

China: An Emerging Software Market And Industry

Saiman Hui

China Consultant



Demand

**Strong Market Demand For Software Products As
Computer Installed Base Reaches 15 Million Units
in 1998**

Growth

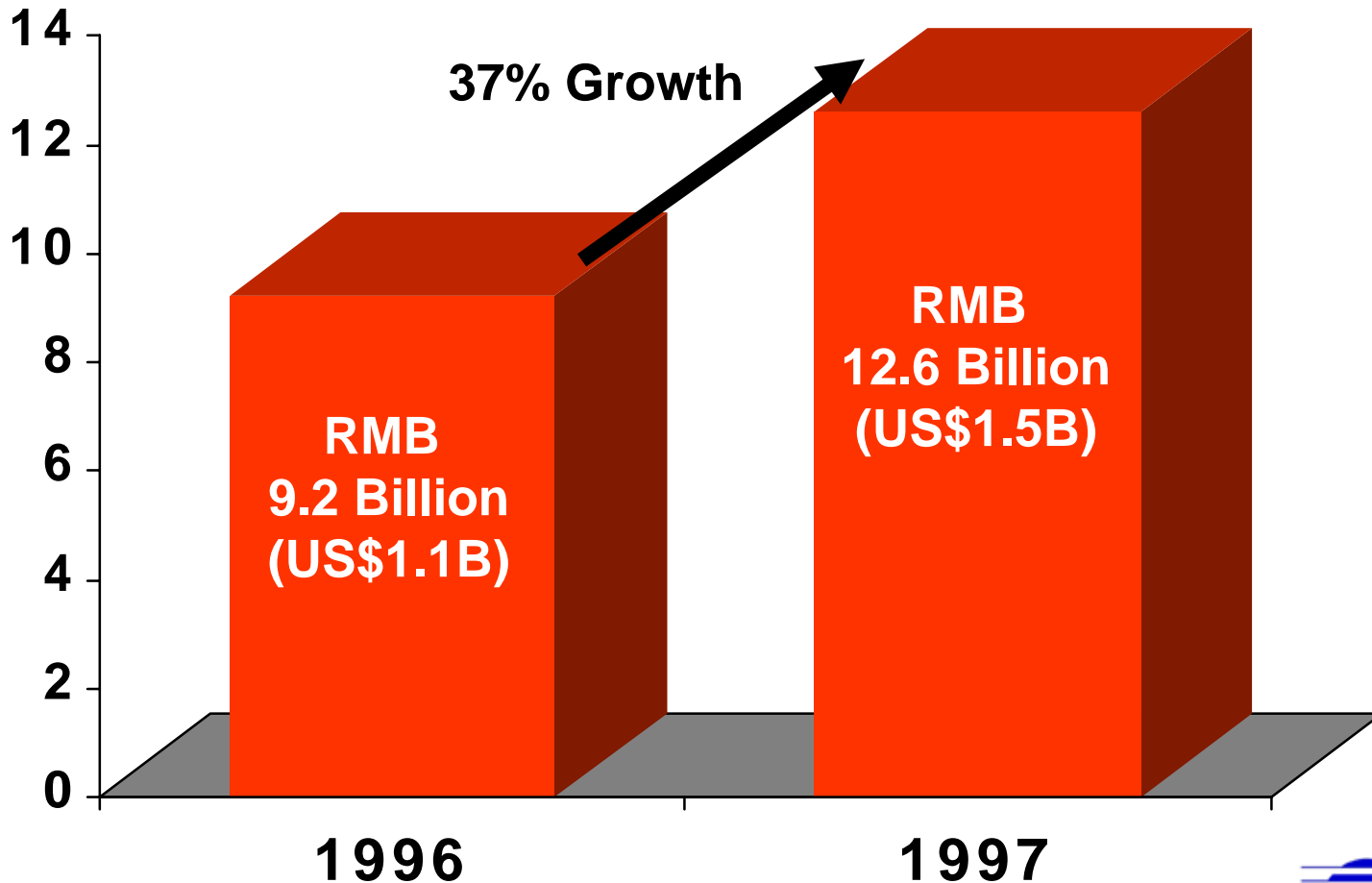
Rapid Software Market Growth Since 1994:

