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Developing Digital Talent

How three big moves could transform Japan's educational and business systems

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Will pandemic and digital agenda end the *hanko*?

Japan Digital Agenda 2030

Big moves to restore digital competitiveness and productivity

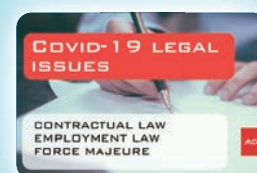
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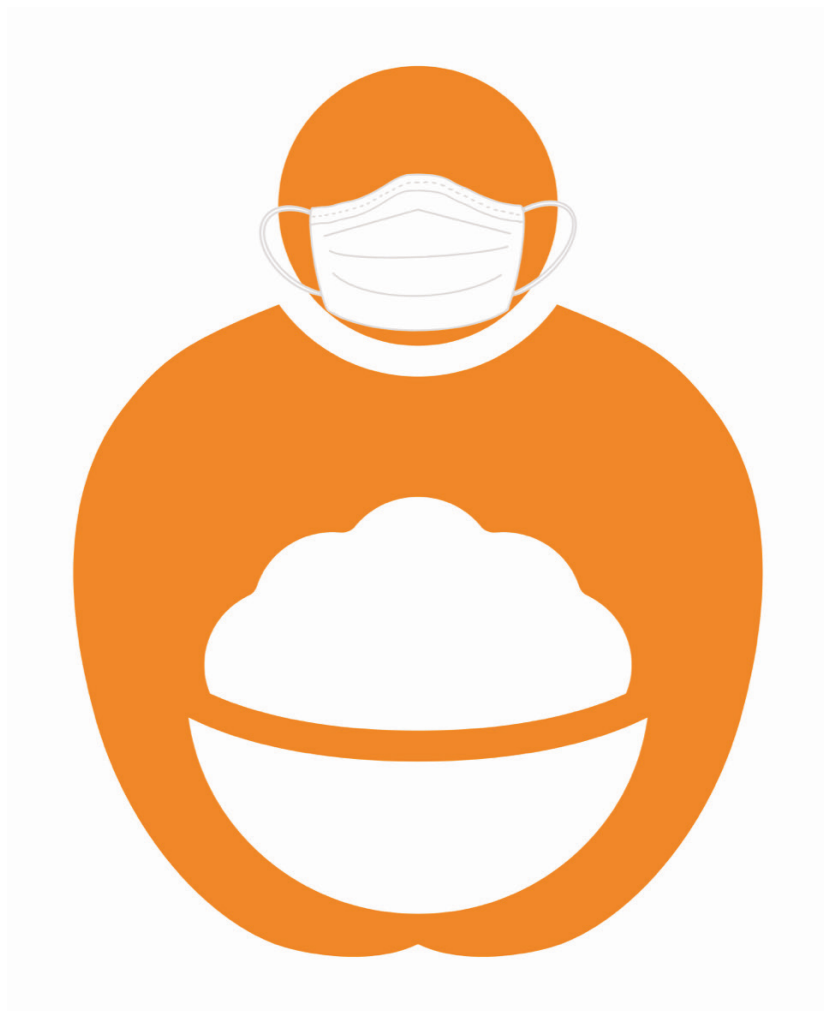
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TECH

Classroom Disconnect

The true reason for Japan's critical developer shortage

Still out there making sure
people have enough food.



Thank you.

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It's Only a Paper Moon

Might the dream of a digital society finally be hanging over Japan?

I've been a proponent of paperless for a long time. Going back some 20 years, I was already looking for ways to shift to an all-digital workflow and to rid my studio of the piles of paper that inevitably cluttered my workspace. I was probably ahead of the curve in this respect, but it prepared me well for today's world—at least the world outside Japan. Here at home, a life without paper sometimes seems make-believe. I was reminded of this as I was editing and designing this issue—but more on that later.

A shift is clearly underway—as someone who has lived in Japan for 25 years, I can feel it even if progress can be hard to see—and efforts to digitize the nation are gaining support. This issue of *The ACCJ Journal* is all about this needed transformation and the attempts

A life without paper sometimes seems make-believe.

to make it happen. With support from the top, in the form of Japanese Prime Minister Yoshihide Suga's establishment of a Digital Agency and Minister for Administrative Reform and Regulatory Reform Taro Kono's push to eliminate *hanko* and faxes, it feels like our journey over the cardboard sea has begun.

Change across the Board

But the transformation is about much more than just getting rid of paper. Education, healthcare, manufacturing, financial services, and infrastructure are all areas that will need to evolve for Japan to remain vibrant and competitive in the decades to come. Last summer, the American Chamber of Commerce in Japan (ACCJ) set out to create a road map to help guide the government and businesses as they embark on digital transformation. The ACCJ New Digital Task Force, led by Chair James Miller, head of public policy at Amazon Web Services Japan, and Senior Advisor Jim Foster, who provides an overview of the project starting on page 8, worked with McKinsey & Company to produce the *Japan Digital Agenda 2030*. The 140-page report, published in February, outlines 11 big moves that Japan should make to restore digital competitiveness and productivity.

We were inspired by the broad reach of the 10-year plan to craft an entire issue of *The ACCJ Journal* around the theme. On the following pages you will find deep dives into a range of topics, including:

- Delivering government services digitally
- Eliminating the use of paper and *hanko*
- Leveraging the cloud for healthcare
- Developing a digital-savvy workforce

The last of these is especially interesting to me as a parent and as someone who, thanks to lucky chance and forward-thinking great grandparents, began learning to use a computer and write programs at the age of 10. (That was almost four decades ago, but who's counting?) Given the ubiquity of computers today, I'm sometimes surprised at how few people know how to fully utilize them. But that largely comes down to education and what we teach our children. Making hands-on instruction with technology and programming part of the core curriculum really is necessary if we are to prosper in what will no doubt be a digital future, and I'm very happy that the Japanese government is doing just that through a three-year rollout (2020–22) that requires programming courses to be taught at all levels of primary and secondary school.

My Paper, I Mean Number

I mentioned in the opening that I was reminded of just how paperful Japan still is while working on this issue. That reminder came in the form of the notice that the My Number card that I had applied for online was ready. That I would need to visit city hall to receive an official ID was expected. That the notification card would be accompanied by six pieces of paper (every speck of white space covered in dense type) and two forms that still needed to be filled out was not. What was the point of applying online, I asked myself, if so much paperwork was still involved? It was a timely sign that even Japan's efforts to digitize remain awash in paper. But it is a step forward, and some of the services that are enabled by the card will make life easier and somewhat more paperless. We're making progress.

I hope you find many ideas, inspiration, and hope in this month's focus on the *Japan Digital Agenda 2030*. ■



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D&I

A key driver of digital transformation

When we hear the term “digital transformation,” our minds most often jump to technological solutions. We equate increased adoption of technology with the promise of greater productivity, economic growth, and competitive advantage.

But when we look at the barriers to digital transformation, it's human and cultural attitudes to change that most often get in the way of realizing our goals. The fact of an improved technology's existence is no guarantee of its success, if people and business cultures aren't ready to adopt it.

Making the Case

As a community of business leaders, the American Chamber of Commerce in Japan (ACCJ) is uniquely positioned to promote not just the enabling technologies of change but the shift in perceptions and organizational cultures required to embrace change.

continuous beta are the norm. They are what drive an entire ecosystem of investment and innovation. Risk is embedded in the business model as an essential ingredient for inventing new products, services, and entire markets. In some sense, you could say that acceptance of risk acts like the grit in the oyster that leads to the formation of a pearl.

Embrace Diversity

A greater appetite for change and innovation in Japanese business culture is not only a prerequisite for digital transformation, but also the key to the workforce challenges facing Japan. If younger employees—especially so-called digital natives—feel more acceptance in proposing new ideas and challenging the status quo, change will accelerate along with productivity and growth.

Shifting corporate cultures and values is no small task but, here again, the ACCJ has been and continues



Jenifer Rogers
ACCJ President

A greater appetite for change and innovation in Japanese business culture is not only a prerequisite for digital transformation, but also the key to the workforce challenges facing Japan.

Through our various committees, we can advance the digital transformation cause from multiple perspectives:

- Technology
- Human resources
- Legal
- Investment
- Banking and finance
- Workplace productivity

But in Japan, where businesses tend to be relatively risk averse, it's our actions as leaders of businesses and influencers of corporate culture that will have the greatest impact.

As leaders, we must foster cultures that accept the risk that comes with change. We need to create an environment that makes it okay to try new approaches—and sometimes to learn through failure. We need to shift the focus from recognizing and rewarding those who successfully execute a proven plan to also make room for those who step up with new ideas for innovation and less certain outcomes.

In Silicon Valley, ideas such as pivoting a business midstream, launching a minimum viable product, and

to be in a unique position to drive change. Because alongside digital transformation we're focused on diversity and inclusion (D&I). And D&I provides an effective engine for cultural transformation.

At its heart, D&I is about placing equal value on all voices and actively seeking out diversity not only in gender, race, and sexual orientation, but in experience, seniority, background, and perspective.

If a company embraces and internalizes this broad definition of D&I, it will generate a more dynamic environment for digital transformation. By grounding itself in hearing and valuing all voices, that company will have laid the foundation for an innovation pipeline. And, in turn, it will have shifted from focusing on preserving what already exists to focusing on creating something new.

I believe that our members are proactive in the area of promoting D&I at a time when Japanese companies are also focusing and working on increasing their D&I. The ACCJ will need to continue its leadership in this area to share the message that embracing D&I is positive as a driver for the growth of not only digitalization but of the Japanese economy and workforce as a whole. ■

Japan Digital Agenda 2030

Big moves to restore digital competitiveness and productivity



Jim Foster
Senior advisor
ACCJ New Digital
Agenda Task Force

Download the report:
accj.or.jp/japan-digital-agenda-2030



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As the world enters a new and transformative era—one in which companies and governments rapidly embrace digital technologies and ways of working—Japan faces a strategic imperative: reigniting productivity and growth through digital transformation.

In 2009, the American Chamber of Commerce in Japan (ACCJ) published a white paper entitled *Achieving the Full Potential of the Internet Economy in Japan*. The study detailed a range of recommendations across Japan's still-nascent internet economy, including changes in government information and communications technology (ICT) procurement practices, measures to protect privacy and intellectual property, steps to promote online commerce and digital government, as well as the digitalization and sharing of healthcare data under appropriate safeguards.

A decade later, many of these issues remain and are closely tied to Japan's declining productivity and weak growth in key sectors. During the same time frame, elsewhere in the world, many of Japan's competitors, such as China, India, and South Korea, are moving ahead rapidly to ramp up their digital economies. To keep up, Japanese industry and the government need to fully embrace digitalization across the economy—from manufacturing, healthcare, and finance to the retail sector and the delivery of government services.

In July 2020, the ACCJ leadership launched the New Digital Agenda Task Force to oversee the research and drafting of a successor to the 2009 study. The goal was to lay out the issues facing Japan this decade as the country works to digitize its economy and society. After careful consideration of proposals from leading international consulting firms with deep expertise in the digital policy space, the task force chose McKinsey & Company as a partner in the project. The timing of the research fortuitously coincided with the September 2020 start of a new Japanese administration, led by Prime Minister Yoshihide Suga, which has made digital transformation its signature initiative.



The Road Map

The new ACCJ study, published in February and entitled *Japan Digital Agenda 2030*, identifies the big moves that Japan needs to take over the next 10 years, highlighting the underlying technology-use cases and setting out the digital transformation barriers and enablers to achieving them. The analysis details:

- How Japan's education system and corporate sector can do more to support the creation of a broader base of digital talent
- Ways in which Japanese industry and government can digitalize their operations
- The respective roles startups and existing system integrators can play in accelerating digital transformation

The analysis is supported by quantitative and qualitative surveys of US and Japanese business and policy leaders, which benchmark progress over the past decade, as well as in-depth interviews with over 100 government, business, and technology leaders in and outside Japan. More than 200 data sources were consulted to gather critical inputs across a range of industries, topics, and technologies.

The Challenge

In 2020, Japan is the world's third-largest economy, underpinned by its leadership in sectors such as industrial and automotive manufacturing, high-quality infrastructure, as well as a professional culture infused with a strong work ethic and deep experience in the crafting and delivery of high-quality goods and services.

Yet, over the past decade, productivity has gone from stagnant to declining—a course that needs to be reversed if Japan is to remain globally competitive. On the rise are competing nations making significant productivity gains through the development of technical talent and the application of proven digital technologies that include cloud-based infrastructure and software, mobile devices and apps, machine learning and deep learning, and many other developments.

Japan's relatively low digital competence is in stark and unexpected contrast with its economic strength. In 2020, the country ranked 27th in digital competitiveness and 22nd in digital talent. It registered only single-digit penetration in areas such as e-commerce, mobile banking, and digital government service usage. And of the global total, Japan has produced just five of the more than 500 unicorn startups—those with a private or public valuation of more than \$1 billion. These metrics fall far short of Japan's full potential.

Big Moves for Japan

1

Develop a deep bench of world-class talent literate in cloud tools, software development, artificial intelligence and other digital technologies and ways of working.

2

Drive broad-scale upskilling across the workforce by shifting from traditional to adaptive learning to build digitally relevant skill sets.

3

Drive end-to-end digitization of education sector from preschool to tertiary education with solutions for school and educator efficiency, as well as student access.

4

Industrial manufacturing to build on hardware, robotics, and automotive endowments by leap-frogging with software, machine learning and deep learning.

5

Retail to capitalize on shifting customer trends by delivering digital omnichannel experiences.

6

Healthcare to lead globally on next-generation personalized, remote solutions targeting elderly care.

7

Financial services providers to build mobile and broad accessibility solutions by leveraging cloud infrastructure and open network.

8

Government to define a vision and bold goals to provide digital citizen and business services.

9

Government and industry collaborate to scale smart cities, building on Japan's public infrastructure endowment.

10

Startup ecosystem to develop a concept-to-exit formula that produces globally scalable ventures.

11

Systems integrators and technology providers to help their clients accelerate transformation by building talent in the core and leveraging global best practices.

Standing in the way of digitization are some self-imposed constraints:

- A high-context culture with a risk-averse mindset
- Senior leaders focused on company longevity rather than productivity
- Limited exposure of some industries domestically to global competitors
- Continuing gridlock between a private sector waiting for digital endorsement by government, and a government waiting for the private sector to forge ahead
- A deficit of more than half a million software-related engineers, who are needed to build the software applications that will take the country forward

This situation is confounding, because the technologies to build a digital future are available in the cloud today, accessible with a few clicks. It has never been simpler to hire talent from around the globe or to grow talent locally by leveraging the large number of online courses available.

