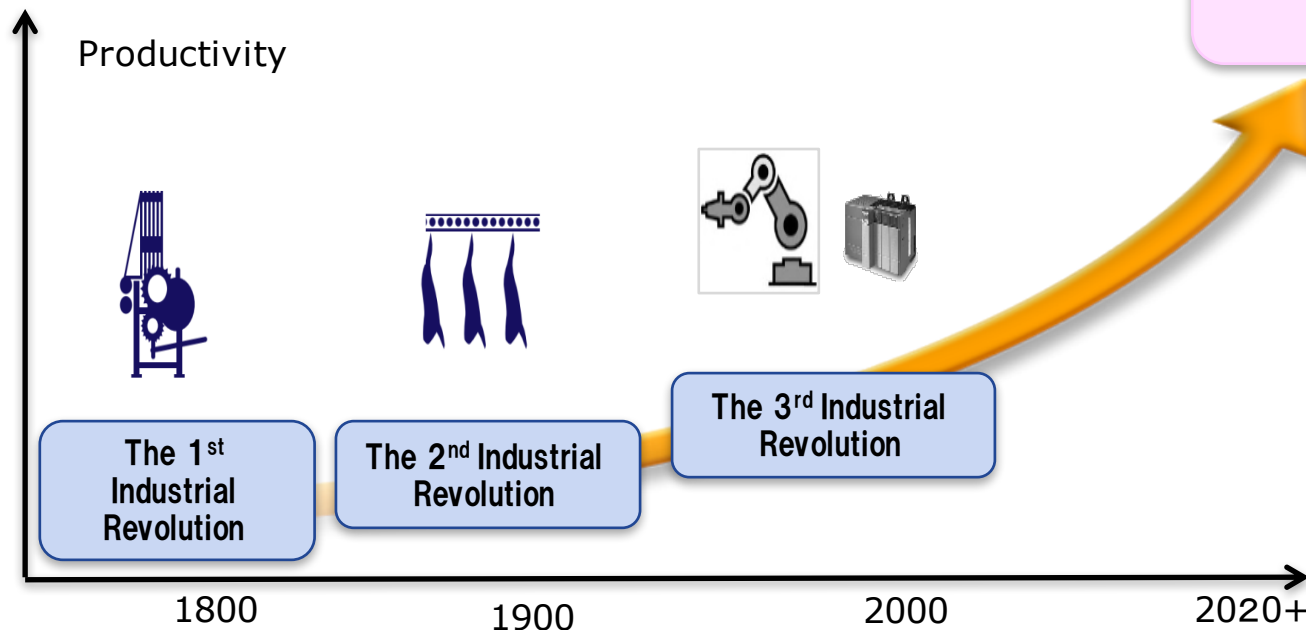
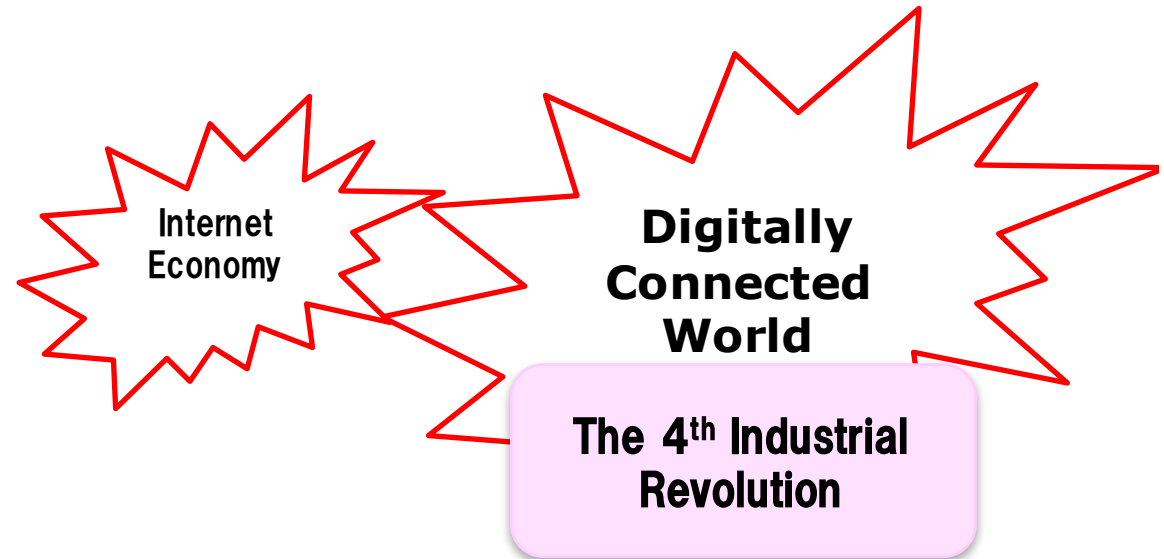


Is Japan Getting Ready for Digital Business Transformation ?

