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Editorial

Just where are alliances of the future heading and what are the building blocks of a successful alliance? Interestingly, research has shown that well-managed companies do not tend to do well in alliances. This is often because well-managed firms are often centralized, hierarchical and bureaucratic – characteristics that can hinder alliance success. Secondly, poorly managed firms benefit disproportionately from association with better run companies. What we learn in the November issue of Asian Channels (Best Practices section) is that the real winners of successful alliances are those that are systematically putting together alliance capabilities.

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News

.NET technopreneur development center opens its doors in Malaysia

Malaysian start-ups with aspirations of greatness in software development can now turn to the .NET Technopreneur Center (NTDC) for that important starting boost.

The NTDC, a collaboration between the Multimedia Development Corporation (MDC), Microsoft (Malaysia) Sdn Bhd, the Multimedia University and Hewlett-Packard (M) Sdn Bhd, is dedicated to furthering advanced software development in the country by providing .NET development related infrastructure, tools, services and facilities to promising technopreneurs. The aim is to facilitate the rapid development of best-of-breed .NET-based solutions and applications.

The Center will concentrate on developing technopreneurs and Information & Communications Technology (ICT) Small and Medium Enterprises (SMEs) with innovative solutions, focusing on the strategic areas of embedded systems, intelligent systems, wireless and mobility, as well as advanced development tools.

"The NTDC is an integrated resource center that follows-on strategically from the MDC-Microsoft .NET Technopreneur Development Program launched last December, which aims to support and encourage the development of the local ICT industry," says Dr. Wilson Tay, MDC vice president of the MSC Technopreneur Development Flagship (MSC-TDF).

"From the series of technopreneurship seminars and workshops conducted for .NET developers since the launch of the MDC-Microsoft.NET Technopreneur Development Program, we have identified nine viable ideas backed by sound business plans and proof-of-concepts which are now ready to be incubated at the NTDC for the development of prototypes for commercialization. Two of these teams are already developing their solutions within the NTDC," he continues.

Adds Butt Wai Choon, managing director, Microsoft Malaysia, "The NTDC embodies the partnership corporations and the government and educational institutions, working together to accelerate the development of the Malaysian technology community and economy. It enables companies to maximize their potential for advanced software development by offering them the strategic resources to bring ideas and create as well as market digital assets, thereby pushing Malaysia up the value chain to become knowledge producers."

The 1,550 sq feet center located at the MSC Central Incubator within the Multimedia University's Cyberjaya campus, provides Malaysian technopreneurs with access to 8, 64-bit servers and 17 development PCs from HP; the latest software, tools, training, certification and learning resources from Microsoft and equipment like mobile devices for the testing of prototype software. Guidance is also provided in business management and in commercialization aspects through coaching and mentoring, technopreneur

development resources and skills, and competency training programs provided by MSC-TDF. In addition, go-to-market programs are available through the global network of partners.

At the moment, the NTDC is housing seven companies, two of which are in the advanced stages of their software development.

"We are excited with the momentum so far as we believe that the keen interest expressed by technopreneurs to develop on the .NET platform reflects market demand," says Butt.

The NTDC commenced operations in May 2004. Two companies that have shown good signs of progress are expected to launch their applications soon. They are:

- Roommart (M) Sdn Bhd – a pre-seed company that is developing a portal – roommart.com.my, which will provide solutions for matching university students' nationwide seeking housemates and roommates.
- Exsoft Enterprise – a pre-seed company providing a centralized clinic information database and management system called Clinicomp, designed for small and medium healthcare institutions.

"We expect at least five more companies to complete their development projects by the end of this year," says Nur Eliza, NTDC's Head of Lab. ❖

By Shanti Anne Morais

UbiNetics sets up R&D operations in China

UbiNetics, a provider of 3G terminal and test and measurement technology, has opened a R&D and support operation facility in Shenzhen, China. This move has solidified the company's presence in the lucrative China market, and will underpin an aggressive drive to gain inroads into Asia's rapidly expanding mobile communications industry.

"With the opening of this new R&D and customer support operation facility, UbiNetics can now build on its recent successes in 3G test mobile and develop real WCDMA terminals solutions for customers not only in China, but for the rest of Asia," says Bjorn Krylander, chief executive officer, UbiNetics.



Photo: UbiNetics Shenzhen office opening ribbon ceremony

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The new facility will undertake UbiNetics 3G development and integration projects, and will provide support to customers in the region.

It will also 'localize' products for Chinese customers as and when it is required, and comes at a time when mobile manufacturers in Asia are making the transition from GSM/GPRS models to more advanced multi-mode products. Strategically located in the Pearl River Delta and adjacent to Hong Kong's global links, the new Shenzhen office will allow

UbiNetics to build its presence in the world's number one marketplace for mobile devices and high volume production. It currently has seven staff but expects this to grow to 36 over the next two years. UbiNetics' R&D and support operation facility in Shenzhen is the seventh to open, following Cambridge and Swindon in the UK, two offices in Bangalore, in India, Hong Kong and Japan. ❖

Canon bolsters its business solutions with StreamServe partnership

Canon Singapore has embarked on a partnership with StreamServe Asia Pacific that allows it to offer the StreamServe business communication platform to its customers.

