

Results of the Basic Survey on the Information and Communications Industry

**2017 Basic Survey on the Information and Communications Industry
(Performance in FY2016)**

March 27, 2018

**Global ICT Strategy Bureau
Ministry of Internal Affairs and Communications
&
Research and Statistics Department, Minister's Secretariat
Ministry of Economy, Trade and Industry**

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Chapter 1 compiles and analyzes survey results on such items as the numbers of companies, establishments, and workers, as well as the financial conditions common to all business types, for the purpose of outlining the information and communications industry as a whole. For multidimensional considerations, survey results are compiled both from the viewpoint of overall business activities (Section 1) and from the viewpoint of companies rated as “mainly engaged” in the information and communications business (Section 2).

In Chapter 2 and onward, survey items for each business type, such as sales by service type, capital investment by business type, outsourcing status, and future business operation plans, are analyzed so as to ascertain the current situation of the respective businesses comprising the information and communications industry.

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Outline of Survey

■ Purpose of survey

The purpose of the Basic Survey on the Information and Communications Industry is to clarify the actual situations with regard to activities of companies that belong to the Japan Standard Industrial Classification Division G “Information and Communications Businesses” in order to obtain basic data on measures concerning Information and Communications Businesses.

■ Supporting laws and regulations for survey Statistics Act (Act No. 53 of 2007)

■ Subject of survey

[Area] Nationwide

[Unit] Company

[Attribute]

Companies that belong to the Japan Standard Industrial Classification Division G “Information and Communications Businesses”

[Number of survey subjects]

Total of approx. 11,000 companies (FY2017 survey)

(1) Telecommunications

Of the companies engaged in this business, the following are subject to survey.

- Registered telecommunications business operators: All
- Notifying telecommunications business operators: Those with capital or contributions of 30 million yen or more

(2) Broadcasting

Of the companies engaged in this business, the following are subject to survey.

- Private broadcasting business operators: All
- Cable television broadcasting business operators: Those with capital or contributions of 30 million yen or more

(3) Television program production and radio program production

Companies engaged in this business: All

(4) Services incidental to Internet

Of the companies engaged in this business, those with capital or contributions of 30 million yen or more

(5) Information services

Of the companies engaged in this business, those with capital or contributions of 30 million yen or more

(6) Video picture information, sound information, character information production and distribution (except Television program production and radio program production)

Of the companies engaged in this business, those with capital or contributions of 30 million yen or more

- Period of survey
 [Survey interval] Every year
 [Survey date] March 31
 [Implementation date] Period between June 16 and August 15
- Method of survey
 [Survey route]
 Ministry of Internal Affairs and Communications - Private business operators - Reporters
 Ministry of Economy, Trade and Industry - Private business operators - Reporters
 [Distribution method] Mail-in
 [Collection method] Mail-back, online
- Offices responsible for survey
 (For Survey Questionnaire (I), Survey Questionnaire (II), Survey Questionnaire (III), and Survey Questionnaire (IV))
 Economic Research Office, ICT Strategy Policy Division, Information and Communications Bureau, Ministry of Internal Affairs and Communications
 Tel: 03-5253-5744 (Direct)
 E-mail: johotsushintokey@ml.soumu.go.jp

(For Survey Questionnaire (I), Survey Questionnaire (IV), Survey Questionnaire (V), and Survey Questionnaire (VI))
 Enterprise Statistics Office, Research and Statistics Department, Minister's Secretariat, Ministry of Economy, Trade and Industry
 Tel: 03-3501-1831 (Direct)
 E-mail: qqcebh@meti.go.jp

Notes on Use

The Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry conducted the “2017 Basic Survey on the Information and Communications Industry” as of March 31, 2017, and have compiled and published the results as a report. The outline of the survey and the notes for use of the statistical tables are as follows.

(Terms)

- “Regular workers” refers to paid directors and regularly employed people (people, regardless of their title as a full-time worker, regular staff member, part-timer, temporary or contract workers, etc., employed for an unspecified period or for a period of one month or longer).
- “Full-time workers/regular staff members” refers to workers treated as full-time workers/regular staff members.
- “Part-timers” refers to regular workers whose scheduled daily working hours or number of working days in a week are shorter than that of full-time workers/regular staff members.
- “Part-timers (working hour conversion)” refers to the number of part-timers calculated in terms of working hours of full-time workers/regular staff members.
- “Workers transferred to other companies” refers to workers who are transferred to parent companies, subsidiaries, affiliate companies, etc. in Japan or overseas, and who are being paid a salary mainly by the company from which they are being transferred (the said company is mainly responsible for paying the workers' salaries).
- “Temporary or daily workers” refers to people who are employed for a period of less than one month, or those who are brought in on a daily basis.
- “Dispatched workers” refers to workers who are employed by a worker-dispatching business operator and are engaged in an accepting company's operations under its supervision and command, based on a contract between the accepting company and the worker-dispatching business operator, under the aforementioned employment relationship. They are not included in the total number of workers of the accepting company.
- “Workers” refers to the combination of “regular workers” and “temporary or daily workers”.
- A “parent company” is a company which owns more than 50% of the voting rights of a certain company (subsidiary). It also includes a company which practically controls the subsidiary even in the case they own only 50% or less of the voting rights.
- A “subsidiary” is a company in which a certain company (parent company) owns more than 50% of the voting rights. It also includes a company in which the subsidiary, or the parent company and the subsidiary combined, own more than 50% of the voting rights (deemed subsidiary) and a company practically controlled by the subsidiary or jointly by the parent company and the subsidiary even in the case they own only 50% or less of the voting rights.
- An “affiliated company” is a company in which a certain company directly owns no less than 20% but no more than 50% of the voting rights.
- “(Reproduced) TV/radio program production work” indicates the total of TV program production work and radio program production work among the overall video picture information, sound information, character information production and distribution work.
- “Companies that responded to the survey for the second consecutive year” refers to companies that provided responses to both the previous survey and this survey.

(Figures)

- In the tables, “-” means that there is no applicable number and “0” means that the figure is under the unit.
- In the tables, “X” means that the value was kept confidential since the number of companies was two or less.

In addition, areas where it is possible to determine confidential values from the surrounding context even if the number of companies is three or more, such values are kept confidential.

- All figures show the total of valid responses for each item
- As figures and composition ratios round off digits under the units, and there may be cases with no responses in the breakdown, the aggregated amount does not necessarily match the total.
- The numbers of companies, establishments, workers, and subsidiaries are those at the end of FY2016 and sales are the performance of the entirety of FY2016.
- Breakdown data of the “number of regular workers” (“Full-time workers/regular staff members”, etc.) do not match the total. • The difference includes the numbers of paid directors and contract workers, etc.
- XX%-point differences from the previous fiscal year are expressed as “XX points”.

(Others)

- As only valid responses are counted, the number of companies that submitted a response varies by item. Furthermore, as each type of survey form was sent to and collected from different companies, the number of responding companies varies by Chapter even for the same type of business.
- Chapter 1 compiles the survey results regarding all companies engaged in the information and communications business, both from the viewpoint of companies' business activities (Results Based on Business Activities) and from the viewpoint of companies' main business (Results Based on Companies Rated as Mainly Engaged in the IC Business).
- Results based on business activities in Chapter 1, Section 1 are created by focusing on the contents of activities run by companies. In cases where companies are engaged in side businesses, figures for the company as a whole in the respective business types are tabulated.

(For example, if a responding company is engaged in the “telecommunications business” and the “software business”, its figures are tabulated respectively in “telecommunications” and “software” in tables and diagrams.)

Accordingly, the total of each business sector does not match the figure for “Overall”.

- The results based on business activities in Chapter 1, Section 2 are created by rating companies in the business sector where they have the largest sales. Large classifications (“Information and Communications”, “Manufacturing”, “Wholesale and Retail Trade”, etc.) are determined based on the area in which companies' have the largest sales. Within these large classifications, sales are compared based on small classifications, and main businesses (small classifications) (“telecommunications”, “private broadcasting”, etc.) are determined based on the largest sales.

(For example, if a responding company is engaged in the “telecommunications business” and the “software business”, when sales are larger from the “telecommunications business”, tabulations are made by rating the company as a “telecommunications company”.)

- It should be noted that since the numbers of valid responses vary for each year that the survey was conducted, care should be exercised when making inter-annual comparisons.
- In Chapter 2, survey results are compiled by business type. Therefore, companies engaged in multiple businesses are included either in the “telecommunications business”, “private broadcasting business” or “cable television broadcasting business”. However, tabulation of the items concerning fund procurement and management is on a company basis. Accordingly, the sum of the number of companies in the telecommunication business and that in the broadcasting business does not match the total for the entirety of the communications and broadcasting business.
- In Chapter 6, data for the video picture information, sound information, character information production and distribution work are compiled without those for the TV program production work and the radio program production work. Companies for services incidental to video picture information, sound information, character information production and distribution include news syndicates companies.

- The Japan Broadcasting Corporation (NHK) is not covered by this survey, but data for some related parts are cited from materials publicized by NHK (“Inventory, Balance Sheet, Profit and Loss Statement, Statement of Changes in Net Assets, Cash Flow Statement, and Written Explanations Thereof (NHK)”, etc.).
- For companies with capital of 500 million yen or more that had submitted “questionnaires for the annual survey for the Financial Statements Statistics of Corporations by Industry” conducted by the Ministry of Finance, part of the data for this survey's “Assets, Liabilities and Capital” and “Sales and Expenses” in the Survey on Items Common to All Business Types (Survey Questionnaire (I)) are based on said data collected by the Ministry of Finance.
- For companies with capital of 1 billion yen or more that had submitted “questionnaires for the Scientific and Technological Research survey” conducted by the Ministry of Internal Affairs and Communications, part of the data for this survey's “R&D Expenses and R&D Investments” in the Survey on Items Common to All Business Types (Survey Questionnaire (I)) are based on said data collected by the Ministry of Internal Affairs and Communications.
- For companies with 50 or more workers and with capital or contributions of 30 million yen or more that had submitted questionnaires for the “Basic Survey of Japanese Business Structures and Activities” conducted by the Ministry of Economy, Trade and Industry, all data for the Survey on Items Common to All Business Types (Survey Questionnaire (I)) are based on said data collected by the Ministry of Economy, Trade and Industry.
- When reprinting figures listed in this report onto other media, please cite the “Report on the 2017 Basic Survey on the Information and Communications Industry” (Ministry of Internal Affairs and Communications/Ministry of Economy, Trade and Industry).

Questionnaire Responses

Questionnaire type		Number of target companies	Companies that submitted a response	Response rate	Companies that gave a valid response
Questionnaire (I) (Common Survey)		8,842	6,321	71.5%	5,519
Survey on Items for Each Business Type	(II) (Telecommunications and Broadcasting)	1,368	801	58.6%	752
	(III) (Broadcast Program Production)	844	362	42.9%	339
	(IV) (Services incidental to Internet)	1,278	688	53.8%	534
	(V) (Information Service)	5,728	3,803	66.4%	3,501
	(VI) (Video Picture Information, Sound Information, Character Information Production and Distribution)	1,502	884	58.9%	734

Summary of the Results of 2017 Basic Survey on the Information and Communications Industry

Points

- The number of companies engaged in the information and communications business was 5,519, out of which 4,723 companies did so as their main business.
- The total sales of these 5,519 companies from the information and communications business were 48.0099 trillion yen. The total sales of the 4,723 companies mainly engaged in this business were 46.4014 trillion yen.

Chapter 1, Section 1: Results Based on Business Activities

→ p.7, p.14

The number of companies engaged in the information and communications business (meaning companies that engage in this business, whether as their main business or not) was 5,519 and the total sales from this business were 48.0099 trillion yen (the total sales of these companies were 71.9756 trillion yen) in FY2016. Among this, total sales from this business by companies that responded to the survey for the second consecutive year were 46.1690 trillion yen (up 2.4% from the previous fiscal year; hereinafter the same applies except where otherwise specified). Sales that are associated with information and communications business were the largest for the telecommunications business, followed by software and then data processing and information services. These three businesses accounted for 78.2% of the total.

The total number of workers was 1,642,072 (up 1.1%) and the productivity was 13.320 million yen/person (down 11.4%).

Chapter 1, Section 2: Results Based on Companies Rated as Mainly Engaged in IC Business

→ p.8, p.25

The number of companies rated as information and communications companies (IC companies) (meaning companies which earn more sales from the IC business than from any other) was 4,723 and their total sales in FY2016 were 50.7425 trillion yen (sales from this business were 46.4014 trillion yen).

The sales per IC company were 10.74 billion yen (up 0.2%). The sales per IC company were the largest for telecommunications companies, followed by newspaper publishers and then companies engaged in the services incidental to Internet.

Chapter 2: Telecommunications and Broadcasting Business

→ p.9, p.35

The number of companies engaged in the telecommunications and broadcasting business was 954 and the total sales in FY2016 were 17.7773 trillion yen (up 1.6%). Sales by companies that responded to the survey for the second consecutive year were 17.5584 trillion yen (up 1.3%). By business type, sales were 14.1862 trillion yen (up 1.1%) for the telecommunications business, 2.3985 trillion yen (up 5.0%) for the private broadcasting business, and 487.9 billion yen (up 0.4%) for the cable television broadcasting business.

Chapter 3: Broadcast Program Production Business

→ p.10, p.43

The number of companies engaged in the broadcast program production business was 339 and the total sales in FY2016 were 346.0 billion yen (up 12.7%). Sales by companies that responded to the survey for the second consecutive year were 272.0 billion yen (up 3.1%). Sales per company were 1.02 billion yen (up 23.7%).

Chapter 4: Business of Services Incidental to Internet

→ p.11, p.51

The number of companies engaged in the services incidental to Internet was 534 and the total sales in FY2016 was 2.5316 trillion yen (up 5.7%). Of which, sales by companies that responded to the survey for the second consecutive year were 1.4857 trillion yen (up 3.6%).

The sales per company were 47.4 billion yen (up 7.9%), showing an increase for four consecutive years.

Chapter 5: Information Service Business

→ p.12, p.56

The number of companies engaged in the information service business was 3,501. The total sales in FY2016 were 16.7289 trillion yen (down 3.1%). Of which, sales by companies that responded to the survey for the second consecutive year were 15.9227 trillion yen (up 2.3%). By sector, custom software services recorded the largest sales.

The sales per company were 4.78 billion yen (down 3.3%).

Chapter 6: Video Picture Information, Sound Information, Character Information Production and Distribution Business

→p.13, p.65

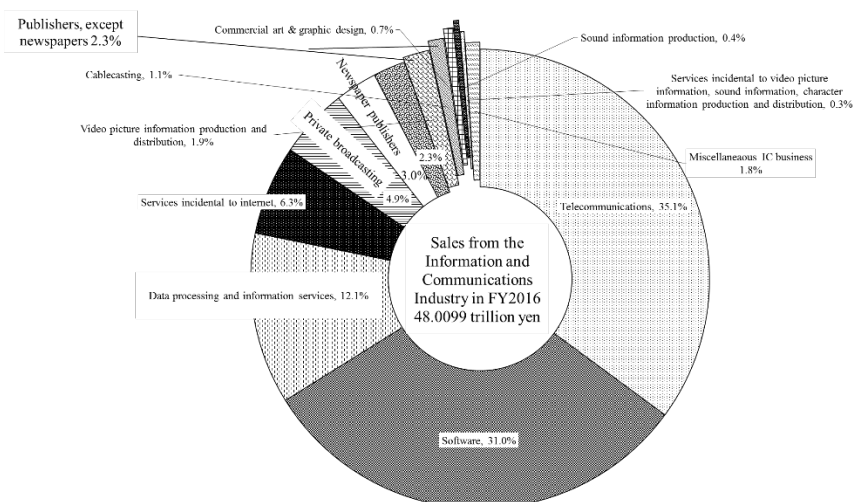
The number of companies engaged in the video picture information, sound information, character information production and distribution business was 734. The total sales in FY2016 were 2.9686 trillion yen (up 5.1%). Of which, sales by companies that responded to the survey for the second consecutive year were 2.7197 trillion yen (up 0.9%). By sector, newspaper publishers recorded the largest sales.

The sales per company were 4.04 billion yen (down 0.2%).

Points of Chapter 1, Section 1: Results Based on Business Activities

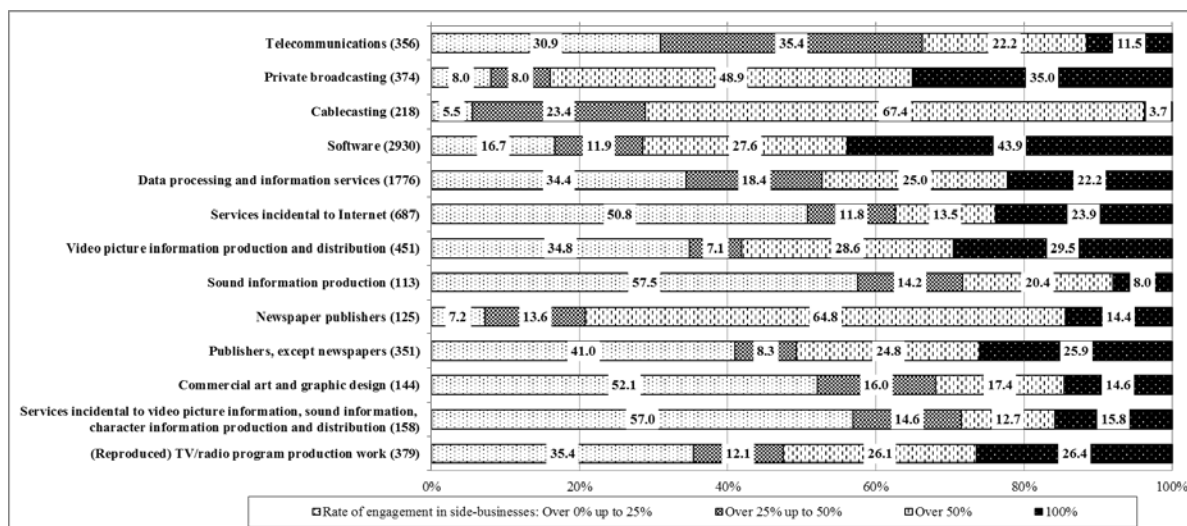
- The number of companies engaged in the information and communications business (meaning companies that engage in this business, whether as their main business or not) was 5,519 and the total sales from this business were 48.0099 trillion yen (the total sales of these companies were 71.9756 trillion yen) in FY2016.
- Sales were the largest for the telecommunications business, followed by the software business and then the data processing and information services business. These three businesses accounted for 78.2% of the total.
- Looking at the composition ratios of companies by rate of engagement in side-businesses, in all 12 business types, 50% or more of companies also concurrently operated other businesses. In particular, the rate was high for cablecasting companies (96.3%) and sound information production companies (92.0%).

Sales from the Information and Communications Business in FY2016



	Number of companies	Sales from the relevant business Sales (100 million yen)	Composition ratio (%)
Overall	5,519	480,099	100.0
Telecommunications	356	168,491	35.1
Software	2,930	148,966	31.0
Data processing and information services	1,776	57,978	12.1
Services incidental to Internet	687	30,261	6.3
Private broadcasting	374	23,599	4.9
Newspaper publishers	125	14,251	3.0
Publishers, except newspapers	351	10,853	2.3
Video picture information production and distribution	451	9,060	1.9
Cablecasting	218	5,299	1.1
Commercial art and graphic design	144	3,315	0.7
Sound information production	113	1,801	0.4
Services incidental to video picture information, sound information, character information production and distribution	158	1,331	0.3
Miscellaneous IC businesses	-	4,894	1.0

Composition Ratios of Companies by Rate of Engagement in Side Businesses



(Note) Rate of engagement in side-businesses: Sales from the relevant business / Total sales of the company × 100

Points of Chapter 1, Section 2: Results Based on Companies Rated as Mainly Engaged in the IC Business

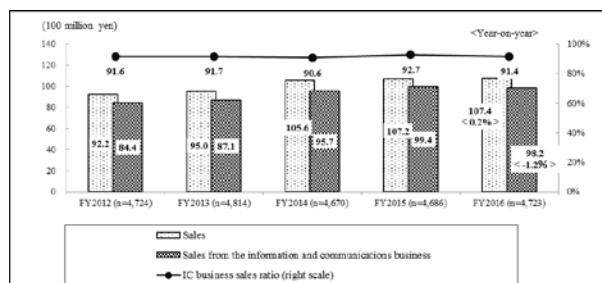
- Looking at companies rated as information and communications companies (IC companies) (meaning companies which earn more sales from the IC business than from any other), per IC company, the number of establishments was 3.7 (down 0.2 establishments), and the number of regular workers was 265 (up 1.1%).
- The sales per IC company were 10.74 billion yen (up 0.2%). Of the total sales, those from the information and communications business were 9.82 billion yen (down 1.2%), making up 91.4% of sales (down 1.3 points).
- The operating profit per IC company was 1.15 billion yen (up 5.7%), and ordinary profit per IC company was 1.16 billion yen (up 11.1%). Current net income per IC company was 770 million yen (up 11.1%).

Outline of IC Companies (Per Company)

		Number of establishments	Number of workers		Sales (million yen)	Sales from the IC business (million yen)	Operating profit (million yen)	Ordinary profit (million yen)
			Number of workers (persons)	Number of regular workers (persons)				
IC companies	FY2015	3.9	263.0	262.0	10,722.9	9,939.7	1,088.3	1,099.4
	FY2016	3.7	266.0	265.0	10,743.7	9,824.6	1,150.7	1,164.9
	Year-on-year (%)	-0.2	1.1	1.1	0.2	-1.2	5.7	6.0
Telecommunications	FY2015	10.3	796.0	791.0	124,648.0	124,091.4	19,108.7	18,265.8
	FY2016	5.9	789.0	789.0	132,979.6	126,909.1	21,231.3	21,462.0
	Year-on-year (%)	-4.4	-0.9	-0.3	6.7	2.3	11.1	17.5
Private broadcasting	FY2015	2.8	81.0	80.0	7,555.7	7,233.2	607.0	628.6
	FY2016	2.8	87.0	86.0	8,290.9	7,850.3	889.1	644.0
	Year-on-year (%)	0.0	7.4	7.5	9.7	8.5	46.5	2.4
Cablecasting	FY2015	2.5	71.0	71.0	3,599.7	3,578.9	502.0	455.1
	FY2016	2.4	73.0	73.0	4,056.3	3,999.1	626.3	468.1
	Year-on-year (%)	-0.1	2.8	2.8	12.7	11.7	24.8	2.9
Software	FY2015	3.1	286.0	285.0	7,936.6	6,811.2	407.6	468.5
	FY2016	3.1	289.0	289.0	7,796.3	6,700.1	415.8	472.6
	Year-on-year (%)	0.0	1.0	1.4	-1.8	-1.6	2.0	0.9
Data processing and information services	FY2015	4.8	340.0	335.0	6,515.9	5,861.0	445.9	478.1
	FY2016	4.8	338.0	334.0	5,943.5	5,478.6	464.9	483.3
	Year-on-year (%)	0.0	-0.6	-0.3	-8.8	-6.5	4.3	1.1
Services incidental to Internet	FY2015	2.9	228.0	227.0	9,774.5	9,530.5	2,339.1	2,431.8
	FY2016	2.7	226.0	226.0	10,221.3	10,002.6	2,292.4	2,343.5
	Year-on-year (%)	-0.2	-0.9	-0.4	4.6	5.0	-2.0	-3.6
Video picture information production and distribution	FY2015	1.9	93.0	92.0	3,493.9	3,042.2	245.6	279.4
	FY2016	1.8	101.0	100.0	3,900.2	3,236.8	327.6	358.3
	Year-on-year (%)	-0.1	8.6	8.7	11.6	6.4	33.4	28.2
TV program production	FY2015	1.6	85.0	85.0	2,470.4	2,325.5	91.1	111.0
	FY2016	1.6	93.0	93.0	2,706.5	2,438.0	151.8	164.2
	Year-on-year (%)	0.0	9.4	9.4	9.6	4.8	66.6	47.9
Sound information production	FY2015	2.1	82.0	81.0	6,668.0	5,736.1	2,136.6	225.1
	FY2016	1.7	79.0	79.0	5,846.4	4,890.2	1,565.9	267.5
	Year-on-year (%)	-0.4	-3.7	-2.5	-12.3	-14.7	-26.7	18.8
Radio program production	FY2015	1.1	20.0	19.0	250.2	230.9	1.1	1.4
	FY2016	0.9	22.0	22.0	443.8	342.3	39.1	31.5
	Year-on-year (%)	-0.2	10.0	15.8	77.4	48.2	3,454.5	2,150.0
Newspaper publishers	FY2015	19.8	367.0	365.0	15,154.2	13,534.4	560.3	684.3
	FY2016	18.7	376.0	374.0	15,387.0	13,573.0	428.5	552.3
	Year-on-year (%)	-1.1	2.5	2.5	1.5	0.3	-23.5	-19.3
Publishers, except newspapers	FY2015	2.9	126.0	126.0	5,569.7	5,363.8	196.6	272.3
	FY2016	3.2	134.0	134.0	5,751.6	5,519.4	196.6	279.3
	Year-on-year (%)	0.3	6.3	6.3	3.3	2.9	0.0	2.6
Commercial art and graphic design	FY2015	2.4	65.0	64.0	1,534.3	1,405.2	50.4	51.3
	FY2016	2.6	70.0	68.0	1,680.3	1,516.4	94.3	98.9
	Year-on-year (%)	0.2	7.7	6.3	9.5	7.9	87.1	92.8
Services incidental to video picture information, sound information, character information production & distribution	FY2015	3.6	109.0	106.0	1,898.7	1,580.2	31.6	75.5
	FY2016	3.9	121.0	121.0	2,122.8	1,816.9	46.2	83.6
	Year-on-year (%)	0.3	11.0	14.2	11.8	15.0	46.2	10.7

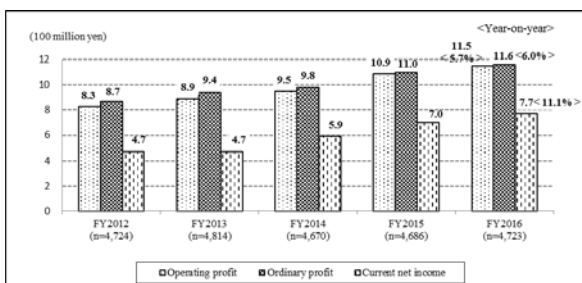
(Note) The year-on-year comparison for the number of establishments per company represents the difference as compared to the previous fiscal year.

Sales per IC Company



(Note) Year-on-year comparison is calculated in 1 million yen units.

Profit per IC Company



(Note) Year-on-year comparison is calculated in 1 million yen units.

Points of Chapter 2: Telecommunications and Broadcasting

- The total sales in the telecommunications and broadcasting business were 17.7773 trillion yen (up 1.6%) in FY2016. Sales by companies that responded to the survey for the second consecutive year were 17.5584 trillion yen (up 1.3%). By business type, sales were 14.1862 trillion yen for the telecommunications business, 2.3985 trillion yen for the private broadcasting business, and 487.9 billion yen for the cable television broadcasting business.
- With regard to companies that intend to start new businesses within one year, telecommunications and cable television broadcasting businesses intending to start “FTTH services” accounted for 22.2% and 41.8%, respectively. Private broadcasting businesses intending to start “Web contents delivery services” were the highest, at 31.6%.

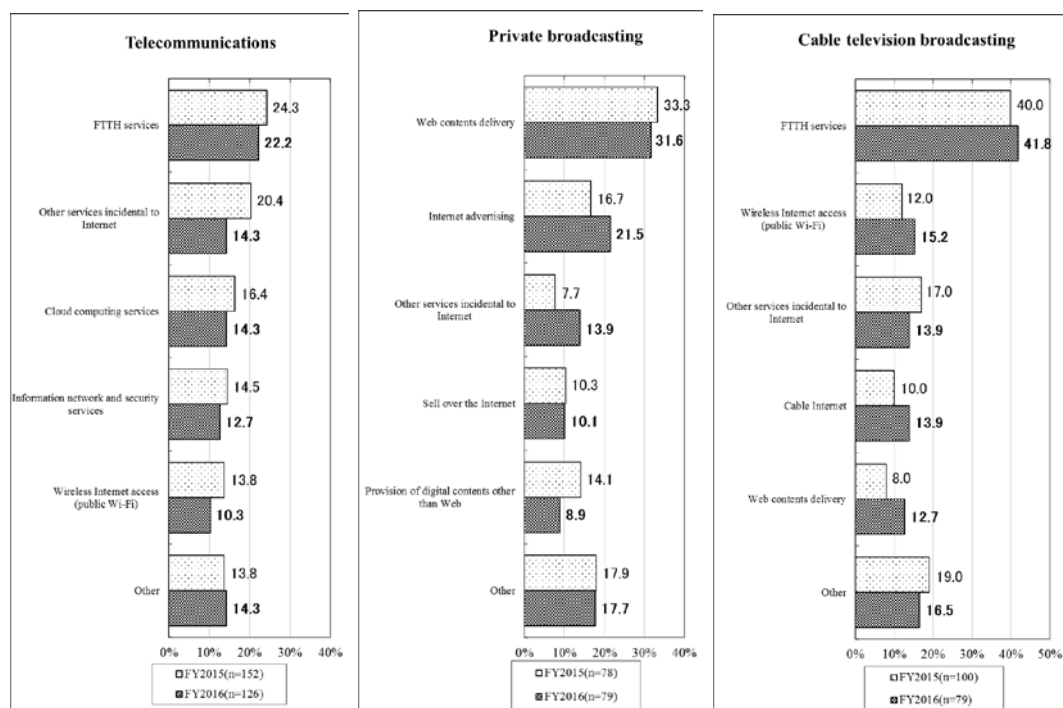
Sales of Telecommunications and Broadcasting Business by Business Type

(Unit: companies, 100 million yen)

Classification	FY2016		(Special tabulation) Companies that responded to the survey for the second consecutive year				
	Number of companies	Sales	FY2015		FY2016		Year-on-year (%)
			Number of companies	Sales	Number of companies	Sales	
Overall	955	177,773	860	173,252	860	175,584	1.3
Telecommunications	375	141,862	335	139,302	335	141,307	1.4
Broadcasting	580	35,910	525	33,951	525	34,277	1.0
Private broadcasting	367	23,985	328	22,353	328	22,533	0.8
Cable television broadcasting	212	4,879	196	4,718	196	4,699	-0.4
NHK	1	7,045	1	6,879	1	7,045	2.4

* Data is based on NHK's publicized material.

New Businesses that Companies Intend to Start within One Year (High-ranking) (Multiple answers allowed)

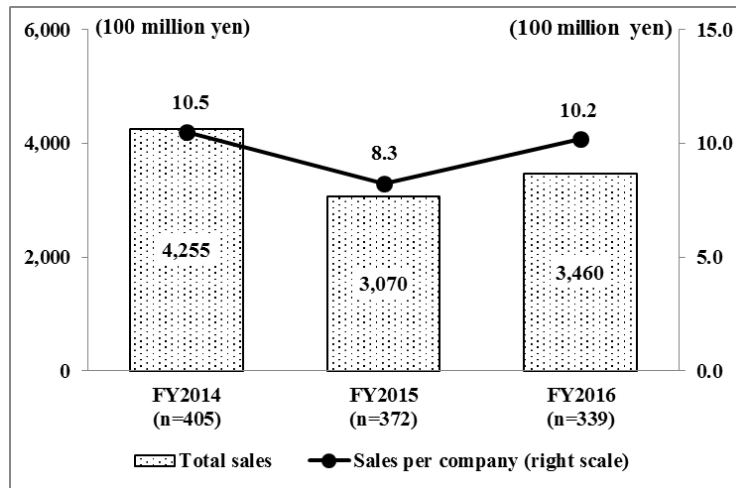


(Note) Values represent the ratio of companies that responded that they were intending to start new businesses within one year.

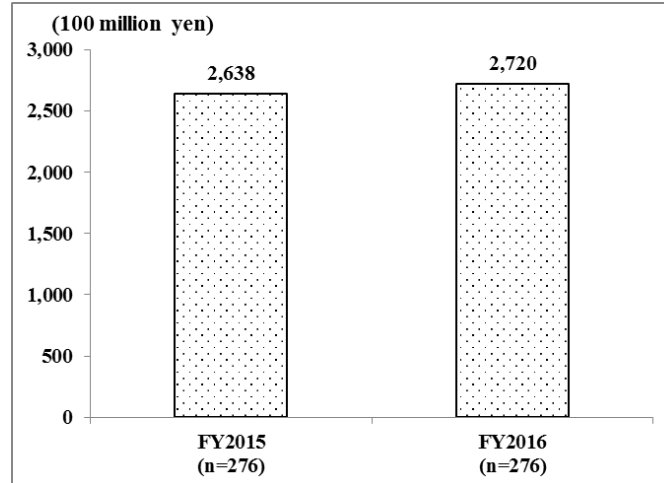
Points of Chapter 3: Broadcast Program Production

- The total sales in FY2016 were 346.0 billion yen (up 12.7%), and the sales per company were 1.02 billion yen (up 23.7%). Sales by companies that responded to the survey for the second consecutive year were 272.0 billion yen (up 3.1%).
- With regard to broadcast programs for which secondary use is possible based on a company's own intent, the percentage of broadcast program producers that are actually carrying out secondary use declined to 79.1% (up 8.6 points).

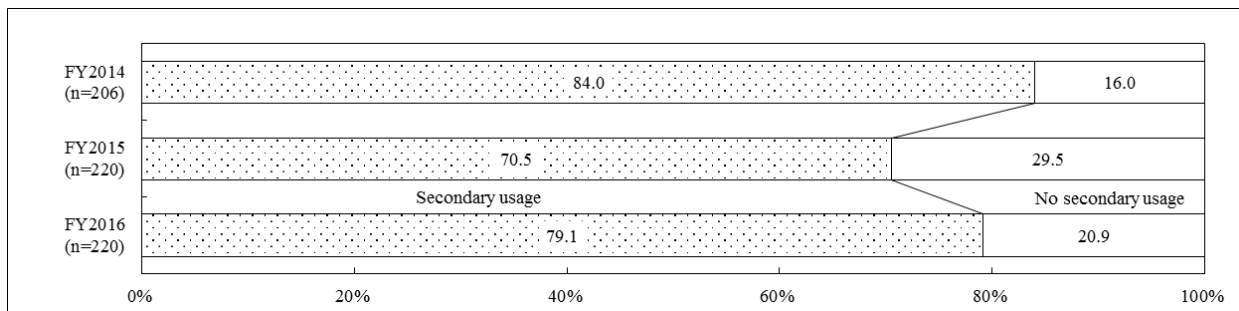
Changes in Sales in the Broadcast Program Production Business



Changes in Sales by Companies that Responded to the Survey for the Second Consecutive Year



Secondary Use of Television Broadcast Programs



Points of Chapter 4: Services Incidental to Internet

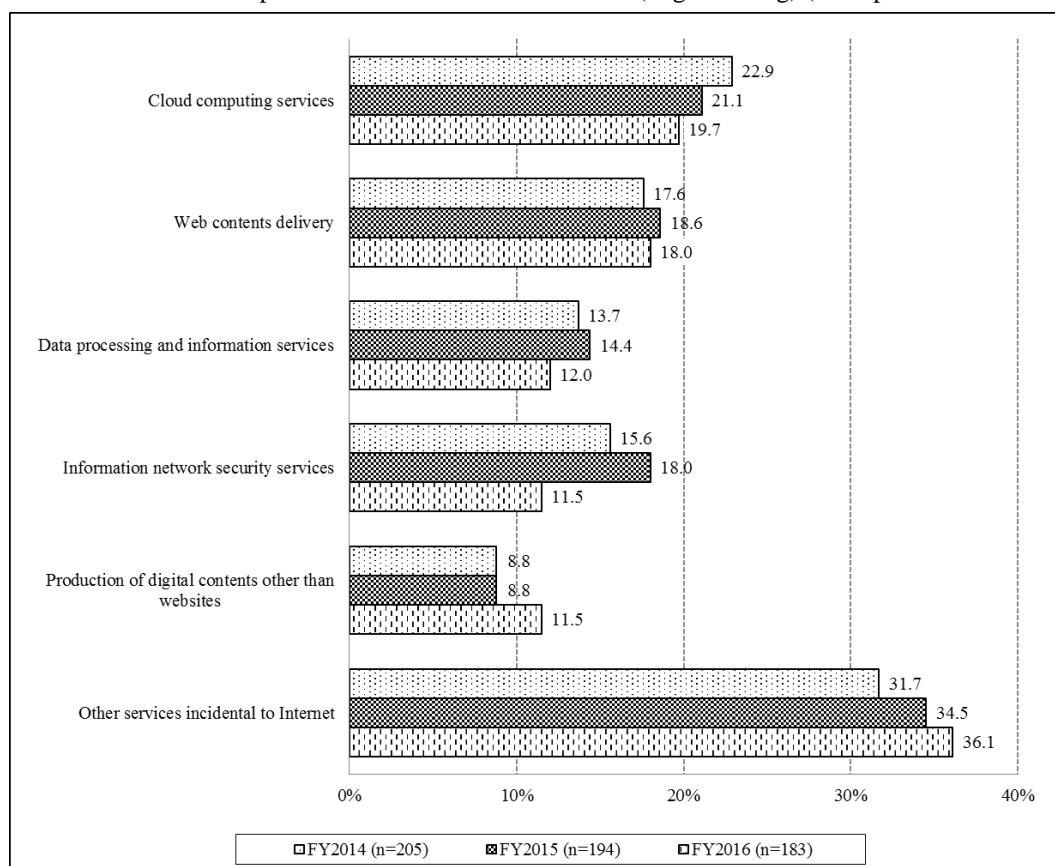
- The total sales in FY2016 were 2.5316 trillion yen (up 5.7%), the largest since the start of the survey.
- The sales per company were 4.74 billion yen (up 7.9%). By Service type, sales increased mainly in “Electronic bulletin board services, blog services, and SNS operation”, “Cloud computing services” and “Web contents delivery services.”
- Regarding new business fields that companies intend to start in the future, “Cloud computing services” and “Web contents delivery services” were mentioned by many companies (19.7% and 18.0%, respectively).

Number of Companies and Sales by Service Type (Based on Companies' Activities)

	Number of companies			Sales (million yen)			Sales per company (million yen)		
	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)
Total	545	534	-2.0	2,395,436	2,531,558	5.7	4,395.3	4,740.7	7.9
Web information search services	69	63	-8.7	121,612	104,163	-14.3	1,762.5	1,653.4	-6.2
Shopping site operation and auction site operation	77	78	1.3	265,783	294,614	10.8	3,451.7	3,777.1	9.4
Electronic bulletin board services, blog services, and SNS operation	21	14	-33.3	28,919	33,436	15.6	1,377.1	2,388.3	73.4
Web contents delivery services	143	142	-0.7	804,291	867,216	7.8	5,624.4	6,107.2	8.6
Revenue from IPTV services	16	15	-6.3	63,142	64,564	2.3	3,946.4	4,304.3	9.1
Cloud computing services	132	129	-2.3	77,718	116,637	50.1	588.8	904.2	53.6
Electronic authentication services	11	13	18.2	6,746	9,353	38.6	613.3	719.5	17.3
Information network security services	72	64	-11.1	99,394	81,036	-18.5	1,380.5	1,266.2	-8.3
Charging/settlement agent services	26	25	-3.8	80,343	81,413	1.3	3,090.1	3,256.5	5.4
Server management consignment	86	83	-3.5	49,911	28,722	-42.5	580.4	346.0	-40.4
Other services incidental to Internet	144	122	-15.3	847,679	896,581	5.8	5,886.7	7,349.0	24.8
(Special tabulation) Companies that responded to the survey for the second consecutive year	362	362	-	1,434,499	1,485,711	3.6	3,962.7	4,104.2	3.6

(Notes) As some companies operate multiple services businesses, the total number of companies does not necessarily match the sum of the breakdown figures.
 As some companies do not provide data on the breakdown of sales, the numbers for total sales and the sum of the breakdown do not match.
 "Shopping site operation and auction site operation" refer to Internet shopping site operation and Internet auction site operation businesses. Hereinafter the same shall apply.

New Businesses that Companies Intend to Start in the Future (High-ranking) (Multiple answers allowed)



(Note) Figures are obtained by dividing the number of responses by the number of companies that provided valid responses to this question.

Points of Chapter 5: Information Services

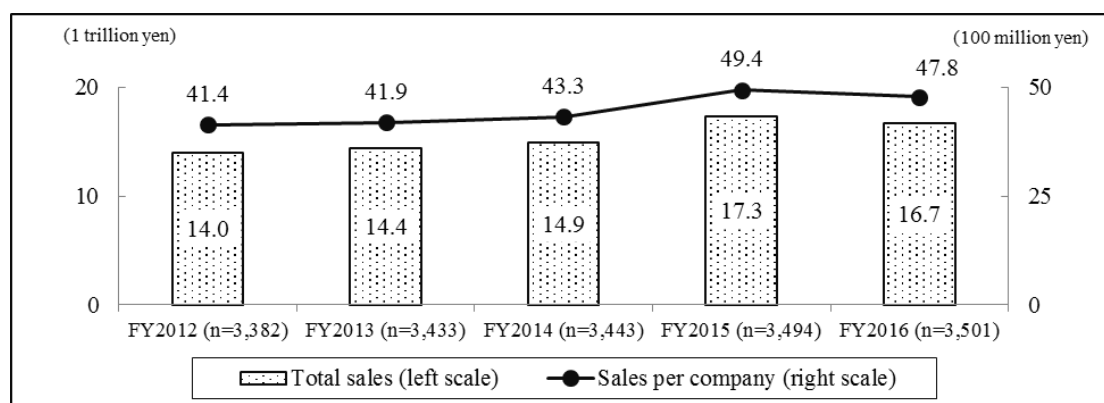
- The total sales in FY2016 were 16.7289 trillion yen (down 3.1%), due to a decrease in the primary sector, custom software services, despite increased sales recorded by information services, except marketing.
- The sales per company were 4.78 billion yen (down 3.3%). By sector, information services, except marketing, showed a double-digit increase, while game software services and custom software services recorded sales decreases.
- Looking at the percentage of the number of companies according to primary contractors and subcontractors, primary contractors accounted for 86.4% (down 1.4 points). By capital size, the larger the capital was, the higher the percentage of primary contractors or the lower the percentage of subcontractors was.

Number of Companies and Sales by Sector (Based on Companies' Activities)

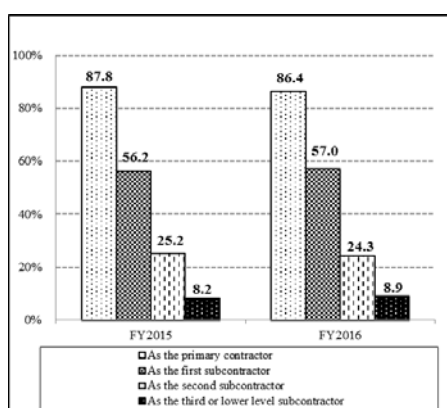
	Number of companies			Sales (million yen)			Sales per company (million yen)		
	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)
Total	3,494	3,501	0.2	17,268,317	16,728,868	-3.1	4,942.3	4,778.3	-3.3
Custom software services	2,364	2,355	-0.4	8,140,607	7,966,497	-2.1	3,443.6	3,382.8	-1.8
Embedded software services	261	247	-5.4	246,525	260,903	5.8	944.5	1,056.3	11.8
Package software services	690	687	-0.4	1,135,024	1,092,993	-3.7	1,645.0	1,591.0	-3.3
Game software services	90	97	7.8	691,675	635,143	-8.2	7,685.3	6,547.9	-14.8
Data processing services	1,031	1,037	0.6	3,720,667	3,821,781	2.7	3,608.8	3,685.4	2.1
Information services, except marketing or opinion research services	185	197	6.5	232,928	284,636	22.2	1,259.1	1,444.9	14.8
Market research, opinion survey and social survey services	97	97	0.0	174,101	179,273	3.0	1,794.9	1,848.2	3.0
Miscellaneous information services	1,076	1,073	-0.3	2,926,790	2,487,642	-15.0	2,720.1	2,318.4	-14.8
(Special tabulation) Companies that responded to the survey for the second	3,029	3,029	-	15,571,143	15,922,672	2.3	5,140.7	5,256.7	2.3

(Note) The number of companies represents the number of companies that are operating relevant businesses even at the very minimum, and thus, the total and the sum of the breakdown do not match.

