Point 2: Research Institutions Provide Strong Support for Emerging Businesses

“The Hokkaido Research Organization” Supports Many Companies through Technical Guidance and Consultations.

The Hokkaido Research Organization is an integrated research institute formed in 2010 by merging 22 Hokkaido testing and research institutes. It involves in a wide range of industrial fields, the institute is the first collective to carry out multidisciplinary research and technical support in order to meet various needs.

To improve the competitiveness of each company, the Hokkaido Research Organization has actively provided research facts and technical guidance.

Agricultural Research Department

- Agricultural Experiment Station
- Animal Research Center
- Ornamental Plants and Vegetable Research Center

Fisheries Research Department

- Fisheries Research Institute

- Research on environmental characteristics of Hokkaido, such as climate, flora, fauna, and forests.

- Study on the natural characteristics of Hokkaido, which include the biological characteristics, industrial materials, and regional resources.

- Research and development are done in line with the recycling of agricultural products, forest, and marine resources.

- Research and support for various industries. The results of this research and technical support are provided to local governments, farmers, and small and medium enterprises.

- Number of Patents, etc.

<table>
<thead>
<tr>
<th>Number of Patents, etc. (as of March 31, 2013)</th>
<th>Main Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patents</td>
<td>155</td>
</tr>
<tr>
<td>Designs</td>
<td>6</td>
</tr>
<tr>
<td>Species</td>
<td>3</td>
</tr>
</tbody>
</table>

Main Results

- Crop development field
- Product technology field

- Development of wild scallop adductor muscle distribution technology
- Commerization of wild scallop adductor muscle distribution technology had been developed to be friendly caught technology using a combination of low temperature chilling and a high oxygen seawater pack for the adductor muscle.

- Experimental Research Institutes Provide Strong Support for Emerging Businesses

A system to support collaboration between businesses and Hokkaido’s main universities has resulted in an increase in joint research projects in recent years. In addition, public testing and research institutes are continuing research and development in a broad range of areas. Hokkaido is well equipped for industry-academia cooperation, with a proven track record. Collaborations between companies and national and public universities have produced Japan’s fourth highest number of rights such as patents resulting from industry-academia cooperation. Hokkaido also has the seventh highest number of joint studies and consigned studies.

Number 1 in Hokkaido Prefecture

- Hokkaido University
- Hokkaido University of Medicine
- Hokkaido University of Education

The First Private Enterprise Research Facility in Japan to be Established with the Premises of a National University Corporation

The Shionogi Innovation Center for Drug Discovery, established on May 30th, 2008, is the first private enterprise research facility in Japan to be established with the premises of a national university corporation. The center undertakes cutting-edge research into such fields as developing drugs that place top priority on the patients’ Overall Quality of Life (QOL), such as glycogen synthesis technology that controls the effects of protein formulation. Collaborative research between the university and companies is rapidly increasing, and there are great expectations that the result of this research will have a global impact.
**POINT 3 Open, Individual Local Communities**

**Enjoy a Relaxed, Comfortable New Life**

Land is relatively cheap in Hokkaido, and many people take the opportunity to buy a comfortably large family home close to Hokkaido’s abundant natural settings. Commuting and school traveling times are relatively short, and you can enjoy a more relaxed pace of daily life. There are also large parks, nearby convenience stores, and an abundance of hospitals to make your life comfortable.

**Average Price of Residential Land (2013) (Unit: yen per m²)**

<table>
<thead>
<tr>
<th>Location</th>
<th>Average Price (yen/m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hikone</td>
<td>50,000</td>
</tr>
<tr>
<td>Yamanaka</td>
<td>40,000</td>
</tr>
<tr>
<td>Kusatsu</td>
<td>45,000</td>
</tr>
<tr>
<td>Kofu</td>
<td>35,000</td>
</tr>
<tr>
<td>Higashi</td>
<td>30,000</td>
</tr>
</tbody>
</table>

(Source: Ministry of Land, Infrastructure, Transport and Tourism)

**Rent for Private Rental Homes (2011) (Per 3.3mi per month)**

<table>
<thead>
<tr>
<th>Location</th>
<th>Rent Price (3.3mi per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo</td>
<td>8,000</td>
</tr>
<tr>
<td>Osaka</td>
<td>7,500</td>
</tr>
<tr>
<td>Nagoya</td>
<td>7,000</td>
</tr>
<tr>
<td>Nagasaki</td>
<td>6,500</td>
</tr>
<tr>
<td>Sapporo</td>
<td>5,000</td>
</tr>
</tbody>
</table>

(Source: Ministry of Internal Affairs and Communications; Statistical Observation of Facilities)

**Proposal for Summer Offices Utilizing Hokkaido’s Pleasant Climate**

Begin a new lifestyle by escaping the heat and stress of the southern cities by spending the summer doing business in Hokkaido’s cool, pleasant climate.

