

IDC Tech Asia 2010 Outlook
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Abstract

Customer behavior and market requirements are challenging for information, communications, and technology (ICT) vendors and providers because of the fast pace and diversity of Asian markets. Even established vendors already in the market need to understand and be able to predict local needs to successfully lead in APAC. New players into the region will find the steep learning curve daunting, task especially when the marketplace is rapidly flooded with an ever-growing ecosystem.

Asian businesses and government entities are especially driven by quick time to market and ROI-led transformation to achieve financial discipline, outperform competition, and recognize market expansions. Many of the customer discussions and debates in the region are driven by asset utilization, consolidation, transformation, OpEx vs. CapEx priority, centralization vs. decentralized preferences, and in-source vs. managed environments.

Introduction

[Amit Gupta](#), *APAC VP of Sales*

There are many opportunities in Asia besides Chindia, although India's GDP growth rate (8.6%) is expected to exceed China's (8.2%) by 2014. Web 2.0 is being driven by Gen Y and Z. Localization plays a key role. While Facebook and twitter are big in India, China has local players such as Tencent QQ and Xiaonei. Asia's top of mind themes are customer centricity, optimize-led innovation, time-to-market expansion, liquidity management, and business process automation. In some cases, they are leapfrogging the West because they don't have legacy baggage. The biggest challenge for Asian CIOs is managing cost + supporting growth = delivering KPIs. Asians also feel SLAs are no longer just about technology, they have more to do with customer satisfaction. A good example is the IBM-Bharti Airtel partnership. Bharti Airtel has seen explosive growth – from six million subscribers to more than 150 million today in India. It also expects to scale its network and systems to more than 100 million African customers by 2012.

Asia/Pacific Communications Industry: Transforming and Growing with the Marketplace

[Sandra Ng](#), *Group Vice President, Practice Group, IDC, Asia Pacific*

In the telco industry, declining EBITDA and stagnant/limited traditional growth opportunities are driving carriers across the region to evaluate and/or transform their organizations, strategies and business/go-to-market models. Mobilution (*mobile revolution*), cloud utility, socialytic (*social + analytic*) applications and smart pricing are the game changers shaping the new face of the industry.

The small and medium business (SMB) and enterprise markets in the APAC region are accelerating investment to take advantage of market growth and generate cash flow to expand in emerging markets like tier 3 and smaller cities in India and China, as well as Indonesia, Vietnam, Middle East and Africa. While growth expectations for traditional Western multinational corporations (MNCs) are between 15%-20% in 2010, Asian MNCs are targeted to grow 30%+ in the same period. Many recognize the importance of ICT to help drive productivity and improve market competitiveness as labor arbitrage is diminishing with the rise of network-centric and hence borderless solutions.

The communications industry in Asia is huge, bigger than financial services, encompassing:

- Enterprise
- Service Provider (SP)
- SMBs (<500 employees)

- Consumer

Each of these segments has its own attributes.

Enterprise

- Redefine cost optimization
- Business outcome-led engagement
- On-demand provisioning
- Product time to market
- Business Process Automation and self-service

SP

- Cloud Computing (CC) opportunity; by 2011 95% of the world's leading telcos will be offering CC in Asia
- Margin management
- Mobile backhaul challenge
- Customer lifecycle management
- International expansion

SMB

- IT support through XaaS, where X= I, P, or S
- Cloud bursting for regional market expansion
- Use of online channels and social media
- Triple-play (Internet, phone, cable) communication preference
- Innovative models for mobility

Consumer

- Multi-SIM emerging market users
- Phones for different uses
- Media tablets
- Unlocked phones

What does a typical Asian Enterprise customer look for?

1. Time to market = speed, speed, speed
2. Flexibility = on-demand, customization
3. Start small = establish trust with quick-start engagement
4. Skin in the game = customer centricity
5. Legacy influence = a key decision-making factor
6. Relationship = seeding, proof of concept, channel partners important
7. On-shore support = customer care
8. World-class infrastructure = world-class player

What are the opportunities for foreign vendors?

Collision of four major ICT trends:

1. The return of IT to telecom with Cloud, with Web 2.0, network equipment providers (NEPs), IT SPs, and telcos; competition will only intensify.
2. Telcos becoming SaaS providers for SMBs (*sounds familiar?*)
3. Increasing consumer influence in business with Gen Y (We've been calling it *Consumerization of IT.*)
4. The leapfrog to IT-Business alignment

What are some additional Game Changers?

