

Japanese Companies Turn Structural Challenges Into Long-Term Growth Opportunities

Japan's companies are adapting to a tougher era shaped by labor shortages, demographic strain and shifting global demand. The most resilient are finding practical ways to respond, using technology, operational discipline and sector expertise to solve urgent problems. *By Daniel de Bomford and Bernard Thompson*

From the rhythm of the factory line to the hum of a server rack, every major industrial change has been precipitated by an enormous shift in labor. The names we remember are the ones who were able to seize the technological advantage. The world is currently in the midst of a new industrial revolution, where digital technology is reshaping processes and transforming operations. Once seen by the world as the future of technology, Japan has more recently gained a reputation for being a software laggard. However, Japan is proving these assumptions wrong, as some of the world's oldest businesses move into the digital realm.

"The most important question is whether we are truly fulfilling our role in this community."

Shinya Kubota,
President,
The Shiga Bank, Ltd.



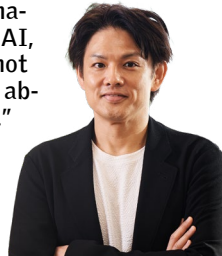
While firms in major financial hubs have access to the expertise and talent to pursue business transformation and DX, it's a different story elsewhere in the country. Shiga Bank aims to go beyond financial services and become a regional platform that enables the transformation of local businesses, the backbone of the economy. President Shinya Kubota points to succession planning as a major challenge for regional businesses. In response, the company founded Shigagin Capital Partners to both invest in and work side by side with companies to strengthen their value before they are sold to new owners. "Traditionally, banks provided only financing," he said. "But today, if we do not participate actively through both capital and people, companies may leave the prefecture or be acquired by entities with no connection to the region."

Agent Inc. is building a distinctive growth model by treating social problems as business opportunities. Led by founder Koji Shinomiya, the company has developed a broad platform that helps governments, schools and businesses tackle labor shortages, digital adoption and other structural challenges. "One of the main hurdles in Japan is the shortage of people who understand IT in a truly comprehensive way," Shinomiya

said. Its strength lies in combining strategy with execution, offering support from planning through implementation. That approach has allowed Agent to expand across multiple fields while staying focused on practical outcomes.

"Digital transformation, automation, AI, and robotics are not just desirable but absolutely essential."

Koji Shinomiya,
President and
Founder, Agent



For businesses looking to truly take advantage of emerging technologies like AI, Nozomu Tsunoda, CEO of LegalOn Technologies, said they need to go beyond simply bolting on technology to already existing systems. "Operations must be redesigned from the ground up based on AI and technology," he said. The company's strategy is to provide comprehensive AI solutions to cover the full spectrum of corporate legal operations. Real change comes when legal operations are rebuilt around AI from the start, with routine tasks handled by systems and human professionals focused on supervision, strategy and judgment.

"By leveraging DX, we can visualize our operations, making it easier for clients to see value."

Tsuyoshi Murai,
Representative
Director and
Group CEO,
ALSOK



Fact Base is bringing practical digital transformation to small and midsize manufacturers by building software around the drawing, the true starting point of factory work. Its platform connects quotations, production, delivery and invoicing in one system, helping replace paper-based processes with a simpler, more usable digital workflow. "We focus on providing what people truly need, and not more than that," CEO Masataka Takeuchi said. By focusing on the real needs of high-mix, low-volume factories, Fact Base is making it easier for manufacturers to

improve efficiency, preserve know-how and modernize without the cost or complexity of traditional ERP systems.

Japan Business Systems (JBS) is helping Japanese enterprises turn AI adoption into a practical, secure part of daily operations. Drawing on deep expertise in Microsoft cloud services, the company supports customers with identity management, governance and ongoing system integration, creating the conditions for AI to scale safely across large organizations. Its model combines recurring cloud support with field-based development, enabling JBS to shift from infrastructure to higher-value transformation work. As President and CEO Yukihiro Makita puts it, "We can provide enterprises with an environment where AI is not only powerful, but also safe."

"AI is most effective when it is applied directly to real business operations."

