The Cluster Formation of IT Venture Business in the Metropolitan Area

networking is the key to the success in the contents business

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The current situation and needs of IT venture business

Process of Starting IT venture business

Employed by
IT company

business experiences within
a certain period
creating networks

start-up

Current situation of IT venture business

current situation

The number of IT venture
established in Tokyo since 1994
2811 companies

Issues to be solved

industry type

hardware   8.7
others   0.2
contents   21.8
software   69.3

area

Data provided by IT Venture Forum

Other areas
33.4

Chiyoda-ward, Chuo-ward,
Minato-ward, Shinjyuku-
ward,   66.6

Financial Resources

own fund, loans from private or government financial institutions and local government,
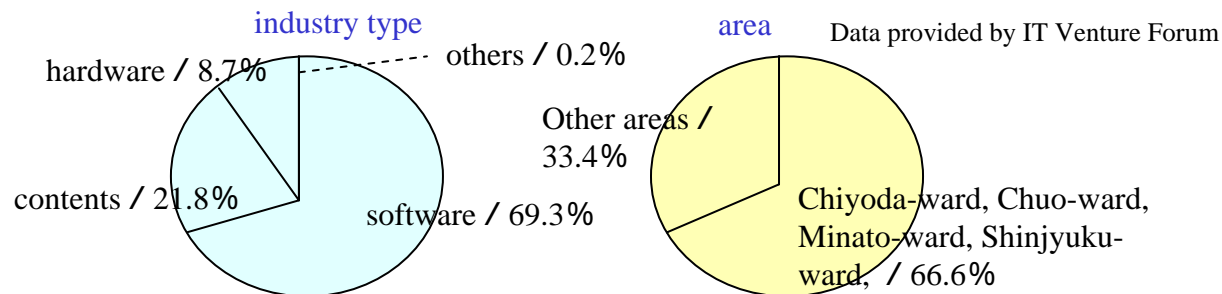investments by venture capitals

Sales

sales channel through the former employment career

Human Resources

personnel in the former employment
personnel through the networking during the former employment

About IT Venture Forum 1

Description

establishment

1999   13seminars and various workshops have been held, and also number of business matching were performed)

objectives

To provide environments for the creation of new business model in IT industry in the metropolitan area, as well as to cultivate global companies among the members, through developing support systems and promoting networking among companies, academics and governmental organizations.

target industry

Information related industry   mostly information network   contents   electric devices and others

area covered

Principally 4 prefectures in the metropolitan area   Tokyo-to, Kanagawa pref., Saitama pref., Chiba pref.

