

VIET NAM E-BUSINESS INDEX 2015



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VIET NAM E-BUSINESS INDEX 2015



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PREFACE



2015 is the fourth consecutive years in which Vietnam E-commerce Association established the Vietnam eBusiness Index (EBI). Since 2012, this Index has become a tool for objectively assessing the e-commerce situation of the whole country as well as of each locality, contributing to making policies and laws, state management and business activities. In December 2015, in summarizing of 10 years of application of the Information and Communication Technology Development Index (ICT Index), the Ministry of Information and Communication in collaboration with Vietnam Association for Information Processing has announced the high correlation of the two indexes. This result affirms the close relationship between e-commerce and information and communication technology, especially the Internet.

The eBusiness Index 2015 shows no sign of decrease of the wide gap among localities. This finding from 2014 was known to several state management agencies on e-commerce at central and local levels and enterprises. In 2015, Vietnam E-commerce Association proactively proposed some specific solutions and actions and received positive supports of the localities as well as the Association's members to gradually narrow the gap. The survey results of thousands of enterprises nationwide indicated that many enterprises have been more interested in online marketing and doing business on mobile device platform. The percentage of enterprises which evaluated the online public services better has also been increased.

On behalf of Vietnam E-commerce Association, I would like to express the gratitude to all agencies, organizations, enterprises and individuals who have supported to build up the eBusiness Index 2015. Several Departments of Industry and Trade, especially of Hanoi, Ho Chi Minh City, Hai Phong, Da Nang, Hai Duong, Ha Nam, Kien Giang, Ha Tinh, Binh Phuoc, Dak Nong, Lao Cai, Quang Ninh, Dien Bien, Bac Kan, Tuyen Quang, Ca Mau, Phu Tho, Phu Yen, Binh Dinh, Dak Lak, Thua Thien – Hue, Ninh Binh, Can Tho, Vinh Phuc, Dong Nai, Yen Bai has enthusiastically supported the Association to investigate the situation of applying e-commerce in the locality. Vietnam E-Commerce and Information Technology Agency (Ministry of Industry and Trade) not only acts as the directing agency but also provides valuable supports in terms of expertise during the implementation of this mission. 2015 is also the first year in which the



Association was directly supported by the Program of National E-commerce Development in the period 2014 – 2020.

The eBusiness Index 2015 could not be completed without the effective support of Google Asia Pte., Vietnam Post, VeriSign, Inc., Post & Telecommunication Joint Stock Insurance Corporation, Lingo E-commerce Joint Stock Company, Noi Bai Express and Trading Joint Stock Company (NETCO), Expertrans Global Company and DKT Technology Joint Stock Company. Vietnam Commercial University, Foreign Trade University, Hanoi University of Science and Technology, Vietnam Internet Network Information Center (VNNIC) and thousands of enterprises in the whole country have supported the Association in implementation of this activity. Merchant & Market Magazine and communication agencies have positively coordinated with the Association to communicate the index to the public.

I hereby would like to present the Report on Vietnam eBusiness Index 2015 and welcome all comments to better implement this mission in the years to come.



Assoc. Prof. PhD. Le Danh Vinh
Chairman of Vietnam E-commerce Association

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CHAPTER I

OVERVIEW



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OVERVIEW

The eBusiness Index 2015 was established in the context that this was the final year of implementing the Master Plan on E-commerce Development for 5-year period 2011 – 2015 according to Decision No. 1073/QĐ-TTg dated 12 July 2010 of the Prime Minister.

According to the Report on summarizing 5 years of implementing this plan of the Ministry of Industry and Trade, by the end of 2014, four major objectives set forth in the plan has been fundamentally achieved.¹ The first objective is that all large enterprises perform e-commerce in the form of Business to Business (B2B), in which 100% of the enterprises regularly use e-mail in business operations and 80% of the enterprises have a website. The second objective is that all small and medium enterprises perform e-commerce in the form of Business to Customer (B2C) or Business to Business, in which 100% of the enterprises use e-mail in business operations and 45% of the enterprises have a website. The third objective is to initially set up the utilities which support consumers to engage in B2C e-commerce and the fourth objective is that most public services related to production and business activities are provided online.

Based on the survey of e-commerce application situation of nearly 5000 enterprises nationwide, the eBusiness Index (EBI) 2015 shows that the above statement of the Ministry of Industry and Trade is consistent with reality.

The development of e-commerce links to the production and business activities of enterprises and information and communication technology. Comparison of EBI with the latest related indexes in the country and in the world will draw up the panorama of Vietnam e-commerce in 2015 in the context of globalization.

Regarding the business environment, the Provincial Competitiveness Index of Vietnam (PCI) is a useful tool to assess the economic management quality of localities, including a component index related to e-commerce which is transparency. According to the PCI Report 2014, the transparency tended to be better as the localities had positively upgraded their web portal and site, updated information more regularly and enhanced online public services. The rate of access to the provinces' website to search information increased sharply from 51% in 2013 to 64% in 2014.² This result was relatively similar to the component index of Government to Business (G2B) transactions of EBI in 2014 and 2015.

Regarding the readiness for development and application of information and communication technology (ICT) in the provinces, since 2006 Vietnam

¹ Official Letter No. 5629/BCT-TMDT dated 9 June 2015 of the Ministry of Industry and Trade on Report on summarizing 5 years of implementing the Master Plan on E-commerce Development for the 2011-2015 period and proposal to build up Master Plan for the 2016-2020 period.

² *Vietnam Provincial Competitiveness Index Report 2014*, Labor Publishing House 2015. Similar to the eBusiness Index, PCI was established based on direct survey of enterprises. Vietnam Chamber of Commerce and Industry often announced annual PCI at the first half of the next year.



Association for Information Processing in collaboration with the Ministry of Information and Communications has announced the index of readiness for development and application of information and communication technology (Vietnam ICT Index). ICT Index of the provinces and centrally-run cities are evaluated and ranked based on the component indexes: 1) Technical infrastructure; 2) Human resources and IT infrastructure; 3) IT applications; 4) IT production and business; 5) Organization and policy environment. ICT Index and EBI have surveyed some similar criteria.³ For example, the situation of computer equipment and Internet connections in enterprises, the proportion of enterprises having a website, the situation of providing online public services.

In 2015, the Ministry of Information and Communications and Vietnam Association for Information Processing assessed the correlation of ICT Index and some other socio-economic indicators of Vietnam, including the Provincial Competitiveness Index (PCI), Public Administration Reform Index (PAR Index), Provincial Governance and Public Administration Performance Index (PAPI), the monthly per capita income of the provinces and the eBusiness Index (EBI).^{4 5} According to the “Report on summarizing 10 years (2006-2015) establishing and announcing Vietnam ICT Index” by Vietnam Association for Information Processing in collaboration with the Ministry of Information and Communications announced in December 2015, the level of correlation between ICT Index and EBI is the highest, followed by the correlation with per capita income. This result indicated the close relationship between ICT, e-commerce and economic development.⁶

While PCI, ICT Index and EBI showed significant progress of the business, ICT and e-commerce environment, the key indexes to access and rank the countries and economies announced by the prestigious international organizations showed an opposite trend.

³ The information collection methods of ICT Index and EBI were different. On the one hand, ICT Index was based on reports of the ranked units, for example the People’s Committee of provinces, centrally-run provinces while EBI depended on information gathered directly from enterprises. On the other hand, ICT Index focused on the aspects of “supply” or “readiness” while EBI turned towards the aspects of “demand” or “used”. In addition, the main object of ICT index was the state agencies while EBI concentrated on enterprises. For example, ICT Index paid attention to percentage of the provinces having a website/e-commerce portal and the situation of providing online public services while EBI concerned the percentage of enterprises having access to website of the state agencies to collect business information and percentage of enterprises using online public services.

⁴ The PAR Index was first announced by Ministry of Home Affairs in September 2013 in order to monitor, quantitatively evaluate the results of annual administrative reform of ministries, ministerial agencies and the people’s committees of provinces and centrally-run cities.

⁵ The Provincial Governance and Public Administration Performance Index (PAPI) has been annually established by the Center for Community Support Development Studies (CECODES), the Vietnamese Fatherland Front and the UN Development Program since 2010. This index measures the performance of public management, administration and provision of public services at localities based on actual experience of people in interacting with the authority levels and using public services.

⁶ The detailed correlation was as follows: $R(\text{ICT Index 2015, EBI 2014}) = 0.7601$; $R(\text{ICT Index 2015, Per capita income 2014}) = 0.6919$; $R(\text{ICT Index 2015, PCI 2014}) = 0.6874$; $R(\text{ICT Index 2015, PAR 2014}) = 0.6829$ and $R(\text{ICT Index 2015, PAPI 2014}) = 0.2147$.

First, according to the World Economic Forum, the *National Competitiveness Index* of Vietnam in 2015 was ranked *the 56th among 140 countries and territories*. The rankings of 2014 and 2013 was 68th among 144 countries and 70th among 148 countries respectively. Thus, in 2015, Vietnam's ranking was 12 levels higher than the position in 2014. This index was established by the World Economic Forum based on three groups of indicators, i.e. infrastructure, management efficiency and technology renovation with specific criteria such as legal institution; infrastructure; health and education; macroeconomic environment; high level training and education; commodity market; labor market; financial market; market size; availability of technology; innovation and business.

Second, in terms of *Business Environment Index* of the World Bank, in 2015 Vietnam was in the 90th position among 189 countries, which was 12 levels lower than the position in 2014. This index was evaluated based on ten criteria including the establishment of the enterprise, construction licensing, access to electricity, property registration, credit granting, investor protection, tax payment, international trade, contract enforcement and settlement of business bankruptcy.

Third, in terms of the *Information and Communication Technology Development Index* (ICT Development Index – IDI) 2015, Vietnam was ranked *the 102nd among 167 countries, which was one level lower than that of 2014 and three levels lower than that of 2013*. The IDI was developed by the International Telecommunication Union based on the combination of three groups of indicators to evaluate and compare the development of information and communication technology of the countries in the world. The first group of indicators measures the accessibility to ICI based on five criteria, i.e. fixed telephone, mobile phone, international Internet bandwidth, households owning computers and households accessing to the Internet. The second group of indicators measures the level of ICT application based on three criteria, i.e. proportion of Internet users, subscribers of fixed Internet broadband or subscribers of wireless Internet. The third group of indicators measures the readiness for ICT based on three criteria, i.e. adult literacy rate, proportion of high school students and proportion of college students.

Therefore, Vietnam could be considered as having effectively implemented several activities to enhance administrative reform and develop a more favorable macro environment for the production and business activities and improve the application of information and communication technology. *Although the changes in the country were significant, the breakthrough of Vietnam at the world level was unobvious. The general ranking of Vietnam was increased but the growth rate was not sufficient to catch up with and go further than other countries and even on the declining trend.*

The eBusiness Index 2015 was built based on the inheritance of methods and experience of three previous years as well as methods of formulating the



indicators related to information and communication technology.⁷ The number of enterprises participating in the survey increased by almost 50% compared with 2014. The survey form was completed in order to better reflect the situation of e-commerce application in the enterprises. General index continued to be built from four component indexes which were human resources and information technology infrastructure, Business to Consumer transactions (B2C), Business to Business transactions (B2B) and Government to Business transactions (G2B). However, since 2015 the establishment of the first three component indexes will consider the criteria of domain names, average income and number of enterprises by population of each locality.

Domain name has a key role and has become a valuable asset of enterprises in online trading. Therefore, when building the component index of human resources and information technology infrastructure, in addition to criteria such as computer equipment, Internet connection, use of e-mail, personnel in charge of IT and e-commerce, etc., the factor of domain name has been considered.⁸ For B2C transactions, the addition of the criterion of per capita income would better reflect the market size. Also, while most enterprises have applied information technology and used e-mail, a relatively high percentage of enterprises had their own website and participated in e-commerce platforms, the addition of criterion of the percentage of enterprises by population will more fully reflect the level of implementation of B2B e-commerce.

The completion of method better reflected the ebusiness index of the localities as well as the scale of Vietnam e-commerce on a global scale. Compared to 2014, the ranking of the group of five leading provinces did not change, with the only change in the group of ten leading provinces that Nghe An province was replaced by Bac Ninh province. Similarly, there was only one change in the group of 10 provinces with the lowest index. There were 6 provinces having a significant change of 10 levels or more, in which 4 provinces had higher levels, i.e. Binh Phuoc (17 levels), Ha Tinh (15 levels), Nam Dinh (11 levels) and Tay Ninh (10 levels).

Survey results show that the e-commerce in Vietnam in 2015 has the following highlights:

1. Human resources did not met the development of e-commerce in depth.

The human resources for e-commerce implementation in enterprises has increased over the years. In 2015, 82% of enterprises had specialized workforce in information technology and e-commerce. This rate in 2014 was 62% and 2012 was 51%. The business sectors with the highest level of specialized workforce

⁷ Method to establish the eBusiness Index was detailed in the Report on eBusiness Index 2012.

⁸ The Report on eBusiness Index 2014 analyzed several aspects on the situation of registration and use of the national domain name “.vn” as well as international domain names of the localities. The report indicated a huge gap between the registration and use of domain name among locals. In 2015, VECOM implemented various activities including strengthening cooperation with Vietnam Internet Network Information Center (VNNIC) and other entities, in order to improve awareness of the significance of a domain name to the business enterprise in online environment. This activity will be paid more attention by VECOM in the coming times.

were entertainment (97%), information and communication technology (93%), finance and real estate (92%), health, education and training (90%). The lowest rates were in the sectors of energy, mining (72%).

In 2015, among large enterprises, 27% had more than 50% of employees regularly using email in work, this rate among small and medium-sized enterprises was 41%.

Regarding recruitment of specialized workforce in information technology and e-commerce, in 2015, 24% of enterprises said that they were in difficulties. Compared with the rate of 27% in 2014 and 29% in 2013, it could be seen that enterprises were more favorable when recruiting personnel for information technology and e-commerce.

Beside the growth of the number of workforce to implement e-commerce in enterprises, the change in workforce quality was unclear.


First, in terms of investment structure, in the whole period of 2012 – 2015, the investment in IT and e-commerce human resources remained at the rate of 17% of total investment, including investment in hardware, software and other investments.

This was one of the reasons leading to the implementation of business support solutions and software such as customer relationship management (CRM), supply chain management (SCM) or enterprise resource planning (ERP) without any significant changes in recent years. Meanwhile, the effective and large-scale implementation of e-commerce could not apply these solutions. Personnel in charge of e-commerce in enterprises were mainly limited to the activities of marketing, sales and customer care in a simple way, other than application of advanced technologies and solutions.

Second, the proportion of enterprises participating in e-commerce platforms insignificantly changed. While the common interest of participating in e-commerce platforms is quite clear in the global level, this trend shows that the personnel in charge of e-commerce in most enterprises did not have necessary skills to effectively do business on e-commerce platforms.

Third, many enterprises have recognized the importance of websites to their business, but 11% of the enterprises only updated information on the website every month, even 17% of the enterprises almost never updated. This was due to the fact that up to 66% of the enterprises had not assigned an employee to take charge of the website. This also showed that the personnel did not have appropriate expertise to operate the website effectively. The situation that enterprises outsource the construction of their website and then do not take care of such useful tool may continue for years to come.

Fourth, while e-commerce on mobile devices has strong growth potentials, 74% of enterprises had no website version compatible with mobile devices, the proportion of enterprises using mobile applications to serve for their business activities was very low. Moreover, up to 38% of enterprises said that the efficiency of advertising on mobile devices was low. Obviously, in order to



exploit the business potential on mobile devices, more investments in human resources are required.

Fifth, the Internet offers tremendous opportunities for both enterprises and consumers. Nowadays, online consumers can easily compare quality, price and other information related to the product and the seller. However, many enterprises have not adequately assessed the intelligence and ability to collect information of online consumers so they have conducted unfair acts of trading, such as products sold to customers are not consistent with the information posted on the website, uncultured ads cause disturbing, and enterprises even perform online promotion activities in an unhealthy way which are strongly opposed by consumers, leading to common damages to the e-commerce sector in the whole country. This phenomenon is partly resulted from the insufficient awareness, skills and online business culture of the personnel in charge of e-commerce in enterprises.

Many unhealthy behaviours in the Online Friday 2015

Online Friday 2015 was held on Friday, the 4th of December, 2015.⁹ The program's website (www.OnlineFriday.vn) provided consumers with tools to compare the market prices and evaluate bad promotions. With the market price comparison tool, the consumers would have references to assess whether the product was at a good deal or not. The tool compared the data of more than 6 million products from the two leading price comparison systems of Vietnam, i.e. ChonGiaDung.com and WebSoSanh.vn.

Meanwhile, the tool which worked online would help consumers to assess the deals which were not good according to the following criteria: unclear brand information, product origin, incorrect link, cost of the product not consistent to the market price, bad promotions, etc. With this tool, the consumers would support the Organization Board to quickly assess the deals which were not good.

According to the statistics in the 4th of December 2015, there were 392 feedbacks of consumers to products of 105 enterprises. In which, the proportion of feedbacks indicating that the original price was not consistent with the market price accounted for 48%. Two groups of feedbacks presenting the incorrect products and brands, unclear origins accounted for 18%. Other feedbacks such as unqualified discount of the Organization Board or a product appearing too much accounted for less than 16%. Among the total number of products registered to participate in Online Friday 2015 of 105 enterprises feedbacked by consumers, the number of feedbacked products accounted for an average of 2% of total products.

Source: Draft Report of the Organization Board of Online Friday 2015.

⁹ Online Friday was held on the first Friday of December of every year. This program was organized by Vietnam E-commerce Association in coordination with Ministry of Industry and Trade. After two years, this program has been positively supported by many enterprises and consumers.

2. E-payment has not caught up with the rapid development of e-commerce

The result of surveying enterprises in four consecutive years shows that while e-commerce has developed rapidly, e-payment has not caught up with this development rate.

In order to evaluate the situation of payment for online transactions, in addition to cash payment, the survey forms requested enterprises to present the situation of transfer payment via bank, payment card, e-wallet, scratch card and other non-cash payment methods.

The result of surveying enterprises nationwide in 2015 shows that most enterprises (97%) used the form of payment via bank transfer. This form was widely used in transactions between enterprises and between enterprises and government agencies.

The level of non-cash payment in general and electronic payment in online transactions between enterprises and individual customers was very low and there was no sign of increasing.

In 2015, the proportion of enterprises accepting payment cards was 16%. This proportion did not change significantly compared with the previous year. The form of payment via e-wallet accounted for only 4% of enterprises and there was no sign of obvious change. The proportion of payment for online transactions through scratch cards continued at very low level of 2% and tended to decrease. It meant that scratch card was increasingly inappropriate to pay for online transactions.

While advanced forms of payment, for example through mobile devices, have been formed in Vietnam, the form of cash on delivery has been still the most popular payment channel.

There is a close relationship between e-payment with e-commerce. On the one hand, e-commerce in Vietnam has not supported e-payment. A number of reasons can be listed such as the habit of using cash already established among people, the mentality of wishing to check the product before paying, etc. On the other hand, e-payment infrastructure and service has not met the development of e-commerce. While the number of cards issued is relatively high, the coverage of POS has been limited and concentrated in some major cities.¹⁰ Furthermore, the discount fees for the merchants were inappropriate with the retailers.¹¹ Advanced forms of payment, particularly payment through mobile devices, were slowly implemented.

¹⁰ According to Mr. Nguyen Toan Thang – Deputy Governor of the State Bank, the number of installed POS has been rapidly increased, expected to reach the target of 250,000 POS by the end of 2015, however the number of POS transactions has not been high. *Vietnam E-payment Forum Yearbook 2015*, dated 16 December 2015.

¹¹ According to Ms. Dinh Thi My Loan – Chairman of Vietnam Retailers Association, with the current discount fees, some retailers must collect transaction fees, which cause the mentality of hesitating to receive payment by card from customers. *Vietnam E-payment Forum Yearbook 2015*, dated 16/12/2015.



Payment by cash accounted for the highest rate in the Online Friday

On Online Friday 2014 held on the first Friday of December 2014, the traditional payment method of Cash on Delivery (COD) and transfer dominated with the proportions of 72 % and 13% respectively. E-payment methods such as e-wallet, payment card or Internet banking accounted for only 11%. Another noticeable point is that the statistics from the enterprises indicated that the form of payment by mobile phones (mobile banking) began to be interested by consumers at a rate of 2%.

On Online Friday 2015, the form of COD payment still accounted for the highest proportion (73%), followed by bank transfer (13.4%). The proportion of online payment was 10% (in which 6.5% via domestic card and 3.5% via international card) and payment via mobile devices accounted for 1%.

Source: Report of the Organization Board of Online Friday 2014 and Draft Report of the Organization Board of Online Friday 2015.

