Integration into Global Value Chains

A roadmap for Vietnamese Private Enterprises

March 2023

KPMG in Vietnam
The manufacturing sector in Vietnam, one of the three key industries of the government's strategy, contributed to nearly 86% of the total exports in 2022. A substantial percentage of manufacturing exports from Vietnam every year comes from Foreign-invested enterprises. For example – In 2021, Foreign-invested companies contributed 97.8% of the total export value of the electronics industry in Vietnam.

Inadequate industrial infrastructure and supporting industries, lack of skilled labor, and limited supply chain management capabilities have so far prevented Vietnamese Private Enterprises (PEs) from moving up the Global Value Chain (GVC). But Vietnamese PEs can improve their chances of GVC integration now if they can adapt to 'The Next Normal' by strengthening their capabilities across the supply chain.

This report will provide insights into Vietnam’s position in the Global Value Chain in terms of 'Where we are' to 'Where to go next' and 'How to go'.
Shout out to our Authors

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05. What Critical Operational Capabilities are needed for Vietnamese manufacturers to integrate into future GVC?

06. How can KPMG help Vietnamese manufacturers in their capability development journey?
01
Vietnam’s current position in global value chain
Integration into Global Value Chain comprises of 4 stages

Commodities

- Small percentage of the entire domestic value added in exports comes from manufacturing (less than 60%)
- Exports of Commodities’ countries travel along the value chain and serve as inputs in other countries’ manufacturing industries.

Limited Manufacturing

- Share of manufacturing in domestic value added in exports is from 60% to 80%, often alongside commodities exports
- Medium domestic value-added content of exports
- Mainly engage in low value-added linkages, which lead to the low profitability
- The overall industrial infrastructure and the suppliers’ networks are being developing
- Participants are mainly labor-intensive manufacturers whose outputs require less technical complexity

Advanced Manufacturing & Services

- High share of manufacturing and business services in domestic value added in exports, equal to or greater than 80%
- High domestic value-added content of exports
- Mainly engage and focus on the high value-added linkages, and generate high profitability
- The overall industrial infrastructure and the suppliers’ networks are well-established
- Participants are advanced manufacturers which require capabilities in complex production, sourcing network, design & innovation, technology application

Innovative Activities

- Innovative GVC activities spend a significant share of GDP on research and development, receive a substantial share of GDP from intellectual property
- Exhibit high domestic value-added content of exports

*These criteria define countries according to the degree of dependence of their exports on manufacturing.

Source: World Bank Group, KPMG perspective
Vietnam is currently in the ‘Limited Manufacturing’ stage in the Global Value Chain (GVC)

Countries participating in GVCs at different stages

Manufacturing sector
- Developing with industrial infrastructure & supportive industries
- Participating in labor-intensive and less technically complex downstream production stage
- Low supply chain management capability

GVC linkages
- Low participation
- Limited commodities
- High commodities
- Limited manufacturing
- Advanced manufacturing and services
- Innovative activities
- Data gaps

Source: GSO, soye.ninhbinh.gov, OECD, “Participation in the Global Value Chain...SME in Vietnam” report – Trung Nguyen & team, KPMG
Current position of Vietnam in the GVC can be explained through an example from garment and textile sector

Vietnam Garment and Textile Value chain

- Raw material: Spinning (fibers, yarn, fabric)
  - 99% of cotton imported
  - Fabric is the bottleneck with ~70% of fabric consumption imported

- Garment: CMT 65%, OEM/FOB 25%, ODM 9%, OBM 1%
  - High capital and tech requirements
  - Labor intensive

- Marketing & Distribution

Garment and Textile GVC

- R&D
- OMD Design
- OEM/FOB Purchasing
- Assembly/CMT Production
- OBM Marketing

Estimated After-tax profit margin of Vietnamese companies: ~3%

Total Garment and Textile export (2015) ~3%

Vietnam in Global Value Chain of Garment and Textile industry contributes to the lowest value-added modality with the highest pollution emissions, where most companies are mainly manufacturing under CMT (65%). The characteristics of this stage is labor intensive and manual processes with after-tax profit earnings accounting for only 1-3% turnover.