member

Active IT venture firms, and their supporters including individuals, firms and organizations. Currently 259 firms are the members of the Forum.
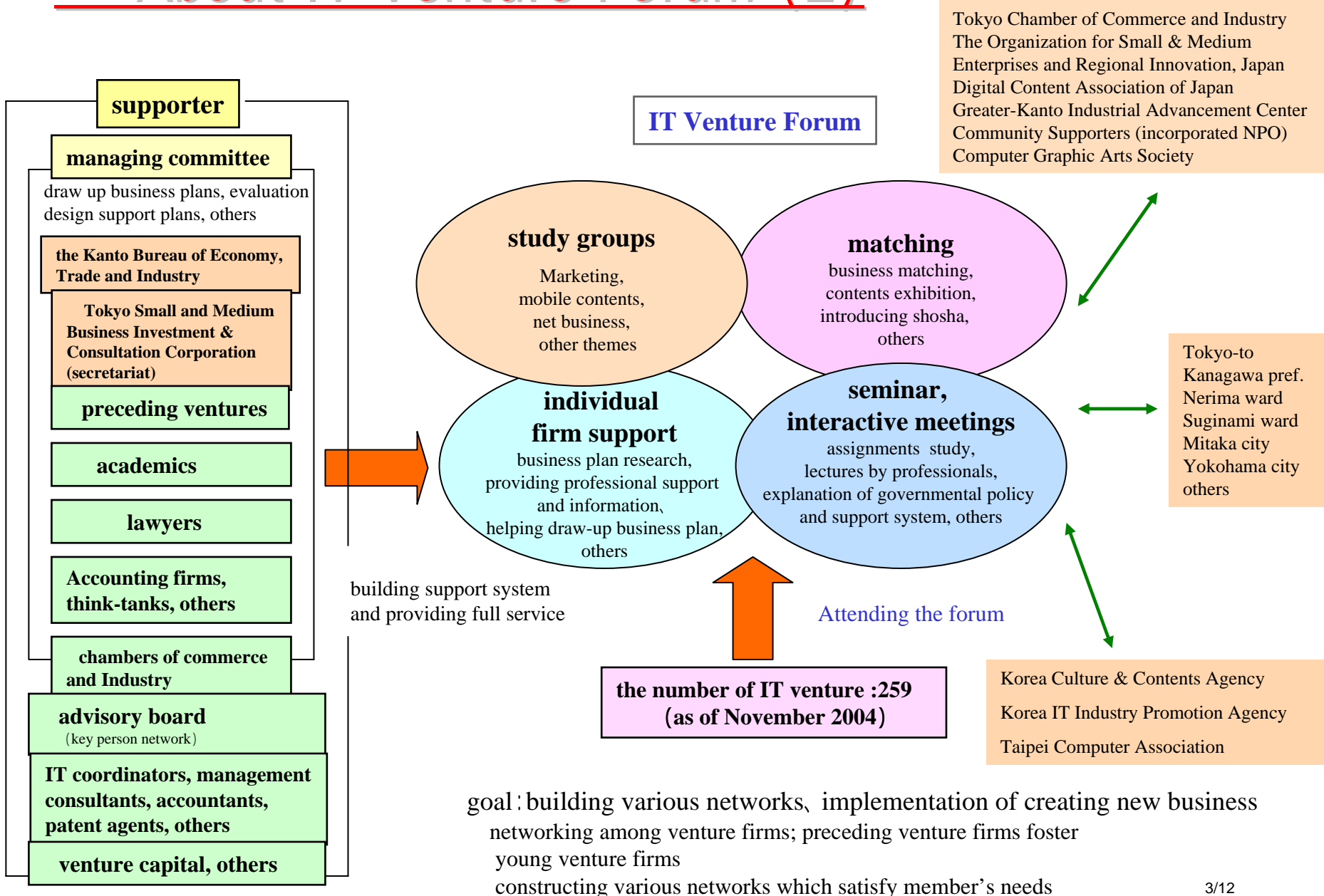
secretariat

Tokyo Small and Medium Business Investment & Consultation Corporation

others

One of the 19 industrial cluster projects of METI

About IT Venture Forum　2

supporter

managing committee

draw up business plans, evaluation
design support plans, others

the Kanto Bureau of Economy, Trade and Industry

Tokyo Small and Medium Business Investment & Consultation Corporation (secretariat)

preceding ventures

academics

lawyers

Accounting firms, think-tanks, others

chambers of commerce and Industry

advisory board
key person network

IT coordinators, management consultants, accountants, patent agents, others

venture capital, others

IT Venture Forum

Tokyo Chamber of Commerce and Industry
The Organization for Small & Medium
Enterprises and Regional Innovation, Japan
Digital Content Association of Japan
Greater-Kanto Industrial Advancement Center
Community Supporters (incorporated NPO)
Computer Graphic Arts Society

study groups

Marketing,
mobile contents,
net business,
other themes

matching
business matching,
contents exhibition,
introducing shosha,
others

individual firm support
business plan research,
providing professional support
and information
helping draw-up business plan,
others

seminar, interactive meetings
assignments study,
lectures by professionals,
explanation of governmental policy
and support system, others

Tokyo-to
Kanagawa pref.
Nerima ward
Suginami ward
Mitaka city
Yokohama city
others

building support system
and providing full service

Attending the forum

**the number of IT venture :259
as of November 2004**

Korea Culture & Contents Agency

Korea IT Industry Promotion Agency

Taipei Computer Association

goal building various networks   implementation of creating new business
networking among venture firms; preceding venture firms foster
young venture firms
constructing various networks which satisfy member's needs

About IT Venture Forum　3

2004 business plan

IT Venture Forum 2004

formation of organic network
- advisory board
- seminar
- interactive meetings
- new member / supporter

"　　　　"

new market development
- Online game workshop plenary session　unit session
- creating new business by utilizing major coorparation's assets

