

● Activities ●

Startup Incubation through DOCOMO Innovation Village

1. What is DOCOMO Innovation Village?

DOCOMO Innovation Village (hereinafter referred to as “Village”) commenced its first program in February 2013 to discover and assist entrepreneurs and startups with innovative services and technologies.

Up until this time, NTT DOCOMO’s approach to venture investment activities in Japan has been to seek out promising venture companies with the potential of becoming future business partners and to invest in them through NTT DOCOMO’s subsidiary DOCOMO.COM, INC with a focus mainly on middle and later stage venture compa-

nies that had already developed their businesses to a certain stage (**Figure 1**).

Changes in recent years, however, have created a favorable environment for accelerating the pace of the growth of venture companies. Among the notable changes are the reduction in initial investment costs due to improvement in the cloud^{*1} environment (such as Amazon Web Services^{TM*2}), the emergence of enormous marketplaces (such as App Store^{*3} and Google Play^{TM*4}) on a global scale in tandem with the penetration of smartphones, and the evolution in marketing promotion methods along with the expansion of social networks (such as Facebook^{*5}). These changes in the environment have resulted

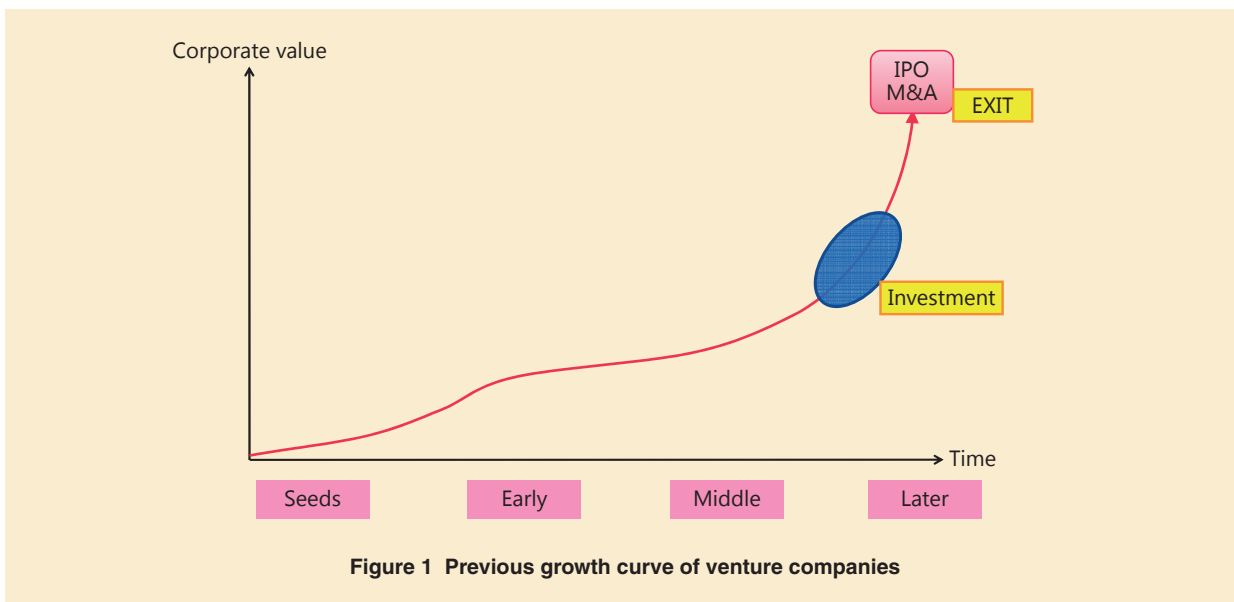


Figure 1 Previous growth curve of venture companies

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^{*1} **Cloud:** A format and structures for providing services over networks. Server resources can be distributed according to usage conditions, which provide good scalability.

^{*2} **Amazon Web ServicesTM:** Cloud services provided by Amazon including server, storage, and database services. Amazon Web Services is a registered trademark of Amazon.com, Inc. and its affiliates in the United States and other countries.

in the emergence of companies that develop services like Instagram^{*6}, which acquired 10 million users less than one year after the launch of the service, and the period from the foundation of startups to exit (the stage at which the founder and fund sell their shares and collect profits) has been shortened considerably (**Figure 2**).

