



# KEIZAI SILICON VALLEY

## US - JAPAN BUSINESS FORUM



# M&A OF WHAT MAKES IT DIFFERENT? EARLY-STAGE STARTUP

March 26<sup>th</sup>, 2015  
Thursday Evening  
@ Wilson Sonsini  
Goodrich & Rosati

### By Keizai Staff

In Silicon Valley mergers and acquisitions have become a prominent exit strategy for early-stage startups. However, these are different from M&As of more established companies. Even people with experience in the latter may balk at some of the questions that the former poses. How is the start-up valued? How are the founders motivated to stay with the company after the acquisition? How much time between the initiation of the M&A and its completion?

How should the company be managed during that period?

This forum will explore these and other questions contrasting traditional M&As that many Japanese companies have experienced with the new tendencies in Silicon Valley. Actual players, both in the startup and in the acquiring sides will participate in the forum and offer new perspectives on M&As.

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## FROM THE PRESIDENT



**Thank you for your participation in Keizai's 25th anniversary Shinnenkai.** We were pleased to celebrate this milestone with approximately 300 friends of Keizai. In commemoration of this, we were honored that five of the last six Keizai award honorees joined us for a commemorative reunion.

Over the past 25 years, Keizai has evolved from an organization focused solely on networking to a series of educational and informative forums where we discuss timely topics in technology, economics, and other areas. Today, Keizai has become an organization of approximately 30 volunteers who work countless

hours and donate their talent generously to provide various events to an audience of close to 5000 Friends of Keizai (newsletter subscribers).

At this 25th year junction, as announced during the Shinnenkai, we had outgrown the name "Keizai Society." Thus, we changed it to a new name, KEIZAI SILICON VALLEY that more closely aligns to what we do today.

Keizai has adopted as its theme for 2015: ***"The Power of Innovation to Shape the Future: New Vitality in US-Japan Business"***. This theme defines our focus and priorities, and informs our activities for 2015. Drawing on its deep roots in Silicon Valley innovation, Keizai will drive US-Japan business relations toward new frontiers.

We look forward to seeing you at our M&A forum on March 26th!

**Best wishes,  
Chimmy Shioya  
President, Keizai Silicon Valley**

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# THE RISKY WORLD OF ACQUISITIONS

By Joe Quinlan

Keizai's March forum is on mergers and acquisitions of early-stage startups. An expert panel will discuss various issues around acquiring start-up companies, both from a US and Japanese perspective.

In this article I would like to take a slightly different tack, looking at some famous examples of Japanese acquisitions and purchases in the United States. Certainly there have been some spectacular failures:

- **Pebble Beach** – In 1990, a Japanese investor purchased Pebble Beach resort, selling it later in the decade at a loss of over \$300 million. This episode later appeared to have ties to the Japanese Yakuza.
- **Rockefeller Center** – Also in the 1990's, Mitsubishi Estate lost hundreds of millions of dollars on its investment in, and subsequent subsidizing of New York's Rockefeller Center. Eventually, Mitsubishi had to pull out at a severe loss.

- **Ziff-Davis/COMDEX** – In another example of the 1990's, Japanese company Softbank embarked on an ill-fated acquisition of Ziff Davis and the trade show COMDEX. This proved to be a disaster, with COMDEX folding in 2004, and Ziff Davis declaring bankruptcy in 2008. The effect of this and other events on the personal network of Softbank founder Masayoshi Son was dramatic. At the height of the dotcom boom, Mr. Son was worth \$90 billion, based on the value of his Softbank stock. By 2002, Softbank stock had declined 98%, and Masayoshi Son lost \$85 billion of personal network.

- **Packard Bell** – Finally, the saga of NEC's investment in personal computer maker Packard Bell is a sad one. Packard Bell pioneered the sale of personal computers at big box stores, thus dramatically aiding the expansion of personal computer ownership in the US. But by the mid 1990's, at the time of the NEC investment, Packard Bell was a troubled company with quality issues and only the appearance of healthy market presence. After pouring over \$2 billion into

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Packard Bell, NEC finally shut it down in 1999 and swallowed its losses.

Japanese companies are not the only ones to take a hit on an acquisition gone bad. HP eventually had to write off more than \$8 billion in its flawed 2011 acquisition of enterprise software company Autonomy. Nonetheless, acquisitions can be especially treacherous ground for Japanese companies unfamiliar with the nuances and risks of business in the United States.

All in all, this subject of acquisitions is a fascinating one, whether it be for start-ups or more established properties and companies. Please come to our March forum and broaden your knowledge of the subject of mergers and acquisitions. It may help you avoid a potential pitfall in the future!

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## KEIZAI IS HIRING!

