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ATG Interviews: Takashi Yamakawa, Chairman, USACO Corporation

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Chairman of the USACO Corporation

by **Tom Gilson** (Associate Editor, *Against the Grain*) <gilson@cofc.edu>

and **Katina Strauch** (Editor, *Against the Grain*) <kstrauch@comcast.net>

ATG: *Despite having worked closely with the scholarly community for over 60 years, a number of our readers may not be familiar with USACO. Can you tell us a little bit about your company and what services it offers? Where did the name USACO come from?*

TY: USACO Corporation has its origin as **Yamakawa & Company** and started their business in 1934 when I was born. So, I am now eighty. My late dad started his business representing **McGraw-Hill**.

This business was suspended due to World War II, and we came back to our business in 1950. At that time, the book import business was hard to start due to a shortage of dollars at the government level.

So, my dad started a commodity export business first with his old American friend who gave this company the name of **U.S. Asiatic Company**. Later, when I succeeded my dad as president & CEO in 1983, we changed the corporate name to **USACO Corporation**.

Soon in 1955, we were back to overseas subscriptions and book import business mainly handling STM books and journals to the corporate and research markets.

ATG: *We notice on your Website that you have become an agent for a number of U.S. companies. What exactly does that involve?*

TY: We provide them with our marketing knowledge and activities in this complex and ever-changing Internet age.

ATG: *What prior experience did you have before joining USACO and when did you start working at USACO?*

TY: Until the 1970s, it was thought natural that family owned business should be succeeded by the eldest son of the family. So, I joined **USACO** soon after I graduated from my university. Since then, I have been accumulating business and professional knowledge and experiences and, of course, communication skill in English, the most important part of business activities.

ATG: *We know that you have expanded your original business from supplying print journals and books to offering databases, online digital content, and more. How did USACO make such a fundamental change? Was there a guiding vision or were you primarily adjusting to market forces?*

TY: Our big change came when I met **Dr. Eugene Garfield** at his office at 320 Chestnut Street, Philadelphia in 1968. **Dr. Garfield** wanted expansion of his business in the Japan market. His profound knowledge of the information services needed by American research communities had made a great success of ISI with products like Current Contents and Science Citation Index. I am so grateful to

Dr. Garfield for encouraging **USACO** to shift gears from the book and subscription service business to the information service business. So, we were the first company in Japan to help librarians and researchers with the kind of international information service they needed.

Ever since, many U.S. and European publishers have come to us for joint marketing programs to Japanese customers. Until then, subscription agent businesses were only required for their billing and collection of payments from customers on behalf of libraries. So, it was **USACO** who first started marketing service activities for publishers who needed expansion of their market.

In the meantime, media contents have been changing, e.g., taped database to dedicated online, CD-ROM, and Internet-based contents distribution.

ATG: *Speaking of adjusting to changing market forces, are there any new business expansions in USACO's immediate future?*

TY: That is a most difficult question to answer. But in line with the subscription agents we represent, we have switched our subscription service type business to the software business to help librarians and researchers in the publishing chain. For example, the link resolver business of **Ex Libris** Israel and the **EndNote** are typical products we have successfully entered into the Japan research and library communities. Our corporate slogan "Progressive Change is our way of life" represents our basic philosophy.

However, it is extremely difficult to find new information service and software products because of the digital age. Digital products appear and disappear very quickly. Therefore, it is extremely difficult to invest long-term money and time for digital product services these days.

ATG: *In an interview with Information Today in 2009 you said that most of USACO's income came from the sales of society*

publications and servicing the users of aggregators' information. Would you make that same claim today? If not, how have things changed?

TY: Yes, medium- and small-sized professional societies need our help. Venture publishers also need help from us. However, they do not seem to understand long-term investments.

ATG: *Like you say, many of these types of entities seem to lack a long-term view. What is it about long-term investment that they do not understand? Is USACO trying to help them develop an awareness of the long term?*

TY: This is another good question indeed. I can explain many factors why a long-term investment is needed. Following are my answers.

