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BRIDGE THE KNOWLEDGE GAP WITH UNION
A Startup Business Journey

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ENTREPRENEURSHIP AND ENTREPRENEURIAL
LEADERSHIP

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Summary

At the beginning of March 2014, author started a new business with his internship colleague from diginiq k.k., a website development outsourcing company located in Shinjuku, Tokyo. Having experienced many difficulties as international students in Japan, the author and his partner have the strong motivation to create a business that would improve the quality of life and study abroad experience of all international students.

The startup journey began with the aim to resolve one of the most problematic events in an international student's stay in Japan: finding an apartment. Under the service name of Zhaowu (找屋網), meaning house finding, The author and his partner have gathered created a prototype website that serves as a rental platform where all apartment listed allow foreigners. Following the prototype phase, the author and his partner had visited and negotiated with several real estate agents, property management companies, and study abroad agencies to get listings to upload to the website and to get the first users onboard. Despite the tireless effort of the founders, the Zhaowu project has been postponed indefinite mainly due to the lack of bargaining power the startup company has to align the interests of partnering companies to get the website functioning.

The failure of the Zhaowu project did not stop the founders from pursuing their mission of creating value for the international student community. They have identified “the lack of accessible information” as the root of many problems for international students after reflecting on their personal experiences as well as those of students they have interviewed. The founders then decided to create an online information platform for students to create guides and share information with each other; the new website is named Union illustrating the founders' vision to unify all students together to support one another. The Union project's business plan is still in progress as the founding team needs to collect more marketing and financial data to realize the service in the business world.

<Inside Cover>

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Chapter 1. **APARTMENTS FOR FOREIGNERS: ZHAOWU.JP**

Section 1. WHY I DECIDED TO STARTUP

1.1.1. First step into the IT industry

In the spring of 2013, I happened to stumble across a Wall Street Journal article titled “Why Software Is Eating the World” written by Netscape’s founder Marc Andreessen. The well known entrepreneur of the dot.com bubble explained how the growth of software and proliferation of internet began to replace many traditional businesses (e.g. Borders with Amazon) and threaten the survivability of businesses without the aid of software (e.g. Wal-Mart vs. traditional supermarket) Andreessen’s mentioned several challenges such as that “many people in the U.S. and around the world lack the education and skills required to participate in the great new companies coming out of the software revolution”.¹

Having studied at Waseda Business School for a year and taking several courses on online business and IT strategy, I couldn’t agree more with Andreessen’s insight published all the way back in 2011. As a result, I felt the need to acquire the skill of programming and started to learn web programming through online resources such as Code Academy and Treehouse Project throughout the second semester of my MBA program. I have completed several web programming courses on Treehouse Project and even finished the track to become a PHP programmer. With the new skill acquired I have decided to gain real work experience by finding a summer internship in this industry.

Initially, I had a hard time applying for internship as a web programmer since I do not have a degree in computer science or a portfolio of past projects to display. Nonetheless, I was lucky to be offered an internship opportunity to work at a website development venture company named diginiq k.k. Owned by a former family business IT director and professional cameraman Takeshi Ohyashiki, the company operates in both Japan and Indonesia with the Japanese side taking orders from customers to make a website or web service and the Indonesia side focusing on designing and developing the website as requested. My tasks for the first few months involved fixing bugs of

¹ Andreessen, Marc. “Why Software Is Eating The World”. The Wall Street Journal. August 20, 2011.

websites made by the development team and translating English content into Japanese.

I have enjoyed the first-hand experience in the industry very much that I have decided to continue the internship during the third semester of the MBA program. During that period, I have been involved in several projects such as renovating the company's homepage, creating an ecommerce site in Taiwan, and making the company profile page for a consulting firm.

My programming skills have improved tremendously during the months of internship, and I began to feel the urge to be involved in a project that creates a new online service. Even though I learned a lot by making websites on requests, I felt the need to take the challenge to the next level by creating and managing a website that creates value for the society. This is roughly when I met my current partner.

1.1.2. The programmer meets the salesman

In the early March of 2014, Ohyashiki told me that he met an international student from China around my age who seemed to be willing to work at diginiq k.k. We have arranged an informal interview with the prospective candidate named WunYuan Jiang over at a Shanghai dining place in Shinjuku, and this was when the business idea of a rental platform for foreigners was born.

In the first ten minutes of the conversation, I have noticed that Jiang has an entirely different personality than I am. While I am quiet and introvert, Jiang is an outright extrovert gifted with eloquence of speech. Nonetheless, when we arrived on the topic of studying abroad and the life of international students in Japan, both of us were surprised by the similar views shared between us. Both of us have encountered very bad experience in getting accustomed to the lifestyle in Japan, finding apartments, and finding part-time jobs. Now that we have acquired the Japanese language skills and technical skills in programming, we want to create a service that would improve the study abroad experience of international students in Japan.

Since diginiq k.k. had just finished a project, Ohyashiki was open to any new business ideas and would support our initiative over the next few months. Ohyashiki also had the experience of studying abroad when he was in his 20s; therefore, he was able to understand and approve our mission to make the lives of international students better.

1.1.3. Narrowing down the focus

Having agreed on our mission, Jiang and I brainstormed several business ideas that revolve around the theme of improving international students' experience in Japan. The idea of an online apartment rental platform appeals to the both of us as we indeed found renting apartment in Tokyo a time consuming, tedious task. A survey conducted by Yokohama National University on its international students also shows that finding a place to live ranked third as the most troubling thing for international students, with the first and second being Japanese language (something that can be overcome through time) and economic (I do wish I have money to start a scholarship) respectively.²

My personal experience of listing up five to ten apartments online to find them not available to foreigners when confirming the list with real estate agents was a shocking and unforgettable event in my years in Japan. Why couldn't there be a website that lists only apartments that are available to foreigners? Why isn't there a website that lists out the process of renting an apartment in Japan with tips on things to be aware of? With the precise problem Jiang and I want to solve in mind, we have decided to start an online rental platform as our project in the next few months.

Section 2. THE FIRST PROTOTYPE

1.2.1. Understanding the online real estate market

At the beginning of the project, Jiang and I decided to gather information on the websites of major real estate chains and small firms that focuses on foreigners. We have looked at and compare the different websites (screenshots in section 1 of Appendix) and found them to be either not accessible to foreigners who lacks Japanese skills or difficult to navigate. None of the major chains such as Chintai or Suumo have languages other than Japanese. The lack of priority for foreign tenants on major chains prompted suggested an opportunity for us to create a service to fill in the gap in the market. We then searched for rental websites that target foreigners in the next step.

Within an hour of search, we found several existing websites that targets foreigners as their primary customers. Out of interest, Jiang pretended to be an international student looking for

²横浜国立大学. “留学生が困っていることについてのアンケート調査集計結果”. Dec 21, 2012.

apartment and made a phone call to beste-state.jp inquiring about a specific apartment listed on their webpage. We're not surprised by the agent's response. In perfect Mandarin Chinese, the agent told Jiang that the apartment Jiang inquired is no longer available and asked Jiang to go to their office so she could introduce other items to him. This is typical pattern that most real estate agents do. Many listings posted online are used as hooks to get customers to visit their store.

Jiang and I dislike this practice very much since it would often result in the international student wasting a lot of time searching online for apartments that aren't real. The current apartment renting platforms serve the needs of real estate agents' for advertising than the needs of users looking for apartments to live. Hence, we decided to name our service as Zhaowu (找屋網) meaning house finding in Mandarin Chinese. Given that over 63% of international students are Chinese speakers³, we believe that the name is appropriate in terms of language choice as well as meaning – a website to find houses not to be advertised.

With the observation of the online real estate services, Jiang and I decided to differentiate Zhaowu from competitors with the following principles in mind:

1. All of the apartments listed must be real items that are available
2. Transparency of all information including the service quality of real estate agents, which would be rated by Zhaowu users
3. Easy to navigate even for students that doesn't know anything about locations, Japanese language, or the flow of finding apartments

1.2.2. Zhaowu prototype

For the next two weeks, I have been busying contacting diginiq's Indonesia team to design Zhaowu's website while programming the backend code so that the website would function as it should. Meanwhile, Jiang started to research and collect market information on the number international students, lists of Chinese real estate agents in Kanto region, and lists of Japanese language schools in the Tokyo prefecture.

³ Japan Student Services Organization (JASSO). "Result of an annual survey of international students in Japan 2013".

