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FRUIT

**The coffee industry
is full of beans and
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Coffee in Daklak Province,
Vietnam's key coffee producer

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Young Industry Makes Headway

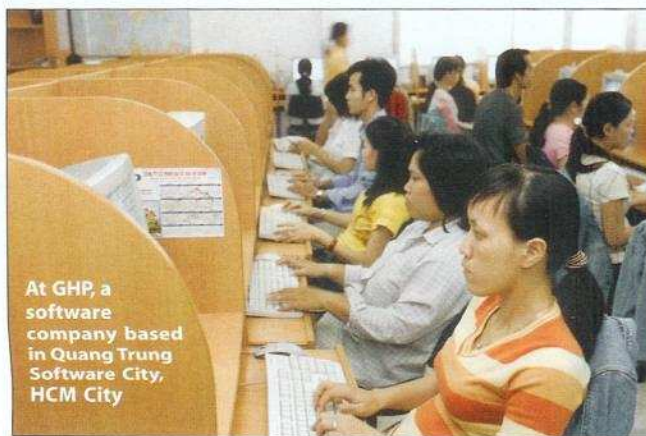
Software processing has become a new industry with remarkable progress in Vietnam, but it needs assistance to gain sustainable development

By Hoang Lan

The software industry has gotten off to a good start since it came into being just a few years ago. In 2004 alone, the total value of sub-contracted software reached US\$170 million, with US\$45 million earned from exports. Truong Gia Binh, chairman of the Vietnam Software Association (Vinasa), says that over the past three years the industry has had an annual growth rate of 30-45%.

The Asia-Oceania Computing Industry Organization has ranked Vietnam among the world's 25 most attractive countries in software processing. In Japan, Vietnamese software businesses rank only after China, India and South Korea.

In Vietnam there are more than 600 software processing businesses, employing 15,000 programmers and engineers. Businesses are striving to be awarded with international standard certificates such as CMM and ISO. In particular, the Corporation for Financing and Promoting Technology (FPT) and Paragon Solutions Vietnam have gained CMM5 and CMM15 recognition. Hoang Minh Chau, FPT deputy general director, says that with the assis-



At GHP, a software company based in Quang Trung Software City, HCM City

THANH TUNG

tance of Vinasa, FPT's turnover from software exports last year soared 690%.

At present, exports make up 80-90% of the turnover of software businesses. With their strong efforts, Vietnamese software businesses have gained prestige in the international software markets such as Japan, the U.S., Ireland and Hungary. Along with efforts to seek customers, businesses have also tried to improve the quality of human resources. Sixty-three software engineers have been sent to Japan for studies under a Japanese scholarship program, and 30 managers have attended a training program for software quality management. This year, 100 software engineers in Hanoi and HCM City have been trained in software processing by Japanese experts.

Problems

Despite some initial success, the software industry is to overcome many constraints to be able to become a major industry in Vietnam. Nguyen Huu Hien, director of Saigon Software Park, says local software businesses are not really professional traders. They still have low productivity, lack long-term planning and fail to grasp market demand.

According to an official from the Ministry of Post and Telematics, to become a fully fledged industry, the software industry needs the participation of foreign investors. He says trade promotion by software businesses is poor, as they only focus on some traditional markets like Japan and fail to penetrate other markets.

Manpower is also a great concern for software busi-

nesses. Nguyen Nhat Quang, director of Hai Hoa Software Co., thinks that there is a problem in the production process, which has made the industry fail to develop the full potential of its personnel. "There must be something wrong in personnel employment. Software engineers do not achieve high productivity when they work for local companies, but they become good talents when they turn to work for foreign businesses," he says.

Phi Anh Tuan from AZ Solutions says software businesses should not ignore the local market if they want to achieve sustainable development. Evidence of that is that only a few software products, such as packages for accounting and personnel management, have been presented to the local market during IT Week each year. The director of a prestigious software company in HCM City blames the problem on low demand, as consumers prefer to use illegal software and free software available online.

Le Truong Tung, chairman of the HCM City Computer Association, says for the young software industry to have strong growth, it needs not only the effort of businesses but also the State's assistance, with more attractive incentives.



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