IT

marketing support
- market trial
- Tokyo content market 2004

16　10　18　　19
90　　　　　　　10,000

human resource development support
- contents business industry study fair

Other supporting activities
- Feasibility study
- Individual firm support

HP

Activities of IT Venture Forum
trial project 2004 Contents

Project/Problem Based Learning

IT Venture Forum develops PBL program in business schools and promotes the formation of university/industry community for the construction of university/industry collaboration structure in contents industry. In 2004, a trial project which enforces management abilities in animation industry is implemented. It aims at the creation of actual model in animation studios and learning know-how.

financial assistance
coordination, others

cooperation with education program,
supply data

IT Venture Forum

NPO community supporters
coordination

Telecom Animation Films, Co. Ltd.

Waseda University volunteers

TV and theater
Animation films

Other measures under consideration

consulting
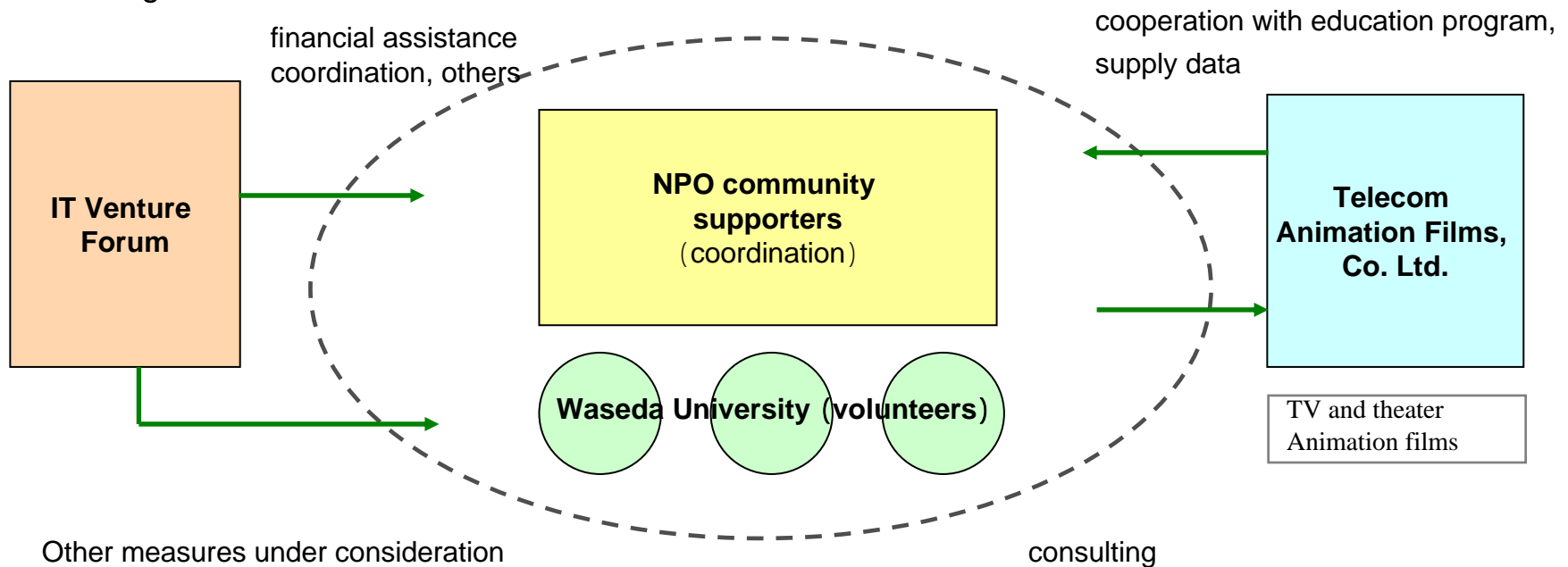
Activities of IT Venture Forum
Pilot Project 2004 major corporations and IT venture businesses

