

SEPTEMBER 2024

VIETNAM IT SERVICES REPORT



**British
Chambers of
Commerce**

International Affiliate

BritCham HCMC Office

25 Le Duan, Ben Nghe Ward,
District 1, Ho Chi Minh City

T: +84 28 3829 8430

E: enquiries@britchamvn.com

BritCham Hanoi Office

Spaces Belvedere Building, 28A
Tran Hung Dao, Hoan Kiem, Hanoi

T: +84 24 3633 0244

E: enquiries@britchamvn.com

TABLE OF CONTENTS

- 02** About Us
- 04** Quarterly Sector Report Introduction
- 05** Snapshot Of Vietnam's Economy
- 06** Vietnam IT Services Market Overview
- 07** Vietnam IT Services Market Structure Overview
- 08** Top Companies in vietnam's IT Services Industry
- 09** The ICT Potential Between The UK & Vietnam
- 10** Favorable Conditions for Manufacturing in Vietnam
- 12** References

OUR TEAM



Matt Ryland
EXECUTIVE DIRECTOR



Duyen Nguyen
HEAD OF PUBLIC POLICY
AND HANOI OFFICE



Huyen Nguyen
EVENT MANAGER



Vinh Nguyen
MARKETING &
COMMUNICATIONS EXECUTIVE



Trang Nguyen
SENIOR EVENTS &
PARTNERSHIP EXECUTIVE



Giang Ngo
MEMBERSHIP & SPONSORSHIP
EXECUTIVE



Long Ho
TRADE SERVICES &
EVENT EXECUTIVE



Hoa Luu
ACCOUNTANT

ABOUT US

Established in 1991, the British Chamber of Commerce serves as a crucial platform for driving and enhancing business relationships between the United Kingdom and Vietnam. Focusing operations on the 2 key areas of supporting and acting as a focal point for British business in Vietnam as well as ones looking to enter it. Member activity at the Chamber includes networking, business focused, and charity events, sector working groups, advocacy and online updates/sector reports and much more. The Chamber also offers business services to companies looking to investigate or set up in Vietnam. A range of services from market research to partner finding to company registration can be facilitated through this service.

**FOR MORE INFORMATION,
FOLLOW US AT:**



BRITCHAM VIETNAM

YOUR GATEWAY TO SUCCESS

Navigating a new market can be complex. BritCham Vietnam serves as your bridge to success in Vietnam, connecting you with essential resources and facilitating a smooth entry into the dynamic Vietnamese market. Our extensive experience and network of contacts ensure you have the support you need to thrive.

KEY SERVICES WE OFFERED



MARKET INTELLIGENCE & RESEARCH

Gaining a deep understanding of your target market is crucial. BritCham Vietnam provides in-depth market research reports, competitor analysis, and insights into potential challenges and opportunities specific to your industry.



BUSINESS INTRODUCTIONS & NETWORKING

Building strong relationships is key to success in Vietnam. We connect you with key players in your industry, potential local partners, and government officials through our extensive network of contacts. Attending our regular networking events and industry-specific working groups can help foster valuable connections.



ADVOCACY & GOVERNMENT RELATIONS

Keeping pace with Vietnam's evolving regulations and policy changes can be daunting. BritCham Vietnam advocates on your behalf, providing expert assistance in navigating regulations, securing government approvals, and ensuring your voice is heard.



COMPLIANCE & LEGAL GUIDANCE

Operating within the legal framework is essential. BritCham Vietnam's network of legal and compliance professionals offers practical guidance on Vietnamese regulations, labor laws, tax codes, and other compliance matters, ensuring smooth operations and minimizing risks.

**FOR MORE INFORMATION OR ENQUIRIES ON OUR TRADE SERVICES,
PLEASE CONTACT LONG.HO@BRITCHAMVN.COM**

QUARTERLY SECTOR REPORT INTRODUCTION

INTRODUCTION

The BritCham Quarterly Sector Report is an overview report including both quantitative and qualitative analysis dedicated to providing insightful perspectives on diverse industries. Our reports aim to deliver a thorough understanding of market dynamics, trends, and strategic insights.

