

# SUCCESS BEHIND THE SCENES

The Japanese economy is powered by many unsung heroes working to supply and support other businesses.

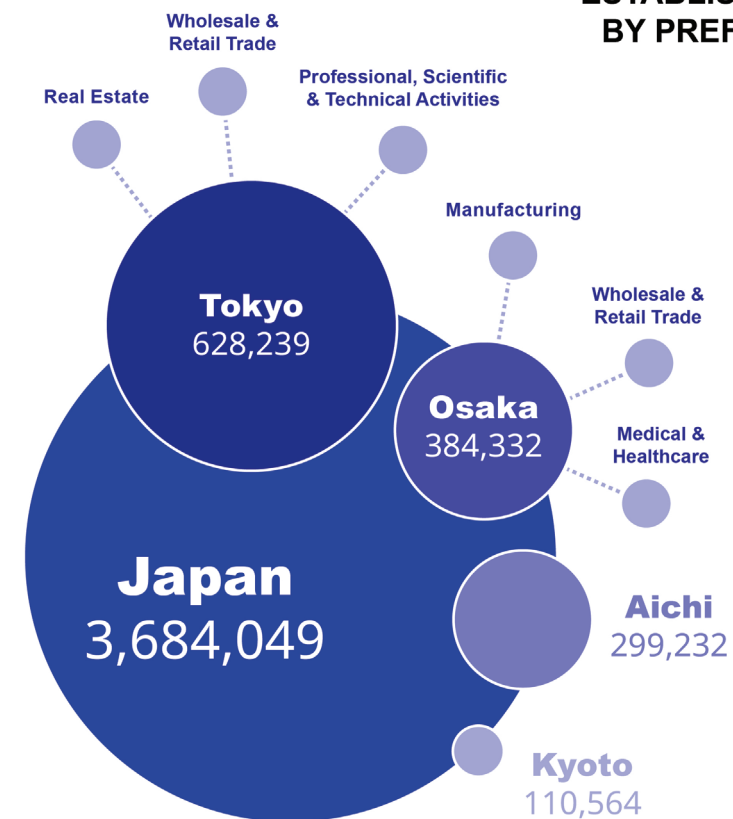
**IN JAPAN, ECONOMIC SUCCESS IS A TEAM effort**—now more than ever. While many of the biggest Japanese companies may be globally renowned household names, there are countless more firms whose impact on industry is just as significant from behind the scenes.

Suppliers, manufacturers, trading firms, and infrastructure developers all play a vital role in the nation's economy by working together. At the Kyoto-based electronic components producer Samco Inc., innovation is the driving force for

its ambitious plans at home and abroad. "There are many large companies with hundreds of trillions of yen in sales that excel at mass production. Innovation is the domain of the midsize company. We have a clear mission to make profits not only in Japan but also on a global stage. We want to create something new," says chairman and CEO Osamu Tsuji. Takuya Iwata, president and CEO of trading firm IWATA & Co., Ltd., believes that corporate partnerships are the key to success for companies like his. "Trading firms are

noted for their involvement in a wide range of business areas and can engage in creative activities that large manufacturers, users, and companies cannot. In these times of rapid change, the flexibility and adaptability to change, which are the strengths of a trading company, match market needs," says Iwata. Flexibility is also key to the success of components firm Nitto Kohki Co., Ltd. Its innovative coupling products, such as CUPLA, are found in a wide range of production lines across Japan and around the world, with a particular impact on eco-friendly products, such as electric vehicles (EVs) and hydrogen-fuel cell development. "CUPLA products are parts for the manufacturing process, covering a wide range of components and industries, and have the advantage of addressing the needs of each growing industry on multiple fronts," says representative director, president, and CEO Akinobu Ogata. "The new energy industries, including hydrogen and mobility— EV and fuel cell vehicles—the medical industry, and the space industry all have significant future potential," adds Ogata. Even well-known businesses, such as rail and infrastructure firm Tokyu Corporation, see the benefits of working closely with others on projects of mutual benefit. Partnerships are central to its development of the Shibuya area of Tokyo, according to company president Masahiro Horie. He has called for his business to take a more creative approach and encourages all areas of the wider Tokyu Group to work together as a way to enhance ideas. "We are trying to turn Shibuya into a hub for creative industries. When thinking about this definition, we think of it as encompassing new types of businesses and startups, as well as new market divisions for more traditional companies," says Horie. ■

## NUMBER OF ESTABLISHMENTS BY PREFECTURE



TMG "Annual Report on Tokyo Metropolitan Accounts for FY2018"  
 MIC, MET1 "Privately-owned Establishments and Persons Engaged by Industry Category 2021"  
 SBJ "Number of Establishments and Number of Persons Engaged by Prefecture 2021"

# BUILDING A FUTURE CITYSCAPE

Japanese infrastructure firm Tokyu Corporation is laying the foundations for tomorrow's urban living districts.