Source: FPTS - 2017

1 CMT: Cut-Make-Trim; 2 OEM: Original Equipment Manufacturing/ FOB: “Free on board” or “Freight on board”; 3 ODM: Original Design Manufacturing; 4 OBM: Original Branding Manufacturing

Source: FPTS, Vietnam Industry and Trade Magazine
Vietnam’s current position in the GVC can also be comprehended from the automotive sector in Vietnam

The value and distribution map of the GVC of the automotive industry

Vietnam mainly participates in the last stage of the global value chain i.e., assembly. This stage contributes the lowest value-added contents in the value chain. However, local Vietnam automakers like THACO, and VinFast have been investing in R&D activities, especially in increasing supporting industry capability.

Source: IAFSM 2019, KPMG

Legend:
- Foreign supply and demand
- Vietnam supply and demand

Remarks:
In Vietnam, there are no Tier 1 suppliers that supply completed modules/systems, but the OEMs mainly import or produce modules/system in-house at the assembly stage.

Vietnam currently participates in the last stage of the GVC, i.e., the assembly stage. This stage contributes the lowest value-added contents in the GVC. However, local Vietnam automakers like THACO and VinFast have been investing in R&D activities, especially in increasing supporting industry capability.
But what are the key benefits for Vietnam from transitioning to a higher stage in the Global Value Chain?

**Key Benefits**

The transformation to a higher level not only enhances the country’s capabilities but also unlocks potential opportunities for further development.

**Higher profit margins**
*Derived from more sophisticated products & production stages and application of advanced technologies & enhanced efficiency and capabilities*

**New business opportunities**
*Gaining growth and expanding market penetration through economic diversification into new or adjacent industries*

**Attractive destinations for diversifying or relocating supply chains**
*Derived from a well-developed infrastructure, good policy (incl. trade policy, inward FDI openness) and GVC-related factors (incl. institutional policy, customs, etc.)*

**Improved employment conditions**
*Better employment with improved wage rates and working conditions due to reduction of participation in labor-intensive stages and focus on advanced labor development*
02

How have other countries transitioned successfully?

A few Successful case studies from the Region
China’s reform and opening-up journey towards the higher stage of the Global Value Chain: Transformation roadmap & gains

**China’s Reform and Opening-up Journey** - A process of continuously deepening its integration into the global value chain

<table>
<thead>
<tr>
<th>Before</th>
<th>The beginning of the reform era</th>
<th>After the beginning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years before</td>
<td>Medium to low-end products</td>
<td><strong>Aim for “Created in China” – A Manufacturing Power</strong></td>
</tr>
<tr>
<td>1980s</td>
<td>Exports gradually transitioned to manufactured goods of Light and textile industries</td>
<td>Moved from a high-speed growth stage to a higher-quality development stage</td>
</tr>
<tr>
<td>1990s</td>
<td>Started in 1978</td>
<td><strong>“Made in China” – A World Manufacturing</strong></td>
</tr>
<tr>
<td>1980s</td>
<td>Started in 1978</td>
<td><strong>Entering 21st century</strong></td>
</tr>
<tr>
<td>1980s</td>
<td>The exports gradually transitioned to manufactured goods of Light and textile industries</td>
<td>High-tech and high value-added products</td>
</tr>
</tbody>
</table>

**Gains**

- **2014-2018**
  - Avg. 45% Stable Global Value Chain Participation
  - Domestic Value Added participation in GVC (IDC) 32%
  - Foreign Value Added 13%

**Increased**

- World 2.0
  - Intellectual Property (IP) & Localization rate
  - Advanced Tech & Capabilities Independence
  - High-tech value-added products and services

**Source:** Chintoday, Bruegel, Reposity utl, WTO, IMD
Taiwan’s economic advancement and move up the Global Value Chain: Transformation roadmap & gains

Taiwan’s rise of economy

<table>
<thead>
<tr>
<th>Before</th>
<th>The beginning</th>
<th>The rise</th>
<th>Gains</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960s</td>
<td>1970s</td>
<td>1980s</td>
<td>2000~2020s</td>
</tr>
<tr>
<td>Rapid economic inflation, increasing agricultural &amp; industrial (A&amp;I) workforce to stabilize local price.</td>
<td>Stable cost of living resulted from A&amp;I policy decade ago. Started promoting Light Industries to the economy.</td>
<td>Due to stable economy with rapid expansion of exports, Taiwan introduced to develop Heavy Industries, and the start of “Ten Major Construction Projects”.</td>
<td>During 2000s, the rise of Internet year, three ideas “Knowledge, Sustainable, Righteousness” were brought up by the government to fully support the capability of independent innovation, also Semiconductor, Bio-Technology and Digital industries. “Golden Ten years, Country Vision” was promoted by the government during 2021 to enhance Six emerging industries, which are Bio-Technology, Green Energy, Quality Agriculture, Tourism, Healthcare and Culture and Creative industries.</td>
</tr>
<tr>
<td>GDP 9%</td>
<td>GDP 10.1%</td>
<td>GDP 7.7%</td>
<td>GDP 10.76%</td>
</tr>
</tbody>
</table>

