

# Reflecting on 15 Years of INCJ/JASVE "INCJ Research Project"

## -How to Assess the Achievements of INCJ: Background and Significance of the Research Project-

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### 1 Introduction: History of the INCJ Research Project

In September 2023, I received a proposal from INCJ, Ltd. (hereinafter “INCJ”) through a trusted intermediary. On the occasion of the cessation of its business activities at the end of March 2025, INCJ, a public-private fund, wanted a comprehensive review or evaluation of its investment business performance and the significance of its business over the more than 15 year-period since its inception in 2009 (the “INCJ Research Project”), from the academic and neutral perspective of the Japan Academic Society for Ventures and Entrepreneurs (hereinafter “the Society”). In October of the same year, an online meeting was held with Koichi Ashida (then Managing Director of INCJ) and Shinji Oshige (then Managing Director), who were the persons responsible for this matter at INCJ. At that time, Ashida and Oshige confirmed INCJ’s wishes and expectations of the Society.

Afterwards, the President, Vice-Presidents and Secretary-General of the Society held a meeting to discuss the points to be addressed in the INCJ Research Project and in November another meeting was held with Ashida and Oshige of INCJ. The President, Vice-Presidents, Auditors and Secretary-General of the Society attended. As a result of several such meetings, on March 11, 2024, an online seminar was held, serving as an unveiling of sorts of the INCJ Research Project to INCJ and both internal and external stakeholders of the Society. Mikihide Katsumata (then President & COO), Tetsuro Toyoda (then Senior Managing Director), Ashida and Oshige from INCJ, and Michi Fukushima (then Vice President of the Society, Professor at Tohoku University Graduate School), Tomoyo Kazumi (Vice President of the Society, Professor at Senshu University), Hirokazu

Hasegawa (Vice President of the Society, Professor at Waseda University Graduate School) and I (then President of the Society, Professor at the University of Tokyo Graduate School) participated as speakers in the seminar.

Subsequently, research proposals were publicly solicited from the Society members and ultimately 15 research projects were adopted. An interim report on the adopted projects was presented in a breakout session format at the Society’s national convention in December 2024, hosted by Kaishi Professional University.

On July 1, 2025, the “INCJ Symposium” organized by INCJ, co-organized by the Research Institute of Economy, Trade and Industry (hereinafter “RIETI”) and the Society, and supported by the Ministry of Economy, Trade and Industry, was held at Toranomom Hills Forum to summarize INCJ’s activities. The symposium included reports on INCJ’s analytical research by the Society members and other academics and panel discussions with the participation of academics, investment companies, VC stakeholders, government officials and press representatives.

#### Program of INCJ Symposium July 1, 2025 (venue : Toranomom Hills Forum 5F Main Hall)

(Titles omitted)	
14:00	Opening Remarks by Toshiyuki Shiga (Former Chairman & CEO, INCJ)
14:10	Keynote Speech ① The Role of Government-backed Funds in Promoting Startups Honjo Yuji (RIETI Faculty Fellow / Professor, Chuo University)
14:40	Keynote Speech ② 15 Years of the Innovation Network Corporation of Japan/INCJ and the Future Katsumata Mikihide (President & COO, INCJ)
Break	
15:20	Lecture ① Intent and Evaluation of Value-Added Activities by Public-Private Funds

	Kanai Noburo (JASVE Design for All Fellow)
15:45	Lecture ② The Investment Approach of Public-Private Fund INCJ: The Case of Peach Aviation
	Kuroda Tatsuya (JASVE Director, President/Professor, Graduate School of Project Design)
Break	
	Panel Discussion: "Innovation Network Corporation of Japan/INCJ: 15 Years of Achievements and Challenges"
	Moderator: Kagami Shigeo (Former President of JASVE, President of Kaishi Professional University, Professor Emeritus of the University of Tokyo)
	Panelists: Katsumata Mikihide (Former President and COO, INCJ)
	: Tetsuro Toyoda (Former Senior Managing Director and CIO, INCJ)
	: Shimizu Hiroshi (RIETI Faculty Fellow, Professor, Faculty of Commerce, Waseda University)
	: Fukushima Michi (President of JASVE, Professor at Tohoku University Graduate School)
	: Saijo Kunio (Senior Staff Writer, Nikkei Inc.)
17:25	Closing Remarks: Toyoda Tetsuro

The results of the INCJ Research Project are scheduled to be published by the end of the year as a special issue of the *Venture Review*, a journal published by the Society, containing research papers by the adopted researchers and teams.

