

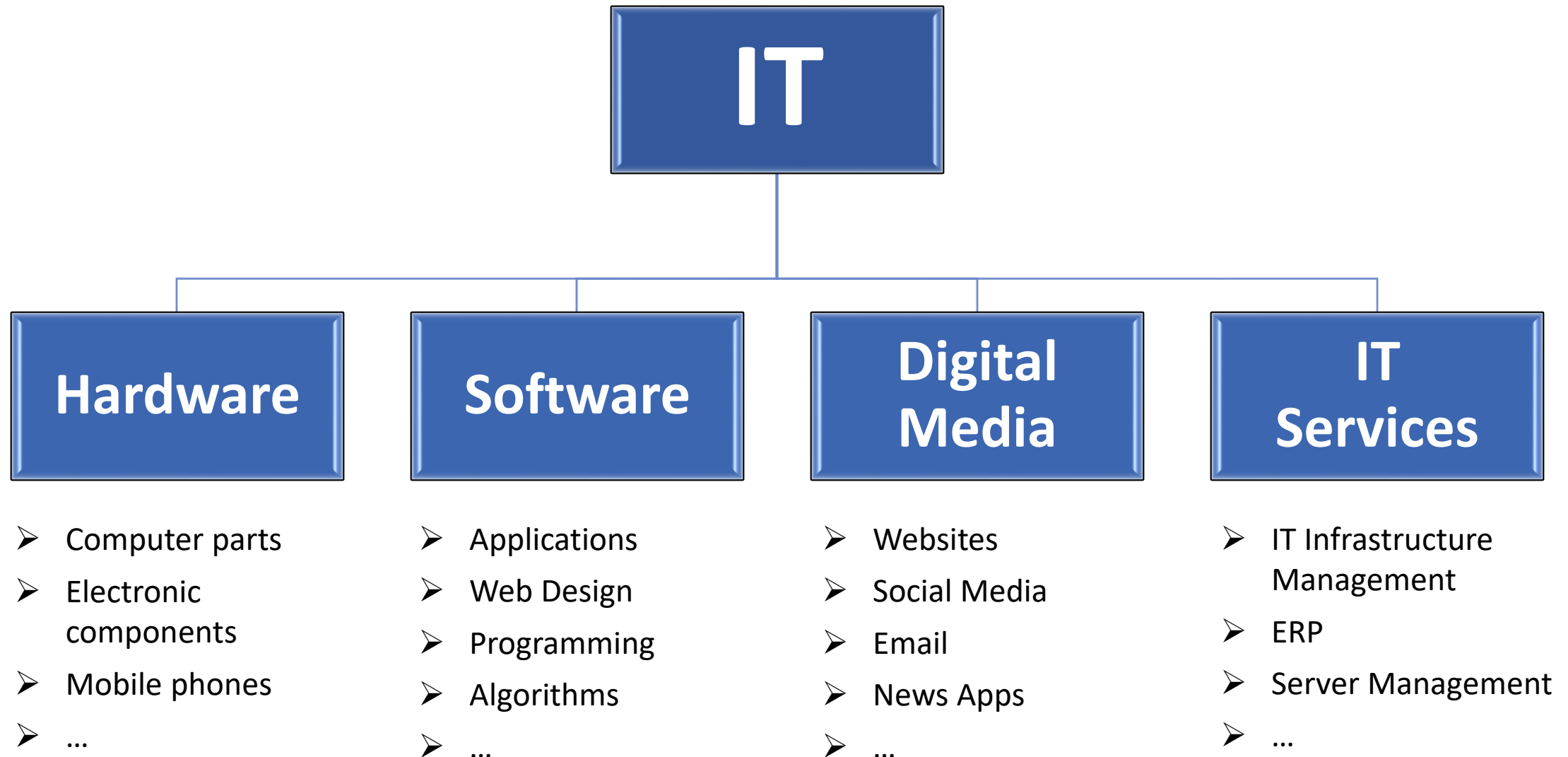
# Vietnam Information Technology (IT) - Software

## Initiation Look



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- **No Limitation** of Development
- High **Added Value & Growth**
- **Vietnam On Par** with Global Countries



**Part 1: Software Outsourcing to Product Development**

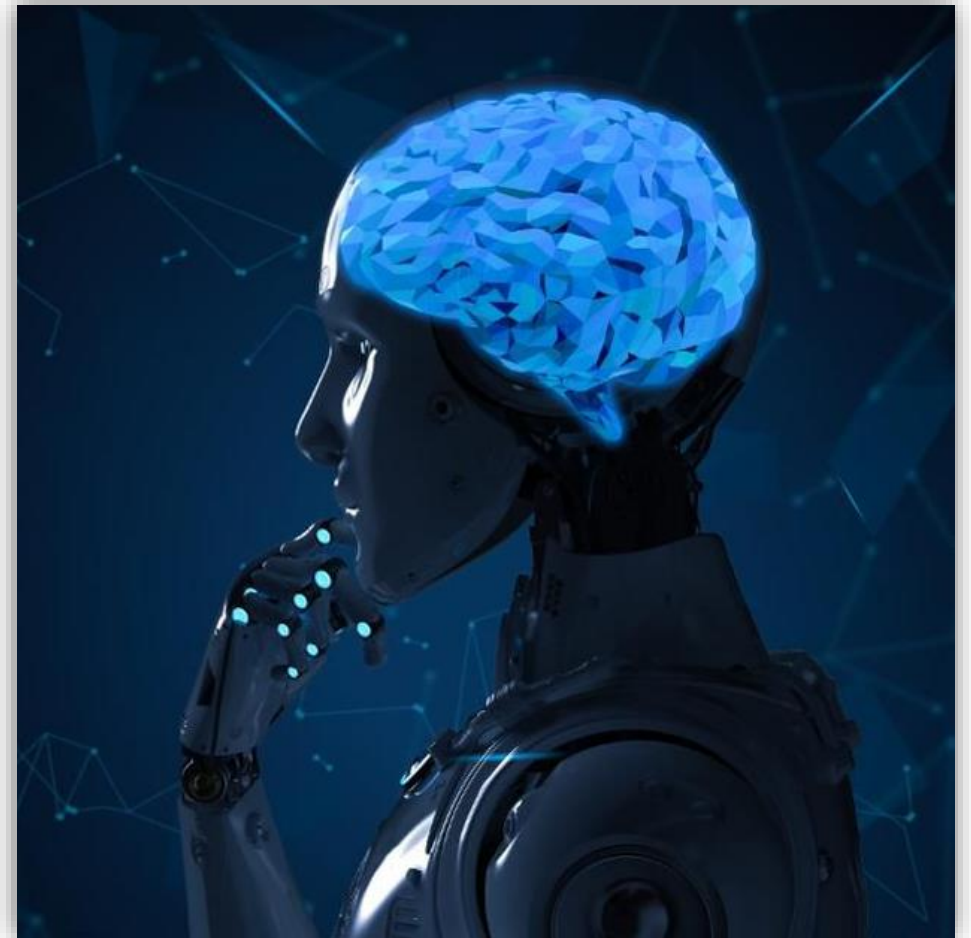
**Part 2: Digital Transformation (DX)  
& FPT Software**

