

IT Services Industry in Japan

Apr. 2009

JISA

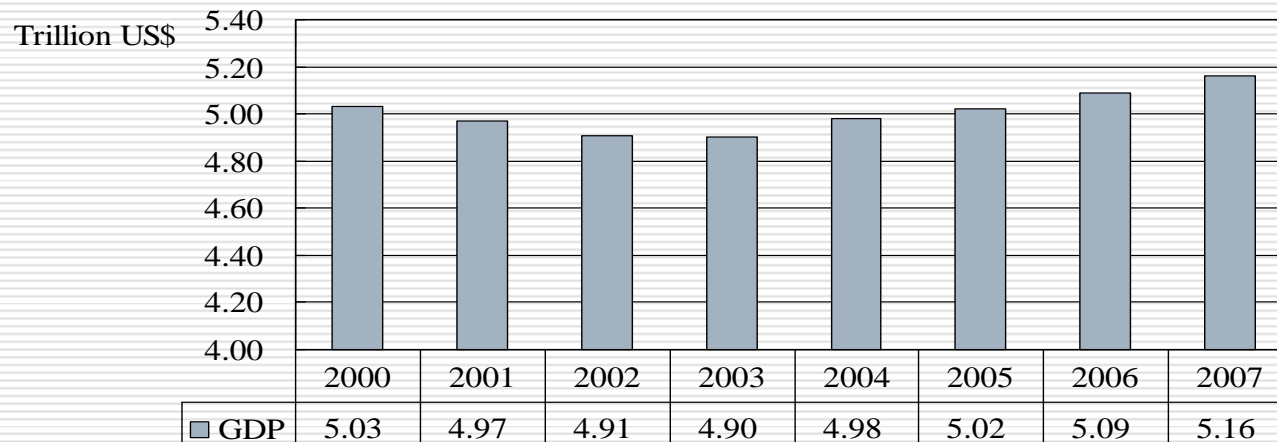
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1. Economic Environment in Japan

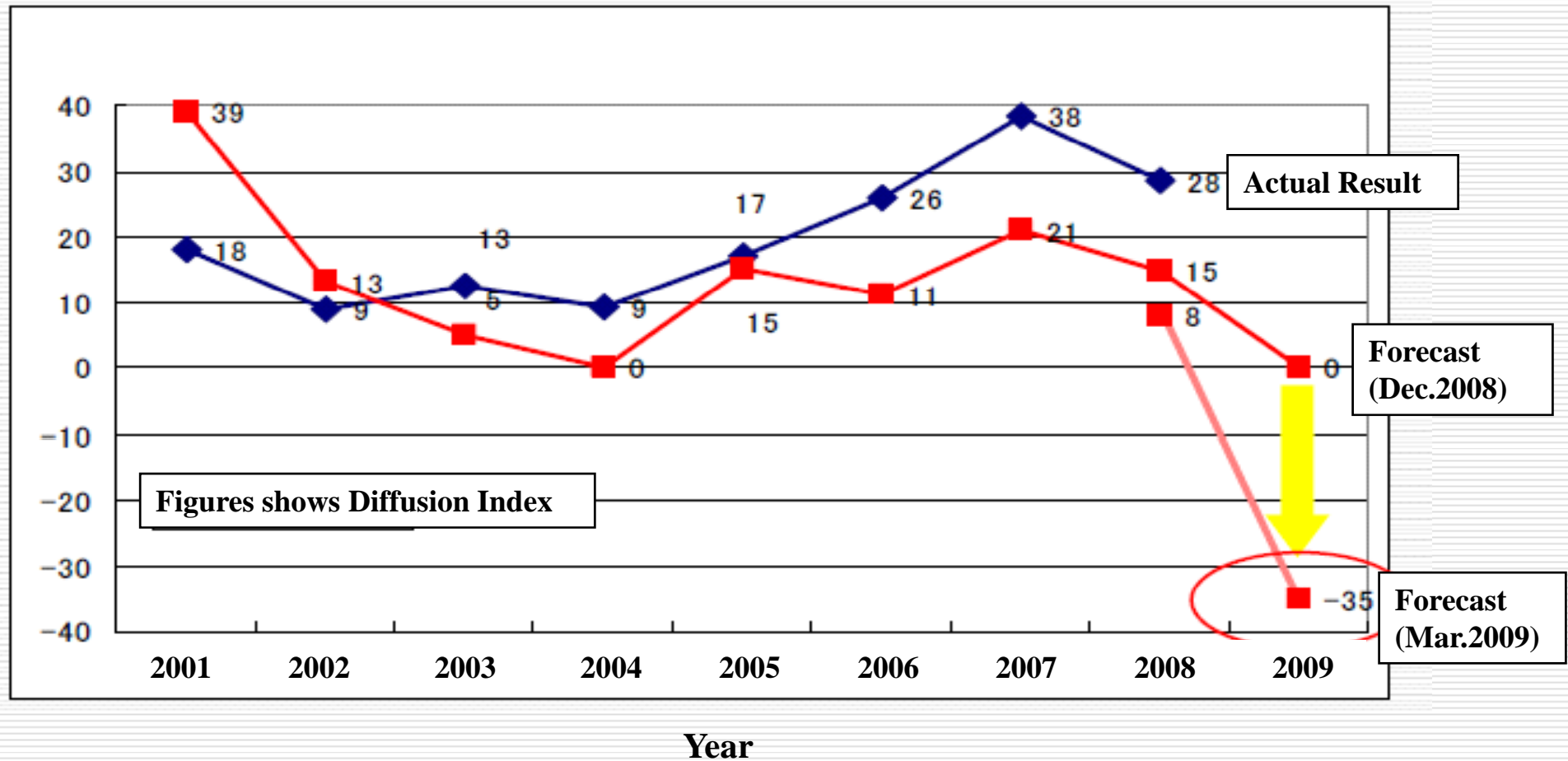
(US\$ 1 = JPY 100)