The development of e-payment will enhance the development of the economy and e-commerce. Several studies indicate that the wide use of online payment has added \$983 billion to the value of the global economy in the period of 2008 – 2012 and contributed 0.8% of GDP in the emerging markets.¹² Although the proportion of e-payment is low at present but Vietnam was assessed to be one of the most potential markets for e-payment compared with other countries in Asia due to large consumption, fast-growing population and economy, majority of people still using cash for payment.¹³ In contrast, the growing demand of online shopping will create the motivation for developing electronic payment.

3. Online transactions have strongly increased

The eBusiness Index was established on the basis of surveying enterprises and considering three common types of transactions with the largest scale, i.e. B2C, B2B and G2B. With the survey results in 2015 and in previous years, it can be seen that all three types of transactions are growing fast.

With the form of B2C, enterprises boosted sales on mobile devices with the proportion of 26% of the websites having a mobile version, and invested more in online marketing. The proportion of enterprises earning from online sale increased by 43%, stabilized at 49% and only decreased in 8% of the surveyed enterprises. In a specific case, the estimated size of transactions of the Online Friday 2015 was 3 times higher than that of 2014.

¹² *The Impact of Electronic Payments on Economic Growth*, Moody's Analytics, Feb. 2013, <https://usa.visa.com/dam/VCOM/download/corporate/media/moodys-economy-white-paper-feb-2013.pdf>

¹³ Tomoaki Yamaguchi – Chief Representative, National Director of JCB International (Thailand) Co., Ltd. Representative Office in Hanoi. *Vietnam E-payment Forum Yearbook 2015*, dated 16 December 2015.

With the form of B2B, 70% of the enterprises used email and 36% of the enterprises used partner websites to place order. The scale of online purchase contract could be expressed by the ratio of total value of orders placed by the enterprise via the above two forms to total costs of the enterprise. The result shows that a half of the enterprises (49%) have the ratio of online shopping value to total costs of under 20%, 34% of the enterprises have this ratio of 21-50% and 17% of the enterprises have online shopping value accounting for 51% or more of total costs. Compared with the respective ratios of 2014, it can be seen that the enterprises tend to improve buying goods and services online.

With the form of G2B, the proportion of enterprises using online public services in 2015 accounted for up to 73%. Several online public services reached level 4, i.e. enterprises may pay online.¹⁴ In which, up to 83% of the enterprises used electronic tax declaration service and 25% of the enterprises used electronic customs declaration service.¹⁵

4. The State has an important role in developing e-commerce in the new period

As assessed by Vietnam E-commerce Association, since 2016, Vietnam e-commerce will shift to a new period with the highlight of rapid and stable growth rate.

The period from 1998 to 2005 was the period of forming e-commerce with outstanding activities in the construction of e-commerce infrastructure. In this period, the information technology and telecommunications infrastructure, particularly the Internet, initially met the online business demand. At the same time, the legal value of e-commerce was established in the Law on Electronic Transactions, Law on Information Technology, Civil Code, Law on Commerce and some other laws. Some enterprises used email and established website to serve for business operations. Some other enterprises invested in e-commerce platform models or provided technologies and solutions for implementing e-commerce.

The next period from 2006 to 2015 was the period to popularize e-commerce. Regarding policy, the Prime Minister issued two Master Plan on E-commerce Development for the 2006 - 2010 and 2011 - 2015 periods specifying clear objectives and assigning specific tasks to ministries, agencies and localities. Regarding the law, various decrees and other legal documents on e-commerce, information and communication technology were issued. Along with e-commerce, the Government also aggressively implemented e-government.

¹⁴ According to ICT Index 2015, the proportion of online public services of ministries and agencies reached level 3 of 2.2%, level 4 of 1.5%. In provinces, the respective proportions were 4.4% and 0.48%. *Report on the Index of Readiness for Development and Application of Information and Communication Technology 2015*, Information and Communications Publishing House, 2015.

¹⁵ According to Mr. Nguyen Dai Tri – Deputy Director General of General Department of Taxation, Ministry of Finance, total number of enterprises registering electronic tax payment via portal of the General Department of Taxation accounted for 90.7% of total active enterprises. In which, 81.9% of the enterprises successfully registered electronic tax payment in commercial banks. Total amount paid to the state budget via portal in 2015 was more than VND104,000 billion. *Vietnam E-payment Forum Yearbook 2015*.



During this period, the information and communication technology infrastructure, especially the Internet and mobile technology, developed rapidly, basically meeting the requirements of e-commerce development.

In terms of business, e-commerce was implemented at various levels in most enterprises. The proportion of online consumers rapidly increased, especially in major cities. However, the scale of online transactions remained low. Although there was no reliable statistics but the Ministry of Industry and Trade estimated the sales of retail e-commerce of Vietnam in 2014 was about \$3 billion.¹⁶

The period from 2016 to 2020, even by 2025 could be the period of rapid development of e-commerce in Vietnam. In late 2015, Ken Research forecasted the market size of retail e-commerce Vietnam in 2019 would reach \$7.5 billion.¹⁷ However, it should consider e-commerce more comprehensively, including B2C, B2B, G2B transactions and other forms of transactions, especially the development of technologies which strongly supported the form of C2C.¹⁸

The role of the State in this third period may be more vital than the two previous periods. The State not only has the function of creating a favorable environment and promoting the development of e-commerce but also should become the largest leading buyer (government procurement through online bidding) and seller (online supply of public services and collecting fees).

From the result of surveying enterprises and establishing the eBusiness Index, it can be seen that the State should promptly issue policies on development of human resources, electronic payment services, delivery and fulfillment services, collecting tax arising from online business activities, including regular trading individuals and cross-border online transactions.

The number and scale of online transactions increased as well as the appearance of many new forms of online business will result in the increase of the number and the complexity of disputes in e-commerce. The State management agencies on e-commerce, market management, competition management and protection of consumers, arbitration institutions and courts at central and local levels should improve the competence of formulation and implementation of policies, legislation and adjudication.

¹⁶ *Vietnam E-commerce Report 2014*, Department of E-commerce and Information Technology, Ministry of Industry and Trade, December 2014. According to other source, online retail sales of Vietnam in 2014 was \$1.4 billion (<http://www.statista.com/outlook/243/127/ecommerce/vietnam#>).

The difference between these two sources may be due to the fact that latter only counted the retail sales of tangible goods, while the former counted the retail sales of goods in general, including services such as online travel, game online, etc.

¹⁷ <http://www.news.kenresearch.com/post/131203480743/vietnam-e-commerce-market-is-expected-to-reach>

¹⁸ Several studies forecast that with the support of information and communication technology, especially the internet and mobile technology, cloud computing, the on-demand economy model will strongly develop in the years to come. The success of the smart transportation service Uber is an example of this model.



CHAPTER II

OVERVIEW

Vietnam E-commerce 2015



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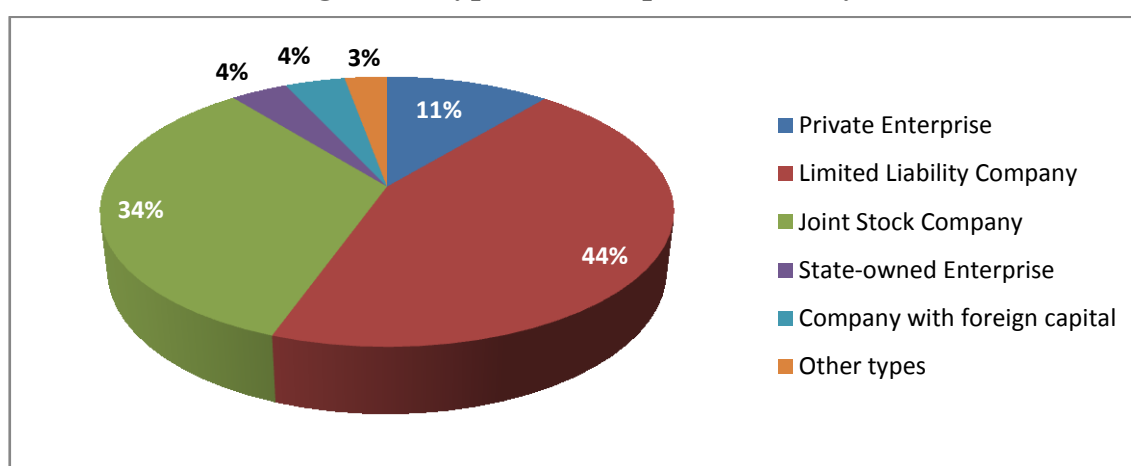
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VIET NAM E-BUSINESS INDEX

1. ENTERPRISES IN SURVEY

The survey was conducted from September to November 2015 in 4,735 enterprises in the centrally run provinces, cities (collectively called provinces) nationwide. Regarding types of enterprises in survey, the biggest proportion belonged to limited liability companies (44%), followed by joint stock companies (34%), private enterprises (11%), foreign capital enterprises and State-owned enterprises with the same proportion of 4%. Large enterprises made up to 12% total enterprises in survey, higher than those of three years ago.

Figure 1: Types of enterprise in survey



2. HUMAN RESOURCES AND INFORMATION TECHNOLOGY INFRASTRUCTURE

a. Computer

2015 witnessed an important milestone with 99.9% enterprises in survey having PCs and laptops. There was up to 88.4% enterprises having tablets, in which, Hanoi had the highest proportion of 96.1%, followed by Ho Chi Minh City with the proportion of 91.9%.

b. Information safety and security

In 2015, the proportion of enterprises using digital signature and signature certifying service was mounted up to 63%, absolutely higher than 45%, 31% and 23% of 2014, 2013 and 2012 respectively.

This proportion reflected e-tax services and e-customs and many other online public services largely deployed to enterprises nationwide.

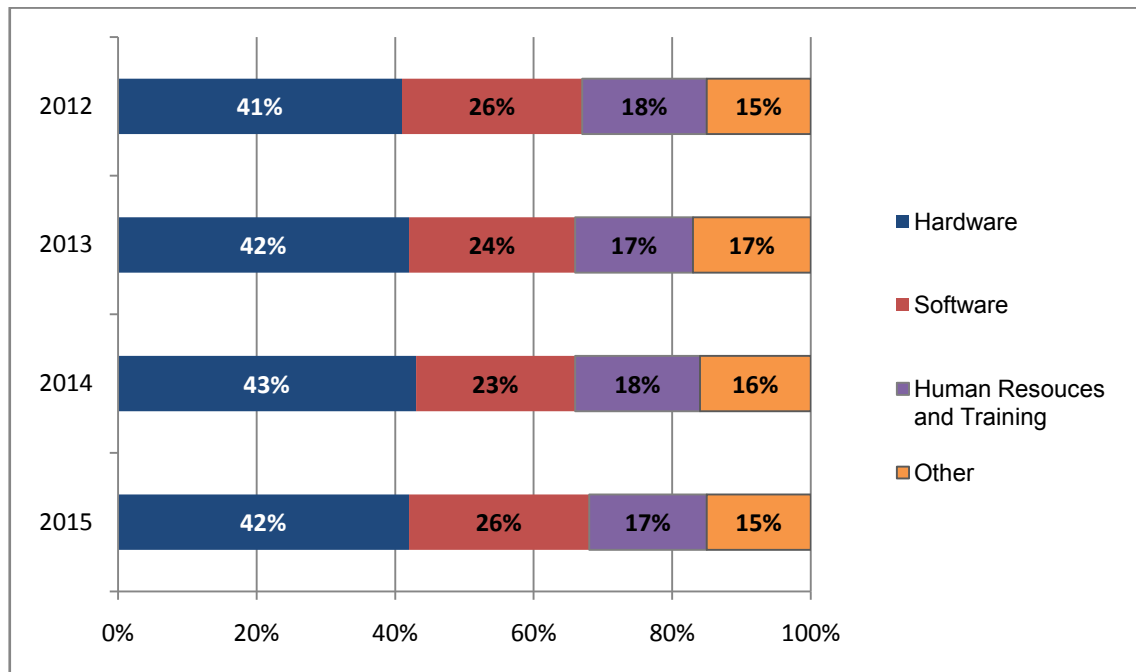
c. Investment mechanism into information technology

Investment mechanism for information technology hardly changed in period of 2012-2015. In 2015, the biggest investment proportion was for hardware (42%), followed by software (26%). The investment proportion for training human resources made up only 17%, others was 15%. The investment

proportion for software in 2015 was higher than those of 2013 and 2014 and equal that of 2012.

There has not been a sign showing considerable change in the investment mechanism for information technology.

Figure 2: Investment mechanism for information technology



d. Employees in charge of information technology and e-commerce

In 2015, the proportion of enterprises having officers in charge of information technology and e-commerce was 82.2%, much higher than those of the previous years. With the trend of clear split between officers in charge of e-commerce and officers in charge of information technology, surveying in the same criterion was becoming not true to the reality.

Business areas with the highest proportion of employees in charge were recreation (97%), IT and communication (93%), finance and real estate (92%), health, education and training (90%). The lowest proportion belonged to the sector of energy and minerals (72%).

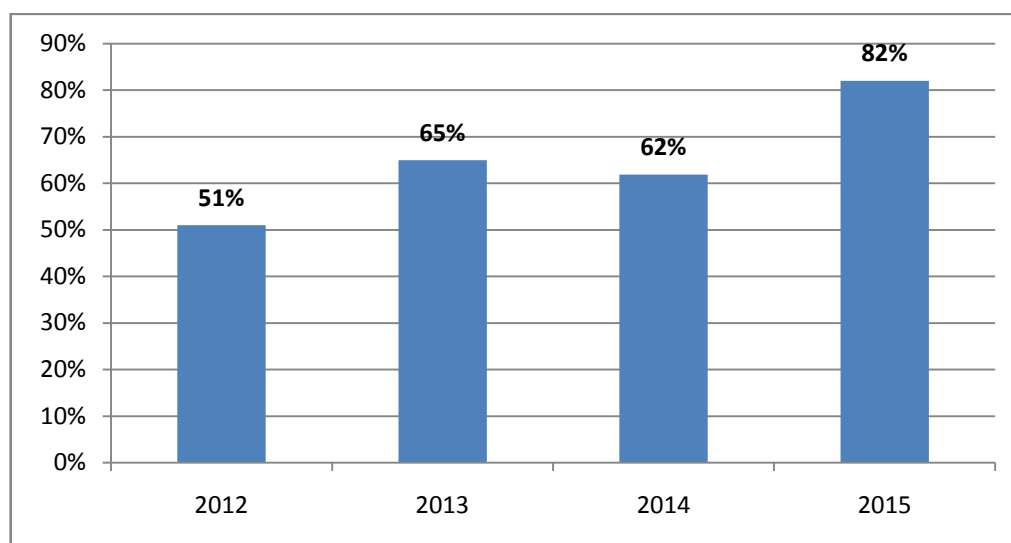
If regardless of IT and communication areas (included e-commerce solution providing enterprises), the recreation area had the highest proportion of employees in charge of IT and E-commerce (13.7%), followed by distribution (7.8%). Tourism area had 5.8% of employees in charge of IT and E-commerce.

The above proportion reflected that IT application and online business was popular and human resources were considerably invested by enterprises.

Regarding recruiting employees with information technology and e-commerce skills in 2015, there was 24% of enterprises saying they had difficulty. Compared to the proportion of 27% in 2014 and 29% in 2013, it can be seen that

enterprises had more advantages in recruiting employees for information technology and e-commerce.

Figure 3: Employees in charge of IT and E-commerce



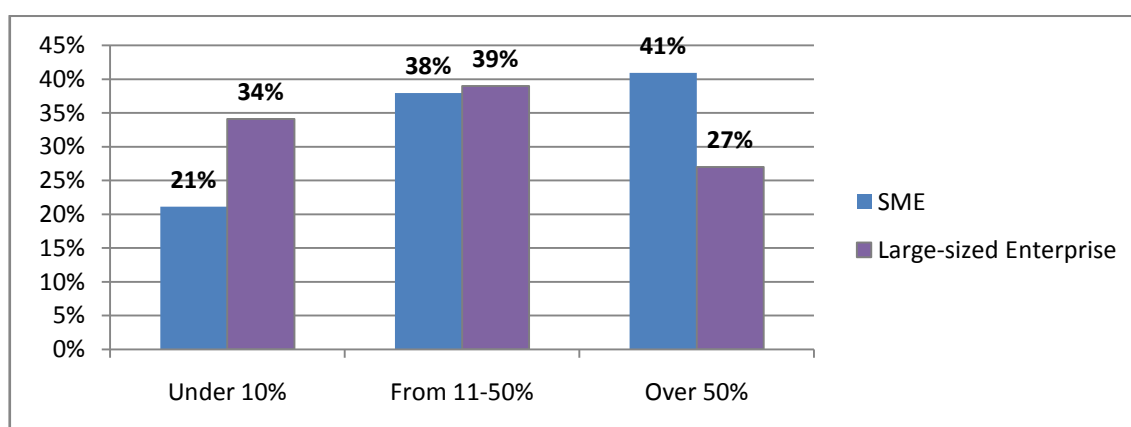
e. Employees often using email in working

In 2015, in large enterprises, there were 27% of enterprises having more than 50% employees often using email in working, 34% of enterprises having less than 10% employees often using email.

In medium and small enterprises, 41% of them had more than 50% employees frequently using email in working.

Generally, the proportion of employees using email in work in 2015 was similar to that in 2014.

Figure 4: Situation of employees often using email in working

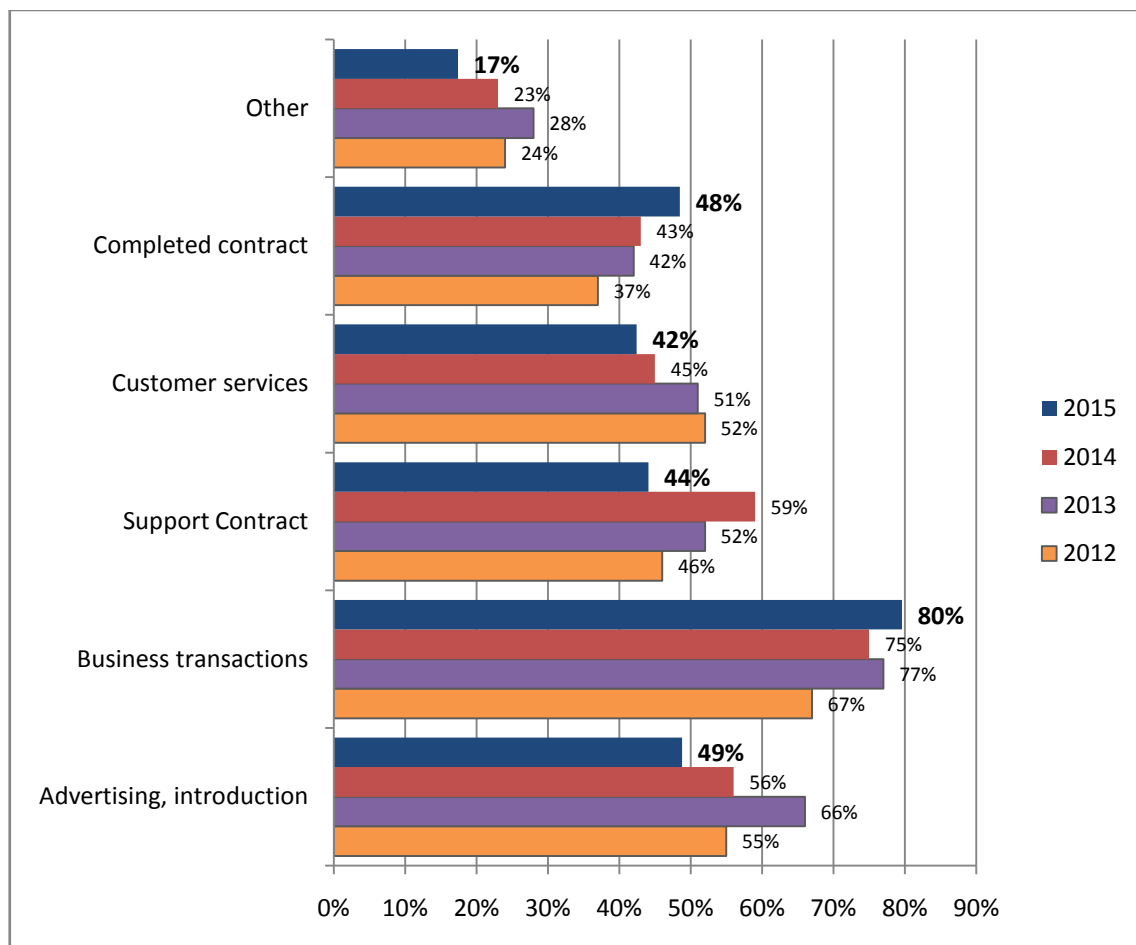


3. BUSINESS TO CONSUMER TRANSACTIONS (B2C)

a. Using email in business

According to survey results, in 2015, there was up to 95% of enterprises using email in business activities. There was a rather clear trend that the proportion of using email to execute contracts steadily increased from 37% in 2012 up to 48% in 2015. A proportion of 49% of enterprises using email to advertise and refer products decreased compared to those of previous years. This proportion could reflect that enterprises paid more attention to other online forms of marketing.