PURPOSE

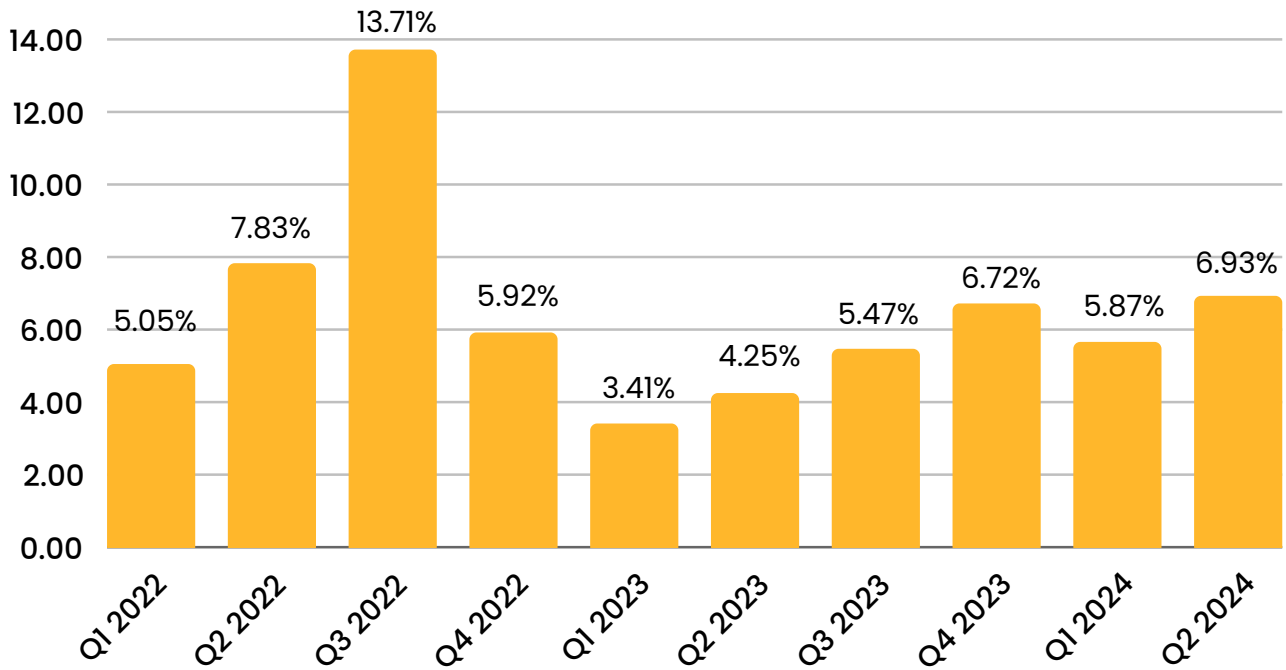
This report series serves to:

- **Offer Insightful Analysis:** Delve into key industry metrics, market trends, challenges, and growth opportunities.
- **Provide Actionable Insights:** Support informed decision-making, strategic planning, and investment considerations.
- **Furnish Timely Information:** Offer up-to-date references on sector landscapes and potential trajectories.

DISCLAIMER

The information in this report is accurate at the time of publishing . As market conditions evolve, readers are advised to contextualize the insights accordingly. We believe our Quarterly Sector Reports will serve as essential resources for navigating the diverse landscapes of various industries.

SNAPSHOT OF VIETNAM'S ECONOMY



Vietnam GDP Annual Growth Rate (Until Q1 2024) – TRADING ECONOMICS

According to the General Statistics Office of Vietnam, Vietnam's economy is on a strong upswing, with Q2 2024 recording a robust 6.93% year-on-year growth, the fastest pace since late 2022. This growth, exceeding the revised Q1 figure and pushing the expansion streak to 11 quarters, is fueled by booming exports and strong performances in services, industry, and construction. While agriculture maintains its positive trajectory, the first half of 2024 saw a 6.42% jump in GDP, the second-highest H1 performance in recent years. The government aims for 6–6.5% growth in 2024 despite external risks, aligning with the IMF's projection of 5.8%. To achieve this target, Prime Minister Pham Minh Chinh emphasizes flexible policies like lower interest rates and increased public investment.

