

SaaS Industry in Japan Trend Report

2024 trend overview & 2025 predictions



Taping into Japan's Exploding SaaS Market



Japanese SaaS landscape presents significant opportunities for both domestic and international players.

Software emerged as the [dominant revenue-generating industry](#) in 2024 and is expected to maintain its leading position while also registering the most rapid growth.

This report delves into the key trends, drivers, and segment dynamics shaping the evolving Japanese SaaS market.

Japan's SaaS market is expected to reach **USD 22.68 billion** by 2030.



Japanes SaaS Industry Highlights



- Japanese SaaS market generated a revenue of **USD 10.47 billion in 2024** and is expected to reach USD 22.68 billion by 2030.
- Japanese SaaS market is expected to grow at a **CAGR of 13%** from 2025 to 2030.
- Software was the **largest revenue-generating industry** in 2024, and registered the fastest growth ratio.
- The evolution of AI is creating a major **new wave of technology**, accelerating the growth of Japan's SaaS market.
- As **AI transforms software and the labour market**, the need for new SaaS products and use cases is growing in Japan.
- **Cloud infrastructure** companies are building the foundation for the AI era and moving to expand into new markets.

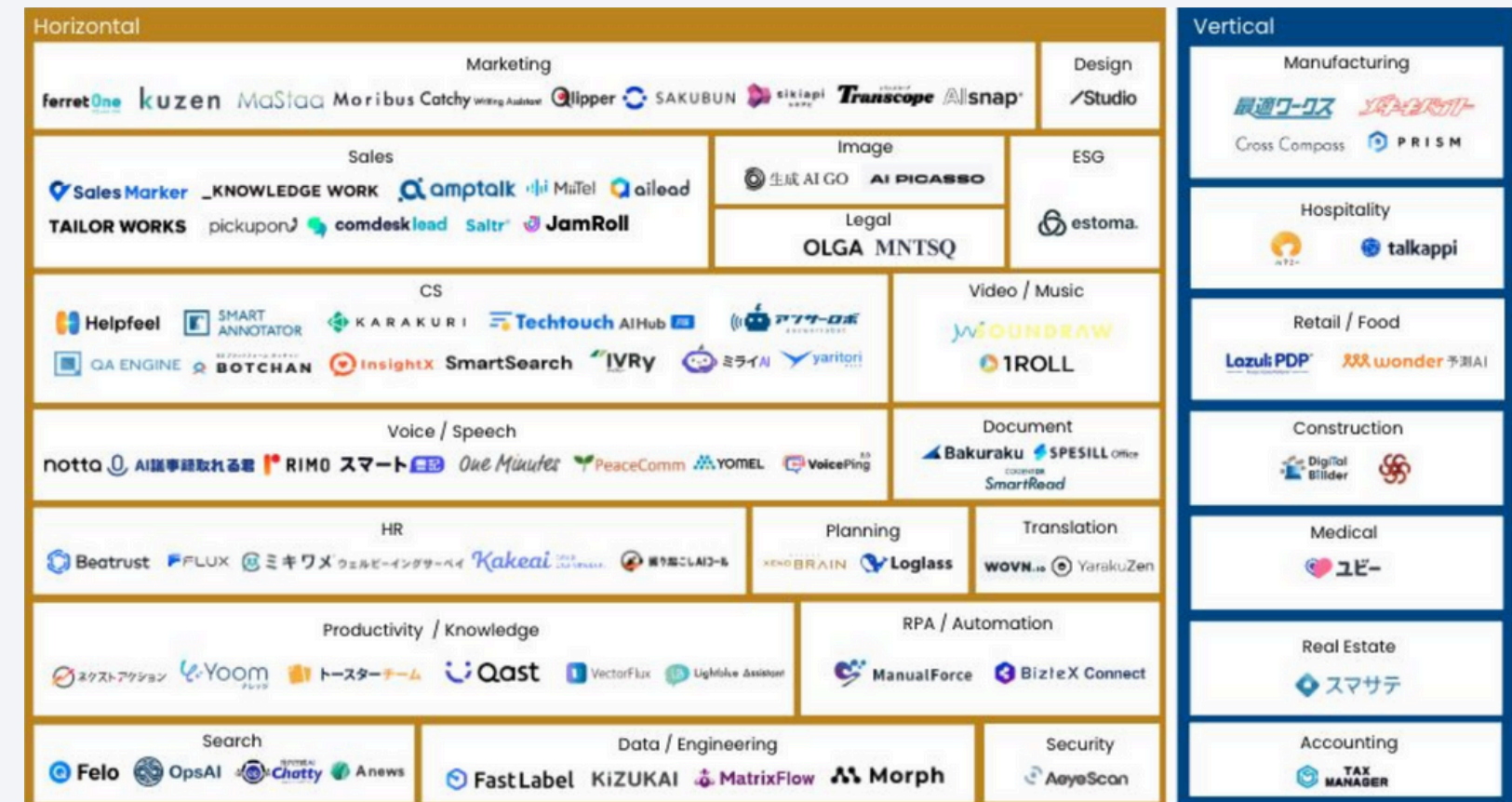
AI Ignites Explosive Growth in Japan's SaaS Market

The Japanese SaaS market experienced significant growth in 2024, particularly within the AI sector. Data indicates that the AI SaaS startup market more than doubled, expanding to 90 services.

This surge underscores the increasing integration of artificial intelligence into SaaS offerings across Japan.

