

Software industry expected to recover this year



HCMC ? Although 2009 saw a reduction in software outsourcing due to the global recession, many industry insiders are optimistic of a quick recovery as the North American and Australian markets have picked up since early this year.

Bui Thi Hong Lien, general director of FPT Software, which is under the umbrella of FPT Corporation, told the Daily that this year the software market in the U.S. and Australia would recover because the two economies have had good signals since early this year. Meanwhile, Vietnam's traditional market of Japan is recovering slowly.

Lien predicted that software outsourcing this year would depend on the U.S. and Australia.

According to Lien, the U.S. market this year will develop at 100%, the European market at 30%-40% and Japan at 10%.

Last year, FPT Software did not reach its turnover target but its development target is expected to jump 20%.

Lien explained that in the context of the economic recovery, FPT wanted to set a high target to prepare for outsourcing markets which will likely develop in 2010.

Lien forecast that Japan would only escape the economic downturn in mid-2010. Thus, local outsourcing companies should find new clients.

Tran Anh Tuan, deputy director of ATHL Solution, also said outsourcing companies should prepare for more orders from North America and Australia because these markets are in recovery.

?Our company is preparing human and financial resources to grasp ordering opportunities from these markets. We cannot predict turnover this year but it is brighter than last year,? Tuan said.

Although industry insiders are optimistic about software outsourcing development this year, they cited challenges like fierce competition from China, the Philippines and Bangladesh. Local outsourcing companies will be forced to enhance product quality.

The Vietnam Software Association (Vinaso) reported that last year, software outsourcing decreased by 5% after a 35% growth rate in 2008. Last year, outsourcing reached US\$880 million.

Last August, Vinasa reported that 64% of outsourcing companies had been seriously impacted by the global recession and faced financial difficulties.

Vietnam has 3,000 companies in software outsourcing and manufacturing.

Hien Nguyen - The Saigon Times Daily