EXECUTIVE IMPACT
Executives on the Cutting Edge of Japanese Business

ValueCommerce/

Entrepreneur Association of Tokyo
Tel: (03) 5336-9236
E-mail: info@ea-tokyo.com
URL: www.ea-tokyo.com

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10-SECOND BRIEFING

Industry: e-commerce
Location: Tokyo, Japan

Core Services:
- Affiliate Marketing
- Internet Marketing
- Internet Advertising
- Search & Directory Services

Established: 1996
Chairman: Tim Williams
Company Type: B2B
Revenue 2004: JPY 2.8 billion
Employees: 165
Key Achievements:
- Japan's largest online marketing and advertising network
- generated more than JPY 100 billion in sales for customers in 2004
- deliver over 330 million adverts per day
- reach approx. 46% of the Japanese Internet population

Internet giant brewed over beers

"Even though sales were going ballistic, we knew we could go out of business."

The sweat, stubbornness and raw effort enmeshed in the bare-knuckled baptism of fire that is the early stages of building a business is nothing new for many experienced entrepreneurs. But while most aspiring business owners have at least a smattering of familiarity about their chosen industry, the startling fact that opens many eyes about New Zealand entrepreneur **Mr. Tim Williams**, Founder and Chairman of **ValueCommerce Co., Ltd.**, a global provider of innovative, high quality Internet business solutions, is that his dreams of business success were born over a BBQ, a few beers and zero industry experience. **Jonathon Walsh** lifts the lid to discover how drive, determination and a dose of good timing launched this dominant industry player.

ValueCommerce, currently the number one affiliate marketing company in Japan by network size and sales volume, generated more than JPY 100 billion in sales for their customers in 2004 and has approximately 1,000 eCommerce Merchant customers. On a daily basis ValueCommerce serve on average 330 million advertisements across this network, reaching around 46 % of Japanese internet users on a monthly basis, and their client list boasts well-known companies including Yahoo, Nifty, IBM Japan, Recruit, Citibank, AIG, and SofMap.

Tim Williams

Growth fueled by incoming Internet

So how did this inspiring success story start? Williams was 23 and en route to study in Beijing when he stopped off in Tokyo in 1993 to meet his brother who introduced Williams to another Kiwi named Jonathan Hendriksen. Williams decided to remain in Japan where he taught English and edited medical journals. While enjoying a BBQ and a few beers with Hendriksen, the pair decided to better utilize their skills to take advantage of what was looking increasingly like The Next Big Thing—the Internet.

In 1996, the ambitious pair founded one of the first hosting and domain resellers in Japan under the name Transpacific Inc. Two years later, thanks to a licensing contract with ValueClick USA, Transpacific launched ValueClick Japan, the first click-based internet advertising business in Japan. "ValueClick

PTO...

ValueCommerce's Tokyo head office.

then went absolutely crazy," Williams recalls. "We started receiving so many orders from companies like Honda and Dell that our cash flow couldn't keep up. The banks didn't want to deal with us so we were faced with a major challenge. Even though sales were going ballistic, we knew we could go out of business as we did not have the liquid cash flow needed to cover our mounting accounts receivable. So we went to a venture capitalist, raised about $1 million in total and when we received it, we decided to split Tranpacific and ValueClick into two companies." The latter remained and went on to become the first company listed by foreigners in Japan, while the former by November 1999 had seen their employee count surge from 10 to 120 and underwent a name change to ValueCommerce. This company raised US$35 million to grow aggressively and is looking to list in 2006.

Keeping customers as No.1

Williams now runs Japan's largest online marketing/advertising network in terms of sales and advertising volume. "We help customers sell more products online. We have maintained a philosophy of keeping a humble attitude, keeping the customers as No.1, providing good service and creating value for them. We are never afraid to learn, to listen and to try and get better."

One of the biggest business highlights for Williams was when the company secured their first Fortune 500 customer. "It is pretty amazing when a company like IBM or Hewlett-Packard say they need your services," he says. On the flipside, language has been the biggest headache for Williams. Other frustrations have included the resistance among some Japanese companies to work with small, unknown businesses, and the often slow decision-making process of Japanese organizations.

The biggest issue Williams has had to face while running ValueCommerce has been finding good staff.

In order of priority, people with passion are the first to catch his eye, followed by candidates exhibiting loyalty/dedication, education and experience. Williams found staff through personal connections, his network, and online recruiters.

Right sector, niche important

"Business at the moment is going crazy!" Williams says. "Growth in 2004 went very well. We have doubled our numbers pretty much every year for the last four years."

For aspiring entrepreneurs, Williams stresses the path to success is not easy. "If you are expecting to get rich quick, think again," he warns. "I think your absolute minimum commitment needs to be four years. Before you start you need to check your personal and family situation and realize there is probably going to be 3-4 years of intense strain on the relationship. Then you have to be absolutely stubborn and determined and even if you get battered down, you've got to get back on the saddle and go again. You've got to be passionate about it otherwise you are not going to be stubborn and persistent in what you do. You will always have 90 naysayers and 10 people who are helping you, but be warned!—often the worst influences on you will be the people you know."

How can entrepreneurs find the right opportunities? Williams says aspiring business owners should pick their sector. "You need to make sure that you have either a price advantage, a competitive advantage or a quality advantage and as long as you can find a niche you are passionate about, it's great. Even now in volatile markets, there is so much opportunity out there—you just have to look for it!"

In April 2005, ValueCommerce finalized a strategic capital alliance with internet portal Yahoo! Japan. Yahoo! Japan acquired a 49.7% share of ValueCommerce and both companies will form a close co-operative working relationship.

ValueCommerce/

Contact information:

ValueCommerce Co., Ltd.
Tel: (03)-3817-8987
Fax: (03)-3812-6562
E-mail: web@valuecommerce.com
URL: www.valuecommerce.com

INSIDE INFORMATION

- Find a niche you are passionate about.
- Ensure you have either a price, competitive or quality advantage.
- Keep customers as No.1, provide good service and create value for them.
- Stubbornness and determination are crucial elements for success.
- Staff can be sourced through personal connections, your network, and online recruiters.

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