HIDETO TAKEUCHI

竹内秀人

CEO, Verification Technology, Inc.

Starting with reluctant entrepreneurship to build one and only LSI service

Hideto Takeuchi joined a company that was involved in developing and selling computer-aided design (CAD) systems about 30 years ago after obtaining a bachelor's degree in macroeconomics. It was not until his fourth year at the firm that he had his first encounter with semiconductors. The company had invested a significant sum in a U.S. startup specializing in electronic design automation (EDA), and assigned him to work in the field of LSI (large-scale integration).

"I volunteered to move to the LSI section because I was thinking about finding a new job at that time," Takeuchi explained. "As I delved into EDA-related tasks, I was captivated by the rapid and dynamic nature of the semiconductor industry's evolution." However, when consulting with various clients on chip design and making proposals, he also became acutely aware of the challenges associated with verifying semiconductor circuits.

Believing that carrying out third-party verification, by separating verification tasks from designing responsibilities, would guarantee the creation of high-quality LSI circuits without bugs, Takeuchi established Verification Technology Inc. (Vtech) in 2003, beginning operations with just one engineer.

Vtech, having endured several financial crises, including the recession following the collapse of Lehman Brothers in 2008, now boasts over 100 employees. The company has expanded its business operations to foreign countries such as Germany, China, and the Philippines. Takeuchi envisions further growth, especially abroad, by offering a comprehensive service that integrates designing, verifying and consulting on LSI functional safety and security.

"If you can persevere two and a half years, you can overcome any challenge"

While working for the company that first hired him, Takeuchi surveyed approximately 70 client companies and became confident that verifying LSI chips could be a successful business. However, as he prepared to implement his concept within the company, the Internet bubble burst around 2000, making internal investment in his business plan difficult. Takeuchi then considered transitioning to a different company that might embrace his plan. But a person from outside the company proposed that he launch a startup for this purpose.

"I wasn't interested in entrepreneurship at all, because I had witnessed my family's business failures," Takeuchi said. However, with the encouragement from the engineer who would later start the business with Takeuchi, he decided to start the company. After one year, this co-founder departed, leaving Takeuchi to assume the role of President and CEO at Vtech.

Vtech got off to a smooth start in its first year by securing 100 million yen in funding and attaining a profitable financial standing. Takeuchi's concept of third-party verification for the semiconductor industry perfectly matched clients' requirements. Unexpectedly, Vtech also saw a significant influx of design projects. The biggest crisis emerged following the global financial crisis of 2008, causing Vtech's sales to plummet to one-tenth of their previous level. Takeuchi found himself in a predicament, contemplating a substantial reduction in manpower.

"The day before I was about to announce a significant workforce reduction, I received a phone call from a major company requesting our services," Takeuchi recounted. "Getting such an order showed that the market was beginning to recover." Takeuchi promptly called off the planned streamlining measures.

As Vtech enhanced its sales efforts, orders began to steadily pour in. Reflecting on this experience, Takeuchi learned that "by persevering for two and a half years, one can navigate a company through any challenging situation." This realization bolstered his confidence in running a business.

Exploring philosophy on the future and translating them into action

Following the financial setback caused by the 2008 financial crash, Takeuchi shifted the company's focus toward attaining high-profit margins. "In order to secure high profits, we must offer services that others cannot replicate or that are of exceptional quality," he said. "I have discussions about philosophy on the future with employees and then contemplate the necessary steps to achieve them," Takeuchi said, describing the company's management strategy.

Through these discussions, the concept of a one-stop service encompassing design, verification, and consulting for functional safety and security emerged. This service entails visualizing the risks associated with LSI development for clients and ensuring that client products conform to international safety standards. Additionally, Vtech is bolstering its presence in the security sector to safeguard circuits from threats like cyberattacks. As of June 2024, these services remain unrivaled worldwide.

Takeuchi has his sights set on the overseas market, where Vtech products and services can command higher prices. "The semiconductor industry ranks among the top three growth sectors. Therefore, if we can raise the level of marketing which is the challenge of Japanese businesses, the industry can be very attractive." he noted. "Steering a company is fulfilling, and abundant opportunities await." Takeuchi continues to forge ahead, based on the ethos of "talk the talk and walk the walk, with no exception."

Profile of Hideto Takeuchi
Birthplace: Tokyo
Work history: After working for a company engaged in the development and sale of CAD systems, he launched Verification Technology Inc.
Motto: Talk the talk and walk the walk, with no exception.
Award: Commendation for "kirari to hikaru (gleaming)" industrial technology of nine local governments (cities and prefectures in the Tokyo metropolitan area, including Tokyo)
Hobby: Visiting hot spring resorts

NO.8   HIDETO TAKEUCHI   GVI   NO.8   HIDETO TAKEUCHI   GVI