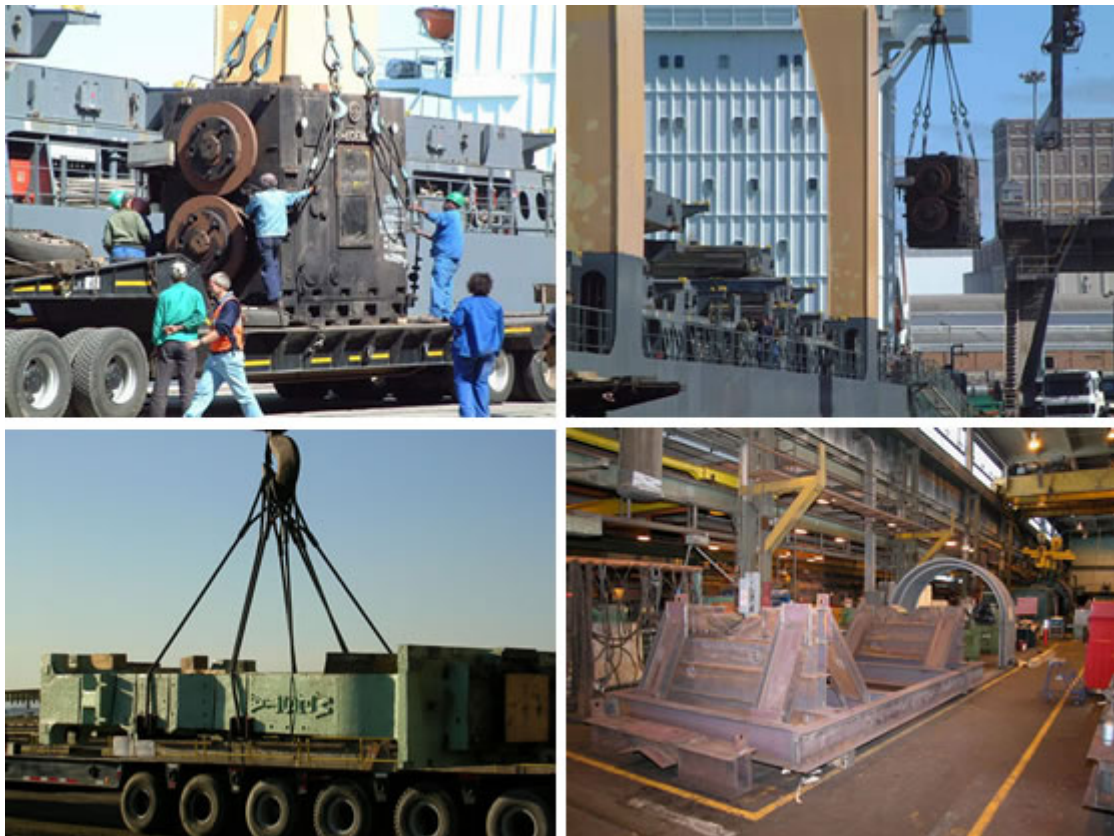


## Vietnam 'outperforms' China and India in BPO ratings

*VietNamNet Bridge – Vietnam has been named among the best destinations for “business process outsourcing” (BPO) in the world, far beyond China and India, according to the Gulf Times on April 19. Vietnam jumped from its ranking of five in 2014 to the top in 2015.*



According to the Gulf Times, Vietnam has taken the lead in the list of the world’s top BPO locations for the first time in terms of costs, risks and operational conditions.

This was described in a newly published report by US-based global real estate adviser Cushman & Wakefield entitled “Where in the World? Business Process Outsourcing and Shared Service Location Index 2015”.

Cushman & Wakefield's methodology is based on an evaluation of costs, risk factors and operating conditions which are analyzed for each country to provide insight into which markets are particularly attractive for BPO in the current global environment.

The list is not ranked by overall value or turnover of a particular market, whereby in this case India remains the world's largest BPO market, with 2.8 million people employed and approximately \$19 billion export value of BPO services in 2014, and the Philippines taking a solid second place with 750,000 people employed and \$14.4 billion export value.

Other top BPO players by export value are China, Brazil, South Africa and Sri Lanka, with Morocco, Egypt and Turkey, leading Middle Eastern countries offering BPO services.

According to Richard Middleton, Cushman & Wakefield's Head of Occupier Services for Asia-Pacific and Europe, the Middle East and Africa, Vietnam has benefited from its government's policies to promote the country as an outsourcing destination, with the services segment expected to expand rapidly given that the average age of the country's workforce is below 30 and up to 1.5 million people are entering the labor market every year.

Government incentives have also led to a fast-growing software industry with now more than 1,000 companies employing a workforce of around 80,000 laborers. In recent years, Vietnam has become one of the world's largest software exporters in the world and has already grown to the second biggest BPO and IT outsourcing destination for Japan behind the Philippines, for example.

"While not the cheapest outsourcing destination, Vietnam is still very competitive when compared to other global locations as wage rises in India and China largely contributed to it surging up the ranking to take first place in 2015," Middleton said.

Overall, the global BPO market is expected to reach revenues of \$93.4 billion in 2015, up at an average annual growth rate of 5.4% from \$71.9 billion in 2010, according to a forecast by UK-based market researcher Ovum.

### **Good signs**

The encouraging comments on Vietnam economy made by many leading organizations in the world are positive signs.

The UN said that the strategies and efforts of Vietnam have taken the country from being one of the most impoverished countries in the world to one with average income and rapid growth. It is very remarkable and promises a new development in the future.

The UN also said that the progress of Vietnam in recent years mainly derived from sustained economic reforms, the integration into the world economy and the stable macro-economic environment.

According to the World Bank (WB), in the last 10 years, Vietnam's economic growth rate was 6.4% per year. Although economic growth is still low and below potential, Vietnam has succeeded in stabilizing the macro-economy.

Inflation fell from a peak of 23% in August 2011 to 4.2% in August 2014. Exports are still the engine of growth promotion.

The Asian Development Bank (ADB) said that Vietnam has been one of the fastest-growing economies in the world since 1990 and reached middle-income status by 2010.

However, economic growth declined from an average of 7.3% in 2000-2007 to 5.7% in 2008-2013, due to slow structural reform and an unstable situation on a global scale.

According to Bloomberg, Vietnam has the potential to become a "tiger" of Asia. Vietnam's economy is showing signs of a breakthrough, for example in 2014 Vietnam took the lead among Southeast Asian nations for exports to the US.

The report "The World in 2050" by PricewaterhouseCoopers (PwC) said that Vietnam has the potential to become one of the fastest-growing economies in the world during the period 2014-2050.

PwC said that Vietnam is not only a Southeast Asian country with the advantage of cheaper production costs than its neighbor China, Vietnam is also a destination of political stability for Japanese enterprises, which are looking to open investments in the region in the context of the Sino-Japanese dispute.