**Comparison of Average Commuting Times (2011) (Unit: Minutes)**

<table>
<thead>
<tr>
<th>Location</th>
<th>Average Time (Minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo</td>
<td>60</td>
</tr>
<tr>
<td>Osaka</td>
<td>70</td>
</tr>
<tr>
<td>Nagoya</td>
<td>80</td>
</tr>
<tr>
<td>Sapporo</td>
<td>60</td>
</tr>
<tr>
<td>Hakodate</td>
<td>50</td>
</tr>
</tbody>
</table>

(Source: Ministry of Internal Affairs and Communications)

**Population According to Basic Resident Register (September 2013)**

<table>
<thead>
<tr>
<th>City</th>
<th>Population (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hakodate</td>
<td>1.91</td>
</tr>
<tr>
<td>Sapporo</td>
<td>1.34</td>
</tr>
<tr>
<td>Hakodate</td>
<td>889.5</td>
</tr>
<tr>
<td>Sapporo</td>
<td>895.6</td>
</tr>
<tr>
<td>Hakodate</td>
<td>583.4</td>
</tr>
<tr>
<td>Sapporo</td>
<td>381.2</td>
</tr>
<tr>
<td>Hakodate</td>
<td>248</td>
</tr>
<tr>
<td>Sapporo</td>
<td>247</td>
</tr>
<tr>
<td>Hakodate</td>
<td>8,877</td>
</tr>
<tr>
<td>Sapporo</td>
<td>8,372</td>
</tr>
</tbody>
</table>

(Source: Ministry of Health, Labour and Welfare)

**Number of General Hospitals (2012) and Numbers of Doctors and Nurses (2010) (Per 100,000 residents)**

<table>
<thead>
<tr>
<th>Location</th>
<th>General Hospitals (Facilities)</th>
<th>Number of Doctors (Facilities)</th>
<th>Number of Nurses (Facilities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo</td>
<td>80</td>
<td>4,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Osaka</td>
<td>70</td>
<td>3,500</td>
<td>5,000</td>
</tr>
<tr>
<td>Nagoya</td>
<td>60</td>
<td>3,000</td>
<td>4,500</td>
</tr>
<tr>
<td>Sapporo</td>
<td>50</td>
<td>2,500</td>
<td>3,500</td>
</tr>
<tr>
<td>Hakodate</td>
<td>40</td>
<td>2,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

(Source: Ministry of Health, Labour and Welfare)

**Row of cherry blossom trees, Shizunai Nijukken Road, Shiribetsu**

Comments about business life in Hokkaido from companies that have expanded here from outside of Hokkaido

**These businesspeople are enjoying nature and a lifestyle that is only possible in Hokkaido.**

(Masaharu Goto, President and CEO, Aishin Hokkaido)

Winter here is not as tough as we were expecting. I feel this is an area with high potential in various ways. It is near the airport, and if work in Aichi is required, we can travel there and back in one day if the job is in the afternoon. The weather in winter does not cause any problems with our production work at all. There are areas rich in nature just a stone’s throw from the city, and there is still a lot of wilderness left on the mountains - completely different from Aichi.

**It’s easy to get around by public transport and the people in Hokkaido are very earnest and kind.**

(Saigo Nosaka, Executive Director and President, Sangi Hokkaido Co., Ltd.)

61% of our 64 employees are locally employed. We had no problems finding employees, and all of them are very earnest about their work. Business trips are also easy. It’s extremely easy to get to the airport, the trip isn’t stressful as there are no traffic jams, and the parking at the airport is extremely cheap.

I now understand the story of the company employee who cried when he was transferred to Hokkaido and then cried when he had to leave.