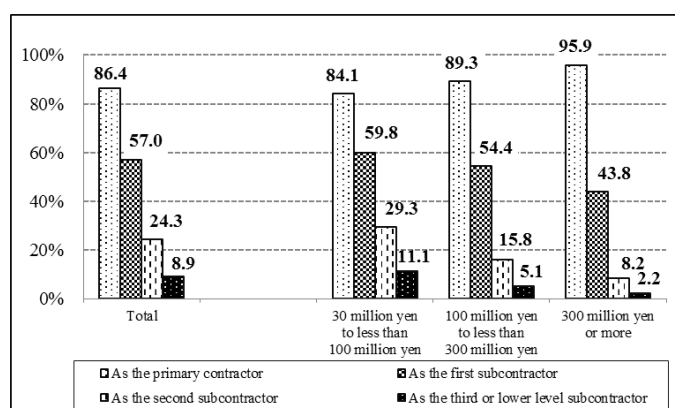
Changes in sales



Percentage of Number of Primary Contractors and Subcontractors



Percentage of Number of Primary Contractors and Subcontractors by Capital



(Note) Multiple answers were allowed for implementation of primary contractors and subcontractors; numbers are counted using the number of companies for which there were valid responses.

Point of Chapter 6: Video Picture Information, Sound Information, Character Information Production and Distribution

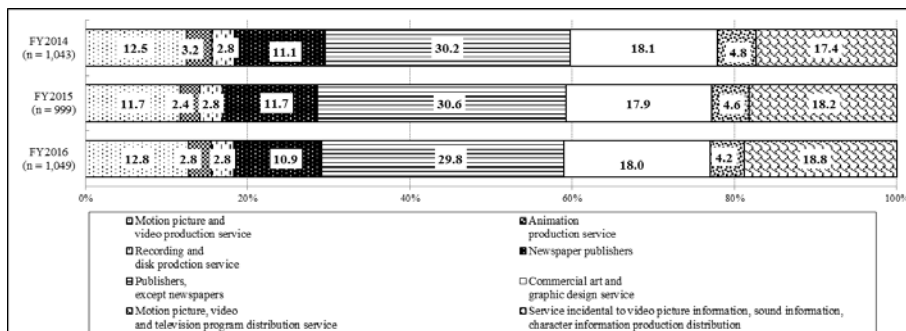
- The total sales in FY2016 were 2.9686 trillion yen (up 5.1%). By sector, sales were the largest for newspaper publishers, followed by publishers except newspapers, and then commercial art and graphic design service.
- The sales per company were 4.04 billion yen (down 0.2%), as sales decreased for animation production service despite increased sales by recording and disk production service.
- Looking at the composition ratios of the number of companies and sales by sector, publishers except newspapers is the largest sector which accounts for 29.8% of the total, while newspaper publishers is the largest in sales with a share of 34.1%.

Number of Companies and Sales by Sector (Based on Companies' Activities)

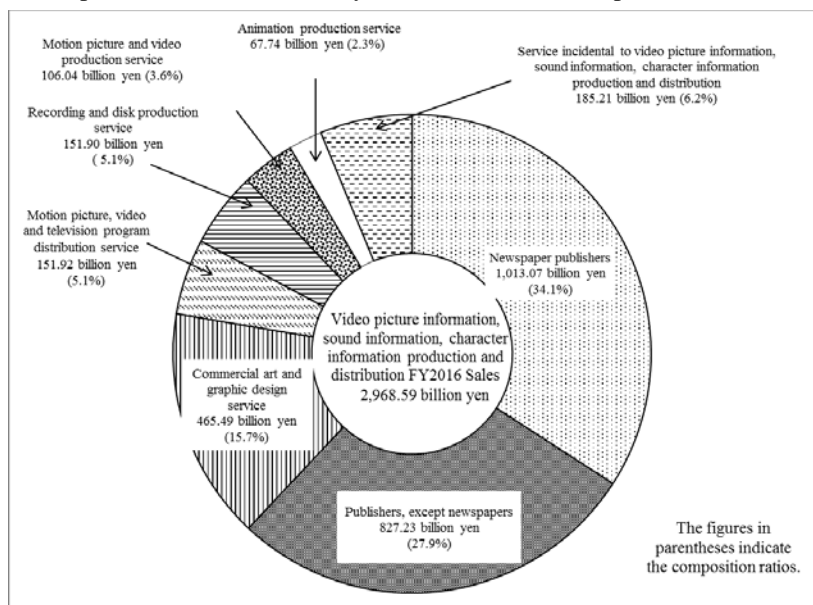
	Number of companies			Sales (million yen)			Sales per company (million yen)		
	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)
Total	697	734	5.3	2,824,827	2,968,591	5.1	4,052.8	4,044.4	-0.2
Motion picture and video production service	117	134	14.5	87,442	106,038	21.3	747.4	791.3	5.9
Animation production service	24	29	20.8	59,599	67,740	13.7	2,483.3	2,335.9	-5.9
Recording and disk production service	28	29	3.6	137,718	151,895	10.3	4,918.5	5,237.8	6.5
Newspaper publishers	117	114	-2.6	1,035,361	1,013,068	-2.2	8,849.2	8,886.6	0.4
Publishers, except newspapers	306	313	2.3	822,107	827,230	0.6	2,686.6	2,642.9	-1.6
Commercial art and graphic design service	179	189	5.6	393,356	465,493	18.3	2,197.5	2,462.9	12.1
Motion picture, video and television program distribution service	46	44	-4.3	140,113	151,921	8.4	3,045.9	3,452.8	13.4
Service incidental to video picture information, sound information, character information production and distribution	182	197	8.2	149,131	185,206	24.2	819.4	940.1	14.7
(Special tabulation) Companies that responded to the survey for the second consecutive year	591	591	-	2,696,760	2,719,712	0.9	4,563.0	4,601.9	0.9

(Note) The number of companies represents the number of companies that are operating relevant businesses even at the very minimum, and thus, the total and the sum of the breakdown do not match.

Composition Ratios of the Number of Companies by Sector (Based on Companies' Activities)



Composition Ratios of Sales by Sector (Based on Companies' Activities)



Chapter 1 Outline of Companies Engaged in the Information and Communications Business

Section 1: Results Based on Business Activities

1. Overall Outline of Survey Results

- The number of companies engaged in the information and communications business (meaning companies that engage in this business, whether as their main business or not) was 5,519. The total number of establishments was 25,913 and the total number of workers was 1,642,072.
- The total sales from this business were 48.0099 trillion yen (the total sales for these companies were 71.9756 trillion yen) in FY2016. Among this, total sales from this business by companies that responded to the survey for the second consecutive year were 46.1690 trillion yen (up 2.4%).
- The operating profit was 6.1015 trillion yen, the ordinary profit was 6.4894 trillion yen, and the number of subsidiaries and affiliated companies owned was 10,842.

Fig. 1-1-1 Overall Outline

		Number of companies	Number of establishments	Number of workers (persons)	Number of regular workers (persons)	Sales		Operating profit (100 million yen)	Ordinary profit (100 million yen)	Number of subsidiaries and affiliated companies owned
						(100 million yen)	Sales from the relevant business (100 million yen)			
Overall	FY2015	5,474	25,961	1,624,851	1,615,513	719,513	480,504	59,992	61,655	9,806
	FY2016	5,519	25,913	1,642,072	1,634,963	719,756	480,099	61,015	64,894	10,842
	Year-on-year (%)	0.8	-0.2	1.1	1.2	0.0	-0.1	1.7	5.3	10.6
Telecommunications	FY2015	379	2,515	161,142	160,387	190,601	166,376	28,171	27,041	793
	FY2016	356	1,822	152,928	152,906	195,388	168,491	30,232	30,429	1,055
	Year-on-year (%)	-6.1	-27.6	-5.1	-4.7	2.5	1.3	7.3	12.5	33.0
Private broadcasting	FY2015	390	1,581	40,298	39,835	28,315	23,108	2,308	2,445	472
	FY2016	374	1,505	40,256	39,825	29,113	23,599	3,133	2,385	453
	Year-on-year (%)	-4.1	-4.8	-0.1	0.0	2.8	2.1	35.7	-2.5	-4.0
Cablecasting	FY2015	221	550	19,703	18,953	12,188	5,118	1,573	1,469	112
	FY2016	218	589	21,737	21,719	14,030	5,299	1,960	1,648	98
	Year-on-year (%)	-1.4	7.1	10.3	14.6	15.1	3.5	24.6	12.3	-12.5
Software	FY2015	2,880	10,987	871,744	868,870	258,955	151,356	12,987	15,303	4,110
	FY2016	2,930	10,948	890,618	888,810	313,019	148,966	14,366	18,124	4,811
	Year-on-year (%)	1.7	-0.4	2.2	2.3	20.9	-1.6	10.6	18.4	17.1
Data processing and information services	FY2015	1,720	9,442	645,967	641,569	181,492	56,150	7,384	8,613	2,504
	FY2016	1,776	10,339	694,902	690,626	171,013	57,978	8,161	8,839	2,646
	Year-on-year (%)	3.3	9.5	7.6	7.6	-5.8	3.3	10.5	2.6	5.7
Services incidental to Internet	FY2015	706	4,258	224,000	223,355	145,436	30,402	13,433	13,658	1,945
	FY2016	687	3,988	190,645	190,249	86,489	30,261	9,964	10,295	1,857
	Year-on-year (%)	-2.7	-6.3	-14.9	-14.8	-40.5	-0.5	-25.8	-24.6	-4.5
Video picture information production and distribution	FY2015	431	1,259	51,014	50,653	25,058	8,642	1,369	1,545	484
	FY2016	451	1,220	54,634	54,152	24,843	9,060	1,726	1,897	580
	Year-on-year (%)	4.6	-3.1	7.1	6.9	-0.9	4.8	26.1	22.8	19.8
Sound information production	FY2015	102	286	8,801	8,325	3,727	1,508	696	153	228
	FY2016	113	282	9,729	9,680	4,387	1,801	718	156	67
	Year-on-year (%)	10.8	-1.4	10.5	16.3	17.7	19.5	3.3	1.8	-70.6
Newspaper publishers	FY2015	128	2,322	43,206	42,980	17,472	14,534	646	808	651
	FY2016	125	2,163	43,401	43,172	17,423	14,251	490	643	740
	Year-on-year (%)	-2.3	-6.8	0.5	0.4	-0.3	-1.9	-24.1	-20.4	13.7
Publishers, except newspapers	FY2015	349	3,294	85,649	84,691	35,288	10,808	1,651	1,954	782
	FY2016	351	3,460	92,504	92,021	36,118	10,853	1,421	1,802	850
	Year-on-year (%)	0.6	5.0	8.0	8.7	2.4	0.4	-13.9	-7.8	8.7
Commercial art and graphic design	FY2015	148	565	24,960	24,857	16,420	2,464	647	905	960
	FY2016	144	544	26,363	26,250	21,674	3,315	956	1,293	1,058
	Year-on-year (%)	-2.7	-3.7	5.6	5.6	32.0	34.5	47.7	42.8	10.2
Services incidental to video picture information, sound information, character information production and distribution	FY2015	156	574	19,624	19,331	5,681	1,283	259	319	182
	FY2016	158	582	21,415	21,232	6,176	1,331	265	324	158
	Year-on-year (%)	1.3	1.4	9.1	9.8	8.7	3.7	2.1	1.6	-13.2
(Reproduced) TV/radio program production work	FY2015	364	664	30,574	30,196	12,866	4,323	675	751	290
	FY2016	379	680	32,299	31,919	13,067	4,519	825	851	351
	Year-on-year (%)	4.1	2.4	5.6	5.7	1.6	4.5	22.2	13.3	21.0

* "Sales from the relevant business" refer to sales from activities of the relevant business. (ex. For the telecommunications business, sales from activities related to the telecommunications business.)

* The total of the "Sales from the relevant business" does not match the sum of breakdowns, as some companies provided data in the category of "other."

Fig. 1-1-2 Outline of Companies that Responded to the Survey for the Second Consecutive Year

		Number of companies	Number of establishments	Number of workers (persons)	Number of regular workers (persons)	Sales		Operating profit (100 million yen)	Ordinary profit (100 million yen)	Number of subsidiaries and affiliated companies owned
						(100 million yen)	Sales from the relevant business (100 million yen)			
Overall	FY2015	4,809	22,347	1,433,052	1,424,047	585,150	450,936	54,204	55,913	11,234
	FY2016	4,809	22,245	1,472,064	1,465,146	605,766	461,690	58,163	60,515	9,427
	Year-on-year (%)	-	-0.5	2.7	2.9	3.5	2.4	7.3	8.2	-16.1

2. Sales

- The total sales from the information and communications business were 48.0099 trillion yen in FY2016.
- Largest sales in this industry were from the telecommunications business, followed by software and then data processing and information services. These three businesses accounted for 78.2% of the total.
- Looking at the composition ratios, telecommunications accounted for 35.1% (up 0.5 points) and software services accounted for 31.0% (down 0.5 points).

Fig. 1-1-3 Sales of the Information and Communications Business

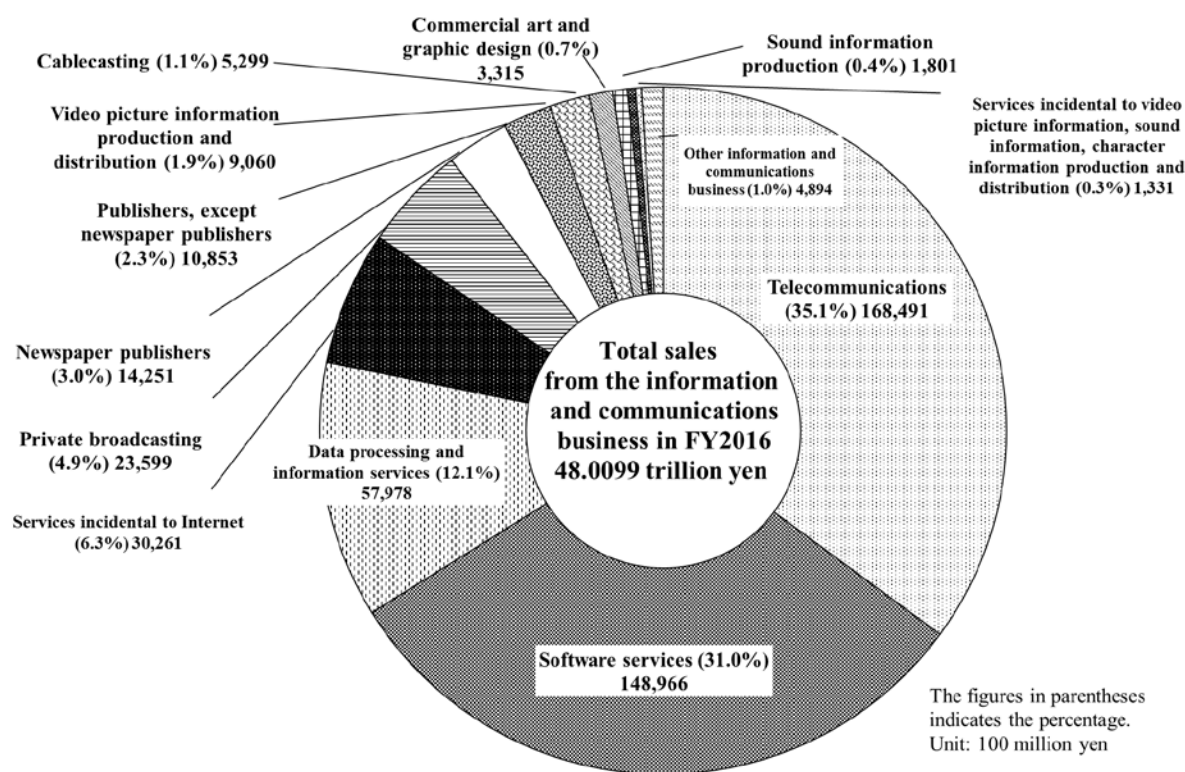


Fig. 1-1-4 Sales of the Information and Communications Business

Unit: companies, 100 million yen

		Overall	Telecommunications	Software	Data processing and information services	Services incidental to Internet	Private broadcasting	Newspaper publishers	Publishers, except newspapers	Video picture information production and distribution	Cablecasting	Commercial art and graphic design	Sound information production	Services incidental to video picture information, sound information, character information production and distribution	Miscellaneous IC businesses
FY2015	Number of companies	5,474	379	2,880	1,720	706	390	128	349	431	221	148	102	156	-
	Sales from the relevant business	480,504	166,376	151,356	56,150	30,402	23,108	14,534	10,808	8,642	5,118	2,464	1,508	1,283	8,755
	Composition ratio (%)	100.0	34.6	31.5	11.7	6.3	4.8	3.0	2.2	1.8	1.1	0.5	0.3	0.3	1.8
FY2016	Number of companies	5,519	356	2,930	1,776	687	374	125	351	451	218	144	113	158	-
	Sales from the relevant business	480,099	168,491	148,966	57,978	30,261	23,599	14,251	10,853	9,060	5,299	3,315	1,801	1,331	4,894
	Composition ratio (%)	100.0	35.1	31.0	12.1	6.3	4.9	3.0	2.3	1.9	1.1	0.7	0.4	0.3	1.0
Change from the previous year's composition ratio (points)		-	0.5	-0.5	0.4	0.0	0.1	-0.1	0.0	0.1	0.0	0.2	0.1	0.0	-0.8

* "Sales from the relevant business" refer to sales from activities of the relevant business. (ex. For the telecommunications business, sales from activities related to the telecommunications business.)

"Miscellaneous IC businesses" refer to businesses which provided data in the category of "Other" for the main items in the breakdown of sales from the information and communication business.

3. Composition ratios (by capital, sales, number of workers and engagement in side businesses)

Composition ratios of companies that have information and communication business:

- By capital, in eight out of 12 business types, companies with “Less than 100 million yen” accounted for 50% or more of the total. In particular, in video picture information production and distribution and sound information production, companies with “Less than 50 million yen” accounted for 40% or more.
- By capital, companies with “1 billion yen or more but less than 5 billion yen” show a relatively higher composition. However, in private broadcasting and sound information production, companies with “Less than 100 million yen” accounted for over 30%.
- By the number of workers, in all business types except for the services incidental to internet and the newspaper publishers, 50% or more of the companies were those with “Less than 100 workers”. In particular, over 80% of cablecasting companies were with “Less than 100 workers”.
- Looking at the composition ratios by rate of engagement in side-businesses, in all 12 business types, 50% or more companies also concurrently operated other businesses. In particular, 96.3% of cablecasting companies and 92.0% of sound information production companies were engaged in side-businesses.

Fig. 1-1-5 Composition Ratios of Companies by Capital

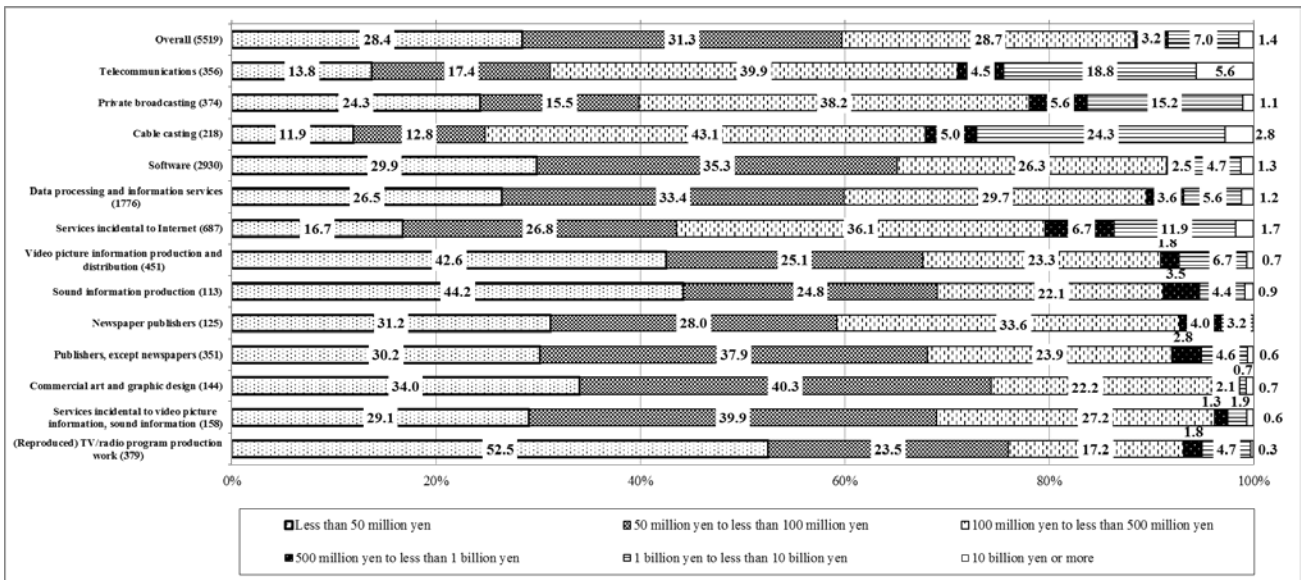


Fig. 1-1-6 Composition Ratios of Companies by Sales

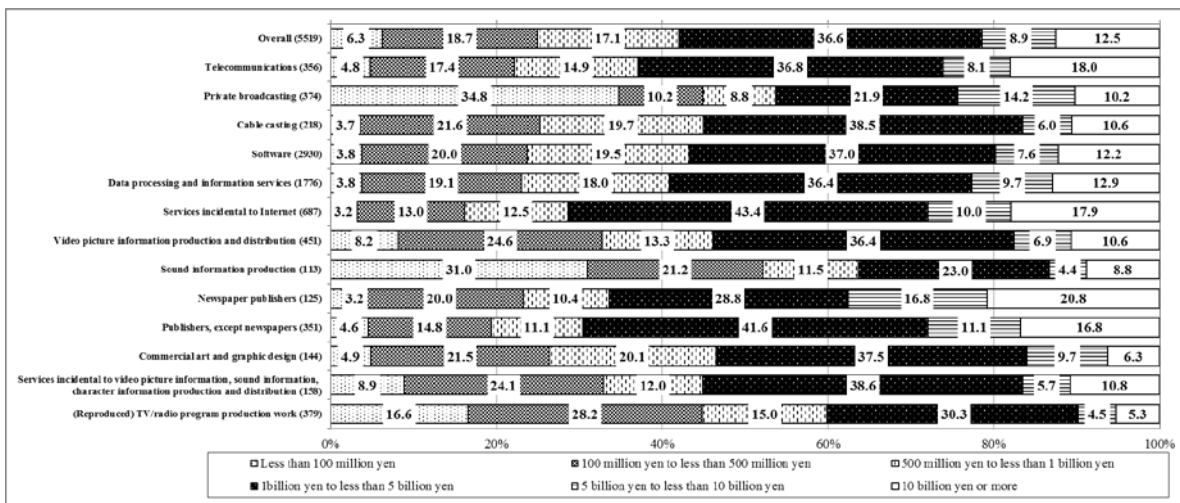


Fig. 1-1-7 Composition Ratios of Companies by Number of Workers

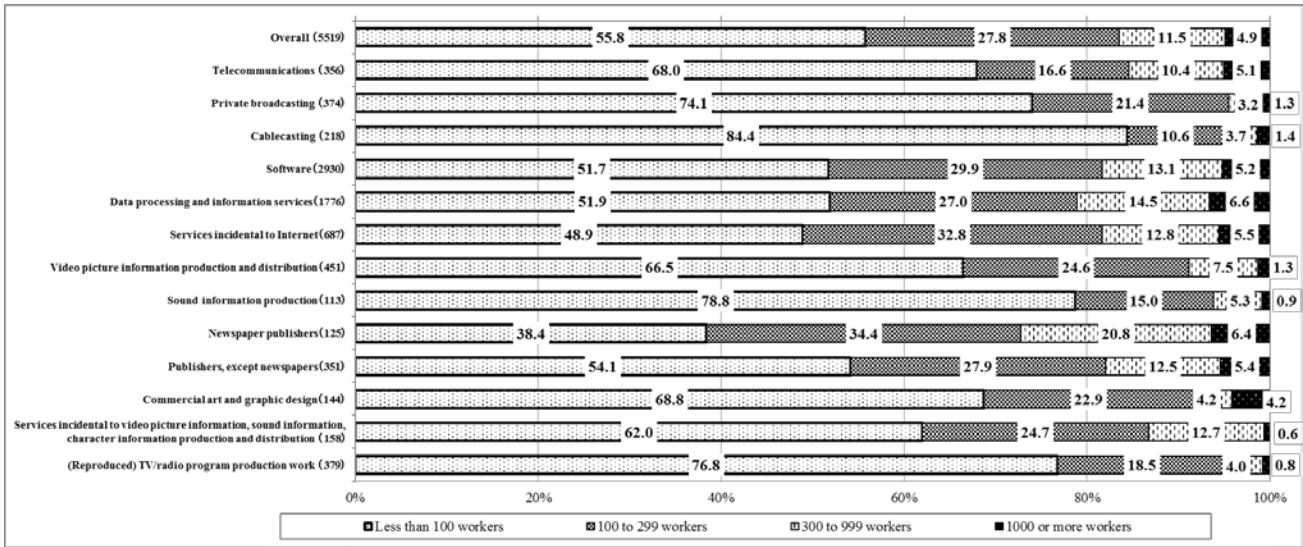
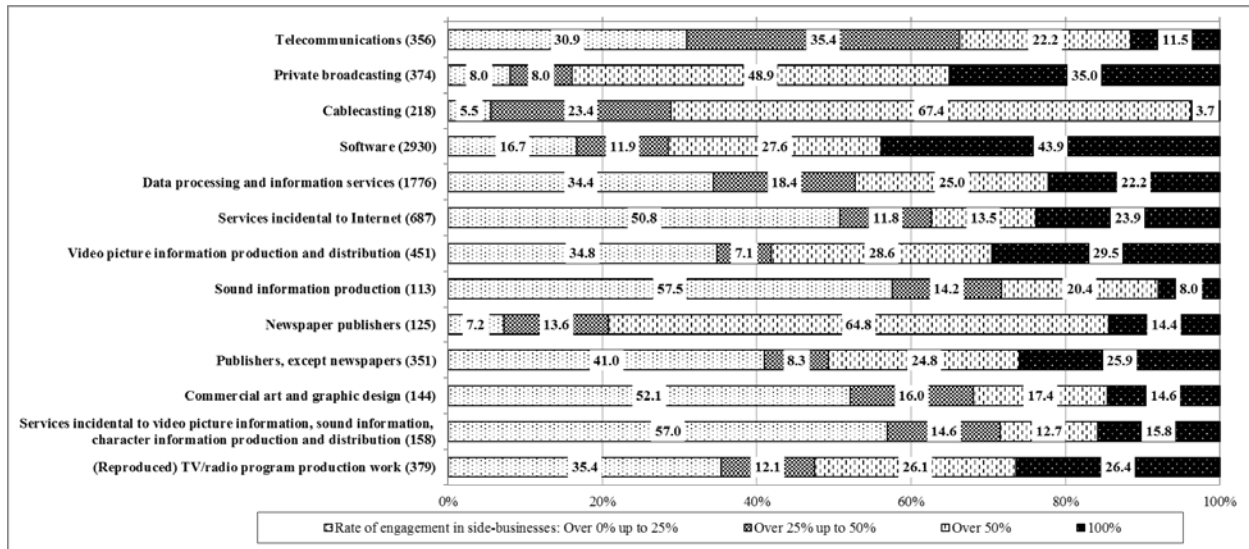


Fig. 1-1-8 Composition Ratios of Companies by Rate of Engagement in Side-Businesses



(Note) Rate of engagement in side businesses: Sales from the relevant business / Total sales of the company × 100

4. Profits

- The operating profit per IC company was 1.11 billion yen (up 0.9%), the ordinary profit per IC company was 1.18 billion yen (up 4.4%), and the value added per IC company was 3.96 billion yen (down 11.1%).
- For IC companies that responded to the survey for the second consecutive year, the operating profit per IC company was 1.21 billion yen (up 7.3%), the ordinary profit per IC company was 1.26 billion yen (up 8.2%), and the value added per IC company was 4.24 billion yen (down 4.8%) in FY2016.

Fig. 1-1-9 Profits

(Unit: 100 million yen)

		Number of companies	Sales	Operating profit	Ordinary profit	Current net profit	Value added	Per company				
								Sales	Operating profit	Ordinary profit	Current net profit	Value added
Overall	FY2015	5,474	719,513	59,992	61,655	38,884	244,170	131.4	11.0	11.3	7.1	44.6
	FY2016	5,519	719,756	61,015	64,894	44,679	218,731	130.4	11.1	11.8	8.1	39.6
	Year-on-year	0.8%	0.0%	1.7%	5.3%	14.9%	- 10.4%	- 0.8%	0.9%	4.4%	14.0%	- 11.1%
Telecommunications	FY2015	379	190,601	28,171	27,041	18,210	84,743	502.9	74.3	71.3	48.0	223.6
	FY2016	356	195,388	30,232	30,429	21,459	71,088	548.8	84.9	85.5	60.3	199.7
	Year-on-year	- 6.1%	2.5%	7.3%	12.5%	17.8%	- 16.1%	9.1%	14.2%	19.8%	25.5%	- 10.7%
Private broadcasting	FY2015	390	28,315	2,308	2,445	1,524	7,962	72.6	5.9	6.3	3.9	20.4
	FY2016	374	29,113	3,133	2,385	1,625	8,473	77.8	8.4	6.4	4.3	22.7
	Year-on-year	- 4.1%	2.8%	35.7%	- 2.5%	6.6%	6.4%	7.2%	41.6%	1.7%	11.2%	11.0%
Cablecasting	FY2015	221	12,188	1,573	1,469	993	5,300	55.1	7.1	6.6	4.5	24.0
	FY2016	218	14,030	1,960	1,648	1,168	6,111	64.4	9.0	7.6	5.4	28.0
	Year-on-year	- 1.4%	15.1%	24.6%	12.3%	17.6%	15.3%	16.7%	26.3%	13.8%	19.2%	16.9%
Software	FY2015	2,880	258,955	12,987	15,303	10,227	86,756	89.9	4.5	5.3	3.6	30.1
	FY2016	2,930	313,019	14,366	18,124	15,124	88,829	106.8	4.9	6.2	5.2	30.3
	Year-on-year	1.7%	20.9%	10.6%	18.4%	47.9%	2.4%	18.8%	8.7%	16.4%	45.4%	0.6%
Data processing and information services	FY2015	1,720	181,492	7,384	8,613	5,459	52,941	105.5	4.3	5.0	3.2	30.8
	FY2016	1,776	171,013	8,161	8,839	3,396	56,878	96.3	4.6	5.0	1.9	32.0
	Year-on-year	3.3%	- 5.8%	10.5%	2.6%	- 37.8%	7.4%	- 8.7%	7.0%	- 0.6%	- 39.8%	4.0%
Services incidental to Internet	FY2015	706	145,436	13,433	13,658	7,013	45,514	206.0	19.0	19.3	9.9	64.5
	FY2016	687	86,489	9,964	10,295	6,603	28,000	125.9	14.5	15.0	9.6	40.8
	Year-on-year	- 2.7%	- 40.5%	- 25.8%	- 24.6%	- 5.8%	- 38.5%	- 38.9%	- 23.8%	- 22.5%	- 3.2%	- 36.8%
Video picture information production and distribution	FY2015	431	25,058	1,369	1,545	955	6,353	58.1	3.2	3.6	2.2	14.7
	FY2016	451	24,843	1,726	1,897	1,325	6,654	55.1	3.8	4.2	2.9	14.8
	Year-on-year	4.6%	- 0.9%	26.1%	22.8%	38.8%	4.7%	- 5.3%	20.5%	17.3%	32.6%	0.1%
Sound information production	FY2015	102	3,727	696	153	96	1,269	36.5	6.8	1.5	0.9	12.4
	FY2016	113	4,387	718	156	89	1,365	38.8	6.4	1.4	0.8	12.1
	Year-on-year	10.8%	17.7%	3.3%	1.8%	- 6.6%	7.5%	6.2%	- 6.8%	- 8.1%	- 15.7%	- 3.0%
Newspaper publishers	FY2015	128	17,472	646	808	478	6,085	136.5	5.0	6.3	3.7	47.5
	FY2016	125	17,423	490	643	393	5,942	139.4	3.9	5.1	3.1	47.5
	Year-on-year	- 2.3%	- 0.3%	- 24.1%	- 20.4%	- 17.7%	- 2.4%	2.1%	- 22.3%	- 18.5%	- 15.7%	- 0.0%
Publishers, except newspapers	FY2015	349	35,288	1,651	1,954	1,018	10,297	101.1	4.7	5.6	2.9	29.5
	FY2016	351	36,118	1,421	1,802	1,100	10,156	102.9	4.0	5.1	3.1	28.9
	Year-on-year	0.6%	2.4%	- 13.9%	- 7.8%	8.1%	- 1.4%	1.8%	- 14.4%	- 8.3%	7.5%	- 1.9%
Commercial art and graphic design	FY2015	148	16,420	647	905	696	2,676	110.9	4.4	6.1	4.7	18.1
	FY2016	144	21,674	956	1,293	1,142	3,437	150.5	6.6	9.0	7.9	23.9
	Year-on-year	- 2.7%	32.0%	47.7%	42.8%	64.1%	28.4%	35.7%	51.8%	46.8%	68.7%	32.0%
Services incidental to video picture information, sound information, character information production and distribution	FY2015	156	5,681	259	319	204	1,879	36.4	1.7	2.0	1.3	12.0
	FY2016	158	6,176	265	324	254	1,984	39.1	1.7	2.0	1.6	12.6
	Year-on-year	1.3%	8.7%	2.1%	1.6%	24.4%	5.6%	7.3%	0.8%	0.3%	22.8%	4.2%
(Reproduced) TV/radio program production work	FY2015	364	12,866	675	751	487	3,507	35.3	1.9	2.1	1.3	9.6
	FY2016	379	13,067	825	851	580	3,663	34.5	2.2	2.2	1.5	9.7
	Year-on-year	4.1%	1.6%	22.2%	13.3%	19.2%	4.5%	- 2.5%	17.4%	8.8%	14.4%	0.3%

(Notes) Value added = Operating profit + Depreciation expenses + Total payroll + Welfare expenses + Rental expenses of movables and immovables + Taxes and public imposition.

Fig. 1-1-10 Operating Profits on Sales, etc.

	Operating margin (%)			Ratio of ordinary profit to sales (%)			Current income margin (%)			Ratio of value added (%)		
	FY2015	FY2016	Y/Y change (pt)	FY2015	FY2016	Y/Y change (pt)	FY2015	FY2016	Y/Y change (pt)	FY2015	FY2016	Y/Y change (pt)
Overall	8.3	8.5	0.1pt	8.6	9.0	0.4pt	5.4	6.2	0.8pt	33.9	30.4	-3.5pt
Telecommunications	14.8	15.5	0.7pt	14.2	15.6	1.4pt	9.6	11.0	1.4pt	44.5	36.4	-8.1pt
Private broadcasting	8.2	10.8	2.6pt	8.6	8.2	-0.4pt	5.4	5.6	0.2pt	28.1	29.1	1.0pt
Cablecasting	12.9	14.0	1.1pt	12.0	11.7	-0.3pt	8.1	8.3	0.2pt	43.5	43.6	0.1pt
Software	5.0	4.6	-0.4pt	5.9	5.8	-0.1pt	3.9	4.8	0.9pt	33.5	28.4	-5.1pt
Data processing and information services	4.1	4.8	0.7pt	4.7	5.2	0.4pt	3.0	2.0	-1.0pt	29.2	33.3	4.1pt
Services incidental to Internet	9.2	11.5	2.3pt	9.4	11.9	2.5pt	4.8	7.6	2.8pt	31.3	32.4	1.1pt
Video picture information production and distribution	5.5	6.9	1.5pt	6.2	7.6	1.5pt	3.8	5.3	1.5pt	25.4	26.8	1.4pt
Sound information production	18.7	16.4	-2.3pt	4.1	3.6	-0.6pt	2.6	2.0	-0.5pt	34.1	31.1	-3.0pt
Newspaper publishers	3.7	2.8	-0.9pt	4.6	3.7	-0.9pt	2.7	2.3	-0.5pt	34.8	34.1	-0.7pt
Publishers, except newspapers	4.7	3.9	-0.7pt	5.5	5.0	-0.5pt	2.9	3.0	0.2pt	29.2	28.1	-1.1pt
Commercial art and graphic design	3.9	4.4	0.5pt	5.5	6.0	0.5pt	4.2	5.3	1.0pt	16.3	15.9	-0.4pt
Services incidental to video picture information, sound information, character information production and distribution	4.6	4.3	-0.3pt	5.6	5.2	-0.4pt	3.6	4.1	0.5pt	33.1	32.1	-1.0pt
(Reproduced) TV/radio program production work	5.2	6.3	1.1pt	5.8	6.5	0.7pt	3.8	4.4	0.7pt	27.3	28.0	0.8pt

(Notes) Operating margin = Operating profit / Sales × 100 (Profitability index to ascertain how much profit was obtained from operation activities related to the main business from among total sales)

Ordinary profit on sales = Ordinary profit / Sales × 100 (Profitability index to ascertain how much profit was obtained from ordinary activities (operations and financial transactions) from among sales)

Current income margin = Current net income / Sales × 100 (Profitability index to ascertain how much profit was ultimately obtained by the company)

Value added ratio = Value added / Sales × 100

Fig. 1-1-11 Profits, etc. of Companies that Responded to the Survey for the Second Consecutive Year

(Unit: 100 million yen)

		Number of companies	Sales	Operating profit	Ordinary profit	Current net profit	Value added	Per company				
								Sales	Operating profit	Ordinary profit	Current net profit	Value added
Overall	FY2015	4,809	585,150	54,204	55,913	36,006	214,035	121.7	11.3	11.6	7.5	44.5
	FY2016	4,809	605,766	58,163	60,515	41,382	203,825	126.0	12.1	12.6	8.6	42.4
	Year-on-year	-	3.5%	7.3%	8.2%	14.9%	- 4.8%	3.5%	7.3%	8.2%	14.9%	- 4.8%

	Operating margin (%)			Ratio of ordinary profit to sales (%)			Current income margin (%)			Ratio of value added (%)		
	FY2015	FY2016	Y/Y change (pt)	FY2015	FY2016	Y/Y change (pt)	FY2015	FY2016	Y/Y change (pt)	FY2015	FY2016	Y/Y change (pt)
Overall	9.3	9.6	0.3pt	9.6	10.0	0.4pt	6.2	6.8	0.7pt	36.6	33.6	- 2.9pt

5. Productivity

- The labor productivity of companies engaged in the information and communication business was 13.320 million yen/person (down 11.4%), the labor equipment ratio was 12.455 million yen/person (down 29.8%), and the labor share was 41.2% (up 4.2 points).
- The labor productivity of companies that responded to the survey for the second consecutive year was 13.846 million yen/person (down 7.3%), the labor equipment ratio was 13.450 million yen/person (down 3.0%), and the labor share was 40.3% (up 2.7 points).

Fig. 1-1-12 Labor Productivity, Labor Equipment Ratio, and Labor Share

	Number of companies			Labor productivity (10,000 yen/person)			Labor equipment ratio (10,000 yen/person)			Labor share (%)		
	FY2015	FY2016	Year-on-year	FY2015	FY2016	Year-on-year	FY2015	FY2016	Year-on-year	FY2015	FY2016	Year-on-year
Overall	5,474	5,519	0.8%	1,502.7	1,332.0	- 11.4%	1,774.6	1,245.5	- 29.8%	37.1	41.2	4.2pt
Telecommunications	379	356	- 6.1%	5,258.9	4,648.5	- 11.6%	8,220.0	8,488.3	3.3%	11.7	13.3	1.6pt
Private broadcasting	390	374	- 4.1%	1,975.8	2,104.8	6.5%	2,874.2	2,943.6	2.4%	37.5	34.3	-3.2pt
Cablecasting	221	218	- 1.4%	2,689.9	2,811.4	4.5%	5,437.1	5,127.2	- 5.7%	19.9	18.4	-1.5pt
Software	2,880	2,930	1.7%	995.2	997.4	0.2%	348.7	367.1	5.2%	59.2	58.9	-0.4pt
Data processing and information services	1,720	1,776	3.3%	819.6	818.5	- 0.1%	325.1	278.6	- 14.3%	57.8	57.2	-0.5pt
Services incidental to Internet	706	687	- 2.7%	2,031.9	1,468.7	- 27.7%	4,550.9	929.4	- 79.6%	30.1	38.9	8.9pt
Video picture information production and distribution	431	451	4.6%	1,245.3	1,218.0	- 2.2%	1,373.9	1,207.5	- 12.1%	50.8	49.5	-1.3pt
Sound information production	102	113	10.8%	1,442.4	1,402.6	- 2.8%	426.6	329.8	- 22.7%	30.1	32.7	2.7pt
Newspaper publishers	128	125	- 2.3%	1,408.3	1,369.0	- 2.8%	2,345.9	2,437.4	3.9%	57.4	58.4	1.0pt
Publishers, except newspapers	349	351	0.6%	1,202.3	1,097.9	- 8.7%	1,381.7	1,328.0	- 3.9%	54.6	56.7	2.0pt
Commercial art and graphic design	148	144	- 2.7%	1,072.3	1,303.8	21.6%	968.0	890.0	- 8.1%	56.8	54.1	-2.7pt
Services incidental to video picture information, sound information, character information production and distribution	156	158	1.3%	957.5	926.4	- 3.2%	757.1	713.1	- 5.8%	61.5	62.4	0.9pt
(Reproduced) TV/radio program production work	364	379	4.1%	1,146.9	1,134.2	- 1.1%	985.6	956.9	- 2.9%	56.2	54.4	-1.8pt

(Notes) Labor productivity = Value added / Number of workers (Index to ascertain the amount of value added per worker)

Labor equipment ratio = Tangible fixed assets / Number of workers (Index to ascertain how much capital (tangible fixed assets) is used per worker)

Labor share = Total payroll / Value added×100 (Index to ascertain how much of the generated amount of value added was allocated to personnel expenses)

Fig. 1-1-13 Labor Productivity, etc. of Companies that Responded to the Survey for the Second Consecutive Year

	Number of companies			Labor productivity (10,000 yen/person)			Labor equipment ratio (10,000 yen/person)			Labor share (%)		
	FY2015	FY2016	Year-on-year	FY2015	FY2016	Year-on-year	FY2015	FY2016	Year-on-year	FY2015	FY2016	Year-on-year
Overall	4,809	4,809	-	1,493.6	1,384.6	- 7.3%	1,387.0	1,345.0	- 3.0%	37.5	40.3	2.7pt

6. Assets, liabilities, and net assets

- The total capital (total assets) of companies engaged in the information and communication business was 85.5216 trillion yen (down 2.5%) with current assets accounting for 40.3316 trillion yen (up 11.6%) and fixed assets accounting for 45.1261 trillion yen (down 12.4%).
- The total amount of assets per IC company was 15.50 billion yen (down 3.3%) and net assets per IC company were 7.85 billion yen (up 2.4%).

