Current Status and Prospect of Information Technology Development in Vietnam

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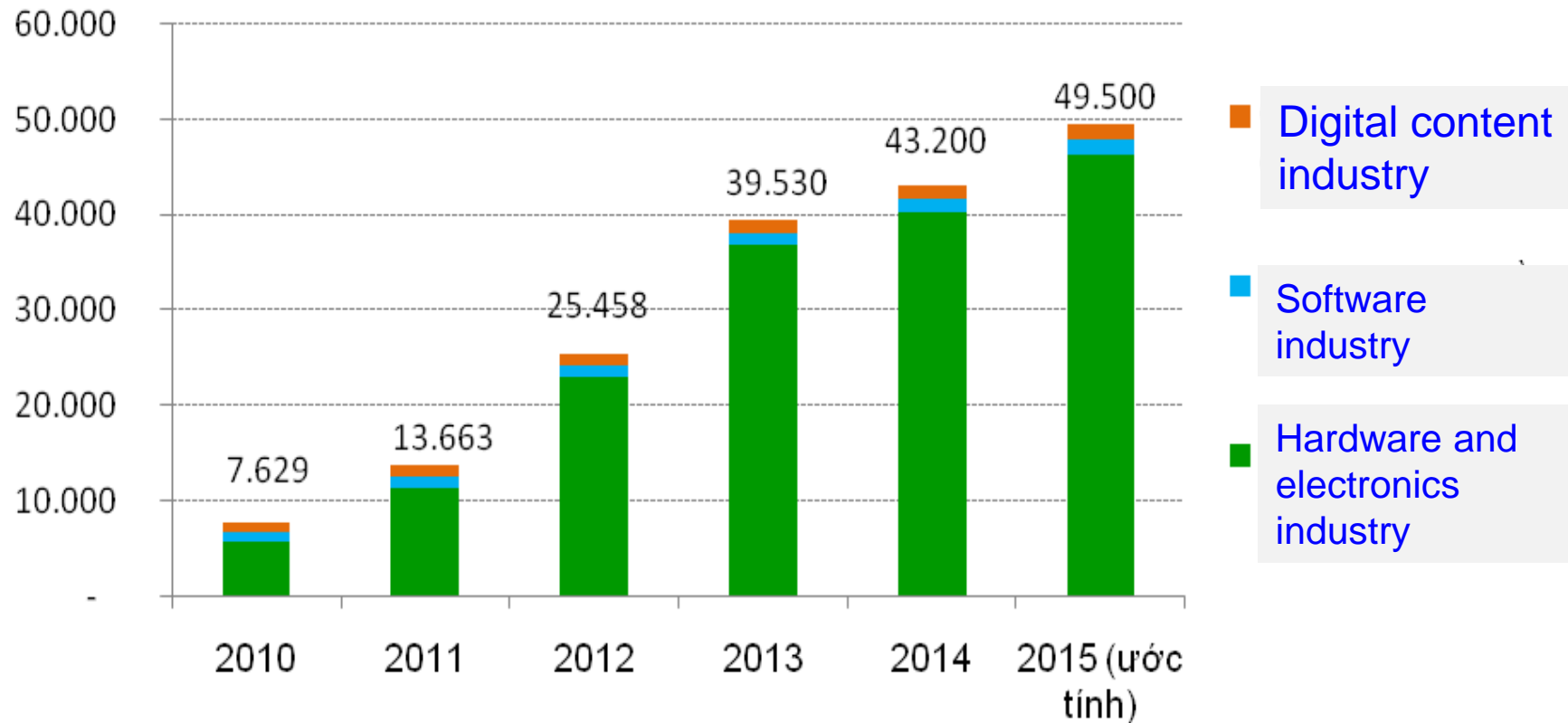*ASEAN IVO Forum*

