

# Industry Research Report

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## Information Technology Industry Breaks Through The Roadblocks

### Introduction: Looking Around the Movement

The Japan Center for Economic Research has released its Report on Industry Research -- a look into the future of the Information Technology (IT) Industry.

Domestic demand for Japan's IT Industry in the year 2005 will reach 64.6 trillion yen, an amount equal to 10.4% of nominal GDP. It will grow from 1997 at an average annual rate of 7.2 % and will expand to become the largest industrial sector, even surpassing the automobile industry. The main points of the forecast are as follows:

1. ) The advent of the high-performance, low-cost personal computers and digital networks have together triggered the Information-Communications Revolution. This has introduced the existing information industry to a vast new world -- including the world of the Internet, thereby expanding the IT Industry.
2. ) In 2005, the total production in the IT industry (including "contents") will amount to slightly less than 13% of nominal GDP. Employment in the IT Industry is expected to grow by about 50%.
3. ) Diffusion of the Internet into households will also increase, and households and corporate organizations will undergo some drastic changes. This gives us encouragement that the economy will be able to break through the roadblocks. Only after that will it catch up with the US.

**Table. Size of IT Industry Market In Year 2005 (Nominal Domestic Demand)**

- **Japan**

1-1. Japan (Calendar year, Hundred million yen, %)						
Industry	1995	1996	1997 (forecast)	1998 (forecast)	2000 (forecast)	2005 (forecast)
Total IT Industry Hundred million yen	302,172	348,366	370,523	374,308	444,830	646,081
Total IT Industry year to year %	11.7	15.3	6.4	1.0		
Total IT Industry rate of nominal GDP %	6.3	7.0	7.3	7.4	8.5	10.4
Hardware Hundred million yen	150,459	175,222	183,262	177,583	208,221	279,882
Hardware year to year %	15.6	16.5	4.6	-3.1		
Services Hundred million yen	151,713	173,144	187,261	196,725	236,609	366,199
Services year to year %	8.1	14.1	8.2	5.1		
Services:Information Services Hundred million yen	63,622	71,435	77,415	84,682	112,611	206,430
Services:Information Services year to year %	3.0	12.3	8.4	9.4		
Services:Communication Services	88,091	101,709	109,846	112,043	123,998	159,769

Hundred million yen						
Services:Communication Services year to year %	12.1	15.5	8.0	2.0		
Contents Hundred million yen	95,848	99,924	102,019	103,713	110,740	137,953
Contents year to year %	4.8	4.3	2.1	1.7		
(Reference) Comprehensive IT Industry (including "Contents") Hundred million yen	398,020	448,290	472,542	478,021	555,569	784,034
(Reference) Comprehensive IT Industry (including "Contents") year to year %	10.0	12.6	5.4	1.2	8.2	6.7
(Reference) Comprehensive IT Industry (including "Contents") rate of nominal GDP %	8.2	9.0	9.3	9.4	10.6	12.6

1-2. Japan (Average Annual rate %)			
Industry	90/95	95/2000 (forecast)	2000/2005 (forecast)
Total IT Industry	2.0	8.0	7.8
Hardware	-0.1	6.7	6.1
Services:Information Services	1.6	12.1	12.9
Services:Communication Services	6.9	7.1	5.2
(Reference) Comprehensive IT Industry (including "Contents")	2.3	6.9	7.1

Notes.

1."Contents" of nominal domestic demand excludes databases or software for personal computers. These are included in "Information Services".

2.Figures for "Communications Services" are for fiscal years.

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( Red figures are forecasts. )

2-1.US (Calendar year, Hundred million dollars, %)						
Industry	1995	1996	1997 (forecast)	1998 (forecast)	2000 (forecast)	2005 (forecast)
Total IT Industry Hundred million dollars	6,826.9	7,533.7	8,401.9	9,178.5	10,973.6	16,126.6
Total IT Industry year to year %	15.0	10.4	11.5	9.2		
Hardware Hundred million dollars	3,296.6	3,540.8	3,941.5	4,296.9	5,120.1	7,087.9
Hardware year to year %	21.0	7.4	11.3	9.0		
Services						

Hundred million dollars	3,530.3	3,992.9	4,460.3	4,881.6	5,853.5	9,038.7
Services year to year %	9.9	13.1	11.7	9.4		
Services:Information Services Hundred million dollars	1,522.1	1,750.4	1,980.7	2,218.4	2,721.9	4,516.5
Services:Information Services year to year %	14.3	15.0	13.2	12.0		
Services:Communication Services Hundred million dollars	2,008.1	2,242.5	2,479.6	2,663.2	3,131.6	4,522.2
Services:Communication Services year to year %	6.7	11.7	10.6	7.4		
Contents Hundred million dollars		2,087.8				
(Reference) Comprehensive IT Industry (including "Contents") Hundred million dollars		9,621.6				

2-2. US (Average Annual rate %)			
Industry	90/95	95/2000 (forecast)	2000/2005 (forecast)
Total IT Industry		10.0	8.0
Hardware		9.2	6.7
Services	7.5	10.6	9.1
Services:Information Services	11.5	12.3	10.7
Services:Communication Services	5.0	9.3	7.6