



**Convergence Implications
for Asia
Communications
Panel F**

Harvard Asian Business Conference In Asia
(HABCIA)
Roppongi Hills
Tokyo, Japan.

August 26, 2005



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Convergence Implications for Asia Outline

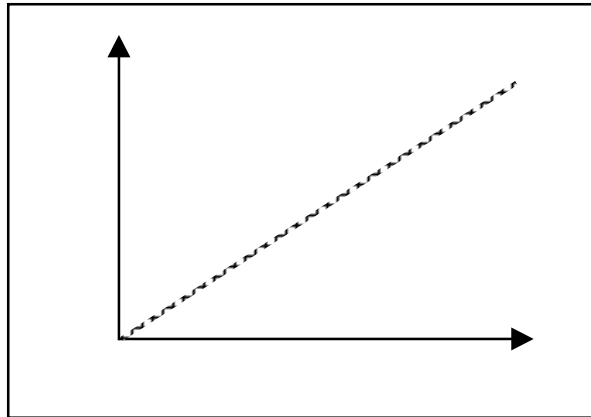
The dream of convergence has been incubating for some time, but as it is now becoming reality it is important to understand there will new bases of competition

- What is convergence?
- How do the new success factors differ from historical success factors?
- Implications for Asian companies



Convergence Implications for Asia Why Do We Care

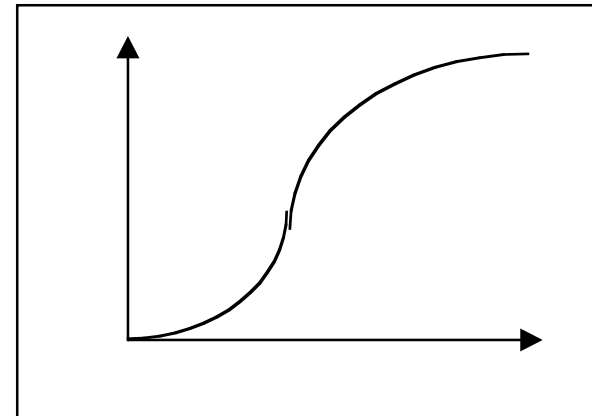
Convergence has the potential to be disruptive to business as usual



Evolution



Revolution

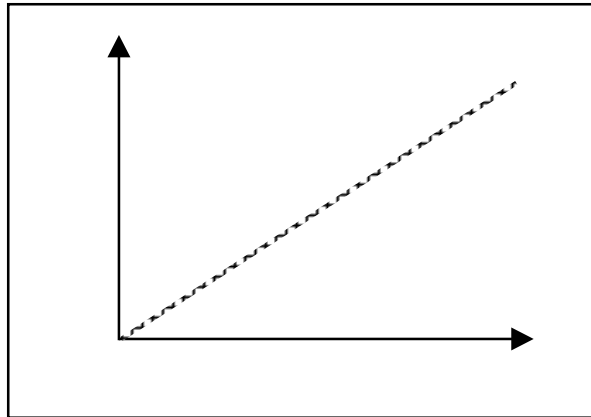


- New economics
- Enhanced performance
- Increased functionality
- New business models



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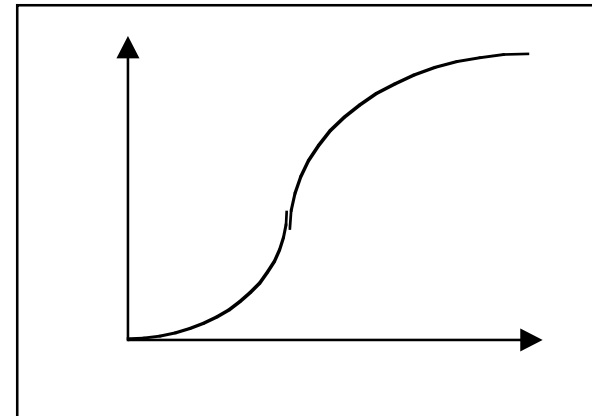


Evolution



Revolution

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- Enhanced performance
- Increased functionality
- New business models



To survive you must recognize change and adapt.