- IMF announced 2009 forecast of JPN GDP “-5.1 % growth”
- Cabinet Office announced GDP FY 2008: -0.8 ~-1.3% growth
FY 2009: 0% growth (Optimistic)
- High appreciation of Yen causes troubles to exporters
- Tokyo stock market recoded the lowest “Nikkei index” for the last 25 years on Oct. 27, 2008
- Investment in corporate ICT system in 2009 is likely to decrease



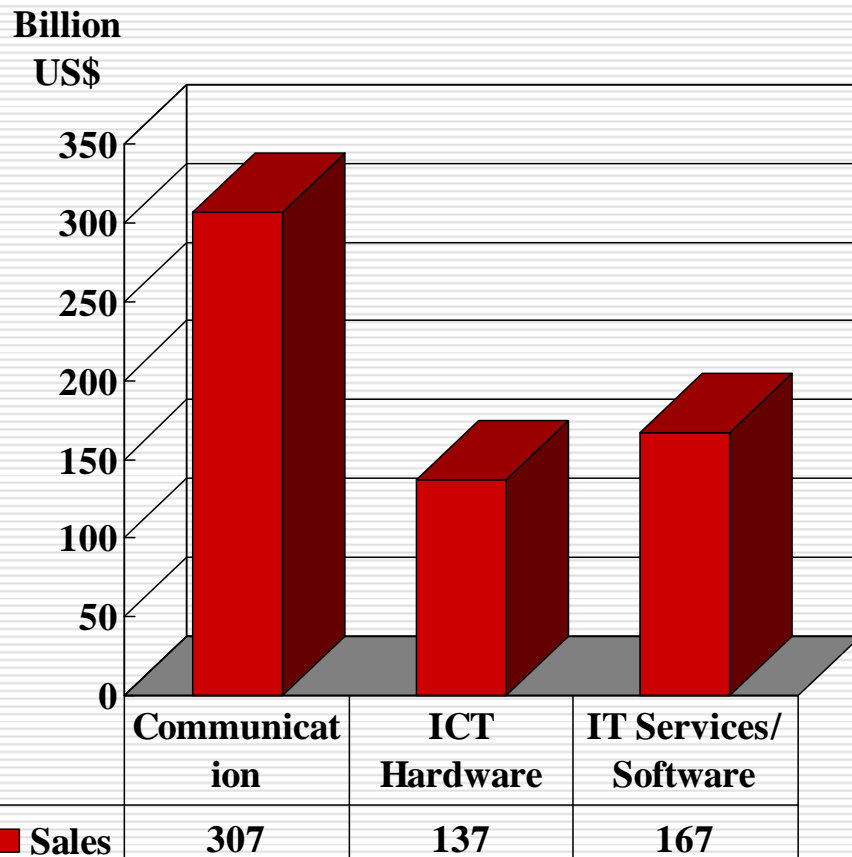
Source: Cabinet Office

IT Investment forecast in Japan (Users Association's survey)