Yukihiro Makita,
President and
CEO,
Japan Business Systems



ALSOK is redefining security as something clients can see, measure and trust. Representative Director and Group CEO Tsuyoshi Murai said it can be difficult for customers to see the company's work, because security is largely intangible. As risks grow more complex, the company is using digital tools to support frontline staff, improve transparency and make its services more tangible. "By leveraging DX, we can visualize our operations, making it easier for clients to see the value we deliver," he said. That shift reflects a broader evolution from traditional guarding to comprehensive risk management, spanning security, disaster response, elder care and facility services.

Across very different industries, these companies share a common trait: they are solving concrete problems with practical, scalable ideas. Whether in law, manufacturing, security or digital transformation, their success rests on turning structural challenges into useful services. That ability to deliver real-world value will define the next phase of sustainable growth in Japan.


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Global Vision
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Japan's Answer to Global Challenges: Building the Ultimate "Social Venture Platform"

Agent Inc. venture platform turning social issues into scalable businesses—uniting government, entrepreneurs and AI to build 300 ventures by 2034. *By Cian O'Neill, Arthur Menkes and Quentin Lange*



"Clients know that whatever the challenge, we can likely support it. That creates a user experience that is seamless and hard to replace."

Koji Shinomiya, President, Agent Inc.
X @agent_shinomiya

The world today faces complex challenges: aging populations, labor shortages and educational disparities. Japan stands at the forefront of these issues as a nation facing diverse social challenges. However, Koji Shinomiya, CEO of Agent Inc. (TSE: 7098), perceives this not as a grim future, but as the greatest opportunity for innovation. "Solving society's *komatta* (social issues) with business is the most sustainable and high-growth strategy," Shinomiya said.

"All-Smile": A Philosophy for Five Stakeholders
Driving this vision is Agent Inc.'s unique corporate philosophy: "All-Smile." Moving beyond simple shareholder primacy, this philosophy pursues the happiness of all stakeholders: members, partners, customers, society and the next generation. Having already launched 22 businesses, Agent Inc. is building a "Social Venture Platform" with a clear mission: to create 300 businesses solving social issues by 2034.

A Proven Ecosystem: From Campus to Alliance
Agent Inc.'s core strength lies in its compre-

hensive "Four-Stage Ecosystem," which supports the entire lifecycle of a business—from discovering entrepreneurs to the final exit. The company has established a reproducible business-creation model focused on seven key areas: digital divide, regional revitalization, the labor shortage, the education gap, social security, industry creation and environmental energy.

Startup Campus: Public-Private Partnership
It all starts with people. Agent Inc. collaborates deeply with national and local governments to form one of Japan's largest communities for aspiring entrepreneurs. Through initiatives like the "FLAT Next" entrepreneurship program in Tottori Prefecture and the operation of "Furunoba," a public-private co-creation community, the company cultivates entrepreneurial seeds from across Japan. This massive funnel, backed by "Government Trust," forms the solid foundation of its platform.

Startup Studio: Risk-Free Entrepreneurship
For talented individuals with ideas, Agent Inc. offers a "Risk-Free" environment tailored to the Japanese cultural context. Challengers are hired as Agent Inc. employees and receive a salary while validating their business with the company's professional team. Once the business gains traction, it is "carved out" as an independent entity. The founder is granted rights to "approximately 10 percent equity plus performance-based compensation." By eliminating livelihood risk while offering significant entrepreneurial upside, this pragmatic system continuously produces the next generation of leaders.

Startup Incubation: Growth Support
Once a business is launched, our specialized team provides DX support and organizational

consulting, guiding these ventures onto a sustainable growth trajectory that surpasses typical SMEs.

Startup Alliance: Scaling through Aggregation & IPOs
The final stage is the Alliance. Agent Inc. actively pursues M&A strategies (recently acquiring talented Inc.) to group companies in similar sectors, achieving the impact and profitability of large-scale enterprises. Furthermore, it provides strategic navigation toward initial public offerings (IPOs) for high-growth ventures. Whether through aggregation or public listing, this is Agent Inc.'s unique logic for winning—transforming small social businesses into a massive industry.



Exporting Solutions from Japan to the World
While Agent Inc. is solidifying its model in Japan, its vision is already global. "Japan's current challenges will eventually become the world's challenges. We aim to export both the solutions honed here and this business creation model itself to the globe," Shinomiya said. Collaborating with international partners to solve each other's national issues, Shinomiya envisions building such a cross-border business co-creation network. Agent Inc. remains open to global investors and business partners who wish to build an "All-Smile" future together.