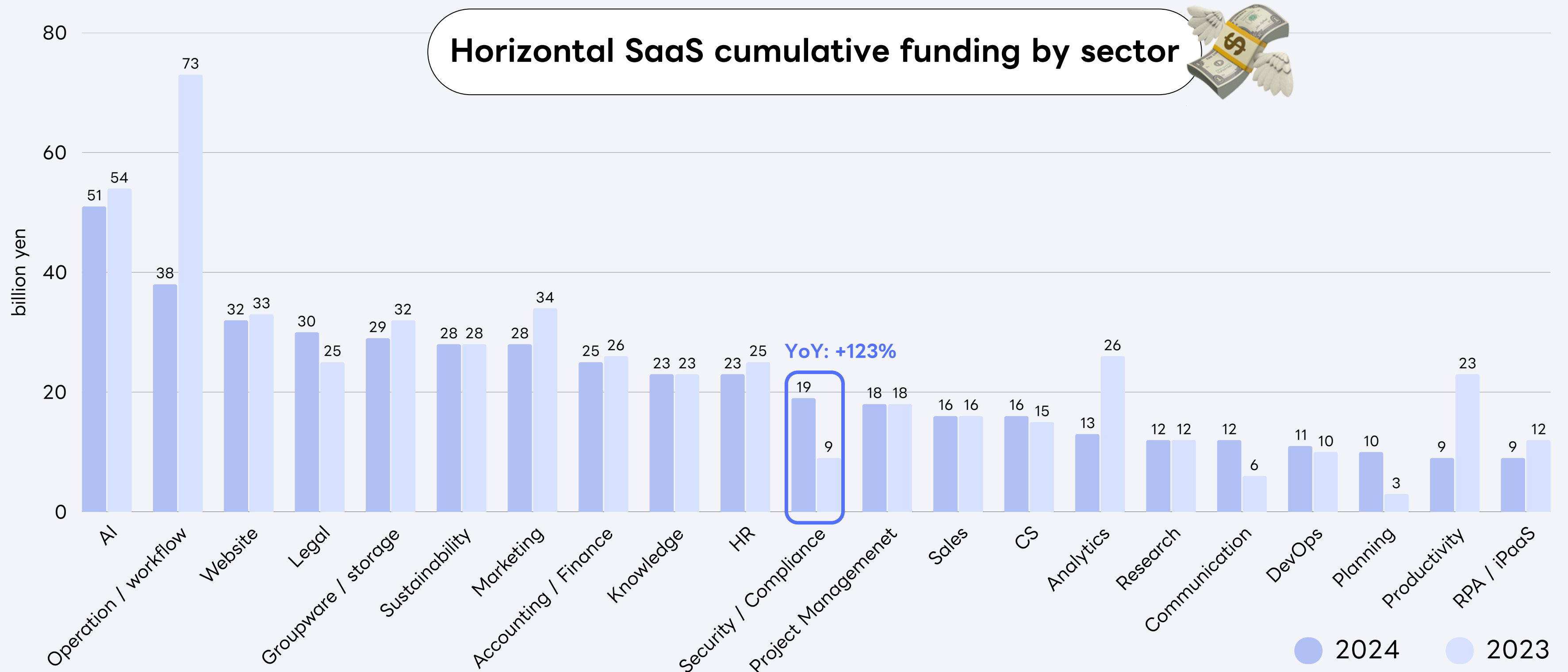
- **Horizontal SaaS:** broad software solutions that address common business needs across various industries
- **Vertical SaaS:** specialized software solutions tailored to the unique needs of a specific industry.

2024 Japan's AI SaaS startup map



Source: Japan SaaS Insights 2025

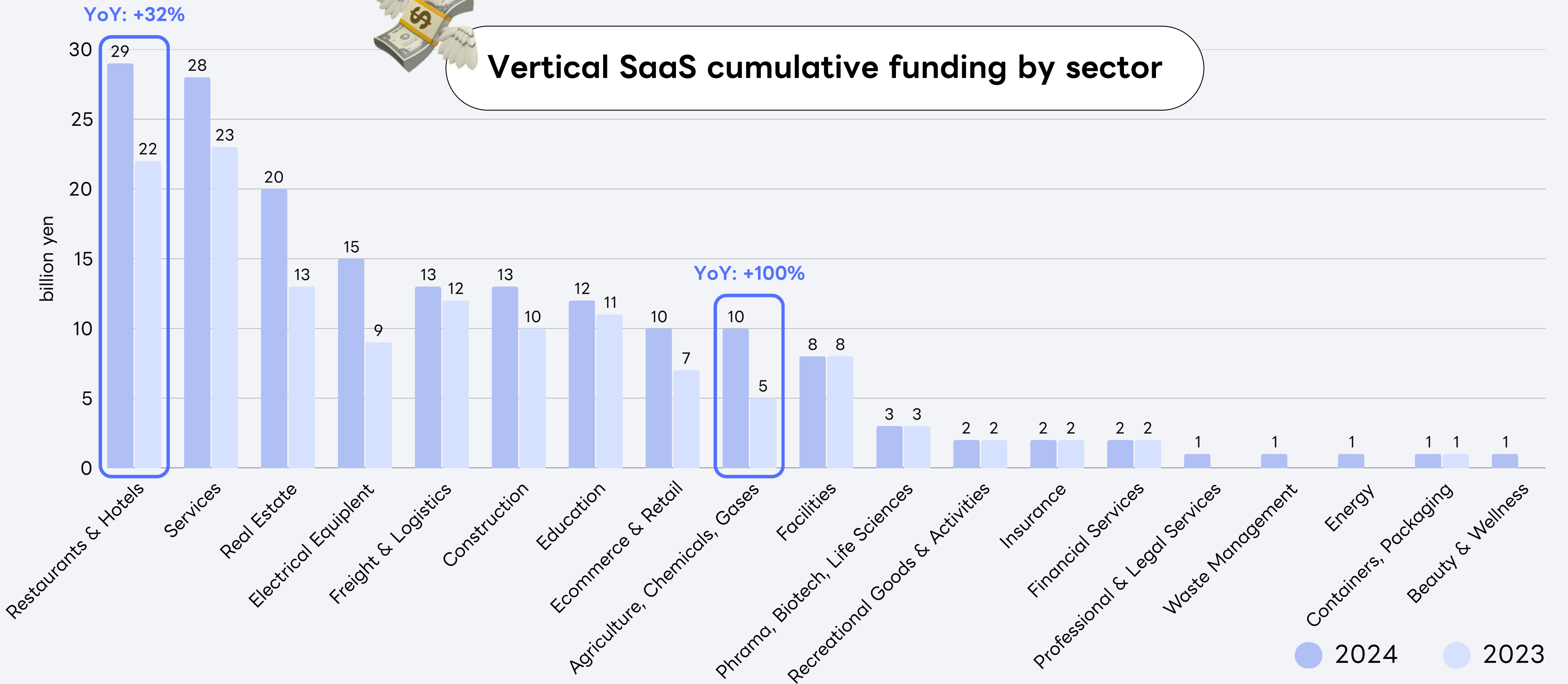
The security and compliance field has seen a significant surge in overall funding, spurred by the appearance of new startups.



