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JETRO at BIO 2015

Mark your calendars! On June 15-18, the Biotechnology Industry Organization (BIO) will hold its 2015 International Convention at the Pennsylvania Convention Center in Philadelphia, with JETRO once again in charge of the Japan Pavilion.

The BIO International Convention is the world’s largest biotech & life sciences industry meeting. More than 15,600 people representing over 1700 companies from 66 countries participated in the 2014 event in San Diego.

For 2015, 20 Japanese life sciences companies, research organizations and university technology transfer offices are expected to participate in the Japan Pavilion. The Japanese delegates are eager to meet new strategic development and distribution partners and will utilize BIO’s One-on-One Partnering program during the convention. In addition, JETRO Chicago will organize a private seminar for the Japanese delegates to learn how the large international pharmaceutical companies collaborate with smaller firms.

More information about JETRO’s participation at BIO 2015, including detailed profiles of the Japan Pavilion exhibitors, will be available on the JETRO website in the coming weeks. If you are interested in meeting any of the Japanese exhibitors during BIO 2015, or have questions about Japan’s life science sector, contact Robert Corder, robert_corder@jetro.go.jp.

Recovery, Growth and Kizuna Continue

Four years have passed since The Great East Japan Earthquake on March 11, 2011. To commemorate the fourth anniversary, we held our annual “KIZUNA” (bond of friendship) business seminars in Chicago and Minneapolis in cooperation with the Consulate-General of Japan in Chicago, and the Japan America Societies of Chicago and Minnesota. We wanted to provide an update on the region’s recovery, and most of all, to show our sincere appreciation to the people in the Midwest for their heartfelt and generous support for our country in its time of need.

We heard perspectives on the recovery from American companies in Tohoku and also got an in-depth look at the strength of its economy. We wanted to focus on Fukushima Prefecture, as it received the most attention from the American people because of the Fukushima Dai-ichi Nuclear Power Plant accident.

We were very fortunate to have distinguished speakers, including Mr. John Harris, President of Nippon Becton Dickinson (BD) Co., Ltd., a major U.S. medical device company’s Japan subsidiary which has a factory and distribution center in Fukushima City. Another speaker was Joe Dixon, Program Manager-Environment of PAR Systems, Inc., an engineering and robotics company based in Minnesota. PAR’s equipment and crane systems are operating in the Fukushima Dai-ichi plant.

We also brought my colleague, Mr. Yasuhiro Nagamatsu, Executive Director of JETRO San Francisco, who is the former Chief Director at JETRO’s Fukushima office until last October. He shared the moving first-hand story of his experiences after the disaster there.

BD established its manufacturing facility in Fukushima in 1987. Japan is BD’s third-largest single country among its global facilities, with 550 employees. Its Fukushima facility serves pharmaceutical companies in Japan, supplying them with Hypak (glass syringes) which the pharmaceutical companies in Japan, supplying them with Hypak (glass syringes) which the pharmaceutical

Advisory Research, Inc. Extends its Reach to Japan

Advisory Research, Inc. (ARI), an asset management firm based in Chicago, established an office in Tokyo in 2012. In November 2014, JETRO Chicago spoke with Drew Edwards, ARI’s Managing Director & Portfolio Manager for International/Global Equities, to learn about the firm’s expansion into Japan, their progress and his outlook on Japan.

Advisory Research, Inc. (ARI) is a privately-held investment management firm founded in 1974. With more than $12 billion in assets under management, ARI caters to high-worth individuals and institutional investors such as banks, investment companies, pension funds, university endowments, private & public foundations, corporations and municipal governments. In 2009, ARI was acquired by the investment bank Piper Jaffray.

Drew Edwards joined ARI’s International/Global Equity team in 2008, bringing with him extensive experience in Japan and the financial sector. As an undergraduate, Mr. Edwards attended Sophia University in Tokyo then completed his JD and MBA at Northwestern University. Before joining ARI, he worked at Taiyo Pacific Partners and Lehman Brothers. He is fluent in Japanese.
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JETRO Around the Midwest
Seminars, Meetings and Events

The Japan America Society of Indiana (JASI) presented their annual Japan Update Conference February 25 at the Hyatt Regency Indianapolis.

At left, JETRO Chicago’s Ichiro Soné addresses the conference. Center, Ichiro Soné is greeted by Noblesville, Indiana Mayor John Ditslear.

