

Offshore Development of Japanese Software Firms located in Large Metropolitan Areas

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Abstract

This article reveals the present status of offshore software development in Japan. The author's interviews with Japanese firms located in large metropolitan areas show that, with several years' experience, Chinese programmers have learned to read Japanese specification sheets and that Chinese software firms understand Japanese business customs. In addition, expansion of offshoring reduces the unit price of software development in the Japanese market. As a result, Japanese ICT firms must expand offshoring because of increasing competition within Japan, although offshoring creates an outflow of technology and know-how to foreign firms. Offshoring offers opportunities for Chinese software companies to catch up with Japanese ones.

Keywords software, offshore development, entry barrier