(Masashiro Sugimoto, President and CEO, Danso Electronics Corporation)

As expected, we managed to find highly motivated and skilled employees. The employees we hired here are earnest and determined, and our female employees in particular are very strong-willed. I remember the story of the company employee who cried when he was transferred to Hokkaido because he didn’t want to go, then cried when he was transferred back home a few years later because he didn’t want to leave. I now understand why.

If you love the outdoors, there’s no better place than Hokkaido.

(Koikisage, President and CEO, Muroran Togo Corporation)

Muroran is very easy to get to and from. It’s even possible to fly to our head office in Tokyo, Aichi, work there for 1-6 hours and then fly back without having to stay the night. As someone who likes the outdoors, it’s great being able to enjoy activities like golfing, kayaking and mountaineering in my free time. A game at a cheap golf course here is a third of the price of a game in Aichi. The above are excerpts from letters. See the website below for details. [http://www.pref.hokkaido.lg.jp/kz/sq/sgr](http://www.pref.hokkaido.lg.jp/kz/sq/sgr)
### Data Centers

#### Dramatically Reduced Air-conditioning Costs through the Use of Snow and Ice Energy and Cool Air

As the demand for data centers continues to expand rapidly, there are increasing concerns for the amount of power consumed. It is said that 40% of the power used by data centers is for air-conditioning, and this consumption needs to be drastically reduced. Hokkaido is gaining a great deal of attention as an ideal location for companies that need to reduce air-conditioning power consumption because of its naturally cool temperatures, and it is being actively promoted to companies looking to relocate their facilities.

#### Reductions in Air-conditioning Power Consumption and CO2 Levels through the Use of Outdoor air, Free Cooling, and Snow and Ice (Estimation)

**Power Consumption (kW) and CO2 Emissions**

<table>
<thead>
<tr>
<th>Location</th>
<th>Power Consumption</th>
<th>CO2 Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo</td>
<td>100</td>
<td>98.5% reduction</td>
</tr>
<tr>
<td>Sapporo (General air-conditioning)</td>
<td>80</td>
<td>89.6% reduction</td>
</tr>
<tr>
<td>Sapporo (Outdoor air and free cooling)</td>
<td>60</td>
<td>88.8% power reduction</td>
</tr>
<tr>
<td>Sapporo (Outdoor air, free cooling, and snow and ice)</td>
<td>50</td>
<td>85.9% reduction</td>
</tr>
</tbody>
</table>

*Values estimated by the Hokkaido GEO Study Group

#### Hokkaido is Fast Gaining Attention as a Predominant Location for Risk Dispersion and as a Backup Center

An increasing number of companies, such as SAkURA Internet Inc, NEC Corporation and NTT COMWARE Corporation, are relocating their data centers to Hokkaido. The Hokkaido government works with municipal governments to promote Hokkaido as a location for data centers by holding data center seminars and tours of data centers throughout Hokkaido. Hokkaido provides such benefits as controlled power consumption through the use of its cold climate, excellent snow conditions and reduced risk of natural disasters such as earthquakes and lightning, all of which are gathering a great deal of attention as the ideal location for data centers.

#### Using Hokkaido’s cool climate for the Realization of a low-energy consumption data center

Opening of a large-scale suburban data center that takes advantage of plentiful space

SAkURA Internet Inc., which operates internet data centers and has the largest backbone network in Japan, opened a new suburban large-scale data center called the “SAkURA Data Center” in the Ishikari Bay New Port Area in November 2011. The Ishikari Data Center features improved energy efficiency by adopting outdoor air-conditioning and harnessing the advantages of its considerable size. With the total adoption of outdoor air-conditioning that utilizes the cool climate of Hokkaido, the cost for air-conditioning to cool the data center servers has been reduced by 90%. "It" in this project by simply using outdoor air-conditioning throughout the year. The company aims to make the data center even more energy efficient by using heat generated by the servers to heat offices and some of the roads near the center during the winter.

There are future plans to build a 8 more data centers on the property, which is 1.1 times larger than Tokyo Dome. These plans will enable the realization of data centers that not only take advantage of the vast space available, but also enable a high level of cost performance and future expandability.

