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New York, NY 10016 USA
Tel: +1 212 705 8900
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society@comsoc.org, www.comsoc.org

Singapore Office
Fanny Su Beh Noi, Manager
1 Fusionopolis Walk, #04-02, South Tower
Solaris, Singapore 138628
Tel: +65 778 2873, Fax: +65 778 9723
fsu@ieee.org

China Office
Ning Hua, Chief Representative
Rm 1530, South Tower,
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Publisher: LEE DEUK HO
 Editor-in-Chief: LEE DEUK HO
 Published by: Asia-Pacific Business & Technology Report Co.
 Registration date: 2009.09.03
 Registration number: 서울증. 라00307
 Price: ₩6,000, US\$9.99, CN\$9.99, £7.00, €8.50
 Annual subscription fee: ₩110,000/US\$110

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The views and opinions expressed in the articles are those of the author and do not in any way reflect the editorial policy of Asia Pacific Business and Technology Report
 Vol. 3, No. 3, 2011
 PRINTED IN SOUTH KOREA

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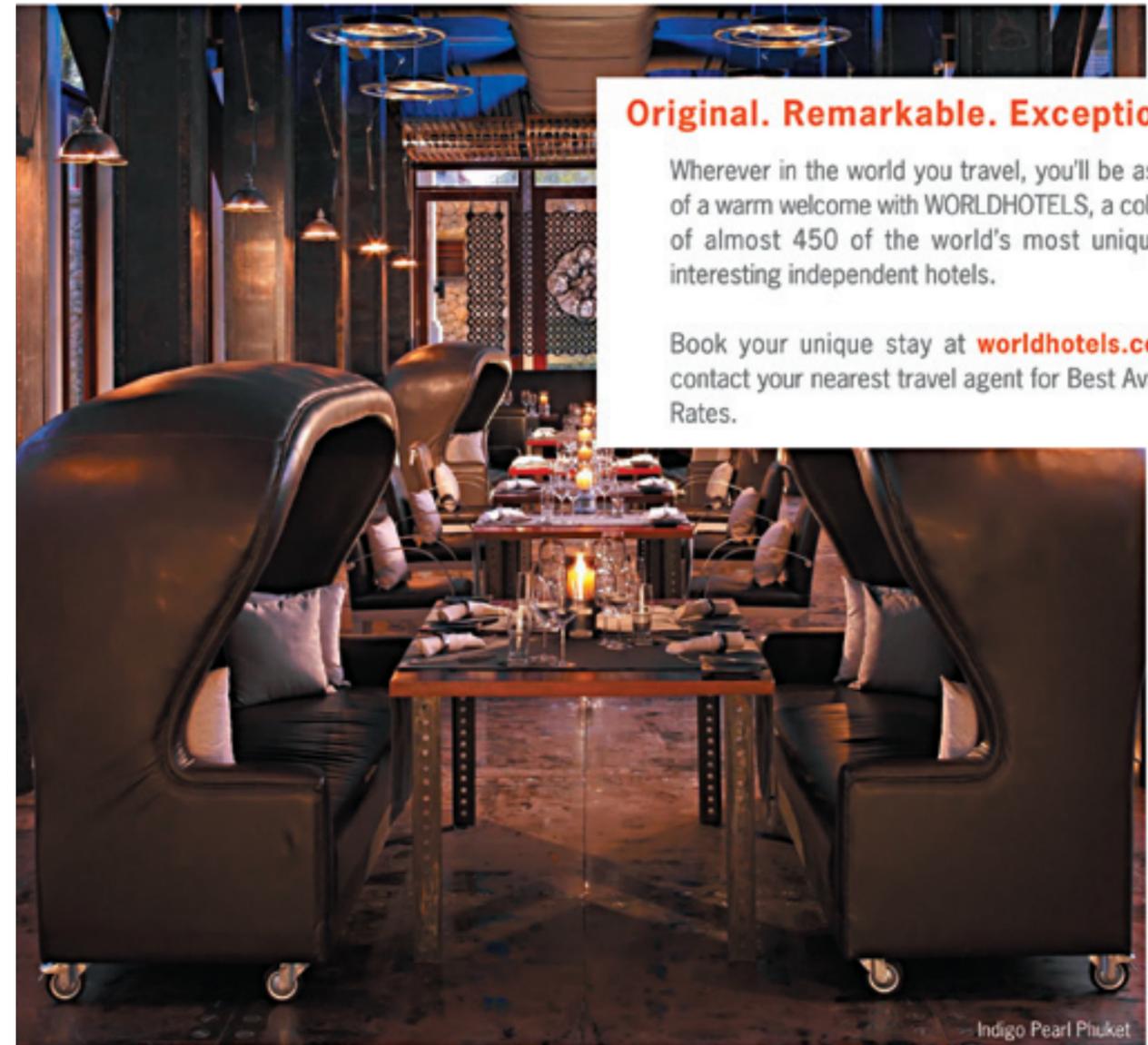


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Hyundai Endures as Worldwide Brand

10 Years After Founder Chung's Death

BY DONALD KIRK

The Korean economic miracle said as much about Korea's rise from the devastation of the Korean War as it did about rising pressure for democratic reform.

In Seoul for USA Today, writing about the 1988 Olympics, I had another mission in mind, that of a book about Korea's leading business empire, one of the "engines" of the miracle. The result was *Korean Dynasty: Hyundai and Chung Ju Yung*, published in 1994 by M.E. Sharpe in New York and Asia2000 in Hong Kong.

The story of Chung Ju-yung, however, went far beyond Hyundai. Chung clung passionately to the dream of Korean reunification as he divided his empire among his sons before his death ten years ago at the age of 85, on March 21, 2001, placing fifth son Mong-hun in charge of Hyundai Asan, responsible for North Korean projects, in-

cluding Mount Kumkang and the Kaesong industrial complex next to Panmunjom. Mong-ku, the second son but eldest since the death of his older brother years before in Germany, would take over Hyundai Motor, and sixth son Mong-joon would remain the principal owner of Hyundai Heavy Industries, by then the world's largest shipbuilder. Each of the other sons would own controlling shares in other enterprises.

"More than any other Korean, Mr. Chung exemplified the 'miracle' of a country that grew from the devastation of the Korean War to become an economic powerhouse," I wrote in a lengthy obituary published in *The New York Times* the day after he died. "In his final years," I added, "he pursued another dream, that of reuniting North and South Korea through trade, aid and investment."

My perspective on Chung Ju-yung goes back to my earliest research on Hyundai after the '88 Olympics when he gave me a one-hour interview at his spacious office in the headquarters of the Hyundai empire next to the Secret Garden in central Seoul. I also met assorted company presidents, directors and young bureaucrats in Seoul and the industrial center of Ulsan for interviews arranged by the group's public relations director, Park Il-kwon. The real Hyundai story, however, was difficult to fathom. If I were to write anything, I had to interview not only executives and workers in Hyundai factories, notably Hyundai Heavy Industries and Hyundai Motors, but also American managers at Hyundai Motor America and Hyundai Electronics, now Hynix, both beginning to penetrate the vast North American market.

I interviewed Chung Ju-yung again in 1992 when he was campaigning for president of Korea. The interview, which took place in the campaign headquarters in Seoul, was interpreted by the president of one of his companies whom I had met at Hyundai Electronics America in Silicon Valley. Dressed in a dark blue suit, white shirt and dark blue tie with large white polka dots, Chung displayed his common sense and business acumen, offering solutions to just about everything. "One of our primary goals is to let big enterprises advance into overseas countries by specializing in areas which they can do very well," he said. "For domestic markets, I would like to encourage small and medium enterprise." Asked about the motor vehicle industry, he responded, "For Korean companies to compete with global companies, he said, "large size is necessary."

In the excitement of the campaign, Chung Mong-joon, who had done graduate work at MIT and Johns Hopkins, from which he would receive his doctorate, and two or three assistants opened up to me as they never had before. Chung Ju-yung's closest top aide, Lee Byung-kyu, let me know where and when to find his boss breakfasting daily at his formal residence in Seoul with his sons. I glimpsed them all seated around a small table eating white water kimchi and fruit before I descended to the kitchen with the wives. About 30 minutes later, father and sons emerged on the lawn to begin the long walk down the slope to Hyundai headquarters in Kye-dong.

"More than any other Korean, Mr. Chung exemplified the 'miracle' of a country that grew from the devastation of the Korean War to become an economic powerhouse," I wrote in a lengthy obituary published in *The New York Times* the day after he died.

The morning ritual had been going on for 30 years – ever since Chung had opened his first downtown headquarters for the industrial empire that had begun in a side-street garage and now sent ships and chips, cars and computers, oil rigs and bridges all around the world. Up at 3 a.m., Chung pored over papers, made calls and received visitors for two hours before breakfast. He had fixed his daily routine while amassing a personal fortune in the billions of dollars. Clearly he believed, after all that success, that he could do a much better job of governing the country as an "economic president" than could either of his major rivals, Kim Young-sam or Kim Dae-jung.

The 1992 election would be the second since the promulgation of Korea's 'democracy constitution' in June 1987, and the first in which a civilian would become president since Park Chung-hee seized power in 1961. Kim Young-sam and Kim Dae-jung had battled Chun Doo-hwan, the general who took over after Park's assassination in October 1979, while Chung had cooperated with Park on industrial projects. "YS" and "DJ," as they were widely known, had lost the first election under the new constitution in December 1987 to Roh Tae-woo, Chun's Korea Military Academy classmate, whose troops at Chun's bidding had suppressed the Kwangju revolt in May 1980. After such turmoil, Chung was convinced his economic record would persuade voters to elect him over foes whom he saw as knowing as little about economic issues as did Chun or Roh.

Kim Young-sam's victory by a wide margin, disappointing though it was to Chung, hardly tarnished Chung's image as a nation-

builder. By that time he had earned a place in modern Asian history that transcended political rivalries and power struggles. The views of Chung, who had assumed the title of "honorary chairman" of the Hyundai group after putting on a show of retiring to go into politics, "sprung from the Korean spirit, the Hyundai spirit, that of a family that reflected the drive of the country," I wrote in *Korean Dynasty*. "The most important lesson is very strong leadership," Chung's fourth brother, Chung Se-yung, who ran Hyundai Motors and was group chairman when Ju-yung was running for president, told me over lunch in the Metropolitan Club of the Lotte Hotel in Seoul. "That applies to any business in the world."

No business leader lived up to that lesson more totally than did Chung Ju-yung, as his reach extended from ownership of 'the mother company,' Hyundai Engineering and Construction, founded in 1947, to manufacturing, finance and trading. Chung's plunge into the motor vehicles industry ushered in a new era at Hyundai as well as Korean history. Chung in 1967 set up a separate car office and, with bank credit and the firm support of President Park, masterminding Korea's 'industrial revolution,' bought land on the Taewha River in Ulsan for his future industrial complex. After Chung registered Hyundai Motor as the first major Hyundai entity to separate from Hyundai Construction, he called on brother Se-yung to run it. A former Ford Motor executive, William Hartigan, described to me the brothers' "Confucian ethic": "They got the job done without screwing off," as I quoted him as saying. Ju-yung especially, he added, was "a great patriot" who saw Hyundai's rise "for the nation." Chung Se-yung agreed. "There's no secret miracle," he said in one of our conversations. "We make good planning. We work hard."

Supremely confident, Chung Ju-yung in 1970 bought land down the road in Ulsan for his shipyard, which, like Hyundai Motor, was initially an offshoot of Hyundai Construction. How he got a badly needed loan for this venture forms part of the Hyundai legend. Needing a recommendation from a British executive, he pulled out a 500-won note, then in common use, bearing the image of an iron-clad turtle ship that Admiral Yi had commanded against the Japanese in the 16th century. Blaming Korea's late industrialization on the policies of the former Chosun dynasty that finally succumbed totally to Japan in 1910, Chung promised, "Once we get started, our enormous potential ability will emerge." On the basis of that claim and Chung's unremitting drive, Barclay's Bank in London provided the loan for a consortium that drummed up the funds needed to build the first ships, 259,000-ton crude carriers.

By holding down labor costs and underselling competition, Hyundai Heavy Industries came to lead the world in shipbuilding. In response to a downturn in the market in the 1970s, HHI also got into producing platforms and "jackets," the frameworks for off-shore oil rigs. Chung Mong-joon, named HHI president in 1982, credited Park with "giving most importantly political and mor-



al encouragement." The Blue House helped combat cyclical volatility in a national shipbuilding plan under which the government by 1983, the year Mong-joon became chairman, purchased nearly 26 percent of all ships made in Korea. HHI in 1992 reported a record profit for 1971 of \$271.94 million, four times that of Korea's second largest shipbuilder, Daewoo, eight times third-ranking Samsung – and enough to make it the country's highest tax payer with a corporate tax bill of \$61.2 million.

Chung Mong-joon saw bursts of activity as part of the cycle. "The world shipbuilding industry was coming out of a long recession," he told me. "The slump has lasted for ten years. It is not because of government policy that HHI has hit new highs. It is simply economic realities." Although he had to give up the HHI chairmanship to aid his father's political ambitions, Mong-joon, as principal owner of HHI, invited me for lunch with 20 HHI executives in May 1992 in the midst of the campaign. "I'm still in charge," he said afterwards. HHI by now was rolling in record profits. The company for which his father had desperately sought loans two decades earlier had become Korea's most prosperous enterprise.

Chung Ju-yung, in the aftermath of the 1992 election campaign, again made a public show of fading away from business. In May 1994 he announced at a press conference that he was "retiring," this time forever. True, he would stay on as "honorary chairman," but from now on he would spend half his time traveling and most of the rest on his farm on the west coast at Seosan. He would, he said, devote his energies to "exporting Korean rice" – the highest quality kind that he was growing at Seo-

san. "Politics," he said, "should be left to the politicians."

Korean newspapers reported that government-Hyundai relations had "normalized" since the 1992 campaign and its aftermath. Chung's remarks, said the *Wall Street Journal*, "sent stock prices among the group's listed affiliates skyward." Chung, recovering from the disillusionment of the election and ensuing legal entanglements, could essay the role of elder statesman and wise man as he sought both to perpetuate his legacy through his sons and to foster ties with the North.

Four years after completing the book project, on June 16, 1998, I was at Panmunjom, the "truce village" north of Seoul where the Korean War armistice was signed in July 1953, as Chung, three of his brothers and two of the sons, Mong-ku and Mong-hun, crossed the border into North Korea in limousines behind 100 truckloads carrying ten cows each. Chung on the same trip to North Korea revisited his native village of Asan, near the east coast north of the port of Wonsan, from which he had fled as a youth after stealing one of his father's cows for cash to finance his trek to Seoul. It was a sentimental journey with the brothers and sons who had crossed the border with him at Panmunjom.

The donation of the cows, and the trucks to carry them, was the precursor of a project for reopening the Mount Kumkang region, above the line on the eastern side of the peninsula. At a ceremony on November 14, 1998, at the east coast port of Donghae, Chung again displayed his yearning for North-South ties by inaugurating tourist cruises from Donghae to a small port,

Continued on Page 19

Obama-Hu Summit Gets South, North Korea Talking Again

BY DONALD KIRK

First comes the crisis, then the talks. The routine is so familiar it's hard to generate confidence in Seoul from dialogue with North Korea.

All that's sure is that North Korea, right after U.S. President Barack Obama hosted China's President Hu Jintao at the White House on January 19, requested a meeting of North and South Korean defense ministers, and South Korea at once accepted.

Wary of U.S. and Chinese pressure for dialogue, South Korean officials are busy putting the best spin on the whole notion of going back to the table. The last thing they want is to give the impression they're about to accept North Korea's demand for returning to full-scale six-party talks "without preconditions." They're sticking to their own demand – that North Korea apologize for the sinking of the South Korean navy corvette 'Cheonan' in March and the bombardment of a South Korean island in the Yellow Sea in November. All told, 50 people died in those attacks – two marines and two civilians on the island and 46 sailors on the navy vessel.

This time, said a senior official at the Blue House, the center of presidential power, the talks will be different from all those other talks that raised hopes but got nowhere. That's an allusion, most strikingly, to the 1994 Geneva framework agreement under which North Korea did indeed shut down a five-megawatt reactor built to produce plutonium for warheads in exchange for the promise of twin light-water nuclear energy reactors. Under the deal, inspectors from the International Atomic Energy Agency rotated in and out of the Yongbyon nuclear complex, monitoring the reactor to make sure it stayed shut.

That deal fell apart in October 2002 when North Korea was revealed to have had an entirely separate program for building warheads with enriched uranium at their core. For years the North indignantly denied any idea of enriching uranium, but that strategy changed abruptly when American nuclear physicist Siegfried Hecker was invited to the Yongbyon complex in November to look at a brand new 20-megawatt reactor built for the uranium program.

The impression was that North Korea timed the revelation of the uranium reactor to precede the attack on Yeonpyeong Island – a one-two punch in which the North first showed it was building up its weapons of mass destruction and then demonstrated its prowess in hit-and-run warfare. Either way, South Korea appeared powerless to do much about the threat. This time, say South Korean officials, they're not falling for promises or wishful thinking. No way, they say, will the South shower North Korea with food, fertilizer and other forms of aid as was done in the decade of left/liberal

leadership before the inauguration of the conservative Lee Myung-bak as president three years ago.

"The situation is totally different from the past," said one senior official. President Lee, criticized for a slow and weak response to the Yeonpyeong Island attack, got another chance to demonstrate his nerve as a leader two days after the Obama-Hu summit. After much hesitation, he ordered navy commandos on pirate patrol in the Arabian Sea in January to storm a freighter, owned and skippered by a South Korean company, that a band of Somali pirates had been holding for a week. Lee treated the rescue, in which eight pirates died, five were captured and all 21 crew members rescued, as a great victory for the South and a lesson for the North. Here was a chance to show he was willing to deploy military force, as he boasted on national television, against "any behavior that threatens the lives and safety of our people in the future."

Nobody is going to forget that episode whenever or wherever South Korean negotiators meet their North Korean counterparts, whether in North-South talks or at six-party negotiations on North Korea's nuclear program. "We have a natural sequence," said an official at the Blue House. "First you have to admit what you did. Second you have to apologize, and third you have to promise not to commit such an offense again. And you do not 'talk about humanitarian assistance' – at least 'without mentioning anything' in return. Moreover, the official added, "North Korea clearly understands."

Just how much that nation's leadership "understands," though, is far from clear. The North Koreans proudly boasted of their attack on Yeonpyeong Island, saying the bombardment was provoked by South Korean marine exercises in North Korean waters. That was a reference to the disputed Northern Limit Line, drawn on maps of the Yellow Sea by the United Nations Command after the Korean War but challenged by North Korea. The North may argue the marines, conducting an artillery exercise from their base on Yeonpyeong Island, were violating their sacred waters, but the sinking of the Cheonan is another matter. As the evidence mounted that the Cheonan was sunk by a torpedo fired by a North Korean midget submarine, the North steadfastly denied complicity in much the same language with which it once denied anything to do with enriched uranium. No one expects the North to suddenly 'fess up' to that dastardly deed.

Diplomatic phrase-makers may manage to get around the apology issue with some artfully-worded expressions of general regret, without getting down to what specifically is regrettable, but then there's the overriding question of the North's growing nuclear program. South Korean officials are treating the mere mention of "concern" about North Korea's uranium enrichment in the joint statement issued by Obama and Hu as a triumph. It's difficult to imagine, however, that North Korea is

about to give up its beloved nukes. South Korean officials call denuclearization "the most important pending security issue" every chance they get. North Korea, for its part, isn't saying a thing about its nuclear program. Pyongyang's Korean Central News Agency, in a much delayed report on the summit, said the two presidents had agreed on the need to ease North-South tensions but neglected to note they also agreed on "the goal of complete denuclearization of the Korean peninsula."

As far as South Korean officials are concerned, that crucial omission confirmed what they already believed, that North Korea has no notion of giving up its nukes even if talks resume on its nuclear program. But times have changed, at least in the view of the Blue House. In the past, said one official, "North Korea provokes, tension arises, North Korea suggests we resume dialogue, South Korea accepts and gives aid." That's not going to happen again, he said. "That's the pattern of the past." This time, he promised, "North Korea must make more clear and specific remarks." Meanwhile, he said ominously, the South will take "anticipated steps" to increase its strength – a warning that things "will be different from the past 20 to 30 years."

If North and South Korea are on their way to talking again, the topics of their conversations remain uncertain. Willingness to discuss such "provocations" as the shelling of an island in the Yellow Sea in and the sinking of a South Korean navy corvette in nearby waters won't suffice. The timing of the North Korean proposal may be the clearest dividend of the summit, and of Chinese pressure for easing tensions on the Korean peninsula, but there's no getting around the failure of the North to say a thing about demands to live up to previous agreements on giving up its nukes.

South Korea, after the proposal for talks by Kim Young-chun, minister of the People's Armed Forces, said the South at the talks would "ask North Korea to take responsible measures" for last year's attacks. An official at the South's unification ministry insisted the South would propose separate talks between high-ranking officials on denuclearization – that is, the basic inter-Korean talks that the South has long demanded as a prelude to six-party talks. The North Korean message, and the South Korean response, may not signify a breakthrough, but they did represent another step away from the atmosphere of confrontation and brinkmanship after the bombardment of Yeonpyeong Island.

Perhaps the most significant result of the summit, in the view of South Korean officials, is that Presidents Obama and Hu in their joint statement "expressed concern" about North Korea's uranium enrichment program while calling for "early resumption of the six-party talks," last held in Beijing in December 2008. "They recognized the problem of uranium enrichment," said Han Sung-joo, a former foreign minister, "and China is clearly talking about North Korea violating the September 19 agree-

ment" – that is, the statement agreed on at six-party talks in Beijing on September 19, 2005, under which the North would give up its nuclear program in exchange for massive economic aid.

That sound of "concern" about uranium enrichment is especially significant since North Korea in November first showed off its reactor for producing the uranium for nuclear warheads. The Geneva framework agreement of 1994, under which North Korea shut down a five-megawatt "experimental" reactor for producing plutonium, fell apart after revelation of the uranium program in 2002, but North Korea for years denied anything to do with enriching uranium. A senior official on President Lee's staff said resolution of the uranium issue and a freeze on North Korea's missile and nuclear programs "will be the litmus test to see if we can pursue any grand bargain." Meanwhile, he warned, South Korea is placing "priority" on building up its defenses, and "there will be a clear response" if the North again attacks the South.

Han Sung-joo, who has served as South Korea's ambassador to the United States, also credited Obama at the summit with having "persuaded China to accept the importance of having North-South dialogue in advance of six-party talks." While North Korea has called for returning to six-party talks, including Russia and Japan as well as China, the United States and the two Koreas, "without preconditions," the North has preferred to skip all-encompassing North-South talks that would necessarily cover the North's nuclear program. The North's view is that South Korea, as Washington's "lackey," is not eligible for bilateral talks on the nuclear issue.

Paik Hak-soon, a long-time analyst of North Korea at the Sejong Institute, an influential South Korean think tank, believes Obama and Hu in their meeting "confirmed the basic principles of how to lower tensions and deal with the nuclear issue." The next step, he said, is to "create actions that follow these high-level exchanges" with US officials coming to Seoul and Chinese officials going to Pyongyang to bring about results. As for South Korean demands for an "apology" for past provocations and "action" on the North's nuclear program, said Paik, "we have to have dialogue" and South Korea "will have to soften conditions." South Korea, he said, can go on pressing its basic points in actual negotiations.