The prototype is made based on the principles listed earlier as well as the business model we have in mind at that time. The platform would be the place where real estate agents with paid accounts would post apartment listings for international students to browse and search. Then, international students can contact the real estate agent directly on the platform. After the real estate agent guided the student through the contract process, the student can give the agent ratings based on the quality of the service. Since Zhaowu does not conduct the actual procedure of physical introduction and signing contract, we need to cooperate with real estate agents. Since our users are going to be international students, we have decided that Chinese real estate agents would be the best partners to cooperate with.

Upon the completion of the prototype website (see Appendix Section 2 for screenshot), we began contacting and showing Chinese real estate agents the prototype and asked for feedback. Jiang had called over 10 different Chinese real estate companies and more than half of them showed positive response by agreeing to join the scheduled meeting. The meeting will take place at diginiq's meeting room, and all invited real estate agents will come to listen to us explaining the project in detail and discussing steps for further participation.

1.2.3. Meeting Chinese real estate agents

On the day of the meeting, representatives from five different Chinese real estate companies arrived to listen to our presentation on the Zhaowu project. In the presentation, we have analyzed the current online market for listing apartments for foreigners, explained in detail the plan for the Zhaowu project, and requested initial funding and partnership.

The majority of the representatives agreed with our view that the current means of promoting apartments to international students are insufficient. Major sites lacks language support, studying abroad forums such as Xiao Chun (小春網) are hard to navigate and manage, and chat groups on WeChat (a Chinese version of Line) are ineffective. Overall, most of them like the design of the website especially for its simplicity and ease of use. Since most Chinese real estate companies have low brand value, uniting under the Zhaowu platform could potentially increase their share from Japanese real estate companies who have massive budget in marketing.

However, several problems emerge as different parties began to discuss the scheme of agent rating, the rule of posting real apartment information, and the problem of customer stealing. At first, most representatives like the idea of a rating system to uphold the service quality of agents on the website. A question was raised about how the ratings can be done fairly when the number of transactions would not be as large as that of Amazon or Rakuten Ichiba, and the possibility of competitors creating fake accounts to intentionally post negative ratings. According to one of the representatives, it is very normal in Chinese businesses back in China to hire water army (professional spammers that creates accounts to increase or decrease ratings and reviews) to post negative reviews on competitors' accounts.

The rule of posting real apartments to prevent “fishing” listings was under attack when it is almost impossible for Zhaowu staff to check every single apartment listed on the webpage. Even if every agent started off clean, he or she might begin to post “fishing” items in order to gain shares from competitors. Once someone disobeys the rule, everyone will begin to follow. As long as there is no effective scheme to prevent this from happening, Zhaowu would eventually end up with the same fate as studying abroad forums. Even the rating system wouldn't punish the cheater since students would care more about being able to find a house rather than whether or not the first information is a real apartment.

As pointed out by several representatives, the biggest problem with the project would probably be the intense competition and stealing of customers. To our surprise, most of the Chinese real estate companies do not own many apartments on their own. Most of the apartments they rent out are found on major databases such as Reinz (レインズ) and Leo Palace that are shared by almost all real estate agents in Japan. The same apartment could be uploaded by several agents to Zhaowu, and can potentially cause confusion as well as price war between the agents. Customers would be able to ask both agents about the same apartment and would be able to negotiate a better discount with the agent fee. Even though the representatives know that Zhaowu wants to create value for international students, they are not willing to support us at the potential cost of their profitability due to increased competition.

By the end of the meeting, Jiang and I acknowledged our lack of understanding about the real estate industry and decided to refine our business model until we have learned more about the industry via visiting and talking to our potential partners. The development of the website was put on a halt as we promised to contact the representatives once we have figured out a better scheme to deal with the problems raised earlier.

Section 3. THE PIVOTS

1.3.1. Understanding the real estate industry

In the week followed by the meeting with real estate agents, Jiang and I visited two separate Chinese real estate companies. The first one we have visited claimed to be the largest Chinese real estate company in the Kanto region with four different branches and a headquarter in Ikebukuro. The representative that attended the first meeting was the director of the Ohkubo branch, and he introduced us to the CEO Zhu of the company who was very interested in the Zhaowu project.

From talking with Zhu and director of the Ohkubo branch, we have gotten to know that the company itself relies heavily on word of mouth marketing as 50% of customers are introduced by past customers, 35% of customers are customers that happened to pass by their store, and only 15% of customers found them online in forums and WeChat groups. The employees in the company are divided into teams of five to six with each team holding an account on study abroad forums to constantly upload fake rental information to the forums. Promotional wording such as zero key money (礼金), zero deposit (敷金), and zero agent fee (仲介手数料) are commonly included in the posts uploaded.

When we inquired Zhu about how come all the posts on Xiao Chun (小春網), the biggest Japan study abroad forum in China, belong to their company, the Zhu told us that the company is paying 2 million yen per month to Xiao Chun in order to monopolize the advertising space on the housing and rental board. However, the benefit of monopolizing the housing and rental board began to decline as Xiao Chun's online traffic declined due to the rise in popularity of RenRen (Chinese Facebook) and the lack of differentiation in all the posts uploaded by the Zhu's employees.

Planning to end the excessive advertising paying to Xiao Chun, the Zhu himself also wanted to improve the online share by creating a rental platform. Yet he does not have employees with the right skill sets to execute his vision. Zhu believes that the rental platform must come in the form of a social networking site for international students. Since a student doesn't move to a new apartment as frequently as buying things online, maintaining a website with social networking features would stabilize the access traffic to the website.

Zhu of the first company also recommended us not to adopt the review and rating system unless there is a definite way to ensure that the person who writes the review is the actual customer. He concluded the meeting by commenting that our platform would need a lot of apartments to be of any value to international students; therefore, populating the website with only real items would be rather difficult given the limited number of foreigner allowed apartments as well as the low incentive of agents to upload unpopular apartments.

When we arrived at the second company, we're surprised by the difference in scale between the first and second company. The former has over 100 employees with its headquarter located at an office building in Ikebukuro station. The latter has no more than 10 employees including the CEO Zhang with the only office located 20 minutes away from Akihabara station.

Nonetheless, Jiang and I had learned a great deal about the nature of the real estate business on international students by discussing with Zhang. Zhang's company struggled from the intense competition from major real estate chains and Chinese real estate companies like that of Zhu's. What he is interested about the Zhaowu project was its potential to capture customers while they are still back in their home country. If students can reserve an apartment before they arrive to Japan, it will give Zhang's company great competitive advantage over other real estate agents.

Furthermore, Zhang suggested us a method to resolve the initial lack of apartment data. Since the Zhaowu wouldn't have many listings in its early stage, it would be better for users to search with schools rather than locations (prefecture, cities, and wards). Not only it will be easier for students that don't know the directions to compare apartments based on distance from their school, it will allow agents to prioritize items near or commutable to popular universities and language schools.

By the end of the two visits, Jiang and I decided to tackle the issue of having real customers doing the actual review. At the same time, we also wanted to allow students to decide on apartments before they arrive in Japan. This is when the attempt of going up the business chain was considered.

1.3.2. Going up the business chain

With Zhang's recommendation and Zhu's concern about validity of reviews in mind, Jiang and I decided to contact study abroad agencies in China and ask for cooperation. The plan is to have the agencies recommending our website to prospective students. Once a student found and reserved an apartment through our website, he or she can print out a QR code-based form with his or her reservation information as well as the agency he or she went to.

When the student arrived in Japan, he or she would take this form and go to the real estate agent directly to have the lease contract signed. The real estate company would then confirm with us the transaction and give a portion of the agent fee to us as advertisement fee. We would then split the fee with the agency in China and transfer the money to them on the monthly or quarterly basis.

To test the feasibility of this idea, we decided to contact studying abroad agencies about this proposal and use their response as indicators for go or no go. In the next few weeks, Jiang listed up and called roughly 10 to 15 study abroad agencies from major cities in China and requested for cooperation. The responses were quite disappointing. Major studying abroad agencies either have their own additional service of finding apartment for students or have arrangements with real estate agents in Japan. Minor studying abroad agencies are interested in cooperating with us; however, since they have fewer students than major chains do they requested 15% to 20% of the agent fee in order to make the effort worthwhile. While we're able to persuade the latter group of 3, 4 agencies to lower the fee down to 10% by promising long term cooperation, the total amount of contacts we accumulated initially isn't enough to reach a large group of customers.