But meaningful change will not occur unless Japan's government and business leadership make a definitive and far-reaching commitment to digitization over the coming 10 years. Absent such a change, current gross domestic product (GDP) growth and productivity-rate trajectories suggest that economies such as India and Germany will overtake Japan in the 2030s.

Industry Transformation: The *Japan Digital Agenda 2030* calls for leapfrog moves by the four core industry sectors that account for nearly 50 percent of Japan's GDP: industrial and automotive manufacturing, wholesale and retail, healthcare, and financial services.

These sectors have single-digit digital penetration metrics in areas such as the number of advanced digital manufacturing facilities and the percentage of e-commerce penetration. The *Japan Digital Agenda 2030* draws on examples from more than 100 proven-use cases to illustrate how Japanese firms can leverage cloud-based applications, machine learning, deep learning, e-commerce technologies, the Internet of Things, 5G, cybersecurity, and other digital technologies to drive an increase in revenues and a reduction in costs and expenses. With strong policy leadership and targeted investments, by 2030 Japanese business could deliver:

- An artificial intelligence-enabled industrial sector
- Digital healthcare at scale for the elderly population
- Truly omnichannel retail experiences
- A modern, streamlined mobile banking system facilitated by globally interoperable frictionless payment processes

Digital Government and Infrastructure: But the private sector cannot do this alone. Sustainable progress in economy-wide digitalization requires a strategic commitment by central and local governments to drive connectivity, cybersecurity, and the avail-

Meaningful change will not occur unless Japan's government and business leadership make a definitive and far-reaching commitment to digitization over the coming 10 years.

The Opportunity

The data and analysis presented in *Japan Digital Agenda 2030* confirms that incremental changes will not close the digital competitiveness gap. Japan must undertake a transformative set of reforms that we call big moves—concerted efforts by major industries and stakeholders to reinvent their businesses, capitalize on emerging trends, and utilize digital technology across the value chain. The 11 big moves identified in the paper are built around four themes.

Digital Talent: Japan needs a bold plan to more than triple the bench of digital talent, focusing disproportionately on software developers, data engineers, data scientists, machine learning engineers, and other types of new jobs.

This would take Japan in a different direction from the continued deepening of hardware talent, which is Japan's acknowledged forte and has underpinned its economy to date. Instead, what is required is a mindset shift that values software expertise as highly as traditionally prized hardware or non-software engineering disciplines.

Other areas requiring attention are the upskilling of the current workforce and the digitization of the education sector, through greater investment in teachers and technology.

ability of cloud resources to support the new wave of applications.

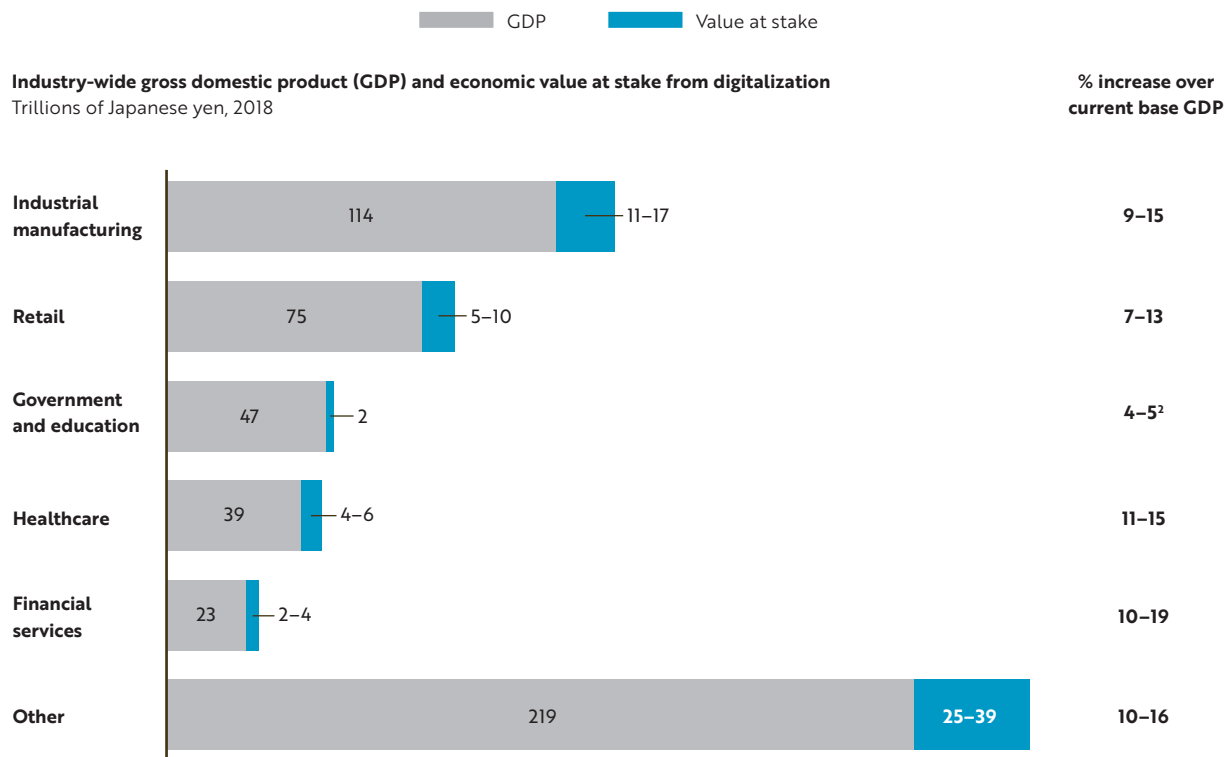
The starting point—and an opportunity for an early harvest—is the rapid deployment of digital applications in the public sector to digitize the services it provides to citizens and businesses, doing away with lengthy processes that require physical visits, paper, seals, faxes, and other analog methods.

Longer term, Japan needs to take its already world-beating infrastructure to the next level through private-public partnerships to roll out smart-city technologies, such as 3D-printing for home and business construction, cloud-based systems for integrated traffic management, and state-of-the-art disaster preparedness and management systems.

Economic Renewal: Japan can take pride in having more than half of the world's oldest companies. But it also needs to find a way to drive greater economic renewal and innovation in the corporate area.

The answer is greater investment and focus on its still-small startup sector. Japan needs to grow a new generation of digital entrepreneurs ready to boldly address global customer problems with software, and to move decisively beyond its currently inward, hardware-centric focus. Reforms are needed to encourage founders, attract talent, and enable startups to scale globally. A related key to economic renewal involves the trans-

Estimated Impact of Big Moves on Japan's FDP till 2030¹



1. Contingent on timeline for use case execution and resource mobilization.

2. Refers to direct effect on GDP; indirect effect is not included in government and education value at stake.

Source: Cabinet Office of Japan, McKinsey Global Institute

formation, from a problem to a solution, of existing Japanese systems integrators.

These large but often complacent IT giants account for more than 60 percent of Japanese IT spend and 70 percent of IT talent. They need to be encouraged to actively update and expand their technology offerings, and to assist their clients in moving rapidly to the cloud, from their present expensive-to-operate and vulnerable legacy on-premises systems.

These giants also must provide their clients with tailored business solutions, not just a menu of technology options.

US–Japan Partnership on the Digital Economy

The final recommendation in the 2009 white paper calls for the creation of a process through which the US and Japanese governments, and their respective private sectors, might work together in driving the many proposals found in the white paper.

It is proposed that this be done through a US–Japan Dialogue on the Future of the Internet Economy, with government, private sector, and academic participation. The recommendation was developed with the express intention of avoiding, in the internet space, much of the friction that has characterized the US–Japan economic and trade relationship since the early 1970s.

As is stated in the 2009 ACCJ Internet Economy White Paper: “Collaboration on the internet economy escapes the zero-sum dynamic of many trade talks and can help nurture the innovation that is essential to the future of our economies. This dialogue

would break new ground for the United States and Japan, since the emphasis would be on mutual learning, exploring areas of convergence, and transferring agreement between the two countries into a broader regional and global consensus.”

The proposal has struck a responsive chord in government and business circles in both countries, resulting in the November 10, 2010, formal launch of the US–Japan Policy Cooperation Dialogue on the Internet Economy.

Both governments participated and were led by the US Department of State and the Japanese Ministry of Internal Affairs and Communications. The business communities were represented by the ACCJ and Keidanren (the Japan Business Federation). Over the past decade, the Cooperation Dialogue has been convened 11 times, most recently on September 25, 2020.

The habits of cooperation nurtured by the Cooperation Dialogue over the years resulted in the announcement on October 7, 2019, of the US–Japan Digital Trade Agreement. The agreement includes:

- Inter alia provisions prohibiting custom duties and discriminatory taxes on digital products
- A commitment to ensuring the bilateral free flow of data, including financial services
- Mutual recognition of digital signatures
- Prohibition of localization limiting where data can be stored
- Protection against forced disclosure of proprietary source code algorithms



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Dale Carnegie

As the Dialogue continues to mature, discussions increasingly are likely move from bilateral concerns to developing shared positions in international fora, such as the Organisation for Economic Co-operation and Development, and in coordinating positions vis-à-vis third parties, such as the European Union (EU) and China.

For example, the Statement on Innovation and Digitalization, released at the Osaka G-20 meeting in 2019, highlighted philosophical differences between the US/Japan and EU positions with respect to rule-making for the digital economy.

Europeans favor a larger government role in internet governance, while the US and Japan support more market-driven solutions.

This partnership between the two countries on shared international concerns is vitally important to ensuring the future growth and innovation of a global digital economy from which both countries can benefit.

Leveraging the cooperation and progress that have been spurred on by the Cooperation Dialogue—and with reference to the data and analysis found in the *Japan Digital Agenda 2030*—government and business must set the goal of digital transformation during this decade as a top national priority.

Next Steps

The ACCJ's objective in researching and drafting the *Japan Digital Agenda 2030* is to contribute positively, as a partner with Japan, in introducing and promoting the greater utilization of new digital technologies and business models. Over the past decade, our companies have become an increasingly important part of Japan's digital economy—and with that comes responsibility.

We plan to use the data and analysis presented in this study as a platform and road map for a series of ACCJ policy papers that outline changes in government regulations and corporate practices that we see as essential to unlocking the full benefits of digitally driven innovation in key economic sectors covered in the *Japan Digital Agenda 2030*, such as manufacturing, healthcare, retail, financial services, and the provision of government services.

We also take seriously the responsibility of our companies to support the development of the digital economy in Japan by considering ways to help develop digital talent locally, engage proactively with Japan's startup community, and better cooperate with Japanese corporate counterparts and the public on shared cybersecurity and data privacy concerns. ■

Read more about big moves in this issue:

Developing digital talent—pages 30–35

Digital government—pages 36–41

Hanko and digital signatures—pages 42–43

McKinsey
& Company



Japan Digital Agenda 2030

Big moves to restore digital competitiveness and productivity

February 2021



The ACCJ would like to thank the 16 member companies that provided financial support for this project:

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Not surprisingly, they are all companies that are on the cutting edge of development in the digital economy in Japan and globally. We also extend special thanks to our partner in this important project, McKinsey & Company, Inc. Japan. Their deep knowledge and connections in Japan, international network of experts, strong grasp of digital trends and technology, and very generous in-kind contribution to the staffing and management of this project made it all possible.

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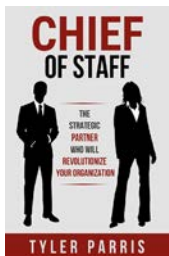
Tyler Parris
Founder
Tyler Parris,
Coaching LLC



Nuala Anne Connolly
Former chief of staff,
AIG Japan Holdings KK



Wendy Cheong
Former chief of staff to
the president, Moody's
Investors Service



chiefofstaff.expert



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While the chief executive officer (CEO) may be the guiding hand of a company—and the first to receive praise or blame—they can't do it all alone. The demands of today's business world are more than any one person can handle, given the massive flows of information, complex intersocial dynamics, and diverse skill sets required for a company to succeed. That's why many are turning to the services of a chief of staff (CoS).

A CoS is a business generalist, usually with some depth in one or more areas of expertise, who helps a CEO and leadership team (the "staff" in chief of staff):

- Set and achieve strategic objectives
- Make the highest and best use of their time
- Make and execute great decisions
- Execute and oversee work that has no clear departmental owner
- Develop and retain good people

What makes a good CoS is highly contextual, though, and usually means a lot more than just being a business generalist. An Internet of Things (IoT) startup, for example, might require someone who can bridge software, hardware, and science teams with business teams such as marketing, sales, and finance to facilitate complex, cross-functional discussions about go-to-market decisions, or the best way to structure the organization to achieve goals. A private equity or venture capital firm is much more likely to look for deep financial and business acumen.

Often confused with an executive assistant and a chief operating officer (COO), almost all chiefs of staff fall somewhere in between, and might carry out parts of those other roles while also leading or supporting:

- Strategy and planning
- Operations or execution
- Communications
- Human capital
- Finance
- Special projects

Let's take a closer look at the role a chief of staff can play in each of these areas.

Strategy and Planning

A CoS proactively brings together the right stakeholders to have the right conversations about where the company is headed, assess organizational readiness,

generate solutions where there are gaps, develop and iterate plans, and help drive execution. Currently, chiefs of staff are leading their teams through the transition, remotely, of these processes.

Operations or Execution

In some organizations, a CoS is a de facto chief operating officer. They concentrate on the internally focused people, processes, and technology issues that enable the organization to balance speed, agility, and efficiency. In organizations that have a COO, the CoS parachutes into problem areas to fix broken processes, people, or technology issues in support of the COO, or where the COO doesn't specifically own them. A CoS also is more likely to work on outward-facing matters, such as investor, press, or regulatory relations.

Communications

Whether on their own or in partnership with a communications team, a CoS helps the CEO and leadership team deliver consistent messaging across a variety of audiences, such as media, investors, donors, boards, and employees.

They do this through different types of communications, such as crisis and reputation management, social media and community engagement, all-hands meetings and emails, and departmental town halls. A CoS might even manage an executive's leadership brand beyond the company, coordinating their philanthropic or civic engagement.