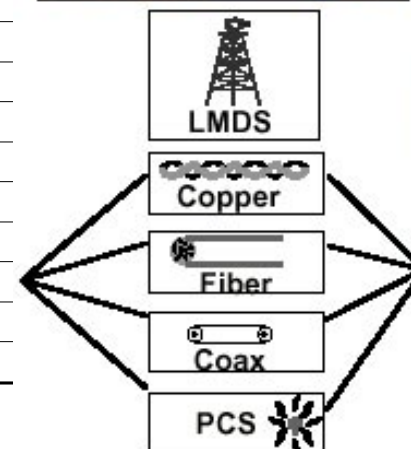
To prosper you need to get the timing right



Convergence Implications for Asia Drivers of Change

Telecom industry has moved beyond evolution - disruptive and explosive changes created new and exciting business opportunities.

Drivers	Consequences
De & Re-regulation	New competition
	New pricing models
	Rapid service creation
	Horizontal & vertical integration
Globalization	Bundling
	Multistandards
	Design for Flexibility
	Cost challenges
New Market Needs	Distributed manufacturing
	Distributed sourcing
	Multimedia Experiences
	Mobility Management
	Unified Messaging
New Technologies	Convergent Customer Service
	One Stop Shop
	Choice
	Wireless
	High Speed Data
	Advanced MMIs
	Distributed Computing
	Image Processing
	Internet
	Fiber in the Loop



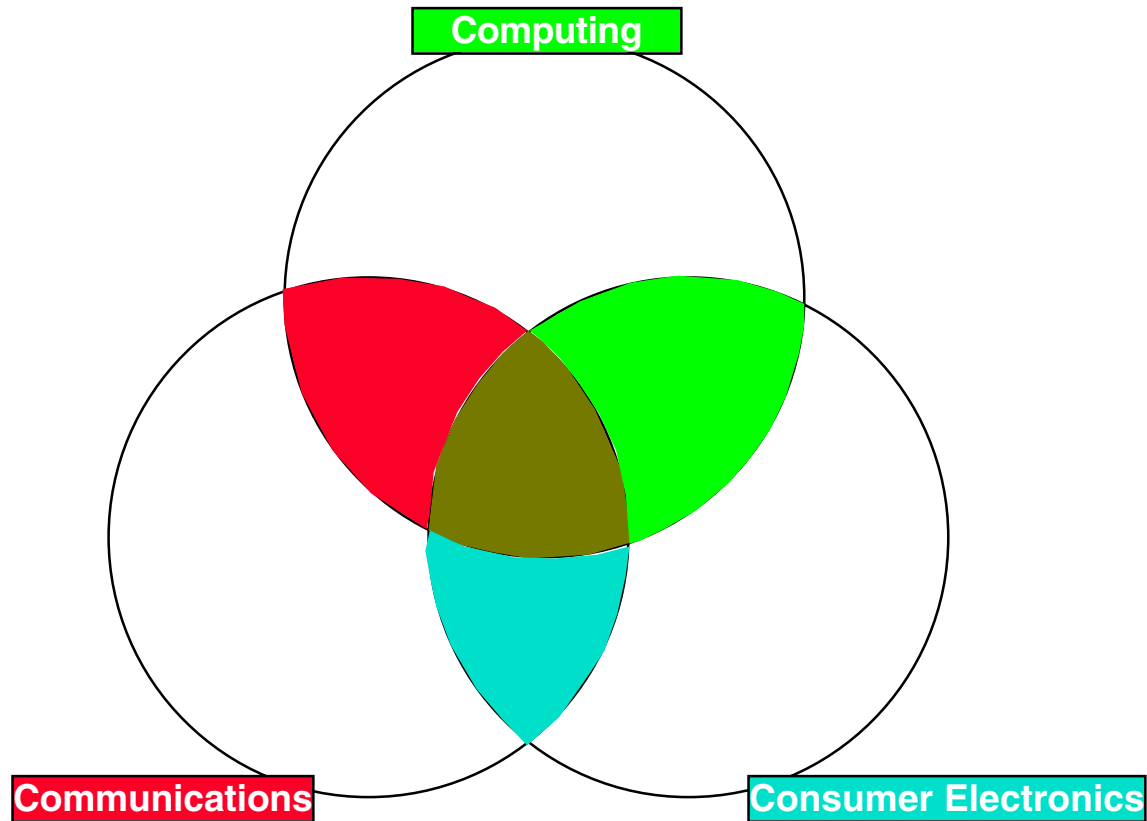
Convergence Implications for Asia Defining Convergence

