



“Leading the Next 30 Years”
What keeps a
global investor like
Shuhei Abe
transfixed on Wacom

SPARX Asset Management CEO
Abe Shuhei has analyzed countless
businesses and their managers, starting
from his time working under George
Soros. So how does Wacom appear to
an investor of this caliber? His ‘tough but
fair’ comments suggest a confidence
that Wacom has the potential to rank
among the world’s top enterprises.

The Meaning of “Art” in Business

Nobutaka Ide (Nobu): Thank you for joining us today for *The Wacom Story Book*. I’ve really been looking forward to speaking with you. This Story Book is a new project that only began this year. We labeled it a ‘Story Book’ in the hopes that it could be used as a tool for communicating with the stakeholders, a way to share the stories woven by our Wacom digital pen customers, by the many partners creating value with us, and by members of the team. As much as we want our investors and shareholders to read this, we also want to read the story ourselves. When colleagues at Wacom express pride in their jobs and their company, I want the Story Book to capture those sentiments.

Shuhei Abe: When we started our own business as just the five of us, some of my colleagues were ashamed to have made the change from a large corporation to a small, unknown company. I kept repeating that I wanted to turn us into a company that we could be proud of to our family and friends. The desire to work for a company that you can take pride in is universal, no matter if you’re in Japan or abroad.

Nobu: The gathering together of individuals who feel passionate about their work creates great value as a company. Today, I hope you’ll tell us how we can achieve this. The first thing I’d like to talk about is the meaning of “art” in the field of business. When managing a corporation, you need efficiency and productivity if you want to advance towards a set goal along the shortest possible path. I know this is necessary for our society to exist, but at the same time I am also constantly aware of this idea that art, the intuitive side that on first glance may appear frivolous, may actually carry great significance.

Abe: As an investor, I am proud to say that I’m second

SPECIAL CONVERSATION



to none when it comes to the sheer number of business managers I've spoken with. Rather than efficiency or productivity, my axis of judgment as an investor is much more rooted in the intuitive side. What every investor needs is the ability to ascertain value, to find value that others cannot see. It's the same as when you look at something and think, "Wow, that's beautiful." An artist might express their individual sense by turning it into a work of art. The same goes for business. In the case of Wacom, it's all about how to combine the logic of making tools with artistic insights, isn't it? Legendary investor Warren Buffett also refers to himself as a businessman, investor, and artist.

Nobu: Not to mention that you yourself are also a businessman in charge of SPARX Group, an investor, and an artist who paints and creates music.

Abe: Intuition is extremely important. There was a film called *Let It Be* back when I was in high school. It was a documentary that followed the four members of The Beatles as they holed up in a studio to develop their sound. Each artist followed their own intuition while respecting the other band members as things gradually took shape. Only those four could have accomplished that.

Nobu: Even watching *Let It Be*, you can feel the value of the creative process—why they chose to go with this or that chord. I believe that the true value of expression lies precisely there, in the struggle that comes from trying to create something. An ongoing project at Wacom called "KISEKI ART" (➡p. 48_ About "KISEKI ART") is aimed directly at the creative process. It's a new approach that asserts that it isn't only the end product that can be called art, but also the process itself. By assigning value to the creative process, and returning that value to artists and creators, we can expand how many layers are involved in the act of creation. That's the core belief we're committed to on the project.

Abe: It sounds like a new business will be born from this. Back when I was starting out as a securities analyst, word processors had only just started spreading. This ended up causing a revival of the novelist profession. University students and other young authors began to win prestigious literary awards. In other words, the arrival of this new tool brought about an evolution in the creative world. It's that aspect that draws my attention to Wacom. The digital pen has no language barrier, right? And you can share your creations even if you aren't physically in the same space. I'm looking forward to the birth of a tool that can transform the nature of intellectual creativity—one without the limitations of language or spatial constraints.

Nobu: The greatest strength of digital technology is its ability to transcend time and space. I think of it as Wacom's mission to wipe away those two barriers.

A Perspective for the Next 30 Years: Making People Happy

Abe: The best businesspeople are pragmatic. Even while keeping their eye on the future, they know what needs to be done right now. We sometimes get business managers who come in for financing advice talking to us excitedly about something ten years down the line when in reality they are in the red. If they were wise enough at managing their businesses, they ought to be able to turn a profit even at the current stage. You need to work hard and leverage the small things. That's essential.

