



# Japanese Program for IC after three Years

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WORLD BANK INSTITUTE  
*Promoting knowledge and learning for a better world*

World Conference on Intellectual Capital for Communities  
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# Progress from 2004 to 2007

**2004** Jun. White Paper on International Trade focusing the importance of IAs

**2005** Oct. Guideline for Intellectual Assets based Management Disclosure (METI)

[http://www.meti.go.jp/policy/intellectual\\_assets/index.htm](http://www.meti.go.jp/policy/intellectual_assets/index.htm)

Nov. 1st IA Week in Japan, Establishment of IA based management consortium (IAMaC)

**2006** Mar. Interim Report on IAbM in SMEs (SMRJ)

<http://www.meti.go.jp/press/20060324002/20060324002.html>

Jun. New system to put much on the element of IA based management in R&D grant

Aug. Check list on IAbM for financial institutions (JICPA & Osaka Chamber of Commerce)

Dec. OECD IAbM Conference in Tokyo

2nd IABM week in Japan <http://www.meti.go.jp/information/data/c6073fj.html>

1st general assembly of IAMaC (IAbM Consortium)

**2007** Mar. Manual on IAbM for SMEs (SMRJ)

Apr. Report by WG under Financial Service Agency mentioned IAbM report as a material to judge the quality of corporate management in relationship banking

Apr. Amendment of innovation related laws to define the concept of IAbM

May. OECD SME Conference in Tokyo

Nov. 3rd IAbM week (planned)

International Conference on Intellectual Café (planned)

SMRJ: Organization for Small and Medium Enterprises and Regional Innovation in Japan

# METI Guideline on IAbM Disclosure

## History

- Feb. 2005 Establishment of special sub-committee under Industrial Structure Council
- Aug. 2005 Mid-term report summarized by the sub-committee on IAbM
- Oct. 2005 METI published 'Guideline for disclosing IAbM'

## Main Characteristics

- Encourages companies to express corporate story of management in a narrative way, by showing the outline of the story
- Proposes the way of incorporating supporting KPIs for enhancing the credibility of the story
- Exemplifies 35 KPIs related to IAs
- Presents a guideline for analysts/stakeholders to evaluate the report

## Basic Principles

- **Showing the overall picture from top manager's eye in a story**
- **Focusing on the future value creation that affects corporate value**
- **Evaluate future uncertainty (risks/chances) fairly and explaining how to deal with them**
- **Making a report easy to understand for important stakeholders**
- **Supplementing and being compatible with financial information**
- **Adding supporting KPIs to enhance credibility**
- **Providing historical comparability (e.g. KPI for the past two years)**
- **Making a report on a consolidated basis**

## Element of the Story

- Nature of business and direction
- Corporate strategy, investment, accumulated IAs and unique value chain as of today
- Current business results
- Predicted uncertainties (risks and chances), accompanied by ways to deal with them, including investment
- Projected achievement in the future



# Disclosed IAbM Report

20 companies have created and released reports based on the guidelines by METI. Other several dozens of companies summarized gist of IAbM report for R&D grant application.

※This can be viewed from the web site of [http://www.meti.go.jp/policy/intellectual\\_assets/index.htm](http://www.meti.go.jp/policy/intellectual_assets/index.htm)

Dataplace, Inc.	IAbM Report, 2006	Terumo Corporation	Annual Report,2006
All About, Inc.	IAbM Report, 2006	Hirai Katsugyo Setsubi	IAbM Report, 2006
Development Bank of Japan	Disclosure Report, 2006	Nissan Motor Co., Ltd.	IAbM Report, 2006
NeoChemir, Inc.	IAbM Report, 2007	Horiba, Ltd.	Annual Report,2006
Mnemonic Security, Inc.	IAbM Report, 2006	Sumitomo Metal Industries, Ltd.	Annual Report,2006
AirNavi Kankyo Keikaku, Co	IAbM Report, 2006	Takumi Ninngyo, Co	IAbM Report, 2007
Emaus Kyoto, Inc.	IAbM Report, 2006	HARU URARAKANA SYOBO CO.,LTD.	IAbM Report, 2007
Protein Crystal Corporation	IAbM Report, 2006	Value Planning co., ltd	IAbM Report, 2007
Sakigake Semiconductor, Co.	IAbM Report, 2006	CAST,Inc.	IAbM Report, 2007
Sentec Corp. Ltd.	IAbM Report, 2006	SHOWA DENKI CO LTD.	IAbM Report, 2007

※Some companies have included their intellectual asset management reports in their annual reports.