Human Capital

Whether on their own or in conjunction with a head of human resources, a CoS evaluates and addresses needs, strategies, and solutions related to people gaps, organization design and structure, and talent brand.

Finance

A CoS will contribute to business reviews, strategy, budgets, and operational planning. They might even oversee budgets or profit-and-loss statements themselves, although this is less common.

Special Projects

Does a merger, acquisition, spinoff, or office move pencil out? What would a strategic shift in X direction look like for us?

Questions such as these require inputs from finance, legal, and other business teams that are



heads-down delivering on today's priorities but might not cleanly fit under the purview of one of those departments. Nor might the CEO want them distracted with such questions more than is necessary, because they would be kept from fulfilling their highest priorities.

Diversity, Equity, and Inclusion

If the leadership at the top of an organization values diversity, equity, and inclusion, the CoS can be a great conduit for driving it.

First, a CoS can encourage diversity of thought by being a safeguard against groupthink for the senior leadership team. They have the relationships and political capital in the organization that enable them serve as an information broker. That's important because it enables the CoS to bridge all the agendas in the room—both spoken and unspoken—and, at the appropriate times, the sources of resistance that may surface with dissenting points of view. This could mean calling on someone who wants to give what might be an unpopular viewpoint, or it might be raising that viewpoint on behalf of others if it could be politically inexpedient for them to do so.

The CoS can use skills of facilitative leadership to shut down dominators and elicit input from quieter contributors in the room. They can also make sure that underrepresented groups are invited to the meeting and present at the discussion. All this ensures that issues are dealt with thoughtfully. In these ways, the CoS plays an important role in diversity and inclusion.

As Wendy Cheong, former chief of staff to the president at Moody's Investors Service, explained: "People from diverse backgrounds often have experience in, and sensitivity to, communicating with people of varied ethnic and social groups, which makes them particularly suitable to the CoS role. Organizations should take advantage of this by putting such people in a CoS role to help promote the benefits of diversity of perspectives at the executive leadership level."

A CoS can also drive culture change by first defining and articulating the values for the company—if they haven't already been defined and articulated—and then backing them up with concrete action. A CoS in New York City real estate recently did just that, helping her leader articulate the organization's core values and then holding people at all levels accountable, wheth-

er that meant putting diversity goals into hiring for every role or making sure restrooms have period-care products, or otherwise making the organization a welcoming place for as many people as possible. If the leadership does not value these things, it can be tough for a CoS to make much of a difference in these areas.

Path to the Top

It has become a poorly kept secret that the CoS role can be a fast track to the executive ranks. Some companies use the role as a leadership development program for those with high potential. Anecdotally, the role is one way for people underrepresented in C-suite positions, namely women and minorities, to gain access to those top roles. While stories abound, I launched a research stream on this question in 2019 to find out if the stories were supported by data. I have not yet proven or disproven the premise.

Nuala Anne Connolly, former chief of staff at AIG Japan Holdings KK, explained: "What is clear is that a person will not be successful without the right skills, regardless of any dimension

of diversity they represent.

More importantly, talent who demonstrate in an organization that they can get things done should be considered for this role. And when they can get things done, and

effectively manage a host of relationships at all levels of the organization, then a CEO can feel confident they will deliver success."

If you're a mid-career professional seeking a CoS position, earning this role involves translating your current and past experience to the specific needs of the company you want to work for. In other words, don't just read the above areas and say, yes, I have done some of those, so I'm a CoS. Study your target organization. If they're an IoT startup, you might want to think about—and be ready to talk about—how you'll not just coordinate cross-functional work but also keep up in technical conversations, and how you'll bridge technical and business teams as well as manage complex supply chain issues. If you can't, don't apply for the role.

To have the best chance of finding a position, understand why there is so much variety in the chief of staff role from one instance to the next. Look up McKinsey's CoS archetypes or Dan Ciampa's three levels of CoS. Know which type of CoS role you're seeking and target your search around that one.

If you're not ready to make the leap yet, think about—and ask for—the kinds of experiences or projects that can get you ready. ■

"People from diverse backgrounds often have experience ... which makes them particularly suitable to the CoS role."

Hitting the Ball out of the Park

Women in the business of sports

With recent examples of women achieving high-profile positions in Major League Baseball (MLB), notably Kim Ng as general manager of the Miami Marlins and Alyssa Nakken as a full-time assistant coach with the San Francisco Giants, there is hope that more women will have the opportunity to take on leadership roles in sports that have traditionally been dominated by men.

On February 24, the American Chamber of Commerce (ACCJ) Women in Business Committee, together with the Olympics and Sports Business Committee, hosted a candid conversation with Sami Kawakami, Jean Afterman, and Raquel Ferreira, three of the highest-ranking women in the MLB and trailblazers in their own right. Kawakami is managing director of MLB Japan, Afterman is senior vice president and assistant manager of the New York Yankees, and Ferreira is executive vice president and assistant general manager of the Boston Red Sox.

During the discussion, they addressed the advancement of gender parity in the business of sports and shared how they broke through and made their voices heard.

Perception Is Key

Not so long ago, having women in leadership roles in the industry was almost unheard of. In such a male-dominated business, how do women push aside the obstacles and consolidate themselves as equals, judged solely on their ability to do their jobs rather than on their gender?

“I think the biggest barrier is that there are still a lot of people who have gender stereotypes, or have the perception that men are superior to women—especially in the baseball industry in Asia,” Kawakami said. “However, I have seen some progress over this past seven or eight years. When I first started to work in baseball, about 17 years ago, there were no women



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Photo: Christopher Penler/123RF.COM



Sami Kawakami

Managing director, MLB Japan

Having worked for the MLB in Tokyo since 2004, Kawakami became managing director of Japan in 2019. She has succeeded in creating partnerships with more than 50 companies, establishing experimental marketing programs that have brought an MLB experience to more than 285,000 participants in Japan. She has also taken a lead role in the execution of more than 30 World Baseball Classic games played in the country since 2006, as well as MLB games such as Opening Series and Japan All-Star Series games.

in either the front-office side or game-operations side of baseball in Asia, as far as I know—except for the one female delegation in China. All other women I met were either secretaries for a male executive or in an office administration role.”

What helped her get over the barrier, Ferreira said, was having a support system in place at the Red Sox. “Afterman and I have both spoken on the fact that our two organizations, the Red Sox and the Yankees, are the only two in the league that have had two female assistant general managers. They provided that support system and believed in us. You need a support system around you, with people who believe in you, because not everyone will. You have to believe in yourself. You have to surround yourself with people whose opinions you trust.”

whether I’m a man or a woman and Japanese or not. Since then, everyone’s attitude towards me changed. I think trying to change people’s perception is the key.”

Profile Raised

The number of women in baseball is growing, and with that comes increased visibility in the public eye. When the cameras capture Allysa Nakken in the dugout for the San Francisco Giants, it projects a message to the viewers—one that signifies to young girls that it is not impossible for a woman to be in that position. And why should it be?

But it’s not only the women in front of the camera who are making a difference for MLB teams. It’s also those behind the

“You need a support system around you, with people who believe in you, because not everyone will. You have to believe in yourself.”

Afterman explained: “It’s still a man’s world in the United States. You must be bigger, better, faster, stronger—to do the same job as a man—to be paid 72 cents for every dollar a man gets paid. You still have to have that something extra, and you have to break through that brick wall and just kick down the door and do the work.”

Kawakami recalled the event that was a turning point in her rise to managing director of MLB Japan.

“In 2006, I was assigned to work for some Asian national teams for the first World Baseball Classic as a team coordinator. However, one of the teams was not happy about working with me, because I am a woman, and maybe in part because I am Japanese,” she explained. “I decided to arrange a private meeting with the head of the delegation and address all the issues. I made it clear to him that I was just trying to do my job. It doesn’t make any difference

scenes, such as strength and conditioning coaches and development coordinators. “There are people working in baseball operations who might not be in visible baseball operations roles. They’re not scouts, they’re not coaches, they’re not managers, but they still add value and have impact on a team. Baseball doesn’t end between the white lines,” Ferreira said.

Although their numbers are growing, women still account for a minute percentage of MLB staff. With very few women working in the industry, they pride themselves on supporting each other and providing mentorship. It’s something Kawakami, Afterman, and Ferreira have carried with them growing up, as all three said they are especially thankful to their parents for being supportive and reminding them to identify and embrace their unique strengths as women.



Raquel Ferreira

Executive vice president and assistant general manager, Boston Red Sox

Ferreira marked her 22nd year with the Boston Red Sox in 2020 and is only the fourth woman to hold the title of assistant general manager in a Major League Baseball operations department. In 2019, she was honored with the Special Achievement Award from the Boston chapter of the Baseball Writers’ Association of America. She was also one of only seven nominees for the WISE 2020 Women of the Year Award, which is presented for the ongoing commitment to the professional development and advancement of women.



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Jean Afterman

Senior vice president and assistant general manager, New York Yankees

Growing up a keen San Francisco Giants fan, Afterman was named one of 2019's Most Notable Women in the Business of Sports by Crain's New York Business and received *Baseball America* magazine's 2019 Trailblazer of the Year Award. With a business and legal background, Afterman was instrumental in revising the rules that restricted Japanese players from moving to the MLB. She has handled business and legal affairs for international baseball clients, including Hideo Nomo, Hideki Irabu, Masato Yoshii, Alfonso Soriano, and more than 30 Major and Minor League players.

"You need that support system. People aren't islands. We're very social creatures and nobody likes to feel alone, like they are the only one. We have all had the experience of walking into a meeting and you're the only woman in the room. You have to support each other through those things. Otherwise, it can wear you down; it can really kind of destroy your spirit," Afterman said.

Falling into a Role

Ferreira got her start at the Red Sox as an administrative assistant. It wasn't her dream job, but she knew that she wanted to work in sports. Her parents taught her to pursue a career in a field that she would want to stick with and to work hard. Eventually, they said, that hard work would surely be noticed.

"Everybody defines success differently. Sometimes it means reaching a goal, accomplishing a task, or accomplishing what you set out to do in a particular year," she said. "Whether it's success

Afterman's path was less direct. Even though she grew up an avid baseball fan, she fell into the role after being involved in a vastly different business.

Initially, she had worked in feature film production, in the 1980s. But when she became aware of the glass ceiling for women in that industry at the time, she opted to elevate her game, went to law school, and then moved into civil litigation. There, she met a colleague who took her to a baseball game while they were working on a case together in Tokyo. Given the high level of baseball in Japan, she was surprised that there weren't more Japanese players on MLB teams.

Then she found out why and, being a newly minted lawyer, she knew she had some work to do. She learned that there were rules written in 1967 that restricted Japanese players from moving to the MLB, and she made it her mission to open the doors and to bring more Japanese talent to the United States.

"It's what you bring to the game, and baseball is all about problem solving, and how women and men approach things differently ... the more an organization embraces that and respects it, the better off they're going to be."

in your minor league system or success with your major league team, I think everybody defines it differently. Every Major League team starts the season with one goal in mind, and that is to play as deep into October as you possibly can and, hopefully, to end up celebrating on your field."

For Kawakami, it was sports-related injuries suffered when she was a teenager that helped guide her path. She grew up playing sports and had dreams of becoming a professional golfer or skier. But after discussing her future with her parents, she decided to pursue the games themselves as hobbies and concentrated on studying sports medicine abroad. If she couldn't be a professional athlete, she was determined to support those who could.

"I know there are a lot of women who see that sports business is very male dominated, and they feel that they won't be able to work in baseball unless they know a lot about it," she said. "I believe the doors are open for anyone, regardless of gender, regardless of if they know or played baseball. I'm actually a good example. I love sports in general, respect our brand, and I like what I do. But I really cannot call myself a baseball person. I just want us to keep the doors open for anyone."

Stronger Together

Men and women bring different views and experiences, and it is to the advantage of any organization to combine these differences to create a sum that is greater than its parts—whether in sports or any industry. Kawakami, Afterman, and Ferreira have shown that, in the MLB, women can be looked at for ability, to be known not as a great female executive but simply as a great executive.

And if at first your voice isn't heard, make it heard. "I always tell people, if somebody doesn't give you a seat at the table, bring a folding chair," said Ferreira.

"You don't necessarily have to play baseball to add value to an [MLB] organization. You bring a different perspective. I didn't play baseball. I didn't even play softball," she added. "But I grew up watching my brother, who was 14 months older than me, in Little League in high school. That fueled my love and passion for the game.

"It's what you bring to the game, and baseball is all about problem solving, and how women and men approach things differently," she added. "And I think that the more an organization embraces that and respects it, the better off they're going to be." ■

Tokyo 2020

Three months to go until the biggest sporting event of 2021—are you ready?



Watching the Games with official hospitality will ensure unrivaled access to top category tickets for each event. The majority of Tokyo 2020 Olympic Official Hospitality venues are located within the ticket perimeter of each venue*, putting you and your guests at the heart of the biggest global sporting event of the year. Guests are also provided with daily event schedules and will be able to keep up with all the sporting action on television screens placed around the hospitality venue.

Prime Experience

As well as providing the best view of the Games, Tokyo 2020 Olympic Official Hospitality offers a range of gourmet dining options, from casual buffet to premium fine dining, prepared by top international chefs. Guests will be treated to complimentary drinks, including specially selected Champagne, sake, fine wines, and beers with selected packages.



For those looking for a more casual option, our Premium package offers a VIP supporters pack, including food and drinks that you can enjoy at your top category seat, so you don't miss a moment of the sporting action.

Watching the Games in Tokyo 2020 Olympic Official Hospitality is the perfect way to celebrate the return of sports with your colleagues, treat someone special, or impress clients to drum up revenue.

Many businesses opt to purchase packages as a team-building opportunity for staff. Companies find the chance to liaise in a more relaxed environment helps colleagues get to know one another better while bonding over a shared experience. Teams are strengthened and morale boosted, leading to increased productivity back in the workplace—a clear home run!

But the benefits of sports hospitality go beyond socializing. Hosting a memorable event for new or potential clients is a great way to galvanize and foster long-term relationships, which in turn increases business and profitability. In a 2017 survey conducted by

The last time we had to wait for a postponed Olympic Games, the world was in turmoil. The 1944 Winter Olympics were to take place in Cortina d'Ampezzo, Italy, but with World War II raging the event had to be put on hold. Eventually, those Winter Games were held—four years later—in St. Moritz, Switzerland.

