Panel Discussion:

CASE STUDY WITH KOREAN CUSTOMER

Tran Ho Phuong

Vice President, NTQ Solution JSC.

Table of contents

A. NTQ present situation and future plan for Korea market

Customer: 5

Project: 9

Revenue: 180,000 USD

Partner: 3

Potential Customers: 15

Project size: < 20 MM

NTQ KOREA: 10/2019
KTNET Building, 2nd floor
Sungnam city, Gyeonggi-do, South Korea

B. Korea market approach: research and prospect

* Approach methods

1. Prospect email

2. Exhibition, expo, seminar, Korea – Vietnam business matching events

3. Supporting agency from government: KOTRA, NIPA

4. Via IT group/site: rocketpunch, wishket

5. References from Customers and Partners

* Trends

1. Game

2. AR VR

3. AI

NOTE:
- If outsourcing work includes works in a system, Contractor mostly does all Application and/or Web and Server development.
- Besides Games, much of coming opportunities come from new/innovation technologies.

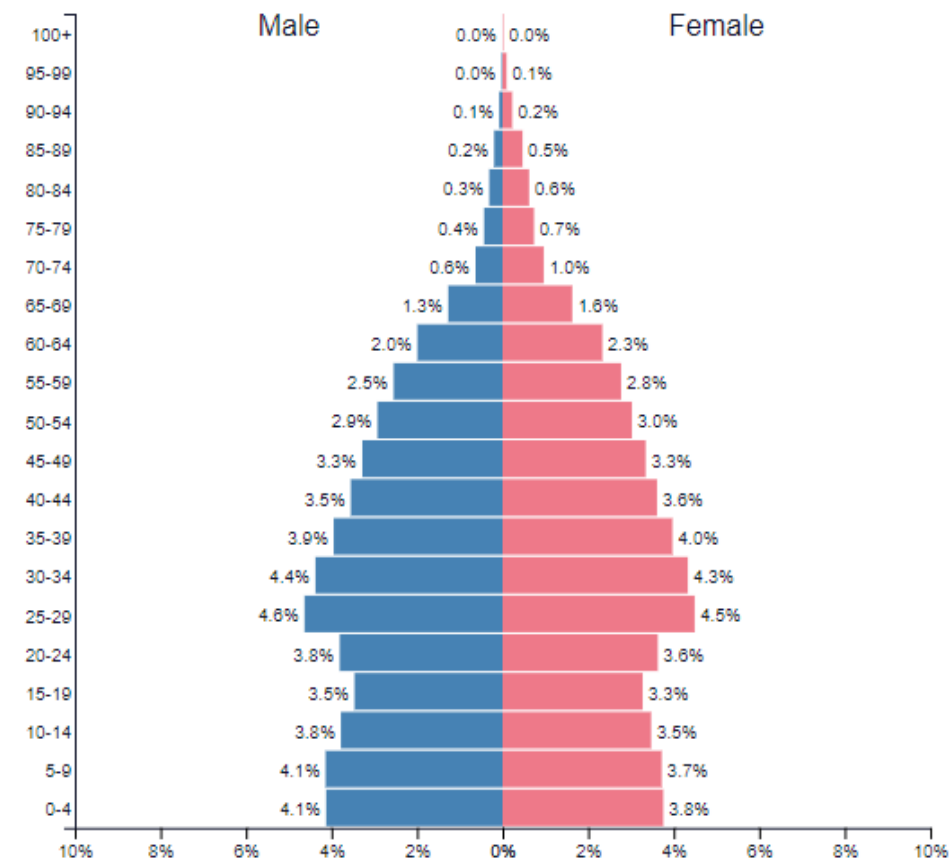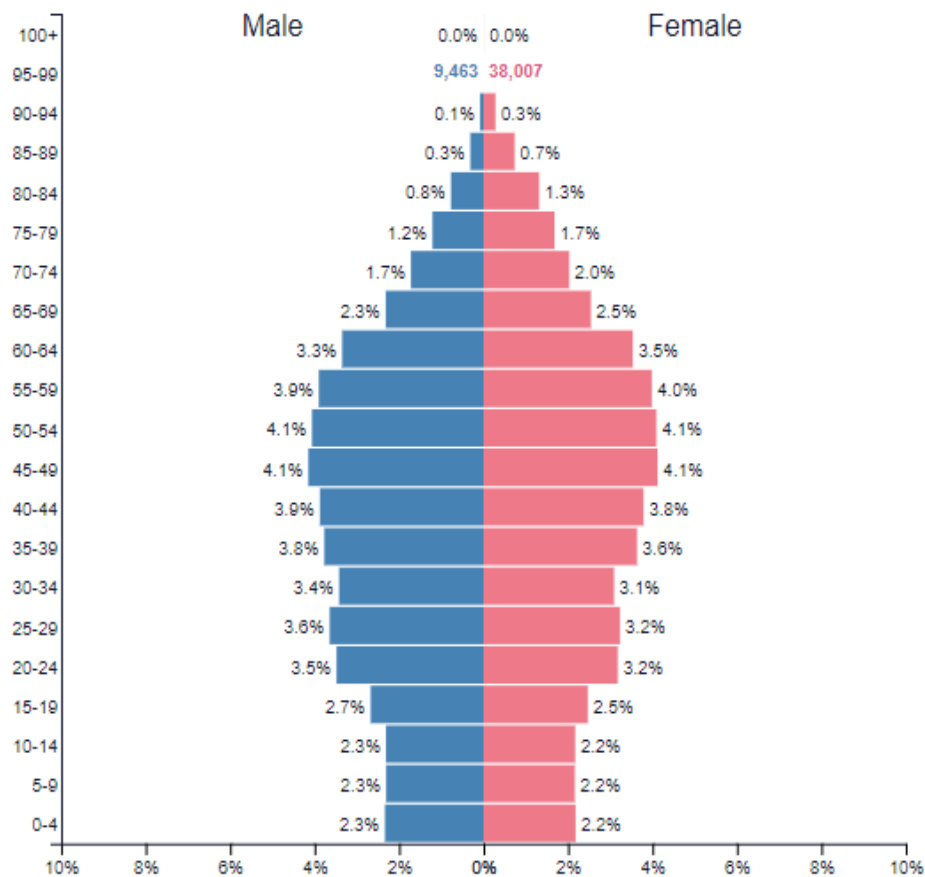# B. Korea market approach: research and prospect