Let us look at an applications example



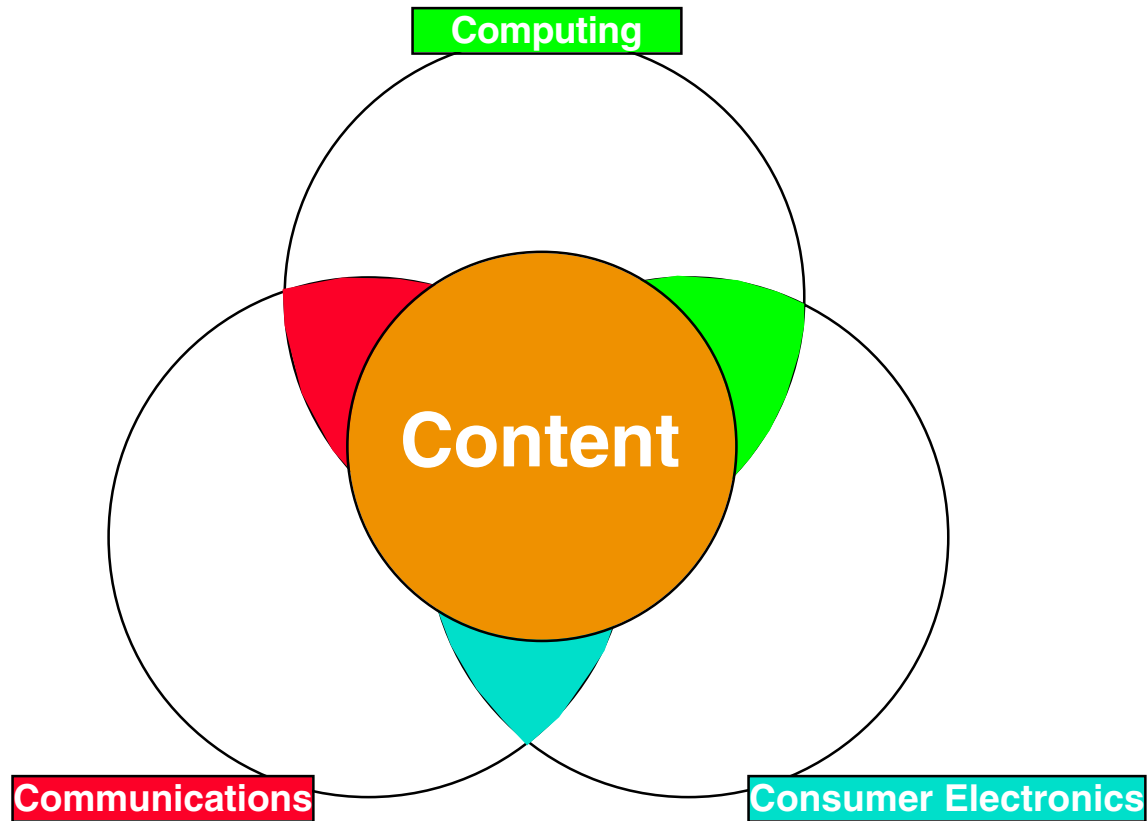
Convergence Implications for Asia Defining Convergence