"This collaboration brings to our customers the best of both worlds. Canon's office equipment are widely used by corporations while StreamServe's business communication platform offers a solution that enables business documents to be delivered by a number of medium, one of which is through print," says Philip Tan, vice president of the Business Solutions Group, Canon Singapore.

"Another area for collaboration is in the area of production printing, especially in view of the recent partnership between Canon and NexPress to offer high volume monochrome production printing."

StreamServe was first developed about 10 years ago to meet the very demanding needs of the production print industry. Some of their customers in the large volume printing and/or production print space include Protect Print (Malaysia), Salmat (Australia), China Light & Power (Hong Kong), Millennium Direct (Holland), Posten (Swedish Postal Service), Cendris (UK), Parajett (Sweden), Atkos (Finland), E.ON Energie (Germany) and Oklahoma Gas & Electric (U.S.).

Gartner Research placed Swedish company StreamServe as a leader in its 2002 Magic Quadrant for Document Output Management. This places the company among vendors that are 'performing well today, have a clear vision of their market direction and are actively building competencies to sustain their lead position in the market.

StreamServe is not new to the Asia Pacific region. Its BCP solution has been deployed in major corporations, including Canon Singapore. In Singapore, Canon has adopted StreamServe to generate meter-reading reports, statement of accounts and invoices to customers.

Tan May Lin, senior manager, Business Solutions Group, Canon Singapore, elaborates, "StreamServe is helping our customers cut costs and speed up communication processes. The software, which is certified to interface with common enterprise systems like SAP, Oracle, Peoplesoft, etc. provides a bridge between them and other applications. This cuts down the hassle of having to make adjustments on the ERP level when information is retrieved directly and interpreted for use in day-to-day business and operations. When deployed with Canon office equipment like digital MFDs and printers, the solution can automate many repetitive or menial steps within the communication process, freeing up workers for more productive tasks."

Organizations ranging from SMEs to mid-sized companies can implement StreamServe BCP to:

- Enhance customer service in real-time without integration – Give clients or business partners the option to specify how they would like to be communicated with, without disrupting the existing systems.
- Deliver a single platform for all enterprise – Move between printed or electronic delivery formats at will, e.g. printed information can be delivered to a dynamic personalized web page or vice versa.
- Provide intelligent formatting and processing – Information can be formatted into more effective and appropriate formats to meet business requirements.
- Automate two-way business communication – The solution can automatically manage communication processes, ensuring that communication going in or leaving the organization goes through a premeditated process.
- Support Distributed Output Management – Documents can be delivered in any format, such as to an automated large volume printing process via an automated print management system. ❖

Nortel kicks off global branding initiative with focus on the future

In line with its commitment to become a more marketing-led company, Nortel has unveiled a global branding initiative with sweeping changes to the company's look, feel and voice based on the theme – "This is the Way. This is Nortel."

"We are confirming that marketing is now a strategic asset for Nortel, vital to growing our market momentum by helping us reach customers and showing the value we can bring to the world's most critical communications," says Bill Owens, president and chief executive officer, Nortel.

"Our solutions are a catalyst for addressing the most profound challenges facing businesses, consumers and societies." Adds Clent Richardson, chief marketing officer, Nortel, "Starting with this campaign, you are going to see us get more confident and vocal about whom we are and the value we deliver to our global customers. Frankly, people will be surprised when they learn the tremendous impact Nortel is making every day around the world. Over the coming months, Nortel will continue to ramp up its strategic marketing activities to reach and educate new customers and prospects about the value and vision Nortel can bring to their businesses." ❖

A brand-new DP Search

DP Search, once one of the best-known specialist recruitment firms in Singapore has been re-launched.

The new company also sees its two original founders, Rosemary Chisholm and Andrew Sansom joining forces again as co-owners and operators.

The new company has taken over the Singapore business of former executive search firm Kapiant (S) Pte Ltd, which was previously headed by Chisholm.

In its new form, DP Search will provide executive recruitment services in the Technology and Finance sectors at senior managerial, sales and

marketing, operational and technical levels.

"We used to focus purely on the Information Technology sector, but the industry has evolved and over the years we have repositioned our business in line with our clients' requirements. Therefore, we now have broadened our scope in order to satisfy demand," explains Chisholm.

The company has offices in Robinson Road and an initial staff of 4. "We are looking for additional consulting and research staff right now," says Sansom, who was previously managing director of Adeptus Search Pte Ltd.



Photo: Andrew Sansom

"We are planning to expand and are keen to grow regionally. We already have a presence in Thailand, but in the longer term we will be looking to add Malaysia." ❖

Reserve Bank of India introduces image based clearing

With the aim of reducing real time gross settlement (RTGS) for banks, the reserve bank of India (RBI), has decided to adopt the image based clearing system called the cheque truncation system (CTS). This will also enable banks to better manage time and costs. In addition, the move will result in smoother transactions and will also help in catching rogue accounts and assist in eliminating frauds.

Under the CTS, the cheque will be scanned at the time of deposit and its electronic image will be transmitted throughout the entire clearing cycle. Thus, the physical form of the cheque will not move from one bank to the other but the image sent will do the job. As a result, the inter-city clearance of cheques will be done within hours instead of days. The scanned images will be stored in an archive and can be recovered anytime if required.

The RBI is planning to set up a centralized clearing facility and a central warehouse in Delhi by early 2005, and later will cover all banks in the national capital region.

