

Connectivity Scorecard 2011

Vietnam



Vietnam
2.73

	Score	Weight
Consumer Infrastructure	0.60 (0.88)*	0.12
Consumer Usage and Skills	0.70 (0.70)*	0.12
Business Infrastructure	0.16 (0.64)*	0.69
Business Usage and Skills	0.15 (0.71)*	0.06
Public sector Infrastructure	0.13 (0.83)*	0.02
Public sector Usage and Skills	0.07 (0.68)*	0.00

*The score of the leading performer for this component

Table 1: Component Scores & Weights 2011

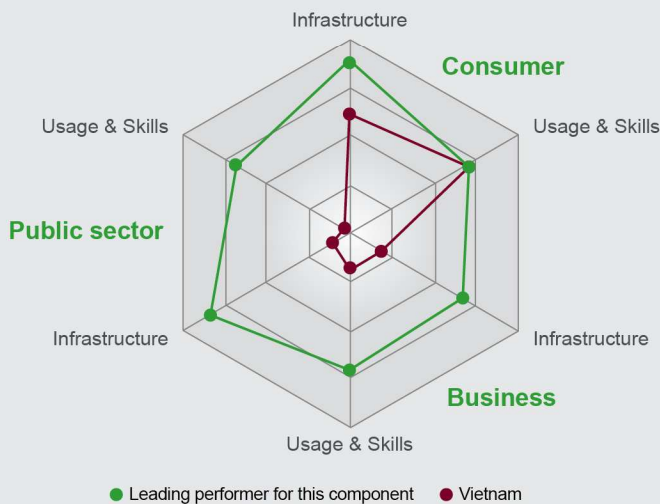


Fig 1: Component Scores 2011

Overview

Vietnam scores 2.73 and climbs two places to rank 13th among the resource and efficiency-driven¹ economies on the Connectivity Scorecard 2011 index.

Last year, Vietnam scored 3.42 and ranked 15th on the Scorecard. Although the variation in scores and ranking in the two years can be explained by the changes in the data indicators and weights, the fundamentals of Vietnam's performance remain the same. Last year, the country finished with a very high score on consumer usage and skills, and this year it continues to perform very well on that front. On the other hand, last year, Vietnam was weak in the business segment and it remains weak this year too.

Strengths

Vietnam's strengths on the consumer usage and skills component are evident again this year, as they were last year. Vietnam benefits from high levels of literacy, mobile voice usage, internet usage and mobile users' email and text messaging adoption rates. Vietnam also has relatively strong performance on fixed line and mobile cellular adoption, which boosts its consumer infrastructure scores.

Weaknesses

On the other hand, in virtually all other areas, Vietnam's performance is weak. This is true of broadband penetration, and measures of ICT spending in the business, government, healthcare and educational sectors. Similarly, performance is equally mediocre or weak on the components of the U.N.'s e-government rankings index that the report has included this year — the availability of government services online and "e-participation."

¹ As defined by World Economic Forum www.weforum.org

Therefore Vietnam, along with most other resource and efficiency economies, is a long way behind the leading countries in terms of ICT trade metrics that have been included this year.

Conclusions

Vietnam shows some promise in various aspects of its performance, especially those related to consumer metrics and mobile telephony. However, despite this, the country has to make a lot of progress in all areas and segments. Its relatively weak business performance is unsurprising, given that Vietnam is still well behind the handful of most affluent of the resource and efficiency economies. In this respect, the example of Malaysia might prove inspirational to Vietnam, where Vietnam could follow a similar strategy of inviting foreign investments and becoming a significant hub for ICT production. Further, on the telecom side, Vietnam can continue to encourage mobile competition and investment. In this regard, it is encouraging that Vietnam is seeing the deployment of 3G networks, the first of which was launched in late 2009. As with other emerging markets, 3G and 4G mobile broadband services might enable Vietnam to avoid the high costs associated with deployment of fixed infrastructure. It should be kept in mind, however, that there is a great deal of general disparity between the performance of the majority of resource and efficiency economies and the top few economies, as compared to the innovation-driven economies. As a result, it is difficult to be specifically critical of Vietnam. Put simply, a lot of the disparity in ICT performance simply reflects stark differences in economic development levels. More positively, it may be possible for Vietnam to use ICT production as a means of driving economic growth, which has anyway been rapid in recent years.

2011 vs. 2010

Vietnam scores 2.73 and climbs two places to finish 13th this year, whereas last year, Vietnam finished 15th, but attained a higher score of 3.42. The difference between scores and rankings this year² as compared to 2010 is explained by two factors: first, there is a change in the weighting system, and second, there have been extensive changes in the data indicators used. With respect to the resource and efficiency economies, for the first time ever,

² For more information download the Connectivity Scorecard 2011 Report from www.connectivityscorecard.org