Seventy-six years later, turmoil once again added complexity to the world's greatest sporting event as the coronavirus pandemic put the brakes on the Tokyo 2020 Olympic and Paralympic Games. The extraordinary build-up is sure to make it feel even more special, and Tokyo 2020 in 2021 will be an unprecedented celebration of unity and solidarity: an opportunity to celebrate humanity's triumph over adversity. The Games will act as a milestone in the world's shared journey of recovery—just as was the case in 1944.

Ready to Compete

With a lack of opportunities for athletes to compete in 2020, and an additional year to train, it's likely we will see sports at its very best this year. So why not celebrate the return of world-class sports in world-class style with Official Hospitality?

Japanese culture is renowned for its hospitality, and this, combined with unparalleled experience in providing exclusive hospitality packages at the biggest sporting event in the world, means that businesses and individuals alike are in for a once-in-a-lifetime experience at Tokyo 2020.

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SMG Insights and YouGov, the research suggested that 92 percent of businesses who buy corporate hospitality believe it is extremely effective at improving relations with clients. And a 2013 study by the groups and STH found that 70 percent of those who attend as a corporate hospitality guest say it drives greater brand loyalty than print and online advertising or direct telephone calls. This all points to client retention and a substantial return on investment.

The Tokyo 2020 Olympic Official Hospitality Packages include the finest food and drinks from around the world, providing an opportunity for you and your guests to experience the Games in an unrivaled fashion while putting measures in place to manage the health and safety of our hospitality attendees.



A Rugby Experience of a Lifetime at #France2023

STH Japan will provide Japanese rugby fans with another experience of a lifetime through their appointment as an official travel provider for the Rugby World Cup 2023, France, in the Japan region. Following the success of operating the official hospitality program at the Rugby World Cup 2019, STH Japan is delighted to continue their partnership with the tournament.

STH Japan will be designing an innovative range of travel package options and price points. All pack-

ages will include an element of travel, accommodation, and tickets to the biggest matches. Following the popularity of the Rugby World Cup 2019 and a 99-percent ticket sellout rate*—the highest ticket sellout rate in the history of the tournament—it is advised that customers purchase as early as possible to avoid disappointment.

The year 2023 will be an historic one, marking the 10th time the Rugby World Cup has taken place and honoring 200 years since the invention of the game in 1823. The celebration will last for 45 days, kicking off from September 8 and running through October 21. The Rugby World Cup 2023 will take place in 10 host cities, creating a festive atmosphere across the country. Currently, there are 12 teams confirmed to play, with Japan already qualifying, leaving teams including the United States, Samoa, and Tonga fighting for the final eight spots.

The previous Rugby World Cup will be one to remember after the Japanese Brave Blossoms delivered a record-breaking tournament. Not only did they finish top of their group after historic victories over Ireland and Scotland, but they also played in their first quarter-final at a Rugby World Cup. Following their performance in front of home fans, the pressure will certainly be on as the Japanese national team prepares for France 2023.

STH Japan President and Representative Director Brendan Delahunty said: "We are thrilled with the appointment as an Official Travel Agent for Rugby World Cup France 2023. This reflects STH Japan's dedication to providing experiences that make the memorable unforgettable to our valued customers. Rugby World Cup 2023, France will be an incredible tournament that will provide Japanese rugby fans a unique experience that will enhance the tournament." ■

* Source:
EY, The Economic Impact
of Rugby World Cup 2019™



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LIFESTYLE

Location, Location, Location

Photo: Nacasa & Partners Inc.



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Arthur Mitchell doesn't have much time to waste these days. When the longtime American Chamber of Commerce in Japan member and former governor does manage to get away from his law office near Tokyo Station, anything from lunch to exercise needs to happen according to his demanding schedule.

When Tokyo American Club Nihonbashi opened its doors last month, it was as close to a match made in heaven as Mitchell could find.

"I can walk to the Nihonbashi Club in less than 15 minutes," Mitchell said. "Anything that saves me time is valuable to me."

Opened on March 31 as the first satellite club in Tokyo American Club's 93-year history, Tokyo American Club Nihonbashi packs a wide range of upscale facilities and amenities into a compact footprint—all situated squarely in the city's busiest commercial district.

For Mitchell and other professionals with tight schedules to keep, the ability to pop into a world-class private membership club for an afternoon workout or an expertly prepared meal and drinks with clients is an unparalleled upgrade to his Tokyo work life.

"I went over there the first day it opened," said Mitchell. "In the following week, I had three lunches there with clients."

An inaugural Member who joined the Tokyo American Club community under a Nihonbashi Club-only membership, Mitchell is already making full use of the latest and most exclusive option to the Club's membership lineup.

Situated on the sixth floor of the stunning Nihonbashi Muromachi Mitsui Tower, just steps away from Mitsukoshimae Station, the Nihonbashi Club offers the same incredible service, unbeatable amenities and international atmosphere Mitchell associates with the Tokyo American Club name—all in a location tailor-made for his professional life.

"The center of my activity is the office," he said, "and the Club is so close."

In the few short weeks since the Club's unveiling, Mitchell has already put the brand-new fitness center through its paces and sampled the American Room's signature burger with authentic British cheddar from Wykes Farm. He's also eyeing the Club's private dining room and adjacent conference space (available by advance reservation) for possible use.

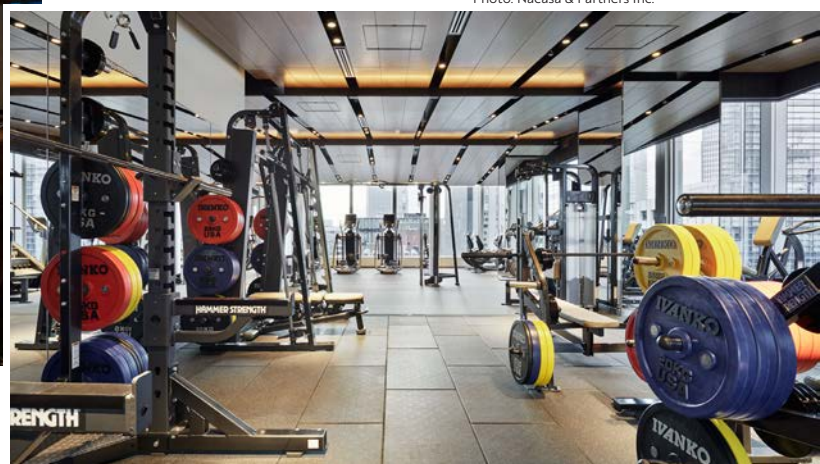
As the Nihonbashi Club's membership grows, only time will tell what's in store for its international community of members. But if first impressions mean anything, Mitchell is sure there's a bright future ahead.

"I think very highly of the staff, the atmosphere, and, of course, the location," he said. "It's just terrific." ■

Photo: Nacasa & Partners Inc.



Photo: Kohji Shiiki



Virtual Golf for a Cause

Take to the links safely and help children in need

In 2018, Jarman International started a monthly charity golf cup in partnership with EastWood Country Club, in Utsunomiya, Tochigi Prefecture, to support Mirai no Mori, a non-profit organization that creates life-changing outdoor programs for abused, neglected, and orphaned youth in Japan.

Last April, when Covid-19 restrictions started to drastically reshape the world's definition of normal, Chief Executive Officer Ruth Marie Jarman wanted to continue supporting Mirai no Mori and find a way to keep hosting the fun and friendly golf competition while following social distancing guidelines and keeping participants safe.

It would be easy to simply put charity support on hold in turbulent times, but for Jarman that wasn't an option. "I knew that Mirai no Mori needed us more than ever, and people needed a way to exercise, interact with others, and relieve stress safely," she said. "In trying times, playing golf under a bright blue sky—with a bit of laughter—can be such a wonderful remedy. We also noticed that golf was becoming increasingly popular around the world because of its inherent social distancing, so we knew there was a way. All we had to do was think creatively."

After much thought, Jarman came up with an innovative idea: a virtual monthly competition in which golfers can participate by playing a round any time during the month at EastWood Country Club. They then send their score cards to Jarman by the end of the month and are entered for a chance to win a trophy and cash prize of ¥100,000.



Just by enjoying a fun round of golf, all participants help Jarman continue to support Mirai no Mori. We hope you will join in and help make a difference in the lives of marginalized youth in Japan, one swing at a time.

How to Participate

1. Play a round of 18 holes at EastWood Country Club any time during the month. If you would like Jarman International to make the reservation for you, please contact nina@jarman-international.com. (There is no extra fee to participate in the Cup.)

2. Submit a photograph or PDF of your scorecard to nina@jarman-international.com by the end of the month. Please make sure it is signed by someone who played with you and clearly legible.

3. All Cup participants' scores will be calculated at the end of the month, and the winner will be announced during the first week of the following month. Scores are calculated based on the New 'Shin' Peoria system (double par plus one rule with the upper limit), a popular format in Japan in which secret handicaps vary by hole and essentially create a flat playing field that gives everyone a chance to win!

Finally, the winner will be invited to a celebratory lunch in Tokyo at Jarman International's partner restaurant, Coconoma Season Dining, and presented with the Charity Cup Trophy as well as a cash prize of ¥100,000! ■

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eastwoodgolfcountryclub.com/events/

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Weekdays: ¥7,500
Saturdays: ¥14,900
Sundays/Holidays: ¥3,900

Tomonokai Member Rates

Weekdays: ¥3,600
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Rates include: cart fees, shuttle service from Utsunomiya Station, and access to the locker room showers and hot bath. Lunch available for ¥1,500 extra.



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Beat Breast Cancer Like a Boss

Looking ahead to a special ACCJ May event



Ali Rogin

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Breast Cancer and
Careers: A Conversation
with Kathy Matsui
and Ali Rogin

May 26, 2021

Hosted by the
Independent Business,
Healthcare, and Women in
Business Committees



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Today, I am a seasoned television producer and reporter with a decade of covering the White House, the US Department of State, and Capitol Hill under my belt. I've been in plenty of high-stakes situations where it pays to be cool, calm, and collected, whether it's writing a scoop on deadline, chasing senators through the basement of the Capitol building, or grilling the White House press secretary in the briefing room.

But 10 years ago, I was a scared-out-of-my-mind college senior who had just found out I had a genetic mutation that made it likely—about 80 percent likely—that I would develop breast cancer at some point, having tested positive for the BRCA1 genetic mutation.

I was in a panic and had no idea where to turn. I was just a college kid—I wasn't supposed to be thinking about breast cancer! Besides a few words about having children before the age of 35, my genetic counselor didn't give me a lot of advice. So, I met with a few doctors, one of whom told me she was seeing more and more young women opt for a prophylactic bilateral mastectomy and reconstructive surgery.

Making Choices

It didn't take long for me to realize that this was the right choice for me. I no longer viewed my breasts as assets; they were ticking time bombs.

But I had all sorts of questions that the doctors couldn't really answer. What was the best time in my life to take two weeks off to have life-changing surgery? Should I do it while in college, or should I wait until I was out in the real world? Would I miss my natural breasts? What about dating? When was the right time to disclose to potential boyfriends that I was in various stages of chest renovation?

And when I did decide to have the surgery while in college, I got so many questions about why I was doing this at such a young age. Didn't I want to keep my breasts until I snagged a husband? What about losing out on the joys of breastfeeding?

Overall, I was lucky. I went through that whole period quite bravely and defiantly. Besides those initial few days of panic, I never looked back and ended up answering many of those questions myself. Nevertheless, I often felt as though I was traveling this road alone.

Helping Others

My experience has led me to appreciate that, when you're going through a trial, community matters. That's why I decided to write *Beat Breast Cancer Like a Boss*. It helps to hear from and connect with other people who have been through similar experiences—not just to seek advice, but simply to commiserate.

Kathy Matsui is a perfect exemplar. The former Goldman Sachs Japan vice-chair also faced breast cancer. And like every individual navigating a new, life-changing health challenge, she had to chart a course of action that she was comfortable with. In Kathy's case, that included the difficult decision to take a leave of absence from work and travel from Japan to the United States for care.

Our challenges all take different forms, but, at their core, they are the same—they force us to make hard decisions and ask ourselves difficult questions.

Following her treatment, she was at a crossroads. Did she want to return to her career full time or was breast cancer a signal that she should dial back work a bit? Her health crisis afforded her invaluable clarity: she loved her job and looked forward to returning to it. There was nothing she'd rather be doing with her time.

My hope in writing *Beat Breast Cancer Like a Boss* is that it will help you relate to aspects of each woman's breast cancer battle, and that you can apply some of the messages in the book to whatever it is you're going through—whether it's breast cancer, a different type of cancer, or a challenge that has nothing at all to do with your physical health.

Our challenges all take different forms, but, at their core, they are the same—they force us to make hard decisions and ask ourselves difficult questions. The book can serve as one mallet in the toolbox that can help you take on any of life's challenges.

Continuing along this journey, in late May, Kathy and I will be having a conversation about these challenges, decisions, and what we've learned from them at a special ACCJ virtual event. I hope you will join us. ■

Innovating through Adversity

Three fundamental concepts for strengthening Japan's medical system

Covid-19 has completely changed our way of life. It has also made us aware that we have been taking many things for granted, assuming that they were one way when, in reality, they were not.

Japan's healthcare and health insurance systems are great examples. We believed them to be among the best in the world, and that we are enjoying long and healthy lives thanks to them. While it is true that we can enjoy a high quality of life, nutrition, and public health in Japan, the coronavirus pandemic has shown that there are areas of these systems that can be improved. Access to vaccines and medicines in Japan, for example, may not be among the best in the world.

Communication Matters

Through our discussions with patient groups, we have learned that many patients are still suffering from rare and difficult diseases for which a treatment is hard, or no treatment exists at all. Even a test or diagnosis can be challenging. We believed the situation in Japan was the same as in other countries, but we are now starting to think that this may not be the case. Perhaps the situation is not the same everywhere, and access to innovative healthcare in Japan is not on par with that in other leading countries.

As economic growth has remained stagnant for a long time, the financial burden on the national government to maintain the social security system has become a big problem that must be solved. We, as the whole nation, need to find a solution and promote innovation in the development of new medical treatments as soon as possible.

Three Fundamental Concepts

To achieve such a goal, the voices of patients should be heard by policymakers and the general public. It is important that patient-centric healthcare achieves the outcome of curing more diseases as a result of what is learned from those in need of, or receiving, treatment.

