

Title: PPP the key driver for Industry 4.0 success

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Aligned to the global movement towards a digital economy, Vietnam is taking the Fourth Industrial Revolution in its stride. The big question is who should take the lead in bringing Vietnam into this new digital environment. **Grant Dennis**, general director at PwC Consulting Vietnam, looks at the potential solution of public-private partnerships.

In a move to help articulate the perceived impacts of Industry 4.0, as well as highlight the challenges faced by Vietnam, PwC conducted the Industry 4.0 Vietnam Survey in 2018. Overall, respondents to PwC's survey anticipate that the fast-approaching Industry 4.0 will bring significant benefits, such as higher efficiency of operations as well as improved access to customers brought on by digitisation and automation. They are positive about Industry 4.0 despite a lot of uncertainty in terms of the

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exact impacts. Yet this journey brings unique challenges to Vietnam compared to its global peers, due to the different levels of market maturity. Vietnamese respondents are most concerned about a lack of digital standards, insufficient skills in the local talent, and data privacy and security. In particular, there is a limited understanding of the specific skills, knowledge, and capabilities required to make digital integration a reality in Vietnam.

In the face of such difficulties, 64 per cent of respondents agree that businesses need to take the lead in ensuring Vietnam can succeed in Industry 4.0, with a third of participants asking for government involvement in the process. Effective partnership between the government and private sector can provide dynamic and practical solutions when addressing key challenges.

For example, government involvement may include setting up a public-private partnership framework or developing an industry-wide skills framework to provide guidance and clarity on the skills required to succeed. With input from the private sector, government can invest and develop infrastructure or offer the right tax incentives for corporate investments.

Based on PwC's experience in advising leading companies and governments all over Southeast Asia, we have defined five practical recom-

mendations for the way forward under the overarching theme of public-private partnership.

The first is to build awareness. Awareness is the foundation that enables and empowers individuals, groups and businesses to take action. Increased awareness will have an overall positive impact on Vietnam's readiness to embrace Industry 4.0.

In this regard, industry bodies need to play a more active role in communicating Industry 4.0 to embed a more thorough understanding in the minds of the population. Industry bodies are also strategically placed to represent business sectors and industries, to liaise with relevant government bodies on the need to be prioritised.

The second need is to develop digital capability. The current and future workforce can be segregated into three categories: current workforce, new entrants into the workforce, and students. Businesses should take the lead in defining the requirements to upskill and reskill the current workforce, and provide them with continuous professional development. For new entrants, businesses should identify the needs for the government to develop curricula to serve business needs. For younger students, the onus is on the government to ensure that the education system provides a foundation of digital education. Such education can inspire children's enthusiasm for tech-

nology from a young age. Curricula, in general, should accommodate necessary skills for new, future jobs replacing the ones that will be lost to machines and software.

Next, developing the landscape to enable the Fourth Industrial Revolution in Vietnam requires a guided infrastructure development plan. This includes a secure mobile broadband network that will deliver internet access to all industries and the society, irrespective of where they reside, and work in a consistent and stable manner. Businesses need to determine their infrastructure requirements and communicate, while the government's role is to understand and to determine policies and regulations to encourage or manage the sustainable development of such infrastructures in Vietnam.

The fourth factor involves network security and cybersecurity. Network cybersecurity is a key fundamental requirement to build long-term digital trust. The government needs to incentivise mobile operators to accelerate their 4G and future 5G deployments nationwide, along with the Internet of Things, adhering to strict cybersecurity protocols and mechanisms that are aligned with international standards.

Finally, we should look at establishment of innovation hubs. This should be carried out at locations that may provide the best impetus for growth. Some criteria to

consider include easy access to relevant skills, ease of navigating local legislation, convenient financing opportunities, and cross-support for similar industries.

With these innovation hubs, the government can incentivise (via tax breaks, lease period waiver, and government grants) local and international companies to invest across key industries. This funding into such areas as ICT, transport, manufacturing, agriculture, finance, energy, health, and education can help create innovative projects and initiatives that will manifest the jobs of the future. This innovation hub initiative also creates an environment that is conducive to entrepreneurship in Vietnam which enables, empowers, and inspires people and companies to innovate.

Industry 4.0 revolution is more of an evolution. It won't happen overnight but will occur over time as different industries undertake digital transformation journeys at varying pace. If Vietnam can draw upon resources from both the public and private sectors to embrace this opportunity, it has the potential to leapfrog other markets. Vietnam will be able to secure an inclusive growth trajectory as more people can benefit from skills upgrades and move to high-skill jobs, allowing Vietnam to transition from a middle income to higher income economy.■