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Vietnam E-commerce Association (VECOM)

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VIETNAM E-BUSINESS INDEX 2020 REPORT



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PREFACE

2020 is a significant year for Vietnam's e-commerce development. To consumers, 2020 is the final year of the decade that online purchase has become favored and a large number of enticing online sales have been hunted excitedly by the shoppers whenever the year-end comes. Moreover, to businesses, this year marks a milestone of transformation from cognition to actions; in other words, this is no more the time for concerns about profits e-commerce brings but about how to implement it effectively. Contemporaneously, to organizations, 2020 is in the middle of the 10-year stage which is predicted as "the golden stage of Vietnam's e-commerce".

In this context, the Vietnam E-Business Index (EBI) 2020 Report not only aims to introduce the result of enterprises survey in 2019 but also to mirror the development of e-commerce from the past to the present as well as to anticipate its status in upcoming trends from now on up to 2025.

Noticeably, some localities have assisted more the online trading of enterprises. Besides, foreign investment capital has played an important role in digital platforms as well as e-commercial floors. However, it is necessary that millions of enterprises and household businesses actively invest in human resources that meet the needs of online trading. After all, what really matters is to turn the determination of improving institutions and policies into specific actions.

On behalf of the Vietnam E-Commerce Association, I sincerely thank all of the organizations, businesses and individuals for having helped us draw up this E-Business Index Report. We have received the enthusiastic assistance of many Departments of Industry and Trade. Among them, during our surveys on e-commercial implementation in many provinces as well as cities, I am especially grateful for the helping of Ha Noi, Ho Chi Minh, Hai Phong, Da Nang, An Giang, Bac Kan, Bac Ninh, Ben Tre, Binh Duong, Binh Thuan, Ca Mau, Cao Bang, Gia Lai, Ha Tinh, Hoa Binh, Hung Yen, Lao Cai, Long An, Ninh Thuan, Phu Tho, Quang Nam, Thanh Hoa, Vinh Phuc, Yen Bai Department of Industry and Trade. Besides, I must give a million thanks to Vietnam e-Commerce and Digital Economy agencies governed by the Ministry of Industry and Trade who is the directing organization with valuably specialized assistance to our report.

We also would like to express our gratitude to Vietnam Post (VNPost), VNPost Express Joint Stock Company (EMS), Sapo Technology Joint Stock Company (SAPO), FADO Joint Stock Company (FADO JSC), Visa Inc. (Visa), Matbao Joint Stock Company, VN CITES

MA, Noi Bai Express and Trading Joint Stock Company (Netco), IMGroup, Ha Noi Foreign Trade University (Ha Noi FTU), Vietnam University of Commerce. Besides, thousands of enterprises throughout Vietnam have applied their information in the survey forms positively. Last but not least, we really appreciate “Thuong gia va Thi truong” magazine as well as many media teams for your cooperation. Without you, the E-Business Index 2020 could not have been spread like wildfire.

And now, it is my great honor to introduce the Vietnam E-Business Index 2020 Report. It would be our pleasure to receive your feedback for a better report in the next few years.



Thanh Hung Nguyen

President of Vietnam E-Commerce Association

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CHAPTER 01

OVERVIEW



We continue witnessing the rapid and diverse development of Vietnam e-commerce in 2019. Along with the accelerated, stable development of the economy and high growth rate of Gross Domestic Product (GDP) at 7%, e-commerce has become much more popular, and a frequent shopping channel of a large number of customers, especially the 9X generation clients in Ha Noi and Ho Chi Minh City.

Saint Giong in the era of the digital economy

Vietnam E-Commerce Association (VECOM) has considered that 2015 was the final year of the generalization stage and from 2016, Vietnam's e-commerce would step into a new stage with a more rapid and stable growth rate, which could last from 2016 to 2025¹. According to surveys of VECOM, the growth rate of e-commerce reached over 32% in 2019. Besides, Compound Annual Growth Rate (CAGR) was about 30% in a 4-year period from 2016 to 2019. 2019's scale of e-commercial retail sales and consumer services was about 11.5 billion USD. The growth rate, as VECOM has predicted, will maintain at over 30% in 2020; consequently, the scale of Vietnam's e-commerce will exceed 15 billion USD.

According to Southeast Asia E-commerce Report in 2019 by Google, Temasek and Bain&Company, regardless of only 3 billion USD as the original scale in 2015, the scale of Vietnam's e-commercial retailing and customers services reached 12 billion USD² in 2019 thanks to an average growth rate of 38%. This report also predicts that CAGR from 2015 to 2025 would reach 29%. By that time, scale of Vietnam's e-commerce will reach 43 billion USD, ranking the third in ASEAN.

In comparison with regional countries, how dynamic e-commerce has been and how it has contributed to Vietnam economic development still have not been mirrored clearly and fully by an absolute value. Instead, the relative position, which is defined by the proportion of e-commerce in GDP, reflects Vietnam's e-commerce much more vividly and apparently. Referring to information about e-commercial scales from above Google's report in addition with GDP data to 2025 of IMF, we

¹ VECOM, "Vietnam E-Business Index 2015 Report",

<http://vecom.vn/wp-content/uploads/2016/02/Bao-cau-EBI-2015-final.pdf>

² Google, Temasek and Bain&Company, "E-Conomy SEA 2019",

https://www.blog.google/documents/47/SEA_Internet_Economy_Report_2019.pdf.

This annual report analyzes and anticipates the development of e-commercial retail (B2C) in the 10-year stage from 2015 to 2025 of six Southeast Asian countries including Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. There are also surveys on many fields in the report which are online retail, online tourism, online media (including online marketing, online entertainment), ride hailing (including passenger transports, ordering food, delivery etc. associated with technological car calling service), digital financial services (including payment, transferring, loaning, investment, insurance)

Besides these fields, there are also many other online trading services in different fields, for instance, health care services (e-health), educational services (e-learning). The first Report to be announced in 2016 anticipated that only when e-commercial enterprises in these 6 countries could attract about 40 to 50 billion USD of venture capital for the whole 10-year stage, would their e-commercial scale reach 200 billion USD in 2025. Hence, according to the Report in 2019, this scale increased up to 300 billion USD.

can clearly see that the proportion of Vietnam's e-commerce in 2019 accounted for 4.6% of national GDP, which was the highest in Southeast Asia³. This trend will be even stronger until 2015, with the scale of Vietnam's e-commerce is forecast to reach 10% in total GDP, higher than the counterpart of Indonesia's at 7.7%, whilst both of the 2 countries have the most impressive growth rates in this stage.

With steely determination, Vietnam has taken a leap in digital transformation as well as taken part in the 4th Industrial Revolution actively and positively⁴. In this long and challenging but full of opportunities journey, e-commerce has been and will continue to be the pioneer field.

Overcoming Annamite Range-like challenges

There are still some certain factors having influence on VECOM's estimation about Vietnam's e-commercial growth rate as well as on the prediction of the report of Google, Temasek and Bain & Company about the region's counterpart towards 2025. Emphasizing on ecosystem complement, the Report said that was the way to overcome 6 basic challenges in Southeast Asian countries. These 6 challenges are attracting investment capital, Internet access, consumers' trust, logistics, payment and the gifted talents in trading online. Additionally, this report also considered that it would be not so challenging to overcome the first five ones; on the contrary, the last challenge which is associated with highly specialized human resources is the biggest problem to deal with.

Not only Southeast Asian countries but also Vietnam to whom these discoveries can apply. However, it is significant that Vietnam should take the mentioned challenges, one-by-one, into consideration in order to figure out solutions appropriate with national conditions. The eight most common challenges responded by consumers when shopping online, which have been analyzed in Vietnam's E-commerce White paper of the Ministry of Industry and Trade, exclude Internet access as a major obstacle. Aside from 2 objective challenges associated with delivery and payment, the six remaining ones relate directly to online merchants. Among those obstacles, the most typical ones are low-quality products (compared to the ones in adverts), bad customer service, exorbitant price, low-quality websites or apps. Obviously, it is incompetent human resources responsible for e-commerce implementation in most enterprises that is the root for all of these problems.

³ IMF DataMapper,

<https://www.imf.org/external/datamapper/NGDPD@WEO/OEMDC/ADVEC/WEOWORLD/VNM>

⁴ On April, 2019, Ministry of Information and Communication (MIC) announced Draft Prime Minister's approval of scheme about national digital transformation.

https://mic.gov.vn/Pages/DuThaoVanBan/XemYKienDongGop.aspx?iDDTVB_DuThaoVanBan=1915&replyUrl=/pages/duthaovanban/danh sachduthaovanban.aspx

According to Resolution 89/NQ-CP at the regular session of the Government on September 2019, MIC was requested to urgently complete and submit Scheme about national digital transformation to the Prime Minister.

Moreover, another top must-overcome challenge that Vietnam ought to comprehend *fully is the enormous disparity in e-commerce between the two biggest cities in Vietnam, Ha Noi and Ho Chi Minh City, and the rest 61 provinces, centrally controlled cities (collectively called local areas).*

Some certain challenges will be analyzed specifically by VECOM. We perform this analysis by studying the data collected from the annual E-Business Index and e-commerce implementation of localities in practice.

Spread strategy

Vietnam E-Business Indexes in recent years have shown clearly that most e-commerce activities have only taken place in the two biggest cities which are Ha Noi and Ho Chi Minh City. Meanwhile, online trading in three centrally controlled cities including Hai Phong, Da Nang and Can Tho tends to be weaker and are at risk of falling further behind.

Despite accounting for only 18% of population, in 2019, Ha Noi and Ho Chi Minh City contributed more than 70% to total e-commerce transactions of the whole country. On the contrary, 61 other localities accounted for 82% population whereas their affection in the scale of Vietnam's e-commerce was just less than 30%. However, the most alarming thing is that this 70% rate has been stable from 2016 to 2019 and there has not been any sign of change in the coming years.

This has been reflected quite clearly by two quantitative indicators. The first one is the ratio of enterprises in the provinces participating in e-commerce platforms. The second indicator mirrors one of the Internet infrastructures closely related to the implementation of e-commerce, which is the ratio of country code domain “.VN” of each province to the whole country.

Shown in VECOM's surveys in 2019, the ratios of enterprises taking part in e-commerce platforms were 23% in Ha Noi and 23% in Ho Chi Minh City but only 15% in the other provinces. In 2018, this ratio was 18%, 19% and 11% in turn⁵. There were only 6% of enterprises in the countryside participating in e-commerce platforms⁶. It precisely shows the huge disparity between the two biggest cities and the other localities not only in the ratio but also in the efficiency of enterprises when doing their business on e-commerce platforms.

On the contrary, according to one of the top e-commerce platforms in Vietnam, 39% of store owners are based in Ho Chi Minh City, 31% in Ha Noi while only 30% come from the rest 61 localities. It is not a big surprise because not only dynamic but the enterprises in these 2 biggest cities also account for more than half of the total number of enterprises in the whole country.⁷

Additionally, in 2015, Ha Noi and Ho Chi Minh City took over more than 80% of total number of domain “.VN”. This ratio was quite stable, in 3 consecutive years (2017 – 2019); in particular, sum

⁵ Percentage of respondents in an e-commerce platform out of the total number of EBI survey respondents in each locality.

⁶ Ministry of Industry and Trade, *Vietnam's E-commerce White paper 2019*.

⁷ Ministry of Planning and Investment, *Vietnam's businesses White paper 2019*.

or domain “.VN” in the 2 cities were 77%.⁸ Country code domain, as an Internet infrastructure, closely relates to the development of e-commerce. Therefore, in these recent years, there has been a great similarity between the e-commercial and infrastructural development of the two leading cities and the other localities.⁹

E-commerce’s advantages in comparison with traditional commerce

- 1) Simple purchase procedures, easy and free to search for products and compare price;
- 2) Unlimited business time, being able to purchase 24/7;
- 3) Being able to approach to more customers, basically no geographical limitations;
- 4) Reduce business expenses but increase quality of services and customer care

Risks for the localities with low e-commerce implementation

To enterprises

- 1) Hard to access customers in other localities, especially who are in Ha Noi and Ho Chi Minh City;
- 2) Extremely difficult to access to oversea markets in the era of online exportation, which includes cross-border retail;
- 3) Lateness in digital transformation leads to a fall in competitiveness but a rise in business expenses and product costs.

To consumers

- 1) Reduce the opportunities to choose suppliers and products with optimal quality and price;
- 2) In many cases, it is challenging to buy the products that are available in the big cities or online at the consumers’ local areas (for example, luxury consumer goods such as fashion items, cosmetics; foods such as children’ milk, elderly’s milk, functional foods; books and cultural goods; the products of advanced technology), which can reduce the quality of life;
- 3) In comparison with consumers in Ha Noi and Ho Chi Minh City, the ones in other localities have lower opportunities to get a nearly equal access to digitalized products and services such as online education, online entertainment, banking, financial services, insurance, travel, etc.

VECOM states in our E-Business Index 2019 Report that only when the digital gap between the leading cities Ha Noi and Ho Chi Minh city and other localities is narrowed, would Vietnam’s e-commerce develop rapidly, balancedly and sustainably¹⁰. Our ambitious goal is to increase the proportion of e-commerce in 61 provinces and centrally controlled cities up to 50% while maintaining

⁸ In 2017 and 2018, this ratio was 74%.

⁹ According to VNNIC, in 2019 the ratio of websites with .VN domain extension was 57% and the counterpart with .COM.VN domain extension was 34%.

¹⁰ VECOM, Vietnam E-Business Index 2019 Report.

the counterpart in Ha Noi and Ho Chi Minh City at more than 25%. Therefore, at the beginning of 2019, VECOM proposed the Program named “Sustainable e-commerce development in the period of 2019 – 2025”.¹¹ Right after that, VECOM started cooperating with the counterparts such as iDEA, VCCI, VNNIC and Ministry of Industry and Trade in some localities (for example, Ben Tre, Long An, Dong Thap, An Giang, Nghe An) for pilot implementation of this Program. At the first stage, our choice was the specialties in these localities (such as Ben Tre’s coconut) then expanded to the other products. The result of this program clearly showed that our first priorities when implementing e-commerce expansion must be enterprises in provincial cities, then spread to enterprises and household businesses in the supply chain. Contemporaneously, the cooperation of the local authorities (including The Leader of Provincial Party Committee, Provincial People’s Committee, Ministry of Industry and Trade as well as relating ministries, departments and agencies) has a great influence on the success of this Program. The positive results of the Project “Dừa Bến Tre Online” are precious experiences for the journey of spreading e-commerce to every province and city in Vietnam in the period of 2020 – 2025.¹²



Project “Ngày của Làng dừa Bến Tre” took place in Lazada platform on 05/20/2019 which paved the way for new e-commerce implementation way

¹¹ <http://www.vecom.vn/tin-tuc/tin-tong-hop/chuong-trinh-phat-trien-thuong-mai-dien-tu-ben-vung>

¹² Project “Dừa Bến Tre Online” has attracted much attention from the media and many agencies as well as organizations. Further information about the pilot implementation project of “Sustainable e-commerce development” Program which aims to bring e-commerce to every locality is referred to in the list below.

<https://vnexpress.net/kinh-doanh/dua-ben-tre-tim-duong-len-san-thuong-mai-dien-tu-3924582.html>

<http://www.vecom.vn/tin-tuc/ho-tro-tinh-ben-tre-kinh-doanh-dua-truc-tuyen>

<http://www.vecom.vn/tin-tuc/khoi-dong-du-an-dua-ben-tre-online>

<https://baodautu.vn/dua-dua-ben-tre-len-cho-online-d98808.html>

<https://www.sapo.vn/blog/sapo-dong-hanh-cung-su-kien-lang-dua-ben-tre/>

<https://vtv.vn/vtv9/tao-dong-luc-but-pha-cho-dac-san-dua-len-san-thuong-mai-dien-tu-20190820185203187.htm>

<https://dantri.com.vn/kinh-doanh/thuong-mai-dien-tu-co-hoi-lon-cho-cac-san-pham-dac-san-dia-phuong-20190801143402208.htm>

Despite the limitation in human resources, the “Sustainable e-commerce development in the period of 2019 – 2020” Program was implemented with positive results in return. VECOM has stated that whether both the digital and e-commerce disparity between the two biggest cities and other localities are narrowed significantly or not depends greatly on macro vision and specific actions of central as well as local State administrative agencies.

Cloudy morning gives way to clear evening

The connection between the consumers and the development of digital platforms affects the growth of e-commerce radically. A digital platform is defined as “a business model which adopts digital technologies to establish the connection and interaction between consumers, organizations and resources with an aim to create and exchange an enormous amount of value”¹³. These platforms, together with the rapid development of information technology and media, contribute mightily to removing the barriers of space and time, as well as connecting the suppliers (who supply goods, services and investment) with the consumers accurately, quickly and easily.¹⁴



*“The role of digital platforms to the future of Vietnam’s economy” seminar was held by Vietnam Institute for Economic and Policy Research on January, 7th, 2020.*¹⁵

¹³ Geoffrey G. Parker, Marshall W. Van Alstyne, Sangeet Paul Choudary, *Platform Revolution*, Alphabooks and Cong Thuong Publisher, 2017.

¹⁴ The platform economy has drawn attention of a number of research institutes and media organizations in Vietnam, for instance, SaiGon Times online has published an article about “The platform economy is asserting its position” synthesizing vivid trends and impacts of platform economy. <https://www.thesaigontimes.vn/156135/Kinh-te%CC%81-ne%CC%80n-ta%CC%89ng-dang-kha%CC%89ng-di%CC%A3nh-vi%CC%A3-the%CC%81.html>

¹⁵ <http://vepr.org.vn/533/news-detail/1801531/thong-bao/thu-moi-tham-du-toa-dam-vai-tro-cu-a-kinh-te-ne-n-ta-ng-so-do-i-vo-i-tuong-lai-kinh-te-vie-t-nam-.html>

Annual reports of Google, Temasek and Bain&Company have always checked the situation of attracting investment capital/venture capital of online enterprises, especially large companies and start-up businesses. The Report in 2016 anticipated that only when e-commercial enterprises in ASEAN could attract about 40 to 50 billion USD of venture capital for the whole 10-year stage, would their e-commerce scale reach 200 billion USD in 2025. However, it is the fact that in the middle of 2019, these enterprises attracted nearly 37 billion USD. Based on that, a new optimistic forecast has been made in the Report that the scale of the region's e-commerce would reach 300 billion USD in 2025, which is a half higher than the previous prediction.

Among online enterprises, the ones supplying digital platforms wear the crown. Over the years, cross-border digital suppliers such as Facebook, Google, Youtube, Alibaba, Agoda, Airbnb, etc. have contributed enormously to the development of Vietnam's e-commerce. However, in this report, we only consider the platforms of Vietnamese legal entities in the fields of retailing, purchasing, travel, transportation, payment. *The common denominator for the success of these platforms is to attract a considerable ratio of foreign investment.*

Online retail platforms:

The most popular online digital sales platforms are e-commerce trading floors for retailers. The general feature of leading e-commerce floors (B2C) such as Shopee.vn, Lazada.vn, Tiki.vn, Sendo.vn is that all of them belong to foreign investors or have substantial contributions of foreign capital. E-commerce trading floor models have great potential but intense competitions at the same time. This is why many domestic as well as foreign investors have jumped into this field but then, left quite quickly.

To illustrate this, in January, 2020, Lotte.vn, the trading floor of Lotte Corporation left the game. Or in December, 2019, Adayroi.com, which is under Vingroup, also had to announce its closure just after a few years since its opening. , Robins.vn, an e-commerce trading floor under Central Group, specializing in fashion, stopped operating in March 2019.

A couple of years ago, many e-commerce trading floors such as Lingo.vn, Deca.vn, Beyeu.com, Lamdieu.com, Foreva.vn, Zalora, Foodpanda had to leave or resell after a relatively short time of operation. Almost all of these websites are possessed by foreign investors or invested by foreign venture capital funds.¹⁶

Over the last few years, Vietnam's e-commerce has constantly witnessed the excitement and rapid decline of the groupon model. Notwithstanding that dozens of groupon websites have been launched and operated exhilaratingly, there are few websites still existing until now. Hotdeal.vn, one of them, is the most notable website. Among the closed ones, some belong to domestic investors and the others are invested by foreign investors.

¹⁶ <http://ttvn.vn/kinh-doanh/chu-tich-sendo-lingo-dong-cua-la-thong-tin-tot-cho-thi-truong-tmdt-viet-nam-52016188181345985.htm>

E-commerce platforms for wholesalers:

The scale of online trading between businesses (B2B) is much higher than the counterpart of online retail between businesses and customers (B2C)¹⁷. However, there are just a few B2B e-commerce platforms which have been launched and become successful. In that context, Telio.vn E-commerce Exchange, which opened in the end of 2018, has reaped the fruits right at the first steps and since then has garnered considerable attention. Firstly, on a centralized platform, Telio.vn chooses the model that establishes connection between small and individual traditional retailers and wholesalers. Having synthesized the demands of many wholesalers, Telio.vn tries to supply them with various options of products by providing reasonable prices and more efficient logistics. Secondly, unlike most of previous B2B platforms, Telio.vn has received the second investment capital up to 25 billion USD from many foreign investors, including the ones with investment in many other global B2B platforms such as Tiger Global, Sequoia, GGV Capital.¹⁸

From the very first start of this millenium, when e-commerce just shaped in Vietnam, some organizations and merchants were early pioneers in building B2B e-commerce platforms, including Gophatdat.com, Vnemart.com.vn, Ecvn.vn. Except the last one, Ecvn.com, which is governed by a State enterprise and still operating at a moderate level, most of the other platforms had to close after a few years. Besides some reasons such as the immaturity of the online market, lack of creativity in business models, weak management team, one of the most significant reasons was that such B2B platforms only depended on the small domestic investment capital while completely forgot to attract foreign investment capital.¹⁹

Online travel platforms:

In online travel sector, cross-border suppliers such as Agoda.com, Booking.com, Hotels.com, Airbnb.com.vn have overshadowed the others and dominated Vietnam's booking market. So great potential is online travel platforms that a number of Vietnam enterprises have launched online booking platforms, for instance, Gotadi.com, Chudu.com, Ivivu.com, Mytour.com, Vntrip.vn, Luxstay, Go2Joy. Among these platforms, some have succeeded in calling for foreign investment capital. Furthermore, the most notable thing is that a foreign online travel platform named Traveloka.com, originated in Indonesia, has penetrated Vietnam's market commercially. With far greater financial potential than the others as well as the experience of success in the region, Traveloka is able to reap the fruits after just a few years. However, this rising star has been complained by many rivals because of its unfair competitiveness.

¹⁷ The United Nations Conference on Trade and Development (UNCTAD), in 2015, estimated the global B2B e-commerce transaction scale was more than 15 thousand billion USD, B2C transaction was more than 1 thousand billion USD. https://www.wto.org/english/forums_e/public_forum16_e/wrksessions_e/session58_e.htm

¹⁸ <https://hn.telio.vn/about-us>

¹⁹ <https://www.thesaigontimes.vn/64242/San-B2B-chat-vat-tim-huong-di-moi.html>

Online ride hailing platforms:

The story about Uber, an American ride hailing company, entering Vietnam's market is a striking illustration for the struggle between traditional business models and digital ones, between interested groups and the dilemma of the policy makers as well as legislators, etc. It is the customers who have made a strong contribution to assert Uber's position as the "technology contract" car company which has been piloted in some cities.

Nevertheless, it was a pity that no sooner than Uber firmed their foothold did they have to leave Vietnam's market in the beginning of 2018 because of the intense competition with their rival – Grab, which is supported by two giant investors from China and Japan. Until early 2020, Grab has become popular in Ha Noi and Ho Chi Minh City for its diverse ecosystem such as passenger transport, delivery, food ordering, payment, etc. and they are expanding their operating range to the big cities.

As the corollary, the departure of Uber, the success of Grab and the rapid growth of ride hailing market based on digital platforms have attracted many domestic as well as foreign rivals.

GoViet, the most formidable foreign opponent, officially hit Ho Chi Minh City's market in August, 2018. This Indonesian ride hailing company with the original name as Go-Jek invested not only in Vietnam under a new name "GoViet" but also in some other regional countries such as Singapore, Thailand and the Philippines. By 2020, GoViet platforms have supplied services similar to Grab.²⁰

Many domestic investors have also built other ride hailing platforms such as FastGo, VATO, Aber, MyGo²¹. Unfortunately, after just a relatively short time, such platforms have encountered many challenges including slowness in the rate of consumer growth, driver team and market share. Among the platforms invested by domestic companies, Be Group, in the beginning of 2019, appeared to have a bright future but by the end of that year, they also revealed many difficulties²². Despite the fact that Be Group took the second place after a year of operation, this platform has reduced the diversity of its services.²³

Except Be Group, which is in the top 3 platforms with fairly promising future, the other domestic platforms, in one way or another, are running out of their energy in this long-term race compared to the ones intervened by foreign companies. Only when a ride-hailing platform has tremendous financial capacity, advanced technology as well as many other factors such as management skill, marketing competence, etc. will it become the winner in this tension race.

²⁰ <https://news.zing.vn/go-viet-doanh-nghiep-viet-hay-canh-tay-noi-dai-cua-dai-gia-ngoai-post876447.html>

²¹ <https://tuoitre.vn/thi-phan-goi-xe-cong-nghe-them-tay-choi-moi-dau-voi-grab-go-viet-20190627155832807.htm>

²² <https://viettimes.vn/dai-gia-nao-bom-hon-tram-trieu-usd-cho-be-de-doi-dau-grab-310950.html>

²³ <https://doanhnhansaigon.vn/kinh-doanh/thay-ceo-begroup-dat-muc-tieu-gia-tang-thi-phan-nam-2020-1096308.html>

Payment intermediary platforms:

According to Credit Suisse, because of the obsolete backward payment infrastructure and some other reasons, Vietnam's cash ratio in consumer transactions reached 84% in the beginning of 2019²⁴. This was the highest ratio in the region. The cash ratio was 36% in China, 66% in Thailand and 73% in ASEAN-6. Credit Suisse considered that along with the rapid e-commerce development, Vietnam's e-payment/online payment, can increase by six times by 2023, reaching 16 billion USD and account for 8% in total payment transactions, contemporaneously, non-cash ratio will increase from 16% (in 2019) to 23%.

Until the beginning of 2020, there have been nearly 30 online payment intermediary platforms operating in Vietnam. Among them, the top three platforms are Momo, Moca and VnPay. All of these three are supported vigorously by foreign counterparts, though they have never officially announced the attracted foreign investment capital. The capital Momo has received from giant investment capital funds such as Warburg Pincus, Goldman Sachs, Standard Chartered is estimated to be more than one hundred million dollars. Meanwhile, since integrating with Grab in order to carry out payment transactions for this leading ride-hailing platform with the name "Grabpay by Moca", Moca e-wallet has grown with breakneck speed, becoming among of e-wallets with highest balance. And VnPay, the story about their calling for investment capital which is upto hundreds of million USD has been one of the most enticing stories not only among e-payment services but also in the whole field of e-commerce. The most special thing about this investment capital attraction is that it took place while The Government was assigning The State Bank to build the drafted non-cash payment Decree. According to the latest draft to be announced, the maximum ratio of foreign investors capital, including direct and indirect ownership, is 49% in charter capital of payment intermediary service providers.²⁵ With the tremendous financial capacity, these three e-payment intermediary platforms have done extensive promotions and gained increasing market share, creating an escalating fierce competition among online payment intermediary platforms in Vietnam.²⁶

Digital platforms are of significant meanings not only to e-commerce development but also to digital economic growth. Similar to other countries worldwide, Vietnam has not had enough abilities to develop global technological (or creative) platforms like Google Play, Apple Store, Microsoft. However, it is the fact that by 2025 domestic enterprises still have thousands of difficulties in developing successful online trading platforms by themselves.

²⁴ Credit Suisse, Vietnam Financial Sector, 20 March 2019.

²⁵ <https://luatvietnam.vn/tai-chinh/du-thao-nghi-dinh-quy-dinh-ve-thanh-toan-khong-dung-tien-mat-178034-d10.html#noidung>

²⁶ Information about the competition between intermediary payment points has attracted lot of media's attention. Accessing these link to know more <https://vnexpress.net/kinh-doanh/cuoc-chien-tren-ban-thanh-toan-4046551.html>

And <https://vnexpress.net/kinh-doanh/mieng-banh-vi-dien-tu-dang-trong-tay-ai-4008242.html>

Whether we can build online trading platforms successfully or not depends on many factors. First of all, it is about business ideas. Until now, whether it is in the field of retail, tourism, ride-hailing or payment, trading platforms of Vietnamese enterprises have been copied from foreign ideas. Capital is the second factor. It is often risky to launch and operate a platform; the rate of standing firmly and success in the market is really low. Additionally, Vietnam has not created a favourable environment for joint-ventures, including investments in start-up enterprises. Even if we have groundbreaking ideas or/and attract giant investors, to build a platform successfully relies on many other factors.

