

DURA Automotive Systems

(automotive parts)

Intrepid Control Systems

(vehicle network and
embedded tools)

Lacks Enterprises

(automotive parts)

Link Engineering Company

(transportation test systems)

Miniature Precision Components (MPC)

(injection molding and assembly)

Scuderi Group

(engine technology)

Siegel-Robert

(automotive parts)

**acquired by Guardian and
renamed as **SRG Global***

Tesla Motors

(electric vehicles)

JETRO USA

Clients

Cleantech

ARI Technologies

(waste processing technology)

SSI Shredding Systems

(industrial shredding solutions)

Healthcare

Acucela

(developer of orally-delivered
visual cycle modulation therapies)

American Medical Systems

(medical devices)

**acquired by Endo Health Solutions
(then Endo Pharmaceuticals)*

BBK Worldwide

(patient recruitment)

Biomedical Systems

(medical data analysis)

Celgene

(biopharmaceutical products for
hematological and solid tumor cancers)

CoreLab Partners

(medical imaging and cardiac
safety services)

**merged with BioClinica*

Labcyte

(low-volume liquid
handling systems)

Luminex

(biological testing technologies)

NeuroSky

(brainwave sensors)

Nextdocs Corporation

(healthcare software provider)

SFJ Pharmaceuticals

(pharmaceutical consulting)

Shire

(orphan drug)

JETRO USA

Clients

Information and Communications Technology (ICT)

Accel North America

(outsourced software development for consumer electronics)

Amazon.com

(online shopping)

Applied Predictive Technologies

(cloud-based predictive analytics software)

Connexis

(telematics and connected multimedia)

Coverity

(source code analysis software)
**acquired by Synopsys*

Entropic Communications

(fabless semiconductor for connected home entertainment)

FireEye

(network security software)

InterCall

(teleconferencing systems)

Lion Precision

(sensors & equipment)

LitePoint

(test solutions for wireless devices)
**acquired by Teradyne*

NeoPhotonics

(photonic integrated circuits)

Nexenta Systems

(enterprise storage solutions)

Peribit Networks

(routing & switching equipment)
**acquired by Juniper Networks*

ReachLocal

(online marketing)

Responsys

(cross-channel marketing software)
**acquired by Oracle*

Sagantec

(EDA)

Universal Display Corporation

(OLED products)

VeriSilicon

(semiconductor design and manufacturing)

Vidyo

(video conferencing solutions)

Vision Critical

(insight communities provider)

JETRO USA

Clients

Manufacturing

ABP Induction

(metal casting induction systems)

Advantek

(electronics packaging)

Chicago Powdered

Metal Products

(powdered metal parts)

Earthquake Protection

Systems (EPS)

(seismic isolation systems)

FARO Technologies

(measurement devices)

Genesis Systems Group

(robotic systems integrator)

Micromeritics Instrument

Corporation

(material characterization solutions)

RAE Systems

(radiation detection and monitoring)

**acquired by Honeywell*

Materials

Molycorp

(rare earth oxide)

Non-profit

Room to Read

(literacy and gender equality
in education)

Retail

Abercrombie & Fitch

(apparel)

Costco

(wholesale)

Forever21

(apparel)

Red Wing Shoes

(shoes and boots)

Sweet Endeavours

(chocolate)

Tommy Bahama

(retail apparel and
home furnishings)

Vera Bradley

(handbags and luggages)

JETRO USA

Clients

Services

Advisory Research Inc. (ARI)

(investment advisory)

Amtech USA

(US-Japan business consulting)

Aviation Concepts

(airline services)

Boston Technologies

(derivative trading)

Consultant Solutions

(business services)

Edelman

(public relations)

Elanex

(translation)

Gemba Research

(consulting)

**merged with Kaizen Institute USA*

Graduate School USA

(education)

IMS Research

(marketing research)

**acquired by IHS*

Osha Liang

(intellectual property law firm)

Quinn Emanuel

(business litigation)

Travelzoo

(online travel service)

ZS Associates

(business services)

JETRO Client Experience

NeoPhotonics

NeoPhotonics

San Jose, California

A leading provider of photonic integrated circuit (PIC) based modules and subsystems for use in optical communications networks

Japan Office

NeoPhotonics Japan G.K.

Hachioji, Tokyo

Year founded: 2011

NeoPhotonics (NYSE: NPTN) has rapidly expanded their global presence since 1996. Their worldwide headquarters in San Jose and their Chinese headquarters in Shenzhen serve as their key manufacturing locations, with sales offices located in North America, Europe, and Asia. Their Japanese R&D office was opened in 2011 to serve three functions: R&D, sales support, and part procurement support.

“[The Subsidy program] encouraged the company to invest in Japan”

Hachioji as Base Ground - Taking Advantage of Local Government Resources

NeoPhotonics' Japanese office is located in the city of Hachioji, a mega technopark of high-tech businesses in nanotechnology, biotechnology, and IT. The industrialization project of this area has been jointly organized by the local government and the Chamber of Commerce, which

means they dedicate a great deal of their resources to local businesses. “It is very appealing that we can receive necessary government support specific to this area,” commented Mr. Tamotsu Kimura, Managing Director of NeoPhotonics Japan.