A senior South Korean official suggested, however, how pot-holed and rocky is the road to any North-South agreement. "North Korea most fears full-scale war and defeat," he said. "The military effectiveness of South Korea is most important." Only if North Korea "apologizes first," he added, will we "talk about the nuclear issue."

Gary Sorman, a French economist who has written extensively on China and North Korea, warned of the risks of trusting either China or North Korea to live up to any agreement whatsoever. "Nothing can be decided in North Korea without China," said Sorman, who has also analyzed North Korean affairs at the French foreign ministry. "North Korea is completely manipulated by China." As for whether the United States can get North Korea to stop its nuclear program, he said, "the answer is no." The United States and other countries "have no practical way of stopping this nuclear program," he said. "We don't know how to stop this program" while China "has a strong interest in keeping North Korea in its divisive role." All Obama "can get," said Sorman, "is stopping these attacks – but only for a brief period." AP



Perhaps the most significant result of the summit, in the view of South Korean officials, is that Presidents Obama and Hu in their joint statement "expressed concern" about North Korea's uranium enrichment program while calling for "early resumption of the six-party talks," last held in Beijing in December 2008.



Business Leader of the Month Morry Morgan

BY VICTOR FIC

Morgan came to China vowing to stay for at least three months – even if it killed him - 10 years ago. Shortly after he started his company in 2001, ClarkMorgan Corporate Training, China suffered from an outbreak of the SARS epidemic, and then firms cut their training budgets during the global financial crisis. But Morgan emerged from all this to win the title of ‘Training Firm of the Year’ in 2007 and 2008. Asserting that “there is no harm in trying,” he launched a national human resources magazine, organized three innovation conferences in Shanghai, Beijing and Hong Kong, and authored the book *Selling Big In China* that details how he succeeded.

Morgan (morry.morgan@clarkmorgan.com) gives this exclusive interview to Victor Fic (vfic@hotmail.com), our special correspondent for economics and politics.

How to sell Big in China, Avoid Moon Cakes and Score Sellers

Morry, tell us about your experience learning about marketing in China.

In 2001, I knew very little Chinese and even less about marketing in China. Thankfully, so did most expatriates, so it was a fair race. Early on, I befriended Michael Golden, who later built AdSmith, a marketing and PR agency. He was a great coach, but I must still thank trial and error and China’s forgiving market because I often erred. One habit I started was to avoid following the pack. ClarkMorgan does not send moon cakes during the mid autumn festival. It’s a great tradition, but useless for marketing because you do not stick out – everyone sends moon cakes. Instead, we sent rare and memorable Women’s Day and National Day cards and invested in photos to avoid the stock photo fluff in many brochures and websites. ClarkMorgan has real people, not a politically correct diverse group of attractive models. Many staffers became famous within the human resources (HR) community. Clients say they have seen our people in our in-house marketing, industry magazine or the media. Another tip for would-be marketers is to build relationships with everyone, and don’t try to receive before you give. My book also discusses my friend at the Shanghai Daily newspaper. Two years after I initiated goodwill inviting him to the Formula One race there, he provided an amazing free advertising campaign.

You say that you are a deep thinker. What is your marketing philosophy, or framework?

I am as much about marketing as I am about sales. If you lack a strong sales team, marketing won’t attain your target. My key to sales is to know what people want and their often hidden needs. You say that you want a mobile phone. But needs are obscure and subjective. You need a mobile to relay your calendar, for convenience, style, easy use and brand loyalty. Finding such needs



allows me to negotiate incredibly low rentals, prevent staff resignations, build partnerships with HR firms and assist charities. Also, I love bartering for items spanning beer to hotel rooms to my MBA. The math is simple. You each have what the other wants - no fuss or tax. Far more trust enters without money. My old office furniture went to a beer importer who offered cases of Australian beer - a win-win.

Offer us more detail about bartering, because few people understand it.

Throughout 2009, ClarkMorgan Corporate Training worked with The Library Project and collected books for 1 to 6 year olds at rural schools in China. Founder Tom Stader charged our clients the cost of one children’s book for attending a previously free 3-hour ClarkMorgan demonstration. Bringing a book was voluntary so no one was rejected. By December 2009, we sent over 500 books to 15 rural schools in Sichuan province. The Library Project gets books, the HR manager gets trained and ClarkMorgan Corporate Training supports its PR and CSR initiatives for a win-win-win outcome.

That is also present in tourism as voluntourism. The Mandarin Oriental hotel in Miami, for example, offers a two-night package. Guests spend a morning removing invasive plants and recycling in Everglades National Park. Other hotels ask guests to fix hiking trails or work at soup kitchens. The next Shanghai event is entitled “Preserving Ancient Wuzhen.” So win-win-win

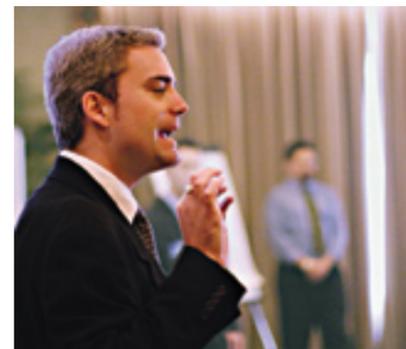
is possible and rewarding.

You claim to surpass cliches like ‘work through local people’ or ‘carry business cards.’ What are your key insights?

They focus on doing business internationally and also specifically with the Chinese. The clients featured in my book work for multinationals, often travel, are confident in English or even a second foreign language, and are not wooed by foreigners. I look specifically at China’s business intricacies, for instance motivating a Chinese sales force. A big competency gap weakens Chinese sales teams caused by culture and habit. I offer pragmatic solutions and highlight five areas for measurement before management.

First tell us, why is the Chinese sales team often weak?

It is disturbing and obvious that they lack a formal sales education. There is no Bachelor of Applied Sales offered anywhere. But this function is the lungs of a company that inhales and pumps business. Sales in China is still very immature. Most likely you come from disciplines as varied as engineering, general administration or even economics. But not sales. So how can a salesperson become the best? First, identify the key skill sets. The five factors that mean success are product knowledge; uncovering needs; charisma to build goodwill; persistence to make calls and legwork and honoring promises.



True reds are highly moral but often closed to outside ideas. Their children of the revolution, now in their 30s and 40s, have inherited these higher values, but the internet and travel makes them more open to the positive side of business in China.

Give our readers more information about these.

As for product knowledge, some sales people know little about their products and services. Because I do sales, I quiz service staff more than the usual customer does and generally I am unimpressed. Yes, sales ability in China has improved over the 9 years that I have lived here but is nowhere near international standards. If you manage a sales team in China, conduct regular service and product knowledge tests. Don’t assume that they know what you do. A simple pop quiz this Monday will prove me right or wrong.

How to uncover needs, then?

In my book, *Selling Big to China*, I highlight an invaluable technique called funneling. Unfortunately, few salespeople are taught this skill. Luckily, I learnt it 13 years ago. First, ask open, non-leading questions, then open leading ones and finally closed leading. In between, summarize the client’s words to clarify your understanding while building goodwill through positive language.

Charisma is rare, correct?

Goodwill is vital in sales, up to 37% of the successful sales pie. Charisma is not easily learned, but can be. Many great salespeople started off shy but grew into their charisma, most likely by mirroring others.

The stereotype about sales is that it means hitting the phone, knocking on doors...

You must persist in calling and legwork. In China, many people believe that connections, or guanxi, make a great salesperson. I disagree. Guanxi will start your career, but two years later, if you lack the persistence to gain new business then you will have dried up all your connections. At ClarkMorgan, we test for this quality with a Quality Score that measures our salespeople’s smart legwork with a running 30 day total. All sales staff must maintain a Quality Score of 1000 points or more by e-mailing for 1 point, calling for 5 points, attending networking events for 15 points and meetings at 20 points. It means only 50 daily points

on the month’s 21 working days. You easily see who will excel or bomb-out.

If you fail to deliver on a promise, can’t you do it later?

Sales staff must get their client’s signature and then meet promises. Any gap will hinder repeat business. It costs 5 to 20 times more to secure new business than maintaining a pool of delighted customers.

Tell our readers more about the various demographic groups in China.

My book looks at the true reds, the old red guards, the children of the revolution and the 80’s kids. The true reds have retired. They are the parents of the children of the revolution. True reds are highly moral but often closed to outside ideas. Their children of the revolution, now in their 30s and 40s, have inherited these higher values, but the internet and travel makes them more open to the positive side of business in China. Sadly, the old red guards focused on guanxi or connections over knowledge and ethics and are corrupt. They are in their late 40s and upward. As for the 80s children, they are open but very selfish from being only

children with old red guard parents.

At first, China lacked celebrity endorsements, but that tendency is on now – do you see it?

Yes, the trend is growing to build a reputation by harnessing the phenomenon of a key opinion leader, which my book explores. But like with moon cakes, when everybody uses Jacky Chan, he loses his value.

More Western firms are expanding their marketing from first tier cities such as Beijing and Shanghai to provincial towns like Dalian. Does this require new marketing attitudes and tools?

It involves far more patience with consumers less savvy than in first tier cities.

Does a Westerner need a Chinese partner to craft for marketing based on the culture and social trends?

You don’t need a Chinese partner to understand local insights, but require much input from the media, books, friends and colleagues. **ASP**





Alving | Dreamstime.com

Asian Carriers See More Demand in the Business Class Market

BY ANURADHA SHUKLA

Amidst the economic slump that has recently plagued the world, the Asian airline industry is finally seeing a light at the end of the tunnel.

This industry has now returned to its pre-crisis condition, completing its recovery – thanks to the surge in premium travels.

Nonetheless, industry observers are skeptical that demand for high-end first class travel will see a considerable increase in the coming days. Experts suggest that demand downturn may still happen.

While forecasts remain mixed, Asian carriers such as Singapore Airlines are now pav-

ing the way for the airline industry recovery. According to the International Air Transport Association, carriers in the Asia-Pacific region may be able to outperform their global counterparts in the future. Collectively, the Asia Pacific region reached more than US\$7 billion in profit for 2010. Adding up the profits of carriers all throughout the continent, the industry earned more than half of its worth, to a total of more than US\$15 billion. Despite the forecast from industry observers, carriers expect the upward trend to extend to 2011, possibly surpassing the 2010 records.

Singapore Airlines Vice-President Nicholas Ionides indicated that demand for premium travel has been increasing throughout the company's different networks. Further, the company's load factors have been increasingly throughout 2011 and may continue through 2012. The increase and constant influx of forward bookings have also contributed a lot to the expected continuation of the airline's recovery. As opposed to the slump that had hit countless economies, business markets across the world seem to have been getting stronger, and demand for high class travel has been strongly increasing.

Since the global economic meltdown, flights and services at SIA had been reduced by as much as 10 percent. Nonetheless, because of the growth in flight demands, the carrier is beginning to restore its premium

Factoids

- The aviation industry in the Asia Pacific region reached more than US\$7 billion in profit for 2010
- In November 2010, premium traffic growth increased up to 23 percent in the Far East.

services. Since the recession in 2009, industry observers noted recovery in load factors of Asian carriers. They have gone past their peak levels registered back in 2007. Aviation analysts point out that the Asian airline industry was able to recover because their restructuring initiatives, cost-cutting measures and traffic increase projects have all been effective in general. Paul Ng of Stephenson Hardwood Global Head Aviation felt that the industry did better than what was expected of it.

As opposed to the expected results, the Asian airline industry performed surprisingly despite hitting a slump in the 2009 recession. Forecasts previously noted that aviation would remain flat for the region for 2010 but the case turned out to be otherwise. As Asian trade activities experienced growth, premium travel demands (business and first class) have been increasing. Corporate travel increased significantly much to the advantage of Asian aviation. According to Standard & Poor's, in November 2010 premium traffic growth increased up to 23 percent in the Far East. This was far beyond the 11 percent recorded global growth.

From the improvement of economic conditions to the changing travel policies and increase in business development markets, the overall condition has been conducive for the business class markets, specifically their travelling affairs. Currently, around 40 percent of SIA's revenues were from premium travel. However, analysts still think that business-class travel would still record far better results compared to first-class seats.

The surge in business class travels prompted SIA to convert its three-class aircrafts, six Boeing 777-200, to cater to economy and business-class seats. The conversion of the Boeing 777-200 aircrafts was part of the airline's program to configure eleven of its B772s. SIA has already completed the project, and it has also maintained its suite class and top-end first class seats in 59 aircrafts. The carrier has a total of 110 aircrafts to date.

SIA's current lineup of aircrafts is comparable to another competitor, Cathay Pacific. At present, the number of first-class offerings under the carrier has a lower proportion. Out of its 102 fleet of aircrafts, Cathay Pacific offers 42 first class seats. To cope up with the increasing demand for business and first-class travel, Cathay announced that it will be allotting around US\$130 billion to improve and add more business class offerings. Business class seats will be replaced to make way for services catering to premium travelers in order to compete better with other airlines. Since premium travelling has proven to be a lucrative venture in 2010, many airlines are now focusing their efforts in improving their high-end services.

Experts considered SIA's current project as a possible response to the growing competition in the industry. However, observers



Gordon Tipene | Dreamstime.com

note that the carrier's condition, despite not being sold, is not maximized. Yusof recommended that SIA eliminate its other class seat offering and revamp its lineup to all business class. This should help the carrier encourage business, drive more profits and margins. But strategies should not just be focused on providing first class seats. Today, people who can avail first class offerings may also have the capacity to charter or own private aircrafts. Thus, aircrafts not only need to find a viable solution to balance out their offerings and sustain business but they also have to deal with the fact that the premium travel business has now been segmented into two. First class seats may still shrink in demand depending on how economies will move for 2011.

The matter includes the number of people able to afford premium travelling. Since the market is still comparatively small and is smaller than it was before, converting carriers to focus on first class flight may not be the best strategy. Experts note that business class offerings are still more relevant, but that market is now demanding tailored services. Modified traveling is starting to grow amongst business and economy class markets. Meantime, there have been speculations about SIA's plans to add more premium seats to their Airbus fleet. The carrier's remaining A380s will be converted to provide more business class sections. The super jumbo's entire upper deck is to be transformed into an entire business section. At the moment, SIA's A380s provide 60 business class seats on their upper decks. In total, the airbuses provide 471 seats for the business class. Additionally, the A380's provide mostly provide 85 percent of its seats to the economy class. But SIA said that the company still has no definite plans to push through with such a move.

SIA shared that with a fleet of carriers under them, there's always the possibility for growth and for aircrafts to have different configurations depending on their type. The company has continually been transforming aircrafts to fit their current market. As of the moment, SIA is planning to revamp the cabins of its older aircrafts such as the Boeing 777-300s. The plan will push through this year. SIA's strategy includes reducing first class offerings and concentrating on the business class market.

Despite the continuing debate on whether the industry will finally manage a boom in the coming years, the robust recovery

is expected to need as much as \$3 trillion worth of aircraft for the next two decades, according to Boeing. The company further emphasized that since profitability of carriers has seen an increase, the airlines should be able to return to their full capacity in 2011. Predictions for the airline industry in 2011 include an increase in passenger traffic by as much as 5 to 6 percent. Cargo is also expected to increase by around 14 percent or more for this year.

The airline industry has performed better despite the economic meltdown due to the fact that they have been able to keep costs down. For the coming years, Boeing's forecast for carriers has improved as compared to 2009's predictions. Aside from the more than \$3 trillion worth of new aircraft, predictions also include around \$1.7 trillion, or around 21, 160 single-aisle jets, to be added to the lineup. Furthermore, the global airline industry is also expected to require an additional 720 large aircraft. This addition will be worth around \$220 billion and is mainly composed of Airbus' superjumbo A380 and Boeing's 747. The report provided by the company is now on its 46th year of release, and Boeing's forecast is considered as the most respected and comprehensive evaluation of the global airline industry. Despite the still-unstable economic conditions across the world, the report implies an improving economy for the aviation market.

The report also noted that commercial aviation has conquered numerous downturns before. Nonetheless, the industry recovered and it has strongly returned to its growing rate. The approximate growth rate for the current industry is seen at 5 percent per year. The same resilience is expected of the industry for the coming period. Boeing predicts the growth rate will push through to 2014. Following the net loss of about \$10 billion in 2009, it expects commercial aviation to improve its financial performance in the future. As the encouraging conditions persist, more and more airlines are hoping to sustain such position for the coming periods. **A-P**

COMPANIES MENTIONED:

- Singapore Airlines
www.singaporeair.com
- Boeing Co.
www.boeing.com
- Cathay Pacific Airways
www.cathayair.com

Internet Advertising in India

BY ANURAG SHUKLA

One of the best channels for promoting brands, products and businesses is Internet advertising and it has evolved into one of the most explored new mediums available today.

The popularity of the Internet as a new media channel has exploded in recent years, attributed mostly to faster, more reliable and more affordable broadband connections. More and more advertisers are shifting from traditional advertising channels and going online in order to maximize audience exposure and capture a bigger share of this growing market.

In economies such as India which are not regulated or dominated by monopolies, the market is open to fierce competition among several players who would use all the latest advertising tools available and have whatever advantage they can get over their competitors. However, conventional tri-media advertising channels are expensive and affordable only to large corporations.

Internet advertising provides a versatile, effective and more affordable advertising medium that many businesses in India can utilize. The following takes a brief look at the immense potential of this online advertising medium that is all set to bring businesses in India to the next level.

Factors Influencing Internet Advertising in India

The Internet has come a long way in terms of advancements in technologies since it was first introduced. It opened countries to global communication which had hardly been heard of or experienced before, practically making the world a whole lot smaller and more accessible. It is for this reason that the Internet offers a perfect vehicle for businesses across the globe, including India, to launch and distribute products and services to a more massive potential clientele.

According to the Indian Revenue Service, the Internet has outperformed all other diverse media channels in terms of compound annual growth rate (CAGR), with figures reaching up to 37.3 percent. This is much higher than the registered growth rate for terrestrial television, at 7.1 percent CAGR, print media at 3.7%, CAGR and cinema at only 3.1% growth rate.

The growth in popularity of Internet advertising in India can be attributed to several factors, some of which are discussed below:

- The number of online users in the

country is steadily growing. As of 2010, there are 81 million Internet users in India out of the 1.17 billion total population, for a 6.9% penetration rate according to statistics from the International Telecommunication Union (ITU). These figures will continue to grow rapidly in the coming years as more operational Internet providers will open up shop and gain more subscribers.

- Aside from the existing local Internet users, there is a very large number of Indian expatriates at various locations across the globe who are all consuming content targeted for Indian audiences. These Indian expatriates have better access to online media, have higher rates of consumption, and the paying capacity to make online purchases.
- India has a high literacy rate, and yet the use of the English language is low and there is a lack of available online content in the local vernacular, which is preferred by a majority of Indian online users. This gives Internet advertisers more focus in marketing to targeted audiences with ads and Internet campaigns specially designed for Indian consumers.
- 60% of online users in India regularly access the Internet, mostly through dial-up connections or through the various cyber cafes in the country. As of 2009, the ITU reported that there are more than 5,280,000 broadband subscribers in the country with access to more diverse Internet content and services.
- In India, the same as everywhere else, the cost for marketing in traditional forms of mass communication like television, radio and print are very cost-prohibitive in terms of the ratio of cost against market reach. Internet marketing is much more cost-efficient as it does not cost businesses that much to create websites, maintain opt-in lists, and other online advertising techniques.
- Traditional advertising media uses a shotgun hit-and-miss approach, while Internet marketing tools are aimed towards more targeted audiences. Internet marketing methods such as pay-per-click, pay-per-action and pay-per-play advertising can solicit response only from targeted audiences giving advertisers more cost effective advertising displays to market their products.
- Internet marketing uses more interactive tools that engage consumers in a more in-depth manner than traditional passive media. Potential customers can readily provide their comments and feedback, giving companies real-time analysis as to what customers need in order to better align their marketing strategies. On top of that, Internet marketing tools have better and faster ways of measuring marketing statistics, giving them insights as to what would be more appealing to their targeted customers.



- Internet marketing is made more effective due to word-of-mouth or viral marketing, with much Internet marketing content easily shareable through various popular social networking sites in India such as Orkut, Facebook and Bharatstudent. Such online content can also be shared through blogs and video sharing sites, giving the potential of reaching a wider audience even more.

Latest Trends in the Internet Advertising Market in India

Interest in the Internet is continually growing in India despite limitations in the ISP market, where only 10% of operational ISPs carry 90% of subscribers in the country, particularly the state-owned Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) telecommunication companies. Aside from broadband subscription, the growing number of cyber cafes in the country has also contributed greatly to the popularity of the Internet.

In a report published by the Internet and Mobile Association of India, the average Indian user spends approximately 3.5 hours a week, or 26 minutes a day, on the Internet and would spend 12% less time during the weekends. The study also reported that Indian women spend less time on the Internet than men and less so during the weekends. The report also indicates that activities on social networking sites peak by 12% on Fridays.

Information like this and other data that indicate the behavior patterns of Indian online users has contributed much to the growth of Internet advertising in the country. In the fiscal year 2008 to 2009, the growth rate for online advertising displays reached figures of up to 38 percent, or the equivalent of INR 3250 million. This figure jumped to INR 4300 million during the fiscal year 2009 to 2010.

The biggest spenders for Internet adver-

tising in India include the biggest industries in the country; namely, Banking, Financial Services and Insurance (BFSI); Fast Moving Consumer Goods (FMCG); and the retail industry. Other industries include education, telecommunication, travel and the auto industries.

Outlook for Internet Advertising in India

A recent survey conducted by research companies in the advertising industry led to estimates that will place internet advertising revenues close to \$428 billion in 2011, a big jump from last year's \$220 billion revenues. 21 percent of global Internet users now consider online advertising to be more relevant than traditional media such as radio, television, newspapers and magazines. According to a report from eMarketer, spending for online advertising in the United States rose by 13.9 percent last year.

This global trend is now sweeping across India and has become one of the more accepted and preferred advertising mediums by businesses and corporations. In an online performance study conducted by Ozone Media, internet advertising jumped 70 percent in performance in 2010. Many companies are also considering using online digital media for display advertising, as they are now seeing the potential of tapping into India's Internet community as a viable market for products and services.

According to Technology for Marketing and Advertising India, the advertising industry in the country will continue to grow by 12% and will reach figures of up to INR 246.9 billion. Internet advertising will take a major part in this, with the fastest CAGR of 29.6% within the next five years, and is expected to reach \$220 million in 2011, as indicated in the report published by the Internet and Mobile Association of India.

In 2011, the biggest contributor and investor to internet advertising is still expected

Continued on Page 23



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Pavol Kmeto | Dreamstime.com

Resurgence of the Indian Textile Industry

BY SHAMILA JANAKIRAMAN

The textile industry in India was in a highly developed state as proved by the discovery of spindles and a piece of cotton cloth from Harappan excavations dating back five thousand years.

Vedic literature also talks about cotton spinning and various kinds of textile materials. Indian textiles of Gujarathi origin have also been found in Egyptian tombs showing that trade of textiles had also flourished long ago.