CAGR 1990-1993 = 20%

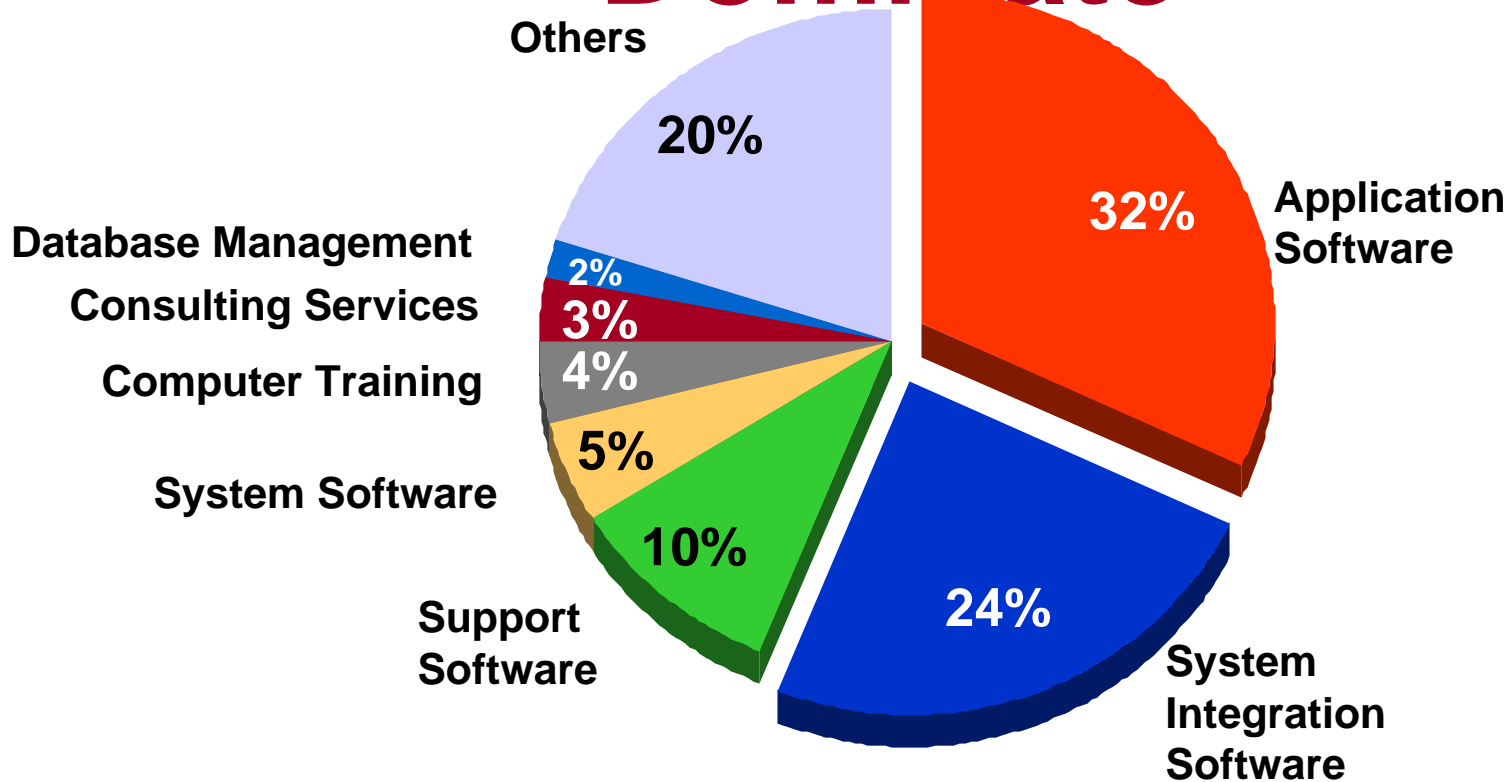
CAGR 1994-1998 = 35%

Domestic Software Sales Are Rising

China Software Market

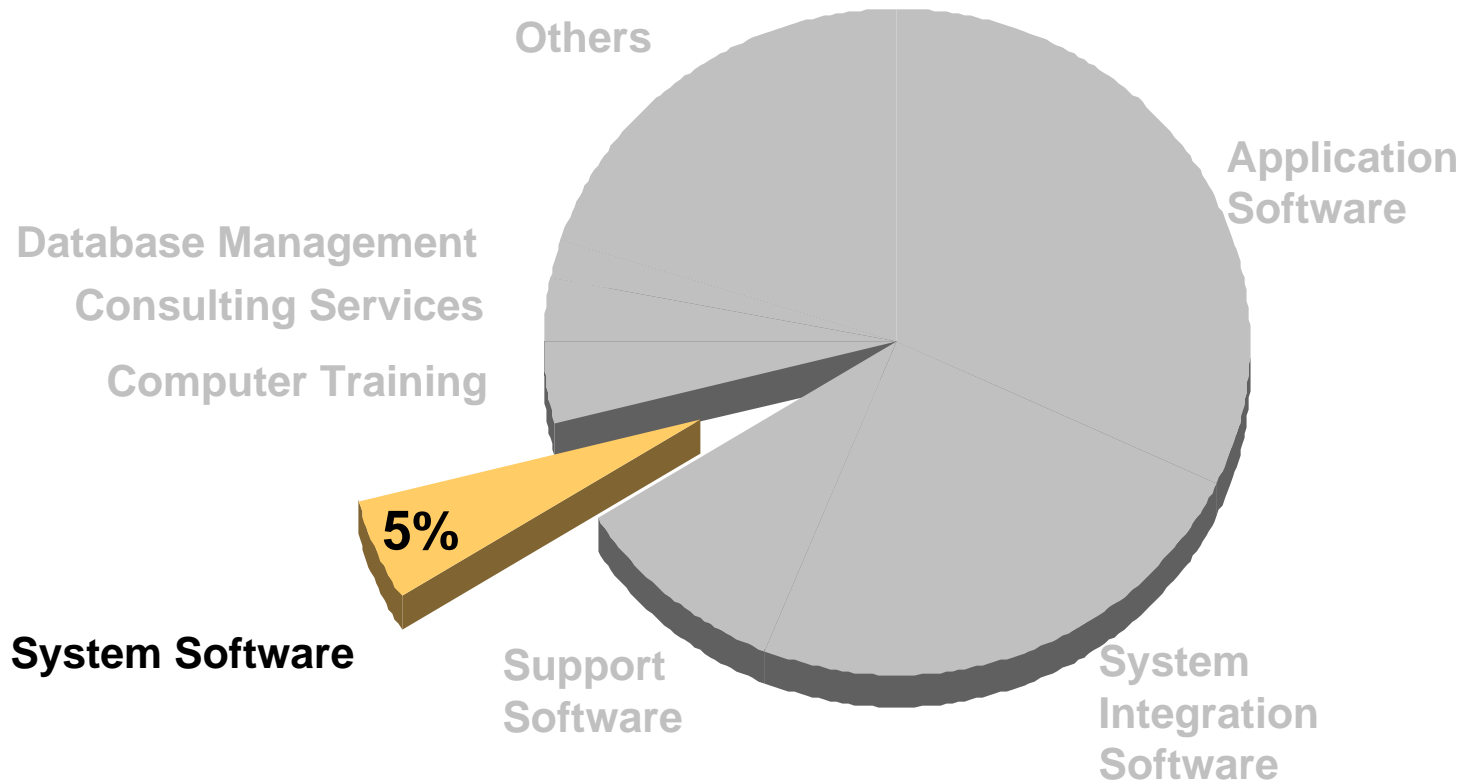


Application And System Integration Software Dominate



China Software Market By Segment, 1998

Systems Software Market Is Dominated By US Products

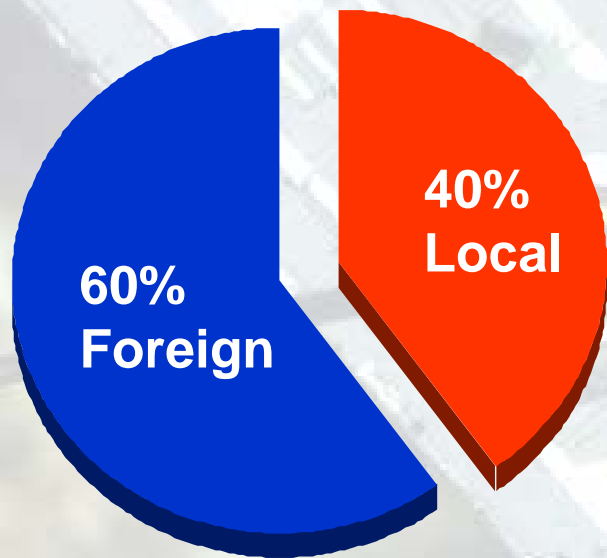


**China Has Only One Self-Developed
Unix-Based Chinese Operating System, COSA**