Utilizing the Japanese Subsidy Program

NeoPhotonics' R&D site in Japan was selected for the Subsidy Program for Projects Promoting Asian Site Location in Japan, offered by the Japanese Ministry of Economy, Trade, and Industry (METI). It was the first time NeoPhotonics had received a government subsidy. It helped lower their overall costs of entering the market. “[The subsidy program] encouraged the company to invest in Japan,” Mr. Kimura said. “It definitely raised expectations for the Japanese market within the company.”

Read the full experience: _____

www.jetro.org/usa/pdf/NeoPhotonics.pdf

JETRO Client Experience



ReachLocal Woodland Hills, California

A provider of online marketing for local small-and-medium-sized businesses

Japan Office
ReachLocal Japan
Minato-ku, Tokyo
Year founded:2011

ReachLocal (NASDAQ: RLOC) has garnered widespread acclaim for their unique marketing solutions, and has been rapidly expanding their business worldwide ever since their 2004 debut. Their Japan office was established in 2011, and they began full-scale operations in June 2012.

Decision to Establish a Subsidiary

"We originally considered a merger and acquisition [in Japan], but after contacting about 20 companies in Japan, we realized that it would be difficult and time-consuming to integrate our unique qualities – our energy and our fast-paced environment – into an acquired company," explained Mr. Hiroyasu Hozumi, Representative Director and CEO of ReachLocal Japan. Having reached this conclusion, it was decided that it was essential for the company to establish their own subsidiary in Japan.

Building the Organization While At JETRO's IBSC

Before opening their Japan office location, ReachLocal spent 43 business days in the center of Tokyo at JETRO's IBSC. The IBSC facility benefited ReachLocal a great deal as they ran a series of interviews to hire their

staff. "[The IBSC] has many meeting rooms suitable for interviews. The rooms are nice and the location is ideal. I interviewed all of the initial sales staff at the IBSC," Mr. Hozumi commented.

"[When establishing an overseas office,] human resource is the key."

Integral to Success: Market Potential, Unique Technology, and Brilliant Staff

Their new office is not very far from the JETRO Tokyo headquarters. Once their office was set up, Mr. Hozumi started to build up a team made up of members he knew were capable of rolling out the business quickly. ReachLocal is a technology company and therefore Mr. Hozumi's networking contacts in the IT and telecommunication industries he maintained from his previous work experience also helped him find right resources. Mr. Hozumi claimed, "[When establishing an overseas office,] human resource is the key. [Since we have a great staff and] know that the market potential is here, I don't see any reason why our company can't succeed in this market."

Read the full experience:

www.jetro.org/usa/pdf/ReachLocal.pdf

JETRO Client Experience



Shire

Dublin, Ireland

A provider of treatments in Neuroscience, Rare Diseases, Gastrointestinal, Internal Medicine, and Regenerative Medicine.

Japan Office

Shire Japan, K.K.

Shinjuku-ku, Tokyo

Year Founded: 2012

Shire plc (Shire), a biopharmaceutical company with corporate headquarters in Ireland, has been providing treatments in Neuroscience, Rare Diseases, Gastrointestinal, Internal Medicine, and Regenerative Medicine since its founding in 1986. The company has served patients with extremely rare and life threatening diseases in over fifty countries.

In 2008, Shire decided to open its representative office in Japan. In February 2013, the company opened its new office in Shinjuku, Tokyo, welcoming Steve Engen as Vice President and Representative Director.

Recent Trends in the Japanese Biopharmaceutical Industry May Bring Shire Key Benefits

Improving Clinical Development Environment: Due to Japan's ever changing clinical and regulatory environment, companies are now able (and encouraged) to include Japan in a global study, a clinical trial conducted under the same protocol in a number of countries. This results in an increased probability for a drug to be approved simultaneously in all regions, including Japan, thereby significantly reducing cost and time to market.

Improving Reimbursement System: Drugs that are approved will be included on the national reimbursement list within three months of approval. The Japanese government serves as one single payer, significantly more streamlined than the complicated processes that companies need to go through in other countries. In addition, a pilot program started in 2010 incentivizes creation of innovative new drugs and promotion of unapproved drug development. This sense of security helps biopharmaceutical companies make the decision to invest in developing treatments in Japan to address unmet needs.

“JETRO’s role would be to ‘demystify Japan’ and assist entry of foreign companies.”

Demystify Japan

Mr. Engen stated, “One of my goals is making sure we include Japan in global studies of our new pipeline products so that such new products can be launched in Japan and the West simultaneously.” He continued, “If you are not here (in Japan), it’s very difficult to do that.” Having a local presence in Japan is also essential for building a network with key players and stakeholders involved in healthcare. Opportunities in the Japanese pharmaceutical market sound very promising. Yet many foreign companies do not know how to enter the Japanese market. Japan still remains far from Western countries and is filled with mysteries. Mr. Engen emphasized that establishing business in Japan is still possible if a company has knowledge and support. “JETRO’s role would be to ‘demystify Japan’ and assist entry of foreign companies,” he said.

