Please join us in celebrating Keizai Society’s 24th anniversary at our Shinnenkai on Friday, January 30th at 6:00pm at the Palo Alto Hills Golf and Country Club. We will be honoring Mr. Nobuyuki Idei with a Lifetime Achievement Award for his contributions to US-Japan relations.

Mr. Idei is founder and CEO of Quantum Leaps Corporation, a management consultancy company established in 2006. He is also president of Asia Innovators’ Initiative, a non-profit organization registered in Japan.

Mr. Idei currently serves as director of Accenture (since February 2006), Baidu (since June 2007), Freebit Co., Ltd. (since June 2007), Lenovo Group (since September 2011), and Monex Group (since June 2013).

Mr. Idei joined Sony Corporation in 1960. After devoting himself to establishing overseas operations in Switzerland and France, he took on leading positions of the audio and video businesses before being appointed a board director in 1989. During his tenure as top management at Sony, as president from 1995 to 2000 and as chairman and Group CEO from 2000 to 2005, he created new IT and networked businesses, such as the VAIO computer, mobile products with Ericsson, Internet service businesses leveraging Sony’s entertainment contents, and others, to transform Sony into a unique networked “AVIT” company.

We will also be performing our traditional Kagamiwari (sake barrel “breaking”) ceremony. The Consul General of Japan,
FROM THE PRESIDENT

Happy New Year to all our Keizai Society friends! I want to extend my sincere wishes for a healthy and prosperous 2014.

I am happy to report that all Keizai Society forums and events were highly successful in 2013. Looking back on the year brings back many fond memories. We started off with the 2013 Shinnenkai, where we were proud to host Norman Mineta as our featured speaker and Lifetime Achievement award winner. This Shinnenkai recorded the highest attendance ever at a Keizai Society event. Another memorable day was our August partnership with our sponsor Sunbridge to host the ever-popular summer networking in the park. This event combined family fun with important networking opportunities for all attendees. Our bi-monthly forums were also quite impressive in 2013. One that comes especially to mind was the “Hidden Superstars: Japan’s New Leaders in Global Business”, held in May. This event focused on Japan’s strengths, particularly how advanced Japanese components are being used worldwide in many industries, and how this can be leveraged to revive Japan’s economy.

The Keizai Society staff has deliberated on our direction for the coming year, and we have arrived at a theme: “2014: A Turning Point for US–Japanese Business?” From the promising (albeit evolving) impact of “Abenomics”, to the world’s choice of Tokyo as the venue for the 2020 Olympics, to the benefits that may accrue to Japan – U.S. partnerships by jointly developing high-growth emerging markets, 2014 will be a fascinating and perhaps transformational year for U.S.-Japan relations and business.

To kick off the year, we have lined up a smashing Shinnenkai on Friday, January 31, 2014. Our featured speaker and Lifetime Achievement Award recipient will be Mr. Nobuyuki Idei, who led Sony Corp in the late 90’s and early 2000’s. Mr. Idei was at the epicenter of the turbulent Japanese business environment of those days. After retiring from Sony, Mr. Idei has been focusing on developing young entrepreneurs and helping Japanese businesses revive and find new strengths, such as collaboration with other Asian countries and new innovations. This Shinnenkai will be a perfect kick-off to Keizai Society’s theme for 2014.

Finally, I would like to offer my sincere gratitude to the entire Keizai Society volunteer staff, who have contributed countless hours during the past year. We are all looking forward to seeing you at the Shinnenkai!

Best wishes,
Chimmy Shioya
President, Keizai Society

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Mr. Masato Watanabe is expected to lead this tradition. The Keizai Society’s theme for this year is “2014: A Turning Point for US-Japanese Business?” The next twelve months may prove a watershed moment in the progress of both Japanese and Japanese-US commerce. From the promising (albeit evolving) impact of “Abenomics” to the world’s choice of Tokyo as the venue for the 2020 Olympics to the benefits that may accrue to Japan-U.S. partnerships by jointly developing high-growth emerging markets, 2014 will be a fascinating and perhaps transformational year for US-Japan relations and business. Please join the Keizai Society as it presents programs throughout 2014 designed not only to help us keep our finger on the pulse of events but to contribute to those events as well.

Start off 2014 by strengthening your existing business relationships and forging new ones. Bring lots of business cards to exchange, including one to enter the drawing for the exciting door prizes. We look forward to celebrating 2014 with you at our 24th anniversary Shinnenkai.

Due to the anticipated number of attendees, early registration online (www.keizai.org) is highly recommended. We cannot guarantee that there will be room for walk-ins.

Shinnenkai Master of Ceremonies
Mike Inouye, NBC Bay Area Traffic Anchor

Date & Time
Friday, January 31, 2014
6:00 PM to 9:00 PM

Location
Palo Alto Hills Golf and Country Club
3000 Alexis Drive, Palo Alto, CA 94304

Registration & Fees
Early Bird Discount for first 60 — $40
By Friday, January 10 (11:00 pm)
Regular Registration — $50
By Monday, January 27 (11:00pm)
Late Registration — $75
By Thursday, January 30 (Noon)
Walk-ins — $100
Subject to room capacity / cash or check only

Registration Website
www.keizai.org

Food
Sushi, hors d’oeuvres will be served

Attire
Business casual

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THE RISE OF INCOMPATIBILITY

By Joe Quinlan

Ever noticed how the US and Japan have become less compatible in the area of entertainment electronics?

