



SaaS Annual Report

2024-2025

Redefining SaaS in the AI Era: Finding the Path to Success in 2025

In 2024, amid advancing AI technology and rising expectations, the phrase “SaaS is dead” gained attention. Is SaaS really coming to an end?

When the emergence of AI agents makes it possible to mass-produce software, oversupply and price competition will be inevitable. SaaS solutions that are not a must-have for users will be quickly eliminated. The Japanese SaaS industry, which has been somewhat idyllic until now, will be forced to confront the fundamental value of its products, entering a period of survival of the fittest.

This change signifies a major shift in the very rationale of SaaS, and entrepreneurs, investors, and all other stakeholders will be pressed to rethink their existing approaches.

How will conventional SaaS merge with AI? 2025 will be a turning point that sets the future direction.

At the same time, I would like to warn against AI as a buzzword becoming an end in itself.

With overseas companies already dominating AI infrastructure, we should take a strategic and level-headed approach to identify areas where Japanese startups can win.

We believe that there is a path to success in the vertical domain, where AI technology can be harnessed to address labor shortages in regional industries, capitalizing on the fact that Japan is ahead of

the curve in depopulation with the workforce shrinking at the fastest pace in the world.

The domestic SaaS industry has entered a mature phase, with 12 companies surpassing ARR of JPY 10 billion and the top player achieving JPY 40 billion. Leading companies continue to accelerate growth, with post-IPO ARR growth (CAGR) exceeding 25%, far surpassing initial expectations.

The key challenge moving forward is how to increase the number of such unicorn-scale companies.

This year, the Tokyo Stock Exchange presented upcoming revisions in continued listing criteria for the Growth Market. Companies that fail to reach a market capitalization of JPY 10 billion within five years from IPO will be delisted under the new policy.

To meet this threshold, companies will need to grow their businesses even faster than before, making IPOs even more challenging. Going forward, we expect to see more early-stage startups discussing M&A options, both as buyers and sellers.

This report provides an overview of the current state and changes in the SaaS market and includes the latest data to support decision-making. The “Overview” section outlines the current state of the SaaS market, followed by “Feature 1: Funding for SaaS Startups,” and “Feature 2: The Current State and Winning Strategies of Domestic AI Startups.”

Amid accelerating shifts in technology and capital markets, Japan faces a number of challenges, including a shrinking workforce and industrial restructuring.

The question now is whether startups can provide new value to address these challenges.



FIRSTLIGHT Capital
Managing Partner & CEO

Osamu Iwasawa

Under the theme of “Creating innovation in a depopulating society,” Osamu leads startup investment and business growth support at the intersection of legacy industries and technology.

Before joining Uzabase in 2011, he worked in equity research at Lehman Brothers and M&A advisory and turnaround management at Nomura Research Institute. As an executive officer of Uzabase, Osamu led business development and the overseas launch of SPEEDA, and was involved in Uzabase’s IPO. After serving as Head of Asia business in Hong Kong, he returned to Japan and founded UB Ventures in 2018. He has an M.E. in Civil Engineering from Keio University.

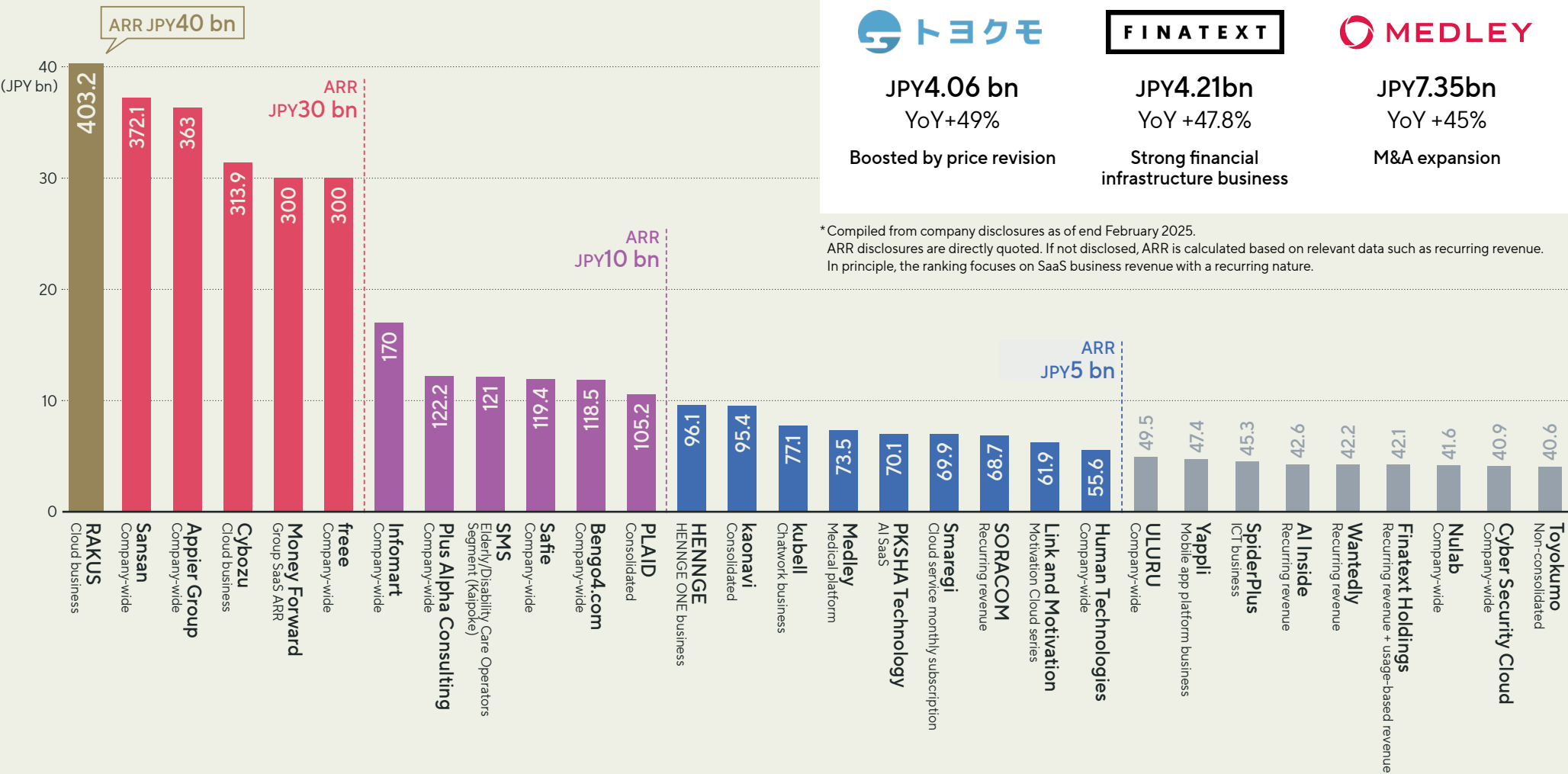


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Top domestic player achieved ARR JPY40 billion.
12 companies exceeded JPY10 billion.

