TABLE 5

Software Market Size by Application

Application	Sales 1988 (¥ million)	% of Total Sales 1988	Sales 1987 (¥ million)
Wordprocessing	10 651.67	9.17	9 098.55
Spreadsheet	6 611.01	5.69	4 423.73
Database	7 480.9	6.44	5 057.42
Communications	6 586.79	5.67	4 644.33
Integrated Systems	3 957.51	3.41	3 527.19
Graph Charts	2 887.49	2.49	1 244.15
Graphics	3 784.98	3.26	3 027.89
CAD Software	13 870.68	11.94	8 778.91
Others		51.93	

Source: JPSA.

costs include language modification, sales promotion and preparation for after-sales support.

- *Support and modification for the Japanese language.* Most mainframe software requires Japanese language support. Where software does not include Japanese data or require Japanese language feedback, modification into Japanese is limited to messages or menus. Software products, including spreadsheets, databases and compilers, require full language support. In addition to these modifications, document translation is necessary before marketing. In most cases, a foreign software vendor is completely dependent on a Japanese partner for market entry.

- *Agreements.* The Japanese are cautious decision-makers. A foreign software vendor must use patience when negotiating.

Japanese partners usually require exclusive marketing rights where Japanese language support is necessary. Such exclusivity should be considered carefully.

Costs to develop a product for release in Japan, such as modification, sales promotion, licensee and engineer training, and follow-up support costs, should be clarified before entering a licensing agreement.

Where modifications and language implementation are involved, a source code licence is necessary. Prohibition of copying and program location should be clearly stipulated in the licensing agreement.

The Japan Software Importers' Association

In 1989, the Japan Software Importers' Association (JASIA) was established to promote imported products and to advise medium and large sized software developers.

Mr. Takeo Shimojo, Chairperson of JASIA and President of Nippon Computer Dynamics, emphasizes the need to promote imported products:

> In most advanced countries, the distribution system of packaged software products is firmly established, but in Japan, access to the best software products may be restricted because of efforts to develop a custom-based service, and due to limited access to information on overseas products. A lack of internationalization in the Japanese market is also a key factor.

JASIA provides assistance to foreign software vendors who wish to enter the Japanese market. It provides information on potential partners as well as research and development assistance.