At right, outgoing Consul-General of Japan in Chicago Masaharu Yoshida is presented with an “Honorary Hoosier” declaration from Indiana Governor Mike Pence.

On March 6, Tsuneyuki Kato, Executive Vice President, JETRO Tokyo, met with Indiana Lt. Governor Sue Ellspermann in Indianapolis.

On March 6, JETRO Chicago’s Ichiro Soné had the opportunity to meet with Illinois Governor Bruce Rauner.

On February 27, JETRO Chicago visited DePaul University in Chicago to present a briefing for students in advance of their visit to Japan.

On April 2, Dave Smith and his wife, Olivia Smith visited the JETRO Chicago office a few days in advance of their departure for Japan. They will reside in Tokyo where Dave will be President, St. Jude Medical Japan Co., Ltd. They were greeted by JETRO Chicago’s Ralph Inforzato (left) and Ichiro Soné (right).

On April 2, the Asian Pacific American Chamber of Commerce (APACC) held their “East-West Business Connection” event in Troy, Michigan. JETRO Chicago exhibited, and was represented by Kevin Kalb and Hidemi “Andy” Saito (above).

JETRO at CES

JETRO Chicago hosted four Japanese robotics companies at the 2015 International Consumer Electronics Show (CES) in Las Vegas, Nevada, January 6–9, 2015.

The type of robots exhibited included an unmanned ground vehicle that makes exploration possible in disaster areas; a therapeutic robotic baby harp seal; the world’s first 3D-Haptics technology which realizes real experience of tactile feeling and kinesthetic feeling; and a cute small robot that has the ability to connect to the internet via WiFi and wireless proximity functionality for connecting with sensors.
Experiencing the Flavors of Food-Ex 2015 in Japan

Trish Pohanka recently participated in a JETRO-sponsored Buyers Mission to Japan which assists overseas food and beverage buyers interested in finding Japanese products. Qualified buyers are given the opportunity to meet Japanese producers and exporters at major trade shows and in areas across Japan specifically chosen for their products.

Japanese exhibitors at Food-Ex 2015 displayed innovative as well as traditional items providing an extensive taste of Japan. From swallow bird’s nests to gluten free noodles, matcha tea and yuzu products and items containing the essence of cherry blossoms; the array of products was prodigious. Many small companies were represented from regions all over Japan showing local specialties. The pride and passion for items produced in their home region was evident throughout the show.

I had the opportunity to meet one-on-one with several companies to taste their products and hear about their distinctive attributes. One supplier provided a nori seaweed tasting from lower quality to high quality. After trying four different preparations of nori, I realized that the thickness of the sheet relates to the quality of the seaweed and the top quality almost melts in your mouth.

Some unique items of note included:

- Thinly sliced summer orange and daidai slices in a light syrup. They are sliced from the end of each fruit so there is no pulp in the slice. The flavor is delicate making this item suitable for a garnish for seafood or cocktails.
- Black tahini paste (sesame paste), offering a different flavor profile compared to the traditional tahini readily available in the United States.
- Noodles flavored with mandarin orange, making an ideal component for pasta salad or as a light accompaniment for chicken, pork or seafood.

Being my first visit to Japan, this opportunity provided a platform for experiencing the flavors of different regions of Japan as well as experiencing the culture of the country. Japan harvests high quality raw ingredients such as seaweed, seafood, sesame, soy, yuzu and mandarin oranges. Many companies incorporate these ingredients in innovative products suitable for worldwide export. Though many of the artisan companies do not have labels that comply with current United States regulations, the manufacturers are eager to comply in order to share their food specialties with the world.

For further information on JETRO’s future Food and Beverage Buyers Missions, please contact Cathleen Moore, JETRO Chicago, cathleen.moore@jetro.go.jp

New Industry Reports on JETRO U.S. Website

Things have been busy in the “Industry Information” section of the JETRO U.S. website at www.jetro.org.