Often convergence is defined as the intersection of 3 C's



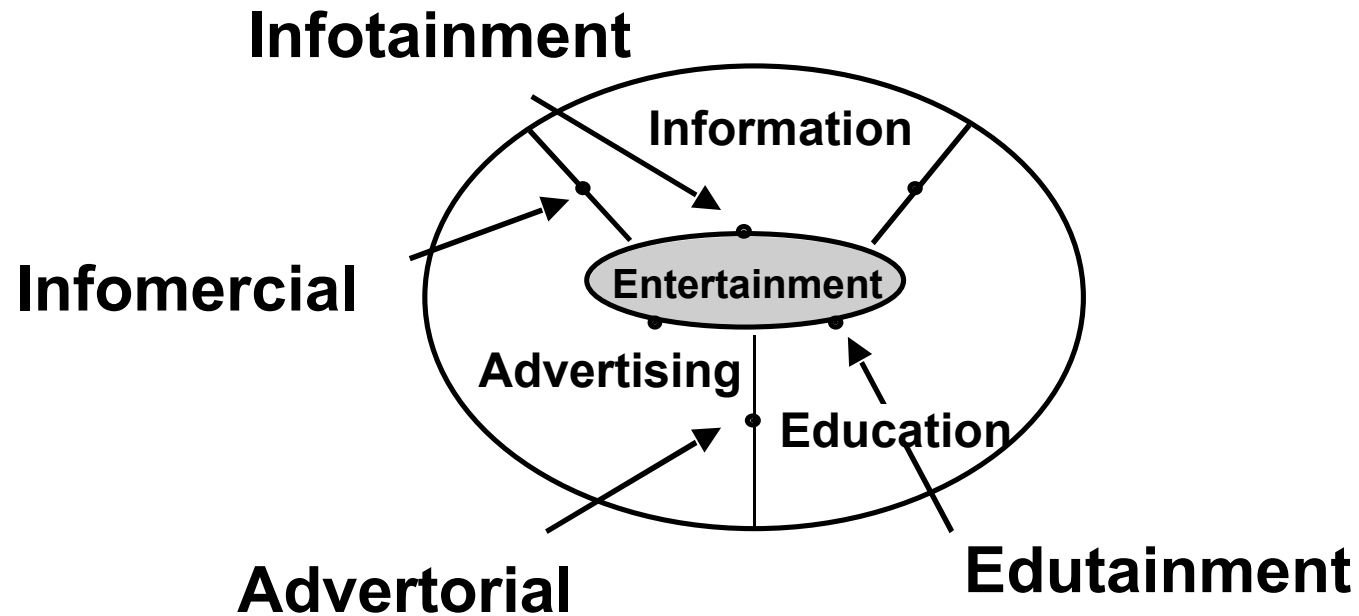
Convergence Implications for Asia Defining Convergence

However there is an important 4th C



Convergence Implications for Asia Exploring Content

Content is what is different in the new age of convergence



Convergence Implications for Asia New Success Factors

Convergence is disruptive not just because the list of strengths & weaknesses is different, but more importantly because it requires new management systems and new company culture

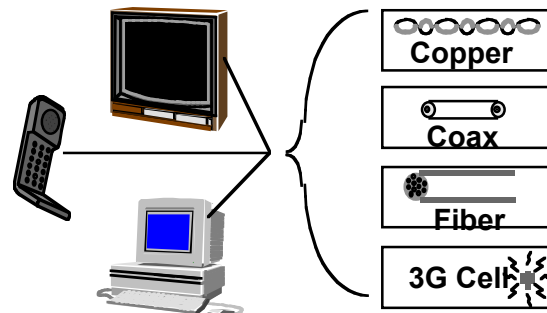
	Yesterday	Future
Product/Service Focus	Hardware & Pipes	
Integration	Isolated boxes/applications	
Entry Barriers	CAPEX Investment	
Competitive Advantage	Low OPEX Costs	
Design Processes	Systematic & Predictive	
Roadmap	Evolutionary Generations	
Timing	Catch the Wave	
Management/Culture	Group Consensus	



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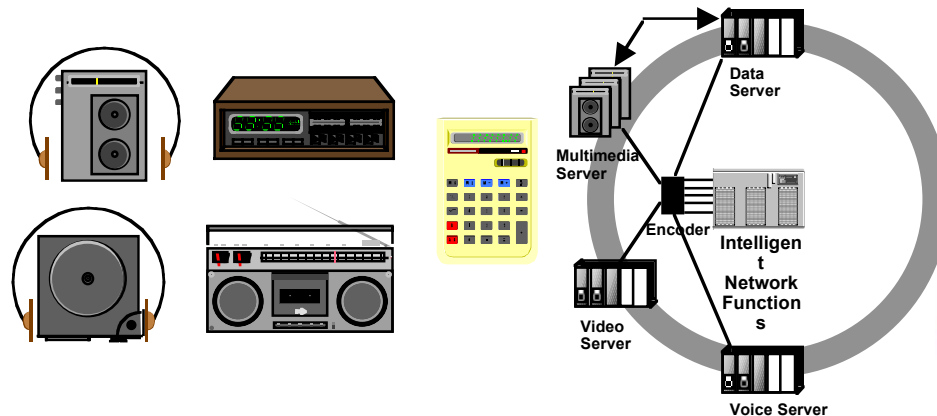
	Yesterday	Future
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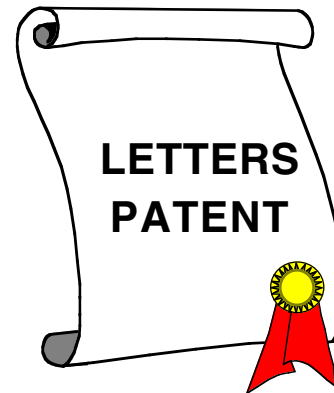