Top listed SaaS companies in Japan by ARR (Feb. 2025)

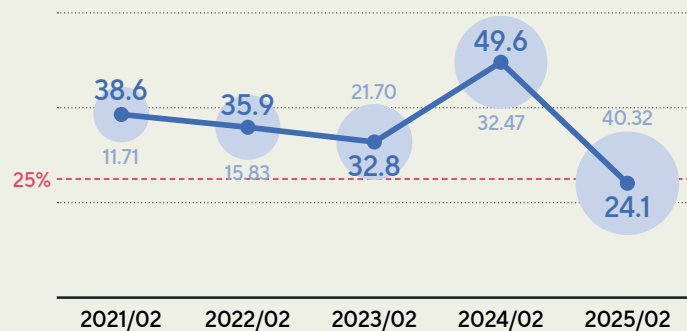


Top 5 SaaS companies keep YoY 25% growth even beyond ARR JPY10 billion

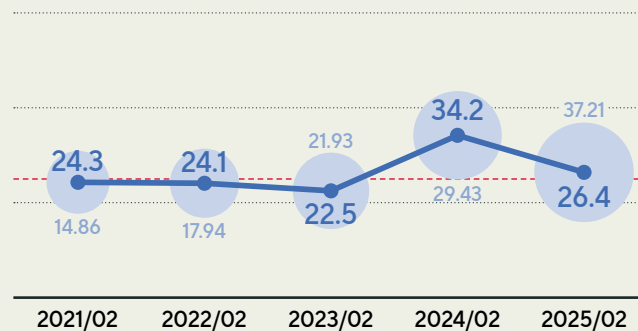
ARR and growth rate of last 5 years

— ARR growth (%) ● ARR

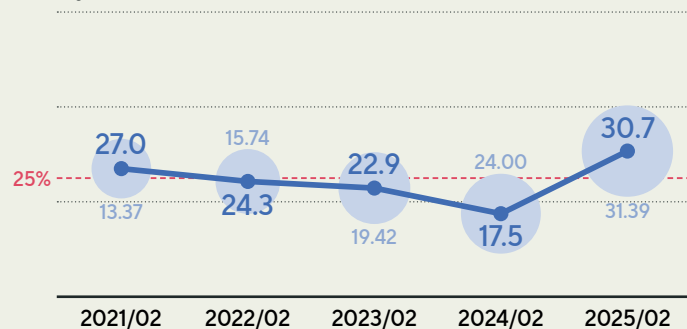
RAKUS



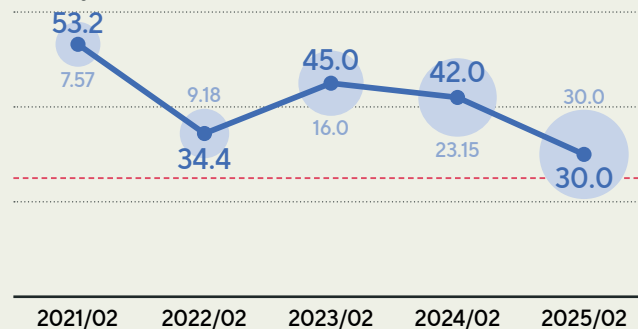
Sansan



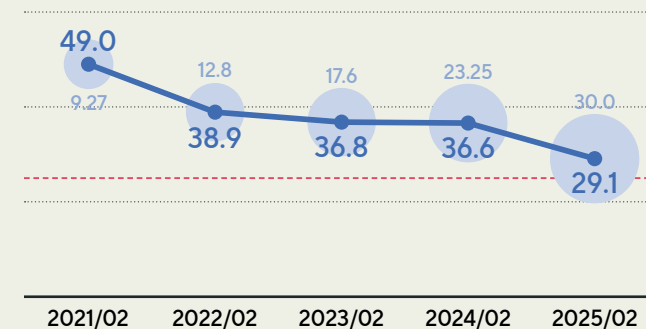
Cybozu



Money Forward



freee



Criteria for continued post-IPO growth

The gap in ARR between top and lower-ranked SaaS companies is widening. The top five, led by RAKUS and Sansan, have maintained a five-year CAGR of over 25% after surpassing JPY10 billion, demonstrating their ability to sustain growth. We compiled a checklist of the initiatives they have been implementing since before their IPOs.

*Money Forward's ARR shows the recurring revenue of Businesses (corporate + individual) + X until the fiscal year ended February 2022, and the group ARR from March 2022 onwards.

SaaS startup checklist for continued growth

☐ Multi-product strategy
Grow beyond single SaaS.
Expand to adjacent areas

☐ New products
Apply core technology and
operation to new domains

☐ Stickiness
Low churn & continuous
price revision

☐ Move upmarket
Expand features to capture
mid-sized & large enterprises

☐ Harness external resources
Have the capability to execute
process from M&A to PMI

Average PSR stayed in the range of 4-6 in 2024.
Profit-making companies are in a phase where PER is also watched.

Average PSR of 28 listed SaaS companies



PSR of 5 is not “cheap.” Also look at comparison of profit indicators.

In 2024, the PSR (price-to-sales ratio) of SaaS companies listed in Japan shifted between 4 and 6. While significantly down from the high levels seen in 2021, it is not extremely undervalued relative to general stock market indicators.

Companies such as RAKUS, which has prioritized profitability from an early stage, and eWeLL and Toyokumo, which boast high market shares in specific fields, are posting solid profits. The PERs (price-to-earnings ratios) of these companies sometimes exceed the Nikkei average and even those of quality stocks with premium valuations, indicating a certain level of recognition in the current market environment.

As SaaS companies enter a stage of maturity, valuation based on profitability will also be important going forward. (stock price as of March 5, 2025)

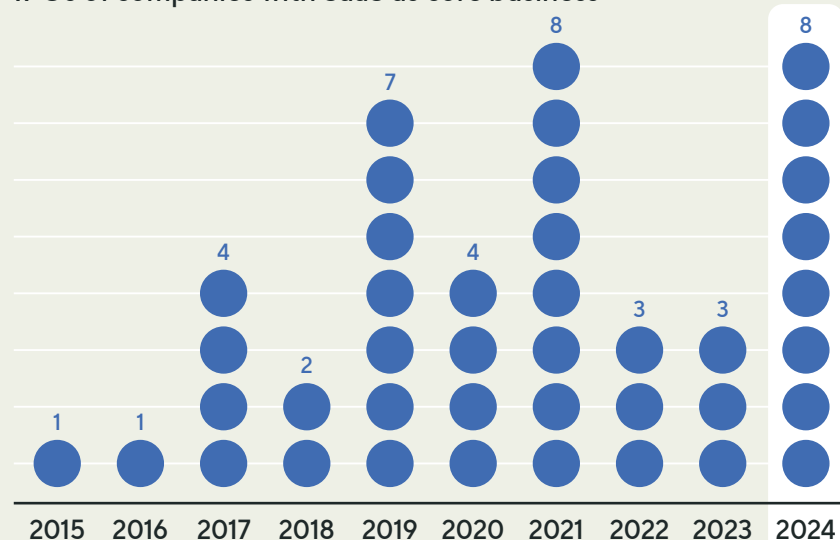
Company projections

	PER	Net profit margin (%)
Nikkei average PER	15.0	-
RAKUS	46.6	15.1
eWeLL	30.9	31.1
Toyokumo	24.5	23.9
Cybozu	21.8	16.4
Temairazu	19.6	44.7

IPO numbers are recovering, but the majority are small deals.

From 2025, IPOs are expected to decrease with the JPY10 billion market cap threshold.

IPOs of companies with SaaS as core business



IPO of SaaS companies in 2024

			ARR at IPO	Market cap based on offering price	PSR (at time of offering)
GVA TECH	Development/provision of legal tech services	Dec 26, 2024	JPY 620 mn	JPY 3.2 bn	2.7
al+	Development of personal AI "P.A.I.," development/provision of SaaS tools such as AI meeting minutes	Oct 11, 2024	undisclosed	JPY 180 mn	3.2
OPRO	Cloud services such as document DX and subscription management service "Soasc"	Aug 21, 2024	JPY 1.5 bn	JPY 2.9 bn	1.3
CAULIS	cloud-type access detection service for enterprises	Mar 28, 2024	JPY 1.06 bn	JPY 9.3 bn	6.8
Thinca	Development/sale of communication platform "Kaikura"	Mar 27, 2024	JPY 890 mn	JPY 4.2 bn	3.1
LISB	Development of DX services such as "direct," a business chat tool for field workers	Mar 26, 2024	JPY 1.33 bn	JPY 5.9 bn	3.5
SORACOM	Development/provision of IoT platform "SORACOM"	Mar 26, 2024	JPY 5.38 bn	JPY 37.6 bn	4.7
Cocolive	Development/provision of "KASIKA," an automation tool for real estate marketing	Feb 28, 2024	JPY 1.04 bn	JPY 5.2 bn	5.0

Later-stage SaaS companies avoid rushing into IPO

In 2024, there were 8 IPOs by domestic SaaS companies, a major increase from the previous two years. In terms of scale, the largest was SORACOM, which drew attention with its swing-by IPO from KDDI, with a market capitalization of JPY37.6 billion based on the offering price.

