

# Supporting Development of New Businesses in the CASE Era through Industry-Government-Academia Collaboration

We provide support from strategy formulation to execution for early-stage development of new products and services required in the CASE era

- Developing new businesses at the early stages of CASE with different business models is the urgent task

- We need to overcome many internal and external barriers at the early stages of new business development

The CASE trends in the automotive industry have removed the added value of existing businesses and peripheral businesses and may even potentially destroy them in the long term (due to loss of value / obsolescence of parts with electrification).

As a result, it has become difficult to envision sustainable growth by simply developing new businesses as an extension of existing businesses.

Instead, the need of the hour is for new business development in new markets created by CASE (such as autonomous driving, connected cars, etc.) as well as in other industries (such as medical and energy) using the capabilities cultivated in the automotive industry. As these are new markets, it is necessary to provide products and services at the early stages of development in these areas.

The common barriers in the early stages of new business development are as follows: (1) restrictions due to existing laws and regulations and (2) undeveloped ecosystem as external factors; (3) lack of consent of employees at workplace and (4) lack of consent of management as internal factors; and (5) resistance from existing business operators as a complex factor.

To overcome these barriers, it is important to develop businesses in countries/regions that are suitable for the same. The ideal choices would be emerging countries that focus on the development of specific industries. On the other hand, this will also lead to new obstacles such as a decrease in the supply of people, goods, and capital, and increased difficulties in maintaining relationships with local partners.

## ■ Barriers to new business development in the early stages / Advantages of emerging countries

		Contents	Advantages of emerging countries
External factors	(1) Restrictions due to existing laws and regulations	<ul style="list-style-type: none"> <li>Existing laws and regulations serve as a hindrance to business Ex) Autonomous driving: Road traffic law restrictions</li> </ul>	Tend to flexibly accommodate multiple regulatory changes for industrial promotion
	(2) Undeveloped ecosystem	<ul style="list-style-type: none"> <li>Cannot support complementary products and sales channels Ex) EV: Charging technology / sales channel support</li> </ul>	Easy for companies in a particular field to get together thanks to "selection and concentration" for industrial promotion
Internal factors	(3) Lack of consent of employees at workplace	<ul style="list-style-type: none"> <li>Conflicts with existing businesses dampen the momentum of new business development</li> </ul>	Physical distance reduces the conflicts arising from coordination and contact with existing organizations
	(4) Lack of consent of management	<ul style="list-style-type: none"> <li>Decision-making and management are difficult as it is essentially very different from the existing businesses</li> </ul>	Easy to visualize as rapid commercialization is possible even at a small scale
Complex factor	(5) Resistance from existing business operators	<ul style="list-style-type: none"> <li>Resistance from existing business operators who are targeted for dissolution as a step towards eliminating external factors</li> </ul>	The number of existing business operators tends to be fewer and the competition weaker

However, new business development in emerging countries leads to new barriers, such as difficulty maintaining relationships with local partners

**After understanding the internal and external barriers, let us plan how to overcome them**

# After understanding the barriers to new business development, we will work with the industry, government, and academia to develop our business in suitable countries and regions

- Leverage industry, government, and academia to overcome the obstacles to new business in suitable countries/regions

One of the most effective solutions to overcome these obstacles is to collaborate with industry, government, and academia.

By collaborating with local offices in various countries and regions, NRI can provide comprehensive support ranging from overall new business strategy formulation involving the local industries, governments, and academia, to negotiation and execution.

For overall strategy formulation, we will use our network of personal contacts and deep knowledge of the target countries to gain a thorough understanding of the needs of local industry, government, and academia. Based on this, we will create a favorable outline of new business.

For negotiation and execution, we will provide PMO support encouraging a large number of stakeholders to take action. In addition, we will be present at the workplace to ensure smooth communication and suitable responses to everyday problems based on information received from the relevant stakeholders.

- Case study: Supporting industry-government-academia collaboration in emerging countries for commercialization of autonomous driving technologies

NRI had supported the launch of a new business related to autonomous driving for an auto parts manufacturer.

To formulate the overall strategy, we identified trends in the governments of emerging countries suitable for the launch of the target business as well as the leading academicians in related fields. This was used to paint a picture of industry-academia-government collaboration.

For negotiation and execution, based on an understanding of the background, culture, and needs of each stakeholder, we prepared negotiation scenarios and materials to be used and facilitated communication during the negotiations itself.

Moreover, in addition to providing negotiation support, we also addressed and reported on everyday irregularities by working together with local partners and preparing POCs. In this way, we maintained our ability to support implementation.

## ■ Characteristics of NRI's new business development support through industry-government-academia collaboration

	Importance of involvement of the above	Features of NRI
Industry	<ul style="list-style-type: none"> <li>• Familiar with local client needs and can flexibly adapt to the need of the hour</li> <li>• Easy to receive public support as local governments target industrial promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous monitoring of local company trends to analyse the needs of Japanese companies and potential for collaboration</li> <li>• Support for smooth communication during discussions on collaboration and its implementation</li> </ul>
Academia	<ul style="list-style-type: none"> <li>• Prominent academicians may play an important role in leading specific fields of industrial promotion</li> <li>• Management of local companies are connected to the institutes that create leading academicians; hence, they can easily maintain the relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Multilayered understanding and analysis of the power structures of universities and research institutions in the target countries, their influence on the government, their relationships with industry, and their relations with Japan</li> <li>• Selection of strong candidates and support for negotiations based on solid ground</li> </ul>
Government	<ul style="list-style-type: none"> <li>• As new business development in its early stages is often directly connected to the resolution of social issues, collaboration with government underlines its social significance and keeps up interest within the company</li> <li>• May lead to the removal of external obstacles</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-dimensional analysis of government trends through continuous information gathering in various fields (public information and personal networks)</li> <li>• Use of the above to search for countries and regions suitable for new business development and support negotiations with stakeholders</li> </ul>

**NRI can provide support from strategy formulation to implementation based on our deep understanding of each stakeholder**

For more information, refer to: *Knowledge Creation and Integration*, April 2019  
 "Future business development leveraging industrial promotion in emerging countries"



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