Figure 5: Using situation of email in business



b. E-commerce website

The proportion of enterprises in survey having website was 46%, hardly increased compared to those of previous years. 8% of enterprises said they had website establishment plan.

The proportion of enterprises having website in the areas of information technology and communication was the highest (72%), followed by enterprises in the tourism area (62%). Enterprises having construction business had the lowest proportion of establishing website (27%).



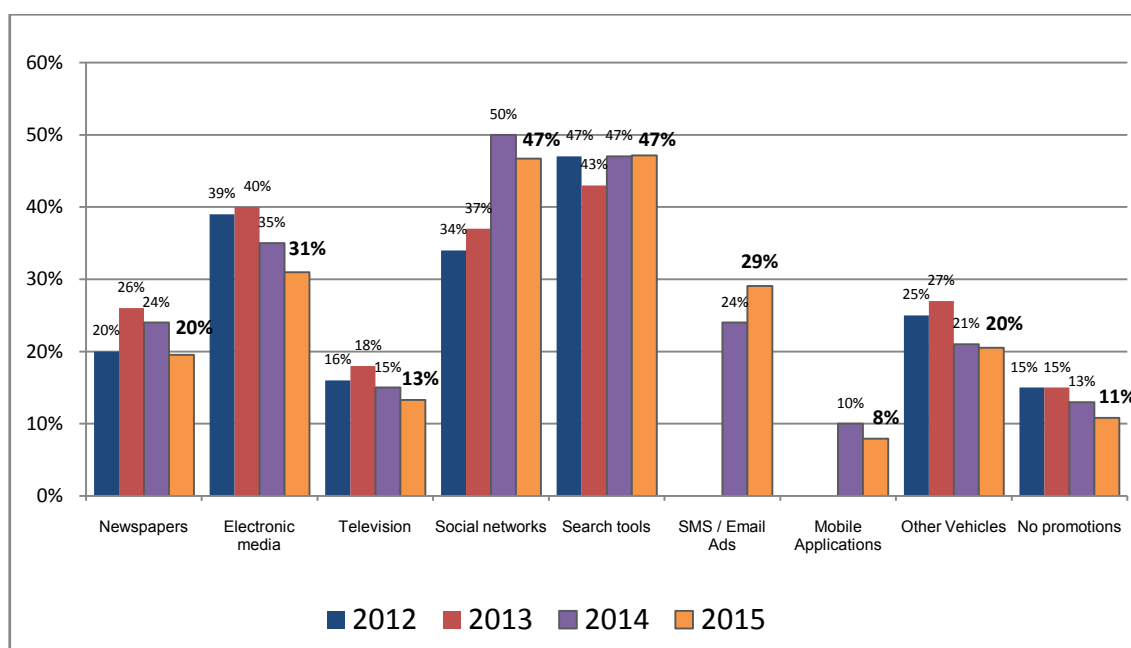
Meeting rapidly increasing demand for shopping via mobile, in 2015 there was 26% of websites having mobile version. This proportion was much higher than that of 15% of 2014.

However, enterprises have not paid attention to investment in human resources to operate websites; there were only 34% of enterprises appointing personnel to be in charge of content and administration of their own websites. This was a major cause leading to infrequently updating business information on websites. It can be seen from the survey that 50% enterprises daily updated information on website, 22% weekly and remaining 11% enterprises only monthly. The proportion of websites having online ordering function was 53%, whereas, the proportion of websites having online payment function was 17%. The above said proportions showed no considerable difference from those of 2014.

Expense for online marketing had a trend of slight increase. There was 12% of units said in 2015 they spent more than 50 million dong on online marketing, higher than 7% of 2014. The proportion of units spending 10 million dong on online marketing was 53%, equivalent to the corresponding proportion of 2014.

Social network continued to be used much to propagandize website with the proportion of 47%, equivalent to that of propaganda on searching tools. While the propaganda proportion on searching tools maintained at high level and stable, that on social network had slow down trend at equivalent high level to that on searching tools.

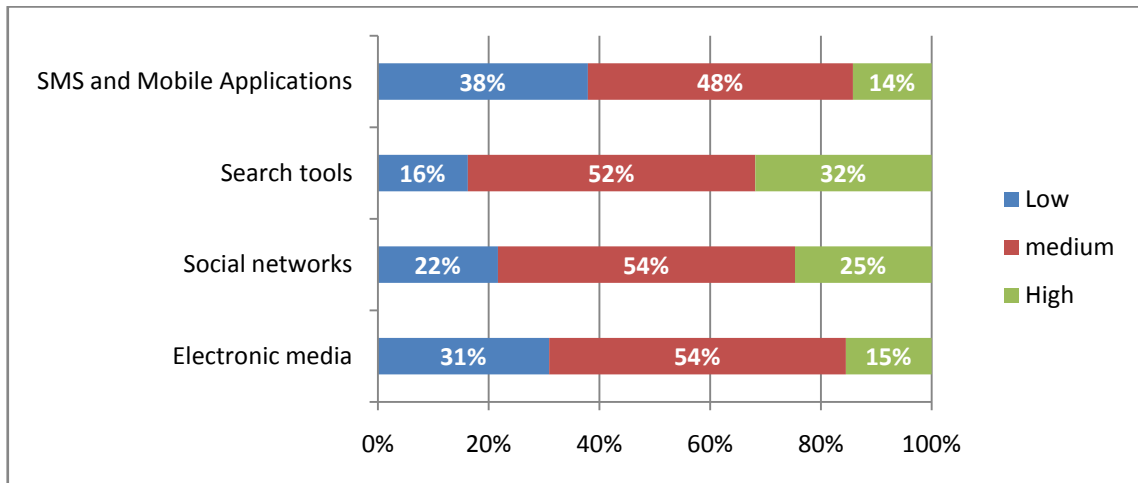
Figure 6: Counting propagandizing types of website of enterprises



Evaluating efficiency on propaganda channels, there was 32% of enterprises saying their propaganda on searching tools were highly effective. This proportion was twofold of 16% of enterprises saying their propaganda on

searching tools was lowly effective. The corresponding proportions of social network were 25% and 22%. Propaganda on mobile devices was paid more attention, however, there was only 14% enterprises assessed this was a high effective propaganda channel and there was up to 38% saying this was lowly effective.

Figure 7: Effectiveness of propagandizing channels of website of enterprises



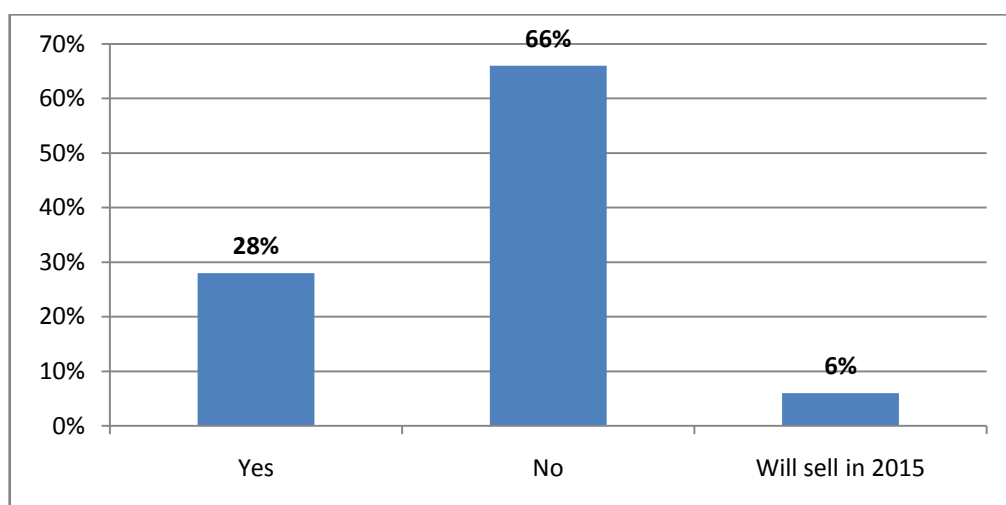
c.E-commerce exchanges

In 2015, the proportion of enterprises in e-commerce exchanges was 13%, hardly changed compared to those of 2013 and 2014. The proportion of enterprises assessing sales on e-commerce exchanges bringing high effectiveness was 14%.

d. Business on social network

In 2015 there were 28% of enterprises in survey saying they used social network to do business, an increase of 4% compared to 2014. Social network becomes an important business means to many enterprises.

Figure 8: Proportion of enterprises doing business on social network

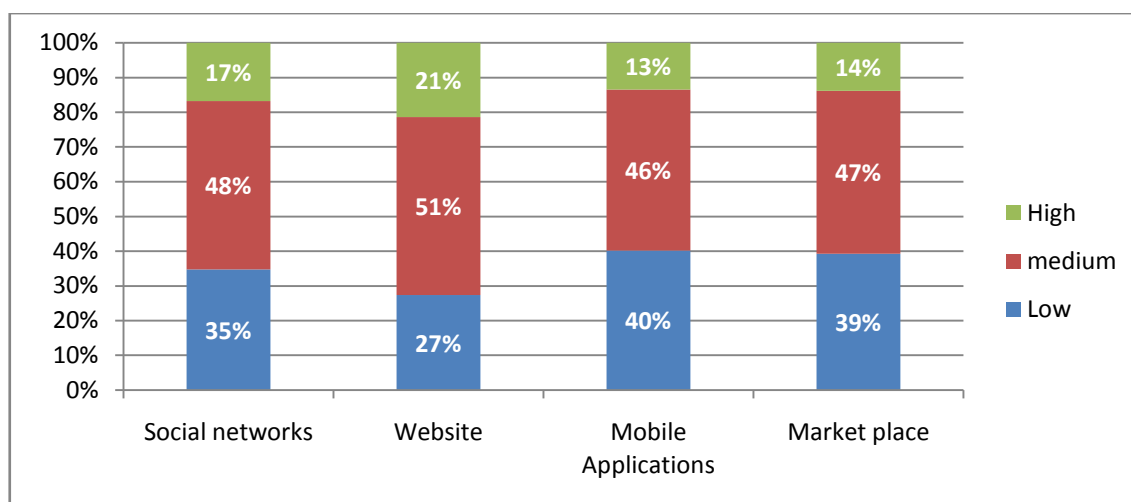


Assessing in business efficiency on social network, 48% of enterprises said the business efficiency on social network was at average level, 17% said it was highly efficiency. These proportions were equal to those of 2014.

e. Business via mobile applications

About 18% of enterprises said they used applications on mobile devices for business activities, higher than the proportion of 11% of 2014. However, 40% of enterprises said that the efficiency was low and only 13% said it had high efficiency.

Figure 9: Efficiency of sales channels

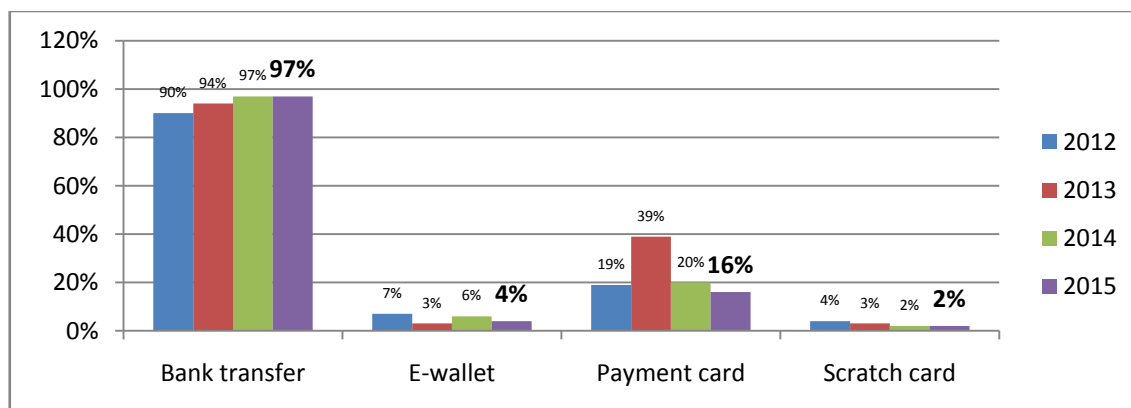


f. Payment

It can be seen from surveying enterprises nationwide in 2015, almost enterprises (97%) used payment via bank transfer. Whereas, the proportion of enterprises accepting payment card was low and there was no sign of increase.

Payment via e-wallet was used by only 4% of enterprises and there has not been a clear trend of change. Payment proportion for online transactions via scratch card continued at a very low level and had a trend of gradual decrease. Therefore, scratch card was becoming more and more inappropriate to pay for online sales and purchase transactions.

Figure 10: Forms of non cash payment



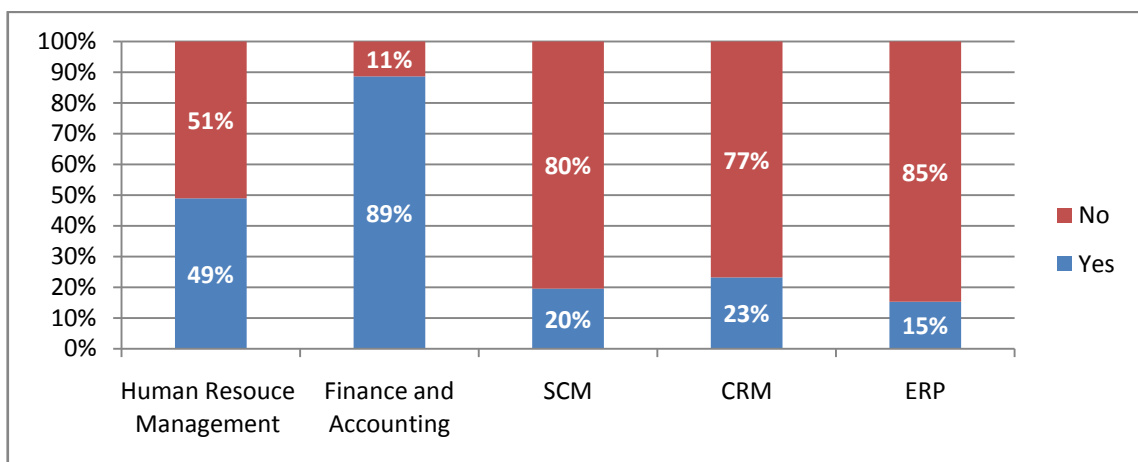
4. BUSINESS TO BUSINESS TRANSACTIONS (B2B)

a. Using management software

There was 89% of enterprises having applied accounting and financial softwares, 49% of enterprises deployed personnel management software. These proportions didn't largely vary compared to 2013 and 2014.

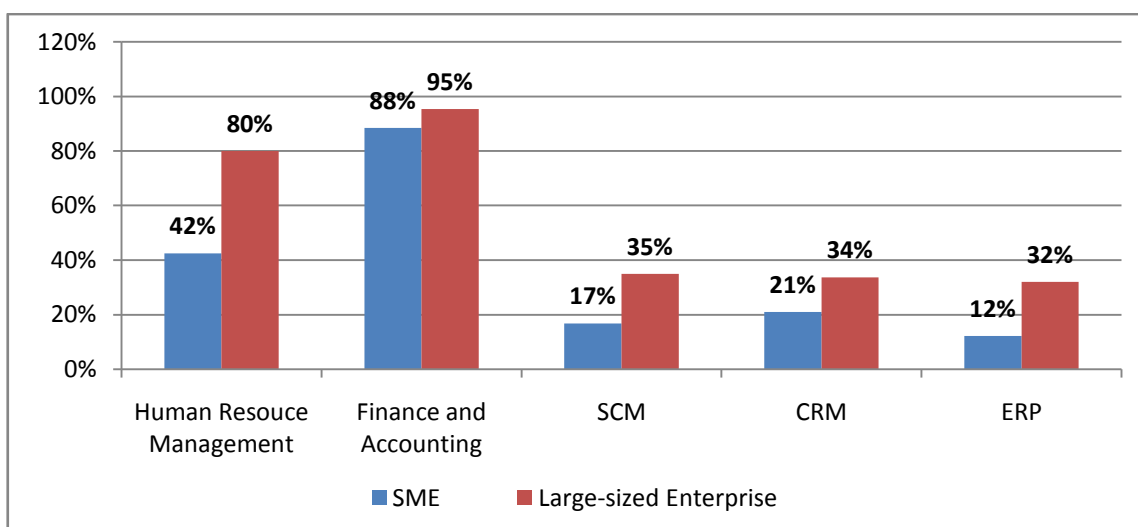
Similarly, the application of customer relationship management (CRM), supply chain management (SCM) and enterprise resources planning (ERP) generally had no difference compared to the previous years. 23% of enterprises in the survey said they applied CRM software, 20% used SCM software and 15% applied ERP software.

Figure 11: Using situation of management software



There was a clear difference in using situation of management softwares between large-sized enterprises and small and medium-sized enterprises. Except for accounting and financial software, using proportion of other softwares in large-sized enterprises was approximately twofold than that of medium and small-sized enterprises.

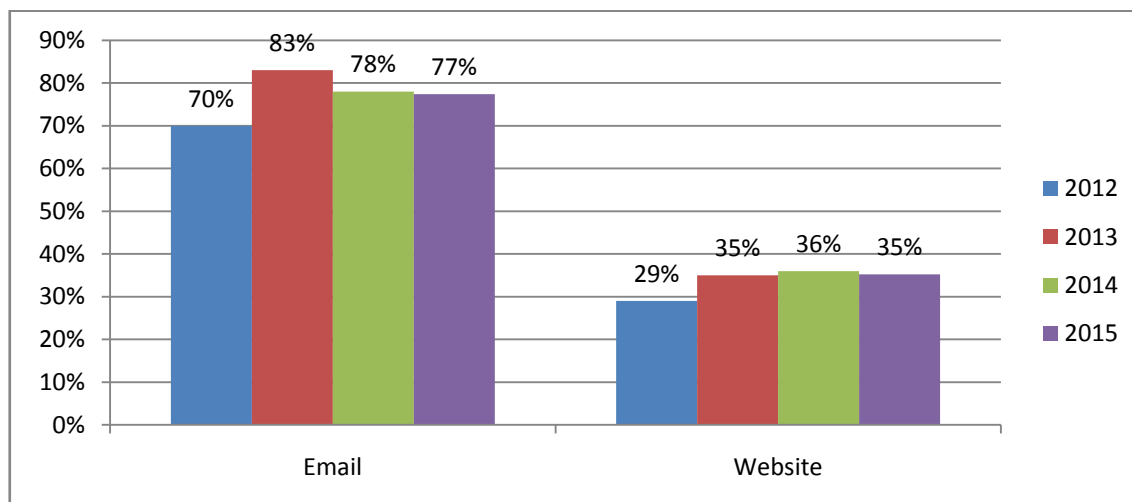
Figure 12: Using situation of management software by scale of enterprises



b. Receiving orders via Electronic devices

In 2015, there was 77% of enterprises using email to receive orders and 35% of enterprises receiving orders via website.

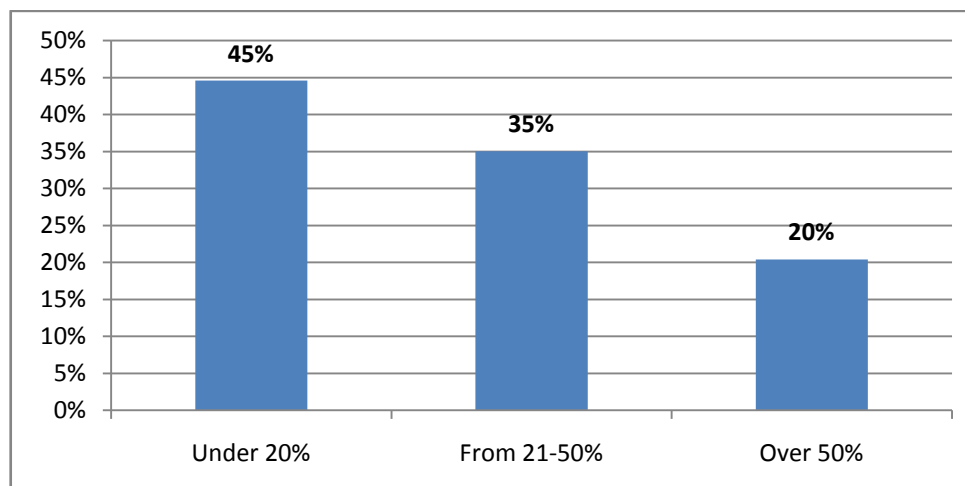
Figure 13: Enterprises using e-devices to receive orders



Total proportion of value of orders received by enterprises via the two said above forms compared to their total turnover reflected scale of online sales contracts. Surveying result in 2015 showed there was up to 20% of enterprises having value of online contracts making up from 51% turnover or more, an increase of 4% compared to that in 2014. Whereas, there was 45% of enterprises said the value of online orders made up less than 20% turnover, a decrease of 6% compared to that in 2014. In general, turnover from online sales increased compared to those of previous years.

Processing quality of online and courier service orders had changes towards better direction. In 2014, there were only 22% of enterprises saying the processing of orders and delivering products were automatically and monitored via online checking system. This proportion was 27% in 2015.

