

## Tinhvan Outsourcing Japan LLC

In October 2016 Tinhvan Outsourcing JSC, an arm tasked with outsourced (offshore) software development within the Vietnamese IT corporate group Tinhvan Technology JSC, established Tinhvan Outsourcing Japan LLC as a subsidiary in Tokyo. With the Tinhvan Group being one of the leading IT companies in Vietnam, the subsidiary is aiming to cement relations with existing Japanese customers while venturing into new territory.

The origin of the Tinhvan Group (“Tinhvan”) began with the founding in Hanoi, Vietnam in 1997 of the company Tinhvan Technology (a name currently used by the group), which has expanded over the years as an IT company focused on software development. With over 500 employees across six companies of Tinhvan group, Tinhvan now stands out as a company exemplifying business in Vietnam. It is highly regarded for its advanced technologies, having won numerous awards from Vietnam’s IT technology associations.

Tinhvan Outsourcing JSC (“TVO”), a company within the group, was established in 2006 for outsourced software development, specifically offshore. In addition to Japan, TVO also has customers in Singapore, where it has already established a presence. Aiming to increase offshore development orders from Japanese companies, Tinhvan and TVO jointly invested in establishing Tinhvan Outsourcing Japan LLC (“Tinhvan Japan”) as a wholly-owned subsidiary. Its aim is to strengthen relations with the group’s existing customers while expanding business operations.

**Tinhvan**  
OUTSOURCING  
JAPAN

### Background of entry into Japan

Vietnam’s IT market has grown rapidly thanks to the country’s recent economic development. Its offshore development market is also flourishing, benefiting from its more competitive labor costs than those in China and India. It is particularly popular among Japanese companies due to the country’s friendly sentiment toward Japan, the hardworking and ambitious temperament of Vietnamese and the small time difference between the countries of about two hours. For these reasons, there is a growing number of Vietnamese companies involving in offshore development for Japanese companies.

Nguyen Ich Vinh, CEO of TVO and Tinhvan Japan, explained the reason why they had made their way into Japan as follows: “Firstly, we needed a base in Japan as a relay point for closer relations with our existing customers there. Secondly, we found the business environment in Japan supportive and helpful to foreign companies. It was this environment that drove us to make the final decision to come to Japan.”

Popular as it is, offshore development services in Vietnam have recently been facing an enormous challenge: the rise of companies from Myanmar and Bangladesh which provide them at more competitive prices. It is therefore vital for Vietnamese companies such as the Tinhvan Group to bring themselves closer to their customers in order to meet their customers’ needs and to

increase their satisfaction.

Mr. Vinh also commented on the support from Japanese organizations, saying, “Various organizations—including JETRO, JICA and the Embassy of Japan in Vietnam—assisted us by providing necessary information and lending us a hand in launching our business in Japan. This well-established environment was another factor which encouraged us to choose Japan as our destination. Without such services for foreign companies, we would have had no idea what to do. The size and potential of the Japanese market are attractive, but its business environment which is friendly to foreign companies is no less appealing.”



TVO's office (Hanoi, Vietnam)

### TVO's competitive edge and challenge in Japan

Among the few Vietnamese companies certified for Capability Maturity Model Integration (CMMI)-L3, ISO 9001 and ISO 27001, TVO is an IT company that meets international technology standards. This, in addition to its policy of reasonable pricing, means that it boasts high-quality services at competitive prices. Further, although easily overlooked, TVO has a lower turnover of staff—in other words, a higher employee retention rate—than those of competitors. Mr. Vinh says, “Our corporate culture values the idea of ‘social contribution through corporate development and employee happiness.’ For this reason, we attach great importance to the satisfaction of our employees. For

example, we have a variety of internal recreational activities to create a pleasant corporate atmosphere in which our staff can enjoy working. Such efforts have resulted in the relatively low turnover of our workforce. This enables us to maintain the same staff for a customer, which in turn helps build trust.”

Now that they have entered the Japanese market, Mr. Vinh sees the company's low profile as their present challenge. He says, “We can't yet rely on the name 'Tinhvan from Vietnam' to draw many customers here. In sales activities, we first need to accumulate results through business with our existing customers with whom we have established close relations. We intend to then expand the scope of our business and seek for new customers based on this track record. We would like to hire Japanese employees who identify with our corporate culture, ones who have got ability to work around the world in a dynamic and decisive manner—as befit a compact foreign-capital venture company—and envalue its staff. I hope TVO will set a precedent for other Vietnamese companies planning to enter the Japanese market in the future.”

### Building bridges between Japan and Vietnam

Mr. Vinh also talked enthusiastically about his future vision related to collaboration with Japanese companies. “I would like to be engaged in the work of connecting Japanese and Vietnamese companies. By doing so, I hope to promote the Japanese software service in Vietnam and make full use of the Japanese companies' excellent development skills in business in Vietnam. Vietnam is a country that has a deep affection from Japan, with a great number of people hoping to have a job related to Japan. We hope that our activities will form a bridge of friendship between both countries.



Nguyen Ich Vinh (second from the right) took the podium at the seminar “Invest in Japan, Doing Business with Japan” held by JETRO in Vietnam in July 2016

### JETRO’s support

For the incorporation of TVO’s Japanese subsidiary, the JETRO Invest Japan Business Support Center (IBSC) provided TVO with the following support: provision of a temporary office, assistance in carrying out

incorporation procedures and seeking a property and employees and provision of information on incentives and the market. Regarding JETRO’s support, Mr. Vinh says, “JETRO has enthusiastically provided their service over a long period of time—since we were still in Vietnam. After coming to Japan, their free-of-charge temporary office was particularly helpful. Their support enabled us to significantly reduce the time and cost required for the incorporation and also gave us confidence in our investment in Japan—something we had first expected to be a challenge. As we further develop our Japanese business in the future, we would like to count on JETRO’s support again.”

(January 2017 interview)

### Corporate history

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- 1994 Tinhvan Technology JSC established in Hanoi, Vietnam (officially incorporated in July 1997)
- 2006 Tinhvan Outsourcing JSC (TVO) established

### Tinhvan Outsourcing Japan LLC

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- Establishment: 2016
- Business overview: Outsourced software development (offshore development)
- Parent company: Tinhvan Outsourcing JSC (Tinhvan Group)
- Address: 1003, 10th Floor, Aios Gotanda Ekimae Building,  
1-11-1 Nishi-Gotanda, Shinagawa-ku, Tokyo, Japan 141-0031
- URL: <http://www.tvo.jp/vi/>

### JETRO’s support

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- Provision of temporary office
- Support for corporate establishment procedures
- Introduction to service providers (real estate agency, staffing agency)
- Provision of information on incentives
- Provision of market information