# Part 1

## Software Outsourcing to Product Development

# Contents

- I. Introduction to **Software Industry**
- II. Potentiality of **Software Outsourcing**
- III. New Tendency of **Product Development**
- IV. Three **Major Players**
- V. Summary



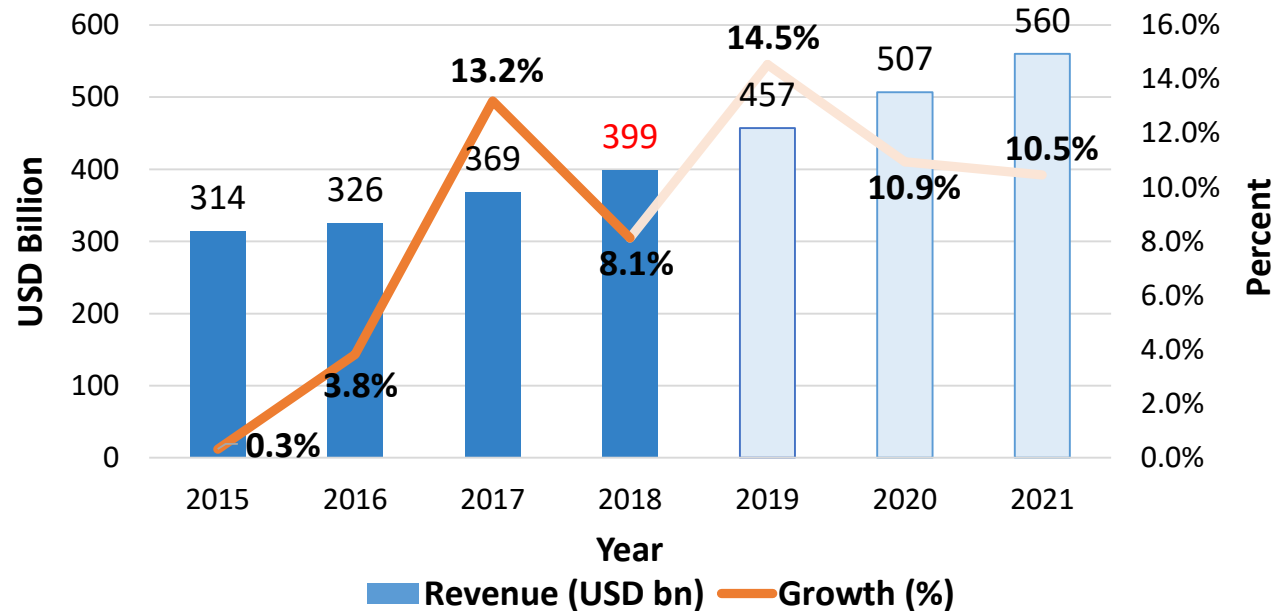


# I. Introduction to Software Industry

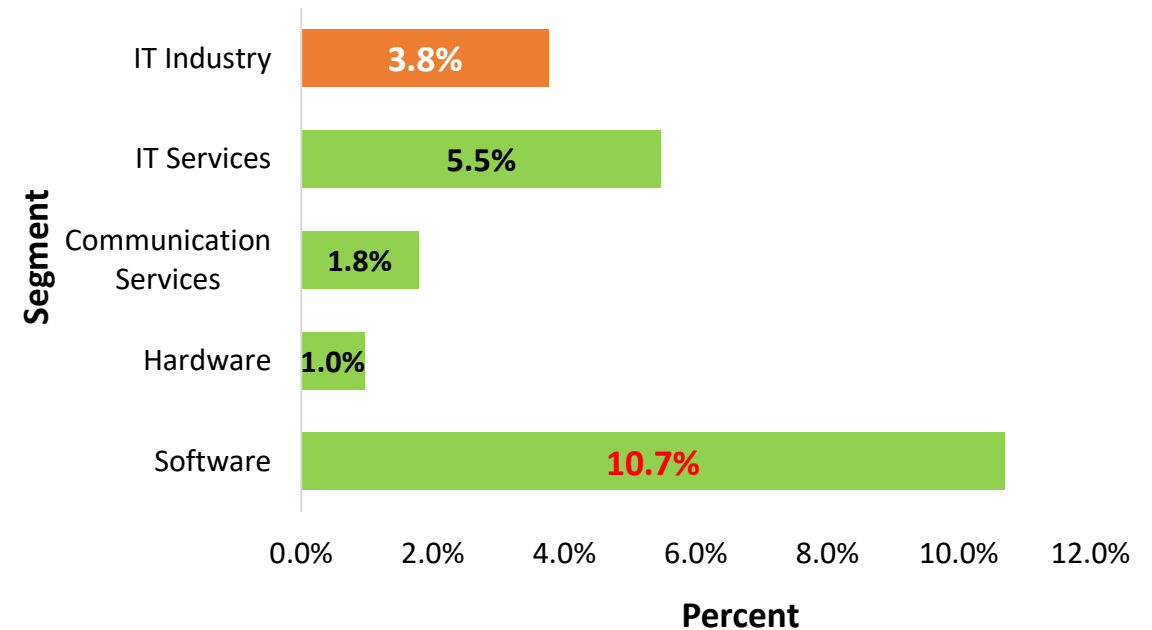
# I. Introduction to Software Industry

## Market Size

### Global Software Market Size



### CAGR 2019-2021



# I. Introduction to Software Industry

## Market Size

### Vietnam Software Market Size

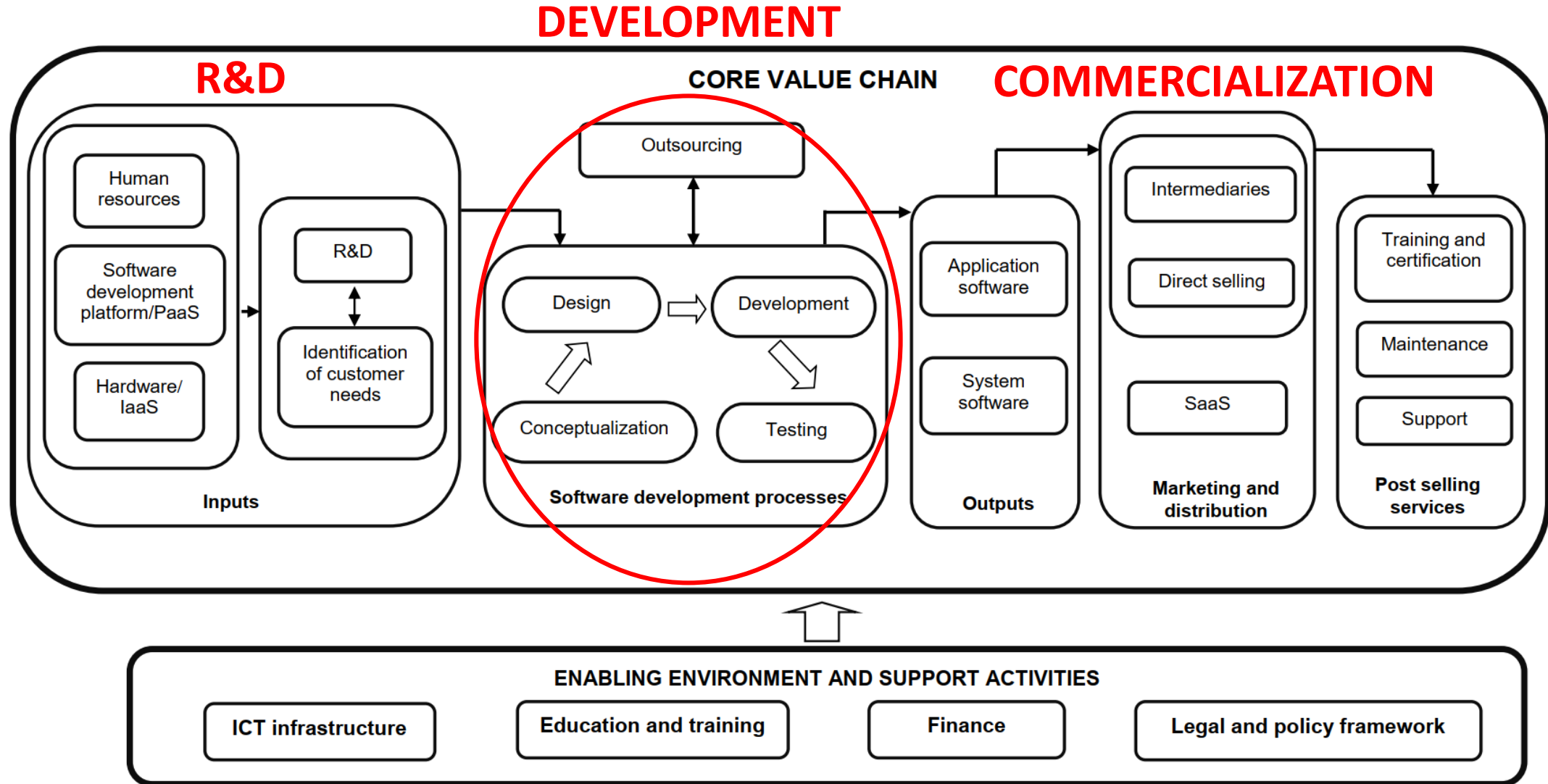
Vietnam	2015	2016	2017	2018
Revenue (USD bn)	2.6	3.0	3.8	4.3
Growth (%)	27.5%	15.4%	26.7%	13.2%
Exports (USD bn)	2.2	2.5	3.3	3.5
% Exp/Rev	85%	83%	87%	81%

~ 1%

- **Grow significantly & Attract global attention** as a significant regional hub
- Overtake India to be **Japan's second-largest software outsourcing destination**, behind only China