Hence, in the period of 2020 – 2025, it is necessary for Vietnam to operate an open policy with a view to strongly attract foreign investment capital in both technological and trading platforms. Commitments about opening market services and investment in compliance with WTO and other free trade agreements such as CPTPP, EVFTA have initially created a favourable legal framework for calling for foreign investment capital in digital platforms. However, in each specific field, especially payment, there are remaining worries about security and safety when planning policies and enacting legislation. *The leading factor influencing the attraction of foreign investment capital in digital platforms is creating an equal business environment between domestic enterprises and foreign-invested ones.*

Sapo is the leading technological platform supplying omni-channel sales and management solutions in Vietnam. Sapo provides sellers comprehensive solutions from online to offline sales, including Sapo POS - Sales management software, Sapo FnB - Sales management software for restaurants and cafes, Sapo GO - Management online sales on e-commerce trading floors and Facebook, Sapo Web - Designing sales website and Sapo Omnichannel - Omni-channel sales and management solution.

On their platform, Sapo supports order fulfillment, connecting sellers with delivery and payment service suppliers. With Sapo, whether sellers are trading online or offline, they can apply the most appropriate omni-channel management technology quickly, easily and at a low cost.

By the end of 2019, among nearly 70,000 clients using Sapo (mainly small and medium enterprises, household businesses), 36% are from Ha Noi, 31% in Ho Chi Minh City and 34% in other localities.

From 2020, with more tremendous financial resource supported by foreign investors, Sapo is focusing on developing customers in localities by making sales policies and product implementation strategies relatively corresponding to each area's characteristics.

Sapo.vn

The success of each digital platform depends on the one who builds up and maintains it. However, this is only the necessary condition. The efficient conditions include the competence of suppliers to participate in a platform and countless consumers. Altogether, they establish a connection, creating value. Therefore, *if there are not a large number of businesses with a highly specialized team*

with expertise in online trading and a sufficient technology infrastructure to join a platform, that platform cannot be successful.

Millions of warriors²⁷

To Vietnam, not only does VECOM consider the investment situation for the online business group, especially enterprises with digital-platform business, but we also study the investment situation in e-commerce among more than six million of enterprises and household businesses.

The platforms are only useful when they have a large amount of participants that together create some values. Each platform consists of three parties which are platform builder, product and service provider on that platform and customers who have demand. Therefore, a platform could not be successful without a plenty of product and service providers. For instance, e-commerce trading floors or ride-hailing apps need a sufficient quantity of merchants on the platforms or drivers participating in the app.

When surveying learners in training classes for enterprises who participate in local online sale platforms, VECOM found that their compositions are very diverse, from business owners, executive directors, technicians, IT operators to accountants. Instead of learning about sales deployment *on* e-commerce trading platforms, some business owners want to sell their products *to* those platforms. A lot of trainees said that their training course did not have enough authorization to persuade their director to change the sales methods, or they had to prioritize finishing the professional work for which the business hired them rather than testing the online sales. Otherwise, they might lose their job.

Apparently, right after email, participating in e-commerce platforms is the next simple beginning step in the online sales journey. VECOM's surveys show that since 2015, most Vietnamese enterprises have applied email in business, from product introduction to contracting.²⁸ Although the ratio of enterprises participating in e-commerce platforms tends to increase steadily over the years, it is still at a low level. Moreover, to successfully sell products on e-commerce platforms, enterprises need a personnel with a comprehensive necessary skillset such as product photography, providing concise and appealing product information, and more complex activities such as online marketing, nationwide delivery, payment, customer care, etc.

The incompetent human resources for e-commerce in millions of enterprises have limited their online business growth. This situation is not a surprise since most of enterprises have not had adequate investment in talent recruitment and in-place personnel training. VECOM's survey shows that

²⁷ In this paragraph, "enterprise" refers to both household businesses that produce goods and provide service. According to the Statistical Yearbook in 2018 published by the General Statistics Office of Vietnam, until early July 2018, there are 5.2 million household businesses in non-agriculture, forestry, and seafood sectors. As reported in 2019 Vietnam Business White Papers by the Ministry of Planning and Investment, more than 0.71 million enterprises are operational at the end of 2018. Based on the statistics of the newly registered and dissolved enterprises in 2019, it is estimated that at the beginning of 2020, there would be more than 6 million enterprises and household businesses in non-agriculture, forestry, and seafood sectors.

²⁸ <http://ebi.vecom.vn/Bao-Cao/Noi-dung-bao-cai/35/Bao-cai-Chi-so-Thuong-mai-dien-tu-Viet-Nam-2015.aspx>

investment cost in IT human resources and e-commerce always accounts for below 20%, much lower than that in hardware and software.

The phenomenon in which ride-hailing platforms appear later than e-commerce platforms but interpenetrate more deeply and widely into the market can be explained partly from the viewpoint of human resources. As drivers are individuals, they can participate in the act of providing shipping services after a short time of learning skills on smartphones. The same situation also happens to individuals selling products on social network sites.

Meanwhile, most participants in e-commerce platforms are enterprises. Selling activities on e-commerce platforms firstly depends on the director's vision, the collaboration of production, sales, marketing, warehouse, accountant departments, etc. Furthermore, online trading will create impacts on traditional channels, including loyal sales points. It is such a big leap for enterprises from using email to selling products on platforms, websites or mobile apps. It is something that a single staff in each enterprise cannot determine but essentially depends on business strategy and the whole human resources of that enterprise. If an enterprise wants to achieve success in online business and decides to invest in human resources, it is more than just simply recruiting an online business expert or sending some staffs to a training course. The very first change must come from both key leaders and business strategy.

The affection of human resources deploying e-commerce can be considered from the infrastructure perspective. Apparently, two most important technology infrastructures to e-commerce are Internet accessibility and mobile devices, especially smartphones. With the fast development of IT and telecommunication worldwide as well as in Vietnam, the Internet accessibility in general and mobile device access in particular have become popular with a faster speed and lower cost. According to the Ministry of Information and Communications, until June 2019, the total number of mobile subscriptions are 134 million, with 60 million active mobile subscriptions using cellular data.²⁹ It is expected that by 2025 almost all citizens in every area of the country will be able to have a smartphone and access to the Internet with 4G technology.

Obviously, the biggest obstacle about IT technology infrastructure to e-commerce deployment in enterprises, whether in the countryside, mountainous areas or rural areas, is neither the inaccessibility to the Internet nor the lack of IT technology devices such as laptops or smartphones. According to VECOM, in the next stage, the biggest obstacle related to Internet infrastructure is that the rate of enterprises having Internet domains is still low. Raising this rate is almost irrelevant to the objective factor which is national information technology, but it totally depends on the awareness and e-commerce deployment strategy in enterprises.³⁰ An enterprise will only purchase its Internet domain

²⁹ <http://mic.gov.vn/solieubaocao/Pages/TinTuc/139413/Tinh-hinh-phat-trien-thue-bao-dien-thoai-di-dong-thang-6-2019.html>

³⁰ Lots of individuals, household businesses and enterprises have a successful online business without a website. They can sell products/goods on e-commerce platforms, social networks...However, online business activities will become more stable and effective if those enterprises have their own website. In that case, they will need a new but suitable Internet domain name for their business.

when the board of managers has determined online business strategy and will build their own business website. Although Vietnamese domain growth rate is quite good compared to other nation's domains in the region, the ratio of domain per population is still low when counting both national and international domains. Until the end of 2019, the number of domains per 1,000 Vietnamese people was 10. Meanwhile, that number of Australia was 250, Singapore's was 99, and Korea's was 44. Our two close neighbors which are Malaysia and Thailand had 23 and 12 domains per 1,000 population respectively.³¹ From organization's perspectives, among over 6 million enterprises and household businesses, there were only about 0.255 million registered domains ".VN", which means only 1 national domain code per every 24 businessmen.³²

Investing in human resources to understand thoroughly the importance of domain is just a beginning step on the way of deploying e-commerce and enhancing enterprise competitiveness. Surpassing multi-channel, omni-channel has become the mainstream among enterprises in digital economy era.³³ To catch up with this trend, enterprises not only limit online business through email and digital platforms but also need to build their own websites and mobile applications. These tools will enable them to collect and process customer data more sufficiently and precisely. An example of enterprises following this trend is Rang Dong Light Bulb and Thermos Joint-stock Company. This company is famous for its high quality LED lights. Rang Dong not only invests a great deal in research and deployment but they are also on the way of digitalization and automation in manufacturing and omni-channel sales.³⁴

Parallely to the omni-channel trend, the development of IT has supported a lot of enterprises to enhance their competitive advantages in digital economy era thanks to shortening or skipping intermediate stages to quickly approach to customers. The Direct-to-Customer (D2C) model is attracting a plenty of enterprises.³⁵ Not only large enterprises invest to adapt to the competition in a digital era but many small and medium enterprises and household businesses are also able to successfully deploy the D2C model.³⁶ For instance, Vua Dep Lop has been successful with selling

³¹ The domain name data in 2019 provided by Vietnam Internet Network Information Center (VNNIC) with original source from the Asia Pacific Top Level Domain Association, population data from the UN World Population Prospects 2019.

³² VNNIC, the Report on Vietnam Internet Resource in 2019. The organizations include state agencies, educational and training institutes, healthcare services and professional social organizations, etc. Therefore, averagely, there must be more than 24 enterprises on a registered ".VN" domain name.

³³ <https://hocvien.haravan.com/blogs/omnichannel/khac-biet-giua-omnichannel-va-multichannel>

³⁴ This enterprise has a website for general introduction at <https://rangdong.com.vn/>, a website for sale activities at <https://rangdongstore.vn/>. This enterprise not only has a system of hundreds of sales points throughout the country on e-commerce platforms and social networks, but also directly exports products through Alibaba platform.

³⁵ David Rogers, The Digital Transformation Playbook: Rethink Your Business for the Digital Age, Columbia Business School Publishing, 2016.

³⁶ For more reference about D2C, visit below websites: <https://www.bigcommerce.com/blog/direct-to-consumer/>
<https://www.iab.com/wp-content/uploads/2018/04/The-Direct-Brand-Economy-Master-Deck-v17.pdf>
<https://www.emarketer.com/content/more-d2c-brands-are-relying-on-traditional-channels-here-s-why>

direct-to-customer domestically and internationally through websites and various online retail channels. Dieu Cay Quy Toc, which is developed based on Haravan platform, has the right strategy for choosing relevant domain as well as reasonably investing in websites and omni-channel.³⁷

Not only getting to the decision of building a website is hard, but running an efficient business on that website is even harder. Without a suitable online business strategy and adequate investment in human resources, a website can not bring effectiveness. The survey of VECOM shows that in 2018, up to 30% of enterprises only updated information on websites monthly. Moreover, most customers accessed the Internet via mobile phone but only 17% of websites had a mobile version. This percentage of 2019 was 30% and 16%, mostly unchanged from those of the previous year. Additionally, the expense for online marketing is quite low. In 2018, 58% of enterprises participating in the survey said that they had spent no more than 10 million VND for online marketing, in 2019, this percentage was still high (53%).

It can be confirmed that the biggest obstacle for e-commerce deployment in millions of enterprises and household businesses, especially in localities, is the lack of competent human resources. Millions of Vietnamese enterprises are like millions of warriors on the digital economy battlefield yet not being skillful enough to show themselves confidently on digital platforms or website or mobile application development. Encouraging millions of enterprises to invest more in e-commerce human resources is the key factor to a fast and stable growth of Vietnamese e-commerce from now to 2025.

The remaining distances

Whether it is an individual, an enterprise or a country, there is always a huge distance between aspiration and reality. In an individual aspect, there are a variety of creative ideas every year from many people who have an enormous yearning and are willing to dedicate all their passion and property to build a start-up with the hope of contributing to the community and enriching themselves. Following the global trend, start-ups in Vietnam have bloomed in recent years, and the failure rate of these enterprises is as same as 90% of the world.³⁸

Despite having achieved a successful business and a firm position on the market, many enterprises still have an uncertain future in the competition without full IT utilization, especially in carrying out the Enterprise Resource Planning (ERP). No matter it is, from a high determination from leadership, a careful plan, a large resource to a long-range implementation, even in developed countries, the failure rate of enterprises in carrying out the ERP is up to 30%.³⁹ In Vietnam, this rate is

³⁷ More information at: <http://depcaosu.com/> and <https://dieucayquytoc.com/>

³⁸ <https://www.failory.com/blog/startup-failure-rate>, <https://www.smallbizgenius.net/by-the-numbers/startup-statistics/#gref>, and <https://baodautu.vn/vi-sao-hon-90-startup-that-bai-d113693.html>

³⁹ <https://www.cio.com/article/2429865/enterprise-resource-planning-10-famous-erp-disasters-dustups-and-disappointments.html>

<https://www.360cloudsolutions.com/resources/top-six-erp-implementation-failures/>

much higher and can reach 70%.⁴⁰ As reported by a survey conducted by VECOM among thousands of enterprises nationwide, at the end of 2019, the rate of using human resource management software is 60%, accounting software is 90% while the rate of executing the ERP is just 17%. Not only the complexity of each ERP, but one of the reasons also leading to the failure of these enterprises is the difference between reality and expectation of ERP benefits.⁴¹

Many top strategic planners and macroeconomics policymakers in Vietnam have been aware of the vital meaning of the Fourth Industrial Revolution, digital economy and the national digitalization. As a biggest attempt, in September 2019, the Political issued the Resolution No.52/NQ-TW which determines many guidelines and policies to actively take part in the Fourth Industrial Revolution. The core standpoint is that renovating the mindset in economic management, social management and setting the goal in which the digital economy accounts for 20% GDP by 2025.⁴²

Similarly to start-up and ERP enterprises, the distance between reality and the determination of national leaders will only be proven through the time.

Up to now, this distance has been considerably big. On one hand, the Resolution specifies institutional and laws enhancement as one of the most crucial missions, including the laws about commerce, investment and business to create more advantageous conditions for the development of products, services and new economic models based on digital technology, Internet and cyberspace. On the other hand, it is quite easy to realize the delay and confusion in issuing legislations to bring a favorable environment for online business. For example, the Law on Prevention and Control of Harmful Effects of Alcohol took effect on 01/01/2020, which allows sellers to sell alcohol online in case non-cash is used for payment and some other rules are complied with. However, until 2020, there has not been according documents issued by the Government to guide and carry out this Law; consequently, it becomes a practical obstacle for businessmen to legitimately sell alcohol online. Some businessmen are even worried that the Government regulations might invalidate their right to sell alcohol online which stipulates in Laws.

The Law about cross-border e-commerce is another illustration of the distance between reality and expectation. Cross-border e-commerce (online import and export) has been increasing quickly in the world as well as Vietnam. In 2015, there was a prediction that the worldwide scale of cross-border B2C e-commerce would rise from 304 billion USD in 2014 to approximately 1,000 billion USD in 2020.⁴³ In 2019, a detailed research pointed out that it reached 562 billion USD in 2018 and would

⁴⁰ <https://tuvanerp.vn/trien-khai-erp-lam-gi-de-tranh-that-bai/>

⁴¹ Nguyen Van Hong, Nguyen Van Thoan and other authors; The basics of E-commerce Curriculum, published by Hong Duc publishing house, 2012.

⁴² <http://tulieuvankien.dangcongsan.vn/he-thong-van-ban/van-ban-cua-dang/nghi-quyet-so-52-nqtw-ngay-2792019-cua-bo-chinh-tri-ve-mot-so-chu-truong-chinh-sach-chu-dong-tham-gia-cuoc-cach-mang-cong-5715>

⁴³ <https://www.invespcro.com/blog/cross-border-shopping/>

increase at 27% in 2019-2020, and would reach 4,800 billion USD in 2027.⁴⁴ As we can see, the scale of 2020 of the previous prediction is pretty near to this new research.

When drafting the Decree about Customs Management for cross-border e-commerce activities, the drafting agency has not included quantitative estimation of Vietnam's online import and export scale until 2019 and other forecasts for this volume, for example up to 2025. According to many organizations and enterprises relating to online import and export, the content of the draft is not a breakthrough for online import and does not create a huge innovation for online export.

These are two typical examples of the difference between a progressive idea and a practical solution in strategic and policy documents for the construction and the issue of a specific law that can directly affect enterprises' online business activities.



On 08/01/2020, the seminar about the draft of Decree about Customs Management for cross-border e-commerce activities was held.

Moreover, this distance does not only show how much we can reduce the difficulties but also how many advantages we can create compared to the present. Besides issuing documents that can untie the hardship made from the business reality, the role of the state management agencies also gives a hand to those cases needing a market orientation.

A considerably wide gap also exists between the determination mentioned in the Resolution and the reality of institutions enactment to create more advantages for the developments of products, services, the new economic model based on digital technology. Some Vietnam enterprises have

⁴⁴ <https://www.globenewswire.com/news-release/2019/08/20/1904132/0/en/Global-Cross-Border-B2C-E-Commerce-Market-Will-Reach-Over-USD-4-856-1-Billion-By-2027-Zion-Market-Research.html>

actively provided Digital Financial Services, e-Learning, and e-health services. Besides, lots of start-up enterprises are the pioneers investing in those fields. Nevertheless, there still is no clear signal in the complete of institutions and laws that can facilitate a faster growth in those sectors.

As analyzed above, the huge investments in human resources in nationwide scale is the key factor to widen e-commerce to every locality while maintaining the fast growth rate of the top two cities. On the other hand, enterprises cannot carry out this movement by themselves. The macroeconomic policymakers are fully aware of this fact and also emphasize that we need incentive mechanisms and the preferential treatments for those organizations, individuals, and technology enterprises that directly join in educational and training processes.

So far, these mechanisms and treatments are still not clear and specific. In an effort to gain their own benefits, many online platform and solution providers have proactively executed training activities for local enterprises. The program “Digital 4.0,” held by Google, has caught an enormous attention and participations and has afforded many useful training courses. Some platforms, like Amazon or Alibaba, have carried out many advanced trainings about doing business on their platforms through their partners and agents. There are many outstanding enterprises such as VNPost, Lazada, Sapo, OSB, Fado, Acestrade, etc. who have actively organized and participated in some e-commerce training courses in localities. Notably, some enterprises, such as Vinalink and IMGroup, have opened training academies and offer numerous traditional and online courses to thousands of learners from small and medium enterprises and household businesses. In fact, all of these enterprises have not received any visible stimulations or treatments for their training activities.

It is impossible not to mention the state management agencies' and organizations' huge effort in training those "warriors."⁴⁵ On the other hand, to conduct online business skills training for millions of enterprises and household businesses throughout the country can only succeed with proactive contributions from those e-commerce platform and solution providers.

The most important mission for state management agencies from central to local level is erasing the distance between expectation and reality instead of straight holding training courses. Also, those agencies have to quickly issue incentive mechanisms and preferential treatments for organizations, individuals and technology enterprises directly joining in the process of training for the online business skills. Moreover, these mechanisms and treatments need to be specific, simple, feasible and give-and-take exclusive.

⁴⁵ Professional social organizations such as VCCI, Vietnam Internet Association (VIA), and VECOM. Some state management agencies such as Vietnam E-commerce and Digital Economy Agency (iDEA), Vietnam Trade Promotion Agency (Vietrade), Vietnam Internet Network Information Center (VNNIC) and some Department of Industry and Trade.

CHAPTER 02

THE E-COMMERCE OVERVIEW IN 2020

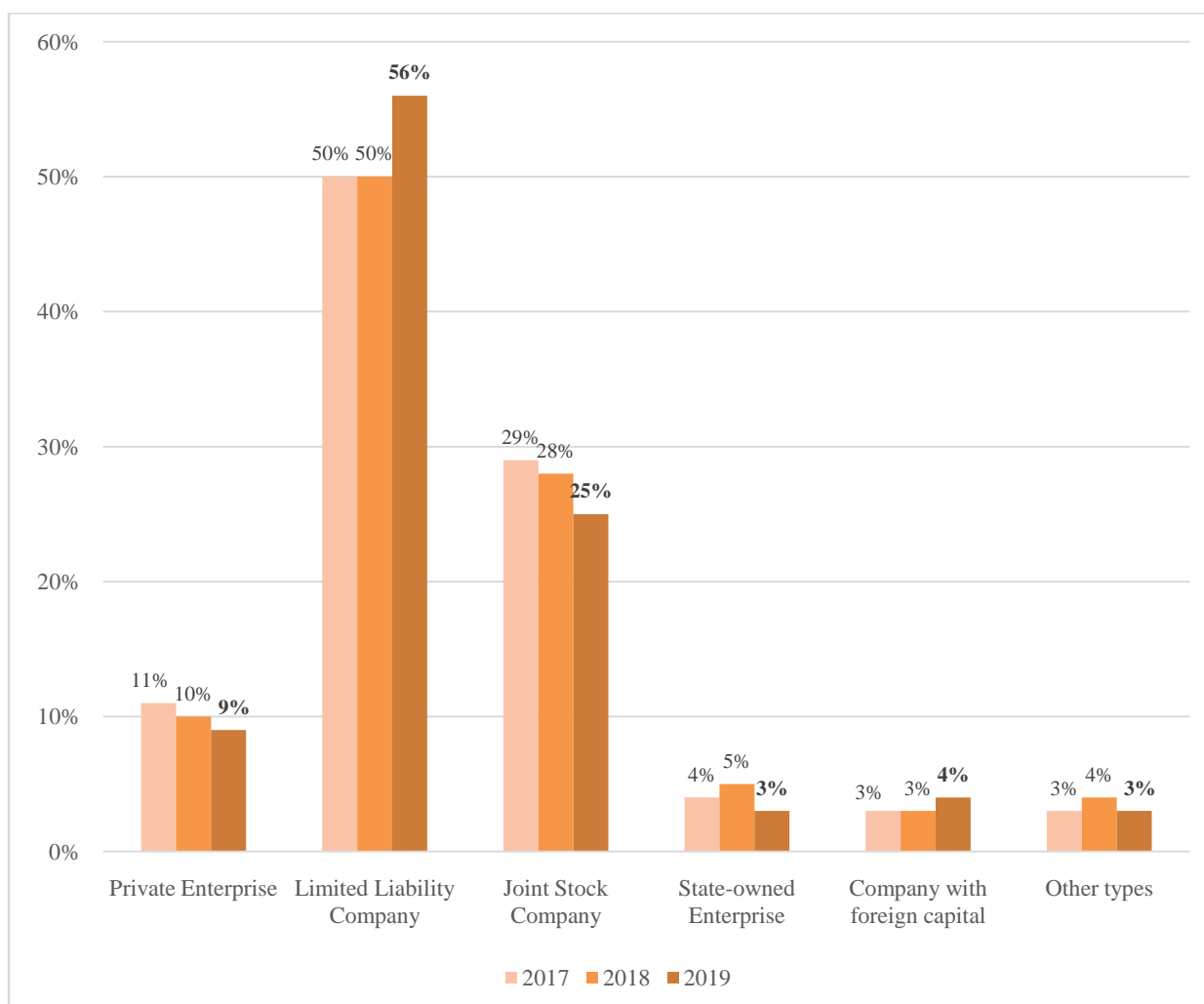


1. Enterprises Participating In The Survey

In 2019, from September to November, Vietnam E-Commerce Association (VECOM) conducted a survey with a participation of more than 4,000 enterprises nationwide. The survey had 3,945 valid responses that were later used as statistics for making the Report.

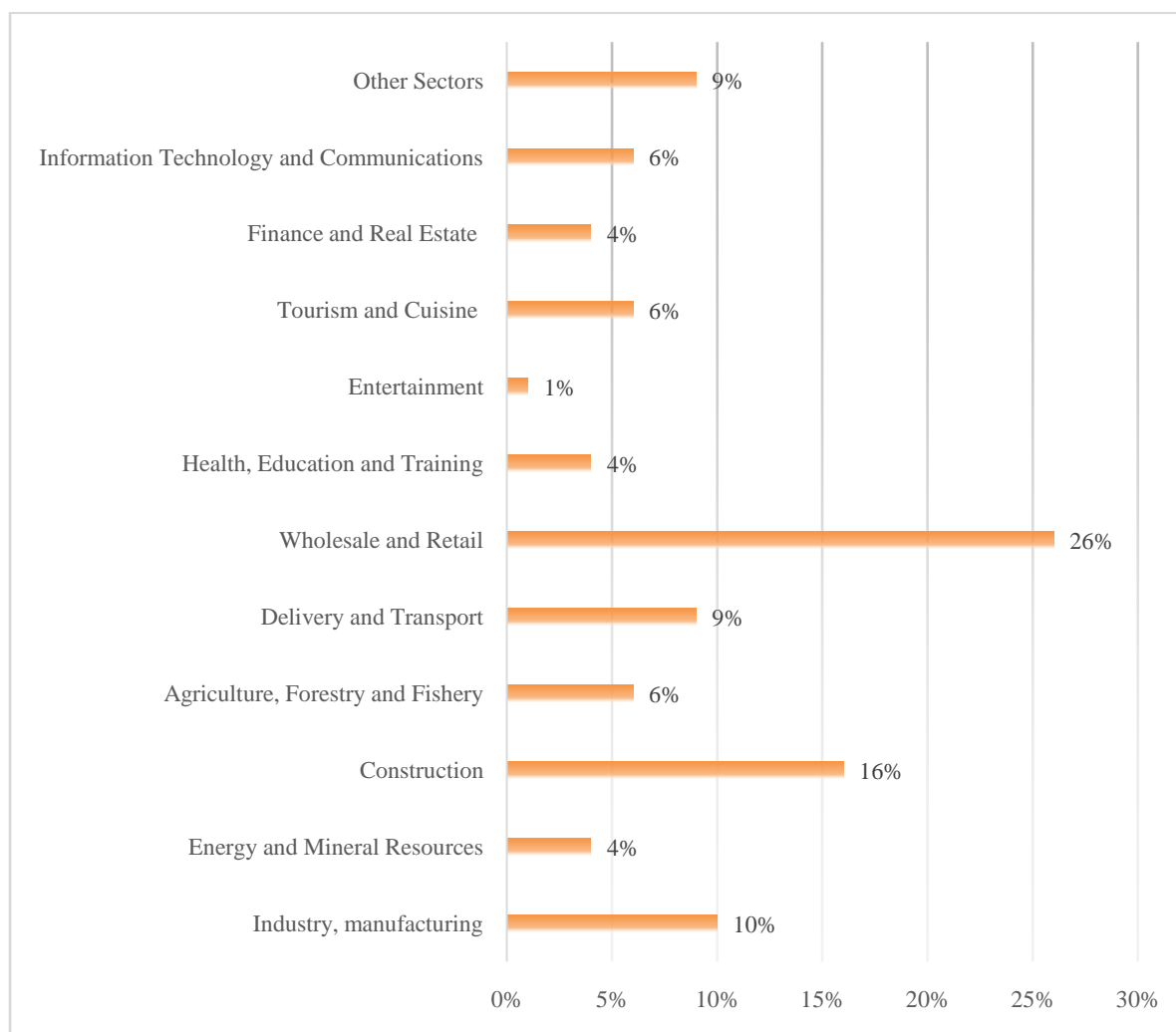
The proportions in types of enterprises participating in 2019's survey are quite similar to the those of previous years. In this survey, the Limited Company group accounts for 56% (which is much more than the number of 50% in 2018), followed by Joint-stock Company and Private Enterprise with 25% and 9% respectively.

Figure 1: Types of enterprises participating in the survey over the years



The large-enterprise group, each of which has above 300 employees, accounts for 11%. A majority of the survey responses is covered by medium and small enterprises. However, this does not bring much change compared to the previous years' surveys.

Figure 2: Main business sectors of enterprises in the survey



The enterprise group in Wholesale and Retail sector has the biggest proportion in this survey (26% of enterprises work in Wholesale and Retail area), followed by Construction (16%) and Industry, manufacturing (10%).

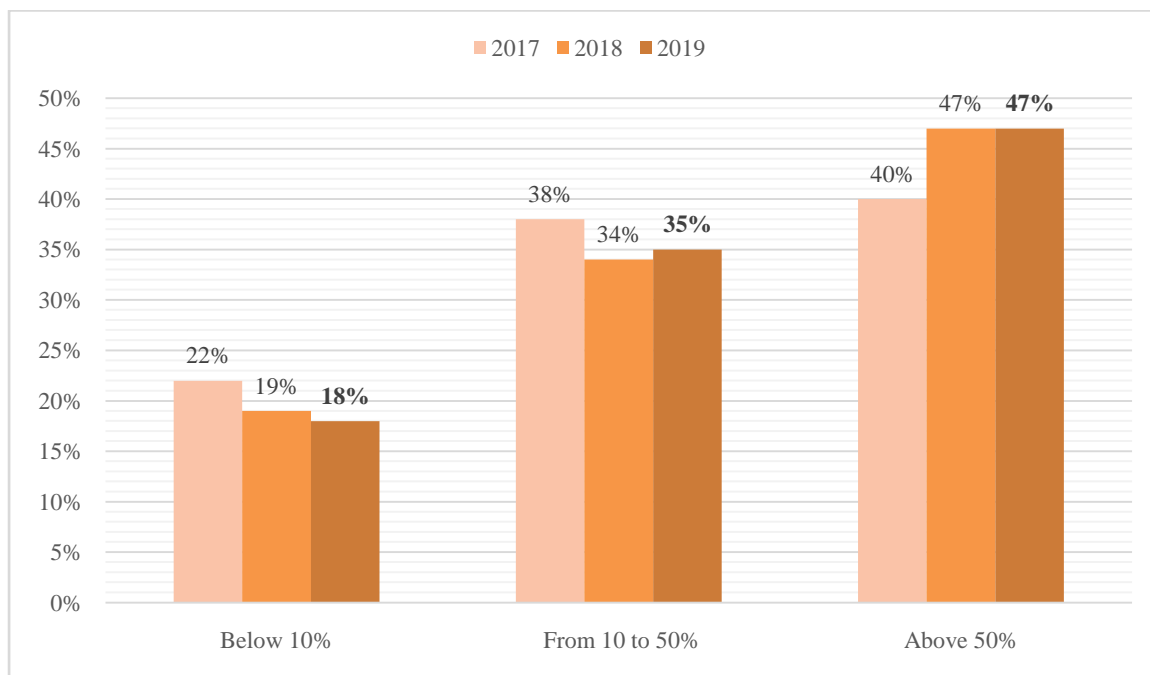
2. Infrastructure And Human Resources

a. Using email and auxiliary tools for business

Until now, besides new platforms, email is still considered to be an effective auxiliary tool for an enterprise's business operation. Email is thought to be one of the best tools to reflect the application of information technology in internal interactions and exchanges, as well as external interactions to minimize costs and time-consumption.