Fig. 1-1-14 Balance Sheet of Companies Engaged in the Information and Communications Business

(Unit: 100 million yen)

	Number of companies	Assets							Liabilities and net assets								
		Current assets	Fixed assets	Tangible fixed assets (included)	Intangible fixed assets (included)	Investments and other assets (included)	Deferred assets	Total	Liabilities		Net assets					Total	
									Current liabilities	Fixed liabilities	Equity						
Capital	Capital surplus	Earned surplus	Treasury stock	Other													
Overall	FY2015	5,474	361,396	515,273	288,352	42,779	184,135	454	877,148	254,072	203,800	79,632	98,040	245,813	-15,714	11,406	877,148
	FY2016	5,519	403,316	451,261	204,514	42,272	204,474	454	855,216	277,076	144,981	68,755	96,246	271,090	-16,876	13,751	855,216
	Year-on-year (%)	-	11.6	-12.4	-29.1	-1.2	11.0	0.2	-2.5	9.1	-28.9	-13.7	-1.8	10.3	7.4	20.6	▲ 2.5
Telecommunications		356	87,335	194,952	129,810	19,603	45,538	64	282,436	66,981	45,538	27,032	46,739	101,052	-6,868	1,876	282,436
Private broadcasting		374	18,906	22,287	11,850	458	9,978	17	41,308	6,333	4,269	2,860	9,073	16,173	-63	2,565	41,308
Cablecasting		218	5,550	14,732	11,145	410	3,177	13	20,315	4,686	4,082	3,403	2,515	5,596	-49	61	20,315
Software		2,930	146,455	135,492	32,690	14,208	88,593	313	282,260	103,931	58,049	26,280	22,289	71,066	-3,826	4,471	282,260
Data processing and information services		1,776	118,039	62,119	19,363	10,963	31,793	150	180,309	85,449	29,153	12,997	13,014	40,742	-3,213	2,167	180,309
Services incidental to Internet		687	64,989	52,006	17,718	4,192	30,096	34	117,029	34,754	17,367	8,228	13,299	45,706	-4,202	1,877	117,029
Video picture information production and distribution		451	14,981	12,586	6,597	386	5,603	30	27,598	6,673	3,388	1,703	4,278	10,628	-411	1,330	27,598
Sound information production		113	2,241	625	321	49	255	2	2,937	1,023	189	270	285	1,003	-5	102	2,937
Newspaper publishers		125	8,226	18,816	10,578	459	7,779	43	27,085	4,897	8,076	272	1,312	11,378	-13	1,163	27,085
Publishers, except newspapers		351	21,866	25,466	12,285	936	12,245	60	47,392	10,211	7,796	1,414	5,474	21,119	-180	1,558	47,392
Commercial art and graphic design		144	9,376	11,356	2,346	176	8,833	5	20,737	7,451	2,632	906	1,091	8,033	-224	848	20,737
Services incidental to video picture information, sound information, character information production and distribution		158	3,555	3,138	1,527	114	1,497	28	6,722	1,408	1,179	575	781	2,142	-17	653	6,722
(Reproduced) TV/radio program production work		379	6,643	5,687	3,091	150	2,446	28	12,427	2,864	1,401	959	2,180	4,688	-83	341	12,427

Fig. 1-1-15 Profits and Assets per Company

		Number of companies	Ordinary profit (100 million yen)	Total assets (Total capital) (100 million yen)	Net assets (Own capital) (100 million yen)	Return of asset ROA (%)	Turnover of total capital (times)	Capital adequacy ratio (%)
Overall	FY2015	5,474	11.3	160.2	76.6	7.0	0.82	47.8
	FY2016	5,519	11.8	155.0	78.5	7.6	0.84	50.6
	Difference from previous year (pt/company)	0.8	4.4	-3.3	2.4	0.6 pt	0.02 times	2.8 pt
Telecommunications		356	85.5	793.4	477.1	10.8	0.69	60.1
Private broadcasting		374	6.4	110.4	81.8	5.8	0.70	74.1
Cablecasting		218	7.6	93.2	52.9	8.1	0.69	56.7
Software		2,930	6.2	96.3	41.1	6.4	1.11	42.6
Data processing and information services		1,776	5.0	101.5	37.0	4.9	0.95	36.4
Services incidental to Internet		687	15.0	170.3	94.5	8.8	0.74	55.5
Video picture information production and distribution		451	4.2	61.2	38.9	6.9	0.90	63.5
Sound information production		113	1.4	26.0	14.6	5.3	1.49	56.4
Newspaper publishers		125	5.1	216.7	112.9	2.4	0.64	52.1
Publishers, except newspapers		351	5.1	135.0	83.7	3.8	0.76	62.0
Commercial art and graphic design		144	9.0	144.0	74.0	6.2	1.05	51.4
Services incidental to video picture information, sound information, character information production and distribution		158	2.0	42.5	26.2	4.8	0.92	61.5
(Reproduced) TV/radio program production work		379	2.2	32.8	21.3	6.8	1.05	65.1

(Notes) Return of asset (ROA) = Ordinary profits / Total capital (total assets) × 100 (Profitability index to ascertain how much profit was obtained from the total capital invested)

Turnover of total capital = Sales / Total assets (total capital) (Efficiency index to ascertain how many times the amount of sales is as large as the amount of the total capital invested)

Capital adequacy ratio = Net assets (own capital) / Total assets (total capital) × 100 (Index to show the percentage of own capital among the total capital and thereby indicate the financial security)

7. Workers

- The number of workers for companies engaged in the information and communication business was 1,642,072 (up 1.1%), out of which full-time workers/regular staff members accounted for 80.8% at 1,326,346 (up 0.7%). The number of part-timers was 204,334 (nearly the same level as FY2016) and that of dispatched workers was 153,656 (up 11.3%).
- The number of workers per company was 298, out of which 240 were full-time workers/regular staff members and 37 were part-timers.

Fig. 1-1-16 Number of workers

(Unit: companies, persons)

	Number of companies		Number of workers		Number of regular workers		Full-time workers/ Regular staff members		Part-timers		Other regular workers		Temporary or daily workers		Dispatched workers	
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
	Overall	5,474	5,519	1,624,851	1,642,072	1,615,513	1,634,963	1,317,193	1,326,346	204,251	204,334	94,069	104,289	9,338	7,109	138,075
Year-on-year (%)		0.8		1.1		1.2		0.7		0.0		10.9		-23.9		11.3
Telecommunications	379	356	161,142	152,928	160,387	152,906	116,270	114,797	16,267	14,813	27,850	23,296	755	22	19,881	31,398
Private broadcasting	390	374	40,298	40,256	39,835	39,825	27,567	28,125	9,592	8,236	2,676	3,465	463	431	6,114	6,629
Cablecasting	221	218	19,703	21,737	18,953	21,719	16,446	17,831	1,756	2,539	751	1,350	750	18	2,342	3,500
Software	2,880	2,930	871,744	890,618	868,870	888,810	806,075	823,312	33,968	37,007	28,827	28,491	2,874	1,808	81,073	81,332
Data processing and information services	1,720	1,776	645,967	694,902	641,569	690,626	462,190	506,790	146,913	144,473	32,466	39,363	4,398	4,276	62,935	70,017
Services incidental to Internet	706	687	224,000	190,645	223,355	190,249	198,809	159,698	15,292	18,015	9,254	12,537	645	396	25,544	23,795
Video picture information production and distribution	431	451	51,014	54,634	50,653	54,152	40,554	42,995	6,047	6,283	4,052	4,880	361	482	3,965	4,925
Sound information production	102	113	8,801	9,729	8,325	9,680	5,016	6,281	2,087	2,470	1,222	929	476	49	347	355
Newspaper publishers	128	125	43,206	43,401	42,980	43,172	37,614	37,796	3,877	3,843	1,489	1,533	226	229	1,367	1,542
Publishers, except newspapers	349	351	85,649	92,504	84,691	92,021	65,998	67,877	13,115	14,765	5,578	9,379	958	483	3,249	3,186
Commercial art and graphic design	148	144	24,960	26,363	24,857	26,250	18,412	19,360	2,606	2,668	3,839	4,222	103	113	1,518	1,268
Services incidental to video picture information, sound information, character information production and distribution	156	158	19,624	21,415	19,331	21,232	15,655	16,601	2,196	2,165	1,480	2,471	293	183	1,662	1,952
(Reproduced) TV/radio program production work	364	379	30,574	32,299	30,196	31,919	25,285	26,961	1,945	2,364	2,966	2,599	378	380	2,858	2,781

(Note) Other regular workers = Regular workers – Full-time workers/Regular staff members – Part-timers (meaning paid directors and contract workers, etc.)

Fig. 1-1-17 Number of Workers for Companies that Responded to the Survey for the Second Consecutive Year

(Unit: companies, persons)

	Number of companies		Number of workers		Number of regular workers		Full-time workers/ Regular staff members		Part-timers		Other regular workers		Temporary or daily workers		Dispatched workers	
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
	Overall	4,809	4,809	1,433,052	1,472,064	1,424,047	1,465,146	1,165,979	1,202,006	172,292	178,350	85,776	84,795	9,005	6,918	122,447
Year-on-year (%)		-		2.7		2.9		3.1		3.5		-1.1		-23.2		13.8

Fig. 1-1-18 Number of Workers per Company

(Unit: companies, persons)

	Number of companies		Number of workers		Number of regular workers		Full-time workers/ Regular staff members		Part-timers		Other regular workers		Temporary or daily workers		Dispatched workers	
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
	Overall	5,474	5,519	297	298	295	296	241	240	37	37	17	19	2	1	25
Year-on-year (%)		-		1		1		0		0		2		0		3
Telecommunications	379	356	425	430	423	430	307	322	43	42	73	65	2	0	52	88
Private broadcasting	390	374	103	108	102	106	71	75	25	22	7	9	1	1	16	18
Cablecasting	221	218	89	100	86	100	74	82	8	12	3	6	3	0	11	16
Software	2,880	2,930	303	304	302	303	280	281	12	13	10	10	1	1	28	28
Data processing and information services	1,720	1,776	376	391	373	389	269	285	85	81	19	22	3	2	37	39
Services incidental to Internet	706	687	317	278	316	277	282	232	22	26	13	18	1	1	36	35
Video picture information production and distribution	431	451	118	121	118	120	94	95	14	14	9	11	1	1	9	11
Sound information production	102	113	86	86	82	86	49	56	20	22	12	8	5	0	3	3
Newspaper publishers	128	125	338	347	336	345	294	302	30	31	12	12	2	2	11	12
Publishers, except newspapers	349	351	245	264	243	262	189	193	38	42	16	27	3	1	9	9
Commercial art and graphic design	148	144	169	183	168	182	124	134	18	19	26	29	1	1	10	9
Services incidental to video picture information, sound information, character information production and distribution	156	158	126	136	124	134	100	105	14	14	9	16	2	1	11	12
(Reproduced) TV/radio program production work	364	379	84	85	83	84	69	71	5	6	8	7	1	1	8	7

(Note) Other regular workers = Regular workers – Full-time workers/Regular staff members – Part-timers (meaning paid directors and contract workers, etc.)

8. Ownership of subsidiaries and affiliated companies

- The number of companies that own subsidiaries^(Note 1) of information and communication companies was 1,796, which own 10,842 subsidiaries.
- The commercial art and graphic design owned the largest number of subsidiaries per company (23.0), followed by telecommunication (11.9) and the newspaper publishers (10.4).
- The balance of investments and loans to related companies^(Note 2) per company was 5.25 billion yen (up 30.9%).

(Note 1) Subsidiaries include affiliated companies.

(Note 2) Related companies refer to subsidiaries, affiliated companies, and parent companies.

Fig. 1-1-19 Ownership of subsidiaries

(Unit: 1 company)

	Number of companies	Number of companies owning subsidiaries	Percentage of companies that own subsidiaries (%)	Number of subsidiaries	Number of subsidiaries owned per company	Overseas			
						Number of companies that own overseas subsidiaries (A)	Number of overseas subsidiaries (B)	Number of overseas subsidiaries owned per company (B/A)	
Overall	FY2015	5,474	1,757	32.1	9,806	5.6	561	3,205	5.7
	FY2016	5,519	1,796	32.5	10,842	6.0	583	4,004	6.9
	Difference from previous year (pt/company)	0.8%	2.2	0.4pt	10.6	0.5 compnies	3.9%	24.9%	1.2 compnies
Telecommunications	356	89	25.0	1,055	11.9	22	139	6.3	
Private broadcasting	374	125	33.4	453	3.6	7	17	2.4	
Cablecasting	218	34	15.6	98	2.9	1	X	X	
Software	2,930	941	32.1	4,811	5.1	363	2,208	6.1	
Data processing and information services	1,776	526	29.6	2,646	5.0	176	864	4.9	
Services incidental to Internet	687	323	47.0	1,857	5.7	126	475	3.8	
Video picture information production and distribution	451	149	33.0	580	3.9	31	61	2.0	
Sound information production	113	27	23.9	67	2.5	5	7	-	
Newspaper publishers	125	71	56.8	740	10.4	6	28	4.7	
Publishers, except newspapers	351	156	44.4	850	5.4	30	73	2.4	
Commercial art and graphic design	144	46	31.9	1,058	23.0	9	846	94.0	
Services incidental to video picture information, sound information, character information production and distribution	158	40	25.3	158	4.0	8	15	1.9	
(Reproduced) TV/radio program production work	379	94	24.8	351	3.7	13	29	2.2	

Fig. 1-1-20 Investments and Loans to Related Companies

(Unit: 1 company, 100 million yen)

	Number of companies that made investments and loans	Total investment and loan balance	Investment and loan balance per company	Domestic				Overseas				
				Number of companies	Total investment and loan balance			Number of companies	Total investment and loan balance			
					Share and contribution balance (included)	Long-term loans (included)			Share and contribution balance (included)	Long-term loans (included)		
Overall	FY2015	1,566	62,829	40.1	1,398	40,073	30,019	5,016	446	22,756	19,246	1,554
	FY2016	1,618	85,002	52.5	1,450	36,901	25,320	6,500	446	48,102	42,149	4,060
	Year-on-year (%)	3.3	35.3	30.9	3.7	-7.9	-15.7	29.6	0.0	111.4	119.0	161.3
Telecommunications	89	3,357	37.7	81	3,151	2,118	627	19	206	63	142	
Private broadcasting	115	1,366	11.9	114	1,353	1,034	295	6	13	13	-	
Cablecasting	39	1,230	31.5	39	1,227	978	77	3	4	3	-	
Software	816	44,008	53.9	713	12,544	7,922	680	271	31,464	26,542	3,032	
Data processing and information services	476	15,742	33.1	423	13,050	4,602	4,066	130	2,692	681	131	
Services incidental to Internet	281	19,245	68.5	245	10,764	9,794	932	98	8,481	8,188	292	
Video picture information production and distribution	136	1,847	13.6	129	1,794	1,551	236	23	53	42	7	
Sound information production	26	33	1.3	25	X	30	3	2	X	X	X	
Newspaper publishers	72	3,404	47.3	70	1,703	1,491	161	6	1,701	1,697	4	
Publishers, except newspapers	148	2,568	17.4	137	2,296	1,655	584	28	272	252	20	
Commercial art and graphic design	39	6,620	169.7	34	1,025	939	85	9	5,594	5,128	466	
Services incidental to video picture information, sound information, character information production and distribution	42	563	13.4	41	557	537	19	5	6	5	0	
(Reproduced) TV/radio program production work	88	925	10.5	87	893	775	115	9	33	31	1	

9. Outsourcing

- The number of companies implementing outsourcing was 4,382 (up 1.1%) and the outsourcing costs were 9.9664 trillion yen (down 1.3%).
- The number of companies that outsourced their manufacturing work was 2,064 (up 2.4%) and that of companies that outsourced work other than manufacturing was 3,707 (up 1.1%).
- Looking at the content outsourcing by companies that outsourced work other than manufacturing, the number of companies was the largest for “Data processing related” work at 66.1%.

Fig. 1-1-21 Outsourcing

(Unit: 1 company)

		Number of companies	Implemented outsourcing				Did not implement outsourcing	Outsourcing cost					
			Outsourcing of manufacturing work	Outsourcing of work other than manufacturing	Outsourcing cost of manufacturing work			Outsourcing cost of work other than manufacturing					
					Number of companies responded	Outsourcing cost (100 million yen)		Number of companies responded	Outsourcing cost (100 million yen)				
Overall	FY2015	5,402	4,333	2,015	3,668	1,069	4,220	100,961	1,974	41,914	3,407	59,047	
	FY2016	5,449	4,382	2,064	3,707	1,067	4,294	99,664	2,016	41,955	3,521	57,709	
	Year-on-year (%)	0.9	1.1	2.4	1.1	-0.2	1.8	-1.3	2.1	0.1	3.3	-2.3	
Telecommunications		343	278	74	257	65	270	18,526	70	527	247	17,999	
Private broadcasting		347	260	115	237	87	253	2,744	104	1,778	231	967	
Cablecasting		210	163	40	154	47	161	847	38	55	152	792	
Software		2,928	2,469	1,284	1,992	459	2,429	61,663	1,266	32,386	1,880	29,276	
Data processing and information services		1,776	1,461	590	1,275	315	1,436	25,761	579	9,020	1,225	16,742	
Services incidental to Internet		684	573	249	519	111	561	11,146	243	4,907	494	6,238	
Video picture information production and distribution		431	309	177	262	122	298	3,988	171	2,758	240	1,229	
Sound information production		103	75	39	65	28	72	491	37	371	60	121	
Newspaper publishers		125	98	76	82	27	96	2,330	75	1,780	80	550	
Publishers, except newspapers		350	275	204	241	75	270	5,986	200	4,593	228	1,393	
Commercial art and graphic design		144	109	63	95	35	107	863	62	368	90	495	
Services incidental to video picture information, sound information, character information production and distribution		157	120	72	97	37	114	1,261	69	961	85	300	
(Reproduced) TV/radio program production work		352	234	120	195	118	222	1,951	116	1,257	176	694	

Fig. 1-1-22 Outsourcing of Other Than Manufacturing (Composition ratios) (Multiple answers allowed)

(Unit: 1 company, %)

	Number of companies responded	Percentage of outsourcing of work other than manufacturing by work												
		Data processing related	Research/ marketing	Design/ product planning	General clerical work	Workers' welfare related	Specific areas such as tax/ accounting	Worker education such as in-house training	Public relations	Logistics related	Environment/ security relate	R&D related areas	Other	
Overall	FY2015	3,656	66.2	16.4	14.3	25.0	12.4	36.1	19.0	8.3	23.1	31.3	5.0	21.5
	FY2016	3,668	66.1	16.7	14.7	26.4	13.3	38.0	20.6	8.2	24.0	33.0	5.4	21.0
	Year-on-year (%)	0.3%	- 0.1 pt	0.3 pt	0.4 pt	1.4 pt	0.9 pt	1.9 pt	1.6 pt	- 0.1 pt	0.9 pt	1.6 pt	0.5 pt	- 0.5 pt
Telecommunications	238	53.8	25.6	11.8	37.4	18.1	47.1	26.5	18.9	28.2	44.5	5.5	42.0	
Private broadcasting	222	40.1	23.0	18.0	32.0	11.7	37.8	14.9	34.7	19.8	55.9	2.3	45.9	
Cablecasting	136	38.2	27.9	14.0	36.8	19.1	49.3	26.5	26.5	21.3	42.6	2.2	52.2	
Software	1,992	74.7	10.9	8.8	23.5	11.8	34.1	21.8	3.8	16.6	24.7	6.3	12.9	
Data processing and information services	1,275	76.5	17.7	12.0	29.3	13.4	35.6	22.2	5.7	25.2	32.3	5.3	17.5	
Services incidental to Internet	515	66.2	26.0	29.5	30.7	16.9	43.1	23.5	7.4	30.9	36.5	8.3	25.8	
Video picture information production and distribution	255	43.9	22.0	28.6	21.6	14.5	52.2	18.8	10.6	30.2	44.3	3.1	38.8	
Sound information production	63	36.5	12.7	23.8	22.2	14.3	42.9	14.3	7.9	22.2	38.1	0.0	33.3	
Newspaper publishers	81	40.7	12.3	28.4	25.9	17.3	21.0	16.0	24.7	56.8	59.3	2.5	16.0	
Publishers, except newspapers	240	50.8	21.3	35.4	23.8	15.0	37.9	16.3	15.0	62.5	51.7	3.8	24.2	
Commercial art and graphic design	91	39.6	24.2	49.5	26.4	9.9	47.3	20.9	7.7	42.9	42.9	1.1	30.8	
Services incidental to video picture information, sound information, character information production and distribution	97	50.5	12.4	21.6	17.5	17.5	51.5	16.5	4.1	32.0	45.4	4.1	34.0	
(Reproduced) TV/radio program production work	186	37.1	14.0	23.7	18.3	10.8	48.4	15.1	10.8	19.9	41.4	1.6	43.5	

10. Research and development

- Of the companies which engaged in the information and communications business, 1,006 companies (18.2% of the total) conducted a research and development (R&D).
- The R&D expenses were 866.9 billion yen (down 12.8%), the in-house R&D expenses were 724.7 billion yen (83.6% of the R&D expenses), the outsourced R&D expenses were 142.2 billion yen, and the ratio of R&D expenses to sales (Note) was 3.2% (up 0.7 points).
- The ratio of R&D expenses to sales was the highest for the software services (4.1%), followed by services incidental to Internet (2.9%), and the data processing and information services (2.7%).

(Note) Tabulated only companies that provided valid responses.

Fig. 1-1-23 Percentage of Companies that Conducted Research and Development

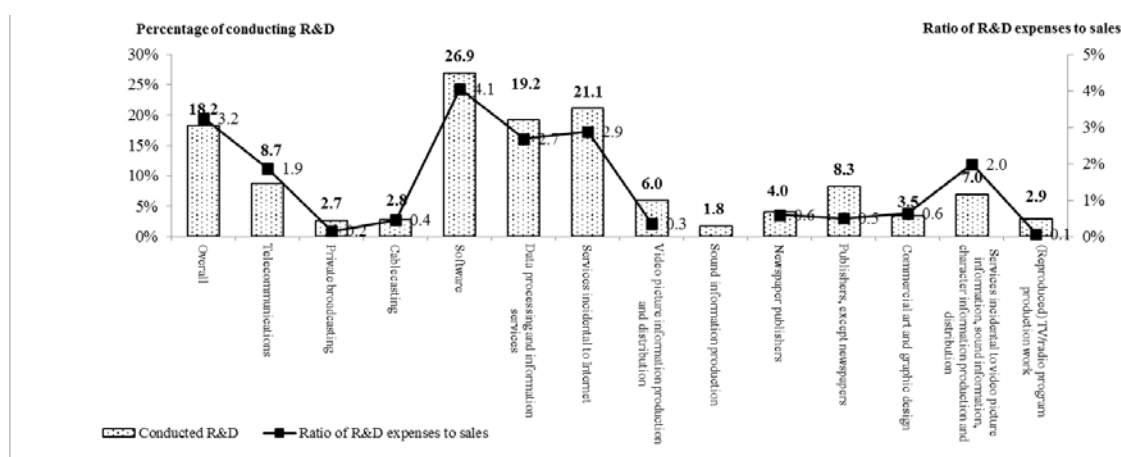


Fig. 1-1-24 R&D Expenses

(Unit: 1 company, 100 million yen, %)

		Number of companies	Number of companies that conducted R&D		Sales	Total R&D expenses			Ratio of R&D expenses to sales
			Number of companies that conducted R&D	Number of companies that provided the R&D expenses		In-house R&D expenses	Outsourced R&D expenses		
Overall	FY2015	5,474	948	877	385,835	9,942	7,722	2,220	2.6
	FY2016	5,519	1,006	928	266,994	8,669	7,247	1,422	3.2
	Y/Y change (pt)	0.8	6.1	5.8	-30.8	-12.8	-6.1	-35.9	0.7pt
Telecommunications		356	31	28	64,570	1,207	967	240	1.9
Private broadcasting		374	10	10	9,364	14	7	7	0.2
Cablecasting		218	6	4	1,725	8	0	8	0.4
Software		2,930	789	729	158,178	6,408	5,674	733	4.1
Data processing and information services		1,776	341	313	69,450	1,866	1,775	90	2.7
Services incidental to Internet		687	145	137	36,797	1,061	628	433	2.9
Video picture information production and distribution		451	27	26	6,966	24	18	6	0.3
Sound information production		113	2	2	X	X	X	X	X
Newspaper publishers		125	5	4	1,741	10	10	0	0.6
Publishers, except newspapers		351	29	23	8,408	42	42	0	0.5
Commercial art and graphic design		144	5	5	149	1	1	0	0.6
Services incidental to video picture information, sound information, character information production and distribution		158	11	11	765	15	15	0	2.0
(Reproduced) TV/radio program production work		379	11	10	3,123	2	2	1	0.1

(Note) Sales and ratio of R&D expenses to sales are counted using the number of companies that provided the R&D expenses.

Section 2: Results Based on Companies Rated as Mainly Engaged in the IC Business

1. Outline of survey results

- The number of companies rated as information and communications companies (IC companies) (meaning companies which earn more sales from the IC business than from any other) was 4,723 (up 0.8%) in FY2016. The number of establishments was 17,541 (down 3.3%) and the number of regular workers was 1,252,046 (up 2.1%).
- The total sales by IC companies were 50.7425 trillion yen (up 1.0%), out of which 46.4014 trillion yen (down 0.4%) were the sales from the IC business. The operating profit was 5.4346 trillion yen (up 6.6%) and the ordinary profit was 5.5020 trillion yen (up 6.8%).

(Note) Data shown in “Section 2: Results Based on Companies Rated as Mainly Engaged in the IC Business” are those for companies rated as IC companies.

Fig. 1-2-1 Outline (Based on Companies Rated as Mainly Engaged in the IC Business)

		Number of companies	Number of establishments	Number of workers (persons)	Number of regular workers (persons)	Sales	Sales from the IC business	Operating profit	Ordinary profit
						(100 million yen)	(100 million yen)	(100 million yen)	(100 million yen)
IC companies	FY2015	4,686	18,137	1,233,224	1,226,397	502,474	465,774	51,000	51,518
	FY2016	4,723	17,541	1,257,515	1,252,046	507,425	464,014	54,346	55,020
	Year-on-year (%)	0.8	-3.3	2.0	2.1	1.0	-0.4	6.6	6.8
Telecommunications	FY2015	139	1,429	110,678	109,939	173,261	172,487	26,561	25,390
	FY2016	134	787	105,690	105,684	178,193	170,058	28,450	28,759
	Year-on-year (%)	-3.6	-44.9	-4.5	-3.9	2.8	-1.4	7.1	13.3
Private broadcasting	FY2015	347	983	28,112	27,745	26,218	25,099	2,106	2,181
	FY2016	329	925	28,648	28,304	27,277	25,827	2,925	2,119
	Year-on-year (%)	-5.2	-5.9	1.9	2.0	4.0	2.9	38.9	-2.9
Cablecasting	FY2015	179	443	12,653	12,642	6,444	6,406	899	815
	FY2016	170	407	12,480	12,468	6,896	6,798	1,065	796
	Year-on-year (%)	-5.0	-8.1	-1.4	-1.4	7.0	6.1	18.5	-2.3
Software	FY2015	2,177	6,666	621,592	620,724	172,779	148,281	8,874	10,200
	FY2016	2,197	6,776	635,425	634,832	171,284	147,202	9,134	10,384
	Year-on-year (%)	0.9	1.7	2.2	2.3	-0.9	-0.7	2.9	1.8
Data processing and information services	FY2015	878	4,228	298,188	294,186	57,210	51,459	3,915	4,197
	FY2016	912	4,397	308,550	304,780	54,204	49,965	4,240	4,407
	Year-on-year (%)	3.9	4.0	3.5	3.6	-5.3	-2.9	8.3	5.0
Services incidental to Internet	FY2015	272	780	61,898	61,684	26,587	25,923	6,362	6,614
	FY2016	267	733	60,285	60,257	27,291	26,707	6,121	6,257
	Year-on-year (%)	-1.8	-6.0	-2.6	-2.3	2.6	3.0	-3.8	-5.4
Video picture information production and distribution	FY2015	258	487	23,947	23,823	9,014	7,849	634	721
	FY2016	273	494	27,692	27,391	10,647	8,836	894	978
	Year-on-year (%)	5.8	1.4	15.6	15.0	18.1	12.6	41.2	35.7
TV program production	FY2015	194	309	16,509	16,400	4,792	4,511	177	215
	FY2016	196	311	18,317	18,174	5,305	4,778	298	322
	Year-on-year (%)	1.0	0.6	11.0	10.8	10.7	5.9	68.3	49.5
Sound information production	FY2015	29	61	2,368	2,361	1,934	1,663	620	65
	FY2016	39	68	3,073	3,072	2,280	1,907	611	104
	Year-on-year (%)	34.5	11.5	29.8	30.1	17.9	14.7	-1.4	59.8
Radio program production	FY2015	17	19	334	327	43	39	0	0
	FY2016	24	22	536	535	107	82	9	8
	Year-on-year (%)	41.2	15.8	60.5	63.6	150.4	109.3	4842.1	3182.6
Newspaper publishers	FY2015	110	2,179	40,359	40,164	16,670	14,888	616	753
	FY2016	108	2,023	40,627	40,398	16,618	14,659	463	597
	Year-on-year (%)	-1.8	-7.2	0.7	0.6	-0.3	-1.5	-24.9	-20.8
Publishers, except newspapers	FY2015	188	544	23,776	23,692	10,471	10,084	370	512
	FY2016	186	586	24,944	24,870	10,698	10,266	366	519
	Year-on-year (%)	-1.1	7.7	4.9	5.0	2.2	1.8	-1.1	1.5
Commercial art and graphic design	FY2015	50	122	3,242	3,187	767	703	25	26
	FY2016	58	148	4,057	3,955	975	880	55	57
	Year-on-year (%)	16.0	21.3	25.1	24.1	27.0	25.2	117.1	123.7
Services incidental to video picture information, sound information, character information production and distribution	FY2015	59	215	6,411	6,250	1,120	932	19	45
	FY2016	50	197	6,044	6,035	1,061	908	23	42
	Year-on-year (%)	-15.3	-8.4	-5.7	-3.4	-5.3	-2.6	24.0	-6.1

(Note 1) “Sales from the IC business” refers to sales related to the information and communication business.

(Note 2) Year-on-year changes in sales, operating profits, and ordinary profits are calculated in 1 million yen units.

- The number of establishments per IC company was 3.7 (down 0.2 points), and the number of regular workers was 265 (up 1.1%).
- The sales per company were 10.74 billion yen (up 0.2%), out of which 9.82 billion yen (down 1.2%) were the sales from the information and communications business. The operating profit was 1.15 billion yen (up 5.7%) and the ordinary profit was 1.16 billion yen (up 6.0%).

Fig. 1-2-2 Outline (Per Company)

		Number of establishments	Number of workers (persons)	Number of regular workers (persons)	Sales		Operating profit (million yen)	Ordinary profit (million yen)
					(million yen)	Sales from the IC business (million yen)		
IC companies	FY2015	3.9	263.0	262.0	10,722.9	9,939.7	1,088.3	1,099.4
	FY2016	3.7	266.0	265.0	10,743.7	9,824.6	1,150.7	1,164.9
	Year-on-year (%)	-0.2	1.1	1.1	0.2	-1.2	5.7	6.0
Telecommunications	FY2015	10.3	796.0	791.0	124,648.0	124,091.4	19,108.7	18,265.8
	FY2016	5.9	789.0	789.0	132,979.6	126,909.1	21,231.3	21,462.0
	Year-on-year (%)	-4.4	-0.9	-0.3	6.7	2.3	11.1	17.5
Private broadcasting	FY2015	2.8	81.0	80.0	7,555.7	7,233.2	607.0	628.6
	FY2016	2.8	87.0	86.0	8,290.9	7,850.3	889.1	644.0
	Year-on-year (%)	0.0	7.4	7.5	9.7	8.5	46.5	2.4
Cablecasting	FY2015	2.5	71.0	71.0	3,599.7	3,578.9	502.0	455.1
	FY2016	2.4	73.0	73.0	4,056.3	3,999.1	626.3	468.1
	Year-on-year (%)	-0.1	2.8	2.8	12.7	11.7	24.8	2.9
Software	FY2015	3.1	286.0	285.0	7,936.6	6,811.2	407.6	468.5
	FY2016	3.1	289.0	289.0	7,796.3	6,700.1	415.8	472.6
	Year-on-year (%)	0.0	1.0	1.4	-1.8	-1.6	2.0	0.9
Data processing and information services	FY2015	4.8	340.0	335.0	6,515.9	5,861.0	445.9	478.1
	FY2016	4.8	338.0	334.0	5,943.5	5,478.6	464.9	483.3
	Year-on-year (%)	0.0	-0.6	-0.3	-8.8	-6.5	4.3	1.1
Services incidental to Internet	FY2015	2.9	228.0	227.0	9,774.5	9,530.5	2,339.1	2,431.8
	FY2016	2.7	226.0	226.0	10,221.3	10,002.6	2,292.4	2,343.5
	Year-on-year (%)	-0.2	-0.9	-0.4	4.6	5.0	-2.0	-3.6
Video picture information production and distribution	FY2015	1.9	93.0	92.0	3,493.9	3,042.2	245.6	279.4
	FY2016	1.8	101.0	100.0	3,900.2	3,236.8	327.6	358.3
	Year-on-year (%)	-0.1	8.6	8.7	11.6	6.4	33.4	28.2
TV program production	FY2015	1.6	85.0	85.0	2,470.4	2,325.5	91.1	111.0
	FY2016	1.6	93.0	93.0	2,706.5	2,438.0	151.8	164.2
	Year-on-year (%)	0.0	9.4	9.4	9.6	4.8	66.6	47.9
Sound information production	FY2015	2.1	82.0	81.0	6,668.0	5,736.1	2,136.6	225.1
	FY2016	1.7	79.0	79.0	5,846.4	4,890.2	1,565.9	267.5
	Year-on-year (%)	-0.4	-3.7	-2.5	-12.3	-14.7	-26.7	18.8
Radio program production	FY2015	1.1	20.0	19.0	250.2	230.9	1.1	1.4
	FY2016	0.9	22.0	22.0	443.8	342.3	39.1	31.5
	Year-on-year (%)	-0.2	10.0	15.8	77.4	48.2	3,454.5	2,150.0
Newspaper publishers	FY2015	19.8	367.0	365.0	15,154.2	13,534.4	560.3	684.3
	FY2016	18.7	376.0	374.0	15,387.0	13,573.0	428.5	552.3
	Year-on-year (%)	-1.1	2.5	2.5	1.5	0.3	-23.5	-19.3
Publishers, except newspapers	FY2015	2.9	126.0	126.0	5,569.7	5,363.8	196.6	272.3
	FY2016	3.2	134.0	134.0	5,751.6	5,519.4	196.6	279.3
	Year-on-year (%)	0.3	6.3	6.3	3.3	2.9	0.0	2.6
Commercial art and graphic design	FY2015	2.4	65.0	64.0	1,534.3	1,405.2	50.4	51.3
	FY2016	2.6	70.0	68.0	1,680.3	1,516.4	94.3	98.9
	Year-on-year (%)	0.2	7.7	6.3	9.5	7.9	87.1	92.8
Services incidental to video picture information, sound information, character information production & distribution	FY2015	3.6	109.0	106.0	1,898.7	1,580.2	31.6	75.5
	FY2016	3.9	121.0	121.0	2,122.8	1,816.9	46.2	83.6
	Year-on-year (%)	0.3	11.0	14.2	11.8	15.0	46.2	10.7

(Note) The year-on-year comparison for the number of establishments per company represents the difference as compared to the previous fiscal year.

2. Number of companies

- Looking at the number of IC companies in terms of the composition ratio by capital, companies with capital of “Less than 100 million yen” accounted for 59.8% (up 0.2 points), showing no significant changes in the composition ratios for the past five years.
- By sales, companies with sales of “Less than 1 billion yen” accounted for 44.8% (down 0.9 points) of the total and the ratio of companies with sales of “Less than 500 million yen” is decreasing. Thus, the percentage of companies with smaller sales is on a decline.
- By number of regular workers, companies with “Less than 100 workers” accounted for 58.4% (down 1.2 points). The ratio of companies with “Less than 50 workers” is decreasing, while that of companies with “100 or more workers” is increasing.

Fig. 1-2-3 Composition Ratios of IC Companies by Capital

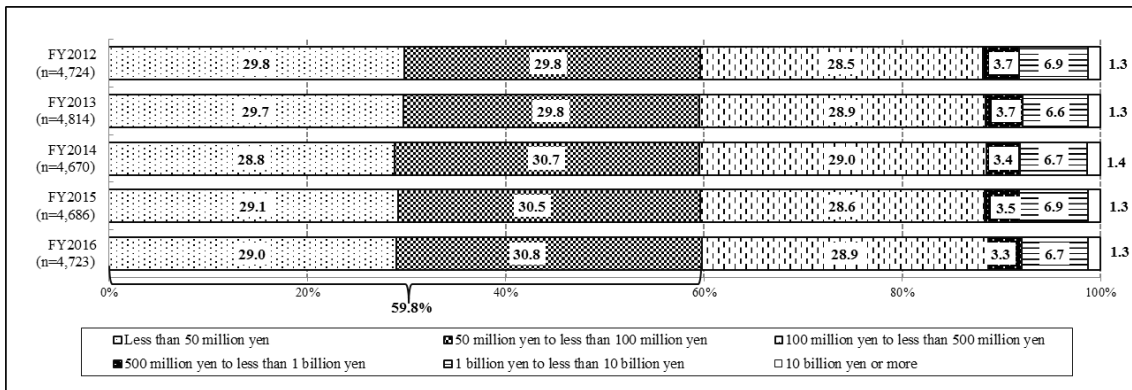


Fig. 1-2-4 Composition Ratios of IC Companies by Sales

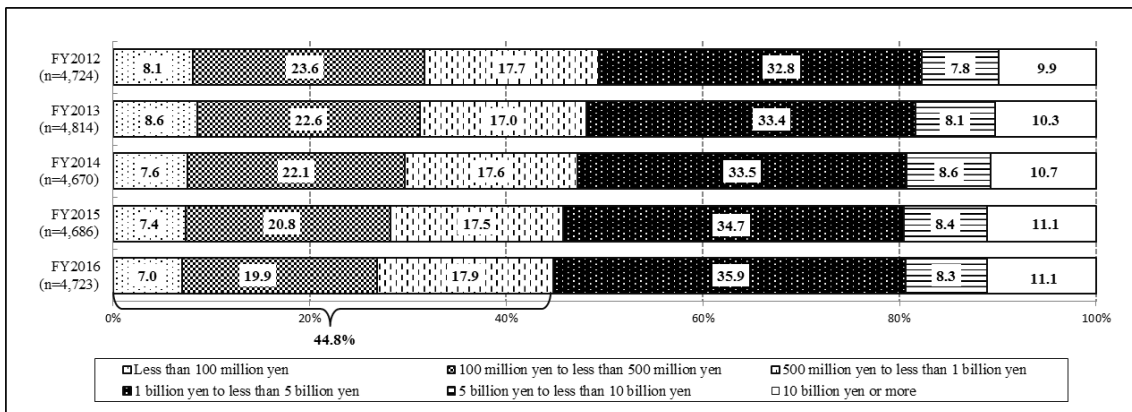
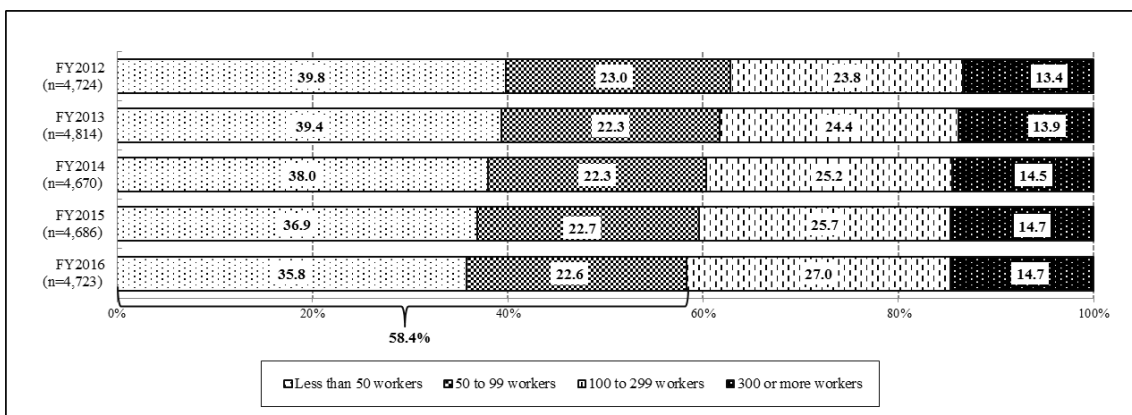


Fig. 1-2-5 Composition Ratios of IC Companies by Number of Regular Workers

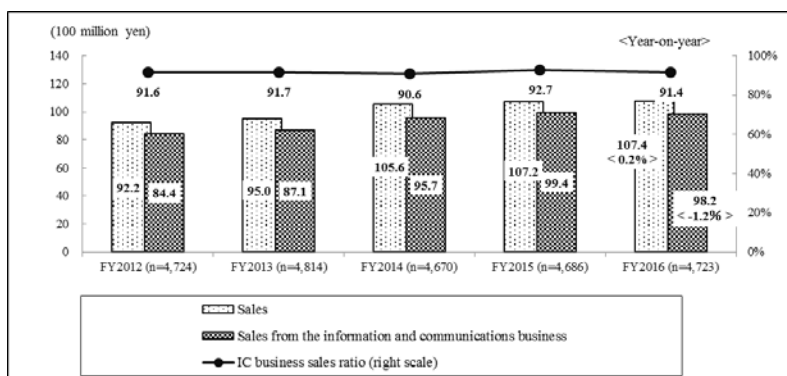


3. Sales and profits

- The sales per IC company were 10.74 billion yen (up 0.2% ^(Note)). The sales from the information and communications business were 9.82 billion yen (down 1.2%), making up 91.4% of sales (down 1.3 points). The ratio of sales from main business declined slightly.
- The operating profit per IC company was 1.15 billion yen (up 5.7% ^(Note)), and ordinary profit per IC company was 1.16 billion yen (up 6.0%). Current net income per IC company was 770 million yen (up 11.1%), showing an upward trend.
- The operating margin was 10.7% (up 0.6 points), the ratio of ordinary profit to sales was 10.8% (up 0.5 points), and the income margin was 7.2% (up 0.7 points). Thus, the profit margin is increasing.

(Note) Calculated in 1 million yen units.

Fig. 1-2-6 Sales per IC Company



(Note) IC business sales ratio = IC business sales / Sales × 100. Calculated in 1 million yen units.