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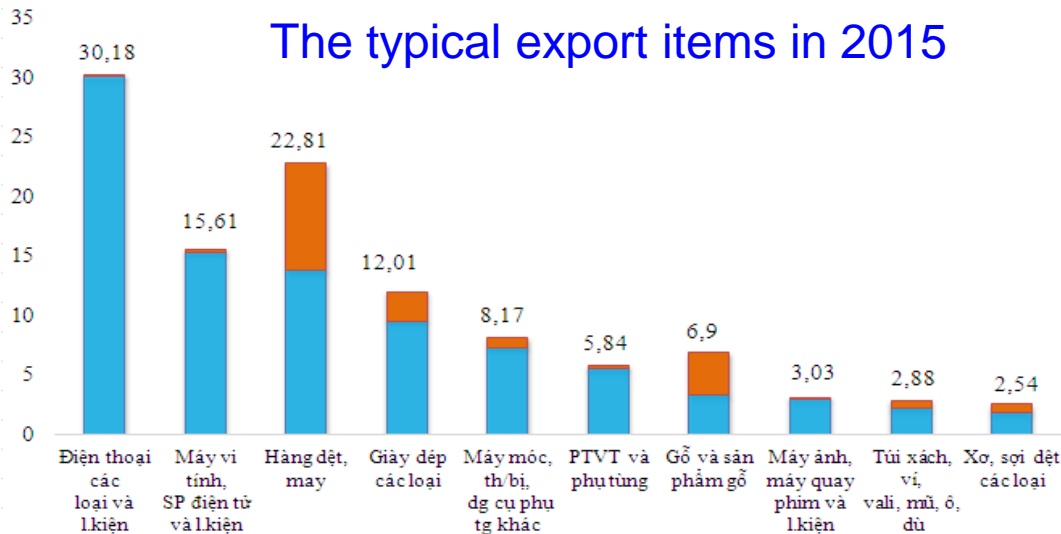4. Policies supports

IT Industry 2010-2015

Revenue of IT Industry

In 2015, ICT enterprises topped the list of 1000 largest corporate taxpayers contribute to the government budget

HARDWARE AND ELECTRONICS INDUSTRY IN 2015

The typical export items in 2015

(Source: Directorate of Vietnam Customs)

- In 2015, electronics and hardware sectors continued to grow but in a slower speed.
- Estimated revenue of electronics an hardware reached about $US 46B with the growth of about 16%.
- Mobile phone export reached nearly $US 30.2B (increased by 29.9%).
- Export of computers and components reached $US 15.6 billion (increase d by 38.2%).
- Export surplus of electronics and hardware sectors was over $US 12B

SOFTWARE INDUSTRY 2015

- 2009-2010: average of annual growth rate remains high at 40%/year.

- 2015: software industry maintained the growth rate of about 9% with estimated revenue of nearly $US 1.6B.
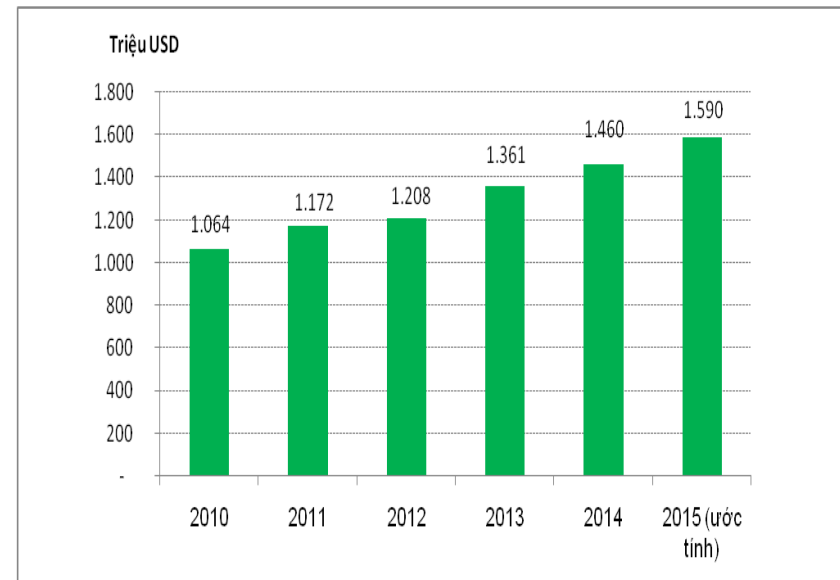

- At the present, there are about 5,000 SMEs in Vietnam.