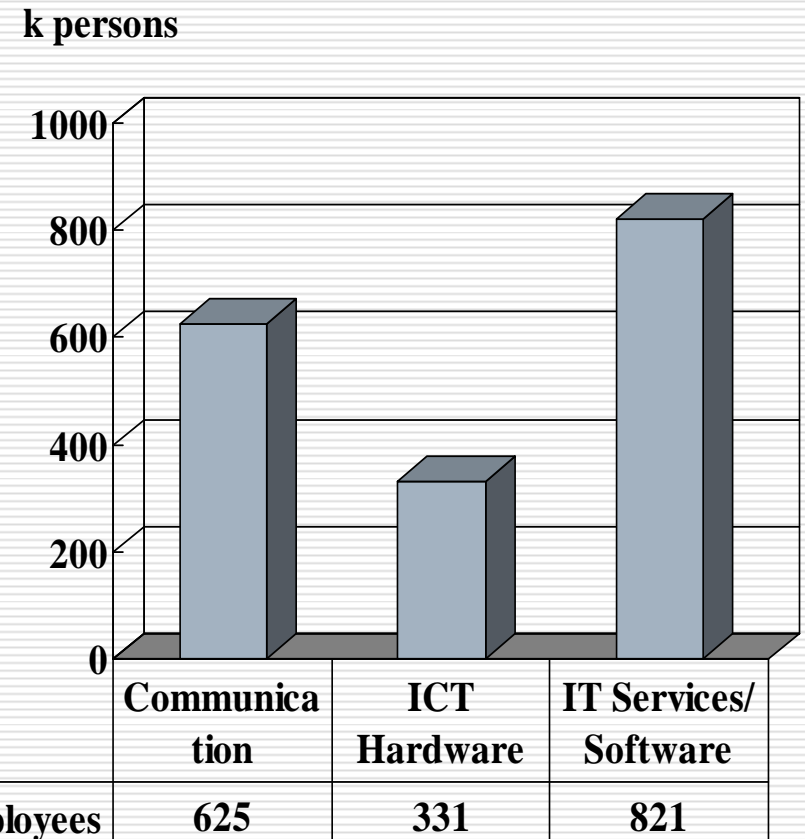


2. ICT Industry in Japan (2006)

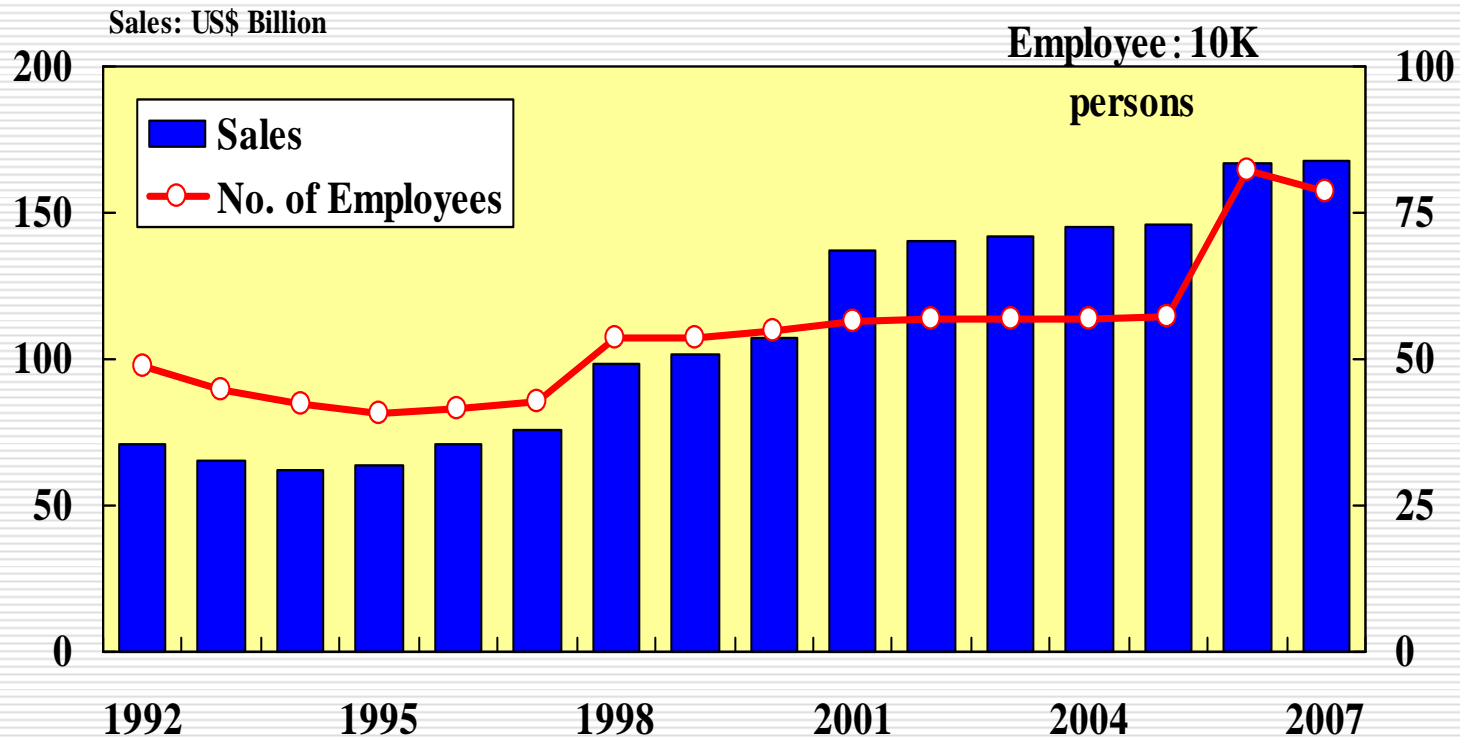
