

Growing with Zhongguancun and IT industry

By KAREN GUO

As the birthplace of the IT sector in China, Zhongguancun is the cradle of many local hi-tech firms.

It's also the key center of technology advances and considered the Silicon Valley of China.

From a peaceful university neighborhood to a distribution center for electronic gadgets to the concrete forest of office buildings today, Zhongguancun has profoundly transformed itself.

Its IT professionals and companies are enormously encouraged by such huge transformation.

A lot comes to my mind when I look out of my office window at the Zhongguancun Haidian Science Park where AMD has settled: our story here undoubtedly reflects part of the marvelous changes in Zhongguancun and the China IT industry. Our dream has come true for AMD to not only stand abreast of the times, but stand out from the crowd through both competition and cooperation and make our contribution to China's IT industry.

Like every IT professional in China, I have a sacred love for Zhongguancun, the cradle of China's IT.

Such was the love that we decided to build the AMD head



Karen Guo

office for China here in 2005, on the grounds that Zhongguancun Haidian Science Park is able to open a bonanza for hi-tech firms that are daring and capable enough for innovation. I'm convinced it is emerging as the China innovation center and trendsetter for high and new technology industries.

Another milestone was the agreement AMD signed with the Ministry of Science and Technology in China for free transfer of our low-power x86 microprocessor core technology to the Peking University Microprocessor R&D Center, the recipient designated by the ministry.

It was the highest-performing processor that the US had then transferred to China.

In our China strategy, setting down in the park was not

only a crucial step, but also a token of confidence and commitment for AMD to go hand in hand with the science park and the China IT industry.

Our decision thrilled the Silicon Valley of China and marked the start of a long saga in which AMD became the most loyal and trustworthy partner for both Zhongguancun and the IT sector in China.

Grow with partners

Since the first day in China, we have deeply understood that for long-term success, we need faith that we are all in the same boat — and grow along with the China IT industry.

Over the years, AMD has adhered to our business philosophy of "Taking roots in China, winning the future together," with a particular note on integrating our own business goals with national blueprints. In that sense, Zhongguancun is our center of gravity in China.

In recent years through our "customer-centric innovation" AMD has built close strategic partnerships with many domestic and foreign IT companies based in Zhongguancun.

Instead of only sales, we partner with our clients.

Only when our partners win, can AMD be truly successful. Such is the mindset for AMD to go hand in hand with other

companies based in the park and seek common growth.

Weather the time

For China IT in general and Zhongguancun in particular, the global financial crisis caught everybody off guard.

As head of the Beijing Zhongguancun Association of Foreign-funded Enterprises, I thoroughly understand the resilience this industrial park has demonstrated amid the crisis to provide a sound climate for tenant companies, particularly foreign firms.

In coping with the financial crisis, officials with the Haidian district government and the industrial park's administrative committee have taken the initiative many times to communicate with the companies, fully investigate their difficulties and needs and grant strong support in funding and policy incentives.

In the meantime, government agencies concerned have also played active roles in solving challenges in children's schooling, sports amenity and medical service issues for tenant companies. It's like warmth in the heart of winter.

During the ordeal of the international financial crisis, I'm glad to note more hope and growth than despair thanks to concerted efforts of all companies in Zhongguancun.



The AMD Greater China headquarters in Zhongguancun Haidian Science Park

We are more confident of our plan to promote proprietary innovation among the companies so we can grow together with the industrial park. Although challenged in our own development, AMD is firm as usual in our commitment to Zhongguancun, to all our cooperation partners, and to the China IT industry.

In AMD today, "customer-centric innovation" means "a heart for a heart and weather the time together."

Winning together

Time and facts have proven Zhongguancun Haidian Science Park is a hotbed for hi-tech firms and that it was a great decision for AMD to settle down here earlier on. We pride ourselves in being

part and parcel of the science park and the China IT industry.

AMD is moving on to its next stage of development.

Our success in China is driving AMD global, while Zhongguancun is our source of power in China.

Here, rich networking and marketing resources put AMD in closer range with clients and partners so we know the market, offer better details and can afford to compete more effectively. The park has also provided innovation regime and policy incentives for AMD and many other companies.

In addition, Zhongguancun is en route of another round of major change from a China innovation center to global sci-

entific innovation center.

In that process, AMD will spare no effort to bring the best technologies to the science park, promote proprietary innovation among tenant companies, and help the China IT industry in developing core technology and products that are based on proprietary intellectual property rights. That's how we accelerate Zhongguancun in its globalization drive.

Looking to the future, we are fully confident in Zhongguancun and China's IT industry. In concerted efforts we will keep vaulting new pinnacles of innovation.

The author is AMD senior vice president and president of AMD Greater China.