To strengthen industrial competitiveness by creating innovation through effective collaboration between major corporations and venture firms (many IT venture businesses are in the metropolitan area)
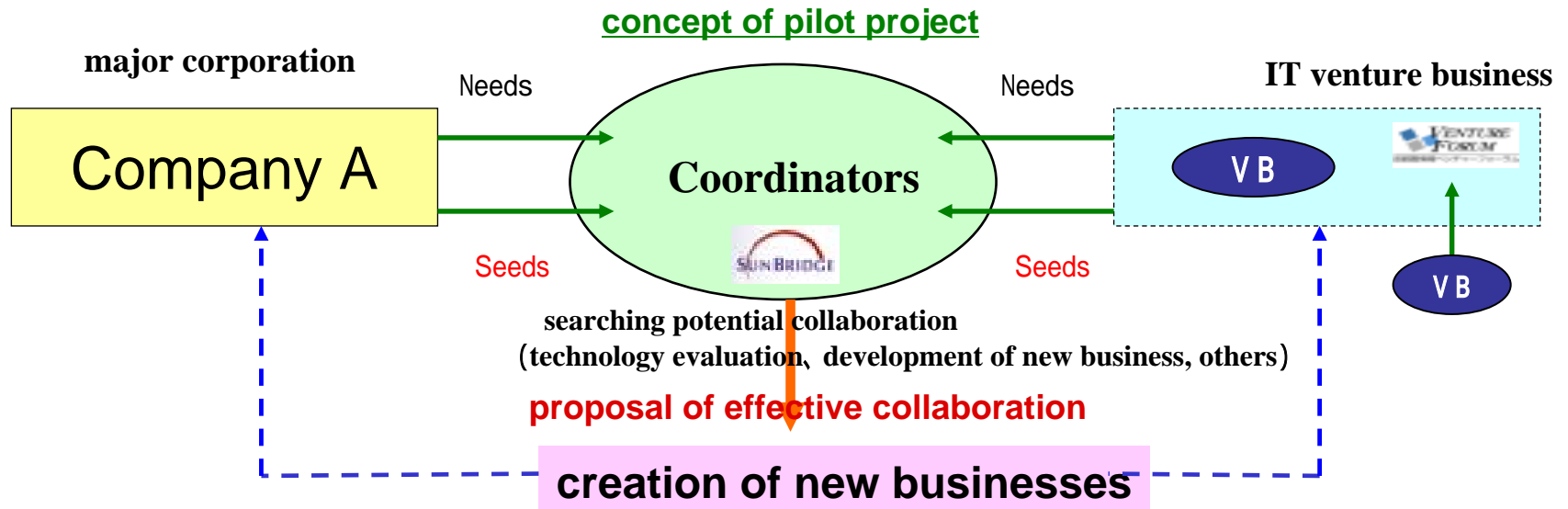In 2004, effective collaboration between major corporations and venture firms is explored through both scheme study group and implementing work group.

scheme study work group	

implementation work group pilot project	

concept of pilot project

major corporation

Needs   Needs

Company A   **Coordinators**   IT venture business

Seeds   Seeds

searching potential collaboration
technology evaluation   development of new business, others