We believe in three fundamental concepts as a basis for the future of Japan's social security system:

1. Maintain protection from financial risk as the function of the public insurance system, in keeping with the philosophy that large risks should be covered with assistance and small risks by the individual.
2. Divide the insurance (risk dispersion) and tax (redistribution) functions of the social security system and concentrate the use of public funds on those who are genuinely in need.
3. Share a vision of what Japan should achieve in the era of longevity, promoting innovation in health using information and communications technology, artificial intelligence, Big Data, and other technologies, stimulating national awareness of system-wide innovation.

The Institute for New Era Strategy (INES) is not only taking these ideas to the government but working hard to bring together the private and public sectors to catalyze discussion to promote healthcare innovation and new approaches to more sustainable financing of health and retirement in Japan. ■



Ichiro Umeda
Chairman
Institute for New Era
Strategy (INES)

About The Institute for New Era Strategy (INES)

In 1997, INES was founded as a company by Tetsuo Kondo, former Liberal Democratic Party member of the House of Representatives, after his retirement from politics. Kondo began his career at the Ministry of Finance, and as a Diet member he held the posts of Minister of Labor and Minister of Economic Planning.

Throughout the years, INES has undertaken research from a private sector standpoint with the aim of making policy proposals with fundamental solutions for urgent issues in areas such as economics, finance, politics, and foreign affairs, and has continually provided a forum for learning through the arrangement of breakfast study sessions. INES restarted its operations as a general incorporated association in July 2018 and will continue to provide a venue for people to gather and deepen discussions on the issues that Japan faces now and in the future.



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PHARMACY IN THE CLOUD

MEDIFRAME AIMS TO STREAMLINE AND DIGITIZE JAPAN'S DRUG DATA

As a former pharmacist at a university hospital, MediFrame, Inc. Chief Executive Officer Atsushi Wada was familiar with the pressures and challenges faced by Japanese doctors: increasingly complicated and personalized medications, a lack of time to read up on and learn about these new treatments, and a growing number of elderly patients.

"Some of these drugs have been created as a result of advanced, Nobel Prize-worthy scientific breakthroughs. But many medical professionals have their hands full just caring for their patients and don't have the time to learn about these medicines," Wada said.

Compared with other major economies, Japan has fewer doctors per capita—2.4 per 1,000 people—while the average is 3.5 for members of the Organisation for Economic Co-operation and Development. Pharmaceutical companies have plenty of information about each drug, including possible side effects, but that information wasn't reaching doctors simply because they didn't have time, or it was a hassle, to look it up.

Noticing this, Wada saw a need—and an opportunity. He quit his job and has spent the past three years creating a platform that makes it easier for doctors to readily access information about the myriad drugs on the market.

The result is MediFrame, a startup that won the Best Value Proposition prize at the American Chamber of Commerce in Japan (ACCJ) Healthcare x Digital competition on December 1.

The event was driven by a group of ACCJ committees—Healthcare; Alternative Investment; Information, Communications and Technology; and Secure Digital Infrastructure—and led by ACCJ Corporate Sustaining Members AstraZeneca K.K., Bayer Yakuhin, Ltd., and Deloitte Touche Tohmatsu LLC, as well as President's Circle Member Eli Lilly Japan K.K. The ACCJ-Kansai Chapter played a key role in organizing the competition.

The ACCJ Journal caught up with Wada to learn more about his experience pitching his business concept, and the challenges he has faced.



What problems are you addressing?

Japan is facing a shortage of medical staff—doctors, nurses, even pharmacists—as the elderly population grows. At the same time, medication is becoming increasingly personalized. That means the number of drugs medical staff need to know about is expanding dramatically.

MediFrame is a cloud-based system that links to pharmacy systems and allows doctors to quickly get information about the many drugs available. Because MediFrame provides personal information necessary for treatment linked to a patient's prescription data, pharmacies sign a contract with us to set up an account that protects personal information in compliance with privacy laws and other guidance.

Who are you mainly trying to help?

Japan has a shortage of doctors—there is more demand than supply—so that's one thing we're trying to do, to help make doctors' jobs easier. But, through them, of course we're also trying to help patients.

In many cases, with today's advanced drugs, simply taking medicine isn't enough; the treatment needs to be carefully controlled. For a drug to be truly effective,

process. I also saw that they lacked tools to make their jobs easier and streamline interactions within the system.

So, I realized that to really have a broader impact myself—and to help others do the same—I was in a unique position to start a company that could benefit wider society. As a pharmacist, I had experience in setting up various projects, so I thought that, too, might be used to launch a business. And that was the start of MediFrame.

When did you launch the business?

We really began last spring. The company was formed in October 2017, but it took about two and a half years to gather information and input from many people and, through trial and error, to develop the platform. We're still small and I'm the only full-time employee. I formed this company by myself, although I have received help from a number of people.

The system is still in development and isn't being used yet. I'm looking for a partner with whom I can test the product, and also for investors who can support this project. I hope to have people actually using it within this year.



Atsushi Wada
CEO
MediFrame, Inc.

MEDICATION IS BECOMING INCREASINGLY PERSONALIZED. THAT MEANS THE NUMBER OF DRUGS MEDICAL STAFF NEED TO KNOW ABOUT IS EXPANDING DRAMATICALLY.

doctors need to have knowledge of its effectiveness and possible side effects, and then relay specific instructions to their patients.

Tell us about your background and how you got to this point and started MediFrame.

I was a pharmacist at Kobe University Hospital, and I gained experience helping launch various new operations. I helped set up satellite pharmacies in departments such as the intensive care unit.

I'm an oncology specialist, so I also helped set up an oncology team at the hospital. When the university hospital established an affiliated hospital, I assisted by becoming a member of the staff and helping set up clinical trials. I also played a role in inaugurating an academic society that has grown to about 4,000 members.

I also had gained a lot of experience early on working with people outside the hospital, through activities such as conferences and training sessions, so I was able to think about both the hospital and the healthcare system as a whole.

But I found that a lot of my colleagues across the industry kind of lacked a bird's-eye view of the entire healthcare system and thought only in terms of improving their specific situation, not the overall

Japan is mostly risk averse. Are attitudes changing?

A little. But people like me are still definitely in the minority. When I started this, some of my colleagues were really surprised about the venture. So, I believe even now there aren't many people who are willing to take risks.

How has Covid-19 impacted your plans?

Because of the pandemic, I couldn't meet key people. We were able to connect online but, because we didn't meet in person, the decision-making stalled. However, I did get support from a lot of people, including friends and former colleagues, who gave me advice. A lot of them told me my project was important and necessary, and that encouraged me.

Has the coronavirus pandemic drawn attention to Japan's doctor shortage?

Yes, it has. What we're trying to create is a system for distributing drug information online, and online doctor's visits and treatment have expanded during the pandemic. Information that was, until now, printed on paper or in a book is being transferred digitally. So, I think the pandemic has helped people realize the value of this.



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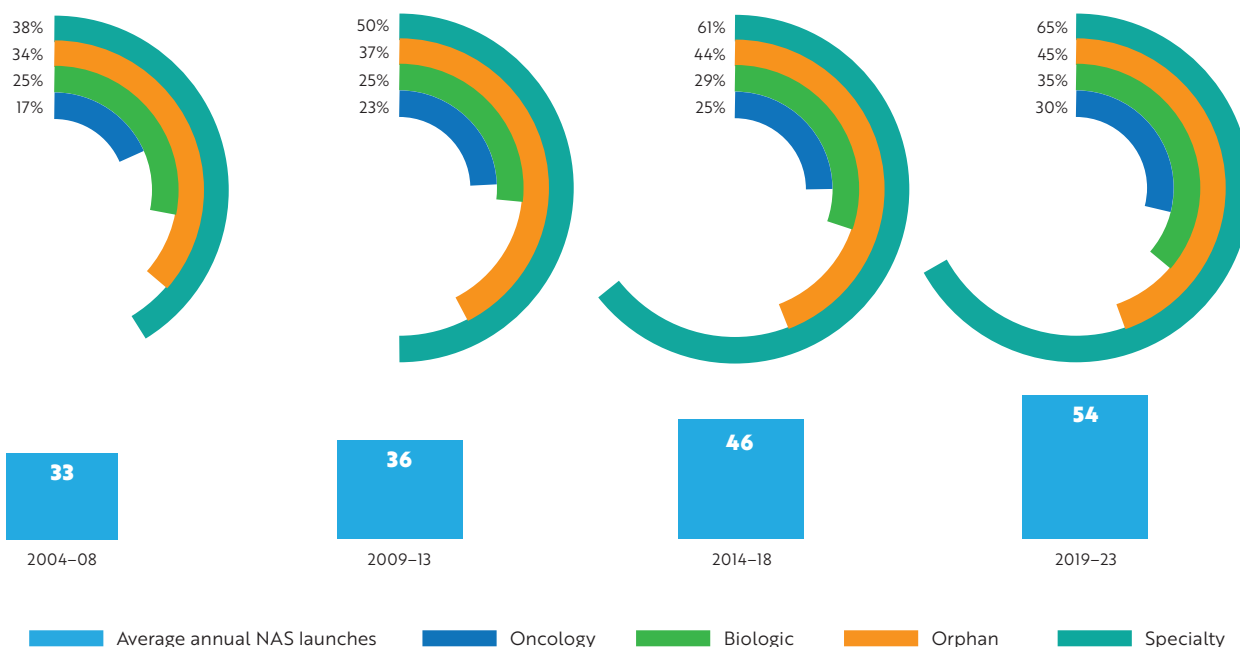
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Global Visual Production



The Global Use of Medicine in 2019 and Outlook to 2023

Average Number of Global New Active Substance (NAS) Launches Annually per Period, and Percentage of Launch Types



Source: IQVIA Institute, December 2018

Note: Percentages do not sum as segments and are not mutually exclusive.

Does MediFrame help the Japanese medical system save time and money?

Not directly. But it can raise the quality of phone and online treatment. Now there are various online systems, and a single patient often uses multiple clinics, each of which uses a different system. We hope that our platform will help streamline these systems and benefit patients.

Also, at the end of 2019, the law concerning pharmacists changed. One new requirement is that pharmacists must call patients between doctor visits to check whether they are taking their meds properly, and whether there are side effects. That came into force last September.

Pharmacists were not accustomed to doing this, so it was hard to know the best time to contact patients based on factors such as when the drugs might have side effects. We are trying to provide this kind of information through the service that we are setting up, so that patients can receive the best follow-up care.

How as your Healthcare x Digital competition experience?

It was a good experience for me. I was really nervous. The other two companies that won prizes were excellent businesses with

longer track records. My company didn't even have a product on the market yet. So, I was surprised; but I was also very happy that my concept was recognized.

AstraZeneca, Bayer, and Lilly were the main sponsors. For them to see the potential in my company made me feel very pleased and encouraged. I thought my company was benefitting pharmaceutical companies.

How will your Healthcare x Digital win benefit you?

One part of receiving this award is that I get to meet with executives from each of the three big firms, so I'm really looking forward to that valuable experience. I hope I can get their cooperation and support, and when we meet I should also be able to hear what sort of topics they are dealing with, so that will be very valuable.

What advice do you have for those considering entering this year's Healthcare x Digital competition?

The focus is on healthcare, so thinking about how to help patients is key. Focusing on the end goal of what will be delivered to patients is important. ■

DEVELOPING DIGITAL TALENT

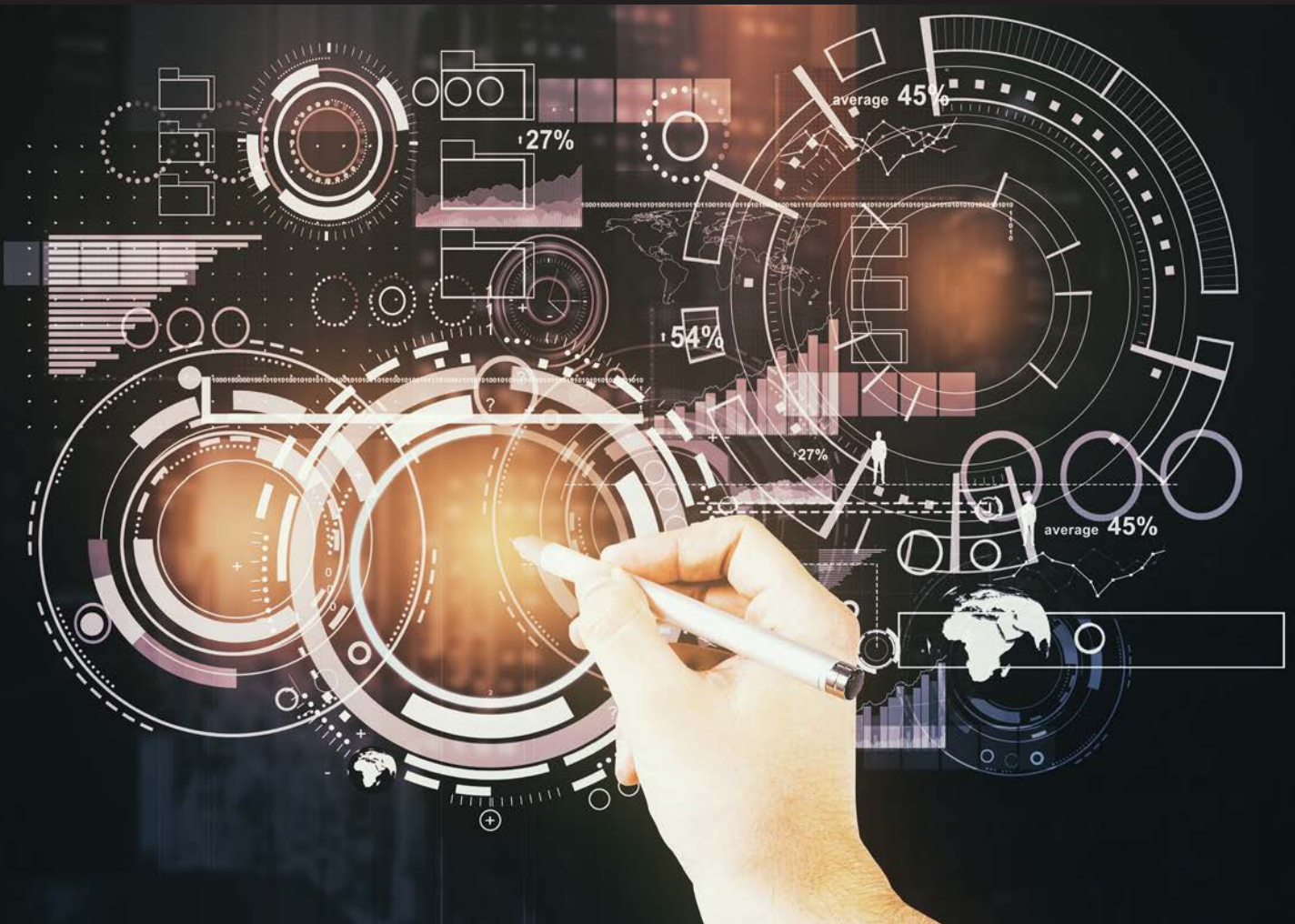
As Japan embarks on the digital transformation of its society and business world, hiring and developing tech talent is probably its biggest—and most formidable—task. It has never been simpler to hire people with technological expertise from around the globe or to grow talent locally by leveraging the many online courses and large amount of code available.