Takling of future prospects, President and Representative Director Kunihito Tanaka says, “It’ in said that the cost of data centers in Japan is double that of advanced data centers overseas. We built the Ishikari Data Center to reduce costs by half, and to provide customers with a service that delivers a high level of cost performance.*

*Energy Usage Efficiencies indicate the energy efficiency of data center. The closer the value is to 1.0, the more efficient the data center. Generally, values lower than 2.0 show a good level of efficiency.

**Ishikari Data Center**, built by SAkURA Internet Inc. in Ishikari city in November 2011

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### Comfortable Summer Climate

Hokkaido has very pleasant summer weather, with very few hot days (over 30°C) or extremely hot days (over 35°C).

**Number of Hot Days/Extremely Hot Days (Averages from 1961 to 2010 (30 Years))**

- **Hot day (Over 30°C)**: Nishinomiya, Oita, Yamanouchi, Shizuoka, Sapporo, Niigata
- **Extremely hot day (Over 35°C)**: Nishinomiya, Oita, Yamanouchi, Shizuoka, Sapporo, Niigata

#### A Substantial Snow Clearing System and Cold Resistant Houses

Because Hokkaido has a thorough snow clearing system for roads, airports and railways, snow is no obstacle to distribution in winter. Comfortable living is ensured in homes built to withstand snow accumulation and cold weather.

**Snow Accumulation: Greatest Depth of Accumulated Snow (Average from 1861 to 2011 (30 Years))**

- **Fukui**: 30 cm
- **Osaka**: 25 cm
- **Nagano**: 20 cm
- **Tokyo**: 15 cm
- **Sapporo**: 5 cm

#### Low Humidity, Clean Refreshing Air

Hokkaido has an extremely pleasant climate, with no rainy season and low humidity - the perfect location for biotechnology or IT-related companies.

#### Average Discomfort Days (Discomfort Index of Over 75 for the Period, 1961-1990 (30 Years))

- **Fukui**: 24.7
- **Osaka**: 27.6
- **Nagano**: 28.8
- **Tokyo**: 30.2
- **Sapporo**: 34.7

#### Nature with Four Distinct Seasons

Spring in Hokkaido begins with beautiful cherry blossoms and gets fully underway with profusions of a variety of other flowers. The other seasons are just as distinct, with clear skies in summer, colorful leaves in autumn and silvery white landscapes in winter.

#### Temperature: Minimum and Maximum of the Average Monthly Temperatures (Average from 1981 to 2010 (30 Years))

- **January**: -15°C
- **July**: 25°C

---

**Source:** The Perfect Environment for Living and Working

**Point 4: The Perfect Environment for Living and Working**

<p>| Attractiveness Ranking of Prefectures and Cities in Japan (2013) |
|----------------------|----------------|</p>
<table>
<thead>
<tr>
<th>Ranking</th>
<th>Prefecture</th>
<th>Municipal Government(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hokkaido</td>
<td>Sapporo</td>
</tr>
<tr>
<td>2</td>
<td>Osaka</td>
<td>Tokyo</td>
</tr>
<tr>
<td>3</td>
<td>Tokyo</td>
<td>Hokkaido</td>
</tr>
<tr>
<td>4</td>
<td>Sapporo</td>
<td>Tokyo</td>
</tr>
<tr>
<td>5</td>
<td>Kanagawa</td>
<td>Fukui</td>
</tr>
<tr>
<td>6</td>
<td>Nara</td>
<td>Osaka</td>
</tr>
<tr>
<td>7</td>
<td>Fukuoka</td>
<td>Kofu</td>
</tr>
<tr>
<td>8</td>
<td>Osaka</td>
<td>Sapporo</td>
</tr>
<tr>
<td>9</td>
<td>Nagano</td>
<td>Hakodate</td>
</tr>
<tr>
<td>10</td>
<td>Hokkaido</td>
<td>Sapporo</td>
</tr>
</tbody>
</table>

**Source:** “Research of Regional Brands 2013” Brand Research Institute, Inc.
Food-related Industry

Accumulation of Food-related Industries that Utilize the Abundance of Safe Marine and Agricultural Resources