Sales



No. of Employees

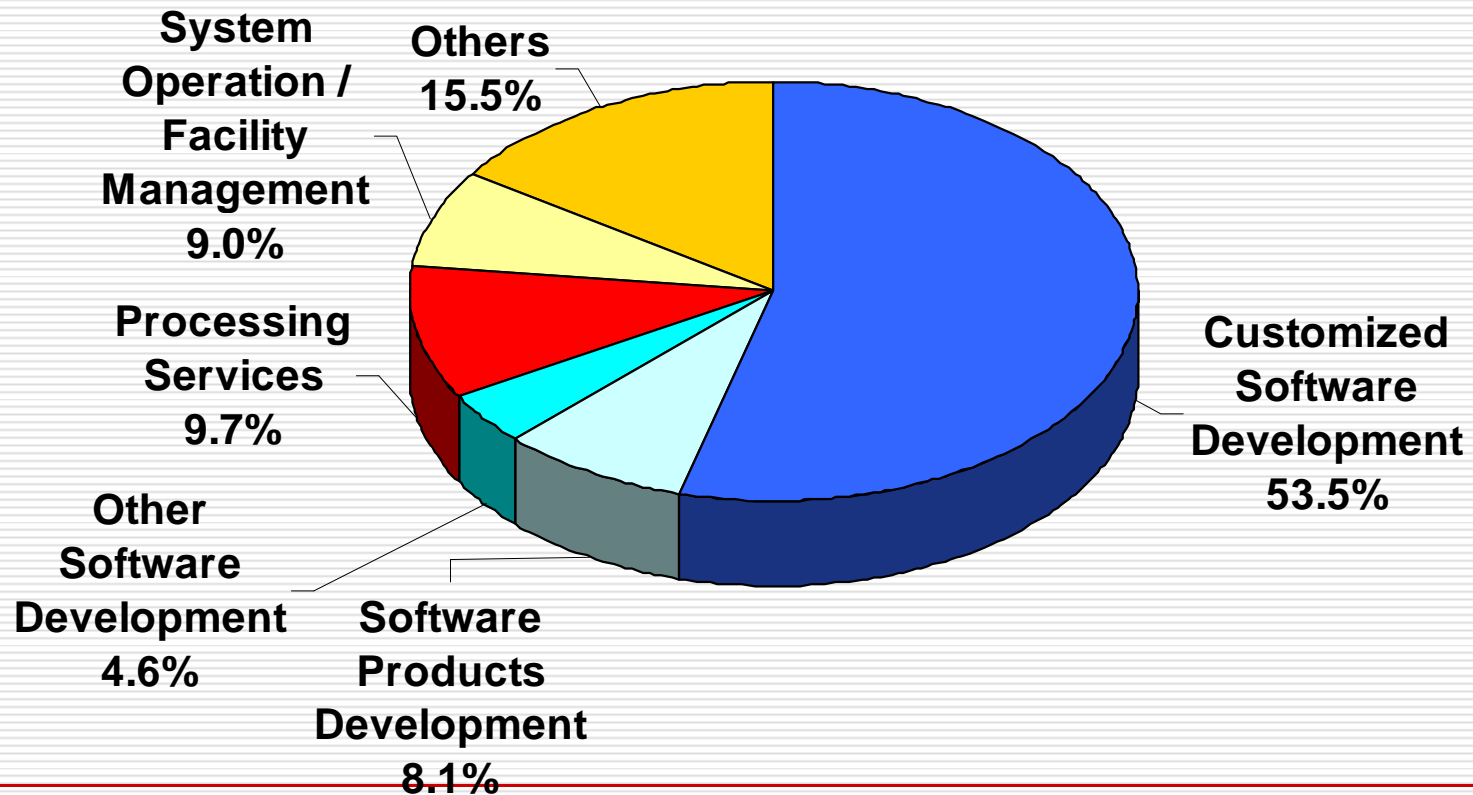


3. Change of Sales & Employees in