Always a source for reliable information on Japanese markets and industry updates, the addition of a number of recent reports make it even more valuable. Here’s a list of new reports that have become available just since the start of the year, all downloadable/viewable as PDF files:

- Fukuoka City – Fukuoka Prefecture (March 2015)
- Hiroshima City – Hiroshima Prefecture (February 2015)
- Osaka City – Osaka Prefecture (January 2015)
- Automobile Sector (March 2015)
- Energy Sector (February 2015)
- Food and Restaurants Sector (March 2015)
- Mobile/Internet Industry Highlight (February 2015)

Many other reports were added just at the end of 2014. Look for the complete list at http://www.jetro.org/usa/investinjapan/industryinformation/
JETRO Presents Monozukuri Seminar in Novi, MI

JETRO Chicago hosted a tenth annual “Monozukuri” seminar on Thursday, March 5 in Novi, Michigan entitled “The Mindset of Monozukuri: Sustaining Monozukuri in Trends of Expansion and Localization.” After hosting the seminar in several Southern U.S. locations where automotive production plants are sprawling, the Monozukuri program returned to the global center of the automotive industry – the Detroit metro area. Over one hundred industry representatives attended.

Featuring speakers from DENSO International America, Inc., HIROTEC America, Inc., and PTM Corporation, this seminar was scaled down in size compared to our previous Monozukuri series seminars, but offered the same types of in-depth information and valuable insights that drive globally successful companies. While the automotive industry has returned to its pre-recession strengths, the philosophy of Monozukuri has continued to steadily sustain the economic growth of global companies, even through rapid industrial expansion and further localization of Japanese suppliers and OEMs in North America.

The seminar began with opening and welcome remarks from both the Japanese and Michigan business communities. Tsuneyuki Kato, Executive Vice President, JETRO Tokyo, opened the seminar with remarks on the importance of Monozukuri to Japanese companies, and how Monozukuri supports global growth of the automotive industry.

Vince Nystrom, Vice President, Strategic Accounts, Michigan Economic Development Corporation, further supported this concept, and expressed Michigan’s gratitude for being a global center for automotive manufacturing.

The Consul-General of Japan in Detroit, the Honorable Kazuyuki Katayama, also welcomed both Japanese and North American companies to the event. Consul-General Katayama stressed the importance of industry collaboration between Japan and the United States, as the two countries are growing closer and closer with the localization of Japanese suppliers and OEMs in North America.

The objective of the seminar was presented by Ted Kawashima, Director of the North American office for the Japan Auto Parts Industries Association (JAPIA). The key point from Mr. Kawashima was that neither Japan nor the US have a superior manufacturing philosophy, but that both have business practices with their own key strengths that lead to strong corporate cultures and quality products.

The seminar began with a panel session featuring Jim Toeniskoetter, President & COO, HIROTEC AMERICA, Inc., and Donna Russell-Kuhr, Corporate Vice President, PTM Corporation. Mr. Toeniskoetter discussed how HIROTEC America grew separately from its Japan parent company, creating its own hybrid business culture. After opening their first Michigan facility in 1988, the company has grown to over 400 employees and continues to grow. Part of their success is based on their “K2 Philosophy”, which includes ‘kaizen’, or continuous improvement; and ‘kaikaku’, meaning ‘leap-forward innovations’.

Following HIROTEC’s presentation, Ms. Russell-Kuhr offered the perspective of an American company’s manufacturing excellence. A family-driven company, PTM Corporation began in 1967 through the hard work and leadership of Charles Russell, the company founder with humble beginnings in rural Mississippi. The company, now led by his four daughters, has grown to over 250 employees, and continually sought to refine its manufacturing strengths through innovation and human resource development. The panel session concluded with an informative Q&A session led by Margaret Baxter, Senior Vice President, Operations and International Affairs, Original Equipment Suppliers Association.

The keynote presentation for this Monozukuri seminar was delivered by David Grimmer, Vice President, ECB Business Unit Leader, DENSO International America, Inc. As one of the largest automotive suppliers in the world, DENSO carries a tradition of innovation, ‘kaizen’, and manufacturing competitiveness that is difficult for competitors to match. Mr. Grimmer explained how DENSO streamlines its operations from suppliers to customers to enable lower cost products that meet high quality expectations.

Glenn Stevens, Vice President, MICHauto and Strategic Development, Detroit Regional Chamber, led the Q&A session with Mr. Grimmer. The seminar concluded with comments from Ichiro Soné, Chief Executive Director of JETRO Chicago, and was followed with a networking reception for attendees to interact with speakers.