Fig. 1-2-7 Profits per IC company

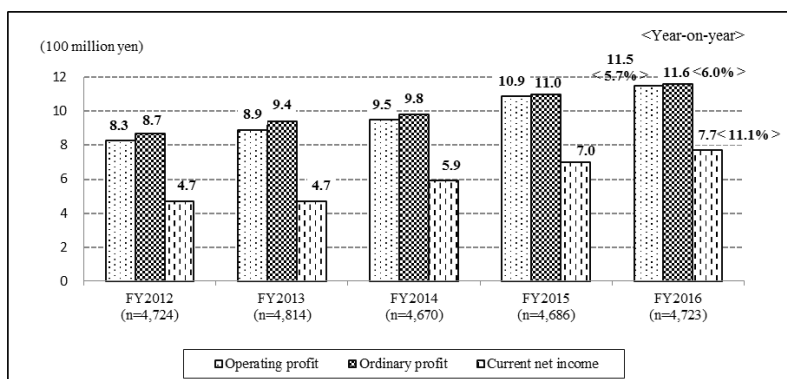
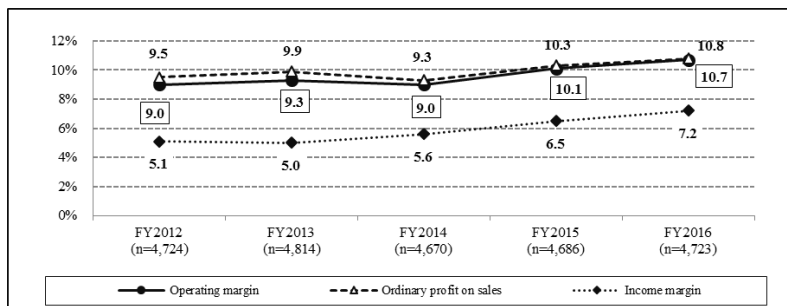


Fig. 1-2-8 Profit Margin of IC companies



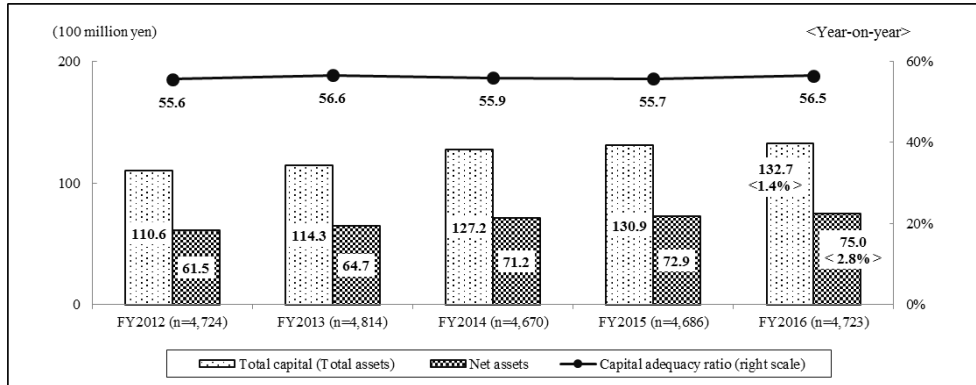
(Notes) Operating margin = Operating profit / Sales × 100 (Profitability index to ascertain how much profit was obtained from operation activities related to the main business from among total sales)
 Ratio of ordinary profit to sales = Ordinary profit / Sales × 100 (Profitability index to ascertain how much profit was obtained from ordinary activities (operations and financial transactions) from among sales)
 Income margin = Current net income / Sales × 100 (Profitability index to ascertain how much profit was ultimately obtained by the company)
 The operating margin, ratio of ordinary profit to sales, and income margin are calculated in 1 million yen units.

4. Assets and added values

- The total amount of assets per IC company was 13.27 billion yen (up 1.4%^(Note)) and net assets per IC company were 7.50 billion yen (up 2.8%). The capital adequacy ratio was 56.5% (up 0.8 points).
- The added value per IC company was 3.93 billion yen (down 6.9%^(Note)). The ratio of value added was 36.6% (down 2.8 points) and labor productivity was 14.839 million yen/person (down 8.1%). The labor equipment ratio was 14.464 million yen/person (down 3.0%).

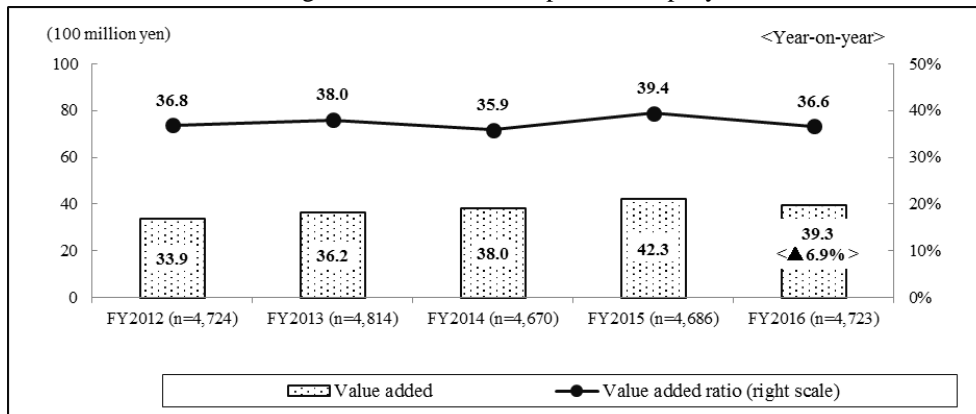
(Note) Calculated in 1 million yen units.

Fig. 1-2-9 Assets per IC Company



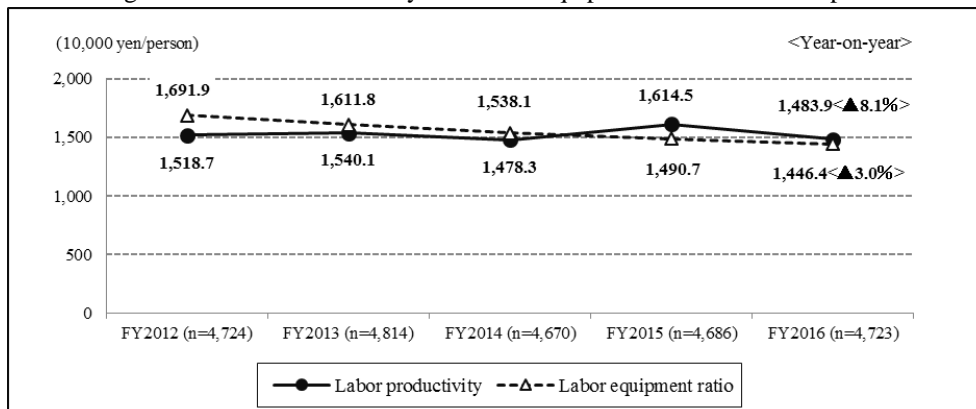
(Notes) Capital adequacy ratio = Net assets / Total capital (total assets) × 100. Index to show the percentage of own capital among the total capital and thereby indicate the financial security. Calculated in 1 million yen units.

Fig. 1-2-10 Added Value per IC Company



(Notes) Value added = Operating profit + Depreciation expenses + Total payroll + Welfare expenses + Real estate and movables property rental + Taxes and public imposition.
Ratio of value added = Value added / Sales × 100. Productivity index to ascertain the value newly produced by companies. Calculated in 1 million yen units.

Fig. 1-2-11 Labor Productivity and Labor Equipment Ratio of IC Companies



(Notes) Labor productivity = Value added / Number of regular workers. Index to ascertain the amount of value added per worker.
Labor equipment ratio = Tangible fixed assets / Number of regular workers. Index to ascertain how much capital (tangible fixed assets) is used per worker.

5. Workers

- The total number of regular workers at IC companies was 1,252,046 (up 2.1%), out of which 1,080,391 (up 2.5%) were full-time workers/regular staff members and 110,089 (up 5.6%) were part-timers. The number of dispatched workers was 127,937 (up 9.3%).
- The number of regular workers per IC company was 265.1 (up 3.4 workers), out of which 228.8 were full-time workers/regular staff members (up 3.8 workers) and 23.3 were part-timers (up 1.1 workers). The number of dispatched workers was 27.1 (up 2.1 workers).
- Looking at the composition ratio of regular workers, full-time workers/regular staff members represented 86.3% (up 0.3 points). Part-timers represented 8.8% (up 0.3 points).

Fig. 1-2-12 Workers at IC Companies

	Number of workers (persons)			Number of Workers per IC Company (persons)		
	FY2015 (n=4,686)	FY2016 (n=4,723)	Year-on-year (%)	FY2015	FY2016	Y/Y change (persons)
Workers	1,233,224	1,257,515	2.0	263.2	266.3	3.1
Regular workers	1,226,397	1,252,046	2.1	261.7	265.1	3.4
Full-time workers/ Regular staff members	1,054,533	1,080,391	2.5	225.0	228.8	3.8
Part-timers	104,226	110,089	5.6	22.2	23.3	1.1
Other regular workers	67,638	61,566	-9.0	14.4	13.0	-1.4
Temporary or daily workers	6,827	5,469	-19.9	1.5	1.2	-0.3
Dispatched workers	117,081	127,937	9.3	25.0	27.1	2.1

(Note) Other regular workers = Regular workers - Full-time workers/Regular staff members - Part-timers (meaning paid directors and contract workers, etc.).

Fig. 1-2-13 Number of Workers per IC Company

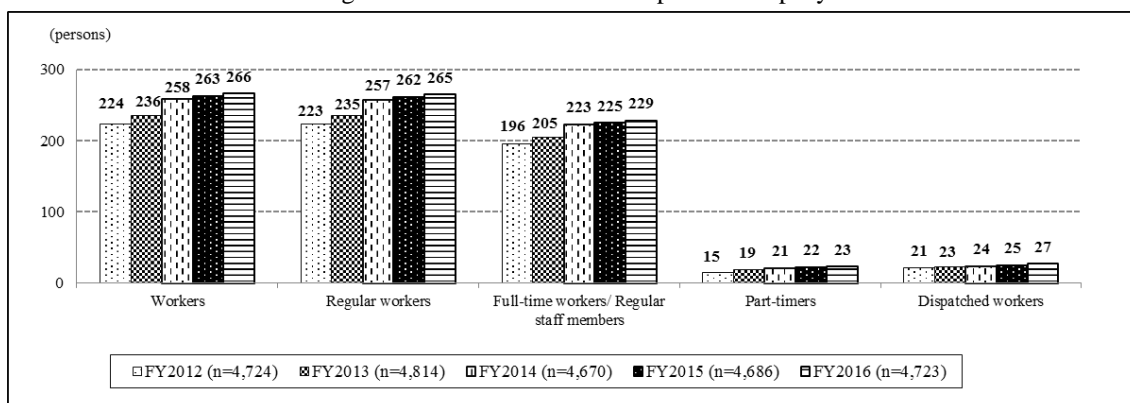


Fig. 1-2-14 Composition Ratios of Regular Workers at IC Companies



6. Ownership of subsidiaries and affiliated companies

- Among the 4,723 information and communication companies, the number of those which own subsidiaries (Notes 1,2) was 1,455 (up 1.7%), of which 1,275 companies (up 1.5%) own domestic subsidiaries and 451 (up 0.4%) own overseas subsidiaries.
- The number of subsidiaries was 6,821 (up 0.9%). Of which, the number of domestic subsidiaries was 4,810 (down 0.7%) and the number of overseas subsidiaries was 2,011 (up 4.9%).

(Note 1) Subsidiaries include affiliated companies. A subsidiary refers to a company in which a certain company owns no less than 50% of the voting rights but includes a company in which a certain company substantially controls its management although owning less than 50% of the voting rights.

(Note 2) An affiliated company is a company in which a certain company directly owns no less than 20% but no more than 50% of the voting rights. It also includes a company in which a certain company has important influence even in the case it only owns no less than 15% but less than 20% of the voting rights.

Fig. 1-2-15 Ownership of Subsidiaries by IC Companies

	Number of companies owning subsidiaries			Ratio of companies owning subsidiaries (%)		Number of subsidiaries			Number of subsidiaries owned per IC company (Note)	
	FY2015 (n=4,686)	FY2016 (n=4,723)	Year-on-year (%)	FY2015	FY2016	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016
IC companies	1,431	1,455	1.7	30.5	30.8	6,762	6,821	0.9	4.7	4.7
Owning domestic subsidiaries	1,256	1,275	1.5	26.8	27.0	4,845	4,810	-0.7	3.9	3.8
Owning overseas subsidiaries	449	451	0.4	9.6	9.5	1,917	2,011	4.9	4.3	4.5

(Note) Number of subsidiaries owned per IC company = Number of subsidiaries / Number of companies owning subsidiaries

Number of domestic subsidiaries owned per IC company = Number of domestic subsidiaries / Number of companies owning domestic subsidiaries

Number of overseas subsidiaries owned per IC company = Number of overseas subsidiaries / Number of companies owning overseas subsidiaries

Fig. 1-2-16 Number of IC Companies That Own Subsidiaries

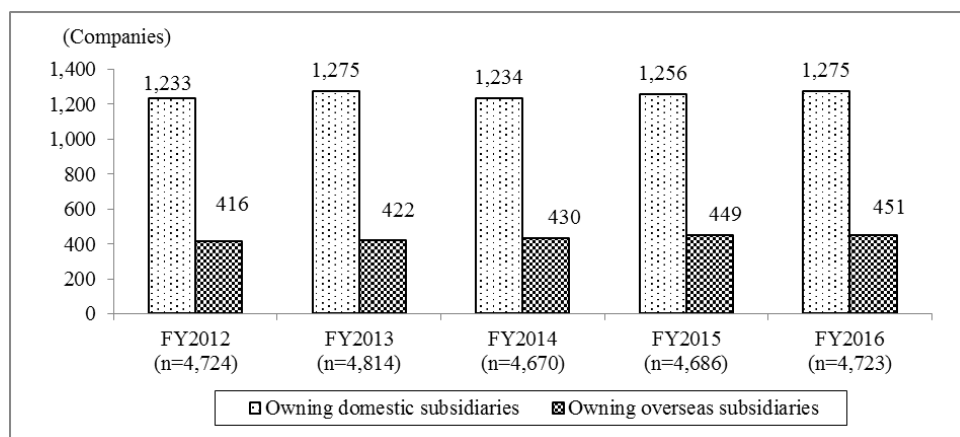
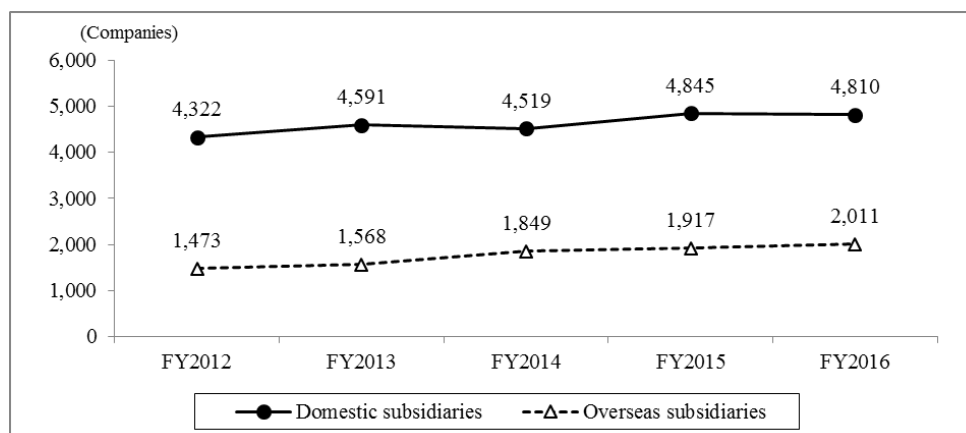


Fig. 1-2-17 Number of subsidiaries owned by IC companies



7. Outsourcing

- Looking at the percentages of IC companies implementing outsourcing, 37.8% (up 0.5 points) outsourced their manufacturing work and 68.5% (up 0.2 points) outsourced work other than manufacturing.
- Looking at the percentages of IC companies implementing outsourcing of work other than manufacturing, 67.9% (nearly flat) outsourced “Data processing related” work and 37.6% (up 1.8 points) outsourced work in “Specific areas such as tax/accounting”.
- The outsourcing cost per company for manufacturing work was 1.76 billion yen (down 5.2% ^(Note 1)), of which the outsourcing cost to related companies ^(Note 2) was 240 million yen (nearly flat). The outsourcing cost per company for work other than manufacturing was 1.62 billion yen (down 2.2%), of which the outsourcing cost to related companies was 170 million yen (up 2.5%).

(Note 1) Calculated in 1 million yen units.

(Note 2) Related companies refer to subsidiaries, affiliated companies, and parent companies.

Fig. 1-2-18 Percentages of IC Companies Implementing Outsourcing (Multiple answers allowed)

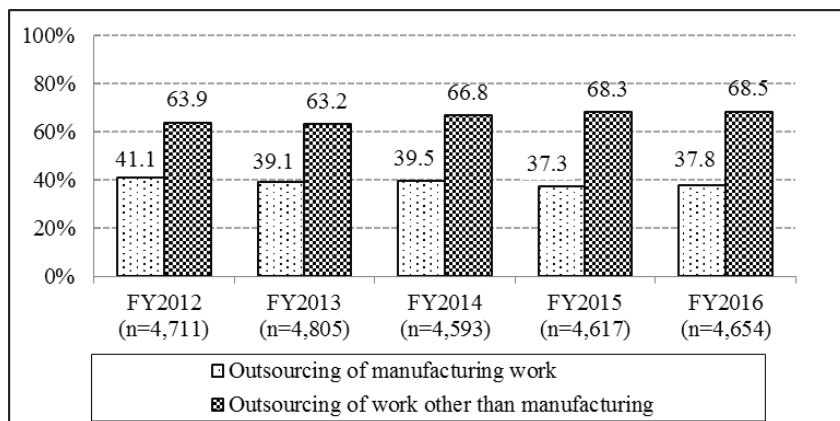


Fig. 1-2-19 Percentages of IC Companies Implementing Outsourcing of Work Other Than Manufacturing (High-ranking) (Multiple answers allowed)

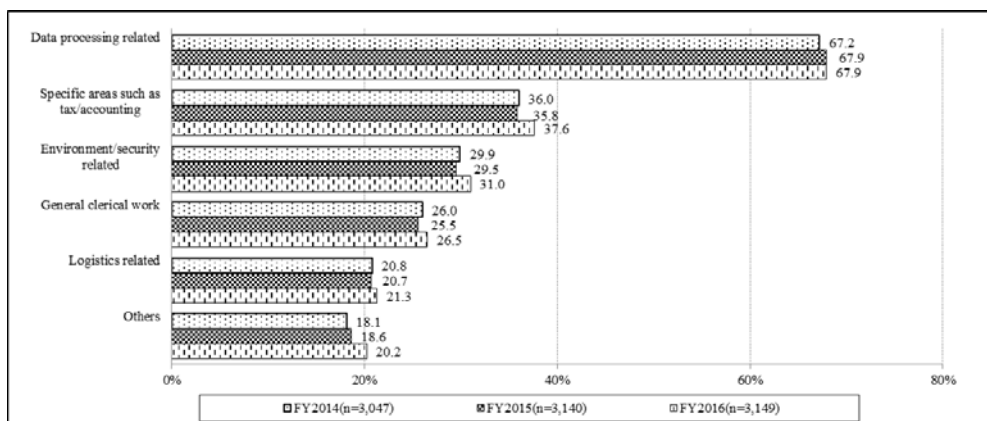
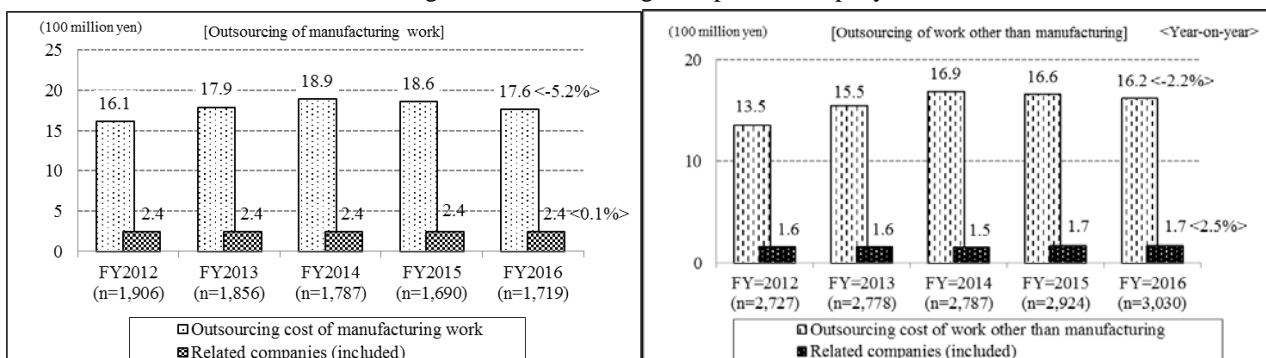


Fig. 1-2-20 Outsourcing Cost per IC Company



8. Research and development/ability development

- The percentage of IC companies conducted research and development (R&D) was 17.9% (up 1.0 points). Of which, 17.7% (up 0.9 points) conducted R&D domestically and 0.9% (same level) conducted R&D overseas.
- The R&D expenses per company were 730 million yen (down 23.1%). Of which, the in-house R&D expenses were 640 million yen (down 16.6%). The ratio of R&D expenses to sales was 2.7% (up 0.2 points).
- The percentage of IC companies conducted ability development was 30.0% (nearly flat). The ability development expenses per company were 20 million yen (down 17.0%).

Fig. 1-2-21 Percentages of IC Companies Conducted Research and Development (Multiple answers allowed)

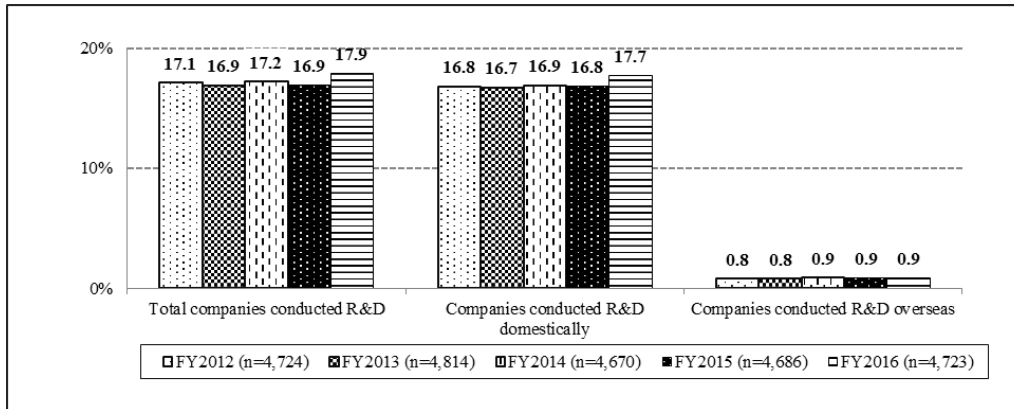
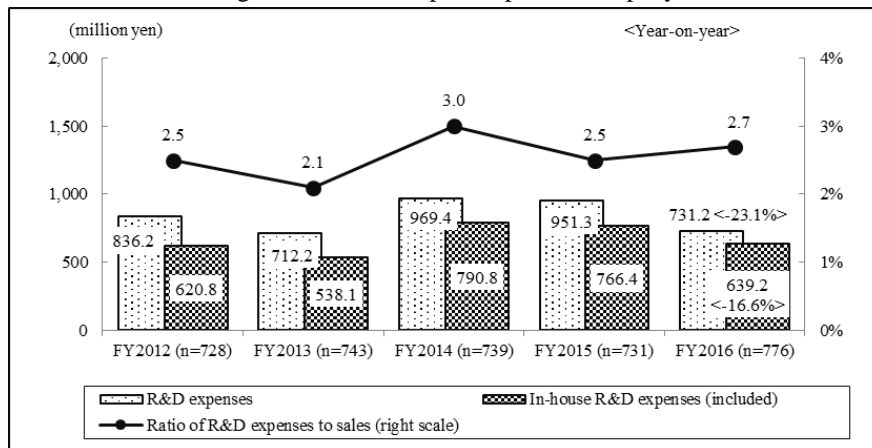


Fig. 1-2-22 R&D Expenses per IC Company



(Notes) R&D expenses = In-house R&D expenses + Outsourced R&D expenses
Ratio of R&D expenses to sales = R&D expenses / Sales × 100

Fig. 1-2-23 Percentage of IC Companies Conducted Ability Development

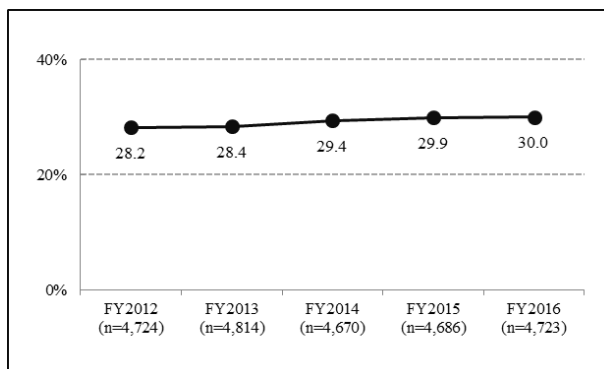
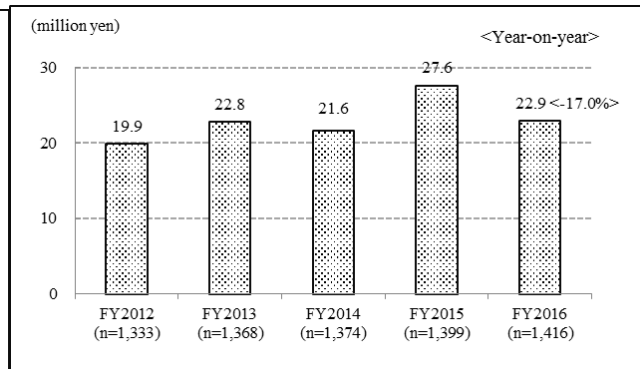


Fig. 1-2-24 Ability Development Expenses per IC Company



(Note) The ability development expenses include teacher/instructor costs, educational material costs, external facility rental fees, training participation fees and training outsourcing expenses, costs related to dispatch to universities or overseas education, financial aid for tuitions for overseas education at universities/graduate schools, etc.

9. Technology transaction

- The amount received for licensing of domestic technology transaction was 116.65 billion yen and that for overseas technology transaction was 27.04 billion yen. The amount paid for introduction of domestic technology transaction was 139.22 billion yen. The amount paid for introduction of overseas technology transaction was 152.67 billion yen. The amount paid significantly exceeds the amount received with regard to overseas companies.
- The technology trade balance ratio was 0.18 (up 0.02 points).

Fig. 1-2-25 Amount of Technology Transaction and Technology Trade Balance Ratio of IC companies

	Amount received for licensing of technology (million yen)					Amount paid for introduction of technology (million yen)					Technology trade balance ratio (times)
	Domestic companies		Overseas companies		Domestic / Overseas per company	Domestic companies		Overseas companies		Domestic / Overseas per company	
	Amount received	Amount received per company	Amount received	Amount received per company		Amount paid	Amount paid per company	Amount paid	Amount paid per company		
FY2015	110,449	645.9	22,207	382.9	0.6	152,849	384.0	136,050	1,347.0	3.5	0.16
FY2016	116,654	666.6	27,043	436.2	0.7	139,216	370.3	152,669	1,468.0	4.0	0.18
Year-on-year (%)	5.6	3.2	21.8	13.9	0.1	-8.9	-3.6	12.2	9.0	0.5	0.02

(Notes) Technology trade balance ratio = Amount received for licensing of technology (overseas) / Amount paid for introduction of technology (overseas)
Year-on-year for the amount received/paid from/to overseas/domestic companies per company and the technology trade balance ratio indicates the differences from the previous fiscal year.

10. Direction of corporate management

- The number of directors at IC companies was 25,553. Of which, 8,423 were outside directors, accounting for 33.0% (nearly flat) of all directors.
- 381 companies implemented a stock option system, accounting for 8.1% (down 0.2 points).

Fig. 1-2-26 Directors at IC Companies

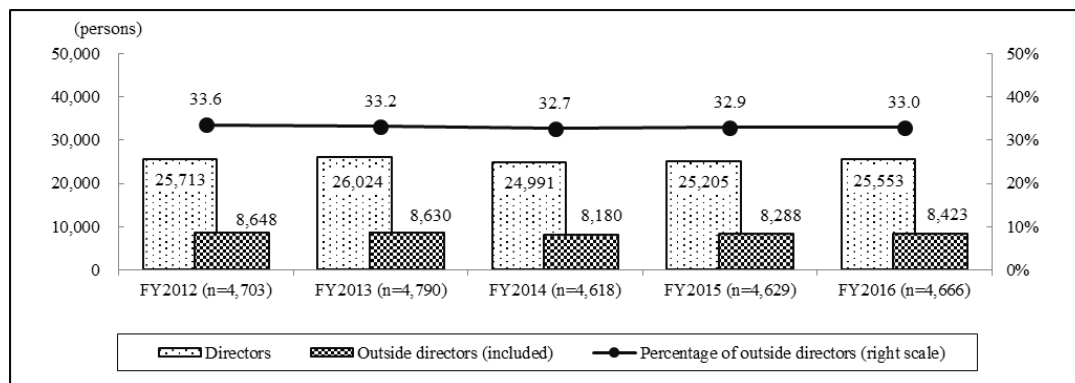
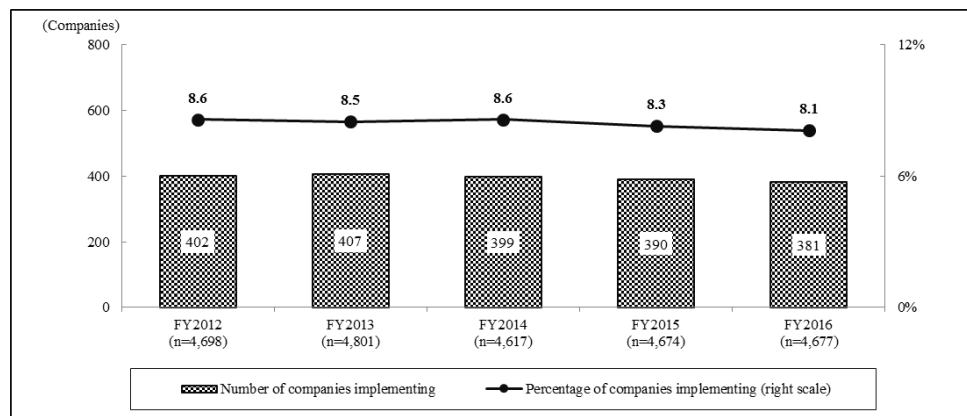


Fig. 1-2-27 IC Companies Implementing a Stock Option System



Chapter 2 Telecommunications and Broadcasting Business

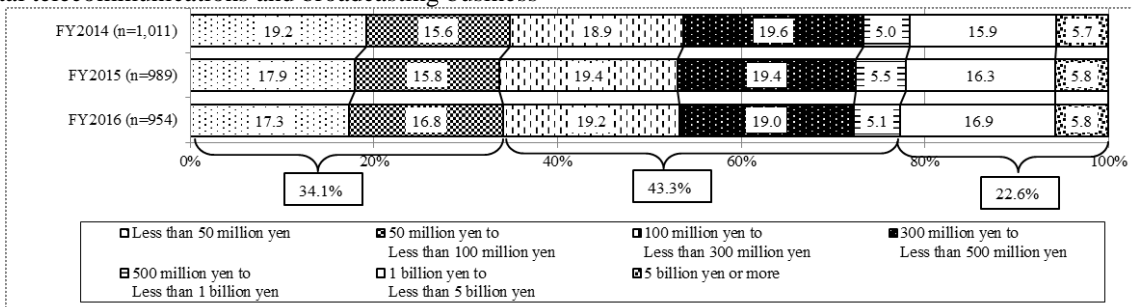
This Chapter shows the results of the Survey on Items for Each Business Type (Telecommunications and Broadcasting) based on valid responses from 752 companies (954 companies on a business basis).

1. Composition of business operators (by capital and number of workers)

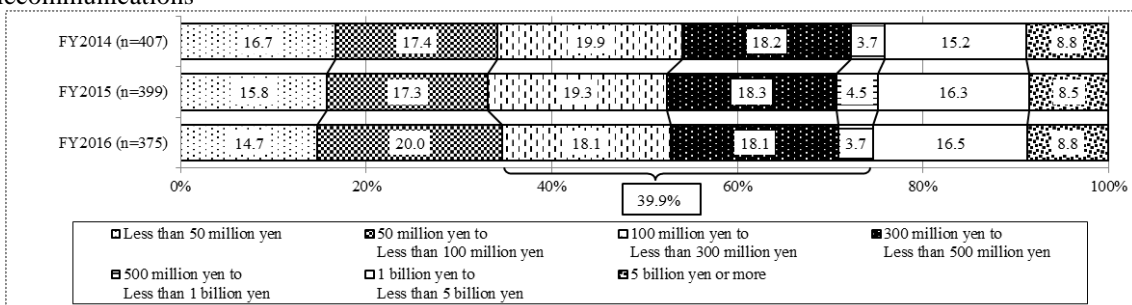
- By capital, in the total telecommunications and broadcasting business, business operators with capital of “100 million yen to less than 1 billion yen” were the largest in number, accounting for 43.3%, followed by those with capital of “Less than 100 million yen”, accounting for 34.1%, and those with capital of “1 billion yen or more”, accounting for 22.6%.
- By business type, business operators with capital of “100 million yen to less than 1 billion yen” accounted for the highest percentage in the telecommunications, private broadcasting, and cable television broadcasting businesses (40.0%, 44.4%, and 47.2%, respectively).
- By the number of workers, business operators with “One to 29 workers” were dominant, accounting for approximately 60% (62.4%) of all telecommunications and broadcasting businesses, followed by those with “30 to 99 workers” (19.9%).
- By business type, business operators with “One to 29 workers” accounted for the highest percentage for all business types, and the percentage was especially high at almost 70% (71.8%) in the telecommunications business. The percentage of business operators with “300 or more workers” was also the highest in telecommunications among these three business types (8.7%).

Fig. 2-1 Composition of Telecommunications and Broadcasting Companies by Capital (Business Basis)

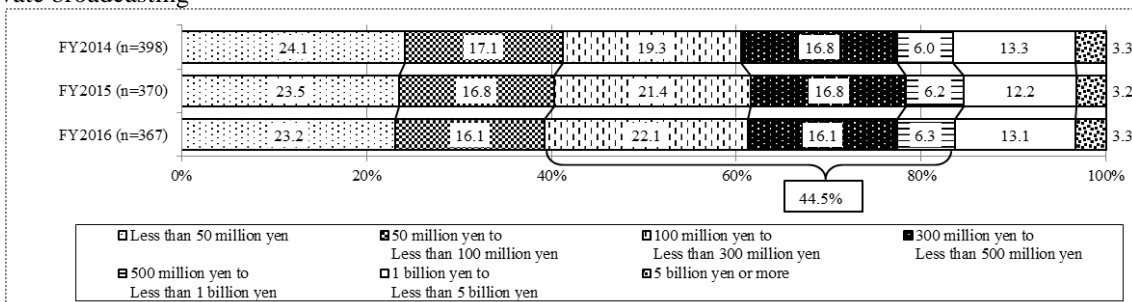
[1] Total telecommunications and broadcasting business



[2] Telecommunications



[3] Private broadcasting



[4] Cable television broadcasting

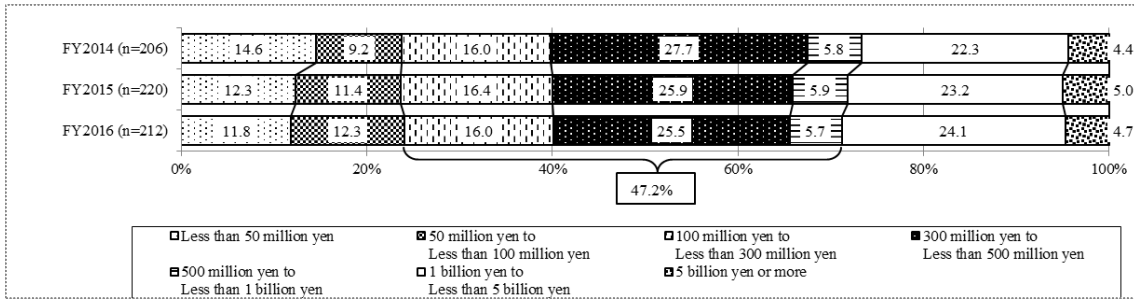
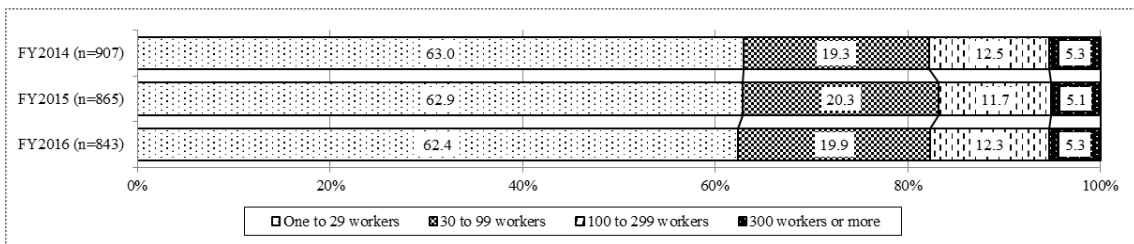
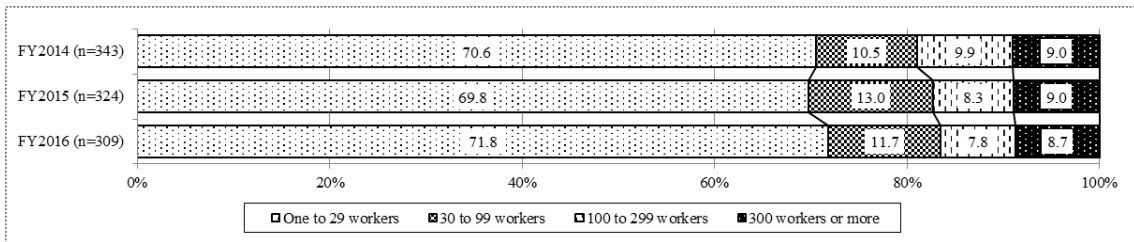


Fig. 2-2 Composition of Telecommunications and Broadcasting Companies by Number of Workers (Business Basis)

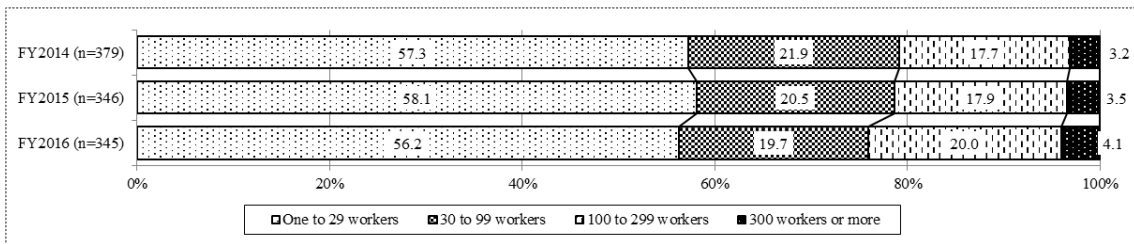
[1] Total telecommunications and broadcasting business



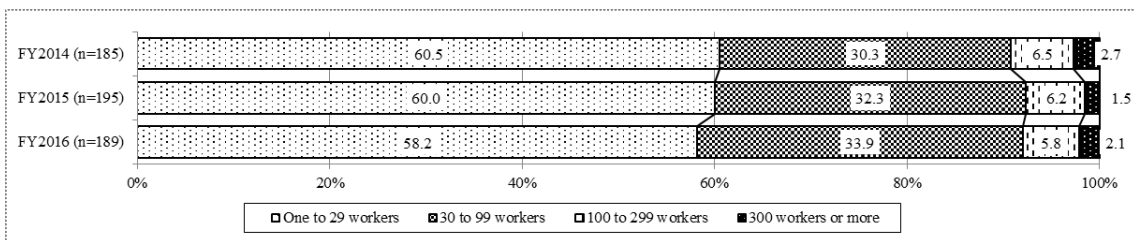
[2] Telecommunications



[3] Private broadcasting



[4] Cable television broadcasting



2. Sales

(1) Sales in the telecommunications and broadcasting business

- The total sales of the telecommunications and broadcasting business in FY2016 (on a business basis) were 17.7773 trillion yen (up 1.6%).
- Sales by companies that responded to the survey for the second consecutive year were 17.5584 trillion yen (up 1.3%).
- Looking at the engagement in side businesses, approximately 90% of companies engaged in the cable television broadcasting business were also engaged in the telecommunications business.

Fig. 2-3 Changes in Sales by Business Type

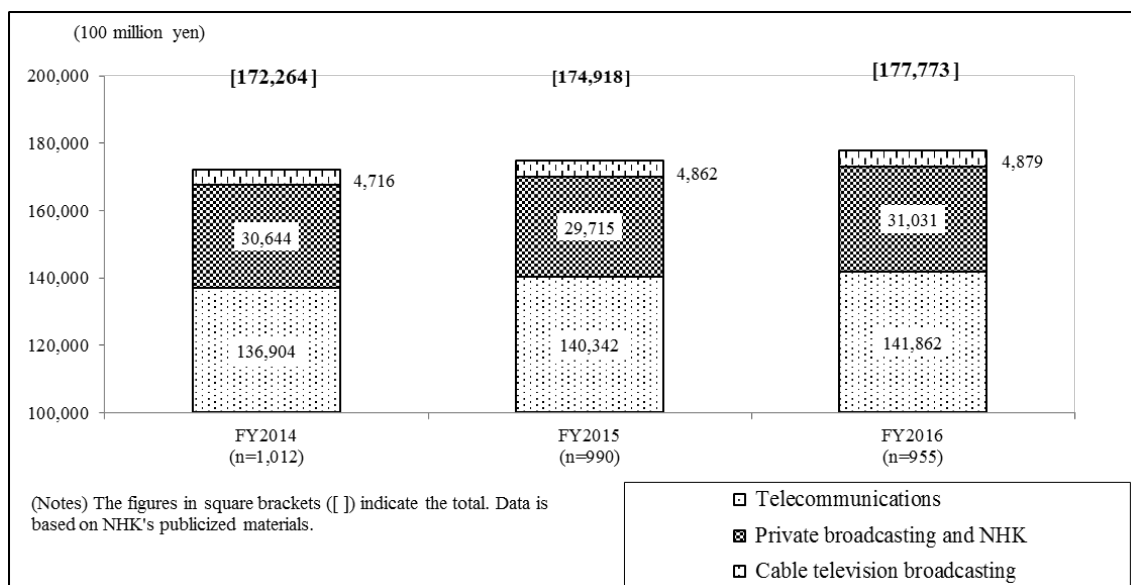


Fig. 2-4 Sales by Business Type of Companies that Responded to the Survey for the Second Consecutive Year

(Unit: companies, 100 million yen, %)

Classification	FY2015		FY2016		Year-on-year (%)
	Number of companies	Sales (Composition ratio)	Number of companies	Sales (Composition ratio)	
Overall	860	173,252 (100.0%)	860	175,584 (100.0%)	1.3
Telecommunications	335	139,302 (80.4%)	335	141,307 (80.5%)	1.4
Broadcasting	525	33,951 (19.6%)	525	34,277 (19.5%)	1.0
Private broadcasting	328	22,353 (12.9%)	328	22,533 (12.8%)	0.8
Cable television broadcasting	196	4,718 (2.7%)	196	4,699 (2.7%)	-0.4
NHK	1	6,879 (4.0%)	1	7,045 (4.0%)	2.4

*Data for MHK are based on publicized materials.