# I. Introduction to Software Industry

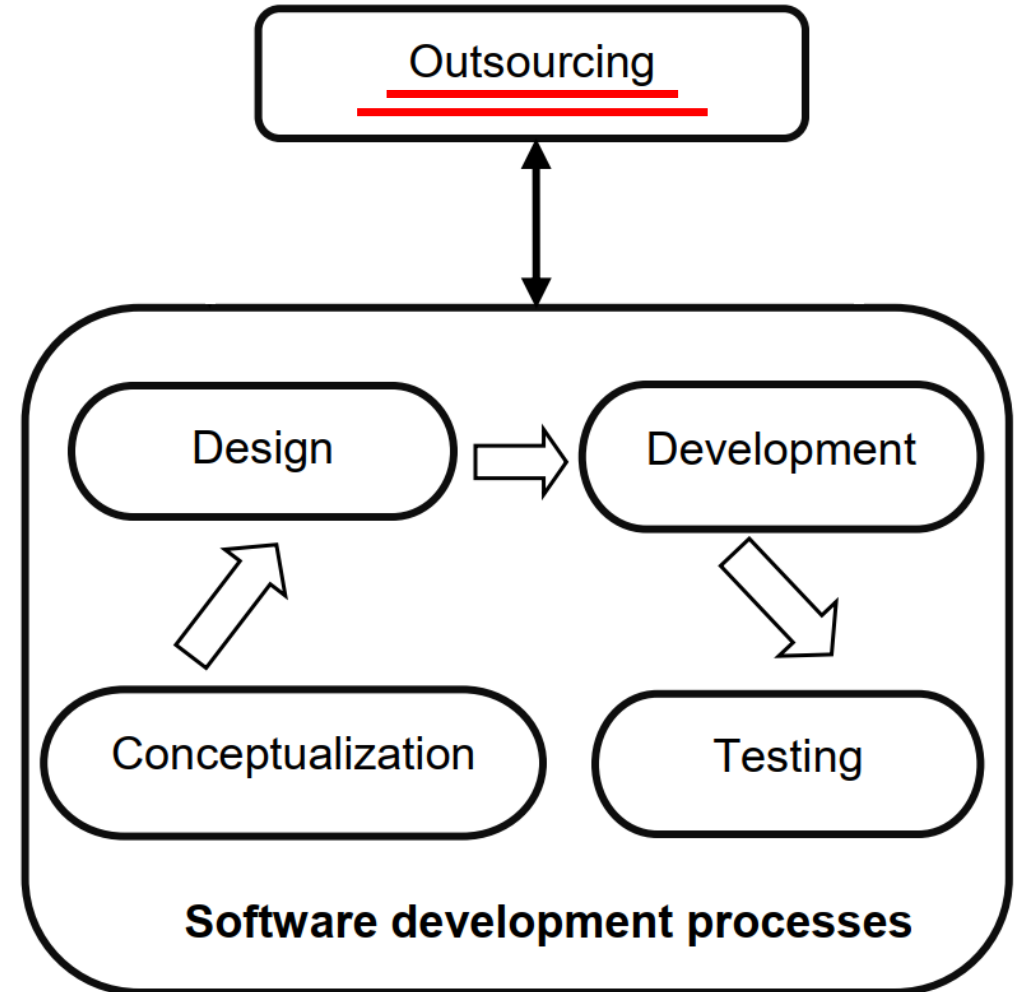
## Value Chain



# I. Introduction to Software Industry

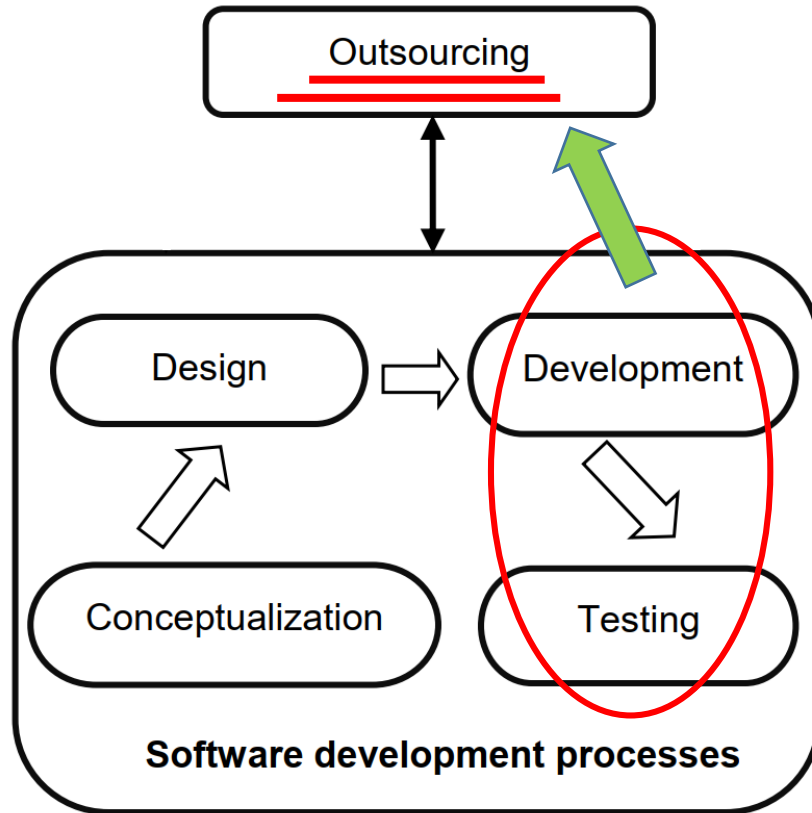
## Software Outsourcing

- A **partly** or **fully implementation** of software projects **for domestic/foreign partners** instead of for themselves
- Mission: to **develop products** to satisfy the entities hiring Outsourcing, **not** to involve in **product trading**
- Just **a stage** in the process of delivering products to customers

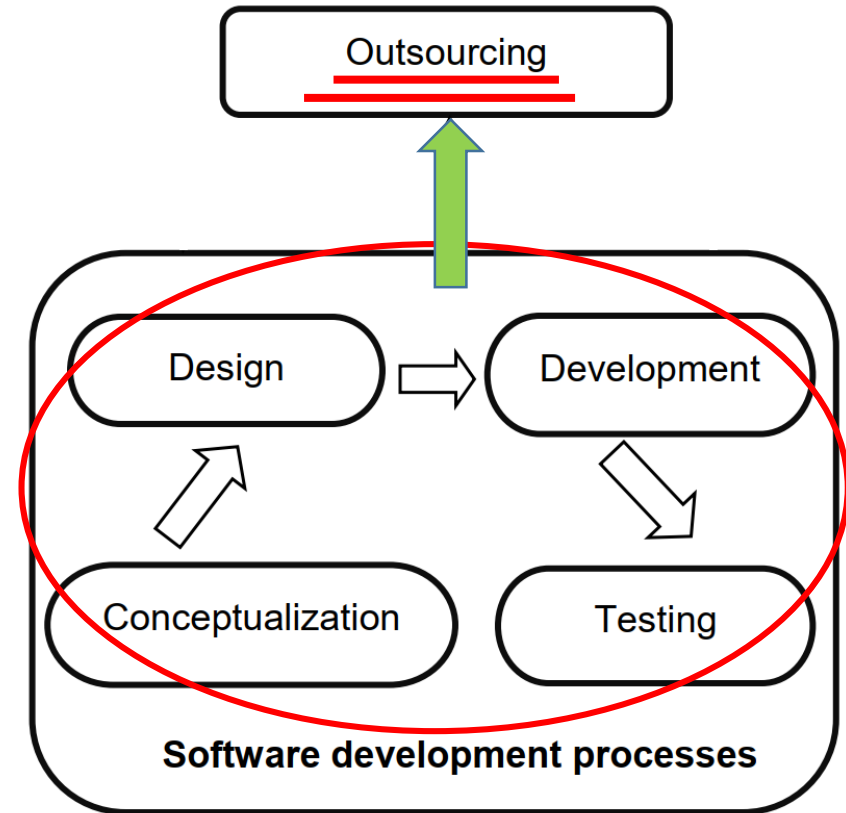
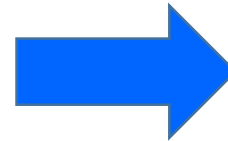


