Media title: Facilitating the future
Source: Vietnam Economic Times, April 2019 issue

FACILITATING THE FUTURE

VET sought the opinions of a range of stakeholders on Vietnam's digital economy.

Mr. Nam Thieu, *General Director, Qualcomm Vietnam & Indochina*

We believe that Vietnam has great potential in further developing its digital economy, especially as the country continues to make strides towards 5G deployment and become one of the technology's early adopters. 5G, which is expected to introduce new services and open growth opportunities for industries, will accelerate the growth of the digital economy.

The fact that the Vietnamese Government has also made Industry 4.0 one of its priorities bolsters the country's potential in developing its digital economy. Powered by disruptive technologies such as 5G and the Internet of Things (IoT), Industry 4.0 is expected to further expand the digital economy, as it will enable more businesses and sectors to increasingly digitalize their operations.

One of the most impactful changes we may see from the deployment of commercial 5G and other pioneering technologies such as IoT, AI, and robotics will be the rise of automation. Vietnam's industrial sectors, in particular, will be well-positioned to take advantage of the increased efficiencies and production capabilities offered by automation. With the hyper-connectivity provided by 5G, we believe it will enable new services and create totally new industries in which Vietnamese enterprises can participate.

In 2035, when 5G's full economic benefit should be realized across the globe, a broad range of industries could produce up to $12.3 trillion worth of goods and services enabled by 5G mobile technology. Eventually, everything will be connected. The move to 5G, combined with the push towards unlimited data, opens up new doors to a new evolution on how companies operate. Hence, it's important for businesses to embrace technology to help them move into the new era and stay relevant.

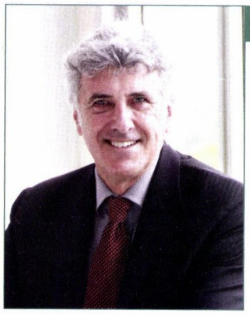
Furthermore, the digital economy will be hastened via policies that attract foreign investment as well as foster the growth of local industries and startups. These policies include strengthening intellectual property rights, building capacity in the ICT sector, and providing assistance to and encouraging new digital enterprises. ■

Mr. Nguyen Ngoc Tuan, *Startup Studio Manager, Sun Asterisk*

We believe that Vietnam has a bright future in the digital economy in all aspects. The ecosystem for digital natives is rising from educational institutions, and they are bringing the rapid growth not only to the IT industry but also to Vietnam as a whole. The ecosystem will keep digitalizing the country and maximizing the potential of the digital economy in Vietnam.

Sun's strengths are that we possess an ecosystem in the technology industry in Vietnam and Japan. The ecosystem started from universities' education, recruiting, internal education, product developments, and research and development in various skills for engineers, designers, and others. Throughout the ecosystem, we keep educating our students and team members so they may grow. We are able to provide unique solutions because of our talented and creative staff.

We are happy with Vietnamese policymakers and their policies for developing the digital economy, especially in the education system and industry promotion to the IT industry. Regarding the further boost in the digital economy, we believe that strengthening the startup ecosystem will contribute to the establishment of the digital economy. ■



Mr. Grant Dennis, *General Director, PwC Consulting Vietnam*

The potential is huge as we have a government that is driving many initiatives to introduce digital payment services to all Vietnamese and many of the leading companies are investigating how they can digitize their customer interactions and automate their middle and back offices. However, there is more to be done with the digital infrastructure, especially public cloud services, which have been key to stimulating digital economies in other countries.

Digitization is a huge topic and can affect every sector differently. The government services sector is one that can be majorly affected with the introduction of e-government services for interactions with local, regional and national authorities. This is often achieved with an authenticated national Sign-on, which has been introduced in many countries now.

The other sectors are financial services, banking, insurance, and consumer credit. The future is about providing credit and savings products in a frictionless manner to the retail, SME, and corporate customers at a fraction of the costs and fees paid currently. This will require smart payment hubs and great personalized customer applications.

Breakthrough technologies are clearly possible in the health industry, where there is the potential to give remote rural communities access to digital health services. Within urban areas, the costs of health services can be radically reduced by using AI for simple diagnosis, through to remote diagnostics using video consultations. Health changes will require a robust 4G network as a minimum and this will require significant development to make it more resilient and available.

Moreover, peer-to-peer lending is a financial service that is very open to digitalization as it makes the relationships digital and enables very low costs of operations, eliminating the need for people to go to traditional banks. ■

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Ms. Dang Tuyet Dung, *Vietnam & Laos Country Manager, Visa*

We see huge potential for the development of the digital economy - much of which is already starting to be realized. Last year, we commissioned research, the Visa Consumer Payment Attitudes Study 2018, into consumer attitudes towards electronic payments, and found some incredible statistics: the number of respondents saying they have used in-app mobile payments increased to 44 per cent and those saying they had tried contactless card payments increased to 32 per cent and QR payments 19 per cent.