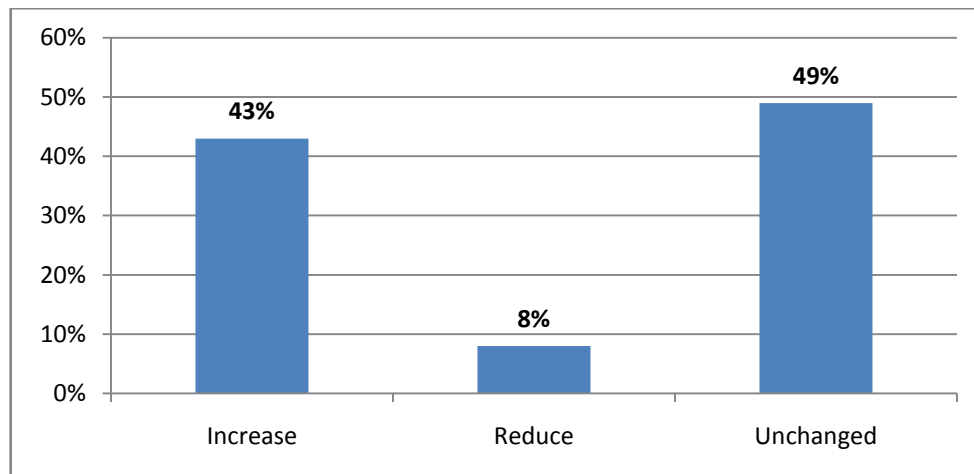
Figure 14: Scale of online sales compared to total turnover



Answering the question of which was the direction of the turnover from online channel compared to 2014, 43% of enterprises said it increased, 49% unchanged and only decreased in 8% enterprises in survey.

Assessing the trend for the next year, 44% of large-sized enterprises optimistically said that turnover from online channel would increase and only 6% said it would decrease. Corresponding proportions of medium and small-sized enterprises were 42% and 8% respectively.

Figure 15: Comparison of online turnover variation

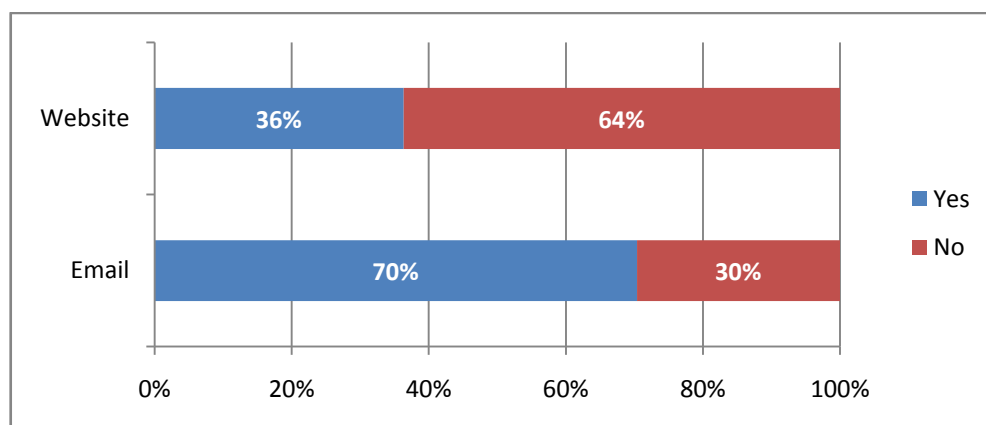


c. Ordering via Electronic devices

There was a comparatively clear symmetric between purchase and sales of enterprises. The survey results showed that 36% of enterprises ordered (purchasing goods and services) via websites of business partners, this proportion was equivalent to proportion of 35% of enterprises accepting orders (selling goods and services) via their websites.

In terms of using email, there was 70% of enterprises ordered (purchase) via email, nearly equal proportion of 77% of enterprises receiving orders (sales) via email.

Figure 16: Enterprises using Electronic devices to order

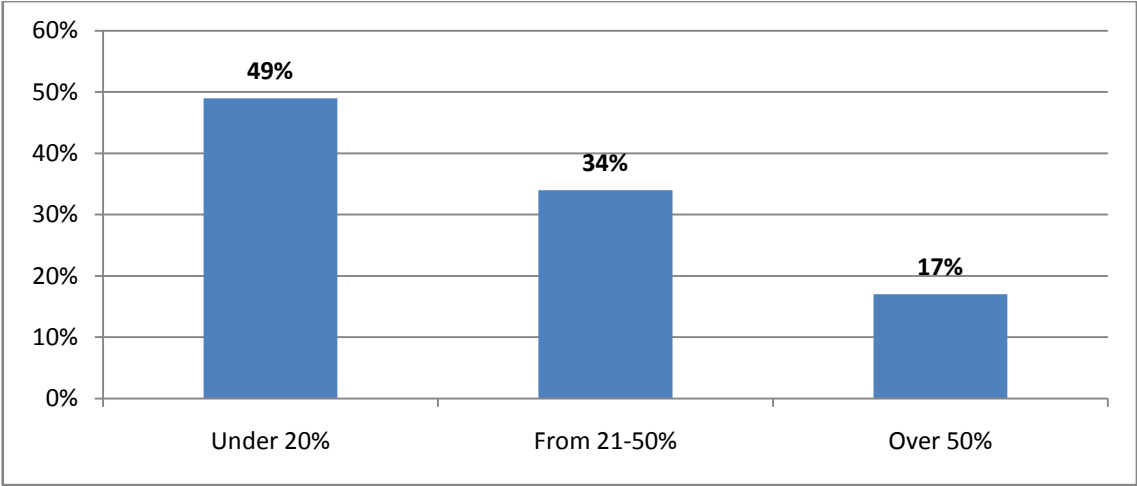




Scale of online purchase contracts could be expressed via total proportion of value of orders purchased by an enterprise via the above two forms compared to total expense of the enterprise.

The result showed that a half of enterprises (49%) had online purchase value less than 20% of expense, 34% of enterprises had this equal 21-50% of expense and 17% of enterprises had this making up from 51% or more. Compared to the corresponding of 2014, it can be seen the trend of enterprises promoting online purchase of goods and services.

Figure 17: Scale of online purchase compared to total expense



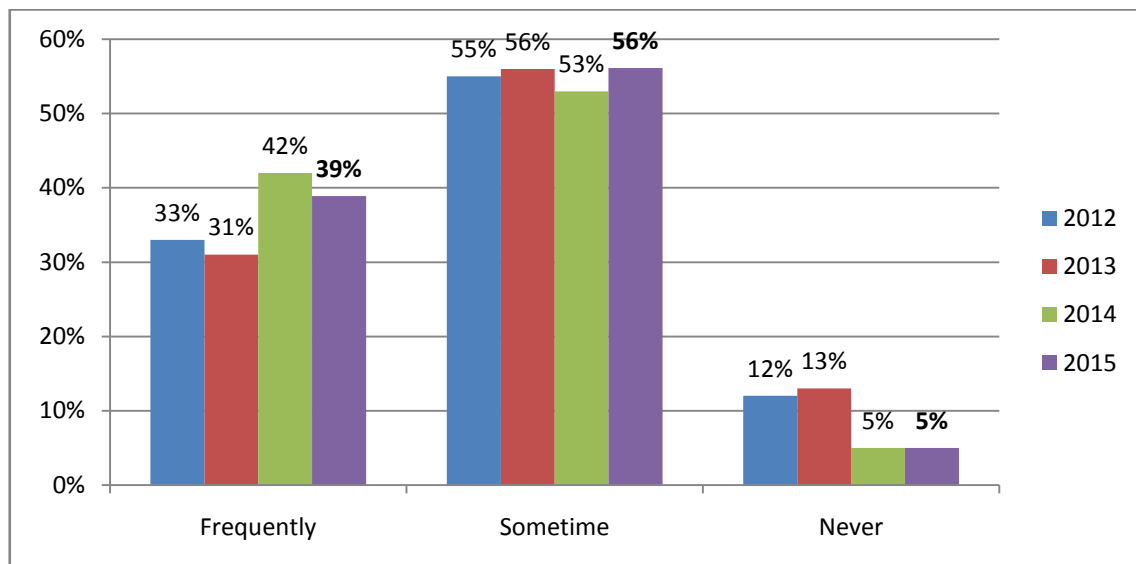
5. GOVERNMENT TO BUSINESS TRANSACTIONS (G2B)

a. Looking up information on websites of State agencies

It can be seen that from 2012 to the end of 2015, there was a trend that enterprises accessed and collected information from State agencies' websites, which was incremental with slow speed. In 2015, there was 39% of enterprises said they often accessed websites of State agencies, whereas 5% had never accessed. The proportion of enterprises occasionally accessing websites of State agencies in both periods hardly varied around 55%.

This trend could reflect that enterprises had no frequent demand for looking up information on websites of State agencies, or content of websites was not rich, untrue to business activities and not promptly updated, or design and technology of websites were inconvenient to enterprises.¹⁹

Figure 18: Proportion of enterprises often looking up information on websites of State agencies



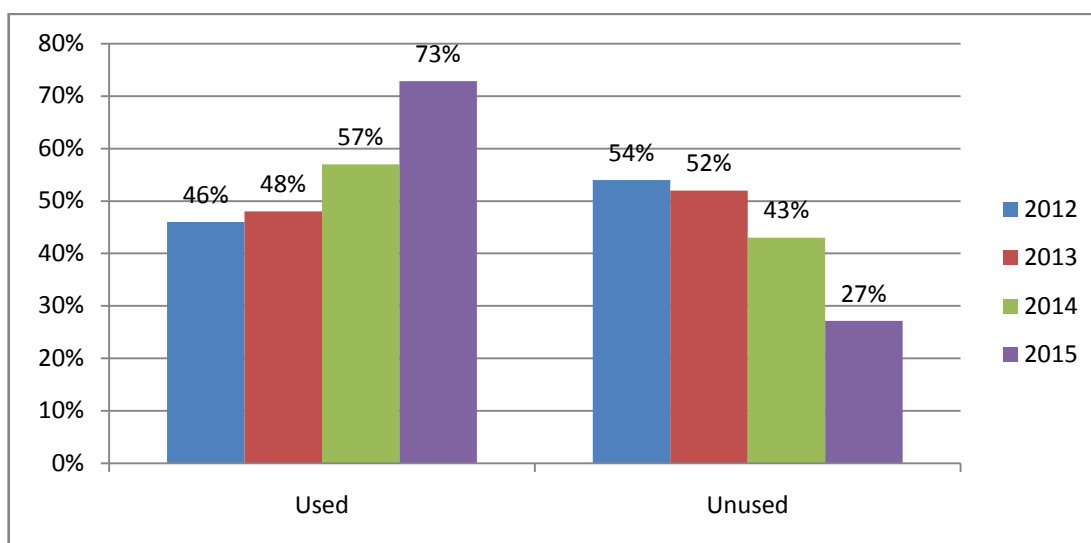
b. Using online public services

On contrary to the slow trend of increase in the proportion of enterprises often accessing and collecting business information from websites of State agencies, there was an obvious growth in the proportion of enterprises using online public services related to procedures of announcement, registration, licensing, etc. The proportion of enterprises using online public services in 2015 was up to 73%, much higher than those of previous years. This proportion

¹⁹ Dated 18 December 2015 VECOM surveyed 25 websites of the ministries and ministerial agencies. Most of these agencies have units in charge of information technology at department level or equivalent. The surveying result showed there was only 25% websites having mobile version. This proportion might be considerably lower for websites of units directly managed by ministries and ministerial agencies, people's committees of provinces and local units. Whereas, in 2015, 26% of enterprises had their websites with mobile version.

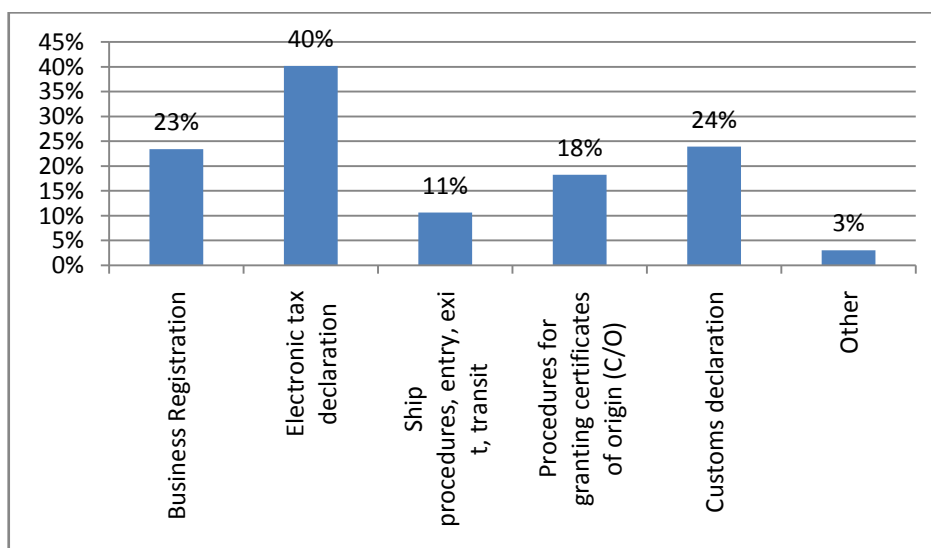
reflected common public services such as e-tax and e-customs widely deployed nationwide.

Figure 19: Using online public services



Beside the most common public services of e-tax and e-customs, proportion of using some other public services was also rather high, including business registration and origin certification.

Figure 20: Using situation of some online public services



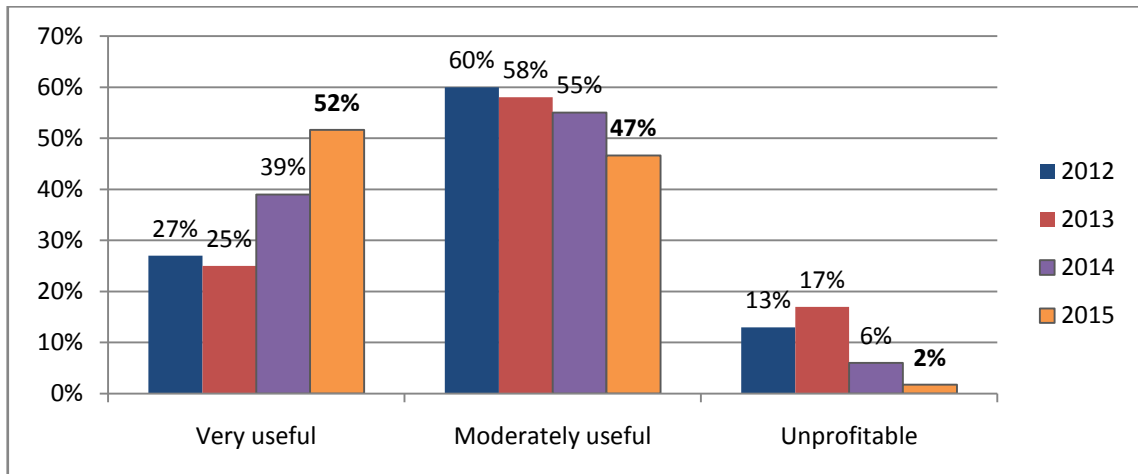
c. Benefits of online public services

Transparent and convenient business environment could be verified through valuation of enterprises on benefits of online public services. Signs collected in 2015 were optimistic with up to 52% of enterprises assessing online public services very useful to their business activities. This proportion was much higher than those of years 2012 - 2014. Online public services really contributed to

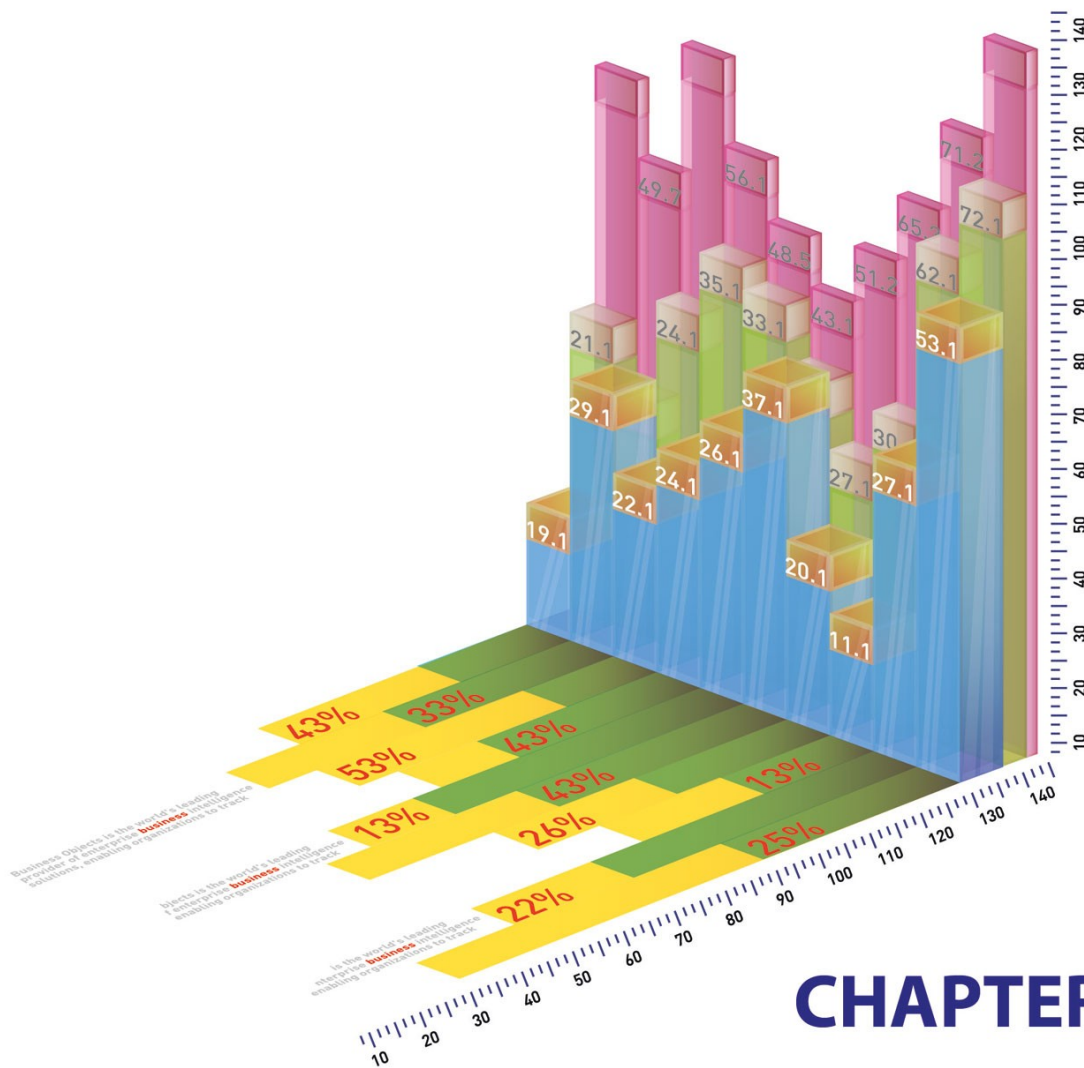
decrease in human resources costs and time as well as unofficial expenses for hundred of enterprises, increase in transparency of the State management system. This judgment was reflected via the proportion of only 2% of enterprises saying that online public services not useful to their business activities.

Efforts over years of State agencies at Central and local levels in providing online public services to enterprises was reconigzed in 2015.

Figure 21: Benefits of online public services







CHAPTER III

EBUSINESS INDEX BY PROVINCE



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VIET NAM E-BUSINESS INDEX

1. HUMAN RESOURCES AND INFORMATION TECHNOLOGY INFRASTRUCTURE INDEX (HR&IT)

In the period of three years 2012 – 2014, the component index of human resources and information technology infrastructure (HR&IT) was measured based on several criteria such as how current human resources meet the demand of IT and e-commerce application among the enterprises, the ability of recruiting staff with skills on IT and e-commerce, the proportion of personnel in charge of IT and e-commerce, the proportion of employees regularly using e-mail as well as the criterion on computer equipment and investment in IT and e-commerce. These criteria were calculated based on surveying enterprises.

As emphasized in the eBusiness Index Report 2012, the method to establish the index will be maintained stable in some years to create favorable conditions for comparing the development of e-commerce in the whole country year on year as well as of each locality. 2015 was the first year with a significant change in the establishment method of the index, including the component index of HR&IT.