Kinoshita (tkinotkino@gmail.com)
May 5th, 2016

IoT = The Digitally Connected World

✂ Just Connecting Device/Things, i.e. M2M

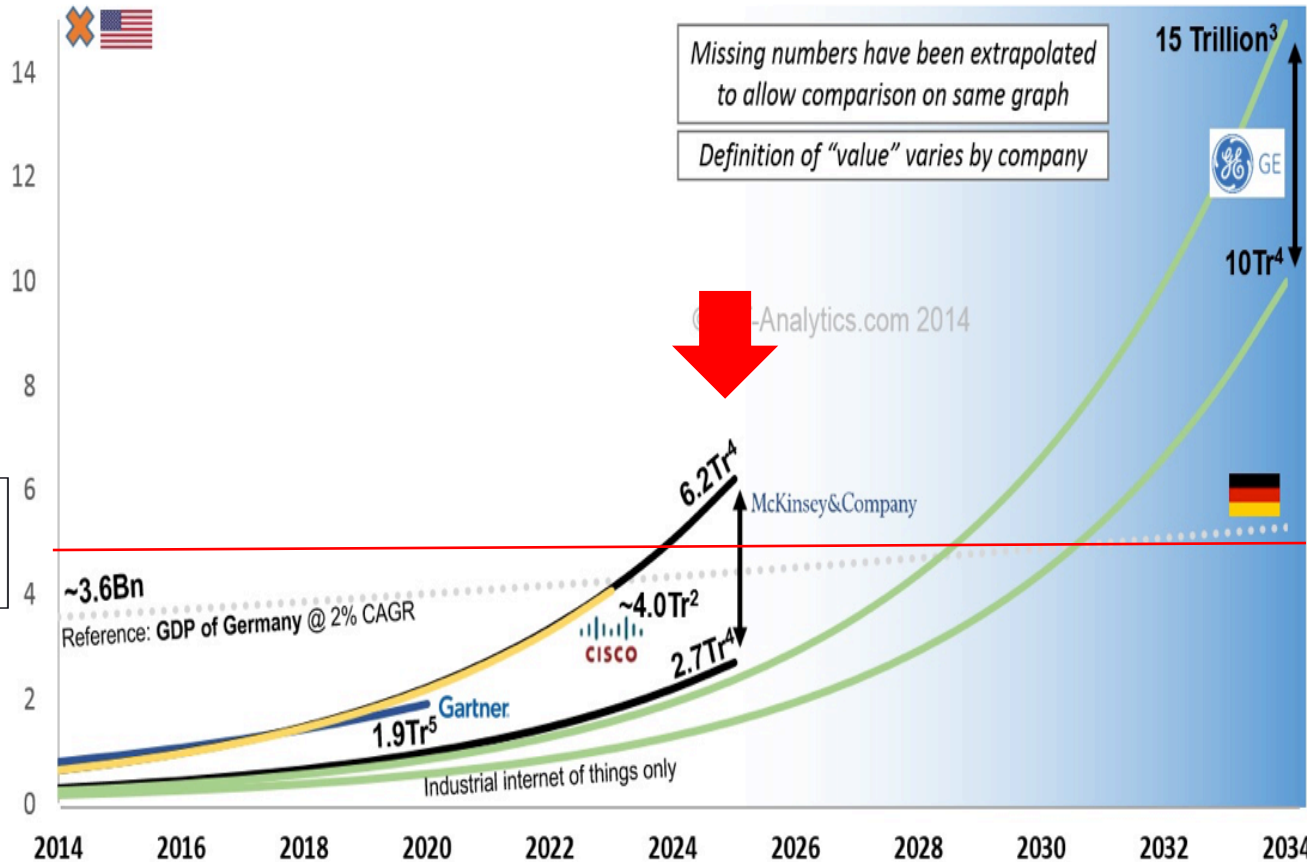


Impact of The Digitally Connected World



Global IoT/loE economic value forecasts

Annual economic value of the IoT market (in Trillion USD)



Source	Date	Original quote ¹
McKinsey&Company	2013	"IoT has the potential to create economic impact of \$2.7-6.2 trillion annually by 2025"
GE	2012	"Industrial Internet could add \$10-15 trillion to global GDP in 20 years"
CISCO	2013	"\$19 trillion in loE value is at stake in the next decade"
Gartner	2013	"IoT will result in \$1.9 trillion in global economic value-add in 2020"
Germany		GDP of the total economy

1. Wording as initially published 2. Cisco "value at stake" has been forecast as \$19 trillion over total decade. Value has been spread over 10 years assuming the same annual growth rate as Cisco's IoT device forecast 2014-'20 3. GE's "potential GDP impact" was forecasted as \$10-15 trillion in 20 years. Value for the previous years has been assumed using the average IoT device growth rate 2014-2020 of 21% 3. McKinsey's "potential economic value-add" for the years 2014-2024 calculated taking the average IoT device growth rate 2014-2020 of 21%. 5. Gartner's numbers have been calculated using Gartner's annual IoT revenue growth 2014-2020 of 8%.