According to industry sources, eighty-one banks including major banks such as the State Bank of India (SBI) and Punjab National Bank (PNB) will participate in the pilot project. In fact, PNB has already introduced CTS in ten of its branches and SBI will implement the system in the coming months.

The RBI has already floated a tender for the CTS and a number of IT companies have made their bid. These are mainly imaging companies, document management players and business process management solution providers like IBM, NCR, Infosys, TCS and Newgen software technologies.

Diwakar Nigam, managing director, Newgen, notes, "There is a huge opportunity for our CTS. The software orders can run into millions. In the USA, the image-based clearing of cheques has been recently legalized which means that all banks there will have to adopt CTS, and in Singapore, CTS has already been implemented. However, in India, implementing CTS is going to be a more complicated task."

"This is because in India, banks have branches that are spread over a vast geographical area. As a result, Indian banks have to cater to not only urban areas, but also far-flung rural areas. A number of banks still do not have the required IT infrastructure in place. Furthermore, a higher bandwidth will be required to transmit the image-based cheques."

He adds that a large number of banks have shown interest in the company's CTS. "Our road shows demonstrating the system have been extremely successful. Being an Indian software company, we have a good understanding of the financial sector and are hoping to do good business with our CTS." ❖

By Priya Darshini

Malaysia launches its very first Project Management Learning Center

The Malaysian Institute of Management (MIM) in partnership with Management Concepts Asia Pacific (MCAP) and LK Solutions Asia Pacific Sdn Bhd (LKS), and with the sponsorship of Microsoft (Malaysia) Sdn Bhd and Acer Sales and Services Sdn Bhd, has established the Center of Excellence for Project Management Learning (CEPML).

Launched on November 8th, the center is the very first of its kind in the country. The new Center complements the series of Project Management programs launched in October 2003 by the Project Management Institute (PMI). "The MIM introduced the PMI accredited Project Management courses to help project managers and aspiring project managers gain a better understanding of what it takes to manage projects effectively in today's business environment," explains Dato' Kong Cho Ha, Deputy Minister of Science, Technology and Innovation Malaysia.

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The CEPML will provide the hands-on experience necessary for those managing projects and will contribute towards the aims outlined by the Government for the development of Science and Technology, and the building of a knowledge-based economy in Malaysia.

Adds YABhg Tun Haji Mohd Hanif Bin Omar, president, Court of Fellows, MIM, "This new Center will prevent the

shocking fiasco of completed projects that cannot be utilized or are unsafe which have recently surfaced in Malaysia due to poor project management. We see enterprise project management gaining speed in the country, particularly as the knowledge worker base grows and the demands for increasingly complex solutions arise, in traditional and emerging business sectors alike."❖

CrystalVoice to radiate in the APAC with new partnership with Radiance

CrystalVoice Communications, a provider of enterprise Internet (IP) voice communications software solutions, has partnered with Radiance Communications, one of Singapore's largest communications solutions providers', to expand its presence in the Asia Pacific region.

This move will not only enable CrystalVoice to increase its representation in the region, but will also extend the company's reach into additional vertical markets by utilizing Radiance's customer base of

1,500 corporate customers across Singapore and Malaysia.

Under the terms of the agreement, Radiance will market CrystalVoice's Click-to-Talk and Remote Extension solutions throughout the region. The company will also provide sales and technical support, system design and installation services to CrystalVoice's customers, and in addition, will offer a hosted solution to allow smaller entities an opportunity to utilize CrystalVoice's enterprise solutions.

According to Steve Zola, president and CEO, CrystalVoice, the company's new relationship with Radiance will allow Radiance the opportunity to

address new market segments with both existing as well as new customers.

Adds Ng Kheng Ghee, CEO, Radiance Communications, "Our company strives to provide our customers with the best communications solutions available through our strategic relationships with leading global solutions providers. We look forward to a longstanding mutually beneficial partnership between CrystalVoice and Radiance. With CrystalVoice, we are confident that Radiance will be able to provide users with quality voice interaction over the web."❖

Trends and Statistics

South Korea makes it to the Top Ten in IDC's Information Society Index

South Korea has climbed four positions to rank 8th worldwide across all categories in IDC's annual Information Society Index (ISI), which measures the abilities of 53 nations to participate in the information revolution.

The ISI combines 15 variables in four infrastructure "pillars" to calculate and rank each nation's ability to access and utilize information and information technology. The four pillars are:

Computers

This pillar looks at the basic building blocks of information society by measuring the number of PC households, IT spending as a percentage of GDP, software spending as a percentage of total IT spending, and IT services spending weighted against GDP.

The Internet

A key factor in the development of an advanced information society, this pillar factors in the number of Internet users within a country, the percentage of users with Internet access at home, the number of mobile Internet users, and e-commerce spending.

Telecoms

Used to better understand how each society assesses information, this pillar measures variables related to broadband adoption, wireless services and mobile handset shipments.

Social conditions

Social factors provide the glue that enables society to fix onto the advantages offered by innovation. This pillar evaluates a society's ability to utilize information technology by measuring education, civil liberties, and government corruption.

Although South Korea is the only Asia Pacific country to fall within the Top Ten for overall index, several countries in the region managed to achieve high ranks for individual categories.

