

Interview with Marty Roberts, Founder and CEO of TOTEMO KK

Graffiti Art Sold by an American Entrepreneur in Tokyo

By *Japan SPOTLIGHT*

In Tokyo one can occasionally find creative graffiti on the streets. Some are beautiful, some are sarcastic and some are brilliant. Such art can be sold, as there are many people interested in buying photos of it. Marty Roberts, an American entrepreneur living in Tokyo, tells *Japan SPOTLIGHT* how he turned graffiti art into a profitable business by using digital technology.

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Self-Introduction & Company “Totemo”

JS: *Japan SPOTLIGHT* is delighted to feature an interview regarding your business and entrepreneurship in general. Could you tell us a bit about how you got into this startup world?

Roberts: I am American and I was a clinical psychologist in New York City. I decided I wanted to move into research so I had the choice of going into academia or business. I went into market research for pharmaceutical companies and worked in pharma for about 20 years (I'm 45 now). I went into pharma when I was still in graduate school and started working in pharmaceutical companies and market research companies, and I ended up running a market research and software company in Japan. It was a French company but I was running the Japan branch and we were one of the most profitable.

I kept building new products that were only available in Japan – such as physician databases and patient records and all this healthcare-related stuff. Then I had this new idea seven years ago that instead of having medical reps and doctors connect face to face, they could do a meeting like you and I are doing now. I kind of copied technologies from overseas and built a company in Japan and after four years sold that company, selling the majority to a publicly listed Japanese company.

The company I founded was called ENTOUCH and I sold that to Toho Holdings, a large pharmaceutical distribution company. I'm still working with them and supporting them but I had more free time and so started thinking about where I could take the lessons from my last startup and apply them again. The last startup was based on the idea of pharmaceutical companies cutting their sales reps and



Marty Roberts

their medical reps. So how do I take people who have lots of skills but can't make money anymore? And how do I enable them to make money? So, I was able to help these people to make money again and during the pandemic.

My daughter is now 12 and my son is now nine and when the pandemic started both were at international school – so they were sent home. My daughter was fine learning online but my son found it very hard as he was only six years old at the time, so to sit in front of a computer all day was very hard. It was driving my wife crazy to have to constantly sit next to my son. So I told her that I would take some subjects and would teach them music and physical education (P.E.). So for music I taught my children the history of punk rock and how it developed from the 1970s and who the original bands are. For P.E. I taught them skateboarding. It kind of made me feel like I was 12 years old

again because I'm skateboarding and listening to punk rock and I was thinking what else did I love back then? A big part of the skateboarding scene was graffiti. In skate parks they would be filled with graffiti and people would put up these big murals and pieces, and it was always fun because you could watch the artists do what they wanted to do.

So that got me thinking that this is a market where there are a bunch of artists creating fantastic art and there are lots of art lovers like myself who love it but there is no way to sell it – because the art is on a wall and will get destroyed or the government will paint over it or the weather will damage it. These artists go out of their way to scrimp and save and quite honestly often steal paint to be able to do this. So I was thinking that people are putting themselves out to do this especially in Tokyo, because after your second arrest for graffiti you can go to jail for three years. It's very strict.

If these people are putting themselves out there and they are

making art that some people appreciate, then how can we monetize this for them? How can we make it permanent? How can we make it monetizable? How can we make it collectible and tradeable? I was thinking about the idea and was talking with some venture capitalists, and one friend in particular told me to look at this European soccer trading card company that was using this technology called Non Fungible Token (NFT).

JS: I'm not so familiar with NTF, so please explain a little bit.

Roberts: It's based on cryptocurrency. It's not Bitcoin, it's something called Ethereum, but the thing about NFT is that it allows you to own something digital. So there might be millions of copies of this digital item out there. Someone might take a picture and everyone might have it on their computer but on the blockchain you are the one person who owns it. So you have total ownership of it and you can resell it.

So there was this company in Europe doing this for soccer trading cards and when I saw that I realized this solves all of the problems. We can find street artists and collect their work from the street and now save it permanently online, connect it to the blockchain and make it monetizable.

At the last startup I was the single founder and that was really tough. I didn't want to do that again. This time around I found three other people to be co-founders with me, who all have expertise in areas that I don't. My first company was just me with a crazy idea, but in my new company there are four of us with a crazy idea but at least each person has some expertise. My co-founder Elena for instance has an MA in art conservation focused on street art and she's from Spain. She lives in Tokyo but she has experience all around the world working with street artists. Another co-founder Minami splits her time between Tokyo and Germany and also has a background in the art industry in Japan. The other co-founder has experience in IT & financial systems. We all work together and have put together a platform which we will launch in about a month or at least within October, which will mean people will be able to buy and sell street artwork.