Fig. 2-5 Engagement in Side-Businesses

(Unit: companies, 100 million yen)

	Telecommunications			Private broadcasting			Cable television broadcasting	
	Number of companies	Sales		Number of companies	Sales		Number of companies	Sales
(Relevant business)			(Relevant business)			(Relevant business)		
Telecommunications	374	141,862	Private broadcasting	367	23,985	Cable television broadcasting	212	4,879
(Other businesses)			(Other businesses)			(Other businesses)		
Private broadcasting	8	758	Telecommunications	8	808	Telecommunications	185	6,775
Cable television broadcasting	185	4,297	Cable television broadcasting	16	379	Private broadcasting	16	904

* "Other businesses" refer to business types other than the relevant one in the telecommunications and broadcasting industry.

(2) Sales in the telecommunications business

- The total sales in the telecommunications business were 14.1862 trillion yen (up 1.1%) in FY2016.
- Looking at the composition ratio of sales, sound transmission accounted for 26.1% and data transmission accounted for 56.8%. Looking at fixed/mobile communications, mobile communications accounted for more than a half at 51.4%.

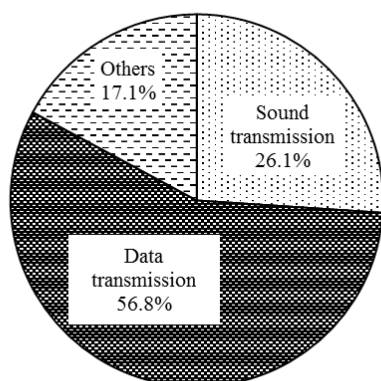
Fig. 2-6 Sales in the Telecommunications Business by Service Type

	FY2016		
	Number of companies (Companies)	Sales	
		Amount (100 million yen)	Composition ratio (%)
Sound transmission	141	36,511	25.7
Fixed sound transmission (domestic)	126	16,901	11.9
IP phone (included)	67	4,113	2.9
Fixed sound transmission (international)	14	665	0.5
IP phone (included)	7	6	0.0
Cellular phone or PHS sound transmission	32	18,946	13.4
Data transmission	240	79,610	56.1
Fixed data transmission	233	26,505	18.7
Internet access such as ISP, ADSL, etc. (included)	165	16,825	11.9
Cellular phone or PHS data transmission	15	52,206	36.8
BWA data transmission	7	898	0.6
Dedicated	36	3,917	2.8
International (included)	5	467	0.3
Public wireless LAN	8	34	0.0
IDC	45	638	0.5
Other telecommunications services	151	19,468	13.7
Unknown	-	1,685	1.2
(Reproduced) Fixed communications	256	44,070	31.1
Mobile communications	44	72,051	50.8
Total	375	141,862	100.0

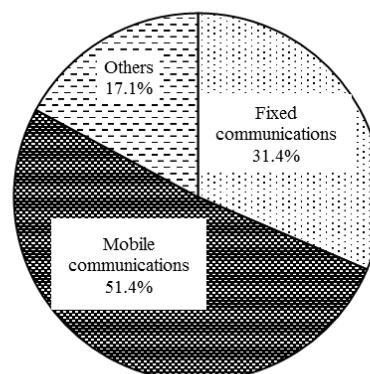
(Notes) "Unknown" indicates the difference between the "Total" and the sum of breakdowns.
 "Fixed communications" = "Fixed sound transmission (domestic)" + "Fixed sound transmission (international)" + "Fixed data transmission"
 "Mobile communications" = "Cellular phone or PHS sound transmission" + "Cellular phone or PHS data transmission" + "BWA data transmission"

Fig. 2-7 Breakdown of Sales in the Telecommunications Business

[1] By Sound/Data Transmission



[2] By Fixed/Mobile Communications



(Note) Pie charts above represent figures without "unknown" of Sales in Telecommunications Business.

(3) Sales in the broadcasting business

- The total sales in the private broadcasting business were 2.3985 trillion yen (up 5.0%) in FY2016. By service type, sales were 1.8420 trillion yen (up 5.4%) for terrestrial television broadcasting services and 373.0 billion yen (up 5.2%) for satellite broadcasting services (total of BS and CS).
- The total sales in the cable television broadcasting business were 487.9 billion yen (up 0.4%) in FY2016. By service type, sales were 340.1 billion yen (up 2.4%) for basic services and 17.7 billion yen (down 29.0%) for pay services accounted.

Fig. 2-8 Changes in Sales in the Private Broadcasting Business by Service Type

	FY2014			FY2015			FY2016		
	Number of companies	Sales		Number of companies	Sales		Number of companies	Sales	
		Amount	Composition ratio		Amount	Composition ratio		Amount	Composition ratio
	(Companies)	(100 million yen)	(%)	(Companies)	(100 million yen)	(%)	(Companies)	(100 million yen)	(%)
Terrestrial television broadcasting	119	18,169	76.0	106	17,483	76.6	111	18,420	76.8
Terrestrial radio broadcasting	253	1,322	5.5	239	1,146	5.0	225	1,285	5.4
Satellite broadcasting (BS)	16	1,421	5.9	11	1,397	6.1	12	1,568	6.5
Satellite broadcasting (110 east longitude CS)	25	655	2.7	21	723	3.2	21	610	2.5
Satellite broadcasting (other CS)	31	1,492	6.2	23	1,427	6.3	28	1,552	6.5
Terrestrial broadcasting (character/data)	3	6	0.0	6	6	0.0	5	3	0.0
Others	54	765	3.2	48	614	2.7	38	512	2.1
Unknown	-	65	0.3	-	38	0.2	-	36	0.1
(Reproduced) Satellite broadcasting	52	3,568	14.9	43	3,547	15.5	47	3,730	15.6
Total	398	23,896	100.0	370	22,835	100.0	367	23,985	100.0

(Notes) The figures for "Satellite broadcasting (other CS)" exclude "Satellite broadcasting (110 east longitude CS)".
 "Unknown" indicates the difference between the "Total" and the sum of breakdowns.

Fig. 2-9 Changes in the Breakdown of Sales in the Cable Television Broadcasting Business

	FY2014			FY2015			FY2016		
	Number of companies	Sales		Number of companies	Sales		Number of companies	Sales	
		Amount	Composition ratio		Amount	Composition ratio		Amount	Composition ratio
	(Companies)	(100 million yen)	(%)	(Companies)	(100 million yen)	(%)	(Companies)	(100 million yen)	(%)
Basic services	194	3,331	70.6	198	3,323	68.4	189	3,401	69.7
Pay services	154	324	6.9	151	249	5.1	139	177	3.6
Rebroadcasting for those with visual or auditory difficulties	39	56	1.2	45	54	1.1	35	49	1.0
Other	120	976	20.7	124	695	14.3	115	720	14.7
Unknown	-	29	0.6	-	542	11.1	-	533	10.9
Total	206	4,716	100.0	220	4,862	100.0	212	4,879	100.0

(Notes) "Unknown" indicates the difference between the "Total" and the sum of breakdowns.

3. Capital investment

- The amount of acquisition and capital investment for the telecommunications and broadcasting business in FY2016 was 1.3768 trillion yen (up 0.4%). By business type, it was 1.1987 trillion yen (up 0.2%) for the telecommunications business, 122.4 billion yen (up 1.4%) for the private broadcasting business, and 55.7 billion yen (up 2.2%) for the cable television broadcasting business.
- The amount of acquisition and capital investment in FY2016 for companies that responded to the survey for the second consecutive year was 1.3537 trillion yen (up 0.5%).

Fig. 2-10 Changes in the Amount of Acquisition and Capital Investment by Business Type

		Telecommunications/Broadcasting									
		Telecommunications		Broadcasting		Private broadcasting		Cable television broadcasting			
		(Companies)	(100 million yen)	(Companies)	(100 million yen)	(Companies)	(100 million yen)	(Companies)	(100 million yen)		
Performance in FY2014	Amount of Acquisition and Capital Investment	608	11,700	235	10,154	373	1,546	213	1,180	160	366
	Excluding software	598	11,075	228	9,653	370	1,423	210	1,071	160	352
	Software	260	624	88	501	172	123	111	109	61	14
Performance in FY2015	Amount of Acquisition and Capital Investment	597	13,713	230	11,960	367	1,753	200	1,207	167	546
	Excluding software	579	12,101	221	10,465	358	1,636	197	1,105	161	531
	Software	282	1,612	109	1,495	173	117	104	102	69	15
Performance in FY2016	Amount of Acquisition and Capital Investment	569	13,768	214	11,987	355	1,781	199	1,224	156	557
	Excluding software	550	13,303	202	11,622	348	1,682	194	1,140	154	542
	Software	254	464	85	365	169	99	114	84	55	15

Fig. 2-11 Amount of Acquisition and Capital Investment by Business Type
(Companies that Responded to the Survey for the Second Consecutive Year)

(Unit: companies, 100 million yen, %)

Classification	Performance in FY2015		Performance in FY2016	
	Number of companies	Capital investment (composition ratio)	Number of companies	Capital investment (composition ratio)
Overall	466	13,465 (100.0)	466	13,537 (100.0)
Telecommunications	168	11,888 (88.3)	168	11,899 (87.9)
Broadcasting	298	1,577 (11.7)	298	1,638 (12.1)
Private broadcasting	157	1,059 (7.9)	157	1,100 (8.1)
Cable television broadcasting	141	518 (3.8)	141	537 (4.0)

4. Workers

- The number of workers engaged in the telecommunications and broadcasting business was 116,706 (down 7.6%), out of which 116,344 (down 7.0%) were regular workers.
- The number of workers for companies that responded to the survey for the second consecutive year was 111,754 (up 1.2%).

Fig. 2-12 Number of Workers Engaged in the Telecommunications and Broadcasting Business by Business Type and Employment Type

(Unit: companies, persons)

	Telecommunications/Broadcasting		Telecommunications		Broadcasting		Private broadcasting		Cable television broadcasting	
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
Number of companies	865	843	324	309	541	534	346	345	195	189
Number of workers	126,329	116,706	92,673	81,472	33,656	35,234	24,785	26,094	8,871	9,140
Number of regular workers	125,168	116,344	91,874	81,467	33,294	34,877	24,437	25,749	8,857	9,128
Full-time worker/Regular staff member	101,030	91,632	73,562	63,243	27,468	28,389	20,113	21,047	7,355	7,342
Part-timers	6,639	6,884	4,390	4,703	2,249	2,181	1,556	1,351	693	830
Workers transferred to other companies	13,151	12,529	12,185	11,502	966	1,027	861	902	105	125
Temporary or daily workers	1,161	362	799	5	362	357	348	345	14	12
Dispatched workers	18,580	21,161	12,813	14,104	5,767	7,057	4,469	5,867	1,298	1,190
Number of workers per company	146	138	286	264	62	66	72	76	45	48

Fig. 2-13 Number of Workers Engaged in the Telecommunications and Broadcasting Business by Business Type and Employment Type (Companies that Responded to the Survey for the Second Consecutive Year)

(Unit: companies, persons)

	Telecommunications/ Broadcasting		Telecommunications		Broadcasting		Private broadcasting		Cable television broadcasting	
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
	Number of companies	740	740	265	265	475	475	301	301	174
Number of workers	110,392	111,754	78,191	79,362	32,201	32,392	23,750	23,707	8,451	8,685
Number of regular workers	109,322	111,443	77,422	79,359	31,900	32,084	23,463	23,411	8,437	8,673
Full-time worker/Regular staff member	85,714	88,163	59,364	61,838	26,350	26,325	19,356	19,271	6,994	7,054
Part-timers	6,401	6,478	4,325	4,544	2,076	1,934	1,424	1,211	652	723
Workers transferred to	13,057	12,432	12,109	11,480	948	952	851	838	97	114
Temporary or daily workers	1,070	311	769	3	301	308	287	296	14	12
Dispatched workers	17,420	19,590	11,910	13,734	5,510	5,856	4,266	4,672	1,244	1,184
Number of workers per company	149	151	295	299	68	68	79	79	49	50

5. Outsourcing

- The number of companies engaged in the telecommunications and broadcasting business implementing outsourcing was 484 and the total outsourcing cost was 1.6755 trillion yen. Of which, the percentage of outsourcing to related companies was 2.7% in telecommunications, but was higher at 23.7% and 63.4% in private broadcasting business and cable television broadcasting, respectively.

Fig. 2-14 Outsourcing in the Telecommunications and Broadcasting Business by Business Type

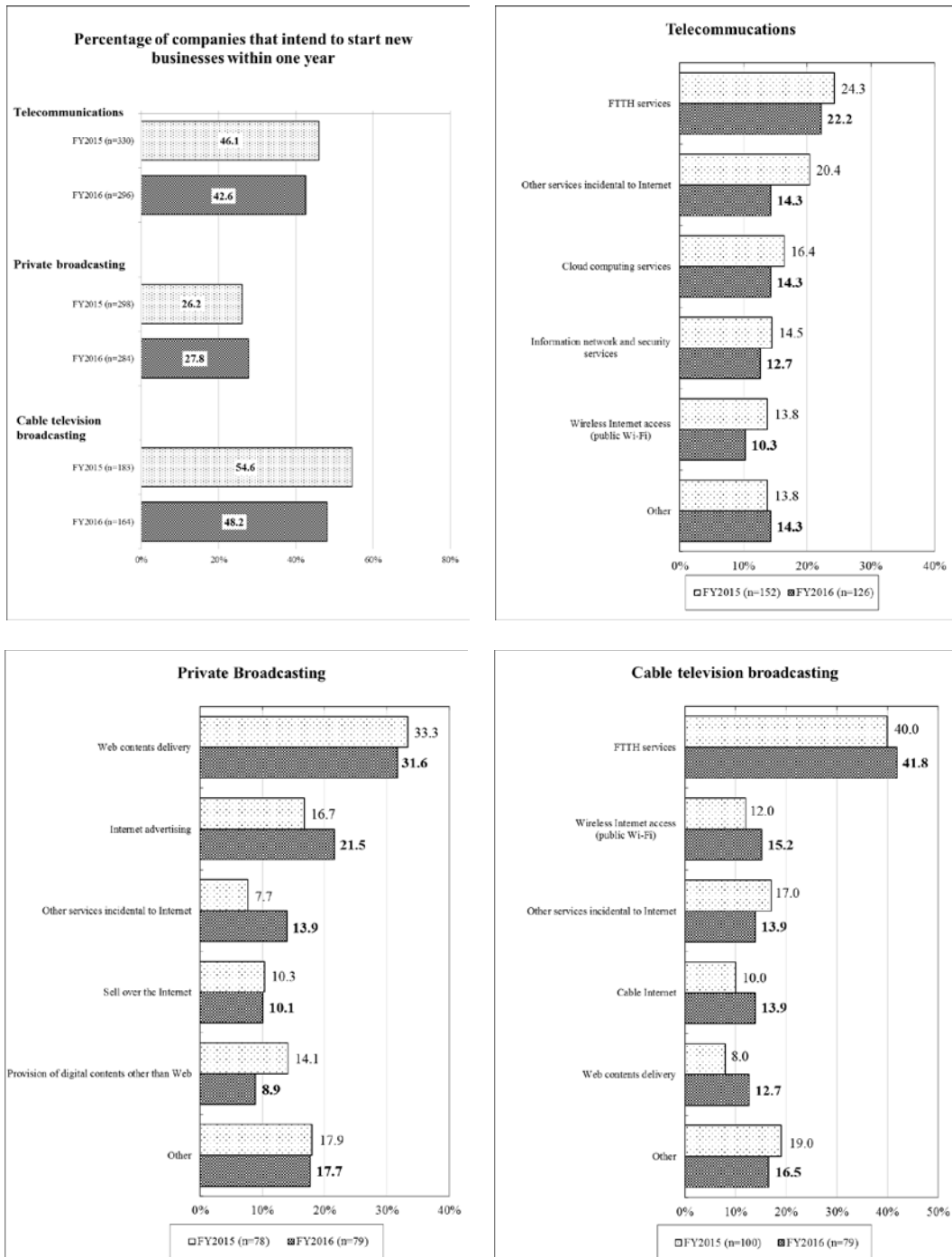
(Unit: companies, 100 million yen)

	Number of companies	Outsourcing cost		Ratio of outsourcing to related companies
			Related companies (included)	
Telecommunications/Broadcasting	484	16,755	1,167	7.0%
Telecommunications	170	13,894	372	2.7%
Broadcasting	314	2,861	795	27.8%
Private broadcasting	208	2,567	609	23.7%
Cable television broadcasting	106	294	186	63.4%

6. Future business operation

- The percentage of companies that intend to start new businesses within one year in the telecommunications, private broadcasting, and cable television broadcasting businesses stood at 42.6% (down 3.5 points), 27.8% (up 1.6 points), and 48.2% (down 6.5 points) respectively.
- Regarding new business fields that companies intend to start, the most common answers were “FTTH services” (22.2% and 41.8%, respectively) in the telecommunications business and the cable television broadcasting business, and “Web contents delivery services” (31.6%) in the private broadcasting business.

Fig. 2-15 New Businesses that Companies Intend to Start within One Year (High-ranking) (Multiple answers allowed)



(Note) Values represent the ratio of companies that responded that they were intending to start new businesses within one year.

Chapter 3 Broadcast Program Production Business

This Chapter shows the results of the Survey on Items for Each Business Type (Broadcast Program Production) based on valid responses from 339 companies.

1. Composition of businesses (by capital, number of workers, and sales)

- By capital and number of workers, business operators with capital of less than 50 million yen accounted for 53.7% (down 7.6 points) of the total and business operators with less than 100 workers accounted for 86.9% (down 3.4 points), thus indicating that most of the business operators engaged in this business were small and medium-sized.
- By sales, business operators with sales of “Less than 50 million yen” were the largest in number, accounting for 30.7% (down 1.3 points), followed by those with sales of “1 billion yen or more” (21.2% (up 4.0 points)) and those with sales of “100 million yen to less than 300 million yen” (19.8% (down 4.4 points)).

Fig. 3-1 Composition of Broadcast Program Production Companies by Capital

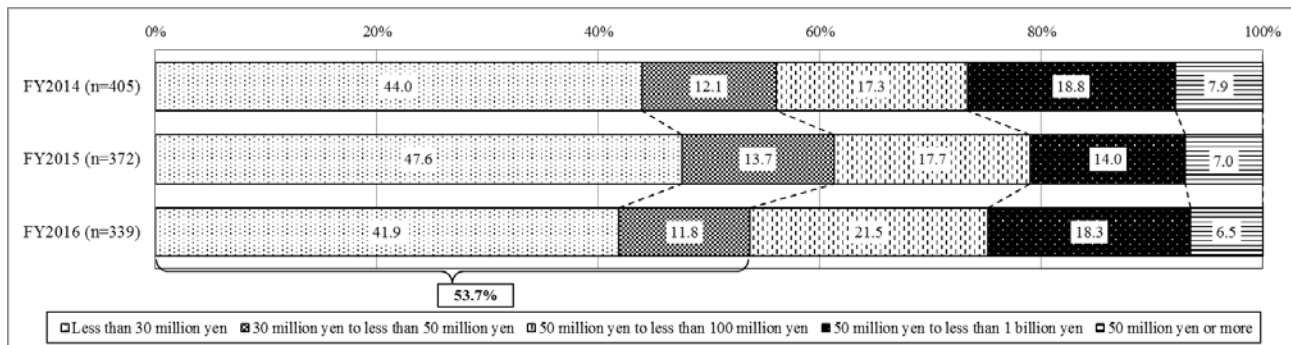


Fig. 3-2 Composition of Broadcast Program Production Companies by Number of Workers

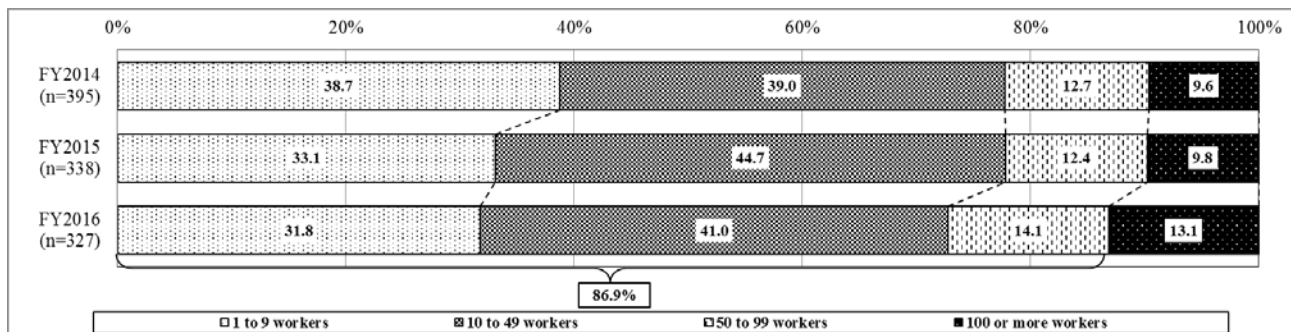
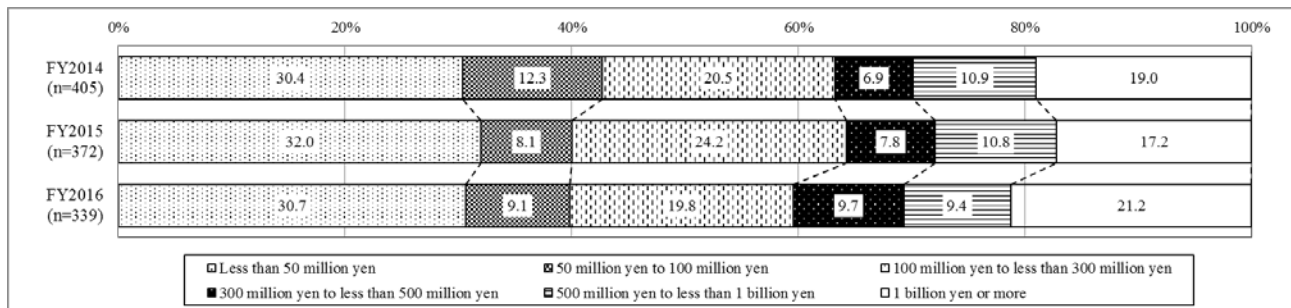


Fig. 3-3 Composition of Broadcast Program Production Companies by Sales



2. Sales

- Sales of the broadcast program production business in FY2016 were 346.0 billion yen (up 12.7%). The sales per company were 1.020 billion yen (up 23.7%)
- Looking at sales of companies that responded to the survey for the second consecutive year, the amount increased from 263.8 billion yen in FY2015 to 272.0 billion yen in FY2016 (up 3.1%).
- By capital, the sales per company with capital of “Less than 50 million yen” were 500 million yen (up 18.2%) and those with capital of “50 million yen or more” were 1.62 billion yen (up 11.2%).

Fig. 3-4 Changes in Sales of the Broadcast Program Production Business

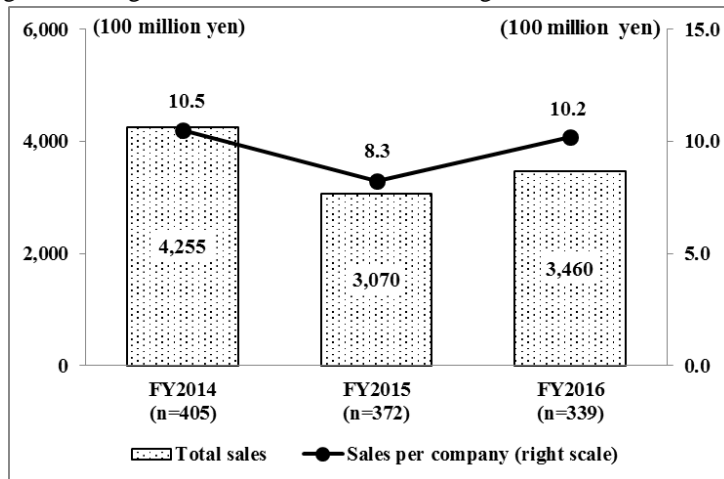


Fig. 3-5 Changes in Sales of Companies that Responded to the Survey for the Second Consecutive Year

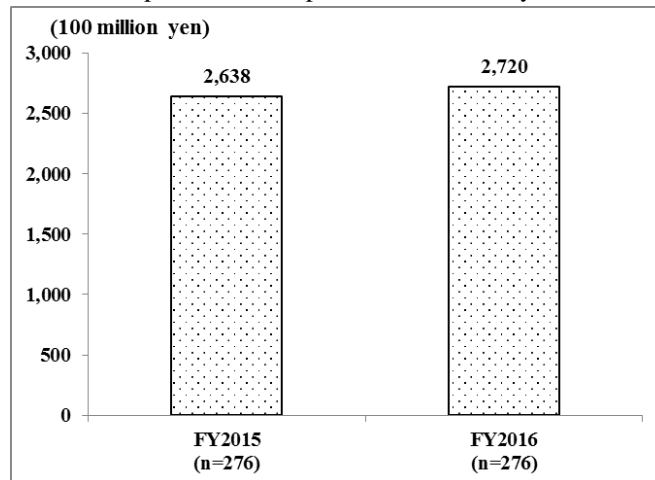
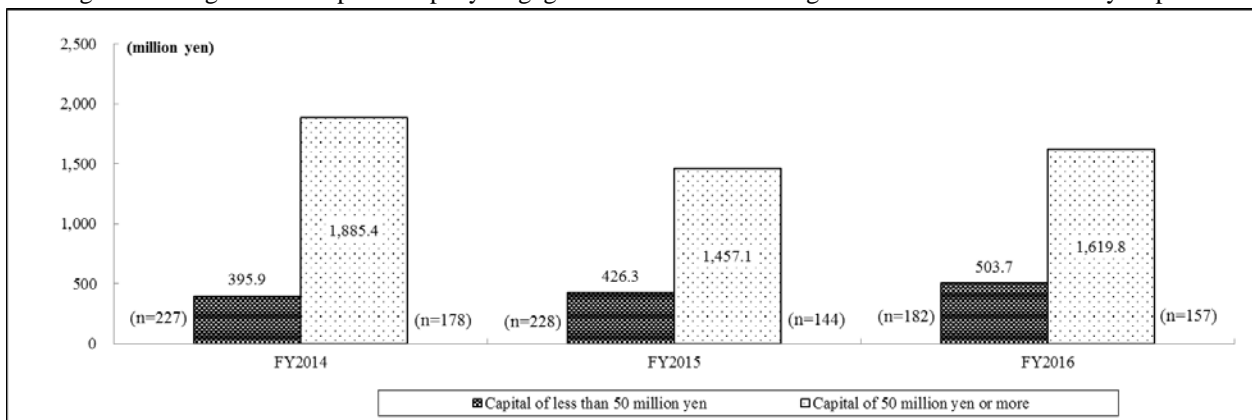


Fig. 3-6 Changes in Sales per Company Engaged in the Broadcast Program Production Business by Capital



3. Content of work

- By type of broadcast program, “Information program (including publicity)” accounted for the highest percentage at 72.9% (up 4.6 points), followed by “TV commercials” (66.4% (up 6.2 points)) and “Variety” (47.8% (up 3.7 points)).
- By type of broadcast program production work, “Planning” accounted for the highest percentage at 89.4% (up 7.1 points), followed by “Editing” (85.8% (up 11.1 points)).
- By type of work other than broadcast program production, “Company publicity/video production” accounted for the highest percentage at 63.7% (down 6.2 points), followed by “DVD production” at 53.1% (down 3.6 points)).

Fig. 3-7 Percentage of Types of Broadcast Programs Produced (Multiple answers allowed)

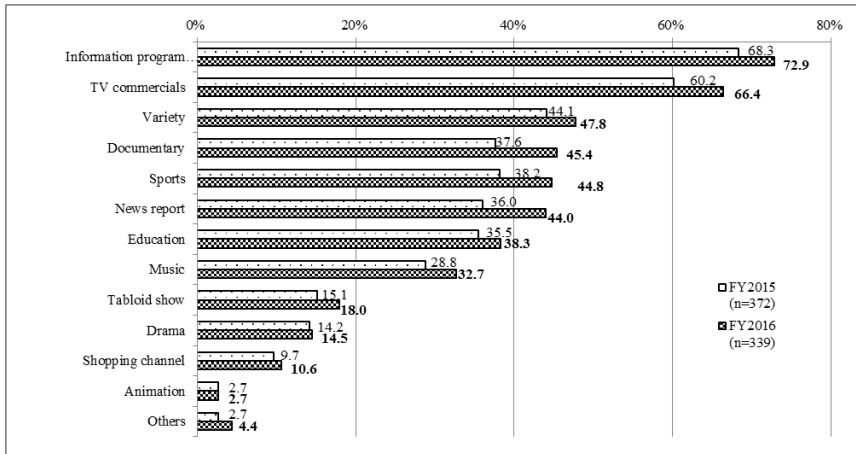


Fig. 3-8 Content of Broadcast Program Production Work (Multiple answers allowed)

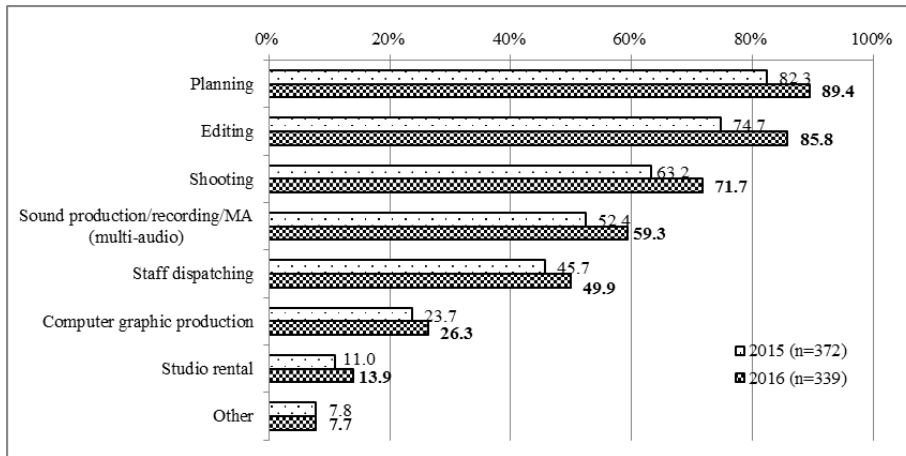
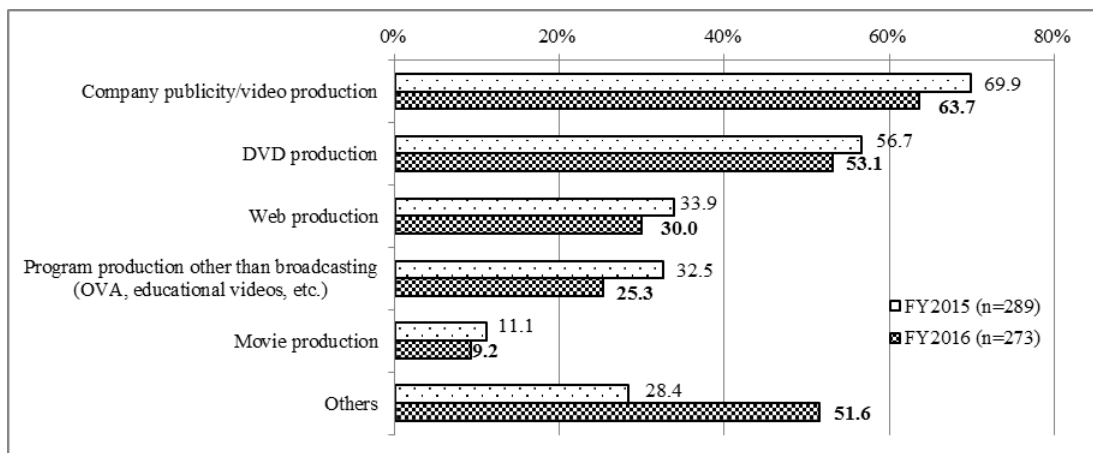


Fig. 3-9 Content of Work Other Than Broadcast Program Production (Multiple answers allowed)



4. Capital investment

(1) Changes in the amount of capital investment and the ratios of capital investment to sales

- The amount of capital investment per company engaged in the broadcast program production business in FY2016 was 51.9 million yen (down 0.9%).
- The ratio of capital investment to sales of companies that provided valid answers to both sales and capital investment in FY2016 was 3.3% (down 0.2 points).

Fig. 3-10 Changes in the Amount of Capital Investment per Company Engaged in the Broadcast Program Production Business

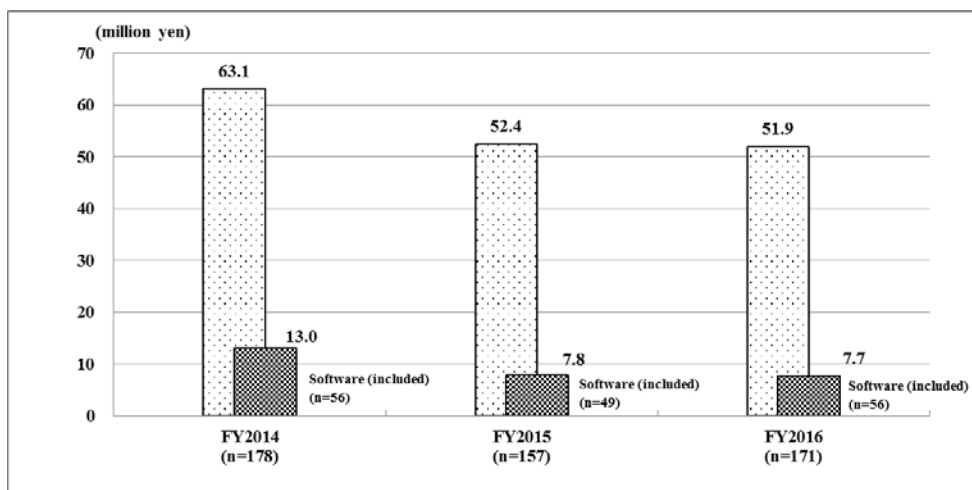


Fig. 3-11 Ratios of Capital Investment to Sales in the Broadcast Program Production Business

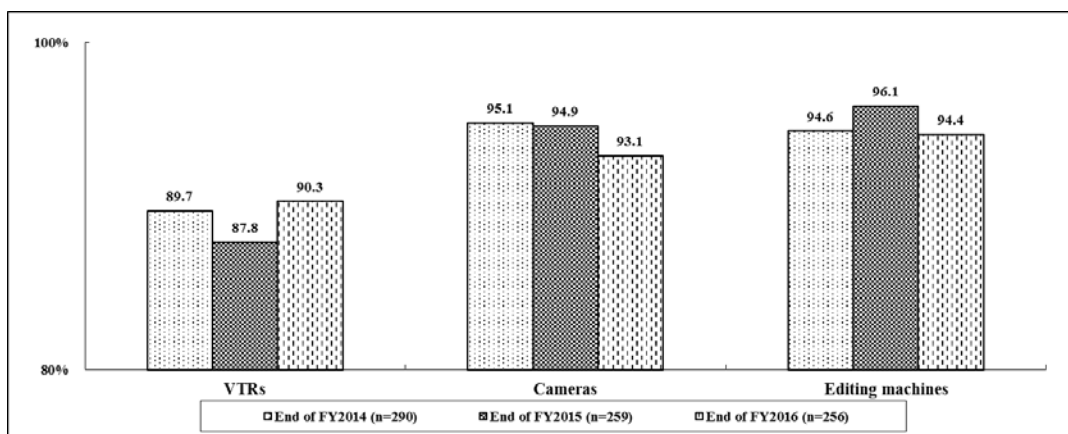
	Number of companies (companies)	Sales (million yen)	Sales per company (million yen)	Amount of acquisitions and capital investments (million yen)	Amount of acquisitions and capital investment per company (million yen)	Ratios of capital investment to sales (%)	(Special tabulation) Companies that responded to the survey for the second consecutive year		
							Sales per company (million yen)	Amount of acquisitions and capital investments per company (million yen)	Ratios of capital investment to sales (%)
FY2015 performance	157	214,227	1,364.5	8,229	52.4	3.8	1,499.6	55.7	3.7
FY2016 performance	171	266,913	1,560.9	8,878	51.9	3.3	1,490.1	51.2	3.4
Year-on-year (%) / Gap (points)	8.9	24.6	14.4	7.9	-0.9	-0.5 pt	-0.6	-8.1	-0.3 pt

* Companies that provided valid answers to both sales and capital investment were tabulated.

(2) Digitalization of instruments

- Looking at the digitalization of instruments used for broadcast program production, 90.3% of VTRs (up 2.5 points), 93.1% of cameras (down 1.8 points), and 94.4% of editing machines (down 1.7 points) were digitalized.

Fig. 3-12 Changes in Digitalization Ratios of Instruments Used for Broadcast Program Production



5. Workers

- The number of workers engaged in the broadcast program production business was 15,158 (up 6.0%). Of which, 14,993 (up 8.1%) were regular workers and 165 were temporary or daily workers.
- The number of full-time workers per company increased from the previous fiscal year to 35.8.
- The number of workers for companies that responded to the survey for the second consecutive year slightly decreased from the previous fiscal year (down 0.6%).

Fig. 3-13 Number of Workers Engaged in the Broadcast Program Production Business

Employment status	End of FY2014 (n=395)			End of FY2015 (n=338)			End of FY2016 (n=327)		
	Number of workers	Per company	Composition ratio	Number of workers	Per company	Composition ratio	Number of workers	Per company	Composition ratio
Total workers	14,397	36.4	100.0	14,298	42.3	100.0	15,158	46.4	100.0
Regular workers	14,230	36.0	98.8	13,872	41.0	97.0	14,993	45.9	98.9
Full-time workers/Regular staff members	11,252	28.5	78.2	10,743	31.8	75.1	11,692	35.8	77.1
Part-timers	912	2.3	6.3	1,141	3.4	8.0	1,167	3.6	7.7
Workers transferred to other companies	319	0.8	2.2	397	1.2	2.8	378	1.2	2.5
Other regular workers	1,747	4.4	12.1	1,591	4.7	11.1	1,756	5.4	11.6
Temporary or daily workers	167	0.4	1.2	426	1.3	3.0	165	0.5	1.1
Dispatched workers	871	2.2	-	1,056	3.1	-	1,289	3.9	-

Fig. 3-14 Changes in the Number of Workers for Companies that Responded to the Survey for the Second Consecutive Year

	Number of companies	Total workers	Regular workers				Temporary or daily workers	Dispatched workers
			Full-time workers/Regular staff members	Part-timers	Workers transferred to other companies			
End of FY2014	267	12,566	12,161	9,446	993	282	405	990
End of FY2015	267	12,489	12,331	9,298	1,089	272	158	1,147
Year-on-year (%)	-	-0.6	1.4	-1.6	9.7	-3.5	-61.0	15.9

6. Contracts

- By type of contract for TV program production, “Planning brought from broadcasting stations” accounted for 45.9% (up 1.8 points) and “Planning brought in-house” accounted for 32.8% (up 1.5 points).
- Orders were placed by written contracts in 56.8% (down 16.5 points) of the contracts for TV program production.
- By the number of television broadcast programs (excluding TV commercials) delivered as “Complete packages”, “10 pieces to less than 50 pieces” accounted for the highest percentage at 28.6% (down 8.5 points).

Fig. 3-15 Types of Contracts for TV Program Production

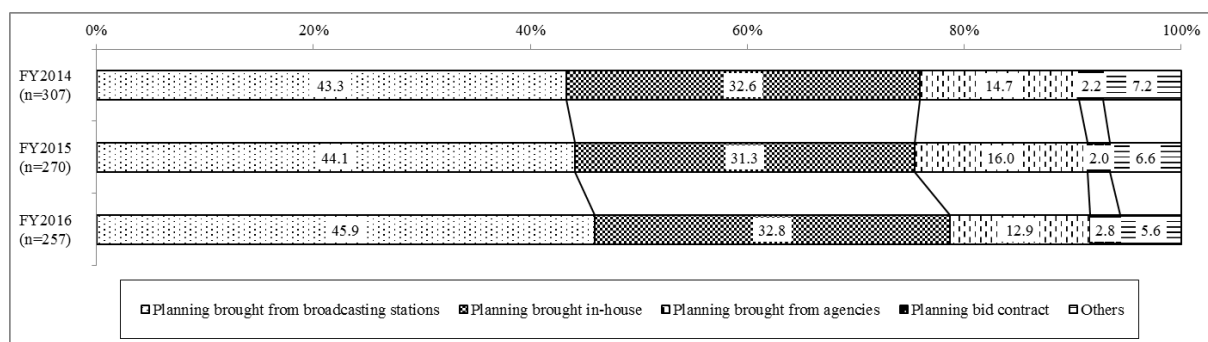
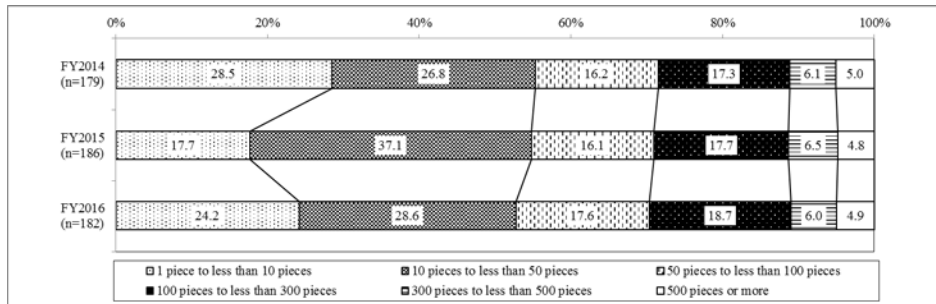


Fig. 3-16 Number of Contracts for TV Program Production and Percentage of Written Contracts

Fiscal year	Number of companies	Total number of contracts	Ordered by written contracts (included)	Percentage of written contracts (%)
FY2014	254	56,989	45,660	80.1
FY2015	240	40,099	29,378	73.3
FY2016	230	28,222	16,031	56.8

Fig. 3-17 Composition of Companies (By the number of television broadcast programs delivered as “Complete packages”) (Excluding companies that did not answer)



(Note) “Complete packages” refers to programs for which recording/editing is completed that are ready to be broadcasted at any time.

7. Secondary use of television broadcast programs

- Of television broadcast programs produced and delivered as “Complete packages” in FY2016, secondary use was carried out for 79.1% (up 8.6 points).
- By specific type of secondary use by broadcast program production company, “Rebroadcasting the program” accounted for the highest percentage at 69.8% (down 1.2 points).