# I. Introduction to Software Industry

## Software Outsourcing



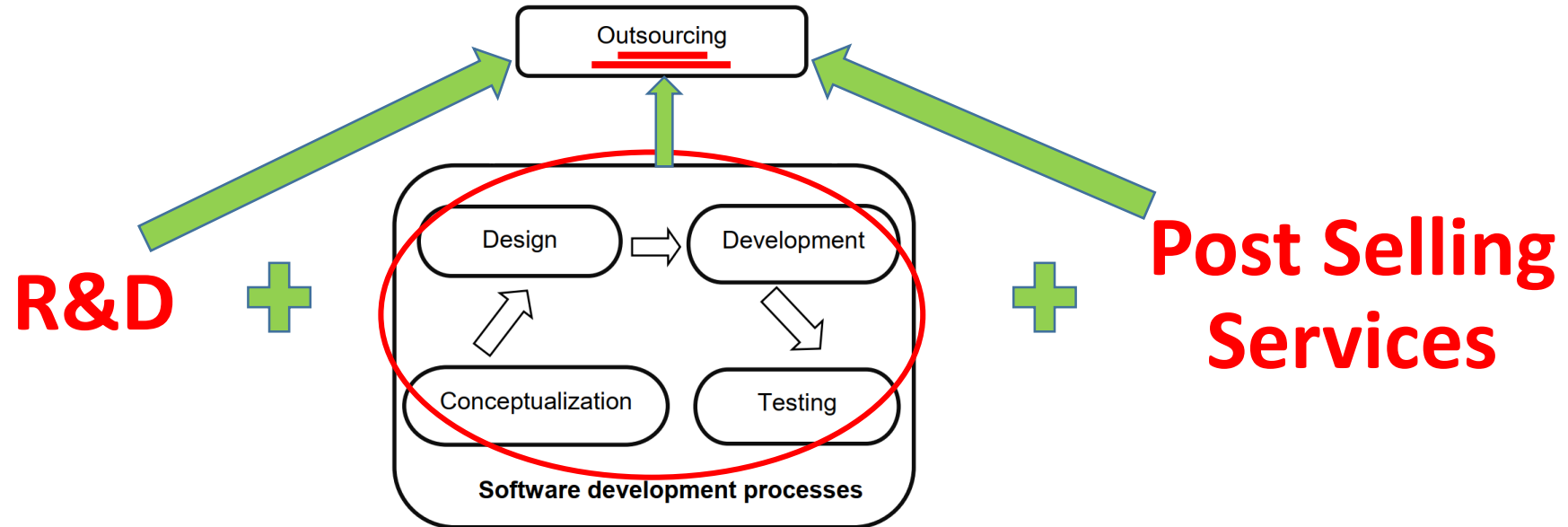
**“Coding – Testing”**



**Whole Development Process**

# I. Introduction to Software Industry

## Software Outsourcing



- # of projects **only** doing **outsourcing** decreased considerably
- Most software firms now both **do outsource** and **join R&D** with partners
- Take **higher-level** stages in software value chain: **consultancy**, **designing**, and **solution analysis**