By the 17th century, the British East India Company started exporting Indian silks and cotton fabrics from Bengal, Bihar and Orissa. Before the advent of mechanized means of spinning in the beginning of the 19th century, Indian cottons and silks called Khadi were hand-spun and hand-woven. Fabrics made of mill-spun yarn which are hand-woven are called handloom cloth.

The textile industry in India now has four million handlooms that weave magic out of 23 varieties of cotton. Mahatma Gandhi spinning cotton thread on his spinning wheel is an endearing symbol of yarn production in even Indian homes. The textile sector is the second largest provider of employment after agriculture in India.

Present Scenario

Keeping in mind the huge population of India, it is no surprise the textile industry there is as extensive as it is today. It is an independent industry starting from raw material procurement to final production with value-addition at every step of the way.

Forming 14 percent of the total industrial output, the textile sector stands big in the Indian industrial scenario and is fast-growing. Indian fabric is in great demand in foreign shores owing to its ethnicity, rich textures, handwork and earthy colours. The international recognition that Indian fashion designers have received further showcases Indian fabrics in the greater market.

The employment opportunity created by the textile industry is also large, generating up to 12 million jobs covering both agricultural as well as industrial sectors. From cultivation of cotton and the collection of silk worms up to the production of cloth and the designing and stitching of garments, a huge workforce is required. Streamlining of such operations, however, requires support from the Government.

The textile industry is comprised of various segments, namely, readymade garments, cotton textiles including handlooms, man-made textiles, silk textiles, woolen textiles, carpets and other handicrafts, coir and jute.

Sectors of the textile industry

The man-made/filament yarn industry includes fibre and filament manufacturing units of cellulosic and non-cellulosic materials. The fibres are comprised of viscose staple fibre, acrylic staple fibre, nylon filament yarn, polypropylene filament yarn and polyester filament yarn.

India ranks first in jute production and this industry feeds 4 million farm families, giving direct and indirect employment to a huge work force. The jute mills are situated in West Bengal, Bihar, Uttar Pradesh,

Andhra Pradesh, Assam, Orissa, Tripura, Meghalaya and Chhattisgarh. Jute is entering the fashion industry in a big way with jute fibres delicately woven into dresses, jackets and waist coats.

However, the handlooms industry is not thriving as much as it should, owing to obsolete technology, an unorganised production system, low productivity, inadequate working capital, a conventional product range, weak marketing links, and overall stagnation of production and sales, according to research reports concerning this sector.

The woolen textiles industry is export-oriented but rural-based. Yet wool is the only natural fibre which is deficient in India. Woolen export items include knotted carpets, rugs, durries, etc. The industry employs more than 3 million workers in various activities. Ludhiana in Punjab is well known for its woolen garment production.

Indian Silk and Cotton Sectors

India is the second largest producer of silk and accounts for about 18% of the total world raw silk production. India produces all four varieties of silk, namely, Mulberry, Eri, Tasar and Muga. Sericulture is a cottage industry that is practiced in about 54 thousand villages across India. Nearly six million people are employed in this sector especially in rural areas.

The remarkable Indian silk is varied in form, colours, design, weaves and is high in quality. Kancheepuram silk sarees are characterized by golden jari buttas, woven into the saree in unique patterns. Gujarat and Rajasthan are known for Bandhni silk produced through an ancient method called "bandhej" or tie dyeing of the cloth.

Ikkat silk, known as patola in Orissa, also involves the same technique but is applied to the yarn before weaving. Andhra Pradesh, Gujarat and Orissa produce this silk. Varanasi or Benaras in Uttar Pradesh is famous for the Benaras silk fabric woven

to create a raised effect (brocade) depicting floral motifs.

The Indian cotton industry is comprised of 1834 big spinning mills, 1249 small scale spinning mills, 184 exclusive weaving mills, nearly 500 thousand power loom units and 100 thousand handlooms units. The textile industry is highly labour intensive and employs around 6 million farmers besides another 40 to 50 million people in cotton cultivation, cotton trade and its processing.

The cultivation of cotton varieties and hybrids, new production technologies, plant protection techniques, education of farmers, the increase in area under irrigation, proactive government policies, more research efforts and high quality seeds have helped develop the cotton industry, according to experts.

Estimates show that about 70 percent of total cotton production is done in Gujarat, Maharashtra and Andhra Pradesh. The northern region of India produces short and medium staple cotton, and the southern region produces long staple cotton. The central region produces long and medium staples. Also the peak marketing season for the crop is during November to March.

The nodal agency of the government of India, the Cotton Corporation of India Limited (CCI), undertakes price support operations when prices of kapas (seed cotton) reaches support levels. It also purchases cotton to fulfil export requirements, and implements government missions to assist the cotton industry.

West Bengal was the birthplace of the hosiery industry in India. It includes small and medium enterprises and is decentralized, labour intensive, creates numerous jobs and is a foreign exchange grosser. Tirupur in Tamil Nadu is a major export hub for hosiery production. India produces top quality value-added cotton-based products and excels in exporting casual wear like T-shirts and skirts. Chief export destinations are the US, Spain, UK, Germany and France.

Textile Export

By 2010 textile exports reached far and wide, including the US, UAE, UK, Germany, France, Italy, Russia, Canada, Bangladesh and Japan. The abolition of import restrictions of the multi-fibre arrangement (MFA) since 1st January, 2005 under the World Trade Organization (WTO) Agreement on Textiles and Clothing has made the market highly competitive. This will result in the production of better material with existing inputs available in the Indian market, analysts feel.

The textile industry is making forays in the technical textiles field from the usual clothing segment. Making up more than half of the total textile output the industry is moving vertically. Technical textiles need both expensive machinery as well as skilled workers. This sector encompasses applications like filtration, bed sheets and

Continued from page 9

built by Hyundai Construction, at the base of Mount Kumkang. Chung Se-yung, told me before boarding the ship for that initial cruise that the venture should "lay the foundation of reunification."

As a major actor in the drama of the rise of the Northeast Asian economy, Chung Ju-

young, more than any other individual, had turned South Korea into an industrial nation. By now Hyundai had built ports, highways, hospitals and other facilities around the world, notably in the Middle East, was exporting everywhere, and had its own factories overseas. Chung looked not only to North Korea but across Siberia to Moscow

and eastern Europe. Several months after the 1992 election, he spoke of his dream of a natural gas pipeline from Russia to South Korea - via North Korea. It was all in the vision of the man who had come down from the North and made his first millions on contracts with a military establishment at war only 40 years before.

abrasive materials, healthcare upholstery and furniture, blood-absorbing materials and thermal protection, adhesive tape, seat-belts, and other specialized applications and products. These products have a huge export potential.

Being rich in raw materials, including cotton yarn, fibres like polyester, silk, viscose, jute, coir and so on, India has an advantageous position in spinning and all other processes making up the textile industry value chain. A huge skilled workforce working at lower wages adds to the advantage which makes Indian fabrics competitively priced.

India has 24 percent of the world's share of spindles and is a big exporter of yarn, accounting for 25 percent of the cotton yarn trade globally. The apparel industry is also a significant foreign exchange earner, holding 12 percent of India's export market. The diverse garment industry includes suppliers of ready-made garments serving both domestic and foreign markets.

The fast growing textile industry is sure to bring huge earnings for the country. The government's regulatory policies have helped improve infrastructure in apparel parks, special textile parks, and Export Processing Zones. Government support has increased consumption of clothing and fabric and a single rate of material cost is used across India.

With more emphasis on growth in GDP, textile exports and employment opportunities, the Indian government has invested huge amounts in aiding the industry's growth by developing better infrastructure and networking.

The newly modernized industry is reaping the benefits of a USD 5 billion investment in modern machinery. Big brands on the international arena, including Levis, Wal-Mart, JC Penny, GAP and Marks & Spencer are sourcing fabrics and garments from India, with Wal-Mart being a prominent buyer.

To develop the industry further it is necessary to open more retail outlets, produce more value added products, encourage workers to capitalize their capability to innovate more, provide market knowledge at every level of the supply chain, and increase training for the making of special technical textiles, assisted by continuous research and development.

Keeping tabs on the introduction of new accessories, employing a government owned cargo-shipping mechanism, rationalizing fiscal duties and improvement of technology via Technology Up-gradation Fund Scheme (TUFS), setting up more apparel parks, eliminating restrictive regulations and controlling raw material exports will also serve to develop the textile industry in India.

India has the distinction of being the second largest producer of raw cotton, cotton yarn, cellulosic fibre and silk, besides being the fourth largest producer of synthetic

fibre and the largest producer of jute. As one of the largest textile industries in the world, the Indian industry covers the entire supply chain and delivers packaged products to customers comprising a variety of fibres, diverse count sizes and cloth of different weight and weave, besides finished garments.

Textile exports capable of building the country's coffers need more encouragement. Upgrading technology, implementation of policy level decision-making to achieve export target, de-reservation of woven segment of ready-made garments and knitwear and liberalization of FDI policy, and various other measures will help increase exports further. Quality checking of laboratories and more international trade shows to promote Indian fabric in the international market will also serve the purpose, experts agree.

Indian manufacturers and suppliers are coming out with varying fabrics aimed at different global markets. The accolades received by Indian designers and the demand for Indian silk with its rich brocade work add spice to the industry.

Problems to be overcome

The growing demand for Indian cotton due to various reasons has led to increase in production which stands at over 37.5 million bales. Still some impediments occur. The fragmentation in the industry, leading to small scale companies, prevents the use of enhanced technology to drive production. The uneven supply base prevents integration between links in the supply chain. Small scale operations also reduce competitiveness. India's geographic location poses a problem as shipping costs to reach western shores are higher compared to other countries like Mexico, Turkey and China.

The global textiles and clothing industry is earmarked to grow to USD 700 billion by 2012. After the expiry of the MFA, or the Multi-Fibre Arrangement, which governed the textile trade between nations, quota-free trading started which resulted in changes in the apparel and textile trade, such as the shifting of supply bases, reduction in sourcing prices and a re-orientation of the buyer-supplier relationship.

Whether it is denim from Arvind mills, silk from Kancheepuram, woolen from Ludhiana, knitwear from Mumbai or jute from West Bengal, India caters to every need and fancy of the global populace. India has come a long way from using mordant dyes and printing blocks in 3000 B.C. Its organic dyes, intricate designs churned out from manual looms, and product diversification have given a boost to the industry. Being a major contributor to the GDP, employment to rural areas and to the less privileged, and as a major contributor to industrial production and export, the textile industry has a bigger say in the future growth of the Indian economy. **A-P**



Naiyyer | Dreamstime.com

South Korea's Kia Motors Plans to Build an Auto Plant in India

BY REENA SAXENA

Are there really plans from Kia Motors to build an auto plant in India?

A major industry buzz was created recently following reports from South Korea's main daily business publication Maeil

Business Newspaper, which announced Kia Motors Corporation's plans of building a 3,000,000-capacity plant in the Gujarat state of India, with construction to begin during the first half of 2011. The report was taken up by most business and industry blogs and websites.

A similar buzz was created in June last year when another South Korean newspaper, Chosun Ilbo, also reported Kia Motors' plans of building a car plant starting in 2012, adding that a feasibility study was already being conducted to identify a location near Hyundai Motors' Chennai plant. The report also indicated that Kia Motors was making cost and time estimates for the plant's completion based on data coming from Hyundai Motors (Kia Motors is part of the Hyundai group).

However, a report from the Wall Street Journal announced a regulatory filed statement from Kia Motors, claiming that the company had not yet considered building a factory in India. Spokespersons from Kia Motors stated that Kia Motors was still

contemplating on whether to launch its automobile products in India but that it was keen on finalizing plans before they might lose ground from international and local competition.

A Brief History of Kia Motors

Kia was formed in 1944 as a manufacturer of bicycles and industrial products, which later diversified into the automobile and truck manufacturing industry. The name was derived from the Korean term for "arise from Asia". Development was severely hindered by the Korean War, but it eventually recovered during South Korea's economic renaissance from 1960 to 1980.

Kia Motors Corporation started out as one of South Korea's giant groups of companies, or what were locally called chaebols. It was also the second largest South Korean manufacturer of cars and trucks before being forced into receivership by the Asian financial crisis. Hyundai motors eventually bailed the company out in 1998 and obtained a 51 percent Kia Motors stake.

During the last decade, Kia Motors has been focused on pursuing globalization, and it started building manufacturing plants in various locations around the world, including a Chinese plant in 2002, a Slovakian plant in 2006, and its latest plant in Georgia, America, the construction of which began in November of 2009. The company is planning to further expand operations into various major markets, and opening a plant in India will definitely improve its global reach.

Kia Motor's Current Performance and Plans for India

2010 was marked as the best year for South Korea's automotive industry with a strong 25.7% increase in sales worldwide – the industry's highest ever. Kia Motors led the pack with a 38.9% increase in sales by selling 484,512 cars locally and exporting 1,647,019 to global destinations, marking a new milestone of two million car sales in one year.

In its plans to introduce its automobile products in India's market, Kia Motors is expected to leverage Hyundai Motors Corporation's strong presence in the country. However, Hyundai's two plants on the outskirts of Chennai will not have the capacity to accommodate Kia's production. Still, Hyundai Motors India, Ltd already has a strong network and the capacity to support Kia with infrastructure, component and raw material needs as well as support for its back-end and logistics operations. [A-P](#)

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- Kia Motors Corporation www.kiamotors.com

Obstacles Faced by Indian Firms Entering the Chinese Market

BY ANURAG AGNIHOTRI

In recent years, China has emerged as the second largest economy in the world as a result of its strong 10% annual growth enjoyed during the last 30 years.

And like most foreign economies in the world, India is keen on tapping this huge market to boost its own trade revenues. China is already India's largest trading partner, and yet the trade deficit between these neighbors tips in favor of China.

India is urging China to open its markets to Indian products and services, particularly those belonging in the agro, engineering, IT and pharmaceutical industries. Although there are no physical barriers for entry of foreign products to Chinese markets, there are many points of tension between these two countries that are resulting in trade-related disputes. Moreover, Indian companies are faced with complex challenges that they need to overcome in order to penetrate the unique Chinese business culture and succeed in this blossoming market.

India - China Trade Issues

Tension between India and China has been brewing for decades, sparked by a brief border war regarding boundary disputes involving the eastern Indian state Arunachal Pradesh and the very controversial Kashmir region. More recently, Indian leaders have accused China of provocative behavior regarding the Kashmir issue, due in part to China's failure to endorse India's move for membership into the United Nations Security Council, as well as China's closer ties to India's long-time nemesis of Pakistan.

Additionally, China has placed certain restrictions on Indian products such as the non-tariff barriers for India's agricultural produce with China, raising several health and quality-related issues against these products. China has also made moves that affect India's economic and diplomatic interest in the southern Asia regions by expanding its influence in the Maldives, Sri Lanka, and Nepalese affairs.

The 2005 state visit by Chinese Premier Wen Jiabao had eased tension between these two countries, enabling the two nations to focus on improving trade relations instead. Trade eventually took off from \$18.7 billion in 2005 to \$51.8 billion in 2008 but was hampered by the global financial crisis in 2009 which dropped figures down to \$13.07 billion.

Although trade seems to be back on track and on its way towards touching the goal of \$60 billion per year, India complains of trade imbalances, with the favor tilting in China's direction particularly in terms

of exports. India aims to bridge this gap by fielding in more products and services to penetrate China's tough market.

Difficulties in Entering the Chinese Market

The following describes some of the challenges Indian companies and business will face while trying to venture into the Chinese business market.

- The process of registering a company and getting approval for products and services can take several months in China due to the lack of simplified rules of law and inconsistent applications of these regulations. Administrative and bureaucratic tasks in the Chinese market are not as convenient or simplified as they may be in India or in the west.
- Communications has always been a big challenge for foreign companies wanting to do business in China. Although many Chinese there already speak proficient English, it is difficult to find people that have a strong understanding of how to communicate effectively during business negotiations.
- Western-trained Indian managers who are used to delegating responsibility to flexible employees may find it difficult to work with Chinese employees who are accustomed to clearly defined roles in a hierarchical business structure.
- Business models which have worked well in the Indian market may not have the same effectiveness when applied to the very different Chinese market. Business practices in China are embedded with several intricacies related to their traditions, which may not always conform to widely accepted international or Indian standards.
- The importance of building strong relationships among business counterparts has a very important role in China, a concept that is not a standard practice among businesses in the west. While standard businesses are conducted in formal business meetings held in boardrooms, Chinese businessmen require a great deal more of patience and developing of relationships. This build-up is acquired outside of the boardroom arena and into more social sessions such as dinners, banquets and tea meetings.

Current Efforts in Penetrating the Chinese Market

Despite these hurdles, Indian companies have been determined to tap into the huge and resource-rich Chinese market, and many have achieved certain successes in these ventures. Numerous companies have



participated actively in several international economic and trade fairs in various venues across China, giving them the chance to showcase their technological and scientific innovations in various industries. These include attempts to penetrate the market in the fields of agriculture, automotive parts, dairy products, food technologies, health-care, IT and industrial machineries.

One of the more prominent successes in the field of agri-business, according to the Federation of Indian Export Organizations, or FIEO, was the entry of Indian mango exports into the Chinese market. This was the first such success in more than 10 years of Indian efforts to finally break into the Chinese fruit and vegetable market. The FIEO is confident that China will continue to open its doors for more Indian produce, including vegetables and fruits such as apples, pears and licchi.

India is the leading outsource provider in the world, and leading outsource companies such as Infosys Technologies are trying to penetrate the Chinese domestic market, particularly in the banking and finance field. These Indian outsourcing companies are trying to sell their banking products and other IT infrastructure management to Chinese banks and other companies.

The Indian automobile industry is also making headway in penetrating the Chinese market, with companies such as Aurangabad-based Grind Master Machines offering micro-finishing machineries to Chinese automobile companies such as the Shanghai-based General Motor's plant. Grind Master has already exported several deburring and super-finishing machines to automobile markets in the US, UK, Holland, UAE, Switzerland and other destinations. The company is also planning to set up a robotics and high-tech automation production plant in the Waluj industrial area in China.

Clean technologies is another area Indian companies are trying to penetrate, as China is one of the top countries now emphasizing production of clean energy, particularly with wind energy generation. Indian companies, such as the wind energy giant Suzlon, the largest wind turbine manufacturer in Asia, are expanding their market presence and are trying to take part in China's plans of generating up to 90 gigawatts of wind energy capacity by 2015, up from its current level of 20 gigawatts.

Other Indian companies are also trying to make headway and are preparing themselves to take a ride on China's increasing weight in the global economy. Part of these efforts involve promoting the learning of Mandarin as part of India's CBSE, or Central Board of Secondary Education, schooling systems, according to reports from The Financial Express. Starting April 2011, Mandarin will be one of the 13 foreign languages introduced into the Indian school curriculum in order to acquaint fu-

ture Indian professionals with the Chinese language and culture.

Chinese Market Outlook for Indian Corporations

Projections from market experts predict that by the year 2050, both China and India will be leading top economies in the world. To turn this forecast into reality, Indian businesses need to expand their market base by penetrating the Chinese domestic market as well as using China as a base for their production and operations. There is a need to break down the trade barriers between these two Asian giants, and the first step would be the success of the latest visit of Chinese Premier Wen Jiabao to India, along with the largest economic and trade delegation ever from China.

During this visit, one of the most important points of focus is to establish a comprehensive and equitable Free Trade agreement between these two leading global economies. On top of that, \$20 billion of bilateral deals are expected to be finalized, which will further help India penetrate the \$615 billion Chinese market. Points of focus would include products such as iron ore, marine products, inorganic materials, optical and medical equipments, plastic, salt, oil seeds and rubber.

The visit from the Chinese premier will eventually contribute towards better opportunities for Indian products and services to enter the Chinese market, and several agreements have been inked in this regard. This includes agreements in various industries, such as banking, maritime security, and green technologies. Aside from that, China is giving full support for Indian business delegations in promoting their products and services through exhibitions and trade shows in China.

There are several opportunities for Indian businesses, as well as other foreign companies, to enter and penetrate the booming Chinese markets. However, these businesses should take several elements into consideration and should probably leave most of their business trainings and knowhow behind, instead embracing the intricacies of doing business in China. There are several challenges that these businesses will have to tackle, but through patience, a clear understanding of Chinese business culture and unwavering perseverance, they will eventually experience great successes in this new and exciting growth arena. **A-P**

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CES 2011: Samsung Shows Bright Future to the World

HO JIN LEE

On January 6th, 2011, Mr. Boo-Keun Yoon, president & General Manager of Samsung's visual display business, delivered a keynote address at the opening ceremony of CES 2011 in Las Vegas.

Mr. Yoon announced a new subject in the global electronic industry, in 'Human-digitalism', an evolution from 'Digital Humanism', which Mr. Yoon had advocated in his keynote address at IFA 2009. 'Digital Humanism' is defined as digital technology enriching life-style through harmonization with emotional values. But according to the definition of 'Human digitalism,' even before it meets emotional value, digital technology exists to achieve fundamental values. It thus becomes much human friendly in 'Human Digitalism.'

During this keynote address, Mr. Boo-Keun Yoon announced that Samsung is entering into a content alliance with five 'content businesses,' including Hulu, Comcast, Adobe, Time-Warnerbros, and Dreamworks. CEOs from those companies gave endorsement speeches for Samsung, praising it in particular for its 'Smart TV.' From the view of experts, due to the alliance, Samsung has now complimented its long time weakness, namely, its 'lack of content.' With confidence in its own products, Samsung attracted attention from the entrance to the 'World Map Gate,' built with one thousand smart TVs. In the exhibition room, Samsung showed its full-line up of diversified smart TVs armed with smart design, smart function and smart UI.

Samsung's first window tablet PC, the Series 7, also draws huge attention with its unique design. The Series 7 has a slide-out keyboard and it gives a clear answer to consumers who hesitate be-

tween purchasing a tablet and a netbook. According to Mr. Jang Won Gi, the head of LCD division, the prospects on smart TVs and Tablet PCs are fairly bright. He said the TV market will increase more than 10%, while the Tablet PC market will grow up to three or even four times over last year's marks. Samsung LCD recorded a black-ink balance for the fourth quarter of last year, despite the fact that the whole industry could be described as 'depressed.' On January 7th, Mr. Jang said that LCD market condition will rebound from March.

Samsung's smart phone has also enjoyed popularity. Samsung was in the spotlight when it revealed the thinnest smart phone as a strategic product. During CES 2011, Mr. Shin Jong Gyun, the head of Samsung mobile division, announced the 2011 sales goals for the smart phone at sixty million units. The figure is an increase of more than 100% from last year's sales result of 25 million. Considering how they've usually set low aims, the industry estimates that Samsung's smart phone may take first place in the market by the end of this year. This sales goal also shows the conviction Samsung has in their smart phone market competitiveness. In fact, Samsung has increased its market share constantly, and although it remained in 6th place in the smart phone market in 2008, beating out two huge competitors, SonyEricsson and HTC, two years later, Samsung had attained the 3rd place ranking.