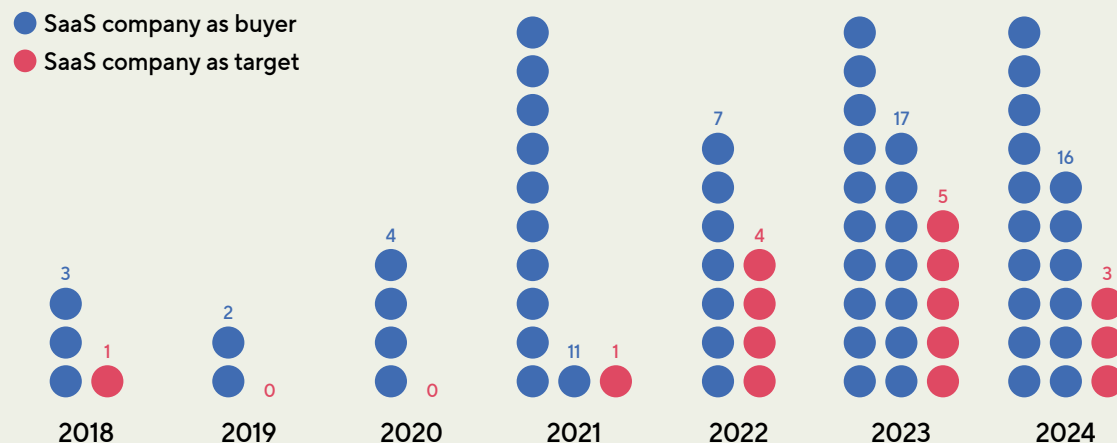
Normally, companies that raised funds in late 2020 and 2021 would be expected to go public around this time, but many seem to be holding back due to sluggish stock prices. SmarTHR, for example, is intentionally staying private despite having a sufficient size for IPO after raising JPY21.4 billion in its Series E funding round.

*Thinca ARR is total of MRR disclosed by the company *SORACOM ARR refers to recurring revenue of fiscal year ended Mar 2024

*Cocolive ARR is calculated as [MRR as of end May 2024] x12



M&A market remains active from the previous year. Acquisitions by startups are also increasing.



Main M&A deals of Japanese SaaS companies in 2024

Buyer	Release Date	Target	Target business	Feature	percentage of voting rights acquired (%)
Asuene	2024.12.10	Anyflow	Automation solution for SaaS API integration	M&A among startups	100
Money Forward	2024.11.13	Outlook Consulting	Budget management system	M&A by TOB, ERP integration	60
NTT sonority	2024.11.12	BONX	On-site communication	Alliance acquisition by large corporation	Made into subsidiary
PeopleX	2024.11.12	Active Connector	Global talent recruitment service	M&A by early-stage startup	100
KUZEN	2024.5.20	AlfaCom	IT solutions	M&A by startup	100
ANDPAD	2024.4.30	COMVEX	MA specializing in housing / real estate industry	Diversification in construction domain	100
Sundai	2024.4.8	atama plus	AI-powered education service	Secondary acquisition by business corporation	35.5

Notable deals in 2025

2024 saw a number of M&A activities involving SaaS companies. Late-stage startups such as Asuene and ANDPAD announced acquisitions to expand business domains. Notably, companies are looking to integrate businesses offering synergies for business expansion.

Meanwhile, atama plus, which had been reporting slowing growth, saw 35.5% of its existing shares acquired by Sundai, a major prep school organization, from a venture capital firm. Amid a growing interest in secondary transactions by business entities, similar deals are likely to increase in the future.

In 2025, PE fund Carlyle launched a TOB for kaonavi. Private equity involvement is also increasing, diversifying the capital policy options available to SaaS companies.

1. kaonavi to be privatized through TOB

CARLYLE ⇒ kaonavi

Acquisition of listed company by PE following Uzabase in 2023. TOB at JPY49.7 bn to be delisted

2. QUANDO acquires local construction business

QUANDO ⇒ 株式会社南都技研

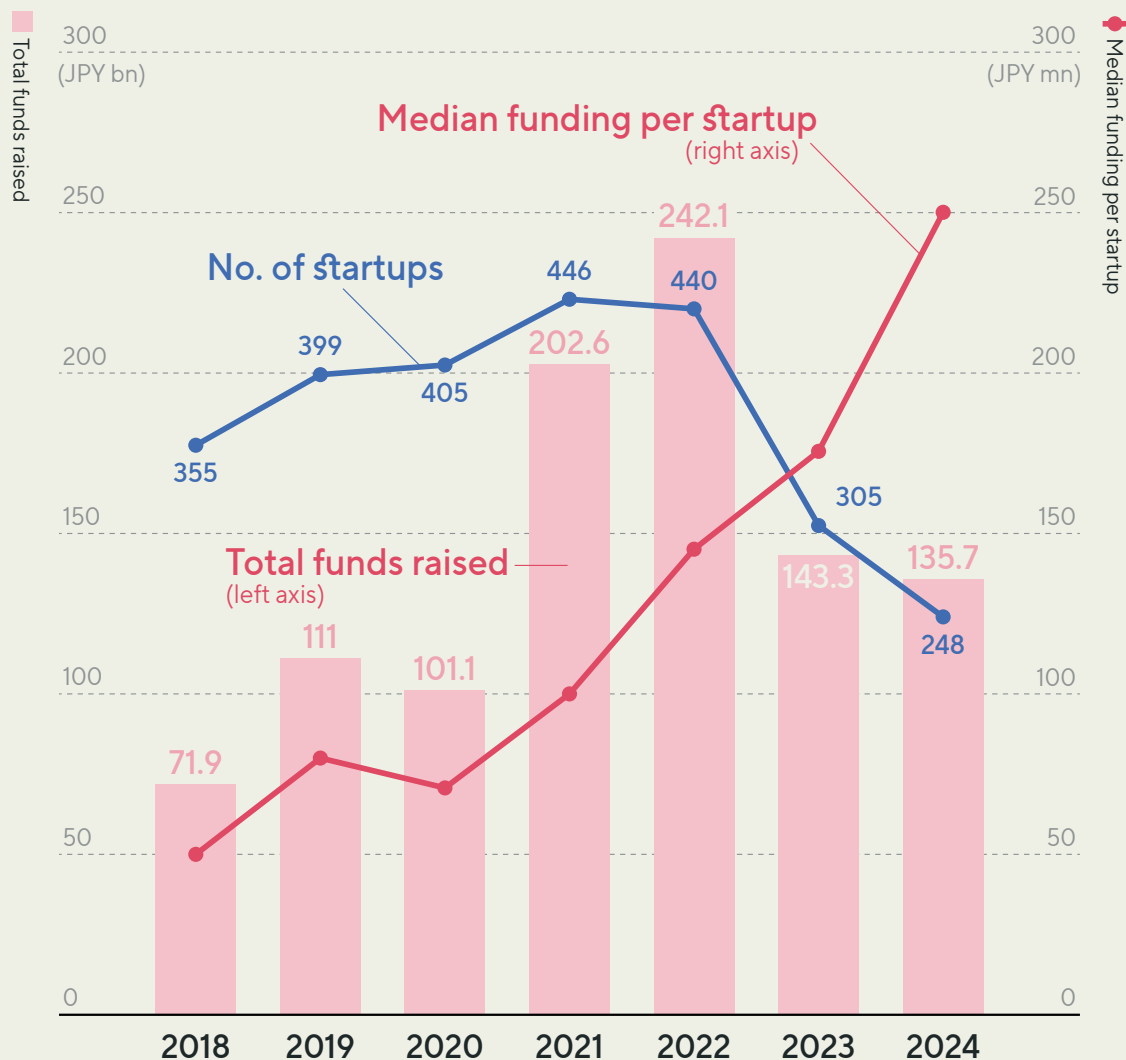
Acquisition of regional construction company by startup. Aiming for industry reform through X technology

3. enpay joining GMO PG group

GMO PAYMENT GATEWAY ⇒ enpay

Acquisition by GMO PG to accelerate synergy in Fintech x SaaS platform

Number of companies financed and total funds raised among Japanese SaaS startups



SaaS investments in 2024 were flat YoY Rounds are shifting to later stages

The total amount of funds raised by SaaS companies in 2024 was JPY135.7 billion, a slight decrease from 2023. This trend mirrors the overall startup landscape, with SaaS maintaining its share at approximately 17.4% from the previous year.