Both emerging sectors, agriculture and chemicals, have seen their product offerings double, and the well-established food and lodging sectors continue to experience accelerated growth.



Vertical SaaS cumulative funding by sector

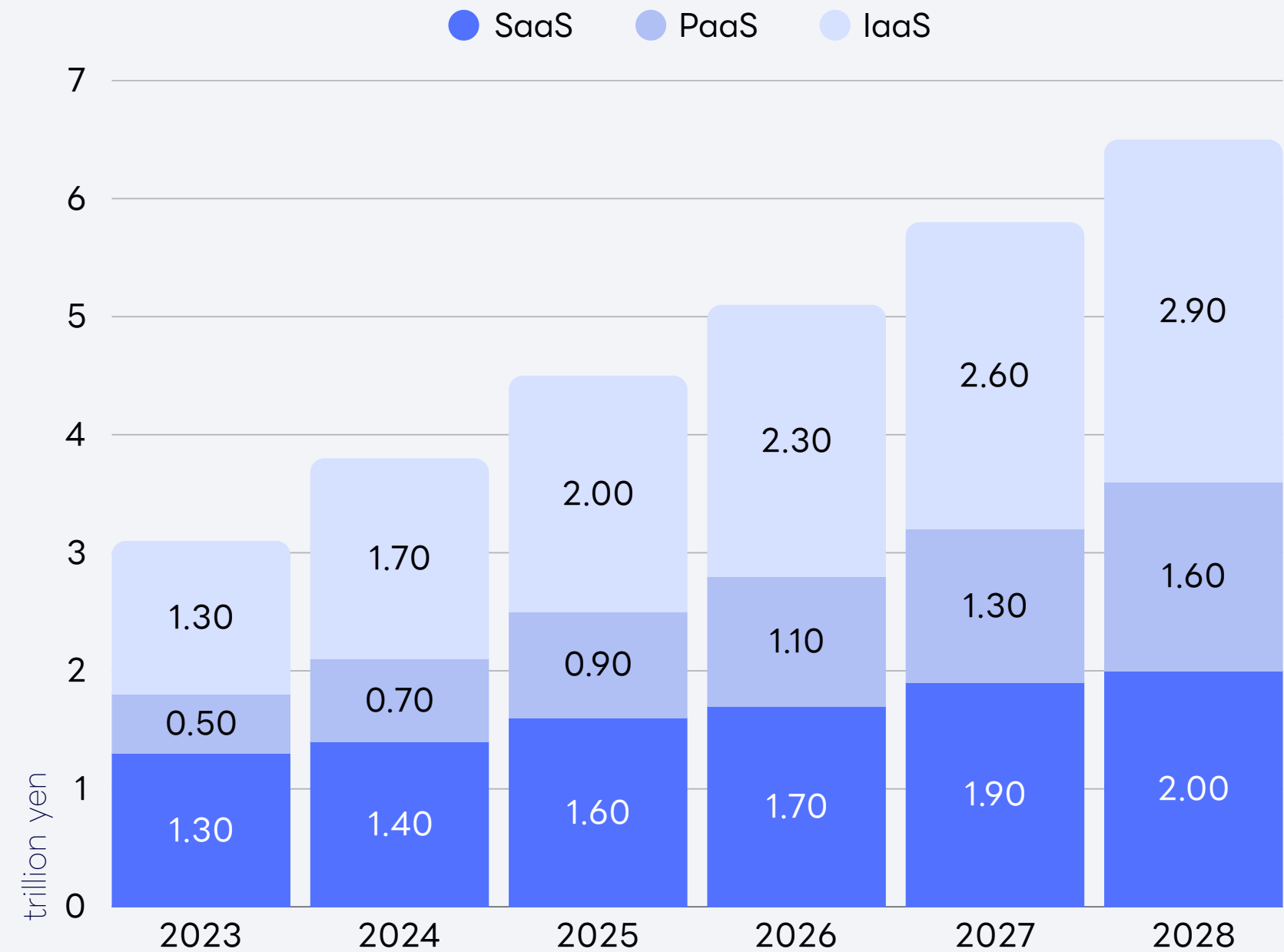




Japanese Cloud Market to Double by 2028

Japanese public cloud market is expected to expand from JPY 3.1 trillion in 2023 to about **JPY 6.5 trillion by 2028**, driven by accelerating DX, wider SaaS adoption, and increased AI use.

