

## Location Spotlight – Fukuoka, Japan

January 2023: Complimentary Abstract / Table of Contents



# Our research offerings

This report is included in the following research program(s):

Locations Insider™

- ▶ Application Services
  - ▶ Artificial Intelligence (AI)
  - ▶ Banking and Financial Services Business Process
  - ▶ Banking and Financial Services Information Technology
  - ▶ Catalyst™
  - ▶ Clinical Development Technology
  - ▶ Cloud and Infrastructure
  - ▶ Contingent Staffing
  - ▶ Contingent Workforce Management
  - ▶ Conversational AI
  - ▶ Customer Experience Management Services
  - ▶ CX Excellence
  - ▶ Cybersecurity
  - ▶ Data and Analytics
  - ▶ Digital Adoption Platforms (DAP)
  - ▶ Digital Engineering Services
  - ▶ Digital Services
  - ▶ Digital Workplace
  - ▶ Employee Experience Management (EXM) Platforms
  - ▶ Employer of Record (EOR)
  - ▶ Engineering Services
  - ▶ Enterprise Platform Services
  - ▶ Exponential Technologies
- ▶ Finance and Accounting
  - ▶ Financial Services Technology (FinTech)
  - ▶ Global Business Services
  - ▶ Healthcare Business Process
  - ▶ Healthcare Information Technology
  - ▶ Human Resources Outsourcing
  - ▶ Insurance Business Process
  - ▶ Insurance Information Technology
  - ▶ Insurance Technology (InsurTech)
  - ▶ Insurance Third-Party Administration (TPA) Services
  - ▶ Intelligent Document Processing (IDP)
  - ▶ Interactive Experience (IX) Services
  - ▶ IT Services Executive Insights™
  - ▶ Life Sciences Business Process
  - ▶ Life Sciences Commercial Technologies
  - ▶ Life Sciences Information Technology
  - ▶ Locations Insider™
  - ▶ Marketing Services
  - ▶ Market Vista™
  - ▶ Modern Application Development (MAD)
  - ▶ Mortgage Operations
  - ▶ Multi-country Payroll
  - ▶ Network Services and 5G
- ▶ Outsourcing Excellence
  - ▶ Pricing Analytics as a Service
  - ▶ Process Mining
  - ▶ Process Orchestration
  - ▶ Procurement and Supply Chain
  - ▶ Recruitment
  - ▶ Retail and CPG IT Services
  - ▶ Retirement Technologies
  - ▶ Revenue Cycle Management
  - ▶ Rewards and Recognition
  - ▶ Service Optimization Technologies
  - ▶ Software Product Engineering Services
  - ▶ Supply Chain Management (SCM) Services
  - ▶ Sustainability Technology and Services
  - ▶ Talent Excellence GBS
  - ▶ Talent Excellence ITS
  - ▶ Technology Skills and Talent
  - ▶ Trust and Safety
  - ▶ Value and Quality Assurance (VQA)
  - ▶ Work at Home Agent (WAHA) Customer Experience Management (CXM)

If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at [info@everestgrp.com](mailto:info@everestgrp.com)

Learn more about our  
custom research capabilities

Benchmarking

Contract assessment

Peer analysis

Market intelligence

Tracking: providers, locations, risk, technologies

Locations: costs, skills, sustainability, portfolios

# Contents

1. Research methodology	4
2. At a glance	5
3. Overview	6
4. Market activity	7
5. Talent and cost overview	9
6. Global services delivery overview	11
7. Risk profile	12
8. Research calendar	14


For more information on this and other research published by Everest Group, please contact us:

- Parul Jain**, Vice President
- Kanishka Chakraborty**, Analyst
- Aryan Gupta**, Information Specialist

# This report provides perspectives on key aspects of the global sourcing market in Japan

Location Spotlight – Fukuoka, Japan

### Fukuoka | at a glance



Fukuoka, Japan

Mature location primarily leveraged by enterprises for IT and digital services delivery; offers moderate cost arbitrage over Dallas

KEY FACTOIDS

36,000-38,000 annual tertiary graduates

Annual operating cost per employee 40-45% savings over Dallas

Current overview

Key drivers

Key challenges

- Leveraged mainly for IT and digital services delivery. Within IT services, companies typically support software, R&D, and technical services; digital services delivery (IoT, AI, ML, etc.) is also prominent
- Leveraged primarily by multiple GICs and service providers to serve as their R&D centers and regional Centers of Excellence (CoEs)

- High-quality infrastructure supported by superior rail, road, airport, electricity, and telecom infrastructure
- Offers an attractive cost arbitrage of 40-45% over Dallas
- Time zone, geographical proximity, cultural compatibility, and legal & political framework alignment with other Asian countries
- Availability of high-quality, entry-level, and experienced talent pool

- Higher cost of operations than other Asian countries such as Manila and Kuala Lumpur
- Some concerns regarding the risk of natural disasters (especially tsunamis and earthquakes)
- Some concerns around the increasing aging population and the stagnant GDP growth of the country in recent decades

KEY PLAYERS:

Everest Group

Proprietary & Confidential. © 2023, Everest Global, Inc. | EGR-2023-37-R-5847

Location Spotlight – Fukuoka, Japan

### Fukuoka | risk profile (page 1 of 2)

Has a strong infrastructure and geopolitical stability ; there are some concerns over slow economic growth and an aging population

Parameters

Everest Group rating

Comments

Geopolitical

- Political stability has been a key strength for Japan as all institutions and political structures are business-friendly with a parliamentary democracy system of government
- Japan holds the 17th rank out of 167 countries in the Democracy Index 2021 compiled by the Economist Intelligence Unit (EIU). This ranking has been stable throughout the years, and the regime is considered to be a full democracy
- Japan ranks 18th out of 180 countries in the Corruption Perception Index 2021, primarily due to the availability of a business-friendly political environment

Macroeconomic

- Japan's GDP growth has remained negligent during 2016-20 due to very low levels of inflation; however, it is expected to grow at a modest ~3% in the upcoming years after a big decline in GDP in the year 2020 due to the global pandemic
- Standard & Poor's credit rating for Japan stands at A+ with a stable outlook
- Japan already had high levels of debt before the pandemic. Unprecedented stimulus worth over half of its GDP is estimated to have brought Japan's national debt to 263% of GDP for 2021
- Japan's population is among the oldest in the world, and the country has one of the oldest percentages of foreign workers among OCED countries, limiting the size of the workforce

Infrastructure

- Japan is ranked 6th out of 141 countries in the Global Competitiveness Index 2019 (compiled by World Economic Forum) for its infrastructure quality
- Japan offers excellent air, road, and rail connectivity
- Offers good air connectivity to North America, Asia, and Europe, with multiple daily flights to major locations such as London, Singapore, Paris, and Berlin. Japan's road and rail network is also excellent
- Japan being an island also has multiple ports and provides connectivity by sea to numerous location

Source : Everest Group (2022); EIU; Transparency International; WRR; WEF; and interviews with market participants

Everest Group

Proprietary & Confidential. © 2023, Everest Global, Inc. | EGR-2023-37-R-5847

Everest Group® Proprietary & Confidential. © 2023, Everest Global, Inc. | EGR-2023-37-CA-5847

4

# Research calendar

## Locations Insider™

Published

Planned

Current release

Reports title	Release date
Middle East and North Africa: The Next Frontier in IT-BP Services Delivery	August 2022
Location Spotlight – Kenya	August 2022
Location Spotlight – Pune, India	September 2022
Location Spotlight – Scotland	September 2022
Location Spotlight – Barcelona, Spain	October 2022
India’s Services Delivery Overview – Tier-1 Hubs Continue to Grow, Tier-2/3 Speeding Up	November 2022
Location Spotlight – Puerto Rico	November 2022
The Most In-demand Metaverse Skills in the US	November 2022
The War for Talent in Data, Analytics, and AI (DAAI): Finding the Ideal Operating Model for Organizations	November 2022
Location Spotlight – Munich, Germany	December 2022
Global Locations State of the Market 2022: Talent Drives Locations Strategies   Key Trends Shaping the Landscape	December 2022
<b>Location Spotlight – Fukuoka, Japan</b>	<b>January 2023</b>
Location Spotlight – Greece	Q1 2023
Wrapped 2022, Unwrapping 2023	Q1 2023
Location Spotlight – Singapore	Q1 2023

Note: [Click](#) to see a list of all of our published Locations Insider™ reports






Everest Group is a leading research firm helping business leaders make confident decisions. We guide clients through today's market challenges and strengthen their strategies by applying contextualized problem-solving to their unique situations. This drives maximized operational and financial performance and transformative experiences. Our deep expertise and tenacious research focused on technology, business processes, and engineering through the lenses of talent, sustainability, and sourcing delivers precise and action-oriented guidance. Find further details and in-depth content at [www.everestgrp.com](http://www.everestgrp.com).

## Stay connected

### Website

[everestgrp.com](http://everestgrp.com)

### Social Media

 @EverestGroup  
 @Everest Group  
 @Everest Group  
 @Everest Group

### Blog

[everestgrp.com/blog](http://everestgrp.com/blog)

### Dallas (Headquarters)

[info@everestgrp.com](mailto:info@everestgrp.com)  
+1-214-451-3000

### Bangalore

[india@everestgrp.com](mailto:india@everestgrp.com)  
+91-80-61463500

### Delhi

[india@everestgrp.com](mailto:india@everestgrp.com)  
+91-124-496-1000

### London

[unitedkingdom@everestgrp.com](mailto:unitedkingdom@everestgrp.com)  
+44-207-129-1318

### Toronto

[canada@everestgrp.com](mailto:canada@everestgrp.com)  
+1-647-557-3475

This document is for informational purposes only, and it is being provided "as is" and "as available" without any warranty of any kind, including any warranties of completeness, adequacy, or fitness for a particular purpose. Everest Group is not a legal or investment adviser; the contents of this document should not be construed as legal, tax, or investment advice. This document should not be used as a substitute for consultation with professional advisors, and Everest Group disclaims liability for any actions or decisions not to act that are taken as a result of any material in this publication.