In one of the conversations, the representative of an agency questioned the plan by asking what prevents the agency from skipping Zhaowu intermediary and contacting the real estate company directly to get a higher compensation. Moreover, some of the agencies doubt that we will pay them at all since we're the one who gets the compensation first. Even with a partnership contract

signed, the agencies are not willing to take the risk of having to take legal actions outside of China.

To our dismay, the lack of confidence in a venture company outside of China seemed to be the biggest barrier that would hinder the success of this business model. If we were to continue with this idea, we will have to set up a legal entity in China and hire additional person to manage the relationship with study abroad agencies. This solution is out of our current capacity both in terms of budget and time. As a result, we decided not to continue with this change in business model.

1.3.3. Database as service

While Jiang and I were thinking about other ways to refine the business model, Ohyashiki suggested us to provide the database of foreigners allowed apartments for real estate agents to use. When introducing apartments to their customers, real estate agents have to call property owners to check whether or not foreigners are allowed to rent the apartment. The process can be time consuming when the customer wanted to see several apartments at once, and the customer can be very irritated when being rejected by the property owners of the apartments they wanted to see.

By gathering an online database with 100% foreigners allowed apartments and providing it to real estate agents, Zhaowu could potentially save real estate companies phone bills, printing costs (yes, all the apartment details printed and thrown away under the status quo), and opportunity cost of its agents' time. Furthermore, this service could potentially improve the quality of service provided by the real estate agents due to the sharp decline in amount of time making phone calls and paying more attention to building rapport with customers.

Jiang and I took this idea to test by revisiting the Chinese real estate agents. In the next series of discussions and feedbacks, we have discovered that the current major databases such as Reinz do not indicate whether or not foreigners are accepted. From Zhu's experience, roughly 10%~15% of the time the customer stayed at their shop was spent on calling property owners for confirmation. Even though phone bills and printing costs are marginal, the cost can be significant when accumulated over time on the corporate level. The pricing of the service, however, would depend on the saving effect the database could provide, which would be tested once the database is built.

Before the Chinese real estate companies decide to participate as the first test group for the

database service, they require us to establish contact with property management companies (不動産管理会社) to gather listings for the database. Through Ohyashiki's connections, we got the chance to meet with the former VP of Athome (アットホーム) and to ask for support. During the meeting, he really like the idea of a foreigner focused database system. He mentioned that he attempted to implement a similar business idea few years ago before he resigned from Athome. The plan didn't work out due to two reasons:

- 1) The rental market for foreigners wasn't as big as now and the near future with the upcoming Tokyo Olympics in 2020.
- 2) It was difficult to change the operation of a large corporation especially when there wasn't any perceived need to change.

The former VP of Athome encouraged us to continue with the project as we're a venture company with more flexibility to change how things work. Furthermore, he is positive that managing companies will approve of this database service because they would want to rent out apartments that are built during the bubble period, which have high vacancy rate among Japanese customers due to the aging facilities. He promised to help us gather apartment listings, but we will have to gather a list of common troubles foreign tenants cause and the best practices to resolve them. With the list in hand, he would have a higher chance of persuading his contacts in the property management companies to give us access to their list of apartments.

After spending few days interviewing Chinese real estate agents to understand the common troubles and best practices, Jiang has created the document (attached in Appendix Section 3) for the former VP of Athome. Holding up to his promise, the veteran of the industry introduced us to several property managing companies and helped us arrange meetings with them.

Just when things seem to turn in our favor, the meetings with the property managing companies didn't go as smoothly as we expected and ended with disappointing results. Even though they are experience high vacancy rates with old properties, there are other alternatives such as renovation to solve the problem. The majority of them agree that it will be beneficial for real estate agents to introduce apartments to international students, but the managing companies are the ones

that maintain contact with the students after the contract is signed. Many of the employees lack the language skill and experience dealing with foreign tenants. Even if Zhaowu were to provide language support as additional paid service, Jiang and I had no experience in the real estate industry, and our ability to deal with the troubles is in doubt.

In the end, the idea of the database service couldn't align the interest of all parties especially that of the property managing companies. We have thanked the former VP of Athome for his support and decided to call a halt to this plan mainly due to our lack of experience and connection in the real estate industry. The difficulty in persuade the cooperation of a relatively conservative industry proved to be too challenging for a venture firm like ours.

1.3.4. Reflecting on major issues

Having tried several ways to refine the business model and contacted many people in the real estate industry, I reflected on the major issues that caused our failure to realize the Zhaowu project. Even though there were many issues throughout the project, I have listed three major issues both pertaining both to internal (operations) and external (environmental) factors.

Internal

- 1) The project relies heavily on external partners to be successful, but we do not have much resource to bargain for cooperation.
- 2) The launch of the projected needed a more strategic approach to make our service appear more attractive and valuable. Perhaps we could have conducted a survey on international students to collect data on the need for a rental platform that contains all foreigner allowed apartments.
- 3) The Zhaowu team could have hired more dedicated members to develop the website and make the prototype more complete. Since I was the only one in Japan to work on the development of the prototype, the speed of the progress was limited, and the task took up much need time for thinking about the business aspect of the project.

External

- 1) The conservative culture of the real estate industry had been a major roadblock during

the startup process.

- 2) The niche market we have aimed at may be too small for the platform business to survive.
- 3) The Zhaowu project may have been a late comer into the online rental platform business and it is hard to differentiate and gain shares from the dominating players.

Section 4. RECONFIRMING MISSION AND NEW DIRECTION

The activities of putting together the rental website for international students had come to an end around May of 2014 when Jiang and I decided that the company lacks the necessary resources and connections to realize the Zhaowu project. Despite the drawback, we're both determined in our mission to improve the lives of international students in Japan through our entrepreneurial activities.

We have realized that since the beginning of the Zhaowu idea, we have focused too much on getting partners and assembling resources without any thought or research about the ultimate users: the international students. As for the next idea to come, we have decided to focus on getting the users to use our service first before we'd begin bargaining for cooperation.

Section 5. SUMMARY

In this chapter, the author had begun his startup journey in the convergence between the IT industry and real estate industry. After finding a suitable partner to work on the rental platform for foreign students, the author had created a prototype website, interviewed several experts from the real estate industry, and attempted two separate business model pivots before the final decision to halt the project due to many internal and external factors. Nonetheless, the author and his partner decided to continue with their entrepreneurial activity to improve the life of international students in Japan and proceed on to their next project: the information platform.

Chapter 2. **INFORMATION PLATFORM: UNION**

Section 1. **BREWING THE NEW CONCEPT OF UNION**

2.1.1. The root of troubles during studying abroad

When Jiang and I looked back to our experience when we first arrived in Japan, we realized that a lot of the problems we have encountered are results of not knowing needed information beforehand. Prior to coming to Japan, a student would normally read through the information given by the school, search online for blogs of seniors, and ask existing students questions. Since the same pattern occurs every single year for newcomers, we wonder why isn't there a website that stores all the common questions that were asked and answered before.

Even though many students use social media sites such as Facebook to get in contact with current students, not everyone is social savvy or can find a helpful senior that has time to show them around in person. International student organizations in Japan utilized Facebook through group pages to organize welcome events and parties. However, there is no place to upload answers or guides to common questions that have been asked in the past. Collaboration on creating such guides cannot be easily done under the current system. We believe that we have found a great starting point for our new business idea to sprout.

2.1.2. The platform for knowledge sharing

Jiang and I wanted to create a place online where international students can write and collaborate on guides in the same way as Wikipedia at the same time with a rating system similar to that of Quora's. The purpose of the website is to serve as the biggest student union for international students where each member can find solutions to his or her daily troubles and discover more about Japan via interacting with other members on the platform. Since it will be the place where students unify and help each other, we have decided to name this new business Union. Union's service would also serve as an archive for past guides written by senior member in order to prepare the new students for the life in Japan.

Not to make the similar mistake we have made during the Zhaowu project, Jiang and I decided to conduct interviews with prospective customers before we jump on to create the actual website. The purpose of the interviews would be to explore the major concerns hold by international students and the hidden needs that are still yet to be fulfilled. Through the initial interaction with students, we hope to see if there exists the need for the information platform and to use the initial interview to create marketing survey on the international student population. To gain a general picture of the minds of international students in Japan, we have interviewed three students with each from language school, undergraduate university, and graduate school.