And yet this appears to be a tall order for Japan, stymied by barriers in its education system, hiring practices, corporate structure, and overall culture—from its reliance on paper to a general risk-aversion that hinders innovation.

In contrast to its economic might, Japan remains well behind other advanced economies when it comes to digital competence. It has a shortage of technology professionals, with the country ranking 27th in digital competitiveness globally, and seventh in Asia behind Singapore, Hong Kong, and South Korea.

Prime Minister Yoshihide Suga has made digital transformation a key priority, even setting up a new digital agency. But how far and fast these hoped-for changes will extend into industry and Japan's education system—which is geared to meeting corporate needs—remains to be seen.

HOW THREE BIG MOVES COULD TRANSFORM JAPAN'S EDUCATIONAL AND BUSINESS SYSTEMS



Big Obstacles, Big Moves

Boosting digital talent is the first of 11 big moves that Japan needs to make to catch up and meet its future needs, according to *Japan Digital Agenda 2030*, a comprehensive study published in February by the American Chamber of Commerce in Japan (ACCJ) in partnership with global management consultant McKinsey & Company, Inc.

The report highlights ways in which Japan has fallen behind. Globally, the country ranks 38th in its ability to develop, attract, and retain digital talent. It has a surprising dearth of software developers: about 787,000, or 62 per 10,000 workers in 2019, compared with 156 per 10,000 in the United States. Overall, tech professionals make up only one percent of the workforce, compared with three percent of the much larger American labor force.

And on the university level, just one percent of Japanese undergraduate students were enrolled in computer science courses in 2019 compared with four percent in the United States, and graduate degrees in fields such as software engineering are limited.

The ACCJ Journal gathered views from HR representatives and education experts—within and outside the chamber, young and veteran—on how Japan might achieve the first three “big moves” proposed in the Digital Agenda report:

- Develop a deep bench of world-class talent literate in cloud tools, software development, and artificial intelligence
- Build digital skills across the labor force by shifting from traditional to adaptive learning
- Drive end-to-end digitization of the education sector from preschool to tertiary education

Covid Catalyst?

Accomplishing those objectives will be a huge undertaking and is likely to upset established business practices that have been in place since at least the end of World War II. It will also inevitably lead to some job losses as automation spreads.

But it will also create plenty of new demand for software developers, data scientists, machine learning engineers, cybersecurity experts, cloud engineers, and others whose professions did not exist a few decades ago. Even then, Japan will face a shortage of 430,000 digital experts by 2025, the government predicts.

As Japan's population and labor force shrink, digital offers a path to reignite Japan's growth and productivity, the ACCJ study notes. Yet there seems to be little urgency for change given the high quality of public infrastructure and services.

The Covid-19 pandemic, despite its obvious toll, may have proved a catalyst for change. It has forced workers to adopt technological tools and prompted companies to abandon a longstanding reliance on paper, *hanko* (personal seals), and fax machines, according to Yuko Yogo,

an independent strategic HR consultant and vice-chair of the ACCJ Human Resource Management Committee.

“This is great, great progress. If there was no Covid, that probably would have taken 10 years,” Yogo said. “I’m an optimist, so I see some positive impact from the pandemic, and this paperless direction is one of them.”

Software Shortfall

One main reason that Japan has a shortage of software programmers is that, historically, corporations and the government emphasized hardware, mechanical, and electrical engineering, which were critical to the nation's economic growth from the 1970s through the 1990s, the ACCJ report points out. “Software is viewed as the ‘glue’ or the ‘support,’ rather than the core component of the business,” it says.

Universities have geared themselves to meeting corporate needs, so the relatively low demand for software experts has meant limited university offerings and fewer graduates with the relevant training.

“Japanese universities are in lockstep with corporate interests,” said William Swinton, director of international business studies at Temple University's Japan Campus and co-chair of the ACCJ Education Committee.

Many corporations tend to pay little attention to applicants' degrees or areas of expertise, caring more about what school they graduated from. “Right now, university students are responding to the signals they're getting from the market,” Swinton said. “They are reading from Japanese corporations that they don't need a computer science degree.”

And until recently, there really wasn't a pressing need for tech experts within a company, Yogo said. In Japan's lifetime employment system, new employees grew as generalists rather than specialists, she explained. Companies typically train new employees in their own computer systems and rotate employees through various departments. They don't keep them in one area such as IT.

That may have worked in the past, but these days “technology is so sophisticated that, until you become an expert, you really can't learn everything you need to,” Yogo added.

The dearth of Japanese digital specialists is evident at Amway, the health and wellness products social commerce and e-retailer with a huge IT department in its Japan office. And yet the majority of staff are non-Japanese, mostly contracted from the Indian subcontinent or China. “We can't find the talent, so we have to import it,” said Mark Davidson, director of government and external affairs at Amway Japan GK.

Ultimately, the private sector—not the government or universities—must be the driver of Japan's digital transformation, Davidson, Swinton, and others said.

“We need to have more of a pull demand from corporations,” said Swinton, who is also an ACCJ governor. “If companies say, ‘We're only going to hire your graduates if you have more sophistication in these areas,’ that will allow universities and their students to respond.”



Yuko Yogo
Strategic HR consultant
Vice-chair
Human Resource
Management Committee



Mark Davidson
Director of government
and external affairs
Amway Japan GK
Co-chair
Education Committee

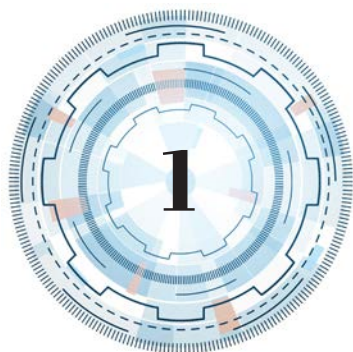


William Swinton
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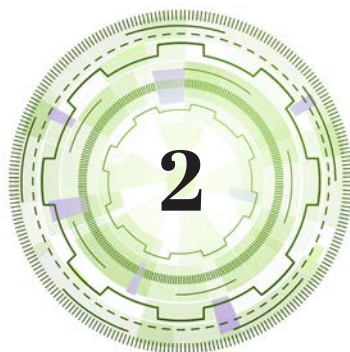


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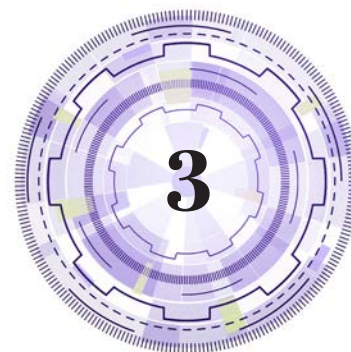
Big Moves to Create a Globally Competitive and Adaptive Pool of Digital Talent



Develop a deep bench of world-class talent literate in cloud tools, software development, artificial intelligence, and other digital technologies and ways of working.



Drive broad-scale upskilling across the workforce by shifting from traditional to adaptive learning to build digitally relevant skill sets.



Drive end-to-end digitization of the education sector, from preschool to tertiary education, with solutions for school and educator efficiency, as well as student access.

The Three Ks

Another factor is that IT jobs have a bad reputation among young people, said Tsuyoshi Domoto, the 32-year-old co-founder of the nonprofit organization Youth Who Code. He holds a master's degree in educational technology from Harvard University.

Traditionally, young Japanese have shunned “three-K” jobs—those that were considered *kitanai* (dirty), *kiken* (dangerous), and *kitsui* (tough). But in recent years, software and IT jobs have come to be associated with another set of three Ks: *kitsui* (tough), *kaerenai* (can't go home), and *kyuuryou ga yasui* (low pay).

“Of course, if you're a college student and you hear that reputation, you're not going to major in that field,” Domoto said. “If there's no incentive for Japanese students to specialize in that field, then you can major in almost anything and still get that job.”

Changing this perception will be one task facing Japanese companies, although there's anecdotal evidence that rising demand is lifting IT salaries. Yogo said she knows of cases where tech experts have demanded annual salaries of \$200,000—quite high by Japanese standards.

Entrepreneurs Flourished

To enact changes, Japan may need to recapture the entrepreneurial spirit of the post-war period, when young innovators such as Soichiro Honda and Konosuke Matsushita started business that have grown into today's behemoths, said Davidson, a former diplomat who served at the Embassy of the United States, Tokyo, and is co-chair of the ACCJ Education Committee.

“Deep down in Japan's DNA, you look at the immediate post-war period, and there was an extraordinary effusion of innovation, like Honda playing around with motorcycles in his workshop. That was a period of tremendous entrepreneurial flourishing,” he said. “Japan has incredible strengths. The potential here is as high and promising as in any country on Earth.”

What Japan lacks—and what's inhibiting its digital revolution—is a self-generating ecosystem similar to that of Silicon Valley

or to the tech hub around Boston that brings together talent, ambition, investment money, and a culture of experimentation and risk-taking—all built around top research universities. “Japan just doesn't have that,” he said.

To embrace the digital age, Japanese corporations need to change their self-perception. Even its vaunted manufacturers may need to view themselves less as making physical products and more as providing digital solutions, Davidson said.

“Toyota has to stop thinking of itself as a company that builds metal cars and think of itself as a company that provides transportation solutions,” he said. “As the technology moves, for example, in the automotive sector toward autonomous mobility, Japanese companies will see that they're not just metal-bashing companies. They're software companies.”

Swifter change will come with a new generation of corporate leadership, which Swinton believes is already appearing. “We are on the verge of the 40-somethings taking over Japanese corporations,” he said. “I think that we're going to find that they're more tech savvy and internationally savvy than their predecessors.”

Immigration

Another change that Japan needs to embrace if it wants to enrich its education system and nurture innovation is to promote international exchange and allow more immigration, Davidson and Swinton said. Just as Silicon Valley draws driven, talented immigrants from around the globe.

“We see around the world that immigrants bring a different view, they look at things from the outside, they bring their young and scrappy view of the world, a belief in bettering themselves,” Davidson said.

Japan is resistant to immigration, partly because it is disruptive to a society that prizes order. But that very disruption often sparks innovation and flexible thinking that Japan needs to transform itself, he said.

Japanese universities, the core engine of future talent development, also need to do a better job preparing their graduates for the digital age. An expansion of computer science classes is needed, and Temple University Japan is starting a program in computer science and information science and technology, Swinton explained.

But more broadly, universities need to train their students in critical thinking and creative problem-solving. “We have to understand that the talent needed in Japan is not purely technical,” Davidson said. “It’s creating liberally educated, technically competent young people, confident and capable of challenging the status quo.”

That affects the kind of instruction professors provide, raising the engagement of university students and promoting more international exchange—welcoming more overseas students and sending their own to study or work abroad.

One step that colleges can take is to expand the number and duration of paid internships for their students at major companies—not the more typical two-week *kengaku* (observation) stints, but real work experience, Davidson said. “There’s a suspicion that somehow this pure alabaster tower of academia will be sullied if it comes into contact with the private sector,” he said. “We have to break that down.”

Holistic Approach

Most of all, Japan’s education system needs to modify its entrance examination process—not just for colleges but for high schools and middle schools as well, contributors have said.

WE HAVE TO UNDERSTAND THAT THE TALENT NEEDED IN JAPAN IS NOT PURELY TECHNICAL ... IT’S CREATING LIBERALLY EDUCATED, TECHNICALLY COMPETENT YOUNG PEOPLE, CONFIDENT AND CAPABLE OF CHALLENGING THE STATUS QUO.

These fateful tests shape the lives of millions of youngsters from as early as age 10, when many start attending cram schools, which emphasize rote memorization and test-taking, not the critical thinking or creative problem-solving that a digital world requires.

These exams also shape their futures, as companies tend to prioritize the university’s brand name over even the applicant’s major or educational experience.

Instead, at both the university and corporate levels, Japan needs to adopt a more holistic evaluation of an applicant’s strengths and achievements in various areas, not their performance on a standardized test taken on one day. “All students do is try to get into prestigious universities,” said Domoto. “Once they’re in, they just sit back and do anything they want.”

Again, any changes to Japan’s entrance examination system need to come from the corporate level, contributors said.

“If companies should start to say, ‘We’re going to begin looking at you as an individual: What are your values? What sort of extracurricular activities did you

do during college? How did you serve the community?’ Then, if you can start evaluating people based on their humanity, not just a single test, you can extract real talent,” said Domoto.

Government Initiatives

Real change needs to originate with corporations, but the government does have a role to play, too, contributors said. In Japan’s hierarchical society, people tend to follow the pronouncements and guidelines coming from their leaders, and Domoto believes the government could enact change through new rules or laws.

“If the government makes a law saying something like starting from next year you can no longer base someone’s eligibility to enter university purely on their test score, that you have to make sure you look at other aspects, then universities would have to follow,” he said.

To promote computer literacy in the younger grades, the government has launched several initiatives, including plans to provide one laptop per child by 2023, according to the ACCJ report. It has also announced the introduction of programming education in elementary, middle, and high schools in 2020, 2021, and 2022, respectively.

But the problem with that latter initiative, Domoto said, is that some public schools don’t have adequate human resources to carry out that initiative. The science or math teachers who are usually called on to teach computer programming classes have not received enough training, or they feel the extra class demands are stretching them too thin. “Many teachers are feeling overwhelmed,” he said.

Generational Divide

Training corporate staff to become more digitally competent is something that Nancy Ngou, head of organizational change and diversity and inclusion at EY Strategy & Consulting Co., Ltd. is talking about with clients regularly these days. And she definitely perceives generational differences.

Some older employees are worried that they can’t learn the new technology and that they might lose their jobs as a result. Some younger workers, meanwhile, are frustrated by the slower embrace of digital tools, prompting some to even quit, she said.