Below, speakers and guests included (from left): Ichiro Soné, JETRO Chicago; David Grimmer, DENSO International America, Inc.; Kazuyuki Katayama, Consul-General of Japan in Detroit; Tsuneyuki Kato, JETRO Tokyo; Ted Kawashima, Japan Auto Parts Industries Association (JAPIA); Vince Nystrom, Michigan Economic Development Corporation; Glenn Stevens, Detroit Regional Chamber; and Margaret Baxter, Original Equipment Suppliers Association.
JETRO Hosts 17 Japanese Companies in Home & Housewares Show Pavilions

The International Home & Housewares Show was held at Chicago’s McCormick Place from March 7-10, 2015. Once again this year, JETRO organized two Japan Pavilions in the North and South Halls. This year’s pavilions hosted 17 companies. The show attracted more than 60,000 total attendees, and 2,115 exhibitors.

Visitors to the pavilions were able to view first hand a variety of “Made in Japan” home goods items that combined traditional Japan and modern Japan. Those items included handmade glassware, bento boxes, handmade cast iron pans, kitchen knives, tea canisters, wooden cutting boards made from Japanese Cypress, bath accessories, and cleaning accessories.

Visit the Redesigned JETRO Headquarters Website

Most of the time you need to get information from JETRO in the U.S., you can go to the JETRO USA website at www.jetro.org. But keep in mind that there is a wealth of additional information at the JETRO Headquarters website at www.jetro.go.jp. The site has recently been redesigned and now highlights many new areas, and makes information more visual and easier to find.

For example, check out a new area called “Meet Japanese Companies with Quality.” This section provides profiles of small and medium-sized Japanese companies with cutting-edge technology, wonderful cuisine and high quality goods and fashion. These companies are seeking business opportunities abroad for their innovative products. You’ll learn of company history, products and get links to their own websites. Access this section directly at http://www.jetro.go.jp/en/mjcompany/.
companies fill with their drugs. BD’s Japan facility has the highest quality standards in the world. It also manufactures PPM (petri dishes), does labeling inspection and quality management, and runs a distribution center. Its facility is located in Fukushima City’s west industrial center in the mountains, so it was unaffected by the tsunami.

However, the earthquake significantly affected BD in that even though it only manufactures a few subsets in Japan (the Hypack Syringes and PPM), everything else has to pass through its Fukushima facility for inspection, labeling and re-inspection.

The BD factory is about 40 miles away from the nuclear facility. The shaking at its Fukushima facility was intense, but most of the damage was internal. Its petri dishes need to be stored in a large refrigerated room and the door to the room was damaged and could not be closed. The power went out, and the sprinklers inside burst due to the shaking and damaged the medical device manufacturing facility. The storage racks fell over, and boxes of product were everywhere. Large aftershocks continued to shake the area for three weeks.

BD’s first priority was ensuring that all of its employees were safe. One sales representative was stuck on a train in a tunnel on his way back from Sendai and the company could not locate him for a few days. He was finally able to get out of the tunnel and walk several miles in the dark.

BD also had a responsibility to its customers. The company was able to set up a temporary distribution facility in the Tokyo area with the help of another company it happened to be working with. This kind of collaboration was astounding, and it happened often in the wake of the disaster. For instance, BD reached out to one of its competitors whose raw material supplies were interrupted. It informed its competitor that it had these same raw materials and would be happy to airship it. The company was able to use BD’s raw materials to set up a temporary distribution facility in the Tokyo area with the help of another company it happened to be working with. This kind of collaboration was astounding, and it happened often in the wake of the disaster.

BD’s repaired plant was fully functional by mid-May, an ambitious schedule that was met because of everyone’s hands-on participation. Job titles ceased to matter. The sales team worked hard at labeling, packaging and shipping at the temporary distribution center in Tokyo. The company also did community outreach. Workers had to be trained to measure radiation by themselves, and decontaminate the ground. The radiation levels inside the Fukushima facility were actually lower than in the Tokyo office. But the greater challenge was outside the facility, where the high-pitched roof sent rain water into the ground, causing heightened levels of radiation. BD had to dig out the contaminated earth and remove a foot of ground around the entire perimeter of the building, put it into special containers and bury it on site. This was necessary to ensure its employees had a safe work environment.