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Competitive Advantage	Low OPEX Costs	Distribution Channels
Design Processes		
Roadmap		
Timing		
Management/Culture		

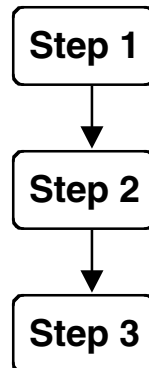
OPEX



Convergence Implications for Asia New Success Factors

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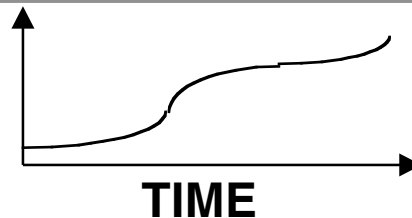
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Design Processes	Systematic & Predictive	Creative & Inspired
Roadmap		
Timing		
Management/Culture		



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Convergence Implications for Asia New Success Factors

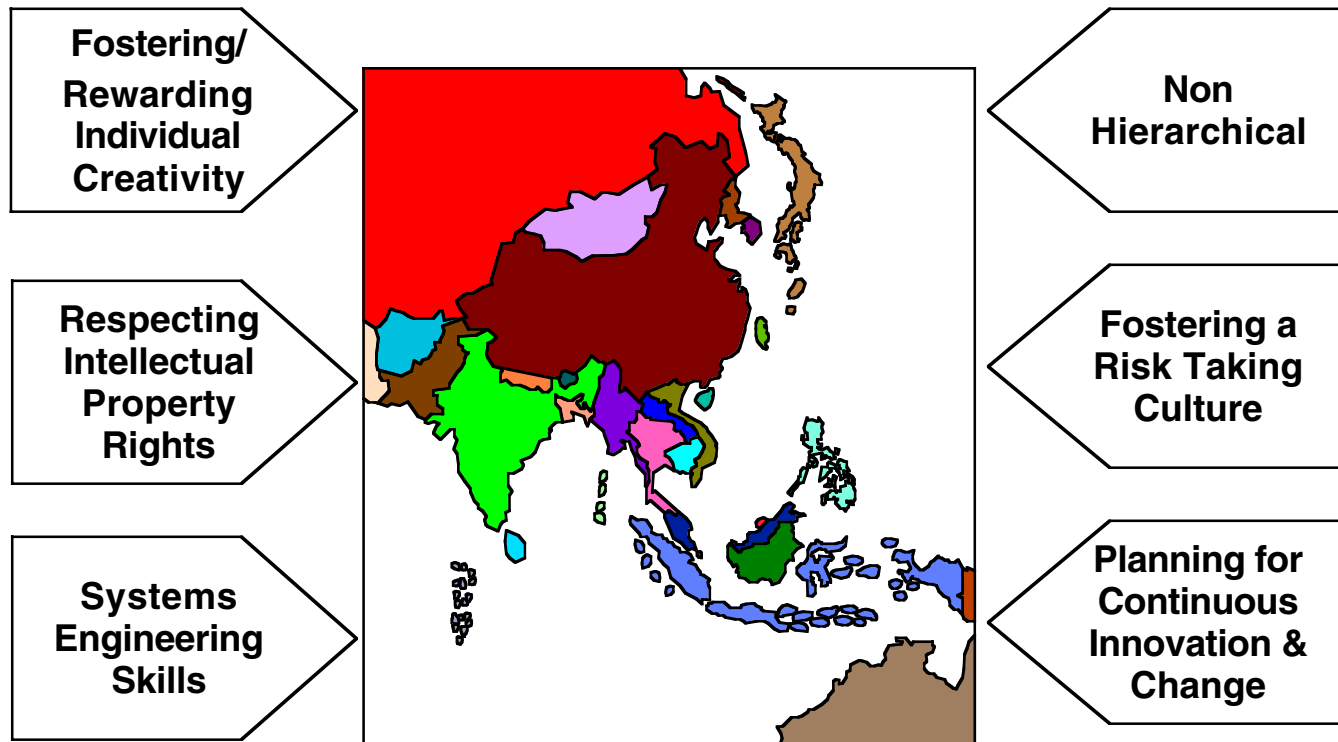
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Roadmap	Evolutionary Generations	Series of Hits
Timing	Catch the Wave	Create the Wave
Management/Culture	Group Consensus	Individual Freedom