To help both groups and reinforce the strengths each group offers, Ngou recommends “two-way mentoring,” in which both sides can teach and learn from each other.

“Newer employees don’t have that business savvy. They don’t know how things work,” she said. “Often, digital natives prefer to learn by listening to those with more experience, rather than reading books.” Through two-way mentoring, “the older generation



Nancy Ngou

Head of organizational change and diversity & inclusion, EY Strategy & Consulting Co., Ltd.

Co-Chair Human Resource Management Committee and ACCJ governor



Tsuyoshi Domoto

Co-founder Youth Who Code



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Students participated in the Youth Who Code Japan Inter-School Hackathon in March.

feels valued, and the younger generation can help them understand the technology. It's win-win."

To train staff in new tools or systems, many companies are adopting digital academies—online, self-paced training sessions—said Ngou, who is also co-chair of the ACCJ Human Resource Management Committee and an ACCJ governor. "A lot of the time it's voluntary; you don't force digital training on people. But you make it special, where people can get certified in certain things."

One problem Ngou has seen is staff sometimes relying too much on the tech consultant to set up a new system, instead of fully learning and understanding the technology themselves.

For example, an employee may start to use robotic process automation (RPA) that collects data from various sources to generate a monthly report. But when they want to add a new account, they don't know how to do that because they don't fully understand how the program works, so they contact the consultant. "We're trying to help the clients understand how to use it as opposed to just setting it up and calling the consultant every time they have a change," Ngou said.

She advises clients to view their company's digital transformation as unfolding on three levels:

- Upgrading employees' skills
- Using digital tools at the leadership level
- Changing the overall corporate culture

If any one of those lags, the whole process stalls. "We tell them that they can't just do digital," she said. "They need to become digital."

Gender Divide

Domoto believes that technology can also help rectify gender inequality in Japan, a problem he believes is holding back the

country. Digital solutions can address a number of big social problems that affect women much more than men, such as a shortage of childcare centers and nursing homes for the elderly, as well as sexual harassment at work, he said.

There's an assumption in Japanese society that mothers do most of the child-rearing, which for working women means dropping off and picking up their kids from daycare, as well as caring for elderly parents. There's also an assumption that women don't go into technology.

"All these female-oriented problems are unresolved," he said. "We live in such a wonderful, blessed country. Yet people are still unhappy. How can we fix this?"

Domoto is convinced that empowering women and girls, and equipping them with technology, is key to resolving these problems. This idea—empowering young students and girls in technology—is emblazoned at the top of the Youth Who Code website. The nonprofit, which Domoto helps lead, seeks to increase access to technology-based education and resources for youth.

At a recent hackathon, they taught international students the Python computer language, which the youth then used to create solutions to everyday problems, such as an aid to help record students' temperatures when they get on the school bus in the morning.

"That's why I'm trying to promote entrepreneurship. Because with entrepreneurs, your job is to help solve an issue in front of your eyes," he said. "But right now, I don't see that happening for Japanese women."

One example of this is the online booking system CareFinder, created by a woman, that connects mothers with domestic helpers who can come clean your house or care for your children.

"I really hope that tech-based solutions will help resolve some of these issues," Domoto said. "It's little things like this that can add up." ■

FIRMWARE UPDATE

GOVERNMENT AND BUSINESS MUST DIGITIZE
TO MOVE JAPAN FORWARD



In late 2010, there was an undeniable sense of dismay hanging over Japan as China became the second-largest economy in the world. It had long been recognized as inevitable that Japan would slip to third place, but it was still cause for some national hand-wringing. A little over a decade later, Japan is at real risk of falling even further in the global economic rankings, in part because the nation has failed to fully embrace technology and digitalization.

The 2020 IMD World Digital Competitiveness Ranking put Japan in 27th place, down four spots from its standing in the 2015 survey. In the meantime, China has climbed from 38th to 16th and South Korea is up to eighth from its previous spot of 18th. Malaysia is now ahead of Japan in terms of making the most of digitalization to spur a national economy, as are Ireland, Estonia, and Belgium—hardly names one associates with the application of the most cutting-edge know-how available to companies.

Must Move Now

“Digitalization is no longer a choice for Japan but an imperative,” said Jim Foster, who serves as senior

in a business relationship after numerous face-to-face meetings.

“That means foreign companies, in particular, do not know for quite some time how they stand with potential partners, and decision cycles can take more than a year to complete,” he said. “Sometimes, decision cycles take far too long, are too ponderous. And that’s before we begin building a long-term corporate partnership that relies on paperwork, *hanko*, fax machines, and several layers of bureaucracy.”

The coronavirus pandemic has further served to highlight the frailties that are so inherent in the Japanese business sphere, points out Alice Graham, co-chair of the chamber’s Digital Literacy and Ethical, Legal, Social Issues (ELSI) Committee and assistant general counsel for Microsoft Japan Co., Ltd.

“Most immediately we have seen, since the first Covid-19 emergency declaration, an inability for most employees to work from home,” she said. “And while Japan has widespread mask usage, I believe this inability for people to work from home is a huge contributor to the Covid-19 caseload and deaths compared with other Asian countries.”

OVER THE PAST DECADE, WHILE OTHER NATIONS HAVE MOVED DRAMATICALLY ON THE CHALLENGE OF DIGITALIZATION, JAPAN HAS NOT ONLY LAGGED BEHIND OTHER COUNTRIES, BUT ACTUALLY REGRESSED.

advisor to the American Chamber of Commerce in Japan (ACCJ) New Digital Agenda Task Force. “The current pace of digitalization here will not permit Japan to keep its position as the world’s third-largest economy. Over the past decade, while other nations have moved dramatically on the challenge of digitalization, Japan has not only lagged behind other countries, but actually regressed.”

“With significant headroom for digital penetration across industries and government, Japan still has the chance to leverage digital to achieve a new phase of growth in the next decade,” he said. “But given a shrinking workforce and an aging population, the country needs to boost its productivity to make up the gap. Going digital is its last best option.”

There are multiple challenges that exist in a society that continues to place importance on doing business in person and largely adheres to the mantra that traditional ways of doing things are probably still the best.

For example, just 7.5 percent of government administrative services can currently be performed online, with the vast majority still requiring a person to physically visit a government office, fill in reams of paperwork, and apply a *hanko* (personal seal).

Many businesspeople have their very own digitalization bugbears they fervently wish could be addressed. John Kirch, vice-chair of the ACCJ’s Information, Communications, and Technology (ICT) Committee, pointed out that traditional thinking in business here means that trust can only effectively be forged

Government Action

If the consequences of failing to adopt digitalization in business are many, varied, and glaringly obvious, what should the Japanese government be doing?

“The first step is to get the Digital Agency up and running with a broad mandate to drive digitalization across ministries and at all levels of government—national, prefectural, and municipal,” emphasized Foster.

“Other initiatives,” he added, “include improving and expanding the procurement of digital technologies and services, promoting rapid adoption of cloud computing through mandating interoperability across government agencies, getting the right balance on data privacy, and setting principles for responsible use of artificial intelligence.”

Judith Hanna, a Japanese policy analyst and advisor to the New Digital Agenda Task Force—chaired by James Miller, head of public policy at Amazon Web Services Japan—concurs that the central government, led by the Digital Agency, “must make some fundamental decisions that reflect on what businesses need to be globally competitive.

“There is no time to lose,” she added. “This means greater dialogue with the international business community and learning from other governments that have already gone through—or are going through—the digital transformation journey.”

Kirch, who is senior vice president of Uppsala Security—the first blockchain technology powered, crowd-sourced threat intelligence platform—believes



Jim Foster
Senior advisor
ACCJ New Digital
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John Kirch
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Japan has all the essential ingredients to digitally transform its government and society, and to dramatically grow its economy. That window of opportunity is rapidly closing.

—Alice Graham
Assistant general counsel, Microsoft Japan



Global IMD Digital Competitiveness Rankings (ranked by 2020)¹

Country	2020 rank	2015 rank	Change
USA	1	2	▲ +1
Singapore	2	1	▼ -1
Denmark	3	8	▲ +5
Sweden	4	5	▲ +1
Hong Kong, SAR	5	14	▲ +9
Switzerland	6	7	▲ +1
Netherlands	7	6	▼ -1
South Korea	8	18	▲ +10
Norway	9	11	▲ +2
Finland	10	3	▼ -7
Taiwan, GC	11	15	▲ +4
Canada	12	4	▼ -8
United Kingdom	13	12	▼ -1
UAE	14	22	▲ +8
Australia	15	9	▼ -6
Japan	27	23	▼ -4

1. Ranking can be decomposed by three factors: knowledge, technology, and future readiness. Source: 2020 IMD World Digital Competitiveness Index

the most critical requirement is for the government “to set out a vision of where it wants to go and to define bold goals with target dates so progress can be measured.

“There needs to be leadership and dialogue,” he said. “The vision needs to be communicated, targets must be allocated, and those who are made responsible for meeting those goals must be named and actually held responsible.”

It is imperative, he added, that the digital transformation should leverage the legacy systems, on which Japan currently relies so heavily, by enabling digital-driven integration to dynamically accelerate the time to market of “agile systems” that run on mobile phones, the web, and in the cloud, no matter if it is for a government agency, academia, or an enterprise.

“Change-ready has to become the de rigueur attitude or culture,” he said.

Early Education

Graham believes solutions need to be introduced even before young people first join a company, calling on the government to “aggressively promote digital skills across Japan, not just in colleges, but starting with the youngest students and continuing to adult education.

“Without basic digital literacy, any digital transformation and adoption in business, education, or the government will be limited,” she said.

There is also a lot that the private sector can do in this area, she pointed out.

“If you focus just on the system integrator sector, where the bulk of Japan’s digital talent is currently employed, they can create internships to train high school students, launch programs for employees to volunteer in schools to teach digital skills, and sponsor ‘digital camps’ and competitions among the youngest students to get them interested early.”

Hanna concurs that there is an urgent need for universities to produce more digital talent, adding that companies need to be communicating with government to identify areas in which there are talent shortfalls. There is also a need to re-skill the workforce for changes in their tasks.

Digital transformation requires designers and data scientists, machine learning experts and data engineers, software developers and cybersecurity experts. But just one percent of the Japanese workforce is at present skilled in these areas. And most are locked up in the operation of legacy systems instead of entrepreneurial startups attempting to develop the next “big thing.” There are just 29 Japanese universities with software-related programs, compared with 117 in the United States.

Mike Benner, co-chair of the ICT Committee and a managing partner at business consultancy MB Partners, said the importance of developing synergies between the government and the private sector cannot be over-emphasized and there is a desperate need for both sides to accept and encourage the new ways in which we are all working.

“The elimination of antiquated overtime rules which, in the past, have held workers hostage in the office until the boss leaves, irrespective of their productivity levels, should be a priority,” he said. “Rules around compensation for intelligence-based workers need to be changed to better incentivize non-routine employees to work even more productively, eliminating non-value-added tasks and the custom of working for overtime pay.”

Not only would these initiatives be relatively straightforward to implement, but they would have a very fast and visible impact on the well-being of staff, in the workplace and beyond.



Judith Hanna
Japanese policy analyst
Advisor
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Mike Benner
Managing partner
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Darren McKellin
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Zscaler

Co-chair
ICT Committee
Vice-chair
Digital Transformation
Committee




We are truly delighted to participate in *Japan Digital Agenda 2030*, contributing our perspective on Japan embracing digital transformation as we build the future. Intel continues to engage with industry and government stakeholders in Japan to identify and collaborate on steps toward this future. I fully expect this paper will serve as a catalyst for conversations focused around the growth and prosperity of Japan's people and companies.

—Kunimasa Suzuki
President, Intel K.K.

Vice president, Sales and Marketing Group, Intel Corporation



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THE DIGITAL TRANSFORMATION SHOULD ... DYNAMICALLY ACCELERATE THE TIME TO MARKET OF "AGILE SYSTEMS" THAT RUN ON MOBILE PHONES, THE WEB, AND IN THE CLOUD.

Foreign Influence

Analysts agree that Japan's entrenched business culture will be the biggest hurdle to overcome. But, they add, foreign firms have an important contribution to make.

"It is going to require a broad-based effort—and I believe that ACCJ member companies have a role to play in this as well," said Foster. "Our companies have led the growth and development of the digital economy in Japan over the past decade and have both a business interest and social responsibility in supporting digital transformation in Japan."

The chamber's Digital Society Coordination Group is working with all ACCJ committees to examine ways in which companies can show leadership in these areas, he said. Some of the initiatives they are exploring include:

- Supporting summer internships for the next generation of software engineers at US companies
- Funding scholarships for top Japanese students in computer studies programs at US universities
- Raising awareness of, and providing practical experience in, dealing with cybersecurity challenges through hackathons
- Engaging in knowledge and experience-sharing with Japan's startup community

"Obviously, this is a big job, and the resources of the chamber and its member companies are limited, but I feel it is important for us to lead by example."

Hanna firmly echoed that belief, adding that it is critical for the foreign business community here to support the debate and engage in local politics.

"It's not always easy to get behind closed doors within government, but that's where digital policy is a sweet spot. Japan wants—and needs—to learn from examples offshore," she said. "It will do it in its own unique and *kaizen* way—that Japanese approach to continuous improvement—but the pressure is on to do this quickly. That's something Covid-19 has revealed. I think we can expect more opening up between the government and the international business community, and occasionally that means we will have to get in front of leaders and remind them we are here and want to help."

Darren McKellin, who jointly chairs both the ICT and the Digital Transformation Committees, sees grounds for optimism in Japan's corporate world. "Many Japanese companies are now securely accelerating their digital-transformation journey, and it is their top priority," he emphasized. "These are the companies that will be able to compete on the global stage."

And there are real-world examples that have underlined the importance of the transformation, he points out, such as the recent SolarWinds security incident, in which hackers breached the Texas-based tech company's systems and injected malicious code into its widely used IT management software. That has not gone unnoticed at Japanese companies, which are now aware they need to provide their workers secure connectivity to applications, regardless of their location.

"The shift in security is because workers need access to applications, not the network, which is fundamentally different from the firewalls and legacy network security architecture that protect a data center—and were not designed for the digital era," he said.

But Japanese companies do realize the need for change, he added. The ICT Committee, for example, last year hosted a presentation by a senior official of Konoike Transport about the digital transformation the company is implementing to move its ICT infrastructure into the cloud, permitting a revolution in working styles. Konoike now has a 10-year business plan that includes overseas expansion—and with virtually all the solutions coming from US companies, including OKTA, Inc., Zscaler, Inc., Amazon Web Services, CrowdStrike, Inc., and others.