Fig. 3-18 Secondary Usage of Television Broadcast Programs

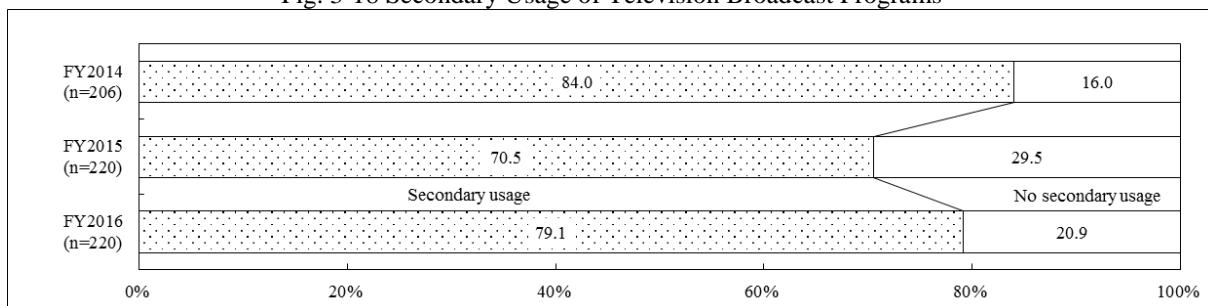
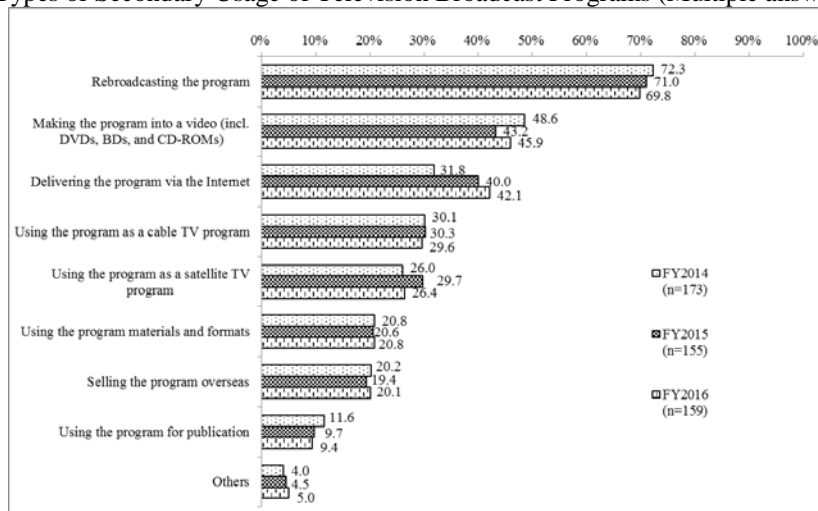


Fig. 3-19 Types of Secondary Usage of Television Broadcast Programs (Multiple answers allowed)



8. Outsourcing

•The number of companies in the broadcast program production business that answered the outsourcing cost was 147 and the total outsourcing cost was 66.4 billion yen.

Fig. 3-20 Outsourcing in the Broadcast Program Production Business

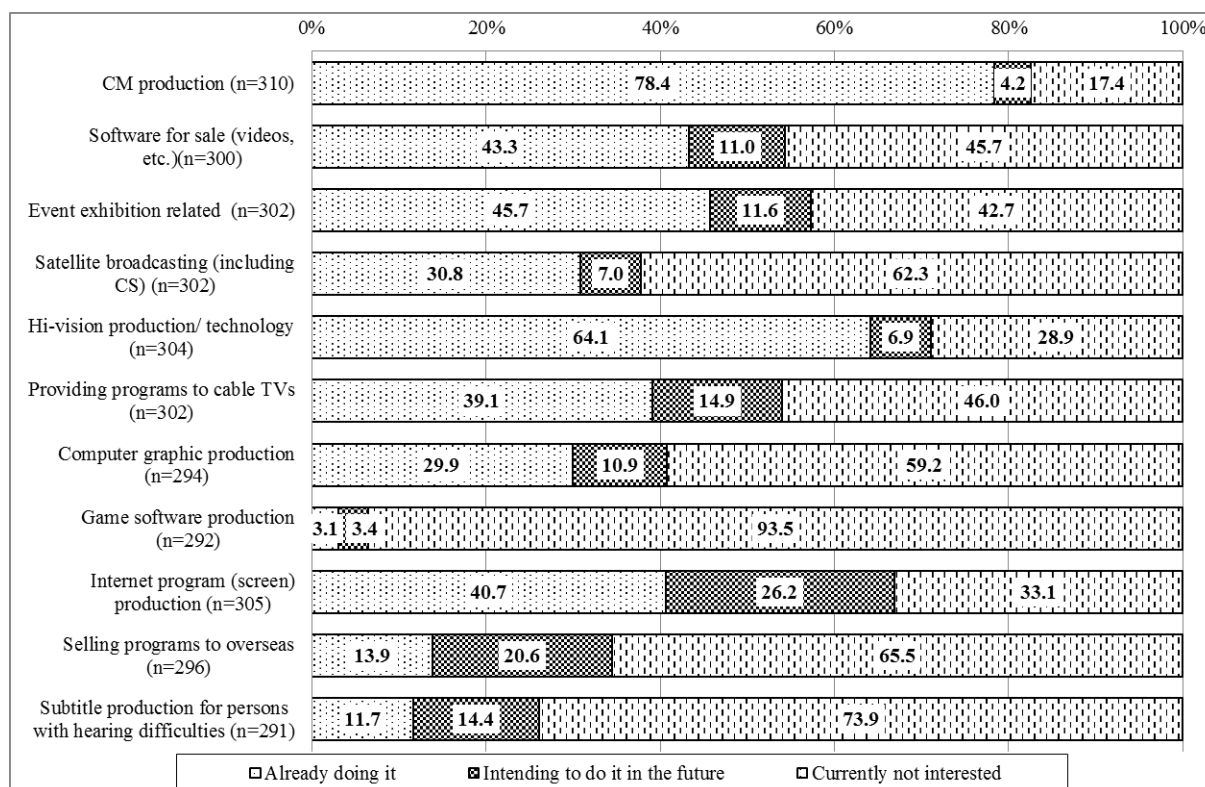
(Unit: 1 company, 1 million yen)

	Number of companies	Outsourcing cost	
			Related companies (included)
[Capital]	147	66,395	13,737
Less than 10 million yen	3	25	-
10 million yen to less than 30 million yen	36	3,022	268
30 million yen to less than 50 million yen	21	7,130	2,124
50 million yen to less than 100 million yen	31	17,029	4,353
100 million yen to less than 300 million yen	16	18,443	2,667
300 million yen to less than 500 million yen	25	11,808	4,174
500 million yen or more	15	8,938	151

9. Future business development

•Looking at the future business development of broadcast program production companies, those intended to newly engage in “Internet program (screen) production” accounted for the highest percentage (26.2%).

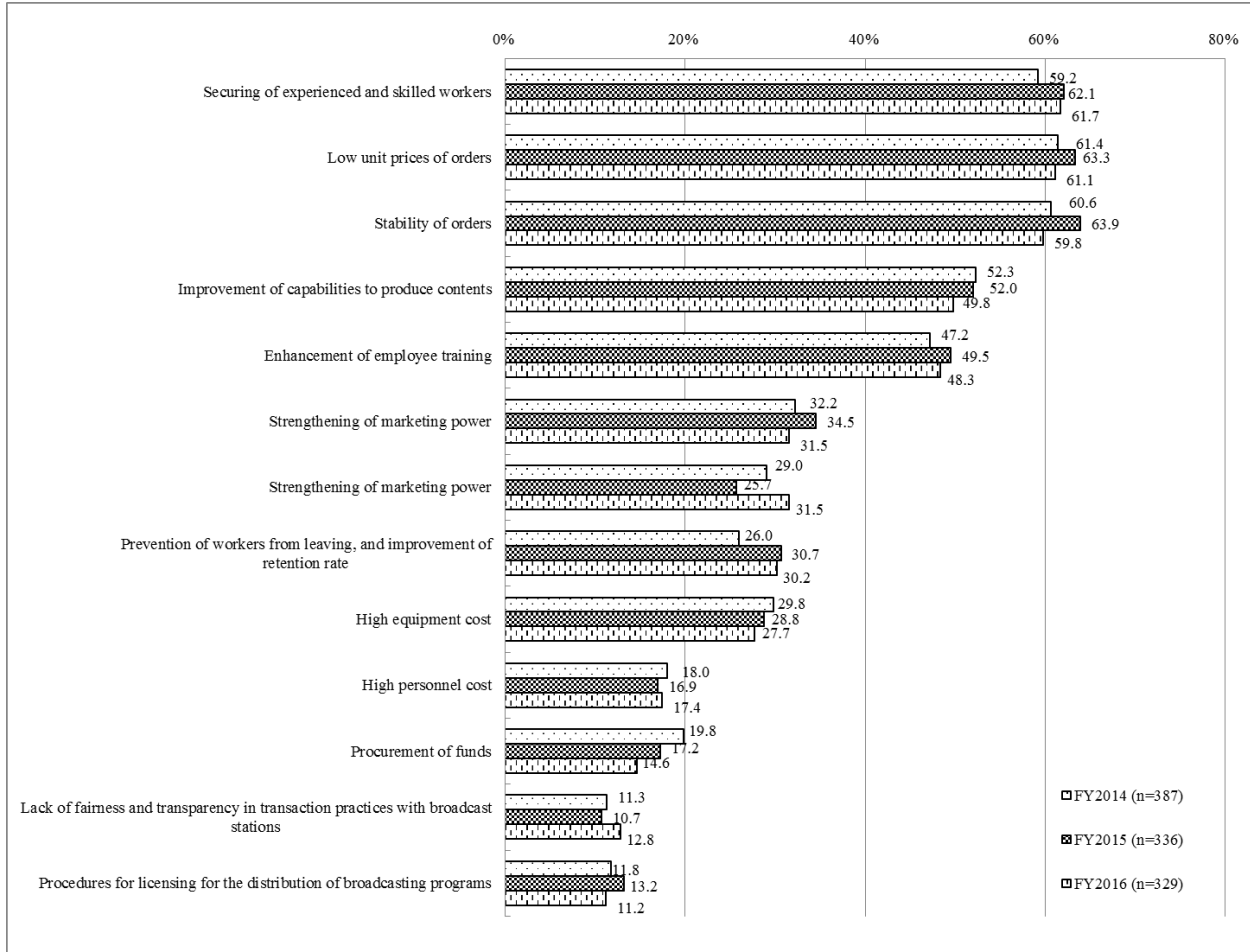
Fig. 3-21 Composition of Companies by Content of Work and Status of Engagement in New Technologies



10. Management problems

•As management problems in the broadcast program production business, “Securing of experienced and skilled workers” accounted for the highest percentage at 61.7% (down 0.4 points), followed by “Low unit prices of orders” (61.1% (down 2.2 points)).

Fig. 3-22 Management Problems in the Broadcast Program Production Business (Multiple answers allowed)



Chapter 4 Business of Services Incidental to Internet

This Chapter shows the results of the Survey on Items for Each Business Type (Services Incidental to Internet) based on valid responses from 534 companies.

1. Number of companies and sales

- Sales of the services-incidental-to-internet business in FY2016 were 2.5316 trillion yen (up 5.7%), the largest since the start of the survey.
- The sales per company were 4.74 billion yen (up 7.9%). Of which, increases were seen in such services as electronic bulletin board services, blog services, and SNS operation (up 73.4%), cloud computing services (53.6 %) and Web contents delivery services (up 8.6%).
- Regarding companies that provided the percentage of their advertising revenue to sales, when looking at those who provided percentages by service type, the percentage was the highest for Web information search services at 95.0% (up 0.2 points), followed by BBS/blog service/SNS operation, shopping site operation, and then auction site operation.

Fig. 4-1 Number of Companies and Sales by Service Type (Based on Companies' Activities)

	Number of companies			Sales (million yen)			Sales per company (million yen)		
	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)
Total	545	534	-2.0	2,395,436	2,531,558	5.7	4,395.3	4,740.7	7.9
Web information search services	69	63	-8.7	121,612	104,163	-14.3	1,762.5	1,653.4	-6.2
Shopping site operation and auction site operation	77	78	1.3	265,783	294,614	10.8	3,451.7	3,777.1	9.4
Electronic bulletin board services, blog services, and SNS operation	21	14	-33.3	28,919	33,436	15.6	1,377.1	2,388.3	73.4
Web contents delivery services	143	142	-0.7	804,291	867,216	7.8	5,624.4	6,107.2	8.6
Revenue from IPTV services	16	15	-6.3	63,142	64,564	2.3	3,946.4	4,304.3	9.1
Cloud computing services	132	129	-2.3	77,718	116,637	50.1	588.8	904.2	53.6
Electronic authentication services	11	13	18.2	6,746	9,353	38.6	613.3	719.5	17.3
Information network security services	72	64	-11.1	99,394	81,036	-18.5	1,380.5	1,266.2	-8.3
Charging/settlement agent services	26	25	-3.8	80,343	81,413	1.3	3,090.1	3,256.5	5.4
Server management consignment	86	83	-3.5	49,911	28,722	-42.5	580.4	346.0	-40.4
Other services incidental to Internet	144	122	-15.3	847,679	896,581	5.8	5,886.7	7,349.0	24.8
(Special tabulation) Companies that responded to the survey for the second consecutive year	362	362	-	1,434,499	1,485,711	3.6	3,962.7	4,104.2	3.6

(Notes) As some companies operate multiple services businesses, the total number of companies does not necessarily match the sum of the breakdown figures. As some companies do not provide data on the breakdown of sales, the numbers for total sales and the sum of the breakdown do not match. "Shopping site operation and auction site operation" refer to Internet shopping site operation and Internet auction site operation businesses. Hereinafter the same shall apply.

Fig. 4-2 Changes in Sales

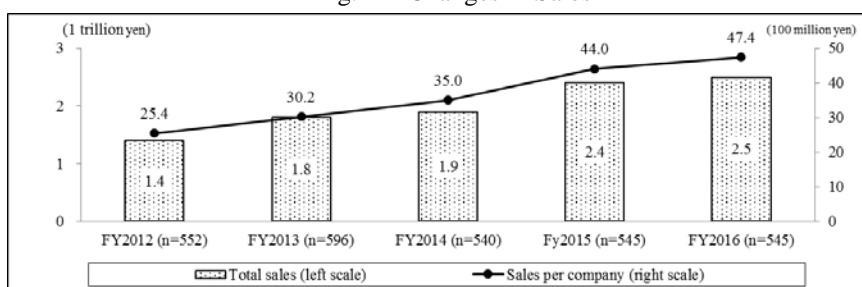


Fig. 4-3 Percentage of Advertising Revenue by Service Type

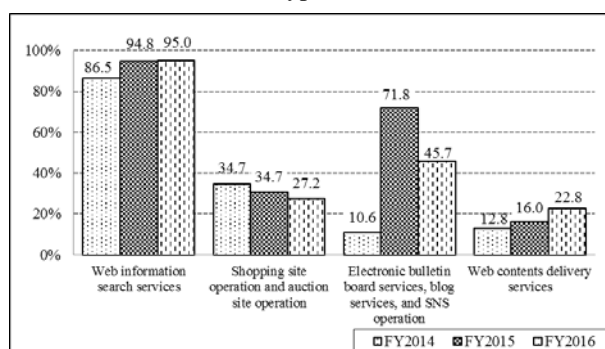
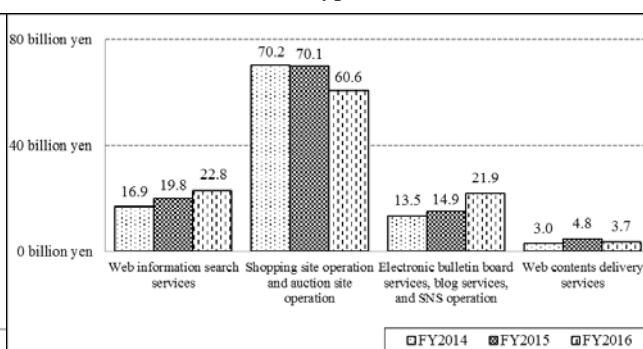


Fig. 4-4 Advertising Revenue per Company by Service type



(Note) Calculated based on the "Sales" and "Advertising revenue" from companies which provided data on the percentage of their advertising revenue.

2. Capital investment

- The amount of acquisition and capital investment per company was 390 million yen in FY2016 (down 13.3%). The outlook for the next fiscal year (FY2017) is 250 million yen (down 11.9%).
- The ratio of capital investment to sales was 6.4% in FY2016 (nearly flat).

Fig. 4-5 Amount of Acquisition and Capital Investment per Company

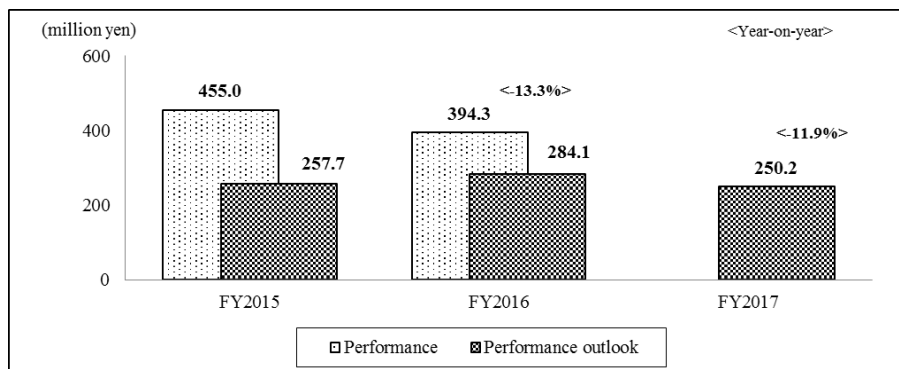


Fig. 4-6 Ratios of Capital Investment to Sales

	Number of companies (companies)	Sales per company (million yen)	Amount of acquisition and capital investment per company (million yen)	Ratios of capital investment to sales (%)	(Special tabulation) Companies that responded to the survey for the second consecutive year	
					Amount of acquisition and capital investment per company (million yen)	Ratios of capital investment to sales (%)
FY2015 erformance	304	7,227.3	455.0	6.3	539.5	7.5
FY2016 erformance	272	6,117.6	394.3	6.4	481.0	6.2
Year-on-year (%)	-10.5	-15.4	-13.3	0.1	-10.8	-1.3

(Notes) Companies that provided answers to both "Sales" and "amount of acquisition and capital investment" were subject to tabulation. Year-on-year comparison for the ratios of capital investment to sales represents the difference from the previous year.

3. Outsourcing

- 56.2% of companies implemented outsourcing (down 1.0 points).
- The outsourcing cost per company was 790 million yen (up 26.0%), showing an increasing trend in value terms.

Fig. 4-7 Percentages of Companies Implementing Outsourcing

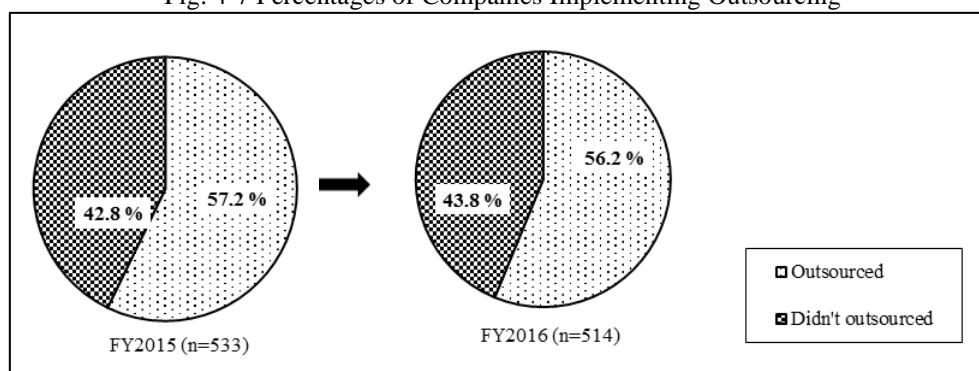
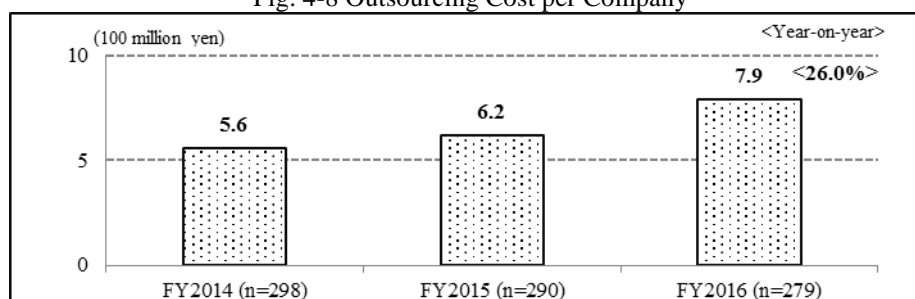


Fig. 4-8 Outsourcing Cost per Company



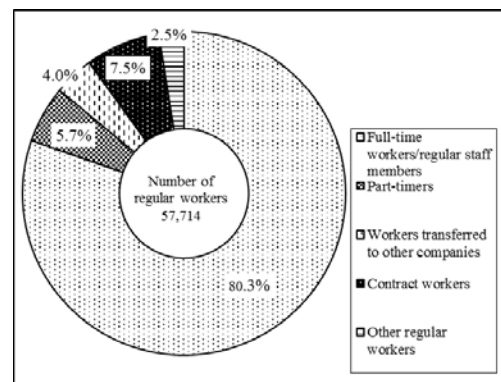
4. Workers

- The number of regular workers was 57,714 (up 4.1%), with increases mainly in full-time workers and contract workers. Looking at composition ratios of regular workers, full-time workers, part-timers, and contract workers accounted for 80.3%, 5.7%, and 7.5%, respectively.
- The number of regular workers per company was 108.1 (up 6.4 persons), and that of dispatched workers was 16.2 (up 0.9 persons).
- Looking at new hires and resignees, the rate of those newly hired and that of resignees for full-time workers were 9.2% (down 0.2 points) and 6.6% (down 0.2 points), respectively. The rate of contract workers newly hired was 28.0% (up 2.2 points), and that of those with cancelled contracts was 12.2% (up 1.0 points). The rate of contract workers newly hired is on an upward trend, while the rate of contract cancellation for contract workers has remained high as compared to the rate of resignation of full-time workers.

Fig. 4-9 Number of Workers

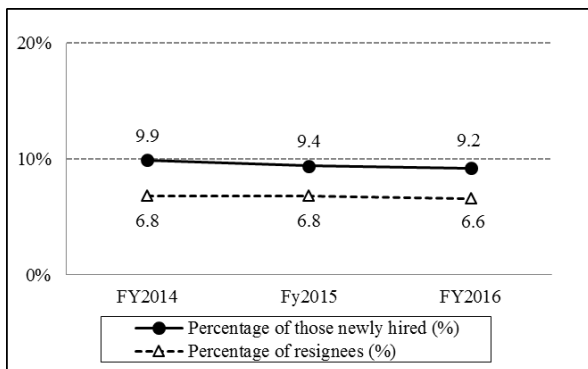
	Number of workers (persons)			Number of workers per company (persons)	
	FY2015 (n=545)	FY2016 (n=534)	Year-on-year (%)	FY2015	FY2016
Number of workers	55,642	57,748	3.8	102.1	108.1
Number of regular workers	55,443	57,714	4.1	101.7	108.1
Full-time workers/regular staff members	45,660	46,355	1.5	83.8	86.8
Part-timers	3,092	3,290	6.4	5.7	6.2
Workers transferred to other companies	1,873	2,315	23.6	3.4	4.3
Contract workers	3,347	4,310	28.8	6.1	8.1
Other regular workers	1,471	1,444	-1.8	2.7	2.7
Temporary or daily workers	199	34	-82.9	0.4	0.1
Dispatched workers	8,343	8,628	3.4	15.3	16.2

Fig. 4-10 Composition Ratios of Regular Workers



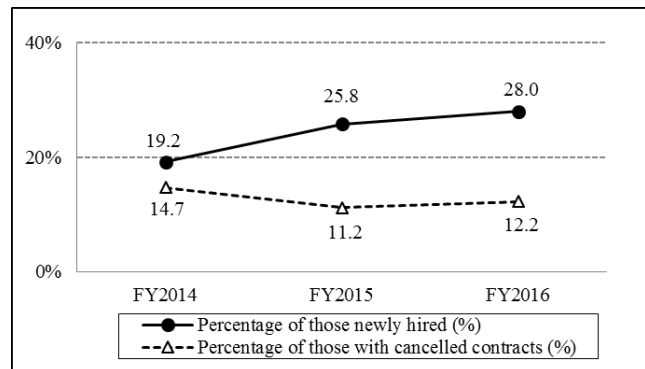
(Notes) Other regular workers = Regular workers - Full-time workers/regular staff members - Part-timers - Workers transferred to other companies - Contract workers

Fig. 4-11 Rate of Those Newly Hired and Resignees for Full-Time Workers/Regular Staff Members



(Notes) Percentage of those newly hired = Number of those newly hired / (Number of full-time workers/regular staff members + Number of resignees) × 100
 Percentage of resignees = Number of resignees / (Number of full-time workers/regular staff members + Number of resignees) × 100

Fig. 4-12 Rate of Contract Workers Newly Hired and Contract Cancellation for Contract Workers

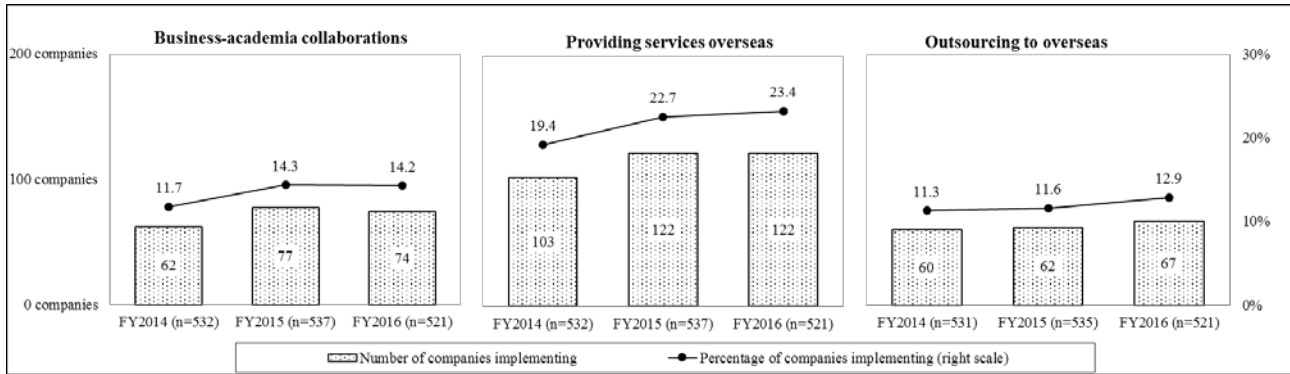


(Notes) Percentage of those newly hired = Number of those newly hired / (Number of contract workers + Number of those with cancelled contracts) × 100
 Percentage of those with cancelled contracts = Number of those with cancelled contracts / (Number of contract workers + Number of those with cancelled contracts) × 100

5. Business operation

- Looking at business operation, the percentage of companies carried out business-academia collaborations was 14.2% (nearly flat), the percentage of companies providing services overseas was 23.4% (up 0.7 points), and the percentage of companies implementing outsourcing overseas was 12.9% (up 1.3 points).

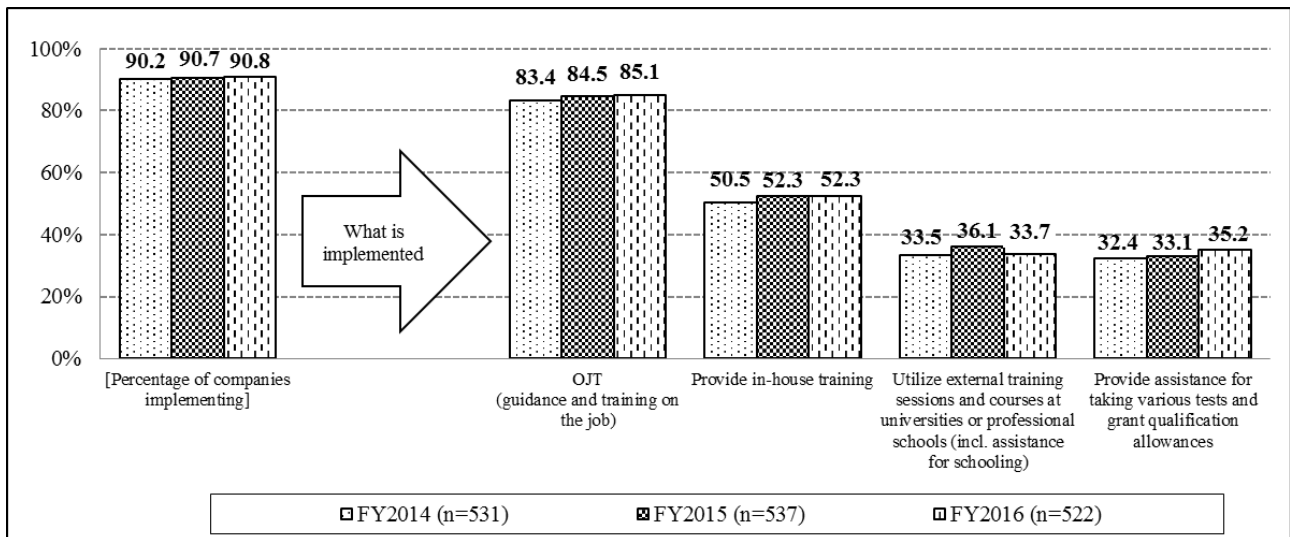
Fig. 4-13 Percentages of Companies Implementing Business Operations



6. Human resource development

- The percentage of companies that carried out human resource development activities accounted for 90.8% (nearly flat). Of these, 85.1% provide “OJT (guidance and training on the job)” (up 0.6 points), and 52.3% “Provide in-house training” (nearly flat).

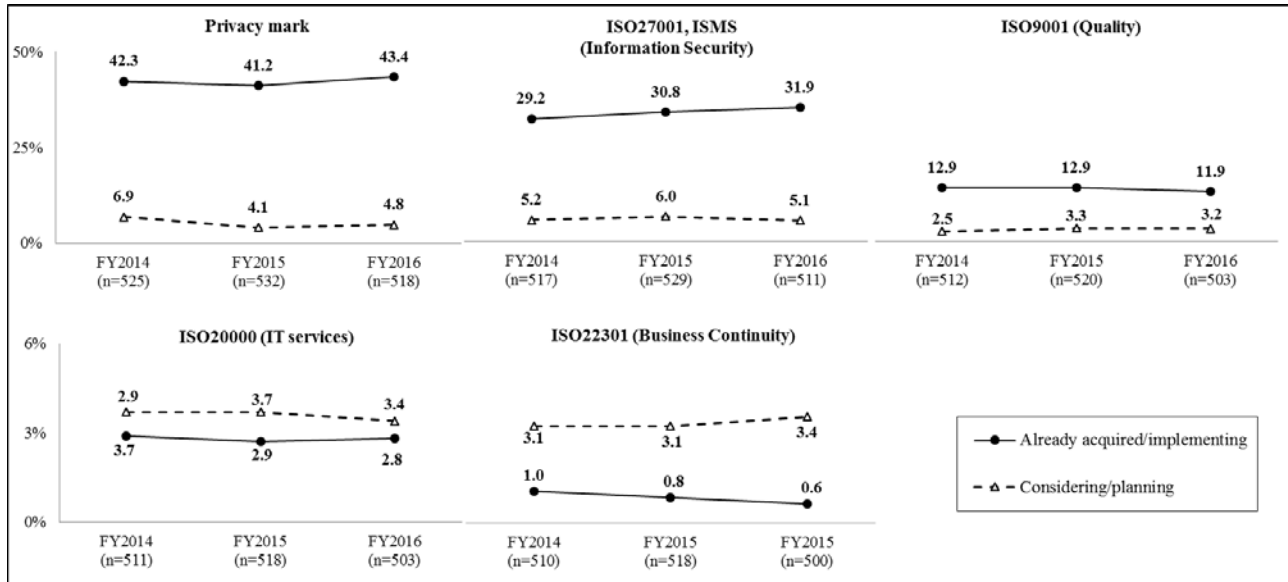
Fig. 4-14 Percentage of Companies that Carried out Human Resource Development Activities (Multiple answers allowed)



7. Efforts to acquire certifications

Looking at efforts to acquire certifications, the percentage of certifications that companies “Already acquired/implementing” was the highest for “Privacy mark” at 43.4% (up 2.2 points) but still remained below 50%. The second highest was “ISO27001, ISMS (Information Security)” at 31.9% (up 1.1 points). The percentages of companies “Considering/planning” to acquire these certifications were also high as compared to other certifications.

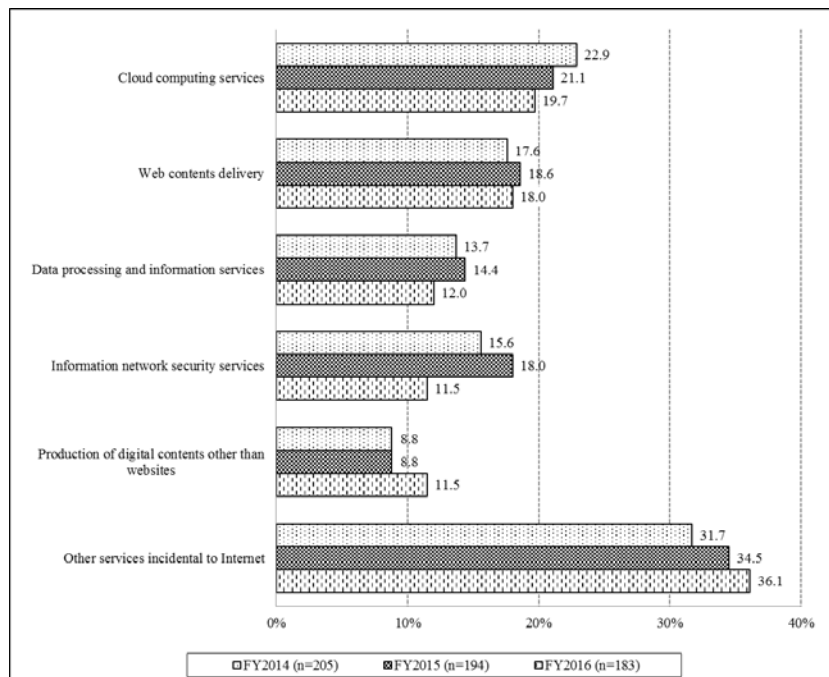
Fig. 4-15 Efforts to Acquire Certifications



8. New business fields

Regarding major new business fields that companies intend to start within a year, the most frequent answer was “Cloud computing services” which accounted for 19.7% (down 1.4 points), followed by “Web contents delivery” which accounted for 18.0% (down 0.6 points).

Fig. 4-16 New Businesses that Companies Intend to Start within One Year (High-ranking) (Multiple answers allowed)



(Note) Figures are obtained by dividing the number of responses by the number of companies that provided valid responses to this question.

Chapter 5 Information Service Business

This Chapter shows the results of the Survey on Items for Each Business Type (Information Services) based on valid responses from 3,501 companies.

1. Number of companies and sales

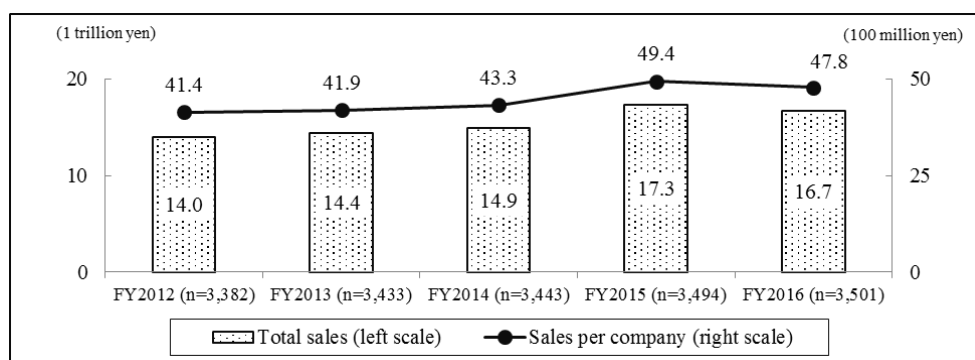
- Sales of the information service business in FY2016 were 16.7289 trillion yen (down 3.1%), showing a decrease partly due to the record high level in the previous fiscal year. This decrease was caused by a decrease in the primary sector, custom software services (down 2.1% to 7.9665 trillion yen), despite increased sales recorded by data processing services (up 2.7% to 3.8218 trillion yen).
- The sales per company were 4.78 billion yen (down 3.3%). By sector, the game software services and custom software services showed decreases (by 14.8% and by 1.8%, respectively), while a double-digit increase was observed for information services, except marketing (up 14.8%).

Fig. 5-1 Number of Companies and Sales by Sector (Based on Companies' Activities)

	Number of companies			Sales (million yen)			Sales per company (million yen)		
	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)
Total	3,494	3,501	0.2	17,268,317	16,728,868	-3.1	4,942.3	4,778.3	-3.3
Custom software services	2,364	2,355	-0.4	8,140,607	7,966,497	-2.1	3,443.6	3,382.8	-1.8
Embedded software services	261	247	-5.4	246,525	260,903	5.8	944.5	1,056.3	11.8
Package software services	690	687	-0.4	1,135,024	1,092,993	-3.7	1,645.0	1,591.0	-3.3
Game software services	90	97	7.8	691,675	635,143	-8.2	7,685.3	6,547.9	-14.8
Data processing services	1,031	1,037	0.6	3,720,667	3,821,781	2.7	3,608.8	3,685.4	2.1
Information services, except marketing or opinion research services	185	197	6.5	232,928	284,636	22.2	1,259.1	1,444.9	14.8
Market research, opinion survey and social survey services	97	97	0.0	174,101	179,273	3.0	1,794.9	1,848.2	3.0
Miscellaneous information services	1,076	1,073	-0.3	2,926,790	2,487,642	-15.0	2,720.1	2,318.4	-14.8
(Special tabulation) Companies that responded to the survey for the second	3,029	3,029	-	15,571,143	15,922,672	2.3	5,140.7	5,256.7	2.3

(Note) The number of companies represents the number of companies that are operating relevant businesses even at the very minimum, and thus, the total and the sum of the breakdown do not match.

Fig. 5-2 Changes in Sales



(Reference: Based on Companies' Main Business)

	Number of companies			Sales (million yen)			Sales per company (million yen)		
	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)
Total	3,494	3,501	0.2	17,268,317	16,728,868	-3.1	4,942.3	4,778.3	-3.3
Custom software service companies	1,765	1,739	-1.5	9,426,654	8,845,658	-6.2	5,340.9	5,086.6	-4.8
Embedded software service companies	95	93	-2.1	179,789	202,294	12.5	1,892.5	2,175.2	14.9
Package software service companies	307	318	3.6	536,662	597,163	11.3	1,748.1	1,877.9	7.4
Game software service companies	74	79	6.8	697,308	632,891	-9.2	9,423.1	8,011.3	-15.0
Data processing service companies	615	629	2.3	3,377,029	3,819,568	13.1	5,491.1	6,072.4	10.6
Information service companies	94	95	1.1	195,512	246,564	26.1	2,079.9	2,595.4	24.8
Market research, opinion survey and social survey service companies	66	72	9.1	180,595	186,863	3.5	2,736.3	2,595.3	-5.2
Miscellaneous information service companies	478	476	-0.4	2,674,768	2,197,867	-17.8	5,595.7	4,617.4	-17.5
(Special tabulation) Companies that responded to the survey for the second consecutive year	3,029	3,029	-	15,571,143	15,922,672	2.3	5,140.7	5,256.7	2.3

(Note) Data are compiled based on companies' main business, rated according to their business that generates the largest sales, and are tabulated as "XX companies".

- Looking at the composition ratios of sales by sector, custom software services accounted for the highest at 47.6%, followed by data processing services at 22.8%. These two sectors accounted for approximately 70% of the total.
- Looking at the composition ratios of the number of companies by sector, custom software services accounted for the highest at 40.7% (nearly flat), followed by miscellaneous information services at 18.5% (nearly flat) and data processing services at 17.9% (nearly flat).

Fig. 5-3 Composition Ratios of Sales by Sector (Based on Companies' Activities)

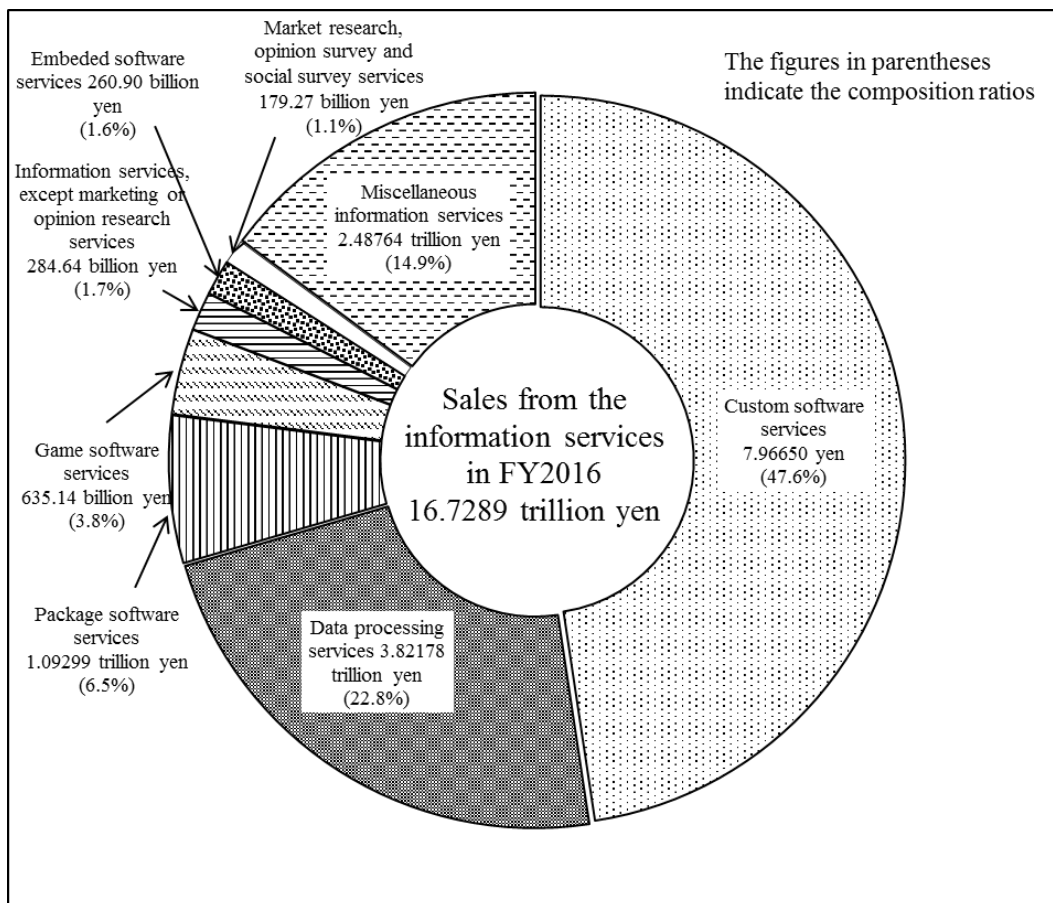
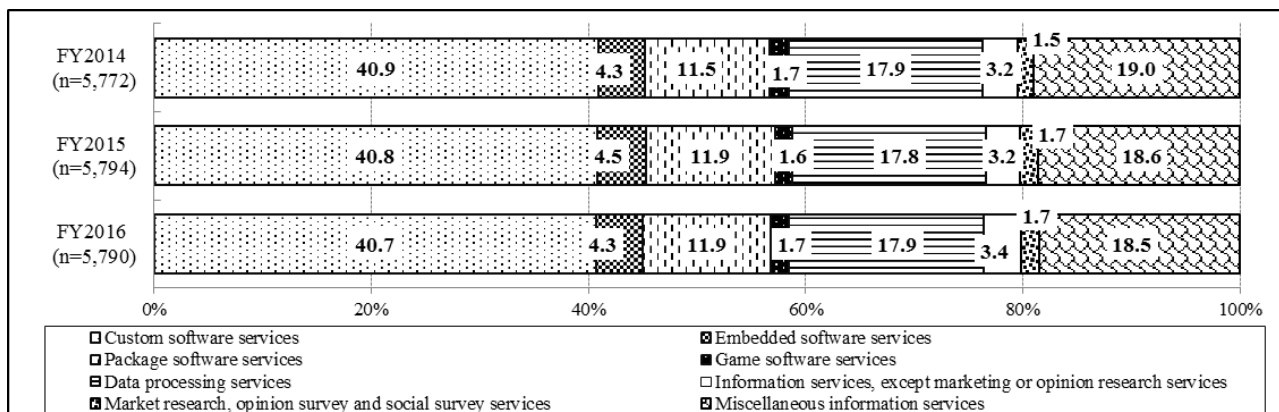


Fig. 5-4 Composition Ratios of the Number of Companies by Sector (Based on Companies' Activities)



2. Total operating costs (advertising costs)

- The advertising costs for in-house products/services per company were 60.6 million yen (down 4.7%), showing a decrease partly due to the record high level in the previous fiscal year.
- Looking at the breakdown of advertising costs, media advertising costs accounted for 40.0% (down 5.0 points), out of which 18.6% (down 2.5 points) were for Internet advertisements, 11.4% (down 5.6 points) were for TV commercials, and 3.5% (down 0.3 points) were for newspapers/magazines. Costs for internet advertisements were larger than those for TV commercials in FY2016, as was the case in the previous fiscal year.