Section 2. CONFIRMING THE NEED FOR ONLINE RESOURCE

2.2.1. Interview with students

The interviews we have conducted with the three selected students are based on the survey questions attached in Appendix Section 3. The summaries of the interviews are listed in the customer analysis section of the business plan in the next chapter. Jiang and I consider the two following findings important for Union's development:

- 1) Even though there are common needs among international students, the interests in other areas such as part-time job, travel tips, and social events are diverse.
- 2) Internal motivations exist in international students to share their experience with others.

The first finding confirms the need for an open source design to the information platform. With the needs of students divided among many areas, it wouldn't be possible for Union to create all the guides with its own staff. By opening up the platform and inviting student contribution, Union would be able to populate the database with useful information at a lower cost than doing it closed.

The second finding indicates the need as well as the will of experienced students to share their experience and contribute to the international student community. The likely explanation for this phenomenon would be the need for social status and perceived contribution to the community. Union can build the guide section to include functions such as endorsement or thank you button to enhance the incentive of the authors.

2.2.2. Interview with expert

Through my personal connections, I have gotten in contact with a Chinese entrepreneur who started his own business in Japan providing study abroad support to students. He has been in the industry for more than three years and helped numerous students with their problems. The services his business provides include airport pickups, guidance on creating bank accounts and mobile phones, introducing apartments, and general studying abroad counseling. The purpose of interviewing the professional is to learn about the business practices and structure of study abroad support industry.

Through the discussion with him, I have learned about the concept of different phases in an international student's study abroad life as shown in the diagram below.



Explore: The phase when the student is still considering about coming to Japan and researching on internet and contacting existing students for details.

Preparatory: The phase when the student decided to come to Japan and begin to prepare the necessary entrance exams, application documents, and visa.

Adapting: The phase when the student just arrived in Japan and adjusting to knowing directions, lifestyle and culture.

Experienced: The phase when the student can live in Japan independently with major needs in enriching study abroad experience and troubleshooting in events such as visa renewal.

Based on the view of the expert, Union's information platform would be providing the most value during the phases of explore and experienced. Prospective students can absorb much needed information about living in Japan in the explore phase with the guides written by experience students. However, the preparatory stage of applying to schools and visa required much expert knowledge and care that it would be best in the hands of study abroad agencies. Union's paid service would be the

most helpful in the adapting phase once the student arrived in Japan. However the costs of running the paid guidance must be carefully calculated to ensure profitability.

Though I do not fully agree to his opinions on the decline in value of the information platform in phases two and three, I find potential marketing use of this framework of dividing students based on their needs at different phases. I have decided to utilize the same framework when developing the prototype of the website.

Section 3. FUTURE PLANS AND DIRECTION

As an ongoing project, the Union startup business had gathered initial response via interviewing with current students and brainstormed several ideas for monetization. Yet still in need of financial projections and in-depth customer analysis, the tentative details of the business plan are written in the next chapter.

For the future direction of the business, Jiang and I still need to conduct mass survey created based on interviews we have conducted. By gathering and analyzing the survey results, we will begin building a full fledged prototype website for alpha and beta testing stage. From that point on, Union should be able to focus on marketing and promotion of the service to students as well as universities.

Section 4. SUMMARY

After the Zhaowu project, the author and his partner have decided to focus on the needs of international students to access helpful guides and information when studying abroad in Japan. Through extensive interviews with students and a professional in the study abroad support industry, the author intended to proceed with the information platform project named Union and would continue to gather more marketing and financial information while refining the business plan written in the next Chapter.

Chapter 3. **BUSINESS PLAN IN PROGRESS**

Section 1. COMPANY OVERVIEW

3.1.1. Company Structure

Union will be registered as a limited company (株式会社) in 2015 with initial capital of 50,000,000 Japanese yen shared across by the three founding members holding equal ownership of the company. The shareholding ratio will change upon receiving additional investment from venture capitals, government's venture support fund, or other financial sources.

3.1.2. Vision and Mission

Union's vision is to become the de facto multilingual knowledge bank to find all information that would enable and enrich the user's university life. Union will be the place for international, and in the later stages local, students to collaborate on creating and sharing valuable guides or how-to's to their fellow university students. With its web applications, Union will also facilitate and support coordination and promotion of student initiated university events.

Union's primary mission and existence is to resolve difficulties international students face when setting up basic needs when they arrived in Japan. Fostering its online community and providing excellent guidance service, Union strives to eliminate all the valuable time and resources wasted by the international student mainly due to the lack of accessible information and language barrier under the current status quo.

3.1.3. Company Records

Scheduled to be established in September 2015, Union will inherit much of its core competent and knowhow from the founders' former company, diginiq k.k. Since its founding in June 2013, diginiq k.k. had made twenty company homepages, ecommerce sites, mobile applications and SASS-based backend management system for its customers from multiple industries. With its main development team based in Indonesia, diginiq k.k. had been able to provide and build websites, both front-end and back-end, at a cost lower than the market average. Union could tap into diginiq's

development capability and experience to build the web service for the new startup.

diginiq k.k had also provided secured online data backup service starting in 2014. With the experience in the data backup industry, Union founders can guarantee the highest security measures when handling customer data on both its web services and data server.

Furthermore, all of the founding members have experience studying abroad and know best all the difficulties an international student could face. The understanding of customers would prove useful when comes to developing the service that best fits international student's needs. On top of that, two of the founding members finished or will finish their degree within one year and still maintained tight connection with current students and international student organizations. Surveys and prototype testing could be conducted much more efficiently and effectively with the aid of student organizations and faculty members.

Section 2. INDUSTRY ANALYSIS

3.2.1. Market Overview

According to Japan Student Services Organization's (JASSO) international student survey, there are 168,145 international students in Japan as of May 1, 2013⁴. Most of the international students reside in the Kanto region accounting for 46.8% (64,429) of the entire international student population. Out of all the international students, two types of potential customers can be segmented based on Union's initial services of paid guidance and house renting:

- 1) Students who just arrived in Japan for the first time, and
- 2) Students who are moving out of their dorm or former apartment.

3.2.2. Relevant Market Size

Market for paid guidance

When international students first arrive in Japan, many are unfamiliar with the new environment and do not have any friends or relatives to guide them. Thus, many students need to

⁴ JASSO. (2013). "Result of an annual survey of international students in Japan 2013".

hire someone to take them from the airport to the dormitory and to help them set up bank accounts and cell phones. As a result, a strong market need for paid guidance exists among the first year students. There exist no report on the market size of paid guidance, but the rough estimate could be derived via finding the number of first year students. From the same JASSO survey, the international student population can be divided according to the institution they attend as shown below in Table 1.

Institution Type	# of students
Graduate school	39,567
University (undergraduate)/ Junior college/	69,339
Professional training college	24,586
University preparatory course	2,027
Language school	32,626

To estimate the number of students who just arrived in Japan for the first time, Union divide the number of students of each institution type by the average years for program completion. Summing up the calculated number for each institution type, Union estimated number of first year students that arrived in Japan every year as calculated in Table 2.

Institution Type	# of students	Average # yrs	# of first years
Graduate school	39,567	2.5	15,827
University (undergraduate)/ Junior college/	69,339	4	17,334
Professional training college	24,586	2	12,293
University preparatory course	2,027	1.5	1,351
Language school	32,626	1	32,626
Subtotal			79,432

Assuming that each of the 79,432 new students are willing to pay on average 1000 yen to have someone guide their initial setup, the total market size in yen would amount to 79.4 million yen. Union aims to capture more than 51% of the market, forecasting a minimum of 39.7 million yen revenue from paid guidance alone.

Market for international student apartment renting

As more international students arrived in Japan, many real estate agencies begin to provide

services in multiple languages to appeal to international students. The typical agent would charge an agent fee of 1 month's worth of rent from the international student while some charge 50% of monthly rent for competitive pricing.

While the data on the entire real estate market in Japan is available, the same statistics on international students alone cannot be found. Union estimated the relative market size by finding the number of (A) international students in private housings and multiplies the figure by (B) number of times international students moved on average per year to get (C) total number of moving per year.

	Universities	Language Schools
International Student Count	135,519	32,626
% in public housing	23%	32.5%
# in private housing	(A ₁) 104,350	(A ₂) 22,023
Total in private housing	(A) 126,372	

Assuming that an average student moves about 2 times in four years, the number of times international students moved on average per year would be **(B) 0.5**. Multiplying (A) by (B), we could get an estimated total number of moving per year by international students: **(C) 63,186 times**.