Source: MII China, 1998

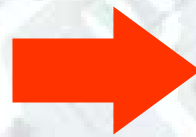


China's Homemade Software Equals 40% Of The Software Market



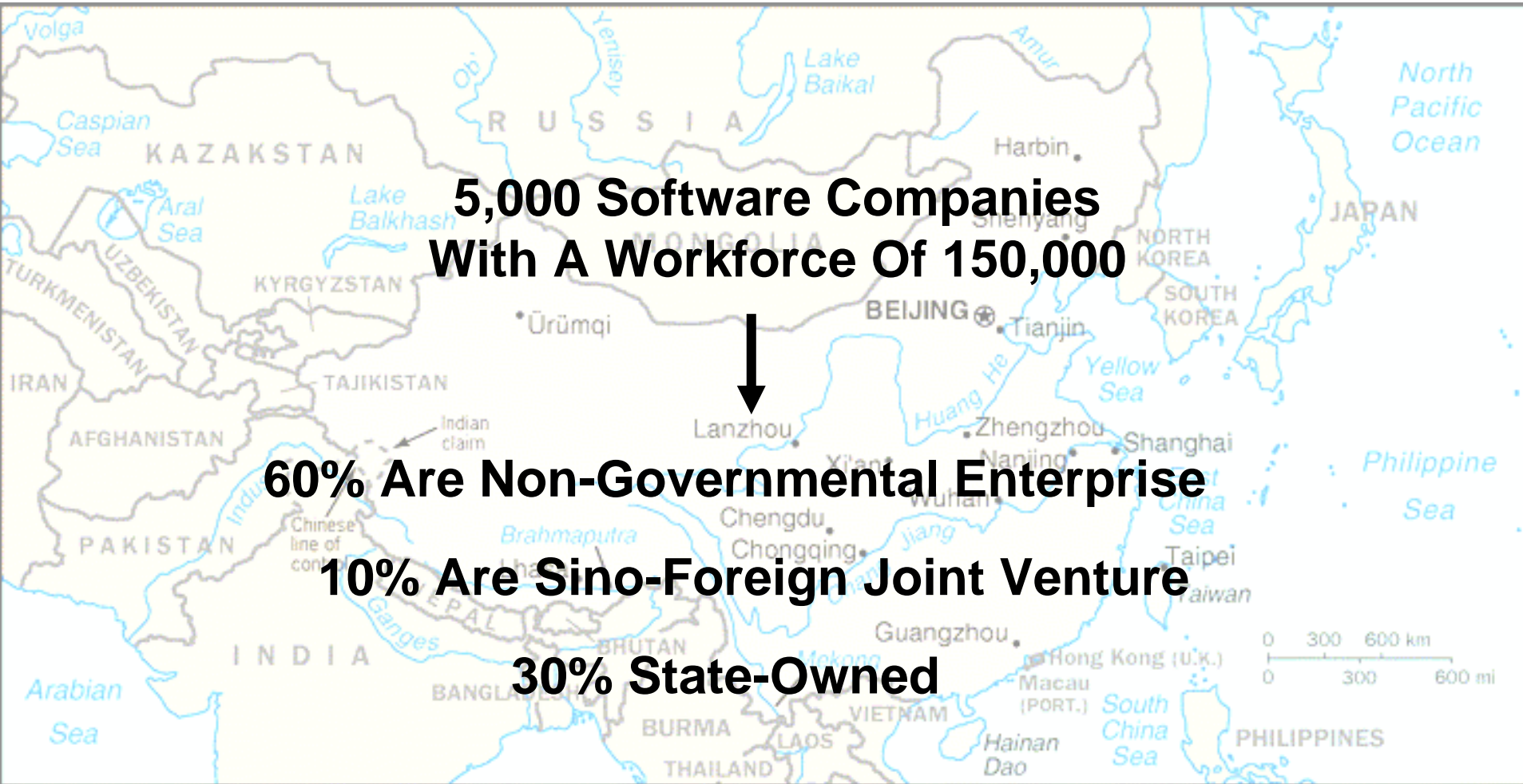
China Software Market, 1998

Concentrating On Chinese
Language Information
Processing



Typesetting
Financial
Enterprise Management
ERP (Enterprise Resources
Planning)

China Software Industry



15 Software Industrial Parks

