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Epoch Making Reagents Making Large Strides from their Kobe Base

Connecting Japan, Germany and the World Creating a new base for sales and Research and Development

German reagent manufacturer DiaSys Diagnostic Systems GmbH. (here after DiaSys GmbH.) formed its Japanese subsidiary DiaSys Japan K.K. In March 2006, and has steadily developed its business with the establishment of research institutes in Sannomiya (head office) and the second stage of Port Island. DiaSys GmbH. began as a venture business in 1991 and developed liquid stable reagents which have re-defined the clinical chemistry reagent market. They are a leading IVD (In Vitro Diagnostic) manufacturer, with 130 employees, exporting to 80 countries around the world. We asked Yoshihiko Akagi, President, about the purpose and circumstances surrounding the company's entry into Japan, and the merits of using Kobe as their base.



DiaSys Japan K.K.
President:
Yoshihiko Akagi

—Please tell us why you decided to enter into Japan.

The Japanese market is very attractive to a global medical company such as ours. We have seen good growth in China and Korea over the past 2-3 years, and there is a certain amount of status involved with entering the Japanese market, which demands such high quality products. Other reasons for creating our Japanese subsidiary include the extension of retail agency agreements for OEM (original equipment manufacturing) at DiaSys GmbH., and to work with our German headquarters to conduct research and development into new global In Vitro Diagnostic reagent.

—We understand that it took 10 years to enter the Japanese Market. Please tell us a little about this.

At the beginning, I was working as a consultant to DiaSys GmbH., as Akagi Trading, researching and looking for partners to assist in the enter into the Japanese market. But the Japanese drug industry is a very complex one, and obtaining drug approvals including IVD is very difficult. For example, even products which have been approved as 510(k) in the USA sometimes require new data for approval. Among the requirements for Japanese approval are complicated and very difficult to understand for foreign companies. So for foreign companies to join the market it takes a lot of time. Also, like other German companies, our parent company DiaSys GmbH. likes to set long term plans which are based on long term changes within the company and the industry as a whole, and, with carefully consideration of the timing and other circumstances, we spent 10 years to achieve this successful entry into the Japanese market.

—Why did you choose Kobe as the base of your operations?

With the decision of entry into the Japanese market, we considered a number of candidates for our base of operations, including Amagasaki, Kyoto and Osaka, in addition to Kobe, in the Kansai area, and Yokohama etc. in the Kanto area. From the perspective of living environment, and the strength in leading edge medical treatment, we chose Kobe. We are often asked 'Why not Tokyo?', but in Tokyo fixed costs, such as for office space, are much higher. Comparing the cost of travel from Kobe as opposed to maintaining an office in Tokyo, the Tokyo option is not necessarily any cheaper. In fact, with the advanced information and transport infrastructure available in Kobe, there are no real handicaps compared to maintaining an office in Tokyo. With the new Kobe Airport, and the availability of Lufthansa Airline flights from Kansai Airport, travel back to Germany is also convenient from Kobe.

—Was there much support or incentives from Local Governments?

Kobe City made a great effort to welcome us. For example, they provided all documents to us in English, and helped to make any discussions with our head office go very smoothly. This was in contrast to some cities in the Kansai area that provided no documents at all in English. They also took charge of things, and had very good support systems. When representatives came from our head office, they expressed amazement at the fact that 'this is really government officers'. This was because of the wonderful hospitality and service which was as good as any private business.

We received overall support by local governments, related organizations. Regarding to incentives, we were able to make use of the half office rent subsidy for 3 years offered by Hyogo Prefecture and Kobe City. This incentive was a big help in reducing our fixed costs. We were also offered a temporary office by JETRO and our executive manager was invited Kobe from Germany through "Support projects for regions attracting foreign companies" of METI (Ministry of Economy, Trade and Industry).

—What do you think of "the Kobe Medical Indus-

try Development Project"?

For us, the concept of the 'Medical Industry City' is a good image for us to be a part of. But as we are still putting ourselves together we haven't yet had the opportunity to work together with other businesses in the area. We hope to be able to begin to participate in the project at some point over the next 3-5 years.

—Please tell us about your future plans for the development of your business.

In the short to medium term, we hope to increase the recognition of the DiaSys Japan name. We plan to do this by such activities as opening exhibition booths at events, and, where the opportunities arise, giving speeches etc. In other words, we hope to create as many opportunities as possible for diagnostic companies to learn more and interact with DiaSys GmbH. We already have a few opportunities in development for OEM agent agreements. We also hope to be able to actively promote the export of high quality Japanese products through our worldwide export routes, and to look for opportunities to conduct cooperative development with Japanese companies.

At the moment, we are conducting research and development under direction from our head office in Germany, but we hope in the future to be able to conduct other research and development specific to Japan. There are a lot of unique products in Japan, arising from the level of craftsmanship and unique characteristics of Japanese researchers. Our head office in Germany also hold great expectations of future research and development here in Japan.

DiaSys Japan K.K.

Place of Establishment :Kobe Trade Center Bldg. (Head Office) / Kobe International Business Center (KIBC) (Research Center)

Business Activities: Research and Development, and Development of reagents and instruments for In Vitro Diagnostic Reagents, Food Testing Reagents, Research Reagents, etc.

Capital: 10,000,000 yen

Established: 27th March 2006

<http://www.diasys-diagnostics.com>