Read the full experience:

www.jetro.org/usa/pdf/Shire.pdf

JETRO Client Experience



Vera Bradley **Fort Wayne, Indiana**

A designer and retailer of fashionable handbags, accessories, luggage, eyewear, travel items and gifts

Japan Office
Vera Bradley Japan KK
Minato-ku, Tokyo
Year founded: 2011

When Barbara Bradley Baekgaard and Patricia R. Miller started Vera Bradley (NASDAQ:VRA) in 1982, the idea was to create luggages that would appeal to female travelers. Now as a fashion leader, the management team decided the time was right to expand internationally. In 2009, after careful consideration, Japan became their choice.

Step-by-Step, Thorough Approach

As Vera Bradley's interest in Japan grew, senior managers spoke to friends and colleagues at other companies that had made similar moves to Japan. The company hired a marketing consultant to advise them on Japan and Asia.

In October 2009, Vera Bradley met with the business development team of JETRO Chicago. JETRO provided background information on Japanese business culture, retail environment, sales trends, and consumer patterns, including JETRO's services. In January 2010, Vera Bradley made their first trip to Japan to conduct market research and learn more about Japan's retail sector.

With repeated trips to Japan in the following year, Vera Bradley came up with a 2-phase strategy for entering Japan: Phase 1 as a soft launch, introducing the brand to both partners and consumers in Japan; Phase 2 as the establishment of permanent retail outlets in Japan.

Rather than licensing their brand or working with trading companies, Vera Bradley went to Japan on their own. "Brand consistency and quality is very important to us. JETRO helped us understand our options and gave us the confidence to open distribution in a brand-right way," said Mr. Sachin Shah, Vera Bradley's Senior Director of Strategic Initiatives.

"It is so important to take the time to build lasting relationships."

Once their strategic partners were in place, the focus was on building brand awareness. To get people interested in Vera Bradley, the company ran several advertorials in Japanese fashion and shopping magazines. The company cultivated relationships with influential fashion magazine editors as well as style bloggers.

Vera Bradley Japan K.K. was established in January 2011. Despite the Great East Japan Earthquake on March 11, Vera Bradley decided to move forward with their planned pop-up store at Shinjuku Isetan department store as scheduled. Over the next 12 months, Vera Bradley staged 10 additional pop-up stores throughout Japan. In March 2012, with their phase 2 plan, the company opened permanent stores in Japan.

Looking back, Mr. Shah said one of the biggest challenges for Vera Bradley was connecting with the right partners in Japan. "We learned patience in Japan. It is so important to take the time to build lasting relationships. Things take time to percolate," Mr. Shah remarked.

Read the full experience:

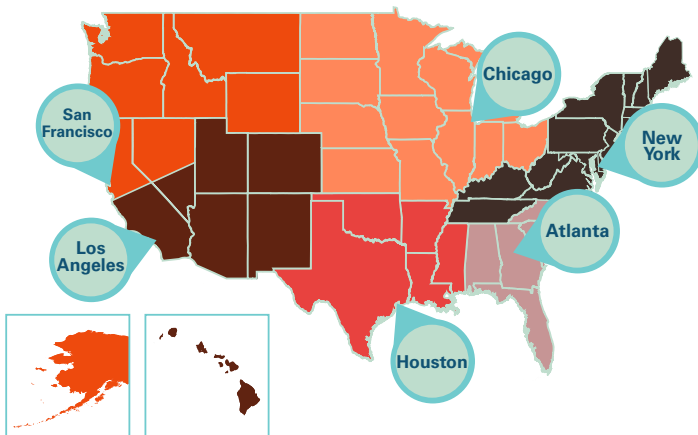
www.jetro.org/usa/pdf/Vera_Bradley.pdf

Business Resources

About JETRO USA (www.jetro.org)

The **Japan External Trade Organization (JETRO)** is a non-profit government-related organization that promotes trade and investment between Japan and the rest of the world. Our six U.S. offices pursue the following four main objectives:

- Help U.S. companies establish an office in Japan
- Assist U.S. companies find Japanese business partners
- Connect U.S. investors with cutting-edge Japanese technology ventures
- Showcase premium Japanese goods



JETRO's Partnering Programs

Meet potential Japanese partners through our free business matching programs designed to give you direct access to leaders and innovators in Japan's technology and healthcare industries. The programs provide a targeted way to make your entry into the Japanese market for free of charge. Contact JETRO for program details.

- Technology Partnering Program
- Healthcare Partnering Program

Business & Trade Events

- ▶ Find JETRO-organized events in the U.S. to learn about doing business in Japan or meet with potential Japanese partners:
www.jetro.org
- ▶ Access JETRO's Online Trade Fair Database (J-messe) to find fairs and exhibitions held in Japan and globally:
www.jetro.go.jp/en/database/j-messe/

Newsletters

- ▶ Subscribe to JETRO's newsletter to keep you updated with trade and investment news in Japan:
www.jetro.org/usa/newsletters

Contact JETRO

- ▶ Find your nearest JETRO USA office:
www.jetro.org/usa/contact