## 2 Key Issues of the INCJ Research Project

INCJ, Ltd. was established in September 2018 through a corporate split from Innovation Network Corporation of Japan, an existing public-private fund. Innovation Network Corporation of Japan was established in July 2009 with the aim of overcoming boundaries between companies and industries, creating and nurturing key industries via open innovation for the prosperity of future generations. With the enforcement of the Act of Partial Revision of the Industrial Competitiveness Enhancement Act, the company began a new stage of activities as Japan Investment Corporation (JIC).

All shares of INCJ, Ltd. are owned by JIC, and as before enforcement of the Partial Revision, INCJ, Ltd. operates under the framework of the Industrial

Competitiveness Enhancement Act with the conditions of the company split approved by the Ministry of Economy, Trade, and Industry (METI). With a fixed contribution from the government and a mandate to continue with investment activities until March 2025, INCJ, Ltd. continued the activities of INCJ, engaging in "Value Up" initiatives such as overseeing additional investments and milestone investments in portfolio companies as well as investment exit-related activities.

### 2.1 Japan's Long-Term Decline in International Competitiveness

In the World Competitiveness Ranking 2025 by International Institute for Management Development (IMD), Japan slightly improved its ranking from 38th in the previous year to 35th, but it still remains at a long-term low among major developed countries. Structural and complex challenges lie behind this decline.

According to IMD, the main factors and challenges contributing to Japan's declining competitiveness are summarized as follows:

#### (1) Low business efficiency

IMD points to slow corporate decision-making, lack of adaptability to change, organizational rigidity, traditional systems such as seniority-based pay and lifetime employment, delays in digitalization and insufficient progress in DX (digital transformation) and the insufficient utilization of international talent, as well as challenges in English proficiency and cross-cultural responsiveness are also considered significant.

#### (2) Government efficiency

Delayed regulatory reforms, complex administrative procedures, persistent fiscal deficits and rigid expenditure structures, lack of policy consistency and transparency, insufficient collaboration with the private sector and inadequate support for innovation are listed as contributing factors.

#### (3) External dependency of economic structure

Due to its export-dependent economic structure, Japan is highly susceptible to exchange rate fluctuations and tariff policies, whereby the

competitiveness of service exports (tourism, finance, IT, content, etc.) is weak.

#### (4) Lack of innovation power

Japan lags behind Taiwan, South Korea and Singapore in technology innovation indicators such as the number of AI-related patent applications, and its research and development system is centered on large corporations, with weak collaboration with venture companies.

It is pointed out that there is a shortage of risk capital supply for promoting ventures, while the environment for fostering ventures is not adequately developed.

#### (5) Challenges in education and human resource development

STEM education is inadequately developed, entrepreneurship training is insufficient, young people have low overseas aspirations and there are concerns about a shortage of globally competent human resources.

While Japan's international competitiveness has certain strengths in infrastructure and economic stability, it faces challenges in "adaptability to change," such as corporate agility, government reform capabilities and the international responsiveness of its human resources. To overcome these, according to IMD's analysis, comprehensive institutional reforms and investments involving both public and private sectors are essential.

The extent to which INCJ, a public-private fund, contributed to the recovery of Japan's long-stagnant international competitiveness will likely be a major point of the INCJ review.

## 2.2 Incorporation of National University and Promotion of University-launched Ventures

Since the beginning of the 21st century, the development of university-launched ventures in Japan has changed significantly due to policy support and institutional reforms.

### (1) Policy shift with the Hiranuma Plan (2001)

Officially called the "Priority Plan for New Market and Employment Creation" (May 2001, Ministry of Economy, Trade and Industry), the plan is said to have been proposed by then Minister of Economy,

Trade and Industry, Hiranuma Takeo. The plan set a goal of establishing 1,000 university-launched venture companies within three years, promoted institutional development to industrialize university research results (intellectual seeds), provided incentives for university faculties to acquire patents, strengthened technology licensing organizations (TLOs), and included issues such as the development of on-campus incubation facilities as discussion points. It served as the strategic starting point for transforming universities from "centers of knowledge" to "starting points for innovation." This is closely linked to university reform through the incorporation of national universities, which will be discussed later.

### (2) University reform through the incorporation of national universities (FY2004)

This reform was designed to enhance the autonomy and independence of universities, fosters industry-academia collaboration and push universities to the forefront as key players in innovation creation. By giving national universities corporate status, the aim was to expand the freedom of management judgment and to strengthen venture support systems through the establishment of industry-academia collaboration departments, as universities themselves became owners of inventions, patents and other intellectual property rights. Universities became able to use income from patents and licensing, while the institutional acceptance of universities to acquire stocks also became a reality. Immediately after the incorporation of national universities, the author also assumed the position of Professor and Business Commercialization Promotion Director at the Office of Industry-Academia Collaboration (currently the Division of University Corporate Relations), an organization for promoting the development of ventures and entrepreneurship education at the University of Tokyo. The incorporation of national universities created an environment where universities could actively participate in venture creation.