"While majority of the Asia Pacific countries have fared average with regards to the Social index, many have captured top ranks in the Telecom and Web related indexes," notes Kitty Fok, vice president, Asia Pacific Central Research Group. "Rapid adoption of broadband technologies and the roll-out of wireless infrastructure and services in countries such as South Korea, Hong Kong, Singapore, Taiwan and Japan, have resulted in these comparative standings."

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At the top of the Telecom rankings, Korea, Hong Kong, Taiwan and Singapore claimed four of the top five positions. Based on 2003 data, 68% of Korean households boasted broadband connectivity, more than triple the rate seen in

the US or Denmark, which holds top ranks across all categories. Wireless subscribers as a percentage of population is topped by Taiwan, with Hong Kong and Singapore capturing third and fourth ranks respectively. ❖

Asia Pacific IT spending: Opportunities for Channel Partners

As the regional economy recovers from the global recession that hit export-oriented Asia Pacific in 2001, IT spending across the region has increased in response to public and private sector investments in infrastructure upgrades and technological improvements.

In a recent user survey of over 3,000 CIOs and IT managers region wide, International Data Corporation (IDC) found that 58% of the respondents expect an overall increase in their organization's IT expenditure this year. In view of this, IDC now estimates that IT spending in the Asia Pacific* will grow 10% in 2004 to reach nearly US\$88 billion.

Forces driving this IT demand are rapid infrastructure upgrades, product innovation, and initiatives related to operational efficiency and customer affinity. Organizations across the Asia Pacific are vying to leverage IT to maximize productivity and competitiveness.

By tracking IT spending through channel partners in the region, IDC has found out that indirect sales were valued at over 70% of all IT spending in 2003.

Channel sales are expected to keep pace with regional IT spending growth so that, in 2008, channels should sell over US\$72 billion of hardware and US\$18 billion of software, compared to anticipated total regional IT sales of US\$130 billion.

Channel partners in the Asia Pacific are reaping the rewards of the burgeoning small-and-medium sized business (SMB) market, since most SMBs do not have an in-house IT department and prefer to purchase their IT products from a single, third-party source. Value-added resellers and systems integrators, in particular, are cashing in on SMB IT spending in the Asia Pacific, which is outpacing overall regional IT spending. In fact, IDC projects SMB IT spending to grow 12% this year to reach US\$29.7 billion, representing one-third of all IT spending in the region. China, alone, will account for 31% of this SMB spending, while Australia and Korea together will comprise another 33%. Hardware is the mainstay of SMB spending in the Asia Pacific today, followed by software and services.

**All IDC statistics in this article reflect Asia Pacific, excluding Japan*

However, beginning next year and through 2008, services should surpass SMB software and hardware spending in the region, with a projected 15% compound annual growth rate (CAGR) from 2003-2008.

Software channel partners are expected to increase their contribution to overall IT spending in the region going forward. Currently, value-added distributors and resellers contribute up to 60% of all software license revenue, while system integrators account for 31% of enterprise applications software license revenue. Software vendors are likely to depend more heavily on systems integrators and consulting partners in the future, tapping their expertise and knowledgebase to improve vendor software offerings and develop better end-to-end solutions. Global vendors are thus strongly advised to develop carefully-planned, localized channel strategies if they want to penetrate the promising Asia-Pacific IT market effectively. ❖

*By Cindy Payne,
Managing Director,
Asia-Pacific Connections Pte Ltd. URL:
www.apconnections.com*

Handheld devices market suffers third consecutive quarter of decline

The worldwide market for handheld devices has experienced its third successive quarter of year-over-year decline in the third quarter of 2004. According to IDC's Worldwide Handheld QView, device shipments decreased 4.6% sequentially and 8.7% year over year in 3Q04 to 2.1 million units.

Despite strong shipments from top five vendors Hewlett-Packard and Dell, the market continued to shrink due to a drop in shipments from market leader palmOne and the ongoing withdrawal of former number 3 vendor, Sony. Consolidation in the worldwide handheld device market continues with the exit of top vendors Sony and Toshiba from international competition nearly complete. Meanwhile, lower barriers to entry are enabling companies with established core competencies in electronics design and manufacturing to enter the market and quickly gain share,

although this share comes at the expense of margins in the face of a flat or slightly shrinking market.

As a result, success in the handheld market is increasingly being equated with the ability to develop solutions that extend the handheld device into markets beyond core personal information management (PIM) functionality.

"In the face of intense competition from converged mobile devices capable of performing basic personal information management tasks, the worldwide handheld device market continues to struggle to evolve beyond its primary role as a PIM device," says David Linsalata, analyst in IDC's Mobile Devices program. "It is crucial that vendors push handheld devices into new market segments through the integration of existing technology such as GPS bundles in order to energize this market and return it to a growth path."

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Vendor Highlights

- palmOne – The market leader experienced a decline in shipments of 12.7% year over year and 20.3% sequentially, bringing the company's share down 6.9% points to 34.7%. However, the company is expecting stronger handheld growth in the next quarter due to expected strong sales during the holiday season.
- Hewlett-Packard – Thanks mainly to a refreshed line-up across its business and consumer portfolio, HP's shipments increased 11.7% year over year and 22.4% sequentially. This boost has brought HP to within 5 percentage points of market leader palmOne, an increase of 6.7% from the second quarter.
- Dell – Continued sales of the x30 helped Dell to increase 44% year over year and 29.7% sequentially, bringing Dell's market share up 2.3% to 8.9% of the worldwide handheld device market. With the recent release of the x50 and the company's strong direct-sales model, Dell looks well-positioned for the fourth quarter of 2004.
- MITAC – Similar to Medion before it, MITAC has joined the top 5, a relatively short time after entering the handheld device market.