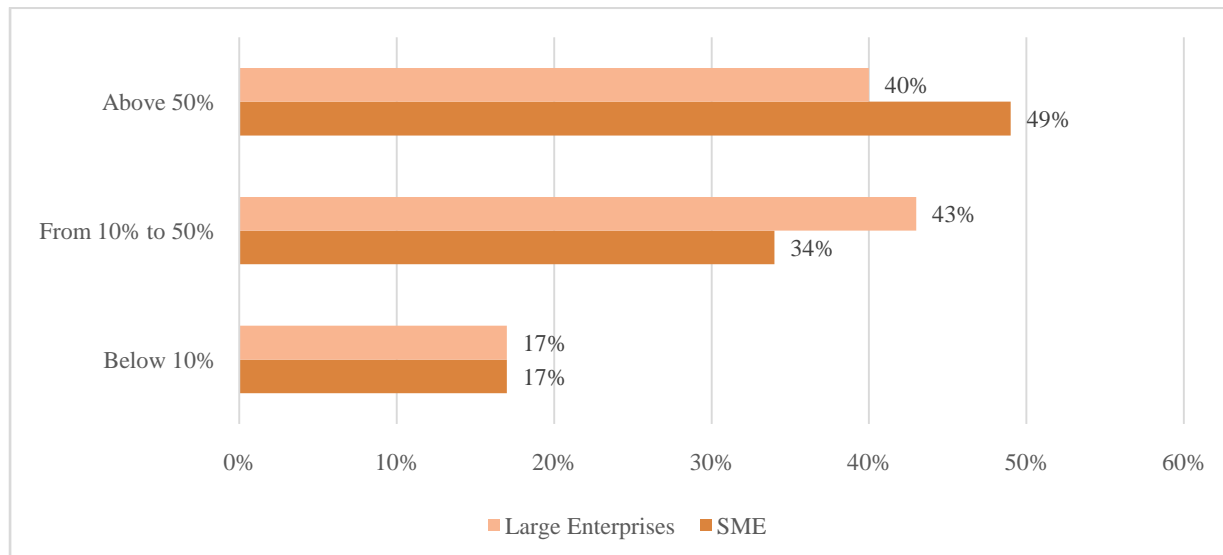
The 2019 survey showed that the quantity of enterprises that have above 50% of employees using email at work still accounted for a major proportion and seemed unchanged when compared to the 2018's survey (47% of enterprises said that more than 50% of their employees regularly use email). The enterprises that have below 10% of employees using email at work regularly still accounted for a quite large proportion (18%), and this result slightly changed compared to last year's.

Figure 3: The percentage of enterprise employees who regularly use email over the years



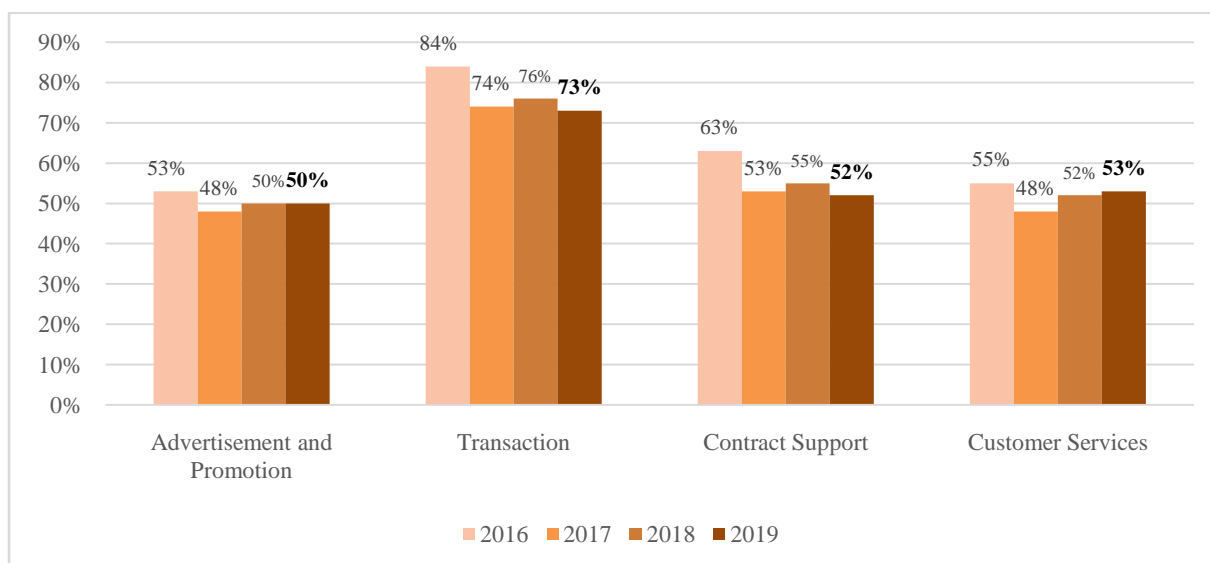
In terms of enterprise size, Small and Medium Enterprise (SME) had the far higher proportion of employees using email accounting for above 50% this year than that of large businesses.

Figure 4: Email usage in terms of enterprise size



The main purpose of using email is still for customer and supplier transactions (this purpose accounts for 73% and slightly changed compared to the one of last year). Besides, other purposes such as advertisement, contract support or customer care are almost unchanged.

Figure 5: Purposes of using email in enterprises over the years



Along with using email to support enterprise activities, nowadays, other communication supporting tools are also concerned and diversely applied such as Facebook, Messenger, Zalo, Viber, WhatsApp, Skype, etc. Those are also considered as top advanced platforms that help to enhance a faster communication at a lower cost or without cost.

The survey showed that almost 100% of enterprises owned these tools but the levels of their application are a little different. In particular, 57% of enterprises said that more than 50% of their employees regularly used above tools (this percentage did not change much from that of 2018), 26% of enterprises said that from 21% to 50% of their employees regularly used these tools and 17% of enterprises said that below 20% of their employees regularly did that.

b. E-commerce specialized human resources

The overview chapter of this year's Report emphasizes that the weakness in human resources is the biggest obstacle of Vietnam in the process of promoting a fast and sustainable e-commerce development.

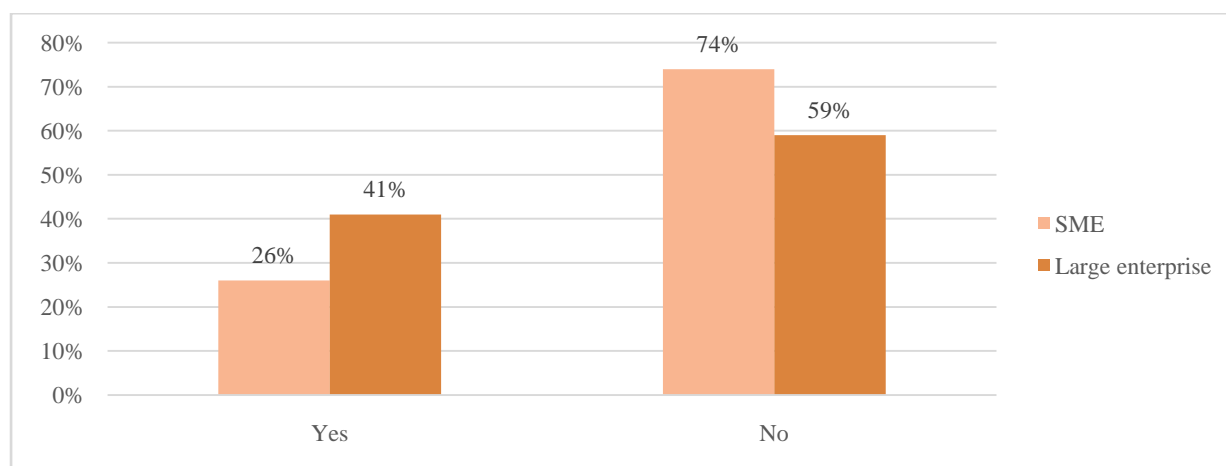
The e-commerce specialized human resources, especially high-quality personnel, is still receiving a big effort by a lot of enterprises to get improved. Deploying e-commerce requires this specialized labour group to have knowledge about both technology and commerce to catch up with new trends and apply them in the most effective way.

In 2019, the proportion of enterprises that have e-commerce specialized labour did not change much compared with that of previous years yet even slightly decreased (in 2019, 27% of enterprises said that they have labour specialized in e-commerce and it fell by 1% compared to the last year's).

In view of enterprise size, large enterprises always have a much bigger proportion of labour who specializes in e-commerce than that of SME. This fact reflects that when a scale reaches a suitable threshold, expanding and having specialized departments will bring more efficiency than concurrently used forms.

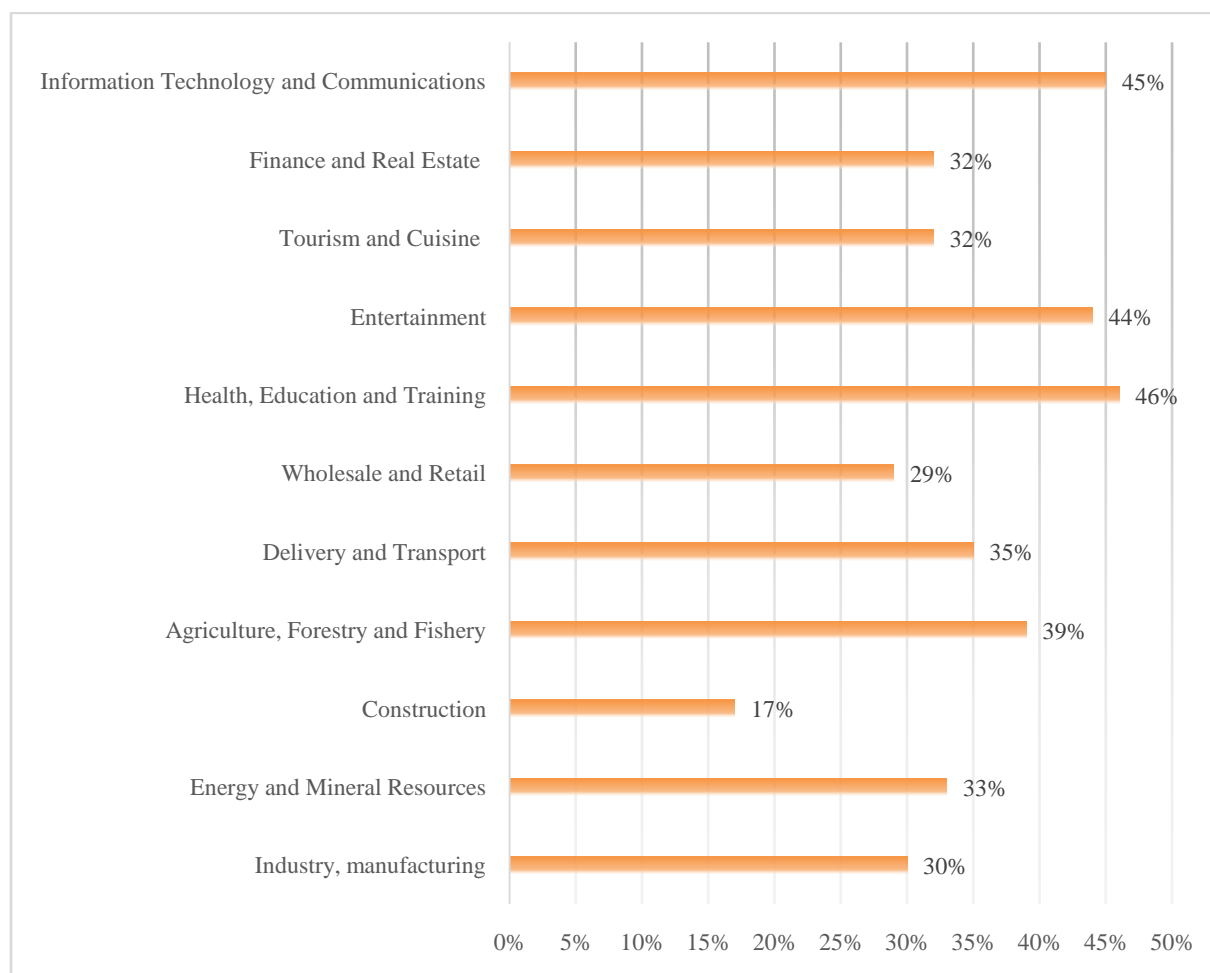
According to the result, in 2019, the proportion of enterprises that have e-commerce specialized labour accounted for 41% among large enterprise participants, while that of SME was 26%.

Figure 6: E-commerce specialized labour, categorized by business size



In terms of specialized labour ratio in different business sectors, the Medical – Education – Training group had the largest proportion of e-commerce specialized labour (46% of enterprises in these sectors had e-commerce specialized label), followed by IT – Media (45%) and Entertainment (44%). Construction enterprises had the least ratio of labour specialized in e-commerce (17%).

Figure 7: E-commerce specialized labour specialized, categorized by business areas



Surveys conducted over the years show that the proportion of enterprises having difficulties in recruiting specialized employees with e-commerce and IT skills fluctuates around 30% and does not change much (in 2019, 30% of enterprises said that they had difficulty in recruiting employees with those skills, while in 2018 it was 28%, in 2017 it was 31%, and that of 2016 was 29%)

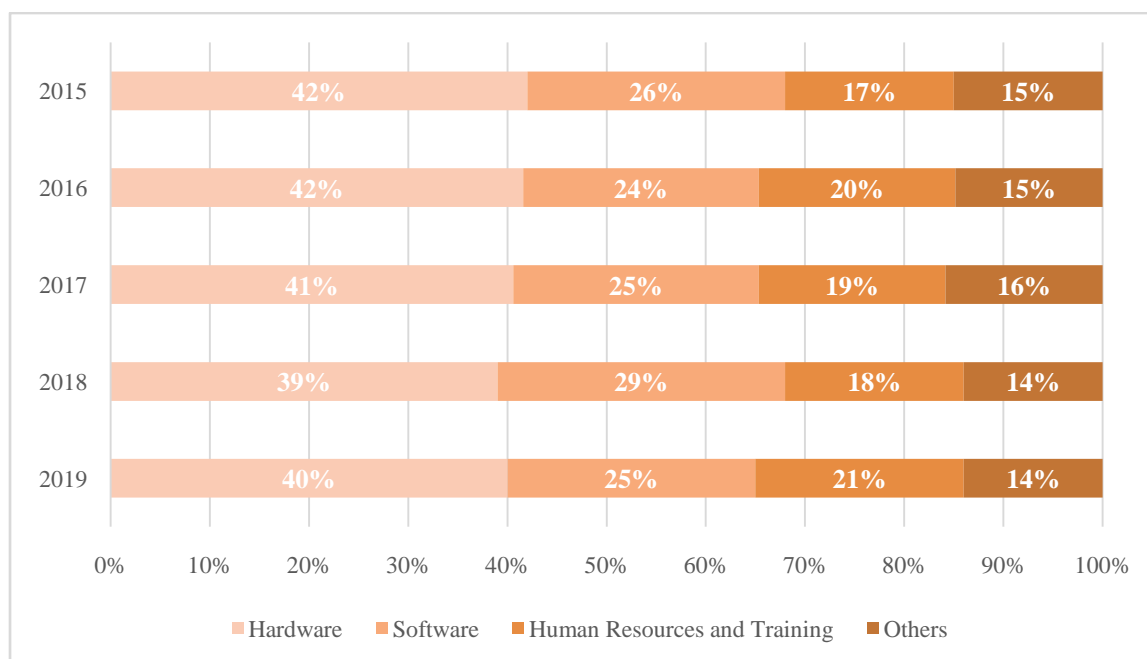
Among those skills, website and e-commerce platform administration is the most concerned by enterprises and also faces the biggest difficulty in the recruitment process (49% of enterprises said that they had difficulty in personnel recruitment with this required skill). Similar things happened to other skills below:

- E-commerce platform operation and exploitation: 46%
- E-commerce project planning and deploying: 45%
- Database administration: 45%
- Mode setting, applying, computer' common breakdown troubleshooting and repair: 41%
- Online marketing: 39%
- Online payment deployment: 29%

c. Expenses for procurement, equipment and application of IT and e-commerce

Until now, most enterprises still concentrate on hardware infrastructure investment. This has accounted for around 40% in total expenses for procurement, equipment and application of IT and e-commerce in several years. Additionally, the proportion of enterprises investing in human resources and training increased significantly in 2019 in comparison with that of 2018 (increased by 3%), and software investment decreased by 4% than that of last year.

Figure 8: Expenses for procurement, equipment, and application of IT and e-commerce over the years

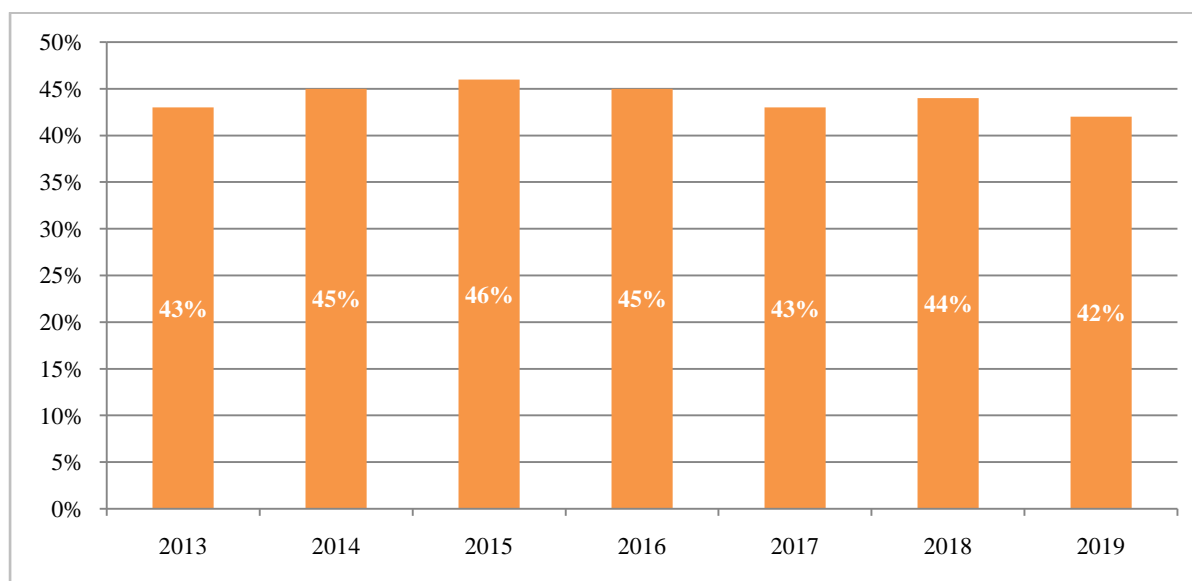


3. Business-to-customer E-commerce Transaction (B2C)

a. Enterprise Websites

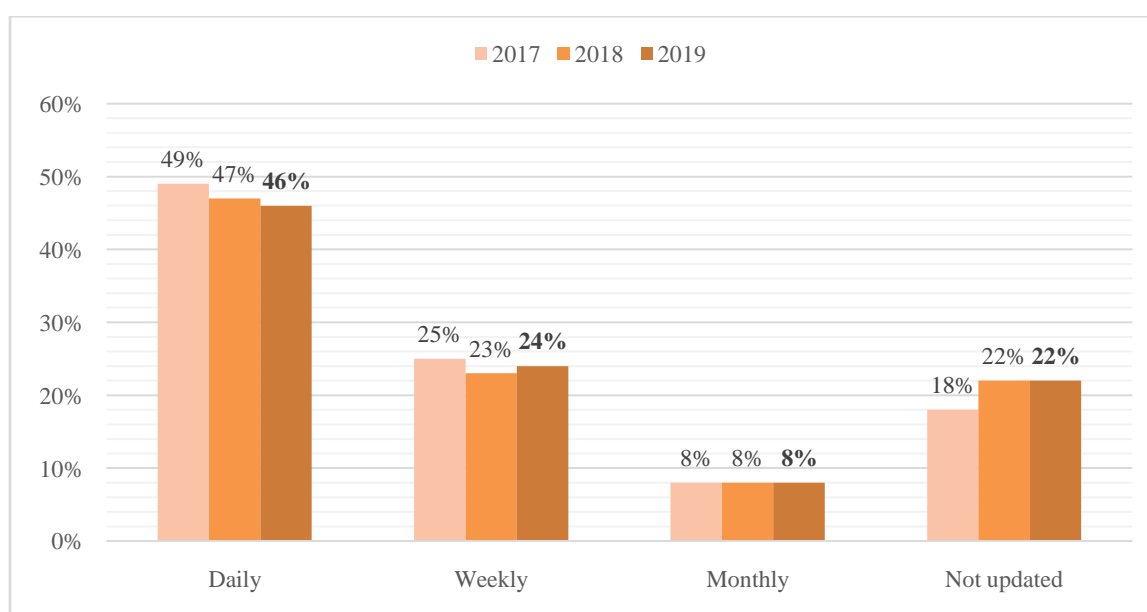
42% of enterprises in the survey said that they had built their websites, and this percentage was a little lower than the 44% of 2018. An explanation for this decrease is that enterprises had a lot of other effective channels for online business instead of concentrating on website only, another reason is that the survey area had been more expanded than previous years.

Figure 9: Percentage of enterprises that own their websites over the years



However, the survey also points out that most enterprises having websites took care of their websites seriously. 46% of enterprises said that they regularly updated daily news and 24% said that they run the information update on a weekly basis.

Figure 10: Percentage of information updates on websites

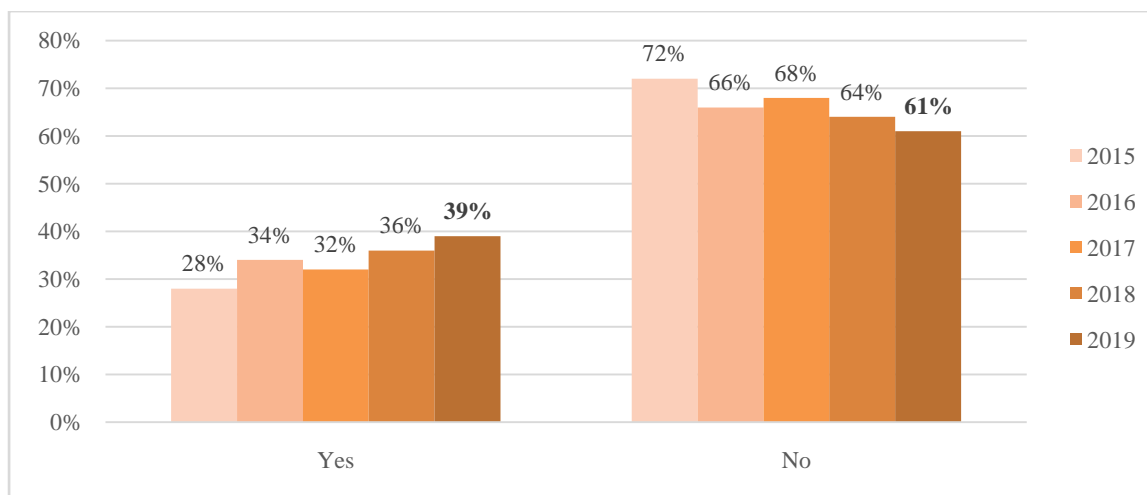


b. Businesses on social networks

The trend of doing business on social networks in 2019 has increased steadily as it is an effective and low-cost channel that attracts not only small but also large enterprises that want to establish a community channel and regular customer care.

Of all enterprises taking part in the survey, 39% said that they had businesses on social networks.

Figure 11: Businesses on social network

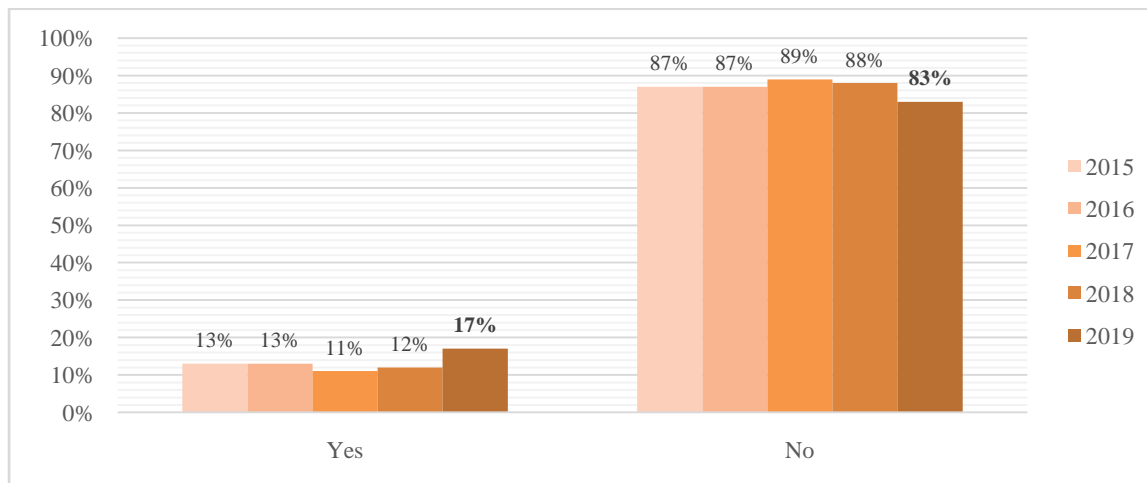


c. Participating in e-commerce platforms

2019 is the year that marks the rising of business models on e-commerce platforms. Along with the harsh competition among platform providers, merchants now have more choices with the best supporting policies for doing omni-channel business on multiple platforms.

Accordingly, 17% of enterprise participants said that they did the businesses on e-commerce platforms, which increased by 5% compared to last year and was the highest in last 5 years. Ha Noi and Ho Chi Minh City are the two cities with highest percentages of enterprises doing their business through e-commerce platforms.

Figure 12: Percentage of enterprises participating in e-commerce platforms over the years



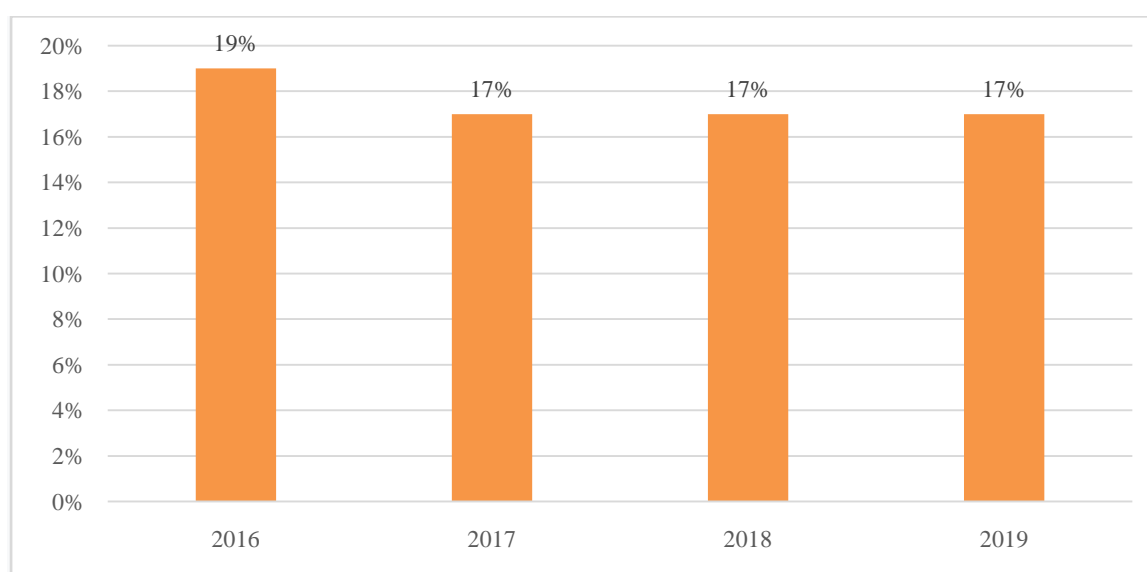
d. Business on mobile platforms

Smart consumers are changing the way they search and shop, from traditional ways to newer and more convenient experiences. Since then, mobile devices have become universal.

On the other hand, it can be seen that efficient application of mobile platforms is only limited in large enterprises with advanced business strategies and appropriate resources.