Japanese IT Services Industry



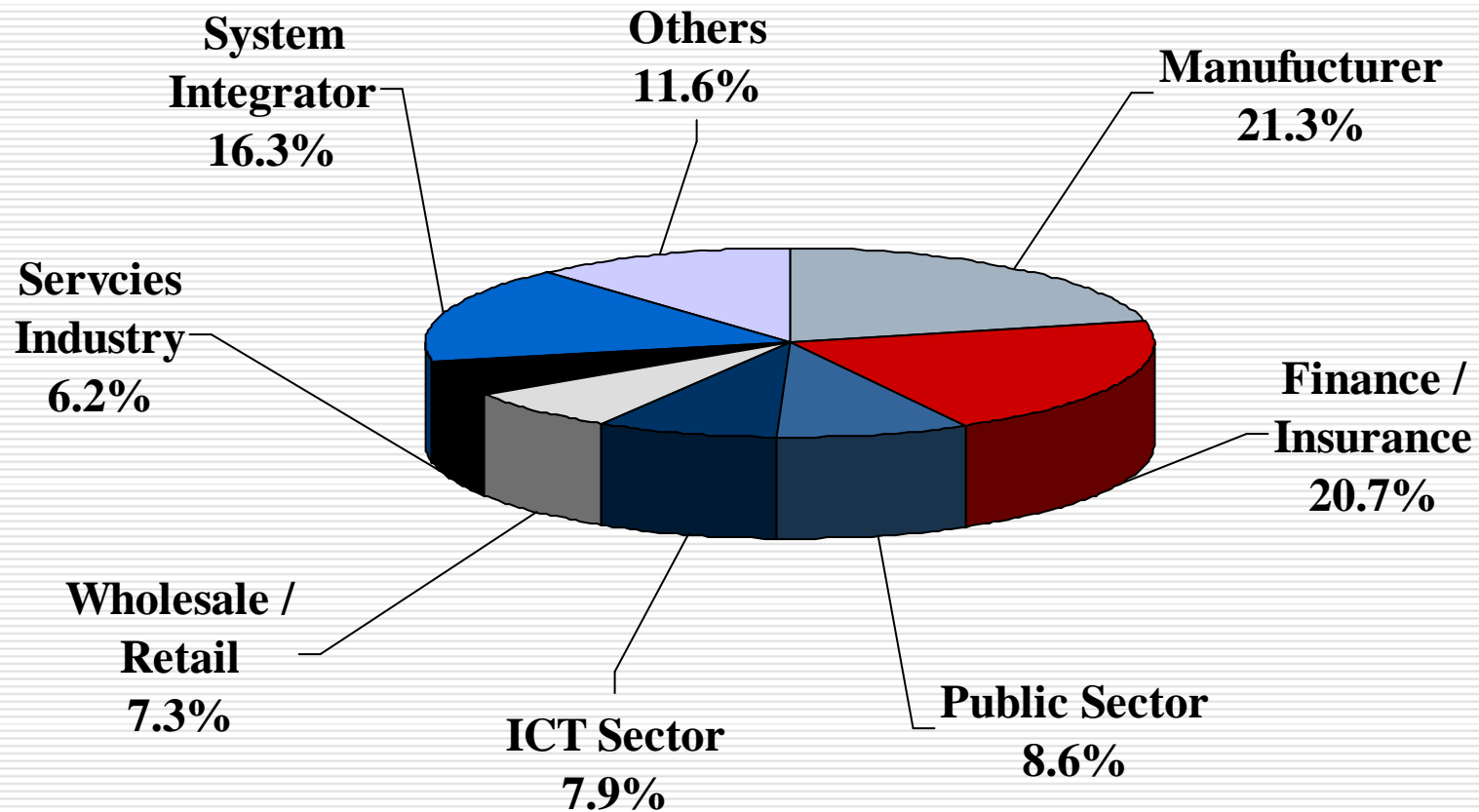
3-b. IT Services - Vertical Market (2007)