Capitalizing on these changes in the environment, NTT DOCOMO intends not only to continue its collaboration with middle and later stage venture companies but also to be quick in discovering seeds and early stage venture companies with novel ideas and significant latent growth potential and to support their growth. Through this approach, NTT DOCOMO hopes to diversify and enhance its smartphone services as well as strengthen and accelerate the development of services in new business areas that it has its sights on.

2. Assisting Startups to Grow Their Business in the World

Through this initiative NTT DOCOMO hopes to help

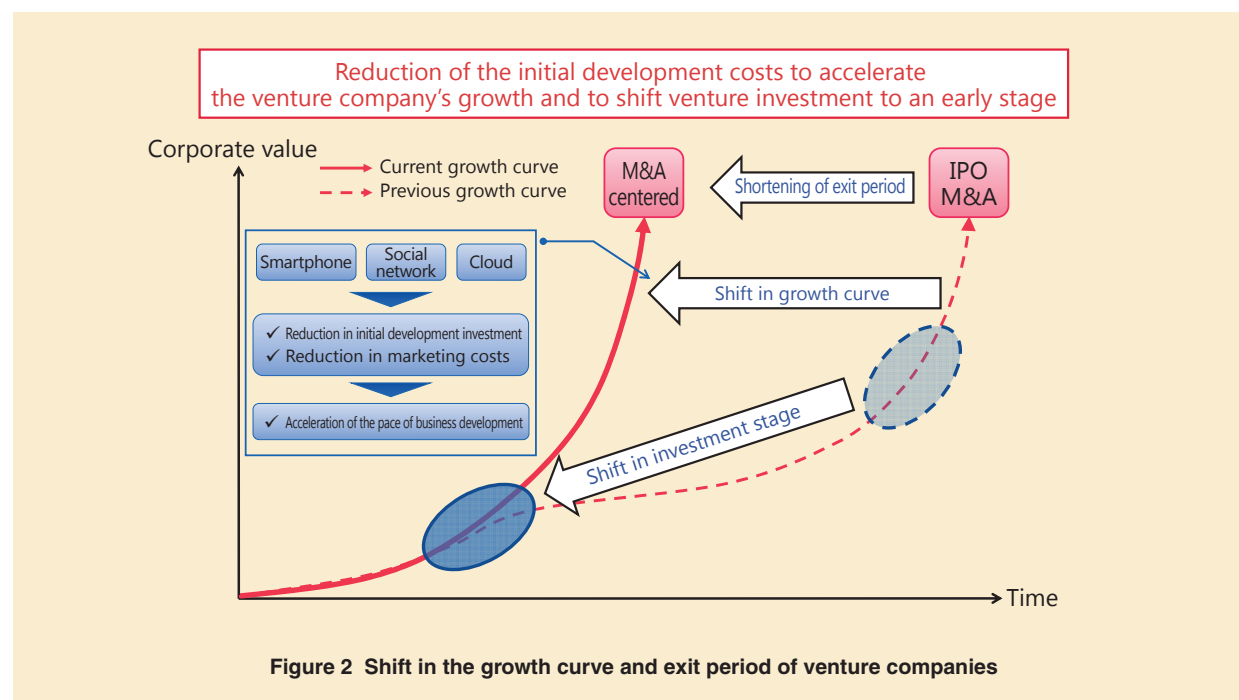
startups expand their business field globally and has been collaborating with influential incubators (parties that provide assistance for startups) in Japan and abroad.

One of these collaborations is with 500 Startups, a powerful incubator in Silicon Valley in the United States, with which NTT DOCOMO has particularly close ties. The members from 500 Startups offer advice to the program member companies, and Village graduate teams can join startup support programs sponsored by 500 Startups (**Figure 3**).

NTT DOCOMO hopes that this partnering will facilitate overseas advance of Japanese venture companies and Japanese market entry of venture companies in Silicon Valley.

