

IT Solutions Market for Local Governments in Japan: Key Research Findings 2017

◆ **Research Outline**

Yano Research Institute has conducted a study on the domestic IT solutions market for local governments with the following conditions:

1. Research period: From November 2016 to January 2017
2. Research targets: Providers of IT solutions for local governments and local governments throughout the country
3. Research methodologies: Face-to-face interviews by the expert researchers, surveys via telephone and email, and literature research

What are IT solutions for Local Governments?

The IT solutions for local governments indicate those IT systems introduced in the local governments, which include hardware, software, SI, service support, and dispatching of personnel. The expense items of the IT solutions for local governments indicate the fees for equipment purchasing, commissions, safety measures, and various trainings regarding the solutions, where no labor costs are included.

◆ **Key Findings**

■ **With New Demands Driving Market Growth, FY2017 IT Solutions Market for Local Governments Projected to Attain 645,700 Million Yen**

In addition to increasing number of cases to accept the order of IT solutions to support the national identification number system, a.k.a “My Number” system, there have been expanding demands of IT solutions to handle new accounting systems for local public bodies to be built and also to deal with profound enhancement of information security, which led the market in FY2015 to be projected to rise by 3.2% on year-over-year basis to attain 629,700 million yen. Because there have been more business demands to develop IT solutions, including those for standard processing systems for national health insurers, the market is likely to continue rising in FY2016 to attain 642,500 million yen, a rise by 2.0% on Y-o-Y basis. As for the IT solutions market for local governments for FY2017, it is projected to maintain the similar level as the previous fiscal year, a rise by 0.5% to attain 645,700 million yen.

■ **Market Size for FY2017 and Beyond Projected to Level Off, While Attaining 636,000 Million Yen in FY2020**

Vendors of IT solutions for local governments are likely to be required to develop new systems, as some new services utilizing My Number system are to be created. In addition, there are some mid-to-long-term market expansion factors such as BPO demands for system operations, the demands to take measures against old infrastructures toward 2020 Tokyo Olympics and Paralympic Games, and to develop systems for tourism and security enhancement to respond to increasing number of foreign visitors. On the other hand, not only small or mid-size local governments but also large governments are considering utilizing cloud computing systems.

If clouds are used at local governments, the system operation costs at such governments are considered to be reduced. Therefore, the size of the IT solutions market for local governments in FY2017 and beyond is likely to be the same level as the previous fiscal year, and to attain 636,000 million yen by FY2020.

◆ **Report Format:**

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Price: 180,000 yen (The consumption tax shall additionally be charged for the sales in Japan.)

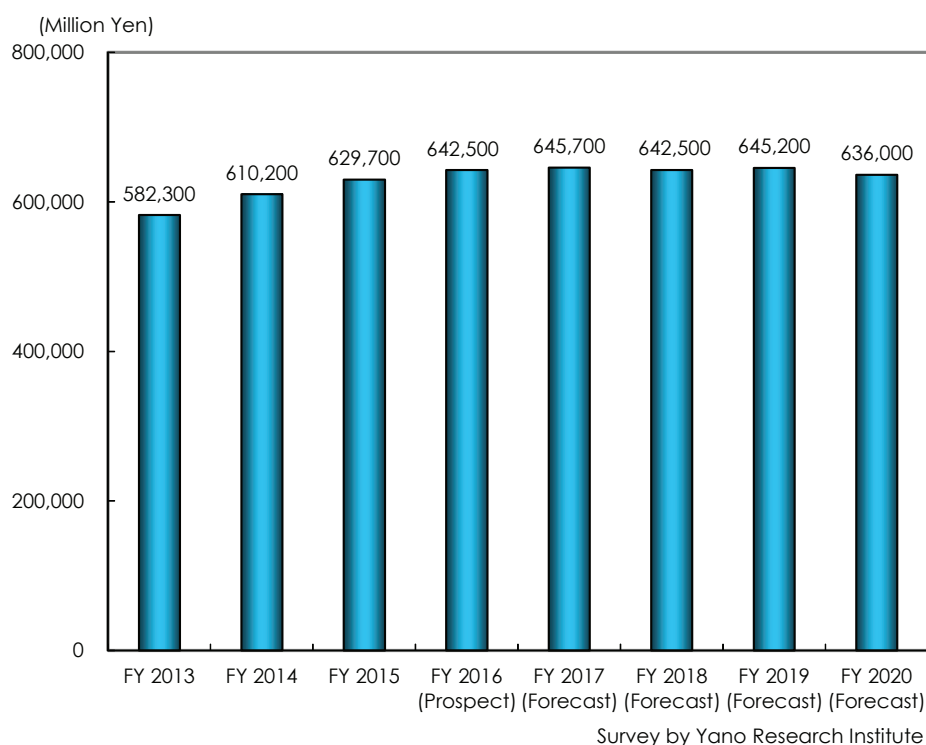
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■ **Figure 1: Forecast of Transition of IT Solutions for Local Governments Market Size**



Notes:

1. The market size is based on the sales of the businesses.
2. The figures in FY2015 are prospect, and the figures in FY2016 and beyond are forecast.
3. The IT solutions for local governments indicate those IT systems introduced in the local governments, which include hardware, software, SI, service support, and dispatching of personnel.