When new products or information services emerge and they are put into the U.S. market, publishers conduct test marketing in U.S., England, and sometimes in Scandinavian countries. Then these products are brought into the Japan market because our market is still big and furthermore very stable. If their products are judged and found needed by our user communities mostly through libraries, it takes a minimum of three years before those products and services are widely used in the Japan market. Why three years is your next question. Following are my answers.

1. Japanese budgetary system is essentially single-year based. Most of the fiscal year term is April through March.
2. To raise the budget except when the fiscal year surplus budget is spent between January and March of the year, budget applications and the approval takes a fairly long time. One of the reasons is that Japanese librarians essentially do not want dramatic change of their budget spending. They are slow but more steady. They do not accept the scrap and build concept. Meanwhile, the library budgets of most academic and medical libraries are not substantially reduced.
3. Many U.S. publishers with new products and services want to enter into Japan market and sell their products soon, and they discover it is extremely difficult to open their accounts with libraries in the Japan market. Librarians prefer buying any new products through existing account holders with whom libraries maintain long-term business with their account holders. Of course, the language problem is another issue.

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4. It is evident that Japanese consumers are very brand conscious. To sell new products of new publishers who want to enter into the Japan market, it is important for those publishers that their corporate and brand image should be well known to libraries and research communities first.
5. In conclusion, taking into account the above mentioned factors, my answer and suggestion is that publishers should find good Japanese partners to get their business started. First, their partners should maintain and cover nationwide accounts with libraries, and second, publishers should judge if their agents are needed by publishers whether mainly for their billing and invoicing functions or marketing and promotion activities or both.
6. Of course, smooth communications among publishers, vendors, and librarians are most important to be successful in Japan market.

My conclusion for publishers is to find reliable partners to successfully enter into the Japan market for a long-term relationship.

ATG: *Can you tell us about your pricing philosophy? What are your specific pricing models?*

TY: The Japan subscription service market is extremely competitive. Even before the **Swets** failure, **EBSCO** and **S. Karger** (Switzerland) withdrew from the Japan market because public bids are enforced in the government and national universities market. So, there is no pricing philosophy in this largest market. However, in the case where we officially represent publishers for their product, we can set our prices, and our yen price is higher against U.S. domestic prices. The margin goes to our marketing activities with the publishers.

ATG: *Do Japanese libraries still ask you to provide print journals and books, or has the market totally shifted to digital?*

TY: Yes, particularly libraries collecting titles in the arts and social sciences. In the STM library market most libraries have shifted to digital. But we are told by many publishers the need for print is still very high in the Japan market.

ATG: *What is the biggest challenge in acting as an intermediary between foreign content suppliers and Japan's academic and corporate libraries? What adjustments do you have to make when navigating in different market environments like those in Europe and the United States? What about adjusting to the various cultural differences?*

TY: This is a good question indeed. Analyzing the reason why **EBSCO** and **Karger** gave up their market in Japan provides some answers. Most libraries open their account with vendors not only for their subscription service, but also books, software packages, and other library supply services. Therefore,

against the grain people profile

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BORN & LIVED: Born in Tokyo, live in Tokyo.

EARLY LIFE: Perfectly fine, thank you.

FAMILY: I and my wife **Nobuko**.

IN MY SPARE TIME I LIKE: Playing golf, painting, traveling, and concert and opera.

FAVORITE BOOKS: Books that cover Japanese history.

PET PEEVES/WHAT MAKES ME MAD: None.

PHILOSOPHY: Be healthy and be thoughtful to everybody.

MOST MEANINGFUL CAREER ACHIEVEMENT: Executive chairman at **JAIP** (Japan Association of International Publications); Council member of **Aoyama Gakuin University**.

