Chapter 4
A Case Study of a Three-Part Entrepreneurial Strategy in a Japanese Accounting Cloud Service

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ABSTRACT
The purpose of this chapter is to clarify a three-part entrepreneurial strategy in a Japanese accounting cloud service with two-sided markets and freemium. The service provider established its platform as one of industry platform in Fintech and made its initial public offering in five years since its entrepreneurship. The authors studied the service provider and obtained three findings. First, the service provider dares to adopt its cloud platform with single architecture. Second, it builds up its service platform with two business strategies, two marketing strategies, and two management of technology. Third, the integration of these strategies becomes a three-part entrepreneurial strategy, which realizes economies of scale and scope cyclically. Finally, it realizes agglomeration economies in the service platform. Therefore, start-up with two-sided markets and freemium not only dares to design its service platform with single architecture but also should build up the three-part entrepreneurial strategy to formulate service platform as market before building up its business ecosystem.

INTRODUCTION
A cloud service is an information processing platform. It consists of end-users, players to supply complementary resources, and players to intermediate its services in a platform. Thus, a cloud service builds a business ecosystem and one of the important social infrastructures. High-tech start-ups “unicorn,”
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whose corporate value break over $1 billion, has been developing a new type of industrial platforms utilizing cloud computing.

In the global market, start-ups create new financial cloud services in the financial sector. A term “Fintech” combines two terms of “Financial” and “Technology.” Fintech is the digital (r)evolution in the financial sector and algorithm-based banking with the human touch (Dapp, 2014). Some pieces of financial services are provided by high-tech start-ups. These high-tech start-ups have been developing niche and riche financial services rapidly on a service platform utilizing financial engineering and ICT technologies.

In Japan, a new type of accounting cloud services had started in 2013. These accounting cloud services provide an accounting book service for individuals and enterprises. The customers of these services can manage their own daily income and expenditure on the accounting cloud service. In October 2017, one of Japanese accounting cloud service made an initial public offering in only five years since its entrepreneurship.

The objective of this study clarifies a three-part entrepreneurial strategy in a Japanese accounting cloud service with two-sided markets structure and freemium business model in Fintech service industry in Japan.

RELATED WORK

In this section, this paper fills key research gaps in the existing literature: service science, innovation, social network, platform strategy, and network economy.

Service Science


IBM developed a vision of a multidisciplinary approach called SSME (Services sciences, Management and Engineering), defining it as the application of scientific, management and engineering disciplines to create knowledge and develop solutions for service problems (Stauss, B., Engelmann, K., Kremer, A., & Luhn, A., 2007). Research of SSME needs to integrate the perspectives of management and marketing on the one, as well as IT and engineering sciences along with social sciences on the other (Stauss, B., Engelmann, K., Kremer, A., & Luhn, A., 2007). It also needs to consider other academic disciplines: economics and law, operations research, industrial engineering, computer science, MBA and management consulting, management information systems and knowledge management, organizational studies and organizational learning, urban planning, ecosystem services and nature’s services, complexity science and complex adaptive systems for social systems research (Spohrer, 2007). More often than not, service research is confronted with a lack of data and short time series, which hampers the development of rigorous econometric analysis and thus also weakens the explanatory power of the results (Stare & Rubalcaba, 2007).