Meanwhile, as the competition for the Long Term Evolution (LTE) market grows increasingly fierce, Samsung also gave a presentation on their LTE system during the recent CES. Mr. Shin Jong Gyun said that Samsung, as the only company which provides total solutions on LTE, including device, system and standard technology, will lead the next generation communication. It plans to launch an LTE version of Galaxy Tab in the first half of the year, through Verison communications.

Samsung has recently been setting records in both annual sales and annual profit. In 2011, it aims to achieve 200 trillion (Korean won) in sales and 20 trillion (Korean won) profits. On 5th Jan, the company announced it would invest 43 trillion Korean won, an all-time-high, on R&D and facilities. The line-up of impressive products presented at CES and the massive investment plans are quite indicative that Samsung will likely be achieving its goals for this year, possibly even becoming the world No. 1 smart phone producer in the future. **A-P**

Growth of Wealth Management Business in Asia

BY ANURAG AGNIHOTRI

Asia in recent years has grown to be a strategically important region for wealth management businesses in terms of the rising number of investors there as well as the availability of investment products where funds can be channeled.

Wealth management in Asia has also evolved into the global arena by providing an Asian channel for foreign investors as well as making foreign investment products available to Asian investors.

A survey from Barclays Capital indicated a softening in wealth management business revenues during the last two years due to changes in Asia's business environment brought about by the global financial crisis and changes in several governments' economic policies. Still, a remarkable upward trend was experienced during these periods and is expected to continue through 2011 and into the coming years.

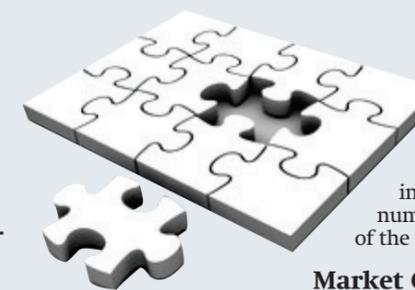
Current Wealth Management Business Trends in Asia

Research companies, such as NRI Ltd, have described Asia as the most dynamically growing region for the wealth management industry in terms of both assets and funding opportunities. This is attributed to the growing number and accumulated assets of High Net Worth Individuals, or HNWI, seeking post-retirement income security by investing in pension funds and similar investment opportunities.

This was confirmed by a similar study by Celent which put annual growth rates for Asian HNWI at 15 to 20% for the next two years. The study was based on trends from the top wealth management markets in Asia, particularly China, Hong Kong, Japan, India and Singapore, with China and India registering the highest growth rates, at 8% to 10%.

According to the Asia-Pacific Wealth Report released by Capgemini and Merrill Lynch Global Wealth Management, the wealth of HNWI in the Asia-Pacific region increased by up to 30.9% in 2009, amounting to 9.7 trillion US dollars. These figures surpassed levels before the financial crisis and exceeded HNWI wealth in Europe for the same period.

Japan remains the largest wealth management market, with 54.6% of the Asia-Pacific HNWI population coming from this na-



Market Outlook for the Wealth Management Industry

There are still several challenges facing the Asia-Pacific region in the coming years, but 40% of leaders in the regions wealth management industry are optimistic for continued growth in revenues. Barclays Capital reported that 90% of wealth managers expect more than 5% revenue growth per year. This is double the number of wealth managers who expected growth during the previous year.

Most wealth managers see China as the most attractive market, with forecasted annual revenues there of up to 15% for the next two years. This high rate is due to the big potential for expanding businesses in the country. India is also viewed as another attractive market and is also expected to register positive revenue growth rates, followed by Southeast Asia.

In order to succeed, wealth management businesses in the Asia-Pacific region need to adapt changing market realities there as well as conforming to the evolving regulatory conditions in various countries. On top of that, wealth managers must also learn how to adopt technology as part of their financial services as a way to improve on costs, effectively manage risks, increase their efficiency and offer better services to their clients. **A-P**

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- Highworth Research Ltd
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to be the Banking, Financial Services and Insurance industry, which is projected to take up to 39 percent of the total market share. Print Media as well as the Education industries is expected to experience the highest growth rate of 76 percent, followed by the automobile industry at 46 percent. It is expected that the public will experience more product launches online.

The popularity of social media will also play a significant role in the growth of Internet advertising in India, getting 17% of the share over other online marketing tools such as email marketing and other online marketing mediums, including search engine optimization, search engine marketing, and website banner ads. Advertisers will also be focusing more on online display

ads than text advertisements.

Indian companies are now putting more confidence in internet advertising and many are ready to commit advertising dollars in this marketing channel for this year and in years to come. The rapid growth of the Internet in the nation as well as the growing popularity of social media networks are prompting commercial and business advertisers to expand their marketing initiatives to include Internet advertising – and take Indian businesses to a whole new level. **A-P**

FURTHER READING:

- Internet Advertising Bureau
www.iabuk.net/en
- Technology for Marketing

tion. China is second in terms of HNWI population, but Hong Kong registered the fastest HNWI population growth rate at 104.4%. According to the International Wealth Management Industry Database Research from Highworth Research Ltd indications are that China now has the fifth highest number of US dollar millionaires, but the current figure of 310,000 is expected to double in 2011. Asia-Pacific HNWI's invested primarily in opportunities within the region but the number of investments conducted in the rest of the world increased to 36%.

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Fixed Gear Bicycle: New Fashion Trend

BY NICOLAS LEE

When subcultures adopt an iconography from other groups, sometimes they create wholly different niche markets with independent cultural significance.

Introduced by bike messengers and adopted by street hipsters and young professionals, fixed gear cycling has become a cultural and fashion trend in every major city, including New York, Paris, London, Tokyo and throughout Asia.

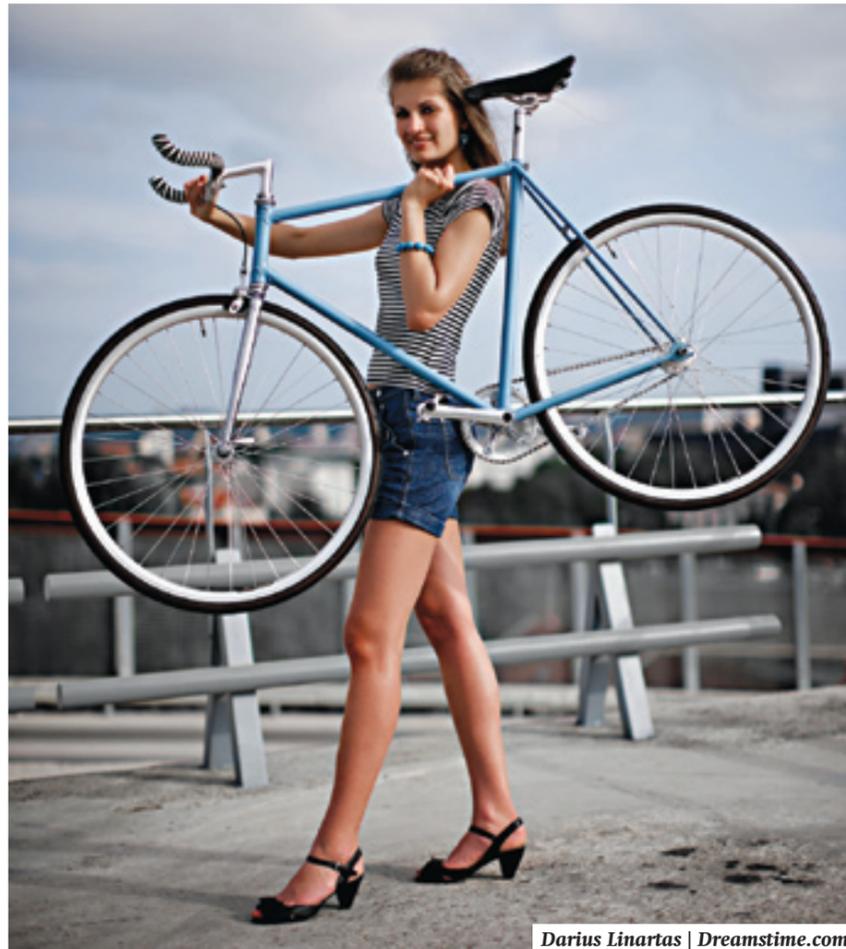
So what is fixed gear?

A fixed-gear bicycle (or fixed-wheel bicycle, sometimes known in the US as a “fixie”) is a bicycle that has no “free” wheel. This means one cannot coast when the bicycle is moving because the pedals are always in motion. It also means that when the rear wheel turns, the pedals turn in the same direction. This allows a cyclist to stop without using brakes, by resisting the rotation of the cranks, and also to ride in reverse. The bicycle’s structure is very minimal, as it functions without brakes, derailleurs, cables and sprockets. After removing all the complicated parts, a fixed gear bike is very easy to assemble and disassemble. Since the fixed gear boom began several years ago, demand has increased significantly in the market and there are many colorful anodized bicycle parts available these days. People can easily replace bicycle parts to accentuate their color preference, to represent their identity or simply to show off.

Why fixed gear?

It is good for your health, as well as for the environment. Also, in these crowded urban environments where a bike is often faster than an automobile, it is conveniently lockable outside of one’s favored drinking establishments. Fixed gear bikes also provide a spiritual linkage for the young and wanna-be-gritty dotcom workers to their unencumbered-by-the-9-to-5 bike messenger brethren. Most of all, for the young professionals and hipsters in big cities such as New York, London and Tokyo, they have adopted the fixie as their fashion statement. Because of its simplicity and ease of customization, they just change the colors and materials to represent their own identity. Having a customized fixie is a trendy signal.

Within this fixie culture, there are many repeated trends. Riders decorate their bikes with spoke cards, which pay homage to messengers’ alley cat races, and with color matching top-tube pads, which recall the BMX bikes many of us rode as kids in the early 80s. There are typical fixed gear fashions as well. For example, a small printed T-



Darius Linartas | Dreamstime.com

Isn't it better to triumph by the strength of your muscles than by the artifice of a derailleur? We are getting soft... As for me, give me a fixed gear!

— Henri Desgrange, L'Équipe article from 1902.

shirt and rolled-up jeans are required. Retro Vans slip-on shoes with a huge messenger bag could enable a more bike-messenger look. Tiny bicycle hats with retro sunglasses and tattoos add more vibe to outfits. With these tunable aspects, not only for the bicycle parts, but also for accessories, there’s no end to the individualized “looks” that one can put together.

Many fashion houses try to adopt this bicycle rider’s aspect. Marc Jacobs showed a bicycle hat last season, and Thom Browne’s recent spring 2011 show for Moncler Gamme Bleu was cycling-themed and occurred at the Velodromo Vigorelli in Milan. Adidas and NIKE are making specific riding clothes targeting these fixie riders, and ACNE and Carhartt have built a fixed gear collaboration with a bicycle company and used it for their promotion.

Large numbers of people are inspired by these hipsters on the streets, and they might adopt some part of this look for their outfits as well. If you go to Tokyo, you can find cropped pants inspired by this messenger look in almost every store.

We should expect to see more of this trend invading mainstreet culture this summer.

However, some youngsters riding their fixies cause many problems too. They concentrate only on showing off their hipness, and don’t care about the safety measures. One needs practice before riding a fixed gear, especially if there is no front break. Riders have to be extremely cautious, as accidents can be a serious threat not only for the rider themselves but also for pedestrians and cars.

Understanding how this cultural mixture can create a whole different market is very interesting. These trends arose especially in the context of online social networks. New York riders post their riding scenes and these are updated simultaneously in London and Tokyo. If there is a new product that arrives in a small store in London, it is shown all around the world. These brands are not HM or Zara, which have huge sales points and advertising all around the world. They are tiny little street brands. Yet thanks to the internet and social networks, their small announcement can be reported worldwide.

We can witness aspects of future of marketing and communication strategies by keeping an eye on these fixed gear trends on local streets reverberating worldwide, via social networks. For this reason, I’ve opened this monthly column with what may seem to many of you to be a niche apart from your daily lives and business.

I’m willing to bet, however, that there’s an item in your wardrobe that’s been inspired by this fixie trend. [AcP](#)

(Nicolas Lee represents Mudpie in Korea. Mudpie is a leading commercial online fashion trend forecasting service. He will be contributing a monthly column on fashion and technology throughout 2011.)

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Internet and Identity in South Korea's Popular Culture

BY MATTHEW WEIGAND

South Korea is a democratic nation, and is also a very technological nation.

The Internet is a very large part of the country's culture, and is at the forefront of determining what these two ideas mean together. South Korea has taken the somewhat controversial stance of requiring everyone who uses significant web sites in the country to verify their real name when registering at those web sites, which is a step further than any other country has yet to go. This has been in effect since 2007. Now, three years later, we can see what the reaction of the Korean public to the idea has been, and how it has affected life online.

But South Korea is not the only country to face making Internet-related decisions. Every national government is struggling with the implications of the Internet. North Korea is on one of the extremes of the scale, cutting off access to the Internet for everyone except the country's leader and perhaps a few select high-level officials. Just a little below that type of extreme reaction is the country's neighbor, China, which heavily censors the Internet at the deepest technological level it can in the name of harmony. On the other side of the spectrum are countries like Mexico and Mongolia, which have no Internet censorship at all. Unfortu-

nately, most of the developed world, Korea included, has some form of Internet-related censorship, blocking their cultural bogeymen from access by the general public which is not technologically savvy. Australia has a blacklist of Internet sites that deal with pornographic materials. Brazil and much of Europe block sites related to racist topics such as neo-Nazi sites. Even the United States has blocked web sites which have been used to infringe on copyrighted materials, and in a controversial move, the step has recently been taken to seize the domain names of those sites without judicial review. But South Korea is the only country which requires Internet users to identify themselves with their national ID number and real name before posting content on discussion forums or blogs.

How it works

The Korean government introduced the Acts on Limited Real-Name Verification in July 2007. This requires all government web sites and any private sector web site which has 100,000 or more users to collect the real names and national ID numbers of each user. The web site will keep this information in confidence and will only give it up to government agencies when a crime has been committed. Most crimes in this context would be libel, harassment, or presumably posting links to illegal content. The law was deemed as having a chilling effect on free speech in the democratic country. Furthermore, a famous invocation of the law was used to hunt down and arrest a semi-anonymous blogger on Korea's famous web portal Daum. The Daum Agora, a nationally-famous discussion site, is where the average Korean user can go to discuss life, politics, and everything else. And in later 2008 and early 2009, it was also the place to go to get the latest economic predictions from the enigmatic and eerily prescient Minerva, an anonymous commenter who spoke about economic issues. Minerva became nationally famous by predicting

the collapse of Lehman Brothers and the sharp decline of the Korean Won against the US Dollar at specific time points. The Lee Myung-bak administration put a stop to his fame and his economic predictions by tracking down his account and arresting him with the charge of spreading false rumors on the Internet.

One immediately thinks that if spreading false rumors on the Internet was a crime everywhere, most of the developed world would be in jail. This is just one of the problems with the online identity verification legislation in Korea, because the definitions for libel in Korea are saying things that can damage another person's reputation or business, even if they are true. So not only can you not spread false rumors online, but you can also not spread true rumors, or report accurate facts, or presumably say anything that would hurt another person. Once again you can easily point out that if saying things that hurt another person online were a crime everywhere, the rest of the developed world that did not already get thrown in jail for spreading false rumors would join their rumor-mongering brethren soon, after they said something that hurt someone's feelings in the comments underneath the news reports about the recent jailings.

After all, everybody knows how the discourse online goes. First, a relatively earnest journalist or blogger such as myself puts a bit of thought into a longer article such as this one. Then, if he's lucky, it will attract the attention of several commenters. These commenters will proceed to grandstand extreme points of view, insult each other's intelligence, question the educational level of anyone who disagrees with them, set up and knock down uncountable strawmen, and pander to the presumably enthralled crowd of years to come by typing up witty comebacks. It's all in good fun and without such engaging discourse we would never have anything else to do at work. However, in Korea the careless commenter is a thing of the past, because the threat of incarceration has chilled the snark in their throats.

But is it all bad? If you take a look at any random thread of YouTube comments, you might think that maybe outlawing such banality might not be so bad. After all, nobody talks like that when other people are right in front of them. Only in the comforting embrace of anonymity does the offensive and tiring nature of people show itself online. This is the line of argument taken by several researchers in Korea on the effect of anonymity on cyberspace. For many researchers in Korea, the question becomes one of the plurality of identity.

And for some Internet researchers, this question of identity is a philosophical one. Descartes and Kant, two rationalist philosophers, believed that identity should be singular. They said that a plurality of identity only came about when individuals give in to temptation or desire. So having multiple identities, especially online, indicates that people are doing wrong. However, other philosophical disciplines disagree. Post-modern philosophers such as Kumar say that there are naturally many identities in an individual, that identity is fluid and shifting, fed by multiple sources and taking multiple forms. It seems that the Korean government has sided with the rationalists

and not with the post-modernists, and has tried to impress this idea on the online population of Korea.

Representing the People

The freedom of speech is an important aspect of democracy, but another important aspect is the will of the people. When the two come into conflict, each democracy must decide for itself which one will win out. In light of this idea, one wonders what Korean people themselves think about the whole online identity policy three years after the law was passed. Yet the numbers are surprisingly in support of it. In a recent survey, Korean Internet users of all ages were asked if they had ever experienced victimization from malicious messages on Internet bulletin boards. Approximately 40% of all respondents said that they had. They were also asked if they believed that anonymity should be guaranteed on the Internet. Approximately 60% of respondents were in favor of guaranteeing anonymity. However, when asked if they supported restrictions on the freedom of expression on the Internet based on the situation and the subject, a surprising 80% of respondents agreed that some situations and some subjects should have restrictions of expression online.

Serious business

This might be related to the phenomenon that Korean citizens seem to take the Internet as much more serious business than other cultures. What people say online, even anonymously, has destroyed lives. In 2005 an anonymous Korean girl brought her dog into the subway. The dog then did what dogs do, and pooped on the subway floor. The girl didn't choose to clean up the poop. Nobody around her did or said anything to her, but one person took a photo. Then they posted the photo online. Within the span of a week, she had been identified by her bag, her school was identified, her name, phone number, and job were all published online. Her life turned into a living hell as anonymous people harassed her day and night. She was publicly shamed on the Internet in outlandishly huge proportion to her offense, and in a very round-about way.

Also, a more serious Internet incident that caused Korean citizens to question their online behavior was the suicide of Korean pop star Yuni in 2007. She had gotten extensive plastic surgery which had not gone well, and her looks did not meet the expectations of her fans. Photos of her leaked online, leading thousands to compare her to Michael Jackson and say other unflattering things about her. She was found dead in her apartment at the age of 26.

So with the bad social consequences that seem to be happening in Korea based on careless words posted online, perhaps in this culture, at this point in time, it is in fact best to restrict the freedom of speech by requiring the true identities of everyone online to be tracked. Perhaps it will save the lives of a few more young actresses, or prevent the spotlight from shining too brightly on the infamous people of the week. And if the law saves even one life, it could very well be justified. **A-P**

Harnessing ICT in Nepalese Small- and Medium-Sized Firms

BY SHISIR PRASAD
MANANDHAR

Among the countries of the world, to be a competitive republic, Nepal must adopt an information-technology (IT) friendly business environment that will further boost domestic and international trade.

In particular, both public and private sectors must coordinate efforts aimed at promoting e-business in Nepal. In this context, the efficacy of small- and medium-sized enterprises (SMEs), which are breeding grounds for entrepreneurs, creators of jobs, and immense contributors to the national economy, can be enhanced by the use of information and communication technologies (ICTs), which reduce costs and broaden local and global market reach. Unfortunately, lack of knowledge, resources, and trust discourages SMEs from fully realizing the benefits of ICTs.

In response to globalization and the ICT boom, Nepal has adopted an economic liberalization policy. The strategy resulted in World Trade Organization membership and initiation for the widespread use of ICTs, particularly the Internet. On one hand, Nepal must compete in the world market as one of the least developed countries. On the other hand, technology continues to revolutionize the Nepalese industrial sector. Figures indicate that private businesses, financial institutions, nongovernmental organizations, INGOs, and international agencies operating primarily in urban areas in Nepal use ICT resources more than government offices and small businesses do.

Because of the steady, continuous development of ICT in Nepal, many IT outsourcing businesses and SMEs in the service sector are extensively utilizing ICT there. However, these endeavors are concentrated in urban areas, and thus, for the majority population such technology and the means of reaping benefits from the knowledge economy remain out of reach.

Despite a very liberal policy for strengthening enterprise development, the Nepalese government has yet to focus on knowledge-based industrial development. As a result, ICTs for the promotion of Nepalese product and service exports are not yet used optimally. To disseminate knowledge and information, via rich user interfaces, about Nepalese exports and vitalize the manufacturing industry, the government and the private sector need to make a concentrated effort to utilize ICT.

Nepal has many opportunities to adopt ICTs through technology transfers from

developed and industrialized countries such as South Korea. Nepal can move from "landlocked" status to "land-linked" by accessing technology transfers from neighboring countries, such as China and India, which have significantly leapfrogged in economic development by inducing direct foreign investments and technology transfers, particularly in knowledge industries. Bangalore in India serves as a good source of inspiration for Nepal.

The exponential growth of the telecommunications sector, mainly through mobile communication and rural penetration, offers opportunities for expanding the industry and business sectors to the wider market. However, the quality of infrastructure such as that related to power, connectivity, bandwidth, and so forth needs to be improved.

Despite growing awareness and usage of ICTs, Nepal is challenged to offer sufficient capacity and technical know-how for SMEs. Many obstacles impede SME sustainable growth. Absence of clear

Nepal can move from "landlocked" status to "land-linked" by accessing technology transfers from neighboring countries, such as China and India.

definition and appropriate institutional backup, poor access to credit and technology, lack of information, diseconomies of scale, unfair competition from imported inferior products, and vanishing skills are major impediments.

In summary, Nepalese SMEs need to bring their production costs down by adopting suitable ICTs that will render them technically competent, environmentally conscious, well connected to information networks, and globally competitive. They require greater capacity for developing necessary skills. Government policies should be directed toward the progressive expansion of enterprises and support services for entrepreneurship development, particularly technology capacity building and innovation for enhancing SME competitiveness. **A-P**

Mobile Marketing: The Next Boom

BY RAJANI BABURAJAN

Mobile marketing is booming as many telecom service providers are actively looking for additional revenue streams in the Asia Pacific.

As this potential marketing growth is unleashed, the SMS market is growing along with it. Around seven trillion SMS texts will be sent in 2011, according to ABI Research.

Approximately 4.2 billion mobile subscriptions worldwide will generate huge volumes of SMS. Young populations are growing in countries such as India and China, and messaging is a popular tool to connect among such young mobile users. This population segment will continue to drive mobile advertising in the Asia Pacific region.

The advantage of SMS is that the messaging tool is universal, cost-effective, and most mobile consumers have their phones switched on and with them most of the time. ABI Research recently revealed that shopping via smartphone devices is popular, with almost half of all users indicating they plan to use their phone for such activities. India in particular is a hot market for smartphones.

So what's triggering mobile advertising growth? Operators' strategies are making a big impact on the growth of mobile advertising, and entertainment is one of the most efficient tools which can be used to reach consumers.

According to Airtel Mobitude 2010, a survey used to map mobile phone usage trends across the country showed that 90 billion SMSs were exchanged in India on Airtel last year. The maximum number of SMSs exchanged was recorded at 12 billion on the auspicious occasion of Diwali.

