EXPERTRANS BPO
Transform your business

A: 62, 19th Lane, Tran Quang Dieu Street, Dong Da District, Hanoi
P: (+84 24) 7303 8899
E: sales@expertrans.com
W: www.expertrans.com

IT OUTSOURCING HOTSPOT:

VIETNAM, A SMALL BUT MIGHTY POWERHOUSE

POST WRITTEN BY: Anna Frazzetto - Forbes

Chief Digital Technology Officer and SR VP of Global Technology Solutions for Harvey Nash.

India reigned for years as the world's most dominant business process outsourcing (BPO) destination, but times have changed. According to trade association Nasscom, the Indian BPO industry has just seen its largest employment drop in seven years, while its information technology (IT) sector saw its second year of increasing unemployment. As India adjusts to changing expectations and demand, new regions are emerging as powerful IT outsourcing hubs.

One such country, known as a small but mighty outsourcing powerhouse in the Asia-Pacific, is Vietnam. It's a country few would think to equate with Silicon Valley but one with a tech spirit and talented population that reminds many of the industrious beginnings of America's storied technology epicenter.

The History Of Global IT Outsourcing In Vietnam

The fact is, IT outsourcing in Vietnam is fairly young. More than a decade ago, Harvey Nash, the company where I have worked since 2005 -- and a few other multinational technology corporations, including Intel and Oracle -- began tapping into the growing tech workforce in Vietnam. In addition to developing new policies that appealed to tech businesses, the Vietnamese government had invested heavily in STEM education, and the result was a workforce rich in skilled technologists.

Since then, the Vietnamese tech and outsourcing industries have grown steadily. In 2017, Vietnam rose by five places in the Global Services Location Index, a ranking of software outsourcing services from consulting firm A.T. Kearney. The country's outsourcing success has become a competitive concern for its Indian counterpart as companies like Intel, IBM, Samsung Display, Nokia and Microsoft continue to invest in Vietnam.

What Surprises Outsiders?

In my experience, some Western business leaders expect rigidness from Vietnamese outsourcing providers. Sometimes it's assumed based on what they think operations must be like in a socialist republic with a history of Communist political influence. Sometimes it's a lack of insight into the Vietnamese culture. What they find inside Vietnam, however, is a highly adaptive approach to work and tech.

Rapid change has defined the Vietnamese economy, which has evolved from its agrarian foundation to become a modern, business-driven marketplace. Vietnam joined the World Trade Organization (WTO) in 2007 and has striven to make it easier for Western companies to establish a footprint in Vietnam. Western investment is widely seen as good for economic growth, and over the last 10 years, I have seen firsthand how the cultural comfort with change has yielded a highly adaptive IT workforce. Technology specialists in Vietnam are comfortable with quickly becoming a natural extension of global clients, ready to challenge norms and bring innovative ideas to the

EXPERTRANS BPO
Transform your business

A: 62, 19th Lane, Tran Quang Dieu Street, Dong Da District, Hanoi
P: (+84 24) 7303 8899
E: sales@expertrans.com
W: www.expertrans.com

table. The education system is striving to ensure that "English becomes a second language at universities rather than just a foreign language," sending a strong signal that English proficiency is important for Vietnam.

However, there is a cultural rigidity in Vietnam that affects the workplace: loyalty. Vietnamese employees are usually very loyal to their employers, reflecting the powerful loyalty the culture places on family bonds. Vietnam workers are expected not only to provide for their immediate families but also give support to their extended families. It's a cultural distinction that often keeps Vietnamese professionals close to home and loyal to good employers. Where in India, the Philippines, and Malaysia, professionals often leave their home countries and pursue career advancement abroad, Vietnamese professionals are more likely to stay close to home.

Local Workforce Facts

Vietnam is working to grow its highly skilled workforce in order to compete with regional neighbors Singapore, Malaysia and the Philippines, and it's committed to higher education and STEM learning. Cornell University, for example, is advising on the development of a world-class university in Hanoi, while Fulbright University will soon open a campus in Ho Chi Minh City. With this kind of continued investment in research and the sciences at the university level, Vietnam is ensuring that the majority of its college graduates will have STEM degrees.

Gender diversity in the tech sector in Vietnam is also impressive. At Harvey Nash, we employ more women than men currently, and women are leading and promoted at the same rate as men.

Challenges And Opportunities

Vietnam is a hub of business process outsourcing along with IT outsourcing. It's an excellent complement for multinational corporations managing big datasets and looking for data cleansing ahead of software development. Based on my firsthand experience in this area, the sectors most frequently leveraging outsourced IT talent in Vietnam include technology, financial services, media, gaming, software integrators and businesses looking to cost-effectively explore emerging trends such as AI, machine learning and blockchain.

For most businesses, the main IT outsourcing challenge in Vietnam is adapting to having a skilled innovation team that sits 5,000 to 10,000 miles away. It's an adjustment best overcome with training and communication. Training an offshore team in the same way an internal staff is trained sets a foundation for success, establishing common processes for collaborative work.

Success requires establishing smart communication protocols so that despite time and distance, teams are working fluidly and smartly together. The key is to use timezone differences to a productivity advantage. For example, instead of playing catch-up with the remote team, businesses should proactively plan workloads. The work a remote team does the night before should feed the local team the next day. That is the beauty of outsourcing to Asia-Pac for Western businesses: a near 24-hour cycle of productivity. The software development life cycle can fold effectively into this structure with offshore teams testing overnight what has been developed during the day.

The Outsourcing Outlook In Vietnam

While India is experiencing some bumps on the outsourcing road, areas like Vietnam continue to see growth. As with other Asia-Pac outsourcing hotspots like Cambodia and Thailand, Vietnam needs to maintain its diligence in cultivating talent. Sustained government investment in STEM education and expanding the footprint of multinational corporations will fuel both the workforce

EXPERTRANS BPO
Transform your business

A: 62, 19th Lane, Tran Quang Dieu Street, Dong Da District, Hanoi
P: (+84 24) 7303 8899
E: sales@expertrans.com
W: www.expertrans.com

and marketplace in Vietnam. It's a trend I will explore in future articles as I share my real-world experience in other global outsourcing hotspots, including Australia and Singapore.