Incubator hatches plans for future

By ZHANG RANRAN

Chasing their own dreams of building a business empire, many budding overseas entrepreneurs are naturally drawn to the Zhongguancun Haidian Science Park (HSP) and its raft of hi-tech research and development facilities and, perhaps even more so, by its reputation as one of the country's leading business incubators. It is also renowned for the quality of its management services and its production capabilities.

Onets Wireless & Internet Security Tech Co Ltd, is one company that was attracted to HSP. It was launched in 2001 with a capital of 26.67 million yuan by a number of PhD holders returning from working abroad.

Its business remit includes the trusted computing servers, program IP, payment technology on digital TV and IPTV, Internet and wireless security, E-government, security digital media and technical support products and solutions.

Reflecting on the company's development, Dr Han Yongfei, the CEO of Onets, said: "The progress made by Onets is closely aligned with the on-going growth of the park. As Onets has branched out into potentially sensitive security work, we have placed greater emphasis on the nature of our business environment and its related facilities than when we first established our presence here."

Onets is now one of many looking to use the park as a business incubator and more fully utilize its integrated function of academic evaluation, technical support, public information and training management.

It has already been endorsed by a number of senior ministries and well-known foundations throughout China. This has seen it develop close working relationships with several government ministries, as well as a number of relevant industries and organizations.

Positioned as the market leader in the Chinese network security industry, Onets has developed a Secure Virtual Network (SVN) product that is being widely used by the Chinese government and its military.

With its successful focus on the security industry, it has weathered the financial turbulence of 2008 and seen its sales revenue reach 17.6 million yuan, up 34.77 percent on its 2007 figures. In 2009, the sales revenue of Onets is expected to surge by nearly 20 percent, year-on-year, to around 21 million yuan.

To reduce the financial pressures facing medium and small enterprises, the administrative committee of the HSP has now arranged small loan facilities aimed at covering part the costs of any company's financial guarantees and interest payments.



Street scene in the Zhongguancun area

In another move, aimed at allowing businesses to make progress despite the financial crisis, HSP has organized a number of workshops and presentations relating to several relevant topics, such as government policy, successful business experiences and project financing issues.

This has seen it develop its pioneering data exchange program, the Information Bridge (iBridge), in order to facilitate higher levels of cooperation and information exchange now



Han Yongfan

required. One of the key benefits of the iBridge is its ability to assist companies in finding international cooperation partners through the use of its new style of network platform, designed with the needs of the internationalization of businesses in the park very much in mind.

In light of the increasingly vital role played by the iBridge, the park has signed a contract with Onets, who are now providing secure Internet and wireless service solutions for its wider usage.

In addition to its accommodating environment and the high-quality of its services, HSP has also set up an overseas liaison office for students studying abroad who may wish to start their own business back in China.

Impressive growth

In the first three months of this year, the total revenue of the HSP surged to 88.5 billion yuan, up by 2.1 percent year-on-year. The total sum of foreign exchange received through exports increased by 10.8 percent compared with the same period last year.

Looking at the lessons to be learnt

from the downturn, Onets' Han says: "Influenced by the financial turmoil, many businesses have delayed product orders due to their financial problems. It has been a chance for us to reconsider our own development strategy."

Onets is now aiming to shift away from its original focus on low-level products and, instead, commit to developing high-end security products. As one of the leading network security companies in China, Onets will also actively participate in the formulation of industry-wide standards and policies. It will also enlarge its range of application in the security technology field.

To reduce its production cost, Onets will apply for intelligent property rights to protect its core technology, and increase its cooperation with the government in the sectors of technology transfer and procurement. It will also look to undertake more joint venture development projects and refine its current technology in line with changes in customer's requirements.

One of Onets' key aims is to go into mass production with its "Reliable Server" product. It also hopes to achieve a stock market listing in 2010, see its sales revenue surpass 50 million yuan a year, and its pre-tax earnings rise from 28 to 40 percent of turnover.

Onets' success story is just one of many that has drawn global attention to Zhongguancun and its pioneering role in China's economic reform.

The HSP continues to be committed to establishing itself as a business facilitator, promoting the interests of all of its tenants engaged in international cooperation and exchange.

To support more businesses faced with financial issues within the confines of the park, the Standing Committee of the CPC Beijing Municipal Party Committee has announced that any HSP business with a registered capital of 1 billion yuan or more will receive a one-off 10 million yuan subsidy from March this year.

Officials also say that government procurement activity will be extended to architecture, medical treatment, and resource saving. Zhongguancun has now been designated as a test bed for the government's bid to boost product procurement among independent and creative companies.

Key technology standards evolved in science park

By ZHANG RANRAN

Successfully cresting a wave of global technological innovation and development, the Zhongguancun Haidian Science Park (HSP) is now committed to growing its own facilities and structures space with the businesses based within its confines.

The park has made its name as a leading "incubator" for emerging IT companies, looking to take a lead in high-end technological developments at home and abroad.