The eBusiness Index Report 2014 specifically analyzed the relationship between domain name and e-commerce development in each locality. Domain name has a significant meaning to enterprises when doing business in online environment and has become one of the valuable assets. Through the evaluation of the development of human resources and information technology infrastructure, 2015 is the first year in which the calculation of this index will consider an additional criterion of the national domain name “.vn”.²⁰

No.	High group	Number of domain names .vn	Population/ 1 domain	No.	Low group	Number of domain names .vn	Population/ 1 domain
1	Ha Noi	133,688	53	1	Lai Chau	34	12,215
2	HCM City	137,632	58	2	Ha Giang	136	5,800
3	Da Nang	5,678	177	3	Bac Lieu	170	5,164
4	Binh Duong	4,624	405	4	Cao Bang	102	5,100
5	Ba Ria – Vung Tau	2,516	421	5	Ca Mau	272	4,472
6	Hai Phong	4,318	451	6	Son La	272	4,288
7	Khanh Hoa	2,414	496	7	Dak Nong	136	4,201
8	Can Tho	1,972	628	8	Soc Trang	340	3,846
9	Dong Nai	4,488	632	9	Hau Giang	204	3,767
10	Bac Ninh	1,768	640	10	Vinh Long	306	3,404

Table 1: Distribution of domain name “.vn” by province and population

While information technology infrastructure in general has advanced in all provinces and there was no significant gap between the accessibility to

²⁰ By the end of October 2015, among 335,794 domain names “.vn”, 52.1% had the tail of “.vn”, 37.3% had the tail of “.com.vn”. Thus, all remaining domain names with other tails such as “.edu.vn”, “.gov.vn”, “.org.vn”, etc. only accounted for about 10%.

On the other hand, a survey of VECOM in 2014 showed that the distribution of international domain names by locality was relatively consistent with the distribution of the national domain name.

information technology of enterprises in all localities, the picture of domain names was totally different. In terms of quantity, Lai Chau province had the lowest number of domain name “.vn” (34) while Ho Chi Minh City had the highest number of this domain name (137,632). In terms of the number of people per domain name “.vn”, Hanoi had the highest ratio with the average of 53 people per domain name, while this ratio of Lai Chau was 12,215.

At national level, on average 270 people would have a national domain name. The domain name “.vn” was continuously the national domain name (ccLTD) as the number of subscribers of this domain name was the highest in the Southeast Asia and it has been spread in the Asia.²¹ However, compared with other countries and territories which have strength in e-commerce in the region, the above ratio was 7 times higher than Singapore and 3 times higher than Malaysia.

Table 2: Population and domain names of some Asian countries

Country/Territory	The number of national domain name (*)	National domain extension	Population (millions) (**)	Population/1 domain
Singapore	179,071	.sg	5.5	31
Taiwan	628,080	.tw	23.5	37
Korea	1,076,603	.kr	50.4	47
Japan	1,400,632	.jp	127.1	91
Malaysia	300,462	.my	29.9	100
China	12,515,067	.cn	1,364.3	109
Vietnam	335,794	.vn	90.7	270

(*) VNNIC (by 15 October 2015)

(**) The World Bank (<http://data.worldbank.org/indicator/SP.POP.TOTL>). The population was estimated by the middle of 2014.

With the consideration of domain name as an important criterion for establishing the component index of human resources and information technology infrastructure in the context of comparing e-commerce of Vietnam and the world, the average score of this component index in 2015 was 45.8.

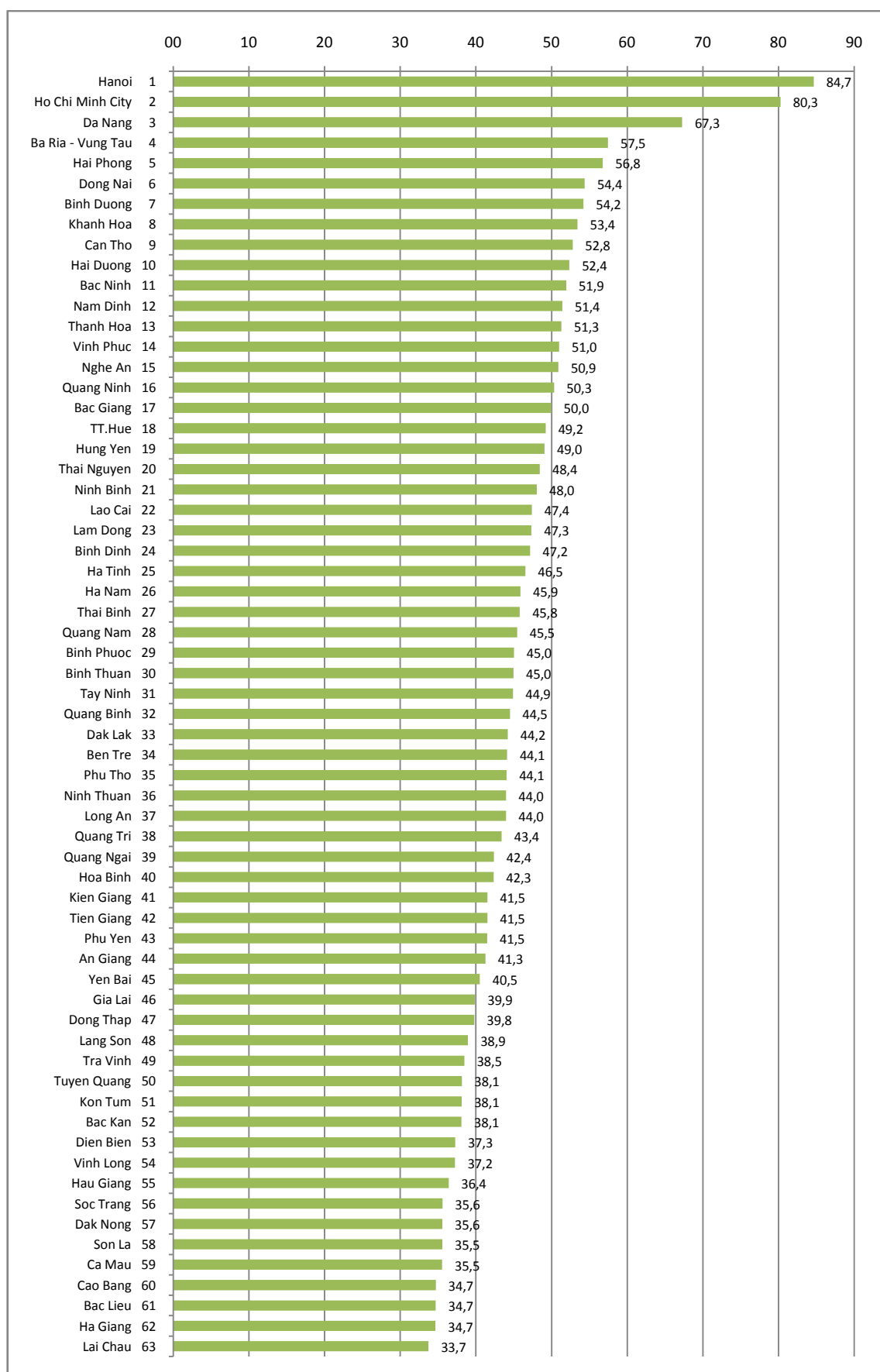
Hanoi had the highest component index of HR&IT (84.7), followed by Ho Chi Minh City (80.3), Da Nang (67.3), Ba Ria – Vung Tau (57.5) and Hai Phong (56.8).

Five localities with the lowest component index of HR&IT were Ca Mau (35.5), Cao Bang (34.7), Bac Lieu (34.7), Ha Giang (34.7) and Lai Chau (33.7).

With the scale of 10, only 17 localities reached above-average scores. Obviously, when enterprises have well access to computers and the Internet, localities should pay more attention to the resources of national as well as international domain names.

²¹ Report on Vietnam Internet Resources 2015, VNNIC, Information and Communication Publishing House.

Figure 22: Human Resources and Information Technology Infrastructure Index



2. BUSINESS TO CUSTOMER TRANSACTIONS INDEX (B2C)

The component index of Business to Customer (B2C) was established based on the following criteria: 1) use of email for commercial activities such as contracting, advertisement, introduction of products and enterprises, customer transactions, customer services; 2) set-up and operation of the enterprise's website; 3) participation in e-marketplaces; 4) use of non-cash payment means; 5) protection of personal information. A range of important elements are evaluated for enterprises having website, including the frequency of website update, the number of personnel in charge, the form of website advertisements, whether the website had a mobile version, etc. The scoring of websites are based on major functions of the website such as introduction of enterprise's information, products and services, online ordering, online payment, online customer care, etc.

In 2014, the survey of enterprises added two criteria relating to business on social networks and using mobile applications, and took into account some component indexes of e-commerce transactions between enterprises and consumers.

With the close correlation between per capita income by locality with the application of information technology and e-commerce, in 2015, the criterion of per capita income by locality was added when establishing the component index of B2C transactions. In fact, with the advantage of less dependence on geography of e-commerce, a local enterprise may sell online to customers in many other localities. With the rapid increase of the population accessing to the Internet and smart phones in most localities, the addition of per capita income may better reflect the purchase power and online market size in all localities.

According to the General Statistics Office, 5 localities having the highest monthly per capita income were Ho Chi Minh City, Hanoi, Hai Phong, Binh Duong and Ba Ria - Vung Tau. 5 localities having the lowest per capita income were all the northern mountainous provinces including Lai Chau, Ha Giang, Son La, Dien Bien and Bac Kan. The gap between the highest and the lowest scores was 5 times.²² The provinces in this area met several difficulties in application of e-commerce, including very high delivery and order fulfillment costs.

In 2015, the average score of the component index of B2C transactions was 46.9. This average score was lower than that in 2014 and previous years, which mainly reflected the new method of calculation taking consideration of the integration into the international economy, on the other hand indicated the high proportion of enterprises having no website (55%).²³ Moreover, for enterprises having a website, the quality and efficiency of the website was indicated low. In addition, the implementation of background services for online retails such as e-payment and delivery of enterprises had not seen positive changes compared with

²² See details in Annex 6

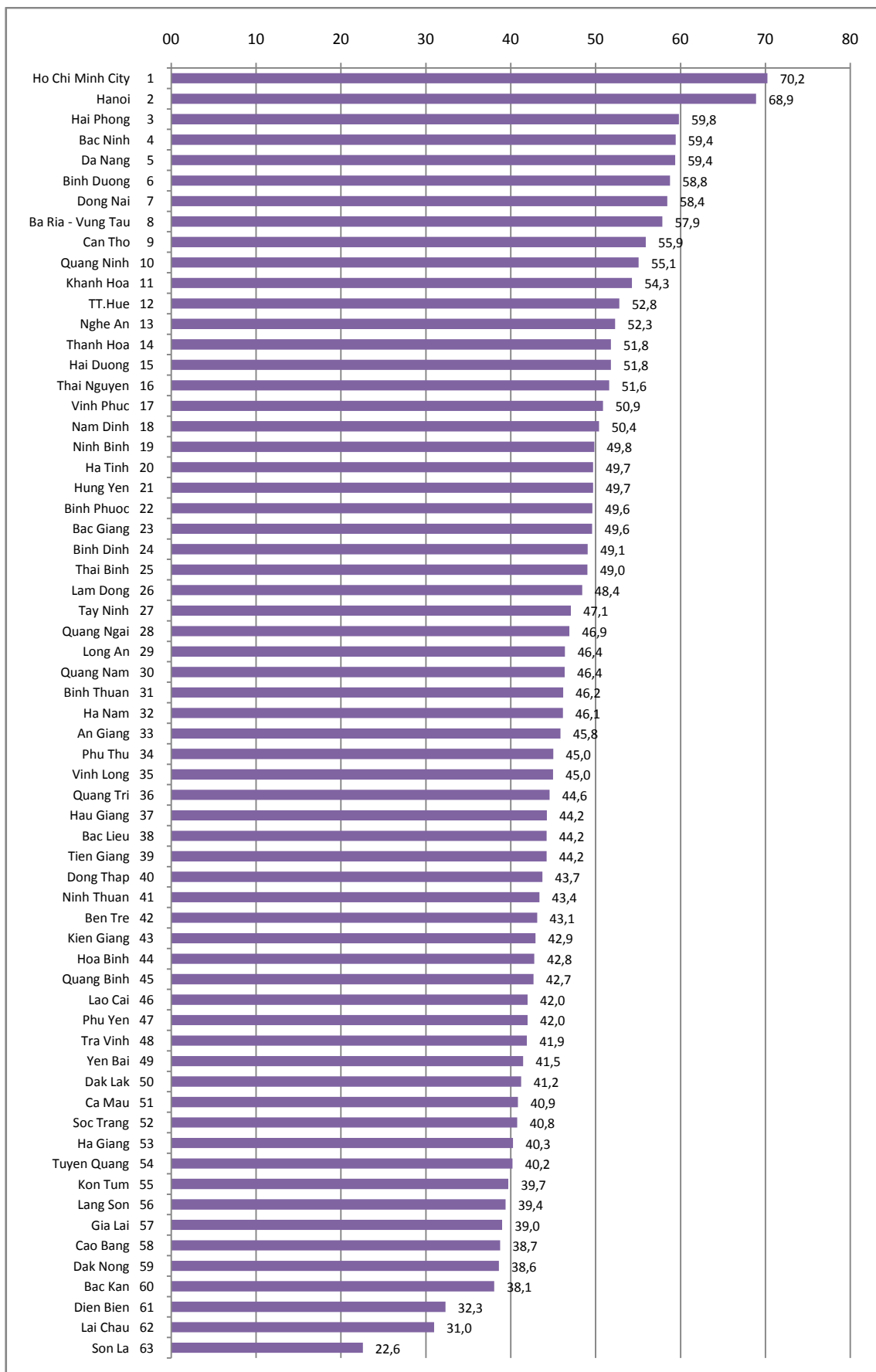
²³ Consistent with the situation of registration and use of domain names.



2014. Also a significant proportion of unhealthy enterprises in online environment also limited the development of this form of transactions.

Five localities having the highest component index of B2C transactions were Ho Chi Minh City (70.2), Hanoi (68.9), Hai Phong (59.8), Bac Ninh (59.4) and Da Nang (59.4). Five localities having the lowest index included Tuyen Quang (40.2), Kon Tum (39.7), Lang Son (39.4), Gia Lai (39.0) and Cao Bang (38.7).

Figure 23: B2C Transactions Index





3. BUSINESS TO BUSINESS TRANSACTIONS INDEX (B2B)

In the period 2012 – 2014, the index of online business to business transactions focused on business efficiency through the actual situation of receiving orders (sales) and placing orders (purchase) online, comparing value of online sales or purchase to revenue and costs of the enterprise.

This component index also attached importance to the level of applying information technology within the enterprise, including the application of software related to finance, accounting, human resource management and more complex software such as enterprise resource planning (ERP), customer relationship management (CRM), supply chain management (SCM).

By the end of 2015, most enterprises used email in transactions with partners, the proportion of enterprises having a website and participating in e-commerce exchanges was relatively high. In terms of sales, 77% of the enterprises used email to receive orders and 35% of the enterprises received orders via website. In terms of purchase, 70% of the enterprises placed orders (purchased) via email and 36% of the enterprises placed orders (purchased goods and services) via website of their business partners. In terms of application of management software, 89% of the enterprises applied finance and accounting software, 49% of the enterprises employed human resource software.

In the component index of B2B transactions, it is required to consider the criterion of the number of enterprises by population of each locality when most enterprises applied e-commerce. The addition of this criterion will reflect the level of B2B transactions of the locality more objectively.

Province	Population in 2014 (1,000 people)	Number of enterprises in 2013	enterprises/ 1,000 people
HCM City	7,982	120,724	15.12
Ha Noi	7,096	86,014	12.12
Da Nang	1,008	9,456	9.38
Binh Duong	1,874	11,101	5.92
Ba Ria – Vung Tau	1,060	5,567	5.25
Hai Phong	1,946	8,461	4.35
Khanh Hoa	1,197	4,245	3.55
Bac Ninh	1,131	3,915	3.46
Quang Tri	616	1,994	3.23
Quang Ninh	1,199	3,827	3.19

Source: Statistical Yearbook 2014

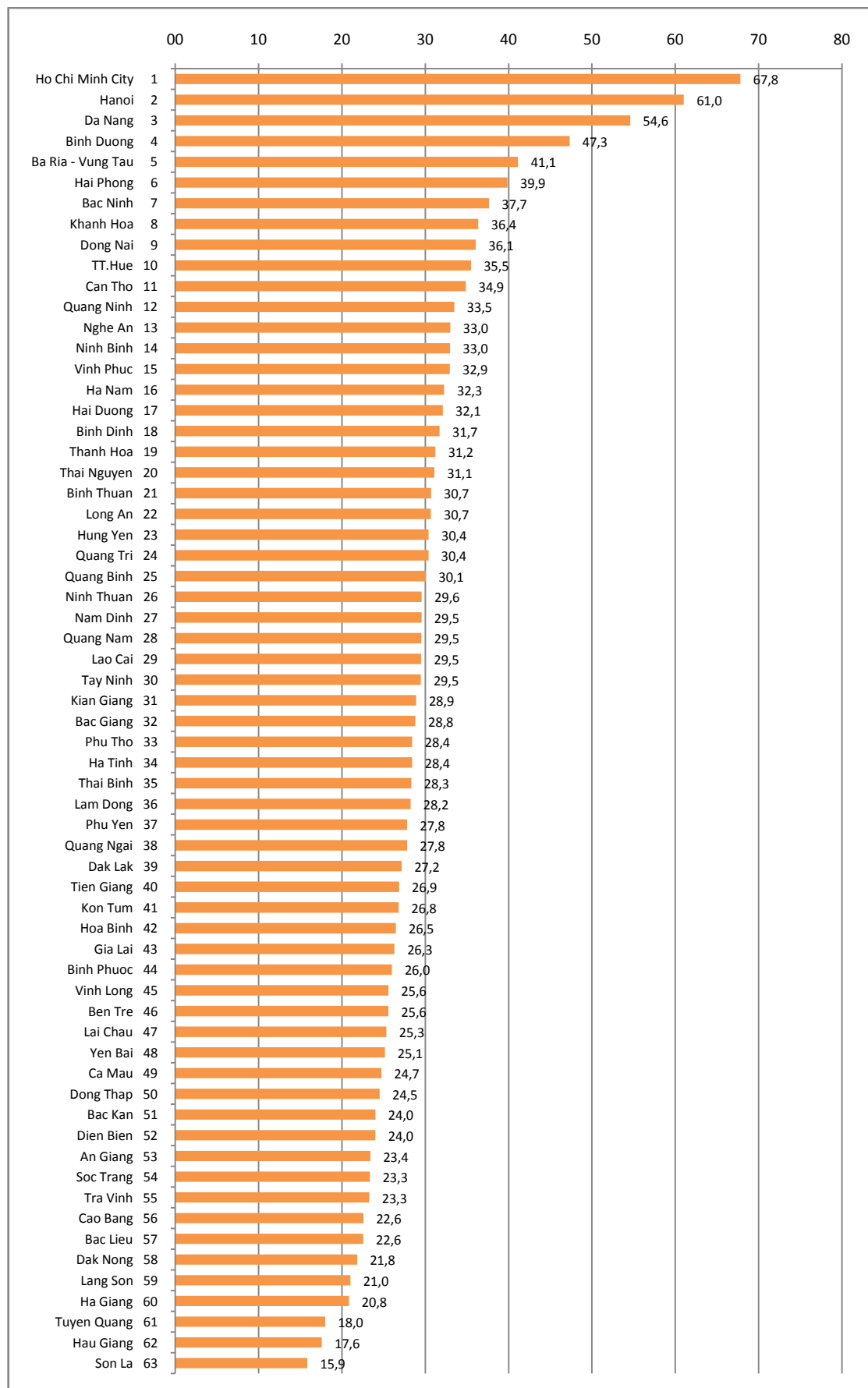
Information on population and enterprises by province is shown in Annex 6. Two largest economic centers of the country which are Ho Chi Minh City and Hanoi had the highest ratio of the number of enterprises to thousand people, 15.12 and 12.12 respectively. It is noted that Quang Tri was in the top 10 localities with the highest ratio, at average of 3.23 enterprises per thousand people.

With the addition of the criterion of the number of enterprises by population and considering this relatively low ratio of Vietnam compared with other countries in the world, the average score of B2B component index 2015 was lower than that of previous years. In the next years, when this ratio of each province and the whole country increase, the score of this component index will increase accordingly.

Ho Chi Minh City and Hanoi went ahead of all localities in the whole country with the scores of 67.8 and 61.0 respectively. Followed by Da Nang (54.6), Binh Duong (47.3), Ba Ria – Vung Tau (41.1) and Hai Phong (39.9).



Figure 24: B2B Transactions Index



4. GOVERNMENT TO BUSINESS TRANSACTIONS INDEX (G2B)

The index of transactions of Government to Business (G2B) is one of the four component indexes of eBusiness index. The ease of collecting information from websites of State management agencies at central and local levels created favorable conditions for business activities and could be considered as a factor of e-commerce. In addition, e-commerce at business level could not be separated from the online supply of public services, such as electronic customs, issue of electronic certificate of origin, online tax declaration.