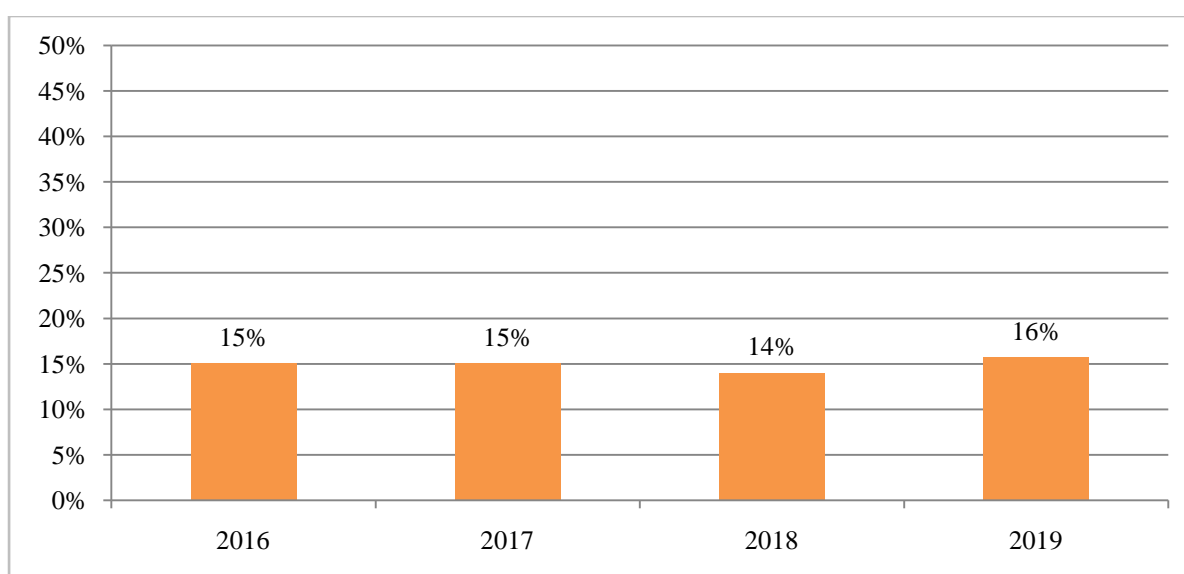
The survey shows that in 2019, about 17% of enterprises said that they had a mobile version website, this ratio has remained the same in recent years.

Figure 13: Percentage of websites with mobile versions over the years



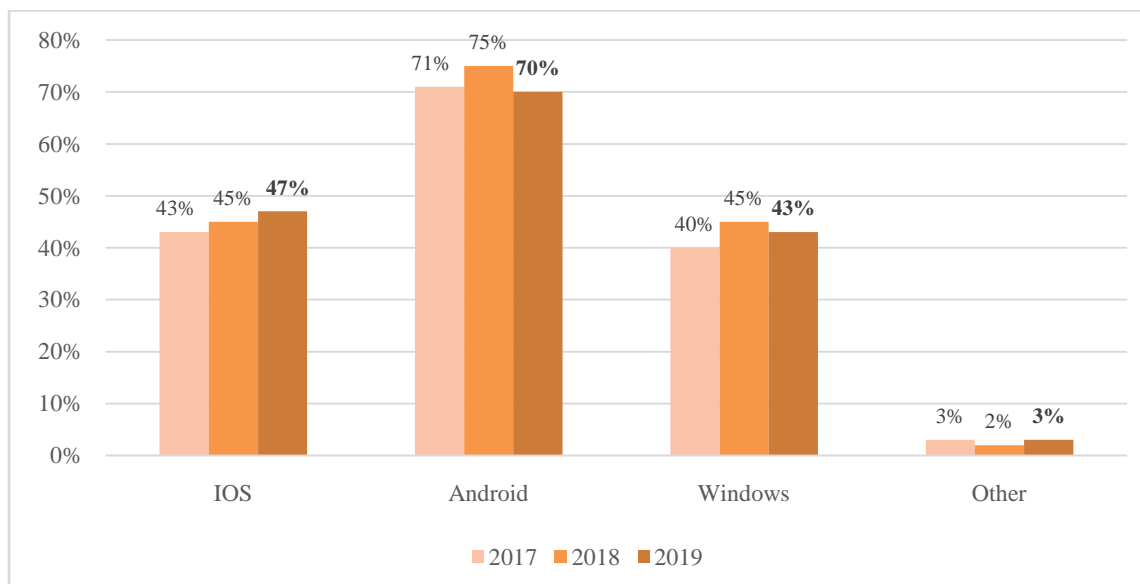
Similar to the proportion of enterprises with a mobile version website, the percentage of enterprises with mobile sales applications in 2019 only increased slightly compared to the previous year, from 14% in 2018 to 16% in 2019.

Figure 14: Percentage of mobile sales application over the years



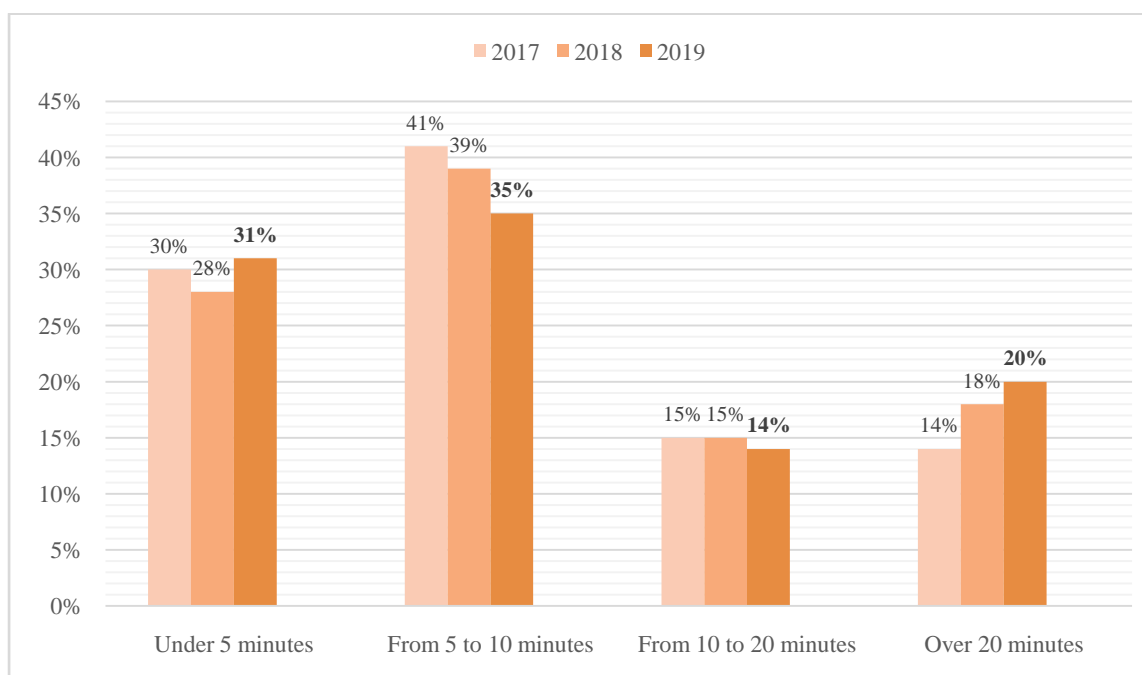
Android was still the most popular platform for enterprises to develop sales applications as 70% of enterprises said they have developed sales applications on this platform, followed by IOS (47%) and Windows (43%). These figures were similar to and had not changed much compared to former years.

Figure 15: Percentage of enterprises that develop sales applications on mobile platforms over the years



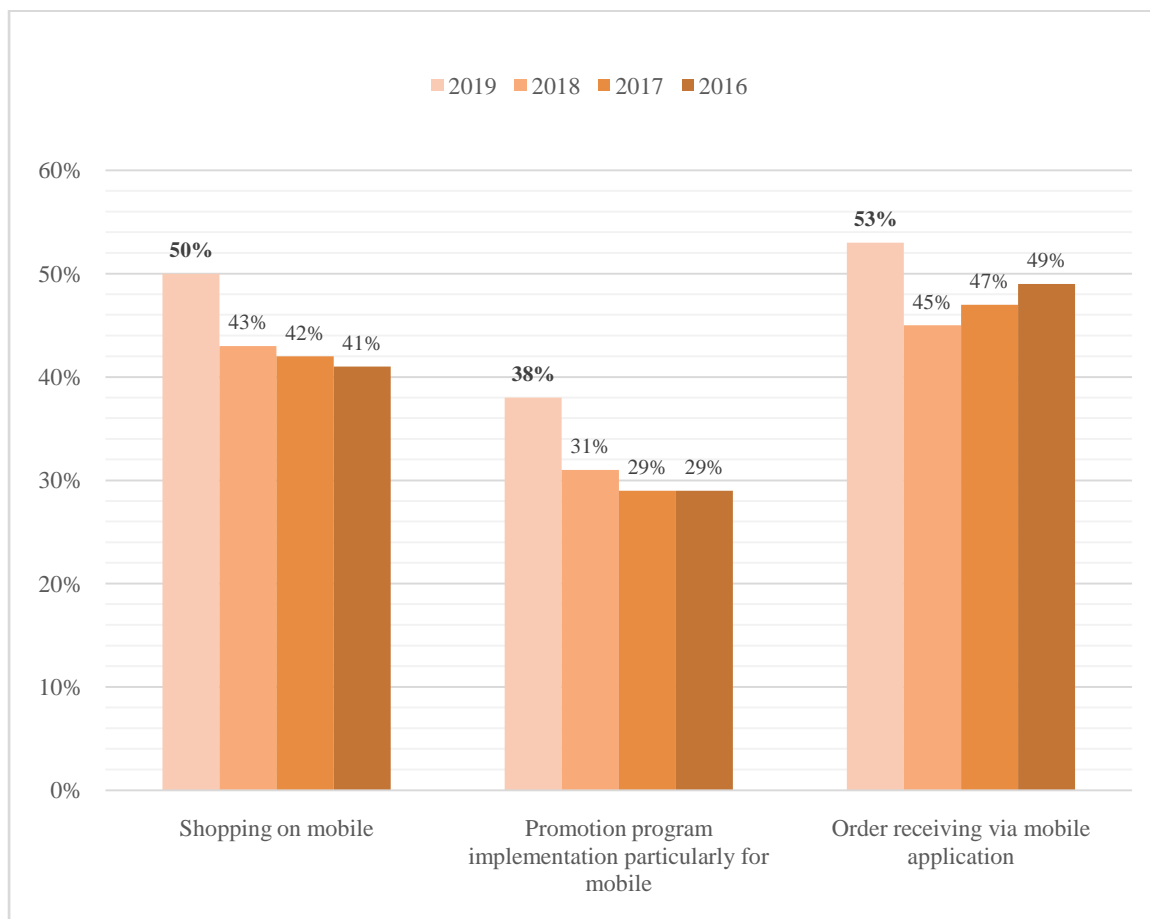
Average duration of a customer's visiting session on mobile websites or mobile sales applications in 2019 was slightly higher than that in 2018 but not significantly, which indicates that the attractiveness as well as usability of mobile versions has not been really appealing to customers. Accordingly, only 20% of enterprise participants said that the average retention time was above 20 minutes, while most customers remained on page from 5 to 10 minutes (accounting for 35%) and less than 5 minutes (accounting for 31%).

Figure 16: Average retention time of customers when accessing mobile websites or mobile sales applications



Among the enterprise participants that have a mobile version website or mobile application, 50% said that they allowed buyers to complete the whole shopping process on mobile devices, 38% said to offer special promotions to customers who particularly purchase via mobile devices, and 53% received orders via mobile applications. These indicators were much higher than the previous years.

Figure 17: Percentage of enterprisess that have a mobile-based business support website over the years

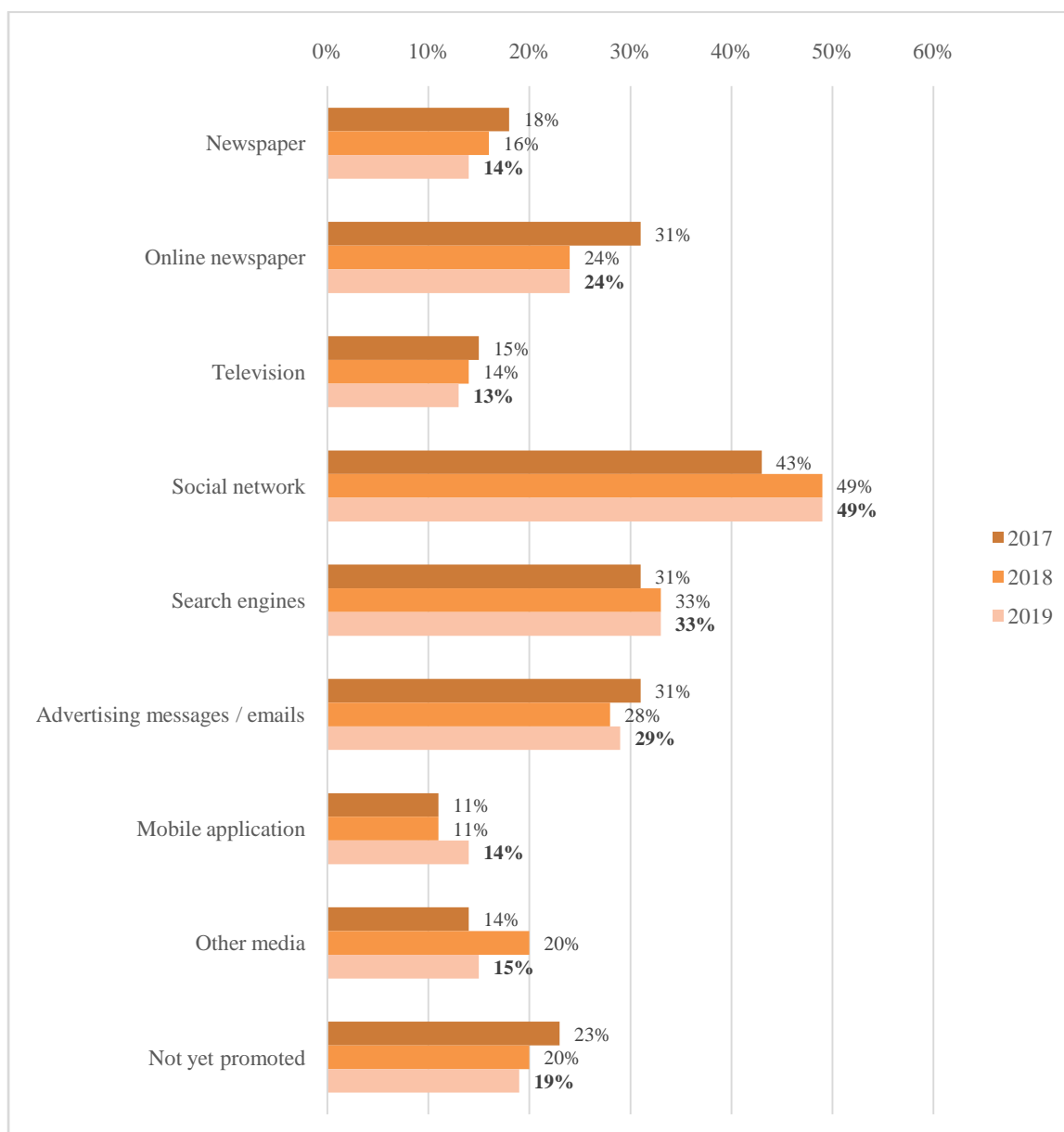


e. Website and mobile application advertisement

Social media continued to be the tool most popularly used by enterprises to advertise their websites/mobile applications in 2019. 49% of surveyed enterprises use social networks to advertise their websites / mobile applications. This ratio remained unchanged compared to 2018. The next tools are search engines (33%) and messages - emails (29%).

The survey also showed that 19% of enterprise participants had not yet conducted online advertising, a slight decrease compared to 2018.

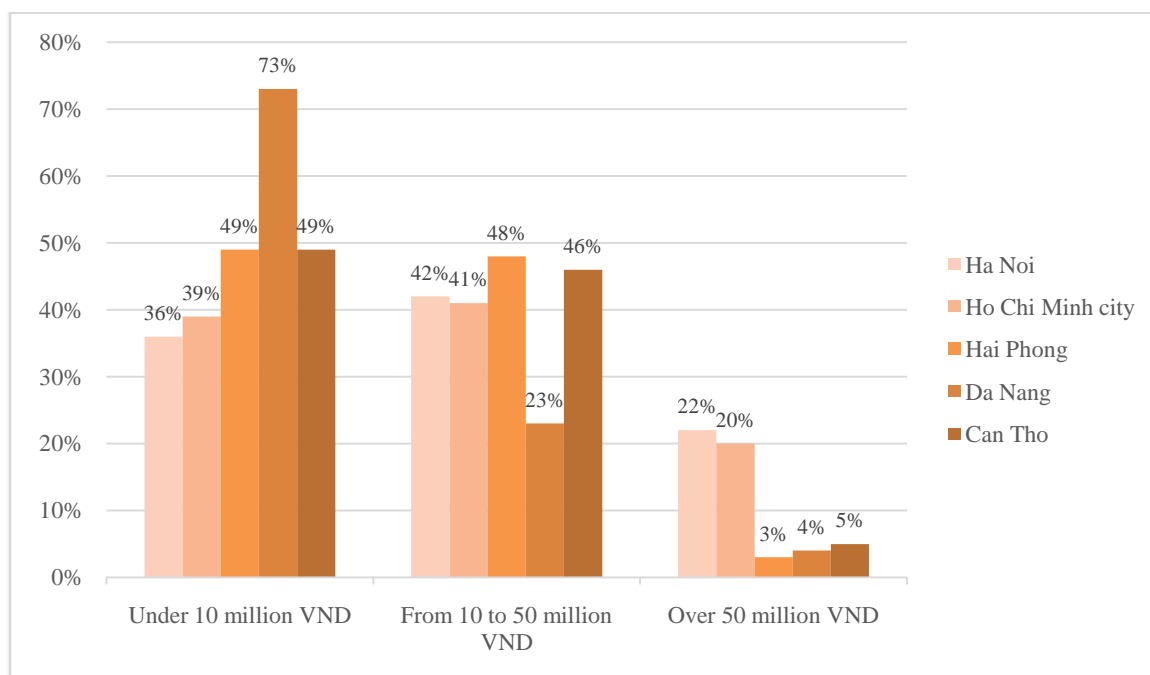
Figure 18: Advertising forms for enterprises' websites/mobile applications



Still, 53% of enterprise participants said that they spent less than 10 million VND per year on website/mobile application advertising via online media and mobile applications, in general, the higher the percentage, the more it reveals un awareness and ineffectiveness of practical online advertising acts in enterprises, which reduces the attractiveness and possibilities for businesses to increase their budget. Besides, the proportion of enterprises spending from 10 to 50 million VND on online advertising activities accounted for 35%, having an increase of 3% compared to 2018. The percentage of enterprises spending over 50 million VND on new online advertising activities accounted for 12%, going up to 1% compared to 2018.

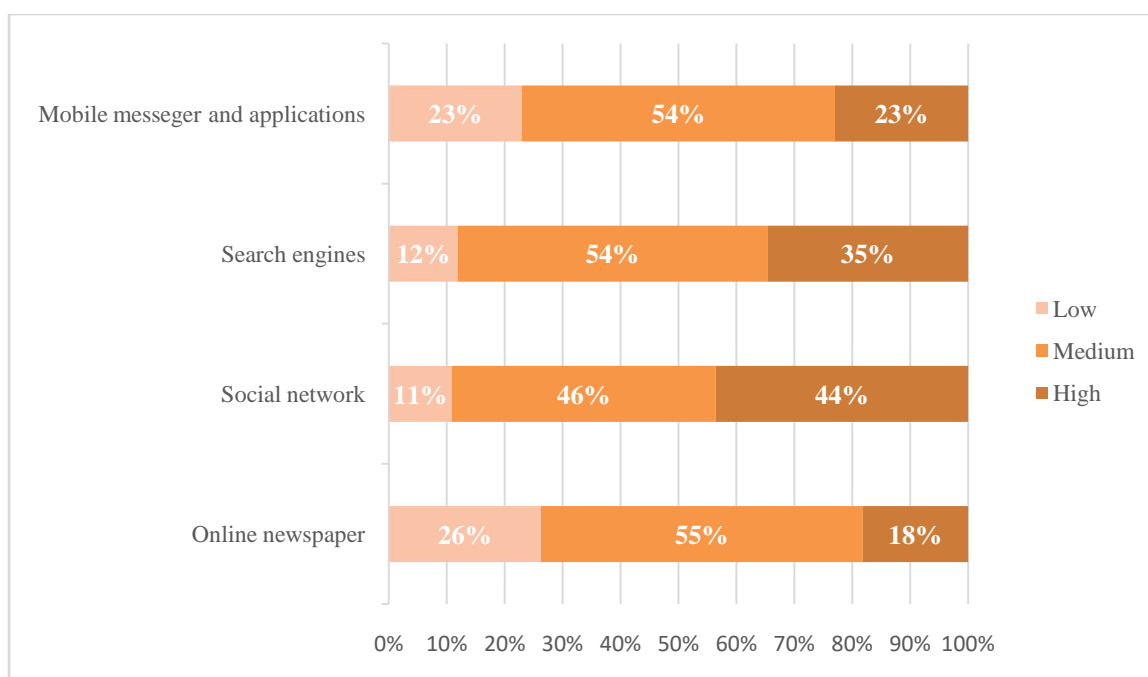
Among the 5 central cities, the ones leading in the rate of enterprises spending over 50 million VND for online advertising activities were still Ha Noi (22%) and Ho Chi Minh city (20%).

Figure 19: Online advertising expense allocated by the Central cities



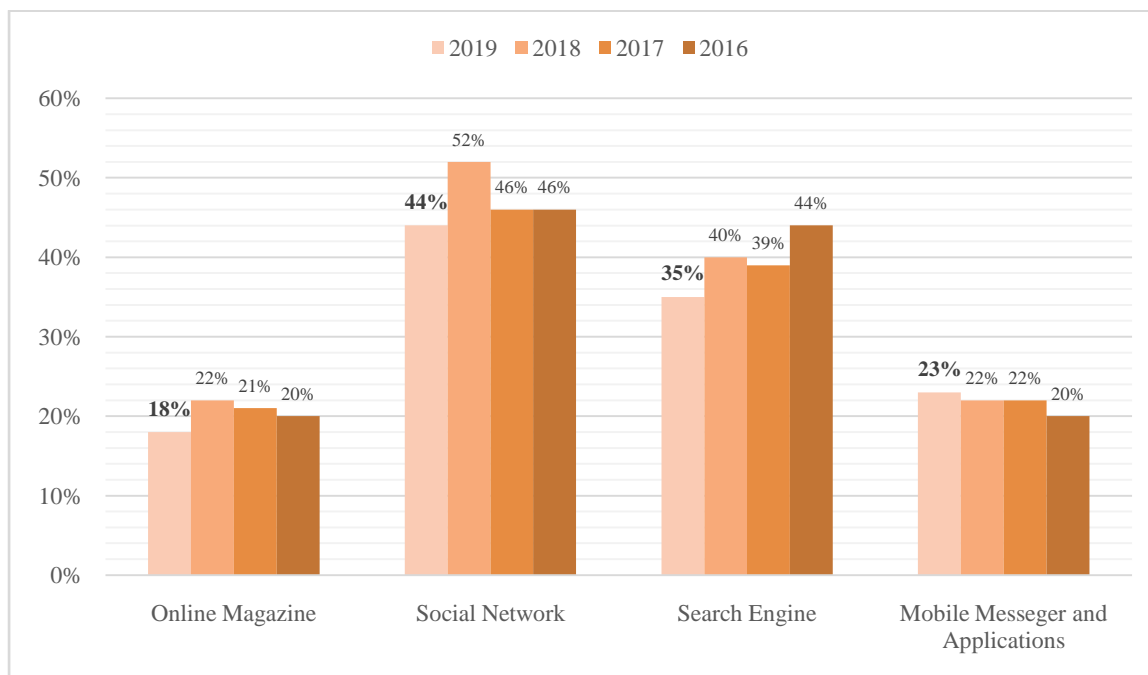
Social networks and search engines were still considered by enterprises as highly effective in online advertising activities, with the rate of 44% and 35% respectively.

Figure 20: Assessing the effectiveness of website/mobile application advertising



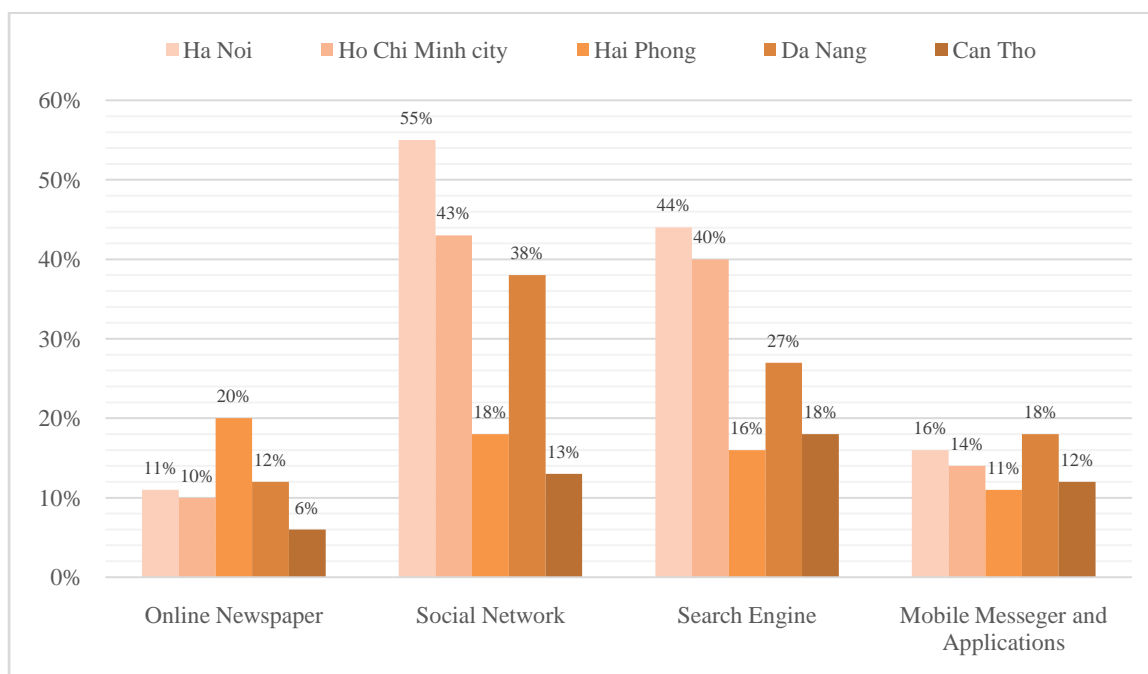
Overall, in the recent past four years, the trend of online advertising through the two platforms, social networks and search engines, has been strongly growing over the old methods, especially social networks with the highest users' satisfaction ratings in many years, but these ratios also slightly declined in 2019 in comparison with the previous year.

Figure 21: Percentage of enterprises that highly rate the effectiveness of online advertising tools over the years



Ha Noi and Ho Chi Minh City were still significantly better than the other central cities in evaluating the effectiveness of online marketing tools.

Figure 22: Percentage of enterprises that highly rate the effectiveness of online advertising tools among five Central Cities



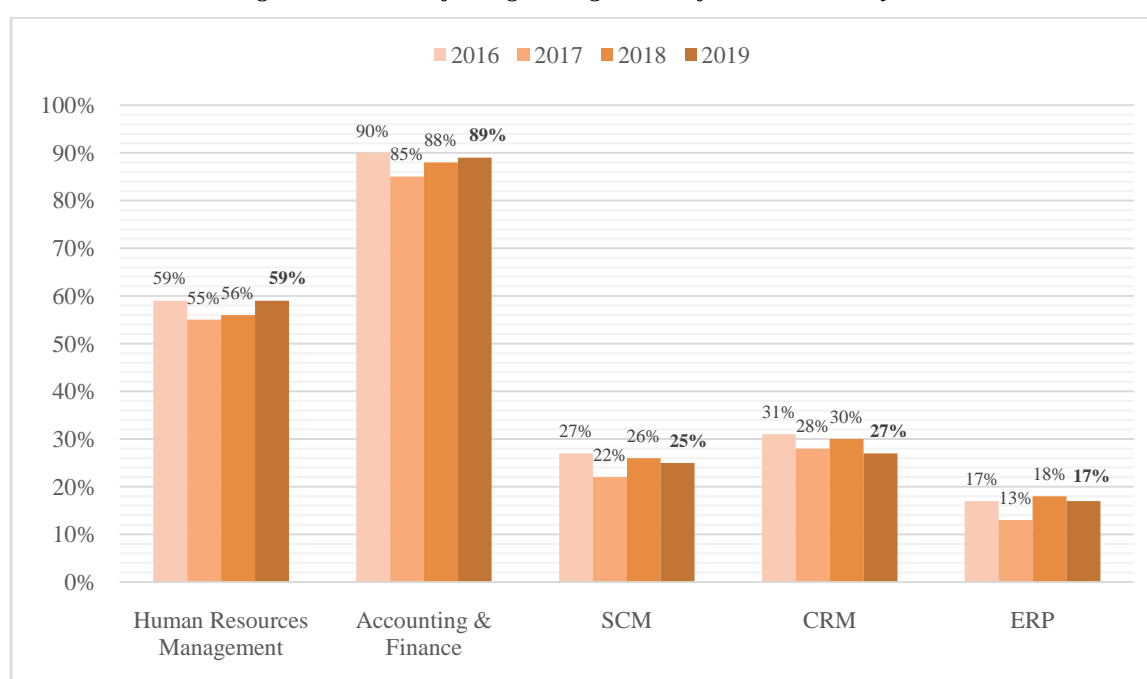
4. Business-to-business E-commerce Transaction (B2B)

a. Using management softwares

Finance and accounting software is still the most used among enterprise participants, in particular, 89% of enterprises used financial accounting software to support their company's operations. This rate was not much different from previous years. The following is the human resources management software with 59% of enterprises using.