### (3) Progress after national university incorporation

The target of "1,000 university-launched ventures"

was reached in fiscal year 2004, when national universities were incorporated, and by the end of fiscal year 2008, just before INCJ (Innovation Network Corporation of Japan) was established, the number had expanded to approximately 1,800 companies.

Recently, the term “startup” is used more often than “venture,” but in this paper, they are treated as roughly synonymous. A national strategy was developed and the role of universities was redefined from the perspective of further creating university-launched ventures. For example, the “5-Year Startup Development Plan” was announced as a government policy in 2022, positioning university-launched startups as a key target for support and promoting the establishment of university VCs (venture capitals). The University of Tokyo Edge Capital Co., Ltd. (now The University of Tokyo Edge Capital Partners Co., Ltd.), where this author served as an executive for 10 years from its establishment, was a VC established concurrently with the incorporation of national universities. Since then, similar VC mechanisms have been developed at Kyoto University, Osaka University, Tohoku University and other schools, accompanied by amendments to the National University Corporation Act. Indeed, universities have clarified their role as “places for entrepreneurship” and are now positioned as the core of the startup ecosystem.

Therefore, considering that 116 out of 144 investment projects by INCJ (then Innovation Network Corporation of Japan) established in 2009 were investments in startup companies, a major issue in the comprehensive review of INCJ will likely be how much INCJ was able to contribute to the construction of the startup ecosystem, especially from the perspective of promoting research-based or deep-tech startups and creating innovation, which aligns with national policy.

### 3 Overview of INCJ’s Business Performance

#### 3.1 Background to INCJ’s Establishment and its Philosophy

INCJ was established under the initiative of the Ministry of Economy, Trade and Industry as a public-private fund blending private and government capital. It was established against the backdrop of economic stagnation after the Lehman Shock and a sense of crisis regarding the decline in the competitiveness of Japanese companies. In particular, the direct motivation for its establishment was the shortage of supply of risk capital for venture companies and companies requiring business restructuring.

INCJ’s basic policy was presented as follows:

- (1) Emphasizing profitability, feasibility and social significance (investment impact)
- (2) Providing medium- to long-term risk capital (emphasizing long-term Multiple of Cost (MoC) relative to actual investment amount)
- (3) Investing in areas where risk is high and investment by private entities alone is difficult (collaborating with private businesses and private funds to create a priming effect)

INCJ cited three investment criteria: ① addressing social needs, ② growth potential, and ③ innovativeness. The distinctive feature was the emphasis on both profitability and social significance, and by making priming investments in areas where it was difficult for private companies to invest.

#### 3.2 Overview of INCJ’s Business Performance

As of the end of March 2025, INCJ had made a cumulative total of 144 investments, with total investments amounting to approximately 1,296.3 billion yen. Of this, approximately 2,326.0 billion yen was recovered, for a return of approximately 1.8 times the original investment.

The most successful case is the investment in Renesas Electronics Corporation, a major automotive semiconductor company. Investment began in 2013 and as a result of significantly improving corporate value through restructuring and overseas M&As, its market capitalization expanded by approximately 40 times, generating a profit of 1,255 billion yen.

On the other hand, one case seen as a failure was

Japan Display Inc. (JDI), a major LCD manufacturer, where investment resulted in a loss of 154.7 billion yen. Despite repeated short-term loans in response to a bankruptcy crisis, reconstruction was not achieved due to delays in business restructuring and the rise of overseas competitors.

While there were aspects of investment in industrial restructuring and corporate rescue, it has been pointed out that the government's intentions might have caused political influence and distortion in INCJ's investment judgments. Although this also became a target of criticism, it is important to acknowledge that INCJ achieved certain results in maintaining important Japanese industries, such as its investment in Renesas Electronics.

Insufficient information disclosure and a lack of transparency in the decision-making process were highlighted for some investment projects. From the perspective of implications for future public-private funds, we can list investment transparency and accountability as issues to be addressed. There is no doubt that the governance of the public-private fund was called into question.

From the perspective of social significance and policy impact, we can cite the promotion of innovation through support for startups. INCJ actively invested in early-stage venture companies, contributing to the nurturing of domestic and international startups through 116 investments (approximately 80% of the total number of cases).