Here are some of BD’s highlights from the past four years: It formed a partnership with a venture company in Tohoku called MicroBio, which manufactures high-definition cameras to detect growth on the petri dishes for the food and safety industry. It is now selling the MicroBio system throughout Japan and the world. This past October, thanks to its team’s efforts in Japan, BD is now exporting its PPM from Fukushima to some Asian countries. This is a notable accomplishment just four years after the upheaval and uncertainty caused by the disaster.

BD had many reasons for establishing a major operation in Japan. The country leads the world in technology and R&D, and the medical device industry market is growing in Japan driven by the country’s burgeoning elderly population. Its original philosophy was to be, “In Japan, for Japan.” But given its new capabilities, it is now able to ship all over the world. BD expects continued growth, and its strategic and consistent FDI enables long-term growth opportunities.

Mr. Dixon tells us about PaR Systems’ experience in Fukushima. The company is the first company that made nuclear manipulators. The equipment is used in nuclear research facilities, reactor facilities and decommissioning all across the world.

PaR has been working in Japan since the early 1980s, and has a sales office with field service support there. It has installed more nuclear remote systems than any other automation company in the world.

Mr. Dixon had experiences working after the disaster in Chernobyl, so he was a valuable resource for this type of situation. The world has had very few serious nuclear accidents, so it is very important for Japan and the world for PaR to be able to share its first-hand knowledge. Before Fukushima in 2011, there was only Chernobyl in 1986, Three Mile Island in 1979, and Windscale in the UK in 1957.

Mr. Dixon emphasized the general perceptions of the work being done in Fukushima now. The engineers PaR is working with in Japan are dissatisfaction with the progress they are making; they don’t think they are moving fast enough. The people they are working with are putting in very long days of intense labor, and they are highly intelligent and talented people. To encourage them, Mr. Dixon tells them to look at the situations that Fukushima is being compared to: Chernobyl, TMI and Windscale. None of these plants have been fully decommissioned yet.

The fact that the workers at Fukushima have already defueled reactor 4 is amazing. In just four years, they have already completely emptied one of the fuel reactors, and they will be able to demolish it once all of the other tasks are completed. The work being done at Fukushima is actually moving at an accelerated pace, which is a great accomplishment.

Mr. Nagamatsu shared his experiences of the recovery, as Chief Director of the JETRO office in Fukushima until last October. Fukushima Prefecture has about 2 million residents and is blessed with beautiful nature and changing seasons, as well as bountiful agricultural products. It is also an enormous industrial hub for electronics and automotive manufacturing. It has the geopolitical advantage of being located about 150 miles from Tokyo, with developed transportation links by rail, including the bullet train, as well as highways.

Mr. Nagamatsu moved to Koriyama City on April 20, 2011 where JETRO Fukushima is located. He said he will never forget the shock of his impressions on that day for the rest of his life.
The Robots Are Coming! The Robots Are Coming May 21, 2015!

Robots are indeed coming to Chicago this spring, and the invasion of robots will be a friendly one. The Museum of Science and Industry, Chicago (MSI) will launch a national touring exhibit on May 21st, Robot Revolution, supported by Google.org.

Robot Revolution will demonstrate how robots and robotics technology are changing the everyday lives of humans, and how we will live, play and work with robots in the very near future. Throughout the Robot Revolution exhibit, guests will be offered a hands-on experience with robots, along with inspiring videos to provoke interest and recognition for how robots will positively better our society.

Robot Revolution will highlight technology from the most innovative robotics companies and universities from around the world. Over 40 robots from the United States, Canada, France, Germany, Denmark, Poland, China, Korea, and of course Japan will be on display in the exhibit. Japan can proudly boast of having eight robots in the exhibit, the most from any country featured in Robot Revolution, most of which were introduced to MSI by JETRO Chicago.

MSI first developed a relationship with JETRO in the Robotics TechZone at the International Consumer Electronics Show (CES) in Las Vegas, as the idea for a robotics exhibit had always intrigued Kathleen McCarthy, Director of Collections and Head Curator of MSI. As a more concrete vision for the exhibit grew, JETRO Chicago introduced dozens of Japanese robotics companies and universities to MSI on a trip across Japan in March 2011, which coincided with the tragic earthquake and tsunami disaster of March 11th.

