

ICT Market in Japan

The IT services market has been growing at a healthy rate and enlarging its role within the Japanese economy. IT deployment is on a rise within the domestic market and a larger and larger number of Japanese citizens are beginning to enjoy the benefits of ICT.

IT growth and market size

According to the Annual Survey of Selected Service Industries for 2002, IT services revenues rose to US\$ 0.12 trillion), marking an increase of two percent from the previous year. While small companies (businesses with 49 employees or less) accounted for around 70 percent of the IT services segment, the average revenue generated by each of the organizations was around US\$ 0.02 billion, a 4.5 percent hike over the figures of the previous year. (see Figure 1-1-1).

During 2002, Japan's IT services industry accounted for 2.8 percent of the GDP, a jump of 2.8 percent as compared to 2001.

The study showed that the number of employees in the IT services industry touched 569,822 during 2002, representing an increase of 0.8 percent over the previous year. The annual sale per employee continued to increase, the study said.

The Annual Survey of Selected Service Industries for 2002 also revealed that software development accounted for 49.2 percent of the revenues during the year, followed by information processing services (19.3 percent), software products (10.2 percent) and systems operations (8.9 percent).

The system management and administration showed an increase of seven percent on account of the growth of outsourcing within the financial and insurance sectors.

Key industry verticals

In terms of verticals, the manufacturing industry accounted for 21.6 percent of the domestic IT services revenues, followed by the financial and insurance segment (17.9 percent). Compared to the previous year, service firms other than IT services organizations, showed a large increase of 18.6 percent, followed by an 8.6 percent increase for entities in the IT services business and 4.2 percent increase for the financial and insurance firms.