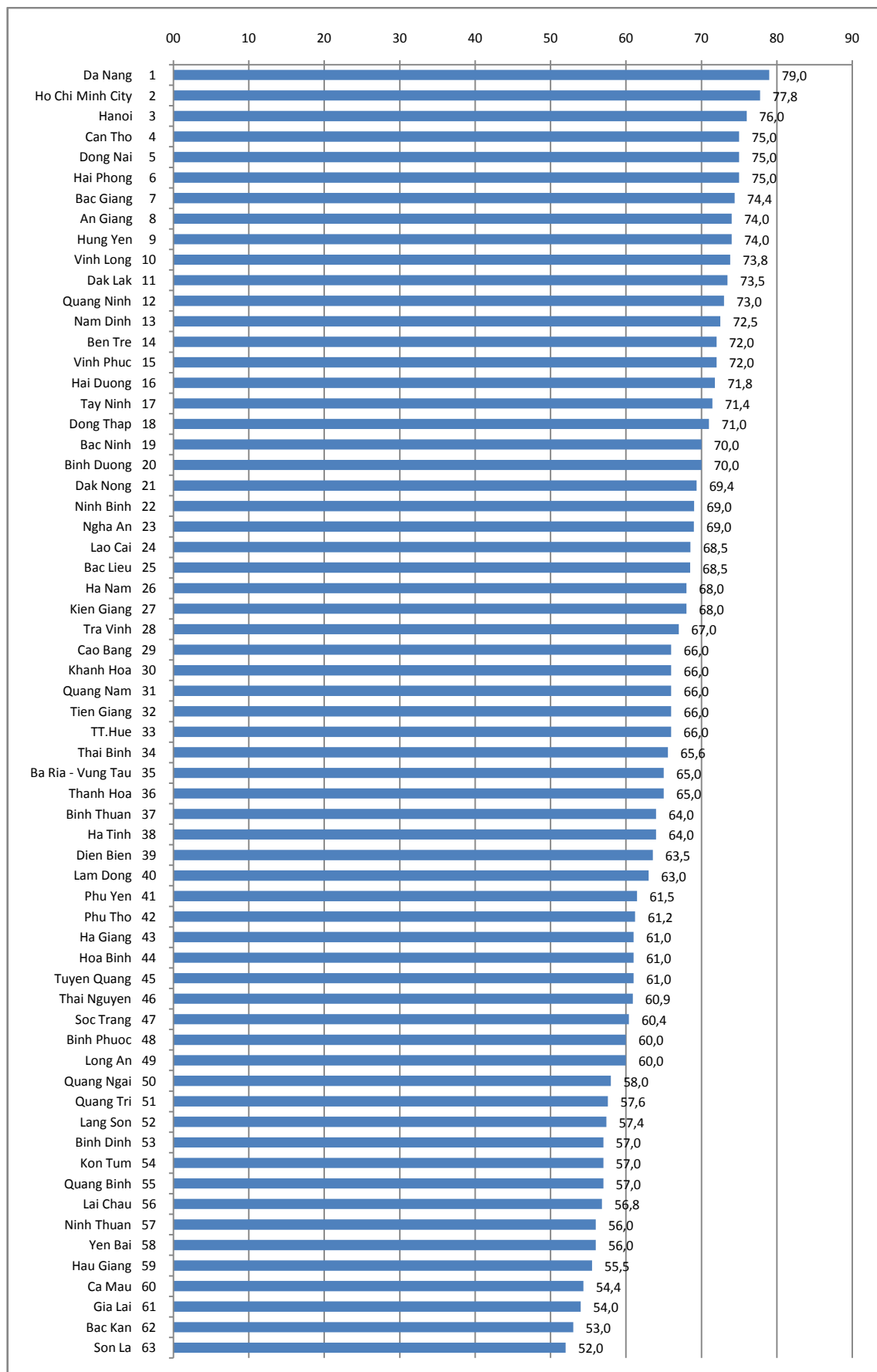
The G2B transactions index assessed the frequency of enterprises searching information on the website of State agencies and using online public services related to commercial activities. This index was established based on responses of enterprises to the questions concerning the frequency of searching information on the websites of the state agencies, the use of online public services and feedbacks of the enterprises about the benefits of online public services.

The average score of the Government to Business transactions index in 2015 was 65.5. This result indicated the significant progress of administrative reform efforts, the application of e-government and provision of online public services of the state management agencies from the central to local levels.

However, the government procurement occupied a sizable proportion of the total gross domestic product (GDP) of many countries around the world. The trend of e-government procurement in developed countries has been increased. Vietnam has made initial steps in publication of procurement activities and online bidding. It is expected that in addition to the criterion of gathering information of State agencies in the online environment and use of online public services, in the coming years the State agencies' examination of the participation in online bidding of enterprises in the field of procurement will be added. Then this criterion will be supplemented to the component index of government to business transactions.



Figure 25: G2B Transactions Index

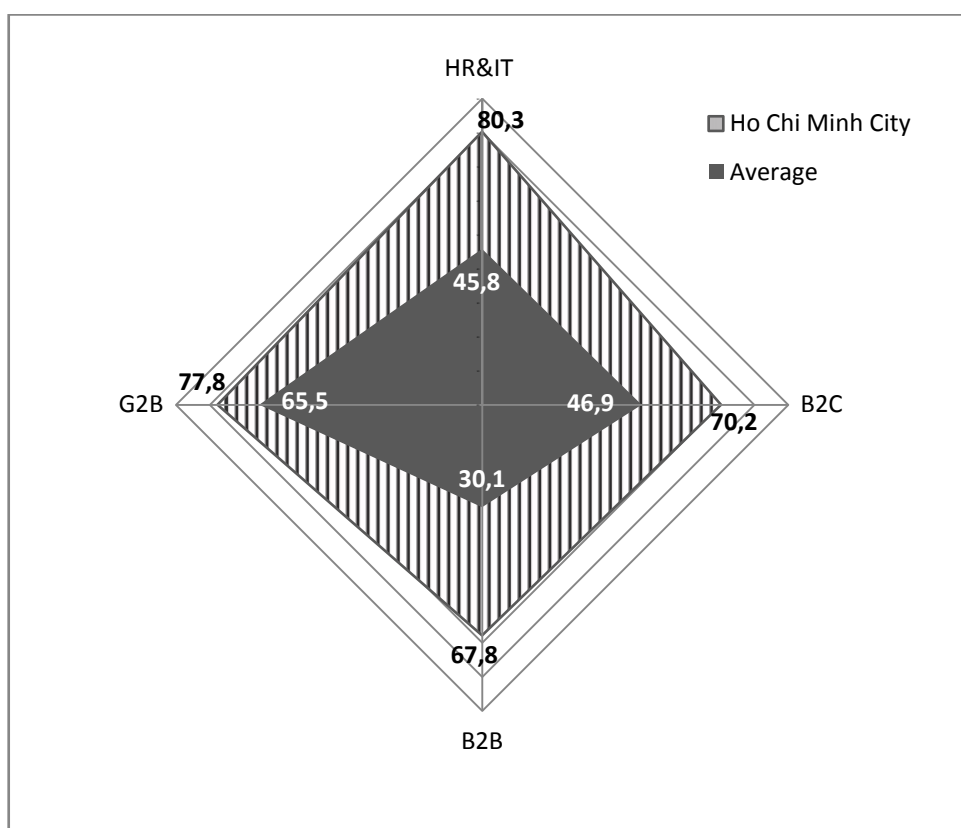


5. EBUSINESS INDEX BY PROVINCE

The index was compiled from four component indexes, the weights of component indexes of human resources and IT infrastructure, online business to consumer (B2C) transactions and business to business (B2B) transactions are equal and higher than the weight of the government to business transactions index.

With the addition of new criteria of domain resource, per capita income and percentage of enterprises by population, the average eBusiness Index 2015 was lower than 2014. This addition was necessary in order to reflect more accurately and objectively the development of e-commerce and information technology between Vietnam and other countries in the world as well as better comparability between localities. The average score of five leading localities was 63.4 and of five localities with the lowest scores was 32.9.

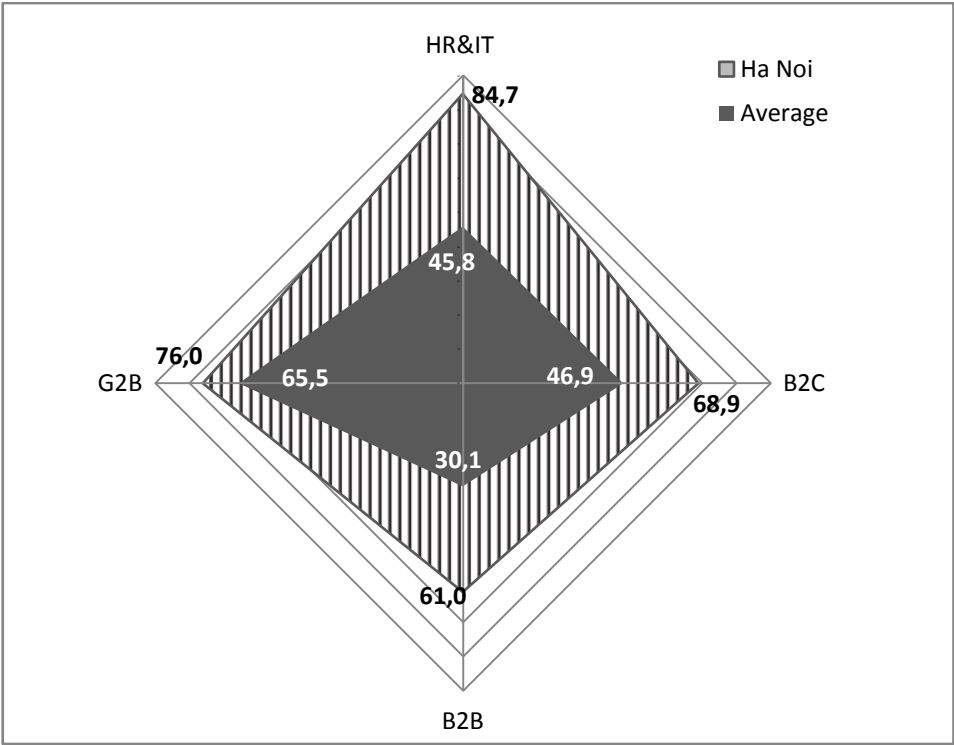
Figure 26: Component indexes of Ho Chi Minh City



In 2015, Ho Chi Minh City was ranked the first with the composite index of 73.3, followed by Hanoi with 72.0 points. The two largest economic centers of the country consecutively ranked the first and second in the last four years and created a huge gap with the remaining localities.



Figure 27: Component indexes of Hanoi



Although belonging to the group of top 5 leading localities but the gap between the next three provinces including Da Nang, Binh Duong and Hai Phong and the above two centers were relatively wide.

Figure 28: Component indexes of Da Nang

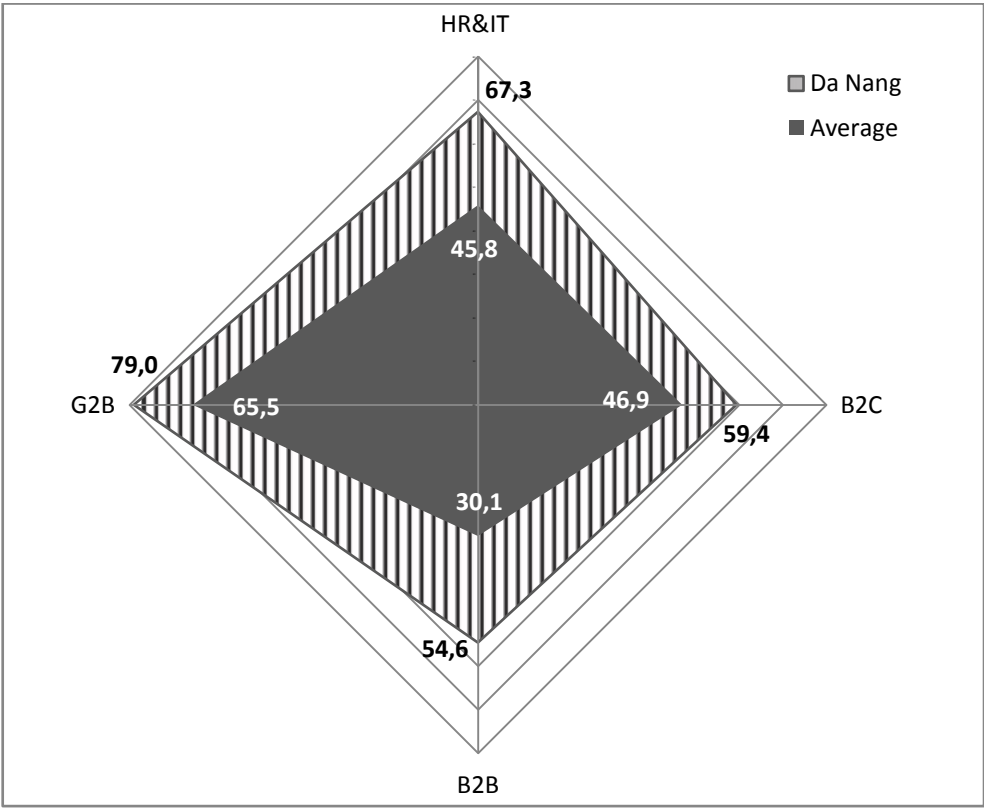


Figure 29: Component indexes of Binh Duong

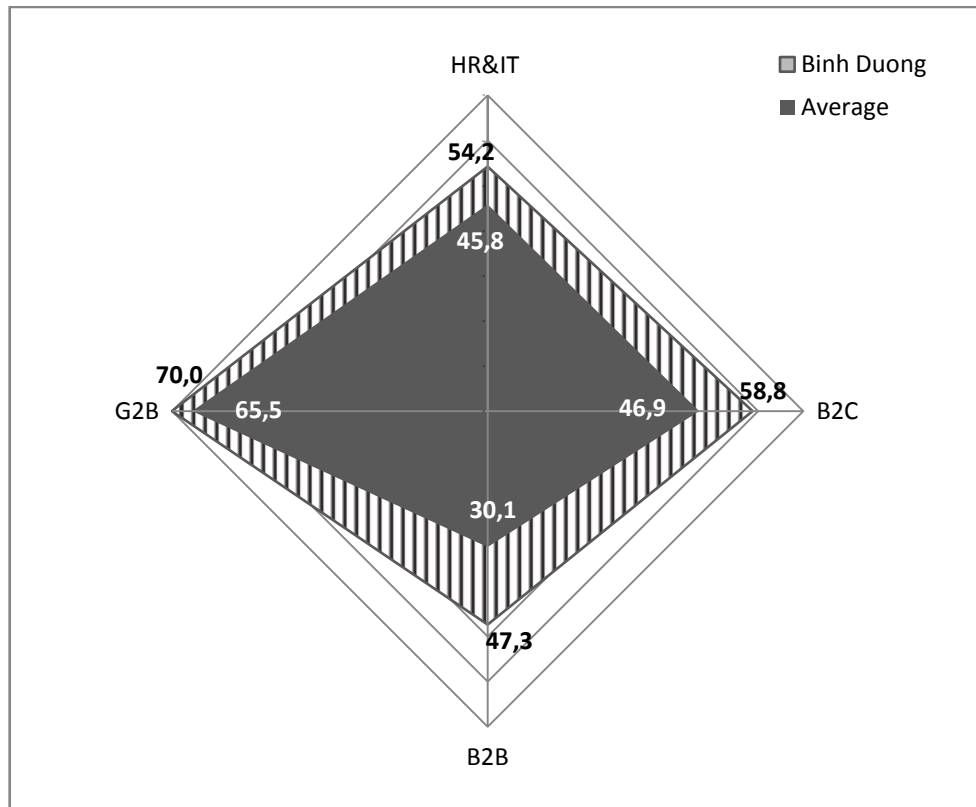
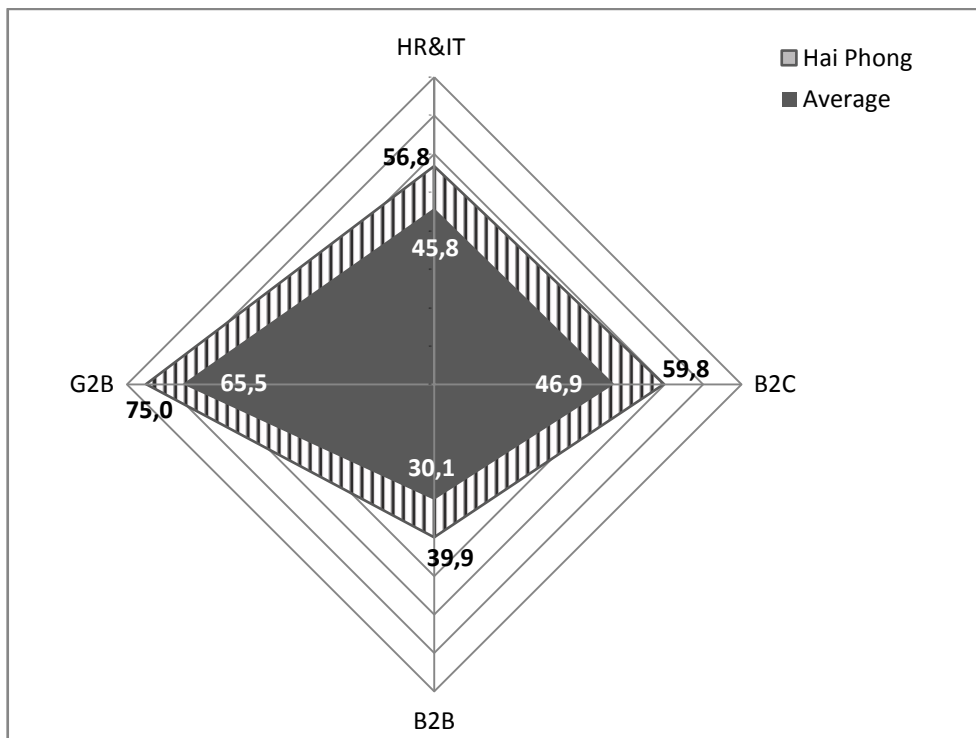


Figure 30: Component indexes of Hai Phong



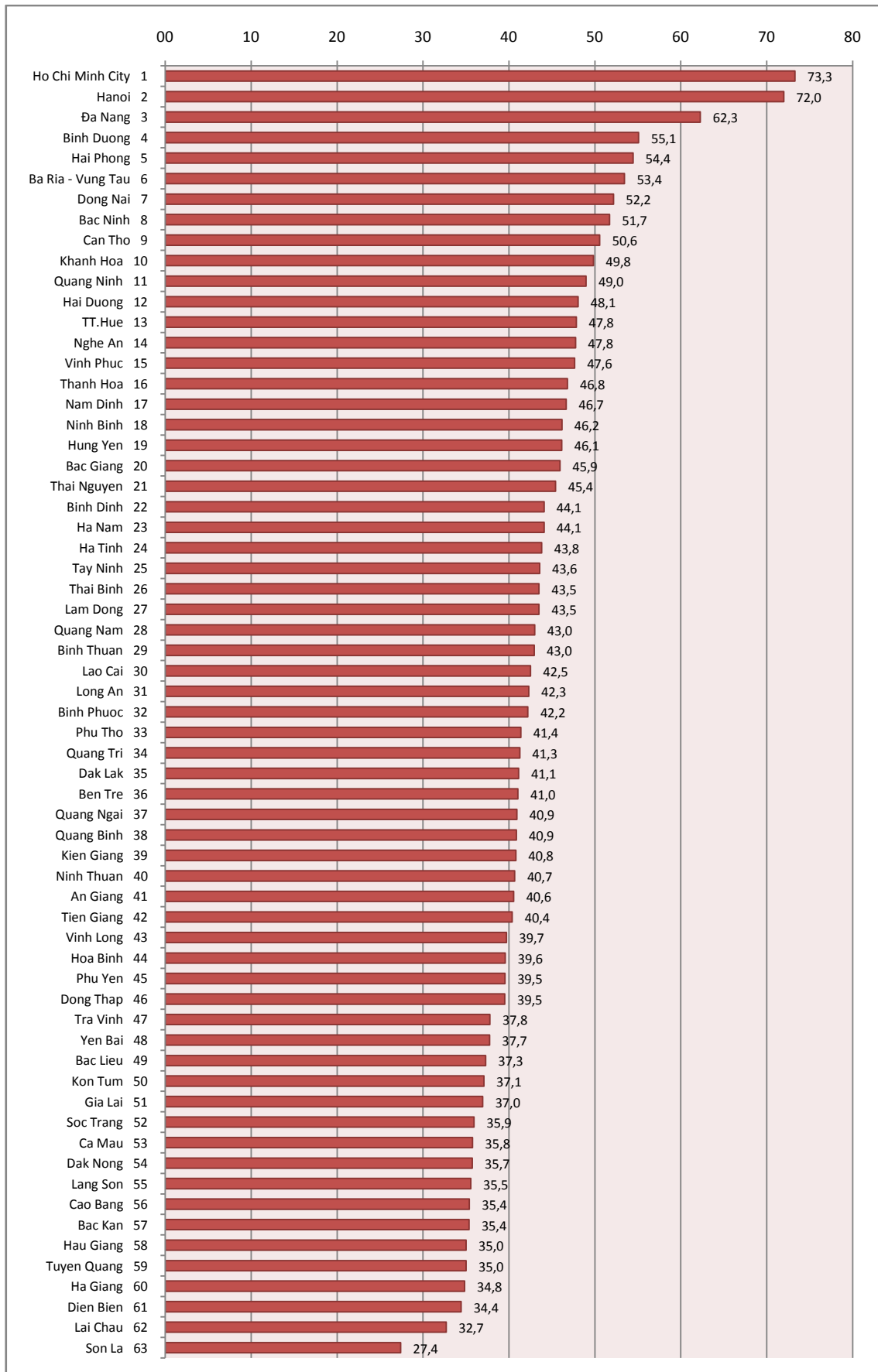


The gap between the average scores of the five provinces with the lowest index (32.9) and the five provinces with the highest index (63.4) was 30.5, which was higher than the gap of 20.3 and 18.0 of the years 2014 and 2013 respectively. Therefore, it indicated that the gap of e-commerce development among localities increases with time.