The median funding amount per deal was JPY250 million, continuing an upward trend. This is attributed to the maturation of growth-stage companies, a decrease of early-stage startups, and serial entrepreneurs raising significant funds from the seed stage. Looking ahead, there is growing anticipation for companies transforming legacy industries and AI-native startups.

Large-scale fundraising deals observed in 2024

Company	Round date	Funds raised	Valuation
SmartHR	July 2024	JPY10 bn	JPY184.1 bn
Dinii	Oct 2024	JPY7.4 bn	JPY28.4bn
Loglass	Aug 2024	JPY7 bn	JPY26.7 bn
CBcloud	Jan 2024	JPY4.9 bn	JPY49.9 bn
hacomono	Nov 2024	JPY4.3 bn	JPY27 bn

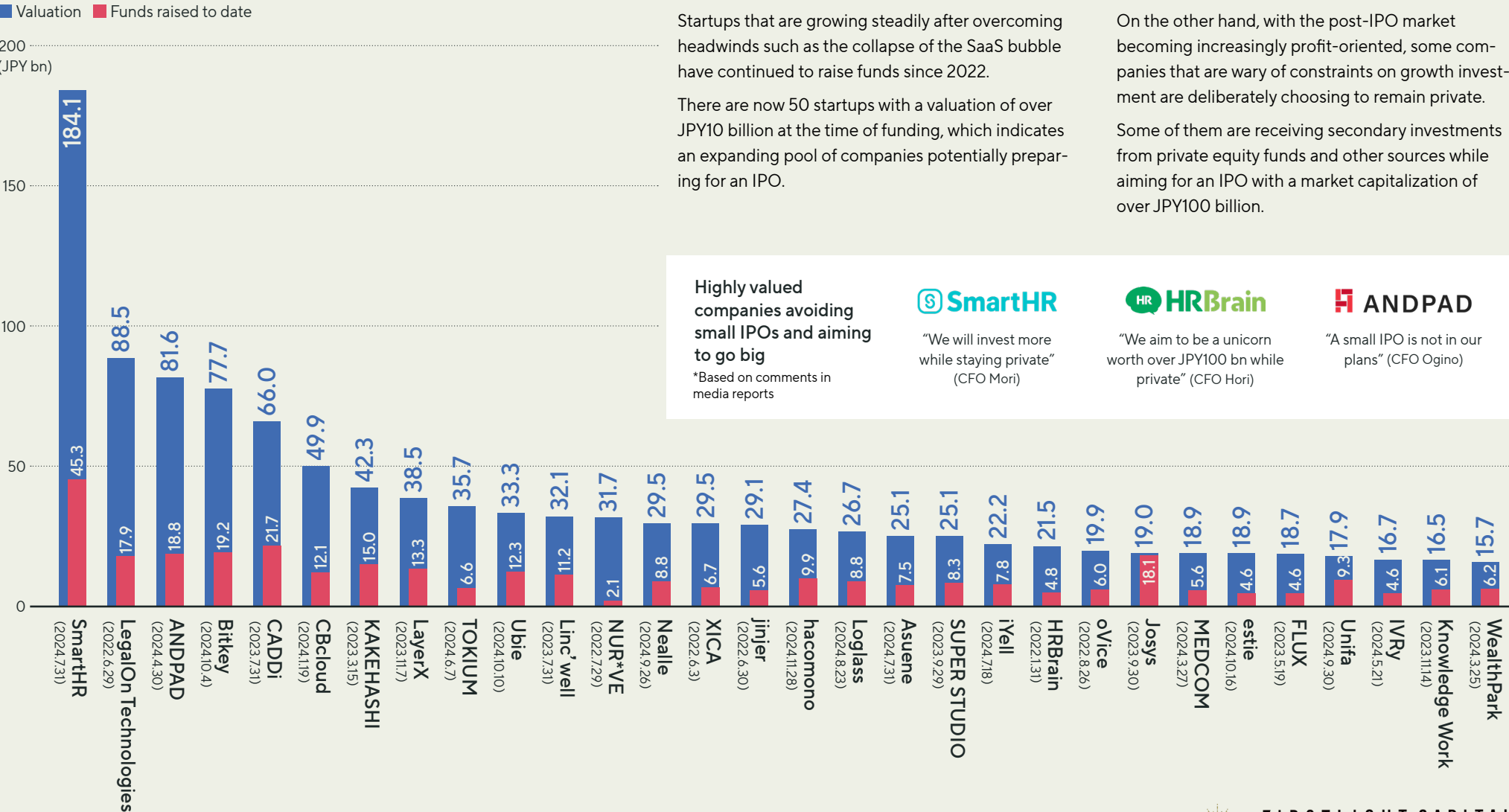
*Compiled by FIRSTLIGHT Capital based on Speeda Startup Insights data

*Includes funds raised through share issuance; excludes loans and secondary transactions.

*Company valuations are estimations at time of financing.

50 SaaS startups exceed JPY10 billion in valuation. Expectations are high for much-awaited major IPOs.

Top 30 SaaS startups by valuation (companies that have raised funds since 2022)



Searching for the optimal timing of IPO

Startups that are growing steadily after overcoming headwinds such as the collapse of the SaaS bubble have continued to raise funds since 2022.

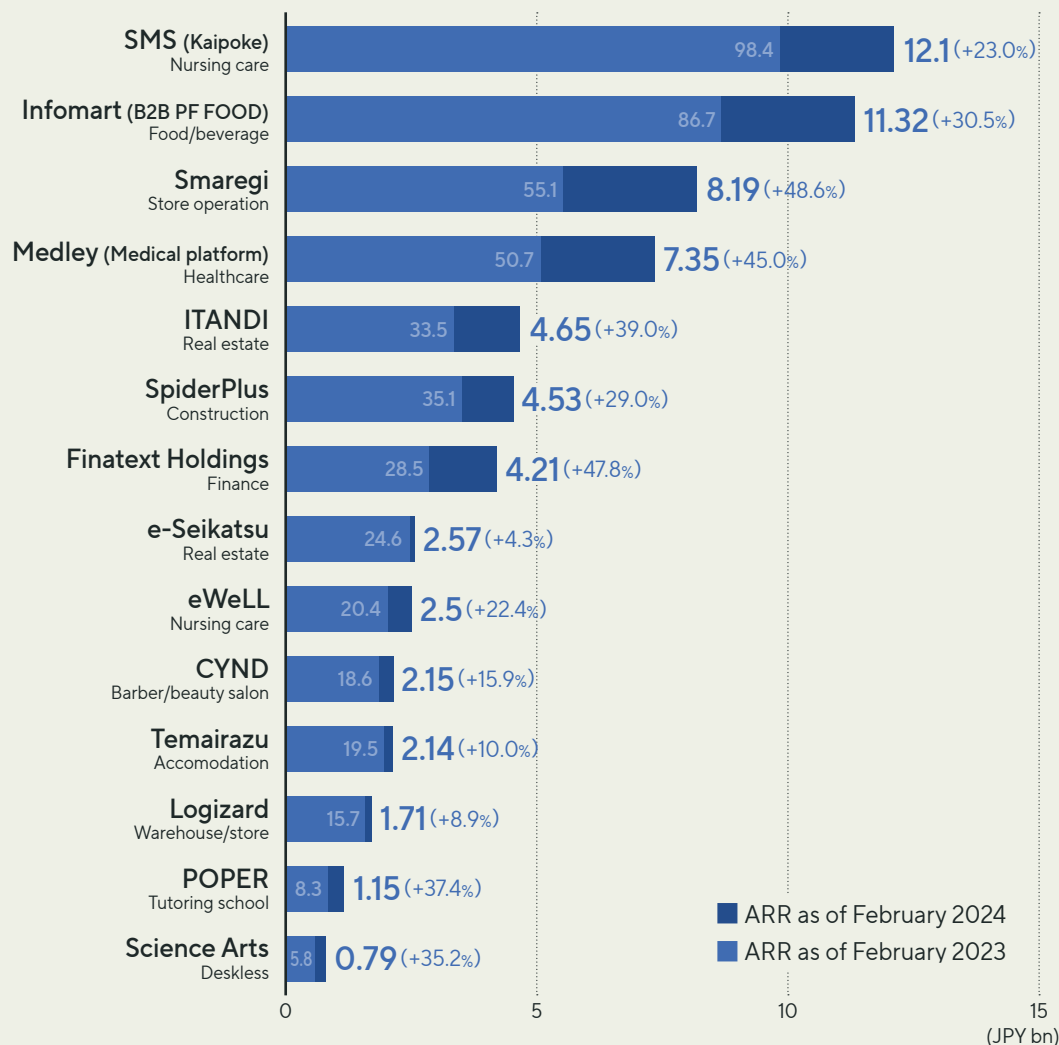
There are now 50 startups with a valuation of over JPY10 billion at the time of funding, which indicates an expanding pool of companies potentially preparing for an IPO.