MASAHIRO HORIE  
 PRESIDENT,  
 TOKYU CORPORATION

**SINCE ITS FOUNDATION IN THE EARLY** 20th century, Tokyu Corporation has played a major role in the history of Japanese communities, through urban development and then later through rail connections. The firm is now looking to help lead the nation's cities into the future with a pioneering regeneration plan based around a growing district of Tokyo. The redevelopment in Shibuya, where the company's headquarters is based, is designed to be a modern space for retail, offices, and nightlife while also attracting creative industries to the area. Masahiro Horie, president of Tokyu Corporation, said the scheme centered around Shibuya station is scheduled for completion within the next decade. Tokyu plans to continue its investment in the Greater Shibuya Area with a commitment of 500 billion yen (approximately \$3.2 billion). The project includes 800,000 square meters of real estate as the firm looks to capitalize on the district's creative heritage. The concept for the area centers around the theme of "Live, Work, and Play." "We are trying to turn Shibuya into a hub for creative industries, encompassing new types of businesses and startups, as well as new market divisions for more traditional companies. To attract creative minds and companies to Shibuya, Tokyu Corporation itself has to take a more creative ap-

proach," says Horie. The regional conglomerate was founded as an urban development business, but in the decades since, it has grown and evolved to include entertainment, retail, hotels, and infrastructure interests. Through the Shibuya project, it will also be expanding its foothold in the leisure industry with plans for significant investment in the nightlife economy, hosting restaurants and entertainment venues as it seeks to reshape the local community. "We are focusing on developing the nightlife economy of Shibuya and hope to be able to provide further entertainment to foreign residents and visitors. A recent example of these efforts is our Shibuya Sky attraction, located on top of the Shibuya Scramble Square building," says Horie. Tokyu hopes the Shibuya project will follow its recent success with the Tokyu Kabukicho Tower in the neighboring city of Shinjuku, a 7-minute train ride from Shibuya. "Tokyu Kabukicho Tower has been able to provide entertainment, dining, hotels, and pan-

oramic views within a single complex. As a result, I believe the surrounding area has become more robust, further supported by the extra transport options we have introduced such as the direct limousine bus to Haneda and Narita Airports," adds Horie. In addition to its innovative work at home in Japan, the firm enjoys significant interests overseas, including a major urban development in Binh Duong, near Ho Chi Minh City in Vietnam, and the Yanchep scheme near Perth in Western Australia. "The core of our business model is to invest in a location for the long term, rather than diversifying across many areas. We have tried to establish strong relationships with local governments, communities, residents, and companies, which also helps us to avoid the country risk found when working overseas," says Horie. ■

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## SUSTAINABLY SMART TECHNOLOGY

Nitto Kohki's quick coupling "CUPLA" innovation offers great promise for green tech.



**AKINOBU OGATA**  
REPRESENTATIVE DIRECTOR AND CEO,  
NITTO KOHKI CO., LTD.

**MANY FIRMS DISCUSS THE ADVANTAGES OF** pursuing smart technology and sustainable development goals. At Nitto Kohki, these elements are literally being built into the fabric of the business. When the company's new production plant opens next year, it will feature energy-saving technology and labor-saving automation. According to CEO and representative director Akinobu Ogata, the components manufacturer is seeking to strengthen its sustainability and mitigate the looming workforce demographic crisis—