\$429.72 billion

Vietnam's gross GDP (2023) – Official data – World Bank

\$4,346.8

Vietnam's GDP per capita (2023) – World Bank

In contrast, Standard Chartered Bank's global research report, titled "Vietnam – Q1 GDP to moderate amid rising inflation", the bank hit the brakes on Vietnam's 2024 GDP forecast, revising it down to 6% from a previous prediction of 6.7%. This adjustment stems from a lackluster first quarter and concerns about global trade winds shifting direction. This still shows solid growth.

VIETNAM IT SERVICES MARKET OVERVIEW

IT services market size

In 2024, the IT services market revenue is projected to reach

\$1.99 billion in 2024

Expected compound annual growth rate of

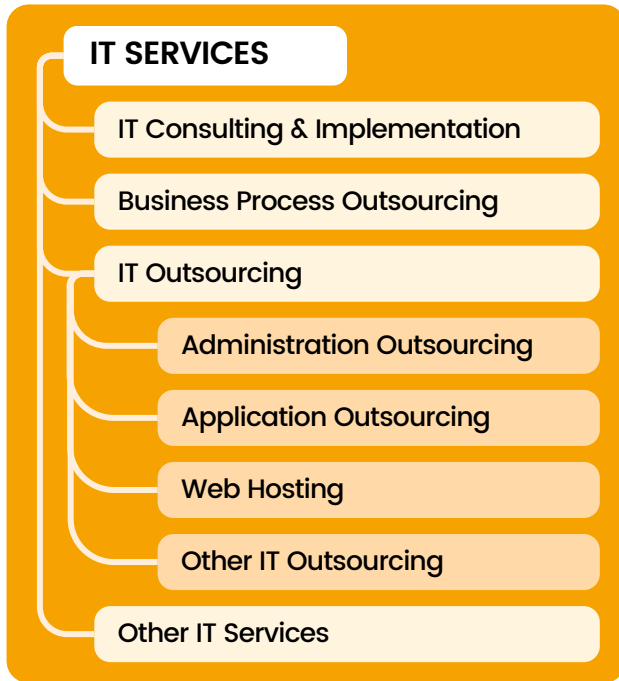
9.34% CAGR 2024–2029

In 2024, the average Spend per Employee is projected to reach

\$34.84

Fueled by advancements in infrastructure, software, and education technology, Vietnam's IT industry is booming. Local companies are leading the charge in innovation, making Vietnam a potential major player in the global IT market. This rapid growth, driven by a thriving digital economy and a focus on e-commerce, is expected to add a significant \$1 trillion to Vietnam's GDP by 2025 and position the country as a key production hub for IT hardware and services. (Nguyen, 2024)

VIETNAM IT SERVICES MARKET STRUCTURE OVERVIEW



Business Process Outsourcing

In 2024, Value added in the market is projected to amount to

\$0.59bn

With an expected compound annual growth rate to be

8.32%

CAGR 2024–2029



IT Outsourcing

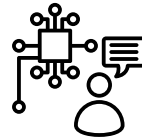
In 2024, Value added in the market is projected to amount to

\$694.80m

With an expected compound annual growth rate to be

12.23%

CAGR 2024–2029



IT Consulting & Implementation

In 2024, Value added in the market is projected to amount to

\$97.12m

With an expected compound annual growth rate to be

8.06%

CAGR 2024–2029



Other IT Services

In 2024, Value added in the market is projected to amount to

\$0.61bn

With an expected compound annual growth rate to be

6.86%

CAGR 2024–2029

TOP COMPANIES IN VIETNAM'S IT SERVICES INDUSTRY



01

Vietnamese IT service leader CMC Global aspires to be a regional top 10 player. They offer cutting-edge solutions like AI and Cloud, aiming to build a global network with world-class services and top-tier security.



02

FUJINET is a software development company catering primarily to Japanese clients. They prioritize building long-term, win-win partnerships by delivering high-quality, timely, and creative IT solutions with strong productivity.



