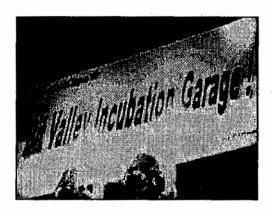


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Tokyo eyes small internet firms to boost internet industry



The Japanese government encourages financial assistance to small and mid-sized firms for their growth is seen as one of the keys to the rebound of Japan's economy.

And Tokyo has its eye on a community of small internet firms called Bit Valley to boost Japan's internet industry.

Some of these firms are self-employed, working out of their homes, while others have a network of 1000 staff hooked online from all over Japan.

Bit Valley is a shortened form of "bitter valley", the direct translation for Shibuya, Tokyo's trendy district.

There are currently around 250 companies linked with Bit Valley.

It's here that internet-related start up companies began to gather over the year and came to be seen as Japan's Silicon Valley.

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Paul Anders Schwamm of Asia Inc., said: "In this industry, people have to move quickly. You can't do everything by yourself. You have to concentrate in your area of core competency. What the organization does is that it networks people and bring them together, so that they can help each other. "

Once you are part of Bit Valley's mailing list, you are updated on the industry and are invited to physically get together with other members once a month.

Naturally, talk of tie-ups and mergers emerges.

At the Internet World Japan business show, some 25 companies are given free space to promote their activities for 3 days.

Setsuro Tamai, organiser of Internet World Japan, said: "We are giving them opportunity here to meet with venture capitalists. They have technology and knowledge of products. They don't know who they should sell."

Hideaki Okada of Voice & Visual Inc, said: "The reaction is much better than I've expected. There are 150 people approaching me a day here. 10 to 20 percent of them come up to me with a proposal."

Tomozumi Maeno of Extra
Communciations, said: "Lots of venture
capital companies have been
approaching me. I'm considering which is
the best. Our company is small right now.
We have to think".

Global investment banks, entrepreneurs say, have also been active making contacts with the small start-up firms.

Still the number of tech start-ups in Japan is relatively small, so the Japanese government is considering tax breaks for investors in such tech start-ups.