Thanks in part to strong sales from its GPS-integrated device, the Mio 168, MITAC increased its shipments 1007.9% year over year and 210% sequentially, giving the company a 3.2% market share.

- Sony – The company's decision earlier in the year to withdraw from all markets except for Japan have resulted in an 81.5% year over year and 74.8% sequential decline.

Handheld devices in this report are pocket-sized, either pen or keypad-centric, and are capable of synchronizing with desktop or laptop computers. They are designed to access and manage data including office documents, multimedia, and games and do not include telephony but may include wireless capabilities that enable Internet access and text communication. They feature evolved operating systems or Handheld PC 2000, Linux or proprietary solutions and have the ability to download and run applications and store user data beyond their required PIM capabilities.

Vendor shipments in IDC's Worldwide Handheld QView are branded shipments and exclude OEM sales for all vendors. ❖

Best Practices

Alliances of the future

Thanks to the dot.com crash, it is easy to be cynical about alliances. Professor Ben Gomes-Casseres, one of the principal authors of 'Mastering Alliance Strategy' admits, "Things went to an extreme with alliances, as in every aspect of business. People were forming 20 alliances to put logos on their website so they could raise venture capital. Also, we saw a lot of alliances struck which simply could not work. Remember Microsoft and AOL or Microsoft and Sun over Java?"

He accepts that the crash means far fewer new alliances are being formed, but says that this reflects lack of business confidence, not the failure of the alliance model. "Alliances are an attacking, entrepreneurial way of staking out new ground. So naturally, we don't see so many today."

However, he says that the last ten years has seen a step change in how companies handle and manage alliances, remarking that "They have gone from being a peripheral tool to a centerpiece of corporate strategy. Companies like Cisco and others are consciously building a portfolio of alliances, in much the same way that an investor builds an investment portfolio and the alliance portfolio fills

the same role, spreading risk and maximizing opportunity."

"At the same time, the art of alliance is being gradually turned into something approaching a business science. "People are coming up with new and more precise ways of measuring alliance success."

According to Gomes-Casseres, the new professionalism shows itself in the way alliance managers are communicating and discussing the best way forward, and the subject is becoming an academic discipline in its own right.



In the same way that some individuals become emotionally literate, so some companies are becoming alliance literate.

He adds that the main secret to success is to move away from seeing an alliance as an end in itself, to seeing it as something which serves well thought-out strategic goals. "A clear strategic rationale behind alliance programs is imperative if alliances are to work." In his view, what is called for is 'a strategy of alliances' rather than a 'strategic alliance. "Often, alliances were struck because of a change meeting between chief executives. I think those days are over."

So this brings us to what lessons have and should be learnt from the dot.com crash?

Gomes-Casseres says, "That very late 90s notion of co-petition has been discredited. We now know that you can't go out and form an alliance with a company and then go out in the market and kill your partner. Conflicts of interest make alliances unworkable. Conflict needs to be understood and fenced against. Look at Fuji Xerox.

It worked for 40 years because Xerox felt free to give the joint-venture everything it knew as they were clearly defined markets where Fuji Xerox could sell."

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Gomes-Casseres argues that alliance strategies can make or break even the largest multi-nationals, using the example of IBM. "In the 1970s, IBM was an integrated global company and, like many dominant companies with strong internal controls, it did not see why it need ally itself to anyone. In fact, IBM actually pulled out of India rather than be forced into a joint venture by the government."

This changed disastrously in the 1980s, when IBM allied itself with Microsoft and Intel to launch the IBM PC. "The product and the platform succeeded because of the alliance. Yet, because of the way the alliance had been struck, it left Microsoft and Intel holding the intellectual property rights and IBM lost out badly to Compaq."

"By the mid 1990s, under John Akers, IBM still had not got the alliance message, and was even considering breaking itself up. Yet today, IBM is successful in part because of its alliances in components, in services and also with software vendors."

No wonder Gomes-Casseres believes the future belongs to those companies which have the culture, the organization and the strategy to build global alliances.

About the Book:

Mastering Alliance Strategy, co-authored by James Bamford, Benjamin Gomes-Casseres and Michael Robinson was published in December 2002 by Jossey Bass-Wiley. The book covers four main areas – alliance design, alliance management, using a constellation of alliances and building an internal

alliance capability. Readers should also look at Gomes-Casseres website at Alliancestrategy.com

Main lessons to emerge from the book:

The first is that alliances must be embedded in a company's strategy. Too few companies have really thought through the *raison d'être* behind their alliances.

It also suggests that alliance designers must think beyond their day-to-day functional tasks. Lawyers must understand business objectives, competitors must also think like collaborators, risk must be defined broadly, negotiating teams must do more than bargain for the last dime.

An alliance will never take care of itself. The partners must continually adjust as things change. One must always bear in mind that the initial deal is merely an opportunity as it simply declares the ground rules for the growth of the relationship.

The book suggests that the success of external alliances often depends on having a supportive internal infrastructure. A firm that truly values its alliance capability will share best practices among its business units and develop special expertise. In a chapter by David Ernst, the book defines six types of alliances, each calling for a different approach.