proposal of effective collaboration

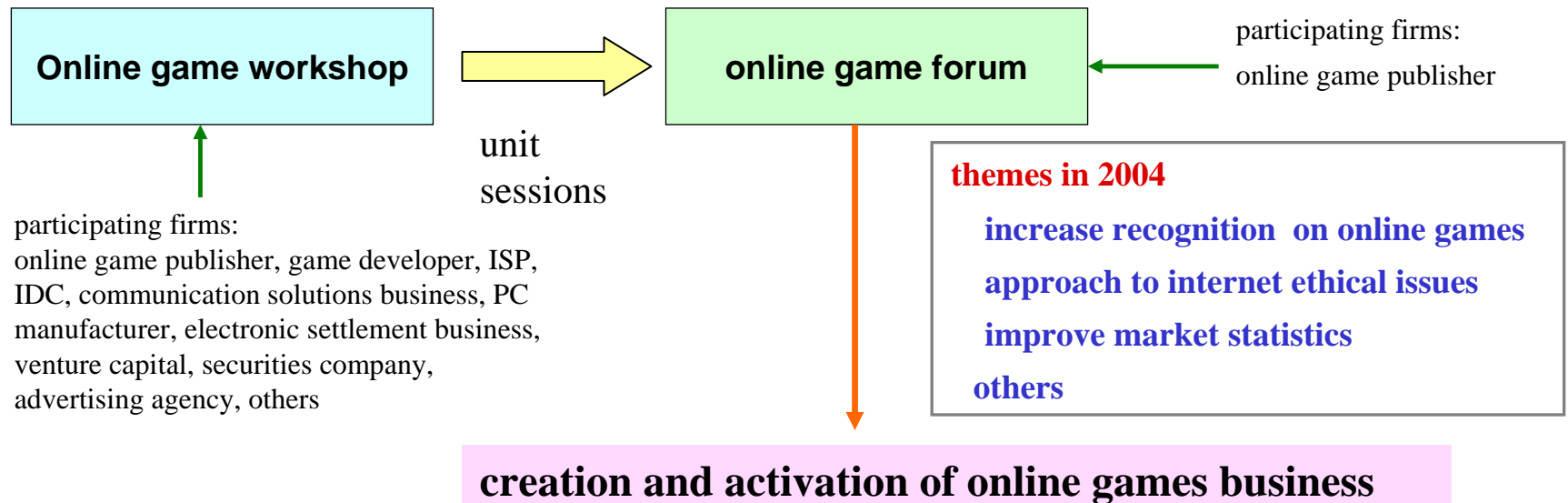**creation of new businesses**

Activities of IT Venture Forum
project 2004　online game forum
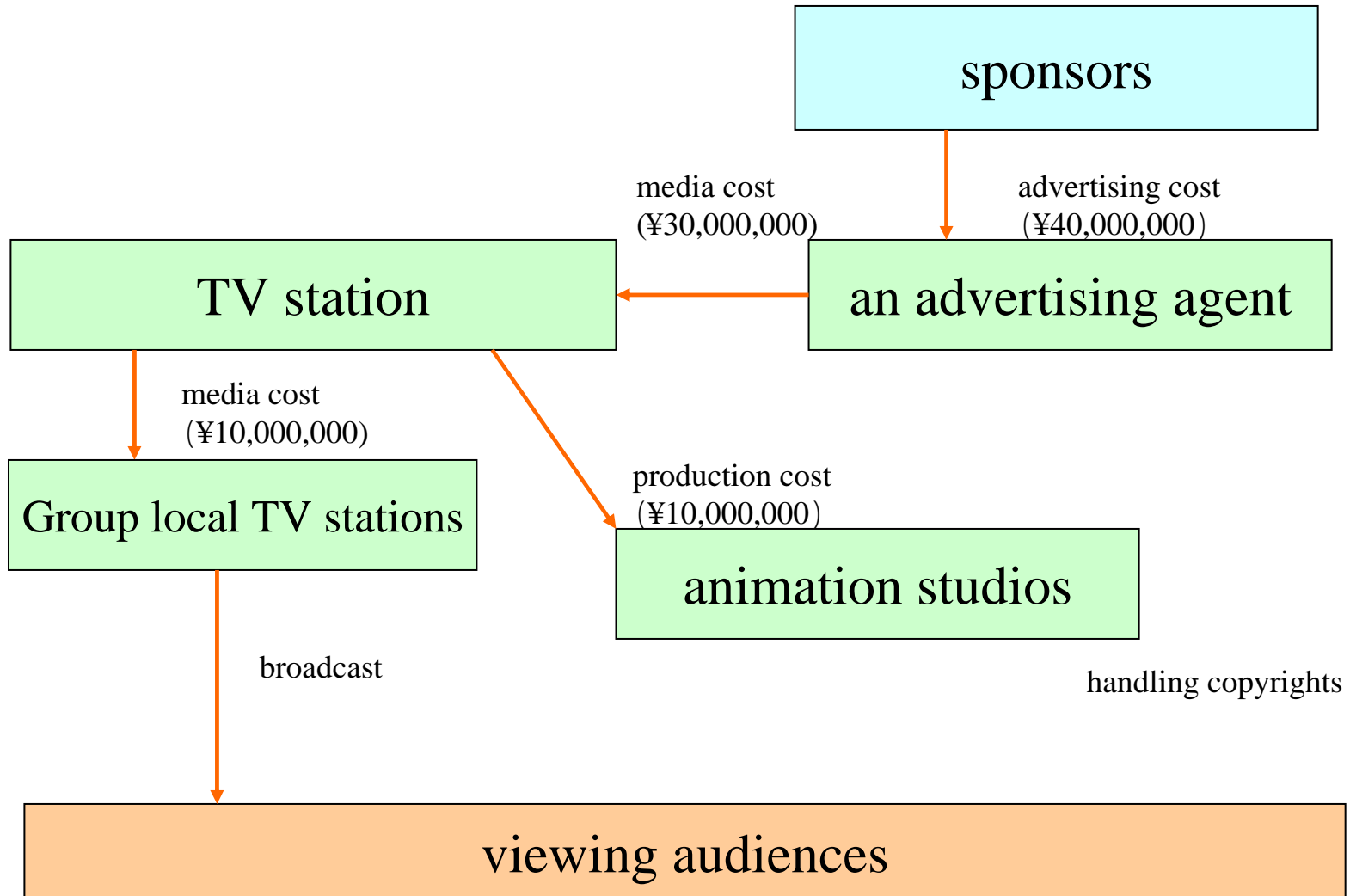
Established : 2003