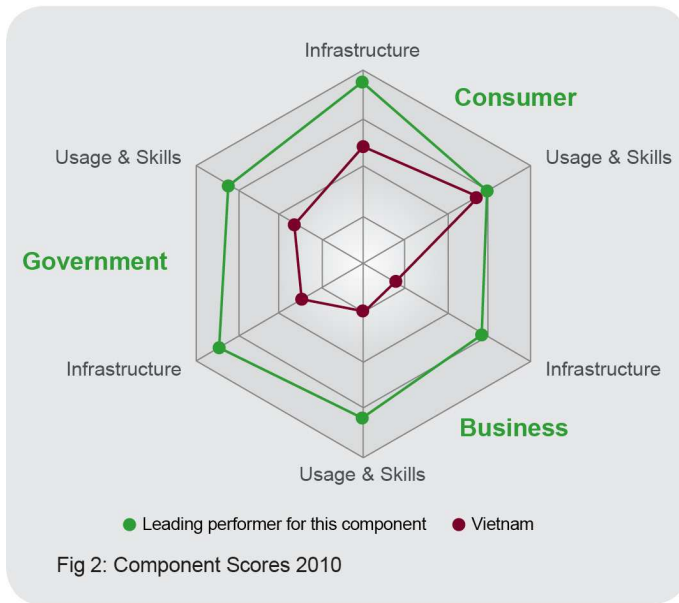
Rank []	Country	Connectivity Score
1 [1]	Malaysia	6.61
2 [3]	Chile	6.21
3 [5]	Russia	5.68
4 [7]	Turkey	5.51
5 [4]	Argentina	5.46
6 [6]	Brazil	5.14
7 [8]	Mexico	4.87
8 [10]	Ukraine	4.81
9 [2]	South Africa	4.68
10 [9]	Colombia	4.06
11 [12]	Thailand	3.68
12 [13]	Tunisia	2.79
13 [15]	Vietnam	2.73
14 [17]	China	2.72
15 [14]	Iran	2.41
16 [19]	Philippines	2.15
17 [n/a]	Syria	2.11
18 [20]	Indonesia	2.01
19 [16]	Sri Lanka	2.01
20 [18]	Egypt	1.89
21 [21]	India	1.25
22 [25]	Pakistan	1.14
23 [23]	Nigeria	1.09
24 [22]	Kenya	0.95
25 [24]	Bangladesh	0.90

*last year's rank in parenthesis

Table 2: Connectivity Scorecard 2011 Results – Resource & Efficiency-driven Economies

the report uses specific data on the relative contributions of ICT investment (i.e., “ICT capital deepening”) and human capital (i.e., “labour composition”) to GDP growth. These new weightings place substantial weight on the “infrastructure” as opposed to “usage and skills” components for the business and public sectors. However, even if the same weights as in 2010 were used this year, Vietnam would have obtained a score of 2.96, and would still have finished 13th overall.

Owing to data constraints relating to other indicators in the business infrastructure and business usage and skills components, the report includes data on ICT exports of goods (under infrastructure), and ICT imports of goods and exports of services (under usage). The justification for these seemingly odd choices is as follows: high levels of ICT exports are likely to be quite correlated with the development of a reasonably strong ICT ecosystem. ICT manufacturing is similar to the car industry, in the sense that ICT manufacturing in one area is likely to



spawn spill-over effects into ICT manufacturing and investment in complementary areas. For instance, an initial advantage in computer assembly might lead to the location of mobile handset assembly in the country. This in turn will likely have positive spill-over effects into the wider economy. However, not all countries are ICT exporters or need to have ICT or export-led growth strategies. In this case, high levels of ICT imports might suggest a high level of domestic demand for ICT and thus be correlated with high levels of usage.³ High levels of ICT service exports are very likely to correlate with the presence of a critical mass of ICT user skills in the economy, which in turn could enable countries to support strong ICT sectors despite large sections of the population lacking ICT skills.

Vietnam shows some emerging promise - it is actually in the top 10 of the resource and efficiency economies on the ICT goods exports measure. Again, however, there is a great deal of dispersion between the various economies on this and other business measures, and Vietnam's relatively high rank does not translate into a high relative score (on a 0 to 1 scale).

The Connectivity Scorecard is based on comparative scores between countries, and, therefore, each country's performance is measured in relation to the best

³ In fact, a good argument could be made that the "ICT imports" indicator should be placed under the "business infrastructure" category since they could also be correlated with business investment. This does not, however, make much of a difference to the overall scores.

performing nation in each component at a given point of time. As with other indices of relative rankings, it is difficult to interpret the Connectivity Scorecard in terms of absolute "improvements" or "deteriorations" and to make comparisons of scores over time.

About Connectivity Scorecard

The Connectivity Scorecard is a global ICT index which, unlike other available research, is the first of its kind to rank countries in terms of "useful connectivity". That is, not only on the deployment of ICT infrastructure but also to measure the extent to which consumers, businesses and the public sector "make use" of connectivity technologies to enhance social and economic prosperity. This "useful connectivity" is defined as the bundle of infrastructure, complementary skills, software and informed usage that makes ICT the key driver of productivity and economic growth.

Commissioned by Nokia Siemens Networks, the study was created by Professor Leonard Waverman, Dean, Haskayne School of Business, University of Calgary, and Fellow, London Business School. The study was conducted by the consulting firms Berkeley Research Group and Communicea.

For more information on the Connectivity Scorecard, visit www.connectivityscorecard.org

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