- Many companies have reached CMMi, in which there are 5 companies reaching CMMi level 5: Fsoft, Luxoft, Global Cybersoft, CSC and TMA.

SOFTWARE MARKET

- In 2015, major export markets were still in 3 regions: Japan, North America and Europe. Some companies penetrated into new markets such as Myanmar and Bangladesh…

- Export market of software industry and IT services achieved the growth rate of 30-40% in 2015:

+ FPT Software exported their software products and reached $US 220M, grew 40% of which 45% from Japan, 27% from the United States, Europe and the rest from Asia.

+ Export revenue of software enterprises in Da Nang also reached $US 40 million in 2015, in which the Japanese market accounted for 70% and 20% from the US market.

Triệu USD

Năm	Giá trị
2010	1.064
2011	1.172
2012	1.208
2013	1.361
2014	1.460
2015 (ước tính)	1.590

DIGITAL CONTENT INDUSTRY 2015

In 2015, the online game market stayed stably with the content services for mobile, helping digital content industry grow steadily. At the end of 2015, the field of digital content industry revenue reached over $US 1.5B, increased by 10% in comparison with the year 2014.

2015 was a milestone of the growth and influence of the game mobile industry. According to statistics, total revenue from Vietnam mobile game market in 2015 reached about $US 107M (equivalent to about VND 2,400B) with the total number of smart phone users grew from 12.6 million in 2014 to 13.3 million in 2015.

DIGITAL CONTENT MARKET

- **Social Network**: At the present, there are about 200 social networks having been licensed. Facebook was the most popular social network in Vietnam with 35 million users, accounting for over 1/3 of the population.

- **Online games**: 76 enterprises have been licensed to provide online games, including: VNG, VTC Mobile, CMN Online, SohaGame, ME Corp., Gamota. Vietnam's revenue from online game was ranked at the 34th in the world and the 9th in the Asia region on gaming with $US 216.34M.

IT APPLICATION IN GOVERNMENT

- At Ministries: **100% deploy electronic document software, email, anti-spam, anti-virus and 82% deploy digital signature**

- At provinces: **54.7% staff have email, 80% use e-doc software, 62% districts, 58.7% provinces provide electronic single-door services**.

- 96.3% online public services are at level 1 or 2 (lower level). Higher level (level 3 and 4) only **3,7% at ministries and 4,8% at provinces**.

- IT personnel: **100% govt agencies have IT staff, but fewer have Information security staff**.

(Source: BC Vietnam ICT Index 2015

IT HUMAN RESOURCE

- IT training: **290** universities and colleges offer ICT training.

-500,000 Vietnam IT workforce in 2015, increased by 7%/year,

-Qquality of IT training has not yet met the demand of the development

- Many IT enterprises are lack of high quality human resources and find it hard to recruit employees while many graduated students stay jobless.

-The average income per software worker in the last phase of the field hasn't generally changed much, remaining above $US 5,000/year/person

-but the income level was much higher in the software export enterprises or foreign ones.

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OUTSOURCING SERVICE RANKING

- Regarding outsourcing services, Vietnam was ranked at 11/55 in the world and at the 5th in the Southeast Asia after Malaysia, Indonesia, Thailand and the Philippines, increased 1 level compared to 2014 (A.T. Kearney, 2016). However, compared to 2011, the ranking of Vietnam reduced by 3 levels when back then, Vietnam ranked 8/50 and higher than the Philippines.

- Ranking evaluation report based on three indicators: financial ratios, skills metrics, human resources and business environment indicators. Vietnam is highly appreciated in regard to the financial index with value of 3.19 points .