Market Size of Japan's Public Cloud Services

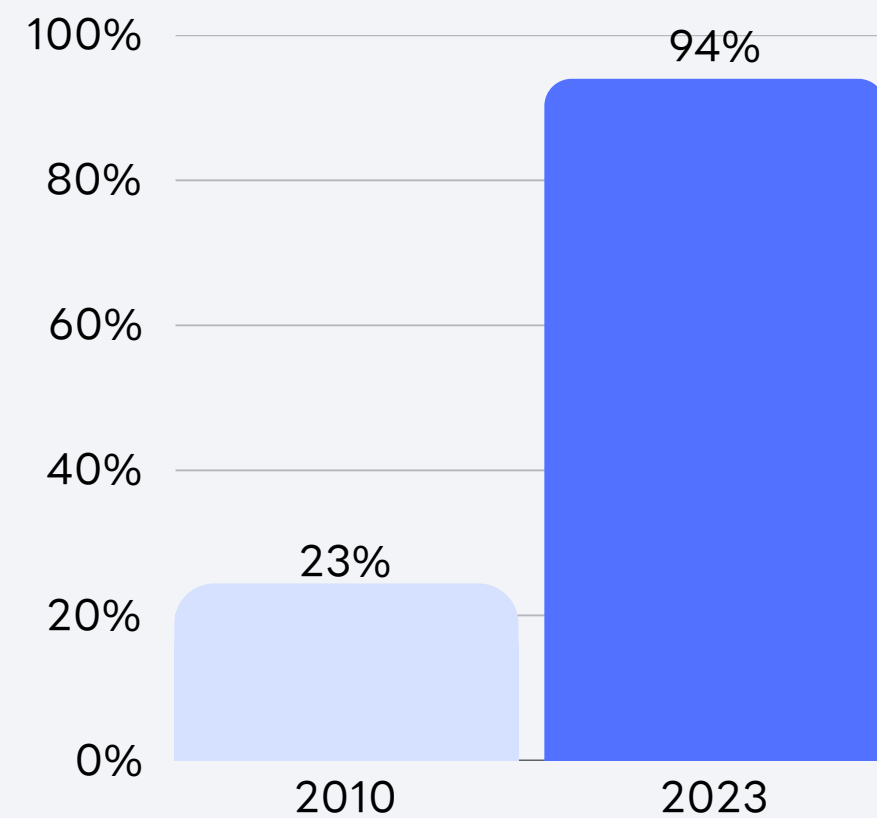


Source: Japan SaaS Insights 2025

Japan's Tech Shift: From Mobile & Cloud to AI

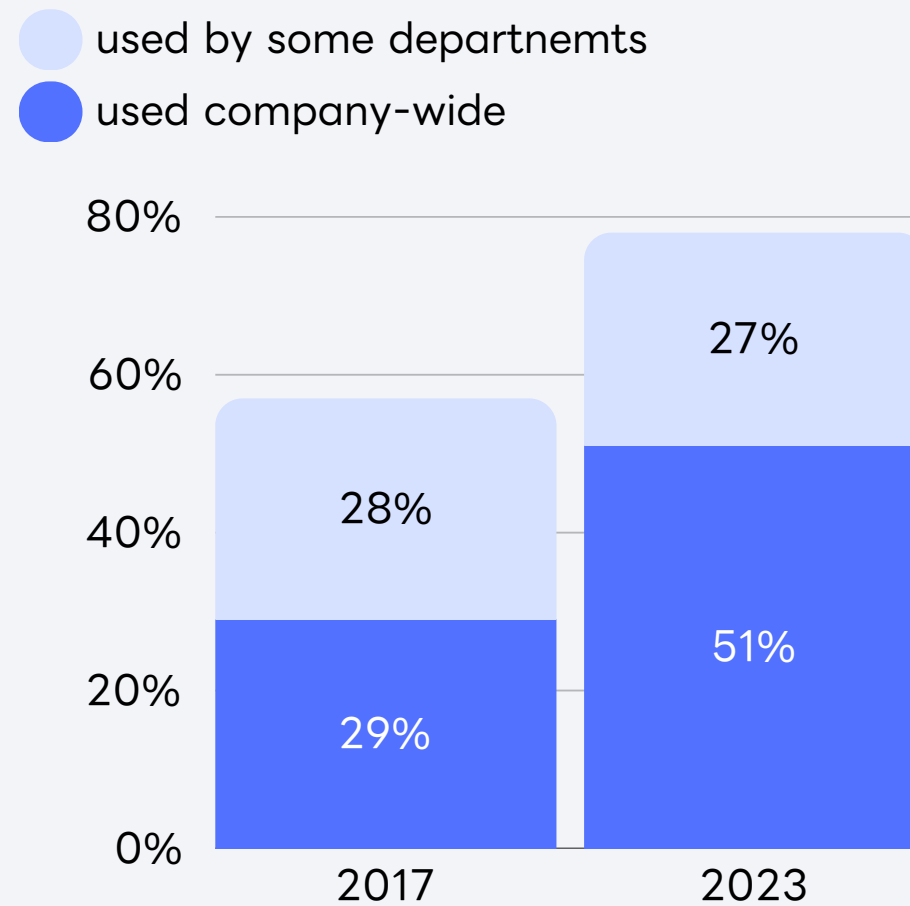
Japan is seeing a tech shift to AI, like it did with mobile and cloud. Smartphones became the main mobile platform. Cloud became core for businesses. AI is now becoming the next tech boom.