1990~2000s
With the successful accession to the WTO Foreign Trade policy and trade surplus, Taiwan actively promotes Electronic, Information, Machinery and such Capital-Intensive Industries to further boost the economy. At the same time, it also promotes the Asia-Pacific Regional Operations Center.

GDP 6.3% & 3.4% with Financial Crisis

2012
Foundry output value accounted for the world
67.8%

Global Value Chain Participation
2020
Most dependent economies in the world due to its high export rate in the Global Value Chain
7th
Top economy with the largest trade surplus in the world
8th

Source: Taiwan News, National Development Council(NDC), Statista, Wiley Online Library, CommonWealth Magazine, Information Technology & Innovation Foundation (ITIF), Taiwan Institute of Economic Research(TIER), Metal Industries Research & Development Centre(MIRDC)
Taiwan’s economic advancement and move up the Global Value Chain: Inner Motivation – Policy Spotlight - The 5+2 Innovative Industries Plan

- **Biomedical**
  - Creating a complete ecosystem, integrating innovation clusters, linking with international markets and resources, and promoting specialty and key industries.

- **Green Energy**
  - Focused on using energy generation, energy conservation, energy storage, and smart systems integration to provide a stable supply of energy.

- **Asian Silicon Valley**
  - Internet of Things (IoT) will be used to stimulate industrial transition and upgrade and to build an R&D-based innovation to link with core technology clusters around the world.

- **Defense**
  - The procurement of defense equipment, and the upgraded and renewed domestic market, will stimulate the shipbuilding, aerospace, machinery, electrical apparatus industries.

- **Smart Machinery**
  - Promotion of Industry 4.0, and the up-, mid-, and downstream sectors will be integrated according to local, international, and future trends.

- **Circular Economy**
  - Fostering a more efficient way of using resources, eliminating waste and preventing environmental pollution by redesigning products and business models.

- **New Agriculture**
  - Fostering a more efficient way of using resources, eliminating waste and preventing environmental pollution by redesigning products and business models.

Source: Taiwan News, National Development Council(NDC), Statista, Wiley Online Library, CommonWealth Magazine, Information Technology & Innovation Foundation (ITIF), Taiwan Institute of Economic Research(TIER), Metal Industries Research & Development Centre(MIRDC)
What are the key takeaways for Vietnam from these success stories?
## Vietnam’s macroeconomy remains attractive and positive, especially for manufacturing sector, with strong support from government and FTAs

### Attractive and positive macroeconomic indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2022</th>
<th>2021-27 CAGR%</th>
<th>2022 GDP (BIL)</th>
<th>2022 Inflation %</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP current price</td>
<td></td>
<td></td>
<td>$413.8BIL</td>
<td>3.5%</td>
</tr>
<tr>
<td>GDP by sectors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td></td>
<td>38.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, Forestry &amp; Fishery</td>
<td></td>
<td>12.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Competitive Workforce with Higher Productivity

- **2015-2020**
  - Total Vietnam population in 2020: 56%

- **2020**
  - Low labor cost: lower as compared to China, making Vietnam a cost-effective destination for electronics manufacturing.
  - Enhanced labor productivity: But lower than Malaysia, Thailand, Philippines, Singapore. According to ILOSTAT, Vietnam labour productivity dropped to 3.1% in 2021 due to the global pandemic.

- **CAGR: 2021-2022**
  - 26.1% growth
  - ASEAN median: 3.1%

### Supportive Financial Backing

- **Lending Rate**
  - 2022: 7.8%
  - Medium
  - Comparable to that of SEA countries at an average of 7.6% in 2022

- **Deposit Rate**
  - 2022: 3.6%
  - Moderate
  - Compared to Vietnam’s current Inflation rate of 3.5% in 2023

### Supportive Government Incentives and FTAs

- **Supportive Government Incentives**
  - Improved ease of doing business with stable political system
  - Maintained macroeconomic stability, controlled inflation, promoted growth and secured major economic balances in the new context

