

UPSIDE goes International

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One of the most important objectives of the research project UPSIDE is to boost the competitiveness of the participating regional research-driven clusters via dedicated internationalization activities. In order to do so in a purposeful way, the partners have developed a common internationalization strategy that includes the main target regions of each cluster as well as common internationalization measures. Asia was identified as one of the common target markets for the UPSIDE consortium and CyberForum (represented by Tamara Högler) and BIA (represented by Rene Tönnisson) decided to join a business delegation tour to Vietnam which was organized by Swiss Global Enterprise.

Based on the experiences that have been made in the context of 2 trade missions to India, and building on experiences gained during other delegations to countries outside Europe, the relevance of the target market "Vietnam" can be assessed as described in the following sections.

Relevance of Vietnam as Target Market

Vietnam is a target market and good entry market into the Asian region for the high-tech and IT industry for the following reasons:

- Compared to India, the wages in the IT sector around 40-60% cheaper (developer salaries start at about 1,200 € for outsourcing projects, i.e. for local companies even cheaper. Thus, the salaries are in Vietnam even cheaper than in Eastern Europe, such as Bulgaria).
- Many well-trained Vietnamese professionals have studied in India and have a correspondingly good level of education
- Vietnam's population has a high percentage of young people on (about 1/3 under 14 years old), so that the skilled labour "pool" for the future is really excellent. Government and large companies are trying to provide a good education within the country. Large companies like FPT have their own private universities that provide relatively good education and also supports employees after completion of the Bachelors / Masters in education.
- The Government has defined the target to develop Vietnam by 2020 into an industrialized country. Various market and investment opportunities could be derived!
- In 2002 the FTA of ASEAN entered into force. In 2007 Vietnam entered the World Trade Organization, which advanced Vietnam's international integration substantially. Simultaneously the trade with other countries was simplified significantly.

Objectives of the Business Delegation Tour

The main objectives of the business delegation tour to Vietnam were the following:

- Objective 1: Getting to know the corporate culture by visiting companies:
The business delegation tour encompassed the visits to national medium-sized companies and (formerly state-run) large companies, but also European companies, which are were



established in Vietnam during the last years. These visits provided a glimpse into different corporate cultures and management styles, but also in employee appreciation.

- Objective 2: Gaining knowledge about the infrastructure (How to manage everyday life as European? What about reliability of partners, Internet, language barriers, etc.?)
Compared to India, the cultural differences are much smaller, particularly concerning punctuality, reliability and cleanliness (as far as one can judge that after 1 week). The Internet coverage was comparable to that in Europe in the cities, in rural areas (which were not visited) it is likely to be significantly lower.
- Objective 3: Establishing contacts with other clusters / enterprise networks, to further expand the BRA, was unfortunately not possible due to the fact that currently no clusters or similar initiatives do exist in Vietnam.

In summary, we can state the following: Due to education, population structure and development plans of the government Vietnam creates many opportunities for investors, but also for companies that have an interest in IT outsourcing or expanding into Asian markets. These opportunities arise not only from low wages from a European perspective, but also from the highly-educated workforce pool that is expected for the next years and that could close the gap of skilled IT professionals in Europe. Following the unanimous statement of Swiss companies that joined the business delegation tour, Vietnam is among the top 10 offshore destinations.

Main Outcomes of the Business Delegation Tour for UPSIDE Partners

Due to the fact that no cluster / enterprise network could be identified, which could serve as a so-called soft-landing platform for European companies, the internationalization and cooperation strategy for Vietnam must be rewound. For UPSIDE partners we see following options as promising:

In Hanoi and Ho Chi Minh City many IT companies are located, also Swiss ones, which are already familiar with the cluster / network thoughts through their headquarters in Switzerland. It is necessary to examine whether these companies can be used as a nucleus for clusters and business networks in Vietnam.

It is necessary to consider whether a mutual acquaintance between potential partners (i.e. Vietnamese and European companies) "in small steps" is possible (e.g. small research projects) or via a "a little detour to Switzerland". Or In the latter, UPSIDE partners could cooperate with the Swiss companies that have branches in Vietnam first at European level (development and / or research projects), and if this cooperation is successful, they could start a collaboration with the Vietnamese branches of Swiss companies. Based on this, also cooperation with Vietnamese companies could result.

Another interesting idea is to organize a cross-sectoral travel to Vietnam: A joint business delegation tour between UPSIDE companies and participants from various sectors (not just IT / high-tech industry, but e.g. as mixture of automotive, IT, etc.). By doing so, also European cooperation opportunities could arise as the participants would have the opportunity to interact intensively over a longer period.



About UPSIDE

The project UPSIDE – User-driven Participatory Solutions for Innovation in Digitally Centred Eco-Systems aims at delivering economic and societal benefits by fostering the emergence and development of User-driven Participatory Solutions for Innovation in Digitally-centred Ecosystems. The project aims at promoting the development of cooperation frameworks and synergy linkages between research, innovation activities within the companies, urban development policies and open user-driven innovation ecosystems “which are close to the interests and needs of cities and their stakeholders, including citizens and businesses, and which may bridge the gap between short-term city development priorities and longer term technological research and experimentation.”¹

Project Facts

Project Acronym: UPSIDE

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Web: <http://www.upside-project.eu/>

Project Partners

- CyberForum e.V. (LEAD partner / coordinator)(Germany)
- Wirtschaftsförderung Karlsruhe - Economic Development Department Karlsruhe (Germany)
- inno AG (Germany)
- Stiftelsen Elektronikcentrum i Kista (Sweden)
- eGovlab, Stockholm University (Sweden)
- Interactive Institute Swedish ICT (Sweden)
- Bevel (Sweden)
- Baltic Innovation Agency OÜ (Estonia)
- Tartu City Government (Estonia)
- E-Zavod (Slovenia)
- Mestna Obcina Maribor / City of Maribor (Slovenia)
- CityRegion Eindhoven (The Netherlands)
- Technische Universiteit Eindhoven (The Netherlands)

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¹ Hans Schaffers et al.: Smart Cities and the Future Internet: Towards Cooperation Frameworks for Open Innovation. SpringerLink.com