MOBILES



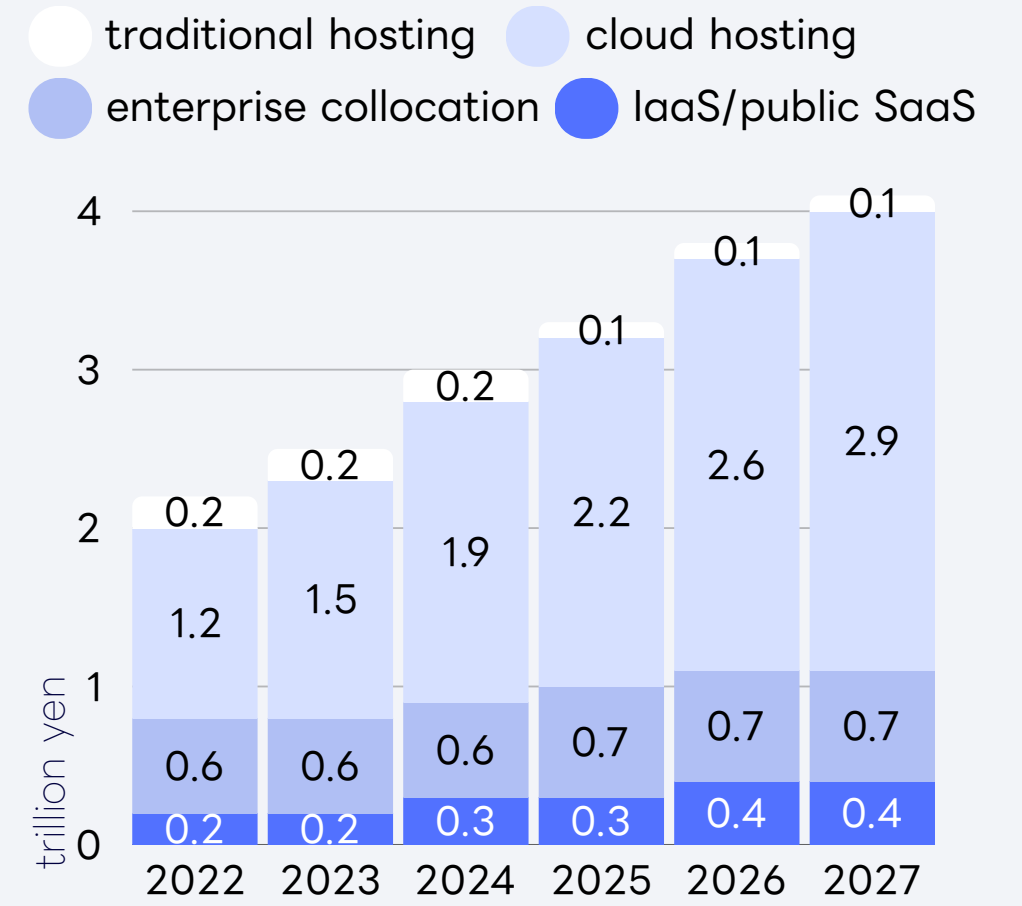
Domestic smartphone shipment ratio

CLOUD



Cloud service usage among enterprises

AI



Domestic Data Center Market Size

Key SaaS growth areas

The Japanese AI SaaS landscape is witnessing significant traction across various business functions, with particular dynamism in the following key areas: marketing, sales, HR & recruitment, accounting, and AI implementation planning.



Marketing Support AI

Analyzes marketing data to optimize content and automate lead scoring for improved results.



Sales Support AI

Enhances sales accuracy and efficiency through forecasting, prioritization, and process automation.



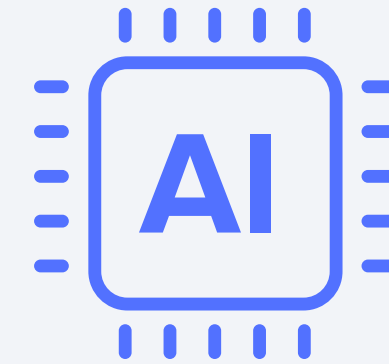
HR/Recruitment Support AI

Strategically utilizes human resource data for talent management and improved recruitment processes.



Accounting Support AI

Automates back-office tasks and provides advanced financial analysis for better decision-making.



