



## Location Spotlight – Vietnam

Locations Insider™ (LI)

Market Report – February 2020: Complimentary Abstract / Table of Contents

# Our research offerings for global services

<ul style="list-style-type: none"> <li>▶ Market Vista™ Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available</li> </ul>	
<ul style="list-style-type: none"> <li>▶ Application Services</li> </ul>	<ul style="list-style-type: none"> <li>▶ Human Resources</li> </ul>
<ul style="list-style-type: none"> <li>▶ BPS   Banking &amp; Financial Services</li> </ul>	<ul style="list-style-type: none"> <li>▶ ITS   Banking &amp; Financial Services</li> </ul>
<ul style="list-style-type: none"> <li>▶ BPS   Healthcare &amp; Life Sciences</li> </ul>	<ul style="list-style-type: none"> <li>▶ ITS   Healthcare</li> </ul>
<ul style="list-style-type: none"> <li>▶ BPS   Insurance</li> </ul>	<ul style="list-style-type: none"> <li>▶ ITS   Insurance</li> </ul>
<ul style="list-style-type: none"> <li>▶ Catalyst™</li> </ul>	<ul style="list-style-type: none"> <li>▶ IT Services Executive Insights™</li> </ul>
<ul style="list-style-type: none"> <li>▶ Cloud &amp; Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>▶ ITS   Life Sciences</li> </ul>
<ul style="list-style-type: none"> <li>▶ Customer Experience Management Services</li> </ul>	<ul style="list-style-type: none"> <li>▶ Locations Insider™</li> </ul>
<ul style="list-style-type: none"> <li>▶ Data &amp; Analytics</li> </ul>	<ul style="list-style-type: none"> <li>▶ PricePoint™</li> </ul>
<ul style="list-style-type: none"> <li>▶ Digital Services</li> </ul>	<ul style="list-style-type: none"> <li>▶ Procurement</li> </ul>
<ul style="list-style-type: none"> <li>▶ Engineering Services</li> </ul>	<ul style="list-style-type: none"> <li>▶ Recruitment &amp; Talent Acquisition</li> </ul>
<ul style="list-style-type: none"> <li>▶ Enterprise Platform Services</li> </ul>	<ul style="list-style-type: none"> <li>▶ Service Optimization Technologies</li> </ul>
<ul style="list-style-type: none"> <li>▶ Finance &amp; Accounting</li> </ul>	

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In addition to a suite of published research, a membership may include

- Accelerators™
- Analyst access
- Data cuts
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- PriceBook
- Virtual Roundtables
- Workshops

## Custom research capabilities


- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

## Membership information

- This report is included in the following research program(s)
  - [Locations Insider™](#)
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# This report provides perspectives on key aspects of the global sourcing market in Vietnam

## Vietnam | At a glance



Emerging location for delivery of digital and engineering services, with favorable operating and business environment.

**KEY FACTOIDS**

- 365,000-375,000 annual tertiary graduates
- Annual operating cost per FTE 79-82% savings over Dallas

**Current overview**

- Leveraged by both service providers and Global In-house Centers (GICs) for delivery of IT and engineering/R&D services with focus on application development, software, and embedded services
- Some evidence of multi-lingual inbound and outbound voice services in Vietnamese, English, and Japanese languages
- Opportunity to be an emerging nearshore location, given presence of a large talent pool

**Key drivers**

- With the digital services sector growing, the country is expected to turn into a destination of choice for the development of video games and animation
- Favorable for global services delivery, coupled with government measures to support the hi-tech industry
- Vietnam's economic growth has been robust in the past few years and has attracted significant Foreign Direct Investment (FDI)

**Key challenges**

- Some concerns around political stability due to restriction on civil and political rights such as freedom of expression, right to form a political party, and right to protest; however, limited impact on operations
- Underdeveloped infrastructure and vulnerability to floods poses risk to business in the country
- Limited availability of English-speaking talent

**KEY PLAYERS:** 

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## Vietnam | Risk profile (page 1 of 2)

Stable macro-economic environment and availability of good infrastructure; however, some concerns around political stability and freedom of expression