From JASSO's survey, the average rent for international students is **(D) 40,000 yen**. If the real estate agents were able to get one month's worth of rent as agent fee, the market is estimated to be as big as **(E) 2,527 million yen**, which is derived by multiplying (C) and (D).

Section 3. CUSTOMER ANALYSIS

3.3.1. Target Customers

As mentioned in the previous section, 168,145 international students reside in Japan as of May 1, 2013 with a male to female ratio of 52:48. Undergraduate students account for roughly 67,437 (41%) of the entire international student population. Graduate students and professional training college students take up 39,567 (24%) and 24,586 (15%) respectively. Most noteworthy, the

number of language school students increased by nearly 35% from last year reaching 32,626 (19%) mainly due to the increase in South East Asian students. Based on the data, it could be inferred that the international students in Japan are relatively young (majority in early 20s) and this information would be used when crafting the promotion plan.

Another important set of demographic data is the nationality. The top five countries from which the students come from are China (60.42%), Korea (11.29%), Vietnam (4.64%), Taiwan (3.48%), and Nepal (2.35%). The fact that Chinese and Korean speaking students make up three-quarters of the entire student population would be an important factor in developing the priority for languages and target test groups during the development and test stage. The remaining countries that didn't make to the top 5 list mostly come from Anglo-European as well as South East Asia region. Thus, having a multilingual website allowing students to write or translate guides into any languages would be useful for the diverse group of students.

The average monthly income of international students in Japan is 138,000 yen (including remittance from family back home). The average part-time job income is 65,000 yen per month calculated from 77.4% of all the international students in Japan. The high interest in working part-time may be attributed to the high cost of living in Japan compared to that of the student's home country. Union may consider adding a part-time job section to the website in the near future to fill in the need for job information.

As for housing, up to 74.5% of international students rent their own apartments while the remaining chose to live in dormitories provided by the university or other private organizations. This suggests a large market for apartment leasing as many students chose to move out of dormitory once finishing the first year of university or when they just arrived in Japan. Union plans to enter this field once getting a significant user base to negotiate partnerships with local real estate agents as well as property managers.

3.3.2. Customer Needs

The questionnaire survey conducted on Chinese overseas students in Tokiyo Inai's research in 2010 indicated that the major difficulties that international students faced when they just arrived

in Japan are language, classes, and lifestyle.⁵

To further dig out the core needs of international students in Japan, Union has conducted four separate interviews: one undergraduate student from Waseda University, one graduate school student from Meiji University, one language school student, and the representative of a studying abroad support company in Japan. The insights collected from the three students and the professional on studying abroad support are listed below.

Student A - Undergraduate Student in Waseda (SILS 4th year, female)

- Had trouble setting up bank account due to rigid policies and lack of school support
- Unhappy about the helpfulness of school's admin office and guidebook
- Want to share her experience with others and willing to write guides
- Want to know more special offers () for international students

Student B - Graduate student from Meiji University (Political Science M2, male)

- Studied Japanese prior to graduate school, not much problem with getting basic needs set up and running.
- Finding apartment is a big challenge with many details to be aware of as foreigner.
- Used study abroad bulletin boards back home to find information about Japan
- Wanted to know more information on where to travel while at school

Student C - Interview with a current language school students (Age 19, male)

- Language is the biggest barrier to get things done in Japan.
- Want to make more Japanese friends to practice the language
- Would like more part-time job information that uses his language skill

Expert A - Interview with a professional (6 years in Japan, 3-year work experience)

- Students have different needs throughout the four phases of study abroad lifetime: explore, preparatory, adapting, and experienced.
- Students are not the sole decision maker in how to spend money on support. Parents are often the patrons behind students' decision.

⁵ Inai, Tokiyo. "For the improvement of overseas students' support - On the basis of questionnaire survey on the Chinese overseas students".

- The main role of study abroad support is to resolve the fear and uncertainty of both students and parents.

Based on insights from the interview results, Union decides to continue with the business idea to the next stage of customer analysis with questionnaire survey. The survey would be conducted to confirm the views of the interviewees with the general public. Questions on the willingness to pay of the students to the paid guidance will also be included to gather data for calculating estimated revenue from the service Union plans to provide.

Section 4. COMPETITIVE ANALYSIS

3.4.1. Direct Competitors

Union considers existing websites that targets foreigners in Japan as its direct competitors for web traffic. Websites such as Gaijinpot.com and Xiao Chun (Chinese student studying abroad forum) provides similar value proposition of providing valuable studying abroad information. Facebook groups created by students themselves (e.g. Waseda MBA, Waseda Taiwanese Student Associations, and etc.) can also allow students to get help and support from their seniors or classmates.

Currently, there is no reliable study that tracks the competitors' market share of international student's web traffic. Thus, Union has conducted its own survey with 50 international students on where international students receive information (see Chapter 10 Section 1). The responses illustrate over 50% percent of students mentioned the used on online resources when they need information on how to set up bank, get cell phone, and setting up other basic needs. The top mentioned websites are Facebook(30%), Xiao Chun (15%), Gaijinpot (3%).

Facebook

While Facebook dominates the social networking market, its group pages are utterly underdeveloped and unsuitable for organizations to store, keep track, and update information. Guides or posts written by students will be off the front page within days due to the timeline system, and there is virtually no way to search for the guide or post you are looking for. With its vast user base however, Facebook would remain largely useful for personal contacts and sending out event

invitations, which Union could integrate into its own website.

Xiao Chun (小春網)

Xiao Chun had been one of the must go websites that international students from China would visit two or three years ago. Being an all purpose forum that covers second-hand sales, matching, apartment listings, student events, and many other topics, Xiao Chun's design and web site's engine are outdated forum models that are used back in year 2004. While the site boaster a large user base, its active user rate had begin to drop sharply in the past few years due to its restriction of commercial activities on the forum as well as competition from the rise of social media networks such as RenRen (Chinese Facebook) and Weibo (Chinese Twitter).

Gaijinpot.com

Gaijinpot.com is a private company that creates guides and provides useful information about sightseeing locations, job opportunities, apartment listings, and universities to foreigners in Japan. While the site has both Japanese and English, it ignores the majority of the foreigners in Japan by not covering Chinese or Korean on its website. Even though many of the guides are well written by internal staff, the number of guides is very limited and without the capability for the reader to interact with the content written. The cost of content production would be therefore costly.

3.4.2. Indirect Competitors

Indirect competitors that serve the informational need of international students include the school's student life support, government agencies (e.g. JASSO), and studying abroad consulting agencies. Each has its strength and weaknesses as follow:

School's student life support

The student life support in most universities was originally established to help local Japanese students no international students. While some universities begin to pick up on the needs of international students, there still exists a gap between what student need to know and the information provided by the student support unit. Many of the information are either in Japanese or poorly translated English and contain general approaches into getting certain things done without much detail action steps that students can take. Furthermore, the support unit would not take students out

and help them get things done even though they could do so by charging a minimal fee.

Government agencies

With the concern of shrinking population, the Japanese government have look to increasing foreign immigration as a method to maintain the country's workforce and competitiveness. As getting international students is the fastest route to increase international workforce, the government had proposed to increase the number of international students to 1,000,000 by year 2025. Government agencies such as JASSO begin to provide scholarship related information on its homepage. Despite the effort, public awareness of the government's initiative is relatively low as no student Union has surveyed mentioned any government agencies as an information source.

Studying abroad consulting agencies

Studying abroad consulting agencies are business entities that introduce students in their home countries to the idea of studying abroad and help the students to prepare application procedures (exams, visa, and admissions documents) with an agent fee. These consulting agencies are experts in fields prior to the student coming to Japan with some exceptions that does both prior and after services. Many of these agencies do not have presence in Japan to provide support and information to students when they arrive and typically do not have detailed knowledge about lifestyle of students at different universities or language schools.

3.4.3. Competitive Advantages

In comparison to its competitors, Union has great advantages in: 1) low cost of content creation, 2) approach as a friend, and 3) interactive and real-time information access.

Low cost of content creation

Except for the creation initial guides that are needed kick start the website, the contents hosted on the website will be mostly generated by the international students themselves. Students would be able to raise questions on the website, and the question could be answered by other students who knows the answer are willing to share their knowledge for the better of all international students. The Union forum will incorporate incentive schemes such as earning user points for each question answered or guide written, as well as seasonal guide writing competition to increase the

amount of information and knowledge inputted by the users themselves. Unlike studying abroad agencies or professional support networks which needs to hire people to write guidebooks, Union virtually doesn't have to spend any money and can still gather large amount of information to create value for its users.