JS: I have seen a lot of graffiti art in American and European cities and also in the movies they sometimes highlight graffiti. But in Tokyo is it easy to find?

Roberts: There's more than you think and once you start looking for it you will see more of it. But it's very difficult because of the laws; of course there are cultural aspects, but the laws are very strict in

Photo: Martin Holtkamp



With my co-founders, Minami (left) and Elena (center)

Japan. So you need to be very careful. For our business it doesn't matter so much. We are a Japanese company only because we all reside in Japan. The company itself is global and so when we launch next month, the artists on our platform will be from all over the world including Fukuoka, New York, Los Angeles, Berlin and Melbourne. But we do have of course a lot of love in our hearts for the Japanese artists.

I can share a funny story – when we first raised our first round of funding about a year ago I called up the venture capitalist (VC). We had one VC company and a few angel investors who all wanted to contribute. A month after we raised the money, I called up the VC and asked permission to use some of the money he just gave me to bail a kid out of jail. I needed to bail out a 24-year-old kid who was just arrested in Shibuya. And the VC to my surprise said absolutely – it makes so much sense to think about the credibility the company will get from having gone out of our way and hired a lawyer to get this graffiti artist out of jail after the police arrested him.

The lawyer (who was actually Carlos Ghosn's lawyer) told me that when she met with the prosecutor it was over in 30 minutes! It was very quick but she explained to the prosecutor that they are trying to arrest him for 200 crimes but they only have video of one, so could they negotiate. It was so quick, the lawyer called me and apologized for taking our money and finishing the job so quickly. I asked if she would mind helping me with the rest of the time to write a guide regarding the laws about graffiti in Tokyo so that people know what their rights are, what they have to tell the police and what they don't

have to tell them.

So she and I wrote the guide. We haven't published it yet but it was a pretty funny story to have a lawyer help me write it. We are also taking pictures of the security cameras in Shibuya and putting together a map. This is a crazy business but it is kind of fun and at the end of the day it's really just about art, it's nothing criminal.

JS: From the legal perspective of what you mentioned, the question of the police is a big one. Another question might be copyright. Would graffiti artists assert copyright for the art that you are selling in auctions for example?

Roberts: Well we actually work with the artists – we're not taking pictures of other people's artwork; we're having the artists themselves submit pictures of their artwork. The beautiful thing about NFT sales is that in a normal gallery for instance, the gallery would take 50% of the sales and the artists would take 50%, because the gallery is lending their name, they're doing the promotion, they're putting up the money up front. So they take 50%. In our case we are only taking 35% and we are giving 65% to the artist.

In a normal gallery situation, if you walk in as an artist and put a piece up there and someone buys it for example for ¥100,000, the artist may get ¥50,000 and the gallery might get ¥50,000 and then the buyer takes that piece and might sell it for five times the price several years later and make a big profit. However, with NTF it's programmed into the code so that when you resell it the artist will still get a cut and the gallery will still get a cut. So maybe you get 90%, the artist gets 5% and the gallery gets 5%.

That means perpetually you can end up building a market where as things sell and resell, everyone keeps winning. Some of the biggest artists in modern history were all street artists – Banksy and Keith Haring, for example, were both graffiti artists. So I think there is a big market and a lot of people love this art; it is just unfortunate because when it is painted on a building you can't really own it. We've spent about a year now building the technology that will enable people to own this kind of artwork.

JS: How did you decide on the name of your company "Totemo"?

Roberts: Well, we thought it would work well in other languages as we're a global company, so we wanted a Japanese word but wanted it to be something that makes sense in other languages. "Totem" represents culture such as the totem pole in America, and the word *totemo* has a very positive meaning in Japanese, for example.

JS: Just to clarify, in your business model you take photos of graffiti artworks and then sell them. Is that correct?

Roberts: The artists themselves take the photographs. A lot of times the animation style sells better than the still photos, so a lot of times the artists might know how to animate the work. If they don't know how to animate it but they think it will look good we have a team of animators as well which I don't include in my head count – but we have three animators who connect with the artists so that the artist's work can be animated and look very cool.

Growth Potential of Graffiti Art Business

JS: How do you see the future of this graffiti or digital art and the market potential?

Roberts: I think it's huge. We already see some major museums are starting to collect it, including the Met Museum in New York City starting to collect digital art. There's definitely a marketplace because with blockchain you can trace ownership. So who bought the first time, who was it resold to, who was it resold to next? This idea of provenance of when the art was created and who had or has the ownership allows you to prove true ownership. This is really important and I hope that some of the art pieces that we are making will end up in major art museums 20 years from now.

