



February 10, 2012
Digital Garage, Inc.

NEWS RELEASE

Digital Garage Accelerates Incubation Business on the World Stage by Opening an Incubation Center in San Francisco

Thorough Adoption of the Lean Startup Method Focusing on Agile Development

Digital Garage, Inc. (OSE JASDAQ: 4819, Head Office: Shibuya-ku, Tokyo, Japan, President & Group CEO: Kaoru Hayashi, henceforth "DG") will open its incubation center in San Francisco, California, U.S.A., in the fall of 2012, with the aim of quickly cultivating promising startups.

This incubation center will be the core of our global incubation structure, which smoothly provides all processes, from investment to development support and business cultivation. To be more specific, DG assists the growth of startups discovered throughout the world through its accumulated global investors network. This support is based on "agile development" which has gained attention as a method to efficiently develop Internet services, and "Lean Startup," DG's development support which provides DG expertise accumulated by the operation of the "Open Network Lab," (launched in 2010 with the view of supporting entrepreneurs aiming for the world from Japan).

DG aims to establish an international investment ecosystem by providing complete assistance to these startups as they globally deploy their businesses through Media Incubation Business that DG has been engaged in and the Hybrid Solution Business comprising of settlement and promotion. Incubation centers, also known as "co-working spaces," are increasing in major U.S. cities including San Francisco. DG will be the first Japanese company to enter this area in the U.S.

In preparation for this move, DG has acquired an office building in San Francisco through Digital Garage Development LLC (Head Office: San Francisco, California, U.S.), a wholly-owned U.S. subsidiary of Digital Garage US, Inc. (Head Office: San Francisco, California, U.S., henceforth DGUS). This building is located near Union Square, which symbolizes the heart of San Francisco, and faces Market Street, which runs through the city. DG plans to entirely renovate the first floor and part of the second floor of this eight-story building as its incubation center.

DG US and its subsidiary New Context, Inc. (Head Office: San Francisco, California, U.S., henceforth NC), which holds firms such as EdgeCase, LLC (henceforth EdgeCase) under its umbrella, are slated to reside in the building. Ian McFarland, both NC President and DG Group CTO, is familiar with agile development and Lean Startup and has a wide-range network within the community, which promotes these methods. Influential mentors who will support the companies are also planned to be invited to reside at the incubation center. The other floors are currently leased to excellent tenants, including a listed firm in the high-tech industry. DG is considering the comprehensive utilization of these floors over the medium term for its investment startups and group companies, in accordance with the stage.

NEWS RELEASE

Building Outline

Location	717 – 721 Market Street, San Francisco, CA
Size	Eight floors (including an extension of the first two floors) above ground, total floor area: 81,416 square feet
Purpose	To run the incubation center as a foothold into the U.S. market, to headquarter U.S. entities, to lease office space to tenants
Date of acquisition	February 10, 2012



新DG「グローバル・インキュベーション・エコシステム」の完成



Copyright (C) 2012 Digital Garage, Inc. All rights reserved.

Agile Development

A method to improve development efficiency through software development and verification in weekly cycles.

Lean Startup

A service development method characterized by the building of a business which incorporates customer feedback into agile development. Devised as an effective approach to efficiently develop services with unclear marketability.

NEWS RELEASE

Open Network Lab

An entrepreneur support business for engineers with a global perspective, established by DG, netprice.com Ltd. and Kakaku.com Inc. in April 2010. With the investment of DG and netprice, Open Network Lab became a company in September 2011. Open Network Lab recruits startups who wish to start an Internet business twice a year and offers facilities, servers and mentoring, etc., free of charge to the promising projects.

Some of its major mentors from across the world are (random order):

Joi Ito (Executive Director, MIT Media Lab), Kaoru Hayashi (President & Group CEO, DG), Mikihiro Yasuda (Executive Director, DG), Teruhide Sato (President & Group CEO, netprice.com), Kazuya Minami (Director, DG Incubation), Hitoshi Hokamura (General Partner, First Compass Group), Yoshinari Yoshikawa (Founder, Miselu Inc.), Hiroto Kobayashi (President & CEO, Infobahn, Inc.), Nils Johnson (Co-founder, Beautylish), Atsuhiko Murakami (Senior Executive Officer & Tabelog Chief Director, Kakaku.com), Shingo Yuki (Director, General Manager of Shopping Media, Kakaku.com Division, Kakaku.com), Ray Grieselhuber (Founder, Firewatching Media and Ginzamarkets of the U.S.), Cyril Ebersweiler (Founder, China Accelerator) and Matthew Romaine (Founder, myGengo) (honorifics omitted)

Location: Daikanyama Digitalgate Building 11th floor, 3-5-7 Ebisu-minami, Shibuya-ku, Tokyo

President: Mikihiro Yasuda

Website: <http://onlab.jp/>

Official Twitter: http://twitter.com/on_lab

Official Facebook: <http://www.facebook.com/OpenNetworkLab>