On the other hand, with the post-IPO market becoming increasingly profit-oriented, some companies that are wary of constraints on growth investment are deliberately choosing to remain private.

Some of them are receiving secondary investments from private equity funds and other sources while aiming for an IPO with a market capitalization of over JPY100 billion.

SMS (Kaipoke) and Infomart (B2B PF FOOD) achieved ARR JPY10 billion through multi-product development and M&A.

Top listed vertical SaaS companies by ARR



SaaS expanding across industries, giving rise to high-multiple companies

An increasing number of SaaS companies are reaching JPY10 billion in ARR, considered an indicator of growth, in vertical domains as well.

The top runner in ARR is SMS (Kaipoke), which offers services for care providers. In addition to its SaaS used at about 54,000 locations, financial services like factoring and non-SaaS businesses also make significant revenue contributions.

Other top ARR performers are expanding through M&A of startups, such as Infomart acquiring TANOMU and Smaregi acquiring Royal Gate.

Vertical SaaS is often able to keep SG&A expenses (such as advertising and promotional costs) low compared to general SaaS. As a result, companies like eWeLL and Temairazu, which have established high market shares in specific domains, maintain high profit margins and multiples.

Furthermore, cloud systems are becoming increasingly common in key domestic industries, such as SpiderPlus for the construction industry and Finatext Holdings for the financial industry. Vertical SaaS is expected to continue expanding into various industries in 2025 and beyond.

Vertical SaaS companies with high profitability and valuation

*Stock price as of Mar 5, 2025

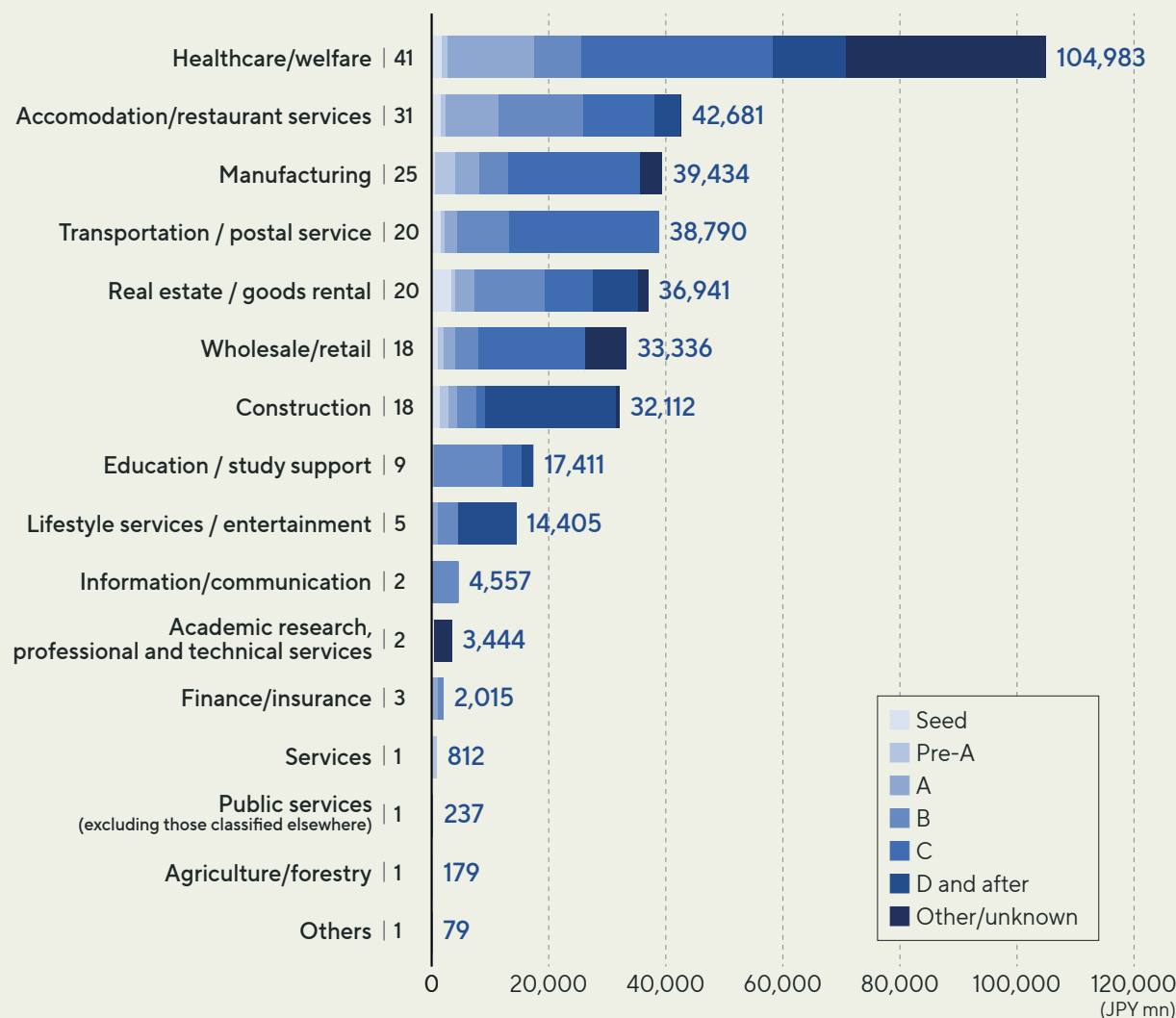


OP margin 44.2% PSR 9.3x

OP margin 73.0% PSR 8.6x

Major fundraising with overseas investors, global expansion... New types of dynamic action are drawing attention.

Total funds raised in vertical SaaS, by industry and round



Shift of investment phase in vertical SaaS

Up to now, the adoption of SaaS has been advancing mainly in small businesses and end users in consumer-oriented sectors such as healthcare, welfare, store operation and retail.

On the other hand, it is worth noting the recent emergence of startups targeting Japan's core industries, such as construction and manufacturing, with several cases of large-scale funding from overseas investors.

CADDi, which has pivoted from an order management platform to a drawing management SaaS, is achieving T2D3 growth primarily in the domestic market while also expanding overseas in earnest, particularly in the United States.

Will Japan's major industrial sectors give rise to globally competitive SaaS players? Expectations are high for the outcome.

Funds raised from overseas investors

	Company	Investor
Mar 27, 2025	CADDi	atomico (lead investor)
Oct 25, 2024	Leaner	Bessemer Venture Partners
Sep 26, 2024	Dinii	Bessemer Venture Partners (lead investor)
Aug 8, 2024	Nealle	Keyrock Capital Management

First release

Feature 1

SaaS Startup Fundraising Analysis

The FIRSTLIGHT Capital research team took a deep dive into the finance records of about 500 SaaS startups that have raised funds so far.

The following pages illustrate quantitative benchmarks and key points in fundraising.



Speeda

Startup Insights

[Quantitative analysis of rounds] Aggregated 1,180 funding records to provide a profile of each funding round



Series recorded in Speeda Startup Insights	Seed		Series A	Series B	Series C	Series D	Series E
	Seed	PreA*					
No. of rounds	349	107	320	216	126	45	16
Median valuation	JPY200 mn	JPY760 mn	JPY1.22 bn	JPY2.9 bn	JPY5.0 bn	JPY9.2 bn	JPY17.49 bn
Median funds raised	JPY55 mn	JPY160 mn	JPY250 mn	JPY460 mn	JPY770 mn	JPY1.14 bn	JPY1.68 bn

■ Aggregated SaaS startup valuations and median funds raised in each funding round

FIRSTLIGHT Capital collaborated with Speeda Startup Insights to aggregate and analyze quantitative data on funding by SaaS startups since 2016.