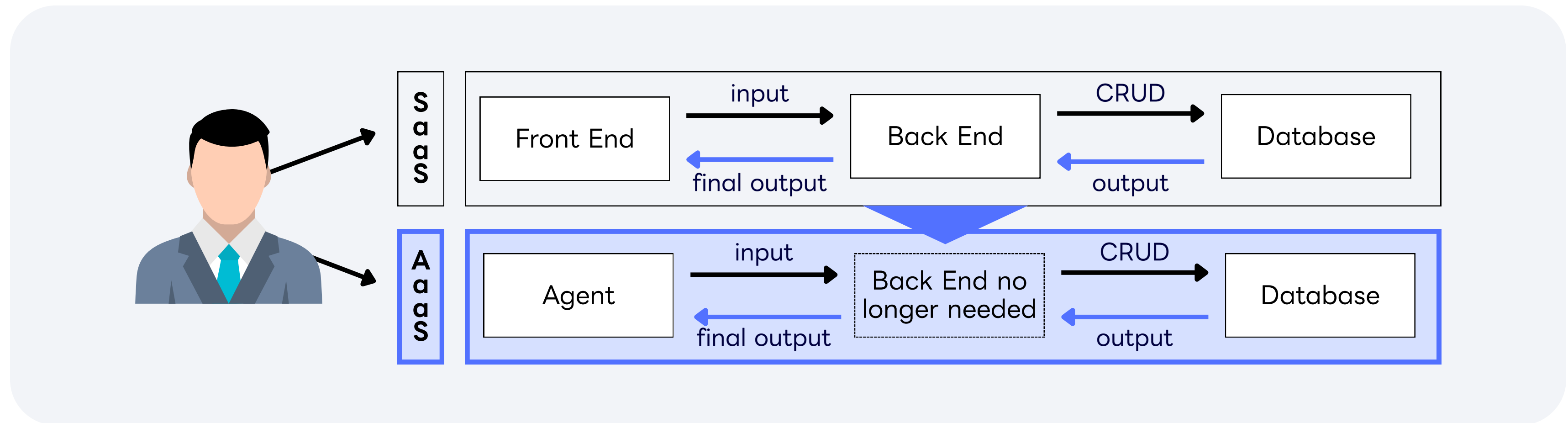
AI Implementation Planning Tools

Guides businesses through AI adoption with budget-conscious strategies and tool examples.

2025 Japanese SaaS Market Predictions

The rise of "Agent as a Service"

Expect the emergence of AI fundamentally reshaping software UI and backend operations, necessitating a strategic shift for SaaS providers towards either AI-Native or Embedded AI models leveraging LLM capabilities.



Agent as a Service (AaaS) is a new trend where AI takes on the role of a smart helper within software. Instead of clicking through menus and forms, users can tell the AI what they need in simple language. The AI then understands and makes the software work accordingly, handling tasks across different parts of the program. This makes [using software easier and more efficient for everyone](#).



2025 Japanese SaaS Market Predictions



Focus on **workflow automation & optimization**

With accelerating AI integration, Japanese SaaS companies will increasingly offer tools designed to automate and optimize core business workflows.

Here are 2 examples of successful AI x SaaS integration that dramatically improved business efficiency for users.

Company A

Product: Smarter Customer Support with AI

- Using AI to make customer support software work better.
- Getting fast and automatic answers for customers using a smart AI (powered by advanced language technology).

How AI is Used

Making customer support faster and helping customers more effectively.

- AI looks at past questions, common answers (FAQs), and company knowledge to constantly improve how it helps customers.
- Instead of just being a side tool, smart chatbots become the main way customers get their questions answered quickly.

Company B

Product: Smarter Workspace Software with AI

- Software uses AI to help manage documents and share knowledge more effectively.
- This smart software uses advanced AI (like GPT-4 and Claude) to help people work more efficiently.

How AI is Used

Making AI a natural part of how people work, not just an extra tool.

- AI can automatically make summaries of documents, help create new content, and organize information as it happens, among other helpful things.



2025 Japanese SaaS Market Predictions



Hightened focus on **cyber-security**

With increasing digitalization and high-profile data breaches, Japanese businesses will prioritize SaaS solutions with robust data protection, secure hosting, transparent compliance, and automated security workflows, particularly those aligning with Zero Trust principles and identity-first strategies.

What is the Zero Trust concept?

Zero Trust in Japan is a security framework based on the principle of "never trust, always verify." It shifts away from the traditional network security model that assumes everything inside an organization's network is trustworthy. Instead, Zero Trust operates on the assumption that threats can originate from both inside and outside the network.

Companies in Japan are fundamentally changing their security strategies with **cloud-based Identity and Access Management (IAM) solutions**. These modern approaches, driven by Zero Trust and identity-first principles, are no longer a choice but a necessity.