Parameter	Everest Group rating	Comments
Geopolitical	■	<ul style="list-style-type: none"> <li>Vietnam continues to slide deeper into authoritarianism. The government's human rights record continues to be unsatisfactory in the eyes of the international community</li> <li>The Communist Party of Vietnam controls all major political and social organizations, punishes people who criticize, and monopolizes power through the government. It has also imposed strict restrictions on basic civil and political rights including freedom of expression, association, and peaceful public assembly</li> <li>Ranked 136 out of 167 countries in the Democracy Index compiled by the Economist Intelligence Unit, this indicates it as a dictatorial regime</li> </ul>
Macroeconomic	■	<ul style="list-style-type: none"> <li>As per World Bank's forecast, Vietnam's economic growth will remain stable at 6.5% for 2020 and 2021</li> <li>2019 marked the 10<sup>th</sup> consecutive year of increase in Foreign Direct Investment (FDI) inflow into Vietnam. There is a significant rise in both the volume and the value of FDI projects. The processing and manufacturing sector continues to attract the highest amount of investment, accounting for ~68% of Vietnam's total FDI</li> <li>Moody's lowered Vietnam's outlook to negative in 2019 due to concerns about sovereign debt payments. If the government continues to take out foreign loans, it could affect the country's prospects in 2020</li> <li>Rapid credit growth at the start of the decade led to higher levels of Non-Performing Loans (NPL). However, with tighter reforms and credit policies, the NPLs have now declined to 6.5%</li> </ul>
Infrastructure	■	<ul style="list-style-type: none"> <li>Vietnam ranks 67 out of 137 countries for the quality of its infrastructure by The Global Competitiveness Report of the World Economic Forum</li> <li>Vietnam has a strong project pipeline in roads, rails, bridges, public service infrastructure, urban transportation, and infrastructure for its ports and special economic zones</li> <li>The government has recently announced 44 planned PPP projects with a total investment value of ~US\$20 billion in the road and power sectors</li> <li>Some concerns noted for supply of utilities, such as restrictions on water supply and regular power cuts</li> </ul>

Source: Everest Group (2020); EIU, WRR, doingbusiness.org; WEF; interviews with market participants

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# Research calendar – Locations Insider

Published
  Planned
  Current release

Flagship Locations Insider reports	Release date
Global Locations Annual Report 2019	September 2019
Location Spotlight – Egypt	September 2019
Location Spotlight – The Czech Republic	September 2019
Location Spotlight – Morocco	October 2019
Location Spotlight – Romania	October 2019
Location Spotlight – Israel	October 2019
Location Spotlight – Trivandrum, India	October 2019
Location Spotlight – Vietnam	February 2020
Global Locations Annual Report 2020	Q1 2020
Location Spotlight – Slovakia	Q2 2020
Location Spotlight – Indonesia	Q2 2020

Thematic Locations Insider reports	
Global Hotspots – Analytics in BFSI	May 2019
European Digital Services Talent Handbook: Prepare for Digital Disruption	June 2019
Global Handbook – Focus on Language Skills Availability Across the World	November 2019
Global Handbook – Focus on Cloud Skills Across the World	Q1 2020

Note: For a list of all our published Locations Insider™ reports, please refer to our [website page](#)

# Additional Locations Insider™ research references

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The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details or complementary content that may be of interest

1. **Global Locations Annual Report 2019: Demand for Next-generation Services Defining Locations Strategies | Key Trends Shaping the Landscape** ([EGR-2019-37-R-3313](#)); 2019. The Global Locations Annual Report 2019 describes the nuances of the global services locations landscape and interprets locations-related developments and trends to help in locations portfolio strategy design. It presents insights on market size and growth and global services exports by region and country, and offers an update of locations activity by region and country and trends affecting global locations (changes in the investment environment, key global developments, and changes in exposure to various risks)
2. **Talent Handbook for Language Skills: Answering the Calls for a Global Marketplace** ([EGR-2019-37-R-3423](#)); 2019. This report helps market players in selecting the most suitable locations for their language-related needs. It highlights the relative attractiveness of key global locations for different languages based on a comprehensive assessment of 20+ parameters, grouped under two broad categories: Enablers and Language Talent Pulse
3. **Location Spotlight – India** ([EGR-2019-37-R-3174](#)); 2019. This report analyzes India and offers perspectives on the global sourcing profile of India, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environmental risks

For more information on this and other research published by Everest Group, please contact us:

**Parul Jain**, Practice Director – Global Sourcing: [parul.jain@everestgrp.com](mailto:parul.jain@everestgrp.com)

**Rohan Kapoor**, Senior Analyst – Global Sourcing: [rohan.kapoor@everestgrp.com](mailto:rohan.kapoor@everestgrp.com)

**Sana Jamal**, SIS – Information Services: [sana.jamal@everestgrp.com](mailto:sana.jamal@everestgrp.com)

Website: [www.everestgrp.com](http://www.everestgrp.com) | Phone: +1-214-451-3000 | Email: [info@everestgrp.com](mailto:info@everestgrp.com)



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### Dallas (Headquarters)

info@everestgrp.com  
+1-214-451-3000

### Bangalore

india@everestgrp.com  
+91-80-61463500

### Delhi

india@everestgrp.com  
+91-124-496-1000

### London

unitedkingdom@everestgrp.com  
+44-207-129-1318

### New York

info@everestgrp.com  
+1-646-805-4000

### Toronto

canada@everestgrp.com  
+1-416-388-6765

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