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## CMP WORLDWIDE INTERNATIONAL ADVISOR

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**CMP Worldwide Media Networks (www.cmpworldwide.com)**  
**Monthly e-newsletter on global marketing trends and tactic**

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#### **The outbreak of Severe Acute Respiratory Syndrome (SARS) causes 3 major area trade shows in Asia-Pacific to postpone or cancel events altogether.**

The outbreak of Severe Acute Respiratory Syndrome (SARS) is having its effect on trade shows in the Asia-Pacific region. The organizers of Computex Taipei '03, the China External Trade Development Council (CETRA) and the Taipei Computer Association (TCA) jointly decided to postpone Asia's largest IT event after a detailed review of all factors, including fears that increased travel restrictions would negatively influence buyer turnout. The organizers expect to announce new dates by the end of May. Additionally, Singapore Exhibition Services (SES), organizer of BroadcastAsia and CommunicaAsia, has decided to forego the 2003 edition of the events which were scheduled to take place from June 17-20 at Suntec Singapore and Singapore Expo respectively.

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### **The Internet Data Center Market in Asia-Pacific**

According to research leader, International Data Corporation (IDC), the Internet Data Center market in Asia-Pacific will grow at a compound annual growth rate (CAGR) of 36% to reach US\$3.3 billion by 2005. Internet Data Centers are beginning to offer complementary and compelling services to boost revenues by focusing on applications outsourcing as well as disaster recovery and business continuity services. Expanding their offerings will also give Asia-Pacific-based Internet Data Centers the opportunity to broaden their client base beyond the traditional small-to-medium enterprise marketplace to reach larger more lucrative customers

While shared and dedicated-hosting revenues across Asia-Pacific are expected to reach approximately US\$4 billion by 2004, the real opportunity for Internet Data Centers is the provisioning of outsourcing services to enterprises who need support across all of their information systems (IS) applications, network and desktop platforms. Within the IT outsourcing arena, applications outsourcing will register the fastest growth with a CAGR of 51%. Internet Data Center customers within the region have already begun to purchase support for critical enterprise applications including website management (35%), multiple application management (12%), messaging (12%), Enterprise Resource Planning (ERP) solutions (5%), Customer Relationship Management (CRM) solutions (3%) and Supply Chain Management (SCM) (2%).

Global socio-political turbulence has also created strong interest in disaster recovery and business continuity services. The Asia-Pacific disaster recovery and business continuity market is expected to grow at a CAGR of 20% from US \$551 million in 2001 to exceed US\$1.3 billion by 2006. Internet Data Centers sited in Australia, Korea and Singapore currently account for the bulk of the regional market. By 2006, this geographical positioning is expected to change significantly because the New Zealand and Australia disaster recovery and business continuity market will only grow at a CAGR of 7% and 9% respectively, while Singapore is expecting a CAGR of 26%. In contrast, North Asian disaster recovery and business continuity hubs like Korea will grow at 31% and the People's Republic of China (PRC) is set to register the highest growth at 46%.

As a result of the global technology recession, some clear trends are emerging in the Internet Data Center marketplace including consolidation (through mergers, acquisitions and alliances), increasing demand for managed customer systems on a dedicated and customized basis, and the emergence of small but nimble Internet Data Centers capable of offering high-value boutique-style service. To compete in this very dynamic marketplace, Internet Data Centers must heed these trends and offer CXOs a compelling reason to outsource more of their IT service and support needs.

The article was written by Cindy Payne, Managing Director of Asia-Pacific

Connections Pte Ltd ([cindy@apconnections.com](mailto:cindy@apconnections.com)). For a more detailed analysis of the Asia-Pacific Internet Data Center market, please visit <http://www.apconnections.com/perspective.html>

Asia-Pacific Connections (APC) is the leading provider of integrated marketing services to IT companies in Asia-Pacific. APC's individually tailored services include market research and development, channels assessment, public relations, copywriting, and collateral design and production. To understand how APC's innovative marketing approach has produced effective results for a multitude of clients, visit [www.apconnections.com](http://www.apconnections.com)

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### **Good Things Come in Clusters**

Larry Ellison may be telling The Wall Street Journal that the glory days of the computer industry are over, but he sees at least one opportunity: Clusters.

Recently, Ellison and Michael Dell announced that their companies are joining forces to market low-cost clusters to small and medium-sized businesses. The packages, which run both Linux and Windows, beginning at \$18,000.

They're not alone in pinning some hope in this arena. For one thing, clusters could play a crucial part in determining the success of Intel's major new marketing initiative aimed at convincing companies to rejuvenate their technology on a three-year schedule.