While there is no clear definition of funding rounds in the disclosures by each company, this analysis adopts the criteria established by Speeda in 2023.

This table is published for the first time to provide a clear understanding of the

scale of each round based on actual data.

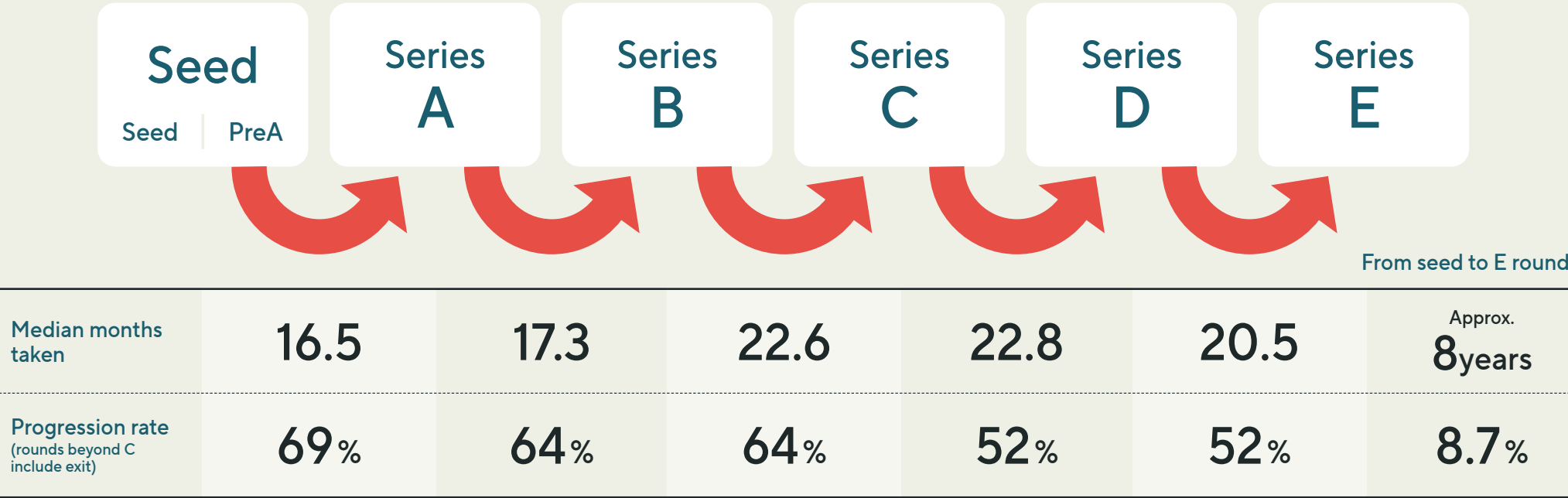
We hope this analysis serves as a useful reference for companies and entrepreneurs who consider future financing and helps SaaS startups in developing their capital policies. We plan to continue updating this analysis on an ongoing basis.

*Aggregated by FIRSTLIGHT Capital based on Speeda Startup Insights data
*Aggregation method: FIRSTLIGHT Capital selected SaaS startups from the funding records in Speeda Startup Insights and aggregated the funds raised since 2016.
Since there is no PreA round setting in Speeda, FIRSTLIGHT Capital aggregated data separately based on sources such as the issuer's disclosures.

[Progression rate / days] Need to set appropriate runway to progress to the next round



Median period and ratio of progressing to each funding round



Average period and percentage of SaaS startups raising funds and progressing to the next round

Based on data on funding, M&A, and IPOs observed since 2016, we compiled the progression rate between funding rounds and the median time required to advance to the next round. The results show that while the time taken to advance to the next round varies slightly by phase, it generally ranges from 16 months (495 days) to 22 months (685 days), which is largely consistent with the previously recognized runway timeline.

Based on past records, it would take approximately eight years from seed funding to Series E. In addition, the "rate of progression within two years" in each round is 52-69%, and less than 10% of all companies ultimately reach Series E (including exit) from seed funding. These numbers illustrate how companies are navigating narrow channels in their path towards IPO.

*Aggregated by FIRSTLIGHT Capital based on Speeda Startup Insights data

What to achieve by each funding phase:How can startups overcome the roadblocks that appear with business growth?



	(Seed stage)	(Early stage)			(Middle/later stage)	
	Seed	PreA	Series A	Series B	Series C	Series D~
Benchmark MRR	—	- JPY5 mn	JPY5 - 10 mn	JPY20 - 30 mn	JPY50 mn-	JPY100-200 mn
Business phase Theme	<div>Validate product hypothesis</div> <div>• Release beta product</div> <div>• Validate user pains</div> <div>• Establish intrinsic value of product</div>	<div>Building foundation from PMF to GTM</div> <div>• Establish initial users</div> <div>• Build CS/marketing structure</div> <div>• Expand sales channels</div>	<div>Growth investment and new business development</div> <div>• Invest in growth (marketing/hiring)</div> <div>• Establish unit economics</div> <div>• Develop new business</div>	<div>Enhance product offering</div> <div>• Achieve profitability of existing business</div> <div>• PMF and cross/up-selling of new business</div> <div>• Make replicable growth investments</div>	<div>Establish business portfolio</div> <div>• Strengthen management structure</div> <div>• Shift to business portfolio management</div> <div>• Disciplined investment allocation</div>	<div>Strengthen organizational governance</div> <div>Prepare for IPO</div> <div>• Strengthen management/governance structure</div> <div>• Plan capital policy with IPO in mind</div>

Collapse of founding team!?

【1st Bottleneck】

- Failure to establish GRM strategy, causing MRR to stagnate around JPY5 mn
- Conflict among founding members, leading to organizational collapse

Lost sight of IPO!?

【2nd Bottleneck】

- Failure to create multilayered product/service offering
- Struggle to build management structure with business unit leadership

*Contents of this page describe the original views of FIRSTLIGHT Capital and do not represent common views on venture capital investment in general.

