

sustainable japan

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IBM's tech advances driven by leadership, collaboration

Unraveling Japanese companies

HIROKO NAKATA
CONTRIBUTING WRITER

What makes a company sustainable for decades? Amid fast business transformation around the world, International Business Machines Corp. is a rare example that has not only survived for over a century, but cultivated innovation in various fields including information technology, financial services and space.

The focus of IBM has been technology to create innovation, said Akio Yamaguchi, general manager and president at IBM Japan Ltd. "We are a technology company, so we all need to understand technology as our base," he said in an interview, part of a monthly series by Naonori Kimura, a partner for the consulting firm Industrial Growth Platform Inc. (IGPI). Developing technologies is a crucial factor for staying competitive, but Yamaguchi said the real purpose is not selling technologies as such but providing services to solve clients' specific business problems by utilizing technology as a tool.

IBM is known for its clear sense of purpose. Yamaguchi said the technology giant's philosophy has not changed in the century since Thomas J. Watson Sr. founded the company in 1911, saying, "Be a good corporate citizen." Toward that end, it has historically emphasized ethics and compliance. In 1965,

his son and CEO Thomas J. Watson Jr. wrote, "We accept our responsibilities as a corporate citizen in community, national and world affairs; we serve our interests best when we serve the public interest."

Another pillar of its philosophy is its emphasis on education. "We have the way of thinking. There is no saturation point in education," which is still pervasive company-wide," Yamaguchi said. "We have a number of opportunities for education and are able to improve our skills by ourselves," and this eventually benefits its clients.

"Think" is another keyword for IBM. For example, when company representatives visit clients, they should think beforehand about the best solution for the clients, Yamaguchi explained.

Diversity and inclusion is also part of the technology company's philosophy. "However tough the business environment is, we should never forget D&I because it is an extremely important element to create innovation. It is also our social responsibility as a company," he said.

Lastly, the company believes that technology should be used for right purposes for human beings and should not be unethical. Artificial intelligence has drawn increasing interest since the release of OpenAI's ChatGPT in 2022, and large technology companies have invested in AI-driven services. Yamaguchi said IBM is keeping data provided by its Watsonx generative AI transparent, allowing users to check that it does not harm morality or enhance unconscious bias



Akio Yamaguchi, general manager and president at IBM Japan Ltd. HIROMICHI MATONO

in society. IBM has focused on technology because it is a key factor in innovation that can support business growth with real value, Yamaguchi continued. The country now faces a critical turning point for either achieving economic growth or else staying stagnant like in the past three "lost decades."

"In the short term, deflation has been overcome, companies have regained the right to set prices, and wage hikes are beginning to take place, mainly at large companies. Stock prices have exceeded the bubble era, and the vicious circle of deflation is finally being broken. The Japanese market has extremely high potential for growth," Yamaguchi said. "It is time for us all to work hard to release really valuable products to the world." He pointed out that a number of factors — a declining population and a labor shortage at home and the outbreak of wars abroad — are pushing up the costs of energy, raw materials and labor, prompting Japanese companies to change their old ways.

"So, what should we do to create valuable products with potential profitability in the market? The answer is innovation," Yamaguchi said. "What's important is how much we can change and drive innovation with technology." Investing in the digital and green transformations, focusing on differentiated business portfolios and promoting employees' re-skilling will all be necessary for such corporate transformation, he added.

He also said Japan must solve the problem of labor liquidity, which has stood in the way of its growth when companies need to overhaul their business portfolios and strategies. "Amid the lack of a social safety net and the culture of not firing employees, management is caught in a dilemma between the business strategy and the existing organization. Even today, management will continue to promote re-skilling, but in order for Japanese companies to carry through with self-improvement, it is essential to strengthen labor market liquidity and the safety net for society as a whole."

Asked what sustains the company, Yamaguchi pointed to three pillars: the significance of leadership, the formation of a business ecosystem and the utilization of technology.

IBM Japan spends a considerable amount of time nurturing leadership through on-the-job training. Every week, it holds a meeting at which the leaders of every department share updates, starting with bad news. This provides opportunities for taking the initiative and experiencing the high-level decision-making process, Yamaguchi said.

As for the ecosystem, IBM Japan actively forms alliances with other companies in IT and other industries, plus policymakers and academics. In one example, IBM cooperates with hospitals and robot developers in its health care business. "We are building an ecosystem by connecting with others across companies, industries and regions," he said.

At the end of the interview, asked about IBM Japan's future in 2030, Yamaguchi said he expects it to further gear up for quantum-centric computing services amid the elevating needs of next-generation technology. In May last year, IBM announced that it would invest \$100 million in quantum-computing research with the University of Chicago and the University of Tokyo over the next 10 years, while Google separately said it had signed an agreement with the two universities to invest up to \$50 million in the research over the same period. Quantum computing has attracted increasing attention from researchers and scientists because it could help solve certain kinds of problems that classical machines can't tackle in areas like automotive technology, financial services and pharmaceuticals.