Firstly, alliances can build new businesses. Secondly, alliances can access new markets. In fact, done well, alliances can allow a company to remain focused on its core product, whilst reaching many new customers. Thirdly, alliances can create skills and learning, the building blocks of future competitive

advantage. Fourthly, alliances can gain scale. Fifthly, alliances can improve supplier effectiveness and finally, yet perhaps most importantly, we have alliances to create advantaged networks. Look at how Microsoft kept its options open with OS/2 joint ventures and alliances with Apple and Unix vendors whilst it was investing in Windows. Microsoft used alliances to hedge its bets and ensure that it would remain a contender.

The book also suggests that striking an alliance fast is crucial. The first 30-180 days are critical. Millions can be lost as time drifts by. Consider having a team of launch managers to blitz the key issues.

Why do alliances fail? Ernst list seven big failures – unclear objectives, lack of a detailed business plan, decision gridlock, aligning with a weak or competitive partner, unmanaged cultural clash, the failure to learn or to protect core capabilities, and failure to plan for alliance evolution.

Many fail because partners do not set up formal processes to ensure that things are in place. Valuable information about the partner held by negotiators at the start is often not passed on to the implementers. Finally, the role of the alliance manager is becoming ever more crucial, and the book quotes a chief executive who described the goal of an alliance manager as "not to create harmony, but to create a sense of dynamic tension. To be a flying buttress in a cathedral!" ❖

By Max Hotopf

Strategy

Microsoft intensifies focus on SMB market through partnership with Digital DNA

Microsoft has appointed Digital DNA as one of its large account resellers in Malaysia. This is line with its long term strategy to enhance the way the company engages and supports the needs of Malaysia's fast-growing small and medium-sized business (SMB) market.

Digital DNA has been a Microsoft partner in Malaysia for 6 years and was Microsoft's best SMS&P partner in Singapore over the past two years, something Microsoft Malaysia hopes the company will strive to emulate.

"Over the years, Digital DNA has developed strong technical knowledge, is committed to delivering a high quality of customer service, has displayed in-depth knowledge of the suite of Microsoft products as well as helped customers embrace new technologies in order to improve their business and operation efficiency. These were the primary reasons why we chose to embark on this partnership," says Ananth Lazarus, director of Small and Mid-market Solutions and Partners (SMS&P), Microsoft Malaysia.

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According to Lazarus as a large account reseller, Digital DNA will offer customers, particularly those in the mid-market segment, a host of benefits including access to the latest Microsoft technologies, a host of productivity benefits, enhanced support, and tools and training to help deploy and maximize the returns on their software investments.

"This partnership allows Digital DNA to offer customers in this area end-to-end solutions, support and services. The combination of offerings span from volume license agreements, new product version rights, home use rights, and many other advantages to increase their flexibility towards growing their competitiveness," he elaborates.



Photo: Rodney Looi, (left), Ananth Lazarus (right)

"Microsoft's synergy with Digital DNA also affords us greater access to this highly important yet traditionally underserved market segment. SMBs particularly are, in many cases, looking for an end-to-end solutions portfolio when making software investments, and partners like Digital DNA add tremendous value, given their depth of understanding of this market. Microsoft understands that SMBs have unique needs, and are committed to meeting their needs. We are confident that with the appointment of Digital DNA as a large account reseller, we can bridge this gap"

Rodney Looi, general manager, Digital DNA, adds, "We are extremely optimistic and excited about this business growing in Malaysia. We believe many companies in the SMB sector will welcome the benefits of volume licensing, and we intend to be evangelists to preach these concepts and benefits to them, thereby helping their businesses grow, expand and gain a competitive edge."

The SMB market in Malaysia, estimated at over 300,000 companies, forms the bedrock of the country's industrial sector. According to market research firm IDC, this mid-sized business segment alone is increasing its investments in IT at a compounded annual growth rate (2002-2007) of 11.4% and is continually looking at ways to reduce operational costs while improving their competitive abilities.

Lazarus reiterates Microsoft's commitment to continuing to provide valuable and relevant experiences for both its customers as well as partners through its products, customer and partner engagements, and business processes.

He says, "Much of what I hope to achieve in Malaysia is built on Microsoft's success in Malaysia over the last 12 years, particularly in creating strong partner engagement strategies aimed at ensuring that Microsoft's SMB customers and partners have a positive experience with our people, products and solutions."

"In the coming months, I will be working closely with my colleagues in Microsoft and our partners towards building business models and strategies which will allow us to continue to reach out effectively to the local SMB market, and which will in turn help them to realize their potential."

Lazarus also stresses that Microsoft's global success has been driven by its partners, and that this holds true to Malaysia as well. Hence, he notes that the real value of the company's relationship with Digital DNA as a large account reseller is that "as we increase the value of the partner experience, we can confidently anticipate strong growth in customer segments, in this instance, the mid-sized and enterprise market segments. This will be my aim in driving the small and mid-market solutions and partner business in Malaysia. Over and above improving product quality, we have to be conscientious in listening and responding to our partners and customers, and generally making it easy to do business."

