



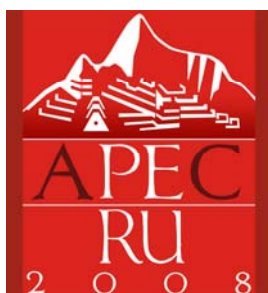
**Asia-Pacific
Economic Cooperation**

2008/SMEWG/SYM/007

Agenda Item: 4.1

Offshore Software Outsourcing Services: a Case Study from CMC Software Solution

Purpose: Information
Submitted by: Vietnam



**APEC Symposium on Improving Market
Access for ICT Outsource SMEs
Hanoi, Vietnam
27–29 October 2008**

17th IT WEEK 2008
Improving Market Access for ICT Outsource SMEs
Sofitel Plaza Hanoi Hotel, Hanoi, Vietnam, October 27–29, 2008



Offshore Software Outsourcing Services

a case study from CMCSoft, Vietnam

Nguyen Quoc Tuan
Business Development Manager – Outsourcing services
CMC Software Solution Company Limited
A member of CMC Corporation



Content

- CMC Corporation and CMC Soft overview
- CMC Software outsourcing services: opportunities, strength and challenges
- How we proceed: Organization, quality, IP and information Security, sustained development

CMC CORP. OVERVIEW



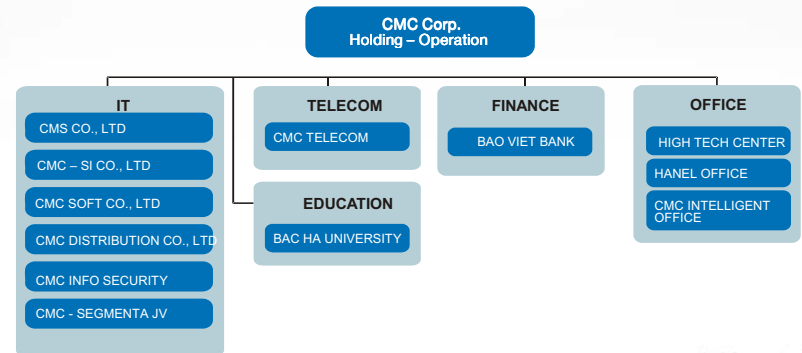
CMC Corporation - Holding



Established in 1993: CMC Corp now is known as a leading ICT group in Vietnam

CMC Corp. is the corp. of ICT companies which are coordinated closely together in finance, legal, human resource, brand...

2007: 1000 employees and over 100 million USD of revenue.



Position in Vietnam

- **2nd biggest** ICT Group in Vietnam
- Strategic partnership with the international leading ICT corporations: Microsoft, IBM, HP, Cisco, Oracle, Intel
- **Number 1**
 - in Government and Education markets Vietnamese Computer Brand
 - in software solutions for education, library, insurance, document and workflow management
 - in Open Source software solutions
- Reliable partner for all worldwide and domestic customers



CMC SOFTWARE

FROM OUTSOURCING PROJECTS TO STRATEGIC PARTNERSHIP

CMC Software Solution Co., Ltd
A member of CMC Corporation

General Information

- Founded in 1996, now recognized as **one of top 5 Vietnamese Software companies**
- CMCSOFT - specialized in Software Development, Software Services, Software Solution and Outsourcing services.
- Domains of expertise: Finance, Insurance, E-Library, Education, Government, Enterprise industry, etc.
- 300 employees (over 200 developers and testers)



