

Interview with Antti Sonninen, CEO, Slush Asia

Entrepreneurship Among Japanese Youth

By Japan SPOTLIGHT

The youth culture in Japan is changing dramatically. The majority of the best and brightest, the graduates from the University of Tokyo, which only high-school grads within the top 1% of highest-scoring examinees in all academic subjects are allowed to enter, now prefer to start up their own businesses rather than get a permanent job in large enterprises. Until the end of the last century at least, they chose to work for a big company to enjoy a sense of job security and prestige by continuing to work there until their retirement. Today, after what we call “the lost decade”, long-time economic stagnancy in Japan, we see the young Japanese elites completely changing their mindset. Thus, the “lost decade” is not to be considered a period of stagnation but rather an evolutionary period during which the Japanese are achieving a remodeling of their economy.

Antti Sonninen, a 32-year-old Finnish entrepreneur who has lived in Japan since 2013, is the organizer of “Slush Asia”, a big networking event for start-up companies. Speaking perfect Japanese, he talked to *Japan SPOTLIGHT* about the potential of Japan becoming a powerhouse of entrepreneurship at his chic office at Omotesando, a center of youth culture in Tokyo.

Antti's Background

JS: Could you please introduce yourself briefly? There must be very few non-Japanese entrepreneurs in Japan, so we are very interested in your personal history and connection with Japan.

Sonninen: I came to Japan for the first time in 2008 as an exchange student. I lived in Tokyo for a year and studied Japanese, and returned to Finland the following year. I got a job in Rovio Entertainment, a Finnish IT company. When they planned to start their business of selling a globally popular smartphone game called “Angry Birds” in Japan, I was in charge of this new business and came to Japan again in 2013 to start up our office here. Since then, I have been actively involved in entrepreneurs’ events and watching over start-up events in Japan, how Japanese start-up companies are financed and how actively they have been prepared for moving their business overseas. Since the beginning, I have been thinking that Japanese ventures should be more confident in promoting their business to the world. After having tried to



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encourage them to be more active in doing so without achieving any significant success, I decided to join a Japanese start-up at the end of 2014, having left Rovio, to encourage Japanese ventures to expand their business worldwide. Then I came to realize what kind of challenges they face in entering into global business.

Slush Asia, of which I am CEO, is an event-organizing business trying to fix all the issues for a foreign company coming to Japan as well as for a Japanese company going overseas. We are not only organizing networking events for those entrepreneurs but also initiating a revolutionary change of mentality or mindset among people in the venture community.

JS: What is this revolutionary change of mindset?

Sonninen: The current business environment surrounding young entrepreneurs in Japan is similar to the one in Finland a little while ago. I want to bring the same sort of change to Japanese youth as the one that revolutionized youth culture in Finland. Finland is a country with a population of 5 million located between Sweden and Russia and had been a part of either

Sweden or Russia for a long time. Finland is a young country that will celebrate the 100th anniversary of its independence in 2017. Though we have not been involved in any noteworthy historical incidents recently, we achieved a remarkable business success with the telecommunication infrastructure company Nokia in the 1990s. They gained top status in the mobile phone market and eventually accounted for 40% of total global sales in the industry. Finnish people became recognized as people from the country of Nokia.

When I came to Japan in 2008, the iPhone 3G was being launched. The market share of iPhone has been rising since then and the share of Nokia has been dropping to almost zero now in the market of developed nations. For the Finnish, who had survived World War II and been patient through numerous difficulties, and had then become positive about their future thanks to Nokia's success, this steep decline in market share was a blow to their confidence and they became anxious again about the future.

When Microsoft Corp. decided to acquire the mobile business of Nokia in September 2013, the news was perceived as negative in Finland, in particular among people in the old generation. However, in my university, Aalto University, there were many courses in which the students studying programming, business and design would get together and start up a project, just like an entrepreneur does. I recall very well the culture of those young people as a contrast to the culture of the older generation. They said to themselves, "Why don't we create another Nokia?" From this positive atmosphere, our networking event called "Slush" was founded.