Our featured speaker at the Shinnenkai will be Nobuyuki Idei, former CEO of Sony Corp. Sony has seen mixed times since its glory days of the 70’s and 80’s, but at the same time I notice the entertainment media market itself has changed, and not necessarily for the better. There has been a disturbing trend toward lack of compatibility between the US and Japan in entertainment media. Back in the 80’s, citizens of both countries had NTSC TV’s with VHS or Beta recorders. Tapes for these machines were easily playable in both countries. A VHS movie purchased in the US could be played in Japan, and vice versa. The videotape motion picture market of both countries was open to each other’s citizens. On the music side, records, cassettes, and CD’s were equally playable on devices in both Japan and the US. And both countries had about eight TV channels in each major city. The media markets were highly similar.

Fast forward to today. DVD’s are region coded, so that movies bought in one country cannot be played in the other. American fans of classic Japanese films have difficulty getting the DVD’s. Region-free DVD players exist, but they are non-standard. As for streaming technologies, US products like Roku are not available for the Japanese market. In the US, you can purchase from popular streaming providers like Netflix and Hulu and play it on Roku, but not in Japan. The broadcast market itself has diverged, with hundreds of channels available in the US, but only a select number of “BS” channels in Japan. On the music side, Apple has created a separate iTunes store for each country. A US credit card cannot be used to purchase from the Japanese iTunes store, effectively locking out US consumers from the majority of J-pop tunes. In the social media sphere, for many years Mixi prohibited members joining from outside Japan, even overseas Japanese nationals. You had to have a Japanese cell phone in order to join Mixi.

Technology has certainly taken many steps forward over the past 30 years, but in some areas it seems to have taken some steps backwards. For a long-term perspective on the electronics and entertainment industry, join us at our January Shinnenkai to hear Nobuyuki Idei give his thoughts. It is bound to be an interesting evening.
PAYMENTS, COMMERCE, AND MOBILE IN 2014
Converging Trends and Opportunities

By Joe Quinlan

On November 13th, Keizai Society welcomed Andrew Radlow of Citibank, Jason Gardner of Marqeta, Pascal Callion of Corfire, and Yumi Hosaka Clark of Intuit to our forum on “Payments, Commerce, and Mobile in 2014”. This forum was moderated by Keizai Society’s own Andrew Barnes.

Yumi Hosaka Clark led off the discussion with an explanation of five areas of innovation in payments, and how they might fare in the future – areas such as synthetic currency and point-of-need credit extension. Andy Radlow followed with an explanation of Citibank’s activities in eCommerce, including prepaid cards and a mobile wallet project in Hong Kong. Citibank has the ability to provide business customers with as-needed credit extensions to finance their prepaid cards. Pascal Callion spoke of how his company provides the infrastructure for a number of eCommerce systems, including both prepaid and mobile payment solutions. In particular, east coast convenience chain Cumberland Farms has enabled truck drivers to pay for gasoline with their mobile phones, creating much greater efficiency. Jason Gardner spoke of Marqeta’s goal to expand the success of the Starbucks loyalty program to all merchants. He spoke of the concept of offering extra monetary value on prepaid cards, because of their ability to direct a customer to those merchants. In Jason’s words, “Customers will flow to where their dollars are.” Jason also talked about how his company has helped Facebook disrupt the gifting market. When a birthday of a friend pops up on Facebook, users are offered the ability to send that person a prepaid gift card.

The discussion section of the evening focused on a number of important issues. First of all, although the Japanese are becoming accustomed to paying for transactions by simply placing their cell phone near a sensor, this technology may not be coming to the US soon, in part because of the lack of infrastructure (i.e. the sensors). The roll-out of Google Wallet, which included this functionality for Near Field Communication (NFC) enabled smart phones, has not been as popular as hoped. Citibank’s Andy Radlow mentioned that new eCommerce solutions must pay close attention to compliance issues, because in the wake of the financial crisis, Wall Street is becoming very strict on compliance.

The panel mentioned Square as a particularly interesting innovator in e-commerce. Square has achieved quite a lot, while working with a customer base where the potential for fraud is higher than with some other areas like prepaid cards. Square takes a thin margin on all transactions, so the challenge going forward will be for Square to increase the volume to a level where the business is profitable.

Finally, there was some intriguing discussion by the panel about the virtual currency Bitcoin. The panel expressed a certain amount of skepticism as to whether it would ever go mainstream. Although popular, there might be copycat technologies from mainstream players who would crowd out Bitcoin. As an example, frequent flyer miles could be considered a type of currency, as the methods of earning and spending of miles becomes more numerous.

All in all, this evening was a tour through a fascinating topic, and the event well-represented Keizai Society’s slate of leading-edge forum topics from 2013 into 2014.
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