The trip to Japan offered keen insight and advice from leading robotics minds in Japan on the engineering challenges for the execution of such a high-tech exhibit, which will be the first of its kind in the world. Fast forward to today and the Museum is primed and ready to kick off the nationally touring Robot Revolution exhibit, which will highlight four key areas for robotics technology: Cooperation, Smarts, Skills, and Locomotion.

The eight companies from Japan with robots in the exhibit come from Topy Industries, Ltd., FANUC Corporation, Muscle Robotics, Inc., Yaskawa Electric Corporation, DENSO Robotics, Murata Manufacturing Co., Ltd., HiBot Corporation, and PARO Robots, Inc. Additionally, other Japanese robots will be featured in videos within the Robot Revolution exhibit, as well as special events surrounding the exhibit tour.

Robot Revolution will only be displayed at the Museum of Science and Industry, Chicago for a limited time in 2015, so make your plans to visit the robots this year.

Contact: Kevin Kalb, JETRO Chicago: Kevin_Kalb@jetro.go.jp or 312-832-6023. Museum of Science and Industry, Chicago: www.msichicago.org

As of today, the recovery efforts are still underway. Most of the roads, railway lines, and collapsed buildings have been repaired and re-built. The prefecture has also put a lot of effort into decontamination work for the past four years, and Mr. Nagamatsu said that the spatial radiation levels are considerably lower in most of the cities within Fukushima. In fact, they are now at similar levels to major cities in Europe and the United States.

On the industrial front, measures were taken to prioritize two key industries for the revival of industrial growth within the prefecture. One is the medical device manufacturing industry, and the other is the renewable energy industry.

Nagamatsu said in closing: “It would be so wonderful if you can actually visit Fukushima someday. It would be so much easier to understand if you actually see the present situation of Fukushima with your own eyes. You will all come to realize that what I discussed today is quite real. Fukushima always welcomes you all.” For further information, please visit the Fukushima Tourism website: http://www.tif.ne.jp/lang/en/.

The recovery efforts continue, as does Japan’s gratitude for the world’s ongoing support.

At the KIZUNA event in Minneapolis: Front row: Ichiro Sené, Kate Thereiff, JETAAANN; Ko Hikasa, Consulate-General of Japan in Chicago. Back row: Dick Stahl, JASM; Chris Armacost, JASM; Joe Dixon, PaR Systems Inc.; John Harris, Nippon Beckton Dickinson Co., Ltd.; Elizabeth Braitfeld, JASM; Jack Blatchley, Saint Paul Nagasaki Sister City Committee; Sarah Walbert, Minnesota Trade Office; Yasuhito Nagamatsu, JETRO San Francisco

Chief Executive Director ... from page 6

Koriyama is the largest city in Fukushima, but at that time its streets were almost empty. The few people he saw were walking with their heads down, while wearing masks over their faces. The windows of the homes were all closed. Although the cherry blossoms were in full bloom, no one was out enjoying the scenery.

The largest convention center in Fukushima, where the JETRO office was located, turned into the largest refugee camp for about 2,500 people who evacuated from within a 12-mile radius of the Fukushima Dai-ichi Nuclear Plant. It felt as if the entire prefecture had turned into a war zone.

After Mr. Nagamatsu became the Chief Director of JETRO Fukushima, he had two main tasks at hand. One was to collect and provide radiation-related restrictions and regulations from around the world for exporting Fukushima products. The other was to promote the safety of products made in Fukushima, and dispel false rumors about dangerous products from Fukushima.

After one year, the spatial radiation levels went down to almost the same amount as the rest of Japan, excluding the limited restricted zone closest to the Fukushima Dai-ichi Nuclear Plant. People who visited Fukushima were quite surprised at how quickly the prefecture recovered from the disaster, and expressed great respect for Fukushima and its citizens on the counter measures taken, and the superior systems implemented for inspecting the radiation levels in the food products and other products. They understood why Fukushima was promoting its products as “the safest in the world.”
Advisory Research ... from page 1

From the very beginning, Mr. Edwards recognized the opportunities for ARI in Japan. Many Japanese companies were being ignored by mainstream investors, largely due to language and culture barriers as well as distance. At the same time, Mr. Edwards also knew that ARI's value-based strategy would appeal to clients in Japan, where there is less tolerance for risk. As Mr. Edwards began to build up ARI's global investment portfolio, he started spending a lot of time in Japan, meeting with companies, conducting due diligence and networking with investment banks.