Largest Food Supplying Region in Japan

Hokkaido has a cold climate and is known for a long period throughout the winter, but through the introduction of many modern western agricultural technologies since the Meiji period (1868 onwards), along with the creation of a farm foundation for production, we have been able to overcome the problems of the adverse climate. Hokkaido is now home to a large scale specialized agricultural industry focused on rice crops, dry field farming, and livestock farming. As of 2012, Hokkaido has approximately 1.15 million ha of arable land, approximately 1/4 of the national total. Furthermore, the average land size per farm is 22.3 ha, 14.9 times the national average. There are 42,000 farms (commercial farmers) in Hokkaido, which is just 2.8% of the national total. However, 73.9% of Hokkaido farms are full-time, compared to the national average of 21.4%. The agricultural yield of Hokkaido is 1.056 10^12 yen, or 12.2% of the national total. In addition, Hokkaido is the top producer of dry field crops such as wheat, soybeans, potatoes, and sugar beet, vegetables such as onions, pumpkins and sweet corn, and dairy produce, and plays an essential part in the food supply chain for the entire country.

Composition of Agricultural Output (2012)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value (10^9 yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy products</td>
<td>14,420</td>
</tr>
<tr>
<td>Fruit products</td>
<td>19,760</td>
</tr>
<tr>
<td>Wheat</td>
<td>13,850</td>
</tr>
<tr>
<td>Soybeans</td>
<td>12,550</td>
</tr>
</tbody>
</table>

Hokkaido is rich in marine resources, and its seafood production volume is second only to Aichi Prefecture.

Composition Ratio by Species (2011: Territories *2)

<table>
<thead>
<tr>
<th>Species</th>
<th>Quantity (10^3 metric tons)</th>
<th>Production Value (10^9 yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific saury</td>
<td>162,000</td>
<td>9.98</td>
</tr>
<tr>
<td>Japanese saury</td>
<td>177,000</td>
<td>11.63</td>
</tr>
<tr>
<td>Yellowtail</td>
<td>2,320,000</td>
<td>11.63</td>
</tr>
<tr>
<td>Yellowtail (Sakhalin)</td>
<td>1,920,000</td>
<td>10.59</td>
</tr>
<tr>
<td>Grainfish</td>
<td>4,000,000</td>
<td>0.53</td>
</tr>
<tr>
<td>Pacific saury</td>
<td>162,000</td>
<td>9.98</td>
</tr>
</tbody>
</table>

No.1 in Japan for Shipping Value

Hokkaido produces a large quantity of agricultural and marine products, and its total value of production shipped in the number of agricultural and marine products is the highest in Japan.

Shipping Value by Prefecture

<table>
<thead>
<tr>
<th>Prefecture</th>
<th>Value (10^9 yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hokkaido</td>
<td>16,420</td>
</tr>
<tr>
<td>Aomori</td>
<td>19,760</td>
</tr>
<tr>
<td>Hokkaido</td>
<td>13,850</td>
</tr>
</tbody>
</table>

Number of Businesses by Prefecture

<table>
<thead>
<tr>
<th>Prefecture</th>
<th>Number of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hokkaido</td>
<td>1,082</td>
</tr>
<tr>
<td>Aomori</td>
<td>1,028</td>
</tr>
<tr>
<td>Hokkaido</td>
<td>1,070</td>
</tr>
</tbody>
</table>

Hokkaido is the leading center for the food manufacturing industry in Japan.

Location of Main Food Companies

Hokkaido's Original Food Function Display System - the First in Japan!

With health-consciousness increasing in recent years, there has been a call to provide detailed information on products such as health foods to allow consumers to select products that suit their desires. In April 2013, Hokkaido was the first to begin a food function display system, in which the Hokkaido government certifies the wholesome ingredients of products such as health food if scientific research relating to health management is conducted. A certification mark from the Hokkaido government is placed on qualifying products. Hokkaido's foods have already acquired a reputation for being safe, trustworthy and delicious. This system adds new value in the form of health benefits.

Products certified in 2013

First certification: 12 products
Second certification: 6 products

Certification mark

Example of products certified during first certification

<table>
<thead>
<tr>
<th>Product Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific saury</td>
<td>Rich in protein and omega-3 fatty acids</td>
</tr>
</tbody>
</table>

“Food Cluster” Activities Throughout Hokkaido

In April 2010, the Food Clusters Cooperation and Coordination Body (FC/NW) was established by industry, academia, government, and financial institutions throughout Hokkaido. The organization serves as a Hokkaido-wide promotional body for food cluster activities to create an integrated and food industry unique to Hokkaido. More than 2,000 organizations are involved in FC/NW, and over 100 projects have been proposed and put into action as a result of the cooperation and collaboration by the organizations involved.

