



Vietnam Market for Information Technology (IT) Hardware and Software

By U.S. Commercial Service – Vietnam
March 2012

Overview

IT Hardware Market (in million US\$)

	2010	2011	2012 (estimated)
Total Market Size	1150	1350	1540
Total Local Production	60	68	70
Total Exports	0	0	0
Total Imports	1090	1282	1470
Imports from the U.S.	440	510	660

IT Software Market (in million US\$)

	2010	2011	2012 (estimated)
Total Market Size	530	580	660
Total Local Production	210	220	230
Total Exports	0	0	0
Total Imports	320	360	430
Imports from the U.S.	130	160	190

(Note: Figures are gathered from industry publications and news articles, and are unofficial estimates)

The IT hardware and software markets of Vietnam, which are driven by continued higher IT demand and outlay from the public sector, private sector and households, have grown at an average rate of 15 percent for the last five years. To meet its dynamic market growth, Vietnam has been importing the lion's share of IT hardware and software as Vietnamese manufacturers are still relatively new and are able to offer the same range of solutions and services as foreign suppliers. This trend is expected to continue to offer good sales opportunities for U.S. suppliers for many years to come. A recent International Data Corporation (IDC) report shows that the hardware market grew at 17 percent in 2011 and is forecasted to grow at a similar rate in 2012. Key players in the hardware market include suppliers from Taiwan, China, the U.S., and Japan. According to IDC, the software market grew at 14.4 percent in 2011 and is estimated to grow at virtually the same rate in 2012. Major players in the software market include suppliers from the U.S., Germany, China, Russia, and Vietnam. Software market revenues would be markedly greater without the widespread use of counterfeit software. Protection of software copyright is an issue; industry experts estimate that Vietnam had a software piracy rate of 81 percent in 2011, down from 83 percent in 2010. Adding to the IPR challenge, the Government of Vietnam is currently preparing a draft decree on information technology services (No./2012/ND-CP) which, if adopted, would increase licensing, registration and certification requirements for IT services companies, and would undermine the development of the sector.

Best Prospects

U.S. IT suppliers have good opportunities for success in penetrating or expanding their business in Vietnam thanks to their reputation for high-quality products, state-of-the-art technology and

professionalism. As more domestic enterprises including banks, brokerages, retail and e-commerce firms and other companies invest in their core systems, retail and mobile delivery services, etc., demand for IT hardware and software is expected to continue to grow in the coming years.

Hardware: According to the IDC, the Vietnam's personal computer (PC) market grew at roughly 13 percent in 2011. As the Vietnamese economy is forecasted to grow at about 6 percent over the next few years, this growth trend in the PC market is expected to continue at a strong pace and offers good potential for U.S. suppliers. Major suppliers of PCs in Vietnam include Taiwan (Acer and Asus), the U.S. (Dell, Hewlett-Packard and Apple), China (Lenovo), and Japan (Sony and Toshiba).

Wireless equipment is another best prospect in the IT hardware market for U.S. suppliers. Government agencies, enterprises, department stores, hotels, restaurants, high-end coffee shops and households in Vietnam are increasingly equipping themselves with Wi-Fi equipment to meet the growing connection demand from their employees and clients. Key suppliers of wireless equipment in Vietnam include Taiwan (D-link and Asus), and the U.S. (Linksys, NetGear and Proxim).

Network equipment, including access points, ADSL equipment, hubs, switches, and network adapters, is also a best prospect for U.S. suppliers. Cisco Systems and Juniper Networks are two major U.S. network equipment suppliers in Vietnam.

In addition, the information security equipment sub-sector offers good potential for U.S. suppliers as the Government and businesses in Vietnam are conducting more business transactions via the Internet and local and wide area networks.

Software: Security software, including anti-virus software and Internet security software, is a best prospect for U.S. suppliers. Symantec and McAfee are successful U.S. suppliers of security software in Vietnam.

Database software is another best prospect for U.S. suppliers, especially in the finance and banking sectors. Key players in the database software market in Vietnam are Oracle, IBM and Microsoft.

Application software for Small and Medium-sized Enterprises (SMEs), including Customer Relationship Management (CRM), Enterprise Resource Planning (ERP) and Human Resources Management (HRM), is also expected to present good potential for U.S. suppliers.

According to industry analysts, while most SMEs in Vietnam tend to use low-priced Vietnamese software, a number of large State-owned and private corporations, especially in finance and banking, aviation, energy, telecommunications and construction, prefer to use high-end software, including customized solutions as well as off-the-shelf products.

Trade Events:

1. CommunicAsia, 19-22 June 2012, Singapore, <http://www.communicasia.com/>
2. Vietnam Telecomp, 14-17 November 2012, HCMC, Vietnam

Resources:

Vietnam Ministry of Information and Communication: <http://www.mic.gov.vn>

World Bank – Vietnam Projects and Operations

http://www.worldbank.org/projects/search?lang=en&searchTerm=&countryshortname_exact=Vietnam&src=

Asia Development Bank – Vietnam Projects and Operations

<http://www.adb.org/countries/viet-nam/main>

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