CMCSOFT Head Office
14-16 Ham Long St., Hanoi



CMCSOFT HCM Branch
65, 3/2 street, 10 District, Ho Chi Minh City

Products and services

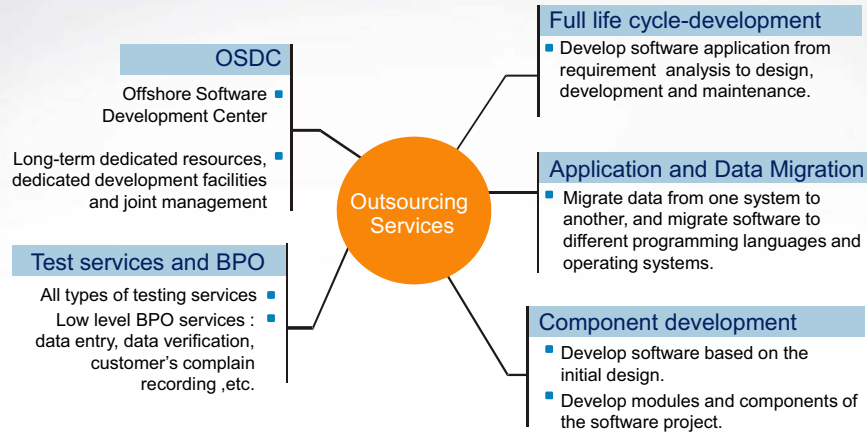
Products

- EDocMan : Document management and Workflow Management.
- Electronic Library, Digital Library, knowledge portal (iLib,dLib,KPortal)
- Education Management Information System (EMIS)
- Finance and Insurance Solutions

Services

- Software development outsourcing service
- ERP Consulting, and implementing (Oracle, SAP)
- BPO and Test services
- OSDC

CMC Outsourcing Services



Outsourcing services: markets overview

MARKET		Opportunities:	Challenges:
Japan	CMCSoft have established cooperation with Japan customers over the past five years. Large and medium projects have been implemented successfully	<ul style="list-style-type: none"> Vietnam is known by Japanese companies as a destination of outsourcing with competitive advantages in terms of price, cheap labor costs Once successful projects are delivered, Japanese companies can gain confidence in the contractor company and establish long-term cooperation 	<ul style="list-style-type: none"> Japanese customers often strictly require the highest quality control of the project Language and cultural gap
Europe	On-going project with customers from France, UK and Belgium....	<ul style="list-style-type: none"> After China, Vietnam is a new emerging and potential destination for outsourcing European customers is no longer focus on nearshore due to higher price, and overlapping projects Human resources in Vietnam are are familiar with English and French languages 	<ul style="list-style-type: none"> Lack of common marketing strategy between IT companies to enhance Vietnamese image in terms of outsourcing in Europe Friction against offshoring trend and long decision-making life cycle

Outsourcing services: markets overview

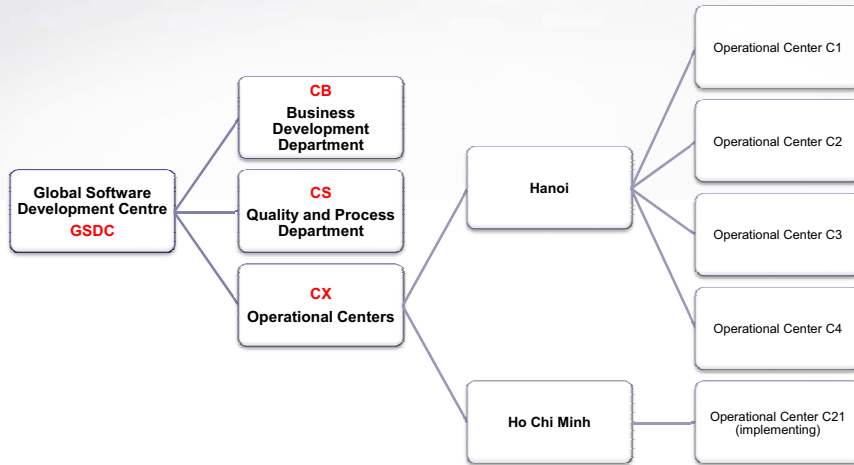
OTHER MARKETS

United state	Huge and difficult to approach Excellent English skill requires
Asia Pacific	Small financial attractiveness Potential market with emerging outsourcing needs from Australian customers.