In the entertainment space, songs from the Bollywood movie 'Dabaang' were on the top of the Indian mobile charts, with "Munni Badnaam Hui" and "Tere Mast Mast Do Nain" at number one and two in the full songs downloaded category.

Atul Bindal, president of Mobile Services, Bharti Airtel, said that, "Today, people across India are relying on the mobile platform as their source of entertainment and information, from songs, videos, wallpapers to applications."

India is emerging as the next hot destination for mobile marketing activities. In 90 days, the Indian market grew by over 1 billion impressions (+22 percent) to become the largest market in the Asia Pacific region.

Smartphones remain nascent in the market with 88 percent of all mobile ad impressions served on advanced phones. Nokia devices remain commonplace in the Indian

mobile market with 12 of the top 15 devices manufactured by Nokia. Android and iPhone OS have yet to gain significant ground in India and represent only a 0.4 percent share of the market, according to InMobi.

"The Indian mobile advertising market continues to show rapid growth due to the improving ad ecosystem. Major publishers are bringing their media into the mobile channel while brands are simultaneously discovering the power of mobile advertising. The rapid growth of media consumption via smartphones signifies an important shift in the Asian mobile advertising community," says James Lamberti, VP of Global Research & Marketing at InMobi.

This healthy consumer ecosystem, along with 3G network infrastructure improvements, will position India as one of the most influential mobile markets, according to Lamberti. Four operators have launched 3G services in the country. They include Reliance Communications, Tata DoCoMo, BSNL and MTNL. However, the subscriber-base is yet to grow to significant levels.

"With so many consumers using mobile devices as a primary means to digital media consumption, mobile usage is the complimentary media channel to TV for reaching extension while still maintaining a compelling brand experience that will only improve as smart phones penetrate at scale over the next year," says Amit Gupta, co-founder & VP, Business Development for InMobi.

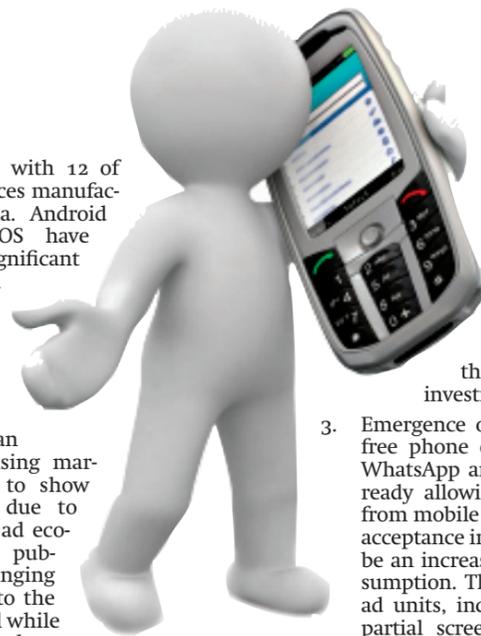
Hot Trends

The global mobile advertising market is expected to grow to \$13-14 billion in 2011 and Asia Pacific is expected to bring in the majority of this revenue, followed by North America and Europe.

"Recent industry reports from InMobi and Synovate have revealed that consumers are showing a greater inclination towards receiving mobile advertising and marketing messages," said Rohit Dadwal, managing director at MMA Asia Pacific.

MMA is mapping the top 10 hot trends in mobile marketing.

1. Personalisation to enhance effectiveness: Mobile marketing messages will become personalised. The adoption of permission-based marketing and the introduction of regulations and applications for blocking unwanted content will overcome present hurdles.
2. Over-the-top services to drive data: Over-the-top application-based VAS revenues will gain prominence over the on-deck operator ad revenues. These services will help create great-



er mobile ad spending. Operators can concentrate on enabling more converged devices like tablets instead of establishing their own app stores. Service providers will be forced to review their publishing business investments and plans.

3. Emergence of Free SMS/free video/free phone calls: Applications like WhatsApp and Viber, which are already allowing free SMS and calls from mobile devices, will gain more acceptance in the market. There will be an increase in mobile video consumption. The introduction of new ad units, including interactive and partial screen, will subsidize free content.
4. The re-birth of Windows 7 mobile: The new hardware specifications introduced by Microsoft will be providing a universal user experience. The re-birth of the Windows 7 mobile will fuel the growth of mobile Internet and advertising.
5. The HTML5 v/s Apps war: Though HTML5 offers opportunities, apps and app stores continue to rule mobile content. The availability of basic functions of an app, even without an active data connection, make it an appealing option for customers. Apps are device-specific and limit penetration while offering opportunities for experimentation. The other available opportunities may lead to a decline in the popularity of apps.
6. Location-Based Services (LBS) + Augmented Reality (AR) will be the leading integrated mobile technology: The demand in GPS phones has resulted in a series of location-based AR software platforms and applications. The combination of AR with LBS makes for the most intuitive user interface on mobiles. Such specific targeting will fuel ad spending and transactions.

7. Mobile micropayments will allow customers to pay from their 'electronic wallets' rather than ATM cards: In developing countries, the key advantage of the introduction of mobile payment will be quick transactions. It will be like an electronic wallet that a customer will always have access to and will provide them with relevant purchase opportunities while they're on-the-go.
8. The re-emergence of mobile blogging: With the introduction and adoption of tablet devices, the consumers now have greater speed, connectivity and battery life in their mobile devices. Several writers/bloggers are already using these devices to pen down their thoughts. With processing power that allows for editing and upload of content in various formats, these mobile devices are fast becoming the preferred

travel gadget for professionals and have created several new forms of user opportunities.

9. Continued proliferation of smartphones and mobile Internet advertising: Over 85 percent of handsets shipped globally will have browser capabilities by 2011. Business-to-consumer applications can be delivered using Web tools and Web adaptation tools. As smartphone penetration increases, more users will possess the technology to view richer content on their mobile devices, making the medium useful for marketers.
10. Mobiles will jump onto the 3D bandwagon: 3D technology is being incorporated in most of the gadgets available in the market today. Mobile handset companies have experimented with the technology, and the market will see a lot more experimentation in 3D phones in the coming year. 3D will lead to the development of new content and advertising avenues.

There are several alliances happening in India to utilize the mobile Internet action. Recently, Yahoo! India and MTS tied up for a service and content partnership for MBlaze, the data service of MTS, which is offered in 96 towns in India and has over 400,000 mobile broadband customers.

As part of the agreement, MBlaze users will be able to access a Yahoo! and MTS co-branded page that will provide their account information and content, including Yahoo! Mail, news, live TV and mobile search.

The co-branded page will deliver convenience for MBlaze customers as they will now have a single destination to obtain information such as their account balance, account status, mobile products, network coverage and to recharge the balance on their pre-paid accounts. Plans are underway to offer the page in local Indian languages.

Vishal Maheshwari, head Mobile and Business Development at Yahoo! Asia Pacific,

Madurai: The Regional IT Hub

BY VIJAY ASTHANA

With the recent series of industrial developments Madurai has been experiencing, this area is seemingly becoming the regional information technology hub in India.

Some of the companies that are now operating in Madurai include TVS Srichakra, Fenner, and Madura Coats. There are also many business process outsourcing companies that are flourishing in Madurai. Since many companies are operating in the area, more opportunities are now be-

ic, has said, "Through our partnership with MTS, we have now made it easier for consumers to get to their Yahoo! content and services while they are on the move."

Yahoo! and MTS will introduce an Integrated Communications Suite for MBlaze customers that will include email, chat and social communications in the future.

Leonid Musatov, chief marketing officer of Sistema Shyam Teleservices Ltd, said, "We plan to extend this service to our customers in local Indian languages in the near future."

Mobile Internet has been in India for some time now. But 3G, which has been launched by two private operators (Tata Teleservices and Reliance Communications) and two government-run service providers - BSNL and MTNL, is yet to contribute to the growth of mobile advertising in India.

Looking at tapping into the emerging 3G market opportunities, CanvasM, Tech Mahindra's VAS subsidiary, entered into an agreement with Qualcomm to operate a 3G device-testing lab based in Noida, India.

Jagdish Mitra, CEO of CanvasM said, "As 3G becomes the next growth driver for the Indian telecom market, quality of service will be critical. We at CanvasM have made significant investments in this lab towards value-added services and device testing to help ensure a great 3G experience for Indian consumers."

Sandeep Sibal, country manager and vice president of Business Development for Qualcomm India and South Asia, said, "Testing of 3G devices is important as device quality impacts 3G connectivity, 3G data and voice services, as well as the overall consumer experience of 3G subscribers."

Mobile advertising will grow in India thanks to innovative steps taken by several mobile handset companies. For instance, Intex Technologies (India) has kicked off its biggest ever caravan campaign, termed as 'Intex Mobiles on Wheels.' The caravans, 26 in numbers, will travel through 14 states and 400 towns, over a period of two months, visiting the popular mobile phone markets in the regions.

coming available for those living within the region.

In a report released by the Confederation of Indian Industries, Madurai actually has the potential to be a manufacturing hub, which can be packaged as a gateway to economic opportunities. This is aside from the fact that Madurai has long been considered a tourist spot which has been giving birth to job opportunities. In addition, the government has put much attention in economically developing the Madurai district to invite more investors in the area. In the past years, many industrial estates have been built in various key areas in Madurai to give way to the booming economic activities here that are mainly about information technology. Some of the industrial estates that are currently operational include:

- SIDCO Industrial Estate, Kappalur
- SIDCO Industrial Estate, K. Pudur
- Hoisery Estate, Uranganpatti
- Automobile Industrial Estate, Kappalur

Effective Campaigns

To utilize the brand association with Indian Premier League (IPL), leading sports brand Reebok decided to tap into the mobile advertising channel to increase the sales of its IPL merchandise, such as the IPL jersey. Reebok chose its partner mKhoj to design and run the new campaign. Primarily targeted at increasing the purchase of IPL merchandise, this campaign had to maintain the brand image of creativity and innovation. Reebok ads were also placed on WAP sites with primarily cricket, sports and youth-oriented traffic like sports sites, social networks, entertainment portals, etc. The results of the campaign showed that the viral element created via the jerseys was indeed a success, with the number of jersey wallpaper downloads exceeding the number of regular wallpaper downloads.

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Outlook

Mobile marketing and advertising is set to grow at an annual rate of 41 percent to increase from \$1.7bn in 2009 to \$13.5bn in 2015, according to Berg Insight. By 2015, it will account for 15.7 percent of the total digital advertising market, or 3.4 percent of the total global ad spending for all media.

eBay says that the company's worldwide mobile sales increased by 300 percent last year, tripling from \$600 million in 2009 to \$2 billion in 2010. Connected shoppers coughed up better than \$2 billion last year via eBay's mobile applications alone. Indians are yet to get hooked onto such sites for shopping in a big way. But India will surely be catching up on the mobile marketing space, with the service providers offering innovative services and with marketing companies spotting new opportunities.

Brief

Indian mobile marketing space is growing thanks to innovative steps taken by telecom service providers and product marketing companies. With the launch of 3G services and the arrival of more smartphones, the mobile marketing market will see more traction in coming months. 

Madurai, also known as the Temple City, has indeed come a long way in terms of economic development and opportunities.

- Electrical and Electronics Industrial Estate, Kappalur

Due to the presence of educational institutions and the quality labor force available in Madurai, more information technology

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2011 IT Trends for the Asia Pacific Region

BY RASHMI GARG

Information Technology continues to dictate business technology as well as social communication.

At the start of each new year, it is ambitious to undertake a 'trend list' of the most likely events to happen in the following twelve months, especially in the highly innovative and cutting-edge scenario that Information Technology is today. An end-of-the-year appraisal, however, is sure to help put things more into perspective.

Topping the list of must-happen IT trends is Cloud Computing. The versatility and robustness of this technology has never been put to rest since the first instances of its mention, from the middle of the last decade. Though 2010 was the expected year of deliverance, there remain several aspects that need to be plugged entirely for it to occupy mass usage, such as how social media networking has suddenly loomed to life in the past three to four years. But there is no doubt that it is the technology of the tomorrow. Several Chief Information Officers are

sitting tight on their cloud-enabled applications and related innovations, just waiting for cloud computing to reach sustainable penetration.

2011 will remain a prolonged gestation period for Cloud Computing, as all the aspects are fine-tuned. The concerns about security, integration to virtual systems, processing and interoperability are in beta stages, and these are sure to emerge as the technology innovations of 2012.

Business Intelligence turns to Mobile analytic reports for decision-making

Another IT trend likely to go through gestation (emerging as early as 2015) is the collaborative use of mobiles for analytics of businesses to reach the decision makers. Presently in its inception stages, this year is going to see collaborative analytics zoom-augmented by problem solving by adopting the iterative goal-seeking principle to find hidden information. Yet it will require proper process to fall into place to navigate the endless analytics, reports, workflows and other processes to be used in collaboration.

HTML 5 to trend Web applications for devices

The new kid on the block, HTML 5 is expected to rewrite web designing for devices. HTMLs powerful video playback, inline editing of documents, capability for data storage at the client end, and drag and drop capability technology will generate a whole range of mobile applications enabled for multiple devices.

Cloud-based services to be the mainstay of Telecom giants

While not all of the telecommunication giants will be able to migrate to the cloud computing platform, the majority of them will adopt it. They will not be fully enabled for the cloud technology but will have deployed most of their processes to it. They will begin with hosting the infrastructure for small or medium businesses with their SaaS suite of services. But the growth will be in telecom companies, and the completely enabled cloud computing enterprises are converging to offer unique backup solutions (off-site), better capacity, as well as increased productivity.

Collaborative document editing echoes instant messaging revolution

There is a new real-time editing option soon to be available for large enterprises that will allow multiple users of a document to be able to edit as well as approve them for faster processing. Users of this application in workgroups have found that results in real-time collaborative editing of a document will work on similar lines as instant messaging. Before instant messaging, e-mail was the tool used for internal communications as well. The cycles of these mails were time consuming and included logistic delays. Then came instant messaging and communication, and the corporate world saw how easy it was to adapt to real-time messaging. The same is being expected from CODE, where documents that require approval and use by several participants

Another reason why information security needs to be a well developed technology is because of the growing trend of streaming analytics to mobile devices.

can be worked on in collaboration to ensure that the document editing is in real-time in easy-to-use technology.

New social media, network access are vulnerable to security risks

The newer and the faster technologies are causing a lot of concern where information security is concerned. A lot of personal information available on these media and the constant updating often gives rise to innumerable incidents like the now infamous theft following a 'going away on vacation' post. But the focus of the discussion here is to highlight that information security is of paramount importance in 2011, considering the reach of constant internet access and the over-zealous information spouting new social media.

Another reason why information security needs to be a well developed technology is because of the growing trend of streaming analytics to mobile devices. Here again, sensitive data and information is accessed, assessed and analyzed on a presently loose platform like 3G etc. The present breed of mobile devices is using this network and the presence of Bluetooth devices for data exchange risks further invasion of the security of such data.

Convergence technology to boost greater IT growth

Technology innovations in hardware are driving the IT revolution. With each new hardware innovation that is developed, there are a million minds adapting them for consumption. Be it the micro chip or the latest processor chip by a leading manufacturer, there is convergence between the hardware and the software that gives rise to devices, with enhanced capabilities that improve processes in business or have a trickle-down effect in some part of our lives. The convergence of hardware and software impacts not just the information technology world but most aspects of life.

Consumerization of IT

Experts involved in innovating technology to process information are fast finding that the application of such innovation is bringing in a new trend known as IT consumerism. Economists are developing

Continued on Page 39

iGate-Patni Deal Signals Consolidation Trends

BY RAJANI BABURAJAN

The \$1.22 billion deal between iGate and Patni Computer Systems is triggering further consolidation for small and mid-sized IT and ITES companies to move up the value chain and stay in this highly competitive business.

The merger and acquisition trend in the mid-size IT space started in 2008, when MindTree acquired Aztecsoft. In 2009, the IT sector saw close to 92 M&A deals, mainly in the small and mid-sized IT space. The number of M&A deals increased to 115 in 2010, and industry analysts feel that 2011 will see further substantial increase in M&As.

The consolidation is happening as the industry is growing and margins are under pressure. According to a NASSCOM report, the IT-BPO industry is likely to report revenues of \$73.1 billion in 2010, with the IT software and services industry accounting for \$63.7 billion in revenues.

The NASSCOM report estimates export revenues to gross \$50.1 billion in 2010, rising by 5.4 percent over 2009 and contributing 69 percent of the total IT-BPO revenues. Software and services exports (including BPO) are likely to account for over 99 percent of exports, while employing 1.8 million individuals. IT services is expected to grow by 2.4 percent in 2010 and 4.2 percent in 2011.

The consolidation is assisting mid-sized IT companies to compete against bigger entities. Creating huge assets and revenue base is important to vie with companies such as TCS, Wipro, Infosys, HCL, and the like. For iGate, the cost-per-employee will go up following

the acquisition of Patni. The combined revenues of this entity will be a whopping \$1 billion, with 24,834 people employed globally as of September 30, 2010. The transaction is expected to be completed in the first half of 2011.

The merged company will be a key player across several vertical industries, including banking & financial services, insurance, manufacturing, retail, and media & entertainment. The new entity will create a go-to-market strategy with iGATE's differentiated iTOPS and outcomes-based business model augmented by Patni's delivery expertise, and it will focus on micro-verticals.

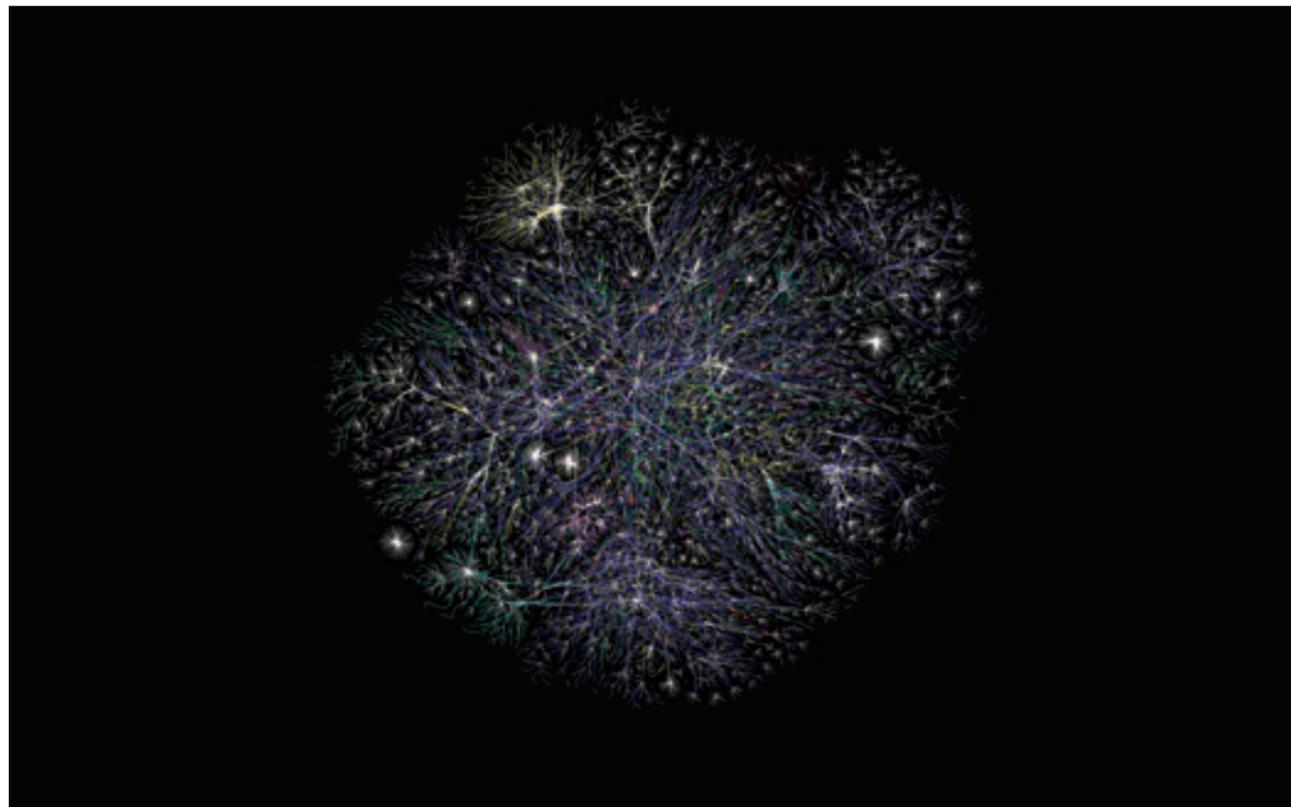
"We believe the threshold of a billion dollar revenue will facilitate faster adoption of our iTOPS for Business Outcomes model. We also believe that the combination will help customers get better service, access to more service lines and deeper pools of expertise," said Phaneesh Murthy, CEO of iGATE Corporation.

Both companies will have a strong presence in the market place. The increase in the total number of employees, additions of focused verticals and a proven management team are expected to strengthen iGATE's position as a top-tier player in the highly-fragmented global IT industry.

iGATE will fund the deal worth \$1.22 billion through a combination of cash-in-hand, debt and equity financing, including a potential public offering of up to 10 million shares. Though the deal is backed by its financiers, PE investors, etc., the Nasdaq-listed iGate's shares fell by 11 percent on the day of the announcement.

Analysts feel that the integration of iGate and Patni will be tricky since iGate is a relatively small company compared with Patni Computer Systems. Some analysts feel that the deal is undervalued and favor iGate in the long run. India will see more such consolidation in coming months as the appetite to win is shooting up. A-P

| STRATEGIC TIE-UP | iGATE | PATNI COMPUTER SYSTEMS |
|--|-----------------|------------------------|
| Employees | 8,278 | 16,556 |
| Customers | 82 | 282 |
| Global Delivery Centers | 7 | 22 |
| Number of offices | 16 | 30 |
| Revenue for 12 months ending on Sept. 30, 2010 | US\$252 million | US\$689 million |



Cloud Services in the Asia-Pacific Region

BY ANSHU SHRIVASTAVA

Cloud Computing is touted as the next big trend in the IT industry that is set to redefine the way enterprises do business.

It's the rage today and a growing number of companies are devoting a significant part of their IT budget to cloud-based services, in order to lessen the demand on their IT resources, to work smarter, and be cost-effective. Ben Pring, a senior analyst at Gartner, says that Cloud Computing has become the phrase "du jour."

There is almost zero operational cost when it comes to Cloud Computing, and only a computer and Internet connection are required to access the benefits of this much-talked-about technology. Cloud-based services offer a scalable infrastructure and capabilities. They eliminate the need of any kind of application installation and move toward the hosting of applications online, as Internet and central remote servers are used to maintain the applications as well as the data.