Fig. 5-5 Advertising Costs per Company

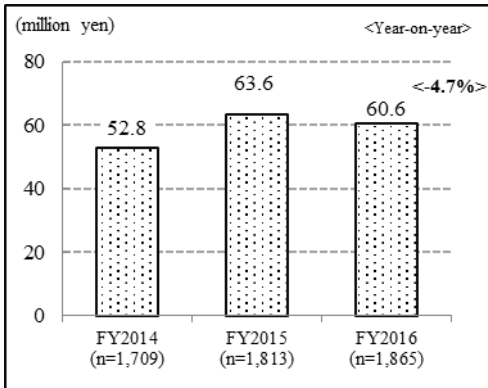
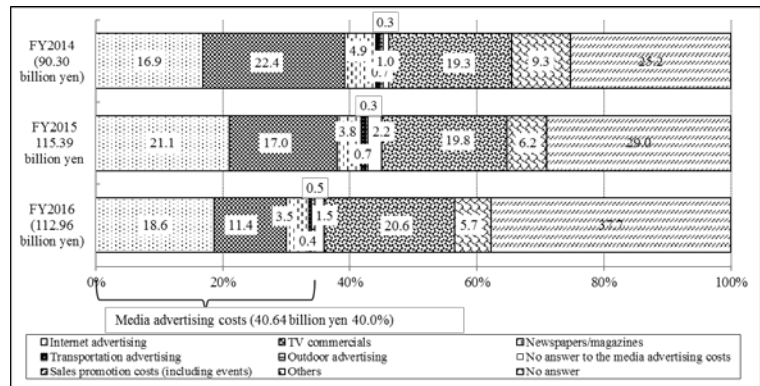


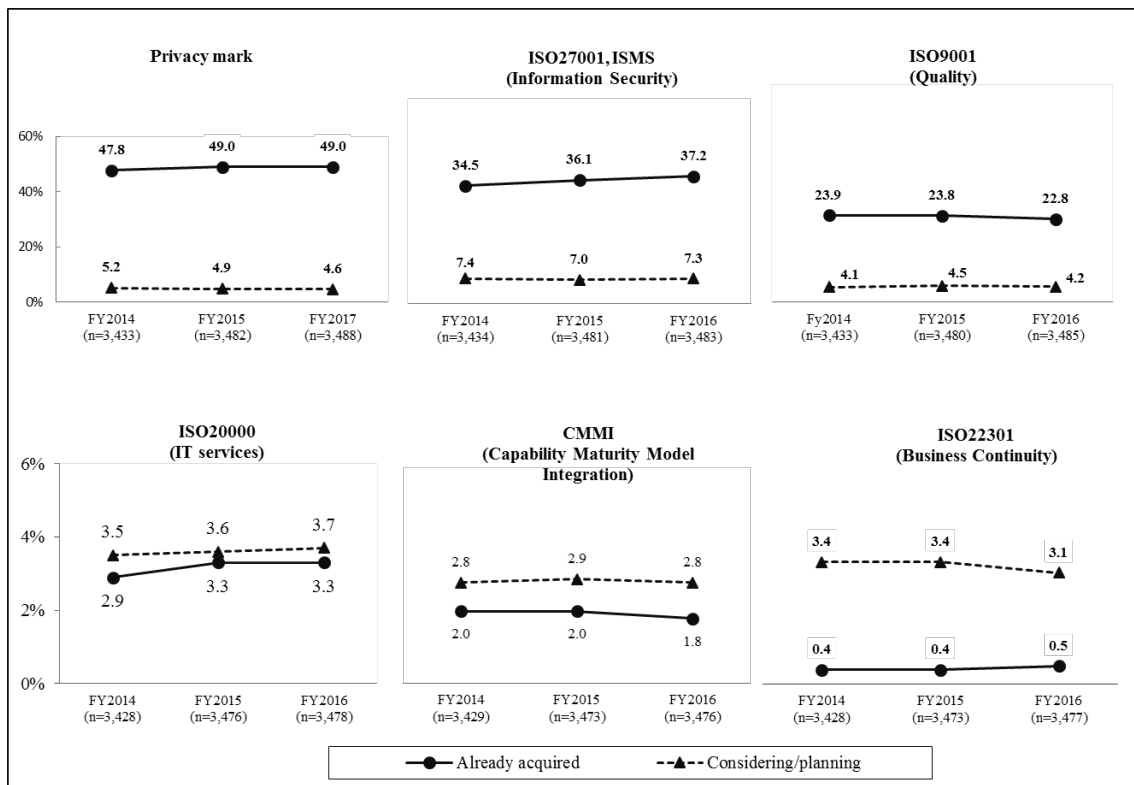
Fig. 5-6 Breakdown of Advertising Costs



3. Efforts to acquire certifications

- The percentage of certifications that companies “Already acquired” was the highest for “Privacy mark” at 49.0% (same level as FY2015), but still remained below 50%. The second highest was “ISO27001, ISMS (Information Security)” at 37.2% (up 1.1 points), followed by “ISO9001 (Quality)” at 22.8% (down 1.0 points).

Fig. 5-7 Efforts to Acquire Certifications



4. Acceptance of commissioned work in the development and production section

- Companies which have received commissioned work by other companies accounted for 88.5% (nearly flat).
- The amount of accepted commissioned work per company was 2.70 billion yen (down 4.9%).
- Looking at the percentages of the number of companies according to primary contractors and subcontractors, the percentage of primary contractors accounted for 86.4% (down 1.4 points), and first subcontractors accounted for 57.0% (up 0.8 points). By capital size, the larger the capital was, the higher the percentage of primary contractors or the lower the percentage of subcontractors was.

Fig. 5-8 Percentage of companies that accepted commissioned work

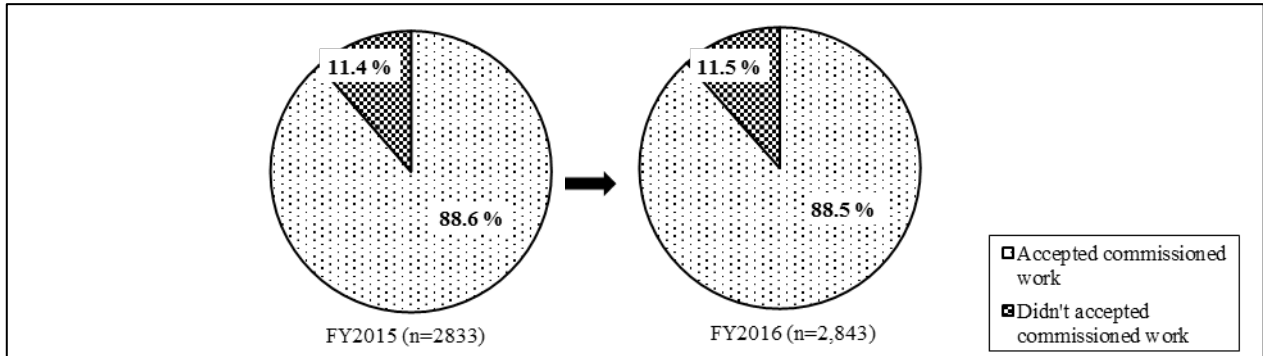


Fig. 5-9 Amount of accepted commissioned work per company

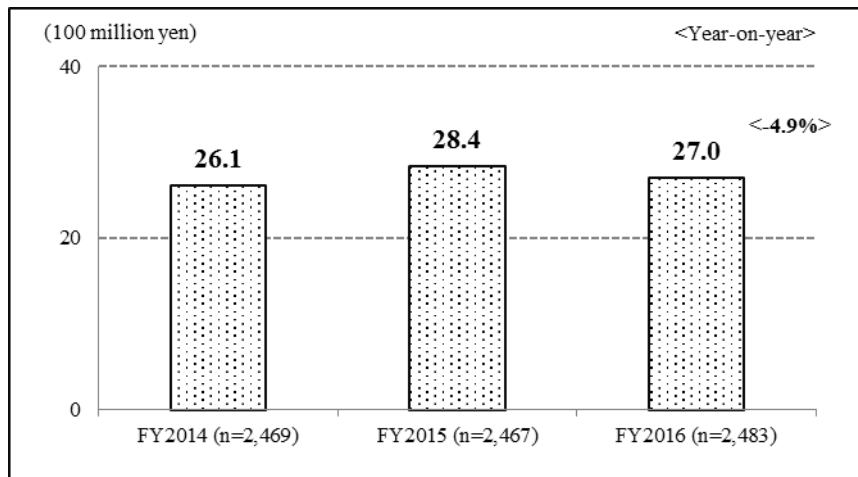


Fig. 5-10 Percentage of Number of Contractors and Subcontractors

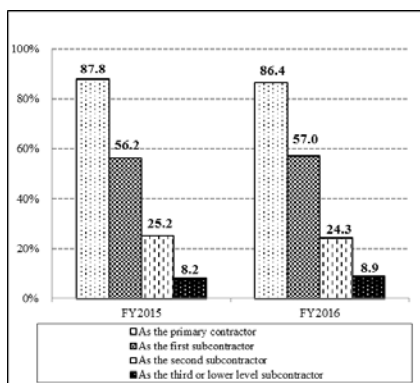
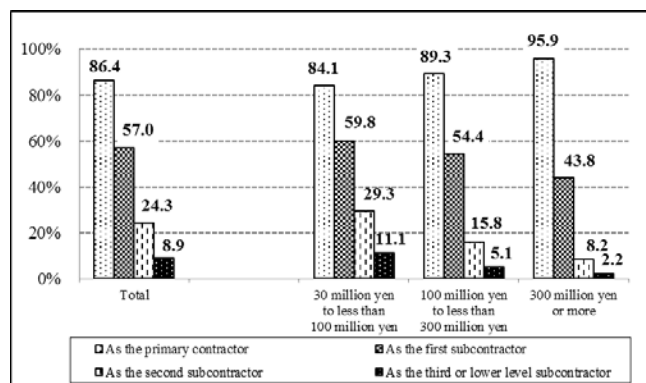


Fig. 5-11 Percentage of Number of Contractors and Subcontractors by Capital



(Note) Multiple answers were allowed for implementation of primary contractors and subcontractors; numbers are counted using the number of companies for which there were valid responses

5. Outsourcing in the development and production section

- The percentage of companies that outsourced work was 76.5% (same level as FY 2015).
- The outsourcing cost per company was 1.50 billion yen (same level as FY 2015).
- Per company, 273.2 pieces of work were outsourced (down 11.9%). Of these, there were sales-based payments for 51.7 pieces of work (up 31.6%). Sales-based payment was adopted in 18.9% (up 6.2 points).

Fig. 5-12 Percentages of Companies Implementing Outsourcing

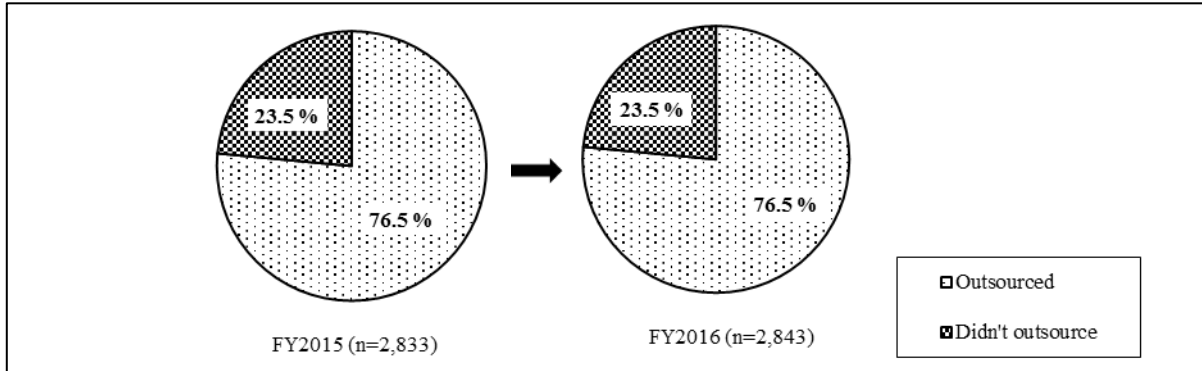


Fig. 5-13 Outsourcing Cost per Company

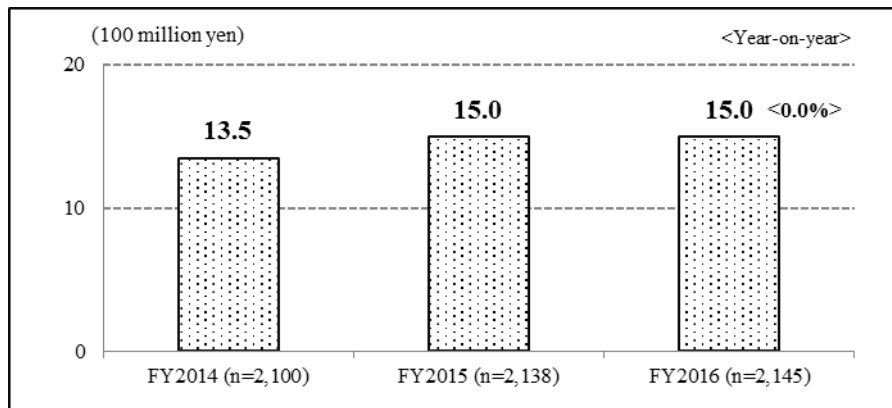
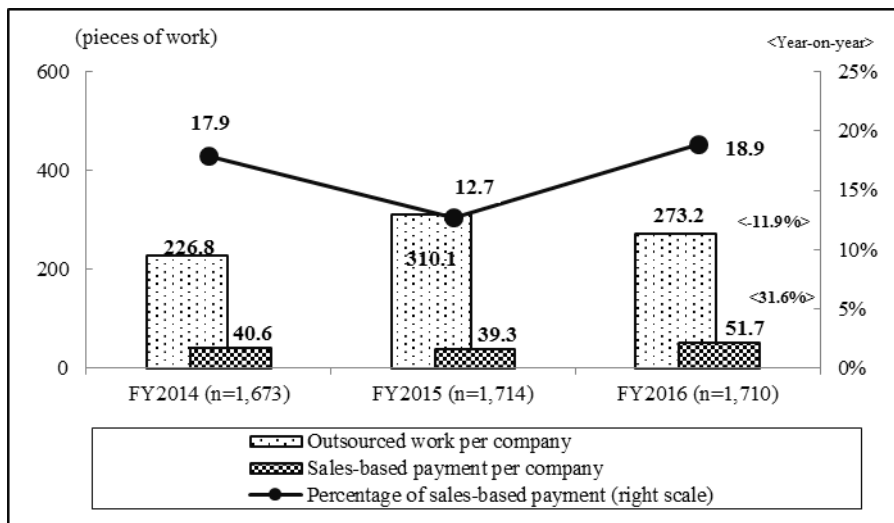


Fig. 5-14 Number of Pieces of Work Outsourced Per Company, And Percentage of Sales-Based Payment



(Note) Sales-based payment refers to a payment method based on the sales and profits of the orderer.

6. Number of workers in the development and production section

- The number of regular workers was 479,690 (down 5.2%), with decreases in all workers, including full-time workers/regular staff members and part-timers, but excluding other regular workers. Looking at composition ratios of regular workers, full-time workers/regular staff members and contract workers accounted for 91.5% and 3.0%, respectively.
- The number of regular workers per company was 170.1 (down 8.9 persons), and that of dispatched workers was 15.7 (down 1.6 persons).
- The percentage of full-time workers/regular staff members newly hired was higher than that of resignees, and so was that of contract workers newly hired than that of those with cancelled contracts. In comparing to full-time workers/regular staff members, there have been greater changes in the percentages of newly hired and cancelled contract workers.

Fig. 5-15 Number of Workers

	Number of regular workers (persons)			Workers per company (persons)	
	FY2015 (n=2,827)	FY2016 (n=2,820)	Year-on-year (%)	FY2015	FY2016
Regular workers	505,920	479,690	-5.2	179.0	170.1
Full-time workers/Regular staff members	463,082	439,118	-5.2	163.8	155.7
Foreign workers	6,398	7,097	10.9	2.3	2.5
Part-timers	8,356	8,138	-2.6	3.0	2.9
Workers transferred to other companies	15,037	14,458	-3.9	5.3	5.1
Contract workers	16,963	14,493	-14.6	6.0	5.1
Foreign workers	587	871	48.4	0.2	0.3
Other regular workers	2,482	3,483	40.3	0.9	1.2
Dispatched workers	49,013	44,193	-9.8	17.3	15.7

(Notes) Other regular workers = Regular workers - Full-time workers/regular staff members - Part-timers - Workers transferred to other companies - Contract workers

Fig. 5-16 Composition Ratios of Regular Worker

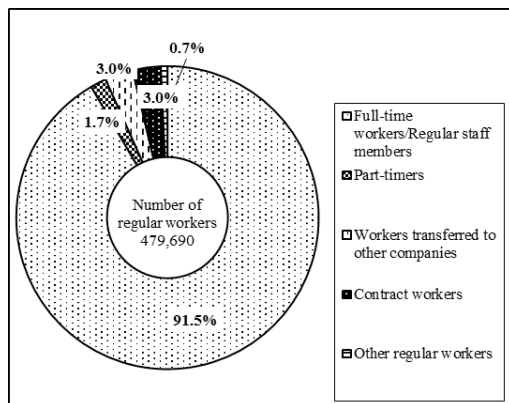


Fig. 5-17 Changes in the Number of Full-Time Workers/Regular Staff Members Per Company

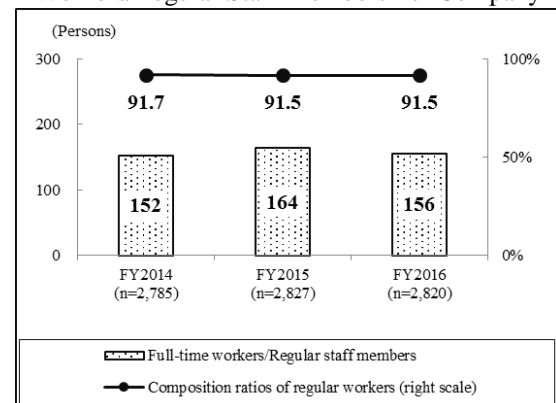
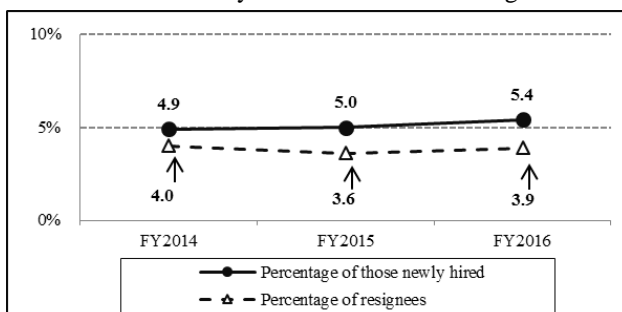
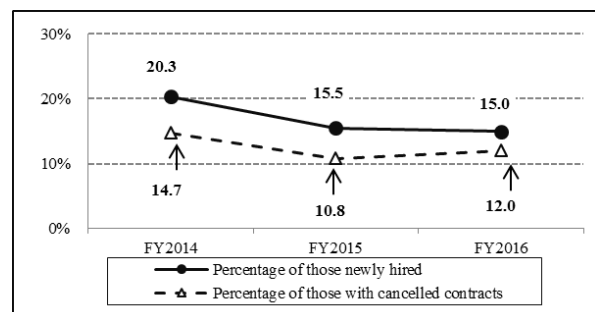


Fig. 5-18 Percentage of Full-Time Workers/Regular Staff Members Newly Hired and That of Resignees



(Notes) Percentage of those newly hired = Number of those newly hired / (Number of full-time workers/regular staff members + Number of resignees) × 100
 Percentage of resignees = Number of resignees / (Number of full-time workers/regular staff members + Number of resignees) × 100

Fig. 5-19 Percentage of Contract Workers Newly Hired and That of Those with Cancelled Contracts



(Notes) Percentage of those newly hired = Number of those newly hired / (Number of contract workers + Number of those with cancelled contracts) × 100
 Percentage of those with cancelled contracts = Number of those with cancelled contracts / (Number of contract workers + Number of those with cancelled contracts) × 100

7. Human resource development in the development and production section

- The percentage of companies that carried out human resource development activities accounted for 97.5% (down 0.2 points). Of them, 94.0% provide “OJT (guidance and training on the job)” (same level as FY 2015), 74.3% “Provide in-house training” (up 0.6 points) and 64.6% provided “Provide assistance for taking the Information Technology Engineers Examination and grant qualification allowances” (up 0.6 points).
- The percentage of companies carried out business-academia collaborations was 15.4% (up 0.8 points). The percentage of companies offered cooperation for university education was 30.1% (up 1.5 points).

Fig. 5-20 Percentage of Companies that Carried out Human Resource Development Activities (Multiple answers allowed)

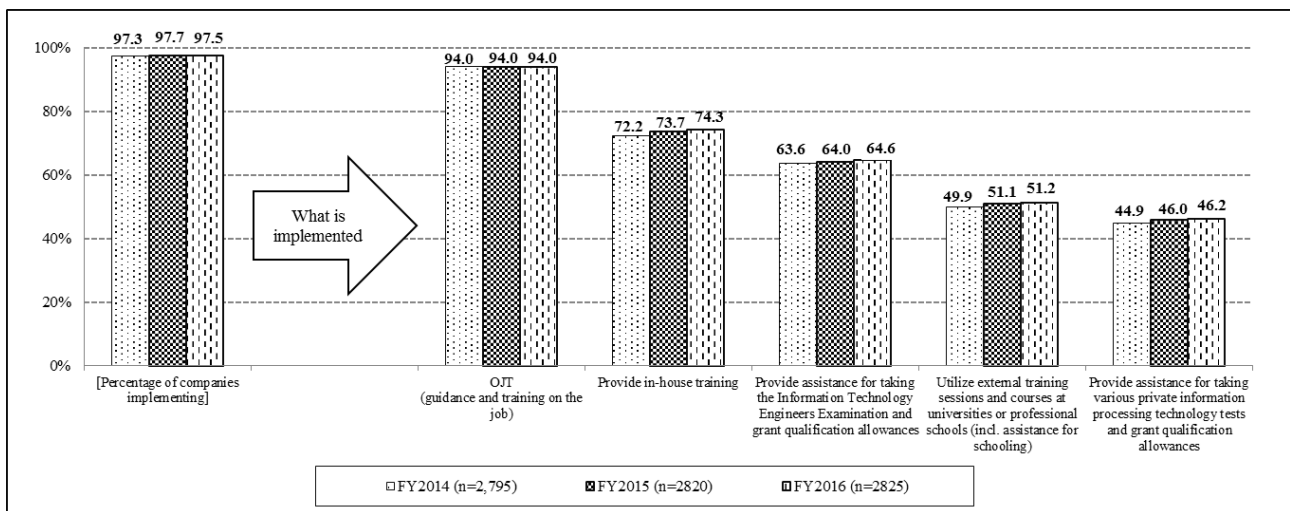


Fig. 5-21 University-related Business Operations (Business-academia collaboration)

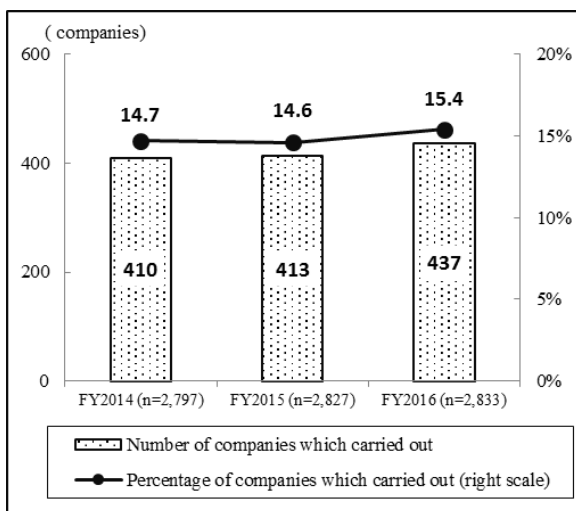
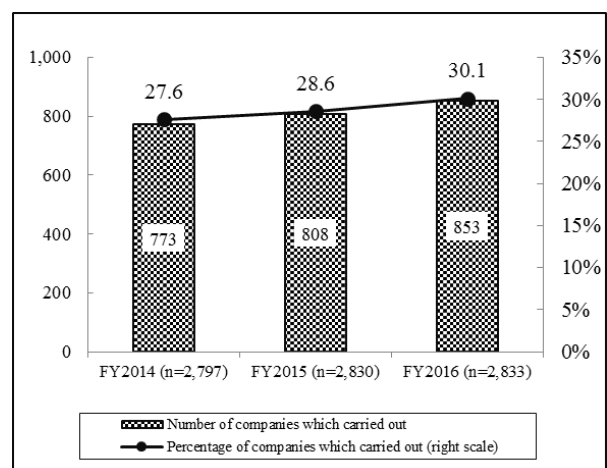


Fig. 5-22 University-related Business Operations (Cooperation for university education)



8. Salaries (annual income) in the development and production section

- Looking at the average annual income of engineers aged 35, full-time workers/regular staff members earned 5.05 million yen (up 0.2%) and contract workers earned 4.57 million yen (up 2.2%).
- Looking at the composition ratios of the number of companies by average annual income, 55.0% (down 0.3 points) of companies had full-time workers/regular staff members earning the average annual income of “5 million yen or less” and 66.7% (down 2.8 points) had contract workers earning “5 million yen or less”.
- Looking at the relationship between the average annual income (salaries) and the highest salaries, 43.6% (up 1.2 points) of companies had full-time workers/regular staff members with a difference of “More than 1.5 times” and 24.1% (down 4.4 points) had contract workers with a difference of “More than 1.5 times”.

Fig. 5-23 Average Income (Engineers aged 35)

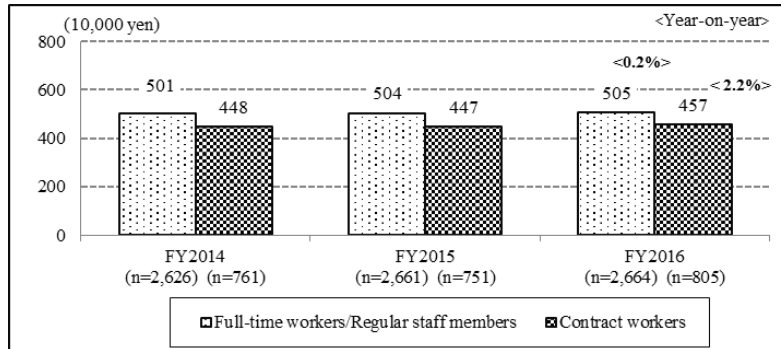


Fig. 5-24 Composition Ratios of the Number of Companies by Average Income (Engineers aged 35)

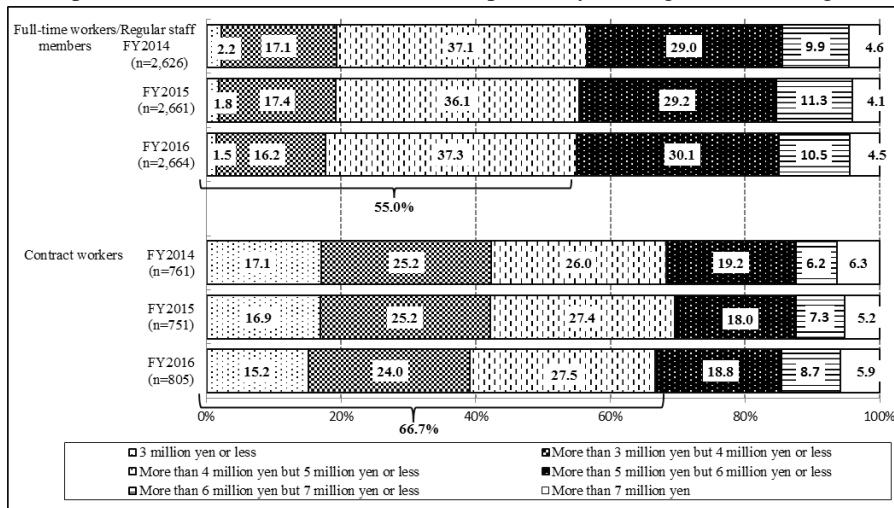
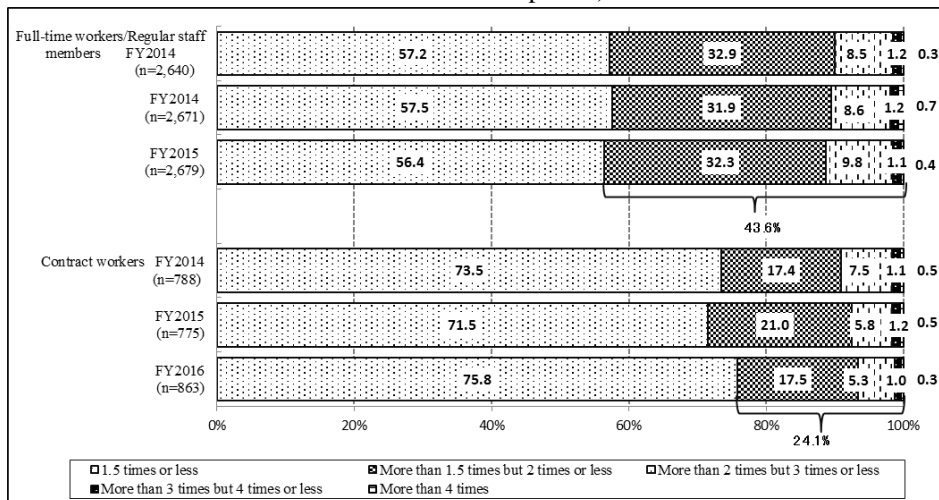


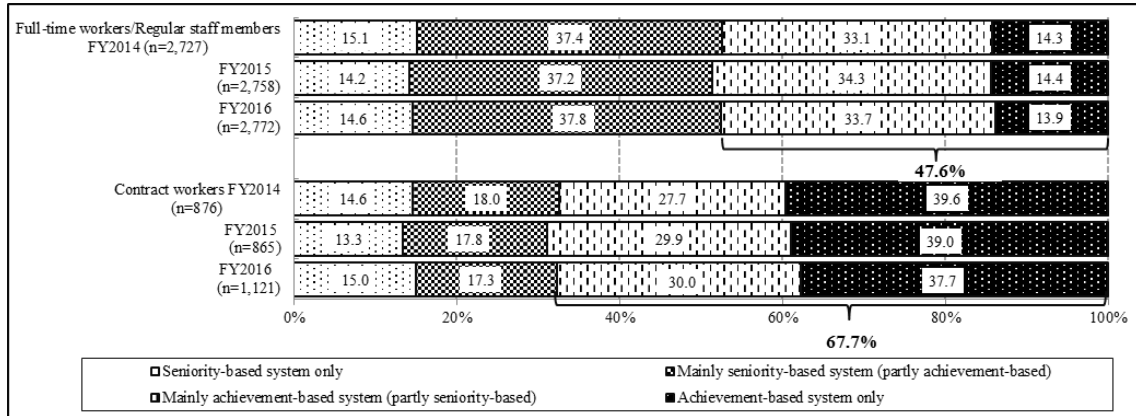
Fig. 5-25 Relationship between the Highest Salaries and the Average at the Same Age (35) (Composition Ratios of the Number of Companies)



9. Salary system in the development and production section

- Looking at the salary system for engineers, achievement-based systems (total of “Achievement-based system only” and “Mainly achievement-based system (partly seniority-based)”) are applied to 47.6% (down 1.1 points) of full-time workers/regular staff members and 67.7% (down 1.2 points) of contract workers. For full-time workers/regular staff members, the percentage of companies applying “Mainly seniority-based system (including seniority-based system only)” remains over 50%.

Fig. 5-26 Salary System for Engineers



10. Number of games developed and holding of rights

- The number of games developed per company was 7.6 (down 18.3%).
- Looking at the rights held concerning developed games, “Holding 100% of the rights” was the largest in number for both primary use and secondary use (composition ratios of 77.7% and 62.4%, respectively). The percentage of secondary use was 57.5%.

Fig. 5-27 Number of Games Developed per Company

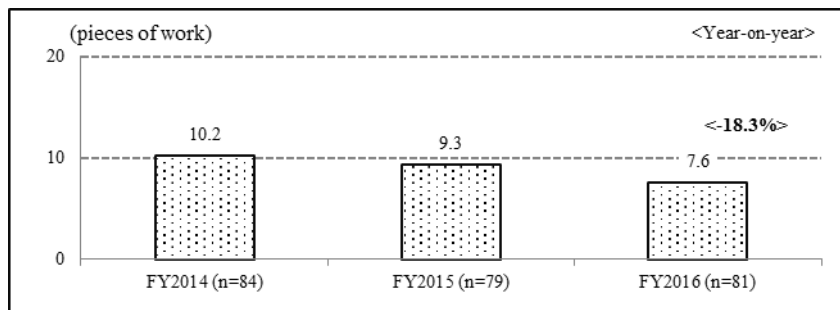
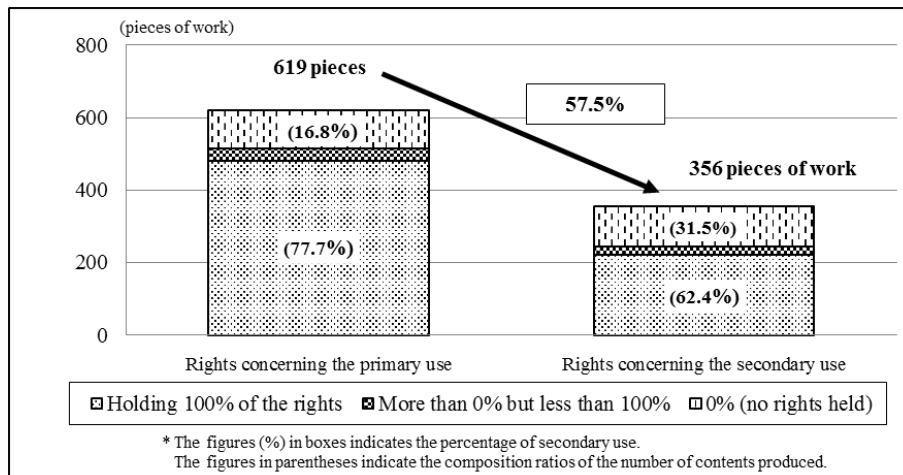


Fig. 5-28 Rights Held Concerning Developed Games



(Notes) “Secondary use” of games refers to commercialization of character goods, making of animated versions, and publishing books, etc.

Chapter 6 Video Picture Information, Sound Information, Character Information Production and Distribution Business

This Chapter shows the results of the Survey on Items for Each Business Type (Video Picture Information, Sound Information, Character Information Production and Distribution) based on valid responses from 734 companies.

1. Number of companies and sales

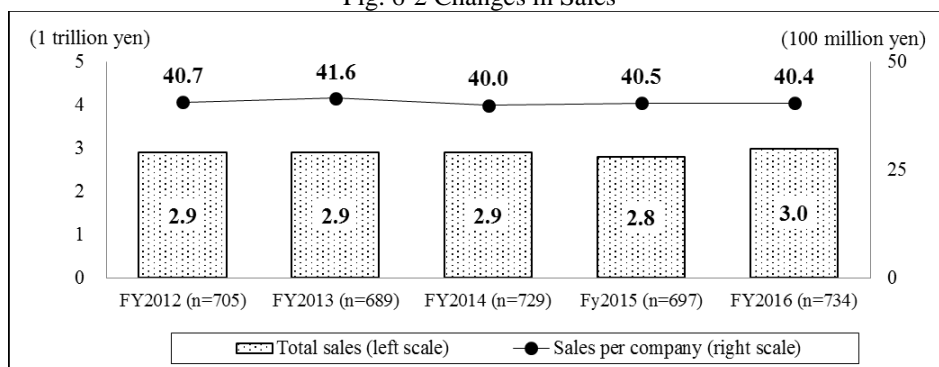
- The total sales of the video picture information, sound information, character information production and distribution business in FY2016 was 2.9686 trillion yen (up 5.1 points). By sector, newspaper publishers earned the largest sales, 1.0131 trillion yen, followed by publishers, except newspapers, which made sales of 827.2 billion yen.
- The sales per company were 4.04 billion yen (down 0.2%).

Fig. 6-1 Number of Companies and Sales by Sector (Based on Companies' Activities)

	Number of companies			Sales (million yen)			Sales per company (million yen)		
	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)
Total	697	734	5.3	2,824,827	2,968,591	5.1	4,052.8	4,044.4	-0.2
Motion picture and video production service	117	134	14.5	87,442	106,038	21.3	747.4	791.3	5.9
Animation production service	24	29	20.8	59,599	67,740	13.7	2,483.3	2,335.9	-5.9
Recording and disk production service	28	29	3.6	137,718	151,895	10.3	4,918.5	5,237.8	6.5
Newspaper publishers	117	114	-2.6	1,035,361	1,013,068	-2.2	8,849.2	8,886.6	0.4
Publishers, except newspapers	306	313	2.3	822,107	827,230	0.6	2,686.6	2,642.9	-1.6
Commercial art and graphic design service	179	189	5.6	393,356	465,493	18.3	2,197.5	2,462.9	12.1
Motion picture, video and television program distribution service	46	44	-4.3	140,113	151,921	8.4	3,045.9	3,452.8	13.4
Service incidental to video picture information, sound information, character information production and distribution	182	197	8.2	149,131	185,206	24.2	819.4	940.1	14.7
(Special tabulation) Companies that responded to the survey for the second consecutive year	591	591	-	2,696,760	2,719,712	0.9	4,563.0	4,601.9	0.9

(Notes) The number of companies indicates the number of companies engaged in this business, whether as their main business or not, and therefore the total and the sum of breakdown data do not match.

Fig. 6-2 Changes in Sales



(Reference: Based on Companies' Main Business)

	Number of companies			Sales (million yen)			Sales per company (million yen)		
	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)	FY2015	FY2016	Year-on-year (%)
Total	697	734	5.3	2,824,827	2,968,591	5.1	4,052.8	4,044.4	-0.2
Motion picture and video production companies	67	78	16.4	86,474	112,952	30.6	1,290.7	1,448.1	12.2
Animation production companies	17	19	11.8	61,675	63,677	3.2	3,627.9	3,351.4	-7.6
Recording and disk production companies	17	17	0.0	145,483	158,469	8.9	8,557.8	9,321.7	8.9
Newspaper publishers	107	103	-3.7	1,047,556	1,026,689	-2.0	9,790.2	9,967.9	1.8
Publishers, except newspapers	227	233	2.6	826,726	825,934	-0.1	3,642.0	3,544.8	-2.7
Commercial art and graphic design companies	121	136	12.4	384,645	456,033	18.6	3,178.9	3,353.2	5.5
Motion picture, video and television program distribution companies	28	27	-3.6	144,430	171,823	19.0	5,158.2	6,363.8	23.4
Service companies incidental to video picture information, sound information, character information production and distribution	113	121	7.1	127,838	153,014	19.7	1,131.3	1,264.6	11.8

(Note) Data are compiled based on companies' main business, rated according to their business that generates the largest sales, and are tabulated as "XX companies"

- Looking at the composition ratios of sales by sector, sales by newspaper publishers accounted for the majority, at 34.1%, followed by sales by publishers, except newspapers, at 27.9%.
- Looking at the composition ratios of the number of companies by sector, publishers, except newspapers accounted for the majority, at 29.8% (down 0.8 points), followed by services incidental to video picture information, sound information, character information production and distribution, at 18.8% (up 0.6 points).