Japan Business Systems' Approach to AI

Japan is racing to close its digital gap as AI reshapes global competition. Japan Business Systems helps enterprises adopt AI securely, aligning governance, identity and operations. *By Daniel de Bomford, Cian O'Neill and Arthur Menkes*



"We can provide enterprises with an environment where AI is not only powerful, but also safe."

Yukihiro Makita,
President and CEO,
Japan Business Systems, Inc.

Artificial intelligence is reshaping global competition, yet Japan continues to face an "innovation paradox," struggling to translate its industrial strengths into scalable digital transformation.

Japan Business Systems' (JBS) president and CEO, Yukihiro Makita, diagnoses this problem as an innovation paradox, where Japan is largely confined to its domestic market, due to multiple factors such as language, education, market structure and industrial culture. "Japan has developed its own domestic standards and business models that work very well inside the country, but they are hard to scale globally," he said. However, these characteristics do not represent weaknesses alone. Japan has strengths, including a strong quality orientation and a meticulous service culture. When these are combined with cloud and AI technologies, there is tremendous potential to create new value.

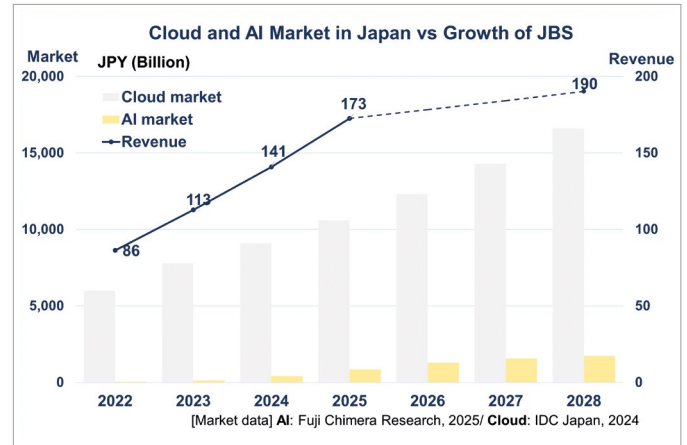
For Makita, the issue is not a shortage of technology but a shortage of conditions that let

technology scale. These conditions include not just platforms and governance, but also organizations capable of operating AI responsibly in real business environments.

The key question is whether there are companies that can serve as bridges between Japan's domestic strengths and global standards. To fulfill this role, JBS is focusing on IT governance and AI based on cloud platforms.

Inside JBS, AI is treated as standard equipment for all 2,800 employees. "AI does not scale through technology alone, but through people who can trust and operate it in real work," Makita said. At JBS, human capital forms the operating foundation of AI adoption, supported by structured expertise development and continuous exposure to real enterprise projects. This philosophy extends beyond formal training. JBS has deliberately designed physical and social spaces where employees, customers and partners interact, exchange perspectives and refine operational insight—an approach that reinforces trust and shared understanding in complex enterprise environments.

That is where JBS positions its value. "One of our strengths is ID management for enterprises," Makita said, pointing to the operational realities of



large organizations, where access rights and governance determine what any tool can safely do. As enterprises move toward multi-cloud and multi-AI environments, identity and governance become the common control layer that determines whether AI can scale safely. What matters is the organizational capability to integrate and govern multiple AI systems securely and consistently across real enterprise operations.

From there, the conversation shifts from tools to capability. AI is no longer a single tool or platform. What matters is the organizational capability to integrate, govern and evolve multiple AI systems to meet changing business needs.

"We are actively developing AI agents," Makita said, but stressed that the point is not just making and selling products. "We prioritize embedding AI directly into real business operations, ensuring frontline teams truly perceive its value," he said. "We believe the wisdom of those who understand the field is the key to successful AI implementation."

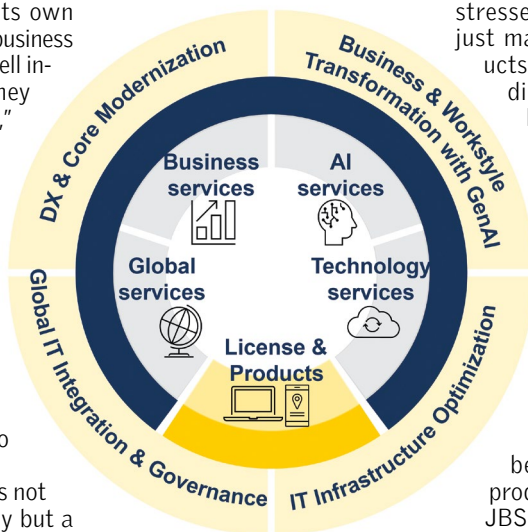
This field-driven approach reinforces JBS's belief that sustainable AI innovation begins with people, not products.