Total: JPY 16.7 Trillion

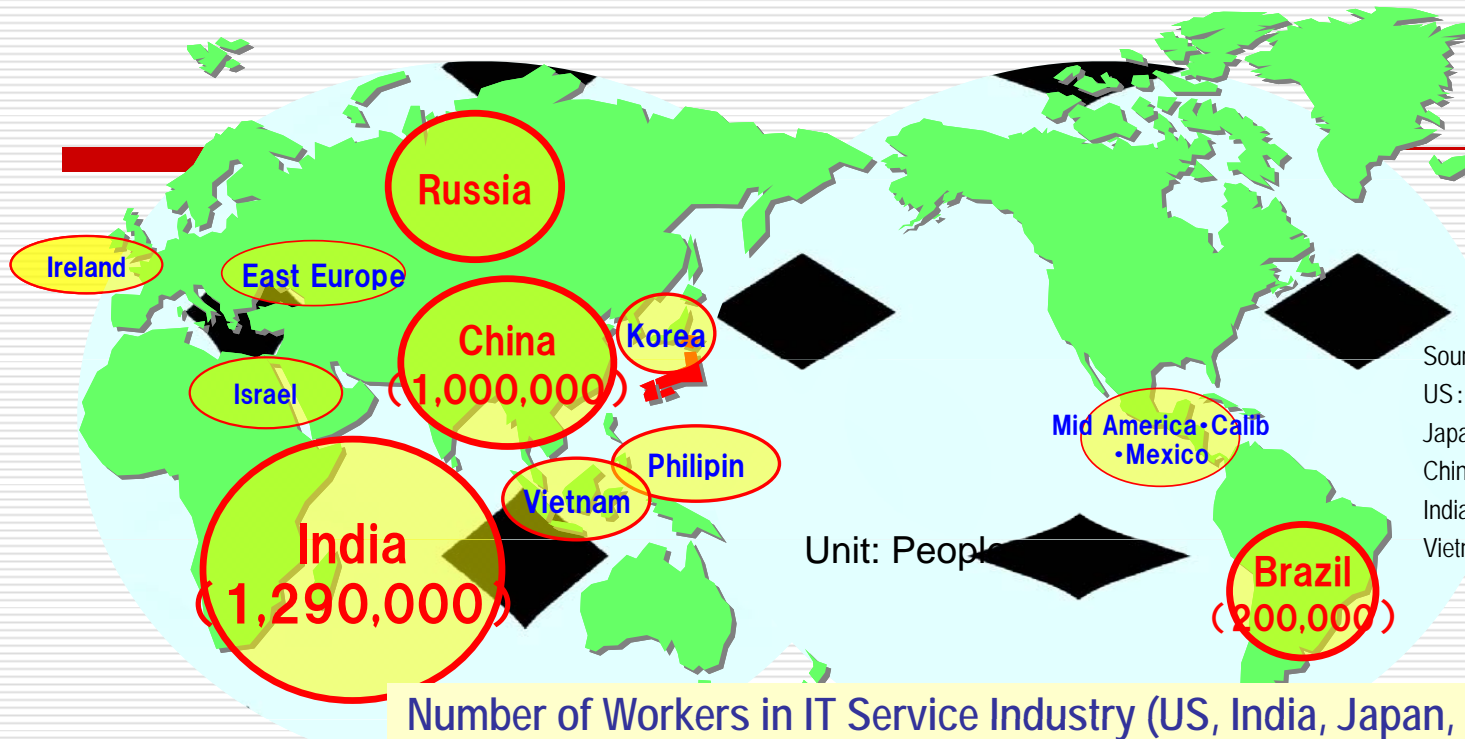


Source: METI (<http://www.meti.go.jp/>)

3-c. IT Services - Horizontal Market (2007)

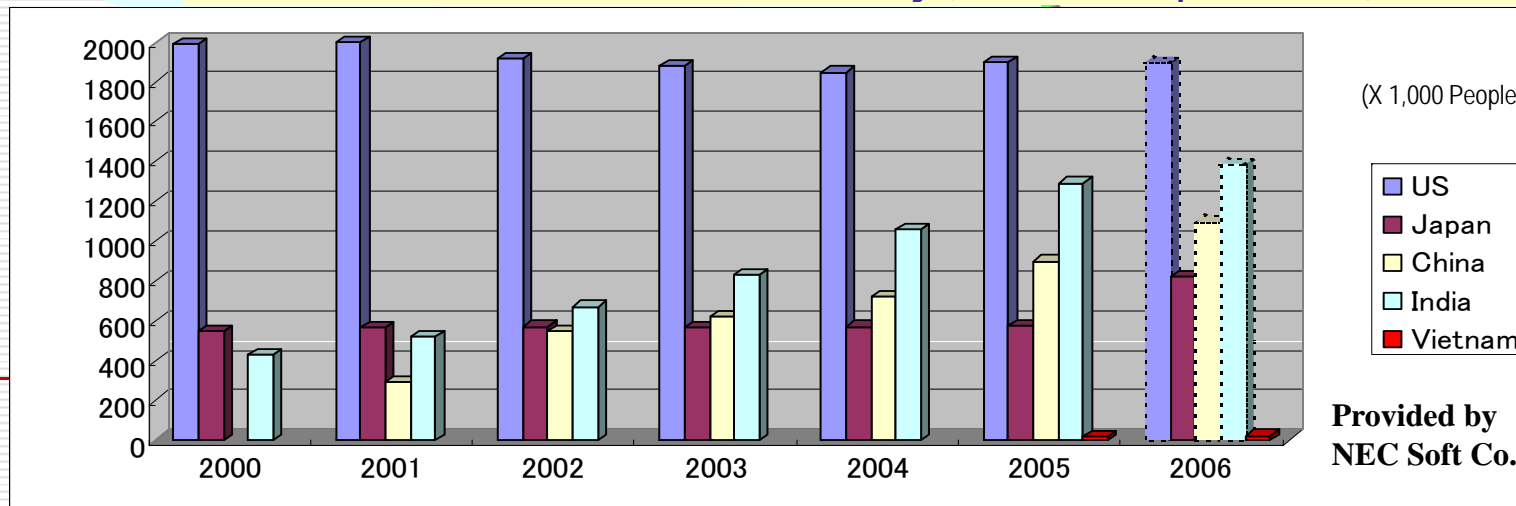


4. Offshore Development Sites in the World



Source:
 US: Analysis Report on Economy and ICT
 Japan: METI Industry Report
 China: China Software Industry Association Presentation
 India: NASSCOM Strategic Review 2007
 Vietnam: VINASA Presentation

Number of Workers in IT Service Industry (US, India, Japan, China)



Provided by
 NEC Soft Co.

