



STANFORD SV-NJ CASE STUDY SERIES:
JAPANESE FIRMS IN SILICON VALLEY (STARTUPS)



Company Name: FlyData Inc.
Arrival to Silicon Valley: 2011
Business Location: Palo Alto, California
Interviewee: Koichi Fujikawa
Interview Date: September 1, 2015
Website: www.flydata.com
US Entity Type: Delaware C Corporation
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Company Overview:¹ What is the company's business purpose?

FlyData's mission is to make big data analytics processing much easier for everyone. By converting, managing, and analyzing all of its customer's production data in near real-time without changing its back-end infrastructure, FlyData allows the migration of large data sets seamlessly, securely and with integrity. It is a Software-as-a-Service (SaaS) company that is recommended for Amazon Redshift, a petabyte-scale data warehouse service in the cloud. It also offers SecureTunnel VPN and a built in error handling system for top-notch database safety and security. It currently supports data sources Amazon RDS, MySQL, CSV/TSV/JSON, MARIADB and PERCONA, with POSTGRESQL soon on its way.

Company Story: What are the company's origins and connections to Silicon Valley?

Fujikawa, having worked at Yahoo! Japan, Cirius Technologies Inc., and numerous startups, brings 15+ years of leadership and engineering experience to the table. Having also played key leadership roles in multiple engineering and development teams, and having delivered mission-critical financial trading systems for banking and securities traders in Japan, his management skill is FlyData's backbone.

After Cirius Technologies Inc. was acquired by Yahoo! Japan in 2010, Fujikawa quit his job and founded Hapyrus Inc. in Japan. It was Hapyrus' initial investor who realized the business opportunity, and Hapyrus' potential to succeed in Silicon Valley. Half a year after its

¹ Company overview information is collected from the company's website and marketing materials. Any merits of the company's abilities and technologies expressed herein do not reflect the opinions of Stanford nor SV-NJ.

establishment, Fujikawa decided to move his company to the U.S. Hapyrus Inc. was officially established as a U.S.-based Delaware C Corporation in 2011. As Silicon Valley's business-to-customer process was not so different from that of Japan, Fujikawa felt comfortable, confident, and ready for this new endeavor. In January 2014, Hapyrus Inc. changed its name to FlyData Inc.

Human Capital: Who are the key leaders and employees of the company, and what plans exist for personnel expansion?

Koichi Fujikawa, founded FlyData. He is supported by 7 employees; Makoto Inada as Chief Technology Officer, Zivago Lee as VP of Operations, Masashi Miyazaki as Senior Software Engineer, Matthew Luu as Software Engineer, Jersy Huang as UX Designer, Chie Inada as Software Engineer, and Terrance Seto as Product Management and Marketing. 3 contractors support FlyData as well. Hiring is mostly done through referrals via personal network.

An upgraded core engine and the acquirement of more destination rights will be key to FlyData's expansion. With easier and more efficient data conversion combined with a larger range of compatible sources, FlyData's marketplace will augment unquestionably.

FlyData also has its eyes on Japan. In the US, the market is crowded and competitiveness is 100x higher than in Japan. However, this rigorous environment spurs them to keep improving their product. Fujikawa is confident that a product good enough to succeed in the States can dominate Japan's market with ease.

Funding: What are the sources of funding for the company?

\$1.95M/Venture

June 2015

Investors:

- Nissay Capital
- OPT Ventures
- Angel Investors

\$925K/Venture

June 2014

Investors:

- Kiyoshi Nishikawa
- Nissay Capital
- Shogo Kawada
- Social Starts

\$1.45M/Venture

May 2014

Investors:

- Archetype
- CyberAgent Ventures
- Nissay Capital

\$680K/Seed

September 2011

Investors:

- 500 Startups
- Archetype
- CyberAgent Ventures
- Kiyoshi Nishikawa
- Shogo Kawada

Business Challenges: What challenges does the company face?

An inevitable challenge FlyData faces is gaining the trust of its customers. Handling company data comes with great responsibility, and for a small startup like FlyData, that trust can only be earned little by little. Many companies also lack sufficient knowledge concerning cloud services, data warehouses, etc. (FlyData's field of expertise), making it even harder for them to put their trust in FlyData.

In terms of product quality, many companies often undervalue it. They are fast to conclude that it is just some sub-tool for the cheaper Amazon Redshift (Data Warehouse). In reality, FlyData's fully autonomous migration system allows its customers to not only maximize profits through meticulous analytics, but also lets them cutback on intermittent engineering fees.

Competition between FlyData's product and Amazon's own data migration product will get much hotter in the near future (that is, unless Amazon buys FlyData). According to Fujikawa, Amazon's product is currently inferior to theirs. However, the day it surpasses theirs could mean judgment day for FlyData. That being the case, FlyData wishes to reach broader customers. Yet, due to Amazon's dominance over the marketplace, it is impractical for them not to provide for Amazon at the current moment.

Finding an employee with the right talent and right fit at an affordable price is a big challenge for a small startup like FlyData. Especially in Silicon Valley where engineers are pricey, timing is everything, Fujikawa suggests. Staying vigilant for information regarding unemployed talent through friends, and snatching them at the right moment is crucial to building the A-team.

Tools, Reference, & Resources: What technology and professional resources are used by the company?

Technology Resources:

- Slack — communications
- Skype — communications
- HubSpot — SEO
- Zendesk
- Github — software building community
- InDinero — accounting
- Gusto (Zenpayroll) — payroll
- LinkedIn — recruiting

Professional Resources:

- Corporate Attorney — Yokum Taku of Wilson Sonsini Goodrich & Rosati
- Tomita Law Firm

Fujikawa's advice for new Japanese entrepreneurs in Silicon Valley: The most probable way to succeed in the U.S. is to start from scratch at Silicon Valley. More successful Japanese entrepreneurs would mean more role models that could attract young, talented, and ambitious entrepreneurs to Silicon Valley. He believes that this would kick-start a vibrant Japanese entrepreneurial community in the U.S.



About the SV-NJ Case Studies Series: Japanese Silicon Valley Firms (Startups)

The Stanford Silicon Valley – New Japan Project case study series investigates Japanese firms in Silicon Valley. The purpose is to understand each firm's business purpose, its journey from Japan to Silicon Valley, human capital issues, business challenges and best practices, funding, and resources utilized. Information was compiled by interviewing leaders of startups based in Silicon Valley with one or more Japanese nationals as founders. The subject companies range from bootstrapped to fully funded companies with or without a presence in Japan, but all of which contain a technology element such that they are scalable enterprises. For more information or to refer a case study interviewee, please email us at: stanford.svnj@gmail.com