Feature 2

Japan's AI Startups: Status and Paths to Success

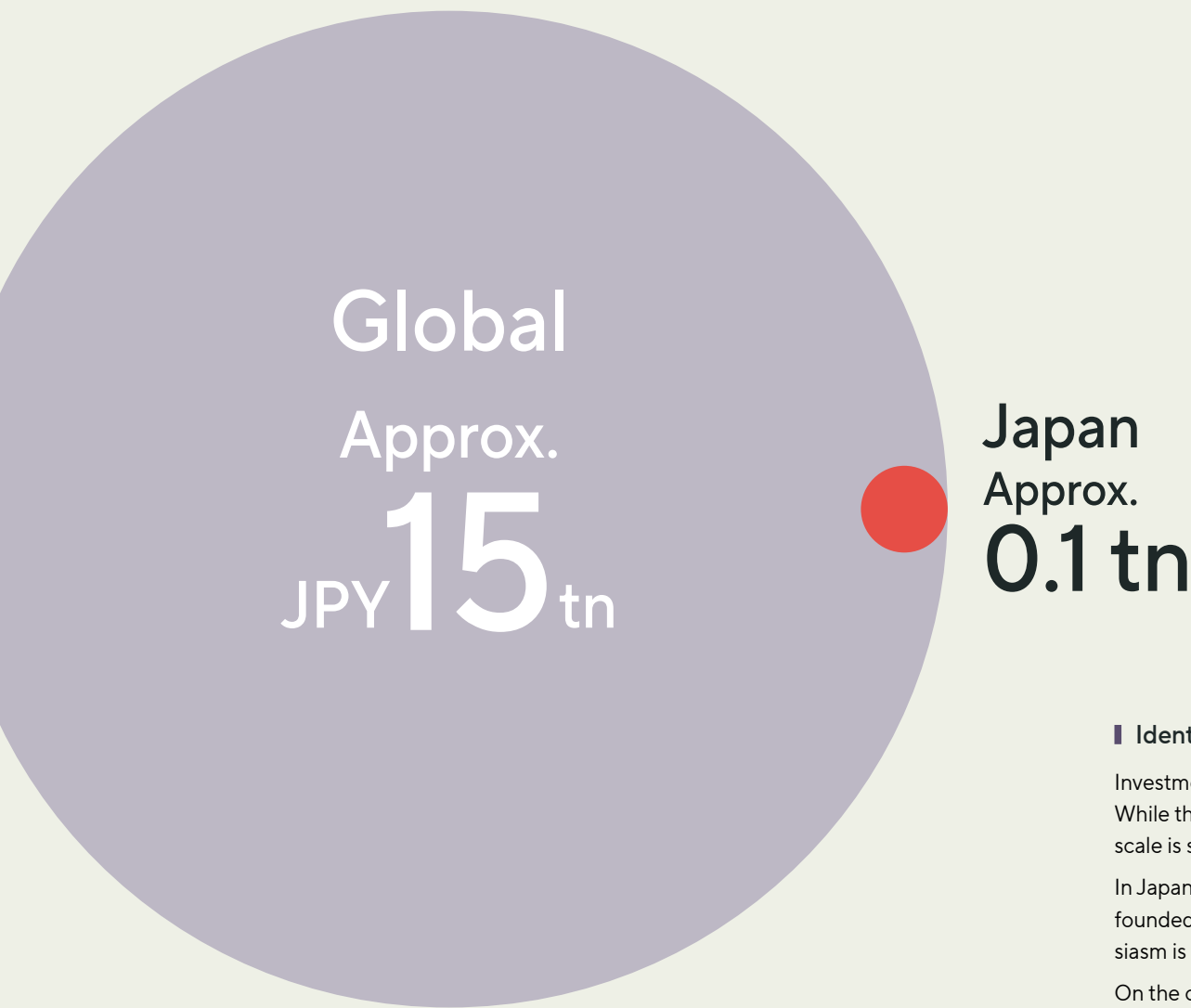
While investment in AI startups is heating up globally, investment in Japan remains limited and notably lagging behind.

Unable to establish a presence in core areas such as foundation models, large language models (LLMs), and AI agents, is Japan once again heading toward a “digital defeat”?

This article examines how Japanese businesses can identify winning strategies in the AI field by leveraging their strengths while taking into account the current global landscape.


Feature 2 | Status and Opportunities of AI Startup Investment in Japan

Flow of money into AI startups limited in Japan



Startup investment in AI domain (2024)

Top fundraisers among Japanese AI startups

	Funds raised	Latest round
TIER IV	JPY38.1 bn	May 31 2024
 Preferred Networks	JPY36.1 bn	Apr 30 2025
sakana.ai	JPY34.4 bn	Feb 10 2025

Identifying AI investment areas with opportunities for Japan

Investment in AI startups heated up worldwide in 2024, totaling approximately JPY15 trillion. While this includes investment in non-software assets such as GPUs and data centers, the scale is still an order of magnitude greater than investment in conventional software startups.







In Japan, there have been notable developments such as sakana.AI, a unicorn company founded by former Google researchers, but overall, it cannot be said that investment enthusiasm is high.







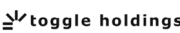
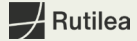
On the other hand, Japan faces numerous challenges that can be addressed with AI, such as labor shortage, skill succession, and industrial restructuring, and the potential market size is also large. Startups will play an increasingly important role in cultivating the domestic market.









Source: Global: CB Insights “State of AI Report: 6 trends shaping the landscape in 2025”; Japan: amounts of funding tagged “Generative AI” in Japan Startup Finance 2024
Calculation methods are not standardized.

Top 30 AI startups in Japan by valuation

List of startups ranging from AI model development to potential industrial application

① Company	② Business	③ Latest funding date	④ Assumed valuation						
1	2	3	4	5	6	7	8	9	10
 sakana.ai	 Preferred Networks	TIER IV	 LegalOn Technologies	UPSIDER	 CADDi	dataX	 TELEXISTENCE inc.	atama+	 ubitus
① Sakana AI	Preferred Networks	TIER IV	LegalOn Technologies	UPSIDER HD	CADDi	data X	Telexistence	atama plus	UBITUS
② Generative AI foundation model development	Vertically integrated AI development	Autonomous driving system	Legal AI tech	Corporate card / Fintech	Manufacturing drawing data analysis	Marketing support software	Work assistance robots	AI educational contents for tutoring schools	Cloud game development support
③ 2025/02/10	2025/04/30	2024/05/31	2022/06/29	2024/10/21	2025/03/27	2021/07/15	2023/06/30	2021/12/24	2024/12/27
④ 205,791	158,001	101,202	88,462	76,243	66,016	63,918	62,646	52,198	42,498

11	12	13	14	15	16	17	18	19	20
 Regional Fish	 KAKEHASHI	AIM	 LayerX	 TOKIUM	 ユビー	POCKETALK	 Kyulux	 toggle holdings	 Rutilea
① Regional Fish	KAKEHASHI	AI medical service	LayerX	TOKIUM	Ubie	POCKETALK	Kyulux	toggle holdings	RUTILEA
② Next-gen fish farming system	Cloud service for dispensing pharmacies	Endoscopic diagnosis assistance system	Business streamlining cloud	Back-office streamlining	AI health consultation	AI interpreting device	Next-gen OLED material	Real estate AI tech	Vertical AI
③ 2024/12/25	2023/03/15	2022/05/11	2023/11/07	2024/06/07	2025/03/31	2025/03/07	2024/10/31	2024/12/11	2024/08/30
④ 42,366	42,309	40,417	38,497	35,652	33,308	31,505	29,645	29,345	28,165

1	2	3	4	5	6	7	8	9	10
FiNC Technologies	 Loglass	 MICIN	 rapyuta robotics	 Generic Solution	 Fairy Devices	 FLUX	 Arithmer	 Aillis	Ascent
① FiNC Technologies	Loglass	MICIN	Rapyuta Robotics	Generic Solution	Fairy Devices	FLUX	Arithmer	Aillis	Ascent Robotics
② Preventative healthcare x AI	Business management system	Healthcare app	Cloud robotics	Vertical AI	Wearable AI	Nocode AI PF	Vertical AI	AI influenza testing device	Industrial robot software
③ 2024/08/15	2024/08/23	2023/10/31	2024/03/29	2024/10/31	2023/03/30	2024/11/29	2025/02/18	2025/04/14	2025/02/05
④ 27,257	26,672	25,553	22,269	21,732	21,101	19,846	18,893	18,663	18,408

Domestic AI startups are rushing towards industrial application. Will they find a path to success?

We compiled and analyzed a list of the top 30 AI-related startups in Japan based on their valuation at the time of funding. The list indicates that startups related to LLM, AI agents, and development platforms —areas that have garnered global attention in recent years—remain limited in Japan. On the other hand, a notable tendency is the prevalence of companies developing solutions tailored to specific industries rather

than generic horizontal solutions. These include applications in physical domains such as robotics, manufacturing, and logistics, as well as the medical field. Leveraging unstructured and/or non-digital data stored within industries, rather than online data that is already extensively utilized, could be a key opportunity for Japanese startups to carve out a competitive edge.

*Compiled by FIRSTLIGHT Capital based on startup data from Next SaaS Media Primary and Speeda Startup Insights

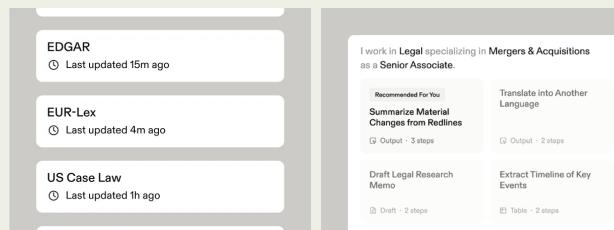
*Limited to startups whose latest funding round was in 2020 or later

How can SaaS avoid being disrupted by the AI wave?



Create solutions embedded into workflows

Is it a must-have product embedded into the user's working process?