I noticed the pessimism spreading over the business world in Japan when I came here again in 2013, as the business performance of large companies such as Sony and Panasonic started to deteriorate. I was convinced then that I could make a good contribution to changing this pessimism by my experience of my university days. I thought it would be wonderful for us to raise a new generation in Japan by creating a new company, just as in Finland. This thought was what led to the start-up Slush Asia.

Finland & Japan: Similarities & Differences

JS: You mentioned a similarity between Finland and Japan. But what do you think is the most significant difference?

Sonninen: In Finland we have no real hierarchy and human relations are more casual. It is very unusual to refer to other people using honorifics. These casual human relations in Finland made it possible for Slush to attract so many young people. We needed to change our style slightly in Japan where hierarchy still exists in business to create the Slush Asia community.

Slush was started in Finland in 2008 with around 300 people,



mostly company employees. In 2011, students joined it and the working employees got to be their mentors. With the students' joining us, our events became more activated and we were able to expand then from 300 attendees to several thousand. Overseas investors joined our events and they invested money in some start-ups. Even high-profile venture capitals from Silicon Valley came to our events.

At our last event, we invited the Finnish prime minister as a guest speaker. A student staffer asked him if he would like to become the coolest start-up prime minister in the world, and suggested he wear a parka jacket instead of a formal suit. The prime minister did so and thus joined our event with a blue parka jacket on for a discussion with the Russian vice premier. Having seen the Finnish prime minister thus attired, the Russian vice premier asked his staff to prepare a red parka jacket from the Sochi Winter Olympics for him just one hour before the discussion. Eventually, they both appeared, one wearing a blue parka and the other a red one.

This story shows that Finnish youth would not hesitate to ask anything to anybody in a very casual manner. To tell the truth, 10 years ago there was a culture in Finland where even young people would not be bold enough to take risks, worrying about failure. However with these events and other attempts to encourage young people to be active in taking risks, the youth culture in Finland has been changed. Having seen this myself, I thought it would be wonderful to have such events led by young people in Japan as well.

All of the Japanese networking events are organized in Japanese and in a formal way. The participants are all Japanese and the MCs are all Japanese men and not women. This formality would make the

attendees feel it necessary to avoid failure as much as possible rather than become convinced of their competency to achieve anything, as happens in a Finnish event. In our Finnish events, with the easy going atmosphere, a young entrepreneur would feel at ease in asking a distinguished venture capitalist any quick question. But in a Japanese event, it seems to be difficult to do so. In running Slush Asia, I am trying to change this culture in Japan.

JS: I have heard that there were similarities in behavior between Finnish youth and Japanese youth a little while ago. As young Finnish people are changing, as you said, do you think young Japanese are changing as well?

Sonninen: Yes. As I told you, young Finnish people can do now what they could not do in the past. Japanese youth could change likewise, I am sure. With this confidence, I continue to work on Slush Asia. It is certainly true that students here in Japan are increasingly interested in opting for a wide range of alternatives for future jobs rather than working for large enterprises, though most of them previously would have preferred to work for a large company. We would like to accelerate this change in Japanese youth culture.



Impediments to Further Progress

JS: Assuming that Japanese students are increasingly interested in starting up businesses, I think one impediment for them might be the lack of venture capitals. What do you think about Japanese

corporate venture capitals?

Sonninen: We started Slush in Finland, since we had no large venture capital fund. In Japan, we have some venture capital funds on a very large scale, such as Yahoo that founded a 20 billion yen capital fund last year. Though there are fewer capital funds in Japan than in Silicon Valley, compared with Finland we have enough capital funds in Japan. I would think it is more important to increase the number of venture enterprises rather than the number of capital funds. As the success stories of the ventures increase, the people interested in starting up businesses will also increase. The venture capitals will increase accordingly, since the money flows into good companies.

JS: In Silicon Valley, we see an established human network among universities, lawyers and venture capitals, which contributes to raising entrepreneurship. While it is considered difficult to transplant this Silicon Valley model into Japan, there is a view that the corporate business culture in Northern Europe where ventures are also flourishing would be more easily transplanted into Japan. What do you think about this view?