In the U.S. and Europe, enterprises of all sizes are rapidly accepting the cloud computing approach, and it's becoming an essential part of their IT department structure. However in comparison, the Asia-Pacific region is still lagging behind and this market has yet to realize the full potential of the cloud computing trends. The acceptance and the general awareness regarding this technical capability is still low, excluding Japan. In fact, most enterprises in this region still do not have a substantial plan to deploy cloud-based solutions, and leading cloud service providers such as Rackspace Cloud, Salesforce, Skytap, Microsoft and Google, have also shied away from investing and opening data centers in the region. Amazon Web Services (AWS) launched its first Asia-Pacific Region operations only last year. Prior to this launch, the data centers in the U.S. and Europe had offered AWS platform to Asia-based businesses and global businesses serving customers in Asia.

"Complex" is the term often used to describe the market for cloud services in the Asia-Pacific region, since the level of adoption varies from one market to another. Cloud related solutions have still not formed enough roots to flourish uniformly across all the countries in the region. A study published by Springboards Research notes that even with an increased uptake, different markets show different areas of interest in cloud services.

Breaking down the region, one finds that the Australian market for Cloud Computing is showing signs of rapid maturation. However, the levels of maturation vary since a majority of the local enterprises prefer that their data remain onshore. And prominent Cloud Computing providers such as Ama-

zon, Google, Microsoft, and Salesforce.com have not shown any interest in building data centers in Australia. Steve Hodgkinson, a research director at Ovum, notes in a report that "the enterprise cloud market in Australia remains largely unexplored territory – a market awaiting a dominant leader." Also in the country, there is a growing call for an appropriate Cloud Computing regulatory model.

In emerging countries such as China and India, enterprises are increasingly showing interest in cloud-based solutions and are adopting or planning to adopt them. In early 2008, IBM and the Wuxi municipal government collaborated to establish a Cloud Computing center in Wuxi Software Park, thus ringing the first bell for cloud-based solutions in China. The Cloud Computing market is currently in the growing phase there, and a number of companies are showing interest in shifting to Cloud Computing. Last year, Japan-based electronics maker NEC announced a joint venture with a Chinese IT company to offer cloud computing services in China. At the time of announcement, the company said that it expects the market size of cloud computing services in China to grow 30 percent annually and exceed \$2.4 billion in 3 years. Kai-Fu Lee, the former head of Google China, believes that Cloud Computing presents an opportunity for China to develop a software market. In an interview with Reuters, he said that the "kind of piracy that has hobbled Chinese IT was near-impossible in a cloud-computing model, in which companies or individuals pay to access services that are hosted elsewhere."

Cloud Computing awareness has increased dramatically among organizations

in India over the last 12 months, and a majority of organizations consider it relevant to their IT environments, according to a report titled 'Cloud Computing in India 2010 - End-User Adoption Trends,' published by Springboard Research. Michael Barnes, vice president of Software Research at Springboard Research, says that the adoption and awareness for cloud computing have increased rapidly, but still a large proportion of non-users still have no concrete plans to adopt cloud-based solutions.

There is a big chunk of the Asia-Pacific market that has failed to be tapped or showed any kind initiative to accelerate adoption of Cloud Computing and benefit from it. According to Gartner's survey report published in October, 2010, despite all the hype, a majority of respondents (63 percent) in Asia-Pacific did not have the budget for any type of cloud service in 2010. However, the report also observes that the companies that allocated IT budget to cloud computing as a key initiative for their organization and those that are investing in cloud technology are planning high growth in spending in 2011.

In this region, most of the companies are in the learning stage when it comes to cloud service initiatives, despite a growing interest in this latest technology. Derry Finkeldey, principal research analyst at Gartner, says that this doesn't mean they are not thinking about it – data centre initiatives such as virtualisation are currently higher on the priority list than cloud, but these initiatives are the necessary precursors to a move towards cloud computing.

Japan is a completely different story and is usually excluded from the Cloud Computing research analysis done for the Asia-Pacific region. Considered one of the early adopters of cloud-based services, the Japanese market is analysed separately. One can see a significant adoption of cloud among enterprises in the country, and the interest and excitement for Cloud Computing is tremendous. According to Japan's Internal Affairs and Communications Ministry 2010, the cloud computing market in Japan is expected to grow to U.S.\$29.2 billion in 2015. Most of the Japan-based companies perceive Cloud to be relevant for reducing costs, which has resulted in growing acceptance and enthusiasm for it. Marc Benioff, Chairman and CEO of salesforce.com, says in his article, *Why Japan Matters And Microsoft Doesn't*, "We've found that the Japanese love Cloud Computing because it gives them great software that is

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firms and other companies are becoming interested in expanding their businesses in the area.

Madurai, also known as the Temple City, has indeed come a long way in terms of economic development and opportunities. For many years, it was Karnataka and New Delhi which dominated the IT landscape in India.

Now, Madurai is slowly adapting to this growing field. The IT landscape of Madurai is now dominated by huge companies such as HCL, TCS, and Honeywell. A lot of small and medium firms are also thriving in the city, and some others are planning their

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eco-friendly, democratic for all businesses, and upgrade-free."

Springboard's report, *Cloud Computing in Japan 2010 - End-User Adoption Trends*, found that the adoption, awareness and understanding for Cloud had accelerated sharply among Japanese organizations last year. The report also notes that the Cloud adoption rate in Japan is 13 percent and the average understanding level of Japanese respondents was the highest in Asia at 6.9 – based on a 10-point scale with 10 being highest – versus an average rating of 5.6 across Asia Pacific excluding Japan (APEJ). Last year in June, a report published by Gartner predicted that in 2014, Japan will represent 12 percent of the global cloud services revenue.

In June, 2010, Amazon.com and Yahoo Japan Corp. announced separate plans to launch cloud computing services for Japanese businesses in anticipation of their growing use, thanks to Japan's large-capacity high-speed network. Yahoo Japan is also expected to introduce a full-scale cloud computing business in March this year, combining data center capacity from a Singaporean unit and its Web portal.

The two prominent reasons that are hampering the adoption of Cloud-related technologies in some of the countries of Asia are lack of proper infrastructure and the slow Internet connection. There is a considerable disparity in access to broadband Internet access, and that is why the region may not see a uniform adoption of Cloud Computing in the near future. Chris Morris, lead analyst of Cloud Technologies and Services for Practice Group at IDC Asia/

expansion.

On the average, Madurai and its neighboring cities can produce at least 15000 university graduates every year. There have, however, been some issues of concern related to the English proficiency of these students. Despite this, IT firms are constantly hiring employees in Madurai and nearby areas, since the area produces at least 9000 engineering graduates annually, which is of course an important field in the IT industry. Even if these graduates are not that proficient in English, they are known for their skills and talents as workers, prompting employers to hire them.

According to a NASSCOM research, "Ma-

Pacific, says that the 'Asia-Pacific excluding Japan' (APEJ) cloud services market will experience a period of rapid change between 2011 and 2014 as much improved regional broadband infrastructure reaches larger markets and the capability of cloud services matures and the breadth of services expands.

Blaming lack of awareness and limited understanding around the technical aspects of the technology for slow adoption of Cloud Computing in Asia, Mayank Kapoor, ICT research analyst at Frost & Sullivan, predicts a bright future for cloud computing services in Asia.

Additionally, the companies in the region are also concerned about integration, security, data storage regulations, and government policies. In a major development last year in November, Alcatel-Lucent, Cisco Systems, EMC Corporation, Microsoft, NetApp, Nokia Siemens Networks, PLDT/Smart, Rackspace, REACH, Telenor, and Verizon came together to form the Asia Cloud Computing Association, an open collaboration forum based in the Asia-Pacific region.

"The regulatory landscape and varying market maturity levels have fragmented the adoption of cloud computing in the region," says Sundi Balu, chairman for Asia Cloud and chief information officer for REACH. The main objective of the non-profit, vendor-neutral organization is to address regional issues and challenges to adoption of cloud computing in Asia, including privacy and security concerns, compliance and regulatory mandates, licensing models, service levels, and other market risks. [A-P](#)

Madurai still needs to work on its local and international connectivity as well as other basic infrastructure before it can become a viable IT-BPO city." This is one thing the government has been trying to work on that could further improve the economic state of Madurai.

As of this writing, more information technology and business process outsourcing companies are eyeing operation in Madurai that could give more employment opportunities to the city's residents and those of neighboring areas as well. It may thus certainly be said that Madurai has become the IT hub of the southern part of India. [A-P](#)



Earlier last year, the Chinese government had announced it would spend 5 trillion yuan (US\$755 billion) on clean energy over the next decade, lifting the alternative energy supply to 15 percent of the primary energy demand by 2020 (up from 8 percent in 2009).

mission (NDRC), announced China will increase its thermal power generation capacity by 80 million kilowatts this year as thermal power plays an increasingly major role in the country's power supply. According to this announcement, from 2011 to 2015 China will increase its thermal power capacity by 260 million to 270 million kilowatts. These thermal power projects, which include coal, oil, and gas, will be located in the western region of China where the coal supply is rich. Thermal power generation was at 950 million kilowatts at the end of 2010, and is expected to hit 1440 million kilowatts by 2015 and 1760 million kilowatts by 2020.

The National Development and Reform Commission had mentioned earlier that wind power, one of the main components of alternative energy, should be generating 90 million kilowatts of capacity by 2015. This is only 6.25 percent of the total projected thermal energy generation of 2015, implying that thermal power will continue to play a role as a bigger source of power-generating capacity in the future.

Mr. Zhang emphasized that China had made cuts in dirty fuel-coal use over the last five years by replacing old thermal power plants with environmentally friendly ones, reducing the consumption of more than 300 million tons of coal per annum and an additional 1.5 billion tons of coal overall by pushing clean energy.

Another challenge is that China's oil demand is higher than coal. The oil demand hit a record high in 2010, rising by 13.9 percent in November. Gas demand is also rising fast as rural households join in using gas by 2015, thereby pushing rapid gas production as well. **A-P**

Planning Power Generation in China

BY AMANDA MIN CHUNG HAN

The world factory epicenter of China is trying to slow conventional thermal energy consumption while facing a rapid increase of fuel needs due to its fast growing economy.

It thus faces a dilemma of how to keep its economy growing while at the same time cutting back on its dirty fuel consumption of coal. The Chinese government

has been trying to reduce the consumption of conventional energy in general, including coal and oil, and hopes to boost the production of cleaner energy sources such as wind energy.

Earlier last year, the Chinese government had announced it would spend 5 trillion yuan (US\$755 billion) on clean energy over the next decade, lifting the alternative energy supply to 15 percent of the primary energy demand by 2020 (up from 8 percent in 2009). Mr. Zhang Ping, the head of the top economic planning body, said earlier in January that China had met its five-year target to reduce energy consumption per unit of gross domestic product by 20 percent by the end of 2010.

However, it seems as though the Chinese government has been struggling between the need for rapid power generation and the need for a reduction of its thermal energy consumption. China recently unveiled a raft of targets for its energy and power sectors, including a plan for a fast increase in power generation.

Zhang Guobao, the Vice Director of the National Development and Reform Com-



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INTERNATIONAL PATRONS OF RECENT CMAI EVENTS





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Tapping the Solar Potential in India

BY RAJANI BABURAJAN

The increased interest in renewable energy sources, including solar energy, has put India in the league of countries such as Germany, Spain and Japan, who are leaders in harnessing solar power.

The UPA government of India is now committed to adding 1100 MW of grid connected solar power by the end of the first phase of the Jawaharlal Nehru National Solar Mission.

India has set a target of 20,000 MW of solar energy by 2022. Towards this end, Indian government and domestic industries need to put in special efforts. One of the pillars for the solar success will be indigenous manufacturing of solar power equipment. Though the government is taking extra efforts to remove existing barriers, such as the high cost of solar power and payment security, the solar industry is yet

to find many takers.

An Active Government

The main action to come from the ministry level thus far includes the release of guidelines for selection of new solar power projects under the 1000 MW solar power scheme in the first phase of the aforementioned Solar Mission. These guidelines were released by Dr. Farooq Abdullah, Union Minister for New and Renewable Energy, and Sushil Kumar Shinde, Union Minister for Power. This shows that senior people are involved in this mission.

The Government has also announced guidelines to encourage domestic manufacturing, while the ministry has also invited global solar companies to invest in India.

Under the National Solar Mission, NTPC Vidyut Vyapar Nigam (NVTN) will be the nodal agency to buy solar power from independent solar power producers.

The CERC has fixed the rate of Rs. 17.91 per unit for PV and Rs. 15.31 per unit for solar thermal power projects for 2010-11. The rates are applicable for Solar PV projects commissioned by March 2012 and Solar Thermal projects commissioned by March 2013. The government will offer the equivalent MW of power from the unallocated quota of NTPC for bundling with solar power.

The NTPC arm will select projects to set up about 1000MW capacity of solar power plants, based on solar thermal and photovoltaic technologies.

Building energy efficiency is one of the

targets for the Indian government. Solar energy will get prominence if the industry is careful about energy efficiency. Recently, the government approved a framework of the National Mission for Enhanced Energy Efficiency (NMEEE). This regulatory board is expected to strengthen the market for energy efficiency by creating strong regulatory and policy regimes. It is also expected to drive sustainable business models in the energy efficiency sector. During the next four years, NMEEE will help achieve a total avoided capacity addition of 19,598 MW, as well as fuel savings of around 23 million tons per year, and green house gas emissions reductions of 98.55 million tons per year.

Dr. Ajay Mathur, Director General of the Bureau of Energy Efficiency, said that, "The mission will unlock the market for energy efficiency on a public-private partnership (PPP) basis, which is estimated to be around Rs. 74,000 crore (US\$16,300 million)."

The NMEEE has chalked out a four-pronged action plan. Its mission has been summarized as the 'Perform Achieve and Trade' Scheme (PAT), a market-based mechanism to increase cost effectiveness of improvements in energy efficiency in large industries. The second initiative is Market Transformation for Energy Efficiency (MTEE), which includes accelerating the shift to energy-efficient appliances in designated sectors through innovative measures in order to make products more affordable.

NMEEE's third initiative is the Energy Efficiency Financing Platform (EEFP), which

Is India the hot market for solar energy? Can it overtake Germany?

allows for the creation of mechanisms that would help finance demand-side management programs in all sectors by capturing future energy savings. The final initiative is the Framework for Energy Efficient Economic Development (FEEED) to develop two fiscal instruments to promote energy efficiency - the Partial Risk Guarantee Fund (PRGF) and Venture Capital Fund for Energy Efficiency (VCFEE).

Solar Applications

India is looking at the deployment of several applications after implementing sufficient solar projects. One option is to ensure the availability of solar light in rural streets. These kinds of projects create huge self employment opportunities. For instance, the Ministry of New & Renewable Energy has recently sanctioned a project in Rajasthan to provide solar power to every single panchayat in the State by installing 1.12 kW capacity solar systems at each of the 9,168 Bharat Nirman Rajeev Gandhi Sewa Kendras.

Another important application could be with telecom towers, which are currently using diesel to provide uninterrupted power services. The use of solar energy to power these systems can considerably mitigate the use of diesel, especially during the daytime.

Feeding power to LT, or 11 KV grid, is yet another important application, which can help villages and industry by providing additional power for rural applications, such as irrigation pump sets that may even satisfy the current unmet power requirement in the daytime.

Implementation Hurdles

Solar is the new buzz word in India. Yet manufacturers still need to create channels to reach out to potential users. Indian solar system needs trained technicians for installation and servicing of solar energy systems.

Cost is a concern for any new technology during its infancy stage, and it is widely believed that the cost of solar energy is quite high. Subsidies and soft loans will make this energy source affordable in the short run, yet Indian solar industry must look at advanced research to become cost-effective and ensure advanced manufacturing and economies of scale.

Global Market

Is India the hot market for solar energy? Can it overtake Germany? According to Lux Research, investors are looking at India as the next hot market for renewable energy sources. The report looked at the growth potential of 15 emerging solar markets and found that India has massive potential be-



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cause of government subsidies, a need for distributed generation, and increasing energy demands. "India comes away by far as the most attractive market for long term growth out of those potential markets we looked at," researchers at Lux said.

In the United States, First Solar, a leading provider of sustainable solar energy solutions, may benefit from India's adoption of solar power because its solar panels are made of cadmium telluride and are not subject to the domestic content requirement.

Markets that could grow rapidly this year include Cyprus, Israel and Malaysia because of government subsidies, according to the report. Those markets are unlikely to be "the next Germany," because of their small size, the report finds.

South Africa and the United Kingdom were also potentially strong markets because of government support for solar power, according to Lux Research. Russia, Brazil and Mexico were identified in the report as potentially large solar markets even though they do not have solar incentives.

Who is investing in Indian solar projects?

Several supports are in place to see the light from the sun. For instance, the Asian

Development Bank is keen to back \$425 million worth of investments in India's solar power plants. This backing is earmarked primarily to help the project initiatives secure financing.

ADB is planning to guarantee 50 percent of loans that international and Indian banks make to solar projects that have less than 30 megawatts of capacity in the country.

ADB is keen to cover \$150 million of any payment defaults from the projects resulting from problems, including technological failures, financial difficulties or insufficient solar irradiation, that could affect their output.

Under its Solar Mission plan, India is looking at adding the production of 20 gigawatts of solar power by 2022. The plan favors domestic manufacturers of crystalline silicon solar modules, including Moser Baer and Tata BP Solar, a joint venture of Tata Power and BP.

National Thermal Power Corporation is looking at the feasibility of establishing solar power projects in the Maldives. NTPC is also targeting the addition of 105 MW of electricity to the national grid by setting up four or five solar power projects in India

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Vietnam's Migration to 3G - The Key is Capturing the Youth

BY VINTI VAID

3G is Third Generation networking technology that empowers smart devices (generally handheld devices such as Smart phones and PDAs) to work on internet (online) technology, taking such device communications into real time.

Most countries are implementing this technology in phases, and countries like the US and some on the European continent are reaping the bounties that seamless communications offer for business as well as social life.

Initially sluggish 3G is the mobile technology in US and Europe today

Powered by intuitive software (apps), these devices and 3G technology today allow access to the internet, multimedia and video viewing, and most functional capabilities common to a laptop or iPad. Its power and reach has already been proven in the US and in parts of Europe, where Smartphones are fast shifting the paradigms of communication in the business and social realms.

Vietnam's story of 3G adaption

The first instances of 3G capabilities were showcased in 2001 in Japan. It was launched in Vietnam in 2009 and saw the subscriber base rise from three percent to eleven percent by the end of that year.

This matches the statistics, following a study by The Nielsen Company, of 3G migration in most countries

- In the US, where the mobile penetration is 99%, 3G is 72%
- Malaysia boasts a mobile penetration of 114%, with 3G penetration at 22%
- Indonesian figures show 84% mobile penetration and 14% 3G penetration
- In Vietnam, mobile penetration is 126% and 3G penetration is 11%

The study categorizes Vietnam as an 'early adapter' to 3G, given the limited applications that they are currently applying (despite awareness of the advanced features of 3G such as mobile TV viewing, net browsing, etc.). The highest percentage (4% of Vietnamese) use it to download wallpaper, and streaming audio, in comparison to US users, where close to 37% use it for MMS and picture messaging, and a resounding 25% use it for emailing

Latest Trends for Web-Connected Gadgets in Asia

BY REENA SAXENA

With the Asian economies slowly recovering from the worst of the global financial crisis, consumers in the region are spending much more dynamically.

A greater consumer focus is now being aimed towards high tech gadgets and appliances, particularly internet-connected devices. This popularity is attributed mostly to the affordability and accessibility to mobile Internet and web-enabled gadgets in this part of the world. Aside from that, the exploding popularity of social networking in the region has contributed to higher rates of mobile Internet usage.

It is expected that 85% of mobile devices and handsets to be shipped in 2011 will have Internet browsing capabilities, and a big percentage of these shipments will be directed towards the Asian market. This will allow Asian users to have access to richer online content using these mobile gadgets for personal, commercial and business applications. The following is a brief look at these spectacular phenomena and how they will define internet usage in Asia in the near future.

Mobile Internet and Device Popularity in Asia

According to information published by Internet World Stats, 35% of the top 20 countries using the Internet come from Asia, with China taking the top spot, its Internet users ranking almost twice the number as the United States. In a similar report from Pingdom, several Asian countries' populations register up to 15% mobile Internet usage, which is higher than the world average of 3.81%.

Similar reports from the Nielsen Company showed 73 percent of Chinese youths aged 15 to 24 accessing the Internet through mobile devices, which is higher than the 48 percent in the US and 46 percent in the UK. Nielsen also reported that 36 percent of people in Taiwan already have a web-enabled tablet or are planning to purchase one. These figures are in line with reports from GFK Asia indicating up to 35% growth in the sales of mobile phones and similar devices in Asia. The same report also indicated that a third of appliance purchases in Southeast Asia are mobile telecom products, and this trend is expected to grow in the coming periods.

The popularity of smartphones and web-enabled gadgets in Asia has penetrated not only individual users in the commercial market but it is also working its way to enterprise users as well.

The portability and affordability of tablets have made them essential tools for mobile workers. This has resulted in an increasing demand from enterprises wanting to provide their mobile employees with tools necessary for a variety of business processes, including video conferencing, web collaboration, document viewing and editing, and presentations.

Market Outlook for Internet-connected Gadgets

The popularity that Internet-connected gadgets enjoyed in 2010 is expected to continue in the coming periods and several market analysts from around the world could not agree more. Leading the way is the Consumer Electronics Association (CEA), which predicts that the global spending for mobile phones and devices in 2011 will rise by another 10% and will reach figures close to \$96.4 billion. The Asian market will play a big role in this, with the CEA expecting 12 percent growth in the region.

The Mobile Marketing Association outlines similar trends in their report, with the Asia-Pacific region expected to top the global mobile advertising market in 2011 with figures between \$13 and \$14 billion. In a similar report from Ovum, the Asia-Pacific region is expected to undergo huge growth of shipments for Internet-enabled gadgets, with figures reaching 52 million units by the year 2015, excluding shipments for smartphones, which are expected to reach over 330 million units.

These trends in web-enabled device sales in Asia will continue to grow as the usage rates for mobile Internet are expected to rise further at astronomical rates. This will be driven by major markets in the region such as China, Japan, South Korea and the Southeast Asian nations as they continue to upgrade their wireless networks and adapt next generation 4G technologies. These new technologies are expected to provide an even better user experience, opening new doors of opportunities for mobile devices. [A-P](#)

FURTHER READING:

- ZDNet www.zdnetasia.com
- Internet World Stats www.internetworldstats.com
- Telecom Asia www.telecomasia.net

COMPANIES MENTIONED IN THIS ARTICLE:

- Ovum www.ovumkc.com
- GFK Asia www.gfkasia.com
- Mobile Marketing Association www.mmaglobal.com



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Lessons from Malaysia, Indonesia and Singapore

Strong promotions of Smartphones and increased access to BlackBerrys and Androids, and the flooding of Chinese handsets at less than \$200, ensured the subscriber based increased in these societies. This surge came along with innovative data plan pricing that put these countries well into the 3G spectrum; there was also the adoption of various packages such as 'data snacking,' set prices for a particular time of use where pre-paid services dominate, and free trial plans. But perhaps what boosted the quick adoption to 3G the most are the attractive pricing plans, such as \$11 for 3G in Indonesia, or the free data phones for iPhone in Singapore.