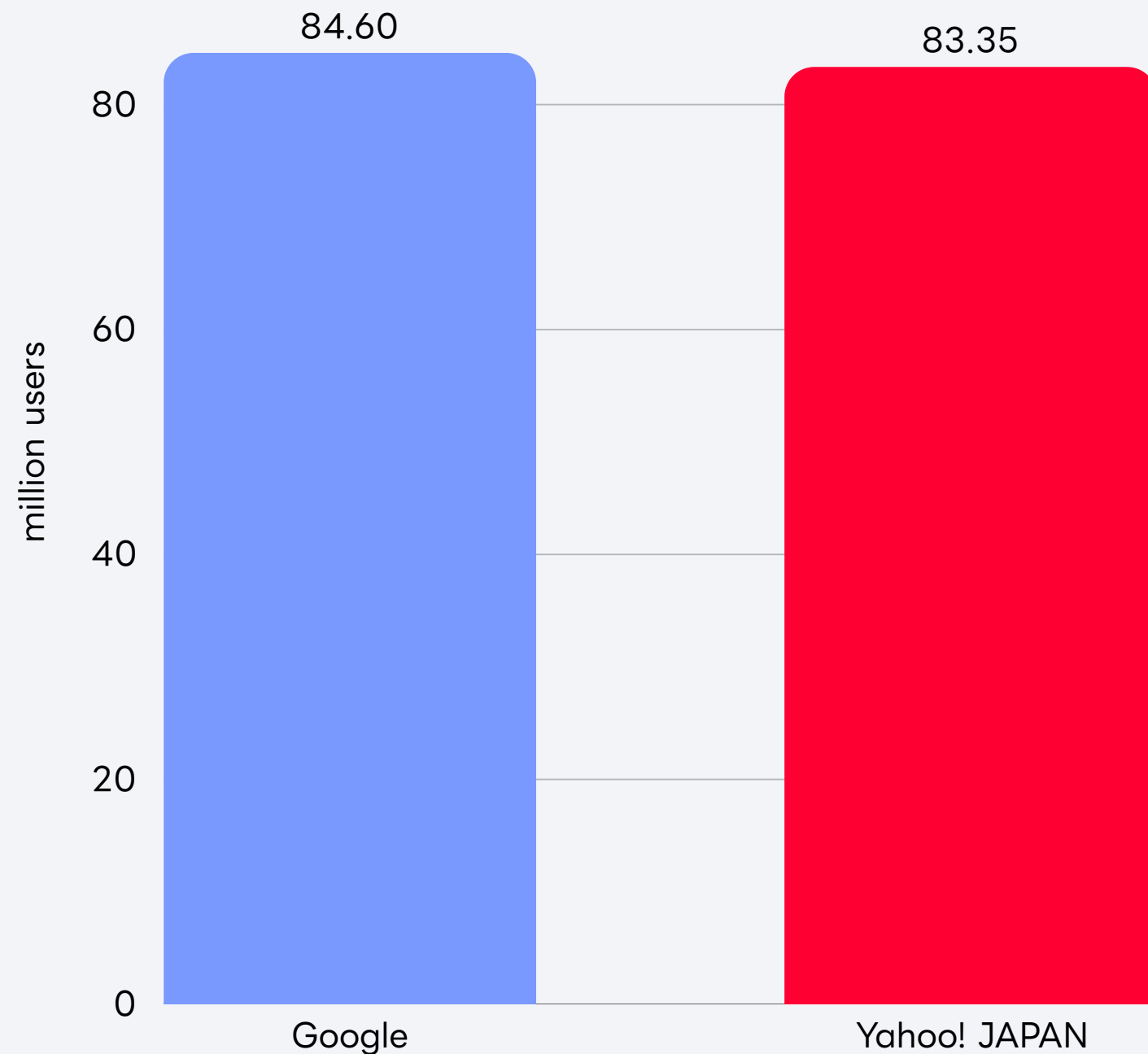
To effectively fight evolving cyber threats like ransomware and supply chain vulnerabilities, businesses must also gain strong threat intelligence to predict, detect, and react quickly. For SaaS providers, it's crucial to show not only strong data protection, secure infrastructure, and clear compliance but also the ability to automate security processes and improve proactive defenses. These capabilities are vital for meeting legal requirements and, importantly, building the trust needed for lasting customer loyalty in the Japanese market.

How to advertise B2B SaaS products in Japan?

For B2B SaaS companies aiming to generate qualified leads and connect with key decision-makers in Japan, [display advertising on Yahoo! JAPAN](#) is the best way to reach a broad and engaged business audience.



Google vs Yahoo! JAPAN monthly active users



Yahoo! JAPAN's overwhelming reach

With monthly active users in Japan closely mirroring Google, Yahoo! JAPAN presents a compelling advertising platform for B2B SaaS companies. Yahoo! JAPAN's user base has demonstrated a stronger affinity for business-related content and services.

This inclination, coupled with the platform's long-standing presence and integration into Japanese business culture, positions Yahoo! JAPAN as a particularly effective channel for targeting key decision-makers and generating high-quality leads.

Case Study 01

Increased Brand Searches and Conversions with News Viewing Targeting

Industry

SaaS | accounting

Company overview

Provider of business software for small businesses.

YDA x business targeting

Objective

- Brand awareness increase.
- Conversions increase for invoicing software in light of the new invoice system implemented in October 2023.

Measures

Leveraging Yahoo! JAPAN's news viewing targeting to reach a niche audience interested in invoicing and small businesses.

This allowed the company to connect with potential customers who were actively seeking information about the new invoice system.

Result

- **70% lower CPA** compared to other media channels.
- Successful "**Invoice = Company A**" association establishment in the minds of consumers.
- Increased brand searches resulted in **higher conversion rates**.



What is News Viewing Targeting?

This feature allows you to target specific groups of people based on the news articles they read on Yahoo! JAPAN.

For example, if you want to reach people who are interested in a particular topic, you can create an ad that will only be shown to users who have read articles about that topic.

This means you can **reach people who might not be actively searching for your product or service, but who are likely to be interested in what you have to offer.**

Strategy

- **Targeted audience:** The company focused on individuals who had shown **interest in news articles** related to invoicing and small businesses.
- **Engaging creative:** The company created a **compelling animated ad** that simplified the complex topic of invoicing, making it accessible to a wider audience.
- **Integrated approach:** The company combined **news viewing targeting** with display and search advertising and other marketing channels to create a seamless customer journey.
- **Data-driven optimization:** The company continuously monitored the campaign's performance and made **data-driven adjustments** to improve results.

Conclusion

This successful campaign demonstrates the power of targeted advertising and the importance of understanding your audience.

By leveraging Yahoo! JAPAN's unique **news viewing targeting** feature, the company was able to effectively increase brand awareness and drive conversions, solidifying its position as a leading provider of business software for small businesses.

Case Study 02

5x Lead Increase at Half the Cost

Industry

SaaS

Company overview

Cloud service comparison site.

YDA x business targeting

Objective

- Increase the number of online leads.

While the company was already using search ads and email marketing, they wanted to find a more effective way to reach potential customers who were not actively searching for their services.