1. The role of telcos in the Cloud marketplace
 - a. Private Cloud (Public/Large Enterprise), Virtual Private Cloud (Mid to Large Enterprise), and Public Cloud (SMBs/Consumer)

- b. Cloud differentiators for SPs: in-region, in-country cloud data center; private cloud capabilities; tier-based provisioning SLA; *Five Nines* SLA from infrastructure to application (the highest availability in Cloud today is three nines); cloud legacy application, and cloud-in-a-box.
2. CIO priorities from CapEx to OpEx
 - a. Increasing demand for business outcome-based pricing
 - b. Increasing preference for on-demand/utility type deployments
 - c. Increasing preference for fewer suppliers (ideally, one-stop shopping)
 - d. The rise of smart pricing for business customer and consumer

Case Study includes an unnamed Indian retail bank whose business drivers are market differentiation and market disruption. Market approaches involve usage pricing for POS terminals, business volume pricing on ATM and POS transactions, SLA per-branch pricing for hosted core banking services, revenue sharing for valued-added POS transactions (customers have a choice of doing transactions in either Indian Rupees or US\$)
3. Relevance of *Socialytic* applications
 - a. B2C social media influence, with the likes of ibibo, Orkut, and Cyworld
 - b. Differentiating with 'spending less for less complexity'—crowd sourcing, shared resources
4. *Mobilution* = mobile everything
 - a. On-device (557million smartphones and tablets), on-demand, on-application, and on-platform
 - b. Differentiating with Enterprise mobility
5. IT-Business integration
 - a. Power shift from IT to business units
 - b. Competing and partnering in Asia—enterprise, SPs (go-to-market partnerships), and SMBs

China: Going Beyond the Global Economy's Growth Engine

[Kitty Fok](#), Vice President, End-User Research and Statistics Group/Greater China Research, IDC Asia/Pacific

Under the Government's 11th 5-year plan, trillions of dollars are expected to be invested by the Government in various sectors — healthcare, energy, and smart grids. Emerging technology trends include Cloud Computing, M2M, telecommunication convergence, mobility, and personal devices.

Focus on the following areas to succeed in China:

- Ride the wave with government agenda and industry priority.
- Create your wave with *Intelligent X*. IDC defines *Intelligent X* as a solution area that integrates the following technology areas:
 - Smart devices (involving M2M/telemetry capabilities)
 - High-speed ubiquitous communications networks
 - Intelligent software and services to process, consolidate, and analyze data in order to transform industry-specific business processes

One example is the IBM Smart City initiative in China. Once you get it done in one city, it easily spreads to others.

- Work with both central and local governments.
- Green IT, Outsourcing, and Cloud Computing. China is setting up outsourcing centers in various cities and will aggressively compete with India with a so-called '1000, 100, 10' initiative—1,000 local companies serving Fortune 100 from 10 cities.
- New energy/electric grid
- 3D/3-Network convergence
- Healthcare system—\$123 billion has been budgeted with 38.8% coming from the central government and 61.2% from local governments.

In the next 15 years, 350 million Chinese will move to cities, posing huge challenges in infrastructure, housing, power, and water. At the same time, population is aging, with fewer wage-earners and the one-child-one-family policy. 'Go West' is happening in China, as industries are moving from Tier 1 'outer' cities to Tier 6 inner cities in less-developed areas and cost of living and wages keep rising in large eastern and south-

eastern cities. Power consumption of server systems in China in 2009 cost US\$1.9 billion. In fact, Tencent moved its datacenter from Shenzhen because of high power costs.

Business Analytics: The New Imperative for CIOs – Why Asia/Pacific and Why Now?

[Philip Carter](#), Research Director, IT Services, Application Software, Channels, Green IT and Sustainability, Practice Group, IDC Asia/Pacific

“New Normal” in Asia:

- Engine of growth
- Shift in the locus of decision-making power
- The Asian Enterprise Customer

Evolving CIO Priorities

- Optimization—consolidation, automation, virtualization
- Liquidity management—business alignment, role of the CEO, CapEx to OpEx

ROI-led optimization

- Disruption
- Time to value
- Intelligence

Other tidbits:

- The Cloud—SaaS market will hit \$1 billion in 2011.
- The Philippines-based Jollibee deployed a Cloud solution in Vietnam in two months. Commonwealth Bank Australia set up a ‘Private Cloud in a Box’ in a few months with Exadata from Oracle.
- Mobility is key in Singapore (in fact, in most of APAC).
- In The Philippines 1.3 billion text messages (SMS) are sent every day.
- Next game changer is Big Data. ICBC in China, the largest bank in the world with a market cap of US\$269 billion, 16,000 branches, 3.6 million corporate customers (including baidu, alibaba.com) and 216 million individual customers, is setting up one of the largest databases in the world, with significant implications for customer segmentation, profiling, and campaigns in the context of the scalability and performance of the underlying systems.
- India is pioneering in *Smart Pricing*. Max New York Life uses GPRS-based mobile service to write life insurance policies in remote areas.
- *Pricing Innovation* is being driven by telcos in India to develop new risk/reward pricing models with vendors that highlight a paradigm shift that is evolving in terms of the vendor/end-user relationship.
- Air Asia uses *Price Optimization* to fill up its planes, by issuing highly discounted ‘last-minute’ deals, and books as many as 500,000 tickets in one day.