

CONNECTING THE NORDICS & JAPAN

#NordicMade

Newsletter # 4 - August 28th 2020

Welcome to the Nordic Innovation Ecosystem newsletter #4

In this editorial we take stock of Japanese investment activity to the Nordics in 2020 and reflect on the effects of the COVID-19 situation. As of August 2020, the following Nordic-Japanese engagements have been identified:

FI	Varjo (NordicNinja VC) - Series C Logmore (NordicNinja VC) - Series A Sensible 4 (NordicNinja VC, ITOCHU) - Series A
EE	Veriff (NordicNinja VC) - Series B Cleveron (ITOCHU) - MoU for R&D Clanbeat (Mistletoe) - Seed Tera VC (ITOCHU) - Limited partner Thorgate Ventures III (Alesco ventures) - Limited partner
SE	Voi (NordicNinja VC) - Series B
NO	Brandpad (Thorgate Ventures III) - Pre-seed
DK	Grazper (Yokogawa) - Acquisition

Unsurprisingly, the COVID-situation seems to have reduced the level of Japanese activity in the Nordics. Last year we identified 20 Japanese investments and acquisitions. As of August, only 7-8 investments have been noted for 2020. Recession and economic uncertainty naturally play an important role, but equally important is the upheaval of standard business practices like face-to-face meetings. While the tech ecosystem tries to find a "new normal", investors still prefer meeting personally with companies before investing in them.

The only investor seemingly unfazed by the COVID-situation is NordicNinja VC, which has closed five large investment rounds in 2020. Being a Finnish-based VC with Japanese LP's, NordicNinja is able to maintain a local presence for Tokyo-based stakeholders - a construction that seems ideal for a COVID-struck world.

The other Japanese stakeholder successfully bridging the gap brought on by COVID is ITOCHU, one of Japan's largest trading companies. This year ITOCHU has engaged with two Nordic mobility companies with relevance for the Japanese market, forming a close partnership with Cleveron and taking part in the EUR 6 million funding round for Sensible 4. In addition, ITOCHU has invested EUR 2 million into Tera Ventures 2, a fund managed by one of Estonia's largest venture capital companies in the technology sector.

In general, companies providing technologies within mobility, logistics, and delivery seem to be the flavour of the year: Voi (electric scooter), Sensible 4 (autonomous driving), Cleveron (autonomous parcel delivery), Logmore (quality management of shipments), Veriff (online identity verification platform).

Whether or not this reflects the needs of a new post-pandemic world remains to be seen. What does seem clear, though, is that Japanese VC and CVCs still consider engaging with Nordic peers as LPs, using local partners to bridge the gaps from global lockdowns. And Nordic technologies which help digitize services remain in high demand.

SHORT NEWS FROM THE NORDICS

FI	Varjo , one of the leaders in industrial-grade VR/XR hardware and software, received a USD 54 million in series C funding , including capital from Nordic Ninja VC.
EE	Transformative AI raised EUR 1.4 million for their work with their algorithm that can predict a sudden cardiac arrest based AI.
NO	Nurx , a telemedicine company, raised EUR 19 million .
SE	The Stockholm-based developer of wave energy technology, Corpower , received EUR 9 million in a recent funding round led by Midroc New Technology along with other investors.
EE	One of Japan's largest companies, Itochu Corporation , has invested EUR 2 million into Tera Ventures , in an effort to give better access for local Estonian early stage startups to enter the Asian market .
DK	TinyMobileRobots has succeeded in landing EUR 1.8 million in their latest investment round, for their robots that deliver surveying, measuring and marking services for roads and sports fields.
DK	Practio, a Copenhagen-based digital healthcare platform that enables people to book vaccination and tests, including COVID-19 antibody tests, raised EUR 8.2 million in funding to speed up their expansion in the UK and German market.

NORDIC COVID-19 UPDATE

Since the end of July there has been a global resurgence of COVID-19, also in countries that previously managed to contain the disease. This has also been the case for the Nordic countries, where especially Denmark and Sweden experienced a series of micro outbreaks in early August. As of now, the number of new cases reported have stabilised, levelling off at 15-20 new cases per 100,000 people in Denmark and Sweden, and 1-6 in Norway, Finland, Iceland and Estonia.

For all the Nordic countries, the number of critically affected patients remain very low and show no signs of increase. The Nordic countries are determined to keep the spread of COVID-19 in check with widespread testing, infection detection, and targeted quarantines while most of society remains fully open.

INTERVIEW WITH GRAZPER

What tech solution does your company offer and what markets are you operating in?

Grazper develops embedded AI solutions for 2D and 3D video analysis that are GDPR-compliant and can track objects anonymously via a device mounted onto the camera. Half of our team started their careers in the gaming industry in developing the popular Hitman game, hence, we are quite experienced in 3D programming virtual worlds. Today, we are specialised in the opposite, extracting 3D data from the real world. Our device can count the number of people and vehicles passing through, as well as reading the number on license plates without storing private personal data. Earlier this year we were acquired by Yokogawa Corporation, a more than 100 year old company, which will assist us with expanding to the Japanese, European and American markets.

Why is the Japanese innovation ecosystem and market interesting to your company?

From a product development point of view, we are interested in entering the Japanese market, because of their long experience with high-technology embedded devices for various industries. I see a lot of potential in being backed by a large Japanese corporation, which is interested in the Nordic Innovation ecosystem. We hope that Grazper can contribute with the experience of startup culture, that is so deeply ingrained in the Nordic Business culture today, to our new partnership Also, I believe Grazper can learn more about making long-term plans and how to structure work processes more efficiently from Yokogawa Corporation.

What are the main barriers to enter the Japanese market?

Our encounter in collaborating with a Japanese partner has been surprisingly good! They were quite fluent in English and used to Western culture. Therefore, we have not bumped into any issues of communication between us. However, I am not familiar with other organisations in my network that have had success in working with Japanese stakeholders yet.

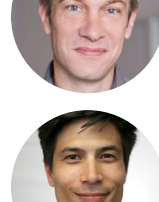


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NORDIC EVENTS - ONLY DIGITAL

- 15-16.09** Experience a global fintech conference with Nordic flavor at **The Copenhagen Fintech Week**.
- 17-18.09** **TechBBQ**, Scandinavia's largest tech summit to connect Nordic startups with international investors and stakeholders.

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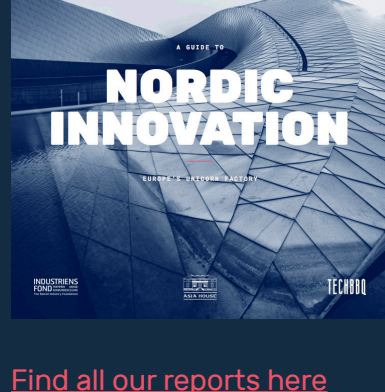
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