Objectives: provide solutions to general tasks in online game industry, interaction among business partners

Activities: discussions on financing scheme, settlement and others; various meetings; sharing the latest information; business matching; interaction with Korean and Taiwan firms; function as the only cross-industrial meeting in this business filed; 6 meetings have been held since 2003.

Online game forum was established in 2004 as an unit session of online game workshops by online publishers, who are on the cutting edge of the online game business. It has been held through the year when needed.

Online game workshop → **online game forum** ← participating firms: online game publisher

unit sessions

participating firms:
online game publisher, game developer, ISP, IDC, communication solutions business, PC manufacturer, electronic settlement business, venture capital, securities company, advertising agency, others

themes in 2004

  increase recognition on online games

  approach to internet ethical issues

  improve market statistics

  others

creation and activation of online games business

TV animation business scheme example

sponsors

TV station

media cost
(¥30,000,000)

advertising cost
¥40,000,000

an advertising agent

media cost
¥10,000,000)

production cost
¥10,000,000

Group local TV stations

animation studios

broadcast

handling copyrights

viewing audiences

Console game business scheme example

Production cost   average ¥50,000,000

| a publisher | | developers |

Profit   ¥2,200   ¥2,800

hardware manufacturers

royalty of OS   disc press cost   ¥1,000   ¥1,200

distributors / retailers

distribution/sales margin   ¥2,000   ¥2,500)
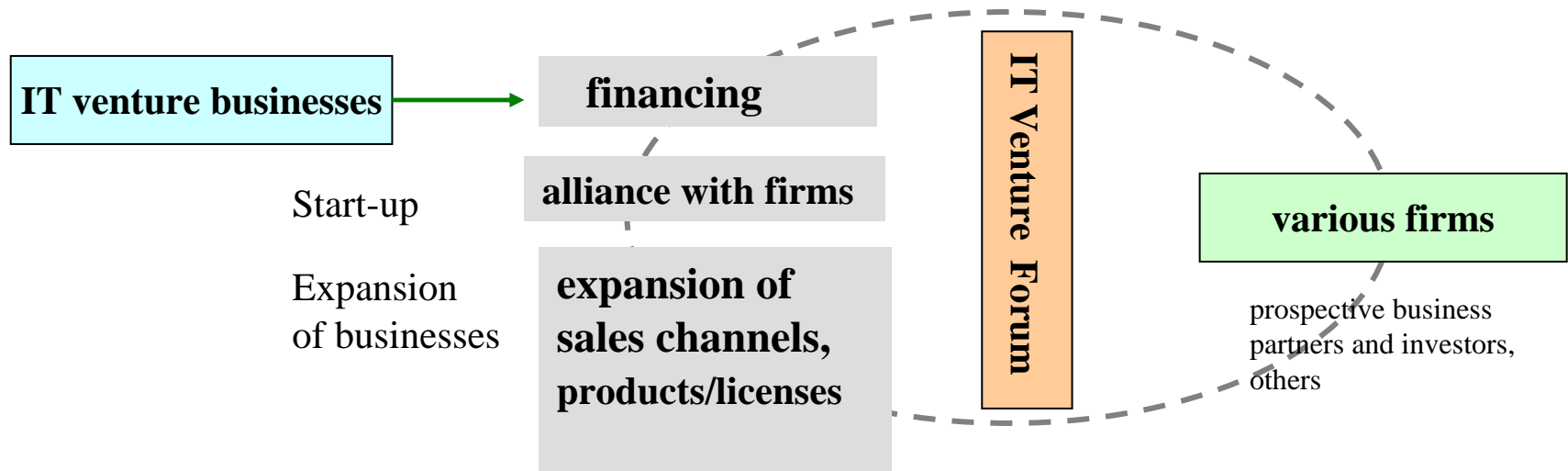
regular price ¥5,800

