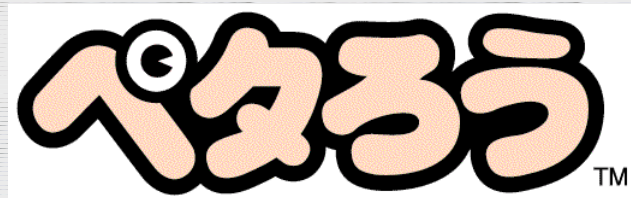# Lessons learned from starting up venture businesses in Japan

Lycos Japan Inc.

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Case 1:
Petaro:
an expressive desktop communication tool
with ads

Petaro Overview

- Ver. 1 Launched in 1998
- Current Version 3.5
- Joint venture of Hakuhodo Inc. and TYO Productions Inc.
- Currently has five advertisers
- http://www.peta.gr.jp

Sticky slip on your desktop

©Hakuhodo&TYO

Design Considerations

- Target users: Female Internet beginners
  - A communication tool with the lowest perceived intelligence
    - Look low-tech, act high-tech
  - Concentrate on usability issues
    - Simple operations
    - Limited functions
    - "Carriable" program with a floppy disk
    - No AI for now
  - Consistent character design

How Petaro is used

- Casual communication tool at work
  - Call back note
  - Lunch appointment
- Who's online?
- Teacher-pupil communication at school
- Birthday Card
- Substitute of bookmark files
- Task management

Why is Petaro successful?

- Niche market

- Clear product positioning

- Created viral marketing

- No technical skill needed/no technical terms

- Focused on usability/simple functions

- Give enough (operational) control for users to invent new ways of using Petaro
- Teamwork (Biz dev, market research, creative, tech)

i-chara

Case 2:
I-chara
Mobile community building
via intelligent characters

I-chara inc.

- Founded in Tokyo in May 2000
- Four founders with research/engineering background
- Won Toyota awards in BJO open
- Featured article in J@pan inc.
- Beta version released in November 2000
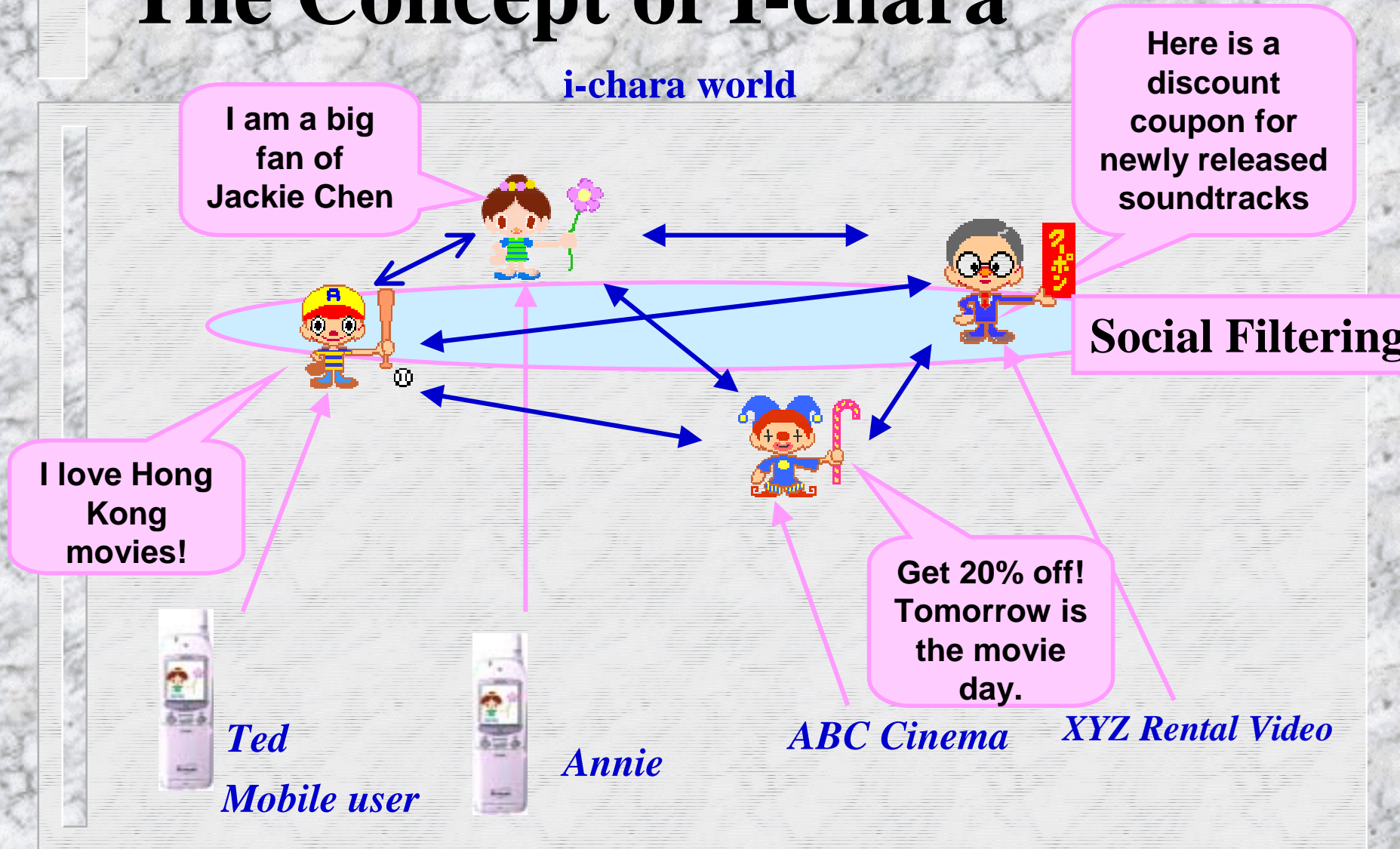
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Liquidated in June 2001

What are I-chara?

- *I-chara* are intelligent animated characters that live on internet-capable mobile phones. I-chara introduce their owners to individuals, services, and communities, based on what they know about their owners, and what they learn from other I-chara.

The Concept of I-chara

Why do we need I-chara?

Current

Solutions

I-chara technology

Small display

Information Filtering

Social Filtering

Non-PC/Internet users

Navigation Guide

Intelligent Agent

Customization need

Character as an avatar

i-chara characters

Loves "cute characters"

The Values of I-chara

- **For Consumers** :

- Character Portal
  - **Providing CUI (Character User Interface)**
    - **serves as a information valet for users**
  - **My service: Personalization + location sensing**
  - **Guardian angel to protect user's privacy**

- **For Businesses** :

- Mobile target marketing tool
  - **One-to-one marketing via sales characters**
  - **Permission based**

What we have learned from I-chara

- **Need a clear-cut business plan**
  - **B2B? B2C? ASP? CSP? Licensing?**
- **Concept or idea cannot be sold**
- **AI/Agent technology can be an eye-catcher but not necessary anyway**
- **Explain the nature of the business in one sentence**
- **If you want to be invested, you have to have an already developed core technology**
- **Otherwise, start from small business/consulting then grow**
- **Teamwork, teamwork, teamwork**

Is agent technology marketable?

YES

- **For B2C**
  - **Hide the back ground technology**
  - **Focus on "What a user can do"**
  - **Start from simple function/businesses**
- **For B2B**
  - **Need a business model easy to understand for client companies**
  - **Need to define the core technology with a simple sentence**
- **To VCs**
  - **Financial plan is critical**
  - **small investment first**

Thank you

Questions:
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