

DECISIVE FACTORS OF THE SUCCESS OF A SOFTWARE PARK

by NGUYỄN ĐỨC HIỀN

Software parks (SPs) are considered as a means essential to the economic growth in the globalization age. Over 700 SPs have been built in over 60 countries, and some 250 of them are specialized in producing software and other IT products.

Quang Trung SP is the first and biggest hi-tech park in Vietnam. Studies and surveys of foreign SPs and applications in Vietnam have been carried out properly, which brought about initial success for the Quang Trung SP. We think that drawing lessons from the first model is a necessary task. In this article, we limit it to factors affecting the success of an SP through experiences from the three years after this SP came into operation.

The success mentioned here means the effort to attract as many software companies as possible to gain a growth rate that was higher and steadier in comparison with ordinary business environment, improving the public image and brand and reputation of the Quang Trung SP.

After surveying, researching and analyzing achievements and shortcomings of some foreign SPs and

The Quang Trung SP in the past three years, we saw that there were four factors affecting the success of an SP.

(1) Good location: An SP considered as successful when it is recognized by companies operating in the industry, that is, it earns a reputation for its location. The reputation of the SP location is based on the following four elements.

- Political support: This support reflects in a constant and great help from all levels and even from foreign organizations. This help provides preferential treatment that allows the SP to market its ability and productivity to decision-makers. The Quang Trung SP becomes well-known to both domestic and international communities because of this sup-

porting on participation in an SP because they determine whether their personnel agree to work there or not. The living standard, with the "international connection" as the highest requirement, therefore plays an important and special role in attracting the well-trained human resource from home and abroad. And as we know, the human resource is the big-

- University: This apparent source requires no discussion.

- Supporting departments in the SP: An ideal environment could stimulate new ideas and inventions from not only software production department but also supporting ones, such as training, research, service, etc. Brains from these departments are important and



port.

- Infrastructure: As we know, the infrastructure is a necessary condition for the development of a region or industry. The infrastructure includes technical, legal and physical ones. A well-developed infrastructure in the Quang Trung SP has contributed to the reputation of its location among local and foreign communities.

- Living standard: The environment and quality of life are elements investors and companies take into consideration before decid-

ing on participation in an SP because they determine whether their personnel agree to work there or not.

- Location marketing: This task means advertising the environment and ability of an SP, thereby attracting more companies and partners to cooperation programs with SP members. In other words, the location marketing helps enhance the reputation of the SP location.

(2) Brains: The most important raw materials for the software industry are brains. Brains for an SP come from the following sources:

useful because they get easy access to the market demand and requirements posed by customers and society as well.

- Foreign countries: Brains from foreign countries bring home technical and managerial skills needed for the production of software when local resources fail to ensure the international connection.

(3) Renovation: This is the outstanding feature of the information technology. The renovation helps develop new products, reduce the life circle of the



old ones and make software products more useful and smarter. This is also a requirement to all companies when they want to survive the competition and develop in the market economy. To an SP, the renovation is examined from the following aspects:

- Enterprise culture: This culture means being not afraid of failure. This attitude will lead to chances to bring about great changes that will be able to help companies gain particularly high growth rates. This attitude could be seen as a must to any businessperson in an SP because it is a basic feature of technology-intensive industries (always craving for the new and being afraid of failure means lack of dynamic for creativity.)

- Presence of new investors and companies: In an SP, accumulation and diversification of ICT operation are two common processes. New comers that couldn't develop will go bankrupt and leave the SP. Ones that made good progress will accumulate more resource and diversify their operations. This is not new to the business circle and in SPs, it happens frequently. The pres-

ence of new comers in SPs always brings about new managerial methods, technologies and ideas, which forces existing companies to renovate themselves with a view to maintain their market shares and make further developments.

- Intranet: the intranet of an SP is particularly important. Facing fast development of the IT, the SP intranet should meet the demand for upgrading when necessary and be compatible with new technologies (this requirement is constant because of the international connection of the software production.)

Thus, the technological solution for installation of the intranet is very important because the intranet of the SP must be able to renovate and adjust to new requirements of a production environment based on the international connection.

(4) Success stories: An SP considered as successful must produce many success stories. Moreover, these stories must be introduced to local and foreign communities through marketing channels. Success stories will be examined from the two aspects:

- + Cost management: This element is both an ob-

jective and nature of the software production. An SP company considered as successful fails to meet this objective and prove to be cost-effective, it couldn't produce good software products and customers will refuse to buy their products and services. This means that it can't be seen as a success story. The cost management is more important to the software industry than to traditional industries because of characteristics of this hi-tech industry.

- + Technological orientation: Working out a technological orientation will allow a software company to upgrade and adjust to fast changes in technologies and this must be part of a success story. Without it, the company couldn't be considered as a success story and its stability and future development are also under threat.

In short, there are four factors that affect the success of an SP and they are interactive with each other to bring about the success for the SP. I hope that the analysis will contribute something to the making of a strategy to develop Vietnamese SPs in the coming years. ■