GOAL I HOPE TO ACHIEVE FIVE YEARS FROM NOW: To be alive until Tokyo Olympics 2020. Also, I hope to help young people in this industry to shift from the existing book distribution industry to the new business models.

HOW/WHERE DO I SEE THE INDUSTRY IN FIVE YEARS: I cannot predict the next five years to come. As you know, our major customer base — libraries — are experiencing major changes. Although, not like the U.S., no dynamic change will come to the library world in Japan; we carefully watch their changes to better serve library communities. One of our challenges is that due to the ever-decreasing population, our customer base will shrink while it is getting difficult to find and train young people with skills needed by ever-demanding customers' needs. However, as the average age of **USACO** employees is 32, I believe **USACO** can adapt to the change and with those young people, lead the STM information service industry. 🌱

they function like a department store of library supplies. Also, as cultural and trade practices differ, it is very difficult for new library vendors to open an account with big customers. This is particularly true with corporate and government libraries.

Therefore, I keep saying that those publishers who wish to enter the Japan market must find and choose their qualified agents to open accounts and expand their market.

ATG: *The industry was shaken by the recent failure of Swets. What do you think their failure says about the future of subscription agents and other content vendors?*

TY: **Swets** was popular among the private universities library market. Their volume of business was estimated to be around 20 million dollars. **EBSCO** was even smaller in their Japan business. Therefore the Japan subscription service market is dominated by **Kinokuniya** bookstore, **Maruzen**, and **USACO**. The profit margin of ordinary subscription services is even lower than U.S. despite the high operating cost. Also subscription renewals must be negotiated, and many of renewals must go to bid every year.

ATG: *That's interesting. How did this process of going to bid every year come about? Are there moves to change it at all?*

TY: Your question really hit the point of how publishers successfully enter into the Japan market. I think there will be no change of public bids policy at government institutions

including national and municipal universities. Indeed **EBSCO** never successfully entered this market. **Swets** was partly successful in the private university library market. Unfortunately they are gone. Publishers' products and services required by any of those libraries must go to bid regardless of quality of agents' service activities. However in the case where their products are officially represented by publishers' partners or agents, their titles are not included or separately listed in their list of bids, and orders will normally go to publishers' agents, although commission is still low to cover their marketing cost.

In the case of **USACO**, we do not want to receive orders at extremely low commission level. For example, in the case of **Swets'** renewals for 2015 after their bankruptcy, we only accepted their renewals if librarians needed **USACO** to be their good partner instead of asking us for open bids. **USACO** is not a gigantic supermarket. We sell high-quality services at reasonable prices; thus, so far, we have been and will be successful in traditional subscription service business combined with marketing new products to existing libraries and emerging markets. If I may use an analogy, we are like a brand-new long-range B737 jet instead of a Jumbo Jet.

ATG: *The majority of your content providers are located in the U.S. and Europe, so USACO spends a lot of time traveling to*

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get a sense of the market. In fact, USACO was represented by Yutaka Masuda and Hiroyuki Kato at the Charleston Conference in November 2014. What were the key takeaways for USACO from this year's Conference?

TY: I sent those delegates to the **Charleston Conference**, and they have discovered market trends and new products and services. However their big finding is the relations among publishers, libraries, and vendors. They sit around the same tables to debate and find solutions to benefit each other.

Here in Japan, social status of booksellers and subscription agents are ranked lower than status of librarians. We are not free to express our thoughts and opinions to librarians.

On the other hand, librarians' status in Japan is not as high as those of the U.S and Europe. Did you ever have Japanese librarians attend the **Charleston Conference**? By sending our delegates, the **USACO** sales force becomes more information-rich, and our delegates can create networks with U.S. publishers and librarians face to face. In this sense, we can be good library partners in Japan. For Example, most librarians find it difficult to communicate with publishers in English. In many cases, we assist these librarians to achieve smoother communications with publisher when we are asked. It must be noted that in Japan, particularly in the library community, job mobility is very rare among libraries, publishers, and vendors. Thus they live in a very closed society and do not want to understand each other.