The eBusiness Index Report 2014 showed this wide gap and suggested Vietnam to take efforts to strongly develop e-commerce in major cities and urban areas, at the same time try not to widen the gap among the localities and narrow the digital gap in general and the readiness for e-commerce in particular among localities.

The eBusiness Index 2015 shows that the above statement is appropriate. The policies and solutions to narrow this gap should be included in the overall narrowing of digital gap of the whole country, which requires the close coordination of State management agencies and organizations related to e-commerce, information and communication technology.

Figure 31: eBusiness Index 2015





ANNEX



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VIET NAM E-BUSINESS INDEX

Annex 1

The Global Competitive Index

The Global Competitiveness Report is published annually by the World Economic Forum (WEF), with the first publication in 1979. This report aims to assess the ability to provide prosperity to people in each country. This report includes the Global Competitiveness Index (GCI) to measure the trend of institutions, policies, factors constituting the current situation and the limits of economic prosperities.

The report is assessed based on three groups of criteria including fundamental infrastructure, management efficiency and technology renovation. These three groups are then divided into 12 criteria: legal institution; infrastructure; health and education; macroeconomic environment; high level training and education; commodity market; labor market; financial market; market size; availability of technology; innovation and business.

The National Competitiveness Index is evaluated based on economic data provided by the countries and comments of economists.

Through these assessments and rankings, the World Economic Forum wants to help the countries to evaluate their economy in the general development of the world economy.

The Global Competitiveness Index 2014-2015 rankings				
© 2015 World Economic Forum: http://www.weforum.org/reports/global-competitiveness-report-2015-2016				
Country/Economy	GCI 2015 -2016		GCI 2014 - 2015	
	Rank	Score	Rank	Change
Switzerland	1	5.76	1	0
Singapore	2	5.68	2	0
United States	3	5.61	3	0
Germany	4	5.53	5	-1
Netherlands	5	5.50	8	-3
Japan	6	5.47	6	0
Hong Kong SAR	7	5.46	7	0
Finland	8	5.45	4	4
Sweden	9	5.43	10	-1
United Kingdom	10	5.43	9	1
Norway	11	5.41	11	0
Denmark	12	5.33	13	-1
Canada	13	5.31	15	-2
Qatar	14	5.30	16	-2
Taiwan, China	15	5.28	14	1
New Zealand	16	5.25	17	-1
United Arab Emirates	17	5.24	12	5
Malaysia	18	5.23	20	-2
Belgium	19	5.20	18	1



Luxembourg	20	5.20	19	1
Australia	21	5.15	22	-1
France	22	5.13	23	-1
Austria	23	5.12	21	2
Ireland	24	5.11	25	-1
Saudi Arabia	25	5.07	24	1
Korea, Rep.	26	4.99	26	0
Israel	27	4.98	27	0
China	28	4.89	28	0
Iceland	29	4.83	30	-1
Estonia	30	4.74	29	1
Czech Republic	31	4.69	37	-6
Thailand	32	4.64	31	1
Spain	33	4.59	35	-2
Kuwait	34	4.59	40	-6
Chile	35	4.58	33	2
Lithuania	36	4.55	41	-5
Indonesia	37	4.52	34	3
Portugal	38	4.52	36	2
Bahrain	39	4.52	44	-5
Azerbaijan	40	4.50	38	2
Poland	41	4.49	43	-2
Kazakhstan	42	4.49	50	-8
Italy	43	4.46	49	-6
Latvia	44	4.45	42	2
Russian Federation	45	4.44	53	-8
Mauritius	46	4.43	39	7
Philippines	47	4.39	52	-5
Malta	48	4.39	47	1
South Africa	49	4.39	56	-7
Panama	50	4.38	48	2
Turkey	51	4.37	45	6
Costa Rica	52	4.33	51	1
Romania	53	4.32	59	-6
Bulgaria	54	4.32	54	0
India	55	4.31	71	-16
Vietnam	56	4.30	68	-12
Mexico	57	4.29	61	-4
Rwanda	58	4.29	62	-4
Slovenia	59	4.28	70	-11
Macedonia, FYR	60	4.28	63	-3
Colombia	61	4.28	66	-5
Oman	62	4.25	46	16
Hungary	63	4.25	60	3
Jordan	64	4.23	64	0
Cyprus	65	4.23	58	7
Georgia	66	4.22	69	-3
Slovak Republic	67	4.22	75	-8
Sri Lanka	68	4.21	73	-5
Peru	69	4.21	65	4
Montenegro	70	4.20	67	3
Botswana	71	4.19	74	-3

Morocco	72	4.17	72	0
Uruguay	73	4.09	80	-7
Iran, Islamic Rep.	74	4.09	83	-9
Brazil	75	4.08	57	18
Ecuador n/a	76	4.07	n/a	n/a
Croatia	77	4.07	77	0
Guatemala	78	4.05	78	0
Ukraine	79	4.03	76	3
Tajikistan	80	4.03	91	-11
Greece	81	4.02	81	0
Armenia	82	4.01	85	-3
Lao PDR	83	4.00	93	-10
Moldova	84	4.00	82	2
Namibia	85	3.99	88	-3
Jamaica	86	3.97	86	0
Algeria	87	3.97	79	8
Honduras	88	3.95	100	-12
Trinidad and Tobago	89	3.94	89	0
Cambodia	90	3.94	95	-5
Côte d'Ivoire	91	3.93	115	-24
Tunisia	92	3.93	87	5
Albania	93	3.93	97	-4
Serbia	94	3.89	94	0
El Salvador	95	3.87	84	11
Zambia	96	3.87	96	0
Seychelles	97	3.86	92	5
Dominican Republic	98	3.86	101	-3
Kenya	99	3.85	90	9
Nepal	100	3.85	102	-2
Lebanon	101	3.84	113	-12
Kyrgyz Republic	102	3.83	108	-6
Gabon	103	3.83	106	-3
Mongolia	104	3.81	98	6
Bhutan	105	3.80	103	2
...				
Sierra Leone	137	3.06	138	-1
Mauritania	138	3.03	141	-3
Chad	139	2.96	143	-4
Guinea	140	2.84	144	-4



Annex 2

Business Environment Index

The Rankings on the ease of doing business – EDBI was established by the World Bank since 2003. Through collecting and analyzing quantitative data combined with comparing business environments of countries in the past times, this index encourages the countries to build a more effective and healthy business environment, through which to improve the business environment.

The rankings on the ease of doing business are evaluated based on ten criteria, including the establishment of enterprises, construction licensing, access to electricity, property registration, credit granting, investor protection, tax payment, international trade, contract performance and settlement of business bankruptcy.

In the rankings, the favorable environments for business often reach high position and vice versa. Enterprises, economic institutions, investors, scholars and economists will obtain objective and reliable information for long-term business strategic planning, accordingly contribute to the development of the national, regional and international economy.

Rankings on the ease of doing business - EDBI 2016			
<i>World Bank, http://www.doingbusiness.org/reports/global-reports/doing-business-2016</i>			
Economy	Rank 2016	Rank 2015	Change
Singapore	1	1	0
New Zealand	2	2	0
Denmark	3	4	1
Korea, Rep.	4	5	1
Hong Kong SAR, China	5	3	-2
United Kingdom	6	8	2
United States *	7	7	0
Sweden	8	11	3
Norway	9	6	-3
Finland	10	9	-1
Taiwan, China	11	19	8
Macedonia, FYR	12	30	18
Australia	13	10	-3
Canada	14	16	2
Germany	15	14	-1
Estonia	16	17	1

Ireland	17	13	-4
Malaysia	18	18	0
Iceland	19	12	-7
Lithuania	20	24	4
Austria	21	21	0
Latvia	22	23	1
Portugal	23	25	2
Georgia	24	15	-9
Poland	25	32	7
Switzerland	26	20	-6
France	27	31	4
Netherlands	28	27	-1
Slovak Republic	29	37	8
Slovenia	29	51	22
United Arab Emirates	31	22	-9
Mauritius	32	28	-4
Spain	33	33	0
Japan *	34	29	-5
Armenia	35	45	10
Czech Republic	36	44	8
Romania	37	48	11
Bulgaria	38	38	0
Mexico	38	39	1
Croatia	40	65	25
Kazakhstan	41	77	36
Hungary	42	54	12
Belgium	43	42	-1
Belarus	44	57	13
Italy	45	56	11
Montenegro	46	36	-10
Cyprus	47	64	17
Chile	48	41	-7
Thailand	49	26	-23
Peru	50	35	-15
Russian Federation	51	62	11
Moldova	52	63	11



Israel	53	40	-13
Colombia	54	34	-20
Turkey	55	55	0
Mongolia	56	72	16
Puerto Rico (U.S.)	57	47	-10
Costa Rica	58	83	25
Serbia	59	91	32
Greece	60	61	1
Luxembourg	61	59	-2
Rwanda	62	46	-16
Azerbaijan	63	80	17
Jamaica	64	58	-6
Bahrain	65	53	-12
Kosovo	66	75	9
Kyrgyz Republic	67	102	35
Qatar	68	50	-18
Panama	69	52	-17
Oman	70	66	-4
Bhutan	71	125	54
Botswana	72	74	2
South Africa	73	43	-30
Tunisia	74	60	-14
Morocco	75	71	-4
San Marino	76	93	17
St. Lucia	77	100	23
Tonga	78	69	-9
Bosnia and Herzegovina	79	107	28
Malta	80	94	14
Guatemala	81	73	-8
Saudi Arabia	82	49	-33
Ukraine	83	96	13
Brunei Darussalam	84	101	17
China	84	90	6
El Salvador	86	109	23
Uzbekistan	87	141	54
Fiji	88	81	-7

Trinidad and Tobago	88	79	-9
Vietnam	90	78	-12
Dominica	91	98	7
Uruguay	92	82	-10
Dominican Republic	93	84	-9
Vanuatu	94	76	-18
Seychelles	95	85	-10
Samoa	96	67	-29
Albania	97	68	-29
Zambia	97	111	14
Nepal	99	108	9
Paraguay	100	92	-8
Kuwait	101	86	-15
...			
Venezuela, RB	186	182	-4
South Sudan	187	186	-1
Libya	188	188	0
Eritrea	189	189	0



Annex 3

Information and Communication Technology Development Index

The Report on “Measuring the Information Society” is an annual publication of the International Telecommunications Union, which includes the ICT Development Index – IDI. Established since 2008, IDI is used to evaluate and compare the ICT development of the countries around the world, providing decision makers a tool to assess the development of the national ICT and a panorama of the global IT situation as well as the gaps among countries.

The IDI evaluates the ICT development rate of countries based on three main groups of criteria, including the ICT popularization level (including component indexes of the percentage of fixed telephone, mobile phone, Internet bandwidth, the percentage of computers); the level of use of ICT (including the percentage of Internet users, subscribers of Internet, subscribers of mobile broadband); ICT skills (the proportion of adult literacy rate, proportion of high school students).

ICT Development Index International Telecommunications Union (ITU), https://www.itu.int/net4/ITU-D/idi/2015/				
Economy	Rank 2015	IDI 2015	Rank 2014	IDI 2014
Korea (Rep.)	1	8.93	2	8.85
Denmark	2	8.88	1	8.86
Iceland	3	8.86	4	8.64
United Kingdom	4	8.75	5	8.50
Sweden	5	8.67	3	8.67
Luxembourg	6	8.59	10	8.26
Switzerland	7	8.56	13	8.11
Netherlands	8	8.53	7	8.38
Hong Kong, China	9	8.52	9	8.28
Norway	10	8.49	6	8.39
Japan	11	8.47	11	8.22
Finland	12	8.36	8	8.31
Australia	13	8.29	12	8.18
Germany	14	8.22	17	7.90
United States	15	8.19	14	8.02
New Zealand	16	8.14	19	7.82
France	17	8.12	18	7.87
Monaco	18	8.10	15	7.93
Singapore	19	8.08	16	7.90

Estonia	20	8.05	21	7.68
Belgium	21	7.88	25	7.57
Ireland	22	7.82	26	7.57
Canada	23	7.76	23	7.62
Macao, China	24	7.73	22	7.66
Austria	25	7.67	24	7.62
Spain	26	7.66	28	7.38
Bahrain	27	7.63	27	7.40
Andorra	28	7.60	20	7.73
Barbados	29	7.57	35	6.95
Malta	30	7.52	30	7.25
Qatar	31	7.44	34	7.01
United Arab Emirates	32	7.32	32	7.03
Slovenia	33	7.23	31	7.13
Czech Republic	34	7.21	41	6.72
Israel	35	7.19	29	7.29
Belarus	36	7.18	38	6.89
Latvia	37	7.16	33	7.03
Italy	38	7.12	36	6.94
Greece	39	7.09	39	6.85
Lithuania	40	7.08	40	6.74
Saudi Arabia	41	7.05	47	6.36
Croatia	42	7.00	37	6.90
Portugal	43	6.93	43	6.67
Poland	44	6.91	44	6.60
Russian Federation	45	6.91	42	6.70
Kuwait	46	6.83	n/a	n/a
Slovakia	47	6.82	45	6.58
Hungary	48	6.82	46	6.52
Uruguay	49	6.70	48	6.32
Bulgaria	50	6.52	49	6.31
Serbia	51	6.45	50	6.24
Argentina	52	6.40	59	5.80
Cyprus	53	6.37	51	6.11
Oman	54	6.33	52	6.10
Chile	55	6.31	56	5.92
Lebanon	56	6.29	62	5.71
Costa Rica	57	6.20	55	5.92
Kazakhstan	58	6.20	53	6.08
Romania	59	6.11	58	5.83



TFYR Macedonia	60	6.07	60	5.77
Brazil	61	6.03	65	5.50
Antigua & Barbuda	62	5.93	57	5.89
St. Kitts and Nevis	63	5.92	54	6.01
Malaysia	64	5.90	71	5.20
Montenegro	65	5.90	63	5.67
Moldova	66	5.81	61	5.72
Azerbaijan	67	5.79	64	5.65
St. Vincent and the Grenadines	68	5.69	72	5.17
Turkey	69	5.58	68	5.29
Trinidad & Tobago	70	5.57	67	5.29
Brunei Darussalam	71	5.53	66	5.43
Venezuela	72	5.48	80	4.81
Mauritius	73	5.41	70	5.22
Thailand	74	5.36	81	4.76
Colombia	75	5.32	77	4.95
Armenia	76	5.32	74	5.08
Bosnia and Herzegovina	77	5.28	69	5.23
Georgia	78	5.25	78	4.86
Ukraine	79	5.23	73	5.15
Dominica	80	5.12	83	4.72
Maldives	81	5.08	85	4.71
China	82	5.05	86	4.64
...				
Morocco	99	4.47	96	4.27
Egypt	100	4.40	89	4.45
Fiji	101	4.33	91	4.40
Viet Nam	102	4.28	101	4.09
Dominican Rep.	103	4.26	102	4.06
Peru	104	4.26	105	4.00
Jamaica	105	4.23	97	4.26
...				
Eritrea	166	1.22	163	1.20
Chad	167	1.17	164	1.11

Annex 4

The Provincial Competitiveness Index

The Provincial Competitiveness Index was established to measure and evaluate the business environment, quality of economic management and administrative reform of the authorities of provinces, cities in Vietnam.

After eight years of coordination with Vietnam Competitiveness Initiative under the United States Agency for International Development (USAID/VNCI) to establish PCI, 2014 is the second year VCCI established this index independently.

PCI includes 10 component indexes, reflecting the economic management fields affecting the development of private economic sector, including: 1) *Market penetration costs*; 2) *Access to land and stability of land use*; 3) *Transparent business environment and publicized business information*; 4) *Unofficial costs*; 5) *Time of inspection, examination and implementation of administrative regulations, procedures*; 6) *Equal competition environment*; 7) *The dynamic, creativeness of the provincial leaders in settlement of problems for enterprises*; 8) *Enterprises support services*; 9) *Good labor training policies*; 10) *Equal and efficient dispute settlement procedures*.

The Provincial Competitiveness Index VCCI http://www.pcivietnam.org/bao-cao-pci-c17.html				
No.	Province	Rank 2014	Rank 2013	Rank 2012
1	An Giang	37	23	2
2	Ba Ria – Vung Tau	24	39	21
3	Bac Lieu	22	14	7
4	Bac Kan	59	57	60
5	Bac Giang	41	49	31
6	Bac Ninh	10	12	10
7	Ben Tre	18	6	26
8	Binh Duong	27	30	19
9	Binh Dinh	17	18	4
10	Binh Phuoc	38	35	39
11	Binh Thuan	23	22	47
12	Ca Mau	58	56	49
13	Can Tho	15	9	14
14	Cao Bang	61	61	61
15	Da Nang	1	1	12
16	Dak Lak	30	38	36
17	Dak Nong	57	50	48
18	Dien Bien	63	43	63
19	Dong Nai	42	40	9
20	Dong Thap	2	5	1
21	Gia Lai	48	31	32



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

Annex 5

Index of readiness for development and application of ICT in Vietnam

Since 2006, Vietnam Association for Information Processing in collaboration with the Department of Information Technology – Ministry of Information and Communications annually announces the index of readiness for development and application of ICT (Vietnam ICT Index).

The index of readiness for development and application of ICT in provinces and cities is evaluated and ranked based on the following criteria: 1) Technical infrastructure; 2) Human resources and IT infrastructure; 3) IT applications; 4) IT production and business; 5) Organization and policy environment.