Convergence Implications for Asia Implications for Asian Countries

Each country has had historical, but *narrow*, strengths however in the world of convergence global competitive success requires *breadth*





HARVARD ASIA BUSINESS CONFERENCE IN ASIA 2005

“Becoming One: Promoting Asia in the Global Economy”

SUMMARY

The Harvard Asia Business Conference In Asia (HABCIA) brings some of the world’s foremost business minds together to discuss critical issues affecting business in Asia. HABCIA is a collaborative effort between the students and faculty of Harvard University that, like its parent organization, the Harvard Project for Asian and International Relations (HPAIR), has become an important outpost in Asia for the Harvard community. HABCIA is also the sister conference of the Harvard Asia Business Conference (HABC), which is held each year at Harvard Business School. HABC is the largest business conference in North America that focuses on Asia; HABCIA aims to become the largest business-related conference in Asia. This year, HABCIA 2005 will bring prominent business leaders and 500 business students and young professionals to Tokyo, Japan to discuss Asia and its business environment.

SUBSTANTIVE CONTENT

The Harvard Asia Business Conference offers a forum for business students to learn about prominent business issues in the Asia-Pacific from leading professionals.

The Harvard Asia Business Conference in Asia 2005 will feature three keynote addresses, case method workshops, and speaker workshops. All events will help students develop insight into business challenges particular to Asia. To gain an understanding on the micro level, Harvard Business School faculty will lead a select group of students through a day of case method workshops on August 25. To gain macro perspectives, all students will attend the keynote addresses and participate in a day of speaker workshops on August 26.

The case study workshops will discuss two cases related to real business problems in Asia.

The six speaker workshops will be organized into two plenary sessions of three panels each. Each panel will feature a moderator and three to five speakers. HABCIA’s directors and Board of Advisors together selected this year’s panel topics, which are: value chain innovation, branding, venture capital and entrepreneurship, automobiles, communications and IT, and luxury goods.

The six workshops are unified by this year’s conference theme: *Becoming One: Promoting Asia in the Global Economy*. This theme focuses on how business both effects and reacts to Asia’s regional and international economic integration which is implicit in the process of globalization. As such, the conference is intended to evaluate the challenges facing specific industries as Asian economies reinvent themselves to generate sustainable growth; discuss the strategies that Asian government officials and business leaders are adopting to capture the opportunities and overcome the challenges of globalization; and explore business opportunities in Asia.

CONFERENCE SCHEDULE

Case Study Workshops

August 25, 2005

University of Tokyo

Time	Program
9:00-10:15	Registration for Case Study Delegates <i>Yasuda Memorial Hall</i>
10:45-13:15	Welcoming Ceremony, University of Tokyo Plenary Session <i>Yasuda Memorial Hall</i>
13:15-14:15	Lunch
14:30-17:00	Case Study Sessions (<i>Seiichiro Yonekura; Jiro Kokuryo</i>) <i>Economics Research Building</i>
18:00-20:00	Daiwa Securities VIP Reception for Speakers <i>Roppongi Hills Club 51F</i>
20:00-24:00	Gala Dinner <i>ANA Hotel</i>