Intelligent Grouping and Resource Sharing Working Group (IGRS), is one such company that has been drawn by the park's facilities and reputation. It is now one of many looking to use the park as a base from which to rewrite the rule book in the "3C" (Computing, Communications, Consumer Electronic) convergence sector.

The management of IGRS sees the future development of their business as closely aligned with the on-going growth of the park. The group was jointly established at the site on July 17, 2003 by five of the largest computer and consumer electronics companies in China — Lenovo, TCL, Konka, Hisense and Great Wall for breaking the resource barrier and create more opportunities in technology application and potential market.

The group is supported by the Ministry of Information Industry (now the Ministry of Industry and Information Technology), with Lenovo acting as the "chair company" for the working group.

It was Lenovo's existing facilities at the park that led to IGRS being established on the same site. It was believed that this proximity would allow for greater levels of information exchange and cooperation. This resource sharing has also led to the introduction of one of HSP's most important innovations — the development of the Information Bridge (iBridge).

Commenting on the significance of the iBridge, Yang Nan, vice president of IGRS said: "It is very much an unfolding text at the moment. The HSP is at a turning point in its development and the iBridge will, potentially, play a huge part in its future."

So what exactly is the iBridge and why is its development so crucial for the work now taking place at HSP?

Put simply, the iBridge is a new style of network platform, aimed at meeting the needs of the internationalization of businesses in the park. As part of its remit, it recruits governments, commercial organizations, institutions and individual experts as members. The iBridge is designed to become a seamless information exchange medium that benefits all members committed to international cooperation and development in the IT field.

As its heart is a concept very similar to that which governs the IGRS itself.

New cooperation model

According to Liu Qi, Beijing's Party

secretary, the IGRS is a cooperative model for companies looking to develop within "social unions." It is hoped that such entities will set the technological agenda, unencumbered by direct commercial pressures.

Many market commentators have seen the launch of IGRS and its subsequent development within the HSP as both timely and necessary.

With the membership of 135 companies, IGRS's Engineer Center worked as a leader for "IGRS Digital Life Creative Strategy Union for Industry Technology" supported by China National Industry Union to develop the digital 3C Synergist Technology and standard.

To promote the standard it has developed, IGRS built up Shenzhen IGRS Information & Technology Ltd, and Digital Information Product Joint National Engineering Lab. The Engineering Lab Ltd only sells technology not the product itself, and IGRS is supported by the membership dues.

IGRS aims at delivering its Standard (Intelligent Grouping and Resource Sharing Standard) to facilitate intelligent grouping, resource sharing and service collaboration among information devices, consumer electronics and communication devices within a limited network domain (wired or wireless).

It is intended to improve the interoperability and usability among digital devices, and to create new and competitive collaborative application models with cooperated vendors by authorizing technology and solutions, and to provide information and consultant services for related industry development.

On June 29, 2005, IGRS standard version 1.0 was officially recommended to the industry as the national standard by the Ministry of Information Industry. The IGRS standard became the first 3C-compatible technical standard in China, which is also the first international standard by passing through the ISO/IEC (International Standard Organization) in July 2008, and led to the country's information industry being able to compete on a global basis.

Growing from the five companies that initially backed it, IGRS is now supported by 135 businesses across China, including Huawei Technol-

ogy, China Netcom Corporation and Amoi Electronics. More than 90 percent of TV industry and 50 percent of all computer, mobile and large-piece household electronic products companies in the Chinese market have now adopted the IGRS Standard.

In 2009, the sales revenue of IGRS Engineering Lab Ltd is predicted to surge by 200 percent year-on-year to 100 million yuan. By 2012, it aims to be the leading company in China authorized to develop technological standards as its primary business.

Development path

Reflecting on the company's development, Yang said IGRS is successfully growing alongside the development of the HSP itself. He said the 20 years of effort that have gone into the development of the park has made "Zhongguancun Electronic Street" synonymous with hi-tech innovation in China.

Yang said: "When we first announced a commitment to developing industry-wide technical standards, many foreign companies doubted the ability of Chinese high and new technology industries to agree to cooperate on product research. Now those same doubters want to share in its benefits and want greater cooperation with other developments emerging from companies in China."

IGRS and the park are now working together to attract still greater numbers of companies, and provide them all with series of service tools, collective support and shared information in order to boost level of collaboration across the industry.

Yang underlined the importance the park now gives to government procurement, as opposed to financial investment. This support, he believes, is vital for IGRS in its bid to establish industry standards across a raft of different companies.

The park has undoubtedly proved itself as the ideal technological testing ground for IGRS in its mission to develop independent and creative business networks.

In a ringing endorsement of its success to date, the municipal authorities have now announced that all government procurement in the high-tech sector will give priority to products developed at the HSP.



A grand ceremony was held to celebrate the establishment of IGRS on July 17, 2003.