Approach as a friend

Different from its competitors, Union's primary intention is to help as a friend to solve international students' problems. The contents posted and highlighted on Union's website would be focused on information that is of value to the members. Commercial advertisings would be limited so that the website could be easily navigated and focused on providing information to the users. Users can be overwhelmed or decide to quit the service if the website is perceived as too commercial or profit oriented. By positioning itself as a friend online, Union would earn the trust of its users and ensure the repetition use of its services.

Interactive and real-time information access

Union plans to create both website and Smartphone application as main gateways for students to access the knowledge bank and forum. Unlike brick-and-mortar study abroad support services, Union's information and guides can be easily accessed online and even before the student arrived in Japan. Being able to access to the needed information even at times of emergency or confusion would be the greatest value possible for the users. The online guides will be checked by the community for its validity and would be constantly updated upon the request of users to users. Furthermore, any questions held by the students could be answered simply by commenting below the guides or submitting a new question to be answered on the forum.

Section 5. **MARKETING PLAN**

3.5.1. Product & Services

Main features of the website and Smartphone application

Union's initial website and app will consist of mainly four parts: 1) membership system, 2) online guides and forum, 3) paid guidance schedule request, and 4) apartment listing.

1) Membership System. All students are required to sign up as members with their email account or social media accounts such as Facebook or Twitter in order to have access to all contents on the webpage. Signed up users can edit and change their own personal information such as the school they are studying at (or going to study at). Information displayed on the user's webpage would then be customized based on the settings of their personal information. For example, a student studying at Waseda University but living at Nakano Station would find useful guides on Waseda University as well as guides that are around Nakano Station. The details of the guides will be explained in detail in the next part on online guides and forum.

The membership system would also track the user's activities and grant karma points (tentative) to the user upon completing specified actions such as writing a guide, responding to forum questions, reporting bugs, and etc. These points could be accumulated to exchange for actual goods from promotional sales that Union's future partners would provide. Furthermore, the user can receive the title of being the expert or landlord of a certain topic or a certain neighborhood. A user who wrote the most guides on a certain topic (e.g. how to deal with visa) or a certain region (e.g. Shinjuku east gate) would be granted the title of expert or landlord which could be seen on the user's profile page and regularly displayed on Union's homepage.

2) Online Guides and Forum. The main page of online guides section would display guides according to the member's personal information such as where he or she lives and which school he or she currently attends or will attend. Users can find guides through the search bar and by sorting through guides via different tags or topics. Within each guides international students can know who the author of the guide is and interact with the guide by commenting below or sending private messages to the guide's author. Furthermore, users can choose to rate the guide base on how useful he or she found the guide to be as well as report to Union's admin if a particular guide is out dated and in need of update.

If a student wants to create a guide, he or she would be directed to search whether or not a similar topic already existed before being directed to the text editing page. The author can include links to relevant online articles as well as pictures to enhance the credibility and clarity of his or her

guide. Once finished, the author can invite international students from other countries or language background to reproduce the same guide in a different language so that all international students can have access to the same information.

In the section of the question forum, members can post any question they have that isn't included in the online guide bank. Other members can answer the questions, and the answers can be reviewed and up-voted by all members who view the question and answer thread. The best answer can be easily converted into a guide by the author of that answer with a single button that says convert to online guide. The converting feature would ensure a steady flow of guide creations as the clear question to guide process would resolve the problem with not knowing what guide to write.

3) Paid Guidance Schedule Request. This section of the website would contain a simple calendar as well as a request form for one-to-one guidance service. International student can simply click on a date on calendar that shows availability of one-to-many guidance tours and input his or her name and contact information. A notifying email would be sent to the student's email account with details on the time and location of the scheduled guidance tour.

4) Apartment Listing. There are two parts to the apartment listing section of the website. The first part would be the regular listings of apartments arranged according to the user's personal information. International students may search for apartments based on the location of their school or a particular train line he or she prefers. The detail page of each listing will include contact information and a send an email button to the corresponding real estate agent. The second part of the apartment listing would display campaign offers that Union got from property managers to provide the best prices to international students during the moving season in spring and summer break.

Design of the website and Smartphone application

The design of Union's website and app would be based on the newest flat design as prorogated by iPhone's iOS6 designers. Navigation and information displayed on the mediums should be clean and easy to understand. The design theory aims at minimizing the learning cost of adopting a new service. International students should be able to navigate to the information they want without much problem and the functions of the website and app should be intuitive. Yet at the

same time, the color themes and the catchphrase used on the web mediums should be youthful so it would appeal to universities students.

Paid guidance

Paid guidance can be reserved online through the Union's website or mobile app. During the weeks before and after the entrance ceremony, Union would organize multiple guidance tours with the bus-style schedule (one-to-many) where one or two Union staff will lead five to eight students on a tour for a specific task such as applying for mobile phones or applying for health insurances. The hired staff would be mainly part-time students trained by Union's internal staff member to ensure the service quality of the guidance tour.

International students may also book one-to-one (taxi-style) guidance tour where one Union staff would accompany the student for the entire day to apply for all the items requested by the student. The guide for the one-to-one service would be conducted by Union's internal staff in order to ensure the best service quality.

Apartment listing

Union will gather and post listings of apartments that allow international students to live in. Since finding apartments in Japan proves to be quite difficult for foreigners as many apartment owners refuse renting out to non-Japanese tenants, real estate agents and international students themselves have to spend significant amount of time finding apartments online and then confirm with the property managers or owners whether or not foreigners are allowed.

By providing the list where 100% of the apartments are foreigner friendly, Union would be able to save its users significant amount of time searching for a place to live. Furthermore, Union plans to incorporate the leasing data into its living guide's recommendation system. For example, Union would be able to know approximately where an international student lives once a lease contract has been signed through the introduction of Union's listing system. Union then could create algorithms that display on the user's homepage living guides about the apartment's surrounding or community to that particular student.

Another apartment listing feature in consideration is to allow students submit their "moving

intention” to Union’s database. Whereas students were to spend time and research apartments by themselves, this new feature would allow the backend algorithm or partner real estate agents to send apartment recommendations that matches criteria as requested by the students. Students typically move out from dormitories or to a new apartment in the middle of spring or summer breaks. However, they will need to start looking for vacant rooms at the last month of the semester, which is the busiest time to write term reports or prepare for exams. By posting the “moving intention” on Union’s website, students could save much time from looking for apartments and focus more on completing academic requirements.

Each of the apartment listings will be accompanied by living guides about the neighborhood or nearest station written by international students currently living or lived in that area. Not only would this increase the chance of the apartment to be rented out, this feature would also provide the student the most accurate information (from a previous student) to make decision on where to live. Since the neighborhood the student live in takes up a large portion of their time in Japan and would affect their experience on living in Japan, international students would need careful consideration when deciding where to live.

3.5.2. Pricing

Union’s website runs a Freemium revenue model in order to attract as many users as possible to utilize its online guide bank and forum. Union would not charge the reader and the guide writer any fee to read or write guides on Union’s platform.

On the other hand, Union plans to monetize on the student traffic from providing additional services such as paid guidance. Accounting that the average monthly income (including remittance from home) is 138,000 yen per student, Union’s paid guidance would be within the range of 1,000 yen to 10,000 yen depending on whether or not the guidance is one-to-one or one-to-many and the difficulty and time required of the tasks itself.

The other method for monetization is through apartment listings on the website. Union would gather and update apartments from real estate agents and property managers for free but charge 5% to 10% of the agent fee once a lease contract is signed by the Union member. The percentage

required by Union is competitive compared to the market average that requires 30% to 50% when one real estate company introduces apartments listed by another real estate company. Union hopes to achieve aggressive expansion on the market via the competitive pricing.

3.5.3. Promotions Plan

Union plans to promote its website and raise its popularity by cooperating with and participating in events of existing student organizations and the entrance orientations for international students. Tapping into the founders' existing network, Union plans to participate in entrance orientations for international students to provide incentives for user signup. Union would organize signup campaigns such as giving out free iPad or electronic goods via lottery to members that join during the specified period.

There are several student initiated studying abroad support organizations such as the Waseda Sempai Project and International Community Center that hosts Q&A sessions and Tokyo tours. Union would contact with these organizations to cooperate on hosting similar sessions in order to gain awareness of Union's service.