Nobu: I know what you mean. In *One Thousand and One Nights*, Scheherazade—the wife—risks her life every night, telling King Shahriyar tales so that he will not kill her. Although the King wants her dead, he has no choice but to leave her alive each time out of a desire to hear the rest of the story the next night. It is that accumulation of day after day of intense urgency that results in a thousand-day epic. There was no promise made at the beginning to tell a captivating thousand-day saga; it simply happened that a thousand days of storytelling had passed by the end. It occurs to me that the same could be said of business. To tell a thousand-day story, you have to already be telling a story on day one. I think that "today," with its own kind of

intense urgency, is what leads us into the future.

Abe: If there is a line that divides business and art, it's probably decided by whether or not something has a "now"—the pragmatism of surviving through today. At the same time, we also want to have a sense of mission that looks to the future. Without it, the project never becomes anything more than a mere cash grab. I have witnessed many people who, although their businesses appear successful from the outside, are in fact only out for profit and personal gain.

Nobu: I'd like to hear you go more in-depth on that. Over the last thirty-plus years, you've lived through the so-called "Heart of Capitalism." What kind of connection do you see between you taking the act of creation seriously as an individual while knowing the spirit of capitalism?

Abe: That's a topic I continue to think hard about. Although my view isn't an academic one, I can at least share my experience from these thirty years. The way I see it is that history is indeed cyclical. People say that capitalism is changing, but the world always moves towards its essence. Roughly thirty years ago, the advancement of technology brought the world together as one—this is what we call globalization. The axis of judgment has shifted from one of scale to one of quality. So, what will happen next? The last thirty years have been a time of deflation, where the cost of goods and services has fallen. When prices are lower, more must be sold. Over the next thirty years, the times may change again to an era where value is emphasized over volume. Further, I believe that humanity will be valued before profit. The perspective would be of making people happy—or "profit to humanity."

Nobu: I feel you really do seem to resonate well with Wacom. At Wacom, we've launched a concept of "Meaningful Growth." While of course we aim to maximize



financial growth, the idea behind it was a desire to contribute to human growth. The target is for everyone involved with Wacom to achieve growth in a way that is meaningful to themselves—Wacom's task in this will be to accompany them along the way.

Abe: I share the sentiment. I hope that companies like Wacom, with the potential to become global leaders, can bring products and services to the world without imposing limits on themselves.

A Wish for Wacom. The Ambition to Change the World

Abe: When I was young, I made the acquaintance of renowned investment genius George Soros, and for

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about three years, learned his theories and beliefs about investment while at his side. He was a Hungarian-born Jew who moved to England when he was sixteen years old. That was all just after the conclusion of World War II. In 1992, he sold a huge sum of British pounds. Britain was undergoing an economic recession at the time, and the government had yet to hammer out an effective monetary policy. They temporarily tried propping up purchases to curb the pound's decline, but soon abandoned the effort. As a result of this Sterling crisis (Black Wednesday), the British economy started to show signs of improvement. Soros felt a great debt of gratitude to Britain for providing him with an education. It was a desire to rescue the country from its plight that led him to selling the pound. There are probably people out there who think that Soros engaged in currency speculation in order to make a fortune, but that is absolutely not the case. What he did could be referred to as a "profit to humanity." He was a sole combatant in a fight against the British government. I remember following behind him as he walked the streets of London, and I was deeply moved. I want young people to hold onto aspirations like his, and likewise, I hope that Wacom will carry the ambition to change the world.

Nobu: I'm happy to hear that. I also feel an important sense of mission. We will continue to advance what we at Wacom call the "instruments" that mankind has held in their hands for many thousands of years to shape them into something more "humane." It may sound like delusions of grandeur, but that's what we are prepared to do. Although it may never be welcomed with thunderous applause, I feel that this is the sense of mission that drives you and Mr. Soros.

Abe: I learned so much about that kind of spirit and drive from Soros, not to mention a sense for making it through each day. You might call it the survival spirit. Wacom is the kind of company that allows me to expect such things. As investors, we research over three thousand companies a year, but companies that make me feel this way are few and far between.



Losing Oneself in a Goal Can Bring Happiness

Nobu: I would really appreciate any advice or precautions you have for Wacom.