The Keizai Silicon Valley is looking for highly motivated and talented individuals to join our volunteer executive team. Working with our team and board of directors is a great opportunity to create exciting forums for the US/ Japan business community in Silicon Valley.

We have multiple positions available in many areas including Website Management and Program Managers.

Japanese language skills are not required. For more details, please email [contact@keizai.org](mailto:contact@keizai.org) with a subject line "Keizai Positions" to discuss these opportunities.

We hope you'll join the Keizai Team!

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Dennis Doucette



Mitch Kitamura



Chad Morrissey



Greg Sato



Masaya Hirano

## FEATURED PANELISTS

**Dennis Doucette** is the Chair of the Corporate and Securities Practice Group at Procopio, Cory, Hargreaves & Savitch LLP, where he helps companies get formed, funded and sold. He graduated from the University of Southern California in 1983, and from the University of San Diego School of Law in 1986. Mr. Doucette has participated in over 300 corporate finance transactions. He is also an Adjunct Professor at the University of San Diego School of Law teaching Business Planning.

**Mitch Kitamura** launched JAIC's US investment arm in 2000, and brings a comprehensive background in business expansion between Asia and US, having invested across 30 startups. Prior to Draper Nexus, his investments have yielded 3 successful M&As - Solidcore (Symantec), W.I.S Technologies (Micronas), Cerberian (Blue Coat Systems) and 2 IPOs - Mediaplex and Fortinet. At Draper Nexus, he specializes in Consumer/ Enterprise Internet Services, and Mobile in US and Japan. He has a Bachelor of Commerce degree from Curtin University of Technology in Australia and an MA in Economics from Boston University.

**Chad Morrissey** is a Principal in PwC's Deals Practice. Chad performs valuations of businesses, various classes of capital structure, and intangible assets for purposes including reporting requirements and strategic consulting. He has extensive experience in a wide range of sectors with particular focus in technology. Prior to joining the Bay

Area practice, Chad led the Midwest PE valuation practice in which he covered a range of industries and PE strategies throughout the life cycle of an investment. Chad has an M.B.A in Finance and Corporate Accounting from the University of Rochester and earned the Chartered Financial Analyst® (CFA) designation granted by the CFA Institute.

**Greg Sato** is a Managing Counsel in Intel's Patent Licensing Group, which focuses on counseling and advising in connection with worldwide patent transactions, such as licenses, cross-licenses, acquisitions and sales, as well as related corporate patent strategy. Prior to joining Intel, Greg worked at a semiconductor services startup in Silicon Valley and at Fenwick & West, a national technology-focused law firm that is based in the San Francisco Bay Area. He holds a B.S. in electrical engineering from the University of Texas at Austin, an M.S. in electrical engineering from UCLA and a J.D. from the University of California - Hastings.

**Masaya Hirano** is a partner of TMI Associates. Masaya is qualified as a lawyer in Japan and the State of New York. Masaya's expertise lies in corporate and corporate finance, mergers and acquisitions, joint ventures, venture capital transactions and other strategic transactions for clients ranging from established companies to high-growth, high-profile technology companies in Japan, the U.S. and abroad. While Masaya has deal experience in a wide range of industries, his recent practice is

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heavily-weighted in the technology sector. Masaya is identified as one of the leading players in the TMT sector Japan by Who's Who Legal 2014. ☘



Founded in 1990, Keizai Silicon Valley US-Japan Business Forum is an

all-volunteer business and professional networking organization based in the San Francisco Bay Area. Its primary purpose is to provide opportunities for executives and professionals to develop the knowledge and human networks for successful US-Japan Business.

Keizai 2015 theme – ***The Power of Innovation to Shape the Future: New Vitality in US-Japan Business*** – also complements the transformation of Keizai Society into Keizai Silicon Valley. US and Japanese business will encounter unprecedented opportunities and obstacles in 2015. With deep roots in the global capital of innovation, Keizai Silicon Valley will help lead the way to a brighter, less volatile future for all.

## MARCH 2015 EVENT DETAILS

### Date and Time

Thursday, March 26, 2015

Registration/Networking— 5:30 p.m. – 6:00 p.m.

Program — 6:00 p.m. – 8:15 p.m.

Networking — 8:15 p.m. – 9:00 p.m.

### Location

Wilson Sonsini Goodrich & Rosati  
650 Page Mill Road, Palo Alto, CA 94304

### Ticket Fees

Early Bird Discount for first 30 — \$15 by Saturday, March 14th, 2015 (11:00 p.m.)

Regular Registration — \$20 by  
Sunday, March 22nd, 2015 (11:00 p.m.)

Late Registration — \$35 by  
Wednesday, March 25th, 2015 (12:00 p.m.)