Microsoft Malaysia is investing close to RM12million this financial year into partner training and development, and programs. Further demonstrating the company's commitment to partner enrichment globally, a recent IDC study has revealed that for every US\$1 that Microsoft earns, its partners in the industry in turn make US\$8 in the form of services, support and other value-add offerings. ❖

By Shanti Anne Morais



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Samsung India's service network blitzkrieg

In a bid to provide world class service to its customers, Samsung India has decided to set up service centers in 60 cities across the country. At the same time, the company has announced the implementation of a Zero Day Turn-around Time (TAT) service on its Hard Disk Drive (HDD) Range. This simply means that Samsung's service centers' will repair and return its customers HDDs within 24 hours. The company has also decided to extend the warranty on its HDD range to five years.

Vivek Prakash, vice president, Samsung India remarks, "This reaffirms our commitment to the Indian market. With a number 1 market share position in the HDD business in

India, Samsung's HDDs' are recognized as the best in quality and service commitment. Now, not only have we extended the period of warranty, we are setting up a landmark in customer satisfaction levels by offering a same day TAT to the customer."

"We have expanded our service centers to sixty locations because of PC penetration increasing and spreading to smaller towns and cities. Samsung India intends to provide the same service levels to customers in smaller towns as it offers in bigger towns and cities," he adds.

As a result of this, Samsung India will now cover practically 100% of the country's install base/sales base.

According to Prakash, this will remove all the hassles previously faced by the company's dealers and customers, such as having to send defective HDDs to metro towns.

Commenting on the company's new strategy, Prakash notes, "This implementation has been in the best interest of the channel partners who have always reposed faith in Samsung IT products. With a Number 1 market share of 43% in the HDD category in India, our new strategy will boost our market share even further." ❖

By Priya Darshini

Profile

ESG scores again and again

Keeping in line with its tradition of perfection, the Enterprise Solutions Group (ESG) has continued with its series of accolades and accomplishments this year.

In March, the company became the first and only TARGIT distributor in Asia. The alliance enables ESG to offer its customers a business analytics and reporting solution that is customized to meet the needs of companies. Eric Fung, CEO of ESG explains, "Our customers have long needed this kind of business analytical solution. With the current competitive market, they need to know exactly how their businesses are performing and where to make adjustments and changes. With TARGIT's technology, ESG can now offer customers a solution which makes what was previously an expensive system into one that is now affordable."

It comes as no surprise that both ESG and TARGIT have entered into the partnership with a strong, mutual relationship to the Microsoft technology platform. For the third consecutive year, the ESG Group has been awarded Partner of the Year,

Asia Pacific, the most prestigious accolade given to any Microsoft Business Solutions partner. This award honors Microsoft Business Solutions reselling partners whose commitment to their customers is reflected in their business performance as well as through their high level of contribution and a strong emphasis on customer satisfaction.

"Outstanding is an understatement when it comes to ESG's accomplishments for FY04," says John Young, SMS&P director, Asia Pacific, Microsoft. "They have grown a staggering 100% and have been a pioneer for Navision and Axapta. It is their commitment and vision that has earned them the incredible third record of Outstanding Partner of the Year."

The award is judged on revenue from license sales, customer satisfaction and the company's investment in Microsoft's technology. According to Gillian Saw, general manager, ESG Singapore Pte Ltd, the Group contributes approximately 35% to Microsoft's Asia Pacific business and revenues. Eric Fung, CEO and president of ESG adds, "This award

proves that our team work has paid off."



Photo: Gillian Saw

Truer words have never been spoken. In a short span of three years, ESG has grown from a local Hong Kong partner to Microsoft's largest Business Solutions Partner in the Asia Pacific, with a current total of 16 offices in 12 countries. This year alone, the company set up its Indonesian office in June with a headcount of 10 staff, while a new office has recently been installed in China, bringing the company's total number of offices in China to five. It now has around 300 employees in Asia and serves over 60 multinational corporations.

Continues on page 11

According to Microsoft, ESG has reached these dizzying heights because of its continual high level of customer service, strong growth in license revenue as well as steadfast commitment to Microsoft. Till now it is the first and only International Microsoft Business Solutions partner in the Asia Pacific.

On top of this, the Group has been named to Microsoft's elite Business Solutions Inner Circle, an accomplishment earned by firms whose sales achievement ranks at the top echelon of the Microsoft Business Solutions global network of value-added reselling partners.

"We are pleased to welcome ESG into Microsoft Business Solutions' Inner Circle," says Microsoft corporate vice president, Tami Reller. "Inner Circle membership is the highest form of recognition our reselling partners can achieve. It places them in the top level of the premier partner channel in the industry."

Membership to Microsoft's Inner Circle Group is highly sought-after as it recognizes outstanding partners whose commitment to their customers is reflected in their constant dedication to achieving high levels of customer satisfaction, the active pursuit of product and technological advancement, and impressive sales performances.

Another scoop for the company – winning the Microsoft Certified Gold Partner award in July this year. This award is presented only to the top level of Microsoft Solution Partners, those partners who show competency in aligning their business with their performance, thereby guaranteeing the closest partnership possible with Microsoft.

With all these accolades in its belt, one wonders what else there is for this high-achiever? Saw willingly admits that the trick now is to stabilize the Group's exponential growth. The company of course has a sound business strategy and vision to achieve this, for one thing, introducing internal processes in all offices within the next year. The company will also be looking to

strengthen itself in Europe through expansion as well as alliances. Currently, they have an office in Germany which Saw says is doing extremely well, and a sales office in London.