while also offering a much-needed boost for the Fukushima area following the devastation of the Great East Japan Earthquake in 2011. "A new plant with the latest technology is being constructed, and steps have been taken to establish a multipurpose smart factory that can produce all Nitto Kohki products," says Ogata. It's not just the company's capital projects supporting the green economy. Its energy efficient CUPLA coupling component is playing a major role in hydrogen power development. The product works by connecting conduits for fluids and gases with reduced energy wastage. CUPLA is used in automotive giant Toyota's hydrogen fuel-cell car, Mirai, and Ogata hopes to roll it out to even more vehicles and power supplies. External factors, such as the expansion of demand for air conditioning equipment due to global warming and the transition to water-cooled data servers will further drive the development of CUPLA. "In addition to the already internationally acclaimed CUPLA, we will also be releasing products to meet decarbonization and labor-saving needs in manufacturing," says Ogata. With an important manufacturing site already established in Thailand, the company is hoping to expand overseas. China will continue to be key, while the potential of the burgeoning Indian economy has been keenly observed. "Strengthening overseas business infrastructure is important. We will explore high-end demand and develop new markets to expand and diversify sales channels, enhancing our competitiveness in international markets," says Ogata. ■

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## TEAMWORK: THE ULTIMATE ASSET

Japanese trading companies such as IWATA & Co., Ltd. help businesses succeed together.



**"Flexibility and adaptability are the strengths of a trading company that matches the needs of the market."**

**TAKUYA IWATA, PH.D.**  
PRESIDENT,  
IWATA & CO., LTD.

**FOR TRADING FIRMS, SUCCESS IS ABOUT MORE THAN BUYING,** selling, and supplying. Instead, it's about understanding how to work closely with a wide range of clients to keep business moving. For more than 120 years, Japanese company IWATA & Co., Ltd. has specialized in that kind of commerce—and its leadership hopes to continue playing a key role in a number of sectors for many years to come.

Mainly operating in chemical sales and construction equipment, the Nagoya-based firm leverages not just its experience of those industries but also its ability to navigate sales and supply between different organizations. With trading products including chemicals, food, cars, homes and electronics, Takuya Iwata, Ph.D., president of IWATA & Co., Ltd., believes that companies such as his need to act as matchmakers to make deals happen. "A characteristic of specialized trading companies is engaging in creative activities that large-scale companies cannot. Sometimes we are the 'Cupid' that brings companies together, and sometimes, we are the creators ourselves," says Iwata. With a history stretching back to 1902, agility and evolution have always been crucial to the business's longevity. Today's management hopes to capture that spirit by working with diverse clients as well as looking to the future for goals surrounding sustainability and digital transformation [DX]. Iwata is a keen pioneer of DX within the trading industry and wants to enable his clients to have smoother and more dynamic processes. Particularly in the chemical industry, he admitted his firm's resilience and adaptability have been

required to help keep up with perspectives regarding supply chains. The current shift he sees is that Japanese companies are now placing more emphasis on domestic success than overseas expansion while also importing mass-produced chemicals. As a result, he feels the role of firms such as IWATA & Co., Ltd. is as important as ever. "Internationally, there is still significant demand for high-quality Japanese products and a need to export to emerging overseas markets. Trading firms provide stability and vitality to production activities. They act as lubricants, smoothing the links and development between companies," says Iwata. This is especially true of the semiconductor industry, with production set to be ramped up as nations work to keep up with the pace of technological advances. By trading chemicals and components essential for semiconductor production, the firm aims to be a link between manufacturers and suppliers and provide essential services built around successful collaborations. "The semiconductor industry in Japan is going through a very exciting time with the construction of new plants, and the Iwata Group has the ability to supply a wide range of materials, including high-purity chemicals needed in the manufacturing process," says Iwata. While the reputation of the firm has been built on its experience of trading, it has also developed an in-house production and innovation department, Auton Division, which has helped develop new sealant products. Once again, the core philosophy of this operation is based on collaboration and solid teamwork. "For more than 120 years since our founding, we have been bridging manufacturers and end users. We have also created several new products, such as fluoropolymer products and antistatic agents that use ionic liquids and have specialized in ideas for joint development by bringing together various technologies and materials," says Iwata. For future growth, Iwata hopes to expand the reach of the Auton Division and take advantage of the opportunities within the chemicals industry as Sustainable Development Goals, particularly regarding plastics, play a bigger role. "It is our mission to create new products for people's lives around the world. At the same time, we want to contribute to the environment and pursue 'good chemistry' for this purpose," says Iwata. ■