users
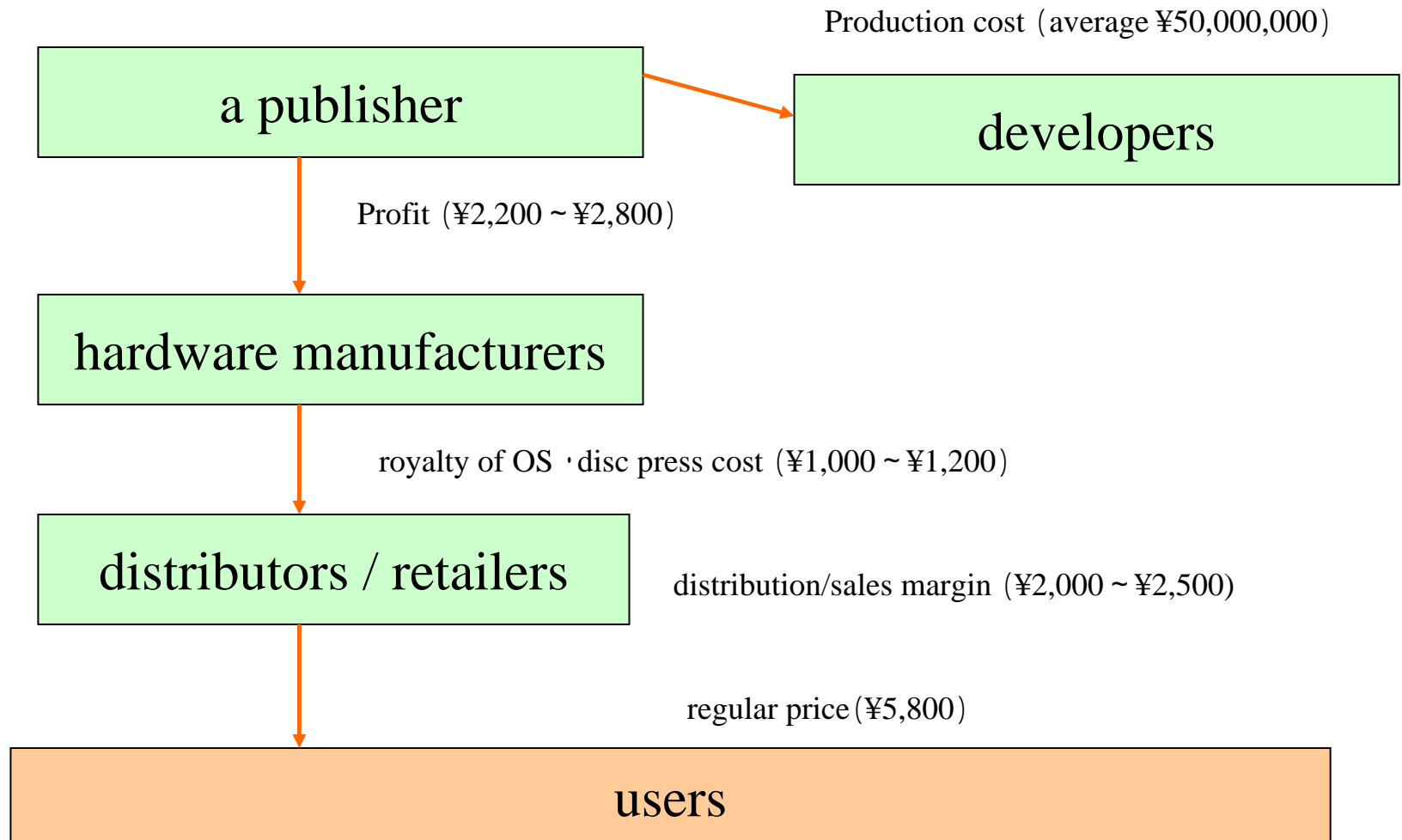
Role of IT Venture Forum and creation of new business in the case of contents business

