

Past JETRO Client

Sagantec



May 2009 -- Sagantec is an EDA company that provides tools and solutions to semiconductor companies to make the process of deploying IC products in new fabrication technologies faster and smoother. Founded in 1996, the company began in 1998 to sell its products in Japan through a distributor. And in September 2006, Sagantec established a Japan office. In an interview with JETRO, Mr. Coby Zelnik, CEO, and Mr. Alok Mehrotra, VP of sales, spoke about their experience in setting up a Japan office and in working with JETRO.

Market Entry

Between the time Sagantec began distributing its products in Japan and shortly before office set up, Sagantec developed a volume of business in Japan large enough to sustain an independent office. However, the decision to establish the office came when Sagantec's distributor could no longer carry Sagantec's product; one of the distributor's clients became a competitor of Sagantec. At that point, Sagantec knew it could either find another distributor or set up its own office. Because the company's business volume was large enough to sustain an independent office, Sagantec opened an office of its own.

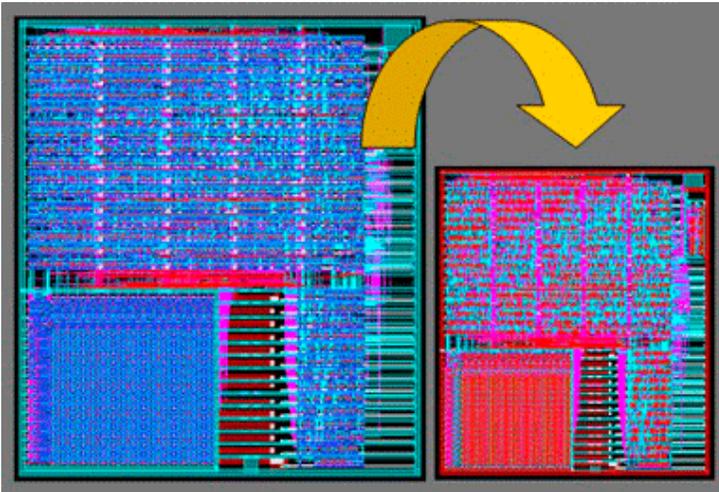
Experience with JETRO

To establish its Japan company, Sagantec took advantage of JETRO's free services available to qualified companies wanting to establish a Japan office. Mr. Mehrotra described his experience: "This is the part where JETRO was fantastic. Really, JETRO was the launching base that allowed us to have temporary office space in Japan. And from those temporary operations, we were able to easily hire employees and people who could come and lead our effort in Japan. We got all of the registration and paperwork in place and set up the administrative backbone that we needed to take care of finance, taxation, and things like that. JETRO also recommended to us the attorney, the CPA, and other essential services. From initial contact with JETRO, it took Sagantec one to two months to set up the Japan office.*"

Results and Outlook

Since establishing its Japan office, Sagantec has gained new customers and continues to see contract renewals with existing customers. And like many companies, Sagantec has raised some standards for the company globally as a result of working with Japanese customers. Mr. Zelnik noted, "Because quality standards are very high in Japan, we use it to our benefit, to establish a more stringent quality

assurance program. And I think that helps our entire customer base. Mr. Zelnik looked to the future with reasonability, keeping in mind the consolidation taking place within the semiconductor industry and the global economic downturn overall, saying, “The most important thing is to support our customer base so that our customers can accomplish their goals using our products and continue to have trust in us. Once the economy rebounds, we hope to grow with them as well.



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Insight and Advice

Japanese Customers Most Open to New Technologies

While some companies hold the impression that the Japanese market is difficult to enter, Mr. Mehrotra holds a different impression from his experience working in Japan for multiple companies. “I actually think that the customers there are the most open to new technologies,” said Mr. Mehrotra. “They’re always interested to hear about new technologies, and they will take the time out to meet with you. They do go through a fairly extensive due diligence, but I think that’s part of the maturing process that new technologies go through anyway. I think it’s been not hard to gain foothold in the Japanese market. And then on the logistical side, I found that it was actually not that hard to establish a physical presence either.”

Set up your own office (it may not be as difficult as you might think)

After leaving JETRO’s temporary office space, Sagantec moved into executive office space that was furnished and managed by another company. “That was very, very expensive,” said Mr. Mehrotra. “When we moved on to lease our own office space, it all was so seamless that I think if we had this knowledge beforehand, we would have skipped doing the one year as executive office.”

It may be challenging for smaller foreign companies to hire local engineers

Since Sagantec was a smaller company coming from outside Japan, it was a challenge hiring local engineers who were fluent in both Japanese and English to be able to discuss Sagantec's technology with its Japanese customers, and effectively communicate with the Sagantec operations overseas . Such engineers usually sought to work for larger, local companies. While challenging at first, Sagantec was able to hire native Japanese engineers but also chose to hire Japanese-speaking engineers from overseas to meet its staffing needs.

Sgantec Japan Company Profile

Japan Company:	Sgantec-Japan
Established:	September 2006
Employees:	4
Business:	EDA technology for semiconductors
Location:	Shin-Yokohama Station BLDG 3F, Shin-Yokohama 2 chome 6-13, Kouhoku-ku, Yokohama 222-0033, Japan
URL:	http://www.sgantec.com/
Parent company:	Sgantec North America

* Note: The time it takes to establish a Japan office varies from company to company.