

Past JETRO Client

Vidyo's New Japan Office Critical to Fortifying Relationships in the Region

January 2012 — Vidyo, Inc., the company that pioneered personal telepresence, recently established its new branch, Vidyo Japan, Inc., and opened an office in Tokyo. Vidyo's communication and collaboration platform is software-based, highly flexible, and its HD video conferencing can be accessed via a wide variety of devices, including tablets, smart phones and laptops. The company's patented VidyoRouter™ architecture uses Adaptive Video Layering™, which dynamically optimizes the video for each endpoint. The end result is outstanding error resiliency and low latency rate matching, enabling natural, affordable, high-quality video to work over the Internet, LTE, 3G and 4G networks.



Over the last 3 years, JETRO has helped Vidyo through the process of opening their Japan office. With the set up now complete, we took some time to catch up with the representative director for Vidyo Japan, Inc., Hiroshige Kusumoto. We decided to give Vidyo Conferencing a try and found the set up to be simple and straightforward. Just as positive was our experience conducting a Vidyo conference interview with Mr. Kusumoto in New Jersey, who spoke to us about the events leading up to opening the Japan office, his experiences using JETRO's services, and the company's outlook on business in the region.

Japanese Market a Priority Early On

Headquartered in Hackensack, New Jersey, Vidyo, Inc. was founded in 2005 with the goal of making video conferencing that would be "simple, natural, universal, and affordable." In line with this belief, international markets were a focus from the beginning. As the third largest economy in the world¹, Japan was a particularly important strategic market for the company. Although there is not much difference among the markets of the world in terms of the video conferencing industry, Japan is unique in its consistent demand for high quality goods and services. After Vidyo landed an OEM partnership with Hitachi, it became clear they would need increased support in the region. They promptly hired Mr. Kusumoto as country manager.

¹ Gross domestic product 2010, by World Development Indicators database, World Bank, 15 December 2011.
<http://data.worldbank.org/data-catalog/GDP-ranking-table>

Mr. Kusumoto's first task was to visit the JETRO New York office, but it would take a while before Vidyo would be ready to open a permanent office in Japan. In the meantime, when it came to core technology, Mr. Kusumoto had to negotiate with the New Jersey headquarters for support. "I could support the Japanese businesses indirectly, but I felt it was insufficient. As Japan is a large market in itself, it became clear that in order to seriously establish our presence here we needed to create a K.K., (or 'Kabushiki Kaisha'), so for the last two years we've made it a priority," he explained.

The Road to Japan

In 2008, Vidyo already had their foot in the door of the Japanese market thanks to their OEM partnership with Hitachi, but, with JETRO's help, the company began the process of opening an office and expanding their business. Mr. Kusumoto went to Japan and took advantage of JETRO's temporary office space in the Akasaka district of Tokyo to conduct meetings with new clients.

"Location is very important," explained Mr. Kusumoto. "For our product, we need to be able to easily provide clients with in depth product demonstrations. So, I really appreciated that I was able to use offices in such a high-end district in the center of the city. It was such a beneficial service." The Akasaka space became the starting point for the company's Japan business and they stayed there for about two months in 2008 before being referred to another rental office in the same building.



The next step was to begin the process of opening a Japan office. First, Mr. Kusumoto presented Vidyo headquarters with the JETRO booklet containing detailed information on the requirements and procedures for establishing a company in Japan. In 2009, the President and the Executive Director of JETRO New York both visited the Vidyo headquarters in New Jersey to further explain the start-up procedures and familiarize Vidyo with the process early on. It would take some time to reach internal consensus on opening an office in Japan, but in 2010 Japanese sales for Vidyo's products grew steadily and the company finalized the plans.

Finally, in October 2011, Vidyo registered their Japanese office. "The big advantage (of JETRO services) is that they cover everything you need to do – from starting as with one person to establishing a company office in Japan," explained Mr. Kusumoto. "This doesn't mean that JETRO does everything for you, but they introduced us to trustworthy professionals and there is a solid process already established. It's reassuring. With this, I think, it's possible for anyone to establish an office in Japan."

Building Roots in the Japanese Market

Early on, the Akasaka space was an important starting point for Vidyo, providing them with place to grow their business in Japan. It became clear, however, that to expand the business moving forward, establishing the K.K. would be crucial to helping them gain credibility with clients. “One day, a potential client came to our (temporary) office to see the product demo to determine whether they

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would distribute our product in Japan,” Mr. Kusumoto said. “The demonstration went well,” he continued, “but I learned later that the client was concerned about how small the office was and that we were not registered as a K.K. in Japan. There have been concerns about foreign products among Japanese companies. Sometimes they are worried that a foreign company might simply withdraw

from the market after selling out of product or that there will be no support services provided in the long run. By having a K.K., we can demonstrate our solid support services, and provide our partners with a sense of security,” he said.

Credibility and better client support were important factors in establishing a local office in Japan, but Mr. Kusumoto pointed out another unusual advantage to becoming a registered company. The new Vidyo Japan office is in a nice building in the upscale area of Kasumigaseki in Tokyo, not far from the office of the Japanese Prime Minister. “In order to use the building,” Mr. Kusumoto said, “you have to be a registered company. When I found out about this, it really reinforced, for me, the importance of taking that step and registering the company.”

New Office Brings New Opportunities

So far, Vidyo Japan has been very successful in partnering with big companies. The Japanese market currently makes up the largest portion of Vidyo’s sales revenue in Asia and with the establishment of their new Japan office, Vidyo Japan expects their sales in the region to continue to rise. The company currently has about 10 partners, including Hitachi, Ricoh and KDDI, but increasing this number will be critical to their business in the region.

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One of the main advantages of Vidyo products is that mobile phones, tablet computers or smartphones can seamlessly become a high quality video conferencing device. “When I demo our products to our clients, showing that they can hold a video conference using iPad or iPhone has a

strong impact. There is a demand to be able to use such devices (for video conferencing), and I believe the Vidyo solution continues to meet these needs,” Mr. Kusumoto explained. Particularly in light of the Great East Japan Earthquake, Vidyo sees a growing opportunity for their products and believes that the Japanese market will not shrink due to the earthquake. “The way Japan and the world are conducting business is changing,” remarked Mr. Kusumoto. “We used to have to physically travel to go to meetings and conduct business. This was expensive and time-consuming. It is much more efficient to be able to communicate from wherever you are, easily and clearly, over “off-the-shelf” portable devices such as laptops, smart phones and tablets.” Vidyo’s solution satisfies such needs without requiring customers to purchase extra specialized equipment and networks. The company is optimistic about their future in Japan.

As the interview came to a close, we thanked Mr. Kusumoto for taking the time to talk with us and closed the Vidyo program on our PC notebook. The video conference ended and we wondered why it had never been so easy before.

Japan Company Profile

Japan Company:	Vidyo Japan, Inc.
Established:	October 2011
Employees:	4
Business:	Sales and marketing activities for video conference solutions of Vidyo line of products in Japan
Location:	205, Kasumigaseki- Tokyu Bldg. 3-7-1, Kasumigaseki Chiyoda-ku, Tokyo 100-0013 JAPAN
Website:	japan.vidyo.com
Parent company:	Vidyo, Inc. (New Jersey)
Website:	www.vidyo.com

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