# I. Introduction to Software Industry

Software Outsourcing



Product Development



Fpt Software

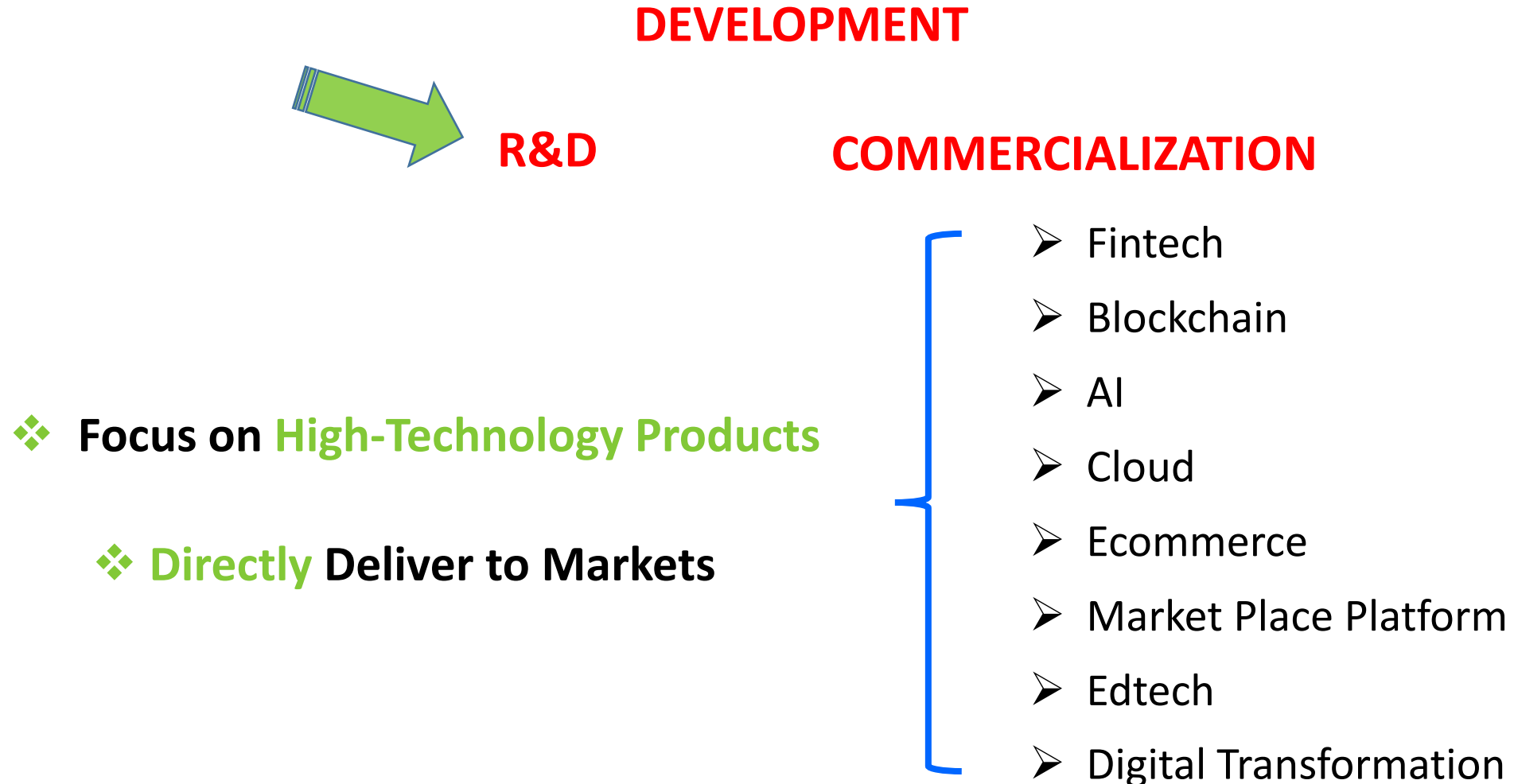


Bright Minds, Brilliant Solutions



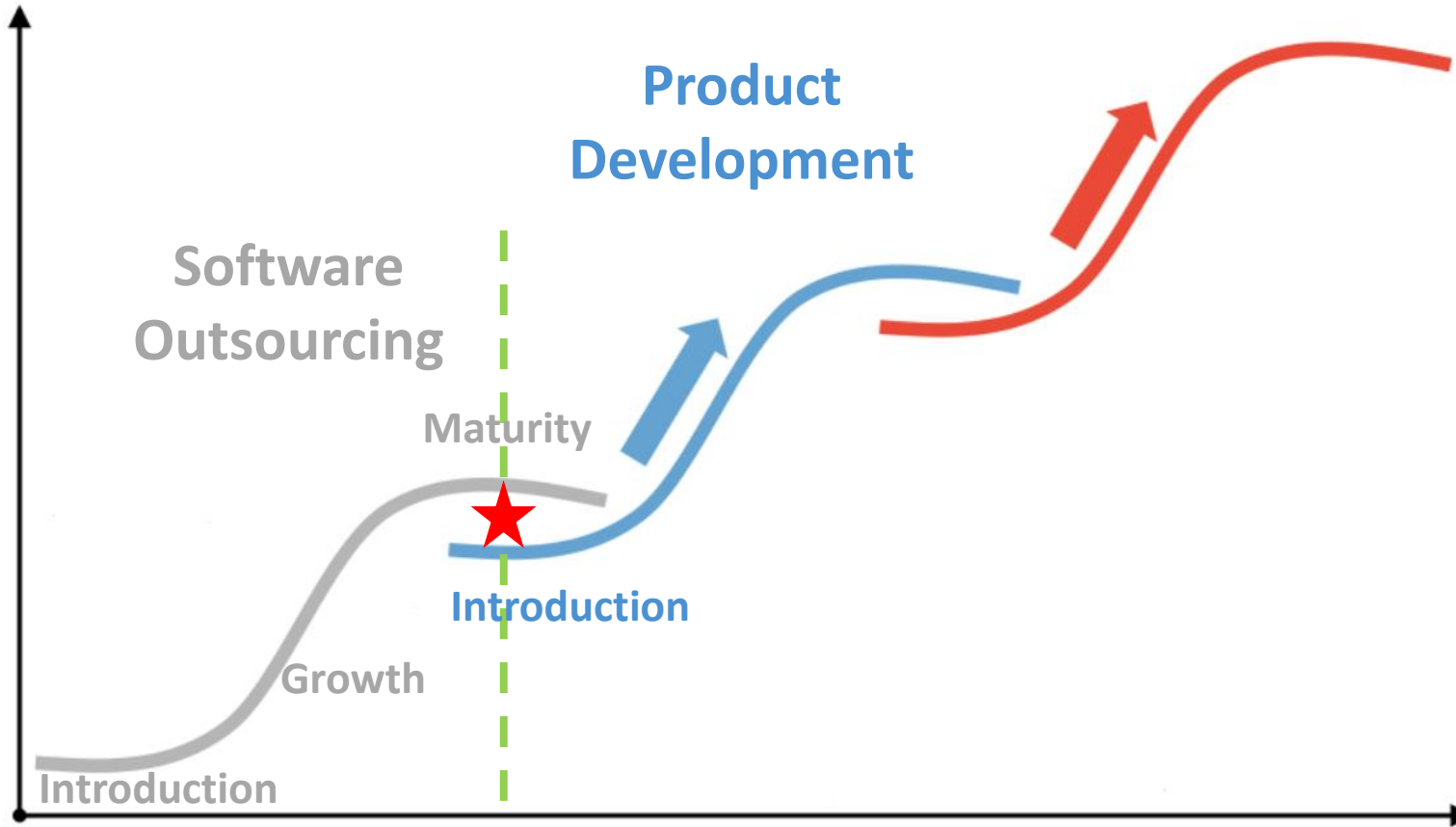
# I. Introduction to Software Industry

## Product Development



# I. Introduction to Software Industry

## Life Cycle





## II. Potentiality of Software Outsourcing

## II. Potentiality of Software Outsourcing

### 1 - A Hugely Profitable Export Segment



- **FPT Software:** each IT engineer exports **VND 550 mn**
- **A Software:** **84-86%** is **made in Vietnam** => **Added Value:** **USD 84-86** to USD 100 software exported
- **Never be limited**, no fear for **product redundancy**

# II. Potentiality of Software Outsourcing

## 2 - Emerging Destination for Software Outsourcing

### Global Assessment

#### Gartner

Vietnam is an Asia Tier 1 emerging-market location, Top five location for outsourcing

GARTNER'S LEADING GLOBAL LOCATIONS FOR OFFSHORE SERVICES, 2016

#### THOLONS

Ho Chi Minh City in Top Outsourcing Cities in 9 consecutive years

THOLONS TOP OUTSOURCING DESTINATIONS, 2009-2017

#### ATKearney

Vietnam is in the Top Ten Global Services Location

A.T. KEARNEY'S GLOBAL SERVICES LOCATION INDEX, 2017