Hokkaido Food Complex International Strategy General Area (Food Cluster) Efforts

As a driving force of these food cluster activities, a decision was made in December 2011 to form a "value chain" that combines the production and sales resources from various industries, such as agriculture and fisheries, in order to make the best use of Hokkaido’s abundant and high quality food products. Efforts are underway to form this value chain and use it to strengthen the agricultural, fishery and food product industries and make Hokkaido a research, development and export center for East Asia’s food industry.

Incentives for International Strategy General Zone system

Incentives for operations in zone

<table>
<thead>
<tr>
<th>Type of Incentive</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax support</td>
<td>Special tax incentives for businesses investing in facilities</td>
</tr>
<tr>
<td>Funding</td>
<td>Priority use of government’s budget systems when conducting business</td>
</tr>
</tbody>
</table>

Center for fishery product research and development

Incentive for development of the food industry through agriculture-food industry cooperation

Center for fishery product research and development

Center for fishery product research and development

Center for fishery product research and development

Center for fishery product research and development

Center for fishery product research and development

Center for fishery product research and development

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Automobile-related Industry

Accumulation of Automotive Industries in Hokkaido

- Major Automotive Companies are Expanding to Hokkaido
- Stepping Up of Transportation Network in Hokkaido and Number of Employees Involved

Accumulation of Forges and Foundries
An increasing number of forges and foundries are being established in Hokkaido, providing such services as the manufacturing of special steels (Nippon Steel & Sumitomo Metal Corporation) and aluminum castings. As the production capacity for completed cars expands at the Toyota Group’s third largest production base in the Tohoku region, Hokkaido is able to capitalize on the close proximity of these related industries to provide material procurement and processing services to the suppliers, thus contributing to the shortening of the supply chain.

Efforts in Various Domains to Promote Agglomeration in the Automobile Industry
Additionally, the Hokkaido Auto Industrial Agglomerations Promotion Council (HAAP) was established on August 3rd, 2006. HAAP comprises companies, business and industrial groups, educational institutions and government bodies related to the automobile industry, and was established to promote incentives for the accumulation of automobile-related industries in Hokkaido.

Main Initiatives of the Hokkaido Auto Industrial Agglomerations Promotion Council (HAAP)
- Promotion of ideal locations for the automobile industry
- Encouragement of local business to enter automobile industry
- Training workshops on CTIF (process integration techniques)
- Enhancement of automobile parts manufacturing technologies
- Hokkaido Automobile Industry Zone unveiled at Sapporo Motor Show 2014 (exhibition of numerous automobiles manufactured in Hokkaido)

Main Automobile-related Companies in Hokkaido (as of March 2017)

With the Largest Number of Testing Tracks in Japan, Hokkaido is the Perfect Place for Testing, Research and Development of Automobile-related Companies
Central Hokkaido is rapidly becoming an important location for many automobile-related companies such as prominent parts manufacturers and software companies. Dense agglomerations are being created successively. Additionally, the cold weather conditions and large open spaces provide the perfect conditions for many outstanding testing tracks to be built. In fact, Hokkaido boasts 27 testing tracks, and holds an essential role in the testing of new cars for automobile manufacturers. Hokkaido will remain an important location for all manner of research, development and testing in the future for the automobile industry.

Hokkaido Automobile Industry Agglomerations Promotion Council (HAAP)
http://www.pref.hokkaido.lg.jp/abb/mstp/mainpage/index.htr

Honda Motor Co., Ltd.
Toyota Motor Corporation
Mitsubishi Motors Corporation
All Nippon Airways

Business Location Guidebook Hokkaido

Legend

Main automobile-related companies
Automobile Testing Track
Automobile Parts Manufacturing
Automobile Parts Developing
Automobile Parts Manufacturing
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IT-related Industry

IT-related Industries Concentrated in “Sapporo Valley” Becoming a Major Industry in Hokkaido

IT Becoming a Major Industry

According to “Hokkaido IT Report 2013,” published by the Hokkaido Information and Communication Technology Association, Hokkaido’s IT industry sales for the year totaled 390 billion yen, an increase of around 44% from 10 years ago. It is Hokkaido’s second largest source of manufacturing employment after the food production industry, accounting for 12.0% of all manufacturing jobs in Hokkaido.