JBS's growth model is designed to make that approach

repeatable. "Our typical entry point is Microsoft 365," Makita explained. "We introduce it, manage user identities and provide ongoing support. This creates a recurring business foundation." Then value compounds: "Over time, this becomes a cycle. Microsoft Entra ID leads to scale across cloud platforms and AI technologies, new development projects and continuous support."

JBS's overseas footprint is designed around customers. "JBS is not focused on specific countries so much as on supporting our customers' global operations," Makita said. As headquarters push for centralized control, the company anticipates strong demand for vendors who can manage systems globally with consistent quality.

"Supporting Japanese companies taking on challenges around the world with the power of technology, our goal is to be a reliable partner that our customers think of first by providing value by increasing the sophistication of multi-cloud support, promoting operational and business transformation through the use of AI, and strengthening support for global expansion," he said. "By aligning governance, AI and human capital, JBS helps enterprises move from experimentation to sustainable, scalable transformation."



ALSOK Risk Management: Making Security Visible, Measurable and Reliable

As complex risks grow, ALSOK leverages people and digital tools to make security visible, measurable and trusted. *By Daniel de Bomford, Cian O'Neill and Arthur Menkes*

Security is invisible, as much a feeling as it is a state of being. For many, the world is uncertain; an elderly resident locking her door and a shopkeeper lowering the shutters isn't what provides peace of mind. For them, it is knowing that their security service is trustworthy, transparent and intuitive. "That's why our mission is not just to deliver safety but also to provide emotional reassurance—to ensure that people feel secure," ALSOK Representative Director and Group CEO Tsuyoshi Murai said.

ALSOK has been a leading provider of security services for over 60 years and has grown into a corporate group operating one of Japan's largest service networks, evolving into a comprehensive risk management group. Its scope has grown rapidly from on-site guarding services and electronic security to facility management, nursing care and disaster prevention.



ALSOK Thai Security Services Co., Ltd.

As safety and security needs evolve with the advent of an information society, so too do the company's service offerings. DX serves as both a supporting pillar and a way to make ALSOK's invisible security services visible to clients, giving them clear



PT. Shield-On Service Tbk

insights into how the company protects them. "Because security is largely an intangible service, it can be difficult to 'show' customers what we do," Murai said. "By leveraging DX, we can visualize our operations—making it easier for clients to see the value we deliver." By leveraging DX technologies such as AI and IoT, the company can integrate digital tools and devices so staff can perform their duties.

In 2007, the company began expanding outward and has established local subsidiaries in Thailand, Vietnam, Indonesia, India, Myanmar and Bangladesh. Overseas operations are focused on its core business of security, and it is developing local talent to ensure each market receives ALSOK's high standards. "Over time, as these economies mature and the value of human expertise increases, we expect greater demand for integrated 'people + system' security models—similar to Japan's approach," Murai said.

ALSOK tailors its services to the needs of each region. Where adequate fire or crime-prevention infrastructure doesn't exist, it focuses on providing alternative primary response services. Its Indonesian subsidiary, Shield On Service Tbk (SOS), provides about 24,500 personnel to both Japanese and local companies, not only for deploying highly trained local security guards, but also for cleaning and staffing services. Similarly, in Thailand, ALSOK operates two brands. The Japanese-style "Original" and ATS, which features teams trained in the Thai-

style. In India, the company has begun selling electronic security systems and offers integrated facility management services that centrally manage outsourced operations, including on-site security, cleaning and cafeteria management.



PT. Shield-On Service Tbk

For Murai, security is the culmination of a vast array of different elements that work together to provide both a state and a sense of security. ALSOK continues to expand its services into elder care and



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Tsuyoshi Murai,
Representative Director and
Group CEO, ALSOK

facility management, driven by a singular goal. "My vision is for ALSOK to become a trusted problem-solver for society as a whole—a company that contributes to building a safer, more sustainable world."