#### CUSHMAN & WAKEFIELD

Vietnam is ranked 1 in pioneering locations and 1 in cost environment

CUSHMAN & WAKEFIELD BUSINESS PROCESS OUTSOURCING AND SHAPED SERVICE LOCATION INDEX, 2016

# II. Potentiality of Software Outsourcing

## 2 - Emerging Destination for Software Outsourcing

Who Has Outsourced to Vietnam?

IBM

NTT

TOSHIBA

amdocs

HITACHI

NEC

SHARP

BOEING

Microsoft

hp

AVAYA

Deutsche Bank

Panasonic

CSC

CISCO

SONY

ELECTRONIC ARTS

Alcatel-Lucent

Mitel

xerox

# II. Potentiality of Software Outsourcing

## 2 - Emerging Destination for Software Outsourcing

Why Have They Chosen Vietnam?



1

Cost  
Effectiveness

2

Tax  
incentives

3

Labor  
force

4

Socio-  
economic  
stability

5

Language

# II. Potentiality of Software Outsourcing

## 2 - Emerging Destination for Software Outsourcing

### Why Have They Chosen Vietnam?

1

Cost  
Effectiveness

➤ **90% less** than in the **U.S.** and **30-40% less** compared to **China developers**

- **China: USD 30 – 60/hour**
- **India: USD 25 – 50/hour**
- **Vietnam: USD 20 – 40/hour**

➤ **A key factor** to **attract** many **Japanese companies** in outsourcing their software development services



# II. Potentiality of Software Outsourcing

## 2 - Emerging Destination for Software Outsourcing

Why Have They Chosen Vietnam?