What Vietnam's service providers need to offer for 3G Penetration

The Nielson Study puts it succinctly; Promote Smartphones, Innovate the data plans and Create the market for youth to use. While the first two points are regular market strategies, the third will involve educating parents through popular media (HBO, ZingMe) and 3G information. The pricing of the mobile phones and the quality of the network has to be superior for retaining the finicky consumer base. The key is to find the right sponsors to subsidize cost of promotions like service discounts, English video tutorials or the latest Korean soaps.

The Key to Vietnam's migration to 3G is capturing its youth. Innovative 3G Network service providers will be the ultimate winners of the 3G spectrum in Vietnam. [A-P](#)

Korea as Number One in the Robot Revolution

BY EMANUEL PASTREICH

We have read numerous articles describing the apocalyptic future that awaits Korea, Japan, Taiwan, Singapore and portions of China's coastline as a dramatic drop in childbirths, combined with the extended life expectancy, creates cities of elderly with no youth to support them.

Although such concerns are not unfounded, and if all other factors were constant, this would be convincing enough, yet there is one factor that many analysts have left out. There is currently a revolution taking place in robot technology which will be fully unleashed over the next five years, from 2012 to 2017. An increasing number of tasks will be done more effectively and more consistently by robots, a change that may well completely transform society as well as our relationship with machines. Although we are beginning to get some sense of the contours of this shift in our world, most citizens have not fully thought through just how profound those changes may be.

Superannuated societies are distinctive in that they have an extremely low resistance to the use of robots and mechanization. In fact, many children in Korea are hoping that robots will be as sophisticated as possible, as soon as possible, so that they can entrust their aging parents to be cared for by them. It will be no small feat to design robots that can feed, bathe, medicate and amuse aging people, but we have every reason to believe that such robots will be developed in the very near future—in part as a result of the evolution of technology and in part because of demand in Northeast Asia.

The question is not so much what technologies are possible, but rather how much social resistance there will be to their implementation. In this respect, Korea will have the least resistance, as it literally may need robots to run its society. Although

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theories on this new IT offshoot, which is certain to become a goliath in the coming year for Information Technology, spreading through the pervasiveness of social media networking and network access devices.

The implications to IT enterprises are that they will no longer be able to firewall their processes and will have to enable multiple access formats for their employees and



There is currently a revolution taking place in robot technology which will be fully unleashed over the next five years, from 2012 to 2017.

this might seem at first glance to be a demographic disaster, it is very well possible that we are observing a classic blessing in disguise. As other nations struggle over the pros and cons of complete automation and the use of robots in the home, Korea will have no doubt as to which way they should go. That means that Koreans will be the

growing trend for 'work from home' options. High technically skilled personnel working on critical productions are today opting for telecommuting as it not only enhances their productivity but also contributes to the overall development of the individual. The need of the hour for enterprise IT is to allow smart access to corporate networks, access to sensitive data through unsecured networks and increasing adapt-

earliest adapters of robot technologies and Korea will potentially become the leader in the new wave: complete integration of robots in daily life after 2015. Korea will gain tremendous advantages in its technological and economic development, advantages that far outweigh the short term problems of a drop in population. **A-P**

ing of work processes for mobile and handheld devices.

These are some of the brilliant technology trends that are waiting to be developed and delivered to people and enterprises that will use them to build something more innovative and more challenging, constantly pushing at furthering innovation to achieve Information Technologies that have not yet even been dreamt of. **A-P**

Robots Teaching Children in Korea

BY PRIYANKA SHARMA

At the core of Korean Education Policy is the ambitious plan to have robotic instructors at all the 8400 kindergartens by the year 2013.

Aiding this program are the country's leading science organizations. The Korea Institute of Science and Technology has delivered on its artificial intelligence capabilities by developing the EngKey robot.

Egg-shaped EngKey

The design of the English Key Robot is similar to that of a Penguin (though most claim it is egg-shaped) with an interactive screen embedded in its chest and expressive facial features (within its mechanical limits). With swaying hands and mobility, these cute toys have been deployed in 29 schools across Masan and Daegu. The EngKey is a follow-up to Genibo, the dog robot used successfully to teach preschoolers gymnastics and dance. Its success is attributed to a child's innate fascination for toys.

To make up for the possible waning of interest amongst older students, the Ministry looks to EngKey more as a portable telepresenter. The EngKey is designed to allow English tutors in remote Philippines to use it to interact with children in the classroom through the interactive screen. The remote teachers are able to listen to the children, manipulate EngKey face and voice, and speak/reply to the children. The image of a Caucasian woman is displayed on EngKey screen with the voice-over of the remote tutor.

Why robot teachers?

The logic behind the use of robot (or bot as it is popularly called) is that children are more likely to interact with the speaking bot without reservation in comparison to a human teacher. Children who are attentive and more interactive with EngKey could learn their lesson more easily and quickly, the reasoning goes. This is the intention, but there are far too many unsaid limitations to it, say educational experts.

The first impact to consider is how generations of adults who were educated by robots may face severe adjustment issues, especially at higher levels of education. Yet digital trends in education could well involve different formats that could be without classrooms and teachers. Educationists believe that each student can study according to his intelligence and grasping capacities, thus rewriting how education is delivered to children.



The EngKey is designed to allow English tutors in remote Philippines to use it to interact with children in the classroom through the interactive screen.

Use of Robots in education—right or wrong?

In the context of such consideration, it remains a very costly experiment for bots to be educating children as full time teachers, as intended. For bots to assist regular teachers and become a tool for delivering better quality of education is acceptable, but to impose mechanical bots to teach fundamental concepts of science, mathematics and space to children would, to most people, seem more like a grandiose experiment in science fiction.

Korean Robotics - investment for the future?

Robots fascinate Korea and there are entire theme parks there which are dedicated to robots. Just as we have the present generation of hardware and software gurus building today's scientific frontiers, perhaps the early introduction to robotics will help Korean children to adapt easily to a future dominated by robots. The answer to this clearly scientific experiment in human inner engineering awaits us in the future, when the first generation of EngKey educated comes of age. **A-P**

Continued from Page 37

in the next two or three years. NTPC has also formulated a plan for capacity addition of about 1,000 MW through renewable resources by 2017. Simultaneously, it will also have a capacity addition of 301 MW through Solar PV (photo-voltaic) and thermal by March 2014.

The Union Government has approved nine solar power projects of 8.8 MW capacity to be set up in Haryana by independent power producers. These projects will get commissioned by September 2011.

As part of the energy conservation drive launched by the state government, two projects of 100 KW Rooftop Solar Photovoltaic had been commissioned at Omax Auto, Manesar and Daruhara at a cost of Rs 260 lakh per unit. The Ministry of New Renewable Energy has provided a total financial assistance of Rs 150 lakh for these projects. One such project of 50 KW had also been commissioned recently at Retreat, Teri, Gawal Pahari and Gurgaon.

Of course research is an important component for the solar industry to grow. The Indian Institute of Science (IISc), Bangalore, is in the process of mapping solar hot spots with abundant round-the-year sunlight that could be harnessed with the setting up of solar power plants.

Following the aggressive plans by the Union government, Gujarat has launched work on the 500 MW solar power park, Asia's largest such project. Besides solar power plants, the park, to be spread over 2,000 hectares, will also be home to units manufacturing solar power plant panels and other equipment. The project cost is estimated at Rs.1,287 crore (\$280 million).

The Gujarat government has handed over land allotment letters to 15 companies, including Azure Power, GMR Energy and GSPC Pipavav Power Company, that are setting up solar power plants in the park. The park would be home to around 500 MW solar power generation capacity. Once completed, the park is expected to attract investment in excess of Rs.7,500 crore (\$1650 million). The first phase of the project is expected to go on-stream by December 2011.

India has a huge potential to harness solar energy. The industry hopes that there will be more incentives to come from the government, which wants more participation from the private sector.

Brief

India will face severe energy crisis if it does not devise effective strategies to fully utilize the renewable energy resources. Under the Jawaharlal Nehru National Solar Mission, India aims to produce 1,000 MW of solar power by 2013 and 20 gigawatts (GW) by the end of 2022. India currently generates 18,155MW, with 10.9 percent of its electricity sourced from renewable resources, of which solar energy contributes only 18MW, or 0.01 per cent. India needs more investment and active participation of the private sector to see more action in the solar industry. **A-P**

RIM Setting Up Internet Filters for Blackberry Services in Indonesia

BY VIJAY ASTHANA

In the West, the image of people engrossed with their use of their Blackberry smart phones may seem like a normal day-to-day scenario.

But in a Southeast Asian country like Indonesia, the nation with the largest Muslim population, the popularity of Blackberry is nothing but phenomenal. And in the battle of the smart phones, Blackberry has the greater advantage here over other alternatives such as Apple's iPhone or Google Android units.

However, this popularity has been dampened by several issues which have been raised by the Indonesian government against Blackberry services, with concerns ranging from availability of service centers and user access to pornography sites. Pressured by government demands, Research in Motion Ltd (RIM), the maker of Blackberry devices, is being forced to comply and is currently working with the country's Ministry of Communication and Information Technology. The company is required to establish the guidelines, details, coverage, and the setting up of Internet filters for these devices. It is also being pressed for time regarding these implementations.

Growth of Blackberry in Indonesia

With over 2 million Blackberry users in Indonesia, the country is a primary market for RIM in the Asia-Pacific region. With a staggering 500% growth, the Indonesian success story has registered the highest rate in the region despite the fact that Blackberry devices are at the higher end of the mobile device pricing spectrum. Many thus wonder why Blackberry devices and services are so popular in Indonesia.

The primary reason is price. Blackberry units are relatively more expensive than other mobile phones available in the country, but compared to other smart phones such as the iPhone, with price tags reaching up to \$900, new Blackberry units are more affordable at \$500. But there's another side to the story. Indonesia's black market has seen an influx of Blackberry units smuggled in tax-free, with price tags of only \$300, making them more affordable not only to



the nation's businessmen-elite but also to the strong middle class who treat Blackberry units as status symbols.

Aside from pricing, Indonesians prefer the easier, cheaper and more accessible web features of Blackberry services, as compared to the more expensive but unreliable home broadband connection that sets users back at \$100 monthly. On top of that, Indonesians use the Internet more for digital social networking that surfing the net, which makes touchscreen devices such as iPhone less appealing. With easier Internet access, Indonesian users can now send email, chat with friends, browse social networking sites and access any other websites on the net – and this is where all the trouble originates.

Issues on Blackberry Use in Indonesia

When RIM introduced the Blackberry in Indonesia during the later part of 2004, the company as well as the government did not anticipate the explosive popularity that the device would have among the country's high tech consumers. When the number of users started to escalate, many were complaining that there were no available service centers locally where users can go to for various services and repairs. Although there was an existing regulation requiring phone manufacturers to have service centers in the country, it wasn't until

Blackberry's phenomenal growth occurred that the Ministry of Communication and Information Technology took notice and required RIM to comply with these regulations.

As a result, issuance of licenses for new Blackberry units were put on hold for two months until RIM finally opened an authorized service center in Jakarta, which had the capacity for servicing and repairing all Blackberry models available during that time. But that's not the only issue RIM faced in Indonesia.

Following announcements from countries such as India, Saudi Arabia and the United Arab Emirates that their governments were considering a ban on Blackberry's web features such as email, instant messaging and web browsing, Indonesia also made announcements that it would follow the same initiatives. Reasons for these blockages include security concerns, particularly on the possibility of interception from third parties such as terrorists of vital data sent through Blackberry units.

Unlike other smartphone platforms, Blackberry devices have tighter encryption and are routed through hosted servers located in RIM's Canadian headquarters, thereby blocking governments from monitoring what people in their country are doing with these devices. Aside from that, these countries are stepping up their cleanup drive against pornography, which Blackberry users can have unhindered access to.

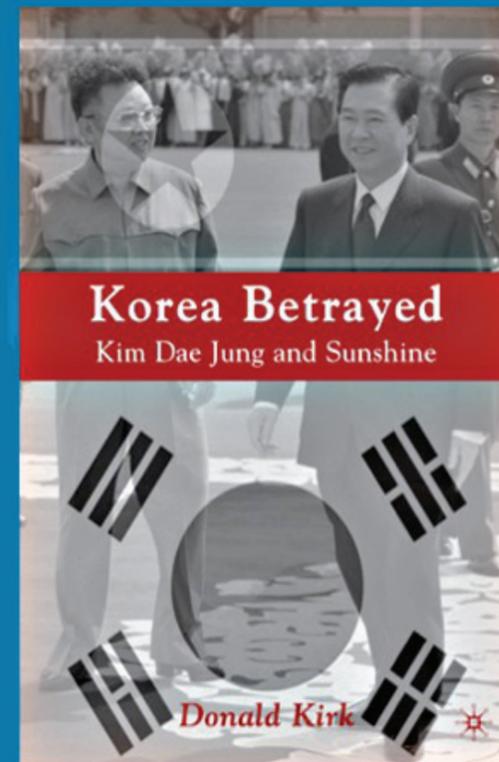
RIM is now having discussions with mobile service providers as well as the Indonesian government in a bid to come out with an effective and compliant filtering solution that will filter out pornographic websites and prevent access by users, aiming to do this before January 21. Aside from that, RIM is also being required to open up more service centers and representative offices at various locations in the country to cater to the service demands of the 2 million plus Blackberry users. [A-P](#)

FURTHER READING:

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www.businessweek.com
- Bloomberg
www.bloomberg.com
- CNN Tech
www.cnn.com/tech

COMPANIES MENTIONED IN THIS ARTICLE:

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www.rim.com
- Apple Inc.
www.apple.com



Palgrave Macmillan, November 2009
ISBN: 978-0-230-62048-3, ISBN10: 0-230-62048-5,
Hardcover List Price: \$80.00 Discounted Price: \$64.00

Korea Betrayed

Kim Dae Jung and Sunshine

Praise:

"The late Kim Dae Jung--the remarkable political dissident who rose to be President of South Korea and to win the Nobel Prize for Peace--is revered internationally, but his reputation in his native South Korea is much more controversial and contested. In this critical biography, Donald Kirk--a journalistic eminence who has been covering Korea for more than 30 years--helps us understand why this could be so. In his fascinating book, Kirk not only traces Kim Dae Jung's great political rise, but also details the moral and financial corruption that came to engulf, and permanently tarnish, the 'DJ' Presidency. *Korea Betrayed* will be a welcome addition to the bookshelf of every student of modern Korea. Kirk's account of the failure of DJ's 'Sunshine Policy' toward North Korea, furthermore, should be 'must reading' for all American policymakers before they prepare to deal with Pyongyang."--Nicholas Eberstadt, Henry Wendt Chair in Political Economy, The American Enterprise Institute.

About the book:

For the first time, using original sources and his own reporting going back to 1972 when he met Kim Dae Jung at his home in Seoul, Donald Kirk explores the great untold story of modern Korean history. This book recounts the rise of Kim Dae Jung from an oppressed region of Korea, beginning with his schooldays, his activities in the Korean War and his entry into politics. The book addresses his populist politics, his ascent to the national stage and his encounters first with the dictators who tried to take his life and then had him tried and sentenced to death for the Kwangju revolt. The book outlines DJ's life in exile in the United States, his great return to Korea and his entry into presidential politics climaxed by his election in 1997 at the height of economic crisis. Focusing on DJ's Sunshine policy, his summit with North Korea's Kim Jong Il and his drive for the Nobel, the book tells the story of payments that brought about the summit and the prize along with the corruption that ensnared his sons and top aides.

About the Author:

Donald Kirk, journalist and author, has covered Korea for American newspapers and magazines beginning with assignments there as Far East correspondent for the *Chicago Tribune* in the early 1970s. Since then he's reported from Korea for *The Observer* of London and *USA Today* and served as Seoul correspondent for the *International Herald Tribune*, the *Christian Science Monitor*, CBS Radio and the *Asia Times*. He is the author of two books on Korean economic issues, *Korean Dynasty: Hyundai and Chung Ju Yung and Korean Crisis: Unraveling of the Miracle in the IMF Era* as well as books on his years as a war correspondent in Vietnam and a Fulbright research scholar in the Philippines. He currently travels to Korea and elsewhere from his home base in Washington, D.C.

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Asia to Have More Subs in the Next Decade

BY ANURADHA SHUKLA

One of the basic characteristics common to most countries in the Asia-Pacific region is that most of these nations are surrounded or are bordered by the sea.

To protect their shores, these nations need to safeguard and keep their maritime lanes open by deploying modern naval systems and capabilities. One of the most effective defense weapons in any navy arsenal is the submarine, which gives even a small naval force a significant advantage against a bigger force without submarine support.

For several years after World War II, the smaller and less economically stable Asian countries aspired to have their own submarine fleets to boost their naval defenses. In the post-Cold War era, submarines remain as the top capital ships for most modern navies, according to the Institute of Peace and Conflict Studies, and Asia-Pacific nations are eager to have these same capabilities as well. However, the extremely high cost of procurement, operation and maintenance of submarine fleets were beyond the economic capabilities of these nations during that time period, and only a few nations were able to incorporate these vessels in their naval fleet.

But the advent of more modern and cost-effective diesel-electric submarines now make it possible for the more economically stable countries in the Asia-Pacific region to add submarines and expand their navies. China and India are at the head of the Asian race to improve undersea capabilities, and have upped the ante by throwing nuclear-powered submarines into the fray. Other countries such as Japan, North and South Korea, Malaysia, Singapore, Pakistan, Thailand, Indonesia, Vietnam and Australia are beefing up their naval arsenal and have made concrete moves to procure more diesel-electric submarines over the course of the next decade.

Existing Naval and Submarine Capabilities

The following describes the current maritime capabilities of major Asian navies and their future plans of procuring additional submarines to their inventories, based on reports from SHP Media.

China

China has the strongest submarine fleet in the region with more than 60 submarines deployed in the People's Liberation Army Navy (PLAN). The Chinese navy has plans of modernizing their existing inventory and will phase out the 30-year old Romeo-class diesel submarines, replacing them with Ming-class, Song-class, or the Russian-built



Kilo-class submarines. There are also plans of procuring Russian Akula-class nuclear attack submarines, on top of existing plans to build the new nuclear-powered ballistic-missile Type 094-class submarines.

India

The Indian Navy has four Shishumar-class HDW Type 209/1500 submarines, ten Sindhugosh-class Type 877EM submarines and two 'about-to-be-decommissioned' Foxtrot-class boats. Aside from plans to upgrade these existing inventories, the Indian Navy has ordered six Scorpene submarines and plans to add another six advanced submarines equipped with air independent propulsion systems.

Indonesia

Indonesia is an archipelago with vast maritime coverage but only has two recently overhauled and upgraded Type 209 submarines built in Germany. Indonesia has plans of acquiring at least 12 submarines before the year 2024. These include Type 209/1200 Chang Bogo-class submarines from South Korea as well as Kilo-class and Amur-class submarines from Russia, plus additional Type 214 subs from Germany.

Malaysia

The Royal Malaysian Navy (RMN) has two Scorpene submarines jointly developed and built by DCNA and Navantia. The RMN is planning to acquire more units of the same class and Scorpene design as well as smaller variants called the Andrasta, which is designed to operate in coastal waters off Malaysia's shores.

Singapore

The Republic of Singapore Navy (RSN) has four tropicalized and refurbished Sjoormen-class SSK training submarines that were previously part of the Royal Swedish Navy. The submarines were designed and optimized for shallow waters and are suitable for the surrounding waters around Singapore. Singapore also procured additional A-17 Vastergotland-class subs from Sweden as replacements for their existing Challenger-class submarines.

Thailand

The Royal Thai Navy (RTN) is keen on building their own submarine fleet and has plans of procuring either Russian-built Amur-class submarines or Song-class submarines from China.

Japan

Japan's Maritime Self-Defense Force has existing 18 Harushio-class and Oyashio-class

diesel-electric submarines deployed in their naval service, but it has plans of deploying the more advanced Soryu-class subs with advanced air independent propulsion (AIP) systems.

South Korea

The South Korean navy has nine Type-209 Chang Bogo-class and two Type 214 Sohn Wonyil-class submarines deployed. By 2018, South Korea plans to build seven more of the Type 214-class submarines which were developed using German technology.

Taiwan

Due to pressures from the Chinese government, the Republic of China Navy (ROCN) had problems procuring new diesel submarines to add to their old Hai Lung submarines and two Dutch-built Zwaardvis-class submarines. The United States already approved sales of eight additional diesel-powered submarines to Taiwan but does not currently have the manufacturing capabilities to complete the orders.

Pakistan

The Pakistan Navy has deployed three Agosta 90B-class subs, four Daphne-class subs and two Agosta 70 submarines. The Daphne-class subs are to be decommissioned and Pakistan has plans of acquiring three new SSK attack Type-214 submarines.

Australia

The Australian government is also planning to upgrade their naval fleet to the next generation of submarines as replacement for their existing Collins-class submarines, which are forecasted to end their useful service period in 2026. Design work on the new generation of Australian submarines will begin in 2014-2015 and will be their most expensive acquisition for defense inventories, costing \$25 billion and taking up to 17 years to complete.

Excluding China, the Asian market is set to spend over US \$50 billion for more than 90 submarines in the coming decade. These procurements will not only focus on conventional diesel-electric submarine technologies but many of these Asian countries are also looking into acquiring nuclear-powered capabilities as well as next-generation air independent propulsion systems for a stealthier and more enduring underwater defense system. [A-P](#)

FURTHER READING:

- Asian Military Review www.asianmilitaryreview.com
- Naval Technology www.naval-technology.com
- Asia Times www.naval-technology.com

COMPANIES MENTIONED IN THIS ARTICLE:

- Institute of Peace and Conflict Studies www.ipcs.org
- SHP Media Sdn. Bhd. www.shpmedia.com
- DCNS www.dcnsgroup.com

Factoids

- Pharmacology is different from pharmacy and the two terms are frequently confused. Pharmacology deals with how drugs interact within biological systems to affect function, and pharmacy is concerned with the preparation, dispensing, dosage, and the safe and effective use of medicines.
- Safety Pharmacology is a distinct scientific discipline that integrates the best practices of pharmacology, physiology and toxicology.

the fact that the latter is a biomedical science dealing with preparation, dispensing, dosage, and the safe and effective use of medicines.

Data management solutions for pharmacology research:

The study of drugs, their structure, properties and interaction with living systems is comprised of experimental approaches which give rise to complex and varied data types such as images, instrument output files and spreadsheet tables. The collection, analysis and reporting of this information is facilitated by BioBook, which is applicable from secondary plate-based in vitro assays through to late stage drug efficacy and behavior experiments.

BioBook, or e-workbook for biology, provides a compliant, yet flexible, solution to electronic study management in late-stage discovery. The underlying data management, report generation, experimental setup and analysis provided by BioBook delivers improved productivity besides offering robust protection of valuable data.

A separate scientific discipline that synergizes the best practices of pharmacology, physiology and toxicology is safety pharmacology. The Safety Pharmacology Society, based in the United States, tries to promote knowledge, development, application, and training.

Safety Pharmacology studies the safe use of biologically active chemical entities by the identification, monitoring and characterization of potentially undesirable pharmacodynamic activities in nonclinical studies. The society serves Asian countries by providing required guidance regarding the safe usage of drugs.