Province/Centrally-run city	ICT Index 2015	Rank		
		2015	2014	2013
Da Nang	0.7816	1	1	1
HCM City	0.6762	2	4	2
Ha Noi	0.6580	3	3	4
Bac Ninh	0.6557	4	2	3
Ba Ria – Vung Tau	0.5942	5	5	8
Thai Nguyen	0.5722	6	9	9
Nghe An	0.5642	7	6	7
Quang Ninh	0.5632	8	10	13
Lao Cai	0.5611	9	7	5
Thanh Hoa	0.5441	10	12	12
TT.Hue	0.5430	11	8	6
Binh Duong	0.5379	12	14	11
Đong Nai	0.5376	13	39	29
Lam Dong	0.5350	14	15	19
Hai Phong	0.5318	15	11	10
Ha Tinh	0.5292	16	18	15
Tien Giang	0.5161	17	27	55
Đong Thap	0.5043	18	17	16
Can Tho	0.4987	19	13	14
Bac Giang	0.4971	20	25	28
Khanh Hoa	0.4963	21	16	17
Binh Thuan	0.4887	22	19	21
Ha Giang	0.4873	23	29	31
Long An	0.4811	24	21	20
Quang Nam	0.4717	25	45	42
Vinh Phuc	0.4703	26	23	27
Quang Binh	0.4698	27	30	43



An Giang	0.4610	28	20	18
Đak Lak	0.4581	29	24	24
Thai Binh	0.4555	30	42	38
Hai Duong	0.4541	31	44	33
Phu Tho	0.4506	32	31	26
Vinh Long	0.4495	33	22	30
Ninh Binh	0.4493	34	32	37
Kien Giang	0.4453	35	41	39
Ninh Thuan	0.4441	36	35	41
Tay Ninh	0.4401	37	37	45
Phu Yen	0.4292	38	28	23
Binh Phuoc	0.4095	39	26	22
Nam Dinh	0.4085	40	33	25
Quang Tri	0.4032	41	34	36
Ca Mau	0.3925	42	40	48
Quang Ngai	0.3920	43	38	34
Gia Lai	0.3883	44	52	44
Tra Vinh	0.3806	45	36	32
Ha Nam	0.3720	46	47	46
Lang Son	0.3714	47	55	57
Binh Dinh	0.3664	48	50	52
Hoa Binh	0.3518	49	54	58
Soc Tang	0.3494	50	43	35
Hau Giang	0.3491	51	51	56
Hung Yen	0.3356	52	49	49
Ben Tre	0.3285	53	59	51
Bac Kan	0.3141	54	48	47
Đak Nong	0.3040	55	53	53
Kon Tum	0.2747	56	46	40
Yen Bai	0.2682	57	60	60
Tuyen Quang	0.2553	58	56	54
Bac Lieu	0.2458	59	58	61
Son La	0.2377	60	62	62
Lai Chau	0.2341	61	63	63
Cao Bang	0.2198	62	57	50
Đien Bien	0.2096	63	61	59

Annex 6

Population, Enterprises and Income

Province	Population 2014 (1,000 people)	Number of enterprises 2013	Enterprises/1,000 people	Monthly per capita 2014 (thousand dong)
An Giang	2155.8	2,515	1.2	2,471
Ba Ria – Vung Tau	1059.5	5,567	5.3	3,752
Bac Kan	307.3	433	1.4	1,203
Bac Giang	1624.5	1,830	1.1	2,173
Bac Lieu	877.9	896	1.0	2,213
Bac Ninh	1131.2	3,915	3.5	3,748
Ben Tre	1262.2	1,808	1.4	2,161
Binh Dinh	1514.5	3,771	2.5	2,346
Binh Duong	1873.6	11,101	5.9	3,768
Binh Phuoc	932.5	1,866	2.0	2,692
Binh Thuan	1207.4	2,512	2.1	2,395
Ca Mau	1216.4	2,302	1.9	2,154
Can Tho	1238.3	3,804	3.1	2,672
Cao Bang	520.2	639	1.2	1,252
Da Nang	1007.7	9,456	9.3	3,611
Dak Lak	1833.3	2,744	1.5	1,988
Dak Nong	571.3	759	1.3	1,823
Dien Bien	538.1	756	1.4	1,200
Dong Nai	2838.6	8,575	3.0	3,504
Dong Thap	1681.3	2,032	1.2	2,134
Gia Lai	1377.8	2,222	1.6	1,759
Ha Giang	788.8	737	0.9	1,121
Ha Nam	799.4	1,896	2.4	2,198
Ha Noi	7095.9	86,014	12.1	4,112
Ha Tinh	1255.3	2,466	2.0	1,810
Hai Duong	1763.2	3,959	2.2	2,755
Hai Phong	1946.0	8,461	4.4	3,922
Hau Giang	768.4	1,217	1.6	2,087
Hoa Binh	817.4	1,463	1.8	1,597
Hung Yen	1158.1	2,503	2.2	2,191
Khanh Hoa	1196.9	4,245	3.5	2,669
Kien Giang	1745.5	3,479	2.0	2,642
Kon Tum	484.2	1,121	2.3	1,587
Lai Chau	415.3	638	1.5	987
Lam Dong	1259.3	2,642	2.1	2,498
Lang Son	753.7	779	1.0	1,437
Lao Cai	665.2	1,197	1.8	1,468
Long An	1477.3	3,359	2.3	2,430
Nam Dinh	1845.6	2,989	1.6	2,815



Nghe An	3037.4	5,745	1.9	1,582
Ninh Binh	935.8	2,046	2.2	2,215
Ninh Thuan	590.4	1,078	1.8	2,331
Phu Tho	1360.2	2,406	1.8	1,954
Phu Yen	887.4	1,536	1.7	1,979
Quang Binh	868.2	2,284	2.6	1,837
Quang Nam	1471.8	2,969	2.0	1,784
Quang Ngai	1241.4	2,391	1.9	1,618
Quang Ninh	1199.4	3,827	3.2	3,052
Quang Tri	616.4	1,994	3.2	1,673
Soc Trang	1307.7	1,490	1.1	1,912
Son La	1166.4	830	0.7	1,178
Tay Ninh	1104.2	2,194	2.0	2,795
Thai Binh	1788.7	2,385	1.3	2,468
Thai Nguyen	1173.2	1,918	1.6	2,238
Thanh Hoa	3496.1	5,205	1.5	1,634
Tien Giang	1716.1	2,989	1.7	2,596
HCM City	7981.9	120,724	15.1	4,839
Tra Vinh	1029.3	1,138	1.1	2,097
TT.Hue	1131.8	3,115	2.8	2,174
Tuyen Quang	753.8	794	1.1	1,570
Vinh Long	1041.5	1,703	1.6	2,204
Vinh Phuc	1041.9	2,682	2.6	2,377
Yen Bai	783.5	986	1.3	1,385

Source: Statistical Yearbook 2014, General Statistics Office

Annex 7

Distribution of the national domain name “.VN” by locality

Province	Distribution of domain name “.vn”	Number of domain names	Population/1 domain name
An Giang	0.21%	714	3,019
Ba Ria – Vung Tau	0.74%	2,516	421
Bac Kan	0.03%	102	3,013
Bac Giang	0.32%	1,088	1,493
Bac Lieu	0.05%	170	5,164
Bac Ninh	0.52%	1,768	640
Ben Tre	0.23%	782	1,614
Binh Dinh	0.42%	1,428	1,061
Binh Duong	1.36%	4,624	405
Binh Phuoc	0.19%	646	1,443
Binh Thuan	0.24%	816	1,480
Ca Mau	0.08%	272	4,472
Can Tho	0.58%	1,972	628
Cao Bang	0.03%	102	5,100
Da Nang	1.67%	5,678	177
Dak Lak	0.37%	1,258	1,457
Dak Nong	0.04%	136	4,201
Diien Bien	0.05%	170	3,165
Dong Nai	1.32%	4,488	632
Dong Thap	0.19%	646	2,603
Gia Lai	0.18%	612	2,251
Ha Giang	0.04%	136	5,800
Ha Nam	0.24%	816	980
Ha Noi	39.32%	133,688	53
Ha Tinh	0.23%	782	1,605
Hai Duong	0.53%	1,802	978
Hai Phong	1.27%	4,318	451
Hau Giang	0.06%	204	3,767
Hoa Binh	0.12%	408	2,003
Hung Yen	0.42%	1,428	811
Khanh Hoa	0.71%	2,414	496
Kien Giang	0.25%	850	2,054
Kon Tum	0.05%	170	2,848
Lai Chau	0.01%	34	12,215
Lam Dong	0.43%	1,462	861
Lang Son	0.08%	272	2,771
Lao Cai	0.13%	442	1,505
Long An	0.36%	1,224	1,207
Nam Dinh	0.57%	1,938	952



Nghe An	0.58%	1,972	1,540
Ninh Binh	0.30%	1,020	917
Ninh Thuan	0.09%	306	1,929
Phu Tho	0.23%	782	1,739
Phu Yen	0.12%	408	2,175
Quang Binh	0.22%	748	1,161
Quang Nam	0.42%	1,428	1,031
Quang Ngai	0.19%	646	1,922
Quang Ninh	0.55%	1,870	641
Quang Tri	0.12%	408	1,511
Soc Trang	0.10%	340	3,846
Son La	0.08%	272	4,288
Tay Ninh	0.18%	612	1,804
Thai Binh	0.45%	1,530	1,169
Thai Nguyen	0.40%	1,360	863
Thanh Hoa	0.62%	2,108	1,658
Tien Giang	0.24%	816	2,103
HCM City	40.48%	137,632	58
Tra Vinh	0.15%	510	2,018
TT.Hue	0.27%	918	1,233
Tuyen Quang	0.08%	272	2,771
Vinh Long	0.09%	306	3,404
Vinh Phuc	0.34%	1,156	901
Yen Bai	0.08%	272	2,881

Source: Report on Vietnam Internet Resources 2015, VNNIC.

The distribution of domain names is presented by October 2015. The number of domain name “.vn” of the whole country by the end of October 2015 was 335,794. According to the plan of VNNIC, by the end of 2015, this number will reach 340,000. This annex shows the number of domain names of provinces as distributed and the number of domain names of the whole year as planned.



SPONSOR

VIETNAM POST



With the nationwide postal network, Vietnam Post has many advantages in providing safe and speedy postal services. Vietnam Post is making positive contribution to the administrative innovation process; providing public services and bringing a lot of other benefits to individuals, businesses/operators and regulators.

Vietnam Post Corporation is a State-owned enterprise and a sole designated postal operator to provide universal postal services and manage the nation-wide public postal network in Vietnam.

With over 40,000 whole-hearted, determined staff; 1,700 vehicles and the large-scaled network of 13,000 service points reaching all corners of the nation, even in rural and remote areas, Vietnam Post is assigned to provide reliable postal services with affordable price and easy access for the socio-economic development, poverty improvement and natural disaster reduction.

Vietnam Post makes best use of network and pushes up its production activities

After 3 years separating from VNPT Group and directly under the management of the Ministry of Information and Communication, with decisive effort to renew production activities, Vietnam Post has achieved outstanding business results. In 2015, Vietnam Post saw big revenue increase by 38.5% compared to that of 2014 and profit increase by 22.7%.

As one of core services of Vietnam Post, post and delivery service is prioritized with investment and advanced IT integration for service diversification. Together with the development of traditional services such as letter mail, parcel, letter, Vietnam Post has recently involved in supply chain logistics and e-commerce, especially providing delivery services for e-commerce companies, even to the remote and island areas.

With its overall solution for e-commerce, Vietnam Post provides customers with the updated information/data related to delivery activities on the GPS system and the convenient Cash@Post payment system which offers customers with diversified services such as prepaid delivery, cash-on-delivery (COD)...

Vietnam Post contributes to the administrative reforms and provides public services

Vietnam Post has actively provided public administrative services nationwide, including pension and insurance benefits, household social support

package payment (in the SASSP)... by taking advantages of rich human resources, big-scaled postal network.

Vietnam Post commits to provide speedy, safe, accurate and convenient payment services and has been bringing real values to customers/beneficiaries and regulatory agencies/organizations.

Besides, Vietnam Post also provides collection services including social insurance, health insurance fee collection services; dossier/records, visa, passport, driving license delivery services. Vietnam Post is accordingly recognized as the long arm of ministerial and regulatory agencies/organizations in the State administrative renovation programs, bringing benefits to the individuals, businesses/operators and regulators.

With its three core business fields of postal services, postal financial services and communication distribution, Vietnam Post will continue to be the leading postal operator in Vietnam and the best choice for domestic customers and international partners.



VERISIGN, Inc

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Verisign enables the world to connect online with reliability and confidence.

As an operator of the infrastructure for .com and .net, Verisign enables the world to connect online with reliability and confidence, anytime, anywhere.

Verisign powers the invisible navigation that takes people to where they want to go on the Internet. The company operates the infrastructure for a portfolio of top-level domains, including .com and .net, and offers a suite of infrastructure assurance services - including Managed DNS, DDoS Protection and iDefense Security Intelligence Services.

As the global leader in domain names, Verisign powers the invisible navigation that takes people to where they want to go on the Internet. For more than 15 years, Verisign has operated the infrastructure for a portfolio of top-level domains that today includes .com, .net, .tv, .cc, .name, .jobs, .edu and .gov, as well as two of the world's 13 Internet root servers (A & J). Verisign's product suite includes Managed DNS, DDoS Protection and iDefense Security Intelligence Services. To learn more about what it means to be powered by Verisign, please visit **VerisignInc.com**.

As the global leader in domain names, Verisign powers the invisible navigation that takes people to where they want to go on the Internet, while also helping to ensure the availability and integrity of Internet-facing networks all over the world.

Verisign operates the infrastructure for the .com, .net, .tv, .cc, .name, .jobs, .edu and .gov top-level domains, as well as two of the world's 13 Internet root servers (A and J), managing and protecting the DNS infrastructure for some 121 million domain names and processing more than 77 billion Internet queries daily. Verisign's infrastructure assurance services, including Managed DNS, DDoS Protection and iDefense Security Intelligence, help to ensure online businesses are as available as the Web itself.

For more than 15 years, Verisign has maintained 100 percent operational accuracy and stability for .com and .net, keeping the world connected online—seamlessly and securely. Today the company continues to play a central role in the expansion and protection of the Internet, working continuously to improve and evolve its infrastructure as both threats and usage continue to increase dramatically. Verisign is both IPv6 and DNSSEC compliant and versed. To learn more about what it means to be powered by Verisign, visit **VerisignInc.com**.

LINGO



Lingo.vn is an online-shopping website for Vietnamese, one of the first companies to invest in Vietnamese E-commerce market. In August 2011, the domain “Lingo.vn” was first launched and Vietnamese people started to know Lingo as a reputable E-commerce company in Vietnam. August 2015, there is a major change in Lingo’s organizational structure. Yellow Star Investment officially became the main investor of Lingo.vn and has invested significantly in this E-commerce website. From 2014 to 2015, Lingo.vn has improved dramatically and achieved a triple prize: “Trusted Vietnamese Brand 2014”, “The best reputable website”, “The most informative transparency website”.

The core value of Lingo.vn is to provide a friendly, convenient and latter-day E-commerce service, be an intermediary between customers and producers. Lingo’s operation always aims to provide best products and services to our customers. Based on Lingo’s principles, Lingo.vn is gradually building a professional and reputable system to satisfy the community, in order to be a long-life fellow of purchasers and collaborators.

One of the differences between Lingo.vn and most of E-commerce websites is Lingo.vn chose B2C model as our operation principle. B2C is the business model in which enterprises cooperate with business partner. Those enterprises select the products, before importing into warehouse, the products must be qualified the checking process of enterprises. It is different from market place model, where the supplier input their information into the e-commerce website, and e-commerce enterprises only in charge of publish information, customer service and delivery systems.

This difference of Lingo.vn provides benefits to customers including the quality of our goods and competitive price. Lingo.vn not only publishes information of commodity into our website, but also performs a rigorous accreditation process before selling goods to customers. To operating B2C model, Lingo.vn has invested large amount of money in warehousing, due to the long-term development. Human resources of Lingo.vn also need to understand the company’s philosophy to bring out the most benefits to customers. Therefore, when purchasing products in Lingo.vn, customers do not concern about origin, quality and price of products. On the other hand, Lingo.vn readily becomes reputable partners of different manufactures. Our responsibilities to collaborators are to support them to promote their brand and sell their products to target customers.

In the future, Lingo.vn desires to innovate Vietnamese E-commerce market, bring more conveniences and comfort to our customers in online shopping. Our goal is to become one of the best reputable E-commerce website in Vietnam for both customers and enterprises.



Post and Telecommunication Joint Stock Insurance Corporation



PTI achieved good results in 2015 thanks to all-out efforts

The non-life insurance market witnessed a bumper year with the growth rate of 15%, the highest figure over the last five years. In addition to improved network, focused strategy, it should be noted that a large number of general insurers made profit from their operations this year, this was mainly because of regulations on not allowing outstanding premium. Among leading enterprises, some saw changes in their positions. With the retail acceleration strategy, Post and Telecommunication Joint Stock Insurance Corporation (PTI) rose to the forth position in market share.

One of the breakthroughs which created PTI's highlight in 2015 was its focus on the retail strategy. PTI's gross written premiums in 2015 officially exceeded the threshold of VND2 trillion, was estimated at VND2,481 billion, indicating the YoY growth rate of 36.6%. Of the sum, written premium from motor vehicle insurance accounted for the largest proportion, was estimated to reach VND1.4 trillion, making up 56% of PTI's gross written premiums. At present, PTI ranked the second in terms of this insurance operation. Its before-tax profit was VND233.4 billion, fulfilling 165% of the plan with the YoY growth rate of 187%. In 2015, PTI emerged as one of the top four largest non-life insurers in Vietnam.

This positive result was primarily thanks to the fact that distribution channels were accelerated to outperform the initial plan. Notably, the most impressive distribution channels were bancassurance and online sales. In 2015, written premiums gained from bancassurance was estimated at VND370 billion, growing by 122% YoY, fulfilling 210% of the assigned plan. PTI succeeded in deploying Bancassurance model with many big banks such as VPbank, Maritime bank, etc., which is being widely replicated by banks in the market due to its great effectiveness and efficiency.

Apart from the impressive growth of Bancassurance, PTI's online sales channel also brought a lot of successes. Although launched since November 2014, PTI's online sales channel took the lead in the market in terms of premium revenue. The number of visitors of its website www.epti.vn to look for its products and subscribe for products reached 1.6 million. PTI successfully packed products with various utilities such as attractive premium levels, simple and quick policy issuance procedures and offered enthusiastic and professional consultancy and sale care. In 2016, PTI will boost the cooperation with partners with a view to diversify types of providing online insurance products.

A leader of PTI stated that in 2016, PTI plans to continue its growth momentum in 2015, in particular, investing in technology and information to simplify indemnification processes and procedures, whereby affording clients the most convenient services.

NOI BAI EXPRESS AND TRADING JOINT STOCK COMPANY (NETCO)



NETCO was found on March 10th 2003, as one of the first express company which was licensed postal service providers. With more ten years of experience and effective foundation, NETCO's proud of being a company of high and stable growth rate in

express supplying market.

In recent years, NETCO has remarkably achieved outstanding successes, covering delivery network in 63/63 cities/ provinces all over the country, having 14 hubs, over 340 post-offices, 10 standard warehouses and many diverse transportations.

Besides, NETCO has applied the quality management standard **ISO 9001: 2008** in the whole process of delivery service. NETCO always takes technology as the core to development in order to improve service quality and provide the best postal management tools for customers. **"Billing System"** Parcels Management System and **"Netco Mobile"** Applications on Mobile brings many preeminent advantages that help customers manage the entire postal process from the stage: pickup request, lookup journeys, complaints and debt management, etc.

With a reputable service, NETCO has achieved many prominent awards such as: Vietnam Essence (in 2009), typical Enterprise (in 2010), reputative product and service voted by consumers (in 2013), Trade brand reputation (in 2013, 2014 and 2015) and many other awards have been recorded.

Slogan: **"Customer's satisfactory is our happiness"**, NETCO aims at providing prestige national and international delivery service and perfect quality, which best meet customers' diverse needs.

NETCO's leadership and staffs who have many years of experience, are dynamic, enthusiastic and always keep innovating is the main reason for the strong growth of company. Up to now, NETCO is a delivery service provider of over 6,000 clients as multinational corporations, businesses, government agencies, banks, and international representative offices, etc. For these reasons, NETCO is proud of its effort to build a transparent, humanistic and professional working environment



Expertrans Global Joint Stock Company



Expertrans predecessor is CNN Professional Translation Company which was established in 2005. With the aim of conquering the global market, Expertrans was officially launched in 2012 and so far has gradually built its own position not only as the international brand of CNN Company but also with prestige affirmed and high appreciation in the domestic market thanks to the quality and professional service style.

Strengths as well as main services provided by Global Expertrans include translation, interpretation, voice-overs, subtitling and staff solutions for more than 170 language pairs and 50 different specialties. Aiming to stretch out to the international market, Expertrans has built a network of up to 3,000 freelance translators in 90 countries and territories worldwide. Along with this, what counts is the active support from teams of editors, project managers, and technicians who are excellent people contributing to the mutual success of the clients and Company.

What is special about the translation services at Expertrans is the combination of traditional translation and application of advanced and modern technologies to create accurate translations in the shortest time. Quality management system of Expertrans adheres to ISO 9001-2008 (EN 15038) granted by BSI and is checked annually. Additionally, we pay great attention to the process improvement and continuous update of advanced tools to support translation and increase security, including “Perfect translation” separate translation process, Translation Memory System, Term-base Server-the term and dictionary system, Trados and Cloud Server which ensure absolute security of clients’ information and data. With modern facilities and intensive experience in each specialty and field, Expertrans is confident that our services will satisfy every client.

In addition to professional activities, Expertrans has increasingly affirmed its position in the translation industry of Vietnam and the world as an active member of leading translation and interpretation organizations such as American Translators Association (ATA), European Language Industry Association (ELIA) and Association of Asian Translation Industry (AATI).

Up to now, the brand Expertrans Global Language Solutions has existed in a lot of countries with more than 10 representative offices in big cities including Tokyo, Sydney, Melbourne, Berlin, and Singapore... This is a great stride made by Global Expertrans, which makes solid momentum for the company’s long-term development plans to foreign market. In Vietnam, Expertrans is the leading language service supplier of VNR 500, giant corporations, governmental and non-governmental organizations.

BIZWEB.VN – A COMPLETE PLATFORM FOR E-COMMERCE



With over five years in the market and the trust of more than 15,000 customers, Bizweb.vn has assumed and reaffirmed our leading position in the Vietnamese e-commerce market.

After much improvement and refinement to our services, Bizweb now provides a complete platform for e-commerce. As a Bizweb customer, you will enjoy a professional e-commerce website with:

- Rich and diverse apps covering different areas such as marketing, sales, logistics, accounting, etc., to expand the capabilities of your website.
- Responsive design on the interfaces for optimal display of your website on all devices including desktop, mobile and tablets.
- Multichannel sale including e-commerce platforms, POS, Facebook and other social networks.

Our list of partners includes Viettel Post, Giaohangnhanh.vn, giaohangtietkiem, shipchung SC company, Chimkudo studio etc.

In addition to the trust of our 10,000 customers, our contributions to the development of e-commerce in Vietnam have earned Bizweb such prestigious awards as Giải thưởng nhân tài đất Việt (2013), Giải Sao Khuê (2012).