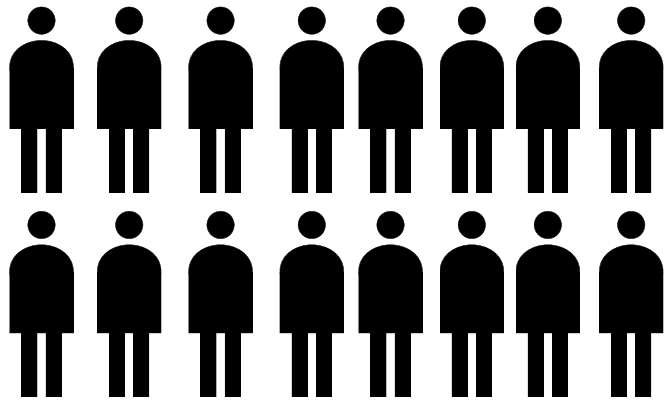
- **Shenyang NEU Software Park In Liaoning**
- **Changsha Chuangzhi Software Park In Hunan**
- **Jinan Qilu Software Park In Shandong**
- **Chengdu Tuopu Software Park In Sichuan**
- **The North Software Park In Beijing**
- **Pudong Software Park In Shanghai**
- **The South Software Park In Zhuhai Of Guangdong**

15 Software Industrial Parks

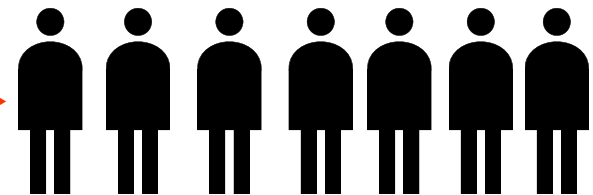
- **Beijing Software Park**
- **Saiboweir Software Park In Shenzhen Of Guangdong**
- **Nanhai Software Science Park In Guangdong**
- **Hainan Software Industrial Park In Hainan**
- **Software Park In Hangzhou Development Zone Of Zhjiang**
- **Jiangnan Software Park In Zhejiang**
- **Xietong Software Park In Xi'an Of Shaanxi**
- **Harbin Software Park In Heilongjiang**

Who Is Fueling Chinese Software Growth?