Walk-ins — \$50 (Subject to room capacity / cash or check only)

### Food

Sushi and beverages will be served

### Registration Website

[www.keizai.org](http://www.keizai.org)

# KEIZAI SILICON VALLEY – 25<sup>TH</sup> ANNIVERSARY SHINNENKAI 2015

By Joe Quinlan

On the beautiful Friday evening of January 30th 2015, Keizai Silicon Valley conducted its annual Shinnenkai at the fashionable Palo Alto Hills Golf & Country Club, nestled in the hills above Page Mill Road. With another year of over 300 people in attendance, Keizai's Shinnenkai has established itself as the premier annual Japan-US business event in Silicon Valley. And this year the food was a match for the event, with plenty of delicious sushi, carved beef, tangy samosas and more.

Keizai Silicon Valley President Chimmy Shioya led off the evening with a welcome to the attendees. Her warm words were returned by the staff of Keizai, who presented Chimmy with a bouquet of flowers in recognition of the tireless work she has put in promoting and expanding Keizai Silicon Valley.



Chimmy also announced that the organization is changing its name from "Keizai Society" to "Keizai Silicon Valley" to better express our central role in Silicon Valley, and also to pave the way for future "Keizai" organizations in other cities.

Following the introduction of the Keizai team and sponsors, Stanford's Dr. Richard Dasher led a panel discussion by the evening's honored guests. In recognition of Keizai's 25th anniversary Shinnenkai, five of the past six lifetime honorees were welcomed back to give their view on the future

of Japan and US-Japan relations. 2011 honoree Ambassador Michael Armacost gave words of wisdom that he himself had received from his former boss George Schultz: Foreign policy is often like gardening. You plant a seed, you nurture it, and over time it grows. Ambassador Armacost said that now is the time for the US and Japan to invest in cultivating their relationship, so that when crisis events happen in the future, the relationship will remain strong. Previous honorees Mr. Nobuyuki Idei, Professor Daniel Okimoto, and Dr. Koichi Nishimura spoke of the central role that entrepreneurship and innovation will have in shaping the future of Japan and US-Japan relations. The future is, in a very real sense, on the shoulders of those young Japanese and American entrepreneurs and innovators who will rise to prominence in the coming years. Finally, Ms. Yoshi Akiba spoke from the perspective of the arts; she said that artistic organizations like her jazz club must continue to make their contributions to the rich cultural life of both the US and Japan.





San Francisco Consul General Masato Watanabe kindly graced us with his presence and gave warm words of encouragement to Keizai Silicon Valley for continuing to promote US-Japan business. Following the Consul General's remarks, the Keizai board and the evening's dignitaries joined in the traditional "kagami wari" to welcome in a prosperous new year.

On a lighter note, Keizai Silicon Valley was again overjoyed to welcome back NBC Bay Area's Mike Inoue for the role of Master

of Ceremonies. As some may know, Mike had a previous career as a stand-up comedian, and his MC'ing of the event, especially the awarding of the door prizes, is always one of the comedic highlights of the evening.

This year Keizai did an outstanding job of sticking to the schedule, leaving plenty of time for the large number of attendees to engage in networking. Nonetheless, it was difficult to persuade people to leave at 10pm, and many wanted to keep on networking, such is the

enjoyment and benefit of Keizai's Shinnenkai. We are sorry we had to wrap up at 10pm, but we encourage everyone to attend as many of the 2015 Keizai events as possible, where there will be plenty more opportunities for networking. Keizai Silicon Valley has embarked on a new beginning, and we invite you to join us in this exciting future.

Additional Shinnenkai 2015 event photos can be found at — <http://keizai.org/events/shinnenkai/>







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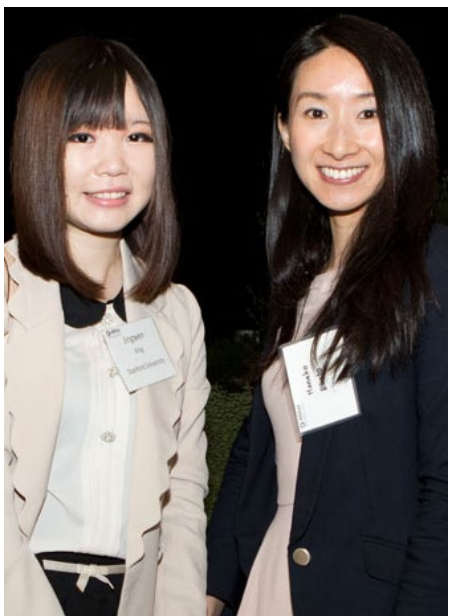


Donor: Sunbridge Partners  
Winner: Ms. Yoshi Akiba



Donor: Global Catalyst Partners  
Winner: Mr. Koichi Sasao of Macnica Networks USA, Inc.













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