Yet, on the whole, Japan's business world still falls far short of the criticality required before digitalization can be declared a success.

"This is a massive opportunity for Japan but also its biggest challenge, as I see it, since the industrial revolution came to Japan," said Kirch. "It is going to be a tremendous challenge for some companies—and those in government—to entirely change the way they think and have done things for years."

"But the potential payoff is colossal—and it's important to point out that the benefits will not only be in terms of the nation's companies and its economy. This sort of change could enable people to lead happier lives with less stress and greater free time. And, I would say, that is the sort of future we should ultimately be working together to achieve." ■



SUNSET SEAL

WILL PANDEMIC AND DIGITAL AGENDA END THE *HANKO*?

Japan is, in so many ways, stunningly technological. This is the land of the *shinkansen* and supercomputers, of spacecraft, cutting-edge medical devices, impressive software, and any number of home-use gadgets that boggle the mind. Which makes it all the more contradictory that this society has hung on so grimly to a handful of archaic approaches to doing business, chief among them the *hanko* (personal seal) and the fax machine.

And while the coronavirus pandemic has been a tragedy for millions of people and a disaster for far too many businesses, the one silver lining in Japan might be that it has hastened efforts to wean the nation off long-obsolete tools and to replace them with up-to-date ones, such as the electronic signature.

Government Moves

In the early phases of the pandemic, the nation's bureaucracy—never one to adopt new concepts easily or quickly—accepted that *hanko* are no longer conducive to a modern economy. In late April 2020, then-Prime Minister Shinzo Abe ordered ministries to draft new laws to get around the nation's archaic dependence on seals.

The order came as many companies ignored government requests to encourage staff to work from home and avoid public transportation to help stop the virus from spreading. Senior officials needed to be seated at their desks just so they could apply *hanko* to company documents. Without that bit of red ink, entire businesses would have ground to a halt.

The campaign was given a timely boost in October, when Taro Kono—newly appointed as the minister tasked with hacking through Japan's legendary red tape and reducing bureaucratic and corporate inefficiency—declared war on the *hanko* and fax machine.

Within a week of his appointment, Kono had ordered all national government offices to halt the practice of requiring *hanko* on all official documents, with that personal touch only required for extremely important or sensitive paperwork.

In a letter distributed by the Cabinet Office, Kono instructed every ministry to answer whether they intended to comply with

his directive, whether they would “consider” doing so, or if they intended to continue business as usual. Those that decided they were going to stick with the tried-and-trusted *hanko* were required to provide an explanation as to the reason before the end of September.

“Why do we need to print things out on paper?” Kono asked at a press conference outlining the campaign. “In many cases, it is simply because the *hanko* is required. So, if we can put a stop to that culture, then it will naturally do away with the need for printouts and faxes.”

Winds of Change

Where the nation's bureaucracy leads—however reluctantly—the business world follows. And that change in attitudes has enabled lawyer Catherine O'Connell to breathe a sigh of relief.

“So much time is taken up with my corporate clients having contracts executed by hand, with the seal held by a person at the office,” said O'Connell, founder of Tokyo-based Catherine O'Connell Law and co-chair of the American Chamber of Commerce in Japan (ACCJ) Legal Services and IP Committee.

“Generally, it is not permitted for a person to take the company *hanko* out of the office, and even beyond the four walls of the legal department in some cases. This has caused such a problem over the past 12 months for many companies, because they need extra approvals to be put in place—also, ironically, requiring a *hanko* to be approved—and added security for a *hanko* to be kept at home,” she told *The ACCJ Journal*.

The Japanese government's strides in creating a *hanko*-free environment “are certainly welcome in my field of commercial law,” O'Connell said. “Electronic signatures have gone a long way towards helping the situation for English-language contracts, although the digital *hanko* for Japanese-language contracts has still to take off as a viable option.

“I would really like to see the government work towards a digital *hanko* with secure authentication mechanisms that can be used electronically for submitting documents,” she said, pointing

out that a domestic company has already developed the digital *hanko*. But companies she has spoken with say they haven't taken it up largely as a matter of custom, as it is not widely used by others. Legislation permitting the *hanko* to be totally abandoned has yet to be amended.

Slow but Steady

ACCJ Legal Services and IP Committee Vice-Chair Aiko Okada, who works in a local government, says the old-fashioned way of conducting administration is still considered the only way to serve all residents equally. "Even today, when many things are at our fingertips thanks to the internet and smartphones, the government is still reluctant to change the status quo," she explained.

But change, she said, is coming. "Gunma Prefecture, like other government agencies, required *hanko* for many procedures; but as soon as Kono made his announcement, many of them were revised and 97 percent of *hanko* requirements had been removed by the end of fiscal 2020."

Mihoko Nishijima, vice-chair of the ACCJ Secure Digital Infrastructure Committee, argues that since announcing its decision, the government has moved quite swiftly in terms of regulatory reform. But attitudes among many users may take longer to change.

Already, the need for a *hanko* has been abolished in 5,198 of the nation's 14,992 administrative procedures, she said, and ministerial ordinance revision as well as legal reforms are being studied.

"The government is committed to promoting the use of electronic signatures as soon as procedures are in place to ensure the integrity and authenticity of documents," she said. "Other details on the use of cloud-based e-signatures are being incorporated into Japan's Act on Electronic Signatures and Certification Business, so the government does see this is a user-friendly technology for its citizens."

Seize the Moment

For Jim Weisser, change cannot come soon enough. A serial technology entrepreneur since arriving in Japan in 1993, Weisser set up SignTime K.K. in September 2020 to develop electronic signature services. And he says

that the challenges brought about by the pandemic have really served to focus leaders' attention on the parts that are slowing down their operations. For many, the *hanko* is an obvious place to start.

"It's not just an issue of convenience; one thing that these folks are realizing is how much risk they have centralized in their offices in the shape of their *hanko*," said Weisser, who is co-chair of the ACCJ Digital Trade Committee. "Most companies understand that a physical approval process based on moving bits of paper around has problems, but they never did anything about it. This is their opportunity."

The concept is largely being driven from the inside out, he said. Sales employees are enthusiastic about electronic signatures as they no longer need to print out their paperwork, put a *hanko* on each page, scan it, and then send it. Electronic signatures "cut their turnaround times dramatically," Weisser said.

Next on his list to convince are human resources departments. Once they are on board, Weisser believes what is currently a "creeping process" will take off.

At present, Weisser estimates that between one and two percent of all white-collar workers in Japan are using electronic signatures. In the United States, that figure is five times higher. Yet he remains optimistic.

Weisser contributed to a paper by the chamber's Secure Digital Infrastructure Committee that concludes an "obvious first step" would be legislation that allows any digital signature to have the same legal standing as a fax, considering that any digitally signed document is going to have a much more material audit trail than a paper fax with a *hanko* or signature.

"After that, there are a number of additional methods which may be appropriate, including using blockchain, providing photographs of the signatory, or doing an associated video recording of any statutory language that is required, which could also be attached to an audit trail," the report concluded.

The key, Weisser adds, will be to make the system that is adopted straightforward and user friendly. Overengineering a solution will only serve to limit market adoption. "It's coming," he said. "The changes may be incremental at present, but we will get there." ■



Catherine O'Connell
Founder
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Aiko Okada
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Mihoko Nishijima
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Jim Weisser
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The need to apply *hanko* to documents has created obstacles to digital transformation.



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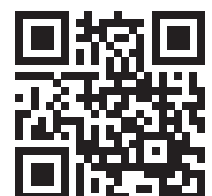
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As Easy As a *Hanko*

Cloud-based e-signatures solve the last mile challenge in digital transformation

One of the biggest challenges faced by telco companies and logistics players alike is solving the “last mile”—making the connection between centralized hubs and individual endpoints. In the quest for digital transformation, the pervasive *hanko* presents a similar last mile problem.

While e-signatures have been legal in Japan since the early 2000s, the larger hubs of digital transformation—businesses of all sizes—have the will and the resources to start a change. But the last mile of digital transformation—the end user or the *gemba* (actual place) at businesses large and small that must interact with the big hubs to conduct business—often lack the desire, much less the infrastructure and expertise, to move beyond the low-tech rubber stamp.

Opportunity to Change

Focusing on the IT problem of the large hubs—with legislation, standards, and enterprise-scale solutions—won’t solve the problem for the end user, internally or externally. And that hurts everyone. When the benefits of digital transformation are opposed by the *gemba*, the overall impact of the effort is greatly reduced. Employee dissatisfaction increases and those that aren’t able to satisfy the end user will be at a significant competitive disadvantage.

That’s a major challenge, but it’s also a tremendous business opportunity—one that I’ve invested in with my latest venture, SignTime K.K.

SignTime K.K.’s mission is to make the benefits of digital transformation easily available to businesses of all sizes, with a focus on the end user of the service. SignTime is a cloud-based e-signature solution that simplifies document creation, e-signing, routing, tracking, and verification—all within a highly secure and customizable environment.

For a small or medium-sized enterprise, having affordable and easy access to a full-contract lifecycle management tool such as SignTime can make the difference between being left behind and having a competitive advantage. For a larger enterprise, SignTime’s ability to customize its solution to the end user’s needs as a clean, easy-to-use design ensures that documents sent by SignTime will be built, signed, sent, and delivered in a more timely fashion than other available services.

Most importantly, SignTime can create real process efficiencies in areas that are mission critical but not core to the company’s product or service offering. Human resources staff can devote more time to recruiting and spend less time on paperwork. Real estate agents can automate much of the tedious back-and-forth flow of complex documents that reduces customer satisfaction and delivers no added value. Venture capitalists and startups can benefit from operational efficiencies and faster processing times during crucial phases of their business cycles.

Get Started

The legal and technological enablers are in place in Japan to start realizing these benefits today. But it’s also going to require a cultural shift and a comfort level with doing things a new way. We’re helping by making onboarding easy with an intuitive product and a free 30-day trial. We’ve also structured our pricing to enable businesses of any size to pay for only the services they use and the volume of documents they need to manage.

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Jim Weisser
Co-founder and CEO
SignTime K.K.

Presented in partnership with



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Classroom Disconnect

The true reason for Japan's critical developer shortage



Tim Romero
Head of Google
Startups Japan

Host of the podcast
Disrupting Japan
www.disruptingjapan.com

Society and the economy are changing at a rapid pace, and it is now clear that the path forward for Japan is a digital one. That's true for the world as a whole, but Japan is redoubling its efforts to make up for lost time and become more globally competitive.

To this end, Prime Minister Yoshihide Suga has established the Digital Agency to address the need for government-wide digital transformation and widespread sharing of currently siloed information. Of course, seeing a need is always easier than meeting a need, and Japan has a lot of work to do before that vision can be realized.

Education First

Succeeding in businesses in the years to come will require tech-savvy staff. Building that foundation starts with education—and not just at the university level. Kids need to be learning to use tech to solve problems at an early age. The Japanese government announced in May 2019 that programming would be added as a mandatory part of the curriculum in elementary, middle, and high schools starting in 2020, 2021, and 2022, respectively.

Kids need to be learning to use tech to solve problems at an early age.

This is an important start, and to fully address the shortage of programmers and highly skilled tech workers—projected by government studies to number 430,000 by 2025 and 600,000 by 2030—we will also need to find a way to ensure that students are actually learning applicable skills.

On my podcast *Disrupting Japan*, I had a chance to explore this topic with Masa Kato, founder and chief executive officer of edtech startup Progate Inc., which teaches programming online.

Kato said that Progate's target is people in their twenties and thirties who don't currently work in the information technology (IT) sector but would like to shift to IT-related fields. But the platform, which was launched in 2014 and now has 2 million users in more than 100 countries, is becoming more popular with teenagers in Japan—a great thing for the prospects of digital transformation.

The Hands-on Problem

One interesting thing about Progate is that Kato started the company while still a student at the University of Tokyo—and what spurred him to do so reflects a problem that still faces the country's educational system.

"When I first started learning programming, I was in my third year of university," he recalled. "That's when people started to choose their major at the University of Tokyo, so I chose computer science. That was my first experience with programming, and I wanted to learn how to make web services and iPhone apps. I thought programming was really cool, so I wanted to learn that, and I majored in computer science with high hopes. But what I actually learned there was not quite what I had expected. It was more academic."

What Kato learned in this university programming course was largely the history of programming, not the hands-on skill of programming that is needed to actually make things and solve problems.

"That was interesting, and I'd love to learn it now that I'm an actual programmer, but back then I wanted to know more practical stuff," he told me. "But the professors didn't really teach me that, which is understandable because they weren't really doing the latest web stuff."

Course Correction

That disconnect between academia and application seems to be at the core of the problem that has led to Japan's shockingly low ranking of 38th globally when it comes to developing digital talent.

"I think the problem with all these educational institutions in Japan is that a lot of the teachers have no experience in any practical programming, so the lack of teachers is a big issue," Kato said.

This could be an obstacle for the government's introduction of mandatory programming courses in primary and secondary schools as well, but through platforms such as Progate there is an opportunity to build a strong foundation of educators who can deliver a generation of digital natives with the skills to keep Japan near the top of the global economy.

If we can change the trajectory of education and teach real-world skills, as Kato is doing following his own experiences in school, then the *Japan Digital Agenda 2030* has a strong chance of success. ■



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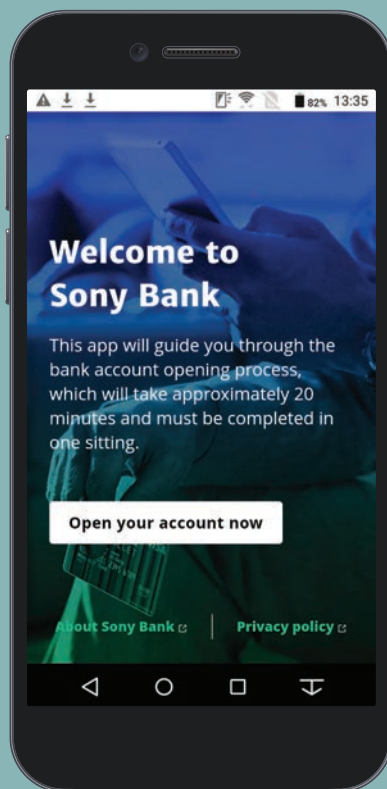
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