As ARI increased its Japanese investments, the company began considering setting up an office in Japan. Mr. Edwards is keenly aware of Japan's demanding customer service expectations and understands the value of having a representative in Japan. For a small boutique firm like ARI, networking and building their brand is especially important. The challenge was finding the right person. Mr. Edwards remarked that they needed someone with the right experience, who fully understood ARI's investment strategy and was familiar with their clients. In 2011, one of ARI's research analysts met Fumie Kikuchi at a networking event. Ms. Kikuchi was living in Chicago while her husband completed his MBA at the University of Chicago. She previously worked at JP Morgan Asset Management and Daiwa Securities in Japan. One thing led to another and Ms. Kikuchi joined ARI in the fall of 2011. And because Ms. Kikuchi was planning to return home in 2012, the timing was right for ARI to move forward in Japan.

Mr. Edwards had been acquainted with JETRO Chicago through the Japan America of Society of Chicago. Now that ARI was considering opening an office in Japan, he reached out to JETRO Chicago. In January 2012, the Business Development team met with Mr. Edwards to discuss how JETRO could assist ARI. JETRO provided information and resources to help them understand Japan's financial regulations and the options for setting up a company in Japan.

In March 2012, Mr. Edwards and Ms. Kikuchi visited the JETRO Tokyo Invest Japan Business Support Center (IBSC) in order to meet with a Judicial Scrivener and Legal Advisor for information on the process for incorporating and special guidance as a financial services company. The pair also spoke with JETRO's Tax and Human Resources Advisors. In June 2012, Ms. Kikuchi returned to Japan and utilized the temporary office space at the Tokyo IBSC. In September 2012, ARI announced the establishment of its new office, then located in a managed office facility in Marunouchi. As ARI's representative in Japan, Ms. Kikuchi conducts research into Japanese companies and supports existing Japanese clients.

When asked how business has been since ARI set up their Tokyo office in 2012, Mr. Edwards remarked that ARI's investments in Japan are very strong and that the business continues to grow. “It was absolutely the right time to go to Japan,” he said. The company has increased its investments in Japanese companies and is working hard to add new clients in Japan.

Mr. Edwards said it is always a challenge to develop new clients, but especially in Japan, where the rules and regulations governing financial products are very different from the USA. He noted that there are a lot of grey areas in Japan's financial regulations which can inhibit growth. For example, ARI is prohibited from direct management of assets in Japan but can serve as a “sub-advisor” to institutional investors. As a result, ARI chooses to air on the far side of caution. While some other companies may not be as concerned about this, “we want to stay out of jail and out of the newspapers,” Mr. Edwards remarked.

Another challenge has been Japan's labor practices. Ms. Kikuchi recently had a baby and took six months off for maternity leave, as allowed by Japanese law. While ARI was supportive, losing their sole employee in Japan for six months was difficult. Ms. Kikuchi has since returned to work but the problem now is securing childcare. Ms. Kikuchi is now relying on her family to provide childcare but they do not live close by and it is inconvenient. Ms. Kikuchi is on a waiting list for day care and hopes to be able to find a permanent solution soon. The lack of childcare options creates a real obstacle for companies in Japan, and is a serious problem that needs to be addressed.

Looking ahead, Mr. Edwards said he is optimistic about ARI's prospects in Japan. He noted that there are many undervalued companies which present huge investment opportunities. By 2017, Mr. Edwards said that ARI's investments in Japanese companies could grow to $2 billion.

When asked what advice he would give to other companies considering expanding to Japan, Mr. Edwards said the most important thing is finding the right person. He noted that there is a “long, steep learning curve” for doing business in Japan, which requires the right person with the right qualifications. Mr. Edwards added that recent events have made him very optimistic about Japan. “It is an extremely exciting time” to do business in Japan, noting that the scope of the economic reforms proposed by Prime Minister Shinzo Abe is impressive. He remarked that for the first time in 25 years, the government is taking concrete steps to address many of the issues which have held back business in Japan. He was especially excited about changes in corporate governance standards and the new stewardship code.

He also remarked that for financial service companies like ARI, Japan is not as expensive a destination as other global business centers. While Japan's costs are high, they remain comparable to other world business centers like London and Paris. In addition, the salary expectations of finance professionals in Japan are actually lower than in China.