Sonninen: Slush Asia is certainly an event originally from Finland. However, I am thinking about creating a business ecosystem unique to Japan. After seeing various business ecosystems such as Silicon Valley, Israel, China, South Korea, India, etc., I think we should take advantage of each system's merits and create a new system on our own. For example, one of the Finnish influences upon Slush Asia is the absence of hierarchy. In our event, our speakers' waiting rooms are designed small. This is because we would like all the attendees to share the conversation with the guest speakers. If the speakers are all shut into a VIP room, we cannot do it and that would be a waste of time.

Another attempt to eliminate a sense of hierarchy is that we have no invitation system. Many of the events in Japan are on an invitation basis, but that makes it difficult to organize a big event. Besides, with an invitation system, there would be a sense of discrimination between those invited and other people that would make all feel ill at ease. In our case, anybody can join our event by buying a ticket. Of course, all the speakers and MCs are examined for their competency and qualifications, but we try to do it as transparently as possible by asking independent investors to evaluate them.

JS: So you mean it is not institutions as such but culture that you are trying to change in Japan?

Sonninen: Yes. It might be easy to change an institution, but human beings often work by sentiments, and human psychology is not always in line with the institution. We are not trying to change any laws. I believe that a new movement for creating ventures among the people built on a number of success stories would lead to an institutional change. What are necessary to create such a new movement are grass-roots activities. The Finnish prime minister's participation in our event that I mentioned was a sign of how our grass-roots activities finally reached the top of the administration. Another good story about him is that he responded to a journalist's question about his government's possible contribution to the trend of start-up businesses in Finland by saying, "Frankly speaking, our greatest contribution would be not to be an impediment to the passion of the youth."

JS: Well, Japanese youth today prefer more independence than ever and they do not like to be disturbed by what older people would expect them to do. This must be a positive factor for their culture. They are seriously thinking on their own about the future and trying to reform the ecosystem surrounding them.

Sonninen: I think there is a big difference between our age and 100 years ago. A hundred years ago, there were no computers and mobile phones. At that time, the newspapers were the media providing people with the hottest information. And there was less information than now to be put into your brain. Thus, when you had to make a decision, the oldest person could have been able to give you the most helpful advice, since they must have been the most knowledgeable and well informed with the largest amount of information in their brains. But now it may be up to yourself to be well informed and wiser, since you can get large quantities of information by utilizing a computer to access sources of information, such as Google or Wikipedia. Such skills or efforts would be more crucial than age. In this light, I guess the attitude of the youth towards seniority is beginning to change.

Expanding Entrepreneurship to Elderly & Women

JS: Finally, while the need of the youth to have a stronger voice in our society is increasing at a time of aging and depopulation in Japan, we would need the elderly and women also to be active and contribute to building up our innovative economy. Can we see any potential of people's rising interest in starting up businesses regardless of age or sex?



Antti Sonninen in discussion with the interviewer, Naoyuki Haraoka, editor-in-chief of Japan SPOTLIGHT

Sonninen: Yes, certainly. Our event is not only for the youth but also for others. I would like to make it a venue for easily starting up a company. At this moment, it is most important to encourage young people to start up businesses, but as time passes they will not be young anymore and therefore we will need to maintain the sustainability of entrepreneurship eventually.

We currently assume that the youth in Japan are weak in terms of entrepreneurship, as statistics given by the *Toyo Keizai Journal* show that fewer young people are confident of being able to start up in Japan than in any other country. This means that young Japanese tend to believe that entrepreneurship can be neither taught nor learned and there are only born entrepreneurs, in my interpretation. As an event organizer to encourage start-up businesses, our key responsibility is in selecting speakers to talk about their success stories. If we choose only males, women will be discouraged. If we do not choose any young people, the youth will think it would be difficult for them to start up a business, believing that only people with business experience can do it.

At Slush Asia we are thinking about introducing a variety of success stories and changing such preoccupations. From now on, we will try to create a community of entrepreneurs with diversified backgrounds regardless of whether they have business experience or not, and of their age, sex, and nationality. We sincerely hope each attendee at our events will discover his or her own role model in our community. **JS**

Written with the cooperation of Naoko Sakai who works for the NPO Yokohama Community Design Lab and is also a Hama-link Project leader and writer for the Yokohama Keizai Shimbun.