SOFTWARE OUTSOURCING RATING

Vietnam remained in the top 10 most attractive outsourcing countries in Asia Pacific (Gartner). According to Tholons Study's report in 2016, Ho Chi Minh City and Hanoi still ranks in top 20 of 100 most attractive outsourcing cities, in which Ho Chi Minh City ranked 18th (unchanged) and Hanoi ranked 19th (up one level).

Rank 2016	Movement from 2015	Region	Country	City
1	-	Asia Pacific	India	Bangalore
2	-	Asia Pacific	Philippines	Manila (NCR)
3	-	Asia Pacific	India	Mumbai
15	-1	Asia Pacific	China	Dalian
16	-	Asia Pacific	Sri Lanka	Colombo
17	+2	Asia Pacific	Malaysia	Kuala Lumpur
18	-	Asia Pacific	Vietnam	Ho Chi Minh City
19	+1	Asia Pacific	Vietnam	Hanoi
20	+1	Middle East and Africa	South Africa	Johannesburg|
21	-4	Asia Pacific	China	Shenzhen
22	-	Asia Pacific	India	Chandigarh
23	-	Asia Pacific	India	Kolkata
24	+1	Europe	Hungary	Budapest
25	+5	Europe	Poland	Warsaw

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CHALLENGES

➢Although ICT sector is the biggest taxpayer to the budget, expenditure from government for IT development projects is modest.

➢Start-up development mechanism was being formed.

➢ R&D capacity was limited and the investment for R&D was low.

➢Marketing capacity of Vietnam IT enterprises was limited.

➢Vietnam IT human resources is abundant but the quality doesn't meet the current high demand of IT enterprises. The majority have trouble with foreign language skills which hinder them to access foreign labor markets.

OPPORTUNITIES FOR IT DEVELOPMENT IN VIETNAM

❑ **Comunist Party and Gvernment prove their strong support to the development of IT enterprises:**

- Government outsources its IT services, open news opportunities for businesses.

- IT enterprises are expected to enjoy premium tax incentives.

❑ **The availability and widespread coverage of mobile technology**: 120 million mobile subscribers, newly launch of 4G in Dec 2016 will foster the digital content services on mobile and Internet.

❑ **Increasing needs of learning among Vietnamese and the demand for higher qualification of IT human resource will open new chances for** e-learning services, IT training services.

❑ **New technology trends**: open up more new business opportunities (Internet of Things or «smart trends», Industry 4.0, SMAC …)

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GOVERNMENT SUPPORT FOR IT DEVELOPMENT

(1) Government Resolution 36a/NQ-CP and PM's Decision 1819/QD-TTg to accelerate the development of **e-government and IT application by 2020** in government

(2) Government focuses on the **development of IT industry**: PM's decision No.392/QD-TTg on the national program on IT by 2020

(3) Support start-up companies

(4) Skillset Standard for IT user and IT professional

(5) IT Parks establisment

(6) Tax incentive for IT enterprises (import/export, corporate income tax, personal income tax, etc)

❑ Studies of IT human resource inventory, Human resource forecast

❑ Workshops on Impacts of Internet of Things to e-Government applications in ASEAN; Promoting IT applications to enhance energy saving and environmental protection in ASEAN member states; ICT applications for the preservation and promotion of the cultural heritages in ASEAN member states; Promoting Green ICT and Green Growth for Sustainable Development in ASEAN Member Countries;Measures to promote Intellectual Property Rights (IPR) in ICT sector across ASEAN

- ❑ **Development of best practice guides for smart cities: share experience on planning and development**

- ❑ **Development an ecosystem conducive to support start-up companies**

- ❑ **Sharing experience in model cloud computing plarform for use by private and public sectors**

- ❑ **Human resource development: study of basic skillset for ICT, aligh IT skill standards of Vietnam and other ASEAN**

- ❑ **R&D of technologies of the art:** cyber securities, Internet of things, big data, e-government

- ❑ R&D in smart society (smart city, smart city and smart village)

THANK YOU

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