ATG: Given that you have made over 100 trips to the U.S. since the 1950s, what are some of the most significant changes that you have seen in the U.S. market?

TY: It is Internet and digital technologies. Always the U.S comes first, and two or three years later they are accepted in our society. The U.S. leads the information industry. New ideas or concepts, and new technology and services, mostly have their origin in the U.S. We need to visit the U.S. and meet information professionals to catch up and judge and determine to find if they are accepted by our customers.

ATG: It's obvious to us that you've had a very successful career. What has been the highlight so far? Of all your achievements, which one are you most proud?

TY: I was very honored to receive an award from the **Society for Scholarly Publishing** two years ago for my long contribution of international activities to **SSP**. Also being president of **Japan Association of International Publication** 2012-2013 was my honor. Also, I must say I am so grateful to those information professionals in the U.S. and England. Without their advice and guidance, we never would have been successful in sustaining **USACO**'s business over 50 years.

ATG: What advice would you give to a young person starting their career in scholarly publishing?

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TY: Another good question to answer. Japanese young people prefer to live in their own closed communities and do not want to get out of Japan, and, indeed, the numbers of Japanese students in U.S. universities are decreasing these days. We need their challenging spirit. So, they need to meet more people outside Japan. I keep telling them, "Don't be shy, and don't be afraid of dumb questions, because computers will not help you for dumb questions!"

So, it is my philosophy to speak to young people and take all opportunities to help them

in starting their own new network. It is my important job!

ATG: Busy executives need a way to get away from the pressures of business occasionally. What activities help you relax and get re-energized? Are there any hobbies or interests that you particularly enjoy?

TY: I enjoy a happy life with my wife. We love classical music and often go to concerts and operas. We love the Metropolitan Opera, and thanks to digital technology, just two

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Interview — Olivia Humphrey from page 50

OH: The hosting solution affords a number of benefits. It is a very flexible solution, allowing a library to upload a single film without having to commit to a large minimum fee, and also means that libraries can have all of their hosted films stored in the one destination alongside their **Kanopy** licensed films, taking advantage of our technology as well supporting the cross-discoverability of the films. It is a fairly simple process — a library simply uploads films as and when they want to. Rights management is something the libraries manage with the content owner. **Kanopy** can facilitate this conversation as we have such great relationships with the rights owners, but ultimately this is something the libraries and rights owners negotiate.

The benefit of our video licensing service is that the rights are very clear and are the same for every film. **Kanopy** manages the licenses and the associated rights, so many libraries prefer to rely on that.

ATG: *We also notice that you already have a new subsidiary called KanopyPlay. What is that all about?*

OH: **KanopyPlay** is a streaming solution for the K-12 market. It operates very differently to our higher education solution in terms of the content and technical features, and we have been surprised by the great response from teachers, parents, and, of course, the students.

ATG: *Leading and growing a company takes a great deal of energy. How do you recharge your batteries? What do you do to relax? Are there any non-work activities that you particularly enjoy?*

OH: Every day I come home to my two-year-old son, who sprints down our corridor and hurls himself into my arms. It's simply impossible not to switch off with this welcome at the end of the day! I've never been great at relaxing except when watching movies, so it helps to be running a media company with a privileged access to films! My favorite non-work activity has to be travelling. My husband and I feel very blessed to be living in the USA, and while my son is young, we're taking every opportunity to do road trips or weekend getaways.

ATG: *Kanopy has experienced remarkable growth since starting in 2008. Can you tell us what the secret is to this success? Do you anticipate being able to maintain this growth? How?*

OH: The growth we have seen with video streaming in the broader market is being mimicked in the educational space, but is also compounded by the growth in online education. In terms of the keys to success, having the right films is certainly important, but that's not enough. We cannot simply serve up the films; we need to achieve *real outcomes* — we only succeed if we can change the way that the students learn and professors teach. That means we need to capture the magic of film and offer an experience that excites and enriches, one that gets users watching and engaging with the films. For librarians, what has also been key is being *honest* and practicing what we preach. This guides everything we do from providing a rich analytics dashboard with absolute transparency on usage to offering a Patron-Driven Acquisition model where we are only rewarded if the films are actually used.