When you contextualize this with the fact that the number of internet subscribers hit 64 million in January 2018 from just 200,000 in 2000, it's clear that conditions are right for a transition to a more digitally-oriented economy. We're very glad to see the government taking such strident measures to build a more modern system of commerce, like pushing for a cash-free economy by 2020, and is also prioritizing developing skilled resources working in the IT field.

Visa has been helping to digitize economies around the world from the earliest days of the concept - we're able to bring a wealth of knowledge to bear on helping to build and strengthen newly-emerging digital economies, like the one in Vietnam.

Perhaps most importantly, though, we're able to offer consumers a level of assurance that comes with being a market leader. When it comes to digital payments, security is paramount, and so Visa works with industry stakeholders including financial institutions, merchants, policy makers, and law enforcement to ensure that all relevant parties are on the same page when it comes to keeping payments secure.

Furthermore, our VisaNet network connects merchants and financial institutions around the world and is fortified by the most advanced security technologies. In fact, we just launched the Visa Future of Security Roadmap for Vietnam, which has been the product of comprehensive consultations and collaboration and is an authoritative document on Vietnam's payment security intended to guide the work of all stakeholders in this area.

We commend the government for its vision of keeping cash transactions at under 10 per cent by 2020 - these are big steps forward, and so we're wholly supportive in helping it with this initiative. Not only will this help to create a more efficient, secure, and convenient form of commerce, it will also help to encourage GDP growth and reduce black and grey market activities.

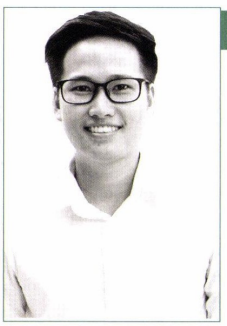
Outside of encouraging the development of more robust payment infrastructure, the government could start to look at what Vietnam's next phase of economic life is going to be. High volume manufacturing has obviously made a world of difference to the country, but they should consider what will replace these industries when the economy starts to shift or when the jobs start to move to other markets. The fact is that the development of the infrastructure necessary to support digital payments can also be used in these next phases, with high-speed internet offering opportunities in high-tech and education, while greater internet reach can help those far outside the major metropolitan centers take part in the economy as e-commerce operators. Ultimately, though, electronic payments are going to underpin Vietnam's future growth - and we at Visa look forward to supporting this. ■

Mr. Tung Ngo, *Marketing Manager, Boxme Global*

The digital economy in Vietnam in 2018 stood at $9 billion and this is expected to rise to $33 billion in 2025 - an enormous number. This shows exactly the potential of the market, with so many opportunities to explore: insur-tech, edtech, ride hailing, and online concierge services. There will be much more success stories in IPOs, following the successful case of Yeah1, to come within the next few years. We focus on our technology capabilities to convert the connections we have with various partners and our deep understanding of the local e-commerce logistics markets into innovative solutions for users.

We don't target helping to reduce or solve the problem of logistics cost, as this requires better regulations and strategies from the government for the whole industry. Rather, we focus on what online sellers need and provide them with better solutions. We will start rolling out the platform in June in Vietnam, Indonesia, Thailand and Malaysia, and we expect this to be a game-changer for e-commerce in these markets.

For the digital economy as a whole, we would suggest having more support for startups in this sector, both financially and regulatory. For the e-commerce and logistics field, we would suggest reducing logistics costs, which are quite a burden for businesses, and having more policies on exemptions and reductions of value-added tax for logistics enterprises, similar to other countries in the region. ■



Mr. Nghiem Xuan Bach, *Country Manager, Cinnamon*

There are three major challenges for any AI-driven business to grow. The commercialization of technology is extremely difficult. The majority of end-users know about AI technology via media and movies. While imagination is good to create innovation, the current state of AI technology is still very far from a Terminator movie or even Sophia, made by a Hong Kong-based company. Cinnamon creates a technical solution to transform structured data into unstructured data using AI-OCR that achieves 90 per cent accuracy. Although the performance is already at world-leading levels and we already write many research papers about the technology, our clients still expect 98-99 per cent accuracy so that it's enough to be used in daily operations. Many great AI ideas fall into the same trap.

They are either infeasible for practical usage or too expensive to customize for every new client. So, very few businesses can actually build a profitable business model around AI technology. In order to provide solutions to top corporations in Japan, the US and the UK, Cinnamon has to think of the business application from the angle of human augmentation rather than human replacement. We advise clients to re-design their workflows and integrate our AI solutions as an assistant to increase human productivity.

Secondly, acquiring AI talent is a tough battle. Many giant tech companies are aggressively hiring more AI engineers and researchers. They are willing to burn billions of dollars to do so. The salary for AI talent is rocketing to a level that means fewer and fewer AI startups are able to access the talent pool.

Lastly, choosing where to play is essential. The scalability of this technology is crazy thanks to its nature of being software. As soon as a business wins in one market, it can easily sell the same solutions to any client in any other part of the world. All the giant companies have chosen their games for years and developed an extremely strong technology to win global market share. If a startup is not smart, it can easily be a stumbling block in the growth roadmap of a corporation. ■

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