CMCSoft's advantages

- Industry experiences: 12 years of software development. Knowledge of specialized businesses, many experts in the developing areas.
- Standardized project management. Modern software development methodology
- Young, motivated and qualified human resources
- Capability for business expansion
- Outsourcing experiences
- Most of projects delivered on time, on budget
- Competitive price

How we proceed ? – Organization

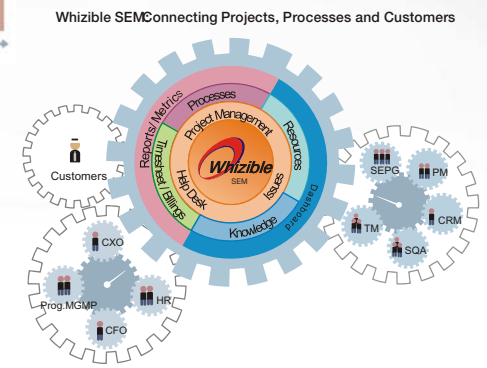


How we proceed? - Quality assurance IP protection and information security



Quality Assurance:
Quality is one of the top goals of CMCSOFT. Therefore, quality control is tightly carried out by separate and devoted P&Q departments through project development as well as support and maintenance.

Project Management Tool



How we proceed? - Human Resource

- Over 200 developers
- Capability of immediate mobilization of more 100 supplementary developers

College degree: 45%	University degree: 50%	Master or higher degree: 5%
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Recruitment process: BrainBench Test



- Foreign language training (Japanese, English, French)
- Most of development staff can speak, read and write in English
 - Bridge System Engineer Training and Dispatch Program
- Technical Training
- Technical & Soft skills
 - Processes, project management.

Strategic investor of BacHa international Universities. Partnership with leading technology universities.

Organizing for Offshore Outsourcing

Partnership Building

- Building Partnership on the basis of trust
- Frequent communication and exchange of information
- Building long-term relationship and strategic partnership on the basis of mutual understanding. Both sides need long-term planning.

Organizing for Offshore Outsourcing

Communication with customers

- Contact persons for both sides need to be assigned since very beginning.
- Group mail list for development team and contact points should be set up.
- Use various communication methods, such as e-mail, Yahoo Messenger, MSN, Skype, telephone, etc. according to project tasks. Video conference should be set up.
- Both structured communication (regular means for status updates) and unstructured communication (for team bonding) are required.
- Customer's report requirements must assiduously be met
- Miscommunication is the greatest risk in the project cycle.

Organizing for Offshore Outsourcing

Organizational issues

- Early prepare planning for all resources.
- Carefully select team leads for project.
Strictly set up coordination mechanism of project teams
- Clearly define roles and responsibilities of all project team members.

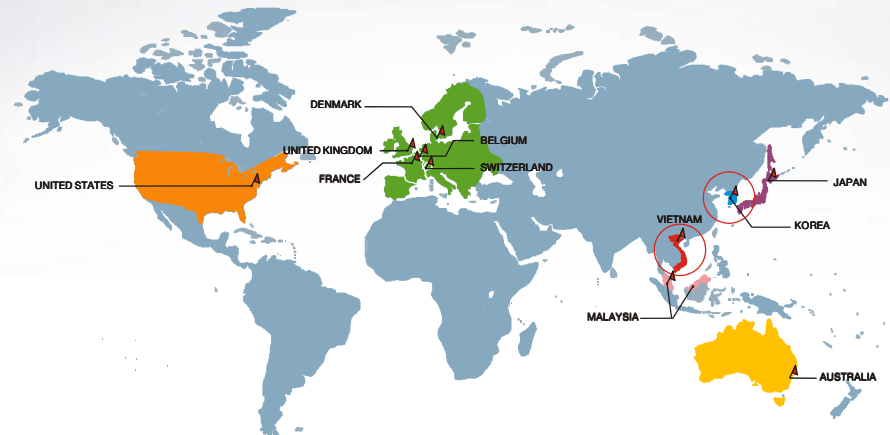
Plan a roadmap for improvement to satisfy customers' demands

