The Influence of Offshore Development on Strategies for Developing China's Software Industry

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Abstract

This article discusses the recent technology transfer to Chinese software firms from Japanese offshore software development. Since the end of the 1990s, Chinese software firms have obtained a significant amount of technology contract work from Japan, including coding, testing, and design. Chinese firms have been increasing their design skills through this joint software development with Japan.

Obtaining design skills is very important for the Chinese, since it is very difficult to obtain through firms' own efforts or with the support of the Chinese government. Japanese firms took part in this to improve the quality of software and to achieve cost reductions. They did not implement technology transfer intentionally; however, the practice of offshore development resulted in technology transfer to China. This fact means that offshore software development from Japan helped Chinese software firms acquire advanced technology.

I conclude that the Chinese software industry should focus on both its domestic software service market and the export of software service.