# Enlarging Scope 1) Policy target

-Big Business → SMEs

-Manual for SMEs to conduct IAbM (Mar. 2007)

<http://www.smrj.go.jp/keiei/chitekishisan/index.html>

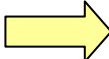
-Support for SMEs to conduct IAbM by SMRJ (tbc.)

-Corporate IAs → Regional IAs

=New legal measures for regional IAs (Apr. 2007)

- Define the concept of regional IAs
- Encourage regional government to make plans to identify them and to promote the utilization of them
- Introduce policy measures to promote SMEs to conduct IAbM by utilizing regional IAs

# Enlarging Scope 1) Policy target

-Corporate IAs  National IAs

-Set up a target to be a global innovation center and to realize

‘Human Resource based Country’ (Jul. 2006)

-Made clear the concept of ‘Innovation Super Highway’ (Jul. 2006)

-New initiative for Eco-Innovation (May 2007)



## 2) Network of people concerned

### Government

METI, Financial Service Agency,  
Cabinet Office, Local governments

Ruling Parties

### Academics

Economics, Business Administration

Financial Engineering, IPRs

### Market

Analysts, Stock Exchange, Institutional Investors

Financial Organizations

Development Bank, Regional Banks, Securities Firm

### Related Business

CPAs, Tax Accountants, IR Business,

Consulting Firms, Auditing Companies

Rating Companies

### Organizations to support SMEs,

Regional Chamber of

Commerce, R&D

supporting agencies

### Business Enterprises

▪ Big Business    ▪ SMEs

▪ Start-ups

## 3) Link with innovation policy

-Amendment of innovation related Laws (Apr. 2007)

Define the concept of ‘technology management capability’ as one of applications of IAbM

Add new roles for government related institutions (AIST, NEDO) to assist companies to raise the ability in IAbM

-New Innovation grant system (Apr. 2007)

IAbM as a prerequisite for application to NEDO R&D grant

-Promoting ‘Intellectual Café’ activities for Knowledge fusion as one of the tools of IAbM (Fy2007～)

Intellectual Café and Innovation Symposium as a part of 3rd IAbM week in November <http://www.meti.go.jp/english/information/downloadfiles/intellectualcafe.pdf>



## 4) Private Initiative

### - JASDAQ

**Provided its companies IAbM self-evaluation tools (2006-)**

**Plans to establish a new market with severer requirement on IR**

### - JICPA

**Reports on auditing IAbM reports (Jul. 2006)**

### - JICPA Osaka Branch & Osaka Chamber of Commerce Checklist for IAbM (Aug. 2006)

**Two regional banks are utilizing it in their operation**

### - IAMaC (Consortia on Intellectual Asset based Management) (Dec. 2005-) with more than 100 professionals

# Move Forward 1) Global Project

## OECD projects (Japan is one of major promoters)

- Intellectual Assets and Value Creation (IA-VC) project (2004-06)
- IA-VC follow-up project (2006-08) with wider scope on regions and nations as well
- OECD Innovation strategy project (2007-09)
  - IA or IAbM is recognized as one of important tools for innovation in companies including high growth SME

## EU projects after RICARDIS

## Developing countries:

**World Bank, OECD outreach activities**

## 2) Taxonomy

### - **Joint work between Germany and Japan**

- Especially on taxonomy for Intellectual Assets/Capital Reporting, including supporting software for SMEs
- Based on common experience of already published reports (almost 100 in Germany, more than 20 in Japan)

### - **XBRL**

- SEC (US) announced to adopt XBRL in financial report in Sept. 2006 (effective this summer)
- Japan has already introduced XBRL in EDINET system with regard to financial statements
- EU seems to be interested in XBRL
- Application of XBRL to non-financial information will be the next hot issue, as EBRC (Enhanced Business Reporting Consortium) strongly recommends

## 3) 3rd IA Week; 2007

Dates: From Nov. 5th(Mon.) through Nov. 9th (Fri.)

### Planned Events:

Nov. 5 (Mon.) : Seminar for SMEs on IAbM (tbc.)

Nov. 5 (Mon.): Osaka Univ. Symposium on IAbM (tbc.)

Nov. 6 (Tue.): Waseda Univ. Workshop (Tokyo)

2nd. General Assembly of IA Management  
Consortium (IAMaC) (Tokyo) (tbc.)

Nov. 7 (Wed.): Nikkei IAbM Forum 2006 (Tokyo)

Nov.8-9(Thu./Fri.) :International Conference on Intellectual  
Café and Innovation (Tokyo)

<http://www.meti.go.jp/english/information/downloadfiles/intellectualcafe.pdf>