4-b. Offshore Destinations from Japan

Offshore Spending in 2006

-JPY 200Billion by Gartner

-JPY 71.3Billion by IPA

(from JISA, JEITA and CSAJ member companies)

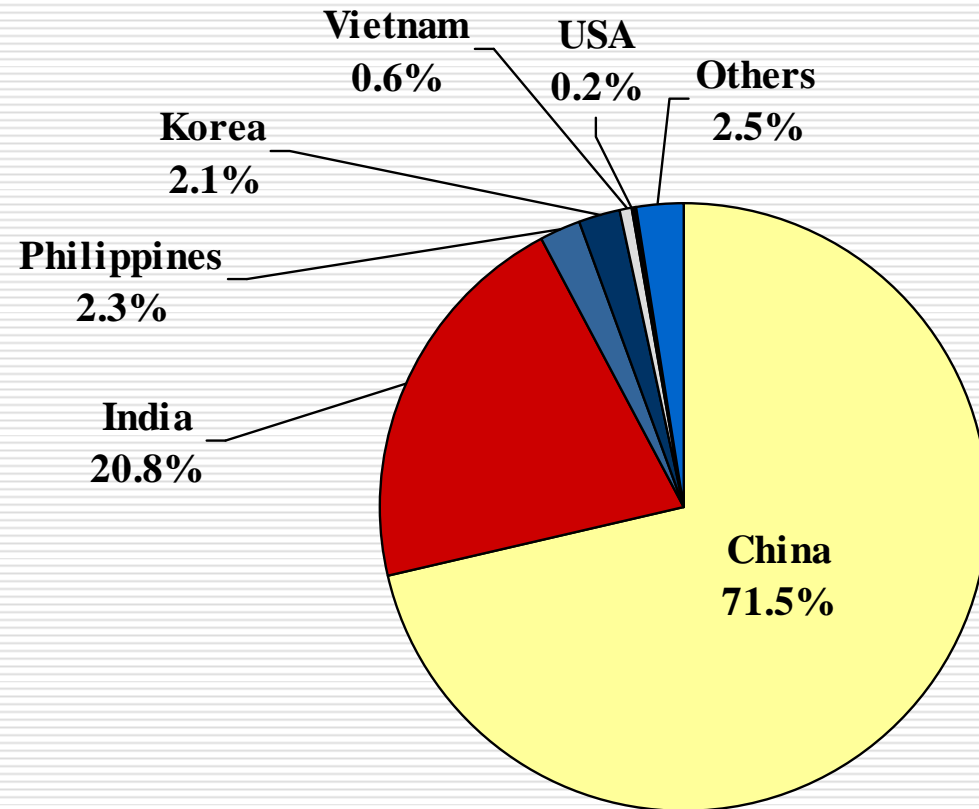
Share of Destinations by IPA Research :