The website will also have organic promotion within the system such as friend invites and share on social media links. Since the purpose is to increase awareness and signup rate of Union's membership, having the students promoting the website on Union's behalf would be one of the most effective method to gain visibility as well as credibility.

3.5.4. Distribution Plan

At the beginning, Union's services would be distributed or be founded online on its website or its mobile application. The accessibility will be enhanced mainly through search engine optimization and establishment of links to Union's page on major studying abroad related websites. Students would be able to reserve paid guidance and find apartments solely through Union's website.

By the second year of the startup, Union would partner with universities and language schools to allow the student to book Union's services through their academic institution. Ideally, the information about Union's service and access URL to the website would be included inside

university's international student's guidebook. The student then may request for Union's guidance by contacting the admissions staff of the languages school or university.

Section 6. OPERATIONS PLAN

3.6.1. Key Operational Processes

Website and app design and development

The initial website and app production would be handled by diginiq k.k.'s development team in Indonesia with the design and specifications determined by Union's founders. Once the main frameworks of the website and app are finished, Union would hire 2 additional programmers with the CTO to constantly update and adjust the website and app with usability test and A/B testing.

The programming team in Japan would cooperate with an in-house designer to improve the user experience and the performance of the website and app through regular weekly or bi-weekly updates. Maintenance such as eliminating bugs and technical problems would be main responsibility of the design and development team until a major upgrade is needed.

Marketing and public relations

The main function of marketing and public relations is to utilize the social media network and direct contact with academic institutions and student organizations to increase the awareness of Union's services. This section of the company would be lead by the Chief Marketing Officer who would be responsible for scheduling events and tasks to promote Union's site as well as answering questions and concerns from the Union members.

The marketing and public relations would also be responsible for maintaining contact with universities and language schools to gain official partnership and information on orientation schedules. As an official partner in accommodating the students when they first arrived in Japan, Union would attend the entrance orientations of the partner university and conduct the living in Japan orientation for the university.

Paid guidance and online guide management

The initial paid guidance would be recruited from the existing universities students as a

part-time job with special training conducted by Union's internal staff. Union may also cooperate at the beginning with Kaneda k.k.'s Flash Study Abroad Service Center (the student support company held by one of the board members) to lower the costs of operation until the number of customers reaches a critical mass.

The internal staff that helps with the training would also be responsible on the daily basis to check and manage online guides posted by students. Malicious or obvious commercial posts would be deleted and the IP or MAC Address of the malicious user would be blocked if necessary with the judgment of the internal staff.

Sales and finance

The sales and finance section of the company would be responsible in gathering apartment listings from real estate agents and property managers to put on Union's website and collect a percentage of real estate agent fees once a contract has been signed. The same staff from this section would also be responsible for raising capital and finding investors with the lead of Union's CEO.

Tentative Operations Schedule

1st ~ 6th month – The first three months of the project will be dedicated to developing and refining both the website and the paid service with the participation of current students from Waseda University and languages schools around the Takadanobaba Station. The initial website will be developed based on the interviews conducted and additional market research into the navigation preference and internet usage habit of international students.

Around the second to third month of the project, Union plans to recruit around 50 international student volunteers for beta testing in order to improve the functionality of the website as well as populating the database with initial guides. The optimization process will aim at improving the active rate of each user in terms of posting questions, answering questions, writing guides or simply creating conversations.

To ensure the optimal service of the paid guidance, Union staff would pilot test its service with student volunteers who still haven't gotten a phone or bank account. The pilot test is to see how much time it would take on average to complete the guide and how valuable is the service in eye of

the students. Through the process, Union would be able to establish relationship with staffs at banks or cell phone carriers to facilitate the process the next time Union brings more students to come. It is possible that banks or cell phone carriers would pay Union to bring international students to its store. This could be accounted as additional revenue generated by the paid guide.

As for the marketing side, Union will began contacting major universities and language schools with the highest number of international students according to JASSO's list⁶. Union will seek cooperation with entrance admissions staff to promote the value of Union's service and distribute URL links and QR code to Union's website at entrance ceremonies or orientations.

Another channel for marketing is through student organizations and circles. Union will contact managing staff of international student associations such as Waseda Taiwanese Student Association or Tokyo Taiwanese Student Association to provide the information about Union's service. Union also seeks support from university student circles that promote cross-cultural exchange. Organizations such as Waseda International Festival or International Community Center would provide one of the best platforms for Union to raise its public awareness in the international student community.

6th ~12th month – At the launch of the service, Union would increase the web traffic to its website through two main methods: viral events and search engine optimization. Union plans to give out popular goods such as iPad and cameras as prizes to those who sign up as member and write guides on Union's website. Guides with positive rating will give its writer a higher chance of earning the better prizes on the prize list. This viral event would be incorporated into the site's system and made easily shared on other social media networks such as Facebook or Twitter.

Union would also increase its presence on the search engine via various methods including establishing more external links on student blogs, university homepages, and websites of student support organizations. While raising awareness of current students is important, it is equally important that international students that plan to come to Japan know about Union's service prior to coming to Japan. Having more external links established and other search engine optimization

⁶ Japan Student Services Organization (JASSO). "Major Universities in terms of Number of International Students (As of May 1, 2013)".

methods completed, Union's website would be easily found via organic search by students in or coming to Japan.

12th month onwards – Once reaching a significant user base of 40 to 50 thousand international students, Union would begin hosting periodic events or competitions to encourage students' interaction as well as activity on the website. Offline events such as lunch gatherings, picnicking at major parks, and other social events would allow members to make new friends and establish new connections. This additional value to Union's members would hopefully translate into more online activity as well as traffic to the website.

With a steady flow of traffic established, Union staff will contact real estate companies and property managers to provide apartment listings and organize seasonal renting campaigns. Union would gather apartments that are available to international students and list them on the apartment section of the website. While Union would not accept paid ranking when displaying listing search results, Union offers partnerships with real estate agents or property managers to host promotional campaigns that offer Union members good deals with real apartments.

3.6.2. Milestones

Short term (first year)

- Reach a user base of 30,000 students with active rate over 51%
- Over 500 quality guides available on the webpage
- Top five ranking on Google or Yahoo search engine in related keywords: Japan studying abroad, studying abroad guide, etc.

Medium term (first three years)

- Reach a user base of 100,000 students with active rate over 51%
- Official partner with 10+ major universities and 20+ language schools
- Capture 40% of paid guidance market in Japan with expected revenue of 25 million yen per year
- Introducing more than 20,000 apartment renting per year (33% of market) with expected revenue of 40 million yen (from 5% of real estate agent fee)

Long-term (three years~)

- Reach a user base of 130,000 students with active rate over 51%
- Official partner with 20+ major universities and 40+ language schools
- Capture 51% of paid guidance market in Japan with minimum expected revenue of 35 million yen per year
- Introducing more than 30,000 apartment renting per year (50% of market) with expected revenue of 65 million yen (from 5% of real estate agent fee)

Section 7. MANAGEMENT TEAM

3.7.1. Management Team Members

Takeshi Ohyashiki, Chief Executive Officer (CEO)

Former professional cameraman and chief executive of his father's family business, Takeshi Ohyashiki founded diginiq k.k. in June 2013 as he discovered the great need for internet presence by small to medium-sized companies. The charismatic CEO's strength lies in his ability to get people onboard to work with him as proven by his past record of hiring many talented programmers and designers in Indonesia. On top of that, Takeshi has acquired programming skill in html, css and cold fusion through learning materials he discovered online.

Hsiang-Chuan Lin, Chief Technology Officer (CTO)

Currently a MBA candidate at Waseda Business School, Hsiang-Chuan Lin has deep interest in technology related services and had taught himself web programming in html, css, javascript, and php. Hsiang-Chuan has served as intern for a year in diginiq k.k. as web programmer and was involved in several web development projects including clients' company homepages, backend management systems, and e-commerce sites.

Yuanwun Jiang, Chief Marketing Officer (CMO)

While serving as a TV program host for a year after receiving undergraduate degree in Shichuan, China, Yuanwun Jiang realized the importance of marketing to modern companies and pursued a master's degree in marketing in Waseda University, Japan.

3.7.2. Management Team Gaps

Chief Financial Officer (CFO)

Union schedules to recruit a candidate for the CFO position two or three months into the project with main responsibility of raising capital and managing the cash flow of the company. The ideal candidate would have solid background knowledge in the financial industry in Japan and established connections or contacts with venture capitalists.