- Quality
- Security
- Reliability

How we proceed? - Markets Expansion

- Increase visibility through intensive and professional marketing campaigns
- Business development for each specific market
- Partner network around the world
- Active participation in conferences, workshops and forums

Outsourcing references



Software Outsourcing- opportunities

- Vietnam is considered a promising destination of Outsourcing due to competitive price, good supplier of skilful and assiduous workforce
- Abundant supply of engineers graduated with Bachelor degree in Information Technology: 25,000 software technician and engineers, expectedly 55,000-60,000 in 2010. Almost IT technicians are young, dynamic , creative
- Technical engineers have thorough understanding of popular technologies, familiar with English, French
- About 100 universities, over 150 colleges and vocational schools with IT curriculum. International IT education programs are under operation, such as IFI, APTECH, NIIT, RMIT.

Software Outsourcing – Challenges

- Lack of efficient common marketing strategies
- IT companies need to invest in training workforce
- Languages skill, working process of the workforce should be improved to ensure the high quality of services offer
- Lack of professional working methodologies
- Foreign language: Poor oral communication skill
- Actual financial crisis

Thank you

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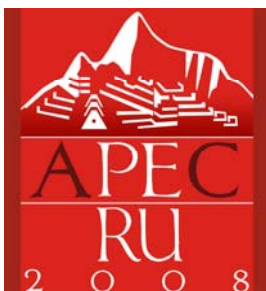
**Asia-Pacific
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2008/SMEWG/SYM/008

Agenda Item: 4.2

Software Outsourcing for Japan Market - a Practical Approach at Company Level

Purpose: Information
Submitted by: Vietnam



**APEC Symposium on Improving Market
Access for ICT Outsource SMEs
Hanoi, Vietnam
27–29 October 2008**

Software Outsourcing for Japan market - A practical approach at company level

Le Xuan Hai
CEO of Vietsoftware International

□ Agenda

- ★ Opportunities and Requests of Japan outsourcing market.
 - ★ Current status of Japan outsourcing market in Vietnam and VSII.
 - ★ Problems and solution
 - ★ Recommendation
-

Opportunities and Requests

- Opportunities
 - ★ Need millions software engineers per years
 - ★ 70,000 embedded engineers
 - Requests
 - ★ Quality of Vietnam IT engineer including: technical skills, software development process...(29%)
 - ★ Japanese capability of Vietnam companies (28%)
 - ★ Cost (22%)
 - ★ Others as: management system, geography distance ... (11%)
-

Current Status

- Outsourcing industry of Vietnam
 - ★ Graduated IT engineers per years: 10,000 people.
 - ★ Working for outsourcing projects related to Japanese market: ~ 5000 people (0.05%).
 - ★ Successful outsourcing service companies for Japan market: < 10.
-

- Vietsoftware International
 - ★ Established 2005 with 12 developers focus on USA, Japan, Europe outsourcing market.
 - ★ 2008:
 - Greater 120 engineers works for projects of USA, Europe.
 - 15 engineers dedicated for Japan market but only 3 engineers have regular jobs.

- Japanese capability of Vietnam IT engineer
 - ★ 4 years in Vietnam
 - ★ 2 years in Japan
- Long time for take collaboration opportunities going alive
 - ★ 2 – 4 years
 - ★ Financial capability of Vietnam company is not enough for long term investment without real projects.

- Vietnam side
 - ★ Improving Japanese skills, technical skills, software development process of staffs.
 - ★ Training staffs about: Japanese business manner, Japanese culture, 5S, Horensou ...
 - ★ Investment for long-term business relationship with Japanese partnerships
- Japan side
 - ★ Shortly go alive collaboration opportunities with Vietnam partner.
 - ★ Supporting Vietnam companies improves their capability by giving some pilot projects.

Questions and Answers