Abe: I would advise not to let small successes go to your head. When I look at the business managers I most admire, I see that they always excel in their ability to keep the gears turning. They're always thinking about the same thing, and the amount of thought they put in is staggering. What's more, successful companies tend to have a color—or you could call it a sense. This is the color, the sense of the business manager. In that regard, I feel that you, Mr. Ide, meet all the criteria.

Nobu: Am I keeping the small successes from going to my head? Am I putting enough thought in? I'll try to test myself with these questions.

Abe: And finally, you have to be thinking "honorably." That's essential. Some business managers who appear successful may not actually be thinking honorably, but society is watching their actions. Business is inherently about dealing with people. In that sense, the world is fair. A company that thinks honorably should be able to last for quite some time. Wacom deals in software referred to as digital ink, but there is something real in that. There's also no language barrier. Now that the U.S.-centric economy is said to be on its way out, the time has come for Japan to

Shuhei ABE

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Born in 1954 in the city of Sapporo, Hokkaido, Abe graduated from the Faculty of Economics at Sophia University in 1978 before obtaining an MBA from Babson College in 1980. After returning to Japan, he started working at Nomura Research Institute, Ltd., where he conducted individual company research of Japanese stocks as a corporate research analyst. In 1982, he headed off to Nomura Securities International (New York) where he was engaged in the sales of Japanese stocks to States-side institutional investors. He founded Abe Capital Research in New York in 1985. While providing investment management and advisory services for Japanese equity investments through Western funds such as George Soros's Quantum Fund, Abe also conducted asset management for European and U.S. personal asset owners. He returned to Japan in 1989 to found SPARX Investment Advisors (now SPARX Group Co., Ltd.), which was listed in 2001. In 2005, he completed an AMP at Harvard Business School. In 2011, he was appointed to the Japanese government's Energy & Environment Council as a member of the Cost Verification Committee, and in 2012 as a member of the Supply and Demand Verification Committee. Also in 2012, he was appointed to the Risk Advisory Committee of Japan Bank for International Cooperation (JBIC). In his private time, he likes to write lyrics, compose music, play the guitar, and paint.



figure out where it stands. A day may come when future generations recognize Wacom as one of the companies that led the way forward.

Nobu: Thank you. The human palm is an organ with a massive number of nerves running through it. Once upon a time, doctors referred to it as "no man's land" because the structures were deemed too complex to risk taking a scalpel to. We at Wacom take pride in making instruments to be used by the human palm, and we strive never to forget our mission to offer even greater experiences and value than before.

Abe: Economies in Europe and the Americas are judged by statistics and numbers. During the past forty years, there has been hardly any investment made in the name of creating goods in the U.S., and the economy has been fixated on consumption. Consumer goods are sold, bought, and thrown away. This is the way the U.S. economy has prospered. It is also how China will likely become. But what will Japan do? If we can create real value in a way no one had imagined, then people will gain the ability to be more creative. As it turns out, we're happier when we're working creatively.

Nobu: We have also been thinking about the sensation of trance-like immersion—the feeling of being totally absorbed in something. You lose sight of your surroundings, and it can be quite risky in terms of an organism's survival. Still, the fact that we're all equipped with such a sensation must have some meaning, don't you think? Whether it's time to learn something or time to create, this realm of immersion is something that we can recreate through our technology. This is the aim of Wacom, the dreamer's tool shop. I also believe it's important to know when enough is enough. Those words might raise objections among those who

live a lifestyle of semi-permanent financial growth in the Heart of Capitalism, but the "enough" I'm envisioning is of a different sort. I don't mean to say that we should give up on the prospect of further growth or impose limitations on ourselves, but instead I want us to ask ourselves—to prepare ourselves—what it is we really need, and what should we leave behind? I believe it is important for us to identify what values are truly essential and to exhibit the willingness to strive to achieve them.

Abe: I feel the same way. I hope that a company like Wacom, under the guidance of a unique leader and outfitted with technology that can stand alongside the world's best, will take a more aggressive stance and not simply say that enough is enough. Very soon now, we will witness the rise of the companies that will define the next thirty years. I believe that Wacom could be among them. I am very glad that I could join you here today. Thank you very much.

Wacom can become one of the companies

that define the next thirty years.