ERP Market in Japan: Key Research Findings 2016

◆ Research Outline

Yano Research Institute has conducted a study on the domestic ERP (Enterprise Resource Planning) software package license market with the following conditions:

1. Research period: April to July, 2016
2. Research target: ERP package vendors
3. Research methodologies: Face-to-face interviews by the specialized researchers

<What is an ERP (Enterprise Resource Planning) package?>
It is a software package to integrate and streamline corporate mission-critical processes across finance, HR, sales administration, production management and others, which used to have been managed separately within the company. The ERP package license market in this research includes the packaged software that has some parts of functions of a mission-critical task and that can comprise a module or a component of an ERP package.

◆ Key Findings

- Sales of ERP Software Package License in 2015 Rose by 8.0% on a Y-on-Y basis, Driven Also by “My Number” System
The domestic ERP software package license market in 2015 reached 111.1 billion yen, up by 8.0% from the previous year, based on the end user price. With the growth rate exceeded that of 2014, the market is robustly on the rise. Such successful market growth in 2015 is regarded to stem from the favorable sales results at user companies and from successful promotions by ERP vendors to acquire demands from HR departments triggered by the Social Security and Tax Number, a.k.a. “My Number” system put into effect in October 2015.

- With Continuous Steadfast Demands, ERP Software Packages License Market in 2016 to Rise by 8.1%
In spite of expectation of consumption tax increase in association with reduced tax rates to expand ERP investment, such revisions in the regulations have been determined to be postponed so that little influence is expected in 2016 from them. Rather, ERP software package license market has been supported by and praised for its original purposes, which are to integrate and streamline corporate mission-critical tasks, indispensable to business operation. Deployment of ERP software especially in the finance and HR departments, and replacement of individually developed and managed sales and production tasks to ERP package solutions have contributed to raise the ERP software package license market in 2016 to achieve 120.070 billion yen a rise by 8.1% from the previous year.

- ERP to Require Contribution to Business Management and to Be Able to Respond to Changes in Economic Environment
In 2016 and beyond, it is concerned that the economy as a whole can be unstable, because of Brexit issues, stronger yen, deteriorating economy in emerging countries including China, domestic slowdown in consumer spending, and etc. However, while such factors may decelerate growth of the ERP software market, increasing number of user companies have begun
reconstructing their ERP systems for a strategic reason to build a platform that can accurately cope with the above-mentioned uncertain external economic environment. This led the companies to extend the use of cloud services for faster deployment and higher flexibility in the ERP systems. The latest trend of the ERP solutions is to combine with cloud services.

◆ Report format:
Published report: “ERP Market 2016”
Issued on: July 29, 2016
Language: Japanese
Format: 315 pages in A4 format
Price: 180,000 yen (The consumption tax shall additionally be charged for the sales in Japan.)

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Table & Figure 1: Transition of Size of ERP Software Package License Market

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016 (Forecast)</th>
<th>2017 (Forecast)</th>
<th>2018 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of ERP Software License</td>
<td>81,569</td>
<td>90,216</td>
<td>96,892</td>
<td>102,900</td>
<td>111,100</td>
<td>120,070</td>
<td>129,255</td>
<td>139,200</td>
</tr>
<tr>
<td>Y-o-Y Comp</td>
<td>105.8%</td>
<td>110.6%</td>
<td>107.4%</td>
<td>106.2%</td>
<td>108.0%</td>
<td>108.1%</td>
<td>107.6%</td>
<td>107.7%</td>
</tr>
<tr>
<td>CAGR</td>
<td>-</td>
<td>10.6%</td>
<td>9.0%</td>
<td>8.1%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

Notes:
1. The market size is based on the end-user price.
2. CAGR is the compound annual growth rate started from 2011 to the year applicable.

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