Annual Chinese Computer Science Graduates = 33,000

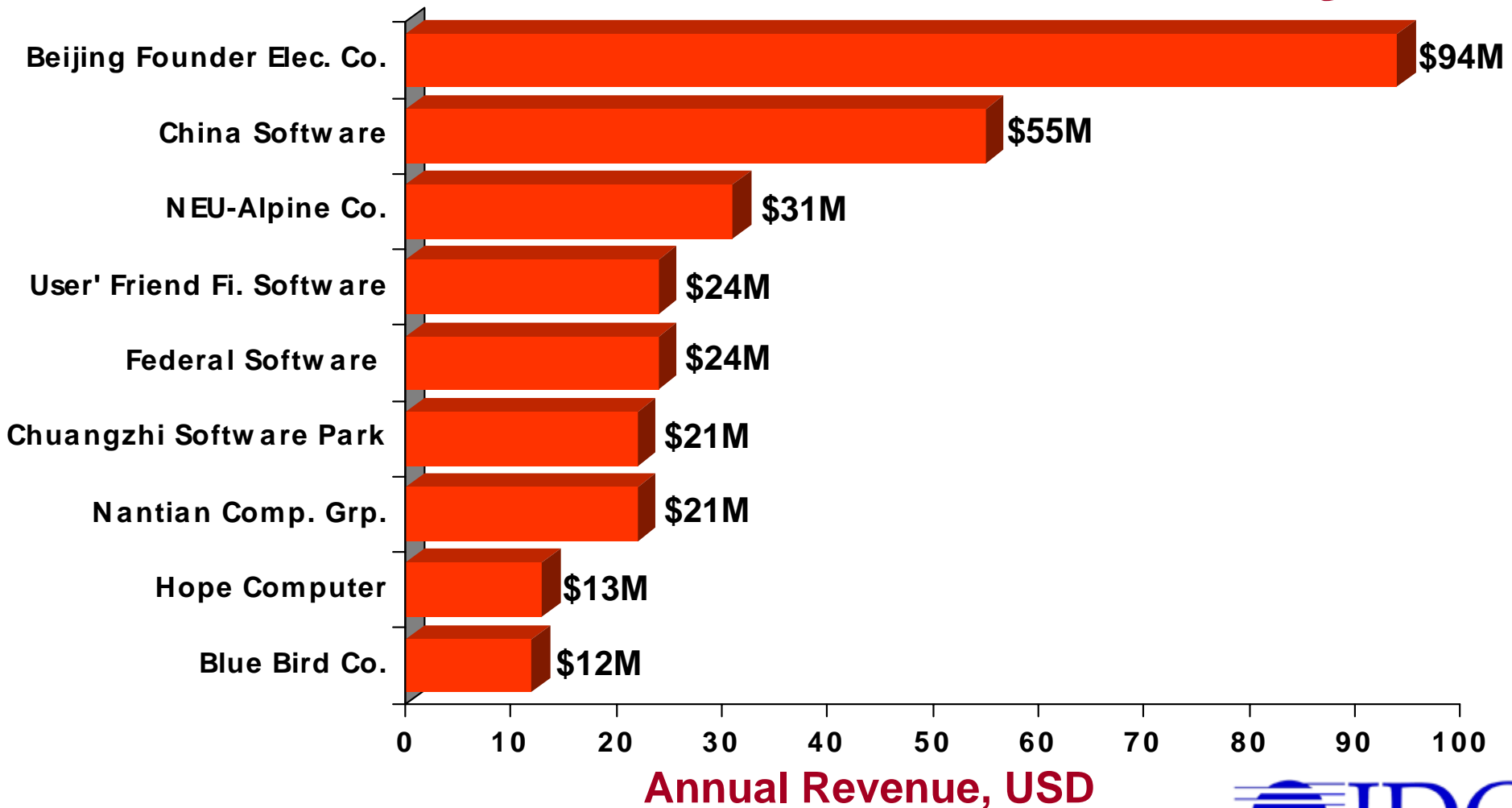


Software Companies



**45% or 15,000
CIS Graduates
Work For
Software Companies**

Who Are The Major Players In China's Software Industry?



China's Software Market

Growth Accelerators

- **Continued Economic Reforms**
- **Growing Internet Networks**
- **Advantage Of JAVA Language**
- **Venture Capital Investment**
- **Maturing Stock Markets**

China's Software Market

Growth Inhibitors

- **Shortage Of Capital Funding**
- **Lack Of Preferential Policies To Boost Local Software Industry**
- **R&D Is Divorced From The Market**
- **Lack Of Brand-Name Products**
- **Low Prices**
- **Serious Brain Drain**
- **Software Piracy**