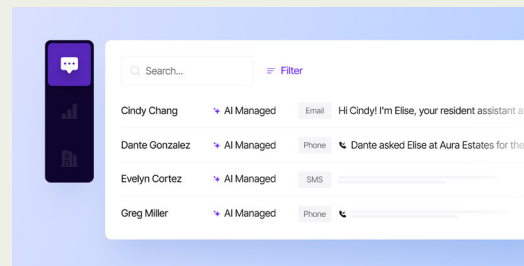


e.g., Elise AI embedding customer touchpoints into the workflow



Leverage the data network effect

Is there a system for AI to improve accuracy through data accumulation/updates?

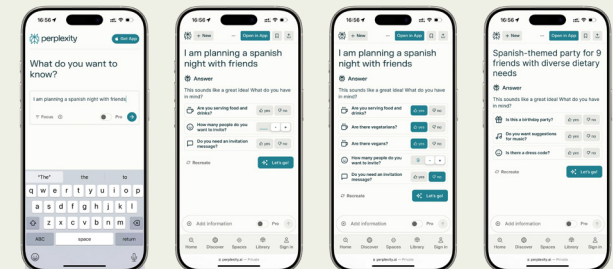


e.g., Harvey (AI for lawyers) improves response accuracy through data accumulation/updates and personalizes content by area of expertise



AI-native UI/UX design

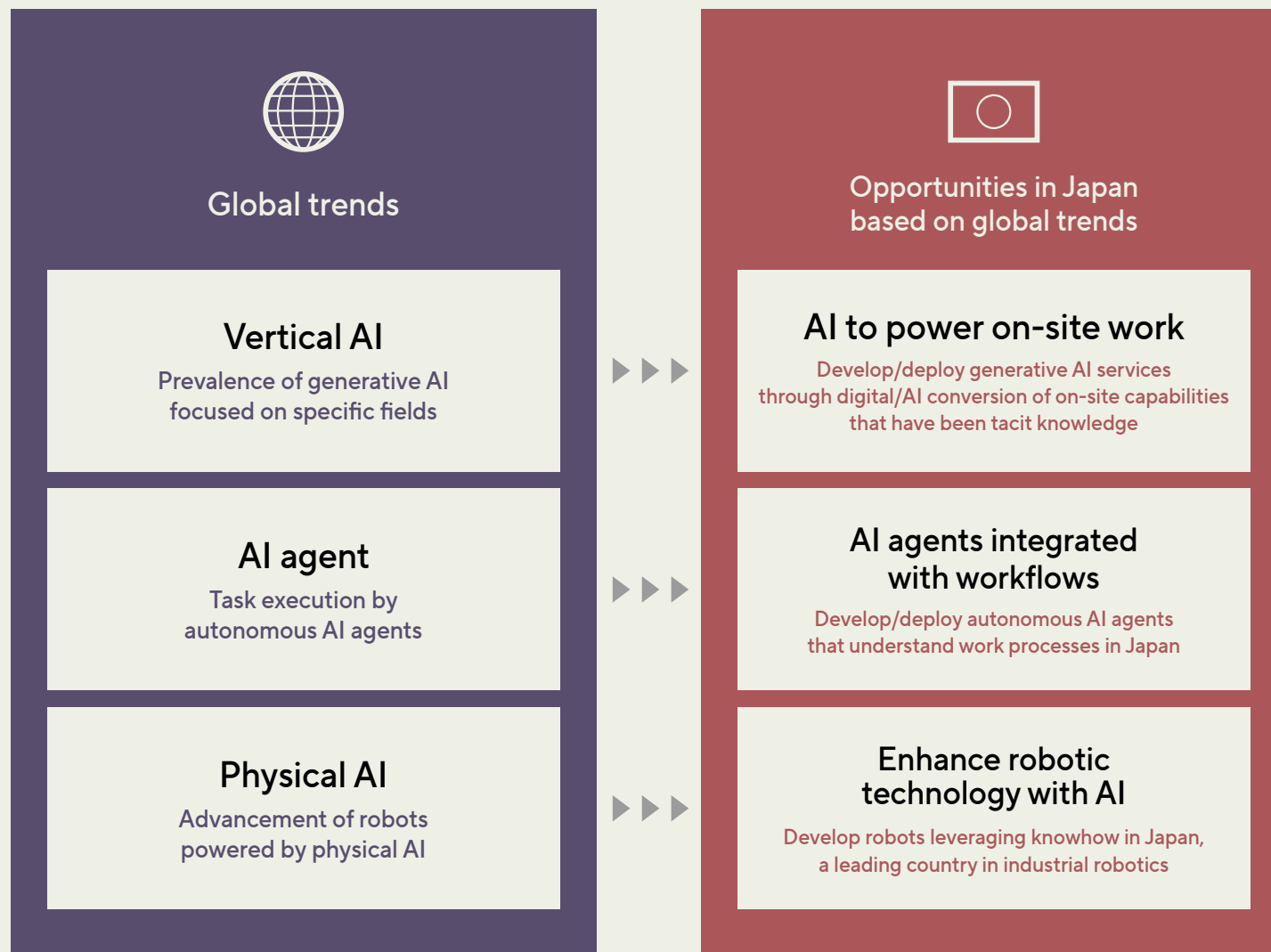
Does UI/UX include AI from the beginning rather than integrate AI into existing systems?



e.g., Perplexity offers searching experience free from prompts



What are the key investment themes of AI startups in Japan from 2025?



Accelerate investment in Japan's strengths rather than the highly competitive field of generic AI

In the United States and China, huge investments are being made in generative AI and foundation model development. Within this context, Japan needs to find its own winning strategy. FIRSTLIGHT Capital focuses on on-site AI capabilities as an opportunity for AI investment in Japan.

Given Japan's industrial structure, chances exist in fields that utilize data that can only be collected on site. With global competition already intensified in general-purpose AI, early collection of unorganized field data will become a differentiating factor for startups. This is particularly true in manufacturing and construction, where decisions and processes in physical spaces have yet to be digitized, leaving significant opportunities untapped.

AI that handles spatial information and behavioral data is still in its infancy, and spatial understanding will be a key theme in robotics and industrial AI going forward. The accumulation of field data could build a foundation for domestic as well as global expansion. We would like to explore winning strategies in the areas of spatial recognition and skilled judgment, which have significant potential for AI application.

An Enduring Vision: VC for Entrepreneurs, by Entrepreneurs

FIRSTLIGHT Capital is a team of venture capitalists
that draw on real business experience to drive the growth process
of entrepreneurs and businesses that create new industries of the world.
We also focus on assisting startups in their overseas expansion
from Asia to the global market.





Company
FIRSTLIGHT Capital, Inc.

Theme
**Investment in companies
driving innovation
in a depopulating society
(AI, DX, automation, etc.)**

No. of portfolio companies
37 (as of 2024/12)

Regions
Japan + Asia

Address
**35F Atago Green Hills MORI Tower,
2-5-1 Atago, Minato-ku, Tokyo 105-6235**

Date of Establishment
February 16, 2018



Investing in innovation to support
a depopulating society

Japan is the earliest in the world
to face these social issues:

Shrinkonomics

Declining labor population

Workforce will shrink by
30% by 2050

Aging society

One-fourth of the total
population will be 75 or
older in 2025

Innovation in a depopulating society

VERTICAL FOCUSED

Innovation in legacy industries

FUTURE OF WORK

New ways of working

HARDWARE ENABLED

Integration with hardware

INDUSTRIAL AI/IoT

Industrial sensing technology

PRODUCT-LED

AUTOMATION

METaverse

MARKETPLACE



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SaaS Annual Report 2024-2025

Overall Direction Representative Director, Managing Partner
Osamu Iwasawa
Managing Partner
Chiamin Lai
Chief Analyst
Akio Hayafune
Entrepreneur-in-Residence
Yamato Abe

Editing, Research, Production Assistance Entrepreneur-in-Residence
Takuya Maehashi
Intern
Ryuho Nakano

Data provision support Uzabase, Inc.
Data Strategy Team Team Leader
Takeshi Fukui

Design Hajime Aomatsu (sukku)
Takashi Yamaura

Data References Speeda Startup Insights
<https://initial.inc/>
Next SaaS Media Primary
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<https://firstlight-cap.com/>

Inquiries
<https://firstlight-cap.com/contact/>

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