The company will also start concentrating on vertical markets, a completely new strategy for them, but Saw says that this will be the key differentiator between them and Microsoft's other partners (especially the 30 partners in Singapore). Some examples of the verticals the Singapore office will be looking at are membership solutions specifically tailored for fitness clubs, and the manufacturing sector. This is the strategy for FY05 because the company wants to stand out as well as narrow down their sales cycle and very importantly, cut down on customer costs/investment – the Total Cost of Ownership (TCO).

Another key strategy for the Singapore office is to focus on growing the company's Axapta business, which targets the mid-tier market unlike Navision which targets mainly the SMB market. According to Saw, 80% of the Singapore office's business comes from Navision licenses, so the time is now ripe to focus on Axaptas' business.

She says this is a good and concrete strategy because in Singapore there are not many partners who can deliver the Axapta solution due to its complexity, unlike the Navision business. In line with this plan, ESG Singapore is now training its consultants as well as hiring more people who are experts in Axapta.

The company's Singapore office contributed US\$375,000 last year to Microsoft, in terms of license revenue. This is why the office here is successful, although the company's customer wins in the country are not considered very big. In addition, Saw says that they have very loyal customers who not only tend to renew their licenses but buy new ones as well. She willingly attributes the company as well as the Group's overall success to its dedicated team of consultants and staff.

Solidarity, teamwork and spirit are the name of their game and why the company is so high-flying. She also says the Group pushed early on for a regional presence, another reason for their success, plus they saw the importance of the localization of both Navision and Axapta. The two solutions are currently available in Traditional and Simplified Chinese, Korean and Japanese. Saw also gives kudos to the support and encouragement from Microsoft as well.

ESG Singapore's hard work has definitely paid off. The office recently received recognition from Microsoft Business Solutions for outstanding customer commitment and sales achievement, and was named to the Microsoft Business Solutions President's Club for the first time, again for their business performance, high level of sales achievement and high customer satisfaction. This is a major achievement for ESG Singapore as it is the only Microsoft partner in Singapore in the President's Club, and gives them more access to Microsoft US, thereby enabling the company to get certain releases before other partners here.

Next on the Singapore office's agenda is forming a partnership with HP, something which Saw says the company's Hong Kong and Malaysia offices have already achieved successfully. She is eager to hold events for example, with HP Singapore and is currently working on this aspect of the company's business plan.

She says the company also aims to work closer with Microsoft's other partners in Singapore and the region because "It is always good to have a give and take relationship rather than always think of undercutting one another."

With all this, it is truly easy to see why the ESG Group is where it is today, and to expect more great feats from them.

By Shanti Anne Morais

Appointments

Security player Trend Micro has named Eva Chen as its chief executive officer and representative director. Former CEO Steve Chang, who co-founded the company with Chen 16 years ago, will stay on full time as chairman of the Board. These changes will take effect from January 1, 2005.



Photo: Eva Chen



Photo: Steve Chang

Chen has served as CTO since 1996 and executive vice president since May 1988. As Internet usage began to rise, she led the company and the industry to shift its thinking away from its narrow focus on client-based virus scanning. Her foresight and market focus led to the introduction of the industry's first Internet gateway antivirus product.

In her new role, Chen will drive the company towards a greater focus on the market segments that it serves. Chang will focus his attention and energy on the company's customers and industry partners, strategic planning and will continue to work on raising the visibility of the company worldwide. On top of this, he will also be in charge of expanding Trend Micro's consumer business in markets outside Japan.

To further its goal of closing the gap between its customers and technological innovations, the company has also formed four new customer business units that will drive the development and delivery of security solutions. These are:

- The Enterprise Business Segment led by Max Cheng, who will continue his responsibilities as corporate vice president of Global Technical Support services
- The Mid-Sized and Small Business segments, both driven by Steve Quane, who will continue in his role as corporate vice president of marketing, and
- The Consumer and SOHO segment, headed by Steve Chang.

Oscar Chang, executive vice president of Global Security Service and Response, will assume Chen's responsibilities of leading Trend Micro's Research & Development organization.

SurKitchen, a provider of mobile Dynamic User Experience (DUE) software has appointed Lawrence Ho as regional director of the company's Asia Pacific operations. He will head SurfKitchen's recently opened Asia Pacific office in Singapore. Prior to this, Ho was regional director, Asian and Greater China of Avesair Inc., a company funded by Nokia Venture Partners, where he directed sales and partnerships with regional carriers and interactive agencies.

Hera Siu has joined Computer Associates (CA) China as its country manager. She will be responsible for CA's operations in China, including joint venture companies and will report to Cliff Yung, the area manager for CA's Asia North operations.

Jupiter Telecommunications (J-COM), the largest broadband and cable service provider in Japan has recently added three new members to its Board of directors and Board of statutory auditors.

- Michael Losier, senior vice president & adviser with J-COM's marketing department, has added the responsibilities of director to his current position. Besides marketing, he will also be in charge of J-COM's expansion plans and the addition of new services.
- Shunzo Yamaguchi, senior vice president of engineering & AIT & Billing has also had the responsibilities of director added to his role. He will represent and support the engineering side of the business.
- Juan Sandoval, vice president of Liberty Media International, has assumed the position of statutory auditor within J-COM. His expertise in the field of auditing will be applied to the company's corporate operations and broadband businesses.

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