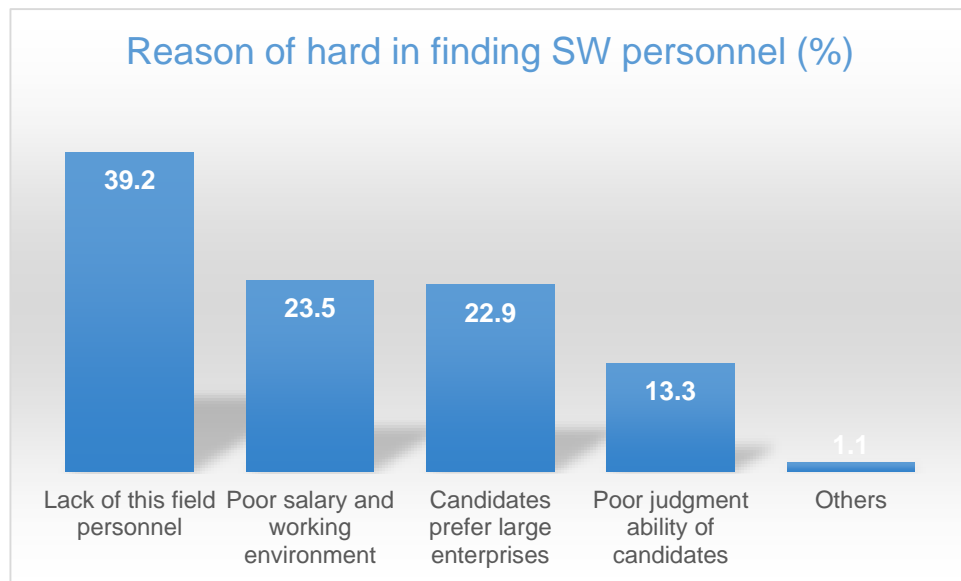## Republic of Korea ▼
2019
Population: **51,078,755**

Male		Female
	0.0% 0.0%	
	9,463 38,007	
	0.1%	0.3%
	0.3%	0.7%
0.8%		1.3%
1.2%		1.7%
1.7%		2.0%
2.3%		2.5%
3.3%		3.5%
3.9%		4.0%
4.1%		4.1%
4.1%		4.1%
3.9%		3.8%
3.8%		3.6%
3.4%		3.1%
3.6%		3.2%
3.5%		3.2%
2.7%		2.5%
2.3%		2.2%
2.3%		2.2%
2.3%		2.2%

Age groups: 100+, 95-99, 90-94, 85-89, 80-84, 75-79, 70-74, 65-69, 60-64, 55-59, 50-54, 45-49, 40-44, 35-39, 30-34, 25-29, 20-24, 15-19, 10-14, 5-9, 0-4

Scale: 10% 8% 6% 4% 2% 0% 2% 4% 6% 8% 10%

Viet Nam ▼
2019
Population: **97,270,778**

Male		Female
	0.0% 0.0%	
	0.0%	0.1%
	0.1%	0.2%
	0.2%	0.5%
	0.3%	0.6%
	0.4%	0.7%
	0.6%	1.0%
1.3%		1.6%
2.0%		2.3%
2.5%		2.8%
2.9%		3.0%
3.3%		3.3%
3.5%		3.6%
3.9%		4.0%
4.4%		4.3%
4.6%		4.5%
3.8%		3.6%
3.5%		3.3%
3.8%		3.5%
4.1%		3.7%
4.1%		3.8%