Clusters - also known as commodity computing - tie multiple inexpensive servers together to act as one. Combining them with ultra-compact blade circuit boards allows companies to gain flexibility and speed while cutting costs for space, electricity and air conditioning. At the same time, the ease and dependability of new software slashes the biggest cost of all: skilled labor.

The greatest proof of clusters' potential may be the success of Google. In a short time, the company has become the Web's search engine of choice by using tens of thousands of inexpensive linked servers. But clusters' appeal reaches literally to the stratosphere, as cutting-edge centers such as NASA's Goddard Space Flight Center and the National Laboratories at Lawrence Livermore and Los Alamos also employ them.

On the business front, Intel-based hardware has gotten so inexpensive, companies can consume mass quantities and still save money. And the advantages of using Linux, which is free to get and free to tweak, makes it a no-brainer for more firms each day.

Which may explain why Dell and Oracle aren't alone. Everyone from HP and IBM to Sun has joined the blade parade, where they're meeting up with innovative software and systems start-ups like ClearCube Technology, Egenera and RLX Technologies.

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### **May We Be of Service?**

If you're marketing to companies too strapped even to invest in clusters, there's another growing trend to tap for revenue: utility computing. In this model,

corporations pay for the computing power they use, just as they do for electricity or water.

It's a concept that's catching on even among thriving concerns like JP Morgan Chase, which recently signed a multiyear, multibillion contract with IBM to take over the financial company's data centers. Other utility customers for Big Blue include Amtrak, Visteon and Petroleum Geo-Services.

So far, the investments made outstrip the revenues earned by technology companies, but the utility-computing field looks promising enough for global big dogs such as Microsoft, H-P, Sun and Cisco, among others, to recently ramp up their products and efforts. And it's attracted newcomers like Opware, which offers software to monitor and meter computer usage.

The upside for computer marketers: instead of a one-time sale, you receive monthly fees for usage of both hardware and software, either by the hour or by the number of tasks executed. With this growing involvement in direct support of customers' business, the potential exists for greater relationship marketing and further sales down the line.

For the customer, the benefits start with the big savings in capital expenditure and staff costs. It also offers the promise of more efficient operations, by doing away with underused systems that do little more than gather dust.

Still, a couple of hurdles remain to utility computing's growth. In order to assess its cost-effectiveness, a company has to have a very detailed understanding of all aspects of its computer usage. And technology companies that have made their money on sales will have to prove that they're equally good at  $\acute{y}$  and equally committed to  $\acute{y}$  service.

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### Wall Street Looks Abroad

Expect to see a big boost in offshore outsourcing of IT investments by Wall Street firms, according to a report released recently by TowerGroup, a research and advisory firm for the financial-services industry. Over \$1.3 billion will be spent and more than 8,000 jobs will be moved overseas in the next two to three years, which portends significant changes for the way IT departments function. To read the full Information Week story, go to <http://www.informationweek.com/story/IWK20030312S0006>

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### Charting the Asia-Pacific Call Center Services Market

According to research analysts, IDC, the call center services market in Asia-Pacific will grow at a compound annual growth rate (CAGR) of 28% to reach US\$5 billion by 2006. The growth in Asia-Pacific's call center industry will be uneven, with the relatively-new markets of China and India registering growth rates of 49% and 42% respectively, while the more mature markets of Australia, Hong Kong and Singapore will register much lower CAGRs.

IDC forecasts that the Australian call center services market  $\acute{y}$  the largest in the region - will grow at a CAGR of 14% to reach US\$900 million in 2005. Despite stiff competition from the rest of Asia-Pacific, Australia has significant

comparative advantages in this industry. Firstly, Australia has one of the highest computer literacy rates in the world. Secondly, its workforce is not only highly-trained, but highly-service-oriented (approximately 75% of Australian workers are employed in the services sector, which accounts for 70% of Australia's GDP). Thirdly, staffing costs are 30 - 45% lower than in Singapore and Hong Kong. And lastly, Australia has the world's only fully-deregulated telecommunications market, ensuring that both domestic and international call costs are among the lowest in the world.

China's call center services market was valued at US\$96 million in 2001 and will grow at a CAGR of 49% to reach US\$699 million in 2006. As the fastest-growing economy in the world, China is a prime target for multinationals in search of growth in a depressed global economy. According to industry analysts, Frost & Sullivan, the drivers behind the growth of the Chinese call center services industry will include explosive growth in the telecommunications services market; reduced telephone service tariffs as the Chinese telecommunications market deregulates; reduced call center equipment cost; and lastly, and most importantly, an increasing demand for call centers by local Chinese companies - especially in the banking and finance sector - as they face increased competition as foreign companies raise the bar on customer service.

