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

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Company Name: Treasure Data, Inc.
Arrival to Silicon Valley: December 2011
Business Location: 201 San Antonio Cir, Mountain View, CA 94040
Interviewee: Hironobu Yoshikawa
Interview Date: July 29, 2015
Website: www.treasuredata.com
US Entity Type: Delaware Corporation
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Company Overview:[1] What is the company's business purpose?

Treasure Data manages analytics infrastructure for businesses, allowing them to focus on extracting value out of their data. Utilizing a simplified and secure cloud analytics infrastructure, businesses are empowered to collect data from Bluetooth devices, onboard diagnostic car mounted devices, third-third party digital advertising data, internal databases, or web server logs. By integrating with a full spectrum of programming languages, internal technology professionals employed by Treasure Data's clients are able to seamlessly transition to effectively utilize Treasure Data's services. Therefore, Treasure Data is able to market the benefit that no time is lost in the transition because there is no need for in-house engineers to learn new programming languages. Relying on Treasure Data's expertise in building the analytics framework means clients benefit from analytics processes within a few short weeks after implementation, rather than spending months to build a similar, but often inferior, framework in-house. Treasure Data claims their success in framework infrastructure creation is due to their world-class computer engineers, thereby freeing clients' internal engineers from infrastructure construction and allowing them to focus on manipulating the most relevant data analytics for their business. Since Treasure Data's service launched in 2012, thousands use the free version, and Treasure Data boasts over 120 corporate customers including names like Pebble, Equifax, MobFox, Getjar, GREE, Pioneer, and several Global Fortune 500 companies.

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

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

Treasure Data, Inc., a Delaware corporation formed in late 2011, has a wholly owned Japan based subsidiary, Treasure Data KK, formed in late 2012. Hironobu Yoshikawa, Founder and Chief Executive Officer of Treasure Data, began contemplating the concept of Treasure Data following his interest in investing in Cloudera, an enterprise data hub specialty company. Through information gathering about Cloudera, Yoshikawa was able to relationship-build with industry experts who offered thought leadership in the market space.

Treasure Data, Inc., has its roots in Silicon Valley because of Yoshikawa's background in venture capital investment in the region while at Mitsui Ventures. With experience and strength in computer programming, Yoshikawa knew early on that Silicon Valley was the hub for technology-based companies, and this helped him decide to locate Treasure Data's headquarters in the region. He was familiar with some human networks and other startup resources because of his time working for Mitsui Ventures.

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

Treasure Data's Founder and CEO, Hiro Yoshikawa, a Waseda educated software engineer, worked as an engineer for Red Hat early in his career, later joining the company's sales and business development teams. In 2007, Yoshikawa joined Mitsui Ventures where he spent his first two years investing in tech businesses in China, Korea, and Japan. In 2009, Mitsui assigned Yoshikawa to their Menlo Park office for three years. By leveraging concepts, networks, and resources in Silicon Valley's startup scene, Yoshikawa began discussing his own startup in late 2009 with the Founder of the Hadoop User Group Japan, Mr. Kazuki Ota. With Ota and Yoshikawa's natural chemistry, and complimentary skills, networks, and experience, the creation of a technology company was certain. Treasure Data's concept was born, and Ota became the company's Chief Technology Officer.

Treasure Data employs 88 full time workers, of which most are located in California, 30 in Tokyo, one remote employee in Puerto Rico, and a team of three in Seoul. While almost all employees in Tokyo are Japanese nationals, the Silicon Valley based team includes only four Japanese nationals. Treasure Data currently sponsors three employees' visas, and Yoshikawa has E2 visa status, which will soon change to O1 status.

Currently there is no diversity and inclusion initiative at Treasure Data. While about half of the employees of the company are women, the only female leader is the Controller of Treasure Data. Yoshikawa expressed deep and sincere intentions to create a diverse workplace, seek women and minority leaders, and promote a family-first business culture.

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

Yoshikawa openly expressed that early fundraising efforts proved difficult. Fortunately, Morio Kurosaki, Founder of IT-Farm, invested in the company IP Infusion with a moderately successful exit, so when Yoshikawa pitched Treasure Data, Kurosaki saw promising similarities. As a result, Kurosaki introduced Treasure Data to Bill Tai, who would prove to be one of Treasure Data's most influential board members. Tai and Kurosaki made a $1 million commitment to Treasure Data by end of 2011. Additional funding information is below:

$21M / Series B
Jan 9, 2015
Investors:
Scale Venture Partners (Lead)
Partner: Andy Vitus
AME Cloud Ventures
Sierra Ventures
Partner: Tim Guleri

$5.3M / Series A
Jul 22, 2013
Investors:
Sierra Ventures (Lead)
Partner: Tim Guleri
AME Cloud Ventures
Bill Tai

$1.3M / Seed
Nov 1, 2012
Investors:
AME Cloud Ventures
Partner: Jerry Yang
Dan Scheinman
Sizhao Yang

$1.5M / Seed
Sep 28, 2012
Investors:
Adam Wiggins
Anand Babu Periasamy
Bill Tai
James Lindenbaum
Orion Henry
Yukihiro Matsumoto

Business Challenges: What challenges does the company face?

Yoshikawa expressed the deepest business challenges Treasure Data faces are related to human networks. He acknowledges that business success is a direct reflection of the team of people behind it. Because of the need for a strong team, he finds that recruiting strong and reliable leadership is the hardest element of his business. As a CEO he must have competent and driven leaders he can trust completely. Yoshikawa does not have a lifelong local network in Silicon Valley, but felt compelled to use his personal network and, in turn, their networks, to be the source for the best talent. Without a personal connection to talent, a large element of employee accountability is lost, particularly in the leadership team.

Like other technology-based startups in the region, Yoshikawa also expressed challenges in finding and retaining computer engineering talent due to the competitive market. To address this issue Treasure Data maintains a Tokyo based core engineering team who focus on backend programming. These engineers are well compensated by Japan standards, but earn less than their counterparts in Silicon Valley. However, Treasure Data also maintains front-end engineers in Silicon Valley, abstaining from hiring that talent in Japan because of the need for those engineers to understand customer preferences in usability and aesthetic preference. Treasure Data utilizes competitive salaries and other options as its main retention tools, while also focusing on building a favorable merit based and family-first culture.

Another major human centered challenge is in fundraising and reputation management. Treasure Data, from Yoshikawa's background in venture capital, understood the importance of obtaining funding from investors who can create the best human connections for the company and bring a positive reputation to encourage future investment and spur business development. As a result, Treasure Data took calculated steps to connect with ideal investment partners.

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

Technology Resources:

- Intuit – accounting
- Netsuite (migrated from Intuit) - accounting *
- Concur – expense report management
- Linked In – hiring
- Clearslide – online presentations
- Docusign – electronic signature
- Hoopla – inside sales management tool
- SalesForce – client relationship management*
- Linked In – recruiting
- Sales Loft – sales development prospecting automation tool
- Marketo - online marketing automation tool*
  * = most important tool

Professional Resources:

- Corporate Attorney – Morrison & Foerster – Tim Harris
- CPA – EOS Accountants (US-Japan abilities)
- Recruiting – Job spring, venture consulting
- Immigration – Valvo & Associates

Yoshikawa's advice for Japanese founders in Silicon Valley: Fundraising from local investors does not have to be from venture capital firms. It is important to understand that Silicon Valley is a sort of "country club." As such, entry into this exclusive network is paramount to success. Founders should keep in mind that funding, human resources, and reputation matter most, so it is worthwhile to pay any price to join the "club." He also suggests that companies create a humble buzz about themselves.

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

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