There has not been any significant change in the deployment of specialized softwares such as customer management software (CRM), supply chain management (SCM) and enterprise resource management (ERP). Most of enterprises have yet to use these software.

Figure 23: Status of using management softwares over the years

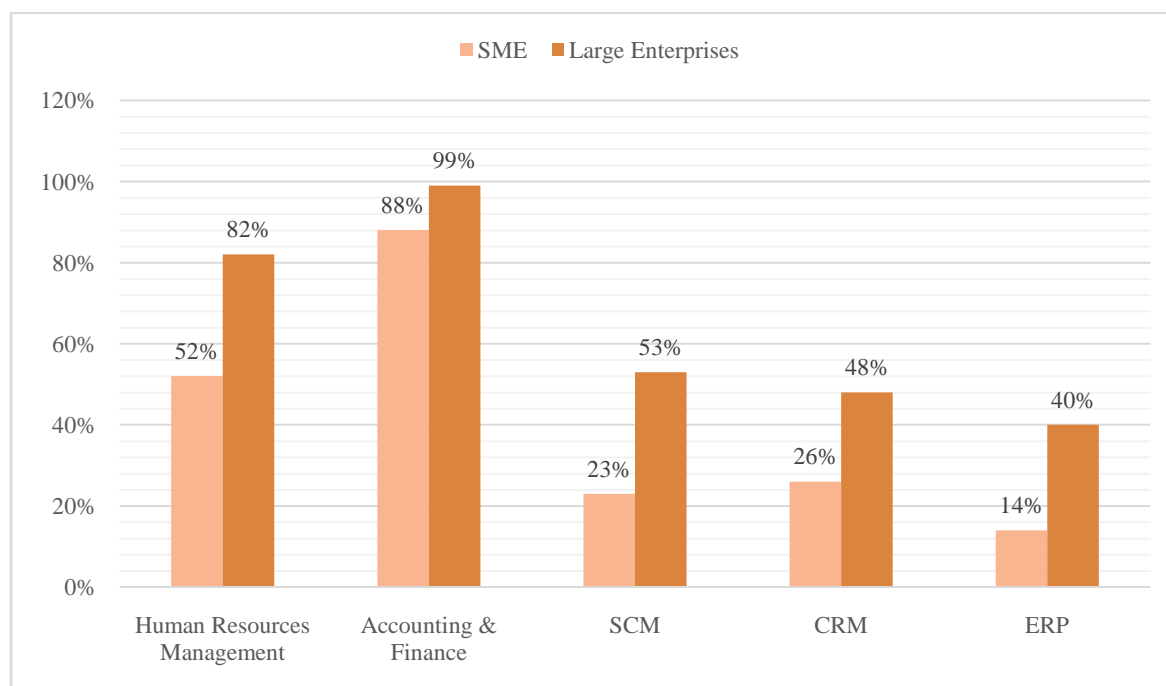


Regarding the size of enterprises, large enterprises use management software more regularly than small and medium ones. For large enterprises, operating a more cumbersome system always requires a great deal of support from technology, through management software systems such as human resources management, SCM, CRM or ERP.

Specifically, in 2019, 99% of large enterprises used financial accounting software, while the proportion of small and medium enterprises was 88%.

In term of using other softwares, the difference between the group of large enterprises and small and medium enterprises was even much larger, especially with software such as ERP, 40% of large enterprises applied it while this number in small and medium enterprises was only about 14%.

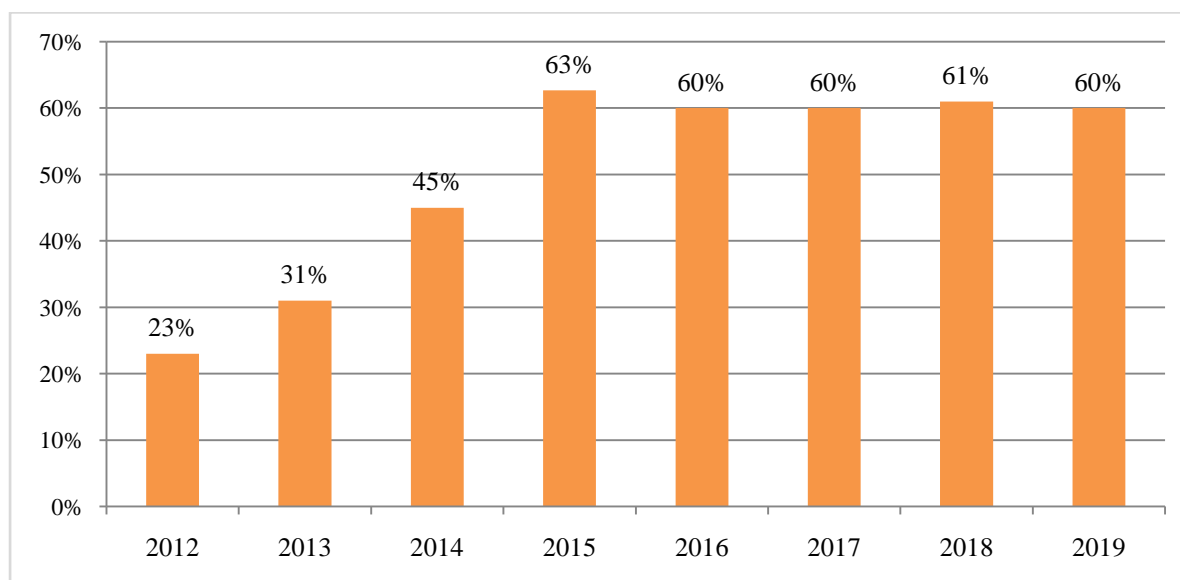
Figure 24: Status of using management softwares by enterprise size



b. Using electronic signatures and electronic contracts

In 2019, 60% of enterprise participants used electronic signatures. This rate did not vary much against previous years.

Figure 25: The status of using electronic signatures over the years



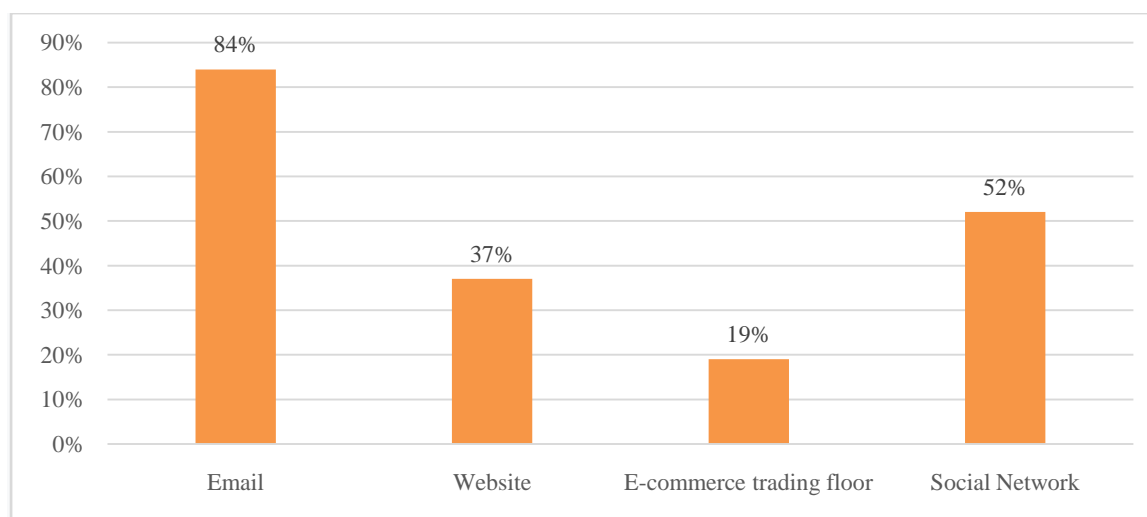
In terms of using electronic contracts in transactions, in 2019, 29% of enterprise used electronic contracts among all the enterprises participating in the survey, which rose by 3% compared to earlier years.

c. Orders receiving and placing through online tools

84% of enterprise participants said that they received orders online via email, this rate remains unchanged compared to 2018. This is still an important channel with the largest proportion among online channels. Subsequently, there are social networks (52%) and websites (37%).

Especially in 2019, the percentage of enterprises receiving orders through e-commerce platforms was enlarged in the most considerable degree from 13% in 2018 to 19%.

Figure 26: Percentage of enterprises/businesses receiving orders through online tools



Similarly, the percentage of enterprises placing orders through online tools pretty much resembled the number of receiving online orders. Email was still the main channel of communication between enterprises and suppliers to place orders (83% of enterprises ordered online via email), followed by social networks (50%), websites (44%) and e-commerce trading floors (25% and also increased by 6% compared to the earlier year).

Figure 27: Percentage of enterprises ordering goods via online tools



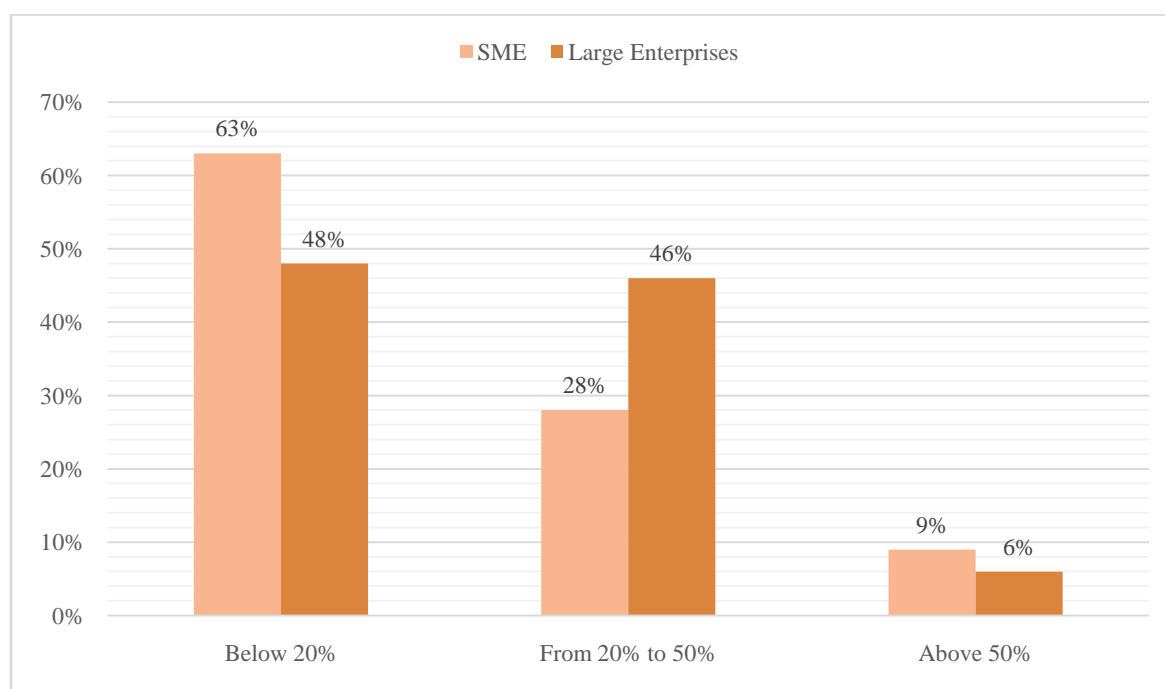
It can be seen that in 2019, enterprises have started paying more attention to doing business on e-commerce platforms.

d. The rate of investment, construction and operation of website/mobile application

In terms of the investment, construction and operation of websites/mobile applications ratio on the total businesses' e-commerce investment capital, up to 60% of enterprises participants in 2019 said that investment was less than 20% of the total e-commerce investment budget (decreased by 2% compared to 2018), 30% of enterprises invested from 20% to 50% of the budget and only 10% of enterprises invest over 50% of the general budget for e-commerce. It can be seen that most of enterprises have not really focused on investing, building and operating websites/mobile applications.

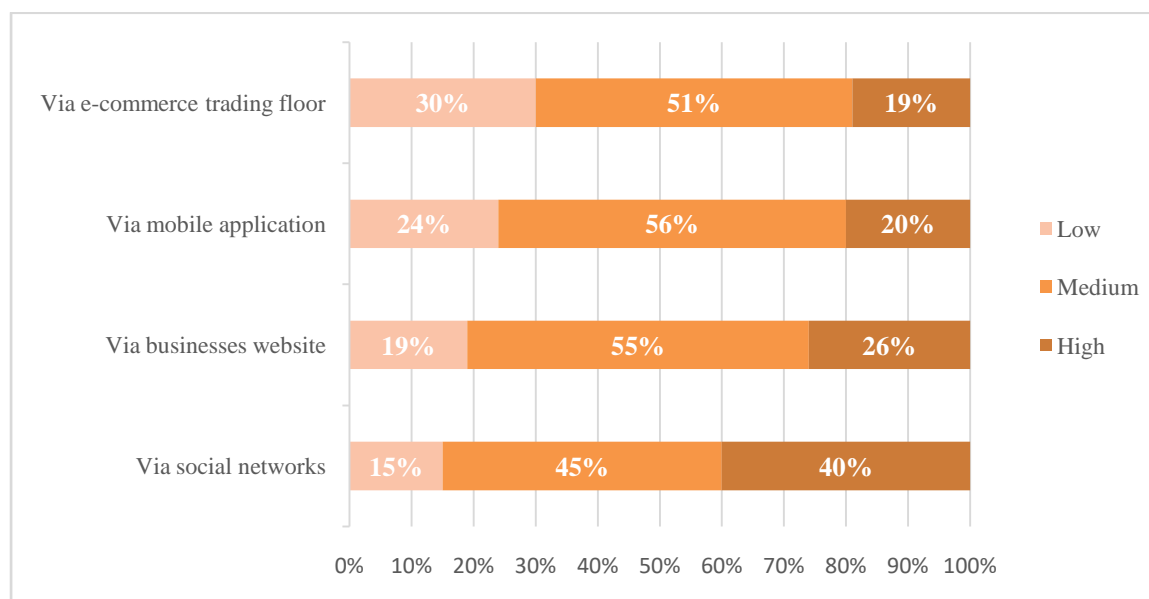
In terms of business size, a majority of large enterprises invested in the construction and operation of websites/mobile applications from 20% to 50% of the total investment capital for e-commerce (46% of large enterprises invested from 20% and 50%). The generality of the group of SME invested less than 20% (63%).

Figure 28: The rate of investment, construction and operation of websites/mobile applications breakdown by business size



e. Evaluating the effectiveness of selling via online tools

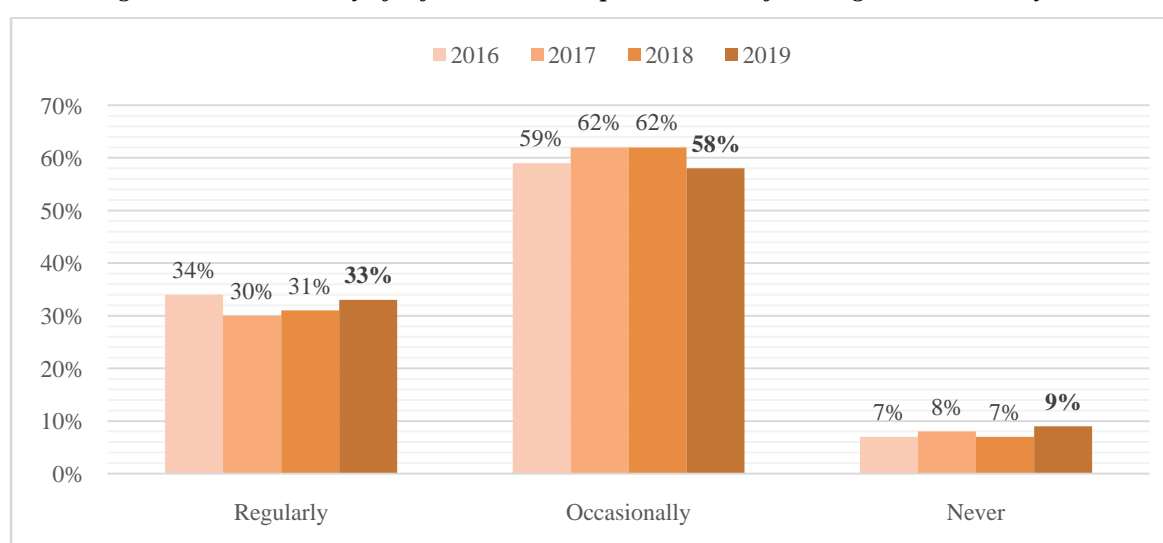
In 2019, social networks continued being considered as the most efficient tool in supporting enterprises' online sales (40% of surveyed enterprises highly appreciated the effectiveness of selling through social networks, though this rate reduced by 5% compared to 2018, it was still much larger than the remaining channels). The following effective tools were businesses' websites (26%), mobile applications (20%) and e-commerce trading floors (19%).

Figure 29: Assessing the effectiveness of selling through online tools

5. Government-to-Business Transaction (G2B)

a. Information lookup on websites of state agencies

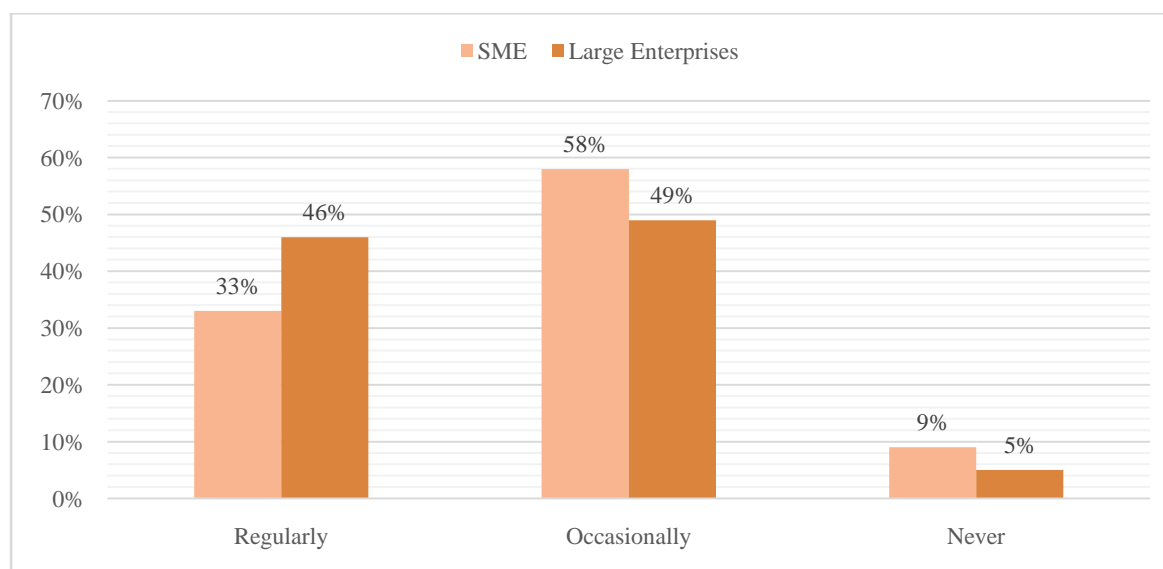
In 2019, the number enterprises looking up information on state agencies' websites on a regular basis occupied 33% (increased by 2% compared to the previous year), enterprises doing it occasionally accounted for 58% and especially still upto 9% never looked up information on state agencies' websites (went up by 2% compared with the 7% in 2018). These ratios have not changed significantly in recent years. It can be assumed that the effectiveness as well as awareness and accessibility to information systems of state agencies among enterprises remained not yet efficient.

Figure 30: The tendency of information lookup on websites of state agencies over the years

In terms of firm size, large enterprises were always much more interested in information look up on the websites of state agencies than small and medium enterprises: 46% of large enterprises were

interested in this kind of information, meanwhile, that number in small and medium enterprises was only 33%.

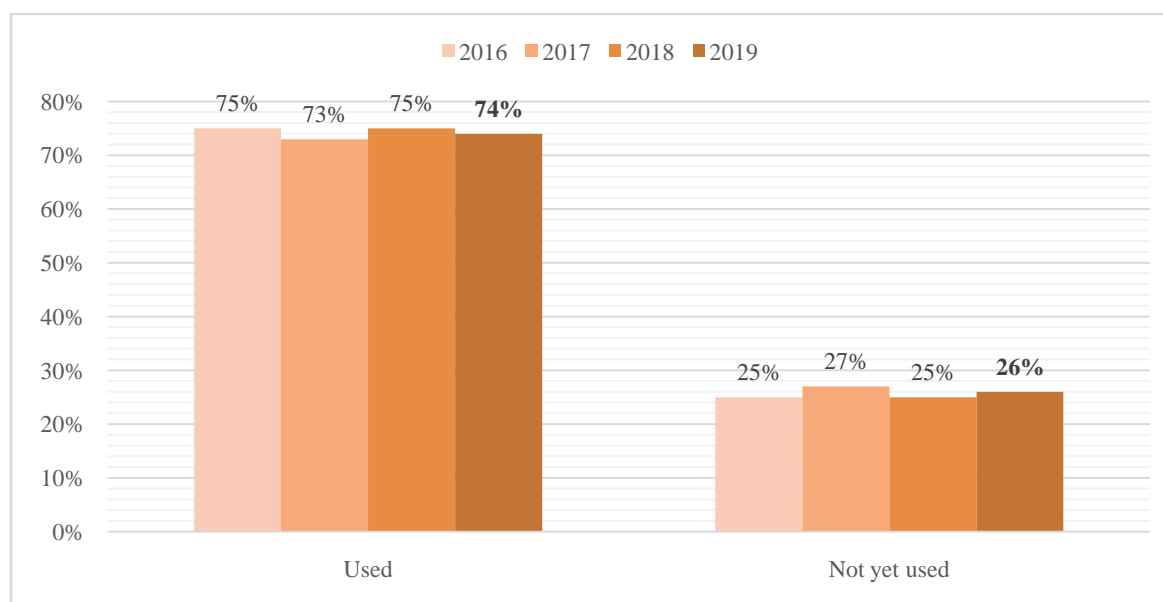
Figure 31: The rate of information lookup on websites of state agencies by business size



b. Using online public services

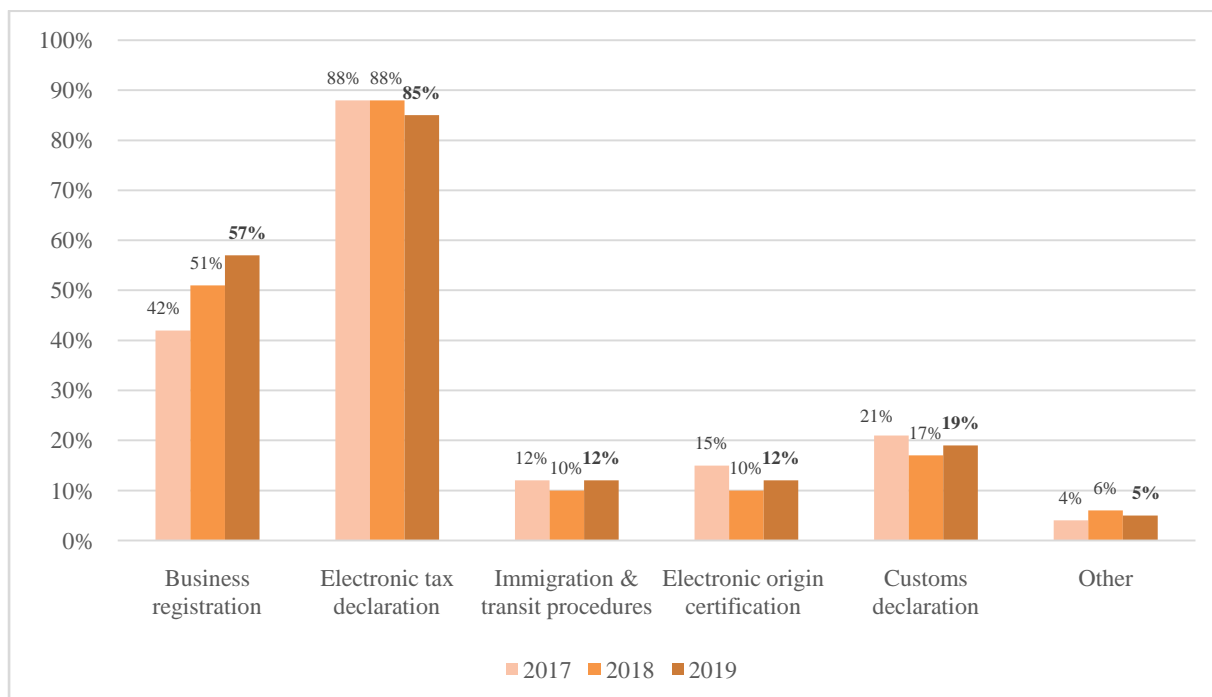
The percentage of enterprises using online public services related to registration, licensing, and declaration procedures, etc. provided on state agencies' websites in 2019 was 74%, equivalent to 2018.

Figure 32: The use of online public services over the years



Electronic tax declaration was still the most commonly used public service (85% of enterprises that have used online public services reported using it to make electronic tax forms), followed by business registration service (accounting for 57%).

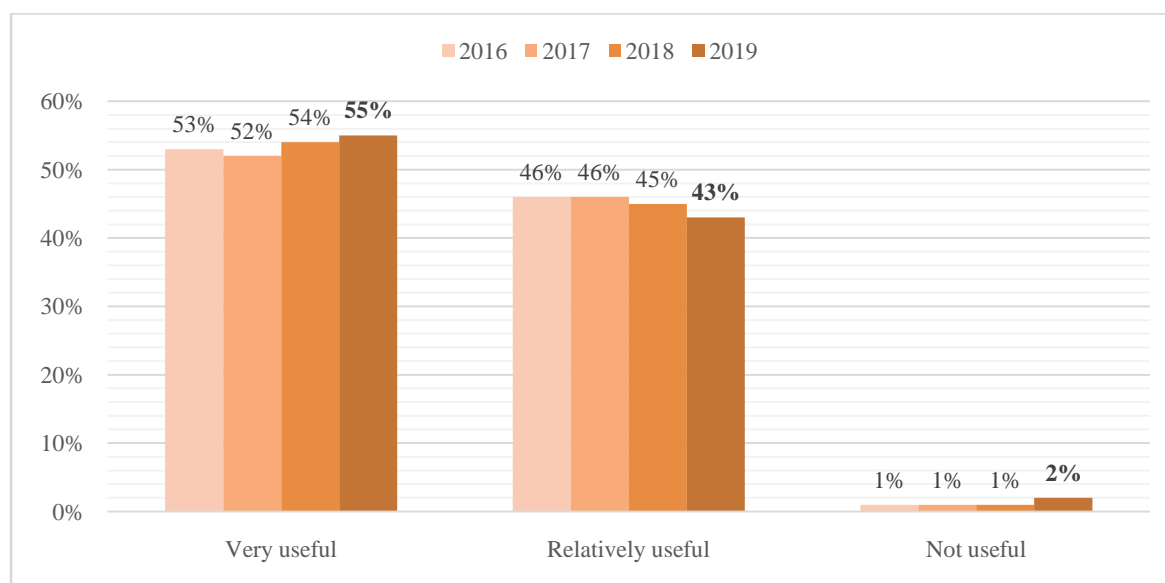
The online public services related to import and export, such as electronic certificate of origin licensing, customs declaration procedures, etc. had similar levels of use in comparison with those of previous years.

Figure 33: The status of use of some online public services

c. Benefits of online public services

55% of enterprises that took part in the survey evaluated the benefits of online public services as very useful. This ratio did not vary much compared with 54% in 2018. Within the last four years, the trend has been developing in a positive way.

Correspondingly, we can see the value of online public services in particular and to the overall online business environment in Vietnam, which is quite transparent and more favorable for enterprises. Effective implementation of online public services will help businesses significantly save unofficial costs.

Figure 34: The benefits of online public services over the years

CHAPTER 03

**THE LOCAL
E-COMMERCE INDEX**



1. The Index Of Human Resources And Information Technology Infrastructure (HR & ITI)⁴⁶

In 2019, according to VECOM's research, Vietnam's e-commerce continued to thrive strongly with a rate of over 32% and reached a scale of about 11.5 billion USD. The average growth rate for the whole four-year period from 2016 to 2019 is about 30%.

Last year, numerous exciting signals of investment in the e-commerce market of domestic and foreign enterprises was also recorded, especially foreign investment in e-commerce trading platforms.

In terms of application and upgrade of infrastructure as a premise for e-commerce deployment, besides the advantage of telecommunication infrastructure with stable quality, domestic enterprises have also quickly seized and brought in new technology to the Vietnamese market. In general, businesses have many favorable conditions to participate in this attractive e-commerce environment.

