



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



Company Name: WHILL, Inc.
Arrival to Silicon Valley: 2013
Business Location: 285 Old County Road, Suite 6, San Carlos, CA 94070
Interviewee: Satoshi Sugie
Interview Date: July 2, 2015
Website: whill.us/
US Entity Type: Delaware Corporation
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Company Overview:¹ What is the company's business purpose?

WHILL designs, manufactures, and markets a “next generation” mobility device and aim to provide function and design. The company’s mission is “delivering fun and style to sidewalk travel.” WHILL’s Model A personal mobility device boasts ease of use and a compact form, featuring a clean design complete with full rotational wheels, three-inch obstacle clearance, multi-terrain settings, intuitive and customizable controls, armrest movement, and a sliding seat. Aesthetic and function options include gray or white models and mouse or joystick controls, as well as cup holder and a fitted flashlight.

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

WHILL’s journey started at Sunny Side Garage in Japan, an engineering innovation unit where a small group of engineers and designers from major Japanese corporations enjoyed creating products as a group hobby. Included in that group were WHILL’s co-founders: Satoshi Sugie, formerly of NISSAN and his own consulting company, Junpei Naito, formerly of Sony Corporation, and Muneaki Fukuoka, formerly of Olympus Corporation.

In 2010, with a simple statement from a man in a wheelchair, the concept of WHILL was born. He said he had given up on going to the local store even two blocks away. After

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.

creating a prototype and exhibiting it at the Tokyo Motor Show, WHILL realized a market and deep meaning for this kind of innovation in the mobility industry. So, in 2011 the company WHILL was created, and the company set out with intentions to fundamentally change the attitudes of personal mobility users, as well as the general perceptions of personal mobility.

In 2012, WHILL KK was formed in Japan, along with a Japan based Chief Executive Officer and research and development team. Soon after, in 2013, WHILL, Inc. was formed as a Delaware corporation to focus on sales and marketing in the American market. Sataoshi Sugie, Chief Executive Officer of WHILL, Inc., decided to have an office in Silicon Valley because the region boasts early adopters to innovative technology and the market size is much larger than Japan. Another reason for choosing the region was that a small network of Sugie's friends live in Silicon Valley. Currently, manufacturing and component supply is conducted in Taiwan. For the future, Sugie asserted a high likelihood of expanding sales efforts Europe.

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

Satoshi Sugie, as Chief Executive Officer, Junpei Naito, as Chief Development Officer, and Muneaki Fukuoka, as Chief Technology Officer, founded WHILL and are supported by ten advisors, including co-founder and former CEO of Sun Microsystems, Scott McNealy. Globally, WHILL employs thirty-two people, including eight in Silicon Valley and two in Taiwan with the remaining employees located in Japan. The Silicon Valley team consists of four sales and marketing professionals and in inside sales professionals; two mechanical engineers for service, maintenance, and logistics; and one back-office employee who manage finances, invoicing, etc. Sugie is also based in the Silicon Valley office.

With regard to hiring, two employees originate from the aforementioned Sunny Side Garage, but the others entered via a formal recruiting process. WHILL practices a less traditional hiring process where they hire people to work on a one-month project. For example, new hires who will be tasked to sell 300 units in 6 months will be ask for a strategy and initial implementation efforts during the one-month trial period, where they report once a week so both employer and employee get the feeling for how they will work together. WHILL feels compelled to always use references as a validation effort because they received fabricated resumes and profiles in the past. While Sugie felt it was important at first for employees to have a connection to Japanese culture, now he is just looking for the most talented person for the job. The decreased emphasis on relating to Japanese culture came from Sugie becoming more comfortable in Silicon Valley and increasing needs for local talent to navigate the ecosystem.

WHILL, Inc. does not have a current diversity and inclusion program. In regard to hiring women, the approach is to take the best talent first.

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

WHILL, Inc. completed its Series A funding in August 2014 for \$11 million. More details are below:

\$11M / Series A

August 2014

Investors:

500 Startups

Innovation Network Corporation of Japan

Itochu Technology Ventures

Partner: Shinji Asada

Jochu Technology Co.

NTT DOCOMO Ventures

Scott McNealy

YJ Capital

\$1.8M / Seed

Nov 30, 2013

Investors:

500 Startups

Eric Kwan

Itochu Technology Ventures

Partner: Shinji Asada

KAMIA

MUFJ Capital

SunBridge Global Ventures

VegasTechFund

\$100k / Seed

Jun 25, 2013

Investors: 500 Startups

Business Challenges: What challenges does the company face?

A clear challenge specific to WHILL's business is in obtaining US Federal Drug Administration medical device classification, an approval that would increase accessibility to buyers through governmental and private insurance programs. The medical device approval in the United States proved itself more difficult than in Japan, and until such classification is granted, WHILL's Model A is marketed as a personal mobility device.

In regard to global expansion, Sugie notes the challenge and importance of having fully committed shareholders or co-founders in market expansion countries. Careful cherry-picking is required to source this type of human capital.

More general challenges include other human resources issues, as well adaptation to culture differences. Sugie notes that in Silicon Valley it is important to have local hires for the strategic approach of collaborating in the tech community at large. Without the extreme benefit of top-notch collaborations, he believes Silicon Valley is too expensive to operate, and would consider other cities like San Diego, Portland, Austin, etc. He also mentions that attending frequent local meet-up groups in San Francisco helped him acclimate to the culture.

In managing employees and company team expectations, Sugie notes that in America employees have specific tasks and duties, whereas in Japan work burdens are more shared. He used the analogy of American football where each team player is given duties, and prefers this strategy because the planning process creates better productivity.

Finally, there is concern with effective feedback gathering and analysis – a process necessary for product improvement. Excitingly, early adopters respond in a positive way but critical and negative analysis by users is difficult to extract.

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

Technology Resources:

- BaseCRM - client relationship management
- Docsign - execute documents
- Asana - task management
- Slack – communications
- Facebook – communications and marketing
- LinkedIn – human resources
- AngelList – startup resources
- Twitter – communications and public relations
- Dropbox – data storage

Professional Resources:

- FDA medical device approvals - Ducas Consultants
- Venture law firm - Orrick Law firm
- Recruiting - Quest Group LLC, Dunhill Worldwide, CyberCoders

Sugie's advice to new Japanese entrepreneurs in Silicon Valley is: Be sure you want to do it, and only do it if it makes sense for you to be here. If there is a market in China or elsewhere, go to where the users are. Don't just come here to start a business in the USA. Be guided by market, potential, and your abilities.



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 Stanford.svnj@gmail.com.