ALSOK Japan Head Office



ALSOK India Private Limited

Fact Base Reinvents Shop Floors

Fact Base is bringing practical digital transformation to manufacturing SMEs by building a drawing management platform that connects design, production and factory data across global supply chains. *By Daniel de Bomford*



Japan's manufacturing sector remains one of the world's most advanced, yet many small and medium-sized factories still rely on paper, spreadsheets and fragmented systems to manage production. As digital transformation accelerates globally, bridging that gap has become essential for the competitiveness of the country's vast network of SME suppliers.

Fact Base was founded to address this challenge. Led by CEO Masataka Takeuchi, the company provides a cloud platform designed specifically for manufacturers that

operate in complex, high-mix production environments. Rather than building heavy enterprise systems, Fact Base focuses on simplicity and usability for smaller factories.

The company's software centers on a concept it calls drawing management. Manufacturing begins with a technical drawing, and Fact Base's platform uses that drawing as the entry point for managing quotations, production workflows, delivery and invoicing within a single digital environment. The result is a lightweight ERP system that replaces paper



"We focus on providing what people truly need, and not more than that."

Masataka Takeuchi, CEO, Fact Base

processes while preserving the operational knowledge of the factory floor.

Takeuchi said that SMEs want to adopt an ERP. "They have historically given up because there wasn't a product that fit their systems, which were too heavy, too complex, or too expensive," he said.

Looking ahead, the company aims to go further by connecting drawings directly with machine tools and production equipment. "We aim to be an IT company that understands factories better than factories themselves," Takeuchi said.

Fact Base 
<https://fact-base.jp>

Shiga Bank Designs the Future of Regional Growth

As Japan's regional economies confront demographic decline, decarbonization and global competition, Shiga Bank is redefining what a regional bank can be by leveraging digital strategy to strengthen local industry. *By Daniel de Bomford*

Regional banks in Japan were once seen primarily as lenders, tied to local markets and limited in scope. Shiga Bank presents a different model. The company is positioning itself not only as a provider of finance but also as a platform for regional renewal, helping local companies navigate globalization and business transformation.

That approach is shaped by the bank's history. Shiga Bank's outlook draws on the enterprising spirit of the Omi merchants, who built businesses far beyond their home region while returning value to their communities. For President Shinya Kubota, that legacy still defines the institution's role today: to think globally while strengthening the local economy.

This is most visible in its support for Shiga's manufacturers and exporters. As client needs have shifted from low-cost overseas production to sales development, partnerships and regulatory support, the bank has expanded its role accordingly.

The same practical mindset is shaping its approach to DX. Shiga Bank has invested

in building its own internal capabilities first, improving productivity and developing expertise that can later be shared with clients. "We plan to use that expertise to provide consulting and digital solutions to local companies," Kubota said. "Digitalization is expensive and often difficult for SMEs to implement alone."

That gives Shiga Bank greater credibility as an adviser to regional companies, and the bank is build-

ing a platform to tear down the barriers to transformation. In this sense, DX is part of a broader effort to equip local businesses with the tools and support they need to remain competitive.

As it expands support for business succession and strengthens its advisory role, Shiga Bank is broadening the definition of regional finance. Its ambition is not simply to fund local industry, but to help design the conditions under which it can endure and grow.



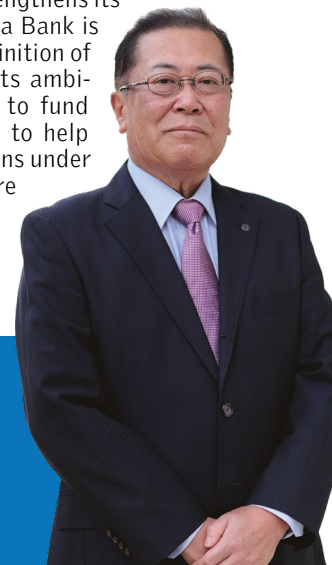
Shiga Bank Head Office

「三方よし」で地域を幸せにする
 Sustainability Design Company

SHIGA BANK

"Globalization for us does not mean simply becoming global ourselves. Rather, our most important role is to serve as a hub that connects various domestic and international business partners."

Shinya Kubota, President, The Shiga Bank, Ltd.
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