03

GMO-Z.com RUNSYSTEM develops software and offers IT solutions across Vietnam and Japan. Their skilled employees create software for Japanese clients and provide web hosting, domain registration, and cloud services. Joining Japan's GMO Internet in 2011, they strive to be a global software quality provider.



04

KMS Technology, a global leader in software development, testing, and consulting, helps businesses speed up product launches. Their integrated solutions and customer focus empower organizations to modernize existing systems or build new software, ultimately fueling innovation.



05

NashTech, part of a leading global talent solutions provider, connects businesses with top tech talent and builds their digital capabilities. With a 30-year track record, they offer recruitment, software development, and tech solutions via a vast network across 19 countries.



06

NTQ Solution (NTQ) is a global IT consulting and software development company with over 14 years of experience. They focus on crafting top-quality ICT solutions to solve complex problems for clients worldwide.



07

Rikkeisoft, a leading IT services provider since 2012, helps businesses globally modernize operations and build software. They offer expertise across development, testing, and consulting, focusing on delivering cost-effective solutions, driving digital transformation for clients.



08

TMA Solutions, a leading Vietnamese IT outsourcing company, tackles complex projects with a proven track record of on-time, on-budget delivery. Their focus on client satisfaction and exceeding expectations fuels their commitment to excellence.



09

VMO is a leading Vietnamese software development company crafting custom applications across various industries. They focus on understanding your business goals and culture to deliver reliable, adaptable solutions that drive innovation in any sector.



10

VTI, a top 10 player with over 1200 skilled professionals, offers consulting services for businesses of all sizes across industries. They focus on digital transformation and leverage cutting-edge technologies like Cloud, AI, and IoT to tackle complex projects, aiming for client success as their measure of achievement.

THE ICT POTENTIAL BETWEEN THE UK & VIETNAM



According to VietnamPlus, in a workshop promoting cooperation opportunities with Vietnamese technological firms was held in London on June 14, 2023, Vietnamese Ambassador to the UK Nguyen Hoang Long (now Vietnam's MOIT Deputy Minister), expressed his hope that technology will be a key focus of collaboration between the two countries over the next five years, especially in areas such as digital health, financial centers, and financial technology.

Deputy CEO of techUK Antony Walker highlighted that the UK's growing focus on the Indo-Pacific region and its membership in the CPTPP trade agreement make cooperation with Vietnam across all levels - government, specific sectors, national development, and business - more crucial than ever.

In addition, Debby Davidson, co-founder and COO of Acclime, believes Vietnam's push for digital transformation, combined with the strong demand from UK tech firms to make similar transitions, will make Vietnam a very appealing destination for British businesses in the coming five years.

Mohan Naidu, the head of FPT Software's UK branch, emphasized Vietnam's strengths as a rising center for innovation:

- Vietnam possesses impressive annual graduation rate of **57,000 IT students**
- Vietnam has become the world's **second-fastest growing digital economy** in 2022, and is expected to take **the top spot** this year.

FAVORABLE CONDITIONS FOR IT SERVICES IN VIETNAM

According to an article from Source of Asia, Vietnam is quickly becoming a top choice for IT outsourcing due to its positive business climate, competitive labor costs, and government support.



1. Cost Efficiency

Businesses around the world can achieve significant cost reductions by outsourcing to Vietnam. According to CIO Magazine, the cost of outsourcing development in Vietnam can be up to 90% lower compared to the United States, making Vietnam an attractive choice for any company seeking cost savings in IT services.



2. High-Quality IT Engineer Resource

Vietnam possesses a substantial pool of talented IT professionals. With over 400,000 IT engineers and more than 50,000 graduates annually from over 153 institutions dedicated to Information Technology education, Vietnam boasts a robust and ever-growing IT workforce.



3. Proficiency in English

Language barriers are becoming less of a concern in Vietnam's IT industry. While Vietnamese remains the native language, a strong emphasis is placed on English language education throughout the educational system. As a result, most graduates, regardless of their field of study, are exposed to English during their academic careers. This focus on English language proficiency positions Vietnam 13th in the Asian region when it comes to English ability, facilitating smooth communication and collaboration with international clients.