"Our company will probably provide data-oriented solutions using new data offered by quantum computers," Yamaguchi said, citing autonomous flying cars as an example of high-technology devices that reflect a growing need for quantum computing.

Much higher computational capability than the classical one would be necessary for hundreds of thousands of such vehicles to fly safely in a future traffic control system. "We will be able to provide all sorts of services that are impossible to achieve with current computational abilities," he said.

NAONORI KIMURA
INDUSTRIAL GROWTH PLATFORM
INC. (IGPI) PARTNER



IBM has realized a high-level "trade-on" — a win-win increase of both social and economic value — by retaining its founder's spirit of becoming a good corporate citizen and achieving its performance objectives.

IBM's high standing today is backed by its high technology. Its ethical policy that technology must be used for the sake of people positively affects all of its activities, from basic research to business.

The source of IBM's strength comes from its individual workers' voluntary efforts to continue cultivating their capabilities to create innovation with the support of the company, whose philosophy is "there is no saturation point in education."

Amid pressure for reform from capital markets and international society as well as a worsening labor shortage, for Japanese companies to continue growing it is essential for them to develop their social and economic values at the same time and transform themselves into truly sustainable companies that create products and services with added value. The power of technology is necessary to realize this vision, IBM Japan President Akio Yamaguchi said firmly.

To address complicated problems, IBM provides solutions through its high technologies and conducts sustainable management by itself. There is no doubt that the presence of such a company will further grow both domestically as well as internationally as a catalyst of the reforms that companies need.



"We have the way of thinking. There is no saturation point in education," Yamaguchi said. "We have a number of opportunities for education and are able to improve our skills by ourselves." HIROMICHI MATONO

CJPF Award 2024 highlights innovation and tradition

Media partner

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The CJPF Award 2024 ceremony on Feb. 26 announced 18 award-winning projects that showcase Japan's allure through its cultural and industrial heritage, including food, traditional arts, craftsmanship and tourism, as well as entertainment like manga and anime. They highlight Japan's rich history, tradition and nature, as well as its innovative digital technology.

This initiative falls under the Cool Japan Public-Private Partnership Platform, orchestrated by the Intellectual Property Strategy Promotion Bureau. It evaluates videos and projects across a broad spectrum to enhance Japan's international appeal and boost inbound tourism, recognizing exceptional initiatives.

The platform was established in December 2015 to advance the Cool Japan strategy. This initiative unites the central government, local authorities and private sector to back creators and producers pivotal to Cool Japan's success. The co-chair, Sanae Takaichi, minister of state for Cool Japan strategy, delivered the opening remarks.

This is a pivotal year for formulating a new Cool Japan strategy, with Takaichi mentioning ongoing efforts to review and refine it. She said: "Your feedback, including any bottlenecks encountered in daily operations or suggestions for enhancements to broaden your activities, would greatly aid in crafting the new Cool Japan strategy. We aim to transform your valuable insights from real-life experiences into actionable information that will inform and enhance the strategy."

She called on the award winners to share the challenges they face in their respective fields.

The CJPF Award 2024 received 294 entries in the video category and 113 in the project category. Takaichi praised these submissions, noting, "All of these works effectively showcase the charm of Japan and possess a high level of quality, with the potential for significant future development."

The grand prize in the video category was awarded to two entries. "Roots of Japan: The Eigen-ji Area — A Visit to the Japanese Landscape of the Heart" was presented by the Eigen-ji school of the Rinza sect of Zen Buddhism, and "The No. 1 Ramen Town in Japan: Sano," was by the Sano City Tourism Association.

Jijin Mori, the chief abbot of the temple of Eigen-ji, expressed his delight upon receiving the award. He noted that Eigen-ji, nestled in the valley of Suzuka in the Shiga city of Higashiomori, is revered as an ancient site within the Rinza sect. "We aim to further showcase to the world the rich 'water culture' that ties the Oku Eigen-ji area to Lake Biwa," he said. "This includes promoting the diverse natural beauty seen in Eigen-ji through all four seasons — not just the autumn leaves, but also the fresh greenery, snowy landscapes, Buddhist vegetarian cuisine and Mandokoro tea, a tea cultivation method introduced with Zen during the Muromachi Period (1333-1573)."

Kenichi Watanabe, director of the Cool Japan Public-Private Partnership Platform and the chairman of the judging committee, commented: "The English subtitles, background music and storyline are outstanding and present Japan's allure in a meticulous and accessible manner. The choice of a temple as a setting to showcase the 'aesthetics of



Winners of each category, judges and minister of state Sanae Takaichi CJPF AWARD 2024

subtraction' in Japanese culture was exceptional, offering a profound spiritual experience for foreigners encountering Japanese culture for the first time."