Tasks of IT Venture Business

Networking for performing the tasks

Constructing networks and creating new businesses

Role of IT Venture Forum

IT venture businesses → financing

Start-up

alliance with firms

Expansion of businesses

expansion of sales channels, products/licenses

IT Venture Forum

various firms

prospective business partners and investors, others

Expanding market and support
in the case of contents business

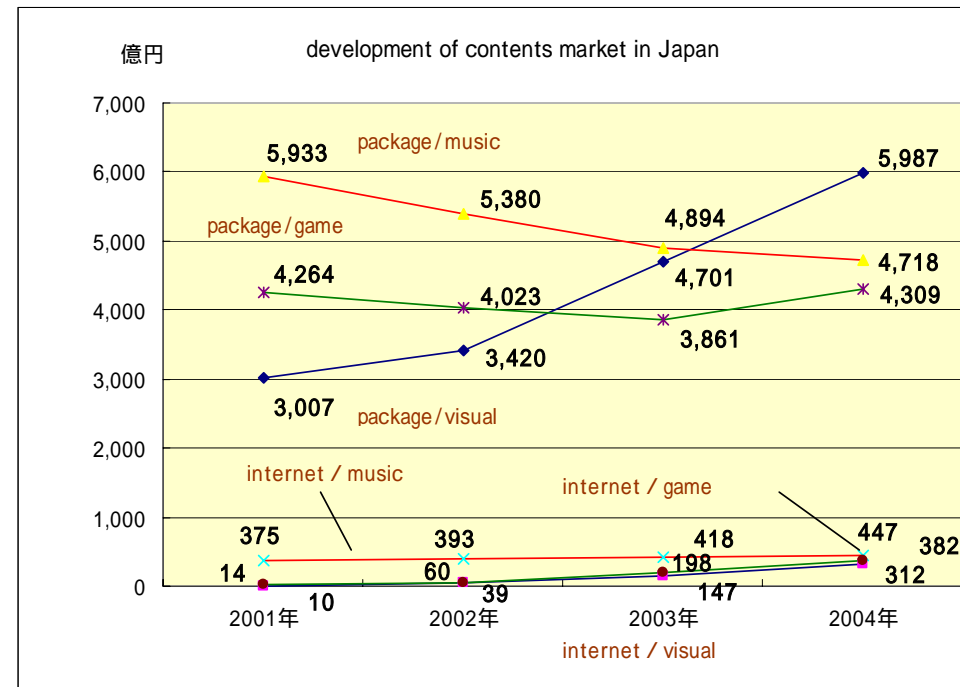***Current state of the expansion of sales channel and market**
-contents business market and its development

*Needs for Japanese contents business
-contents business and east Asian market

*Information gathering and networking in east Asian Market
-case study on the move into east Asia

development of contents market in Japan

7,000

6,000   5,933   package/music   5,987

         package/game   5,380   4,894

5,000   4,718

4,264   4,701   4,309
4,000   4,023

                                     3,861
3,000
                3,420

2,000   3,007   package/visual

         internet music   internet game
1,000
        375   393   418   447
                                                     382
        14   60   198   312
                10   39   147
0
      2001   2002   2003   2004

                internet visual

Resource: digital contents white paper 2004

Further networking for creation of venture businesses   in the case of contents business

Proactive utilization of business seeds from researches

Possibilities and issues on collaboration with major corporations

Possibilities and issues on university-industry collaboration

current situation

universities /research institutions

IT venture businesses

major corporations

Business seeds are not easily accessible

Few schemes have realistic assumptions

Few universities or research institutions take up contents as their study subjects

Business seeds are not easily accessible

Few companies are positive about license business

not understanding venture businesses' needs

lack of adequate information on venture businesses as prospective partners

not understanding venture businesses' needs

lack of adequate information on venture businesses as prospective partners