Software +  
High-Tech  
Companies

General  
Companies

➤ Year 1 – 4: **Tax Exemption**

➤ Year 5 – 13: **only 5%**

➤ Year 14, 15: **10%**

➤ Since Year 16: **20%**  
**(Non-VAT)**

➤ **20% + VAT**

# II. Potentiality of Software Outsourcing

## 2 - Emerging Destination for Software Outsourcing

Why Have They Chosen Vietnam?

3

Labor  
force



**Top 10**  
Countries with  
the **Most**  
Engineering  
Graduates



**Top 10**  
Countries of  
Origin of  
International  
Students



**Top 20**  
Countries for  
**Basic**  
Academic  
Skills – **Top 2**  
SEA

# II. Potentiality of Software Outsourcing

## 2 - Emerging Destination for Software Outsourcing

Why Have They Chosen Vietnam?

4

Socio-economic stability



# II. Potentiality of Software Outsourcing

## 2 - Emerging Destination for Software Outsourcing

Why Have They Chosen Vietnam?

5

Language



# II. Potentiality of Software Outsourcing

## 2 - Emerging Destination for Software Outsourcing

Why Have They Chosen Vietnam?



1

Cost  
Effectiveness

2

Tax  
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Labor  
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Socio-  
economic  
stability

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Language

# II. Potentiality of Software Outsourcing

## 3 - Key Competitors



# II. Potentiality of Software Outsourcing

## 4 - Obstacles

- Still **lack software engineer** regarding both **quantity** and **quality**
- Many software companies: **small scale, lack** of concentration on **workforce, finance, technology,** and **competitive advantage**
- **Not many** companies investing to **R&D**
- **Labor turnover**





# III. New Tendency of Product Development

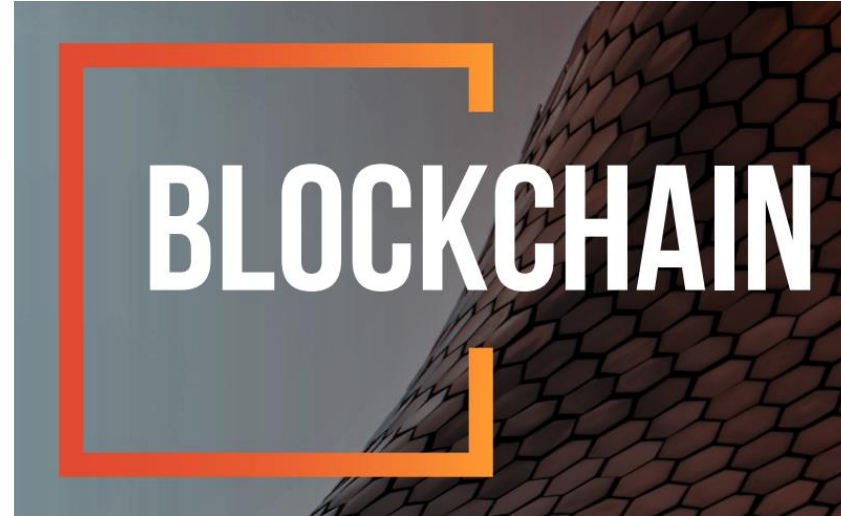
# III. New Tendency of Product Development

## 1 - FinTech



# III. New Tendency of Product Development

## 2 - Blockchain



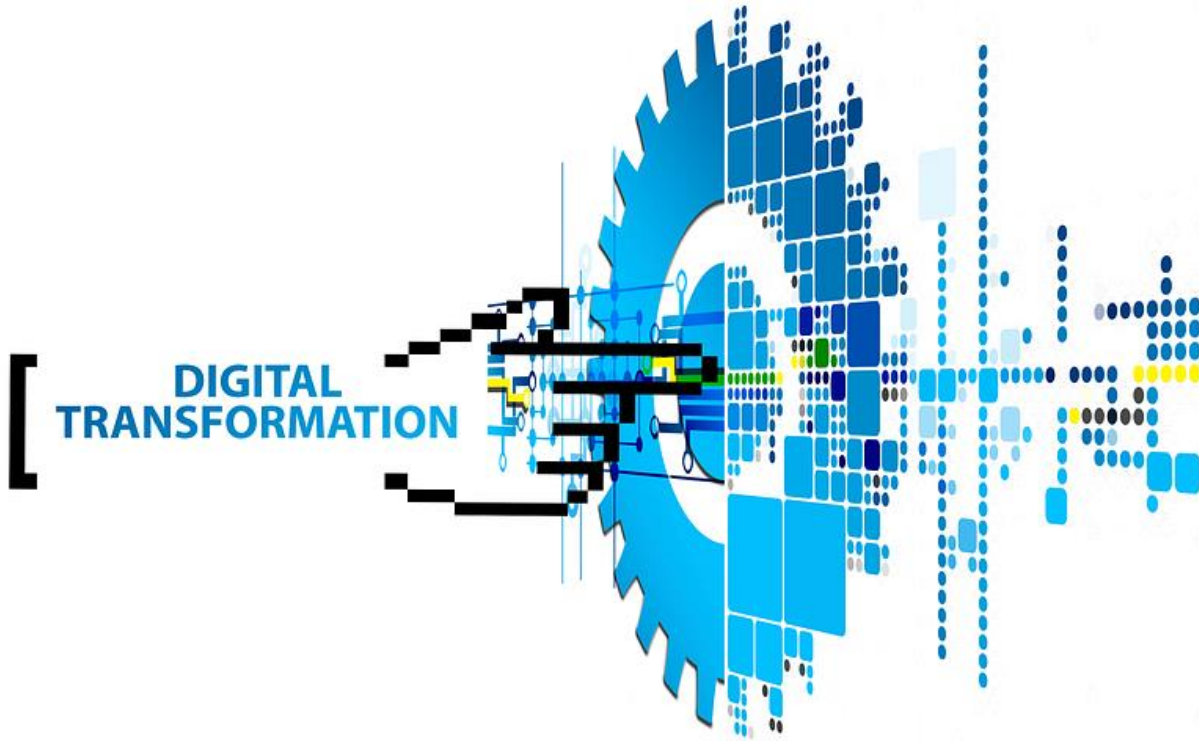
# III. New Tendency of Product Development

## 3 - Artificial Intelligent (AI)



# III. New Tendency of Product Development

## 4 - Digital Transformation (DX)



A wireframe globe is centered on the page, showing the continents of North America, South America, and Europe. The globe is composed of a grid of white lines. Overlaid on this globe is a network of white dots connected by thin white lines, creating a mesh-like structure that extends across the entire blue background. The background has a subtle gradient and some blurred light effects.