Pharmacologists work with drug controllers of a nation and are responsible for license approvals for certain categories of drugs like vaccines. When drug companies want to launch a new drug, they conduct clinical trials on a sample population which is conducted by pharmacologists. Pharmacologists prepare drug databases required by physicians and along with IT professionals can even make drug information software.

Pharmacologists are in demand even in the knowledge process outsourcing industry. Post graduates in pharmacology find work in Intellectual Property Rights or IPR protection for providing technical expertise to patent attorneys. Pharmacologists in the pharmaceuticals sector prepare product profiles for physicians and product information literature found inside drug packets. [A-P](#)



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Pharmacology - Study of Drug Efficacy and Reaction

BY SHAMILA JANAKIRAMAN

What is pharmacology and who is a pharmacist? According to K K Pillai, head professor at the Department of Pharmacology, Jamia Hamdard, India, everyone is a pharmacist in some way.

A person who advises a salt water gargle for curing a sore throat is one, as salt water is a solution of sodium chloride which serves as an antiseptic to cure throat infection.

Even animals are pharmacologists unto themselves, as most of them chew on

leaves, etc., or lick their wounds to cure themselves. Zinc in a dog's saliva is also an antiseptic. This is pharmacology in nature, says Pillai.

Pharmacology encompasses the fields of medicine, dentistry, pharmacy, veterinary science, microbiology, virology and other sciences. It also includes drug discoveries with basic and applied research. Even physiotherapists should have pharmacology knowledge.

Coined from the Greek terms 'pharmakon,' meaning drug, and 'logio,' meaning study, this branch of medicine investigates drug actions on human or animal bodies and their reaction to the drugs. A knowledge of physical and chemical properties of a drug and of human physiology and anatomy are required for such studies.

Analyzing drug composition and properties, interactions, toxicology, therapy and medical applications and antipathogenic capabilities fall under its gambit. Pharmacology is comprised of pharmacodynamics, which studies chemical interaction with biological receptors, and pharmacokinetics, which studies absorption, distribution, metabolism, and excretion of chemicals from the biological systems. Pharmacokinetics can also be used to establish dose response relationships in terms of efficacy and toxicity.

Pharmacology differs from pharmacy in



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Southeast Asia: Attracting MNCs for Clinical Trials

BY VIJAY ASTHANA

The ever-increasing cost of medicines and healthcare in Western countries can be attributed to the increasing cost of developing new drugs as well as the considerable time consumed when conducting clinical trials.

This has prompted large pharmaceutical companies and multinational clinical research organizations (CROs) to outsource clinical trials offshore, particularly to developing countries in Southeast Asia, and to achieve the same successes experienced with outsourced IT and Business Process Outsourcing (BPO) companies.

According to a study published in the New England Journal of Medicine, the majority of clinical trials are already being done overseas. This is confirmed by similar a research conducted by the Tufts Center for the Study of Drug Development, which indicated that 65 percent of clinical trials regulated by the FDA will be conducted outside of the United States in the next three years. The Southeast Asian region aims to attract a major piece of this healthcare pie and encourages MNCs to set up CROs and establish their operations in the region.

Why Go to Southeast Asian CROs?

With the growing number of pharmaceutical MNCs moving towards Southeast Asia, an increased number of clinical trials will also flow into the region, and this can be attributed to the following major incentives:

- The primary reason why MNCs should go to Southeast Asia to conduct clinical trials is the significantly reduced cost, which can go as low as a tenth of the normal cost of clinical research elsewhere. This difference is due to the significantly lower cost of hospitals, clinical tests and evaluations, and data analysis in Southeast Asia as compared to facilities in the United States and Europe.
- Another factor that increases the cost for clinical trials is the length of time required to complete these studies, which can take at least 10 years or even more. Aside from that, up to 90% of clinical trials experience numerous delays, most of which come unexpectedly. One of the reasons causing these delays is the time-consuming task of recruiting patients to participate in these trials, taking up at least half of the total time for the whole research duration. In Southeast Asia, the large diverse population makes it easier and faster to recruit patients for these trials. Many people from these regions are more than willing to undergo clinical testing as a way to receive medications that, in normal situations, would not be affordable to them.
- The booming healthcare tourism in Southeast Asian nations such as Singapore, Thailand, Malaysia and the Philippines is fast becoming a major source of revenues for their economies. This has resulted in the immense support accorded by their governments for healthcare development and services, medical drugs and proliferation of life sciences. Many of these countries are expanding their pharmaceutical industry and putting up their own CROs which healthcare MNCs can partner with to increase their leverage in the highly competitive global pharmaceutical market.
- The government support received by healthcare and pharmaceuticals has resulted in looser regulations and a

less conservative stance on putting restrictions as to what segments of the population or what particular body parts are permissible for testing, leading to less complicated regulations and a shorter waiting time for approvals.

- The large and genetically diverse population of Southeast Asia numbers up to 568 million, and a large segment from these figures has never received any form of medications as treatment for various illnesses and conditions. This makes it easier for pharmaceutical MNCs to conduct clinical trials with a larger number of candidates, where they can derive more accurate assessments for their drugs.
- The academic and healthcare institutions in Southeast Asian countries are experiencing significant improvements in their research infrastructures due to the increasing demand by regulatory bodies for quality data from research and clinical trials. Government health organizations and international regulatory authorities seek to improve healthcare systems and infrastructure standards in these countries.

Issues and Challenges Faced by Southeast Asian CROs

Despite all the possible advantages of outsourcing clinical trials to Southeast Asian CROs, there are certain issues these companies have to face. The following describes some of these challenges and the measures taken by Southeast Asian CROs to address these concerns.

- Some multinational pharmaceutical corporations are hesitant to field clinical studies to Southeast Asian destinations due to the lack of intellectual property laws or inefficient enforcement of regulations (if they have them at all). Confidentiality agreements may not have the same binding effect in these countries in the same manner as in the United States and other western countries. MNCs feel no assurance that the formulas for new drugs being developed will not remain strictly confidential.
- *Solution:* CROs in Southeast Asia are now establishing minimum standards on the use and protection of IP rights as well as enforcing stricter procedures for implementation. This is in line with the World Trade Organization's agreement on Trade Related Aspects of Intellectual Property Rights. Singapore is at the forefront for IP protection and has been ranked as the top country in Asia in this area for three years from the period covering 2002 to 2004 by the Institute for Management Development (IMD), the political Economic Risk Consultancy (PERC), and the World Economic Forum (WEF).
- Another concern by multinational pharmaceutical corporations is that Clinical Research Organizations in Southeast Asia may not have the same level of quality as high tech medical facilities in Japan, Europe and the United States. Many of these MNCs believe that these Southeast Asian CROs lack

the proper facilities, data collection systems, and overall infrastructure to conduct and produce high quality clinical trial data.

Solution: Medical facilities in Southeast Asia are constantly improving the quality of their healthcare standards and facilities. These countries now have high-quality hospitals and medical clinics that are accredited by the Joint Commission International (JCI) and certified to ISO standards, and many are at par or even exceed the level of quality of similar facilities in the West.

- Some concerns were raised by MNCs regarding the unethical treatment of patients, particularly in countries that do not have established laws that protect clinical trial participants. In some of these countries, organizations conducting the research do not provide or solicit 'informed consent' from their subjects which should be done before any trial even begins.
- *Solution:* Clinical research organizations and medical facilities in Southeast Asia now provide adequate protection for participants to clinical trials and would provide the necessary orientation before any studies are started. On top of that, these CROs are now compliant with the standards of Good Clinical Practice (GCP) as set by the International Committee on Harmonization, or ICH.
- Staff turnover rates in medical facilities and CROs in Southeast Asia are increasing. Healthcare professionals in these areas have an average stint of only one to two years, and some would even stay in an institution for as low as half a year. Many of these professionals are migrating to foreign destinations

or working on a contractual basis in various health facilities abroad. CROs would lose considerable resources in terms of additional cost and time spent on finding and training replacements.

Solution: Governments and private corporations are investing significant resources in healthcare systems and facilities to put them at par with global standards. These companies are also investing in upgrading the qualifications of their medical staff through trainings, seminars and certifications to global standards.

Becoming a Hub for Clinical Trials and Research

ClinicalTrials.gov, the US Government's registry for clinical trials around the world, indicated significant increases in the number of clinical trials held in various countries across Asia, including the Southeast Asian region, from previous years. These show the growing confidence of pharmaceutical MNCs in putting up CROs in these countries and conducting a significant percentage of their clinical research there, turning the area into a regional hub for clinical trials.

Leading the pack is Singapore whose Biomedical Sciences Initiative already produced a pharmaceutical manufacturing output of over \$US 17.2 billion only seven years after it was launched in 2000. Aside from that, the 183-hectare world-class Tuas Biomedical Park is now home to various big names in the industry including Glaxo-SmithKline Biologicals, Genentech, Merck, MSD, Novartis, Pfizer, Sanofi-Aventis and Schering-Plough.

Thailand will also play a significant part of this Southeast Asian hub for clinical trials, with names such as Novartis, the fifth

largest MNC in Thailand, leading the way in setting the highest standards for conducting clinical research in the country. Another notable name is Janssen-Cilag which established their own Global Clinical Research Organization (GCRO) in the country to conduct early stage trials in these facilities.

Other international healthcare companies are also establishing regional clinical research facilities outside of their countries, moving into the Southeast Asian area, particularly in countries such as Malaysia, the Philippines and Thailand, to conduct more medical trials and research studies. According to MediCity News, clinical research companies such as Kendle are starting new operations at various locations in the area and conducting all phases of clinical trials for new products due to the favorable conditions in the region, which will continue to go strong in the coming years. **A-P**

FURTHER READING:

- **Business Standard**
www.business-standard.com
- **ClinicalTrials.gov**
www.clinicaltrials.gov/ct2/home
- **MedCity News**
www.medcitynews.com

COMPANIES MENTIONED IN THIS ARTICLE:

- **Pacific Bridge Medical**
www.pacificbridgemedical.com
- **Novartis**
www.novartis.com
- **Kendle**
www.kendle.com

Diabetes Burdening the Asia-Pacific

BY YASHIKA DHINGRA

A study in 2007 by the Asia-Pacific Cohort Studies collaboration related that diabetes was the primary cause of 12% of heart disease and stroke (cardiovascular) deaths in the region.

By nation, statistical records of diabetes causing heart disease deaths measured 12% in Tonga, and 8% in South Korea, Hong Kong, and Thailand. Australia showed 4,000 or more deaths caused by diabetes. China recorded 70,000 diabetes-related heart strokes. India's figures indicate a staggering 1,50,000 cardio-deaths due to diabetes.

Obesity another partner in death to diabetes

Recent studies have found that obesity combined with diabetes to give the Pacific

region the highest ranking numbers of obesity (BMI, body-mass index > 30/Kg per meter square) and diabetics. In the islands, the diabetic percentages were as follows: close to half the population in American Samoa (47%) and close to one-fourth of the populations of Pohnpei, the Marshall Islands and Kiribati, and the Solomon Islands. Australia recorded a mere 3.6%.

The increase in numbers is reflected in neighboring Hong Kong. Major lifestyle changes (from factory workers to desk jobs) and continued intake of high-calorie food such as roast pork, instant noodles, fries and burgers have resulted in expansive waistlines and diabetes. This was predicted when a 1993 survey in Hong Kong pegged the disease at 7.75%.

Singapore's fast-track solution to childhood obesity

Singapore too saw such high predictions when 9% of its adults were diabetic in a 1998 study. However, they were, as usual, swift to act. They graded children on their obesity levels and moved those with failing measurements to make the fat grades at fitness camps.

Disturbing Diabetic stats from China

Studies in March (Yang, et al) showed that 92.4 million adults have diabetes in China, and that 148.2 million adults were in the pre-diabetic stage. What is disturbing about

these numbers is that 3.2% of individuals between 20-40 years of age were diabetic. One in every five Chinese above 60 years are diabetic. And roughly all these percentages convert to a very conservative figure of 100 million diabetics overall.

Window of hope

But there is hope, believes Juliana Chan, of the Hong Kong Institute of Diabetes and Obesity at the Chinese University of Hong Kong. She sees an open window in the evolution of the disease, in that this age group that inherited these diabetic changes could not assimilate the energy dense nutrition.

She attributes other factors such as genes and anthropological antecedents augmenting the fast-acting high calorie diet and lack of proper exercise. Several teams across Hong Kong are mapping the occurrence of diabetes in Asians who are not obese.

A likely solution?

The ultimate goal is to find the right metabolic syndrome to predict the occurrence as well as prevent the diabetes epidemic from spreading deeper into Asia-Pacific regions that are less effected, such as in Australia. **A-P**

ORGANIZATIONS:

- **Asia-Pacific Cohort Studies collaboration**
www.apcsc.info
- **Hong Kong Institute of Diabetes & Obesity**
hkido.cuhk.edu.hk



Norman Buckley

BY VICTOR FIC

Norman Buckley graduated in psychology in Sydney and gained experience in this topic in Australia, the UK and Europe. In fact, he pioneered the use of custom-built assessment and development processes, and in 1990 built on ten years' research in personality theory in order to develop Facet5. It is a major advance in personality assessment.

He is an expert in questionnaire design and assessment techniques used in management assessment, counseling and development. For many years, he worked in the EU, consulting to newly privatized organizations that were government bodies turning commercial. He has addressed the International Test Commission, the Australian Psychological Society, the British Psychological Society and the European Conference on Positive Psychology. To assist business partners in Europe, the USA, South America and the Asia Pacific, he regularly speaks at professional conferences. Recently, he published on the link between personality and 360 degree feedback, and on the concept of national character. Norman granted this exclusive interview to Victor Fic, our special correspondent for economics and politics.

Probing the Business Mind for High Performance — Global Expert on Psychometrics Introduces Facet5

Norman, who coined the term psychometrics and what does it mean?

It simply means the measurement of psychological characteristics. The first person to do this systematically was probably Francis Galton in the mid-1800s, although he tended to focus on cognitive or ability tests.

What field of research does it belong to?

I am not sure, but you could say it is the field of individual differences. What interests us is how people are similar to or different from each other and how these differences influence individual behavior.

Why did this field come to interest you?

Because it is fascinating. Differences between people influence every aspect of society, from how we work, what interests us, who we like and don't like, how we solve problems and the job we select or end up with. If we can reliably understand people, then we can understand our whole world better. We can help people learn better, advise on career choices, assist in career development, help resolve disputes and negotiate solutions. The new field of behavioral economics starts to explain why people make certain financial decisions and the study of national character shows how various countries display different behavioral patterns visible in their economics, politics and culture.

What specifically does Facet5 mean, and how does it work?

Facet5 is the name of a specific psychometric tool designed to measure how people are likely to behave. It simply asks several questions about a range of issues and then compares the person's responses to those from thousands of other people. Then we can show that the person is similar or different to most others. But we do not judge if the results are "good" or "bad". In fact, there is no such criterion in the tool. But perhaps one characteristic is better suited for some roles than others. For example, a classic difference is what Facet5 calls Ener-



gy. High Energy people enjoy social contact and are openly enthusiastic. They will show off. This works well in many sales roles. But if you are lower on this scale, then a sales role may not be ideal. You can do it if you have to, but if you must push yourself too hard then you are unlikely to succeed in the long term.

Why do you insist that it is accurate?

All professional psychometric tools must prove themselves through a continuous process of validation. Most simply, validation means proving that something does what it promises. We test this by looking at external measures. So if Facet5 says someone is controlled, measured and disciplined, is there other evidence? If Facet5 identifies someone as extremely assertive and stubborn, does this match more proof? And that is where we apply statistical techniques in order to show how well the results from Facet5 match these other,

independent results.

Don't high powered men resist being tested like this, based perhaps on a fear of embarrassment?

In western organizations, the vast majority of senior managers have experienced many different assessments as their career develops. The results help them focus on their key strengths. In fact, this is an important aspect of modern psychometrics. When someone completes Facet5, he commonly says, "So tell me what I must do better". But this gets it backwards. Research in the field of positive psychology demonstrates clearly that the best results for individual development don't come from focusing on faults but by focusing on strengths. This is sometimes called "Strengths Based Development". And the psychometric analysis reveals that ratio should be about 4 or 5 to 1. So you outline 4 or 5 strengths the person should concentrate on and maybe



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only 1 area of weakness.

Name some of the clients on whom you have applied it – and did it help them?

Facet5 is used by thousands of organizations worldwide, from small emerging companies to multi-nationals such as Sun Microsystems, Intel, Lloyds TSB, Manulife, Standard Chartered Bank, National Australia Bank, Telstra, GazProm, Goodyear and Airbus. In fact, because Facet5 is so broadly applied in 29 languages, I am often surprised to find it used in a particular country. When I talk to our partners, I find it is part of a development program with Toyota in the UK or with Coca Cola in Greece or with the central government in the UK and the state government in Australia. Business schools such as the Cardiff Business School in Wales and Fundacion Dom Cabral in Brazil employ Facet5 to

teach their students to understand how people differ.

Is it most effective in certain professions or personality types?

Facet5 goes beyond specific professions. Even if you can find a job with no contact with others, and there can't be many, you must know about yourself. One of our partners is using Facet5 to understand his team before he tries to break the world circumnavigation record or when he leads the team to the North Pole. Facet5 is used with research scientists and sales people, bankers and social workers.

What is the price tag?

It varies from one market to another. Also, some organizations embed the cost in other projects. And it also depends on the volume that people use. So it is hard to be specific but usually it is roughly between

US\$120 and US\$200 per profile.

What are its limits? Is it culture-bound, specific to men or to a higher education level?

The only real limit is reading skill. The reading level for the Facet5 questionnaire is pegged at grade 8 in the US, so someone who achieves that can do it. It is certainly not specific to men. We have yet to find a culture where it fails. Facet5 is designed to work in the global economy so it uses a structure of personality that can be applied broadly. That means that Facet5 can be applied to a multi-cultural group and will reliably show how they compare using a common baseline. This is important in global companies. For instance, a US shipping company used Facet5 to show how the Asian finance group compared to teams in other parts of the world. Facet5 provided the common language. A-P



Quiet Nights in Busy Hanoi

BY MICHAEL PAIK
MANAGING EDITOR

There is valet parking for mopeds available to high net-worth banking customers in Hanoi. Many of them are young and middle-aged women who appreciate the help in shifting their heavy cycles off the busy streets.



For those of you who have visited this fast-growing metropolis, it's easy to understand why this service would be necessary, as there are an incredible number of motorcycles and mopeds there, going in every direction simultaneously. The cacophony of horns can be mind-numbing.

At the same time, there are innumerable street curbside cafes at which one can enjoy a cup of tea or strong Vietnamese coffee while watching the world go by (in all directions) on these mopeds. At many of these, there are older Vietnamese gentlemen sitting on tiny plastic stools, chatting with their friends, colleagues and family members, perhaps about the world as it is changing, or perhaps about the newest investment opportunities.

Some of these customers are having their shoes cleaned by young men and boys, who are also innumerable in Hanoi. These shoe-cleaners carry small plastic buckets of tools used for shoe cleaning, which is far more thorough than what one might expect given the paucity of equipment. Somehow, using only a toothbrush and some other rudimentary tools, old sneakers and shoes are turned into shiny new footwear, seemingly better than new.

Finally, there are old women walking around in the early hours with machetes, which are used to chop up the little plastic stools, buckets and other detritus that is left in the street overnight, for recycling.

All of these people (the young women banking customers, the networking old men with their tea, the shoe-cleaning kids and their machete-wielding grandmothers) are entrepreneurs, and Hanoi and the Vietnamese economy are growing virally, through the efforts of such people of these, who can see, and often have a taste of, a better life ahead for themselves and their children.

It's inspiring and, for someone coming from Korea, a reminder of days-gone-by, as it's not so long ago that the same picture could have been drawn from a tour of downtown Seoul.

Vietnam has over eighty-nine million people, with just about five million of them aged over 65. This is a very young demographic distribution (a median age of 27.4), and given its real GDP growth of nearly 7 percent, we are looking at a country with strong prospects. However, Hanoi has struggled to control one of the region's highest inflation rates, which stands at 11.1% with interest hikes and

multiple devaluations of the dong. Vietnam's economy faces higher lending rates, additional IMF scrutiny, domestic inflationary pressures, and an underperforming stock market.

I had the opportunity to spend a week in Hanoi in January, followed by a week in Bangkok, a few days in Manila and another week in Zurich, for a "sustainable future" conference. When traveling, my rule is to reserve comments and to resist forming impressions until I've walked at least twenty-four hours, literally, on the streets of any city. It usually takes a week or so to do that walking, as other meetings, meals and sleep take up some time.

I was most impressed with Hanoi, with its young, aggressive and opportunistic vibe, and less so with Bangkok and Manila, which felt to me to be less "hungry" for opportunities, though of course, this is anecdotal and limited to my own visits. In Bangkok, I was also disturbed to see quite a few Western "tourists" spending more time out and about after dark than during the day, and in Manila, more of the same, though less than in Bangkok, from what I could see. At least in Manila, these visitors had some other things to do, it seemed to me, and tacked on such entertainments opportunistically, whereas it seemed that in Bangkok, the nightlife seemed to be the *raison d'être* for such visitors.

Every country has such an underbelly, and Korea's red light districts continue to thrive, though now more for domestic consumption than for foreign currency. In Zurich, too, a less-visible nightlife can be found, if one puts some effort into it, but in developing countries such as Thailand and the Philippines, it's a much larger part of the economy, or at least much more visible. Of course, in Vietnam it also exists, mostly delivered on mopeds, though.

My point is that these evening entrepreneurs, catering to foreign visitors, seemed to be much less visible in Vietnam, against a backdrop of a thriving and humming local economy, than elsewhere, though perhaps I wasn't looking hard enough.

In Korea, where I reside, we have a long history of prostitution as industry. In 2004, the South Korean government enacted new laws designed to crack down on the country's sex trade, which by some estimates accounted for a 4.1 per cent of GDP. To some extent, those regulations were successful, and according to the Korean Women's Development Institute, a think tank dedicated to researching women's issues in South Korea, the sex trade now generates approximately 1.6 per cent of GDP, or about \$1.4 billion annually (by comparison, South Korea's agriculture industry accounts for roughly three per cent of GDP). These are not insignificant numbers, but I think that they're generated mostly by domestic demand, as opposed to foreign tourists and business visitors.

Aimed at rooting out the rampant sex trade here, the government implemented a Special Law on Sex Trade in 2004, and this is slowly having an effect. Brothels in red-light districts were shut down and millions of pimps and prostitutes were forced to quit working, though of course much of this moved underground rather than disappearing altogether.

The sex trade is not new, nor is it particularly notable, but the reason I'm spending some valuable print space on this is that I don't think it's a large part of the development story in Hanoi, and this is what's notable to me, having grown up in an environment in which the attractiveness of Korea's nightlife helped (inarguably) with our growth agenda.

As I was told by a visiting business-man many years ago, Seoul was the Land of the Morning Calm, Afternoon Confusion and Evening Delights... **A-P**

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Innominds

US Address

2055 Junction Avenue, Suite 122,
San Jose, CA 95131
Phone: 408-434-MIND
Fax: 408-904-5820

India Address

#8-2-334, SDE Serene Chambers
1st Floor, Road No. 7
Banjara Hills
Hyderabad - 500 034
Phone: +91-40-66126300
Fax: +91-40-66126330