The index of human resources and information technology infrastructure (HR & ITI) last year remained the same set of component indicators as previous years to ensure consistency in statistics, accordingly, this group of component indicators comprised of: the ability to meet competent e-commerce human resources, the convenience in the recruitment process of full-time responsible personnel as well as the structure of specialized human resources investment, the rate of labor regularly using email or other support tools such as Viber, WhatsApp, Skype, Facebook Messenger, Zalo, etc. at work.

Throughout the past few years, VECOM has always appreciated the importance of domain names with respect to the development of e-commerce, therefore in the set of indicators on human resources and information technology infrastructure, a domain composition index for business is always evaluated along. In terms of long-term and sustainable development, over the last time as well as in the forthcoming period, VECOM will continue to promote the support for enterprises to raise domain awareness in business activities with the vision of "each website for each enterprise".

According to statistics of Vietnam Internet Network Information Center (VNNIC), Ho Chi Minh city and Ha Noi are still the two cities with the largest number of domain names in the country for many years and also the two cities with the lowest percentage of population per domain name ".vn", respectively 47 and 46 people per domain name ".vn". Da Nang is the city with the 3rd largest domain name in the country (9,577 domain names and the ratio of 118 people per domain ".vn") but the distance is far from the two leading cities.

Considering the slow-growing localities, Lai Chau is still the locality with the lowest number of domain names in the country for many years (112 domain names in 2019, an increase of 21 domain names compared to 2018).

⁴⁶ Eight provinces that were not ranked include Bac Lieu, Cao Bang, Dien Bien, Ha Giang, Hau Giang, Lai Chau, Soc Trang, and Son La.

Table 1: Difference in domain name ".vn" distribution based on province and population

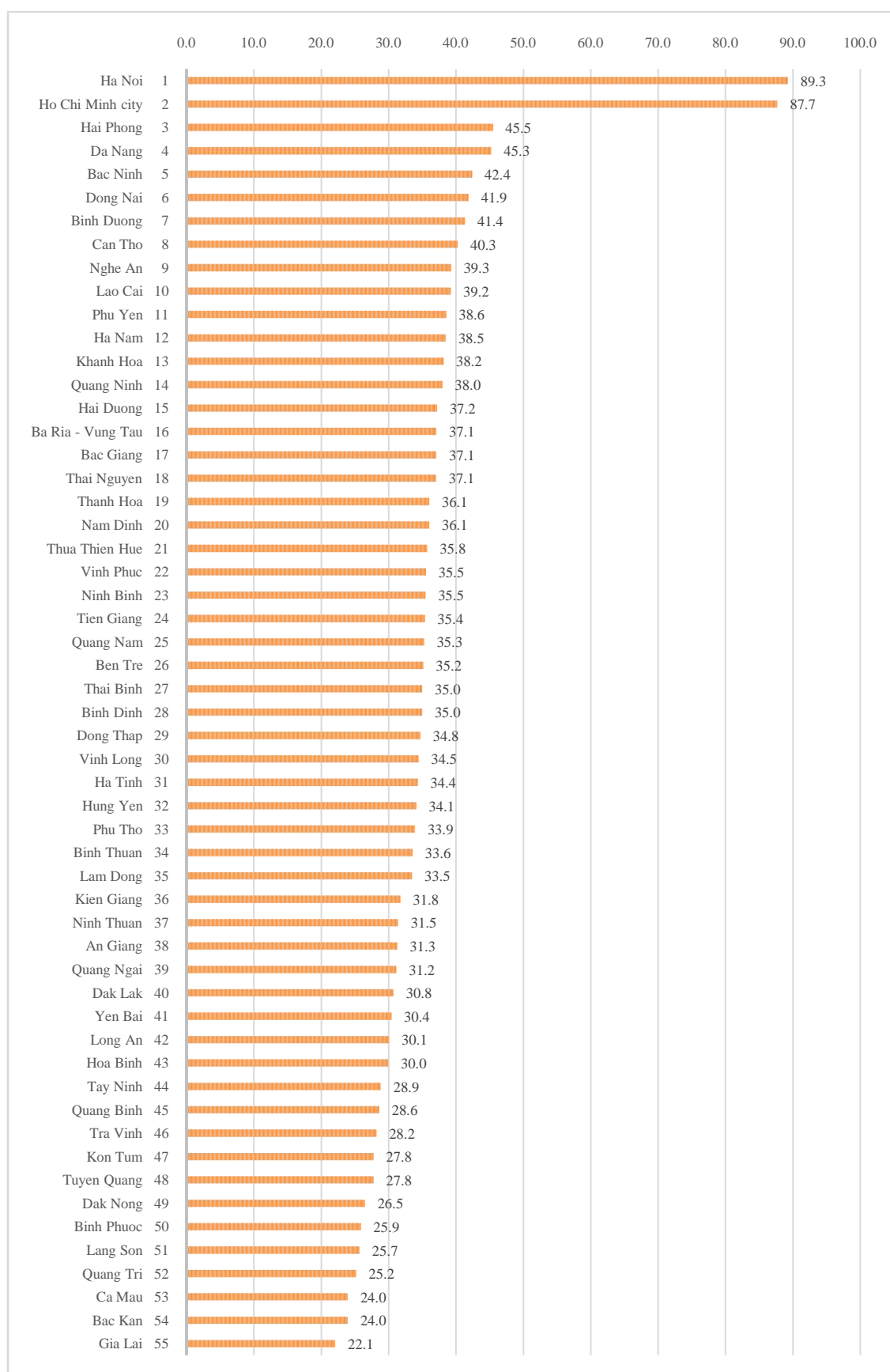
Provinces and cities leading in the number of domain names				Provinces and cities with low quantity of domain names			
No	Locality	Domain name ".vn"	Population per domain name ".vn"	No	Locality	Domain name ".vn"	Population per domain name ".vn"
1	Ho Chi Minh city	189,336	47	1	Hau Giang	329	2,228
2	Ha Noi	174,171	46	2	Kon Tum	314	1,721
3	Da Nang	9,577	118	3	Bac Lieu	308	2,946
4	Binh Duong	7,475	325	4	Son La	285	4,380
5	Hai Phong	6,386	318	5	Dak Nong	283	2,198
6	Dong Nai	6,166	502	6	Ha Giang	175	4,884
7	Thanh Hoa	4,311	844	7	Dien Bien	173	3,462
8	Nghe An	4,161	800	8	Bac Kan	132	2,378
9	Khanh Hoa	3,886	317	9	Cao Bang	124	4,277
10	Nam Dinh	3,404	523	10	Lai Chau	112	4,109

Source: Vietnam Internet Resources Report 2019, Vietnam Network Internet Center (VNNIC) and Report on the 2019 Vietnam Population and Housing Census, General Statistics Office.

In 2019, Ha Noi continued to be the city with the highest index of infrastructure and human resources in the country with 89.3 points, followed by Ho Chi Minh City with 87.7 points. In the next two positions, there were Hai Phong with 45.5 points and Da Nang with 45.3 points, but the scores of infrastructure and human resources of these two cities were only half of those of the leading two. This level of difference was not much varied from the previous year.

The average score of this index for 55 localities surveyed ranked very low at 35.8 points (almost no change compared to the average score of 2018 of 35.6). The gap between the average score of the top 5 cities and provinces (62 points) and the lowest 5 provinces (24.2 points) was also quite high, reaching more than 37.8 points. These lowest provinces included Lang Son (25.7 points), Quang Tri (25.2 points), Ca Mau (24.0 points), Bac Kan (24.0 points) and Gia Lai (22.1 points).

It can be seen that the gap between Ha Noi and Ho Chi Minh City and other localities in terms of human resources and information technology infrastructure was extremely large, which is also one of the obstacles that need to be paid more attention to narrow down the development gap between these two cities and the remaining localities in the period from 2021 to 2025.

Figure 35: The index of Human Resources and Information Technology Infrastructure (HR & ITI)

2. The Index Of Business-to-customer Transaction (B2C) ⁴⁷

Business-to-customer transactions show how the awareness and skills as well as the current state of online shopping are developing, which plays an important role in the development of e-commerce.

In 2019, the group of component indicators of the B2C index continued to be maintained to ensure consistency for comparison over the years, this group of indicators included: 1) building an enterprise website; 2) frequency of information updates on the website; 3) social networking sales application; 4) participating in e-commerce trading floor; 5) mobile version website; 6) mobile sales application; 7) enable buyers to perform the entire shopping process on mobile devices; 8) the status of receiving orders; 9) advertising website/mobile application; 10) online channels' revenue and 11) per capita income.

Vietnam's e-commerce in 2019 witnessed a strong growth. We have many favorable conditions for development, with large investments from domestic and foreign enterprises and corporations and so on. Nevertheless, we still have plentiful potentials to accelerate the overall growth of the industry in terms of both market scope and scale. One of the biggest factors affecting the size of the domestic e-commerce market is that Vietnam's per capita income remains at an average level, leading to the volume of online shopping staying quite low. For high value products or large orders, consumers still prioritize traditional shopping.

It can be seen that the role of the economy in general as well as consumers' income have a great impact on the growth rate of e-commerce. Hence, from 2016 to now, in order to ensure the objectivity of the E-Business Index, VECOM still adds per capita income criteria to the B2C indicator group.

According to the Statistical Yearbook of 2018 by the General Statistics Office, the 5 provinces with the highest monthly income per capita in 2017 were: Binh Duong (6,823,000 VND), Ho Chi Minh City (6,177,000 VND), Ha Noi (6,054,000 VND), Da Nang (5,506,000 VND) and Bac Ninh (5,446,000 VND).

The five localities with the lowest monthly income per capita in 2017 were Cao Bang (1,856,000 VND), Ha Giang (1,725,000 VND), Lai Chau (1,493,000 VND), Son La (1,483,000 VND) and Dien Bien (1,477,000 VND). On average, the highest local income (Binh Duong) was nearly 5 times higher than the lowest local average income (Dien Bien).

⁴⁷ Eight provinces that were not ranked include Bac Lieu, Cao Bang, Dien Bien, Ha Giang, Hau Giang, Lai Chau, Soc Trang, and Son La.

Table 2: Monthly income per capita in 2017

The group of provinces and cities with the highest average monthly income per capita in 2017			The group of provinces and cities with the lowest average monthly income per capita in 2017		
No	Locality	Monthly income per capita in 2017 (thousand dong)	No	Locality	Monthly income per capita in 2017 (thousand dong)
1	Binh Duong	6,823	1	Yen Bai	2,290
2	Ho Chi Minh city	6,177	2	Tuyen Quang	2,262
3	Ha Noi	6,054	3	Lang Son	2,047
4	Da Nang	5,506	4	Kon Tum	2,007
5	Bac Ninh	5,446	5	Bac Kan	1,945
6	Dong Nai	5,300	6	Cao Bang	1,856
7	Hai Phong	5,116	7	Ha Giang	1,725
8	Ba Ria - Vung Tau	4,881	8	Lai Chau	1,493
9	Quang Ninh	4,777	9	Son La	1,483
10	Can Tho	4,371	10	Dien Bien	1,477

Source: Statistical Yearbook of 2018, General Statistics Office.

In terms of the group of transaction components between businesses and consumers, Ho Chi Minh City took the lead (89.8 points), followed by Ha Noi (87.5 points), Binh Duong (76.1 points), Hai Phong (74.0 points) and Bac Ninh (69.3 points).

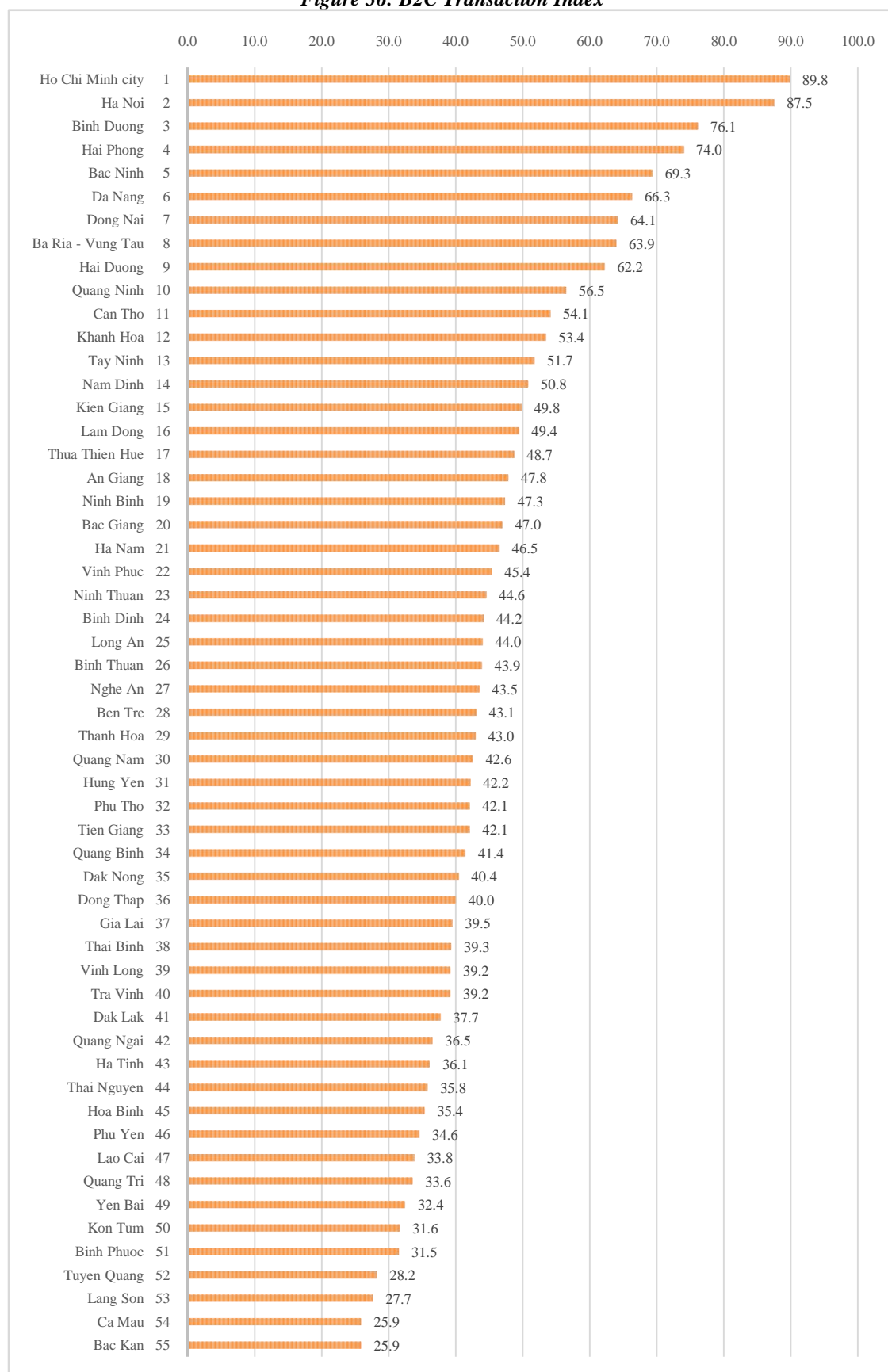
Significantly different from the index of human resources and infrastructure, the B2C index did not have much disparity between the group of leading cities and the group of adjacent cities, typically the distance between Ho Chi Minh city (ranked first) with Bac Ninh (ranked fifth) was only nearly 20.5 points. As a result, it can be seen that the level of B2C development among groups of neighboring cities was relatively even. This reflects that online purchasing ability of the top provinces has not been too far ahead.

The group of 5 cities and provinces with the lowest B2C transactions were Binh Phuoc (31.5 points), Tuyen Quang (28.2 points), Lang Son (27.7 points), Ca Mau (25.9 points) and Bac Kan (25.9 points). The distance between the leading city (Ho Chi Minh City) and the lowest index province (Bac Kan) was 63.9 points.

The average score of the B2C trading index of the country was 46.2 points (slightly increased compared with the score of 45.7 points in 2018 and 42.4 points in 2017), while the top 5 provinces and cities had the average points (79.3 points), which is 51.5 points higher than the average of the lowest index group of 5 provinces (27.8 points).

In general, there is still a large gap in B2C growth rate between dynamic provinces and localities with slow development.

Figure 36: B2C Transaction Index



3. The Index Of Business-to-business Transaction (B2B)⁴⁸

The business-to-business (B2B) transaction index reflects the level of business dynamics in the internal system operations as well as the process of connecting with partners and customers. Up to now, B2B transaction scale has always played an extremely critical role in e-commerce activities.

In 2019, the B2B transaction component index continued to remain the same as that in previous years and included the following criteria: 1) use of software in enterprises; 2) use of electronic signatures; 3) use of electronic contracts; 4) take orders through online tools; 5) Order through online tools; 6) the rate of investment, construction and operation of the website/mobile application of enterprises and 7) the average percentage of population per enterprise.

In which, the criteria related to the number of businesses and the population of each locality were compiled from the sources of the 2018 Statistical Yearbook so as to have the average number of people per enterprise. This indicator can support in reflecting a more accurate level of local economic and trade activity.

Also according to the Statistical Yearbook 2018 of the General Statistics Office, Ho Chi Minh City, Ha Noi and Da Nang were the three localities with the best population per business ratio.

Table 3: Population per business ratio

The group of localities with the lowest ratio of population per business				The group of localities with the highest ratio of population per business			
No	Locality	Number of Businesses	Population per Business	No	Locality	Number of Businesses	Population per Business
1	Ho Chi Minh city	228,267	39	1	Dong Thap	3,266	490
2	Ha Noi	143,119	56	2	Bac Lieu	1,779	510
3	Da Nang	20,375	56	3	Soc Trang	2,324	516
4	Binh Duong	27,566	88	4	Cao Bang	998	531
5	Hai Phong	21,613	94	5	Tra Vinh	1,878	537
6	Khanh Hoa	10,401	118	6	Yen Bai	1,513	543
7	Ba Ria - Vung Tau	9,611	119	7	Dien Bien	1,026	584
8	Bac Ninh	9,915	138	8	Tuyen Quang	1,275	616
9	Dong Nai	21,183	146	9	Son La	1,728	722
10	Quang Ninh	8,455	156	10	Ha Giang	1,138	751

Source: Statistical Yearbook of 2018, General Statistics Office

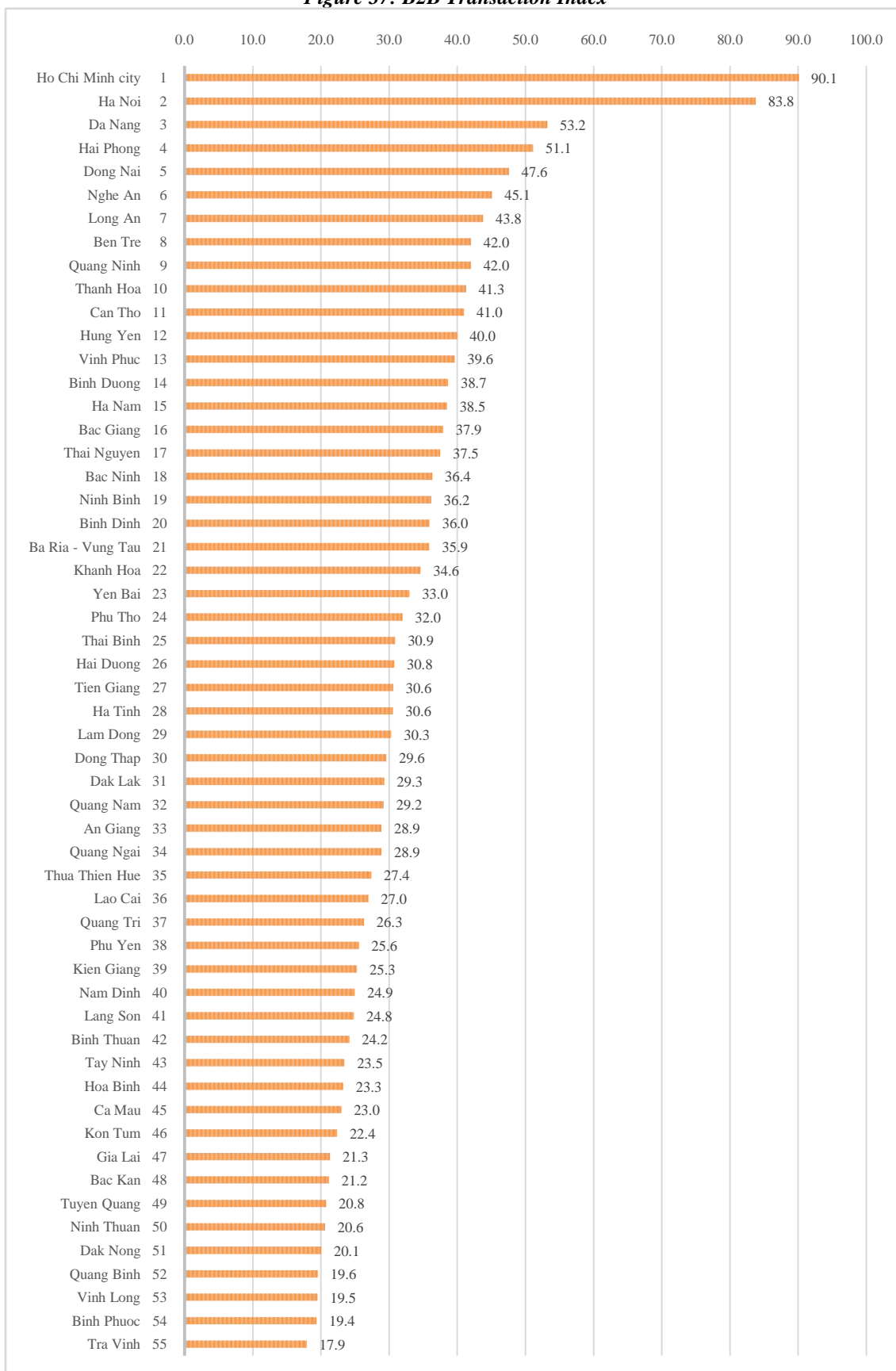
⁴⁸ Eight provinces that were not ranked include Bac Lieu, Cao Bang, Dien Bien, Ha Giang, Hau Giang, Lai Chau, Soc Trang, and Son La.

With regard to the B2B component index, Ho Chi Minh City still continued to be the leading province with 90.1 points, followed by Ha Noi with 83.8 points. However, the ratio of third rank Da Nang (53.2 points) was much lower than that of Ha Noi. This gap was similar to the ratings of previous years.

Once again in the B2B index group, there was a large polarization between the two central cities (Ha Noi and Ho Chi Minh City) and the group of other cities and provinces including Da Nang and Hai Phong.

The province with the lowest B2B transaction index in 2018 was Tra Vinh with 17.9 points with 72.2 points lesser than the leading Ho Chi Minh City. On a little higher note, there were Binh Phuoc (19.4 points) and Vinh Long (19.5 points).

The national average of this index was 33.4 points and was the lowest component index among the four basic indices that build the E-Business Index Report (Infrastructure and Human Resources, B2C, B2B, G2B). The group of 5 provinces and cities leading in B2B scores had an average score of 65.2 points, which was much higher than the average score of the lowest 5 provinces (19.3 points).

Figure 37: B2B Transaction Index

4. The Index Of Government-to-business Transaction (G2B)⁴⁹

The index of transactions between government and business is one of the four indicators of E-Business Index. This index shows the transparency of local public information to businesses utilizing their portal system as well as the level of completion of public online service such as tax declaration, business registration, issue certificate and so on.

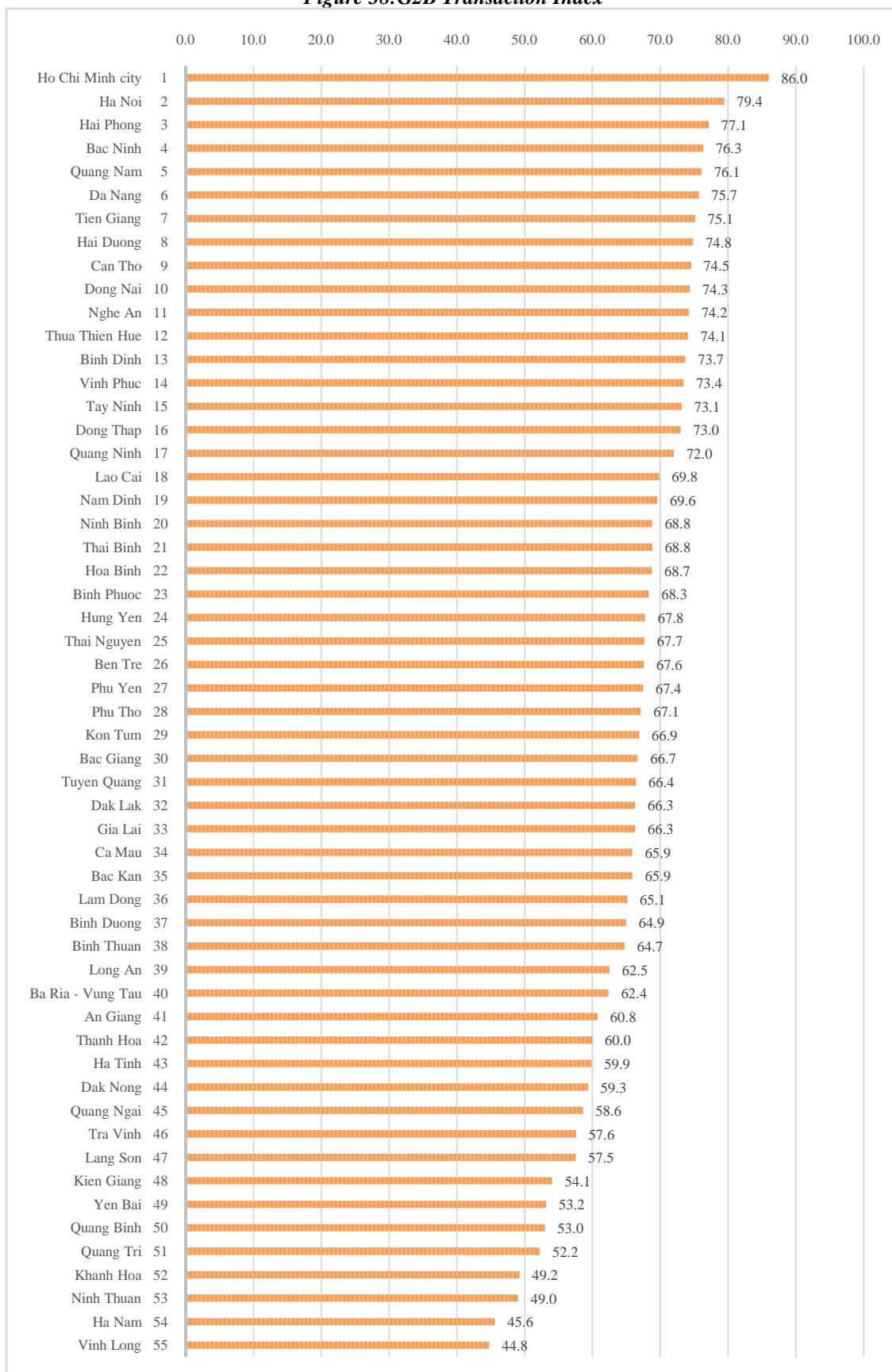
Similar to other indices, the component group of the G2B index in this year does not change. The calculation of this index continues to depend on four criteria: 1) The level of information look up on state agencies' website by enterprises; 2) The level of using online public service that relates to the registration procedure, licensing, declaration etc. provided on state agencies' website; 3) The rate of utilizing online public services and 4) Enterprises' evaluation about the benefits from online public service at localities.

The leading position of the G2B index belongs to Ho Chi Minh City with 86 points while Ha Noi (79.4 points), Hai Phong (77.1 points), Bac Ninh (76.3 points), and Quang Nam (76.1 points) are in the following positions.

The average of the G2B index is 66.1 points this year (slightly increased compared with 64.6 points of the previous year), that makes the G2B index have the highest average among four essential indices. While the five lowest provinces get 48.2 points, the five leading ones achieve 79 points, which means the space between the two groups is about 30.8 points.

⁴⁹ Eight provinces that were not ranked include Bac Lieu, Cao Bang, Dien Bien, Ha Giang, Hau Giang, Lai Chau, Soc Trang, and Son La.