- **Supportive Strategy**
  - Value-added industry
  - Strong backward and forward linkages industries

- **(+)* Supportive Incentives**
  - Developing supporting industries
  - Tax incentives and tax holidays for manufacturing projects
  - R&D, Advanced IT systems & ICT products

- **FTAs**
  - Active: 15
  - Under negotiation: 2

### Source:
- GSO, UNFPA, IMF, World Bank, VCCI, ILOSTAT, VEPR, VGP News

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1. CAGR: Compound Annual Growth Rate
2. Skilled and qualified labor
3. This value is calculated by KPMG based on IMF statistics for 9 SEA countries including: Myanmar, Indonesia, Vietnam, Singapore, Thailand, Malaysia, Brunei, Cambodia, Timor-Leste. In this, the lending interest rates of the following countries are assumed based on the CAGR values of each country, including Myanmar (estimated for 2021, 2022), Singapore, Malaysia, Brunei, Cambodia, Timor-Leste (estimated for 2022).
But infrastructure, companies’ capabilities, and skilled labor have remained challenges for Vietnam’s global value chain integration

Vietnam’s economy relies on foreign direct investment, but in contrast to other countries in the region, it hasn’t been able to build a robust system or forge an organic connection with the domestic market. Vietnamese SMEs’ integration rate into the global production network remains low – reflected in some of the challenges below.

**Infrastructure, Logistics, and Supporting Industries**
- Inadequate infrastructure development has led to low connectivity of various transportation modes
- With more than 3000 logistic enterprises, the logistics sector is severely fragmented. Numerous middlemen in logistics increase the cost of freight transport within Vietnam, all together driving up the transaction costs, a big hindrance in Vietnam’s economic growth
- Compared to China and India, Vietnam has a lower localization rate (36%), which further affects the country’s weak supporting sector and low rate of local component procurement.

**Management Capabilities & Technology Enhancement**
- Supply chain planning and management are critically striving to be cost competitive and establish a supply chain that is responsive and resilient
- Corporate governance practices are still not well-implemented in Vietnam with the rate of independent audits for private enterprises still low. The reform to a higher standard of business practices is needed, which is highly required for deeper integration into GVCs with new FTAs
- Limited capacity for product and process innovation as well as R&D facilitation.

**Talent and Skilled Labour**
- Skilled labor is needed by manufacturers for complex processes. It can also be a challenge to find adequate labor that can meet the local market demand.

How does the future of Manufacturing look like?
Before COVID-19, the road to the Future of Manufacturing was believed to be through Digital Transformation. After the global pandemic, it became clear that driving focus on the twin transformation of Smart Digitization and Environmental, Social & Governance (ESG) is vital for resilience and sustained growth.

By 2030, the value of Vietnam’s economy would be $74 billion.

CEO at high-growth organizations believe ESG improvements financial performance.

Digitization can mitigate supply chain risk and enhance sustainability, but CEOs need to see ESG as a strategic imperative not simply a means to an end. They won’t likely have a healthy supply chain if they don’t focus on ESG, and without a healthy supply chain, they will likely struggle to meet their long-term goals.

- Key stakeholders expect companies to have a positive impact from driving diversity to help protect the planet.
- Focusing on a bold ESG program can help identify key opportunities and challenges and allow CEOs to demonstrate how they can deliver on their purpose.

Source: Vietnamplus, KPMG
To be future-ready, private enterprises must realize the importance of The Next Normal and Knowledge Management to develop resilience and beyond.

**THE NEXT NORMAL**

Three focus areas can help private enterprises navigate the transition to the “next normal”:

**End-to-end forward-looking visibility**

Having “control tower” visibility on key real-time indicators; being able to maneuver your supply chain beyond your own business borders; and building real-time collaboration with your ecosystem of supply chain partners will likely be critical – all done using digital capabilities (eg - ERP). The ultimate goal is to enhance collaboration across the supply chain eco-system.

**Agility**

Making sure your supply chain is responsive and agile to manage the unexpected, and to deal with these threats and disruptions appropriately, efficiently and profitably.

**Drive productivity and manage capability**

A mature supply chain capability, not just of the process but also of people, to always be a step ahead and ready to tackle supply chain risks and opportunities.

**A skills matrix highlights potential skill gaps and upskilling opportunities**

**KNOWLEDGE MANAGEMENT**

The pace of change necessitates new techniques and mindsets. As a result, established methodologies for identifying critical knowledge and managing change are more vital than ever.

