

**ADVANCED TECHNOLOGIES PRODUCTS/SYSTEMS:
COMPUTER SOFTWARE**

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Market Opportunity:

Canadian informatics products have done well in Japan in recent years in relatively narrow but lucrative niches, with sales measuring over C\$2.5 million annually. This trend is expected to continue as the demand for products and services grow at an estimated rate of 12.5%.

In Japan, the software market developed without one standard for PC software. Change is a gradual process and although IBM Japan's introduction of DOS/V as a "strategic standard" for the Japanese market has influenced developments, the software market is still affected by the modifications to MS-DOS used by several leading hardware manufacturers. In recent months, purchases of non-NEC standard hardware has increased market opportunities for imported software, which was estimated at US\$370 million for 1992. Japan is dependent on imported software, with 90% of the product sourced from the United States.

Software, to be successful in Japan, should have manuals translated into Japanese and if possible, Japanese-language capability for use on Japanese-only machines.

Supplier Capabilities:

Most Canadian software companies are small, undercapitalized and do not have a strong international marketing capability. However, Canadian software firms have developed excellent products which meet niche market needs in Japan and elsewhere. It is recognized that support in promoting the sector will greatly assist the marketing and positioning of Canada as a world leader in software development, especially in niche markets.

Action Plan Strategy:

The niche market structure requires less reliance on broad-based trade missions and shows, and more reliance on product and company-specific efforts. Awareness of the Japanese market will be built through the information technologies "Trends" publication aimed at identified companies with specialized, technically advanced products with prospects in Japan. Working cooperatively with OGDs, industry associations etc., assist companies in adapting to the Japanese market by providing improved market information. Promote the Canadian software industry via an expanded number of key contacts in the Japanese market and by increasing Japanese awareness of this sector through the distribution of company profiles translated into Japanese.