

NTQ Japan

Vietnamese ICT company NTQ Solution successfully completed development of its PC security product “iLUTon” in collaboration with Japanese systems developer A.C.T. in August 2017. NTQ Solution established NTQ Japan, a Japanese subsidiary in February 2016, which is now based in Yokohama and provides customer support for product development aimed at Japanese companies. Taking a step forward from offshore software development, the conventional IT outsourcing model, NTQ has presented a new Japan-Vietnam partnership model for joint development. NTQ talks about its business in Japan.

NTQ Solution (NTQ), an IT offshore development company headquartered in Hanoi, Vietnam, successfully completed development of its PC security product iLUTon in cooperation with the Japanese company A.C.T. KK in August, 2017.

iLUTon is a PC security system that allows users to automatically logs in and off without paying attention to it. All you have to do is to connect a receiver to your PC wearing a dedicated card, and you will automatically be logged off from your PC when leaving your desk. When you return to your desk, you will automatically be logged in. The system improves information security in organizations while eliminating the burden of having to enter a password. The company plans to launch the product by the end of 2018 after obtaining approval and authorization in Japan.



PC security product, iLUTon born by joint development with a Japanese company

A new Japan-Vietnam partnership model

NTQ has an R&D team consisting of four members at its headquarters in Hanoi in order to put advanced ICT technology to practical use.

The team is actively working on practical application of AI, IoT, robotics, e-learning and image recognition technology. Truong Dao Quy Duong, Sales Manager at NTQ, says that the company's high level of technological capabilities are made thanks to the work of the R&D team. "I used to travel to Japan on several business trips a year and did not conduct any active marketing of our services. The R&D team can show customers what we are capable of. In fact, we have some customers who decided to place orders with us after seeing our R&D team's work," says Mr. Duong.

iLUTon was indeed born from this R&D team's work. As they understood the company's technological capabilities through the experiences of working with NTQ twice for app development, A.C.T. visited NTQ in March 2017. They quickly decided to enter into a joint development agreement after seeing a PC security device, a contact-type system, that was then under development by the R&D team. In the joint development, A.C.T. determined the specifications of the PC security device, including changing the system to contactless, to launch the product in the Japanese market while NTQ was responsible for the system development and product design.

Business models where Japanese companies outsource part of their work to Vietnamese companies are becoming more common. The collaboration between A.C.T. and NTQ, however, is a notable case of a new

partnership model between Japan and Vietnam where companies from both countries collaborate on system development on an equal footing.

Entering into the Japan market to respond to customer needs

NTQ is a Hanoi-based startup company celebrating its seventh anniversary this year. It has rapidly expanded from just five people in its founding team to the current 230 or so employees. As business in Japan grew, the company felt a stronger need for customer support and decided to establish a base in Japan.

"We divided our market into two categories: the 'Japanese market' and the 'non-Japanese market.' That is how important Japan is for us. In fact, 90% of our sales is generated in Japan," says CEO Pham Thai Son of NTQ. "At the beginning, it was enough just to respond to orders, but as the number of customers increased, more timely and face-to-face responses were needed," says Mr. Duong. In order to avoid various risks involved in trans-border contracts and transactions as well as to better meet the needs of its customers in Japan, the most important market for the company, NTQ established its Japanese subsidiary NTQ Japan in Tokyo in February 2016.

As to why the Japanese market is so important for the company, Mr. Son explains: "In general, the Japanese mentality is a good match with that of the Vietnamese. Since the time when we were just a team of five, we have had many Japanese customers, and the Japanese culture has permeated into our company. It is also very easy for us to adapt to the Japanese lifestyle. Of course, these are not the only reasons. From a business point of view as well, there are a lot of business opportunities in the Japanese market since many Japanese companies are looking to outsource the development of software and systems because

of a chronic shortage of skilled IT engineers. Compared to companies in Western countries, it takes longer to gain Japanese companies' trust, but I believe that one of the characteristics of Japan is that once you have earned it, you can build long-term relationships with greater returns."