In discussing future initiatives, Mori said, "We aim to broaden the dissemination of new information that can be digitally archived, such as the cultural assets of Eigen-ji, by leveraging cultural resource databases and other methods."

Toshiyuki Teraoka, the executive director of the Sano City Tourism Association, shared insights into its celebrated submission. "Sano ramen, originating from the city of Sano in Tochigi Prefecture, is celebrated for its distinctive noodle-making technique, known as 'Aotake-uchi.' The city is home to over 150 ramen restaurants, each participating in a friendly rivalry," he explained.

Watanabe remarked, "The focus on Sano ramen and the narrative that sets Sano apart from other regions were outstanding. The high-speed imagery in the work vividly

illustrates the dynamism of Sano's ramen culture. We believed that the presentation was successful in enticing visitors by straightforwardly showcasing the extensive array of Sano ramen outlets and their allure. The hands-on programs, like stepping on green bamboo, are distinctive. I believe this work has symbolic importance, as ramen is a key element of the Cool Japan culture."

The runners-up in the video category were "Mt. Fuji Satoyama Vacation," by the Eco-Logic General Incorporated Association, and "Sustainable Experience in Kyoto Miyama," by the Kyoto Miyama Tourism Association. The Excellence Award was presented to five projects: "Kioke Shoyu, a Truly Premium Soy Sauce Only in Japan," by the Kioke Consortium; "Taste Nature, Enjoy Nature," by Daichi Sato; "The World's Favorite Public Toilet in Tokyo," by Sekai Studios Inc.; "Step into the Land of Aikido," by Tabikyo Japan Co. Ltd., and "Tsukudani: Traditional Japanese Preserved Food," by

Play Tokyo. The Osaka Kansai Expo Special Prize was awarded to "Forest Pipe Organ" Experimental Sound Art Show," facilitated by the Musical Saw Festival Japan Executive Committee.

In reviewing the video category, Watanabe underscored the importance of leveraging video content to showcase Japan's allure to international audiences. He pointed out the rapid growth of inbound tourism alongside the global population increase. He emphasized the importance of using engaging visuals to share the beauty of Japan with those who have yet to visit. Furthermore, he stressed the importance of leveraging the Cool Japan policy to elevate and spread Japanese culture internationally, suggesting it as a critical strategy for cultural promotion.

The grand prize in the project category was awarded to Sushidelic, a sushi restaurant created by Sebastian Masuda, an artist who has shaped the formation of kawaii visual culture. The restaurant is known for its innovative offerings like macaron sushi and parfait sushi, served in a psychedelic and iconic setting that transports people to an entirely different world.

Masuda said, "I have always believed that there is a global demand from the new generation for a vibrant, colorful and futuristic Japanese culture." He added, "Sushidelic was established as a restaurant that delivers a cultural experience that merges kawaii, an aspect of Japanese pop culture, with the traditional Japanese culinary tradition of sushi. I hope it will serve as a gateway for people to overcome all barriers, such as race, religion, age, gender and national borders, and spark an interest in the evolving Japanese culture."

Takeshi Natsuno, the co-chair of the Cool Japan Public-Private Partnership Platform and the chairman of the judges for the project category, commented, "By integrating sushi and kawaii, a new expression of Cool Japan has been developed. This innovative approach endows globally recognized sushi with a completely new layer of value. This effort is indeed deserving of this year's grand prize."

In the project category, the runner-up prize was presented to "Hololive English 1st Concert — Connect the World" by Cover Inc. and "Cuzen Matcha" by World



Takaichi, minister of state for Cool Japan strategy and minister in charge of economic security, speaks. CJPF AWARD 2024

Matcha Inc. The Excellence Award was bestowed upon "Real Escape" by Scrap Corp., "Sonomono Natto Capsules & Natto Powder" by Sonomono Inc., "Thatch Revival Project in Miyama" by Nisio Surprise Inc., and "Kado Ichika Style" by Meijitsu Co. The Osaka-Kansai Expo Special Award was given to the "World Yuru Music Association" project by Sony Music Entertainment Inc.

Natsuno observed that the project category had no similar projects, making it challenging to rank the entries. He pointed out that this diversity presents an excellent opportunity for creating and communicating new values from Japan to the world. He concluded by saying, "Currently, inbound tourism is revitalizing the entire country of Japan, and with this momentum, the cultural and informational aspects of the industry are also flourishing. The future challenge lies in how to transform this enthusiasm into national strength. I firmly believe that we in the private sector, in collaboration with the Cabinet Office, will continue to contribute by further enhancing the dissemination of culture and information."

Aiming to highlight issues related to a sustainable society, The Japan Times gave its support to this event by becoming a media sponsor.



The winner in each category received a certificate at the award ceremony. CJPF AWARD 2024