While a more detailed analysis will be left to the report of the Society's research project, the following points can be cited as INCJ's contributions:

(1) Source of risk capital and priming effect

INCJ provided long-term and large-scale funding to deep tech sectors (AI, drug discovery, robotics, quantum technology, etc.) where private investment is difficult. It made cumulative startup investments of 241.3 billion yen, with recoveries totaling 248.2 billion yen. While the recovery rate itself is not particularly high, we can say that a certain level of results was achieved from the perspective of the priming effect.

In particular, support for drug discovery startups

(e.g., Stella Pharma) led to achievements such as IPOs and new drug launches.

(2) Revitalization of the domestic VC market

INCJ made LP investments in domestic venture capital (VC) firms, covering approximately 20% of domestic VC investments. INCJ's investments acted as a priming force, promoting the formation of independent VC funds and contributing to the development of VCs with management support functions.

(3) Support for the formation of the startup ecosystem

Former INCJ personnel transferred to or founded private funds, startup companies and university VCs, creating a cycle of talent and know-how. In particular, INCJ personnel were involved in the establishment of emerging VCs such as MedVenture Partners, Red Capital and &Capital, while continuing to support domestic and international startups.

(4) Establishment of a public-private collaboration model

INCJ's expertise is being utilized in startup policies of the Ministry of Economy, Trade and Industry and the Cabinet Office, such as the 5-Year Startup Development Plan established in November 2022. In other words, as a public-private partnership fund that integrated government and private capital, INCJ served as a practical demonstration site for policy-driven startup support.

## 4 INCJ's Legacy

Prior to the INCJ symposium, Toshiyuki Shiga (then Chairman and CEO) and Mikiyoshi Katsumata held a press conference on June 30, 2025, titled "Activity Report up to March 2025 and Proposals for the Future." INCJ's legacy was mentioned in it.

INCJ's legacy includes the results achieved and knowledge gained through 15 years of activities contributing to the development of Japanese industry and the promotion of innovation, and the value of connecting these to future generations and organizations.

Below are the main elements of INCJ's legacy.

(1) Industrial development and support for innovation

INCJ provided mid- to long-term risk capital in fields where the investment risk is too high for the private sector, promoting support for the creation of next-generation industries. It invested in over 144 projects in a wide range of areas, including startups, reorganizations and joint investments with foreign corporations.

(2) Outcomes and gains from exits

As previously mentioned, a total of over 2.3 trillion yen was recovered, for a return of approximately 1.8 times the initial investments. Exits (recoveries of investment) contributed to improving the value of the companies while respecting capital policies overall.

(3) Transfer of personnel and know-how

Former INCJ employees currently work at funds under JIC (Japan Investment Corporation), private funds or startups, whereby INCJ's investment knowledge has been widely returned to society.

(4) Social impact and the creation of national wealth

INCJ's investments placed importance not only on profitability but also on social significance and impact, while serving as a model case of public-private collaboration in Japan's industrial policy.

During a gathering after the INCJ Symposium on July 1, Mimura Akio, the Honorary Chairman of the Nippon Steel Corporation, who was deeply involved in the establishment of the INCJ, addressed the INCJ's legacy. He said he considered INCJ's legacy as not merely "outcomes of the past" but as "intellectual and human assets" that will influence future Japanese industrial policy and how ventures are supported.

## 5 Conclusion

INCJ was a unique startup promoter in Japan in that it provided triple support, for capital, human resources and systems. Its legacy is also important in that its investments in the deep tech sector and its revitalization of the domestic VC market in

particular will have a lasting effect on startup policy.

INCJ's activities were a valuable experience for industrial policy in that the government took initiatives and supplied risk capital. Its successes and failures provide important lessons for the next generation of public-private funds and also raise expectations for new public-private funds in the future. This experience also suggests the possibility of developing more efficient, sustainable industries by strengthening cooperation with private funds and clarifying the role sharing between public and private sectors.

It was in the fall of 2023 when the author was President of the Society that the INCJ Research Project began at the strong urging of the INCJ management, which wanted to examine the significance of the 15 years of activities of this public-private fund and synthesize its accomplishments from an academic, objective point of view. It is a great honor for the Society to have been offered this opportunity and we would like to once again express our thanks to the INCJ for its full support of our researchers and their projects. The INCJ covered research expenses and provided data and the opportunity to interview those involved.

We urge our readers to provide us with feedback on whether the papers and reports published in *Venture Review special issue of INCJ Research Project* have met the expectations of the INCJ vis-a-vis the Society.