Chief Design Officer (CDO)

At the very beginning of the start-up, Union will recruit a CDO whose main responsibility lies in designing the layout and flow of Union's website to make it student friendly and easy to navigate. The ideal candidate would have solid background knowledge in webpage design, front-end coding (html, css, and javascript), as well as understanding in the creation of best user experience.

3.7.3. Board Members

Michael Schoenecker, Waseda MBA

Juris Doctor Degree holder from The George Washington University of Law and currently a MBA candidate in Waseda Business School, Michael Schoenecker has conducted immerse study on the Japanese legal system, contract drafting, and IP licensing. Worked also as a freelance web designer and developer for 4 years, Michael would be able to provide invaluable advises and legal insights for Union's growth.

Song Yang, Kaneda k.k.

Having experienced studying abroad in Japan for 6 years, Song Yang founded Kaneda k.k. to provide all rounded study abroad service to mainly Chinese students in Japan. With great understanding of the current market and monetary flow of the current structure as well as first-hand experience with guiding international students, Song Yang could provide excellent operational advises on how to train guides and how to contact with schools and universities.

Section 8. FINANCIAL PLAN

3.8.1. Revenue Model

Union's revenue model will be based on the Freemium model adopted by major SNS web services such as Cookpad and Money Forward. While the international student users can use most of the feature for free, Union's main revenue would come from its paid guidance and apartment listing, which could be visualized in the diagram below:



Paid Guidance Revenue Model

Revenue model for paid guidance comes in two forms: 1) bus-style guide and 2) taxi-style guide. Under the bus-style guidance, international students can sign up with 7~8 other students to one of the scheduled dates where a Union staff will take the group out to apply for bank account, phone, health insurance, and etc. The scheduled dates will be the most condensed in the month before school starts and students can apply prior to arriving to Japan. Union could negotiate with cell phone carriers or banks to pay Union for each new international student that signed up for their service.

The taxi-style guidance provides 1-to-1 service to the student that requests it. One Union staff will accompany the student to setup and apply all the basic needs at a higher cost than the scheduled guidance mentioned earlier. This same service could be applied through Union's website and Smartphone application.

Apartment Listing Revenue Model

As the access rate goes up, Union plans to acquire listings from real estate management companies who have apartments that are available for foreign students. The listings will be gathered and posted by Union staff free of charge for the real estate management companies until a lease contract has signed. While the margins are still under negotiation, Union is looking at 5~10% of the contract rent as advertisement fee from management companies.

3.8.2. Financial Highlights

The details of the financial calculation would be conducted after collecting more information on the willingness to pay of international students for paid guidance.

3.8.3. Funding Requirements/Use of Funds

The funding requirements and the estimated burn rate would be calculated after more information on estimated revenue is available.

3.8.4. Exit Strategy

Union's most preferable exit strategy would be buyouts from major internet giants such as Google, Yahoo, or Facebook. Once having a membership count that covers over 50% of all international students in Japan, Union would have a significant data that could be utilized by the internet giants in advertisement, market research, and other means of data mining that are not within the specialty of Union's development capability. Being acquired by internet giants would also provide better integration with the social media networks. Union could potentially grow and expand much faster with the financial and technical resources owned by its acquirer.

The secondary exit strategy would be buyout from real estate agents that is currently or schedules to provide service to international students. Union's access and connection with international students would be very attractive for prospective buyers who struggle to find the most effective medium to attract customers. Furthermore, with the decrease in Japanese population as well as aging of several real estate properties that were built during the bubble economy, real estate agents would benefit from renting out vacant rooms that were too old by Japanese standard to international students who need cheap apartments to rent.

Chapter 4. APPENDIX

Section 1. HOMEPAGES OF REAL ESTATE WEBSITES IN JAPAN



Section 2.

SCREENSHOT OF ZHAOWU.JP PROTOTYPE WEBSITE

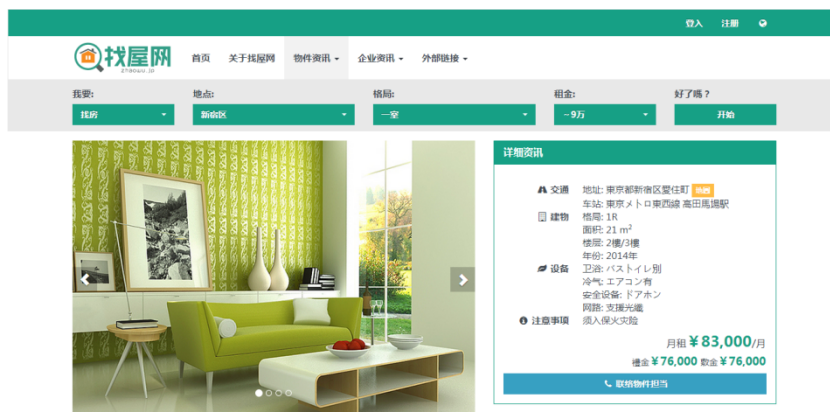
Homepage



Login page



Apartment detail page



Section 3. 外国人が発生しやすい問題及び解決方法の調査結果

1・問題内容：ゴミ分類の方法はよくわからなくて、日本のゴミ分類の習慣に慣れていないため、きちんとしたルールに従わずにゴミを種類別に分けずに捨ててしまう。

解決手段：賃貸契約をサインする際に、ゴミ分類に関する方法または重要性を詳しく説明しておく。そのほか、数回ゴミ分類のルールを破る場合、警察まで呼ぶことがあることを、デジニークから本人に知らせる。

2・問題内容：騒がしいので、近所の人たちに迷惑をかける。

問題発生原因：文化の違いと、異国での仲間たちとの交流

解決手段：契約する際に、なるべく他人に迷惑をかけないようにきちんと説明しておく。喧しすぎた場合、近所の人が警察を呼ぶことがあることを事前に知らせる。大家または管理会社に苦情が行った場合、デジニークから注意する。

3・問題内容：解約の一ヶ月前に大家さんに知らせることを守らなかった場合、大家さんに修繕費用や残した荷物の処分など経済的な負担をかけてしまう恐れがある。

問題発生原因：賃貸契約の内容を把握していなかったり、忘れてりするるのである。

解決手段：契約する際に、必ず保証会社と契約する。借り手は急に無断解約する場合、大家さんは保証会社から賠償金を得られるため、損失の発生することを防ぐことができる。

4・問題内容：勝手にペットを飼うこと。

問題発生原因：賃貸契約の内容を重視していなかったり、忘れてりするるのである。

解決手段：契約する際に、出来るだけ契約の内容を説明しておくうえに、ペットに関するルールを破る場合は、部屋から出ざるを得ないという懲罰もちゃんとつけておく。ペットを継続して飼いたい場合は、デジニークでペット可の物件を紹介する。

5・問題内容：大地震は起きる場合、外国人は誰にも知らせずに急に帰国してしまうため、大家さんに迷惑をかけてしまう。日本の法律によると、大家さんは一定的時間、

借り手の荷物を保管しなければならないので、大家さんにとって大きな面倒になるのである。

問題発生原因：外国人は、本国で地震を体験したことさえないため、急に大地震が発生してしまうと、本人は極めて不安で、何も考えずに実家に帰ってしまう。

解決手段：こういう事態は発生する場合、保険会社は賠償金を大家さんに出し、ある程度大家さんの経済的損失を抑える。また、「找屋網」は専用問い合わせ電話を用意し、借り手、大家さん双方からの相談に対応する。

Section 4. LIST OF INTERVIEW QUESTIONS FOR INTERNATIONAL STUDENTS

When did you arrive in Japan?

Why did you choose to come to Japan for study abroad?

Did you know any Japanese before coming to Japan?

If yes/no, where have you learned Japanese?

Did it take a long time for you to become accustomed to the lifestyle in Japan?

Before you arrived, what were the major sources from which you gather information?

When you first arrived, what were the difficulties you have faced?

How did you overcome the difficulties back then?

Could the difficulties you have mentioned be avoided if someone had told you beforehand?

How helpful did the information provided by your school regarding living in Japan?

If there is a website like Wikipedia that provides guides on every aspect of studying abroad in Japan, would you use it?

What are the topics that would want to see on the mentioned service?

Are you willing to write guides to help out future international students that come to Japan?

If the website also provides additional paid service for guidance in person, would you pay? If so, how much would you pay for one-to-one service & one-to-many service?

What other services do you wish the website would provide?

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