Scale: 10% 8% 6% 4% 2% 0% 2% 4% 6% 8% 10%

NTQ SOLUTION

5

B. Korea market approach: research and prospect

Reason of hard in finding SW personnel (%)

Category	Value
Lack of this field personnel	39.2
Poor salary and working environment	23.5
Candidates prefer large enterprises	22.9
Poor judgment ability of candidates	13.3
Others	1.1

Personnel lack from IT is 11.8% of total Personnel lack.
(R&D: 13% of IT)

Reason of foreigners recruitment (%)

Category	Value
To expand overseas market	40.3
To save expenses	21.2
Cannot find domestic personnel	20.1
To apply new technologies	18.4

Korea lack of IT personnel in 2019-2022 (person)

Category	Value
AR VR	18,727
Hydro car, charging battery	10,000
AI	9,986
Auto-car	6,400
Big data	2,785

NTQ
SOLUTION
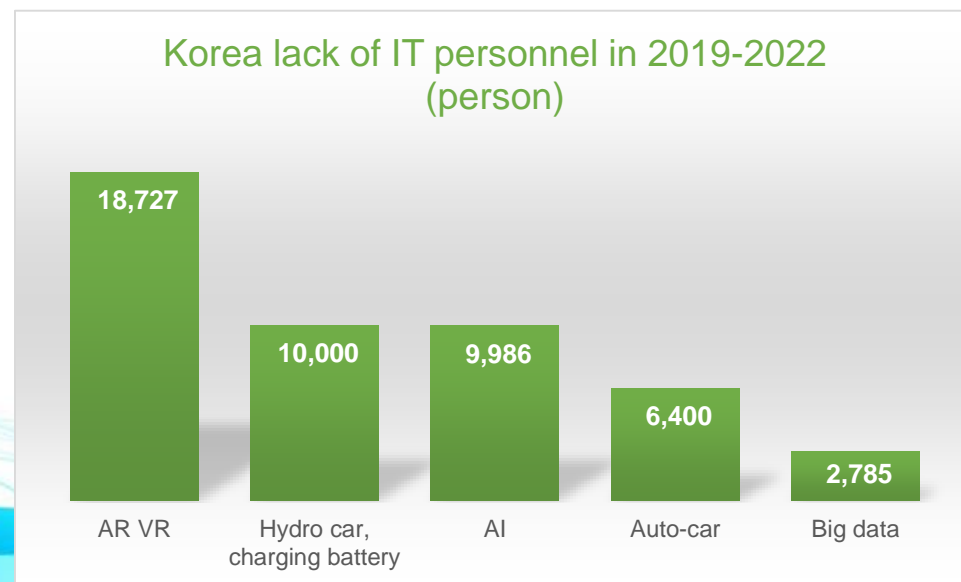
C. Working process of Korean customers

1. Request for Information
   Most large enterprises require Contractors' detailed information

2. Requirements, Request for Proposal
   Large enterprises often give out clear and full requirements/RFP when other needs Contractor to define their needs

3. Q&A
   To clear Customer's requirements, define/confirm scope of work

4. Estimation
   Including effort, schedule, cost, HR plan, etc. needed

5. Contract
   Beside development period, Customers expect free maintenance (period depending on development period),
   or willing to pay 25% of development effort for 1 year maintenance.

6. Development start
   Need to guide Customer on cooperation model (Onsite/offshore), project management model (Agile, WaterFall),
   communication channels etc.