NTQ Japan has now moved its head office to the Yokohama World Business Support Center (WBC) in Yokohama, with 17 employees mainly working at this location.



NTQ Japan has an office within the Yokohama World Business Support Center in Yokohama World Porters

Incentive programs of local governments and support from JETRO

When asked about the reasons for having chosen Yokohama, Mr. Duong said: "JETRO Yokohama introduced the WBC to us, just as we were looking for a property in the suburbs of Tokyo." Yoshiteru Ogawa, NTQ Japan CEO, added: "JETRO has a wide networks. We appreciate their support in connecting us not only with local governments, such as Yokohama City, but also with industries and companies." The company decided to move into the WBC in consideration of several factors; such as that many of its customers have bases in Yokohama, making it easier for employees working onsite to get together; good access to the Tokyo Metropolitan Area; and low rent.

Regarding the support from JETRO, Mr. Ogawa said: "We are grateful to JETRO for their continued support even after we opened our Japanese office. They always help us out by

answering detailed questions about matters such as withholding tax and visa requirements." He explained that visa applications had been troublesome as the documents required varied depending on personal circumstances, such as family, of the employees to be sent to Japan and therefore a precedent could not be applied.

NTQ's strengths and future prospects

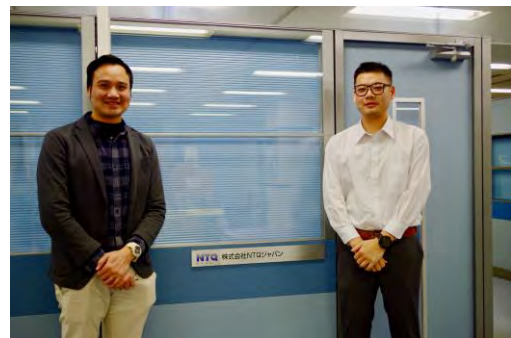
Of the 17 employees who work for NTQ Japan, more than 10 are involved in offshore software development working as onsite members at its client companies. When asked about the company's strengths, Mr. Duong said: "Our strength is that we conduct our business from the customers' point of view. We are not two separate parties of 'customer and service provider' but are 'one team.' To this end, we employ people who have a good balance between language skills, technical knowledge and manners. Another strength of ours is that we have our own R&D team that is continually taking on new challenges." The company has gained Japanese companies' trust by following the Japanese corporate customs of "thinking from the customer's perspective, keeping deadlines and responding flexibly to changing specifications." The trust the company earned has led to a steady increase in the number of its clients through referrals from existing clients.

Regarding the company's future prospects, Mr. Son says, "At the moment, our main business is still offshore development services, but as we want to increase the ratio of joint development projects, such as iLUTon, we hope to build our own R&D team in the Japanese subsidiary. The first step forward is to transform the Japanese subsidiary into a company working independently from the Vietnamese headquarters." While the company thinks it is essential for iLUTon to first gain a foothold in the Japanese market, it also plans to launch the product worldwide in the future. If realized, it will serve as an example of a product jointly

developed by a Japanese and a Vietnamese company being launched globally.

Next step for Vietnamese IT companies

NTQ has presented a new partnership model between Japanese and Vietnamese companies. It also gives advice to other Vietnamese IT companies that have offices in the same WBC based on its experience. We can expect to see more Vietnamese companies introduce innovative technologies to the world through this new type of partnership with Japanese companies.



Pham Thai Son (left), CEO of NTQ Solution, and Truong Dao Quy Duong (right), Sales Manager

Interviewed in January 2018

History of NTQ Japan

- 2011 Founding of NTQ Solution JSC (Hanoi, Vietnam)
- 2016 Founding of NTQ Japan in Tokyo
- 2017 Headquarters of NTQ Japan moved to Yokohama World Business Support Center
Completion of development of PC security product iLUTon in collaboration with A.C.T. KK in August

NTQ Japan

Foundation:	2016
Business overview:	Software development, IT services, etc. (including proof of concept (POC) services and support for
Parent company:	early stage development)
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Support from JETRO

- Office location
- Provision of information on incentive programs of local governments
- Provision of information on visa applications