Speaker Workshops

August 26, 2005

Roppongi Hills, 40F

Time	Program		
8:00	Registration Begins <i>2F Lobby</i>		
9:30 – 10:20	Keynote I (<i>Thierry Porte</i>) <i>Quarante D</i>		
10:30 – 12:15	Panel Session I Panel A: Value Chain <i>Quarante C2</i>	Panel B: Luxury Goods <i>Quarante C3</i>	Panel C: Financial Services <i>Quarante C4</i>
12:20 – 13:55	Lunch		
14:00 - 15:45	Panel Session II Panel D: Branding <i>Quarante C2</i>	Panel E: Automobiles <i>Quarante C3</i>	Panel F: Communications <i>Quarante C4</i>
16:00 – 16:50	Keynote II (<i>Sachio Semmoto</i>) <i>Quarante D</i>		
17:00 – 17:50	Keynote III (<i>Heizo Takenaka</i>) <i>Quarante D</i>		

PANEL DESCRIPTIONS

Panel A: Value Chain Integration and Innovation

This panel examines how Asia's developed and developing economies will position themselves along the value chain relative to one another and international economies. At different points in time, Asian economies have experienced a similar life cycle, starting as a destination for the offshoring of manufacturing and/or outsourcing of services, then serving as a lucrative market for consumer goods products, later emerging as innovators of successful brands, and exporting those homegrown products to the world. Asia is particularly interesting because it hosts countries at every point in this value chain. Of particular interest is how Japan handled its steps up on the value chain, how economies of intermediate development are negotiating this change, and the opportunities for economies such as China's as it plans its own ascent. The proximity of booming markets, the rapidity of economic growth, and prospects for economic (even political) collaboration and/or competition will force Asian economies to renegotiate their strategies within the regional and international community.

Panelists:

Hiroshi Fujiwara, Japan-China Economic Association
Hidetaka Kai, Fuji-Xerox Co. Ltd. Office Service Business Group
Ivan Li, UPS Supply Chain Solutions
Shinichi Okamoto, Logitech International SA, formerly Sony Computer Entertainment
Kiyoshi Urakami, Urakami Asia Management Research, formerly Hitachi Asia
Mark Wall, GE Advanced Materials - Plastics Japan

Panel B: Luxury Goods

Japan and China provide two of the most important luxury goods markets in the world, whose rapid growth has helped buoy the global luxury goods market in recent years. Though luxury brands are often introduced from the West, Asian companies are active in molding products to better suit local tastes. For decades, Japanese companies have modified and pioneered new luxury goods that effectively capitalize on a cultural desire to outwardly display status. Japanese companies have also begun to produce affordable (but not cheap) products to attract younger consumers. Several of these goods have subsequently gained prominence in international markets. Separately, China's competitive manufacturing ability and recent explosion of domestic wealth have attracted international luxury brands to China. However, China's very ability to house both the supply and demand for luxury goods has also spawned a domestic counterfeit market that partially undermines the prospects for international luxury brands. Asia has been successful in reproducing, recreating and reselling luxury products; these efforts have redefined the international luxury goods market.

Panelists:

Theodore Bestor, Harvard University
Ian Bickley, Coach Japan
Peter Cheung, Intellectual Property Department, Hong Kong
Paul Husband, Husband Retail Consulting
Gabriele Waniek, Frey Wille (HK) Ltd.

Panel C: Financial Services

Finance can be a crucial catalyst for growth in emerging economies, and particularly in parts of Asia where all other dimensions of economic growth are catapulting ahead while standing on archaic financial platforms. Meanwhile, Japan and China's huge stocks of foreign currency reserves have tightened the link between their and the world's economic and financial welfare. Moreover, Asia's rising importance in the international economy and improving corporate governance have made it an increasingly desired, however risky, destination for foreign capital. But competition is fierce as foreign private equity and venture capital firms begin to open offices in the region and find themselves facing regional competitors that have more capital as well as a better business understanding of Asian markets. Financial system development is also important for domestic individual investors looking to invest and raise money in a sound public market. How will institutions and investors negotiate the challenges that come with Asia's wide range of economic development? What are the trends in foreign capital allocation throughout the region? How will the integration of other East Asian countries into investors' portfolios affect the business environment in each country? And what are the implications of these dynamic institutional and individual financial relationships for Asian economic growth?

Panelists:

Masahiro Kawai, University of Tokyo
Haruyasu Asakura, The Carlyle Group Japan
Kathy Matsui, Goldman Sachs Japan
Anthony Miller, Ramius Capital Group
Sumio Otsuka, Daiwa Securities SMBC Co. Ltd.