3. Support in Know-how, Environment and Investment

In addition to the partnering with 500 Startups, the Village provides the following support in the development of venture companies:



^{*3} **App Store**: A trademark or registered trademark of Apple Inc. in the United States and other countries.

^{*4} **Google Play™**: A service from Google for delivering applications, video, music and books to Android terminals. Google Play™ is a trademark or registered trademark of Google, Inc. U.S.A.

^{*5} **Facebook**: A trademark or registered trademark of Facebook, Inc.

^{*6} **Instagram**: A Web-based service that enables users to edit and share photos they take with their smartphones. Instagram is a registered trade-

mark of Instagram LLC.



- Established in Silicon Valley in 2010. Provides seed funds and incubation programs. One of the leading U.S. accelerators.
- Investment in more than 450 startups in two years, at least 18 of which were sold to Google, Facebook, Twitter, Amazon, LinkedIn and so on.

Key management members



Dave McClure
Former PayPal executive. Managed Founders Fund and Facebook's incubator fund.



George Kellerman
Manages investments in Japanese startups and partnerships with strategic investors. Has management experience at Dell and Yahoo!.

Details of collaboration

Lectures and mentoring by 500 Startups partners at DOCOMO Innovation Village

Short-term mentoring at Silicon Valley for DOCOMO Innovation Village participating teams planning entry into the North American market

Acceptance of NTT DOCOMO personnel to 500 Startups to give them an opportunity to learn how 500 Startups manages and operates its incubation program

Figure 3 Overview of collaboration with 500 Startups

- (1) Know-how: advice from experts within and outside NTT DOCOMO, support from NTT DOCOMO staff (tutors) on a team basis
- (2) Space and environment: NTT DOCOMO-developed API^{*7}, development environments (LTE environment, cloud environment), co-working space (**Photo 1**)
- (3) Funding: 2 million yen per company in the first program

Ten NTT DOCOMO staff familiar with R&D, product development, service planning and marketing participated as tutors in the first program. With the members of venture companies, they studied service development and provided support for the collaboration with NTT DOCOMO.

For the first program, NTT DOCOMO made available 12 APIs (a photo collection API, etc.) and established a framework for providing support to venture companies from developmental aspects.

While the main purpose of the Village is to assist venture companies, we also aim to foster a venture mentality



Photo 1 Co-working space

in the tutors and stimulate the development of services within NTT DOCOMO through collaboration with venture companies.

4. Announcing Development Results of Participating Teams

In October 2013, the six teams from the first program

^{*7} **API:** An interface that makes the functions provided by the OS, middleware and other such software available to upper-level software.

gave presentations on their development results. During their presentations, the teams unveiled a wide range of services such as an integrated health care and commerce service, a new type of book delivery service, an advertising service using NFC^{*8}, an entertainment photo service, a closed SNS, and an SNS-type photo service (**Table 1**).

We hope that you will check out details of the services developed by the teams that participated in the first program and that you will give them your enthusiastic support in the future. You can find details of the teams' presentation of development results on the NTT DOCOMO Innovation Village Web site [1].

In September 2013, we launched our second program and have already recruited the participating teams. During the second program we hope to accelerate the growth of venture companies with even more dynamic program contents.

We invite you to follow news from NTT DOCOMO Innovation Village at its Web site and in this journal.

Table 1 Teams in the first program

Team name	Overview of developed services
Willmore Co., Ltd.	An e-commerce service that enables people with allergies to choose food-stuffs with peace of mind
GADGET Inc.	A contents service for collecting short stories and novels of 2,000 characters or less
coromo, Inc.	A service using NFC for changing smartphone home screens with just one touch, which can be used for advertising
SODA Inc.	A service for sharing enjoyable photos shot with various camera apps
TIMERS Inc.	A closed communications service targeting couples
Primeagain Co., Ltd.	A service for organizing and decorating photos using decorative functions and sharing these within groups

REFERENCE

- [1] NTT DOCOMO Innovation Village: NTT DOCOMO Innovation Village is a NTT DOCOMO program for providing various forms of support to entrepreneurs (in Japanese). <http://www.nttdocomo-v.com/village/>

^{*8} **NFC**: Near Field Communication, a set of short range wireless technologies.