We are very excited by the future. Not only has streaming still got a long way to go in

higher education, but we are also seeing rapid growth in new territories (particularly Europe, Middle East, and Asia) and markets (such as corporate and K-12 education).

ATG: *Speaking of growth, what marketing tips do you have for those libraries that want to expand the reach of the video streaming services they offer?*

OH: On this topic, I would urge libraries to take a look over the presentation by **Simmons** and **UMass-Amherst** colleges at the **2014 Charleston Conference**.^{*} Those two libraries ran a research study into this where they explored seven different marketing initiatives for reaching their patrons, from social media campaigns to faculty emails, lib-guides, and posters. From that research, I would suggest that there is no silver bullet as no two libraries are the same. Different initiatives achieve different purposes (for example, social media reached fewer patrons but generated traffic from those who had never been aware of the resource before, whilst faculty emails drove more traffic but to a more aware audience). We see libraries experimenting with multiple marketing channels, ensuring they have the ability to track the performance of those experiments, to see what works for them best.

ATG: *Olivia, thank you so much for taking time from your schedule to talk to us. We've enjoyed it, and we've learned a lot.* 🐼

^{*}The title of the **Simmons** and **UMass-Amherst** presentation is *Putting your Patrons in the Driver's Seat: Online Video Use, PDA, and ROI*. More information can be found on the **Charleston Conference** Website at <http://www.katina.info/conference/conference-info/program/>.

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particular library's budget pie — and librarians will feel more and more urgently the need to figure out not just whether they will participate, but (if so) the criteria by which they'll choose between them. 🐼

Endnotes

1. <http://www.kickstarter.com>
2. <http://www.openlibhums.org>
3. <http://www.knowledgeunlatched.org>
4. <http://scholarlykitchen.sspnet.org/2015/01/21/university-of-california-introduces-new-open-access-publishing-programs/>
5. <http://knconsultants.org/help-us-launch-the-open-access-network/>
6. <http://scholarlykitchen.sspnet.org/2012/08/09/the-npr-model-and-the-financing-of-scholarly-communication/>

Interview — Takashi Yamakawa from page 47

weeks after the opera played we enjoy digital live movies in Tokyo. I also like painting, both oil and watercolor. Whenever I travel I keep my small sketch book to draw sceneries to make my memory vivid. Visiting the U.S. and Europe and meeting our good friends make us happy and younger. So this interview is making me refreshed, gives me more energy, and makes me feel that I should come to the **Charleston Conference** in 2015, because I can speak to librarians, vendors, and publishers around the same tables, not like Japan.

ATG: *That would be wonderful! It would be great to see you at next year's Charleston Conference. We will look forward to getting together.* 🐼

Rumors from page 24

We are pleased to announce the completion of a seminal report by **Ann Okerson** and **Alex Holzman** entitled "**The Once and Future Publishing Library**." This study grew out of a series of discussions among **Alex**, **Ann**, **Steve Goodall**, of the **Goodall Family Charitable Foundation**, and **Katina Strauch**. We wanted to encourage useful dialog about the changes in academic publishing. The idea of **Library Publishing** emerged. The **Council on Library and Information Resources** agreed to be the home for the study and will publish the results online shortly. Stay tuned.

<http://www.clir.org/pubs/reports/pub163>

Yet another change in our world. **Kent Anderson** is retiring from **Scholarly Kitchen**, the blog that he began in 2008. I remember when **Kent** spoke at the **Charleston Conference** back in 2010 on the panel **Who Do We Trust? The Meaning of Brand in Scholarly Publishing and Academic Librarianship**.

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