

Building Startups: Craftsmanship and Networking

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Zynga's Success

- **Vision:** Connecting friends thru games
- **Business model:** Not a pay-up-front model
- **Product:** Zynga Poker, FarmVille, etc.
- **Product consumer fit:** Data driven approach
- **Investors:** Google, Softbank, Kleiner Perkins, etc.

Angel investment

- **Angel investments can expand your network**
- **Great opportunity to learn:** Experience 50+ startup creations
 - Viv (intelligent personal assistant software: Acquired by Samsung Electronics)
 - Starsky Robotics (driverless trucks)
 - Nightingale Security (fully-autonomous drone-infrastructure system)
 - Smash.gg (e-sports)
 - Lambda School (technology school)

Playco's vision

- **Vision:** Everyone should have the ability to easily play games with friends
- **Investors:** Sequoia, Sozo Ventures, Dreamers VC, Josh Buckley, Facebook, etc.
- **Tokyo HQ:** Talent is diversified... all over the world

US startup ecosystem

- **It's all about your network**
- **Talent comes from mega startups**
e.g. PayPal mafia, Uber mafia, Zynga mafia (including Shintaro Yamada)
* mafia = alumni
- **Establishing a startup: it's like a craftsmanship**
e.g. Sushi Shokunin (寿司職人)

Japan's startup ecosystem: Challenges (1)

- **“Galapagos”**: Localized software, language, business culture, no copycats
- **Need more scale-up startups to create more talent (mafia)**
Copycat startups created skilled talent in China, India, and other countries
- **VC funds and ticket sizes are too small**
VCs in Japan don't have enough experience in scaling up globally and don't have global networks
- **Not foreigner-friendly**
e.g. Visas, bank accounts, cell phones, apartments

Japan's startup ecosystem: Challenges (2)

- **Not Startup-friendly: No incentives for founders**

Zero capital gain tax in Singapore and Hong Kong

Max \$10M tax free in US (QSBS)

- **Tax is too high on cryptocurrency (50%)**

Japanese talents are moving to Singapore, US, and Portugal

Japan's startup ecosystem: Opportunities (1)

- **“Japanese people don't have entrepreneurship” is NOT true**
e.g. SME founders in Japan have entrepreneurship mindset
- **Japan has many untapped resources**
e.g. Locked talents in large corporates, quality engineers (coders), IPs, high-technologies, scientists
- **No need to stay in Silicon Valley**
95% of engineers are teleworking after Covid19
VCs are looking for startups online

Japan's startup ecosystem: Opportunities (2)

- **Japan has a high potential to attract talents**
e.g. subculture, food, nature, high-technology
- **QoL in Tokyo**
Safe, low cost of labor and living, child education
- **Shibuya**
creative center with the density of talent and international appeal
to become a global startup hub. great test ground for regulatory improvements with the support of the mayor

Recommendations (1)

- **Bring more experienced founders, angels and VCs from abroad**
e.g. Taiwan's Golden Visa Program
- **Give tax incentives to founders and employees**
- **Create secondary market**
e.g. Forge, Second Market, Carta

Recommendations (2)

- **Expand ecosystem from fast moving area**
IT, SaaS, Fintech, Gaming, web3
- **Unlock Japan's web3 potential**
Web3 will be a silver bullet for startup ecosystems, attracting talent and capital
- **Reducing tax on cryptocurrency is an urgent issue**
- **Expanding ecosystem results in growing deep-tech startups**
Deep-tech startups hardly come upfront