Fig. 6-3 Composition Ratios of Sales by Sector (Based on Companies' Activities)

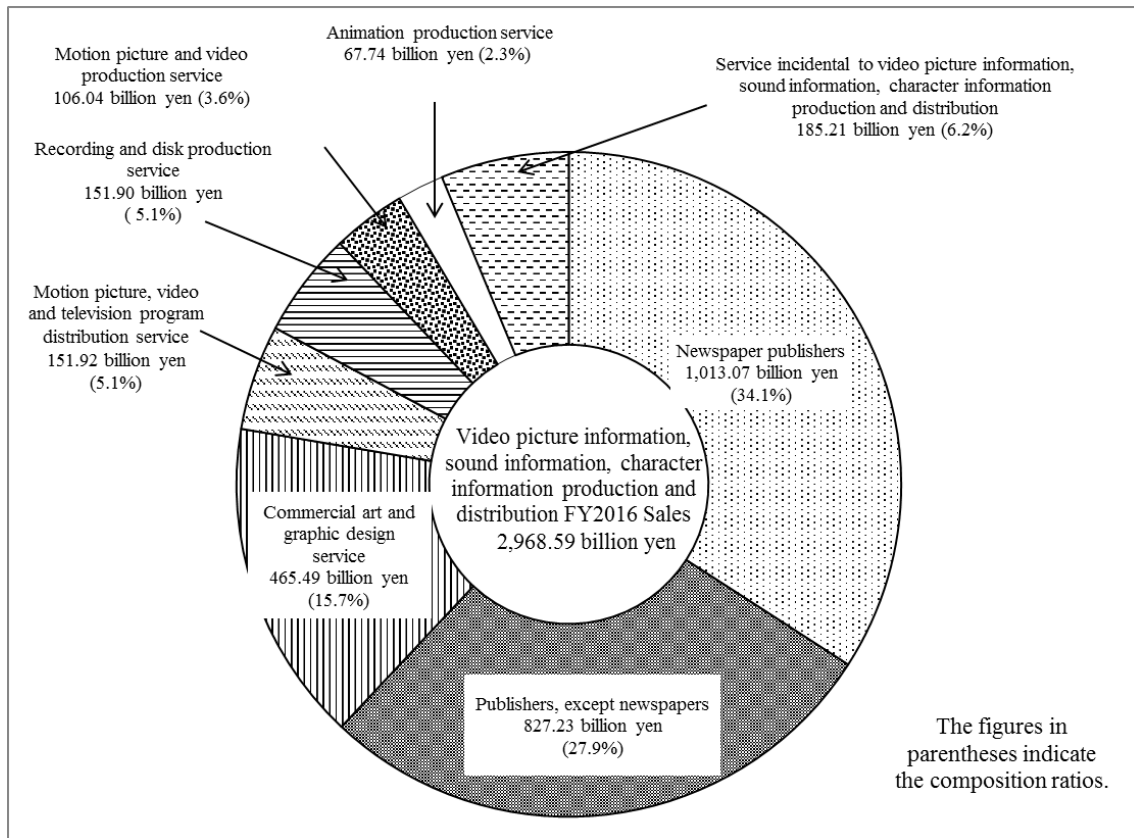
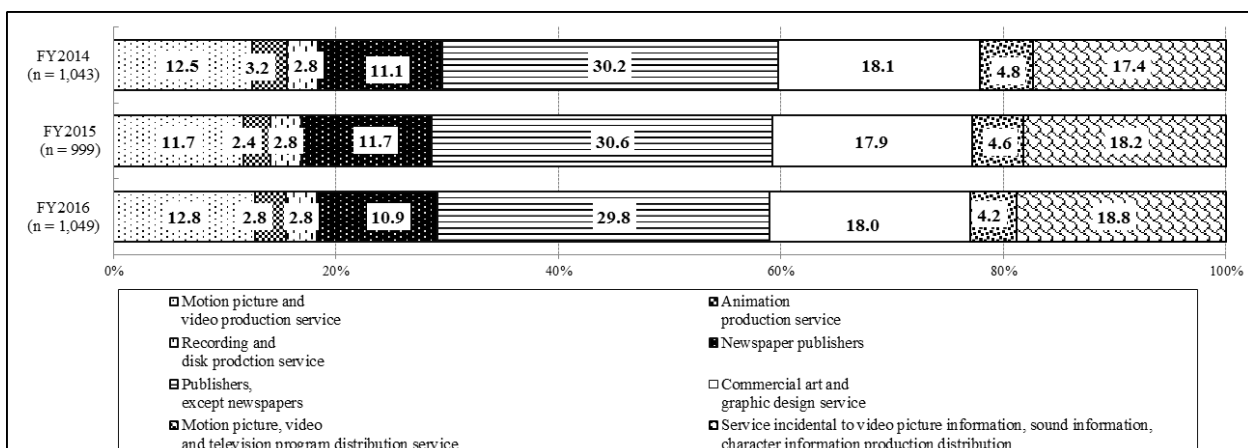


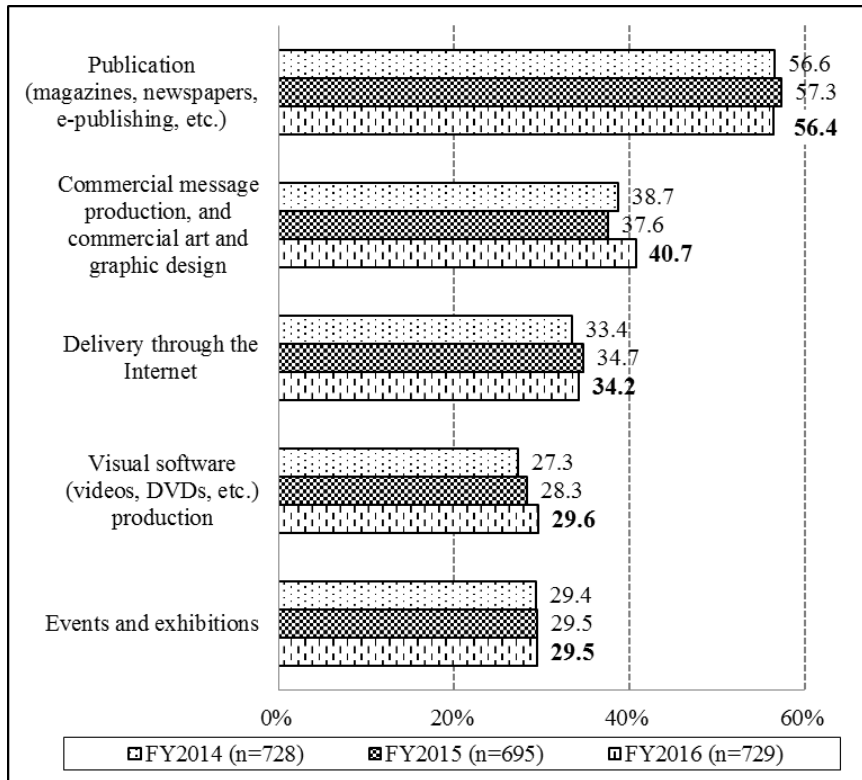
Fig. 6-4 Composition Ratios of the Number of Companies by Sector (Based on Companies' Activities)



2. Business operation

- Regarding business operation, 56.4% of the companies (down 0.9 points) were already engaged in “Publication (magazines, newspapers, e-publishing, etc.)” and 40.7% (up 3.1 points) in “Commercial message production, and commercial art and graphic design”.

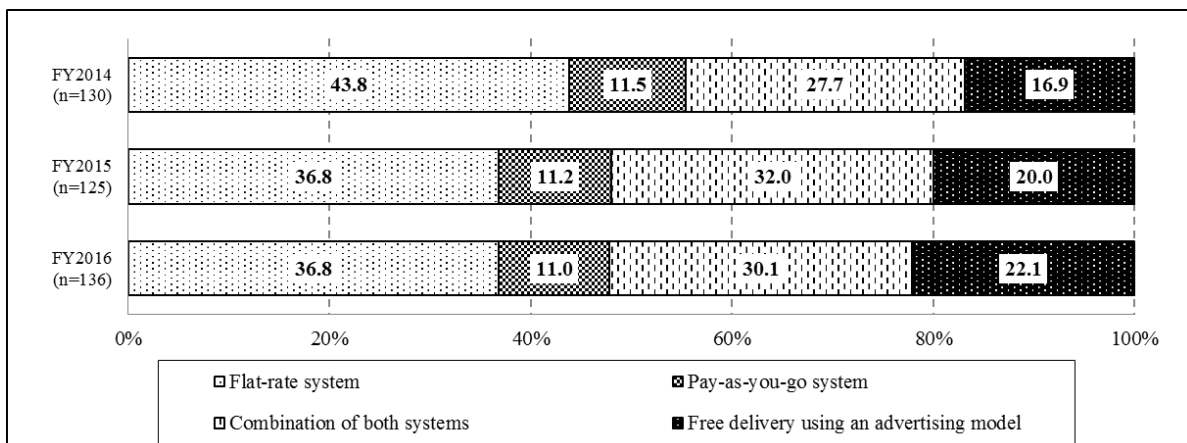
Fig. 6-5 Business Operation (Already Doing It) (High-ranking) (Multiple answers allowed)



3. Charge system

- With regard to charge systems for the video picture and music delivery services, the “Flat-rate system” was the most common at 36.8% (same level as FY 2015), followed by “Combination of both systems” at 30.1% (down 1.9 points). “Free delivery using an advertising model” has been increasing (up 2.1 points).

Fig. 6-6 Charge Systems for the Video Picture and Music Delivery Services



4. Content production in the content production section

- The total number of content production was 61,560 pieces of contents (up 1.6%) and the number per company was 128.5 pieces of contents (down 1.8%).
- Looking at the rights held concerning produced contents in terms of the holding ratio, 62.4% of the companies held the full right for primary use, and 56.1% held the full right for the secondary use. In both cases, companies “Holding 100% of the rights” were the largest in number.
- By major sector, the percentage of motion picture and video production companies which held the full right for the primary and secondary use was both lower than newspaper publishers and publishers, except newspapers.

Fig. 6-7 Number of Contents Produced

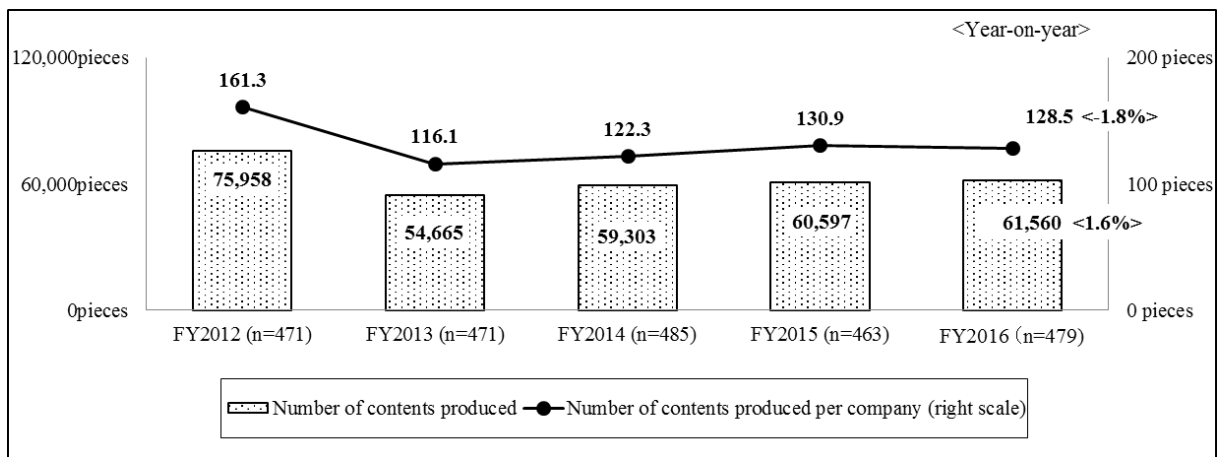
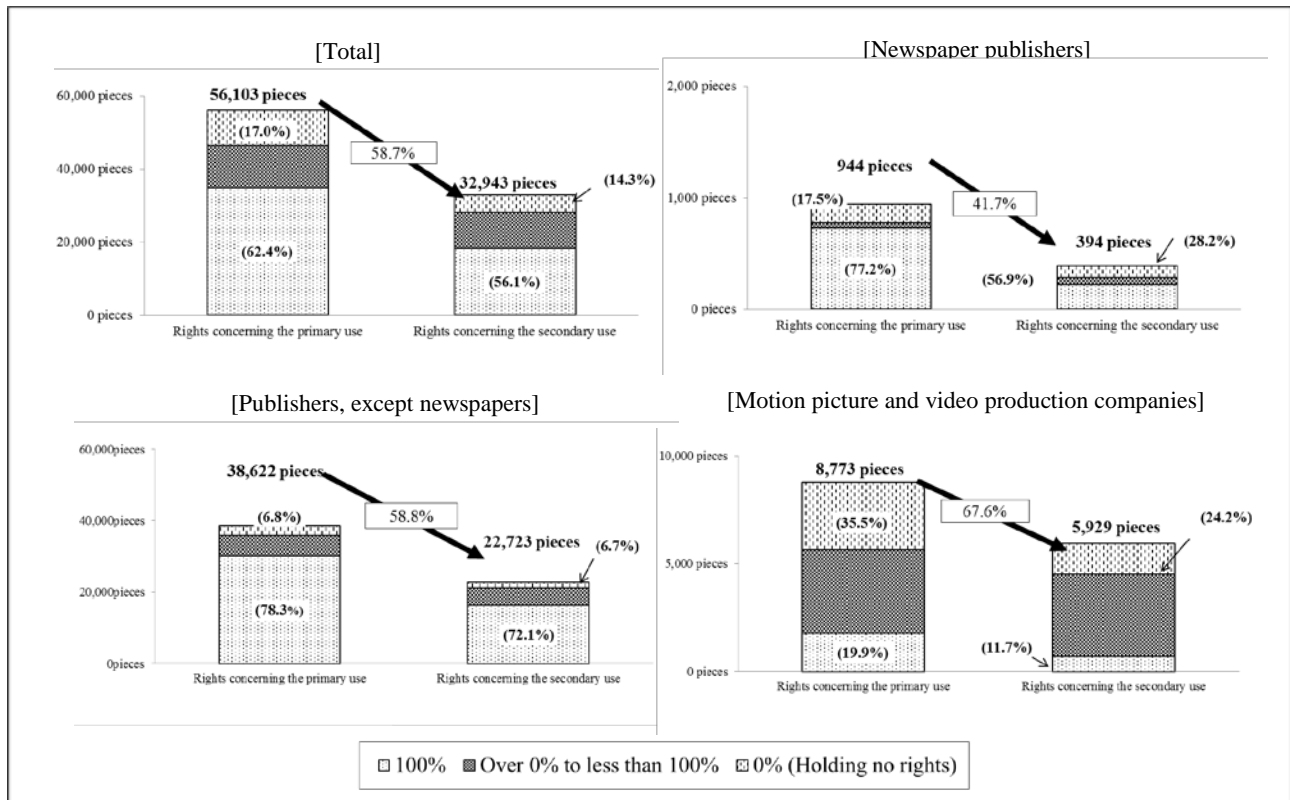


Fig. 6-8 Holding Ratios of Rights for Produced Contents (Major Sectors)



(Notes) The figures (%) in boxes indicates the percentage of secondary use.

The figures in parentheses indicate the composition ratios of the number of contents produced.

(Note) Data are compiled based on companies' main business, rated according to their business that generates the largest sales, and are tabulated as “XX companies”.

5. Copyrights in the content production section

- Looking at DRM (Digital Rights Management technology) used to prevent private copies, 44.0 % (up 2.0 points) of packages (CDs and DVDs, etc.) used DRM and 44.4% (up 3.5 points) of delivery services (Internet delivery and cellular phone delivery, etc.) used DRM.
- Looking at attitudes towards copyright, the total of “Closer to A (copyright protection such as DRM should be strengthened in order to prevent illegal private use)” and “Somewhat closer to A” accounted for 51.9% (down 3.5 points).

Fig. 6-9 DRM

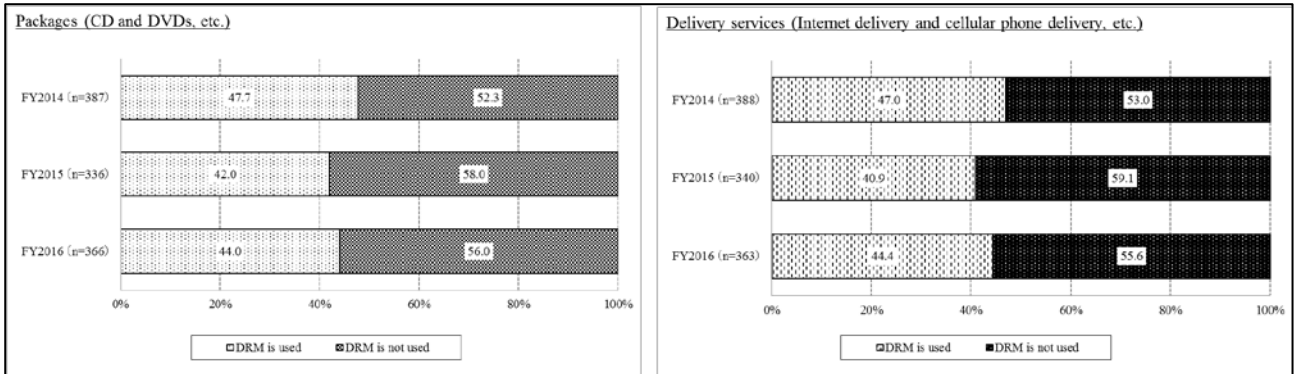
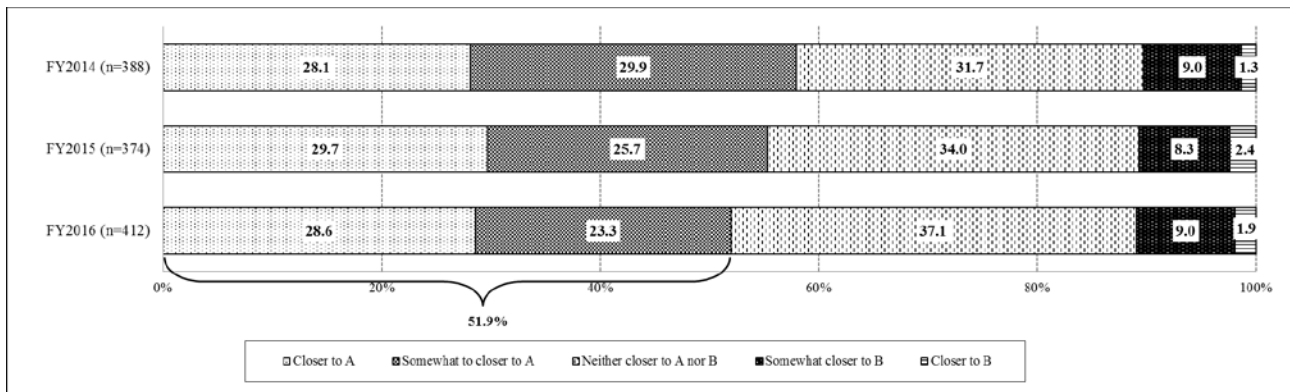


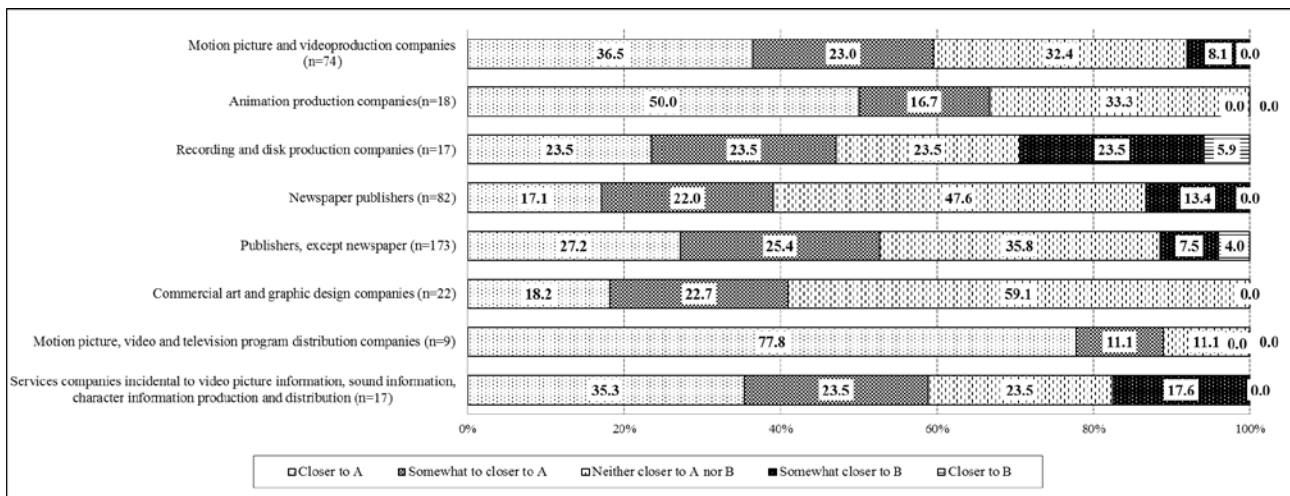
Fig. 6-10 Attitudes Towards Copyright Protection (Overall)



A: Copyright protection such as DRM should be strengthened in order to prevent illegal private use.

B: Copyright protection such as DRM should only be strengthened moderately because somewhat free private use can gain publicity and broaden the user base.

Fig. 6-11 Attitudes Towards Copyright Protection

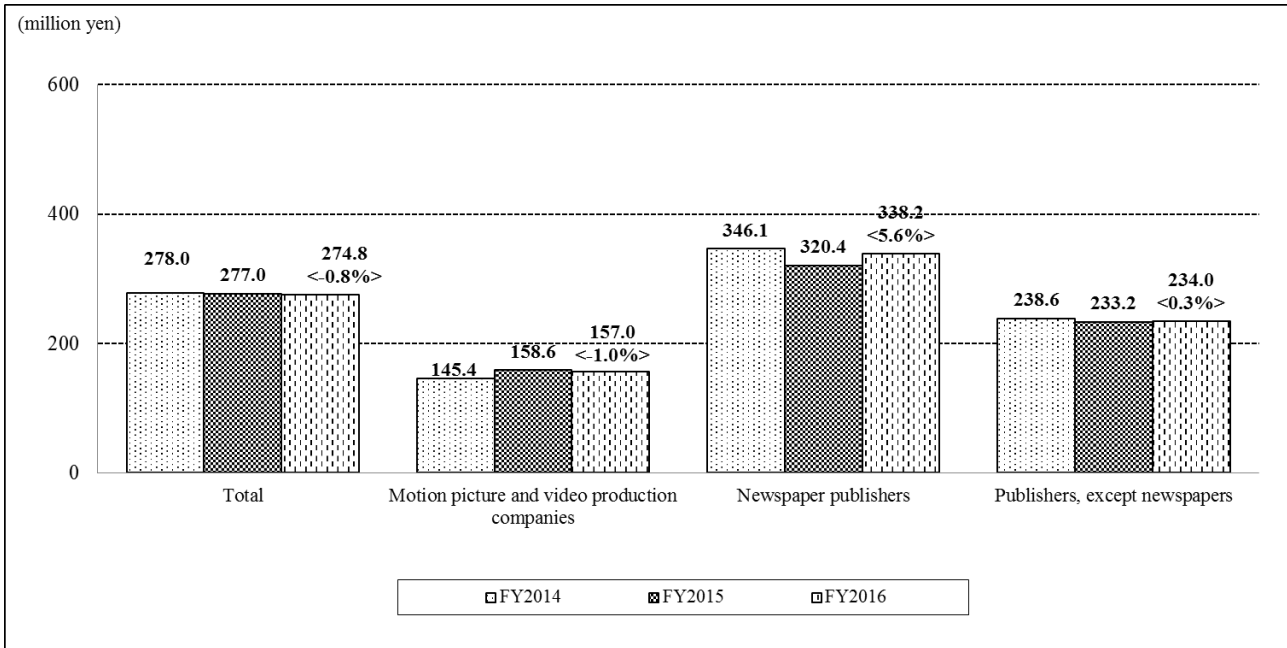


(Note) Data are compiled based on companies' main business, rated according to their business that generates the largest sales, and are tabulated as "XX companies".

6. Total operating costs (advertising costs) in the content production section

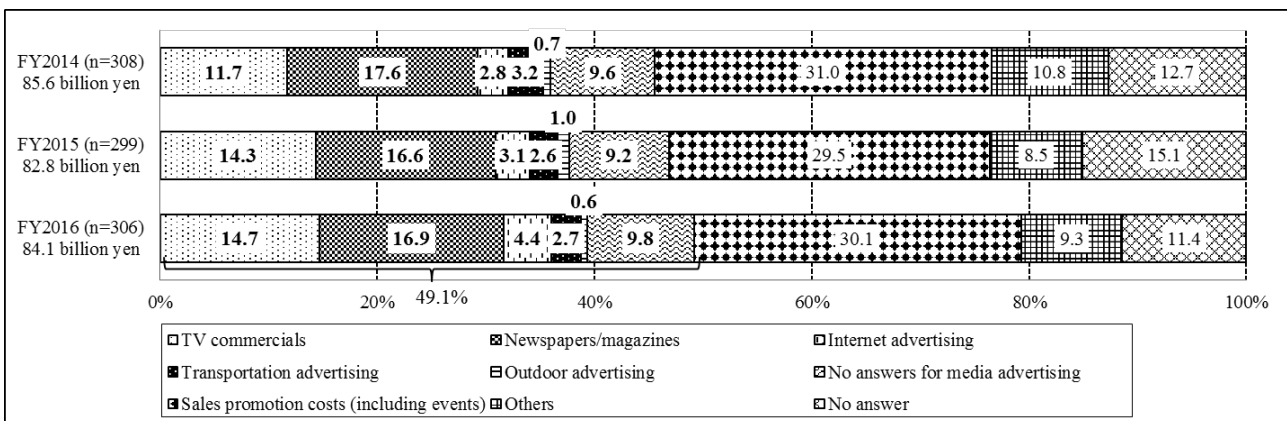
- The advertising costs for contents per company were 270 million yen (down 0.8%). Motion picture and video production companies spent the largest amount at 160 million yen (down 1.0%).
- Looking at the breakdown of advertising costs (84.09 billion yen) by content, media advertising costs accounted for 49.1% and sales promotion costs (including events) accounted for 30.1%.
- Regarding the breakdown of the media advertising costs (41.34 billion yen, 49.1%), newspapers/magazines accounted for 16.9% and TV commercials for 14.7%. The percentages of Internet advertising and TV commercials are increasing.

Fig. 6-12 Advertising Costs for Contents per Company



(Note) Data are compiled based on companies' main business, rated according to their business that generates the largest sales, and are tabulated as "XX companies".

Fig. 6-13 Breakdown of Advertising Costs



7. Outsourcing in the content production section

- 58.0% of companies implemented outsourcing (same level as FY 2015).
- The outsourcing cost per company was 660 million yen (up 8.5%).
- The number of outsourced contents was 19,615 pieces. Among the number of contents outsourced, sales-based payments were adopted in 4.9% of the payments.
- By major sector, sales-based payments in newspaper publishers (2.7%), were less than those of other sectors.

Fig. 6-14 Percentages of Companies Implementing Outsourcing

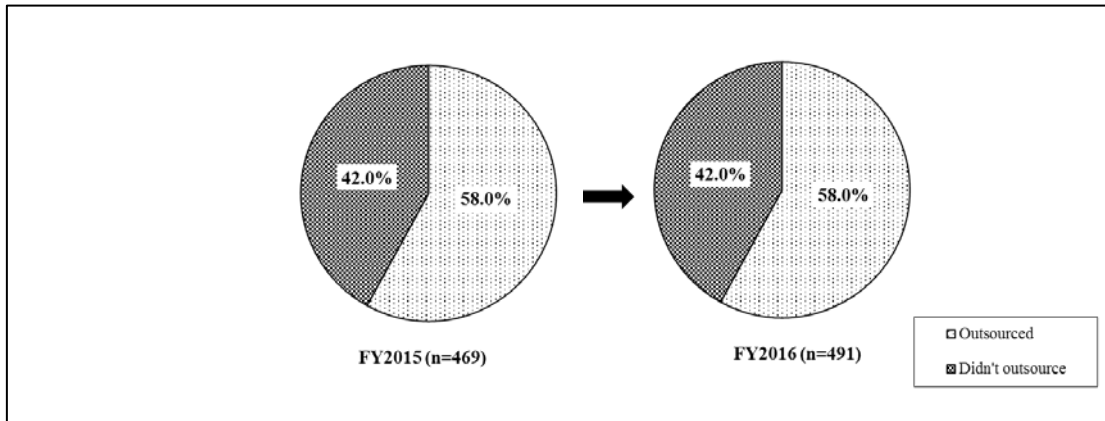
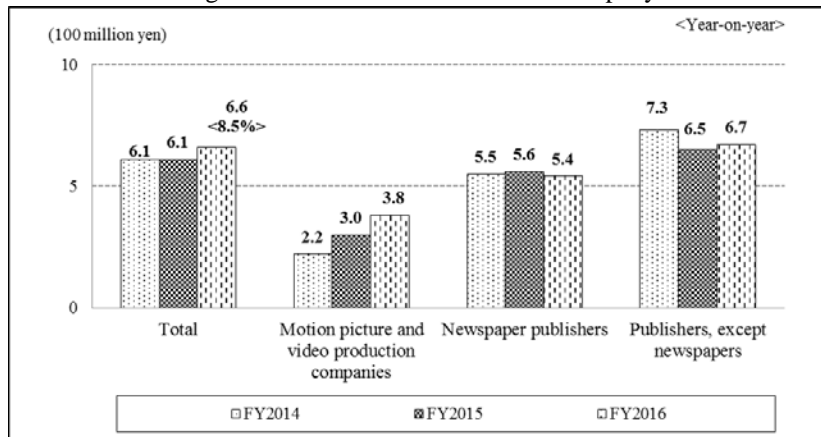
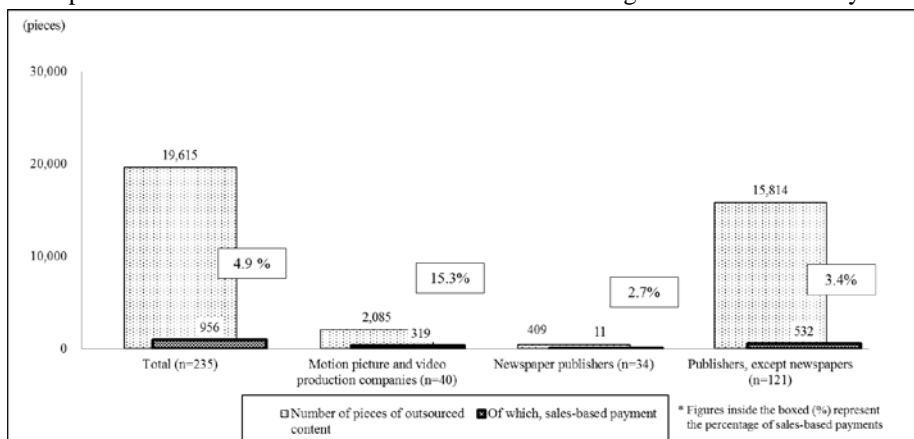


Fig. 6-15 Amount Outsourced Per Company



(Note) Data are compiled based on companies' main business, rated according to their business that generates the largest sales, and are tabulated as "XX companies".

Fig. 6-16 Number of pieces of Outsourced Content and Number/Percentage of Sales-Based Payments (Major Sectors)



(Note) Sales-based payment refers to a payment method based on the sales and profits of the orderer.

(Note) Data are compiled based on companies' main business, rated according to their business that generates the largest sales, and are tabulated as "XX companies".

8. Number of workers in the content production section

- The number of regular workers was 44,776 (up 1.7%), with increases mainly in full-time workers/regular staff members.
- The number of regular workers per company was 95.1 (up 1.6 persons). The number of full-time workers/regular staff members was 72.7 (up 2.2 persons). Newspaper publishers have the largest number of regular workers per company (225 persons), while motion picture and video production companies have the smallest (28 persons).
- Looking at new hires and resignees, the rates of those newly hired and those that resigned for full-time workers/regular staff members were 3.3% (up 0.9 points) and 2.8% (up 0.4 points), respectively. The rate of contract workers newly hired was 9.0% (down 1.8 points), and that of those with cancelled contracts was 7.6% (down 0.2 points). The rate of contract workers newly hired and the contract cancellation for contract workers were high compared to full-time workers/regular staff members.

Fig. 6-17 Number of workers in the development and content production section

	Number of workers (persons)			Number of workers per company (persons)	
	FY2015 (n=471)	FY2016 (n=493)	Year-on-year (%)	FY2015	FY2016
Number of regular workers	44,035	44,776	1.7	93.5	95.1
Full-time workers/Regular staff members	33,226	34,227	3.0	70.5	72.7
Part-timers	3,134	2,920	-6.8	6.7	6.2
Workers transferred to other companies	1,320	1,395	5.7	2.8	3.0
Contract workers	3,708	3,684	-0.6	7.9	7.8
Other regular workers	2,647	2,550	-3.7	5.6	5.4
Temporary or daily workers	315	101	-67.9	0.7	0.2
Dispatched workers	1,201	1,513	26.0	2.5	3.2

(Notes) Other regular workers = Regular workers - Full-time workers/regular staff members - Part-timers - Workers transferred to other companies - Contract workers

Fig. 6-18 Number of Regular Workers per Company in the Content Production Section (Major Sectors)

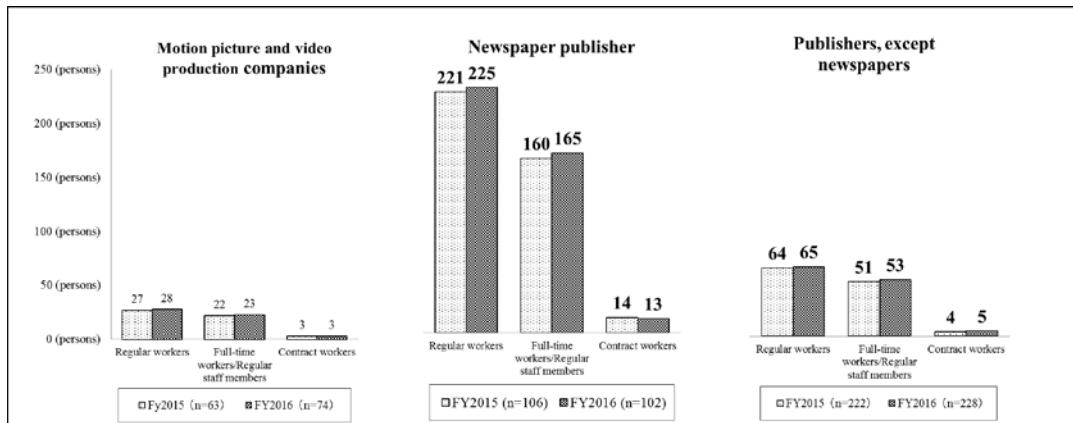
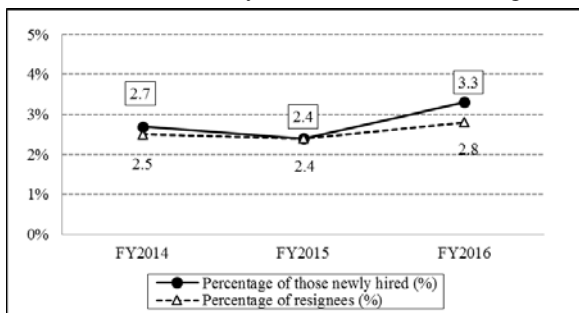
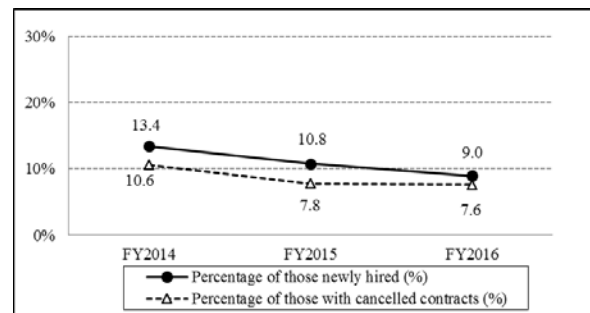


Fig. 6-19 Percentage of Full-Time Workers/Regular Staff Members Newly Hired and That of Resignees



(Notes) Percentage of those newly hired = Number of those newly hired / (Number of full-time workers/regular staff members + Number of resignees) × 100
 Percentage of resignees = Number of resignees / (Number of full-time workers/regular staff members + Number of resignees) × 100

Fig. 6-20 Percentage of Contract Workers Newly Hired and That of Those with Cancelled Contracts



(Notes) Percentage of those newly hired = Number of those newly hired / (Number of contract workers + Number of those with cancelled contracts) × 100
 Percentage of those with cancelled contracts = Number of those with cancelled contracts / (Number of contract workers + Number of those with cancelled contracts) × 100

9. Salaries (annual income) in the content production section

- Looking at the average annual income of workers aged 35, full-time workers/regular staff members earned 5.12 million yen (up 0.4%), continuing an upward trend from FY2014. Contract workers earned 3.63 million yen (up 1.4%).
- Looking at the composition ratios of the number of companies by average annual income, 34.8% (up 5.3 points) of companies had full-time workers/regular staff members earning the average annual income of “More than 4 million yen but 5 million yen or less” and 19.7% (down 4.8 points) had those earning “More than 3 million yen but 4 million yen or less”. For contract workers, 35.7% (up 10.5 points) of companies had those earning “More than 3 million yen but 4 million yen or less” and 32.1% (down 9.9 points) had those earning “3 million yen or less”.
- Looking at the relationship between the highest salaries and the average annual income, 52.3% (down 0.4 points) of companies had full-time workers/regular staff members with a difference of “1.5 times or less” and 34.1% (down 0.7 points) with a difference of “More than 1.5 times but 2 times or less”. For contract workers, 64.9% (down 6.5 points) of companies had those with a difference of “1.5 times or less” and 17.9% (up 5.0 points) with a difference of “More than 1.5 times but 2 times or less”, suggesting that the gap is expanding.

Fig. 6-21 Average Income (Workers aged 35)

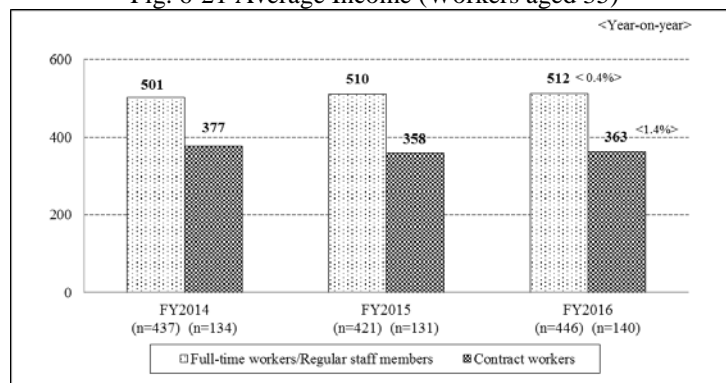


Fig. 6-22 Composition Ratios of the Number of Companies by Average Income (Workers aged 35)

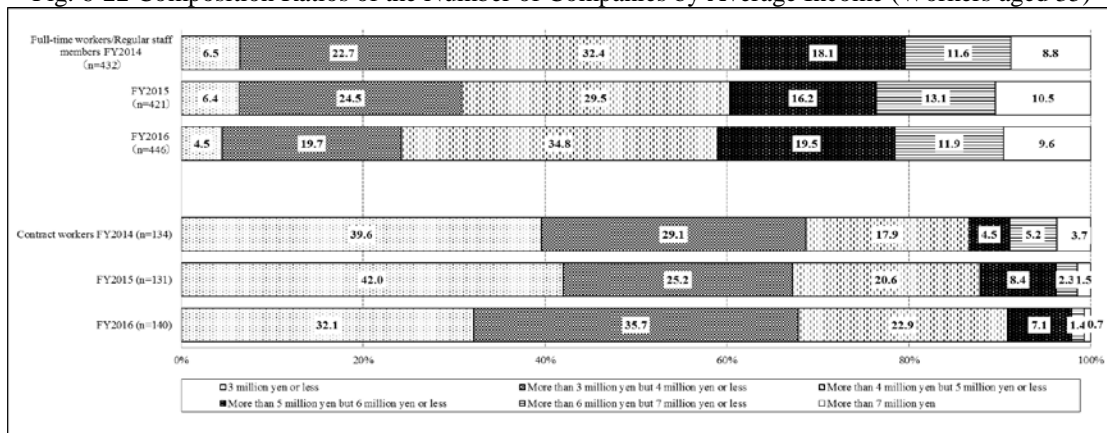
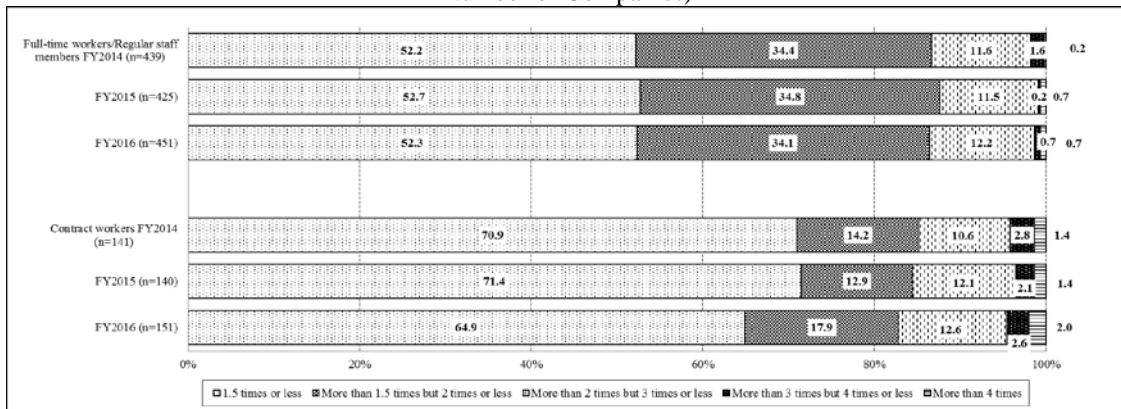


Fig. 6-23 Relationship Between the Highest Salaries and the Average at the Same Age (35) (Composition Ratios of the Number of Companies)



10. Salary system in the content production section

- For full-time workers, “Mainly seniority-based system (partly achievement-based)” was the most common at 44.4% (up 2.4 points), followed by “Seniority-based system only” at 29.3% (down 2.3 points).
- For contract workers, “Mainly seniority-based system (partly achievement-based)” was the most common at 30.1% (up 6.0 points), followed by “Seniority-based system only” at 29.5% (down 4.2 points).
- The percentage of companies applying “Mainly seniority-based system (including seniority-based system only)” for full-time workers/regular staff members was almost unchanged at 73.7% (nearly flat), while the same percentage for contract workers showed an increase to 59.6% (up 1.8 points).

Fig. 6-24 Salary System for Full-Time Workers/Regular Staff Members

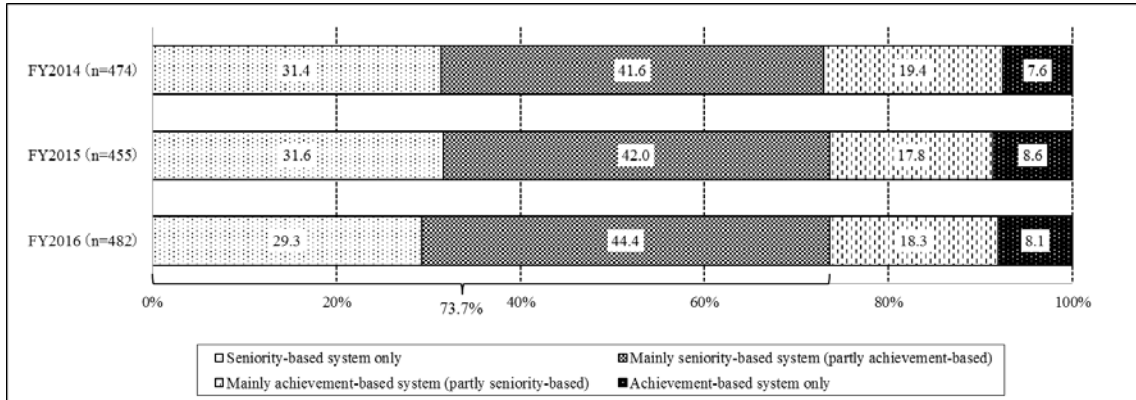
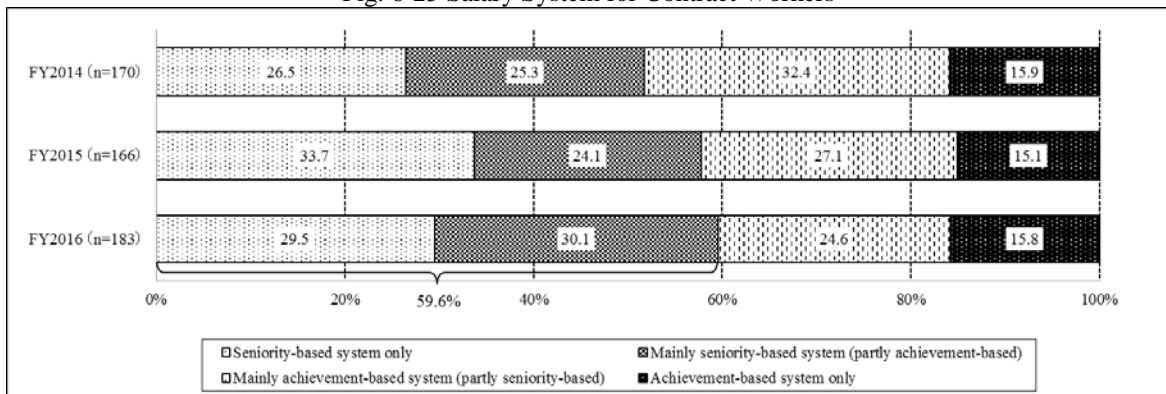


Fig. 6-25 Salary System for Contract Workers



11. Human resource development in the content production section

- The percentage of companies that carried out human resource development activities accounted for 92.0% (up 2.3 points). Of them, 86.3% provided “OJT (guidance and training on the job)” (up 3.7 points).

Fig. 6-26 Percentage of Companies that Carried out Human Resource Development Activities (Multiple answers allowed)