Sources: McKinsey, General Electric, Cisco, Gartner, IoT Analytics

Reference point: Total GDP of the USA in 2014

Promoting New Business Development in Japan

Government Initiatives

- The Second Stage of Abenomics
Revising Japan Revitalization Strategy 2016.4
- Joint Declaration by G7 ICT Ministers 2016.4

CVC/VC boom

Attempt Replicating SV

Government, Enterprises, Academia in addition to traditional players

---- **But Still Few Success Stories, Key Execution Challenges** (in my view)

Culture to Embrace Diversity, Accepting Failure

1. "Open Innovation"

vs. In-House, Research Vs. Development

2. Capital Gain vs. Business Development

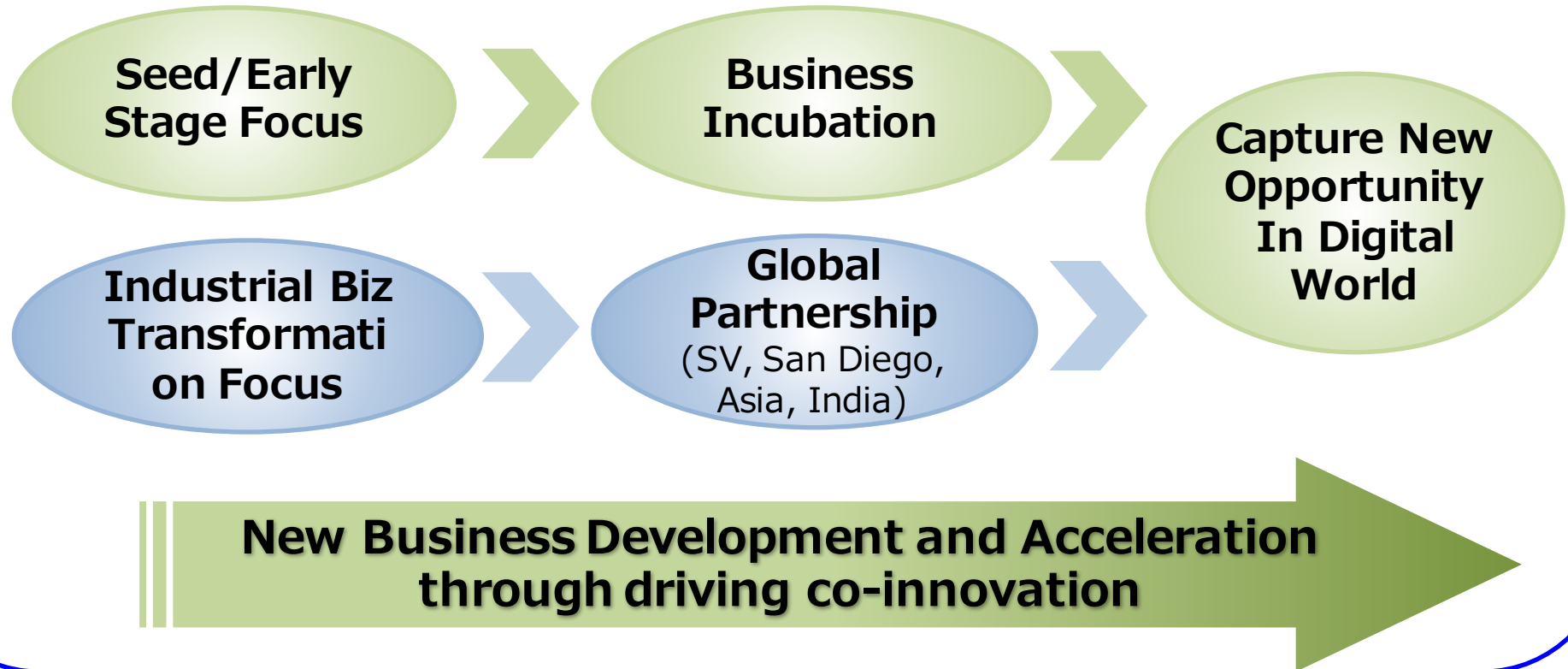
3. Re-defining role of IT

Internal support vs. Strategy for core biz
Next Generation IT = IoT + Cloud + AI

Introduction of The Next Generation VC in Japan



Global IoT Technology Ventures



Look Forward to Collaboration with you !