India is one of the fastest-growing outsourced call center services markets in the world, and is expected to grow from US\$277 million in 2001 to reach US\$1.59 billion by 2006. However, before India can compete as a global player in the call centers industry, there must be a major investment of over US\$100 billion to upgrade the communications services including cellular, Internet, radio trunking, global mobile personal communication by satellite (GMPCS) and other value-added telecommunications services. Once infrastructure issues are resolved, India's key advantages in the global call center services industry will include the availability of a large pool of highly-educated English-speaking talent and ample, cheap office space in key business districts.

In the short term, Australia will remain the largest market for call center services in the region as it has an established pool of trained service people, excellent infrastructure and the only fully-deregulated telecommunications market, ensuring competitive communications prices. However, as India and China invest in training people and improving basic telecommunications infrastructure, they will become a serious threat to the more established call center sites within Asia-Pacific.

In the final analysis, when considering a call center investment, operators and companies should concentrate on maximizing customer retention, not cost savings. While the relatively-mature call center service markets of Singapore, Hong Kong and Australia (with call center market CAGRs of 21%, 19% and 14% respectively) have an initially-high wage and land cost base, they also have a mature pool of trained people, with efficient processes and a strong infrastructure in place. As companies concentrate on building relationships with their customers and adding value to those relationships, locating call centers in less-developed countries to take advantage of relatively-low wage and land costs, may not be a prudent investment in the long run.

This article was written by Cindy Payne, Managing Director of Asia-Pacific Connections Pte Ltd ([cindy@apconnections.com](mailto:cindy@apconnections.com)). For a more detailed analysis of the Asia-Pacific Call Centers market, please visit <http://www.apconnections.com/perspective.html>

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### **Short Takes**

Life imitates art - or at least the cartoons as Japan's NTT DoCoMo unveils a mobile phone worn on the wrist just like Dick Tracy's. 10.6% of Armenia's citizens use the Internet, but 12% are not even aware of its existence, on the other hand, one-third of Germans made an online purchase in the past year, and one fifth say they're regular online shoppers.

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### **Doing Business in England: Ten Tips**

1. What's in a Name?: While English people may refer to everyone from the island as "Brits," you'd be well advised not to do the same. Those born in Scotland or Wales may not appreciate it. (And while you're at it, remember that Europe is that large landmass on the other side of the Channel.)
2. Leave Your Feelings at the Door: Facts, not feelings, are what matter when you're presenting a proposal. Objective evidence with plentiful data that persuasively support your position will be an overriding factor in any business decision.
3. Take a Direct Approach: Final decision-making may take some time, but in general, these business executives are among the most direct in the world. This isn't Asia, so be prepared to hear a decisive "no," should your ideas not find a receptive audience.
4. But on the Other Hand: Keeping a stiff upper lip is not just a cliché, it's a tradition. Restraint and understatement are widely practiced and always appreciated.
5. Give Me My Space: Every culture has its own sense of comfortable physical distance between people, and England's is farther apart than most. Give your colleagues plenty of room, and restrain yourself from giving that friendly pat on the back.
6. Leave Work at the Office: Entertaining your associates at a restaurant or pub is preferable to giving gifts, but don't bring up business unless they do. You'll run the risk of being considered ill mannered and boring if you do.
7. God Save The Queen: We mean it, man. Jokes, criticisms or frivolous statements about the royal family by foreigners are unwelcome under any circumstance.
8. Dress Well: But leave your striped ties at home. "Regimentals" have specific meanings and are worn by specific people; yours may come off as an imitation at best, or a faux pas at worst.

9. What They're Talking About: The "Who Wants to Be a Millionaire" cheating scandal has the whole country waiting to watch when the episode finally airs.

10. Enjoy Yourself While You're There: England's greatest living playwright meets with its hottest new theater star this June when Simon Russell Beale stars in the National Theatre's revival of Tom Stoppard's "Jumpers" in London. Or take the opportunity to get as far out of town as you can: It's the perfect time for one of the world's great walks, a tramp in the Scottish Highlands guided by Walkabout Scotland.

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### Upcoming Opportunities

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Start yours sizzling by sponsoring one of our global events: Canada to  
Brazil, Asia to Germany .  
CMP has the right one for you!**

CRN Canada's

June 4-6  
Chateau Montebello  
Montreal, Canada

InformationWeek Germany's

June 5, 2003  
Frankfurt, Germany

Network Computing Germany's

June 6, 2003  
Cologne/Dusseldorf

Intelligent Enterprise, Network Computing & Teledotcom Asia's

July 10, 2003  
SwissHotel Stamford  
Singapore

Telecom Negocios Brazil's

August 13-17, 2003  
Hotel Transamerica  
Ilha de Comandatuba y Brazil

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