D. Difficulties in providing IT outsourcing services for Korean customers

* Concerns

1. Price
   Mostly concerns on-siters price compared with Korean freelancers or North Korean on-siters

2. Communication
   Prefer developers who can speak Korean than having a Translator/Interpreter along

3. Security
   Security of the Contractor when receive outsourcing work from Korea

4. Need guidance on templates
   Not familiar with offshore service => Need guidance on templates (Estimation, Proposal, Demos etc.)
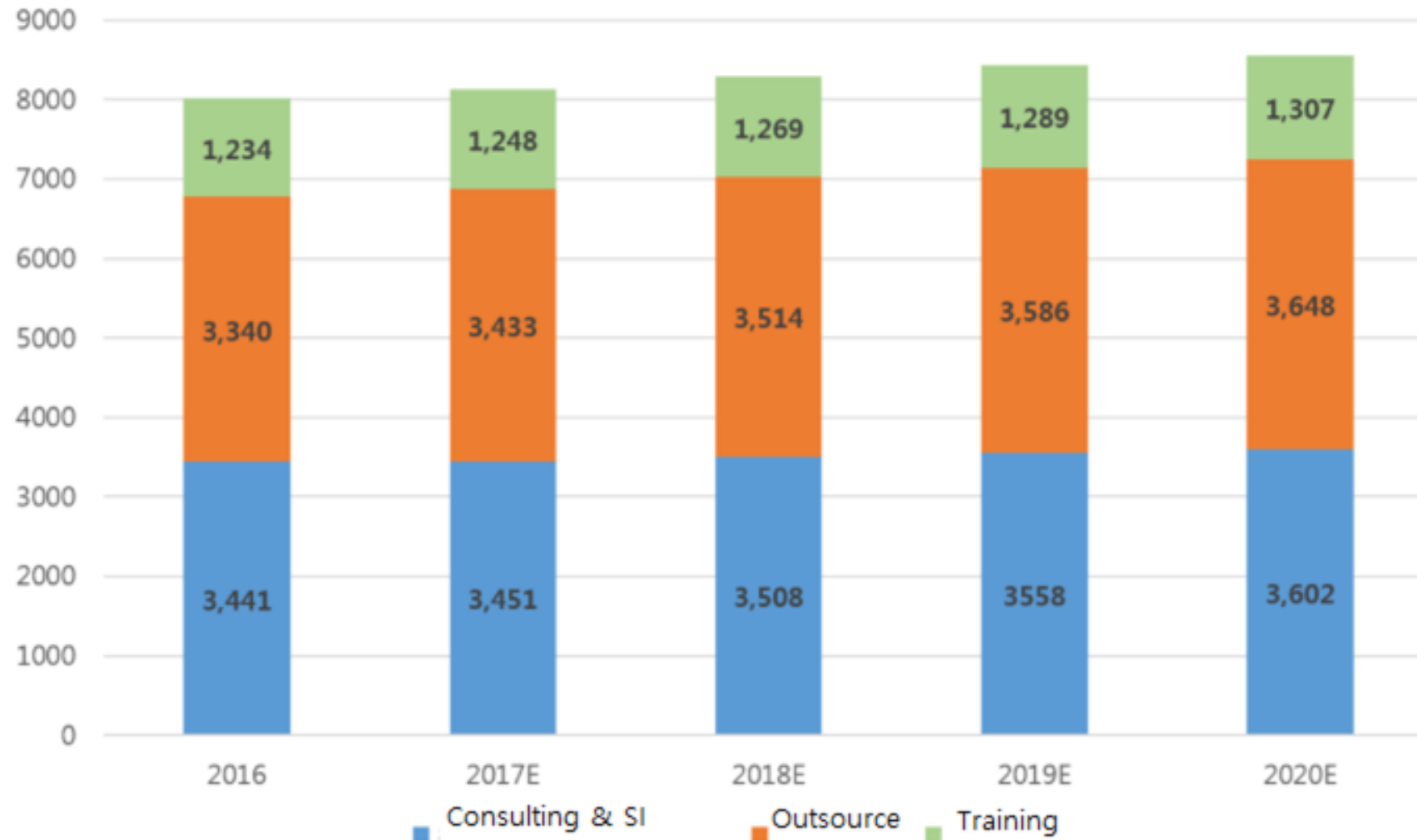
* Difficulties

1. Quick move
   Korean Customers require quick responses, speedy movement

2. High quality requirements

3. Prefer project based projects though hardly prepare full requirements before starting projects

Q&A

Thank you for you attention

phuong.tran@ntq-solution.com.vn

KOREA IT SERVICE MARKET SIZE (billion won)

Year	Training	Outsource	Consulting & SI
2016	1,234	3,340	3,441
2017E	1,248	3,433	3,451
2018E	1,269	3,514	3,508
2019E	1,289	3,586	3558
2020E	1,307	3,648	3,602

Consulting & SI · Outsource · Training

Appendix

Forecast on IT Outsourcing demands from Korean market End-Users (unit: million USD)	2017	Rate (%)	2018	Rate (%)	2019	Rate (%)
Cloud computing Services	214	3.5	239	3.8	265	4.1
Storage as Service	26	0.4	29	0.5	32	0.5
Total Cloud Services	240	3.9	368	5.8	297	4.6
Commercial App	436	7	446	7	454	7
Custom App	585	9.5	597	9.4	608	9.4
Total App Outsourcing	1,021	16.5	1,043	16.5	1,062	16.4
Data Center Services	2,517	40.7	2,570	40.6	2,622	40.4
Other Infrastructure Outsourcing (Desktop/Mobile Maintenance; Help Desk Outsourcing; Network Outsourcing)	2,409	38.9	2,456	38.8	2,502	38.6
Total Infrastructure Outsourcing	4,926	79.6	5,026	79.3	5,125	79
Total	**6,188**	**100**	**6,336**	**100**	**6,485**	**100**