China - 71.5%

India - 20.8%

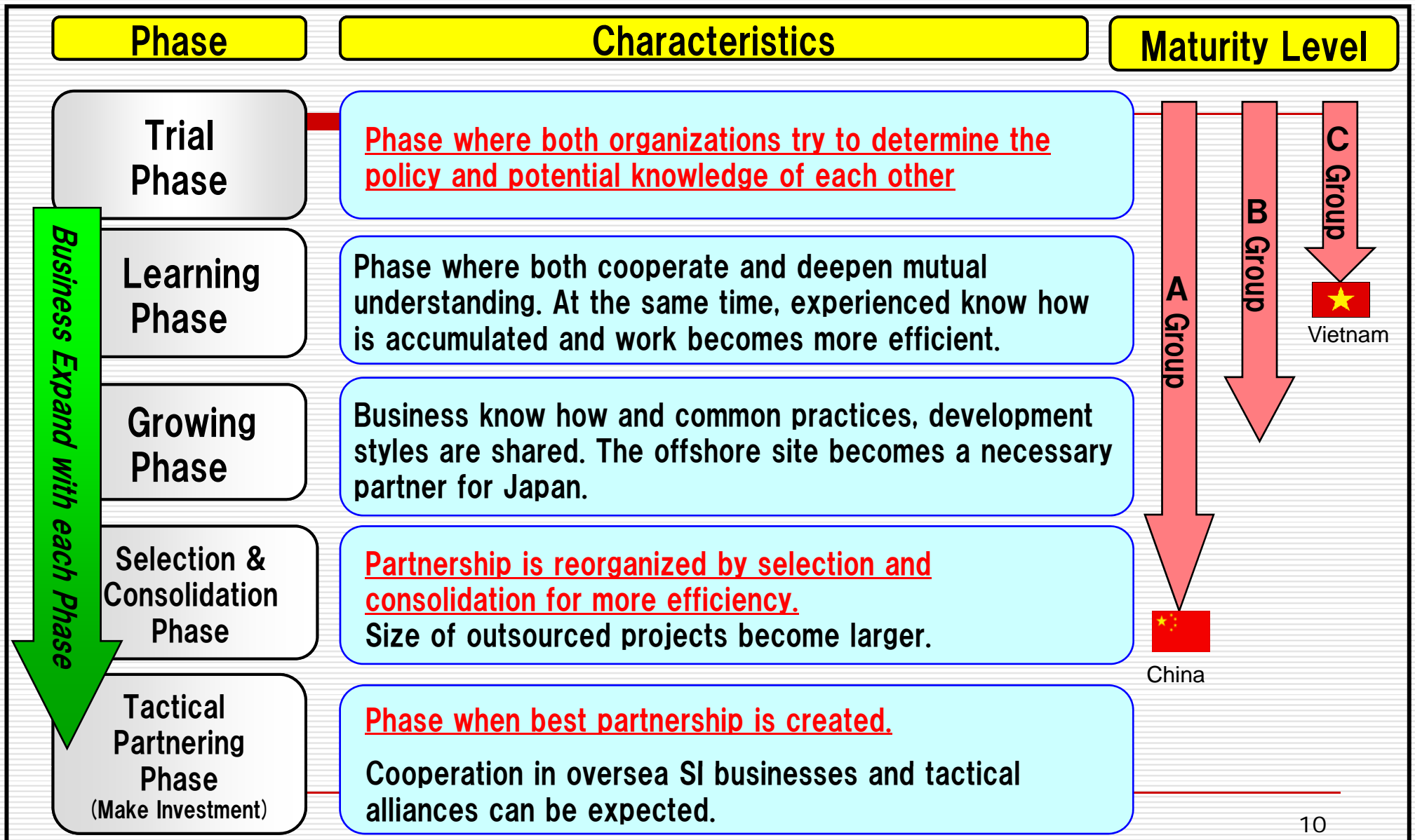
(increased largely from 8.1% in 2004)

Offshore destinations in 2006



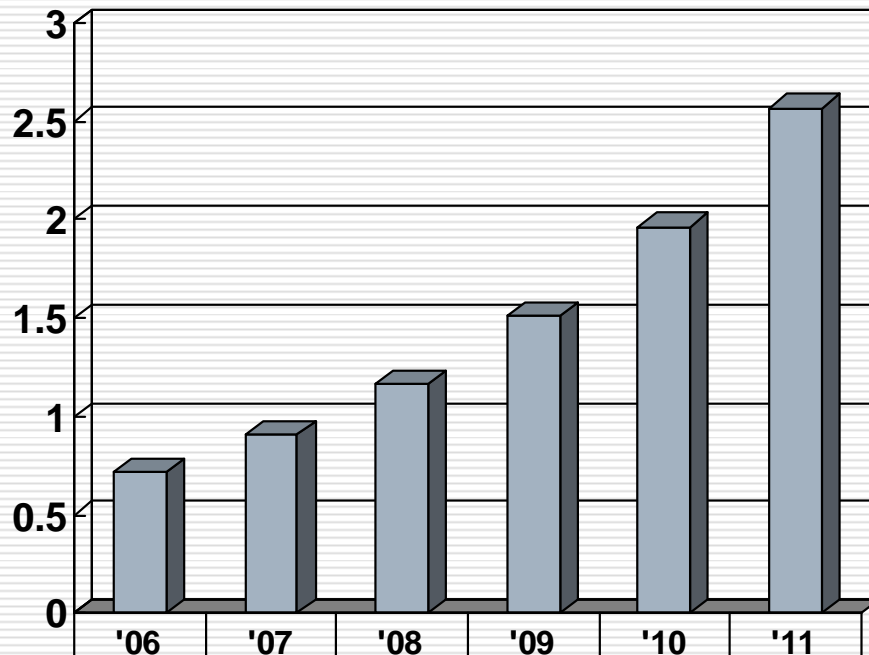
Source: IPA

4-c Phases of Offshore Relationship



4-d. Forecast of Future Offshore Outsourcing from Japan

US\$ Billion



	'06	'07	'08	'09	'10	'11
Offshore Spending	71.3	90.9	116.7	151.1	196.4	256.8

(JPY Billion)

- Will increase to US\$ 2.6 Billion by 2011
- Number of employees
2006 – 16,424 persons
2011 – 59,169 persons
(7.8-9.4% of total IT employees in Japan)
- Because of economic downturn, forecast after 2008 will be lower

Thank You !