## IV. Three Major Players

# IV. Three Major Players

## 1 - FPT Software



**DIGITAL INNOVATION**

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Outsourcing Service

Next Gen Technologies

- + Artificial Intelligence
- + AR/VR
- + Blockchain
- + Cloud
- + Data Analytics/ Big Data
- + IoT
- + Mobility
- + Robotic Process Automation

Digital Manufacturing

**DIGITAL CONSULTING**

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Innovation Lab

Digital Transformation Consultancy

Digital Solutions

**INDUSTRIES IN FOCUS**

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Automotive

Banking & Finance (BFSI)

Media & Entertainment

Logistics & Transportation

Healthcare

**INDUSTRIES IN FOCUS**

### Our Partner Network

With the common goal of bringing more values while minimizing risks and costs for customers, FPT and our strategic alliances join forces to deliver top-notch advantages propelled by business insights and technology innovations.



# IV. Three Major Players

## 1 - FPT Software



- FPT.AI Conversation
- FPT.AI Speech
- FPT.AI Vision
- FPT.AI Knowledge



# IV. Three Major Players

## 2 – CMC Corporation



CMC CORPORATION

Disrupt your business process with

### The Digital Transformation is Now

We are using digital technologies to achieve step-function improvements in productivity, flexibility, and speed. The future is Now.

### Optimize efficiency with Cloud

Our cohesive cloud solutions will help customers unlock new capabilities, economics and innovation.

### Robust productivity with AI

We enable customers to leverage their data to detect patterns, predict outcomes, and suggest actions.

### Protect business with Security Solution

Our next-generation cybersecurity services will help to build business steadiness resilience from the inside out.

### Automate operations with Smart Factory Solution

We make it possible to create smart factories where intelligent, interconnected systems communicate with machines and products along the entire value chain.

# IV. Three Major Players

## 2 – CMC Corporation



CMC CORPORATION



# IV. Three Major Players

## 3 – NextTech



**NEXTTECH**  
Group of Technopreneurs

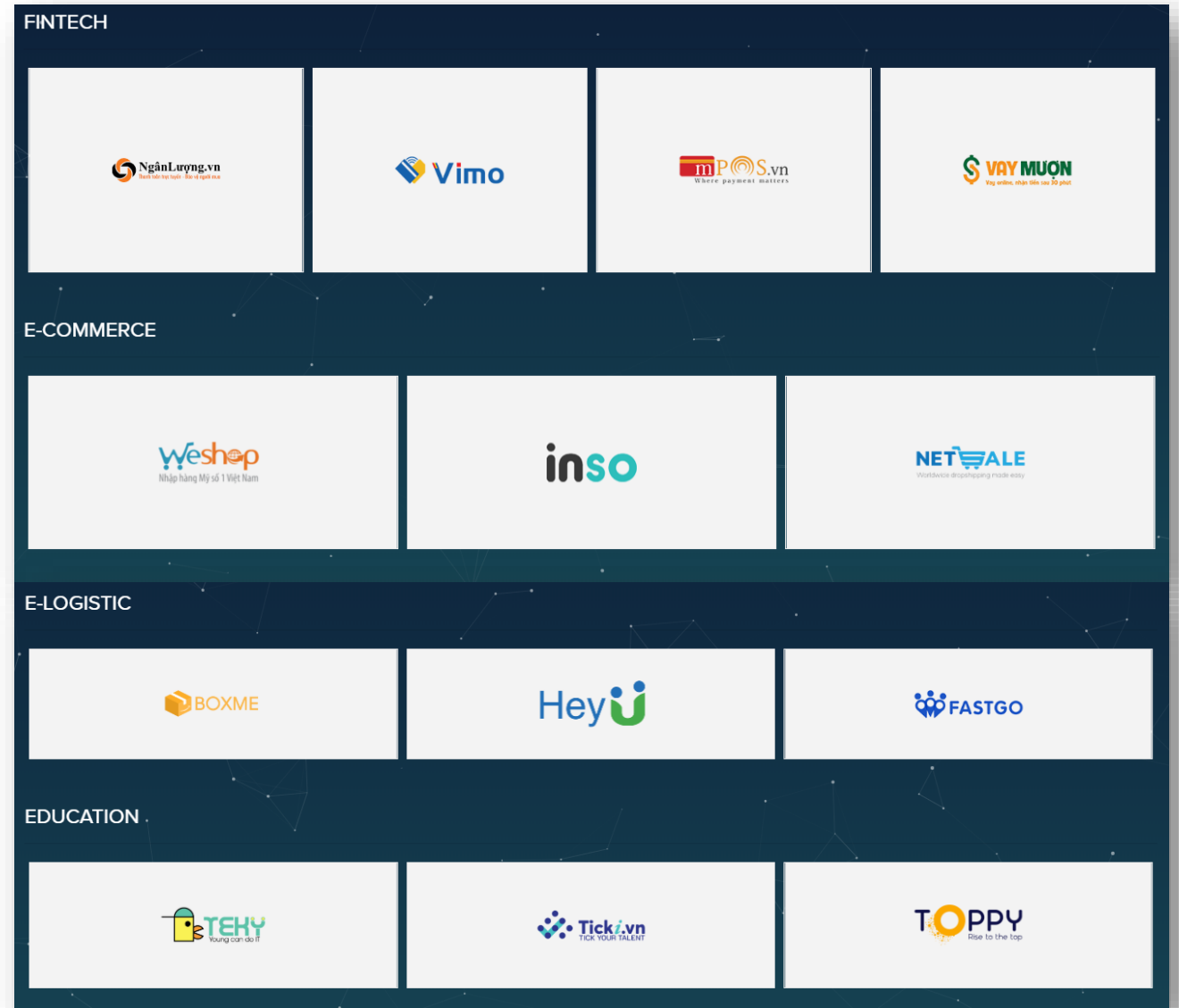


# IV. Three Major Players

## 3 – NextTech



**NEXTTECH**  
Group of Technopreneurs





# V. Summary

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- ❖ **No Limitation** for Software Industry
- ❖ Vietnam – **Emerging Destination** for Foreign Companies
- ❖ **Support & Motivation** from Governments' Policy
- ❖ Transition from **Software Outsourcing to Product Development**



**Thank you for your attention!**