JS: You mentioned the question of the law as a challenge but what are the other challenges that could arise in future?

Roberts: In the near term our challenges are marketing but we know how to overcome those – it's just execution. I think another challenge that we can't control too much is the fluctuation of cryptocurrencies. To some extent, NFT has kind of separated from the fluctuation of cryptocurrency. Crypto has gone down where NFT value continues to go up, but they are still dependent on each other because everyone is buying the artwork in crypto. Since crypto is so volatile that's a bit of a challenge because, for instance, our operating expenses are in yen. I pay people overseas in Australian dollars for example but it's an actual fiat currency, whereas our revenue comes in crypto. It's a bit risky but I think in the long term it will work because I truly believe in crypto and if I didn't believe in it, I wouldn't take on this business model or this project.

Future Business Plan in the Digital Economy

JS: What are your future plans for promoting your business?

Roberts: A lot of that will be organic. Many of the artists that we work with already have collectors. The artists invite the collectors and they join the portal online and can then buy from the artist. They also start seeing other artists who they didn't know about so they want to buy works by other artists, and in this way the collector base and all of the artists can kind of crossbreed and create a bigger collector base for each artist. That's our first strategy, but beyond that there are some paid promotions as well but mainly we are going for organic growth.

JS: So this is a business that is based in the digital economy, isn't it?

Roberts: Yes, maybe 90% will be but we will also be doing live events to promote specific artists or groups of artists. On Oct. 15 at Joint Gallery in Harajuku we will do a live event where we have two artists from Osaka. One named BakiBaki and the other named Kuua will come and do a collaboration artwork live in front of everyone. We will also show their NFT artwork too so we'll do a live auction after that. We did something similar in March at Ultra Super New Gallery in Harajuku where the artists La Mano Fria did live art and we auctioned it off. I think we sold about 3.5 million yen worth of art that night. We want to do more live events eventually and do those all around the world such as in New York and Melbourne or London.

Views on Japanese Entrepreneurship

JS: I would be interested to hear your views on Japanese venture companies and Japanese entrepreneurs, and also in a general sense the economic circumstances or the educational circumstances around entrepreneurship in Japan.

Roberts: I think the environment has greatly developed over the past 10 years. One American acquaintance of mine is just launching a new venture. He started a company in Japan 20 years ago and the things he went through were even harder than what I went through with my first company. There definitely has been a new wave of entrepreneurs. You have people such as Masayuki Son from 30 or 40 years ago but then only about 10 years ago there was another wave of younger entrepreneurs like Yo Shibata – people who created awesome companies, sold them, and who became wealthy and

started investing in new startups.

So it's certainly not at the level of Silicon Valley or anything like that, but there is definitely an ecosystem that has developed in which people reinvest. After I sold my last startup I am now an angel investor in five different companies, because I want them to succeed too. Also beyond just the ecosystem and entrepreneurs supporting new entrepreneurs – which I think is critically important – beyond that the government policies have changed a lot too, so there's more access to funding. But it is still Japan, so there are many challenges. As you know everything needs to be sealed and stamped correctly and so it's not very easy-going, but at least there is something there.

The Shibuya Ward government has been very supportive of Totemo and has offered to help us negotiate to get places for events like Miyashita Park and other cool venues like that. I have only built companies in Japan so I don't really know the US circumstances, despite being an American, but I can say for certain that the environment is getting more hospitable in Japan and more welcoming to startups. This is great to see. In the past, almost every startup I knew was started by a foreigner but now it's great to see lots of Japanese people launching startups.

JS: In Japan we are now becoming an aging society – there are a lot of elderly people with money and time. They might be interested in startups too. What do you think of the environment for these more senior people in Japan as potential entrepreneurs?

Roberts: It's a very interesting question. Let me jump back to my medical startup ENTOUCH for a moment. The medical reps were being fired or were leaving and were taking retirement packages. There were basically two groups: young women who had left to have children (or because Japan has a horrible childcare system) or veteran older men who were leaving because they got paid three years' salary to leave. So the sales force that I put together was either women or older men and it just goes back to your question: these older men had enough money to go and play golf but they wanted to contribute, they wanted to use their skills and they wanted to do something fun. So I was able to put together a team of them so quickly.

Also if you're older you have a lot of disposable income and a lot of time. Why not fund a startup?

I had never thought about that before but it's a very interesting question.

JS

Written with the cooperation of Joel Challender who is a translator, interpreter, researcher and writer specializing in Japanese disaster preparedness.