1. **Acquisition of Knowledge**
2. **Storage of Knowledge**
3. **Distribution of Knowledge**
4. **Use of Knowledge**

Knowledge Management (KM) Process

“96% of respondents in the manufacturing sector are confident that technology will play a role in helping KM respond to change and meet evolving needs.”

Source: ‘The supply chain trends shaking up 2023’ thought leadership by KPMG; McKinsey; APQC
What Critical Operational Capabilities are needed for Vietnamese manufacturers to integrate into future GVC?
Manufacturing companies must demonstrate strong capabilities across the supply chain to facilitate their integration into future GVCs

TYPICAL END-TO-END CAPABILITIES OF A MANUFACTURING COMPANY

Financial Management
Innovate & Engineer
Innovation & Engineer encompasses the full product development lifecycle and commercialization process, beginning with ideation and finishing with product end-of-life.

Plan
Plan covers supply chain planning processes, such as planning of demand, supply, balancing and execution of the IBP process. Plan also includes customer and supplier collaboration, as well as interfaces with financial planning processes in higher stages of maturity.

Procure
Procurement is the overarching function that describes the activities and processes to obtain or buy goods and services from an external source. It involves activities from establishing fundamental requirements, sourcing activities such as market research and supplier selection/development and negotiation of contracts.

Make
Make covers the entire spectrum of activities & processes pertaining to Manufacturing Operations. It includes key components such as Manufacturing capacity assessment, Planning & Scheduling production, deploying the Asset maintenance strategy and executing production with the required product quality.

Deliver
The effective and efficient management of resources (products, items, SKUs etc.) - how they are obtained, stored and moved to the various locations whereby they are ultimately distributed to end users.

Marketing, Sales & Distribution
Marketing, Sales and Distribution involve in promoting and selling goods or services. The key aspects include marketing and sales strategy development, strong distribution systems, robust account management, effective sales operations and supportive customer service.

TECHNOLOGY ENABLERS

ESG (Environmental, Social, Governance)
### Manufacturers can use below scale to assess their maturity levels of these key supply chain capabilities

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reactive</strong></td>
<td><strong>Managed</strong></td>
<td><strong>Established</strong></td>
<td><strong>Integrated</strong></td>
<td><strong>Collaborative</strong></td>
</tr>
<tr>
<td><strong>1.0 Functional process</strong></td>
<td><strong>2.0 People</strong></td>
<td><strong>3.0 Service delivery model</strong></td>
<td><strong>4.0 Technology</strong></td>
<td><strong>5.0 Performance insights &amp; data</strong></td>
</tr>
<tr>
<td>The capability of the function has a low level of operational competency, lacks formal processes.</td>
<td>The capability of function has a high level of operational competency, which complies with the formal, documented processes and aligned to the needs and direction of the organization.</td>
<td>The capability of function has a steady medium level of operational competency, its activities comply with formal processes.</td>
<td>The capability of function has a high level of operational competency, which complies with the formal, documented processes and aligned to the needs and direction of the organization.</td>
<td>The capability of function has a low level of operational competency, lacks formal processes.</td>
</tr>
<tr>
<td>The capability meets the required obligation, but its activities are reactive and without governance or control.</td>
<td>The capability fulfills the required obligation through established governance, measurement and intentions, and control skills. Hence, this results in a consistent approach but lacks integration with other functions.</td>
<td>The capability fulfills the required obligation with established governance, measurement and intentions, and skills of control which are aligned to other functions or capabilities. Performance is measured and managed using leading metrics with focus on operational excellence and predictable outcomes.</td>
<td>The capability fulfills the required obligation with established governance, measurement and intentions, and skills of control which are aligned to other functions or capabilities. Performance is measured and managed using established metrics focusing on operational excellence and predictable outcomes.</td>
<td>The capability meets the required obligation, but its activities are reactive and without governance or control.</td>
</tr>
<tr>
<td>The capability meets the required obligation, but its activities adhere to informal processes, behaviors and rely on employees’ experience or intuition.</td>
<td>The capability fulfills the required obligation through established governance, measurement and intentions, and control skills. Hence, this results in a consistent approach but lacks integration with other functions.</td>
<td>The individual in the function is to provide defined expertise.</td>
<td>The individual in the function is continually looking to improve the effectiveness of the capability.</td>
<td>The individual in the function is continually looking to improve and develop new approach to enhance the effectiveness of the capability.</td>
</tr>
</tbody>
</table>