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**IWATA**



## KYOTO'S SEMICONDUCTOR SUCCESS



**"We look to make profits in Japan and on the global stage. Our platform is the wider world."**

**OSAMU TSUJI**  
CHAIRMAN AND CEO,  
SAMCO INC.

### IN AN AGE OF FAST-MOVING TECHNOLOGY, SEMICONDUCTOR

manufacturing is increasingly becoming one of the most important sectors in the Japanese economy. Home to several key companies in the industry, the city of Kyoto is a major focal point for semiconductor production. According to Osamu Tsuji, chairman and CEO of electronics firm Samco, the region is the ideal base for tech developments due to its innovative traditions and global outlook. "We are proud of our long history. Until 150 years ago, Kyoto was the capital of Japan. Tokyo is now the center of politics, but we remain Japan's technical hub," says Tsuji. The business is supporting its research and development drive by opening a new 1 billion yen (almost \$6.5 million) research center to help expand its product range and scope. The new site, scheduled to launch in December 2024, will add to existing facilities across Japan and the U.S. Additionally, it will focus on pioneering technologies for wafer bonding at room temperature, targeting substantial enhancements in heat dissipation efficiency from silicon and standard industrial classification substrates. "We want to increase our research capabilities in Kyoto and globally, especially in the U.S.," says Tsuji. To that end, Samco has also strengthened overseas ties by arranging a partnership with the Eastern Switzerland University of Applied Sciences, developing a presence in the technology hub region of the Rhine Valley. The firm hopes these initiatives will support future success and has set a target of long-term sales growth from 10 billion to 50 billion yen (approximately \$64.7 million to about \$323 million), generating strong returns for investors. Fueled by the longstanding Kyoto traditions of innovation and looking outwards, the firm is excited for the challenges ahead. "Entrepreneurship is still very alive in Kyoto. We have big dreams and big ambitions," says Tsuji. ■



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PARTNERS IN PROGRESS



## A DIGITAL REVOLUTION, DELIVERED

### AS A BUSINESS MODEL, E-COMMERCE SOUNDS TOO GOOD TO BE

true, with no storefront overheads, fewer staff, and an exponentially larger customer base. E-commerce has been growing in importance ever since the first dotcom shop opened its digital doors, but during the pandemic, it became a vital part of daily life and business. Japan's digital sales business—the fifth largest market in the world for e-commerce with a predicted value of \$131.9 billion for this year—may be behind some Western nations, but Tadahide Kameyama, president of logistics warehouse firm CRE, Inc., believes Japan will catch up. "The e-commerce usage rate in Japan has been increasing in recent years, but it remains low compared to Western countries. However, the demand for home delivery is expected to grow and, as a result, demand for warehouse groups to handle logistics is expected to increase," says Kameyama. At fashion firm ABAHOUSE International, e-commerce is a major priority, according to its president, Yuichiro Mizukami, who described the firm as a pioneer in the sector and revealed additional benefits to the practice.

"E-commerce is a valuable testing ground for our apparel brand. In an industry prone to overstock risks, e-commerce provides insights into customer preferences, while for high-volume items such as furniture, physical space is unnecessary beyond warehousing," says Mizukami. ■

## HEALTHY DINNER, HEALTHY LIFE

### IN A FAST-MOVING AND HIGH-STRESS SOCIETY, MORE AND MORE

people are turning to nutritional food and drinks to support their health and well-being. According to a Japanese government report in 2002, food retailers reported a spike in fruit and vegetable sales in the wake of the pandemic, with consumers keen to eat as healthily as possible. Matcha green tea has become popular with consumers around the world and hailed for reported health benefits, such as alleviating stress. Takeo Sugita, president of matcha green tea producer AIYA Co., Ltd., said interest in his product surged during the pandemic, and he revealed that his firm is now developing the tea as an ingredient in food products. "We have established good sales of matcha as a beverage, and now, we are focusing on processed food. The key to our business success lies in the quality of ingredients, and we must source ingredients that are not only of high quality but can also be produced on a large scale by farmers," says Sugita. Food and farming are key subjects at Gunma University given the strong agricultural heritage of the local prefecture, and its president, Yasuki Ishizaki, revealed that a new research initiative has been launched to mark the institution's 150th anniversary last year. "With our current expertise, we hope to work on food science, food production engineering, and the promotion of wellness," says Ishizaki. ■