FAVORABLE CONDITIONS FOR IT SERVICES IN VIETNAM

According to an article from Source of Asia, Vietnam is quickly becoming a top choice for IT outsourcing due to its positive business climate, competitive labor costs, and government support.



4. Growing Number of Investors

The Vietnamese IT sector has attracted a significant number of foreign investors. Major technological giants such as Intel, Samsung, LG, Microsoft, and IBM have established a presence in Vietnam. These investments play a crucial role in upgrading the infrastructure, technology, and overall innovation within the Vietnamese IT industry, continuously improving the quality and capabilities of Vietnamese IT services.



5. Specialized Schools in Information Technology

Vietnam has invested heavily in creating a strong educational foundation for its IT workforce. The country boasts numerous specialized schools and universities dedicated to Information Technology education, and they offer high-quality education and training programs, ensuring a steady stream of skilled and qualified IT professionals entering the workforce. Some of the most notable institutions include FPT University, PTIT, UET, and HCMUT.



6. Young Population with STEM Focus

Vietnam benefits from a young and dynamic population. A high proportion of graduates within this young demographic hold degrees in computer science and engineering, creating a large pool of skilled and qualified IT workers. This emphasis on STEM education within the Vietnamese educational system fosters a highly educated workforce, well-equipped to meet the demands of the ever-evolving IT industry.

REFERENCES

- TRADING ECONOMICS. (n.d.). Vietnam GDP Annual growth Rate. <https://tradingeconomics.com/vietnam/gdp-growth-annual#calendar-table>
- World Bank Open Data. (n.d.). World Bank Open Data. <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=VN>
- World Bank Open Data. (n.d.). World Bank Open Data. <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=VN>
- Vietnam+. (2024, April 24). Standard Chartered revises down Vietnam's GDP growth forecast in 2024 to 6%. Vietnam+ (VietnamPlus). <https://en.vietnamplus.vn/standard-chartered-revises-down-vietnams-gdp-growth-forecast-in-2024-to-6-post285003.vnp>
- Statista. (n.d.). IT Services - Vietnam | Statista market forecast. <https://www.statista.com/outlook/tmo/it-services/vietnam>
- Nguyen, H. (2024, May 24). The growth of IT industry in Vietnam: What to expect. TECHVIFY Software. <https://techvify-software.com/it-industry-in-vietnam/#ftoc-heading-3>
- Statista. (n.d.). IT Consulting & Implementation - Vietnam | Market Forecast. <https://www.statista.com/outlook/tmo/it-services/it-consulting-implementation/vietnam>
- Statista. (n.d.). Business Process Outsourcing - Vietnam | Market Forecast. <https://www.statista.com/outlook/tmo/it-services/business-process-outsourcing/vietnam>
- Statista. (n.d.). IT Outsourcing - Vietnam | Statista Market forecast. <https://www.statista.com/outlook/tmo/it-services/it-outsourcing/vietnam>
- Statista. (n.d.). Other IT services - Vietnam | Statista market forecast. <https://www.statista.com/outlook/tmo/it-services/other-it-services/vietnam>
- Phạm, G. (2023, October 30). Công bố và vinh danh TOP 10 Doanh nghiệp Công nghệ số xuất sắc Việt Nam 2023. Copyright (C) by Bộ Thông Tin Và Truyền Thông. <https://mic.gov.vn/cong-bo-va-vinh-danh-top-10-doanh-nghiep-cong-nghe-so-xuat-sac-viet-nam-2023-197160134.htm>
- Top 10 ICT Companies 2023 – TOP 10 VN ICT COMPANIES. (n.d.). <https://top10ict.com/en/top-10-ict-2023/>
- Vietnam+. (2023, June 15). Vietnam, UK work to foster ICT partnership. Vietnam+ (VietnamPlus). <https://en.vietnamplus.vn/vietnam-uk-work-to-foster-ict-partnership-post254728.vnp>
- Vo, V. (2023, June 29). Vietnam's Thriving Tech Industry: A Top Destination for IT Outsourcing. Source of Asia. <https://www.sourceofasia.com/vietnam-thriving-tech-industry-a-top-destination-for-it-outsourcing-2/>