Figure 38:G2B Transaction Index



5. The Index Of E-commerce In Localities⁵⁰

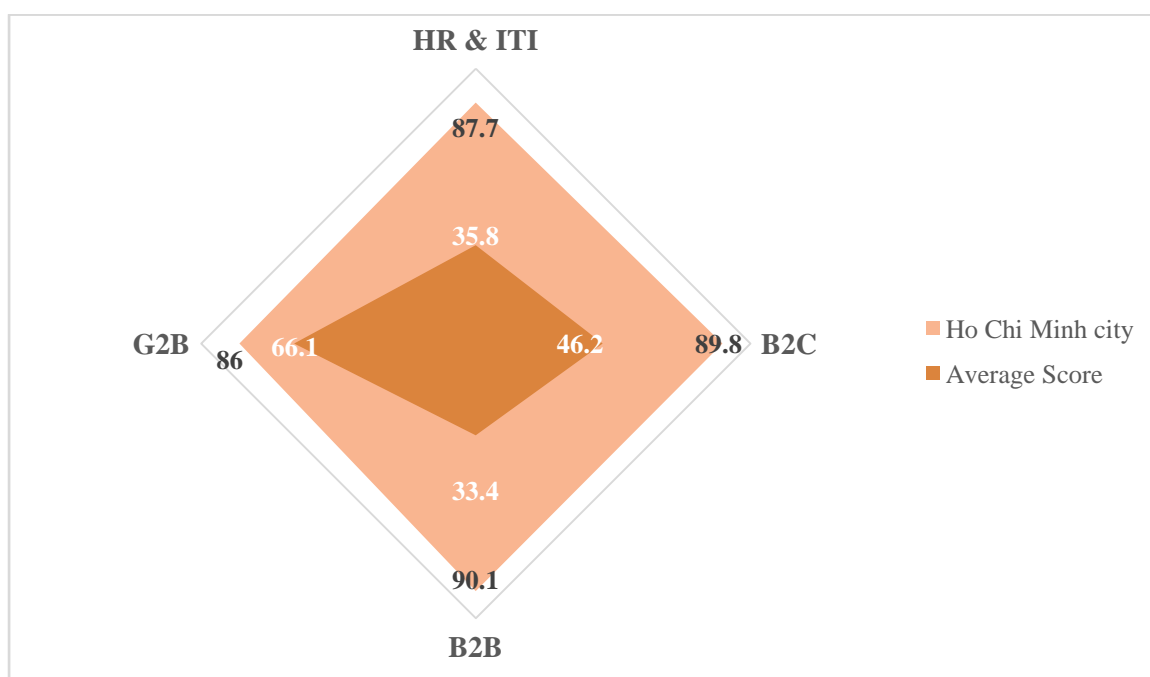
The annual E-Business Index is compiled from four component index groups with different weights.

The key weights for the four component indices this year still remain the same successively: Human resources and information technology infrastructure (accounting for 20%), online businesses-to-consumer transactions B2C (accounting for 35%), online businesses-to-business transactions B2B (accounting for 35%) and the government-to-business component transactions index G2B (accounting for 10%).

The key weights of the two component indices of B2C and B2B in this year still account for a high proportion because business-to-business and business-to-customer transactions still play essential roles in accelerating the growth of e-commerce.

The addition of a number of relevant criteria from other factors such as domain name, population and income will contribute to better reflecting the actual situation of e-commerce development in localities.

Figure 39: Component indices of Ho Chi Minh city chart



In 2020, the E-Business Index of Ho Chi Minh City continued to lead with an aggregate score of 89.1 points, rising 2.3 points in comparison with 2019.

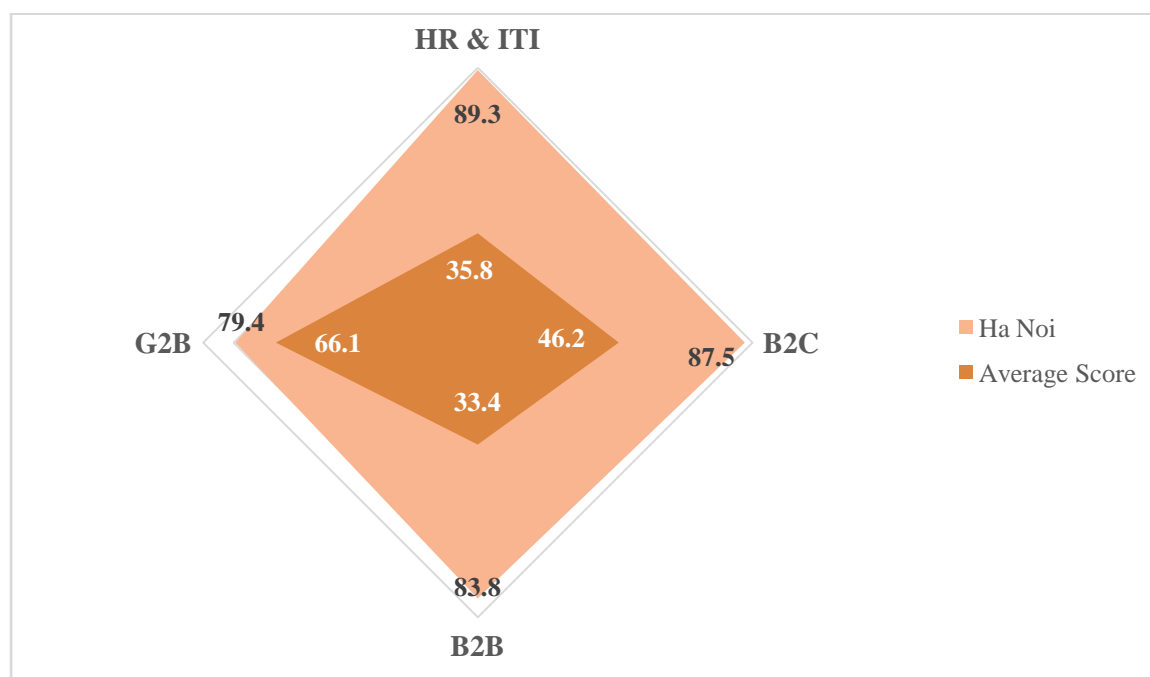
Notably, this score was much higher than the average score of the country's E-Business Index (41.6 points) and up to 61.2 points higher than the locality with the lowest ranking score Bac Kan

⁵⁰ Eight provinces that were not ranked include Bac Lieu, Cao Bang, Dien Bien, Ha Giang, Hau Giang, Lai Chau, Soc Trang, and Son La.

(27.9 points). The chart also shows a huge gap between the two component indices HR & ITI and B2B transactions of Ho Chi Minh City compared to the national average scores.

Ha Noi ranked second with an aggregate score of 85.7 points and 1.4 points higher than the previous year.

Figure 40: Component Indices of Ha Noi Chart

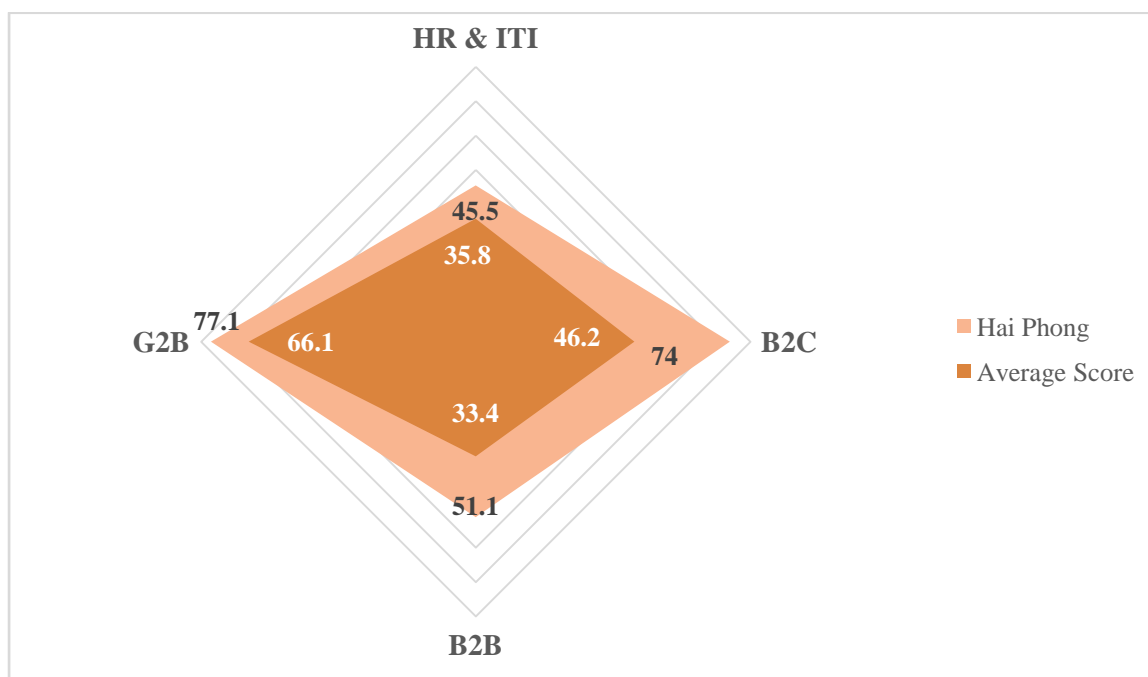


Hai Phong continued to hold the 3rd position in the ranking of Vietnam's E-Business Index in 2020 with an aggregate score of 60.6 points. This is the 3rd consecutive year that Hai Phong has ranked in the top 3 of the country in terms of E-Business Index, while the next two positions were still Da Nang and Binh Duong. In general, the top 5 cities and provinces with highest ranks in 2020 still remained unchanged.

However, even among the top 5 cities and provinces, the gap between Ho Chi Minh City and Ha Noi with the remaining 3 provinces and cities were also very large, typically, the difference between Ha Noi (ranked 2nd) and Hai Phong (ranked 3rd) was up to 25.1 points.

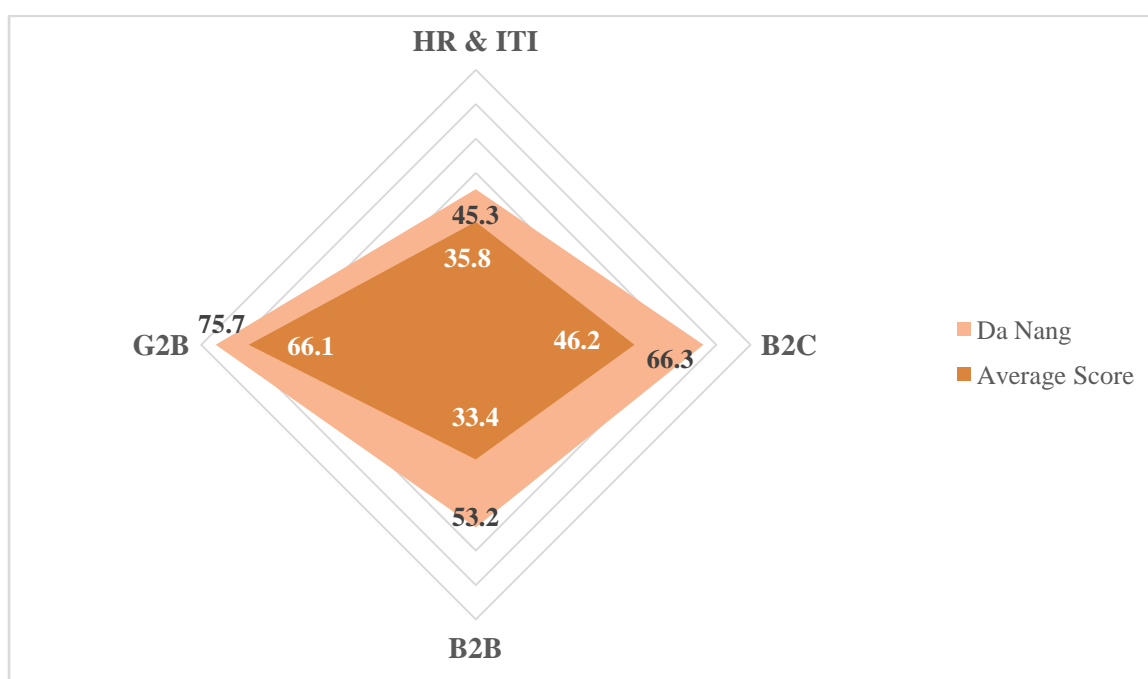
The aggregate score for Hai Phong's E-Business Index 2020 only increased by 1 point compared to last year. In addition, the difference between Hai Phong's component index points and average scores was not as high as Ha Noi and Ho Chi Minh City.

Figure 41: Component indices of Hai Phong chart



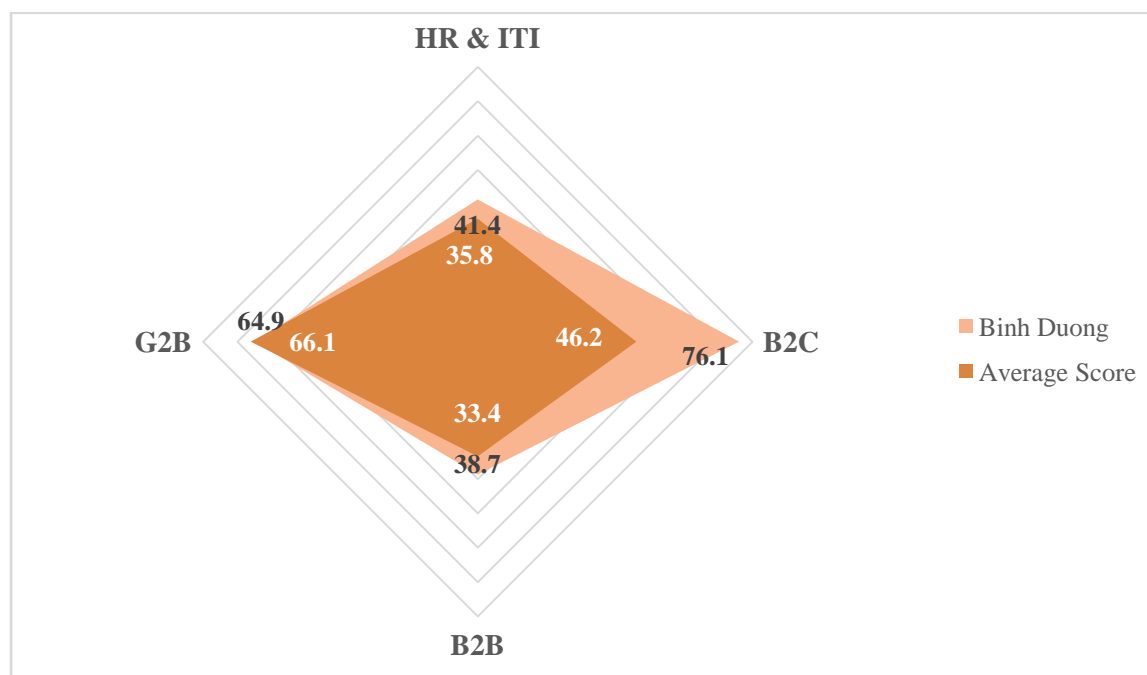
Da Nang ranked 4th with 58.4 points and was 0.9 points higher than previous year.

Figure 42: Component indices of Da Nang chart



Binh Duong continued to rank fifth in the E-Business Index Report 2020 with an average score of 54.9 points and had an increase of 0.9 points compared to the previous year.

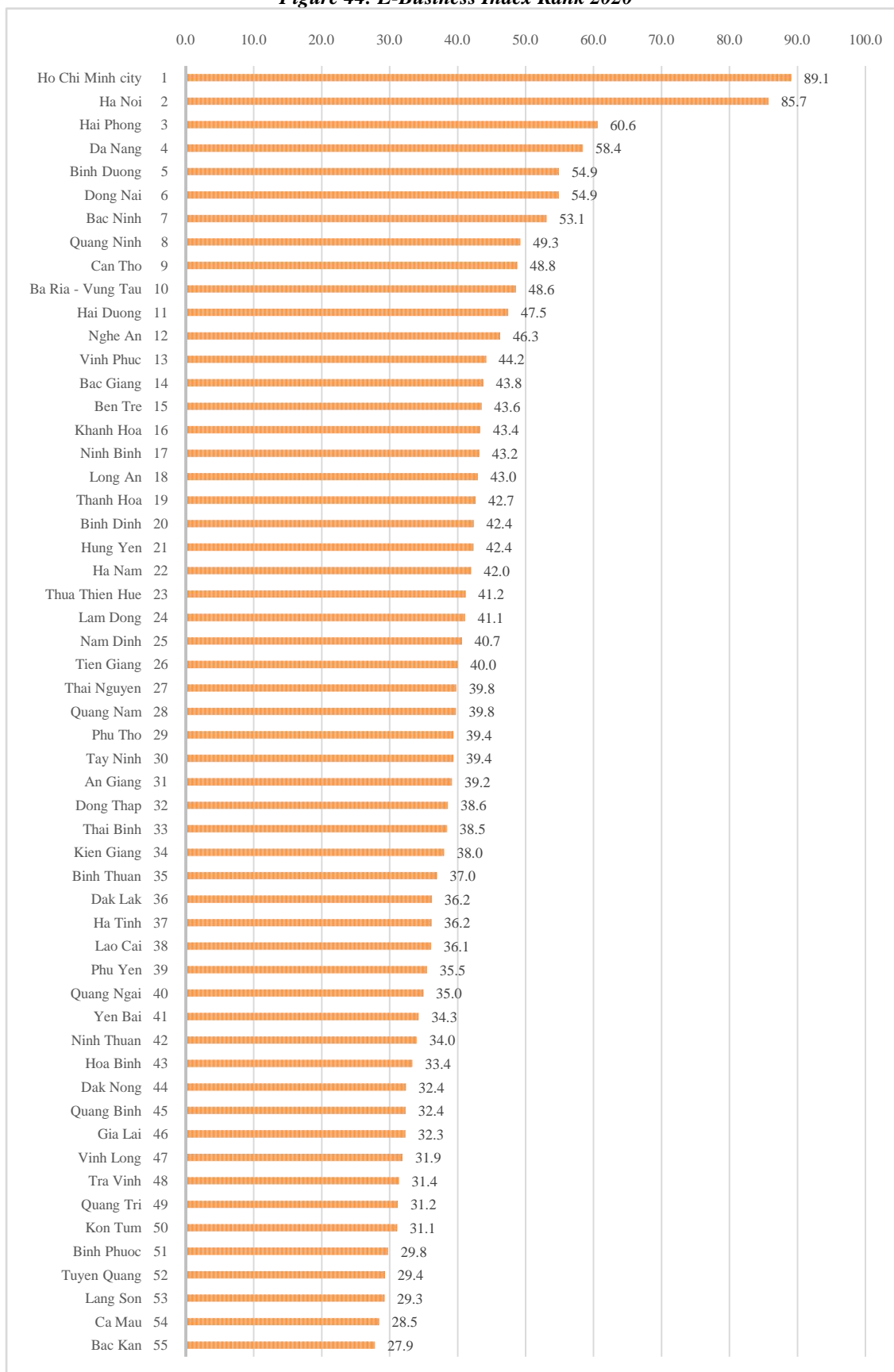
Figure 43: Component indices of Binh Duong chart



The average score of the E-Business Index in 2020 was 41.6 points and increased by 1.3 points compared to 2019. The difference between the average score of the 5 localities ranked lowest (29.0 points) and the average score the 5 highest ranked localities (69.8 points) was up to 40.8 points, higher than the gap of 39.4 points in 2019, 36.7 points in 2018, 36 points in 2017, 30.5 points of 2015, 20.3 points in 2014 and 18.0 points in 2013. The trend of the e-commerce development disparity between the group of developed localities and the group of slow-growing localities is still continuing to gradually increase, however, the growth rate has slightly decreased compared to the previous years.

It can be seen that the current scale of Vietnam's e-commerce market is still concentrated in the two largest economic centers which are Ha Noi and Ho Chi Minh City. Closing the digital gap continues to be a huge challenge for Vietnam e-commerce, which needs the cooperation of the whole community. Improving the quality of human resources mastering online business skills in small and medium enterprises in all localities is crucial to the development of our country's e-commerce in the upcoming period.

Figure 44: E-Business Index Rank 2020



APPENDIX



Appendix 1- The National Competitiveness Index

Ten years on from the global financial crisis, the world economy remains locked in a cycle of low or flat productivity growth despite the injection of more than \$10 trillion by central banks. The latest Global Competitiveness Report paints a gloomy picture, yet it also shows that those countries with a holistic approach to socio-economic challenges, look set to get ahead in the race to the frontier..

The Global Competitiveness Report, which was first presented in 1979, is published annually by the World Economic Forum. This report evaluates the ability to provide the prosperous level of a particular country to its citizens. The report consists of The Global Competitiveness Index intending to measure the trend of each institution, policy, the elements creating the present status and the limit economic prosperity state.

The report evaluates the three groups of indicators including basic infrastructure, management efficiency and technology innovation. These three groups divide into twelve criteria: legal institutions, infrastructure, healthcare and education, macroeconomic environment, higher education, commodity market, labor market, financial market, market size, technology readiness, innovation and business.

The Global Competitiveness Index is established based on economic statistics from countries and economic experts' opinions. With this report, the World Economic Forum allows countries to appraise their economy in the general development of the global economy.

The Global Competitiveness Index 4.0 2019 rankings				
© 2019 World Economic Forum: https://www.weforum.org/reports/global-competitiveness-report-2019				
<i>Economy</i>	<i>GCI 2019</i>		<i>GCI 2018-2019</i>	<i>Change</i>
	<i>Rank</i>	<i>Score</i>	<i>Rank</i>	
Singapore	1	84.8	2	1
United States	2	83.7	1	-1
Hong Kong SAR	3	83.1	7	4
Netherlands	4	82.4	6	2
Switzerland	5	82.3	4	-1
Japan	6	82.3	5	-1
Germany	7	81.8	3	-4
Sweden	8	81.2	9	1
United Kingdom	9	81.2	8	-1
Denmark	10	81.2	10	0

Finland	11	80.2	11	0
Taiwan, China	12	80.2	13	1
Korea, Rep.	13	79.6	15	2
Canada	14	79.6	12	-2
France	15	78.8	17	2
Australia	16	78.7	14	-2
Norway	17	78.1	16	-1
Luxembourg	18	77.0	19	1
New Zealand	19	76.7	18	-1
Israel	20	76.7	20	0
Austria	21	76.6	22	1
Belgium	22	76.4	21	-1
Spain	23	75.3	26	3
Ireland	24	75.1	23	-1
United Arab Emirates	25	75.0	27	2
Iceland	26	74.7	24	-2
Malaysia	27	74.6	25	-2
China	28	73.9	28	0
Qatar	29	72.9	30	1
Italy	30	71.5	31	1
Estonia	31	70.9	32	1
Czech Republic	32	70.9	29	-3
Chile	33	70.5	33	0
Portugal	34	70.4	34	0
Slovenia	35	70.2	35	0
Saudi Arabia	36	70.0	39	3
Poland	37	68.9	37	0
Malta	38	68.5	36	-2
Lithuania	39	68.4	40	1
Thailand	40	68.1	38	-2
Latvia	41	67.0	42	1
Slovak Republic	42	66.8	41	-1

Russian Federation	43	66.7	43	0
Cyprus	44	66.4	44	0
Bahrain	45	65.4	50	5
Kuwait	46	65.1	54	8
Hungary	47	65.1	48	1
Mexico	48	64.9	46	-2
Bulgaria	49	64.9	51	2
Indonesia	50	64.6	45	-5
Romania	51	64.4	52	1
Mauritius	52	64.3	49	-3
Oman	53	63.6	47	-6
Uruguay	54	63.5	53	-1
Kazakhstan	55	62.9	59	4
Brunei Darussalam	56	62.8	62	6
Colombia	57	62.7	60	3
Azerbaijan	58	62.7	69	11
Greece	59	62.6	57	-2
South Africa	60	62.4	67	7
Turkey	61	62.1	61	0
Costa Rica	62	62.0	55	-7
Croatia	63	61.9	68	5
Philippines	64	61.9	56	-8
Peru	65	61.7	63	-2
Panama	66	61.6	64	-2
Viet Nam	67	61.5	77	10
India	68	61.4	58	-10
Armenia	69	61.3	70	1
Jordan	70	60.9	73	3
Brazil	71	60.9	72	1
Serbia	72	60.9	65	-7
Montenegro	73	60.8	71	-2
Georgia	74	60.6	66	-8

Morocco	75	60.0	75	0
Seychelles	76	59.6	74	-2
Barbados	77	58.9	N/A	N/A
Dominican Republic	78	58.3	82	4
Trinidad and Tobago	79	58.3	78	-1
Jamaica	80	58.3	79	-1
...
Zimbabwe	127	44.2	128	1
Malawi	128	43.7	129	1
Mali	129	43.6	125	-4
Burkina Faso	130	43.4	124	-6
Lesotho	131	42.9	130	-1
Madagascar	132	42.9	N/A	N/A
Venezuela	133	41.8	127	-6
Mauritania	134	40.9	131	-3
Burundi	135	40.3	136	1
Angola	136	38.1	137	1
Mozambique	137	38.1	133	-4
Haiti	138	36.3	138	0
Congo, Dem. Rep.	139	36.1	135	-4
Yemen	140	35.5	139	-1
Chad	141	35.1	140	-1

Appendix 2- The Business Environment Index

Doing Business 2020, a World Bank Group flagship publication, is the 17th in a series of annual studies measuring the regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 190 economies—from Afghanistan to Zimbabwe—and over time.

The Favorable Business Environment Rating is assessed based on ten criteria including business establishment, construction licensing, electricity access, property registration, credit loan, investor protection, taxes payment, international trade, contracts implementation, businesses bankruptcy solution.

In a rating chart, the business-friendly environments usually hold high rankings and vice versa. Businesses, economic organizations, investors, scholars and economists have objective and reliable information in planning long-term business strategies, thereby contributing to the development of national, regional and global economy.

Rankings on the ease of doing business-EDBI 2020 World Bank, https://www.doingbusiness.org/en/reports/global-reports/doing-business-2020			
<i>Economy</i>	<i>Rank 2020</i>	<i>Rank 2019</i>	<i>Change</i>
New Zealand	1	1	0
Singapore	2	2	0
Hong Kong SAR, China	3	4	1
Denmark	4	3	-1
Korea, Rep.	5	5	0
United States	6	8	2
Georgia	7	6	-1
United Kingdom	8	9	1
Norway	9	7	-2
Sweden	10	12	2
Lithuania	11	14	3
Malaysia	12	15	3
Mauritius	13	20	7
Australia	14	18	4
Taiwan, China	15	13	-2
United Arab Emirates	16	11	-5
Macedonia, FYR	17	10	-7
Estonia	18	16	-2
Latvia	19	19	0
Finland	20	17	-3

Thailand	21	27	6
Germany	22	24	2
Canada	23	22	-1
Ireland	24	23	-1
Kazakhstan	25	28	3
Iceland	26	21	-5
Austria	27	26	-1
Russian Federation	28	31	3
Japan	29	39	10
Spain	30	30	0
China	31	46	15
France	32	32	0
Turkey	33	43	10
Azerbaijan	34	25	-9
Israel	35	49	14
Switzerland	36	38	2
Slovenia	37	40	3
Rwanda	38	29	-9
Portugal	39	34	-5
Poland	40	33	-7
Czech Republic	41	35	-6
Netherlands	42	36	-6
Bahrain	43	62	19
Serbia	44	48	4
Slovak Republic	45	42	-3
Belgium	46	45	-1
Armenia	47	41	-6
Moldova	48	47	-1
Belarus	49	37	-12
Montenegro	50	50	0
Croatia	51	58	7
Hungary	52	53	1
Morocco	53	60	7
Cyprus	54	57	3
Romania	55	52	-3
Kenya	56	61	5
Kosovo	57	44	-13
Italy	58	51	-7
Chile	59	56	-3

Mexico	60	54	-6
Bulgaria	61	59	-2
Saudi Arabia	62	92	30
India	63	77	14
Ukraine	64	71	7
Puerto Rico (U.S.)	65	64	-1
Brunei Darussalam	66	55	-11
Colombia	67	65	-2
Oman	68	78	10
Uzbekistan	69	76	7
Vietnam	70	69	-1
Jamaica	71	75	4
Luxembourg	72	66	-6
Indonesia	73	73	0
Costa Rica	74	67	-7
Jordan	75	104	29
Peru	76	68	-8
Qatar	77	83	6
Tunisia	78	80	2
Greece	79	72	-7
Kyrgyz Republic	80	70	-10
...
Congo, Dem. Rep.	183	184	1
Central African Republic	184	183	-1
South Sudan	185	185	0
Libya	186	186	0
Yemen, Rep.	187	187	0
Venezuela, RB	188	188	0
Eritrea	189	189	0
Somalia	190	190	0

Appendix 3 – The Provincial Competitiveness Index

The Provincial Competitiveness Index (PCI) is designed to measure and assess the business environment and the quality of economic governance and administration reform of the provincial and municipal authorities throughout Vietnam.

The PCI consists of 10 component indices, reflecting the areas of economic administration that affect the development of the private economic sector including: 1) *Market entry costs*; 2) *Access to land and stability of land use*; 3) *Transparent business environment and public business information*; 4) *Informal expenses*; 5) *Time for inspection, examination and implementation of administrative regulations and procedures*; 6) *The environment of fair competition*; 7) *The dynamism and creativity of the provincial leaders in solving problems for businesses*; 8) *Support services for businesses*; 9) *Good labor training policy*; 10) *Fair and effective dispute resolution procedures*.