Manufacturers can use this scale to assess their maturity levels of these key supply chain capabilities.
KPMG has the following view about the maturity exhibited by Vietnamese manufacturers across the critical supply chain capabilities:

<table>
<thead>
<tr>
<th>INNOVATE &amp; ENGINEER</th>
<th>1.1 IDEATE</th>
<th>1.2 INNOVATE</th>
<th>1.3 DESIGN</th>
<th>1.4 PREPARE FOR LAUNCH</th>
<th>1.5 IMPROVE</th>
<th>1.6 RETIRE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLAN</td>
<td>2.1 COLLABORATE WITH CUSTOMERS</td>
<td>2.2 FORECAST</td>
<td>2.3 PLAN DEMAND</td>
<td>2.4 PLAN SUPPLY</td>
<td>2.5 COLLABORATE WITH SUPPLIERS</td>
<td>2.6 CONDUCT INTEGRATED BUSINESS PLANNING</td>
</tr>
<tr>
<td>PRODUCE</td>
<td>3.1 SOURCE TO CONTRACT</td>
<td>3.2 PROCUREMENT STRATEGY</td>
<td>3.3 SUPPLIER LIFECYCLE MANAGEMENT</td>
<td>3.4 REQUISITION TO ORDER</td>
<td>3.5 CATEGORY MANAGEMENT CYCLE</td>
<td></td>
</tr>
<tr>
<td>MAKE</td>
<td>4.1 PLAN MANUFACTURING CAPACITY</td>
<td>4.2 PLAN AND SCHEDULE PRODUCTION</td>
<td>4.3 MAINTAIN ASSETS</td>
<td>4.4 EXECUTE PRODUCTION</td>
<td>4.5 ASSURE QUALITY</td>
<td></td>
</tr>
<tr>
<td>DELIVER</td>
<td>5.1 LOGISTIC NETWORK STRATEGY</td>
<td>5.2 INBOUND TRANSPORT FLOW</td>
<td>5.3 WAREHOUSE AND INVENTORY MANAGEMENT</td>
<td>5.4 CUSTOMER FULFILLMENT</td>
<td>5.5 OUTBOUND TRANSPORT FLOW</td>
<td></td>
</tr>
<tr>
<td>SALES, MARKETING &amp; DISTRIBUTION</td>
<td>6.1 MARKETING STRATEGY</td>
<td>6.2 DISTRIBUTION STRATEGY</td>
<td>6.3 ACCOUNT MANAGEMENT</td>
<td>6.4 CHANNEL PARTNER DEVELOPMENT</td>
<td>6.5 SALES OPERATIONS</td>
<td>6.6 SERVICE OPERATIONS</td>
</tr>
</tbody>
</table>

- **Strong capabilities**
- **Existing capabilities but low maturity**
- **Capabilities that need to be established**

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How can KPMG help Vietnamese manufacturers in their capability development journey?
Our service offerings can help you transform your business by developing the critical capabilities needed for better Global Value Chain integration and gain advantages in this everchanging marketplace.

1. Market assessment & Revenue enhancement
   - Dealer/sales force productivity enhancement
   - New product development & Go to Market
   - Customer experience

2. Business Excellence
   - Direct Material Cost reduction [4% to 9%]
   - Indirect Spend Reduction [10% to 17%]
   - Procurement Benchmarking/Transformation

3. Technology platform
   - Sales & Operations Planning redesign
   - Supply chain Optimization [7% to 10%]
   - Logistics cost reduction [7 to 10%]

4. Manufacturing Transformation
   - Cost reduction and Energy management [4% to 9%]
   - Productivity improvement [10% to 15%]
   - Asset optimization and equipment reliability [7% to 10%]

5. Employee Capability Enhancement
   - Performance measurement
   - Skilling and Readiness of employee (Lean Six Sigma Belt Trainings, Champions Program, etc.)

6. Supply chain Transformation
   - Direct Material Cost reduction [4% to 9%]
   - Indirect Spend Reduction [10% to 17%]
   - Procurement Benchmarking/Transformation

We have helped clients across multiple sectors to achieve remarkable results in the following key areas:
A) Cost Reduction, B) Productivity Enhancement, C) Revenue Enhancement, D) Inventory Optimization and E) Customer Experience Enhancement

KPMG’s proprietary Connected Enterprise framework will help businesses to accelerate the transformation with digital enablers.
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