Panel D: Branding

This panel discusses brand globalization, examining both the outflow from Japan as well as the inflow into Japan of global brands and icons. Japanese and other Asian economies have produced an increasing number of global brands, both the result and impetus for these economies' ascent of the global value chain. As economies develop, its products and brands spill out into neighboring economies. At the same time, its consumers enjoy greater wealth and exposure to the global market and are thus able to attract foreign companies to their home market. Although the platform exists for brands to globalize, extensive research and several hurdles stand in the way of earning that first dollar in the foreign market. For brands to succeed abroad the product must be tailored to recognize and respect different cultures and preferences while the company must be tailored to fit the available human capital and work culture abroad. In addition, as economies develop their position in the global trade network, they also develop a role in the global social identity network through the sharing of their brands and products. Thus, while cultural globalization originating from the West seems commonplace, Japan has reversed the trend by creating distinctly Japanese entertainment products, such as anime and manga, and successfully bringing these products to the global market. What fuels the cultural globalization of Japanese entertainment products? How has brand globalization evolved in Japan and what challenges remain?

Panelists:

Douglas McGray, Journalist
Sakie Fukushima, Korn/Ferry International
Masakazu Kubo, Shogakukan Inc.
Yoshiaki Sakito, Apple Computer
Tsutomu Sugiura, Marubeni Research Institute

Panel E: Automobiles

During the past decade, the automotive industry has evolved into a highly challenging playground for manufacturers and their suppliers. The Big Three have been losing market share to European and Asian import in the world's largest auto market due to significant changes in customer preferences. Spotting and conquering niche markets became the manufacturers' prevailing concept to stabilize and boost their market share. On the technology-side, manufacturers pursue platform strategies where vehicle are built taking advance of the automotive group's shelf of various systems and modules to suit individual customers' preferences and to keep cost on an acceptable level. Vehicle electronics evolve increasingly important to differentiate a brand or model from the competition. At the same time, these systems required high investments and technical gadgets have to be consumer-focused and should not necessitate engineering degrees to operate. Ever-shrinking product life cycles pace up competitive level even further. Ecological awareness drives technological development likewise: fuel efficiency and emission ratings are major factors in customers' buying decisions and enhance reputation levels of manufacturers with a "green focus". But not only awareness propels this trend: Western nations and Japan have tightened their safety and environmental requirements significantly to enhance air quality and to adhere to internationally negotiated climate protection measures. This panel aims to see how manufacturers cope with these trends and what pros and cons the different approaches comprise.

Panelists:

Richard Katz, The Oriental Economist Report
Takeshi Isayama, Nissan Motor Co.
Shin Kanada, Toyota Motor Co.
Hans Tempel, DaimlerChrysler Japan
James Treece, Automotive News

Panel F: Communications

Asia plays an increasing role in supplying the world's technology products. Components such as semiconductors and displays are produced in Taiwan, China, and Korea; many electronics companies rely on China for product assembly. Meanwhile, Asia's role in the global technology business has expanded beyond production and assembly. The region also makes contributions to the forefront of technological development, as it now provides the world with some of the most prominent and innovative consumer electronics companies. Japan hosts several reputable firms such as Sony, Panasonic, Canon, and Toshiba, while Korea's Samsung Electronics has moved from being a regional to an international brand and China's Lenovo Group instantly took the spotlight when it announced the purchase of IBM's personal computing unit. But Asia has not only embraced the design, innovation, and production of technology products; Asia has also found new ways to adapt technology to everyday use and thus come to host the pioneers of new communications solutions. South Korea's commitment to a high-technology society has made broadband access a household commodity; personal electronic devices have deeply penetrated South Korea and Japan and are rapidly taking hold in China. As a result, East Asia has raced ahead with new communications solutions exemplified by its work on 3G networks and other products that converge voice, data, and content services. How do Asian firms reorient themselves as regional competition increases? What are the prospects for regional competition and collaboration? In the international setting, how are Asian firms establishing themselves abroad and what is the role of foreign multinational companies in Asia?

Panelists:

Cecilia Melin, Asian Investment Partners
James Haensly, Avaya Asia Pacific
Stu Lipoff, Consultant
Takeshi Natsuno, NTT DoCoMo
Sachio Semmoto, eAccess