Source: The Provincial Competitiveness Index VCCI: http://pci2018.pcivietnam.vn					
EBI code	Locality	2018 Ranking	2017 Ranking	2016 Ranking	2015 Ranking
01	An Giang	28	32	38	40
02	Bac Kan	60	59	60	60
03	Bac Giang	36	30	34	39
04	Bac Lieu	39	42	41	33
05	Bac Ninh	15	17	17	13
06	Ben Tre	4	5	12	12
07	Binh Dinh	20	18	18	20
08	Binh Duong	6	14	4	25
09	Binh Phuoc	61	62	57	54
10	Binh Thuan	22	24	32	26
11	Ba Ria - Vung Tau	21	16	16	18
12	Ca Mau	49	51	54	59
13	Can Tho	11	10	11	14
14	Cao Bang	57	58	63	58
15	Da Nang	5	2	1	1
16	Daklak	40	31	28	24
17	Dak Nong	63	63	61	63
18	Dien Bien	47	48	53	53
19	Dong Nai	26	26	33	37
20	Dong Thap	2	3	3	2
21	Gia Lai	33	43	46	47
22	Ha Giang	52	55	59	62
23	Ha Nam	37	34	35	31
24	Ha Noi	9	13	14	23
25	Ha Tinh	23	33	39	45

26	Hai Duong	55	49	36	35
27	Hai Phong	16	9	21	28
28	Hau Giang	44	50	37	36
29	Hoa Binh	48	52	52	46
30	Hung Yen	58	56	50	56
31	Khanh Hoa	17	23	24	27
32	Kien Giang	31	20	13	11
33	Kon Tum	59	61	56	52
34	Lai Chau	62	60	62	61
35	Lam Dong	27	22	27	22
36	Lang Son	50	53	55	57
37	Lao Cai	12	11	5	5
38	Long An	3	4	15	9
39	Nam Dinh	35	41	31	17
40	Nghe An	19	21	25	32
41	Ninh Binh	29	36	20	30
42	Ninh Thuan	43	38	49	42
43	Phu Tho	24	27	29	34
44	Phu Yen	51	47	51	55
45	Quang Binh	54	45	44	50
46	Quang Nam	7	7	10	8
47	Quang Ngai	41	25	26	15
48	Quang Ninh	1	1	2	3
49	Quang Tri	53	54	43	43
50	Soc Trang	45	44	22	21
51	Son La	56	57	58	44
52	Tay Ninh	14	19	19	16
53	Thai Binh	32	35	40	38
54	Thai Nguyen	18	15	7	7
55	Thanh Hoa	25	28	30	10
56	Tien Giang	38	40	48	49
57	Ho Chi Minh city	10	8	8	6
58	Tra Vinh	46	37	42	41
59	Thua Thien Hue	30	29	23	29
60	Tuyen Quang	34	39	45	48
61	Vinh Long	8	6	6	19
62	Vinh Phuc	13	12	9	4
63	Yen Bai	42	46	47	51

Appendix 4 - Population, Business and Income

EBI code	Locality	Population (thousand people)	Number of Businesses	Business per 1000 people	Monthly income per capita 2017 (thousand dong)
01	An Giang	1,908.4	4,470	2.34	3,560
02	Bac Kan	313.9	662	2.11	1,945
03	Bac Giang	1,804.0	5,451	3.02	3,450
04	Bac Lieu	907.2	1,779	1.96	2,699
05	Bac Ninh	1,368.8	9,915	7.24	5,446
06	Ben Tre	1,288.5	3,169	2.46	3,409
07	Binh Dinh	1,486.9	6,200	4.17	3,024
08	Binh Duong	2,426.6	27,566	11.36	6,823
09	Binh Phuoc	994.7	4,471	4.49	3,604
10	Binh Thuan	1,230.8	4,455	3.62	3,445
11	Ba Ria - Vung Tau	1,148.3	9,611	8.37	4,881
12	Ca Mau	1,194.5	3,406	2.85	2,986
13	Can Tho	1,235.2	7,824	6.33	4,371
14	Cao Bang	530.3	998	1.88	1,856
15	Da Nang	1,134.3	20,375	17.96	5,506
16	Daklak	1,869.3	5,473	2.93	2,748
17	Dak Nong	622.2	1,956	3.14	3,030
18	Dien Bien	598.9	1,026	1.71	1,477
19	Dong Nai	3,097.1	21,183	6.84	5,300
20	Dong Thap	1,599.5	3,266	2.04	3,500
21	Gia Lai	1,513.8	3,611	2.39	2,586
22	Ha Giang	854.7	1,138	1.33	1,725
23	Ha Nam	852.8	3,751	4.40	3,608
24	Ha Noi	8,053.7	143,119	17.77	6,054
25	Ha Tinh	1,288.9	4,448	3.45	2,844
26	Hai Duong	1,892.3	8,208	4.34	3,693
27	Hai Phong	2,028.5	21,613	10.65	5,116
28	Hau Giang	733.0	1,899	2.59	3,548
29	Hoa Binh	854.1	2,169	2.54	2,295
30	Hung Yen	1,252.7	6,602	5.27	3,843
31	Khanh Hoa	1,231.1	10,401	8.45	3,455
32	Kien Giang	1,723.1	7,375	4.28	3,779

33	Kon Tum	540.4	1,571	2.91	2,007
34	Lai Chau	460.2	1,125	2.44	1,493
35	Lam Dong	1,296.9	5,878	4.53	3,641
36	Lang Son	781.7	1,746	2.23	2,047
37	Lao Cai	730.4	2,582	3.54	2,324
38	Long An	1,688.5	8,883	5.26	4,215
39	Nam Dinh	1,780.4	5,475	3.08	3,384
40	Nghe An	3,327.8	11,706	3.52	2,543
41	Ninh Binh	982.5	3,950	4.02	3,778
42	Ninh Thuan	590.5	2,079	3.52	2,631
43	Phu Tho	1,463.7	4,722	3.23	2,892
44	Phu Yen	873.0	2,607	2.99	2,837
45	Quang Binh	895.4	4,034	4.51	2,666
46	Quang Nam	1,495.8	6,481	4.33	2,906
47	Quang Ngai	1,231.7	4,723	3.83	2,900
48	Quang Ninh	1,320.3	8,455	6.40	4,777
49	Quang Tri	632.4	2,619	4.14	2,543
50	Soc Trang	1,199.7	2,324	1.94	3,653
51	Son La	1,248.4	1,728	1.38	1,483
52	Tay Ninh	1,169.2	3,842	3.29	4,258
53	Thai Binh	1,860.4	4,838	2.60	3,547
54	Thai Nguyen	1,286.8	4,235	3.29	4,015
55	Thanh Hoa	3,640.1	11,127	3.06	3,015
56	Tien Giang	1,764.2	4,347	2.46	3,984
57	Ho Chi Minh city	8,993.1	228,267	25.38	6,177
58	Tra Vinh	1,009.2	1,878	1.86	2,869
59	Thua Thien Hue	1,128.6	4,303	3.81	3,084
60	Tuyen Quang	784.8	1,275	1.62	2,262
61	Vinh Long	1,022.8	2,454	2.40	3,089
62	Vinh Phuc	1,151.2	6,398	5.56	3,699
63	Yen Bai	821.0	1,513	1.84	2,290

Source:

1. Report on the 2019 Population and Housing Census, General Statistics Office

Link: <https://www.gso.gov.vn/default.aspx?tabid=512&idmid=5&ItemID=19279>

2. Statistical monitoring in 2018, General Statistics Office

Link: <https://www.gso.gov.vn/default.aspx?tabid=512&idmid=5&ItemID=19298>

Appendix 5 - The national domain name ".VN" allocation by locality

Locality	Domain name ".vn"	Population (thousand people)	Population per domain name "vn."
Ha Noi	174,171	8,053.7	46
Ho Chi Minh city	189,336	8,993.1	47
Da Nang	9,577	1,134.3	118
Khanh Hoa	3,886	1,231.1	317
Hai Phong	6,386	2,028.5	318
Binh Duong	7,475	2,426.6	325
Ba Ria - Vung Tau	3,246	1,148.3	354
Can Tho	2,872	1,235.2	430
Hung Yen	2,771	1,252.7	452
Bac Ninh	2,939	1,368.8	466
Dong Nai	6,166	3,097.1	502
Lam Dong	2,486	1,296.9	522
Nam Dinh	3,404	1,780.4	523
Ha Nam	1,626	852.8	524
Quang Ninh	2,414	1,320.3	547
Vinh Phuc	1,962	1,151.2	587
Quang Nam	2,426	1,495.8	617
Hai Duong	2,994	1,892.3	632
Binh Dinh	2,317	1,486.9	642
Ninh Binh	1,522	982.5	646
Thai Binh	2,658	1,860.4	700
Long An	2,319	1,688.5	728
Thai Nguyen	1,689	1,286.8	762
Thua Thien Hue	1,434	1,128.6	787
Nghe An	4,161	3,327.8	800
Thanh Hoa	4,311	3,640.1	844
Quang Ngai	1,458	1,231.7	845
Bac Giang	2,104	1,804.0	857
Dak Lak	2,126	1,869.3	879
Quang Binh	979	895.4	915
Ha Tinh	1,391	1,288.9	927
Binh Thuan	1,321	1,230.8	932
Phu Tho	1,516	1,463.7	966

Binh Phuoc	940	994.7	1,058
Ben Tre	1,212	1,288.5	1,063
Haa Binh	775	854.1	1,102
Ninh Thuan	519	590.5	1,138
Quang Tri	530	632.4	1,193
Phu Yen	728	873.0	1,199
Lao Cai	594	730.4	1,230
Kien Giang	1,378	1,723.1	1,250
Tay Ninh	866	1,169.2	1,350
Tien Giang	1,302	1,764.2	1,355
An Giang	1,213	1,908.4	1,573
Tra Vinh	589	1,009.2	1,713
Kon Tum	314	540.4	1,721
Yen Bai	449	821.0	1,829
Gia Lai	801	1,513.8	1,890
Vinh Long	512	1,022.8	1,998
Dong Thap	772	1,599.5	2,072
Tuyen Quang	361	784.8	2,174
Dak Nong	283	622.2	2,198
Hau Giang	329	733.0	2,228
Lang Son	332	781.7	2,354
Bac Kan	132	313.9	2,378
Ca Mau	492	1,194.5	2,428
Soc Trang	428	1,199.7	2,803
Bac Lieu	308	907.2	2,946
Dien Bien	173	598.9	3,462
Lai Chau	112	460.2	4,109
Cao Bang	124	530.3	4,277
Son La	285	1,248.4	4,380
Ha Giang	175	854.7	4,884

Source:

1. Vietnam Internet Resources Report 2019, Vietnam Internet Center (VNNIC)

Link: <https://vnnic.vn/sites/default/files/whitebook/BaoCaoTainguyenInternet2019.pdf>

2. Report on the 2019 Population and Housing Census, General Statistics Office

Link: <https://www.gso.gov.vn/default.aspx?tabid=512&idmid=5&ItemID=19279>



SPONSORS



VIETNAM POST



Besides logistics, Vietnam Post also develops e-commerce.

With the orientation to keep the leading position in logistics, Vietnam Post continues to develop its advantages of coverage that reaches to the commune level and focus on enhancing the ability of delivery based on using means of transportation with large capacity. Besides having million specialized transportation vehicles and air transport, Vietnam Post also owns and utilizes others 20 specialized containers named Vietnam Post for the 40-hour train on North-South railway to boost the speed and the quality of transport, in order to meet the customers' needs in the e-commerce field. Lately, Vietnam Post is preparing to run about 100 containers for fast shipping on the North-South railway.

At present, logistics is an important service in the overall structure of the national economy because it is the overhead cost for all production activities. According to the Vietnam Logistics Business Association, the growth rate of Vietnam logistics service has been 14%-16% in recent years with the participation of 3,000 domestic enterprises and the top 25 top global logistic corporations. The potentiality of the Vietnam logistics service is really high. Shortly, logistics service will become one of the most crucial economic sectors, which can contribute 15% to total national GDP.



Picture: Automatic production line for categorizing goods in Shipping Logistics Center in the South

Solving the logistics problems, for an enterprise as Vietnam Post, is not only a specific strategy for itself but also contributes to improving the logistics performance for the whole national economy. In the era that e-commerce is exploding in Vietnam right now, the application of technology in

logistics plays a paramount role. Vietnam Post also uses an automatic conveyor system of categorizing products to boost the speed of e-commerce order fulfillment and delivery. Besides thousands of specialized means of transportations, Vietnam Post's air transport utilizes about 100 containers to deliver products fast in the North-South railway. Having the foundation and the experiences in logistics and e-commerce supply chain for many years, Vietnam Post is always paying attention to improve the service quality and develop platforms to reduce the price on each product.

Maximizing the warehousing system is the priority for an enterprise that has nationwide coverage as Vietnam Post. This logistics company also builds seven regional shipping and logistics centers, creating three large centers in Ho Chi Minh City, Ha Noi and Da Nang. Plus, they provide a comprehensive solution for online shops from advertising, delivering, receiving money to solving post problems.



Picture: The shipping train of Vietnam Post, which is running now, contributes to reducing logistics prices and meets the customers' needs.

Besides building logistics centers, Vietnam Post also makes use of the warehouse foundation for both traditional and e-commerce logistics based on the analysis of warehouse data and optimization of the shipping route. Especially, Vietnam Post begins to utilize robots to automate some stages of the process to shape the ability of higher automation.

As reported by Vietnam Report JSC in 2019, Vietnam Post is in the list of Top 10 Prestigious Transport and Logistics Corporation for these industries: Delivery, Warehousing, and Express Delivery, etc.

About the potentiality of Vietnam Post in developing logistics service and e-commerce, Mr. Le Quoc Anh, Vice Director of Vietnam Post, shares that their enterprise will expand and raise the quality of service network from collecting to delivering, especially the network connecting directly to economic corridors and Vietnam key economic regions in the next five years. Notably, Vietnam Post will focus on constructing the base to associate logistics enterprises together. One of the most crucial and effective missions in the future is Vietnam Post has to invest in a technology basis so that the revenue of this field will reach 25-35 trillion VND by 2025.

EMS



Vietnam Post Express is a member of the Vietnam Post, the only entity authorized to manage and exploit the Express Mail Service (EMS) in Vietnam. Over 15 years of establishment, with a strategic direction of developing width and depth, both expanding the scale and focusing on increasing the quality, the corporation has been continuously affirming and promoting its important role in the postal and delivery field. Therefore, it maintains the role of a reputable and most professional unit in Vietnam that supplies the EMS, then step by step brands itself locally and internationally.

To promote the strength of postal network with 54 interprovincial and auxiliary transport routes, 362 interdistrict routes, 4,450 transport routes in towns and 22 routes in domestic flight, Vietnam Post has brought the EMS brand to customers at thousands of trading places in 600 districts, 11,500 towns and wards under the management of provinces and cities. The international EMS network has also reached more than 100 nations and regions globally. EMS Vietnam is proud to be the entity that supplies EMS including a deep-wide-service network and the largest transporting capacity in Vietnam with annual postal output of nearly 130 million items and the revenue of nearly 5,000 billion VND.

Along with enhancing productivity and infrastructure development, information technology is considered as one key factor and a basic foundation for goods operating and service providing. The Corporation has planned and expanded exploiting areas for regional exploitation centers in Ha Noi, Da Nang, and Ho Chi Minh City. Moreover, they have also arranged to improve the system of exploitation sites, divided and selected to enhance the capacity and scale of the service exploitation, to reduce the time of exploitation and rationalize the production organization. Besides, the Corporation has invested in purchasing tools and pieces of equipment to standardize the exploitation sites based on the advice of Japan Post experts. The core in this investment is the smart equipment system that help exploiting such as monitoring-exploit-parameter monitor, electronic labels for dividing mailboxes, audio alarm systems, tools such as cage cars, roller floors, small package-dividing racks, baling lines and other tools used in exploiting such as mail-dividing desk, packing-mail racks, operational boards and so on.

Having determined that Information Technology plays the main role in providing effective solution platforms to enhance the efficiency in production and business as well as creating competitive advantages for the enterprise, the corporation has brought out IT solutions in exploitation, production management, service management and supporting business development for several years. The corporation has continuously invested in and upgraded the exploitation, divide-select system, processed and digitized information in order to accelerate the exploiting process and enhance the coordination of producing forces to take place faster and more effectively. Based on that, they aim to synchronously connect types of equipment and software to a unified database to create a logistics development platform for e-commerce.

As an enterprise that leads the national postal and express market, also witnesses the strong development of e-government and e-commerce as well as sticks to the customers' needs, the corporation not only supplies the national and international EMS but also widens the service strip with three main factors: Postage delivery, Logistics, and E-commerce. With a target called "customer-centric" to assist and develop services, Vietnam Post Express has been confirming its number one position and reputation in the express delivery field and has been day by day branding itself as a reputable brand locally and internationally.

SAPO

Sapo - a multi-channel sales and management platform - entrusted by 67.0000 clients.



Sapo is the most popular Omnichannel selling platform in Vietnam with more than 67.000 users (Updated data in June 2019). Founded on August 20th 2008, with strong passion, burning desire for success and clear strategic direction, Sapo instantly confirms its leading position in the field of retail and e-commerce with high quality products, focusing on solving several customers needs in different management and sales problems from online to offline.

Sapo supports businesses and stores to change their way of selling, to manage more effectively by providing a breakthrough technology platform which could be effortlessly and immediately mastered with low-cost. So far, Sapo is bringing an all-in-one sales and management platform from online to offline for retail stores, precisely:

- **Sapo POS** - Easiest sales management software for retail stores and franchises;
- **Sapo GO** - Solution for managing online sales on Facebook and e-commerce platform;
- **Sapo FnB** - Extensive management software for restaurants and cafes;
- **Sapo Web** - Professional website design solutions;
- **Sapo Omnichannel** - All-inclusive platform for selling and management from offline to online;
- **Sapo Enterprise** - Professional website building platform for e-commerce and businesses;.

After more than 11 years of development, Sapo always strives for customer service satisfaction through the best technology products and solutions. At the same time, we are constantly researching and pioneering new technology solutions to maintain our first position.

Sapo is progressively accomplishing our goal by 2023: To become a technology company providing multi-channel sales management platform with the most customers in Southeast Asia.

Read more information and free trial at: **Sapo.vn**



SAPO TECHNOLOGY JSC

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- Branch Da Nang: No.124 Le Dinh Ly str., Vinh Trung ward, Da Nang

- Branch Tecco C Building, Quang Trung str., Quang Trung ward, Vinh city, Nghe An province.

Website: <https://www.sapo.vn/>

Email: info@sapo.vn

Phone: 024 7308 6880

FADO



Established in 2014, Fado is a pioneer in Vietnam to work in Cross-Border E-Commerce. Fado pursues a mission to simplify the international trade through e-commerce.

Fado's platform assists both individuals and organizations to carry out import and export activities with no professional knowledge needed. Fado's solutions simplify the barriers, minimize the risks, and increase the chances of international trade for everyone.

In particular, users accessing the Fado website will approach to more than 4 billion products all over the world, all of which are real-time updated in information and prices according to the international market. Therefore, the Vietnamese can do worldwide shopping in Vietnam without any middlemen. Moreover, the Fado system automatically calculates shipping fees and import tax to help users understand the costs and total prices that need to be paid when they receive the products in Vietnam. Also, the risks of online shopping are minimized for users thanks to the product evaluation platform, which measures the reputation of sellers so the products received can meet the users' expectations.

Besides having the platform that provides the solutions to support the import, Fado is also an Authorized Global Channel Partner of Alibaba.com, which helps enterprises in Vietnam to export online worldwide. Fado not only educates, trains about knowledge and skills in operating a digital stall, international business, online marketing but also gives legal procedures advice and logistics solutions to export enterprises. As a result, Fado helps Vietnamese enterprises in branding themselves and improving their online marketing capacity to advertise "Made in Vietnam" products to more than 260 million purchasing enterprises located in more than 190 nations all over the world.

Business areas:

Marketplace: cross-border e-commerce platform Fado.vn

Logistics 4PLs: specialized for cross-border import and export e-commerce

Cross-border Direct to customer (D2C), Cross-border online distribution (S2B2C): Cross border online distribution (S2B2C): cross-border retail distribution platform, directly reach the last user

E-Export Solution: Promote the online export of Vietnamese products

Cross Border Sourcing: solutions to find an international material supply for Vietnamese enterprises

Training: online export and import, logistics, branding...

Southeast Asian Fado Network: Fado.vn, Fado.my, Fado.co.th, Fado.com.kh, Fado.co.id

VISA INC.



Visa Inc. (NYSE: V) is the world's leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network - enabling individuals, businesses and economies to thrive. Our advanced global processing network, VisaNet, provides secure and reliable payments around the world, and is capable of handling more than 65,000 transaction messages a second. The company's relentless focus on innovation is a catalyst for the rapid growth of connected commerce on any device, and a driving force behind the dream of a cashless future for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce. For more information, visit **About Visa**, visa.com/blog and [@VisaNews](https://twitter.com/VisaNews).

PRODUCTS:

1. Provides merchants with assured payments and larger customer reach
2. Provides acquirers with a low cost and low risk acceptance tool
3. Helps issuers continue to provide innovative and secure solutions for their cardholders
4. Gives consumers secure and convenient ways to pay and be paid.

LATEST NEWS:

Visa and Tourism Advisory Board join forces to attract international visitors to Vietnam

On December 9th 2019, Visa, the world's leader in digital payments, and the Vietnam Tourism Advisory Board (TAB), have signed a Memorandum of Understanding (MOU) to work together to encourage more tourists to visit Vietnam, as well as improve the traveling experience while they're here.

"By sharing insights on international visitor spending behaviors across their travel journey in Vietnam, we hope to assist TAB in developing an even more targeted approach to growing the tourism industry. In order for Vietnam to maximize tourist expenditure moving forward, it's incredibly important that we have the right payment infrastructure in place, especially at frequently visited locations such as hotels, restaurants, tour operators, or night markets." said Ms. Dang Tuyet Dung, Visa Country Manager for Vietnam and Laos

SPONSOR INFORMATION	
Address	15th Floor, Deutsches Haus, 33 Le Duan Boulevard, District 1, Ho Chi Minh City, VietNam
Tel.	+84 28 3520 7439
Fax	+84 28 3520 7401
Website	https://www.visa.com.vn/

MAT BAO



GO ONLINE. GO SUCCESS.

Founded in 2002, Mat Bao is a top brand in many fields of Information Technology such as Datacenter, International and Vietnamese domain name registrar, website hosting service provider, package of smart solutions for websites etc. Moreover, Mat Bao joins in the field of human resources and customer care of the Business Process Outsourcing (BPO) market.

Mat Bao has always exerted itself to improve the quality of service and support customers totally for more than 18 years of development. Plus, Mat Bao has over 3,000 employees working in Ha Noi, Ho Chi Minh City and other large provinces throughout our country. Its service system is running by the most experienced technical team and all the customers' questions are always ready to be solved by the enthusiastic customer care team...

Mat Bao proudly gets those achievements:

- The lead of the new domain names market in South East Asia.
- Top 60 International new domain name Registrar.
- Top 1 National hosting service Provider.
- Top 2 Smart website service Developers.
- Top BPO company having the fastest growth rate.

Not only providing the Internet infrastructure, which is the basic foundation for online business, Mat Bao also wants to help other enterprises to expand their business. Therefore, Mat Bao associates with its partners and top experts in supplying more added value for enterprises such as digital marketing service, skill courses, human resource training etc. that are highly useful for other enterprises.

Mat Bao is one of the eight members of AXYS Group including Mat Bao, DigiPower, CHILI, Mat Bao BPO, CloudFone, ODS, Social8 Asia, and Navee. With the hope to build a comprehensive E-commerce ecosystem, AXYS Group has constantly been researching, improving and raising the quality of service to support other enterprises strongly.

Start your online business with Mat Bao by assessing these websites www.matbao.net and www.matbao.com now.

CITES



SITUATION OF WILDLIFE TRAFFICKING IN VIETNAM

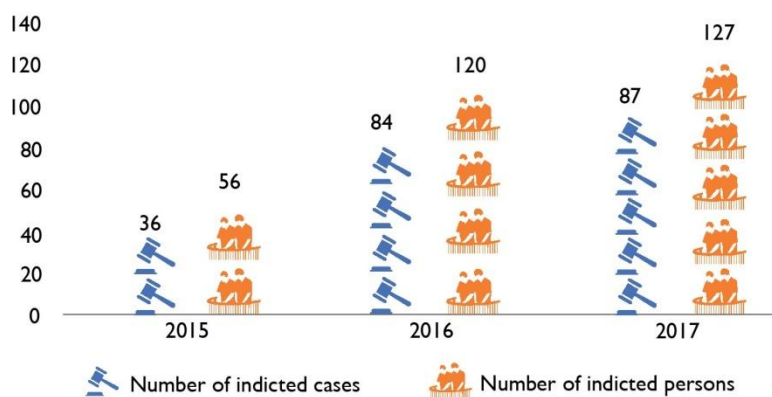
VIETNAM IS CURRENTLY A TRANSIT POINT AND A DESTINATION of illegal wildlife products in the world.

Wildlife trafficking has been regarded as an organized and dangerous crime equivalent to the trafficking in drugs, weapons and human trafficking. Over the past ten years, the illegal trade and consumption of African rhinoceros horn and ivory in Vietnam has increased rapidly, along with the increase in consumption of pangolin, tiger and other endangered species.

According to a report of CITES Management Authority of Vietnam, between January 2015 - September 2019, authorities seized:



Wildlife poaching and trafficking are more and more considered as serious criminal offences with relevant sentences



HIGHEST
PUNISHMENTS
FOR
WILDLIFE
CRIMES

**15
YEARS
IN PRISON**

&

**15
BILLION
VNDS**

5 WAYS TO BE THE PROTECTORS OF WILDLIFE

DON'T BUY illegal wildlife products

DON'T USE illegal wildlife products

DON'T GIFT illegal wildlife products

REFUSE gifts made of illegal wildlife products

TALK TO your family and friends not to buy and use illegal wildlife products



USAID SAVING SPECIES

sponsored by U.S. Agency for International Development (USAID)

3 Project Tasks



VECOM COOPERATES TO PROTECT WILDLIFE SPECIES

On August 8th, 2019, Vietnam E-Commerce Association (VECOM) officially signed an agreement with USAID Saving Species project to collaborate in strengthening prevention of wildlife cybercrime. With this cooperation, VECOM shows a strong stand against wildlife poaching and trafficking; encourages the prevention of wildlife trafficking and advertisement of illegal wildlife products in the online environment; and supports wildlife demand reduction among VECOM's members.

Join us to protect wildlife by signing the pledge below:

<http://bit.ly/baoveDVHD>

NETCO



Noi Bai Express And Trading Joint Stock Company (NETCO) was established on 10/03/2003 formed on the operating foundation of postal industry – Express courier services in accordance with global standard.

With a history dating for 17 years of development and innovation, NETCO is at the forefront of postal courier services in Vietnam with many valuable accomplishments.

Shaping a culture of customer orientation for the company, NETCO has invested and developed ERP system – An intelligent software to help customers in creating, tracking orders and optimize the cost.

With more than 1,200 personnel and branches, PODs cover the 63 cities and provinces, and the operating principle of ERP, NETCO has created and optimized the quality management in accordance with 5S standard and ISO 9001:2015.



Entering 2020, with foreign direct investment of GDex - not only the number one Malaysian market in delivery for e-commerce , and GDex has been succeeded when investing in foreign market such as Indonesia and Singapore..., Netco wil have a breakthrough development to enhance service quality improvement, commitment to customer satisfaction, and expanding services to enhance the experience for customers all domestic and international.

Contact: Headquater – Ha Noi

Address: Level 9th, tower Bm Song Da Building, My Dinh Ward, Nam Tu Liem District, Ha No

Hotline: 1900.6463/ Website: www.netco.com.vn

IM GROUP



IM Group was established with the vision to be the first cradle for beginners of Online businesses to easily access basic, formal knowledge and experience in building a truly sustainable Online system.

Established in April 2011, IM Group has over 9 years of operation, with more than 140,000 customers that are enterprises and individuals doing online business.

IM Group has 4 main business segments: **Training on Digital Marketing; Provide services on Digital Marketing overall; Technology Solutions; Supplying Digital Marketing personnel in real battle.**

Why you should choose IM GROUP

- Vietnam's leading Online Business Development Center for quality care.
- Lifelong support: restudy forever, one-on-one tutor at the office, or by phone and online tools.

IM TALENT - Solution of supplying Digital Marketing & Sales personnel in real battles for businesses

- Initiated by Vietnam E-Commerce Association - VECOM and implemented by IM Group. IM Talent project is a place to train candidates with solid knowledge, practical skills in Digital Marketing and Sales and can quickly and competently work in the enterprise and bring about immediate revenue.
- IM Talent aims to complete the supply of 10,000 real battle Digital Marketing & Sales employees from October 2019 until the end of 2020.

Why you should choose Digital Marketing & Sales personnel from IM Talent

- Save as much time cost and get employees "know the job - understand the job - get the job"
- IM TALENT continues to support both the Enterprise and the Candidate after the Candidate takes the job
- Peace of mind with the warranty, no more worries about personnels leaving work continuously
- Highly diverse, practical and supportive solutions packages to meet the in-depth needs of each business

CONTACT INFORMATION:

IM Group - The largest online business development center in Vietnam.

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Representative office in Ha Noi: 3rd Floor, BisHub 2: 360 Xa Dan

Hotline: 1900 636 040

Email: support@imgroup.vn; Web: www.imgroup.vn

IM Talent project information

IM Talent - Solution of supplying Marketing & Sale personnel in real battle for SMEs

Web: <https://imtalent.vn/>; Email: talent@imgroup.vn

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HIỆP HỘI THƯƠNG MẠI ĐIỆN TỬ VIỆT NAM
Vietnam E-commerce Association (VECOM)



Sponsors



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