Engineering and Information Technology Universities Supporting IT-related Industry

Hokkaido has 12 universities and 4 technical high schools, with engineering or information departments in 11 municipalities (10 cities and 1 town). The enrollment capacity is around 5,000 students, with many highly skilled personnel graduating from these courses each year.

Universities, etc. in Hokkaido with an Engineering or Information Department (2013)

<table>
<thead>
<tr>
<th>University/College</th>
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<tbody>
<tr>
<td>Hokkaido University</td>
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<tr>
<td>Hokkaido University of Science</td>
</tr>
<tr>
<td>Hokkaido University of Teacher Education</td>
</tr>
<tr>
<td>University of the Sea</td>
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Hokkaido is the Ideal Location for Risk Dispersion, Personnel and a Great Lifestyle

Alaya is a translation and production company handling over 30 languages on a regular basis. We have offices in Tokyo and Osaka, and overseas offices in Okinawa, Malaysia, and Germany. Our expansion into Hokkaido was prompted by the Great East Japan Earthquake. The disaster gave us a new awareness of risks, such as a shutdown of the servers in the Tokyo metropolitan area, which led us to establish an office in Sapporo. The main purpose of this office is research and development of IT relating to translation.

The following factors were the deciding factors in our choice to expand into Hokkaido:

1. The availability of highly skilled personnel
2. Lower risk of natural disasters
3. Sales, general and administrative expenses, such as office rent and labor expenses, are lower than in the Tokyo metropolitan area
4. I think the greatest payoff for our choice was the excellent staff we found. Our staff are even more determined and meticulous than we expected. My new life in Sapporo is also extremely fulfilling and comfortable. In Tokyo, it’s normal to have a commute of 1-1.5 hours; in Sapporo, our employees get to work in half an hour or less. Although the winters in Sapporo are cold, the offices are warmer than the ones in Tokyo, so we’ve actually become more comfortable here. It is cool enough that we don’t need air-conditioning and can sleep comfortably at night. And there are plenty of recreational facilities in Sapporo, such as ski grounds and hot springs, providing a fulfilling work-life balance.

In 2012, we obtained ISO/IEC27001 certification for our information security management systems.

Tatsuo Ohmura, CEO, ALAYA SAPPORO INC.

Industrial Support Services Industry

A Growing Industrial Support Services Industry

Ideal Conditions such as Low Office Rent and Easy Recruitment

An increasing number of companies are establishing call centers or offices for some head office functions in Hokkaido in recent years, particularly in Sapporo. Wages and office rent are lower than in other cities and the risks of natural disasters are low, making it an ideal location.

Hokkaido is also ideal for companies considering a location for a call center, as the Japanese spoken in Hokkaido is similar to standard Japanese. There are now 76 call centers and backup offices in Sapporo, with 22,000 employees.

Comparison of Office Rent (As of September 2013) (Unit: yen per 3.5m²)

| Location | Rent
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<tr>
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Starting Wages for Call Center Employees (As of July 2013) (Unit: yen/year)

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An Easy Commute and a Comfortable Office Environment in Sapporo

There are various forms of convenient public transport to Sapporo station from the outer suburbs. There is also a 1.79km underground passage running north to south from the office district around Sapporo Station to Susukino, allowing door-to-door commuting that will be affected by weather.

The winter room temperature is the warmth in Japan and summer temperature is cool. Your employees will be able to work in a warm and comfortable workplace even in winter.

Winter Room Temperatures

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Hokkaido Attracting Attention as a Backup Base for Head Office Functions

The recent Great East Japan Earthquake has prompted many companies to review their risks such as the risk of natural disasters.

Hokkaido has attracted attention among companies formulating business continuity plans throughout Japan as the ideal location for backup offices for key head office functions. Hokkaido is working actively to entice companies to establish head office functions here through measures such as a subsidy for new head office functions. AKA Life Insurance Co., Ltd. decided to establish a Sapporo head office as a backup base for its head office functions to strengthen its business continuity framework. The company held a press conference in November 2013.

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