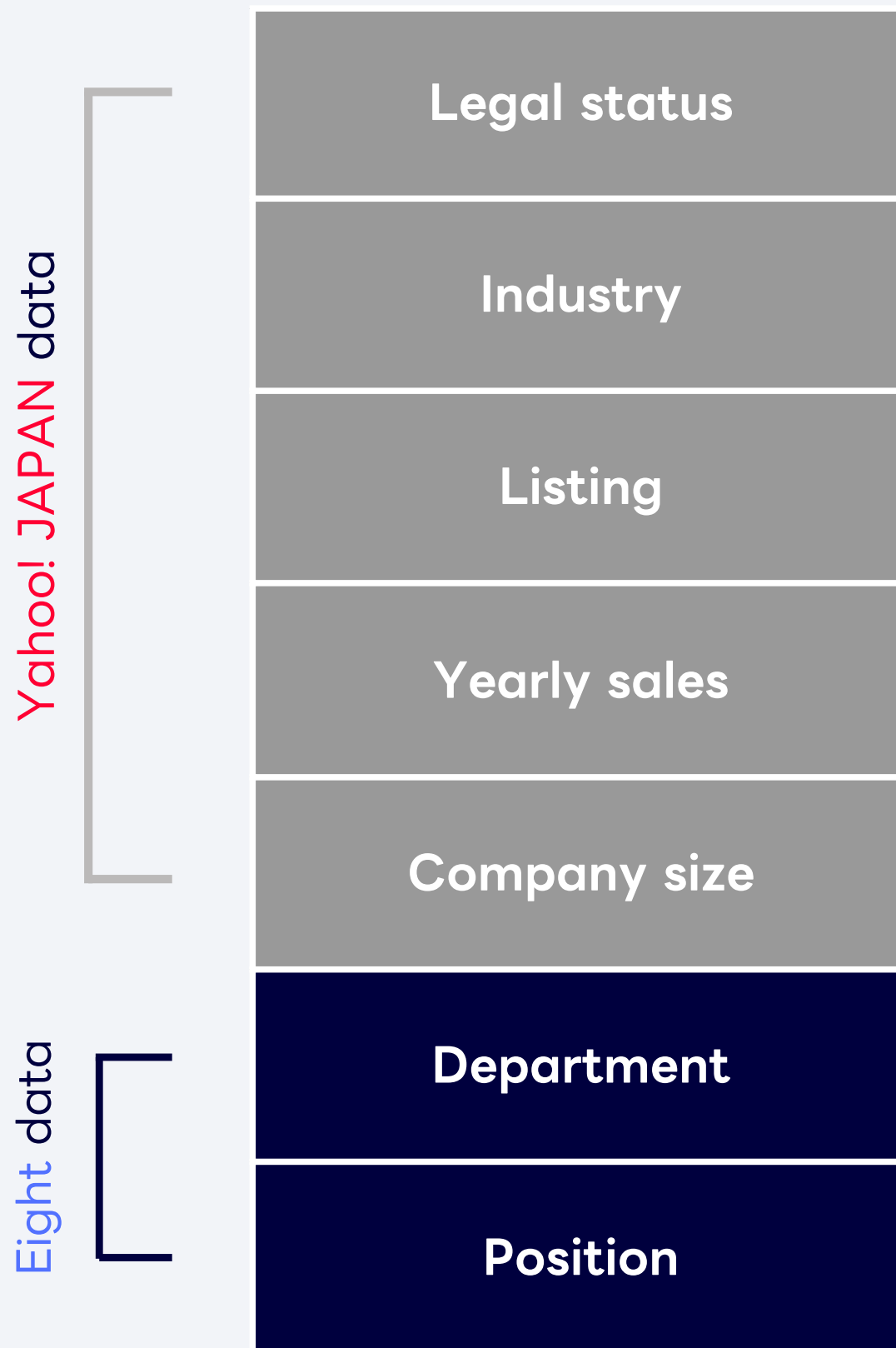
Measures

Running display ads campaign on Yahoo! JAPAN and integrating it with Eight's business card data for highly specific targeting.

Eight is a business card scanning and contact management app.

Result

- **5x lead increase** from online ads
- **50% reduction** in cost per acquisition (CPA).



Strategy

To optimize their display ad campaigns, the company employed a data-driven approach that combined the power of Yahoo! JAPAN's Display Ads platform with Eight's business card data.

- **Targeted audience identification:** Utilising [Eight's business card data](#) to identify specific job titles and departments within target companies, and combining this data with audience list targeting to further refine the target audience based on interests and behaviors.
- **Optimization:** The company continuously monitored campaign performance, [adjusting targeting](#) and creative elements to maximize results.
- **Data-driven insights:** Leveraging Yahoo! JAPAN's analytics tools to gain deeper insights into user behavior and preferences.

Conclusion

This successful campaign demonstrates the power of targeted advertising and the importance of [data-driven decision-making](#).

By leveraging Yahoo! JAPAN's Display Ads platform and integrating it with Eight's business card data, the company was able to significantly improve lead generation efforts and achieve a significant return on investment.

Audience List Targeting

Audience

Created by the advertiser

- website visitors;
- app users;
- customer data;
- Yahoo! JAPAN audience discovery;
- advanced segmentation;
- **similar audience;** 3%
- combination.

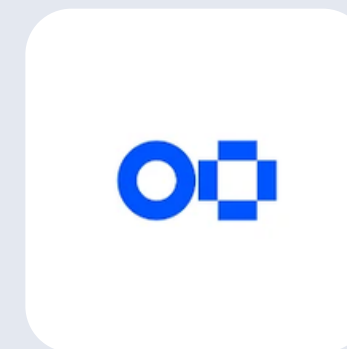
Common Audience

Provided by Yahoo! JAPAN

- **interests;**
 - software
 - cloud services
- purchase information;
- attributes/life events;
- etc...



Eight user data targeting



LY Corporation

We are **official overseas media reps** for **LINE Yahoo!** advertising products.

- ✓ 100% free support.
- ✓ Dedicated account manager.
- ✓ Latest market insights.

